



SENATE BILL 1006: K-12 Innovation and Transformation Act.

2025-2026 General Assembly

Committee:	Senate Education/Higher Education. If favorable, re-refer to Appropriations/Base Budget	Date:	June 3, 2026
Introduced by:	Sens. Lee, Jones, Corbin	Prepared by:	Drupti Chauhan Brian Gwyn Samantha Yarborough Bryson Penley Committee Counsel
Analysis of:	First Edition		

OVERVIEW: Senate Bill 1006 would create various K-12 programs, appropriate funds for the programs, and make various changes to education laws.

PART I: ELEMENTARY AND SECONDARY PUBLIC EDUCATION

SECTION 1: North Carolina High School Redesign Commission

BILL ANALYSIS: Section 1.1 would create the North Carolina High School Redesign Commission (Redesign Commission) to study and recommend changes to policies and systems governing high school and higher education to better prepare the State's students for success as they transition to higher education or the workforce. The Redesign Commission would have 15 members appointed by different entities and be located administratively in the Department of Public Instruction (DPI) but be independent of DPI.

Some of the issues that the Redesign Commission would be directed to study are as follows:

- Flexible requirements for high school diplomas which are relevant to skills needed for the workforce.
- Access to apprenticeships, internships, clinical experiences and other high-quality work-based learning experiences while in high school as well as opportunities to earn industry recognized credentials.
- Personalized pathways to satisfy core graduation requirements; modular credit-bearing alternatives to semester or yearlong courses; competency-based alternatives to time bound courses; and strategies for extended learning via community connected experiences.
- Uses of artificial intelligence to expand opportunities for career exploration and work-based learning experiences.
- Alternative funding models.
- Career exploration for middle school students and students in the first 2 years of high school in order to successfully engage in a redesigned high school experience.
- In partnership with the Office of Learning Research at the North Carolina Collaboratory, the evaluation of programs and initiatives that are re-designing high school in the State.

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The Redesign Commission would have to submit a report to the Joint Legislative Education Oversight Committee (JLEOC) by April 30, 2027, and annually thereafter, with recommendations and a summary of any evaluations of high school redesign efforts and competency-based programs implemented during that school year. The Redesign Commission would terminate on June 30, 2031.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 1.2: SME Education Foundation Pilot Program

BILL ANALYSIS: Section 1.2 would appropriate \$3,600,000 in nonrecurring and non-reverting funds to DPI for the 2026-2027 fiscal year for a directed grant to the SME Education Foundation. The SME would be directed to create a pilot program for the 2026-2027 and 2027-2028 school years for 10 high schools to receive equipment, curriculum, professional development, scholarships, and STEM-focused extracurricular activities that align with the SME Partnership Response in Manufacturing Education Program.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 1.3: Prohibition on Excessive Expenditures

BILL ANALYSIS: Section 1.3 would direct DPI to establish a procedure for reviewing monthly expenditures by local school administrative units (LEAs) from State-funded dollar allotments beginning in October of each school year. If an LEA has expended more funds than allotted from an allotment, the LEA would have to remit payment of the amount over-expended to DPI consistent with rules adopted by the State Board of Education (SBE). If an LEA does not remit the payment for more than 60 days, the SBE would be directed to exercise its oversight authority under G.S. 115C-451, which could include assuming the financial affairs of the LEA.

DPI would also be directed, to the extent practicable, to conduct monthly audits of LEA State-funded position allotments. If DPI finds that an LEA is not compliant with statutory financial requirements, it must then take actions consistent with rules adopted by the SBE.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 1.4: Renewal School System Modifications and Study of Renewal School System

CURRENT LAW: The Renewal School System was created by the General Assembly in 2018 and allows for various types of financial and personnel flexibilities for an LEA with an approved renewal school system plan.

BILL ANALYSIS: Section 1.4 would do the following:

- Direct the SBE to conduct a review of the operation and student performance of the LEA operating under an approved renewal school system plan at the end of the 2028-2029 school year rather than the 2022-2023 school year and then every 5 years rather than every 3 years.
- Allow the SBE to terminate the renewal school plan if it determines that the plan has failed to meet fiscal standards or violated State or federal law so that the termination could occur before the end of the 2028-2029 school year rather than the 2022-2023 school year.
- Remove requirements for an LEA operating under an approved renewal school system plan to report annually to the Superintendent of Public Instruction (Superintendent) on the following: (i) assessment instruments used and students outcomes based on those assessments; (ii) the number of classroom teacher and school administrator vacancies, turnover, and the use of long term substitutes; (iii) student absences; and (iv) any other reporting requirements deemed necessary by the Superintendent.

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- Add reporting requirements to the Superintendent for the following:
 - Proficiency data on each end-of-grade or end-of-course exam and EVAAS growth data for the LEA.
 - The number of former students, employed, enlisted in the Armed Forces, or enrolled in a postsecondary educational program.
 - The high school graduation rate for the LEA and the rate of chronic absenteeism in the LEA (more than 10 absences within 90 instructional days).
- Allow an LEA operating under a renewal school system plan to use an alternative evaluation model to the North Carolina Educator Evaluation System when evaluating teacher effectiveness.
- Direct the North Carolina Collaboratory to conduct a study and report to the JLEOC by January 15, 2028 on the following:
 - The effect of the Renewal School System on student outcomes.
 - An analysis of how financial and personnel flexibilities allowed under the renewal school system plan have been utilized.

EFFECTIVE DATE: This section would become effective when it becomes law.

SECTION 1.5: Expand Automatic Enrollment in Advanced Courses in K-12 Schools to Include English Language Arts Courses

CURRENT LAW: G.S. 115C-81.36 requires that, when practicable, local boards of education offer advanced learning opportunities in mathematics in grades 3-5 and advanced courses in mathematics in grades 6 and higher. When advanced courses are offered, each student scoring at the highest level on an end-of-grade (EOG) or end-of-course (EOC) exam must be enrolled in the advanced course offered for the student's next mathematics course. When a high school level mathematics course is offered in 8th grade, any 7th grade student scoring at the highest level on the 7th grade mathematics EOG must be enrolled in the high school level course. A student cannot be excluded or removed from an available advanced learning opportunity or advanced course, unless the parent provides informed written consent.

BILL ANALYSIS: Section 1.5 would require that local boards of education also offer advanced learning opportunities (grades 3-5) and advanced courses (grades 6 and higher) in English Language Arts (ELA) when practicable. Each student scoring at the highest level on an ELA EOG or EOC would be enrolled in an advanced learning opportunity or advanced course when available. A student could not be excluded or removed from the advanced learning opportunity or advanced course, unless the parent provides informed written consent.

DPI would be required to include in its annual report to the JLEOC about automatic enrollment information on the number, demographics, and socioeconomic status of students who were eligible for advanced courses in mathematics and ELA.

EFFECTIVE DATE: This section would be effective when it becomes law and would apply beginning with the 2026-2027 school year.

SECTION 1.6: SPARKNC Expansion – Learning Accelerator Programs

CURRENT LAW: Section 7.62 of S.L. 2023-134, as amended by Section 3J.14 of S.L. 2024-57, establishes the SparkNC Pilot Program (Program) for the 2023-2025 fiscal biennium. The Program authorizes SparkNC to partner with public school units (PSUs) to develop nontraditional, student-driven,

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modular learning experiences focused on science, technology, engineering, and mathematics (STEM) that, when aggregated, provide a competency-based equivalency to a traditional elective course credit.

PSUs partnering with SparkNC must enter a memorandum of understanding (MOU) to meet certain requirements for the Program, including the provision of a physical learning lab staffed by a learning lab facilitator that will provide a site for collaborative learning and virtual networking.

Partnering PSUs must award up to four elective credits to any student who completes a combination of modules determined by SparkNC to provide the competency-based elective credit in that course upon verification of successful completion of the learning experiences and integrity of student work products by the learning lab facilitator. A student cannot complete the same learning experience more than once for credit. The elective credit must be denoted on student transcripts as achieving competency in either a High-Tech Learning Accelerator or a Health Science Learning Accelerator. A High-Tech Learning Accelerator elective credit can satisfy the computer science graduation requirement.

BILL ANALYSIS: Section 1.6 would codify PSUs' authority to work with eligible partners to implement learning accelerator programs consistent with the prior provisions of the SparkNC Pilot Program, except for the following changes:

- PSUs would be able to select partners other than SparkNC.
- The Department of Public Instruction would be required to submit an annual report on learning accelerator programs to the Joint Legislative Education Oversight Committee by March 1.
- The State Board of Education would be required to provide an allotment to local school administrative units for learning lab facilitators, which could only be used for lab facilitators or other contract personnel supporting the program.

Additionally, this section would make the following appropriations:

- \$8,855,000 in recurring funds beginning in the 2026-2027 fiscal year to the Department of Public Instruction for the learning lab facilitator allotment.
- \$6,500,000 in recurring funds beginning in the 2026-2027 fiscal year to SparkNC for administrative costs related to learning accelerator programs.
- \$5,780,000 in nonrecurring funds for the 2026-2027 fiscal year to SparkNC for learning accelerator expansion expenses.

EFFECTIVE DATE: This section would become effective July 1, 2026, and would apply beginning with the 2026-2027 school year.

SECTION 1.7: Extended Learning and Integrated Student Supports Competitive Grant Program

BILL ANALYSIS: This section would establish the Extended Learning and Integrated Student Supports Grant Program (Extended Learning Grant Program) to fund high-quality, independently validated extended learning and integrated student support service programs for at-risk students. Nonprofit corporations and nonprofit corporations working in collaboration with LEAs operating such student programs would be eligible to apply for the Grant Program.

The extended learning and integrated student supports programs would have to focus on the following:

- Use of an evidence-based model with track record of success and inclusion of rigorous, quantitative performance measures to confirm effectiveness of the student program.

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- Use of multiple tiered supports in schools to address barriers to student achievement such as strategies to improve chronic absenteeism, antisocial behaviors and enhancement of parent and family engagement.
- Alignment with State performance measures, student academic goals and the North Carolina Standard Course of Study.
- Prioritization of integration of clear academic content, particularly in STEM learning or reading development and proficiency and minimization of student class size when providing instruction or instructional support and interventions.
- Expansion of student access to high-quality learning activities and academic support to strengthen student engagement and leverage community-based resources and utilization of digital content to expand learning time when appropriate.

Funding: DPI would be able to use up to \$7,000,000 from the At-Risk Student Services Alternative School Allotment each fiscal year to fund the Extended Learning Grant Program and may use up to \$200,000 of those funds each fiscal year to administer the Extended Learning Grant Program.

Awards and Eligible Uses: Grants from the Extended Learning Grant Program would be able to be used for new or existing eligible student programs for at-risk students operated by nonprofit corporations and nonprofit corporations working with LEAs and that focus on: (i) at-risk students not performing at grade-level; (ii) students at risk of dropping out; and (iii) students at risk of school displacement due suspension or expulsion. Priority would be given to applications with student program models that focus on services and programs in schools identified as low-performing. Grant recipients are eligible to receive grants for up to 2 years in an amount of \$500,000 each year and must provide certification to DPI that the monies received under the Extended Learning Grant Program will be matched on the basis of \$3.00 in grant funds for every \$1.00 in non-grant funds. Matching funds could not include other State monies. Furthermore, DPI would have to give priority consideration to applicants working with an LEA that can match using federal funds or local funds.

Reporting Requirements: Recipients would have to report to DPI by July 15 of each year of participation in the Extended Learning Grant Program on the expenditure of grant funds and the progress of the student program including alignment with State academic standards, data collection, source and amount of matching funds before receiving funds for the next fiscal year. A final report would also have to be submitted on performance data, including test results, attendance and graduation rates, and financial sustainability of the student program being funded by the Extended Learning Grant Program.

By September 15 of each year, DPI would have to report to JLEOC on the Extended Learning Grant Program, including recommendations regarding effective student program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand access to learning activities, academic and behavioral support services, and potential opportunities for the State to invest in models for future grant programs for at-risk students.

EFFECTIVE DATE: This section would become effective July 1, 2026, and apply beginning with the 2027-2028 school year.

SECTION 1.8: Schools in Commercial Zones

BILL ANALYSIS: Section 1.8 would require that areas zoned for commercial use must permit, by right or special use, the siting of a school building that is primarily used for the instruction of students and under the control of a public school unit.

EFFECTIVE DATE: This section would become effective when it becomes law.

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SECTION 1.9: Increase Funding for Advanced Teaching Roles Salary Supplements and Grants

BILL ANALYSIS: Section 1.9 would appropriate an additional \$43,300,000 to DPI in recurring funds beginning in the 2026-2027 fiscal year to allocate to public school units participating in the Advanced Teaching Roles (ATR) program to provide salary supplements. This would bring the revised net total appropriation for the ATR program \$54,200,000 in recurring funds beginning in the 2026-2027 fiscal year.

This section would also appropriate an additional \$4,000,000 in recurring funds beginning in the 2026-2027 fiscal year to expand the ATR program. This would bring the revised net total appropriation for the expansion of the ATR program to \$9,540,000 in recurring funds beginning in the 2026-2027 fiscal year. For only the 2026-2027 fiscal year, DPI would have to prioritize awarding ATR grants to public school units that qualified for a grant in the 2025-2026 fiscal year but did not receive a grant because of insufficient funding.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 1.10: Teacher Evaluation Pilot Program

CURRENT LAW: G.S. 115C-270.30(b)(4) requires a teacher to produce evidence of a rating of at least proficient on the most recent annual evaluation to be eligible to renew a continuing professional license.

BILL ANALYSIS: Section 1.10 would establish a Teacher Evaluation Pilot Program (Program) for the 2026-2027 school year through the 2029-2030 school year to establish and use a set of teacher evaluation tools that (i) support professional development, (ii) provide opportunities for career advancement, (iii) provide insights for educator preparation program (EPP) accountability, and (iv) facilitate licensure renewal.

In consultation with the Professional Educator Preparation Standards Commission, The University of North Carolina Board of Governors, the State Board of Education of Community Colleges, and educator preparation programs, the State Board of Education would be required to select three teacher evaluation tools for use in selected local school administrative units that meet at least the following requirements:

- Be evidence-based and replicable.
- Provide feedback that supports each teacher's professional development and career experience.
- Be designed to (i) improve teacher professional development, (ii) improve licensure criteria and provide tools for teachers to demonstrate proficiency for licensure renewal, (iii) reduce administrative burdens on principals, and (iv) provide insights into a teacher's preparedness for advancement in the teaching profession and the quality of educator preparation programs.
- To the extent possible, at least two teacher evaluation tools must be (i) available to all teachers and (ii) include student surveys of teacher performance and independent performance evaluations.

All local school administrative units would be eligible to apply to participate in the Program.

Schools selected to participate may use one of the teacher evaluation tools selected by the State Board to determine proficiency for the renewal of a teacher's continuing professional license.

The State Board would be required to submit a report on the Program to the Joint Legislative Education Oversight Committee by March 15, 2029 that includes the following:

- Information about the local school administrative units selected to participate, teacher evaluation tools chosen by the State Board, and impacts of the Program.
- Information about the impact of the Program on teacher licensure renewal.

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- A plan to implement the Program statewide in the 2030-2031 school year.

This section would appropriate \$6,000,000 in nonrecurring funds to the Department of Public Instruction to implement the Program. These funds would not revert at the end of the 2026-2027 fiscal year and would be available until June 30, 2030.

EFFECTIVE DATE: This section would be effective July 1, 2026.

SECTION 1.11: Revision of Healthy Living Standard Course of Study

CURRENT LAW: Part 1 of Article 8 of Chapter 115C of the General Statutes establishes various requirements related to the content that must be taught in local school administrative units, including requirements related to health education.

G.S. 115C-81.5 requires that students receive instruction in the areas of arts, communication skills, physical education and personal health and safety, mathematics, media and computer skills, science, second languages, social studies, and career and technical education.

G.S. 115C-81.20 requires that students receive instruction in alcohol and drug use prevention education.

G.S. 115C-81.25 requires students from kindergarten through ninth grade to receive age-appropriate comprehensive health education instruction in certain subject areas, such as mental health, emotional health, and drug and alcohol abuse prevention.

G.S. 115C-81.26 requires students to receive instruction on social media and its effects on health once during elementary school, once during middle school, and twice during high school. This instruction can be offered as a part of the required mental and emotional health instruction.

G.S. 115C-81.30 requires students to receive reproductive health and safety education beginning in the seventh grade.

BILL ANALYSIS: Section 1.11 would require the State Board of Education, by the 2028-2029 school year, to adopt and implement new Healthful Living standards that include all of the following:

- Mental health awareness.
- Common mental health conditions, such as anxiety, depression, and trauma, and their warning signs.
- Help-seeking strategies for self and peers, including school and community resources.
- The neurological basis of addiction.
- The risks of alcohol, nicotine and vaping, cannabis, opioids, misuse of prescription drugs, and other illicit substances.
- The relationship between mental health and substance abuse.
- Treatment, recovery, and prevention of mental health disorders, including reducing the stigma surrounding mental health disorders.
- The effects of social media and other environmental influences on mental health and addictive behavior.
- Protective factors, coping skills, and sound decision making.

The Department of Public Instruction would be required to report to the Joint Legislative Education Oversight Committee by December 15, 2028, on the adoption and implementation status of the revised standards, as well as any feedback from local school administrative units and recommended changes to the standards.

EFFECTIVE DATE: This section would be effective July 1, 2026.

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BACKGROUND: The State Board of Education adopted the [current Healthful Living standards](#) in 2024 and required that schools implement those standards beginning with the 2025-2026 school year.

SECTION 1.12: AI Academic Support Program

BILL ANALYSIS: Section 1.12 would create an AI Academic Support Program (Program) where public school units (PSUs) would contract with Khan Academy, Inc. for the use of its application, Khanmigo, in grades 6-12. PSUs opting in to the Program would receive funding to contract for Khanmigo based on the average daily membership of grades 6-12. The contracts would be for a term of one year and each participating PSU would evaluate the use of the application before contracting for any additional one-year terms. The evaluation would be provided to the Department of Public Instruction (DPI). DPI would be required to contract with Khan Academy, Inc. for 500 Khanmigo licenses for use in schools operated by the Division of Juvenile Justice.

The Office of Learning Research at the North Carolina Collaboratory would study the effectiveness of Khanmigo and report to the Joint Legislative Education Oversight Committee (JLEOC) by April 1, 2028.

DPI would report to JLEOC on at least the following information:

- The number of PSUs that contracted with Khan Academy, Inc.
- The number of students using the Khanmigo application, including the average number of minutes and interactions students had with the application weekly.
- The number of teachers using the Khanmigo application, including the average number of minutes and interactions teachers had with the application weekly.
- Any identified impact on student outcomes and teacher performance.
- The number of moderation flags generated by the application.

This section would also appropriate \$10,060,560 in recurring funds beginning with the 2026-2027 fiscal year to DPI to allocate to the participating PSUs.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 1.13: TeachReadyNC Program

CURRENT LAW: Article 17D of Chapter 115C of the General Statutes establishes minimum requirements for educator preparation programs. Under G.S. 115C-269.25, EPPs must require students to meet minimum clinical practice requirements in the form of (1) an internship, or (2) a residency.

Under G.S. 115C-269.31, the Teacher Assistant Tuition Reimbursement Grant Program provides grant funding for eligible teacher assistants to attend accredited institution of higher education in North Carolina with an educator preparation program approved by the State Board of Education to pursue teacher licensure. Under G.S. 115C-269.32, the Teacher Apprentice Grant Program provides funds for local school administrative units to employ eligible teacher apprentices to develop an expertise in teaching by observing best education practices and gain classroom experience with the goal of becoming a licensed teacher.

The Advanced Teaching Roles Program allows highly effective classroom teachers to advance in the teaching profession 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. Under G.S. 115C-310.7, local school administrative units that participate in the Advanced Teaching Roles Program may, with the approval of the State Board of Education, exceed the maximum class size requirements for kindergarten through third grade for up to three years.

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BILL ANALYSIS: Section 1.13 would establish the TeachReadyNC Program to create a new pathway for individuals to enter the teaching profession by working as an apprentice in a local school administrative unit that is an Advanced Teaching Roles unit. Apprentices would work under the supervision of a teacher that agrees to be an apprentice supervisor.

Administration: The TeachReadyNC Program would be administered by the Department of Public Instruction (DPI) in collaboration with ApprenticeshipNC. DPI must collaborate with ApprenticeshipNC to administer the program by establishing the following:

- Responsibility of apprentices.
- Competencies for progression during an apprenticeship.
- A process for monitoring apprentices after completion of the program.
- Resources and training materials for apprentice supervisors.

DPI would also be required to collaborate with eligible educator preparation programs (EPPs) to revise EPP curriculum requirements for clinical internships to include TeachReadyNC apprenticeships.

School Unit Eligibility: Advanced Teaching Roles units would be eligible to apply to participate in the TeachReadyNC Program by submitting an application to DPI that includes information about the number of apprentices the unit intends to employ, the grant funds requested by the unit, and the specific subject areas and grade levels in the unit with teaching shortages. The application must identify alternative sources of funding, including federal workforce development funds, to support apprenticeships that could be paired with any State funds. DPI must review applications every three months and approve applications on a rolling basis for a three year term.

Units participating in the TeachReadyNC program would be required to:

- Obtain recognition as a registered teacher apprenticeship program by the United States Department of Labor.
- Require apprentices to work full-time in classrooms with an apprentice supervisor.
- Ensure that apprentices meet certain minimum requirements.
- Provide apprentices with annual compensation that is greater than the average teacher assistant salary in the participating unit and financial support for the cost of attendance at an eligible EPP.
- Provide salary supplements to apprentice supervisors and teachers that agree to be the teacher of record for additional students as a result of an emergency position conversion.

Apprentice Eligibility: To participate in the TeachReadyNC program, an apprentice would be required to:

- Hold a bachelor's degree.
- Be enrolled in an eligible EPP.
- Submit a Free Application for Federal Student Aid (FAFSA) annually.

Additionally, an apprentice could not:

- Be eligible for an initial professional license or continuing professional license.
- Serve as the teacher of record for any students.
- Engage in substitute teaching for more than 8 hour per week.
- Work as an apprentice for more than three years.

Grant Funding: To the extent funds are appropriated by the General Assembly, DPI would be required to allocate funds to units participating in TeachReadyNC for each apprentice position based on the grant

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funding requested by the unit in its application to participate in the TeachReadyNC Program. Grant funds can only be used for the following:

- Annual salary supplements for each apprentices up to \$7,500.
- Annual payments for the cost of attendance at an eligible EPP for each apprentice up to \$5,000.
- Annual salary supplements for each apprentice supervisor up to \$5,000.

If funds appropriated by the General Assembly are insufficient to fund all apprentice positions identified in a unit's application, DPI could reduce the number of apprentice positions provided to each participating unit. However, DPI could not reduce the amount of funds provided to participating units for an apprentice.

Emergency Position Conversions: Units participating in the TeachReadyNC could convert one classroom teacher position allocated to the unit to its dollar equivalent for each apprentice employed by the unit. Funds from position conversions can only be used for the following:

- Salaries for apprentices.
- Annual salary supplements for teachers that agree to be the teacher of record for additional students as a result of an emergency position conversion, up to \$5,000.
- For any of the purposes that grant funds allocated by DPI for TeachReadyNC can be used.

Report: The Department would be required to submit an annual report to the Joint Legislative Education Oversight Committee on the current state of the TeachReadyNC Program which includes the following information:

- The impact of TeachReady NC on (i) the number of teachers, (ii) student outcomes, and (iii) teacher retention in participating units.
- Any non-State funds used to support TeachReadyNC.
- The number of participating units that converted a teaching position to support the TeachReadyNC and use of position conversion funds by those units.
- Successful strategies and best practices for participating units.
- Barriers to the expansion of TeachReadyNC.

Appropriation: This section would appropriate \$1,000,000 to DPI in recurring funds for grants for units to participate in TeachReadyNC.

EFFECTIVE DATE: This section would be effective when it becomes law. The Department must submit a request for applications by November 1, 2026, for units to establish a registered teaching apprenticeship program to begin in the 2027-2028 school year. The first report on the state of the TeachReadyNC program would be due on March 15, 2028.

SECTION 2.1 Community College Seamless Skills Initiative

BILL ANALYSIS: Section 2.1 would create the Community College Seamless Skills Initiative (Initiative) to create a competency-based education model to connect high school and community college by aligning high school learning experiences with college-level competencies. The Initiative would further allow students to explore career pathways, earn dual credit, and fulfill computer science requirements while gaining credentials in technology employment sectors through college credit. This section would direct Fayetteville Technical Community College (FTCC) and Wilkes Community College (WCC) to partner for the Initiative.

The Initiative would be responsible for the following:

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- Establishing high-tech pathways to integrate high school and community college curricula for project-based learning and developing competency-based pathways to create cross-curricular maps for dual credit.
- Building a scalable and replicable framework for implementation throughout the State.
- Empowering student ownership by setting long-term learning goals to manage and to manage and own credentials with a digital wallet.
- Facilitating student work experiences to accelerate learning and transition students into work through "learn and earn" work-based learning in partnership with public and private employers.
- Addressing workforce needs by developing and sustaining a pipeline of skills workers for high-demand technology fields.

Participants in the Initiative would be required to contract with a vendor for a Credential Management System that does the following:

- Provides the capability to issue, manage, and verify digital credentials across multiple widely adopted open standards within a single platform and support secure communication channels that allow authenticated peer-to-peer interactions between parties.
- Meets or exceeds standards for identity proofing for high-confidence identity verification.
- Is designed as a decentralized deployment to ensure data sovereignty, reduce long-term costs, and eliminate dependence on third-party hosted infrastructure.
- Includes a non-custodial mobile digital wallet that allows individuals to have sole control of their credentials and incorporates capabilities for workforce matching including analysis to align verified credentials with employment opportunities.
- Includes trust and verification systems without storing personally identifiable information or credential data on-chain.

FTCC and WCC would enter into a memorandum of understanding to co-design the Initiative and engage an organization with expertise in designing and implementing learner-centered, modular, and competency-based high school programs aligned with emerging and high-tech career pathways. The organization would have to assist in the development of a framework for the Initiative, including course design, sequencing, credentialing structure, and related elements to support personalized student progression.

This section would appropriate \$3,750,000 to the North Carolina Community Colleges System Office in nonrecurring funds for the 2026-2027 fiscal year for FTCC and WCC for the Initiative, with \$2,750,000 for FTCC and \$1,000,000 for WCC. The funds would not revert and would remain available until the end of the 2029-2030 fiscal year.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 2.2: Competency-Based High School and Healthcare and High-Tech Pathways Program

BILL ANALYSIS: Section 2.2 would establish the Competency-Based High School and Healthcare and High-Tech Pathways Program (Pathways Program) to create pathways to use competency-based education. Mooresville Graded School District (MGSD) and Mitchell Community College (MCC) would partner for implementation of the Pathways Program. The pathways would result in either an associate degree or industry recognized credential, certification, or licensure based on the student's goal of employment or enrollment in higher education. Students in the Pathways Program would decide their college or career track at the end of their junior year with an initial emphasis on healthcare preparation.

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MGSD and MCC would have to contract with an organization with expertise in designing and implementing learner-centered, modular, and competency-based high school programs that align with emerging healthcare and high-tech career pathways. The organization would assist in developing a framework for the Pathways Program, including course design, sequencing, credentialing structure, and other elements needed for personalized student progression. Students would be able to participate in the Pathways Program by the 2028-2029 school year at the latest.

The following flexibilities would be allowed for the Pathways Program:

- MGSD can offer credit by demonstrated mastery assessments and CTE Proof of Learning assessments outside of existing State testing windows.
- MCC can enroll MSGD students in community college courses prior to the 11th grade without the student meeting additional requirements in State law for 9th and 10th grade students to enroll in community college courses.
- Students participating in the Pathways Program would have access to all community college courses at MCC, regardless of pathway selection.
- MGSD would be able to replace most high school graduation requirements with community college courses offered by MCC or locally developed credit by mastery courses consistent with a student's pathway. However, the following graduation credit requirements could not be replaced: (i) English; (ii) Math; (iii) Science; and (iv) Social Studies.
- MGSD may operate any high school as a "restart model" school where it would have the same flexibilities as a charter school.

MGSD would be required to select a third party vendor (Vendor) with specific qualifications that can offer professional development services, implementation support, and instructional resources. The Vendor shall assist in developing standards-aligned proficiency scales for content areas in grade 9-12 to assist in the transition to competency-based education.

The section appropriates \$4,000,000 to DPI in nonrecurring funds for the 2026-2027 fiscal year which would remain available until the end of the 2028-2029 fiscal year. The funds would be allocated to MGSD to do the following:

- Contract with experts in competency-based education and designing stackable credentials.
- Hire one additional staff member at MGSD to oversee implementation of the Pathways Program.
- Partner with a Vendor as provided in the section.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 2.3: Lighthouse Math Project

BILL ANALYSIS: This section would establish the Lighthouse Math Project (Math Project) and direct Wake Technical Community College (Wake Tech) to partner with Wake County Public School System (WCPSS) to (i) increase the percentage of high school students who are eligible to complete college level mathematics upon graduation from high school and (ii) complete college level math either through dual enrollment while in high school or within the first year of college enrollment. High school students at East Wake High School and Knightdale High School would be eligible to participate in the Math Project at the Wake Tech East Campus. Wake Tech and WCPSS would partner with SparkNC for the design and implementation of the Math Project.

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WCPSS and Wake Tech would be directed to partner with Khan Academy (Khan) for the use of the artificial intelligence student tutoring program (Khanmigo) so that students in the Math Project would have access to Khanmigo from the time of high school enrollment through their attendance at Wake Tech if the student chooses to enroll at Wake Tech East.

Khan would be required to do the following:

- Develop and deliver at least one Khanmigo-centered gateway college math course to be offered to high school students in the Math Project to be completed as a college level math course.
- Develop a Khanmigo-centered developmental math course sequence to be provided by Wake Tech faculty to students in the Math Project in one of the following formats:
 - As part of a Career and College Promise Career Ready Pathway.
 - As a supplement to a Career and College Promise Pathway.
 - As a summer bridge program available to students prior to or subsequent to their junior and senior years of high school.
 - As a community college course offered during the first semester of enrollment at Wake Tech.

Khan would also be required to develop a self-paced, competency-based modular math course with student diagnostics and assessments based on the college readiness math competencies provided in the Math Project.

The section would appropriate \$500,000 to DPI in nonrecurring funds for the 2026-2027 fiscal year to contract with Khan for its development work. The funds would remain available until the end of the 2027-2028 fiscal year. The section would also appropriate \$1,000,000 to the Community Colleges System Office in nonrecurring funds for the 2026-2027 to establish time-limited positions to assist in the implementation of the courses offered by the Math Project. The funds would remain available until the end of the 2029-2030 fiscal year.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 2.4: Competency-Based Education and High School Redesign Strategic Network

BILL ANALYSIS: MGSD, MCC, WTCC, WCPSS, FTCC, WCC, and SparkNC would be directed to collaborate to create the Competency-Based Education and High School Redesign Strategic Network (Strategic Network). The Strategic Network would provide a means for each entity to share what it has learned and developed regarding competency-based education and high school redesign with the goal to advance a competency-based approach to education across the State.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 2.5: Competency-Based Innovation Grant Program

BILL ANALYSIS: Section 2.5 would create the Competency-Based Innovation Grant and Network Program (CBIGN Program) to provide funding and support to schools and school systems to assist in the transition to competency-based education models that focus on the mastery of learning rather than instructional time.

The objectives of the CBIGN Program would be as follows:

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- Redesign Learning Pathways – Support schools and local school administrative units in developing personalized competency-based education models that allow students to progress at their own pace.
- Assessment Innovation – Use formative and performance-based assessments that measure student mastery of skills and knowledge.
- Educator Capacity Building – Provide professional development for educators on instructional strategies and assessment practices aligned with transitioning to competency-based education.
- Develop Strategies for Statewide Scaling and Best Practices – Develop and share resources, implementation strategies, and learned lessons to expand competency-based education across the State.

The first phase of the CBIGN Program would begin with the 2026-2027 school year and continue until the end of the 2029-2030 school year. Public school units would have to submit applications for grants and complete planning duties during 2026-2027 school year with competency-based education implemented in participating schools starting with the 2027-2028 school year.

DPI would be required to create an application for the CBIGN Program that would require applicants to show: (i) a comprehensive plan outlining the schools' vision for competency based education; (ii) a description of instructional and assessment shifts to be implemented; (iii) a budget for use of grant funds and a sustainability plan; and (iv) commitments from stakeholders. DPI would select 10 schools to participate and would have to prioritize schools that show a strong commitment to implementing competency-based education and innovation in assessments.

A selected school would be eligible for a grant award in the amount of \$330,000 with \$95,000 to be used for receiving training on competency-based education implementation in the school. The remaining grant funds would be used for costs associated with the transition to competency-based education. The funds would remain available until the end of the 2029-2030 fiscal year.

DPI would have to select a third-party vendor (Vendor) that is an educational support provider that has an extensive track record of working directly with schools across multiple states. DPI and the Vendor would have to develop standards-aligned proficiency scales for all content areas and grade levels to ensure successful transitions to competency-based education as well as provide professional development events to educators.

Finally, DPI would be required to do the following for CBIGN Program:

- Develop in collaboration with the Vendor a Competency-Based Education Network (CBE Network) that: (i) provides guidance and policy recommendations for Statewide scaling; (ii) facilitates collaboration among grant recipients, educators, policymakers, and competency-based education industrial leaders; (iii) develops a roadmap for Statewide implementation; (iv) offers professional learning communities and online resources; (v) develops ways to measure proficiency for courses offered as part of the Standard Course of Study; (vi) disseminates proficiency measures to schools and post standards developed to align with proficiency measures; and (vii) conducts research and evaluation to inform best practices and continuous improvement in participating schools.
- Provide support and technical assistance, professional learning opportunities, and access to the CBE Network for all grant recipients.

Each participating school would submit a quarterly progress report to DPI detailing implementation of competency-based education in the school which would include available student learning outcome data,

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including evidence of progress toward content mastery. DPI would submit a final report on the outcomes of the first phase of the CBIGN Program to JLEOC by December 1, 2030 with the following information:

- A summary of student outcomes.
- Challenges experienced by the schools or DPI with the implementation of the CBIGN Program.
- Recommendations for Statewide scaling.
- Any other information deemed relevant by DPI and any other information requested by JLEOC.

This section would appropriate \$5,300,000 to DPI in nonrecurring funds to implement the CBIGN Program. The funds would remain available until the end of the 2029-2030 fiscal year.

EFFECTIVE DATE: This section would become effective July 1, 2026.

SECTION 2.6: Office of Learning Research Evaluation

BILL ANALYSIS: The Office of Learning Research (OLR) at the North Carolina Collaboratory would be required to study and evaluate the various programs created by Part II of the bill and report to JLEOC by March 15, 2028, and annually thereafter with a final report on March 15, 2031. The reports would have to include the following: (i) the total number of students engaging in the programs; (ii) the total amount of funds expended to implement, design, and operate the programs; and (iii) the effects on student achievement and learning outcomes.

This section would appropriate \$450,000 to the Board of Governors of The University of North Carolina in nonrecurring funds for the 2026-2027 fiscal year to be allocated to the North Carolina Collaboratory for OLR to conduct the study and evaluation.

EFFECTIVE DATE: This section becomes effective July 1, 2026.

OVERALL EFFECTIVE DATE: The bill would become effective July 1, 2026, except as otherwise provided.