

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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**HOUSE BILL 317
Senate Appropriations/Base Budget Committee Substitute Adopted 6/20/24**

Short Title: Adjustments to the 2023 Appropriations Act. (Public)

Sponsors:

Referred to:

March 13, 2023

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2023
AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.
The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2024."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget in accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of the fiscal year, except as otherwise provided by law.

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS

SECTION 2.1.(a) Appropriations from the General Fund for the 2024-2025 fiscal year set out in Section 2.1(a) of S.L. 2023-134 are repealed. Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the 2024-2025 fiscal year, according to the following schedule:

Current Operations – General Fund	FY 2024-2025
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EDUCATION

Community College System

Requirements	2,012,282,275
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Less: Receipts	408,948,277
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Net Appropriation	1,603,333,998
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Public Instruction



1	Requirements	13,768,490,327
2	Less: Receipts	1,750,698,621
3	Net Appropriation	12,017,791,706
4		
5	University of North Carolina	
6	NC A&T University	
7	Requirements	240,062,658
8	Less: Receipts	88,842,760
9	Net Appropriation	151,219,898
10		
11	NC School of Science and Mathematics	
12	Requirements	45,331,072
13	Less: Receipts	3,291,677
14	Net Appropriation	42,039,395
15		
16	NC State University – Academic Affairs	
17	Requirements	954,304,072
18	Less: Receipts	438,387,357
19	Net Appropriation	515,916,715
20		
21	NC State University – Ag. Research	
22	Requirements	79,228,032
23	Less: Receipts	19,124,784
24	Net Appropriation	60,103,248
25		
26	NC State University – Coop. Extension	
27	Requirements	64,983,558
28	Less: Receipts	18,874,550
29	Net Appropriation	46,109,008
30		
31	North Carolina Central University	
32	Requirements	144,633,692
33	Less: Receipts	53,010,459
34	Net Appropriation	91,623,233
35		
36	UNC at Asheville	
37	Requirements	73,465,728
38	Less: Receipts	23,040,857
39	Net Appropriation	50,424,871
40		
41	UNC at Chapel Hill – Academic Affairs	
42	Requirements	723,833,122
43	Less: Receipts	376,959,533
44	Net Appropriation	346,873,589
45		
46	UNC at Chapel Hill – Area Health Ed.	
47	Requirements	56,271,874
48	Less: Receipts	0
49	Net Appropriation	56,271,874
50		
51	UNC at Chapel Hill – Health Affairs	

1	Requirements	369,568,724
2	Less: Receipts	138,758,876
3	Net Appropriation	230,809,848
4		
5	UNC at Charlotte	
6	Requirements	486,757,239
7	Less: Receipts	179,817,408
8	Net Appropriation	306,939,831
9		
10	UNC at Greensboro	
11	Requirements	314,889,872
12	Less: Receipts	117,357,588
13	Net Appropriation	197,532,284
14		
15	UNC at Pembroke	
16	Requirements	125,508,626
17	Less: Receipts	27,326,770
18	Net Appropriation	98,181,856
19		
20	UNC at Wilmington	
21	Requirements	314,796,162
22	Less: Receipts	115,848,896
23	Net Appropriation	198,947,266
24		
25	UNC BOG – Aid to Private Institutions	
26	Requirements	1,209,300
27	Less: Receipts	0
28	Net Appropriation	1,209,300
29		
30	UNC BOG – Institutional Programs	
31	Requirements	456,056,182
32	Less: Receipts	51,750,000
33	Net Appropriation	404,306,182
34		
35	UNC BOG – Related Ed. Programs	
36	Requirements	1,299,265,818
37	Less: Receipts	415,855,939
38	Net Appropriation	883,409,879
39		
40	UNC School of the Arts	
41	Requirements	56,488,236
42	Less: Receipts	17,148,612
43	Net Appropriation	39,339,624
44		
45	UNC System Office	
46	Requirements	47,640,384
47	Less: Receipts	259,217
48	Net Appropriation	47,381,167
49		
50	Western Carolina University	
51	Requirements	186,734,561

1	Less: Receipts	30,671,875
2	Net Appropriation	156,062,686
3		
4	Winston-Salem State University	
5	Requirements	93,110,088
6	Less: Receipts	23,599,718
7	Net Appropriation	69,510,370
8		
9	Appalachian State University	
10	Requirements	313,413,598
11	Less: Receipts	124,504,786
12	Net Appropriation	188,908,812
13		
14	East Carolina Univ. – Academic Affairs	
15	Requirements	432,957,458
16	Less: Receipts	168,350,410
17	Net Appropriation	264,607,048
18		
19	East Carolina Univ. – Health Affairs	
20	Requirements	114,341,160
21	Less: Receipts	13,587,770
22	Net Appropriation	100,753,390
23		
24	Elizabeth City State University	
25	Requirements	50,985,154
26	Less: Receipts	4,824,784
27	Net Appropriation	46,160,370
28		
29	Fayetteville State University	
30	Requirements	91,811,366
31	Less: Receipts	13,099,820
32	Net Appropriation	78,711,546
33		
34	HEALTH AND HUMAN SERVICES	
35	Aging and Adult Services	
36	Requirements	163,989,332
37	Less: Receipts	110,359,697
38	Net Appropriation	53,629,635
39		
40	Central Management and Support	
41	Requirements	516,342,065
42	Less: Receipts	290,358,595
43	Net Appropriation	225,983,470
44		
45	Child and Family Well-Being	
46	Requirements	598,865,804
47	Less: Receipts	538,307,550
48	Net Appropriation	60,558,254
49		
50	Child Development and Early Education	
51	Requirements	1,072,845,753

1	Less: Receipts	775,447,461
2	Net Appropriation	297,398,292
3		
4	Emp. & Indep. for People with Disabilities	
5	Requirements	184,426,242
6	Less: Receipts	140,253,360
7	Net Appropriation	44,172,882
8		
9	Health Benefits	
10	Requirements	32,723,853,613
11	Less: Receipts	26,776,717,664
12	Net Appropriation	5,947,135,949
13		
14	Health Services Regulation	
15	Requirements	82,341,123
16	Less: Receipts	56,649,546
17	Net Appropriation	25,691,577
18		
19	Mental Hlth./Dev. Disabl./Subs. Use Serv.	
20	Requirements	1,952,695,867
21	Less: Receipts	1,099,049,960
22	Net Appropriation	853,645,907
23		
24	Public Health	
25	Requirements	501,066,054
26	Less: Receipts	362,850,527
27	Net Appropriation	138,215,527
28		
29	Services for the Blind/Deaf/Hard of Hearing	
30	Requirements	45,470,847
31	Less: Receipts	35,981,255
32	Net Appropriation	9,489,592
33		
34	Social Services	
35	Requirements	2,241,469,520
36	Less: Receipts	2,002,527,259
37	Net Appropriation	238,942,261
38		
39	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES	
40	Agriculture and Consumer Services	
41	Requirements	274,102,971
42	Less: Receipts	91,858,909
43	Net Appropriation	182,244,062
44		
45	Commerce	
46	Requirements	697,897,732
47	Less: Receipts	494,293,455
48	Net Appropriation	203,604,277
49		
50	Environmental Quality	
51	Requirements	1,099,399,902

1	Less: Receipts	189,844,998
2	Net Appropriation	909,554,904
3		
4	Labor	
5	Requirements	44,468,963
6	Less: Receipts	18,112,941
7	Net Appropriation	26,356,022
8		
9	Natural and Cultural Resources	
10	Requirements	336,533,868
11	Less: Receipts	54,842,950
12	Net Appropriation	281,690,918
13		
14	Wildlife Resources Commission	
15	Requirements	98,586,402
16	Less: Receipts	81,855,762
17	Net Appropriation	16,730,640
18		
19	JUSTICE AND PUBLIC SAFETY	
20	Administrative Office of the Courts	
21	Requirements	785,174,686
22	Less: Receipts	6,210,166
23	Net Appropriation	778,964,520
24		
25	Correction	
26	Requirements	2,070,615,156
27	Less: Receipts	24,612,230
28	Net Appropriation	2,046,002,926
29		
30	Indigent Defense Services	
31	Requirements	182,653,198
32	Less: Receipts	13,962,679
33	Net Appropriation	168,690,519
34		
35	Justice	
36	Requirements	112,115,754
37	Less: Receipts	45,147,562
38	Net Appropriation	66,968,192
39		
40	Public Safety	
41	Requirements	875,624,571
42	Less: Receipts	226,707,297
43	Net Appropriation	648,917,274
44		
45	State Bureau of Investigation	
46	Requirements	71,017,565
47	Less: Receipts	21,057,226
48	Net Appropriation	49,960,339
49		
50	GENERAL GOVERNMENT	
51	Administration	

1	Requirements	80,145,616
2	Less: Receipts	12,636,055
3	Net Appropriation	67,509,561
4		
5	Administrative Hearings	
6	Requirements	9,449,343
7	Less: Receipts	1,216,625
8	Net Appropriation	8,232,718
9		
10	Auditor	
11	Requirements	26,171,092
12	Less: Receipts	6,899,163
13	Net Appropriation	19,271,929
14		
15	Budget and Management	
16	Requirements	12,567,620
17	Less: Receipts	1,036,517
18	Net Appropriation	11,531,103
19		
20	Budget and Management – Special Approp.	
21	Requirements	57,275,000
22	Less: Receipts	46,725,000
23	Net Appropriation	10,550,000
24		
25	Controller	
26	Requirements	36,837,536
27	Less: Receipts	875,957
28	Net Appropriation	35,961,579
29		
30	Elections	
31	Requirements	9,861,207
32	Less: Receipts	102,000
33	Net Appropriation	9,759,207
34		
35	General Assembly	
36	Requirements	100,189,540
37	Less: Receipts	561,000
38	Net Appropriation	99,628,540
39		
40	Governor	
41	Requirements	7,771,765
42	Less: Receipts	1,000,730
43	Net Appropriation	6,771,035
44		
45	Housing Finance Authority	
46	Requirements	114,254,433
47	Less: Receipts	103,594,433
48	Net Appropriation	10,660,000
49		
50	Human Resources	
51	Requirements	11,252,211

1	Less: Receipts	100,888
2	Net Appropriation	11,151,323
3		
4	Industrial Commission	
5	Requirements	24,516,649
6	Less: Receipts	20,739,136
7	Net Appropriation	3,777,513
8		
9	Insurance	
10	Requirements	63,278,398
11	Less: Receipts	5,140,347
12	Net Appropriation	58,138,051
13		
14	Lieutenant Governor	
15	Requirements	1,343,471
16	Less: Receipts	0
17	Net Appropriation	1,343,471
18		
19	Military and Veterans Affairs	
20	Requirements	11,642,217
21	Less: Receipts	0
22	Net Appropriation	11,642,217
23		
24	Revenue	
25	Requirements	189,810,136
26	Less: Receipts	68,697,348
27	Net Appropriation	121,112,788
28		
29	Secretary of State	
30	Requirements	19,574,159
31	Less: Receipts	330,036
32	Net Appropriation	19,244,123
33		
34	Treasurer	
35	Requirements	74,099,682
36	Less: Receipts	73,890,608
37	Net Appropriation	209,074
38		
39	Treasurer – Other Retirement Plans/Benefits	
40	Requirements	24,044,657
41	Less: Receipts	0
42	Net Appropriation	24,044,657
43		
44	INFORMATION TECHNOLOGY	
45	Information Technology	
46	Requirements	110,450,423
47	Less: Receipts	31,479,233
48	Net Appropriation	78,971,190
49		
50	RESERVES AND LOTTERY	
51	General Fund Reserve – Reverting Funds	

1	Requirements	49,186,505
2	Less: Receipts	800,000,000
3	Net Appropriation	(750,813,495)
4		
5	General Fund Reserves	
6	Requirements	0
7	Less: Receipts	0
8	Net Appropriation	0
9		
10	Total Requirements	70,683,698,986
11	Less: Total Receipts	39,255,975,469
12	Total Net Appropriation	31,427,723,517

13

14 **SECTION 2.1.(b)** For purposes of this act, the requirements set forth in this section

15 represent the total amount of funds, including agency receipts, appropriated to an agency,

16 department, or institution.

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18 GENERAL FUND AVAILABILITY

19 **SECTION 2.2.(a)** The General Fund availability for the 2024-2025 fiscal year set

20 out in Section 2.2(a) of S.L. 2023-134 is repealed. The General Fund availability derived from

21 State tax revenue, nontax revenue, and other adjustments used in developing the budget for the

22 2024-2025 fiscal year is as follows:

23		FY 2024-2025
24		
25	Unappropriated Balance Remaining FY 2023-24	1,564,437,931
26	Anticipated Reversions	500,000,000
27	Anticipated Overcollections	188,138,702
28	Total, Prior Year-End Fund Balance	2,252,576,633
29		
30	Revised Consensus Revenue Forecast	
31	Tax Revenue	32,574,000,000
32	Non-Tax Revenue	1,590,300,000
33	Total, Tax and Non-Tax Revenue	34,164,300,000
34		
35	Reservations of Revenue, Statutory* and Discretionary	
36	State Capital and Infrastructure Fund (SCIF)*	(1,461,333,238)
37	Additional Transfer to SCIF	(700,000,000)
38	Savings Reserve	(125,000,000)
39	Clean Water and Drinking Water Reserve	(1,000,000,000)
40	Economic Development Reserve	(305,100,000)
41	Medicaid Contingency Reserve	(350,000,000)
42	State Emergency Response and Disaster Relief Fund	(75,000,000)
43	Housing Reserve	(45,000,000)
44	Transportation Reserve	(100,000,000)
45	Education Reserve	(254,000,000)
46	Child Care Reserve	(111,000,000)
47	NCInnovation Reserve	(250,000,000)
48	Total, All Reservations of Revenue	(4,776,433,238)
49		
50	Revised Total General Fund Availability	31,640,443,395

General Fund Net Appropriations**31,427,723,517****Unappropriated Balance Remaining****212,719,878**

SECTION 2.2.(b) Education Reserve. – There is established in the General Fund an Education Reserve. The State Controller shall reserve to the Education Reserve from funds available in the General Fund the sum of two hundred fifty-four million dollars (\$254,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the Education Reserve, and the funds transferred are appropriated pursuant to Section 2.1 of this act for the fiscal year in which they are transferred. The schedule for this subsection is as follows:

State Agency or Department**2024-2025**

(1)	UNC BOG – Related Ed. Programs (Budget Code: 16012)	\$248,000,000
(2)	NC Community College System	\$6,000,000

SECTION 2.2.(c) Section 2.2(c) of S.L. 2023-134 reads as rewritten:

"SECTION 2.2.(c) Medicaid Contingency Reserve. – The State Controller shall reserve to the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available in the General Fund the sum of four hundred million dollars (\$400,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of ~~two hundred fifty million dollars (\$250,000,000)~~ three hundred fifty million dollars (\$350,000,000) in nonrecurring funds for the 2024-2025 fiscal year."

SECTION 2.2.(c1) The State Controller shall transfer the sum of one hundred million dollars (\$100,000,000) from funds available in the Medicaid Contingency Reserve to the Department of Health and Human Services, Division of Health Benefits, for the 2024-2025 fiscal year. The funds transferred are appropriated pursuant to Section 2.1 of this act for the fiscal year in which they are transferred.

SECTION 2.2.(d) Section 2.2(h) of S.L. 2023-134 reads as rewritten:

"SECTION 2.2.(h) Economic Development Project Reserve. – The State Controller shall reserve to the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 from funds available in the General Fund the sum of six hundred thirty million dollars (\$630,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of ~~one hundred million dollars (\$100,000,000)~~ three hundred five million one hundred thousand dollars (\$305,100,000) for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the Economic Development Project Reserve to State agencies and departments for economic development initiatives in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

State Agency or Department		2023-2024	2024-2025
(1)	Department of Commerce (Budget Code: 14601)	\$10,000,000	\$0 <u>\$55,100,000</u>
(2)	Department of Commerce (Budget Code: 14602)	10,600,000	108,400,000
(3)	Department of Environmental Quality (Budget Code: 14300)	1,000,000	0
(4)	<u>Department of Transportation</u> <u>(Highway Fund Budget Code: 84210)</u>	<u>0</u>	<u>150,000,000"</u>

SECTION 2.2.(e) Child Care Reserve. – There is established in the General Fund a Child Care Reserve. The State Controller shall reserve to the Child Care Reserve from funds available in the General Fund the sum of one hundred eleven million dollars (\$111,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer the sum of one hundred eleven million dollars (\$111,000,000) from the Child Care Reserve to the Department of Health and Human Services, Division of Child Development and Early Education, (Budget Code: 14420) for the 2024-2025 fiscal year, and the funds transferred are appropriated pursuant to Section 2.1 of this act for the fiscal year in which they are transferred.

SECTION 2.2.(f) Section 2.2(p) of S.L. 2023-134 reads as rewritten:

"SECTION 2.2.(p) Federal Infrastructure Match Reserve. – The State Controller shall reserve to the Federal Infrastructure Match Reserve established in Section 2.2(m) of S.L. 2022-74 from funds available in the General Fund the sum of fifty million dollars (\$50,000,000) in nonrecurring funds for the 2023-2024 fiscal year. The State Controller shall transfer funds available in the Federal Infrastructure Match Reserve to agencies and departments as needed to draw down federal funds in accordance with ~~the following schedule, the schedule provided in this subsection,~~ and the funds transferred are appropriated for the fiscal year in which the funds are transferred. Funds appropriated in this subsection that exceed the amount required for the match of federal grant funds specified in this act and in the Committee Report described in Section 43.2 of this act shall revert to the Federal Match Reserve at the end of the fiscal year in which they were appropriated. The schedule for this subsection is as follows:

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SECTION 2.2.(g) Notwithstanding G.S. 143C-4-2(i), no transfer shall be made to the Unfunded Liability Solvency Reserve for the 2024-2025 fiscal year.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the 2024-2025 fiscal year set out in Section 3.1 of S.L. 2023-134 are repealed. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal year ending June 30, 2025, according to the following schedule. Amounts set out in parentheses are reductions from Highway Fund Appropriations for the 2024-2025 fiscal year.

Highway Fund	FY 2024-2025
Administration	\$117,336,157
Division of Highways	
Administration	57,986,424
Construction	77,543,078
Maintenance	2,165,993,362
Governor's Highway Safety Program	324,111
OSHA	358,030
Aid to Municipalities	185,875,000
Intermodal Divisions	
Ferry	64,679,849
Public Transportation, Bicycle and Pedestrian	69,510,286
Aviation	179,374,429
Rail	45,299,938
Division of Motor Vehicles	147,883,896
Other State Agencies, Reserves, Transfers	72,817,577

1	Capital Improvements	10,571,863
2	Highway Fund Total	\$3,195,554,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability for the 2024-2025 fiscal year in Section 3.2 of S.L. 2023-134 is repealed. The Highway Fund availability used in adjusting the 2024-2025 fiscal year budget is shown below:

Highway Fund Availability **FY 2024-2025**

Beginning Balance **\$0**

Consensus Revenue Forecast

Motor Fuels Tax	1,848,200,000
Licenses and Fees	1,077,700,000
Short-Term Lease	118,800,000
Investment Income	52,400,000
Sales Tax Transfer	177,700,000

Total Highway Fund Availability **\$3,274,800,000**

Unappropriated Balance **\$79,246,000**

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 3.3. Appropriations from the State Highway Trust Fund for the 2024-2025 fiscal year set out in Section 3.3 of S.L. 2023-134 are repealed. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal year ending June 30, 2025, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2024-2025 fiscal year.

Highway Trust Fund **FY 2024-25**

Program Administration	42,017,311
Bond	121,436,775
Turnpike Authority	49,000,000
State Ports Authority	45,000,000
FHWA State Match	6,176,440
Strategic Prioritization Funding	
Plan for Transportation Investments	2,181,475,474
Transfer to Visitor Center	640,000
Highway Trust Fund Total	\$2,445,746,000

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability for the 2024-2025 fiscal year set out in Section 3.4 of S.L. 2023-134 is repealed. The Highway Trust Fund availability used in adjusting the 2024-2025 fiscal year budget is shown below:

Highway Trust Fund Availability **FY 2024-2025**

Beginning Balance **\$0**

Consensus Revenue Forecast

Highway Use Tax	1,131,400,000
Motor Fuels Tax	613,900,000
Fees	169,000,000
Investment Income	20,200,000
Sales Tax Transfer	533,000,000

Total Highway Trust Fund Availability **\$2,467,500,000**

Unappropriated Balance **\$21,754,000**

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**APPROPRIATION OF RECEIPTS INCREASED DUE TO SALARY AND BENEFITS INCREASES**

SECTION 4.1. Any receipts that are required to be used to pay the legislatively mandated salary increases and employee benefits increases provided in this act are appropriated up to the actual amount received for the 2024-2025 fiscal year.

REALLOCATIONS OF UNSPENT STATE FISCAL RECOVERY FUNDS

SECTION 4.2. VIPER Reallocation. – The Office of State Budget and Management, in consultation with the North Carolina Pandemic Recovery Office, shall identify ten million dollars (\$10,000,000) in unspent funds in the State Fiscal Recovery Fund established in Section 2.2 of S.L. 2021-25 for the Long Leaf Scholarship 2022 Graduates project, as the project has been completed and all eligible students have been served. Amounts identified pursuant to this section are reallocated as provided in Section 9.2 of this act.

SECTION 4.3.(a) Water and Wastewater Reallocation. – Funds appropriated to the Department of Environmental Quality from the State Fiscal Recovery Fund, established in Section 2.2 of S.L. 2021-25, for the Water Infrastructure Fund for water and wastewater projects allocated in Section 12.13 of S.L. 2021-180 and Section 12.9 of S.L. 2022-74 shall be reduced by the sum of the eight hundred million dollars (\$800,000,000) in nonrecurring funds ("reallocated funds"). Of the funds appropriated from the General Fund to the Department of Environmental Quality, the sum of eight hundred million dollars (\$800,000,000) in nonrecurring funds shall be used for the projects previously designated to be funded by the reallocated funds in the same amounts.

The reallocated funds are hereby appropriated for the 2024-2025 fiscal year to the Office of State Budget and Management (OSBM) to be used to offset General Fund appropriations across State government for allowable State Fiscal Recovery Fund expenditures; provided that, OSBM shall not use reallocated funds to increase total requirements of a State agency or department. As allowable expenditures are identified in accordance with this subsection, OSBM shall reduce the net General Fund appropriation in the relevant State agency or department and transfer that appropriation to the reserve created in subsection (b) of this section.

SECTION 4.3.(b) Creation of Reserve. – There is created in the General Fund a Statewide Reserve for Appropriations (Reserve) (Budget Code: 190XX). The Reserve shall have a beginning negative appropriation balance of eight hundred million dollars (\$800,000,000). By June 30, 2025, the Reserve shall have a balance of zero dollars (\$0.00).

PART V. GENERAL PROVISIONS

EXTEND THE TIME LINE FOR CERTAIN DIRECTED GRANTS TO NON-STATE ENTITIES

SECTION 5.1.(a) This section applies to any directed grants appropriated as nonrecurring funds in S.L. 2022-74 for the 2022-2023 fiscal year that (i) remain unexpended as of the effective date of this section and (ii) are subject to reversion at the end of the 2023-2024 fiscal year. Notwithstanding any provision of law to the contrary, the grants described by this section shall not revert at the end of the 2023-2024 fiscal year and shall remain available for expenditure for the purpose for which the funds were appropriated until the earlier of the date the funds are expended or the date the funds revert pursuant to subsection (b) of this section.

SECTION 5.1.(b) Any funds described in subsection (a) of this section that remain unexpended as of June 30, 2024, shall revert to the appropriate fund at the end of the 2024-2025 fiscal year.

SECTION 5.1.(c) This section becomes effective June 30, 2024.

ELIMINATE EDUCATION ENROLLMENT RESERVE FUNDS

SECTION 5.2. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, the sum of sixty million dollars (\$60,000,000) in recurring funds for the 2024-2025 fiscal year for the Education Enrollment Reserve is hereby eliminated. Additional funds are appropriated in this act to support the budget requirements associated with education enrollment changes provided in the Community College System, Department of Public Instruction, and The University of North Carolina budgets.

ELIMINATE RESERVATION OF PENDING LEGISLATION FUNDS

SECTION 5.3. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, the sum of four hundred fifty thousand dollars (\$450,000) in nonrecurring funds for the 2024-2025 fiscal year as appropriated for Item 3 on page I-6 of that report for pending legislation is hereby eliminated.

REDUCE FUTURE BUILDING RESERVE FUNDS

SECTION 5.4. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, the sum of seven million six hundred thirty-six thousand six hundred seventy-three dollars (\$7,636,673) in recurring funds for the 2024-2025 fiscal year and the sum of four hundred seventy thousand four hundred four dollars (\$470,404) in nonrecurring funds for the 2024-2025 fiscal year for the Future Building Reserve are reduced. Additional funds are appropriated in this act to support the opening of Randall Library at the University of North Carolina at Wilmington, Joiner Hall and other buildings at the North Carolina School of Science and Mathematics Morganton campus, and the Office of the State Fire Marshal's Emergency Training Facility in Stanly County.

PART VI. EDUCATION**TEACHER SALARY SCHEDULE**

SECTION 6.1.(a) The following monthly teacher salary schedule shall apply for the 2024-2025 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2024-2025 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	\$4,100
1	\$4,175
2	\$4,250
3	\$4,325

1	4	\$4,400
2	5	\$4,475
3	6	\$4,572
4	7	\$4,663
5	8	\$4,753
6	9	\$4,844
7	10	\$4,935
8	11	\$5,025
9	12	\$5,116
10	13	\$5,206
11	14	\$5,297
12	15-24	\$5,388
13	25+	\$5,595

SECTION 6.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) School counselors who are licensed as counselors at the master's degree level or higher shall receive a salary supplement each month of one hundred dollars (\$100.00).

SECTION 6.1.(c) For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- (1) The first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule.
- (2) These employees shall receive the following salary supplements each month:
 - a. Ten percent (10%) of their monthly salary, excluding the supplement provided pursuant to sub-subdivision b. of this subdivision.
 - b. Three hundred fifty dollars (\$350.00).
- (3) These employees are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.
- (4) The twenty-sixth step of the salary schedule shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 6.1.(d) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 6.1.(e) A teacher compensated in accordance with this salary schedule for the 2024-2025 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
 - a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 - c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- (3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

SECTION 6.1.(f) As used in this section, the term "teacher" shall also include instructional support personnel.

PRINCIPAL SALARY SCHEDULE

SECTION 6.2.(a) The following annual salary schedule for principals shall apply for the 2024-2025 fiscal year, beginning July 1, 2024:

2024-2025 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$77,792	\$85,570	\$93,350
201-400	\$81,681	\$89,849	\$98,017
401-700	\$85,570	\$94,128	\$102,685
701-1,000	\$89,461	\$98,406	\$107,353
1,001-1,600	\$93,350	\$102,685	\$112,020
1,601+	\$97,239	\$106,963	\$116,687

A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in one or more prior school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

- (1) A principal shall be paid according to the Exceeded Growth column of the schedule as follows:
 - a. For the first six months of the applicable fiscal year, if the higher school growth score in one of the two prior school years shows that the school exceeded expected growth.
 - b. For the second six months of the applicable fiscal year, if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.
- (2) A principal shall be paid according to the Met Growth column of the schedule as follows:
 - a. For the first six months of the applicable fiscal year, if any of the following apply:
 1. The higher school growth score in one of the two prior school years shows that the school met expected growth.

2. The principal supervised a school in the two prior school years that was not eligible to receive a school growth score.
- b. For the second six months of the applicable fiscal year, if any of the following apply:
 1. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.
 2. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.
 3. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.
- (3) A principal shall be paid according to the Base column, as follows:
 - a. For the first six months of the applicable fiscal year, if any of the following apply:
 1. The school growth scores from the two prior school years show that the school did not meet expected growth in both years.
 2. The principal has not supervised any school as a principal for a majority of the two prior school years.
 - b. For the second six months of the applicable fiscal year, if any of the following apply:
 1. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three school years.
 2. The principal has not supervised any school as a principal for a majority of the school year in at least two of the prior three school years.

SECTION 6.2.(b) For purposes of determining the average daily membership of a principal's school, the following amounts shall be used during the following time periods:

- (1) For the first six months of the applicable fiscal year, the average daily membership for the school from the third year. If the school did not have an average daily membership in the third year, the projected average daily membership for the school for the applicable school year.
- (2) For the second six months of the applicable fiscal year, the average daily membership for the school for the applicable school year. For this time period only, the average daily membership of a principal's school shall include any prekindergarten students in membership at that school.

SECTION 6.2.(c) For purposes of determining the school growth scores for each school the principal supervised in one or more prior school years, the following school growth scores shall be used during the following time periods:

- (1) For the first six months of the applicable fiscal year, the school growth scores from the first and second years.
- (2) For the second six months of the applicable fiscal year, the school growth scores from the first, second, and third years. If a principal does not have a school growth score from any of the school years identified in this subdivision, the most recent available growth scores, up to the third year, shall be used.

SECTION 6.2.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

SECTION 6.2.(e) A principal compensated in accordance with this section for the applicable fiscal year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the principal salary schedule for the applicable fiscal year.
- (2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
 - a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.
- (3) For principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

SECTION 6.2.(f) For purposes of this section, the following definitions apply:

- (1) First year. – The school year immediately preceding the second year.
- (2) Second year. – The school year immediately preceding the third year.
- (3) The applicable fiscal year. – The 2024-2025 fiscal year.
- (4) The applicable school year. – The 2024-2025 school year.
- (5) Third year. – The school year immediately preceding the applicable school year.

BONUSES FOR PRINCIPALS

SECTION 6.3.(a) The Department of Public Instruction shall administer a bonus in the 2024-2025 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

2024-2025 Principal Bonus Schedule

Statewide Growth Percentage	Bonus
Top 5%	\$15,000
Top 10%	\$10,000
Top 15%	\$5,000
Top 20%	\$2,500
Top 50%	\$1,000

A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

SECTION 6.3.(b) The bonus awarded pursuant to this section shall be in addition to any regular wage or other bonus the principal receives or is scheduled to receive.

SECTION 6.3.(c) Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 6.3.(d) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

SECTION 6.3.(e) The bonus provided pursuant to this section shall be paid no later than October 31, 2024, to qualifying principals employed as of October 1, 2024.

ASSISTANT PRINCIPAL SALARIES

SECTION 6.4.(a) For the 2024-2025 fiscal year, beginning July 1, 2024, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are

classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 6.4.(b) Assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 6.4.(c) Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. The North Carolina Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 6.4.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the amounts of those longevity payments are included in the monthly amounts provided to assistant principals pursuant to subsection (a) of this section.

SECTION 6.4.(e) An assistant principal compensated in accordance with this section for the 2024-2025 fiscal year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable year.
- (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
 - a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.
- (3) For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

SECTION 6.5.(a) For the 2024-2025 fiscal year, beginning July 1, 2024, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers whose salaries are supported from State funds shall be increased by three percent (3%).

SECTION 6.5.(b) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2024-2025 fiscal year, beginning July 1, 2024:

2024-2025 Fiscal Year

Maximum

School Administrator I	\$7,573
School Administrator II	\$8,024
School Administrator III	\$8,502
School Administrator IV	\$8,834
School Administrator V	\$9,187
School Administrator VI	\$9,731
School Administrator VII	\$10,120

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the maximums and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

SECTION 6.5.(c) The monthly salary maximums that follow apply to superintendents for the 2024-2025 fiscal year, beginning July 1, 2024:

2024-2025 Fiscal Year

Maximum

Superintendent I	\$10,727
Superintendent II	\$11,366
Superintendent III	\$12,049
Superintendent IV	\$12,773
Superintendent V	\$13,541

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

SECTION 6.5.(d) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 6.5.(e) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this section.

SECTION 6.5.(f) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

NONCERTIFIED PERSONNEL SALARIES

SECTION 6.6. For the 2024-2025 fiscal year, beginning July 1, 2024, the annual salary for noncertified public school employees whose salaries are supported from State funds shall be increased as follows:

- (1) For permanent, full-time employees on a 12-month contract, by three percent (3%).
- (2) For the following employees, by an equitable amount based on the amount specified in subdivision (1) of this section:
 - a. Permanent, full-time employees on a contract for fewer than 12 months.
 - b. Permanent, part-time employees.
 - c. Temporary and permanent hourly employees.

COMMUNITY COLLEGE ENROLLMENT ADJUSTMENT

SECTION 6.7. Of the funds appropriated in this act for the 2024-2025 fiscal year for the Community College System, the total requirements shall be increased by eighty-three million seven hundred seventy thousand seven hundred nineteen dollars (\$83,770,719) in

recurring funds and the receipts shall be increased by fourteen million five hundred thirty-nine thousand four hundred seventy-eight dollars (\$14,539,478) in recurring funds, resulting in a recurring increase in General Fund net appropriations of sixty-nine million two hundred thirty-one thousand two hundred forty-one dollars (\$69,231,241), to account for an increase in enrollment.

CREATE PARITY BETWEEN WORKFORCE CONTINUING EDUCATION AND CURRICULUM PROGRAMS

SECTION 6.7A. Of the funds appropriated in this act for the 2024-2025 fiscal year for the Community College System, the sum of eighteen million five hundred thousand dollars (\$18,500,000) in recurring funds shall be used to create funding parity between Workforce Continuing Education (WCE) and Curriculum programs. Funds provided for this purpose shall be used to increase the budget full-time equivalent formula values for applicable WCE programs in the current funding model.

ENROLLMENT INCREASE RESERVE

SECTION 6.7B. Of the funds appropriated in this act for the 2024-2025 fiscal year from the Education Reserve for the Community College System, the sum of six million dollars (\$6,000,000) in nonrecurring funds shall be allocated to community colleges with eligible enrollment increases that exceed budgeted enrollment levels. The Community College System shall request replenishment of the Education Reserve by the enrollment growth adjustment as needed.

STATUTORY CHANGES FOR DPI FUNDING IN ARREARS

SECTION 6.8.(a) G.S. 115C-47(1a) reads as rewritten:

"(1a) a. To Establish and Maintain Kindergartens. – Local boards of education shall provide for their respective local school administrative unit kindergartens as a part of the public school system for all children living in the local school administrative unit who are eligible for admission pursuant to sub-subdivision c. of this subdivision provided that funds are available from State, local, federal, or other sources to operate a kindergarten program as provided in this subdivision.

b. All kindergarten programs so established shall be subject to the supervision of the Department of Public Instruction and shall be operated in accordance with the standards adopted by the State Board of Education, upon recommendation of the Superintendent of Public Instruction. ~~Among the standards to be adopted by the State Board of Education shall be a provision that the Board will allocate funds for the purpose of operating and administering kindergartens to each school administrative unit in the State based on the average daily membership for the best continuous three out of the first four school months of pupils in the kindergarten program during the last school year in that respective school administrative unit. Such allocations are to be made from funds appropriated to the State Board of Education for the kindergarten program.~~

c. Any child who meets the requirements of G.S. 115C-364 shall be eligible for enrollment in kindergarten. Any child who is enrolled in kindergarten and not withdrawn by the child's parent or legal guardian shall attend kindergarten.

d. Notwithstanding any other provision of law to the contrary, subject to the approval of the State Board of Education, any local board of

education may elect not to establish and maintain a kindergarten program. Any funds allocated to a local board of education which does not operate a kindergarten program may be reallocated by the State Board of Education, within the discretion of the Board, to a county or city board of education which will operate such a program."

SECTION 6.8.(b) G.S. 115C-111.05 reads as rewritten:

"§ 115C-111.05. Funding for children with disabilities.

To the extent funds are made available for this purpose, the State Board shall allocate funds for children with disabilities to each local school administrative unit on a per child basis. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) thirteen percent (13%) of its ~~allocated~~ allotted average daily membership in the local school administrative unit for the current school year."

SECTION 6.8.(c) G.S. 115C-150.9 reads as rewritten:

"§ 115C-150.9. Funding for academically or intellectually gifted students.

To the extent funds are made available for this purpose, the State Board shall allocate funds for academically or intellectually gifted students on a per child basis. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its ~~allocated~~ allotted average daily membership for the current school year, regardless of the number of students identified as academically or intellectually gifted in the unit."

SECTION 6.8.(d) G.S. 115C-472.18(b) reads as rewritten:

"(b) Phase-Out Provision. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the school administrative unit becomes ineligible. Allotments for eligible local school administrative units under this subsection shall not be reduced in any fiscal year by more than twenty percent (20%) of the amount received during the fiscal year when the local school administrative unit became ineligible to receive funds under this section. ~~A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.~~ Eligibility for funding is based on the allotted average daily membership of the unit. The initial allocation is based on the allotted average daily membership of the unit and shall not be adjusted for current year actual average daily membership."

SECTION 6.8.(e) The reduction of thirty-six million two hundred twenty-four thousand four hundred twenty-two dollars (\$36,224,422) in recurring funds for the 2024-2025 fiscal year for the State Public School Fund as reflected in Section 2.1(a) of this act is an adjustment made to accommodate the transition to an arrears-based funding model as well as changes in average salaries, special population headcounts, and other technical adjustments.

FUNDS FOR K-12 CONTINGENCY RESERVE

SECTION 6.9. Of the funds appropriated in this act for the 2024-2025 fiscal year to the Department of Public Instruction, the sum of ninety-five million dollars (\$95,000,000) in recurring funds shall be allocated to the K-12 Contingency Reserve to fund growing public school units.

UPDATE ADVANCED TEACHING ROLES PROGRAM

SECTION 6.10.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 20A.

"Advanced Teaching Roles."§ 115C-310.1. Purpose.

The State Board of Education shall establish a program to develop advanced teaching roles and organizational models that link teacher performance and professional growth to salary increases for classroom teachers in selected local school administrative units. The purpose of the Advanced Teaching Roles program is to do the following:

- (1) Allow highly effective classroom teachers to advance by either (i) teaching an increased number of students or (ii) becoming a lead classroom teacher responsible for the student performance of all students taught by teachers on that lead classroom teacher's team.
- (2) Enable local school administrative units to provide salary supplements to classroom teachers in advanced teaching roles. Selection of a classroom teacher for an advanced teaching role and award of related salary supplements shall be made on the basis of demonstrated effectiveness and additional responsibilities.
- (3) Enable local school administrative units to create innovative compensation models that focus on classroom teacher professional growth that lead to measurable improvements in student outcomes.
- (4) Utilize local plans to establish organizational changes related to compensation in order to sustain evidence-based teaching practices that have the capacity to be replicated throughout the State.

"§ 115C-310.3. Definitions.

The following definitions apply to this Article:

- (1) Adult leadership teacher. – An ATR team lead who meets the following criteria:
 - a. Works in the classroom providing instruction for at least thirty percent (30%) of the instructional day.
 - b. Leads a team of between three and eight teachers.
 - c. Shares responsibility for the performance of the students of all teachers on adult leadership teacher's team.
 - d. Is not a school administrator.
- (2) Advanced teaching role. – A teaching assignment that includes either (i) teaching an increased number of students or (ii) becoming an ATR team lead.
- (3) ATR plan. – A local board of education's plan to implement advanced teaching roles under this Article.
- (4) ATR school. – A school that is included in an ATR unit's ATR plan.
- (5) ATR team lead. – A teaching assignment that includes leading one or more teachers and being responsible for the student performance of all students taught by teachers on that lead teacher's team.
- (6) ATR unit. – A local school administrative unit operating under an ATR plan approved by the State Board of Education.
- (7) Classroom excellence teacher. – A classroom teacher serving in an advanced teaching role who assumes and maintains responsibility for at least twenty percent (20%) of additional students as compared to the most recent prior school year in which the teacher did not receive a salary supplement pursuant to this section.
- (8) Classroom teacher. – A teacher who works in the classroom providing instruction to students at least seventy percent (70%) of the instructional day and who is not instructional support personnel.

"§ 115C-310.5. Advanced teaching roles plan approval.

(a) Proposals. – By July 15 of each year, the State Board of Education shall issue a Request for Proposal (RFP) to allow local boards of education to submit ATR plans for approval. Local boards of education shall submit their proposed ATR plans by August 15. The RFP shall require that proposals include the following information at a minimum:

(1) Description of the plan structure, including both of the following:

- a. The process for teacher advancement based on performance, professional growth, or the advanced teaching roles assumed by the teacher.
- b. Plans for how the local school administrative unit will utilize and train teachers in advanced teaching roles. These plans shall describe how the proposed use and training of teachers in advanced teaching roles will improve student outcomes.

(2) Descriptions of the advanced teaching roles, including the following information for each advanced role:

- a. Minimum qualifications for the position that include at least two of the following:
 1. Advanced certifications, such as National Board for Professional Teaching Standards Certification, or a master's degree in the area in which the teacher is licensed and teaching.
 2. A rating of at least accomplished on each of the Teacher Evaluation Standards 1-5 on the North Carolina Teacher Evaluation instrument.
 3. Evidence that the teacher has an average Education Value-Added Assessment System (EVAAS) student growth index score from the three previous school years of 1.5 or greater and no individual EVAAS student growth index score below zero.
 4. Equivalent demonstrated mastery of teaching skills as required by the new local compensation model.
- b. Job responsibilities for each advanced teaching role that include at least one of the following:
 1. Teaching an increased number of students and being responsible for their performance as the teacher of record for those students.
 2. Becoming an ATR team lead and participating in EVAAS according to a model developed by the Department of Public Instruction. The Department shall publish and explain the model on the Department's website and update it within 30 days of any change to the model.

(3) Salary supplement information including the following:

- a. The amount of the salary supplements for each advanced teaching role and the source of funding for each supplement.
- b. A statement by the local board of education that the salary supplements will be paid as a supplement to the teacher's regular salary and not be included in the average salary calculation used for budgeting State allotments.
- c. A statement by the local board of education that if a teacher in an advanced teaching role (i) fails to maintain the minimum criteria established for the position, (ii) is not successfully performing the additional duties associated with the advanced teaching role, or (iii) voluntarily relinquishes the advanced teaching role, the teacher shall

- only be paid the salary applicable to that individual on the State teacher salary schedule and any other local supplements that would otherwise apply to the teacher's compensation.
- d. The amount of the salary supplements at all levels of the proposed new compensation model in relation to the State teacher salary schedule.
- (4) An implementation plan consistent with subsection (d) of this section, including the number of schools in the local school administrative unit that will have advanced teaching roles and any new proposed compensation model, the number of advanced teaching roles at each of those schools, the number of students whose teacher of record will be a teacher in an advanced teaching role, and the number of teachers overall who would be eligible for the proposed new compensation model.
- (5) Plans for long-term financial sustainability once any grant money that may be awarded under G.S. 115C-310.11 to the local school administrative unit is no longer available. This plan shall include a description of how the unit intends to provide supplemental compensation for teachers in an advanced teaching role without grant money.
- (6) Description of how the local school administrative unit will inform all employees and the public on the criteria and selection for the advanced teaching roles, the continued eligibility requirements for the advanced teaching roles, and how the individuals selected for the advanced teaching roles will be evaluated.
- (7) Description of how the local school administrative unit will inform all employees and the public on the criteria for movement on the proposed new local compensation model.
- (8) The process for the voluntary relinquishment of an advanced teaching role, including the associated additional duties.
- (9) A description of how the local school administrative unit could partner with local educator preparation programs, institutions of higher education, or community colleges to improve teacher effectiveness and student outcomes.
- (b) Selection of ATR Units. – By October 15 of each year, the State Board of Education shall review proposals and select local school administrative units to participate in the program in accordance with the criteria established by the State Board of Education consistent with this section.
- (c) Advanced Teaching Roles Designation. – ATR units shall designate participating schools within the unit as ATR schools.
- (d) Implementation Limitations. – The following limitations apply to the implementation of advanced teaching roles in an ATR unit:
- (1) For the first year of implementation, the ATR unit may include in its ATR plan at least one school up to the lesser of (i) five of the ATR unit's schools or (ii) twenty-five percent (25%) of the ATR unit's schools.
- (2) For the second and third year of implementation, the ATR unit may include in its ATR plan up at least one school up to the lesser of (i) 10 of the ATR unit's schools or (ii) fifty percent (50%) of the ATR unit's schools.
- (3) For any years following the third year of implementation, the ATR unit's plan may include any number of the unit's schools.
- (e) Loss of Advanced Teaching Role. – Loss of an advanced teaching role, including voluntary relinquishment, shall not be considered a demotion under Part 3 of Article 22 of Chapter 115C of the General Statutes.
- (f) Material Revisions of Plans. – ATR units shall submit material revisions of an approved ATR plan to the State Board of Education for approval.

"§ 115C-310.7. Advanced teaching roles unit flexibility.

(a) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the State Board of Education, ATR schools may exceed the maximum class size requirements for kindergarten through third grade during any term of up to three years in which State funds are awarded to the ATR unit where the school is located. At the conclusion of the term, any class size flexibility approved for an ATR school pursuant to this subsection shall expire.

(b) Budget Flexibility. – Subject to the budget flexibility limitations identified in G.S. 115C-105.25(b), the State Board of Education shall authorize ATR units to use any available State funds to provide salary supplements to teachers in an advanced teaching role as long as the ATR unit complies with policies of the State Board of Education, federal law, and any State programs with specific restrictions on the use of funds, including bonus and grant programs.

"§ 115C-310.9. Renewal and termination of program participation.

(a) ATR Unit Review. – The State Board of Education shall review each ATR unit once every five years to ensure the unit is complying with the approved ATR plan. As part of the review, the State Board shall consider at least the following information:

- (1) The total number of teachers in advanced teaching roles in the unit, the number of teachers in each advanced teaching role identified in the unit's ATR plan, and the number of students receiving instruction from those teachers.
- (2) For each ATR school in the ATR unit, the total number of teachers in advanced teaching roles in the school, the number of teachers in each advanced teaching role identified in the unit's ATR plan in the school, the number of students receiving instruction from those teachers, and the number of teachers led by each ATR team lead.
- (3) Growth scores for students calculated pursuant to G.S. 115C-83.15.
- (4) Achievement scores for students calculated pursuant to G.S. 115C-83.15.
- (5) Retention of effective teachers.
- (6) Results of the Teacher Working Conditions Survey.
- (7) Ratings of teachers through the North Carolina Teacher Evaluation System.
- (8) Evidence that higher performing teachers have been selected to serve in an advanced teaching role.
- (9) A description of the activities undertaken by ATR team leads to (i) support the professional development of teachers on their team and (ii) enhance instruction by better aligning teachers' strengths with student needs.
- (10) The amount and funding source for any salary supplement received by teachers in advanced teaching roles in the unit.
- (11) A description of the amount of release time given to each ATR team lead, how the release time is spent, and how the school facilitates providing that release time.

(b) Renewal or Termination. – Following the five-year review, the State Board may, in its discretion, renew or terminate the plan of any ATR unit or any ATR school within the ATR unit that fails to meet criteria established by the State Board.

(c) No later than October 15 of each year, the State Board shall report the results of any review conducted pursuant to this section and a copy of the information listed in subsection (a) of this section to the Fiscal Research Division, and the Joint Legislative Education Oversight Committee.

(d) Access to Review Information. – An ATR unit shall provide any information or access needed to review the unit's compliance with this section that is requested by the State Board of Education.

(e) Implementation Assistance. – If a review conducted in accordance with this section results in the State Board of Education determining that an ATR unit is having difficulties

implementing the unit's ATR plan, the Department of Public Instruction shall provide guidance and support to the unit, including information on how to implement best practices according to the latest research.

"§ 115C-310.11. Advanced teaching roles grants.

(a) Term. – Any funds awarded to an ATR unit pursuant to this section shall be subject to availability and awarded for a term of up to three years, in the discretion of the State Board. An ATR unit shall not be eligible to receive funding for more than two terms. The State Board of Education shall authorize a second term of State funds in accordance with subsection (c) of this section.

(b) Use of State Funds. – State funds shall be used for any of the following purposes, as defined by the State Board:

- (1) Development of ATR plans.
- (2) Development of professional development courses for teachers in advanced teaching roles that lead to improved student outcomes.
- (3) Transition costs associated with designing and implementing ATR plans. Transition costs may include employing staff members or contractors to assist with design and implementation of the plan.
- (4) Development of the design and implementation of compensation plans that focus on teacher professional growth and student outcomes and the transition costs associated with designing and implementing new compensation plans, including employing staff members or contractors to assist with design and implementation of the plan.

(c) Renewal of Award of State Funds. – An ATR unit that received an initial award of State funds pursuant to this section may apply for a second term of funding for up to three years. Renewal of an award of State funds is in the discretion of the State Board. The ATR unit may apply at any time (i) after the initial award of State funds expires or (ii) within 90 days prior to the date the initial award of State funds is set to expire. Upon receipt of an application for renewal, the State Board shall do the following:

- (1) Review the unit to ensure the unit is complying with the approved ATR plan and criteria established by the State Board.
- (2) Grant or deny the application within 60 days of its receipt.

(d) Non-Reversion. – Funds awarded to an ATR unit under this section shall not revert at the end of each fiscal year but shall remain available until October 1 of the subsequent fiscal year.

"§ 115C-310.13. Advanced teaching roles salary supplements.

(a) ATR units may designate up to fifteen percent (15%) of the teachers in each ATR school as adult leadership teachers and five percent (5%) of the teachers in each ATR school as classroom excellence teachers. To the extent funds are made available for the purpose, teachers serving in an advanced teaching role are eligible to receive salary supplements as follows:

- (1) Ten thousand dollars (\$10,000) for adult leadership teachers.
- (2) Three thousand dollars (\$3,000) for classroom excellence teachers.

(b) Notwithstanding G.S. 115C-310.5, to the extent funds are made available for this purpose, the State Board of Education shall award funds to ATR units for annual salary supplements for teachers and the receiving ATR units shall provide the salary supplement to participating teachers in accordance with this section. If State funds are insufficient to cover the full amount of supplement identified in subsection (a) of this section, the State Board of Education and the ATR unit shall disburse any supplement funds pro rata. If funds have been disbursed pro rata, ATR units are encouraged but not required to fund the remainder of the supplement from alternate funding sources.

(c) The following additional requirements apply to salary supplements received pursuant to this section:

(1) Loss of a salary supplement received pursuant to this section for any reason shall not be considered a demotion under Part 3 of Article 22 of Chapter 115C of the General Statutes.

(2) A teacher is eligible to continue receiving a salary supplement pursuant to this section as long as he or she remains an adult leadership teacher or a classroom excellence teacher.

(3) A teacher is eligible to receive no more than one annual salary supplement pursuant to this section at any time.

(d) By December 31, 2024, the Department of Public Instruction shall issue guidance to ATR units on how to effectively develop staffing plans and budgets, including how to maximize resources across multiple funding sources and the reach of teachers in advanced teaching roles to a greater number of students.

"§ 115C-310.15. Program evaluation.

(a) The State Board of Education shall evaluate how the advanced teaching roles program and new compensation plans have accomplished, at a minimum, the following:

(1) Improvement in the quality of classroom instruction and increases in school-wide growth or the growth of teachers who are mentored or impacted by a teacher in an advanced teaching role.

(2) An increase in the attractiveness of teaching.

(3) Recognition, impact, and retention of high-quality classroom teachers.

(4) Assistance to and retention of beginning classroom teachers.

(5) Improvement in and expansion of the use of technology and digital learning.

(6) Improvement in school culture based on school climate survey results.

(b) No later than October 15 of each year, the State Board shall report the results of the evaluation conducted pursuant to this section to the Fiscal Research Division and the Joint Legislative Education Oversight Committee.

(c) Access to Review Information. – An ATR unit shall provide any information or access needed to review the advanced teaching roles program that is requested by (i) the State Board of Education or (ii) an independent research organization selected by the State Board of Education to evaluate the program pursuant to this section."

SECTION 6.10.(b) G.S. 115C-311 and 115C-312 are repealed.

SECTION 6.10.(c) Notwithstanding G.S. 115C-310.5(b), as enacted by this section, for the 2024-2025 school year, the State Board of Education shall review proposals and select local school administrative units to participate in the program by November 15, 2024.

SECTION 6.10.(d) Notwithstanding G.S. 115C-310.5(d), as enacted by this section, for any ATR unit approved by the State Board of Education prior to July 1, 2024, the ATR unit may implement advanced teaching roles in the number of schools included in its approved ATR plan.

SECTION 6.10.(e) Notwithstanding G.S. 115C-310.15, as enacted by this section, for the advanced teaching roles evaluation report due October 15, 2024, the State Board of Education shall contract with an independent research organization to perform the evaluation.

SECTION 6.10.(f) The Department of Public Instruction shall study the feasibility of measuring class size by student-to-teacher ratio, including the method to determine student ratios when a teacher is serving as an ATR team lead. No later than February 15, 2025, the Department shall report the results of the study to the Joint Legislative Education Oversight Committee, including recommendations on the technology needed to implement the student accounting model.

SECTION 6.10.(g) This section is effective when it becomes law and applies beginning with the 2024-2025 school year.

UNC STUDENT CREDIT HOUR ENROLLMENT CHANGES

SECTION 6.11. Of the funds appropriated in this act for the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina, the sum of five hundred seventy-four thousand five hundred seventy-eight dollars (\$574,578) in recurring funds shall be used to adjust funds provided to constituent institutions, as determined by the enrollment funding model for changes in resident student credit hours.

UNC PERFORMANCE FUNDING

SECTION 6.12. Of the funds appropriated in this act for the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina, the sum of thirteen million sixty-eight thousand two hundred sixty-seven dollars (\$13,068,267) in nonrecurring funds shall be used to adjust funds provided to constituent institutions, as determined by the enrollment funding model for performance outcomes related to student success, affordability, and productivity.

UNC ENROLLMENT LOSS MITIGATION

SECTION 6.13. Of the funds appropriated in this act for the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina, the sum of eight million one hundred fifty thousand three hundred five dollars (\$8,150,305) in nonrecurring funds shall be used to offset enrollment-related funding losses experienced by the following institutions: (i) East Carolina University, (ii) the University of North Carolina at Asheville, (iii) the University of North Carolina at Greensboro, (iv) the University of North Carolina at Pembroke, and (v) Winston-Salem State University.

UNC BUILDING RESERVES

SECTION 6.14. Of the funds appropriated in this act for the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina, the sum of two million seven hundred eighty-six thousand six hundred seventy-three dollars (\$2,786,673) in recurring funds and the sum of four hundred seventy thousand four hundred four dollars (\$470,404) in nonrecurring funds shall be used to operate and maintain Randall Library at the University of North Carolina at Wilmington and Joiner Hall and other buildings at the North Carolina School of Science and Mathematics Morganton campus.

ADDITIONAL FUNDS FOR THE OPPORTUNITY SCHOLARSHIP PROGRAM

SECTION 6.15.(a) Of the funds appropriated in this act for the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina from the Education Reserve (Reserve) for related education programs, the sum of two hundred forty-eight million dollars (\$248,000,000) in nonrecurring funds shall be allocated to the State Education Assistance Authority to provide additional funds for applicants for the award of opportunity scholarships pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes. These funds shall not be allocated to the Opportunity Scholarship Grant Fund Reserve and shall instead be made available for scholarship awards in the 2024-2025 school year.

SECTION 6.15.(b) Of the funds appropriated in this act from the General Fund to the Opportunity Scholarship Grant Fund Reserve, the sum of two hundred fifteen million four hundred sixty thousand dollars (\$215,460,000) in additional recurring funds for the 2024-2025 fiscal year shall be used for the purposes set forth in G.S. 115C-562.8.

SECTION 6.15.(c) G.S. 115C-562.8 reads as rewritten:

"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.

...

(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore,

there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
2017-2018	\$44,840,000
2018-2019	\$54,840,000
2019-2020	\$64,840,000
2020-2021	\$74,840,000
2021-2022	\$84,840,000
2022-2023	\$94,840,000
2023-2024	\$176,540,000
2024-2025	\$191,540,000
2025-2026	\$415,540,000 \$625,000,000
2026-2027	\$430,540,000 \$675,000,000
2027-2028	\$445,540,000 \$700,000,000
2028-2029	\$460,540,000 \$725,000,000
2029-2030	\$475,540,000 \$750,000,000
2030-2031	\$490,540,000 \$775,000,000
2031-2032	\$505,540,000 \$800,000,000

For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~five hundred twenty million five hundred forty thousand dollars (\$520,540,000)~~ eight hundred twenty-five million dollars (\$825,000,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year.

...

(e) The Authority shall make reasonable efforts to ensure the amount of scholarship grants awarded for a school year do not exceed the funds that are available for the awards to eligible students in each fiscal year. However, notwithstanding subsection (a) of this section, to ensure that as many eligible students receive scholarship grants in a timely manner as possible, the Authority may use up to thirty percent (30%) of the unencumbered cash balance in the Reserve in a fiscal year if the funds required to award scholarship grants to eligible students for a school year exceed the funds available for the distribution of those awards. If the Authority expends funds in excess of those available in the Reserve for a particular school year, the Authority shall submit the report required by ~~G.S. 115C-562.7(b1)~~ G.S. 115C-562.7(d)."

ALLOW THE AUTHORITY TO USE ADMINISTRATIVE FUNDS FROM OPPORTUNITY SCHOLARSHIPS FOR PERSONAL EDUCATION STUDENT ACCOUNTS

SECTION 6.15A.(a) G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain up to two and one-half percent (2.5%) of the funds appropriated each fiscal year for administrative costs associated with the scholarship grant program. If the actual costs of administering the scholarship grant program are less than the funds authorized for administering the program pursuant to this subsection, the Authority may allocate unused funds for the additional administrative costs of the Personal Education Student Accounts for Children with Disabilities Program in accordance with G.S. 115C-597(d)."

SECTION 6.15A.(b) G.S. 115C-597(d) reads as rewritten:

"(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship funds under this Article, the Authority may retain the lesser of four percent (4%) of the funds appropriated or ~~two million dollars (\$2,000,000)~~ three million dollars (\$3,000,000) each fiscal year for administrative costs associated with the program, including contracting with non-State

entities for administration of certain components of the program. If the actual costs of administering the program exceed the funds authorized for administering the program pursuant to this subsection, the Authority may allocate unused funds set aside for administration costs from the Opportunity Scholarship Grant Fund Reserve pursuant to G.S. 115C-562.8(c) for the additional administrative costs of the Personal Education Student Accounts for Children with Disabilities Program."

ADDITIONAL FUNDS FOR NORTH CAROLINA PERSONAL EDUCATION STUDENT ACCOUNTS FOR CHILDREN WITH DISABILITIES PROGRAM

SECTION 6.16.(a) Of the funds appropriated in this act for the 2024-2025 fiscal year from the General Fund to the Board of Governors of The University of North Carolina, the sum of twenty-four million seven hundred thousand dollars (\$24,700,000) in recurring funds shall be allocated to the State Education Assistance Authority for the North Carolina Personal Education Student Accounts for Children with Disabilities Program in accordance with Article 41 of Chapter 115C of the General Statutes.

SECTION 6.16.(b) G.S. 115C-600(a) reads as rewritten:

"(a) The General Assembly finds that due to the continued growth and ongoing need in this State to provide opportunity for school choice for children with disabilities, it is imperative that the State provide an increase in funds of at least one million dollars (\$1,000,000) each fiscal year for 10 years for the Personal Education Student Accounts for Children with Disabilities Program. To that end, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the following amounts each fiscal year to be allocated to the Authority for the Program in accordance with this Article:

Fiscal Year	Appropriation
2023-2024	\$48,943,166
2024-2025	\$49,943,166
2025-2026	\$50,943,166 \$75,643,166
2026-2027	\$51,943,166 \$76,643,166
2027-2028	\$52,943,166 \$77,643,166
2028-2029	\$53,943,166 \$78,643,166
2029-2030	\$54,943,166 \$79,643,166
2030-2031	\$55,943,166 \$80,643,166
2031-2032	\$56,943,166 \$81,643,166
2032-2033 and each subsequent fiscal year thereafter	\$57,943,166 \$82,643,166

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this section, the Director of the Budget shall include the appropriated amount specified in this section for that fiscal year."

NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS AND NORTH CAROLINA SCHOOL OF THE ARTS TUITION GRANT

SECTION 6.17. Of the funds appropriated in this act for the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina, the sum of six hundred fifty-four thousand dollars (\$654,000) in recurring funds shall be used to support tuition grants for high school graduates of the North Carolina School of Science and Mathematics and the North Carolina School of the Arts who attend a constituent institution of The University of North Carolina.

PART VII. HEALTH AND HUMAN SERVICES

MEDICAID REBASE

SECTION 7.1. Of the funds appropriated in this act for the 2024-2025 fiscal year to the Department of Health and Human Services, Division of Health Benefits (DHB), the sum of two hundred fifty-nine million dollars (\$259,000,000) in recurring funds and associated receipts shall be used to adjust Medicaid funding to account for projected changes in enrollment, enrollment mix, service and capitation costs, and federal match rates, as well as the ongoing transition to managed care. Of the funds appropriated in this act for the 2024-2025 fiscal year to DHB from the Medicaid Contingency Reserve as set forth in Section 2.2(c) of this act, the sum of one hundred million dollars (\$100,000,000) in nonrecurring funds and associated receipts shall be used to support nonrecurring Medicaid costs.

RETENTION OF ARPA TEMPORARY SAVINGS BY DHB FOR MEDICAID

SECTION 7.2.(a) Notwithstanding the requirement under Section 1.3(a) of S.L. 2023-7 for the Department of Health and Human Services, Division of Health Benefits (DHB), to deposit all of the savings associated with receipts arising from the enhanced federal medical assistance percentage (FMAP) available to the State under section 9814 of the American Rescue Plan Act of 2021, P.L. 117-2 (ARPA), into the ARPA Temporary Savings Fund, DHB shall perform the following actions with regard to those savings generated in the 2024-2025 fiscal year in the following order:

- (1) DHB shall deposit those savings into the ARPA Temporary Savings Fund as required by Section 1.3(a) of S.L. 2023-7 until the total amount of savings transferred reaches four hundred fifty million dollars (\$450,000,000).
- (2) DHB shall retain eighty million dollars (\$80,000,000) of those savings to be used for the Medicaid program in place of General Fund net appropriations.
- (3) DHB shall deposit the remaining savings into the ARPA Temporary Savings Fund as required by Section 1.3(a) of S.L. 2023-7.

SECTION 7.2.(b) Funds appropriated in this act for the 2024-2025 fiscal year to DHB have, in accordance with subdivision (2) of subsection (a) of this section, been reduced by eighty million dollars (\$80,000,000) due to the projected savings from the additional five percentage point federal Medicaid match available through the ARPA Temporary Savings Fund for states that expand Medicaid after March 11, 2021.

MODIFY MEDICAID RECEIVABLES ACCOUNTED FOR AS NONTAX REVENUE

SECTION 7.3. Section 9E.5(b) of S.L. 2023-134 reads as rewritten:

"SECTION 9E.5.(b) For the 2023-2024 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred sixty-four million five hundred thousand dollars (\$164,500,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2024-2025 fiscal year, the Department of Health and Human Services shall deposit from its revenues ~~eighty-eight million four hundred thousand~~ one hundred fifty-nine million five hundred thousand dollars ~~(\$88,400,000)~~ (\$159,500,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to the Department of Health and Human Services shall be made from nonfederal resources in the following manner:

...."

CLARIFY LANGUAGE/COMPENSATION GRANTS FOR CHILD CARE PROGRAMS

SECTION 7.4. Section 9L.2(b) of S.L. 2021-180, as amended by Section 9L.2(a) of S.L. 2022-74 and Section 9D.11 of S.L. 2023-134, reads as rewritten:

"SECTION 9L.2.(b) Of the funds appropriated in this act from federal Child Care and Development Block Grant funds received pursuant to ARPA to the Department of Health and

Human Services, Division of Child Development and Early Education, the sum of five hundred three million seven hundred ninety-three thousand seven hundred eleven dollars (\$503,793,711) in nonrecurring funds shall be allocated for the following in response to the COVID-19 pandemic:

(1) Up to two hundred seventy-four million dollars (\$274,000,000) of the funds shall be used as follows:

- a. A minimum of two hundred six million dollars (\$206,000,000) ~~but no more than two hundred fifteen million dollars (\$215,000,000)~~ to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds to extend the compensation grants portion of the child care stabilization grants, as authorized under Section 3.2(a) of S.L. 2021-25, until these funds are exhausted.
- b. ~~A minimum of fifty million dollars (\$50,000,000) but no more than~~ Up to fifty-nine million dollars (\$59,000,000) to modernize and improve early childhood technology infrastructure.

...."

CHILD CARE STABILIZATION GRANTS CONTINUATION FUNDING

SECTION 7.5.(a) Of the funds appropriated in this act for the 2024-2025 fiscal year to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of one hundred eleven million dollars (\$111,000,000) in nonrecurring funds from the Child Care Reserve established in Section 2.2(e) of this act and the sum of twenty-five million four hundred ninety-eight thousand nine hundred twenty-two dollars (\$25,498,922) in nonrecurring funds from the Child Care and Development Fund Block Grant for quality and availability initiatives shall be used to continue the compensation grants portion of the child care stabilization grants. The Division shall decrease grant amounts from levels it has previously provided. The Division shall provide grants for four quarters using decreased amounts to stay within the funding limits provided in this section.

SECTION 7.5.(b) Section 9M.1 of S.L. 2023-134, as amended by Section 3.8 of S.L. 2024-1, reads as rewritten:

"SECTION 9M.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY	FY 2023-2024	FY 2024-2025
FAMILIES (TANF) FUNDS		

Local Program Expenditures

Division of Child Development and Early Education

09. Subsidized Child Care Program	45,813,694	45,813,694
		<u>52,316,626</u>

...

TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

\$312,353,987	<u>\$312,353,987</u>
	<u>\$318,856,919</u>

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**Local Program Expenditures****Division of Child Development and Early Education**

01. Child Care Services	\$289,070,072	<u>\$289,070,072</u>
		<u>\$282,567,140</u>
02. Smart Start Subsidy	7,392,654	7,392,654
03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
04. Quality and Availability Initiatives (TEACH Program \$3,800,000)	61,980,526	<u>61,980,526</u>
		<u>87,479,448</u>

**TOTAL CHILD CARE AND DEVELOPMENT
FUND BLOCK GRANT**

\$411,280,123 \$411,280,123
\$430,302,451

"CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

"SECTION 9M.1.(x) Of the sixty-one million nine hundred eighty thousand five hundred twenty-six dollars (\$61,980,526) appropriated in this act in the Child Care and Development Block Grant for each year of the 2023-2025 fiscal biennium the 2023-2024 fiscal year and the eighty-seven million four hundred seventy-nine thousand four hundred forty-eight dollars (\$87,479,448) for the 2024-2025 fiscal year for quality and availability initiatives to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of one million three hundred fifty thousand dollars (\$1,350,000) for in each year of the 2023-2025 fiscal biennium shall be used to establish 18 new positions. From the eighty-seven million four hundred seventy-nine thousand four hundred forty-eight dollars (\$87,479,448) appropriated in this act for the 2024-2025 fiscal year, the sum of twenty-five million four hundred ninety-eight thousand nine hundred twenty-two dollars (\$25,498,922) shall be used to extend the compensation grants portion of the child care stabilization grants, as authorized under Section 3.2(a) of S.L. 2021-25.

MEDICAID GPT OFFSET

SECTION 7.6. The reduction of nineteen million three hundred thousand dollars (\$19,300,000) in nonrecurring funds for the Department of Health and Human Services, Division of Health Benefits, for the 2024-2025 fiscal year as reflected in Section 2.1(a) of this act is an adjustment made to conform with the calculation of the gross premiums tax offset amount in

G.S. 108A-147.12(b) and with a corresponding adjustment to the transfer to the Health Advancement Receipts Special Fund.

PART VIII. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

FUNDING FOR WATER AND SEWER PROJECTS IN CHATHAM COUNTY

SECTION 8.1. Funds transferred from the Economic Development Project Reserve to the Department of Commerce (Budget Code: 14601) for the 2024-2025 fiscal year pursuant to Section 2.2(d) of this act shall be allocated to the City of Sanford for water and sewer expenditures in Chatham County.

PART IX. JUSTICE AND PUBLIC SAFETY

FUNDING FOR THE OFFICE OF INDIGENT DEFENSE SERVICES TO MAKE TIMELY PAYMENTS TO PRIVATE ASSIGNED COUNSEL

SECTION 9.1. Of the funds appropriated in this act for the 2024-2025 fiscal year from the General Fund to the Administrative Office of the Courts, Office of Indigent Defense Services, Budget Code 12001, Budget Fund 100151, the sum of twelve million dollars (\$12,000,000) in nonrecurring funds shall be used to provide timely payments to attorneys representing indigent defendants.

GUARDIAN AD LITEM CONTRACT ATTORNEY RATE

SECTION 9.1A. Of the funds appropriated in this act for the 2024-2025 fiscal year from the General Fund to the Administrative Office of the Courts, Budget Code 12000, the sum of one million nine thousand two hundred sixty-five dollars (\$1,009,265) in recurring funds shall be used for the Guardian ad Litem program to increase the hourly rate paid to contract attorneys.

FUNDING FOR VIPER SYSTEM

SECTION 9.2.(a) The Office of State Budget and Management shall transfer the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2024-2025 fiscal year from the State Fiscal Recovery Fund established in Section 2.2 of S.L. 2021-25 to the Department of Public Safety for costs related to repairing or replacing structurally deficient Voice Interoperability Plan for Emergency Responders (VIPER) System towers. To the extent the funds transferred by this subsection are deemed unappropriated, the funds are hereby appropriated for the purpose set forth in this subsection.

SECTION 9.2.(b) Of the funds appropriated in this act from the General Fund to the Department of Public Safety, the sum of one million eight hundred thousand dollars (\$1,800,000) in recurring funds beginning in the 2024-2025 fiscal year shall be used for costs related to the operation of the VIPER network.

EMERGENCY MANAGEMENT FEDERAL FUNDING OFFSET

SECTION 9.3. Of the funds appropriated in this act for the 2024-2025 fiscal year from the General Fund to the Department of Public Safety, Division of Emergency Management, the sum of one million nine hundred thousand dollars (\$1,900,000) in recurring funds shall be used to support State-level positions and State-level operations impacted by reduced federal receipts.

PART X. INFORMATION TECHNOLOGY

COMPLETING ACCESS TO BROADBAND PROGRAM CHANGES

SECTION 10.1.(a) Notwithstanding the county project cost responsibility in G.S. 143B-1373.1(d) and (e), of the funds appropriated to the Department of Information Technology (Department) from the State Fiscal Recovery Fund and the Coronavirus Capital Projects Fund for projects under the Completing Access to Broadband grant program (Program) in G.S. 143B-1373.1, the Department shall utilize up to one hundred ninety million dollars (\$190,000,000) to provide the county project cost responsibility required in G.S. 143B-1373.1(e) and the State project cost responsibility for the 37 counties that have committed to the Department to participate in the Program and provide the county match as of May 1, 2024. A county may decline to accept any portion of the county project cost responsibility funding from the Department described in this subsection by notifying the Department within 30 days of the effective date of this section.

SECTION 10.1.(b) G.S. 143B-1373.1 reads as rewritten:

"§ 143B-1373.1. Completing Access to Broadband program.

...

(d) A broadband service provider selected for a project under this section ~~may~~ shall provide ~~up to thirty percent (30%) of the total estimated project cost. The Office may commit up to thirty-five percent (35%) of the total estimated project cost from monies in the CAB Fund. The county requesting the project shall be responsible for at least thirty-five percent (35%) of the total estimated project cost and shall utilize federal American Rescue Plan Act (P.L. 117-2) funds or nonrestricted general funds for that purpose. In the event CAB Fund monies are insufficient to fund a project, a county may increase its share of the total estimated project cost, or the Office may adjust the scope of the project to meet the level of available funding. No county may receive more than eight million dollars (\$8,000,000) in aggregate funding from the CAB Fund in any single fiscal year.~~

(e) ~~Notwithstanding the project cost responsibility allocations in subsection (d) of this section, for a county receiving from the federal government less than an aggregate of eight million dollars (\$8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a broadband service provider selected for a project shall provide not less than fifteen percent (15%) of the total estimated project cost. If a broadband service provider provides more than fifteen percent (15%) of the total estimated project cost, the State and county cost responsibilities shall be equally apportioned. The following cost responsibility allocations for counties meeting the requirements of this subsection and the State apply:~~

Direct Federal Funds Received	County Responsibility	State Responsibility
\$250,000, up to \$4,000,000	5%, minimum	Up to 80%
\$4,000,000, up to \$8,000,000	10%, minimum	Up to 75%

(f) A broadband service provider selected for a project under this section shall enter into an agreement with the Office that shall include the project description, time lines, benchmarks, proposed broadband speeds, and any other information and documentation the Office deems necessary. All proposed broadband speeds must meet or exceed the federal guidelines for use of American Rescue Plan Act (P.L. 117-2) funds. ~~Upon execution of an agreement, the county shall provide its portion of the total estimated project costs to the Office to be combined with CAB Funds awarded for the project and placed in a separate project account. The Office shall provide project oversight, and, upon completion of established benchmarks in the project agreement, the Office shall disburse funds from the project account to the broadband service provider. The forfeiture provisions in G.S. 143B-1373(l) shall apply to agreements entered into under this section.~~

SECTION 10.1.(c) Subsection (b) of this section becomes effective July 1, 2024, and applies to grant funding requests submitted on or after that date. The remainder of this section becomes effective July 1, 2024.

BEAD DEPLOYMENT

- 1 **SECTION 10.2.(a)** Definitions. – As used in this section, the following definitions
2 apply:
- 3 (1) BEAD. – Broadband Equity, Access, and Deployment.
- 4 (1a) Broadband service. – For the purposes of this section, a terrestrially deployed
5 mass-market retail service by wire or radio that provides the capability to
6 transmit data to and receive data from all or substantially all internet
7 endpoints, including any capabilities that are incidental to and enable the
8 operation of the communications service, but excluding dial-up internet access
9 service.
- 10 (2) Broadband serviceable location or BSL. – A location where broadband service
11 is or could be installed, as identified by the Federal Communications
12 Commission for purposes of its Broadband DATA Maps.
- 13 (3) Community anchor institution or CAI. – A school, library, health clinic, health
14 center, hospital or other medical provider, public safety entity, institution of
15 higher education, public housing organization, or community support
16 organization that facilitates greater use of broadband service by vulnerable
17 populations, including, but not limited to, low-income individuals,
18 unemployed individuals, and aged individuals.
- 19 (4) Department. – The Department of Information Technology.
- 20 (5) Eligible location. – An unserved or underserved BSL not located in a protected
21 area or a CAI where qualifying broadband service is not available.
- 22 (6) Eligible project. – A discrete and specific project intended to construct and
23 deploy qualifying broadband service to an eligible location or to a
24 combination of eligible locations. A "project" may constitute a single
25 unserved or underserved BSL, or a grouping of BSLs in which not less than
26 eighty percent (80%) of BSLs served by the project are unserved or
27 underserved locations, provided that the Office may not award funding under
28 this section to construct and deploy infrastructure for the provision of
29 qualifying broadband service to any served BSL.
- 30 (7) Extremely high cost per location threshold. – A BEAD subsidy cost per
31 location above which the Office may decline to select a proposal if use of an
32 alternative technology meeting the BEAD program's technical requirements
33 is necessitated by the fact that selection of an eligible project proposing to
34 provision service via end-to-end fiber-optic facilities to each end-user
35 premises would be cost prohibitive. The Office will develop a methodology
36 for calculating this threshold in a manner that maximizes use of the best
37 available technology while ensuring that the program can, at a minimum, meet
38 the prioritization requirements. The Office will post the methodology for
39 public comment before implementation. The Office shall not, unless it is
40 determined that it does not have sufficient funding to select each
41 highest-scoring application in the initial round described in this section, utilize
42 the extremely high cost per location threshold in the initial round.
- 43 (7a) FCC. – The Federal Communications Commission.
- 44 (8) High-cost outlier. – Any unserved or underserved location that an applicant
45 identifies as a risk to disproportionately affect the cost of an applicant's project
46 budget.
- 47 (9) IIJA. – Infrastructure Investment and Jobs Act (P.L. 117-58).
- 48 (9a) Infrastructure. – Facilities, equipment, materials, and structures that an entity
49 installs either for its core business or public enterprise purposes. Examples
50 include, but are not limited to, copper wire, coaxial cable, optical cable, loose
51 tube cable, communication huts, conduits, vaults, patch panels, mounting

- hardware, poles, generators, battery and cabinet, network nodes, network routers, network switches, microwave relay, microwave receivers, site routers, outdoor cabinets, towers, easements, rights-of-way, and buildings or structures owned by the entity that are made available for location or collocation purposes.
- (10) Infrastructure costs. – Costs related to the construction of broadband infrastructure for the extension of broadband service for an eligible project, including installation, acquiring or updating easements, backhaul infrastructure, and testing costs. The term also includes engineering and any other costs associated with securing a lease to locate or collocate infrastructure on public or private property or structures, but not including the actual monthly lease payment. The term does not include overhead or administrative costs.
- (11) Low-cost broadband service option. – A broadband service offered to low-income households that meets the eligibility requirements for the federal Affordable Connectivity Program, or similar replacement program, in the project area for at least the length of time defined by federal requirements. A low-cost broadband service option must be made available and include the following elements:
- a. Provide typical download speeds of at least 100 Mbps and typical upload speeds of at least 20 Mbps.
 - b. Provide typical latency measurements of no more than 100 milliseconds.
 - c. Not be subject to nongovernmental imposed surcharges and be subject only to the same acceptable use policies to which subscribers to all other broadband internet access service plans offered to home subscribers by the participating subgrantee must adhere.
 - d. Shall be offered at a price that does not exceed the highest price listed in the FCC's 2024 Urban Rate Survey data for Fixed Broadband Service for a service offering in North Carolina that provides a download speed of 100 Mbps, upload speed of 20 Mbps, and an unlimited capacity allowance. The price may be adjusted by the subgrantee based on the Consumer Price Index, as defined by the United States Bureau of Labor Statistics, beginning with an adjustment in the first new calendar year after the date of enactment of this section.
 - e. In the event the provider later increases the speeds of one of its low-cost plans it will permit Eligible Subscribers that are subscribed to that plan to upgrade to those new speeds at no more than a commensurate change in cost.
- (12) Multi-dwelling units (MDUs). – Multiple separate residential units within a single or several buildings.
- (13) NTIA. – The National Telecommunications and Information Administration of the United States Department of Commerce.
- (14) Office. – The Broadband Infrastructure Office in the Department of Information Technology.
- (15) Protected areas. – BSLs subject to an enforceable commitment as defined in the NTIA Notice of Funding Opportunity or where a broadband service provider has been designated to receive funds through other State- or federally funded programs designed specifically for the deployment of qualifying broadband service if such funding is intended to result in construction of broadband to the location within 18 months or for the duration of the federal

funding program, or if the broadband service provider is otherwise in good standing with the funding agency's regulations governing the funding program. Any CAI where a private provider submits documentation satisfactory to the Department that such provider currently offers broadband service that will be scalable to a qualifying broadband service after the conclusion of the challenge process shall be also considered protected. Upon submission of documentation satisfactory to the Office, a protected area shall remain protected until project completion.

(16) Qualifying broadband service. – A reliable broadband service meeting the following criteria:

a. To a location that is not a CAI with a speed of not less than 100 Mbps for downloads and not less than 20 Mbps for uploads.

b. To a CAI with a speed of not less than 1 Gbps for downloads and uploads.

(17) Reliable broadband service. – Terrestrial-based broadband service (i) with ninety-five percent (95%) of latency measurements during testing windows falling at or below 100 milliseconds round-trip time and (ii) which is designed to ensure that network outages should not exceed, on average, 48 hours over any 365-day period except in the case of natural disasters or other force majeure occurrences. Locations served exclusively by satellite, terrestrial fixed wireless services utilizing entirely licensed spectrum, using a hybrid of licensed and unlicensed spectrum, or a technology not specified by the FCC for purposes of its Broadband DATA Maps, do not meet the definition of "reliable broadband service" and will be considered "unserved" for the purposes of determining eligible locations.

(18) Secretary. – The Secretary of Information Technology.

(19) Subgrantee. – An eligible recipient who receives BEAD funds for an eligible project.

(20) Underserved. – A BSL that has access to reliable broadband service equal to or greater than 25 Mbps download and 3 Mbps upload but less than 100 Mbps download and 20 Mbps upload. Unless otherwise determined by the Department based on competent findings of fact, locations that the FCC's Broadband DATA Maps show to have available qualifying broadband service delivered via (i) DSL or (ii) terrestrial fixed wireless services utilizing entirely licensed spectrum, or using a hybrid of licensed and unlicensed spectrum, shall be considered "underserved" for the purpose of determining eligible locations.

(21) Unserved. – A BSL that does not have access to reliable broadband service with transmission speeds of at least 25 Mbps download and at least 3 Mbps upload.

SECTION 10.2.(b) Consistency With Federal Law. – Except as defined in this section, terms in this section shall have the meaning prescribed to them in the IIJA and in the Notice of Funding Opportunity for the BEAD Program (BEAD NOFO) published by NTIA on May 13, 2022, including any subsequent guidance issued by NTIA with respect to the program after the issuance of the BEAD NOFO. In the event of any actual conflict between this section and legal requirements contained in the IIJA, the provisions of the IIJA shall take precedence. Should any instances of actual conflict arise, the Department shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division any actions taken to conform with federal law.

SECTION 10.2.(c) Consistency With State Policy. – Consistent with the policy of the State, the Office shall not prescribe the rates of service which applicants may deliver, nor

1 shall the Office indirectly regulate the rates of service which applicants may deliver by affording
2 any preference or differentiated scoring weight based on the specific rate of service which an
3 applicant may deliver. The Office shall not make mandatory any optional conditions contained
4 in Section IV.C.1.e. of the BEAD NOFO.

5 **SECTION 10.2.(d)** GREAT 3.0 Fund. – The Growing Rural Economies with Access
6 to Technology for Broadband Equity, Access, and Deployment Fund (GREAT 3.0 Fund) is
7 established as a special revenue fund in the Department of Information Technology. The
8 Secretary may award subgrants from the GREAT 3.0 Fund to eligible recipients for eligible
9 projects. The State shall not be obligated for funds committed for project costs from the GREAT
10 3.0 Fund in excess of those sums appropriated by the General Assembly to the GREAT 3.0 Fund.
11 The funds shall be used by the eligible recipient to pay for infrastructure costs associated with an
12 eligible project. State and federal funds appropriated to this Fund shall be considered an
13 information technology project within the meaning of G.S. 143C-1-2. The grants shall be
14 considered fixed amount subawards for purposes of the federal requirements within the meaning
15 of the Policy Notice on Tailoring the Application of the Uniform Guidance to the BEAD Program
16 issued by the NTIA. The Office shall further make available to awardees all options available
17 under the BEAD Letter of Credit Waiver issued by NTIA.

18 **SECTION 10.2.(e)** Priority. – The Office shall prioritize projects proposed to
19 address the following in order:

- 20 (1) Unserved BSLs.
- 21 (2) Underserved BSLs.
- 22 (3) Community anchor institutions.

23 **SECTION 10.2.(f)** Project Proposals; Use of Funds. – The Office may seek
24 proposals to serve unserved BSLs, underserved BSLs, and community anchor institutions
25 collectively or separately, provided that it prioritizes awarding projects that address, at minimum,
26 all unserved BSLs. Once the Office reports that projects will address all unserved BSLs, it shall
27 prioritize projects that address, at minimum, all underserved BSLs. If the Department has entered
28 into subgrant agreements for deployment of service to all unserved and underserved locations in
29 the State, it may use any remaining funds in the GREAT 3.0 Fund for digital literacy and
30 awareness or other purposes consistent with nondeployment activities described in the BEAD
31 NOFO.

32 **SECTION 10.2.(g)** Challenge Process. – The Office shall develop and implement a
33 formal challenge process that conforms with the published regulations and guidelines of the
34 BEAD program, including the requirement that challenges based upon speed tests must be
35 conducted and submitted in conformance with the specifications of the NTIA's speed test
36 guidance and may not be submitted by an individual subscriber. In developing the challenge
37 process, the Office shall solicit input from stakeholders and consider the adaptability of the
38 challenge process to fit existing State broadband grant programs and all applicable federal
39 requirements. The challenge process shall be open to submissions from internet providers, county
40 and municipal government entities, and community anchor institutions, and shall establish
41 procedures that allow a period of at least 30 calendar days of the opening of the challenge window
42 to submit challenges, and a period of at least 30 calendar days from notification of any challenge
43 to the classification of a location determined to be valid by the Office during the challenge phase
44 for the submission of rebuttal evidence. Prior to selecting subgrantees, the Office shall publish a
45 statewide map indicating eligible locations that may be included in an eligible project.

46 **SECTION 10.2.(h)** Prequalification. – The Office shall develop a prequalification
47 process to identify potential subgrantees with the financial, managerial, operational, and
48 technical capacity to complete an eligible project. The Office shall prequalify broadband service
49 providers based on the minimum eligibility criteria in the GREAT 3.0 program. Information
50 submitted by a broadband service provider as part of the prequalification process may be
51 considered during the subgrantee selection process. Information contained in an application that

is identified as proprietary by an applicant for a subgrant pursuant to the prequalification process shall not be considered a public record.

SECTION 10.2.(i) Applications. – The Office shall develop a subgrantee selection process that shall be administered in multiple rounds. Applications for subgrants will be submitted at times designated by the Office and will include, at a minimum, the following information:

- (1) The identity of the applicant and its qualifications and experience with broadband deployment and administration of federal subgrants.
- (2) The total cost and duration of the proposed project.
- (3) The amount to be funded by the applicant. The applicant shall fund a minimum of twenty-five percent (25%) of the cost of the project unless the project is in an NTIA-defined high-cost area or a waiver is granted pursuant to the BEAD Program guidelines as set forth by NTIA.
- (4) A list of the eligible locations that will have access to qualifying broadband service as a result of the project.
- (5) The proposed construction time line not to exceed four years, unless the Department extends the four-year deadline if (i) the subgrantee has a specific plan for use of the grant funds, with project completion expected by a specific date not more than one year after the four-year deadline; (ii) the construction project is underway; or (iii) extenuating circumstances require an extension of time to allow the project to be completed.
- (6) A description of the services to be provided, including the proposed upload and download broadband speeds to be delivered.
- (7) A description of proposed cost tiers available to customers upon completion of the proposed project.
- (8) A description of the applicant's proposed low-cost broadband service option applicable to eligible subscribers in BEAD-funded areas. The Office may not impose additional requirements on qualifying low-cost service options as a condition of grant eligibility.
- (9) Technology type of the proposed service.
- (10) Any other information or supplementary documentation requested by the Office. The Office shall ensure that subgrant applications contain sufficient information to allow the Office to reasonably evaluate subgrantees' ability to comply with all program requirements, including all subgrantee qualifications and conditions required under federal law.

SECTION 10.2.(j) Competitive Subgrantee Selection Process. – The Office shall implement a competitive subgrantee selection process that conforms with published regulations and guidelines under the BEAD Program under the IIJA. Applications receiving the highest score shall receive priority status for the awarding of subgrants pursuant to this section. As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new unserved and underserved locations. Applications shall be scored on an objective 100-point scale that is published prior to the submission of applications for subgrants. The Office shall determine whether or not a subgrantee has the capacity to perform multiple projects and shall not be required to award multiple projects to a prequalified subgrantee that has failed to demonstrate its ability to perform.

SECTION 10.2.(k) Subgrant Award Agreements. – Applicants awarded subgrants pursuant to this section shall enter into an agreement with the Office. Selections are contingent until an agreement is executed. The agreement shall contain all of the elements outlined in subsection (i) of this section and any other provisions the Office may require, provided, however, the Department may not impose requirements or contract conditions requiring that broadband service be offered at a specific price or that otherwise constitutes rate regulation. The agreement

shall contain a provision governing the time line, milestones, and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project or disbursed on any other basis that may be necessary to effectuate every option made available in the BEAD Letter of Credit Waiver issued by NTIA on November 1, 2023. If applicable, the agreement shall identify the amount of matching funds the subgrantee must contribute to the project. The Office shall monitor the project to ensure (i) that the subgrantee is making adequate progress towards project completion by the required deadline; (ii) compliance with all relevant and applicable federal, State, and local laws, rules, and regulations; and (iii) compliance with all NTIA guidelines for the BEAD Program and any guidelines developed by the Office.

SECTION 10.2.(l) Letter of Credit. – The Office shall require a letter of credit or an alternative form of satisfactory performance security, such as a performance bond, from the subgrantee to secure the subgrantee's performance of its obligations under the grant contract consistent with the federal requirements. The Office shall give full effect to the NTIA BEAD Letter of Credit Waiver as a means of enabling a subgrantee to satisfy the requirements of this subsection. Subject to further waiver from NTIA to the extent the same may be required, the Office shall permit an alternative means of satisfying the requirement of this subsection for a subgrantee that demonstrates that it has more than one hundred million dollars (\$100,000,000) in telecommunications or electric plant in production in the State.

SECTION 10.2.(m) Annual Report. – The Department of Information Technology shall submit an annual report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division upon completion of each funding round. The report shall contain at least all of the following:

- (1) The number of subgrant projects applied for and the number of grant agreements entered into.
- (2) A time line for each subgrant agreement and the number of households and businesses expected to benefit from each agreement.
- (3) The amount of matching funds required for each agreement and the total amount of investment.
- (4) A summary of areas receiving subgrants that are now being provided broadband service and the advertised broadband speeds for those areas.
- (5) Any breaches of agreements, grant fund forfeitures, or subsequent reductions or refunds of matching funds.
- (6) Any recommendations for the GREAT 3.0 program, including better sources and methods for improving outcomes and accountability.

SECTION 10.2.(n) Progress Report. – Upon completion of two rounds of subgrantee selection, the Department shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division the following:

- (1) The number of remaining unserved and underserved locations in the State.
- (2) The amount of remaining funding for the GREAT 3.0 program.
- (3) The estimated amount of subgrant funding needed to award projects serving all remaining unserved and underserved locations in the State.
- (4) The amount of funding available for nondeployment activities.

SECTION 10.2.(o) Retention of Funds. – In administering the IJA for the BEAD Program, the Department may utilize up to one and one-half percent (1.5%) of allocated BEAD grant funds for planning and administrative purposes.

SECTION 10.2.(p) The State Controller shall establish a BEAD Reserve (Reserve) in the General Fund to maintain federal funds received from the IJA for the BEAD Program. The State Controller shall transfer funds to the GREAT 3.0 Fund established in subsection (d) of this section only as needed to meet the appropriations set out in subsequent legislation. Funds reserved in the Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 10.2.(q) The Department may utilize funds received for digital literacy from the federal Digital Equity Act of 2021 (P.L. 117-58) in accordance with the North Carolina Digital Equity Plan approved by the NTIA, and the funds are hereby appropriated for that purpose.

SECTION 10.2.(r) Section 38.4 of S.L. 2022-74 is repealed.

SECTION 10.2.(s) Section 38.10(p) of S.L. 2021-180 reads as rewritten:

"SECTION 38.10.(p) This section is effective when it becomes law. ~~Subsections (b) through (k) of this section expire December 31, 2024."~~

SECTION 10.2.(t) This section becomes effective July 1, 2024.

PART XI. GENERAL GOVERNMENT

HFA/EMERGENCY RENTAL ASSISTANCE FUNDS

SECTION 11.1. Notwithstanding any provision of law to the contrary, the Office of State Budget and Management shall transfer to the Housing Trust Fund in the Housing Finance Agency all remaining Emergency Rental Assistance funds allocated in Section 5 of S.L. 2021-1, Section 1.4 of S.L. 2021-3, and Section 3.4 of S.L. 2021-25, as amended, and any interest earned on those funds, Budget Code 23021, Budget Funds 214050 and 214051, an estimated sum of approximately fifty-eight million five hundred ninety-four thousand four hundred thirty-three dollars (\$58,594,433) in nonrecurring funds for the 2024-2025 fiscal year to be used for eligible programs administered by the Housing Finance Agency. Projects under this section shall comply with the United States Department of the Treasury's Emergency Rental Assistance guidelines, and these funds are hereby appropriated for that purpose.

REMOVE VETERANS BURIAL RESIDENCY REQUIREMENT/VCGP FUNDS

SECTION 11.2.(a) G.S. 65-43 reads as rewritten:

"§ 65-43. Definitions.

For purposes of this Article, the following definitions shall apply, unless the context requires otherwise:

...

(2) ~~A "legal resident" of a state means a person whose principal residence or abode is in that state, who uses that state to establish his or her right to vote and other rights in a state, and who intends to live in that state, to the exclusion of maintaining a legal residence in any other state.~~

(3) A "qualified veteran" means a veteran who ~~meets the requirements of sub-subdivisions a. and b. of this subdivision:~~

~~a. A veteran who served an honorable military service or who served a period of honorable nonregular service and is any of the following:~~

~~1.a. A veteran who is entitled to retired pay for nonregular service under 10 U.S.C. §§ 12731-12741, as amended.~~

~~2.b. A veteran who would have been entitled to retired pay for nonregular service under 10 U.S.C. §§ 12731-12741, as amended, but for the fact that the person was under 60 years of age.~~

~~3.c. A veteran who is eligible for interment in a national cemetery under 38 U.S.C. § 2402, as amended.~~

~~b. Who is a legal resident of North Carolina:~~

~~1. At the time of death, or~~

~~2. For a period of at least 10 years, or~~

~~3. At the time he or she entered the Armed Forces of the United States."~~

SECTION 11.2.(b) G.S. 65-43.2 reads as rewritten:

1 **"§ 65-43.2. Proof of eligibility.**

2 ...

3 (b) The survivors or legal representative of the deceased shall notify the funeral director
4 that the deceased is to be interred in a veterans cemetery. The survivor or legal representative
5 shall furnish the funeral director with documentary evidence of the veteran's honorable military
6 ~~service and evidence to establish that the veteran is a legal resident of North Carolina.~~ service.
7 The funeral director shall notify the superintendent of the nearest State veterans cemetery to
8 arrange for the interment and convey to the superintendent all evidence to establish the veteran's
9 eligibility."

10 **SECTION 11.2.(c)** There is appropriated from the budgeted receipts from the United
11 States Department of Veterans Affairs' Veterans Cemetery Grant Program to the Department of
12 Military and Veterans Affairs the sum of three million five hundred eighty-six thousand one
13 hundred thirty-six dollars (\$3,586,136) in nonrecurring funds for the 2024-2025 fiscal year to be
14 used as follows:

- 15 (1) Five hundred seven thousand one hundred fifty dollars (\$507,150) for an
16 expansion of columbarium cremation spaces at Eastern Carolina State
17 Veterans Cemetery.
18 (2) Seven hundred seventy-one thousand seven hundred fifty dollars (\$771,750)
19 for an expansion of columbarium cremation spaces at Coastal Carolina State
20 Veterans Cemetery.
21 (3) Two million three hundred seven thousand two hundred thirty-six dollars
22 (\$2,307,236) for the expansion of burial and cremation spaces at Sandhills
23 State Veterans Cemetery.
24

25 **OFFICE OF STATE FIRE MARSHAL EXPENSES**

26 **SECTION 11.3.** Of the funds appropriated to the Department of Insurance in this
27 act, the Department shall allocate to the Office of the State Fire Marshal the recurring sum of
28 four million eight hundred fifty thousand dollars (\$4,850,000) for the 2024-2025 fiscal year to
29 support the operations of the Emergency Training Facility in Stanly County, including nine
30 full-time employees.
31

32 **PART XII. SALARIES AND BENEFITS**

33
34 **UPDATED SALARY-RELATED CONTRIBUTIONS/ADDRESS FUNDING**
35 **REQUIREMENTS FOR THE NC NATIONAL GUARD PENSION FUND**

36 **SECTION 12.1.(a)** Section 39.26(c) of S.L. 2023-134 reads as rewritten:

37 **"SECTION 39.26.(c)** Effective July 1, 2024, the State's employer contribution rates
38 budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-2025
39 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
40 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
41 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
42 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
46 Retirement	16.79%	16.79%	6.84%	37.00% 35.96% 22.00% 19.32%	
47 Disability	0.13%	0.13%	0.13%	0.00%	0.00%
48 Death	0.13%	0.13%	0.00%	0.00%	0.00%
49 Retiree Health	6.99%	6.99%	6.99%	6.99%	6.99%
50 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

Total Contribution

Rate 24.04% 29.04% 13.96% ~~43.99%~~42.95%28.99%26.31%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement."

SECTION 12.1.(b) Part XXXIX of S.L. 2023-134 is amended by adding a new section to read:

"ADDRESS INCREASED FUNDING REQUIREMENTS/NORTH CAROLINA NATIONAL GUARD PENSION FUND

"SECTION 39.26A.(a) Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, funds appropriated in this act to the Department of State Treasurer are increased by the recurring sum of one million one hundred twenty thousand nine hundred forty-nine dollars (\$1,120,949) for the 2024-2025 fiscal year and are to be used for the State's contribution to the North Carolina National Guard Pension Fund (Budget Code 13412, Budget Fund 100903) to match the actuarially determined contribution amount.

"SECTION 39.26A.(b) Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, funds appropriated in this act to the Administrative Office of the Courts in Budget Code 12000 for the State's contribution for members of the Consolidated Judicial Retirement System are reduced by the recurring sum of nine hundred sixty-two thousand six hundred eighty-seven dollars (\$962,687) for the 2024-2025 fiscal year.

"SECTION 39.26A.(c) Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, funds appropriated in this act to the Office of Indigent Defense Services in the Administrative Office of the Courts in Budget Code 12001 for the State's contribution for members of the Consolidated Judicial Retirement System are reduced by the recurring sum of sixty-one thousand two hundred forty-six dollars (\$61,246) for the 2024-2025 fiscal year.

"SECTION 39.26A.(d) Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, funds appropriated in this act to the General Assembly in Budget Code 11000 for the State's contribution for members of the Legislative Retirement System are reduced by a recurring sum of ninety-seven thousand sixteen dollars (\$97,016) for the 2024-2025 fiscal year."

PART XIII. CAPITAL [RESERVED]

PART XIV. TRANSPORTATION

RANDOLPH COUNTY MEGASITE TRANSPORTATION IMPROVEMENT FUNDS

SECTION 14.1. The funds transferred from the Economic Development Project Reserve to the Department of Transportation for the 2024-2025 fiscal year pursuant to Section 2.2(d) of this act shall be used to expand highway infrastructure and complete work on roads serving the megasite industrial park in Randolph County.

PART XV. FINANCE [RESERVED]

PART XVI. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 16.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 16.2. Except where expressly repealed or amended by this act, the provisions of any legislation enacted during the 2023 Regular Session of the General Assembly affecting the State budget shall remain in effect.

MOST TEXT APPLIES ONLY TO THE 2024-2025 FISCAL YEAR

SECTION 16.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2024-2025 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2024-2025 fiscal year.

EFFECT OF HEADINGS

SECTION 16.4. The headings to the Parts, Subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or Subpart.

SEVERABILITY CLAUSE

SECTION 16.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 16.6. Except as otherwise provided, this act becomes effective July 1, 2024.