

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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**SENATE BILL 599
Health Care Committee Substitute Adopted 4/16/25
Third Edition Engrossed 4/30/25
House Committee Substitute Favorable 10/22/25
Fifth Edition Engrossed 10/22/25**

Short Title: State Teacher/Employee Pay & Local LEO Bonus.

(Public)

Sponsors:

Referred to:

March 26, 2025

A BILL TO BE ENTITLED
AN ACT APPROPRIATING FUNDS TO AWARD LEGISLATIVELY MANDATED
SALARY INCREASES TO STATE EMPLOYEES, TEACHERS, AND OTHER PUBLIC
SCHOOL EMPLOYEES AND PROVIDING FOR A ONE TIME, COST OF LIVING
SUPPLEMENT PAYMENT FOR LOCAL LAW ENFORCEMENT OFFICERS AND
RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM,
THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE
RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

PART I. APPROPRIATIONS

APPROPRIATIONS

SECTION 1.1.(a) Effective July 1, 2025, there is appropriated from the General Fund the sum of eight hundred eighty-one million two hundred sixty-two thousand five hundred ninety-nine dollars (\$881,262,599) in recurring funds for the 2025-2026 fiscal year and the sum of one billion twenty-one million seventy thousand two hundred forty-one dollars (\$1,021,070,241) in recurring funds for the 2026-2027 fiscal year for the costs associated with implementing the provisions of this act. These sums are allocated as follows:

Entity	2025-2026	2026-2027
North Carolina Community College System	38,674,539	38,674,539
Department of Public Instruction	484,989,426	624,797,068
The University of North Carolina	103,777,699	103,777,699
DHHS – Aging	82,276	82,276
DHHS – Central Management and Support	1,729,614	1,729,614
DHHS – Child and Family Well-Being	557,078	557,078
DHHS – Child Development and Early Education	54,930	54,930
DHHS – Public Health	952,035	952,035



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1	DHHS – Social Services	357,308	357,308
2	DHHS – Health Benefits	537,259	537,259
3	DHHS – Services for the		
4	Blind/Deaf/Hard of Hearing	112,788	112,788
5	DHHS – Mental Health/Dev. Disabl./Substance		
6	Use Services	8,075,529	8,075,529
7	DHHS – Health Service Regulation	610,009	610,009
8	DHHS – Emp. & Indp. For		
9	People With Disabilities	444,883	444,883
10	Dept. of Agriculture &		
11	Consumer Services	2,791,328	2,791,328
12	Dept. of Commerce	279,595	279,595
13	Dept. of Env. Quality	1,763,143	1,763,143
14	Dept. of Labor	540,375	540,375
15	Dept. of Natural and Cultural Resources	5,907,686	5,907,686
16	Wildlife Resources Comm.	1,782,055	1,782,055
17	Administrative Office of the Courts	18,636,552	18,636,552
18	Indigent Defense Services	2,602,376	2,602,376
19	Department of Adult Correction	143,083,422	143,083,422
20	Department of Justice	1,790,840	1,790,840
21	Dept. of Public Safety	45,896,798	45,896,798
22	State Bureau of Investigation	5,220,195	5,220,195
23	Dept. of Administration	770,895	770,895
24	Office of Admin. Hearings	152,033	152,033
25	Auditor	387,657	387,657
26	Office of Budget and Management	224,490	224,490
27	Controller	588,360	588,360
28	Board of Elections	178,320	178,320
29	General Assembly	2,125,861	2,125,861
30	Office of the Governor	135,528	135,528
31	Office of State Human Resources	201,702	201,702
32	Industrial Commission	312,439	312,439
33	Dept. of Insurance	1,419,695	1,419,695
34	Office of State Fire Marshal	199,415	199,415
35	Office of the Lt. Governor	30,399	30,399
36	Dept. of Military and Veteran Affairs	162,304	162,304
37	Department of Revenue	2,112,540	2,112,540
38	Secretary of State	471,477	471,477
39	Dept. of Information Technology	539,746	539,746

SECTION 1.1.(b) Effective July 1, 2025, there is appropriated from the Highway Fund to the Department of Transportation for the costs associated with implementing the provisions of this act the sum of twenty-four million eight hundred eighty-four thousand six hundred forty-eight dollars (\$24,884,648) in recurring funds each year of the 2025-2027 fiscal biennium.

SECTION 1.1.(c) Effective July 1, 2025, there is appropriated from the General Fund to a Reserve for Local Law Enforcement Officer Bonuses the sum of forty million seventy-five thousand dollars (\$40,075,000) in nonrecurring funds in each year of the 2025-2027 fiscal biennium for the costs associated with awarding bonuses to local sworn law enforcement officers as provided by Section 3.23 of this act.

SECTION 1.1.(d) Departmental receipts, as defined in G.S. 143C-1-1, are appropriated for each year of the 2025-2027 fiscal biennium up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each year of the 2025-2027 fiscal biennium.

PART II. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 2.1.(a) The following monthly teacher salary schedule shall apply for the 2025-2026 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2025-2026 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	\$4,800
1	\$4,825
2	\$4,850
3	\$4,875
4	\$4,900
5	\$4,950
6	\$5,000
7	\$5,050
8	\$5,100
9	\$5,150
10	\$5,200
11	\$5,250
12	\$5,300
13	\$5,350
14	\$5,403
15	\$5,496
16	\$5,521
17	\$5,546
18	\$5,571
19	\$5,591
20	\$5,611
21	\$5,631
22	\$5,651
23	\$5,671
24	\$5,691
25+	\$5,711

SECTION 2.1.(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 2.1.(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 2.1.(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 2.1.(e) A teacher compensated in accordance with this salary schedule in the 2025-2026 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the applicable 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 2.1.(f) As used in this section, the term "teacher" shall also include instructional support personnel.

REINSTATE EDUCATION-BASED SALARY SUPPLEMENTS FOR TEACHERS AND INSTRUCTIONAL SUPPORT PERSONNEL

SECTION 2.2.(a) G.S. 115C-302.10 is repealed.

SECTION 2.2.(b) Notwithstanding any other provision of law, for the 2025-2026 fiscal year, State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013, shall be used to determine (i) whether teachers and instructional support personnel are paid on

the "M" salary schedule and (ii) whether they receive a salary supplement for academic preparation at the six-year or doctoral degree level.

CONSOLIDATED TEACHER BONUS PROGRAM

SECTION 2.3.(a) Establish Consolidated Bonus Program. – The State Board of Education shall establish a consolidated teacher bonus program for the 2025-2026 fiscal year to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers whose salaries are supported from State funds in January of 2026, based on data from the 2024-2025 school year, in accordance with this section.

SECTION 2.3.(b) Definitions. – For purposes of this section, the following definitions shall apply:

- (1) Eligible advanced course teacher. – A teacher of Advanced Placement courses, International Baccalaureate Diploma Programme courses, or the Cambridge Advanced International Certificate of Education (AICE) program who meets the following criteria:
 - a. Is employed by, or retired having last held a position at, one or more of the following:
 1. A qualifying public school unit.
 2. The North Carolina Virtual Public School program.
 - b. Taught one or more students who received a score listed in subsection (c) of this section.
- (2) Eligible career and technical education (CTE) teacher. – A teacher who meets the following criteria:
 - a. Is employed by, or retired having last held a position at, a qualifying public school unit.
 - b. Taught one or more students who attained approved industry certifications or credentials consistent with G.S. 115C-156.2.
- (3) Eligible growth teacher. – A teacher who meets at least one of the following criteria:
 - a. Is employed by, or retired having last held a position at, a qualifying public school unit and meets one of the following criteria:
 1. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous school year.
 2. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
 3. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
 - b. Is employed by, or retired having last held a position at, a local school administrative unit and meets one of the following criteria:
 1. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for third grade reading from the previous school year.
 2. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according

- 1 to the EVAAS student growth index score for fourth or fifth
2 grade reading from the previous school year.
- 3 3. Is in the top twenty-five percent (25%) of teachers in the
4 teacher's respective local school administrative unit according
5 to the EVAAS student growth index score for fourth, fifth,
6 sixth, seventh, or eighth grade mathematics from the previous
7 school year.
- 8 c. Was employed by a local school administrative unit that employed in
9 the previous school year three or fewer total teachers in that teacher's
10 grade level as long as the teacher has an EVAAS student growth index
11 score from the previous school year of exceeded expected growth in
12 one of the following subject areas:
13 1. Third grade reading.
14 2. Fourth or fifth grade reading.
15 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- 16 (4) EVAAS. – The Education Value-Added Assessment System.
- 17 (5) Qualifying public school unit. – Any of the following:
18 a. A local school administrative unit.
19 b. A charter school.
20 c. A regional school.
21 d. A school providing elementary or secondary instruction operated by
22 The University of North Carolina under Article 29A of Chapter 116 of
23 the General Statutes.
- 24 (6) Qualifying teacher. – An eligible teacher who meets one of the following
25 criteria:
26 a. Remains employed teaching in the same qualifying public school unit,
27 or, if an eligible advanced course teacher is only employed by the
28 North Carolina Virtual Public School program, remains employed
29 teaching in that program, at least from the school year the data is
30 collected until January 1 of the corresponding school year that the
31 bonus is paid.
32 b. Retired, between the last day of the school year in which the data is
33 collected and January 1 of the corresponding school year in which the
34 bonus is paid, after attaining one of the following:
35 1. The age of at least 65 with five years of creditable service.
36 2. The age of at least 60 with 25 years of creditable service.
37 3. Thirty years of creditable service.

38 **SECTION 2.3.(c) Advanced Course Bonuses.** – A bonus in the amount of fifty
39 dollars (\$50.00) shall be provided to qualifying advanced course teachers for each student taught
40 in each advanced course who receives the following score:

- 41 (1) For Advanced Placement courses, a score of three or higher on the College
42 Board Advanced Placement Examination.
- 43 (2) For International Baccalaureate Diploma Programme courses, a score of four
44 or higher on the International Baccalaureate course examination.
- 45 (3) For the Cambridge AICE program, a score of "E" or higher on the Cambridge
46 AICE program examinations.

47 **SECTION 2.3.(d) CTE Bonuses.** – For qualifying career and technical education
48 teachers, bonuses shall be provided in the following amounts:

- 49 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught
50 by a teacher who provided instruction in a course that led to the attainment of

an industry certification or credential with a twenty-five dollar (\$25.00) value ranking as determined under subsection (e) of this section.

- (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a fifty dollar (\$50.00) value ranking as determined under subsection (e) of this section.

SECTION 2.3.(e) CTE Course Value Ranking. – The Department of Commerce, in consultation with the State Board, shall assign a value ranking for each industry certification and credential based on academic rigor and employment value in accordance with this subsection. Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on employment value. Academic rigor and employment value shall be based on the following elements:

- (1) Academic rigor shall be based on the number of instructional hours, including work experience or internship hours, required to earn the industry certification or credential, with extra weight given for coursework that also provides community college credit.
- (2) Employment value shall be based on the entry wage, growth rate in employment for each occupational category, and average annual openings for the primary occupation linked with the industry certification or credential.

SECTION 2.3.(f) Statewide Growth Bonuses. – Of the funds appropriated for the program, bonuses shall be provided to qualifying teachers who are eligible teachers under sub-subdivision a. of subdivision (3) of subsection (b) of this section, as follows:

- (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to eligible teachers under sub-sub-subdivision a.1. of subdivision (3) of subsection (b) of this section. These funds shall be distributed equally among qualifying teachers.
- (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2. of subdivision (3) of subsection (b) of this section.
- (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3. of subdivision (3) of subsection (b) of this section.

SECTION 2.3.(g) Local Growth Bonuses. – Of the funds appropriated for the program, bonuses shall be provided to eligible teachers under sub-subdivisions b. and c. of subdivision (3) of subsection (b) of this section, as follows:

- (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of subdivision (3) of subsection (b) of this section. These funds shall be divided proportionally based on average daily membership in third grade for each local school administrative unit and then distributed equally among qualifying third grade reading teachers in each local school administrative unit.
- (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.2. or c.2. of subdivision (3) of subsection (b) of this section.
- (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.3. or c.3. of subdivision (3) of subsection (b) of this section.

SECTION 2.3.(h) Limitations and Other Criteria. – The following additional limitations and other criteria shall apply to the program:

- (1) Bonus funds awarded to a teacher pursuant to subsection (c), subsection (d), subdivision (1) of subsection (f), and subdivision (1) of subsection (g) of this

section shall not exceed three thousand five hundred dollars (\$3,500) per subsection or subdivision in any given school year.

(2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section but shall not receive more than seven thousand dollars (\$7,000) pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section in any given school year.

(3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2., b.2., or c.2. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section but shall not receive more than two bonuses pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section in any given school year.

(4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3., b.3., or c.3. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section but shall not receive more than two bonuses pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section in any given school year.

SECTION 2.3.(i) Bonuses Not Compensation. – Bonuses awarded to a teacher pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 2.3.(j) Study and Report. – The State Board of Education shall study the effect of the program on teacher performance and retention. The State Board shall report the results of its findings and the amount of bonuses awarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March 15, 2026. The report shall include, at a minimum, the following information:

(1) Number of students enrolled and taking examinations in each of the following categories of courses:

a. Advanced Placement.

b. International Baccalaureate Diploma Programme.

c. Cambridge AICE program.

d. Courses needed for the attainment of an industry certification or credential.

(2) Number of students receiving outcomes on examinations resulting in the award of a bonus for a teacher in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(3) Number of teachers receiving a bonus in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(4) The amounts awarded to teachers for each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(5) The type of industry certifications and credentials earned by the students, the value ranking for each certification and credential, the number of bonuses earned for each certification or credential, and the total bonus amount awarded for each certification or credential.

- (6) Average bonus amount awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of subsection (b) of this section.
- (7) The percentage of teachers who received a bonus pursuant to this section and were eligible to receive a bonus for teaching in the same grade level or course in January 2022 or January 2023, or both, where applicable, pursuant to one of the following programs:
- a. The Advanced Course and CTE Bonus Program provided in Section 7A.4 of S.L. 2021-180.
 - b. The Growth-Based Teacher Bonus Program provided in Section 7A.2 of S.L. of 2022-74.
- (8) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in either January 2022 or January 2023 pursuant to one of the programs listed in subdivision (7) of this subsection.
- (9) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in January 2022 or January 2023, or both, where applicable, pursuant to one of the programs listed subdivision (7) of this subsection.
- (10) The statistical relationship between a teacher receiving a bonus in January 2026 pursuant to this section and receiving a bonus pursuant to a predecessor bonus program. For purposes of this subdivision, the following are predecessor programs:
- a. Bonuses awarded pursuant to Section 7A.4(c) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (c) of this section.
 - b. Bonuses awarded pursuant to Section 7A.4(d) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (d) of this section.
 - c. Bonuses awarded pursuant to subdivision (1) of subsection (c) and subdivision (1) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section.
 - d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section.
 - e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section.
 - f. Bonuses awarded pursuant to the Consolidated Teacher Bonus Program provided in Section 7A.3 of S.L. 2023-134.
- (11) The distribution of statewide and local growth bonuses awarded pursuant to this section as among qualifying public school units and, where applicable, schools within those units.

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 2.4.(a) Use of Funds. – For the 2025-2026 fiscal year, except as provided in subsection (g) of this section, the State Board of Education shall allocate funds pursuant to this section to eligible local school administrative units to provide salary supplements to teachers and

1 qualifying school administrators in those units. Allocation of salary supplements among teachers
2 and qualifying school administrators within each eligible local school administrative unit,
3 including whether a teacher or qualifying school administrator receives a salary supplement and
4 the amount of the supplement provided to that person, shall be determined in the discretion of
5 the local board of education of the eligible unit, except that no individual salary supplement shall
6 exceed the per teacher funding amount awarded to that unit pursuant to subdivision (4) of
7 subsection (c) of this section.

8 **SECTION 2.4.(b)** Definitions. – As used in this section, the following definitions
9 shall apply:

- 10 (1) Adjusted market value of taxable real property. – A county's assessed taxable
11 real property value, using the latest available data published by the
12 Department of Revenue, divided by the county's sales assessment ratio
13 determined under G.S. 105-289(h).
- 14 (2) Composite value. – For each eligible county, the sum of the following:
 - 15 a. The taxable real property factor multiplied by sixty-five percent
16 (65%).
 - 17 b. The median household income factor multiplied by twenty-five
18 percent (25%).
 - 19 c. The effective tax rate factor multiplied by ten percent (10%).
- 20 (3) County allocation factor. – For each eligible county, the supplement factor for
21 that county divided by the sum of all supplement factors for the State.
- 22 (4) Effective tax rate. – The actual county tax rate multiplied by the most recent
23 annual sales assessment ratio for that county.
- 24 (5) Effective tax rate factor. – For each eligible county, the effective tax rate for
25 that county divided by the median effective tax rate in the State.
- 26 (6) Eligible county. – A county that has an adjusted market value of taxable real
27 property of less than sixty-three billion dollars (\$63,000,000,000).
- 28 (7) Eligible local school administrative unit. – A local school administrative unit
29 located in whole or in part in an eligible county.
- 30 (8) Eligible school. – A public school that is located in an eligible county and
31 governed by a local school administrative unit.
- 32 (9) Maintenance of effort amount. – For each local school administrative unit in
33 each fiscal year, the supplant factor multiplied by the total State and non-State
34 funds expended for salaries for teachers from the fiscal year for which the
35 most recent salary data are available.
- 36 (10) Median household income. – A county's median household income for the
37 most recent 12 months for which data are available, as that term is used in
38 G.S. 143B-437.08.
- 39 (11) Median household income factor. – For each eligible county, the median
40 household income in the State divided by the median household income for
41 that county.
- 42 (12) Non-State funds. – Any funds held by a local school administrative unit, other
43 than nonrecurring federal funds received as a result of legislation enacted by
44 Congress in response to COVID-19, that are not State funds.
- 45 (13) Qualifying school administrator. – Any of the following:
 - 46 a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
 - 47 b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- 48 (14) Supplant factor. – For each local school administrative unit in each fiscal year
49 of the fiscal biennium, the total non-State funds expended for salary
50 supplements for teachers in the 2020-2021 fiscal year divided by the total

1 State and non-State funds expended for salaries for teachers in the 2020-2021
2 fiscal year.

3 (15) Supplement factor. – For each eligible county, the composite value multiplied
4 by the number of State-funded teachers employed in a school in the county
5 that is governed by a local school administrative unit.

6 (16) Taxable real property factor. – For each eligible county, the median adjusted
7 market value of taxable real property in the State divided by the adjusted
8 market value of taxable real property for that county.

9 (17) Teacher. – Teachers and instructional support personnel.

10 **SECTION 2.4.(c)** Allocation of Funds. – The State Board of Education shall allocate
11 funds for salary supplements to eligible local school administrative units according to the
12 following procedure:

13 (1) County allocation. – For each eligible county, the State Board shall determine
14 a county allocation by multiplying the county allocation factor for that county
15 by the funding amount appropriated pursuant to this section for the applicable
16 fiscal year.

17 (2) Per teacher funding amount. – For each eligible county, the State Board shall
18 determine a per teacher funding amount by dividing the county allocation
19 amounts determined pursuant to subdivision (1) of this subsection by the total
20 number of State-funded teachers employed in all eligible schools in that
21 county.

22 (3) Unit funding amount. – For each eligible local school administrative unit, the
23 State Board shall determine the funding amount for that unit based on the per
24 teacher funding amount or amounts for the eligible county or counties where
25 the unit is located. For each county with an eligible school governed by the
26 unit, the State Board shall multiply the applicable per teacher funding amount
27 for that county determined pursuant to subdivision (2) of this subsection by
28 the number of State-funded teachers employed in the eligible school in that
29 county. If the unit is located in multiple eligible counties, the State Board shall
30 aggregate those amounts.

31 (4) Allocation and funding cap. – The State Board shall allocate the amount
32 determined pursuant to subdivision (3) of this subsection to each eligible local
33 school administrative unit for each applicable fiscal year, up to a maximum of
34 five thousand dollars (\$5,000) per State-funded teacher.

35 **SECTION 2.4.(d)** Charter Schools. – Funds appropriated to the Department of
36 Public Instruction pursuant to this section shall be subject to the allocation of funds for charter
37 schools described in G.S. 115C-218.105. The General Assembly encourages charter schools
38 receiving funds pursuant to this section to provide salary supplements to teachers and qualifying
39 school administrators in the charter school in accordance with the requirements of this section.

40 **SECTION 2.4.(e)** Formula for Distribution of Supplemental Funding Pursuant to
41 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
42 funding to eligible local school administrative units and is not intended to reflect any measure of
43 the adequacy of the educational program or funding for public schools. The formula is also not
44 intended to reflect any commitment by the General Assembly to appropriate any additional
45 supplemental funds for eligible local school administrative units.

46 **SECTION 2.4.(f)** Nonsupplant Requirement. – A local school administrative unit
47 that receives funds under this section shall use those funds to supplement non-State funds
48 provided for salary supplements for teachers and qualifying school administrators and shall not
49 use any State funds, including funds received under this section, Section 7A.4 of S.L. 2023-134,
50 or Section 7A.12 of S.L. 2021-180, to supplant non-State funds provided for salary supplements
51 for teachers and qualifying school administrators. For purposes of this section, a local school

administrative unit has supplanted non-State funds if the State Board finds that the amount of non-State funds expended by the unit for salary supplements was less than ninety-five percent (95%) of the maintenance of effort amount for the local school administrative unit.

SECTION 2.4.(g) Nonsupplant Enforcement. – The State Board of Education shall not allocate any funds under this section to a local school administrative unit if it determines that the unit has supplanted non-State funds in violation of subsection (f) of this section.

SECTION 2.4.(h) Reports. – No later than April 15, 2026, the State Board of Education shall report the following information for the applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

- (1) A list of all eligible counties and eligible local school administrative units.
- (2) Funds allocated to each eligible local school administrative unit.
- (3) The percentage and amount of teachers and qualifying school administrators in each eligible local school administrative unit receiving salary supplements.
- (4) The average salary supplement amount in each eligible local school administrative unit.
- (5) The range of salary supplement amounts in each eligible local school administrative unit.
- (6) The effect of the salary supplements on the retention of teachers and qualifying school administrators in eligible local school administrative units.
- (7) The identity of any local school administrative unit that the State Board determines has supplanted funds.

PRINCIPAL SALARY SCHEDULE

SECTION 2.5.(a) The following annual salary schedule for principals shall apply for the 2025-2026 fiscal year, beginning July 1, 2025:

2025-2026 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$79,737	\$87,709	\$95,684
201-400	\$83,723	\$92,095	\$100,467
401-700	\$87,709	\$96,481	\$105,252
701-1,000	\$91,698	\$100,866	\$110,037
1,001-1,600	\$95,684	\$105,252	\$114,821
1,601+	\$99,670	\$109,637	\$119,604

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 at least two of the prior three 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 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 if any of the following apply:
 - a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.
 - b. 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.
 - c. 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 if any of the following apply:
- a. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three school years.
 - b. 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 2.5.(b) For purposes of determining the average daily membership of a principal's school, the allotted average daily membership for the school for the applicable school year shall be used. For purposes of this section, the allotted average daily membership of a principal's school shall include any prekindergarten students in membership at that school.

SECTION 2.5.(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, second, and third years.
- (2) For the second six months of the applicable fiscal year, the school growth scores from the second, third, and fourth years.
- (3) If a principal does not have a school growth score from any of the school years identified in this subsection, the most recent available growth scores, up to the fourth year, shall be used.

SECTION 2.5.(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 2.5.(e) A principal compensated in accordance with this section for the 2025-2026 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 2.5.(f) For purposes of this section, the following definitions apply:

- (1) First year. – The school year immediately preceding the second year.
- (2) Fourth year. – The school year immediately preceding the applicable school year.
- (3) Second year. – The school year immediately preceding the third year.
- (4) The applicable fiscal year. – The 2025-2026 fiscal year.
- (5) The applicable school year. – The 2025-2026 school year.
- (6) Third year. – The school year immediately preceding the fourth year.

BONUSES FOR PRINCIPALS

SECTION 2.6.(a) The Department of Public Instruction shall administer a bonus in the 2025-2026 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:

2025-2026 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 2.6.(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 2.6.(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 2.6.(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 2.6.(e) The bonus provided pursuant to this section shall be paid no later than October 31, 2025, to qualifying principals employed as of October 1, 2025.

ASSISTANT PRINCIPAL SALARIES

SECTION 2.7.(a) For the 2025-2026 fiscal year, beginning July 1, 2025, 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 2.7.(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 2.7.(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 2.7.(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 2.7.(e) An assistant principal compensated in accordance with this section for the 2025-2026 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 2.8.(a) For the 2025-2026 fiscal year, beginning July 1, 2025, 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 two and one-half percent (2.5%).

SECTION 2.8.(b) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2025-2026 fiscal year, beginning July 1, 2025:

2025-2026 Fiscal Year

Maximum

School Administrator I	\$7,762
School Administrator II	\$8,225
School Administrator III	\$8,715
School Administrator IV	\$9,055
School Administrator V	\$9,417
School Administrator VI	\$9,974
School Administrator VII	\$10,373

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 2.8.(c) The monthly salary maximums that follow apply to superintendents for the 2025-2026 fiscal year, beginning July 1, 2025:

2025-2026 Fiscal Year

Maximum

Superintendent I	\$10,995
Superintendent II	\$11,650
Superintendent III	\$12,350
Superintendent IV	\$13,092
Superintendent V	\$13,880

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 2.8.(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 2.8.(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 2.8.(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 2.9. For the 2025-2026 fiscal year, beginning July 1, 2025, 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 two and one-half percent (2.5%).
- (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.

PART III. SALARY AND BENEFITS INCREASES

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES

SECTION 3.3.(a) Effective July 1, 2025, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2025, is awarded a legislative salary increase in the 2025-2026 fiscal year, as follows:

- (1) A cost-of-living adjustment in the amount of two and one half percent (2.5%) for State employees.
- (2) An additional cost-of-living adjustment in the amount of ten and one-half percent (10.5%) for sworn State law enforcement officers.
- (3) Any other salary adjustment otherwise allowed or provided by law.

SECTION 3.3.(b) Effective July 1, 2025, the following persons are not eligible to receive the legislative salary increases provided by subsection (a) of this section:

- (1) Employees of local boards of education.
- (2) Local community college employees.
- (3) Employees of The University of North Carolina.
- (4) Clerks of superior court compensated under G.S. 7A-101.
- (5) Officers and employees to which Section 3.15 of this Part applies.
- (6) Officers and employees to which Section 3.16 of this Part applies.
- (7) Officers and employees to which Section 3.18 of this Part applies.
- (8) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the State Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 3.3.(c) The additional increases awarded to sworn State law enforcement officers includes increases for officers serving in the executive, legislative, or judicial branches, or employed by The University of North Carolina or its constituent institutions.

SECTION 3.3.(d) Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 3.3.(e) No eligible State-funded employee shall be prohibited from receiving the full salary increases provided in this section solely because the employee's salary after applying the legislative salary increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

GOVERNOR AND COUNCIL OF STATE

SECTION 3.4.(a) Effective July 1, 2025, G.S. 147-11(a) reads as rewritten:

"§ 147-11. Salary and expense allowance of Governor; allowance to person designated to represent Governor's office.

(a) The salary of the Governor shall be ~~two hundred three thousand seventy three dollars (\$203,073)~~ two hundred eight thousand one hundred fifty dollars (\$208,150) annually, payable monthly."

SECTION 3.4.(b) Effective July 1, 2025, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	\$172,594
Attorney General	172,594
Secretary of State	172,594
State Treasurer	172,594
State Auditor	172,594
Superintendent of Public Instruction	172,594
Agriculture Commissioner	172,594
Insurance Commissioner	172,594
Labor Commissioner	172,594

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 3.5. Effective July 1, 2025, the annual salaries, payable monthly, for the following executive branch officials are as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$144,365
State Controller	201,022
Commissioner of Banks	162,028
Chair, Board of Review, Division of Employment Security	158,931
Members, Board of Review, Division of Employment Security	156,989
Chairman, Parole Commission	158,931
Full-time Members of the Parole Commission	146,948
Chairman, Utilities Commission	180,159
Members of the Utilities Commission	162,028
Executive Director, North Carolina Agricultural Finance Authority	140,590
State Fire Marshal	142,526

JUDICIAL BRANCH

SECTION 3.6.(a) Effective July 1, 2025, the annual salaries, payable monthly, for the following judicial branch officials are as follows:

Judicial Branch Officials	Annual Salary
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1	Chief Justice, Supreme Court	\$208,150
2	Associate Justice, Supreme Court	202,747
3	Chief Judge, Court of Appeals	199,541
4	Judge, Court of Appeals	194,362
5	Judge, Senior Regular Resident Superior Court	178,606
6	Judge, Superior Court	173,353
7	Chief Judge, District Court	171,737
8	Judge, District Court	166,686
9	Chief Administrative Law Judge	148,354
10	District Attorney	171,520
11	Assistant Administrative Officer of the Courts	155,610
12	Public Defender	171,520
13	Director of Indigent Defense Services	172,779

SECTION 3.6.(b) The district attorney of a judicial district, with the approval of the Administrative Officer of the Courts, and the public defender of a judicial district, with the approval of the Commission on Indigent Defense Services, shall set the salaries of assistant district attorneys and assistant public defenders in that district such that the average salary of those assistants in that district does not exceed one hundred three thousand eight hundred thirty-one dollars (\$103,831) and the minimum salary of any assistant is at least fifty-five thousand seven hundred twenty-eight dollars (\$55,728), effective July 1, 2025.

CLERKS OF SUPERIOR COURT

SECTION 3.7. Effective July 1, 2025, G.S. 7A-101(a) reads as rewritten:

"§ 7A-101. Compensation.

(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	\$111,726 <u>\$114,519</u>
20-29	123,488 <u>126,575</u>
30-49	135,248 <u>138,629</u>
50-99	147,010 <u>150,685</u>
100 and above	149,949 <u>153,698</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

ASSISTANT AND DEPUTY CLERKS OF COURT

SECTION 3.8. Effective July 1, 2025, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$40,482 <u>\$41,494</u>
Maximum	74,792 <u>76,662</u>
Deputy Clerks	Annual Salary

Minimum	\$36,315 <u>\$37,223</u>
Maximum	58,740 <u>60,209</u>

MAGISTRATES

SECTION 3.9. Effective July 1, 2025, G.S. 7A-171.1(a)(1) reads as rewritten:

"(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6:

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$47,228 <u>\$48,409</u>
Step 1	\$50,714 <u>\$51,982</u>
Step 2	\$54,475 <u>\$55,837</u>
Step 3	\$58,457 <u>\$59,918</u>
Step 4	\$63,228 <u>\$64,809</u>
Step 5	\$68,973 <u>\$70,694</u>
Step 6	\$75,415 <u>\$77,300.</u>

LEGISLATIVE EMPLOYEES

SECTION 3.10.(a) Effective July 1, 2025, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2025, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 3.10.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 3.11. Effective July 1, 2025, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred thirty-three thousand nine hundred thirty-six dollars (\$133,936)~~, one hundred thirty-seven thousand two hundred eighty-four dollars (\$137,284), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this ~~paragraph-subsection.~~"

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 3.12. Effective July 1, 2025, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~five hundred twenty-eight dollars (\$528.00)~~ five hundred forty-one dollars (\$541.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General

Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 3.13.(a) Effective July 1, 2025, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of two and one-half percent (2.5%).

SECTION 3.13.(b) Effective July 1, 2025, the minimum salaries for nine-month, full-time curriculum community college faculty are as follows:

Educational Level	Minimum Salary
Vocational Diploma/Certificate or Less	\$44,198
Associate Degree or Equivalent	44,813
Bachelor's Degree	47,479
Master's Degree or Education Specialist	49,845
Doctoral Degree	53,255

SECTION 3.13.(c) No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

UNIVERSITY OF NORTH CAROLINA

SECTION 3.14. Effective July 1, 2025, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of two and one-half percent (2.5%).

CORRECTIONAL OFFICERS/YOUTH COUNSELORS/YOUTH COUNSELOR TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS – SALARY SCHEDULE

SECTION 3.15.(a) Effective July 1, 2025, State employees serving as correctional officers in the Department of Adult Correction shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 3.15.(a1) Effective July 1, 2025, State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay rate set on the basis of a salary schedule determined according to the duration of the employee's work experience, as follows:

- (1) Youth Counselor Technicians shall be paid under the Correctional Officer I salary schedule, as established in subsection (b) of this section.
- (2) Youth Services Behavioral Specialists shall be paid under the Correctional Officer II salary schedule, as established in subsection (b) of this section.
- (3) Youth Counselors shall be paid under the Correctional Officer III salary schedule, as established in subsection (b) of this section.

SECTION 3.15.(b) Effective July 1, 2025, the following annual salary schedule will apply for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

Experience	COI	COII	COIII
0	\$42,512	\$43,911	\$46,961
1	\$45,486	\$46,983	\$50,249

1	2	\$48,217	\$49,852	\$53,265
2	3	\$50,627	\$52,293	\$55,928
3	4	\$52,651	\$54,385	\$58,164
4	5	\$54,232	\$56,015	\$59,909
5	6+	\$55,317	57,136	\$61,108

SECTION 3.15.(c) If an employee will not receive a salary increase under this section because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

SECTION 3.15.(d) Regarding the Department of Adult Correction and Division of Juvenile Justice, these salary funds are granted with the administrative flexibility necessary to address salary compression and related issues connected with these increases, including adjusting the salaries of supervisors and other employees who have, when considering classification, significantly more experience and length of service compared to other employees receiving this pay increase.

STATE HIGHWAY PATROL SALARY SCHEDULE/STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE/INCREASES

SECTION 3.16.(a) Effective July 1, 2025, law enforcement officers of the State Highway Patrol, State Bureau of Investigation, and Alcohol Law Enforcement compensated pursuant to an experience-based salary schedule shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 3.16.(b) Effective July 1, 2025, the following annual salary schedule applies under subsection (a) of this section for the 2025-2027 fiscal biennium:

Years of Experience	FY 2025-27
0	\$62,150
1	\$66,190
2	\$70,492
3	\$75,074
4	\$79,953
5	\$85,150
6+	\$90,685

SECTION 3.16.(c) If an employee will not receive a salary increase under this section because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS – SALARY SCHEDULE

SECTION 3.18.(a) Effective July 1, 2025, probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

SECTION 3.18.(a1) Effective July 1, 2025, State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be compensated under the probation and parole officer salary schedule, as established in subsection (b) of this section.

SECTION 3.18.(b) Effective July 1, 2025, the following annual salary schedule applies for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

Years of Experience	FY 2025-26
0	\$48,374
1	\$51,518
2	\$54,869
3	\$58,434
4	\$62,233
5	\$66,278
6+	\$70,586

SECTION 3.18.(c) If an employee will not receive a salary increase under this section because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

STATE AGENCY TEACHERS

SECTION 3.19. Effective July 1, 2025, employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the State Board of Education who are paid based on the Teacher Salary Schedule shall be paid as authorized under this act.

MOST STATE EMPLOYEES

SECTION 3.20. Effective July 1, 2025, unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2025, shall be legislatively increased as provided by this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

ALL STATE-SUPPORTED PERSONNEL

SECTION 3.21.(a) The legislative salary increases authorized by this act shall be paid effective on July 1, 2025, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2025.

SECTION 3.21.(b) The Director of the Budget is granted flexibility to administer the compensation increases enacted by this act. The State employer contribution rates enacted by this act for retirement and related benefits may be deemed by the Director of the Budget for administrative purposes to become effective after July 1 to provide flexibility in the collection and reconciliation of salary-related contributions as required by law, provided the estimated amount contributed to any affected employee benefit trust equals the amount that would have been contributed to the employee benefit trust if the enacted employer contribution rates had been effective on July 1.

SECTION 3.21.(c) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

1 **SECTION 3.22.(a)** The Office of State Budget and Management shall ensure that
2 the appropriations made by this act for legislatively mandated salary increases and employee
3 benefits are used only for those purposes.

4 **SECTION 3.22.(b)** If the Director of the Budget determines that funds appropriated
5 to a State agency for legislatively mandated salary increases and employee benefits exceed the
6 amount required by that agency for those purposes, the Director may reallocate those funds to
7 other State agencies that received insufficient funds for legislatively mandated salary increases
8 and employee benefits.

9 **SECTION 3.22.(c)** Funds appropriated for legislatively mandated salary and
10 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,
11 to provide salary increases in excess of those required by the General Assembly, or to increase
12 the budgeted salary of filled positions to the minimum of the position's respective salary range.

13 **SECTION 3.22.(d)** Any funds appropriated for legislatively mandated salary and
14 employee benefit increases in excess of the amounts required to implement the increases shall be
15 credited to the Pay Plan Reserve.

16 **SECTION 3.22.(e)** No later than May 1, 2026, the Office of State Budget and
17 Management shall report to the Fiscal Research Division on the expenditure of funds for
18 legislatively mandated salary increases and employee benefits. This report shall include at least
19 the following information for each State agency:

- 20 (1) The total amount of funds that the agency received for legislatively mandated
21 salary increases and employee benefits.
- 22 (2) The total amount of funds transferred from the agency to other State agencies
23 pursuant to subsection (b) of this section. This section of the report shall
24 identify the amounts transferred to each recipient State agency.
- 25 (3) The total amount of funds used by the agency for legislatively mandated salary
26 increases and employee benefits.
- 27 (4) The amount of funds credited to the Pay Plan Reserve.

28 29 **LOCAL LAW ENFORCEMENT OFFICER SUPPLEMENTAL PAY/BONUS**

30 **SECTION 3.23.(a)** For the 2025-2026 fiscal year, a sworn local law enforcement
31 officer employed on June 30, 2025, is eligible to receive a compensation bonus in the amount of
32 one thousand seven hundred fifty dollars (\$1,750), payable during the month of November 2025.

33 **SECTION 3.23.(b)** For the 2026-2027 fiscal year, a sworn local law enforcement
34 officer employed on June 30, 2026, is eligible to receive a compensation bonus in the amount of
35 one thousand seven hundred fifty dollars (\$1,750), payable during the month of November 2026.

36 **SECTION 3.23.(c)** The funds appropriated for bonuses in excess of the amounts
37 required to implement these bonuses shall revert to the General Fund. The compensation bonuses
38 awarded by this section are not compensation for the purposes of any retirement system
39 administered by the State. The compensation bonuses awarded by this section are not part of
40 annual salary and shall be paid out separately. The compensation bonus shall be awarded to
41 eligible officers without regard to an officer's placement within the salary range, including
42 employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for
43 permanent part-time employees.

44 **SECTION 3.23.(d)** The State Bureau of Investigation (SBI) shall award these local
45 law enforcement compensation bonuses as provided by this section. The SBI shall report on the
46 administration of the awards to the Fiscal Research Division annually by March 15, 2026, and
47 March 15, 2027.

48 49 **ONE-TIME, COST-OF-LIVING SUPPLEMENT PAYMENT FOR RETIREES OF THE** 50 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**

1 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
2 **RETIREMENT SYSTEM**

3 **SECTION 3.24.(a)** G.S. 135-5 is amended by adding the following new subsection
4 to read:

5 "(aaaa) After October 1, 2025, but on or before November 30, 2025, a one-time, cost-of-living
6 supplement payment shall be made to, or on account of, beneficiaries who are living as of October
7 1, 2025, and whose retirement commenced on or before October 1, 2025. The payment shall be
8 one percent (1%) of the beneficiary's annual retirement allowance payable as of October 1, 2025,
9 and shall not be prorated for date of retirement commencement. If the beneficiary dies before the
10 payment is made, then the payment shall be payable to the member's legal representative. No
11 beneficiary shall have a vested right to any future supplemental payments under this Article.

12 (bbbb) After September 1, 2026, but on or before October 31, 2026, a one-time,
13 cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are
14 living as of September 1, 2026, and whose retirement commenced on or before September 1,
15 2026. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance
16 payable as of September 1, 2026, and shall not be prorated for date of retirement commencement.
17 If the beneficiary dies before the payment is made, then the payment shall be payable to the
18 member's legal representative. No beneficiary shall have a vested right to any future
19 supplemental payments under this Article."

20 **SECTION 3.24.(b)** G.S. 135-65 is amended by adding the following new subsection
21 to read:

22 "(ll) After October 1, 2025, but on or before November 30, 2025, a one-time, cost-of-living
23 supplement payment shall be made to, or on account of, beneficiaries who are living as of
24 October 1, 2025, and whose retirement commenced on or before October 1, 2025. The payment
25 shall be one percent (1%) of the beneficiary's annual retirement allowance payable as of
26 October 1, 2025, and shall not be prorated for date of retirement commencement. If the
27 beneficiary dies before the payment is made, then the payment shall be payable to the member's
28 legal representative. No beneficiary shall have a vested right to any future supplemental payments
29 under this Article.

30 (mm) After September 1, 2026, but on or before October 31, 2026, a one-time,
31 cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are
32 living as of September 1, 2026, and whose retirement commenced on or before September 1,
33 2026. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance
34 payable as of September 1, 2026, and shall not be prorated for date of retirement commencement.
35 If the beneficiary dies before the payment is made, then the payment shall be payable to the
36 member's legal representative. No beneficiary shall have a vested right to any future
37 supplemental payments under this Article."

38 **SECTION 3.24.(c)** G.S. 120-4.22A is amended by adding the following new
39 subsection to read:

40 "(ff) In accordance with subsection (a) of this section, after October 1, 2025, but on or
41 before November 30, 2025, a one-time, cost-of-living supplement payment shall be made to, or
42 on account of, beneficiaries who are living as of October 1, 2025, and whose retirement
43 commenced on or before October 1, 2025. The payment shall be one percent (1%) of the
44 beneficiary's annual retirement allowance payable as of October 1, 2025, and shall not be
45 prorated for date of retirement commencement. If the beneficiary dies before the payment is
46 made, then the payment shall be payable to the member's legal representative. No beneficiary
47 shall have a vested right to any future supplemental payments under this Article.

48 (gg) In accordance with subsection (a) of this section, after September 1, 2026, but on or
49 before October 31, 2026, a one-time, cost-of-living supplement payment shall be made to, or on
50 account of, beneficiaries who are living as of September 1, 2026, and whose retirement
51 commenced on or before September 1, 2026. The payment shall be two percent (2%) of the

beneficiary's annual retirement allowance payable as of September 1, 2026, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall have a vested right to any future supplemental payments under this Article."

SECTION 3.24.(d) There is appropriated from the General Fund to the Retiree Supplement Reserve in the Office of State Budget and Management the sum of forty-one million thirty-eight thousand seven hundred eighty-three dollars (\$41,038,783) in nonrecurring funds for the 2025-2026 fiscal year and the sum of eighty-two million seventy-seven thousand five hundred sixty-six dollars (\$82,077,566) in nonrecurring funds for the 2026-2027 fiscal year to be distributed accordingly to implement this section.

UPDATES TO SALARY-RELATED CONTRIBUTIONS

SECTION 3.25.(a) Section 3.6(b) of S.L. 2025-89 reads as rewritten:

"**SECTION 3.6.(b)** Effective July 1, 2025, the State's employer contribution rates budgeted for retirement, health, and related benefits as a percentage of covered salaries for the 2025-2026 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	17.14% 17.44%	17.14% 17.44%	6.84%	37.73% 38.36%	18.26% 18.90%
Health	7.33%	7.33%	7.33%	7.33%	7.33%
Disability	0.07%	0.07%	0.07%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	24.67% 24.97%	29.67% 29.97%	14.24%	45.06% 45.69%	25.59% 26.23%

The rate for health includes two and four-tenths percent (2.40%) for the Public Employee Health Benefit Fund and four and ninety-three hundredths percent (4.93%) for the Retiree Health Benefit Fund."

SECTION 3.25.(b) When setting the salary-related contribution rates for the 2026-2027 fiscal year, it is the intent of the General Assembly to incorporate the appropriate contribution rate for the one-time supplement provided for that fiscal year under this section.

PART IV. MISCELLANEOUS

STATE BUDGET ACT APPLICABILITY

SECTION 4.1. If any provision of this act and S.L. 2025-89 or G.S. 143C-5-4 are in conflict, the provisions of this act shall prevail. The appropriations and the authorizations to allocate and spend funds which are set out in this act shall remain in effect until the Current Operations Appropriations Act for the applicable fiscal year becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1 of the fiscal year.

EFFECTIVE DATE

SECTION 4.2. This section is effective when it becomes law. The remainder of this act is effective July 1, 2025, upon enactment of a bill denominated a "Current Operations

- 1 Appropriations Act" meeting the definition of that term as set forth in G.S. 143C-1-1 for the
2 2025-2026 Fiscal Year.