

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 1017

Short Title: Sound Basic Education for Every Child. (Public)

Sponsors: Representatives von Haefen, Ball, Hawkins, and Prather (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

April 22, 2026

A BILL TO BE ENTITLED
AN ACT TO PROVIDE FOR A SOUND BASIC EDUCATION FOR EVERY CHILD IN
NORTH CAROLINA.

The General Assembly of North Carolina enacts:

PART I. WELL-PREPARED, HIGH-QUALITY, AND SUPPORTED TEACHER IN EVERY CLASSROOM

PEPSC POSITIONS

SECTION 1.1. There is appropriated from the General Fund to the Department of Public Instruction the sum of two hundred thousand dollars (\$200,000) in recurring funds for the 2026-2027 fiscal year to support two additional positions for the Professional Educator Preparation and Standards Commission (Commission) to increase the capacity of the Commission to coordinate efforts to recruit, prepare, retain, and support the State's teaching workforce on behalf of the State Board of Education and the Department of Public Instruction.

EDUCATOR LICENSURE AND COMPENSATION REFORM PLAN

SECTION 1.2.(a) The State Board of Education shall develop a plan for implementing a teacher licensure and compensation reform model designed to restore respect for the teaching profession; to build a more diverse, quality teaching force; to increase instructional capabilities of teachers; and to entice more young professionals, mid-career professionals, and out-of-state individuals into the teaching profession. The plan shall include at least the following components:

- (1) Offer early, inclusive, and clear pathways into the profession.
- (2) Reward excellence and advancement among teachers.
- (3) Encourage retention in the profession.

The State Board of Education shall submit details on the plan and any recommended legislative changes to implement the plan to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 15, 2027.

SECTION 1.2.(b) There is appropriated from the General Fund to the Department of Public Instruction the sum of fifty thousand dollars (\$50,000) in nonrecurring funds for the 2026-2027 fiscal year to develop the plan required by subsection (a) of this section.

EDUCATOR PREPARATION PROGRAM CAPACITY STUDY



1 **SECTION 1.3.(a)** The State Board of Education, in consultation with The University
2 of North Carolina System Office, shall conduct a study to identify the resources and structures
3 that educator preparation programs at the constituent institutions of The University of North
4 Carolina need to be able to do the following:

- 5 (1) Increase capacity in educator preparation programs to recruit, prepare,
6 support, and graduate at least 5,000 in-State trained teachers annually.
- 7 (2) Increase capacity in educator preparation programs to recruit, prepare,
8 support, and graduate more educators of color annually.

9 The State Board of Education shall report on the findings of this study to the Joint
10 Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of
11 State Budget and Management by March 15, 2027.

12 **SECTION 1.3.(b)** There is appropriated from the General Fund to the Department
13 of Public Instruction the sum of twenty-five thousand dollars (\$25,000) in nonrecurring funds for
14 the 2026-2027 fiscal year to conduct the study required by subsection (a) of this section.

15 16 **ALTERNATIVE PATHWAYS TEACHER RECRUITMENT MODELS**

17 **SECTION 1.4.(a)** There is appropriated from the General Fund to the Department
18 of Public Instruction the sum of five million eight hundred thousand dollars (\$5,800,000) in
19 recurring funds for the 2026-2027 fiscal year to support research-based Grow-Your-Own and
20 2+2 teacher recruitment education programs in all regions of the State, including high
21 school-based career academy programs, the North Carolina Teacher Cadet Program, the
22 Teaching as a Profession program, and the TA to Teachers program.

23 **SECTION 1.4.(b)** There is appropriated from the General Fund to the Department
24 of Public Instruction the sum of one million dollars (\$1,000,000) in recurring funds for the
25 2026-2027 fiscal year to establish new Grow-Your-Own and 2+2 teacher recruitment education
26 programs in high-need public school units.

27 28 **STUDY ON CONSOLIDATING AND COORDINATING TEACHER RECRUITMENT** 29 **AND RETENTION EFFORTS**

30 **SECTION 1.5.(a)** The State Board of Education shall develop a plan to implement
31 and fund a statewide system or entity to coordinate, enhance, and evaluate efforts to recruit, place,
32 and retain teacher candidates and beginning teachers between institutions of higher education
33 and local school administrative units. This study shall focus on, but not be limited to, how best
34 to consolidate and coordinate statewide teacher recruitment and retention efforts. The State Board
35 of Education shall submit details on the plan and any recommended legislative changes to
36 implement the plan to the Joint Legislative Education Oversight Committee, the Fiscal Research
37 Division, and the Office of State Budget and Management by March 15, 2027.

38 **SECTION 1.5.(b)** There is appropriated from the General Fund to the Department
39 of Public Instruction the sum of twenty-five thousand dollars (\$25,000) in nonrecurring funds for
40 the 2026-2027 fiscal year to be used to support the development of the plan required by this
41 section.

42 43 **EXPAND NC TEACHING FELLOWS PROGRAM**

44 **SECTION 1.6.(a)** Part 3 of Article 23 of Chapter 116 of the General Statutes reads
45 as rewritten:

46 "Part 3. North Carolina Teaching Fellows Program.

47 **"§ 116-209.60. Definitions.**

48 The following definitions apply in this Part:

- 49 (1) Commission. – The North Carolina Teaching Fellows Commission.
- 50 (2) Director. – The Director of the North Carolina Teaching Fellows Program.
- 51 (3) Forgivable loan. – A forgivable loan made under the Program.

- 1 (4) Program. – The North Carolina Teaching Fellows Program.
- 2 (5) Public school. – An elementary or secondary school located in North Carolina
- 3 that is governed by a local board of education, charter school board of
- 4 directors, regional school board of directors, or University of North Carolina
- 5 laboratory school board of trustees.
- 6 (5a) ~~Qualifying licensure area. – A teacher licensure area in one of the following~~
- 7 ~~subjects:~~
- 8 a. ~~Either of the following, as identified pursuant to G.S. 116-209.62(h):~~
- 9 1. ~~Special education.~~
- 10 2. ~~STEM.~~
- 11 b. ~~Elementary education (K-6).~~
- 12 (5b) Qualifying teacher. – A teacher in a North Carolina public school who meets
- 13 the following criteria:
- 14 a. Received a forgivable loan under the Program.
- 15 b. Graduated within 10 years from an educator preparation program
- 16 leading to teacher licensure, excluding any authorized deferment for
- 17 extenuating circumstances.
- 18 c. ~~Serves as a teacher in a qualifying licensure area.~~
- 19 (6) ~~STEM. – Science, technology, engineering, and mathematics.~~
- 20 (7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund.

21 ...

22 **"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

23 (a) Program. – There is established the North Carolina Teaching Fellows Program to be
 24 administered by the System Office of The University of North Carolina, in conjunction with the
 25 Authority and the Commission. The purpose of the Program is to recruit, prepare, and support
 26 students residing in or attending institutions of higher education located in North Carolina for
 27 preparation as highly effective teachers ~~in qualifying licensure areas~~ in the State's public schools.
 28 The Program shall be used to provide a forgivable loan to individuals interested in preparing to
 29 teach in the public schools of the ~~State in qualifying licensure areas.~~ State.

30 (b) Trust Fund. – There is established the North Carolina Teaching Fellows Program
 31 Trust Fund to be administered by the Authority, in conjunction with the System Office of The
 32 University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program
 33 for forgivable loans and other Program purposes, (ii) received as repayment of forgivable loans,
 34 and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the
 35 Trust Fund is to provide financial assistance to qualified students for completion of teacher
 36 education and licensure programs to ~~fill qualifying licensure areas~~ teach in the public schools of
 37 the State.

38 ...

39 (d) Director of the Program. – The Board of Governors of The University of North
 40 Carolina shall appoint a Director of the Program. The Director shall appoint staff to the
 41 Commission and shall be responsible for recruitment and coordination of the Program, including
 42 proactive, aggressive, and strategic recruitment of potential recipients. Efforts shall include
 43 identifying and encouraging students of color and students who may not otherwise consider a
 44 career in teaching to enter the Program. Recruitment activities shall include a broad-based
 45 strategy (i) targeting regions of the State with the highest teacher attrition rates and teacher
 46 recruitment ~~challenges, challenges and~~ (ii) actively engaging with educators, business leaders,
 47 experts in human resources, elected officials, and other community leaders throughout the ~~State,~~
 48 ~~and~~ (iii) ~~attracting candidates in qualifying licensure areas to the Program.~~ State to attract a
 49 diverse pool of applicants. The Director shall report to the President of The University of North
 50 Carolina. The Authority shall provide office space and clerical support staff, as necessary, to the
 51 Director for the Program.

1 (e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt
2 stringent standards for awarding forgivable loans based on multiple measures to ensure that only
3 the strongest applicants receive them, including the following:

- 4 (1) Grade point averages.
- 5 (2) Performance on relevant career and college readiness assessments.
- 6 (3) Experience, accomplishments, and other criteria demonstrating qualities
7 positively correlated with highly effective teachers, including excellent verbal
8 and communication skills.
- 9 (4) Demonstrated commitment to serve in a ~~qualifying licensure area in~~ North
10 Carolina public schools.

11 (f) Program Selection Criteria. – The Authority shall administer the Program in
12 cooperation with ~~up to 10~~ institutions of higher education with approved educator preparation
13 programs selected by the Commission that represent a diverse selection of both postsecondary
14 constituent institutions of The University of North Carolina and private postsecondary
15 institutions operating in the ~~State.~~ State, including minority-serving institutions. The
16 Commission shall adopt stringent standards for selection of the most effective educator
17 preparation programs, including the following:

- 18 (1) Demonstrates high rates of educator effectiveness on value-added models and
19 teacher evaluations, including using performance-based, subject-specific
20 assessment and support systems, such as edTPA or other metrics of evaluating
21 candidate effectiveness that have predictive validity.
- 22 (2) Demonstrates measurable impact of prior graduates on student ~~learning,~~
23 ~~including impact of graduates teaching in qualifying licensure areas.~~ learning.
- 24 (3) Demonstrates high rates of graduates passing exams required for teacher
25 licensure.
- 26 (4) Provides curricular and co-curricular enhancements in leadership, facilitates
27 learning for diverse learners, and promotes community engagement,
28 classroom management, and reflection and assessment.
- 29 (5) Requires at least a minor concentration of study in the subject area that the
30 candidate may teach.
- 31 (6) Provides early and frequent internship or practical experiences, including the
32 opportunity for participants to perform practicums in diverse school
33 environments.
- 34 (7) Is approved by the State Board of Education as an educator preparation
35 program.
- 36 (8) For an educator preparation program enrolling loan recipients in a program of
37 study leading to licensure in elementary education (K-6), provides training
38 that is aligned with the Science of Reading in accordance with
39 G.S. 115C-269.20. The Commission shall contract with a third-party entity to
40 biennially evaluate whether a program identified in this subdivision is
41 providing training that is aligned with the Science of Reading.

42 (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected
43 students to be used at ~~up to 10~~ selected institutions for completion of a program leading to initial
44 teacher licensure as follows:

- 45 (1) North Carolina high school seniors. – Forgivable loans of up to five thousand
46 dollars (\$5,000) per semester for up to eight semesters.
- 47 (2) Students applying for transfer to a selected educator preparation program at
48 an institution of higher education. – Forgivable loans of up to five thousand
49 dollars (\$5,000) per semester for up to six semesters.

1 (3) Individuals currently holding a bachelor's degree seeking preparation for
2 teacher licensure. – Forgivable loans of up to five thousand dollars (\$5,000)
3 per semester for up to four semesters.

4 (4) Students matriculating at institutions of higher education who are changing to
5 an approved program of study at a selected educator preparation program. –
6 Forgivable loans of up to five thousand dollars (\$5,000) per semester for up
7 to four semesters.

8 Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to
9 obtaining licensure.

10 (g1) Extracurricular Enhancement Activities. – The Program shall provide planning,
11 training, and ongoing support for Program leaders and recipients, including training on topics
12 such as culturally responsive teaching, teaching students with disabilities, and trauma-informed
13 teaching.

14 ~~(h) Identification of STEM and Special Education Licensure Areas. – The Superintendent~~
15 ~~of Public Instruction shall identify and provide to the Commission and the Authority a list of~~
16 ~~STEM and special education licensure areas and shall annually provide to the Commission the~~
17 ~~number of available positions in each qualifying licensure area relative to the number of current~~
18 ~~and anticipated teachers in that area of licensure. The Commission shall make the list of STEM~~
19 ~~and special education licensure areas readily available to applicants.~~

20 ...

21 (j) Annual Report. – The Commission, in coordination with the Authority, the
22 Department of Public Instruction, and the selected educator education programs participating in
23 the Program shall report no later than January 1, 2019, and annually thereafter, to the Joint
24 Legislative Education Oversight Committee regarding the following:

25 (1) Forgivable loans awarded from the Trust Fund, including the following:

- 26 a. Demographic information regarding recipients.
- 27 b. Number of recipients by institution of higher education and program.
- 28 c. Information on number of recipients by anticipated ~~qualifying~~
29 licensure area.

30 (2) Placement and repayment rates, including the following:

- 31 a. Number of graduates who have been employed ~~in a qualifying~~
32 ~~licensure area~~ within two years of program completion.
- 33 b. Number of graduates who accepted employment at a low-performing
34 school identified under G.S. 115C-105.37 as part of their years of
35 service.
- 36 c. Number of graduates who have elected to do loan repayment and their
37 years of service, if any, prior to beginning loan repayment.
- 38 d. Number of graduates ~~employed in a qualifying licensure area~~ who
39 have received an overall rating of at least accomplished and have met
40 expected growth on applicable standards of the teacher evaluation
41 instrument.
- 42 e. Aggregate information on student growth and proficiency in courses
43 taught by graduates who have fulfilled service requirements through
44 ~~employment in a qualifying licensure area.~~employment.

45"

46 **SECTION 1.6.(b)** There is appropriated from the General Fund to the North Carolina
47 Teaching Fellows Program Trust Fund the sum of thirty-seven million dollars (\$37,000,000) in
48 recurring funds for the 2026-2027 fiscal year to revise and expand the NC Teaching Fellows
49 Program in accordance with subsection (a) of this section.

50 **SECTION 1.6.(c)** Subsection (a) of this section applies to applications for the award
51 of funds beginning in the 2026-2027 academic year.

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2 **RECRUITMENT BONUS PILOT PROGRAM FOR TEACHERS IN LOW-WEALTH,**
3 **LOW-PERFORMING, OR HIGH-NEED SCHOOLS**

4 **SECTION 1.7.(a)** Purpose. – The State Board of Education shall establish a grant
5 program to assist local school administrative units in providing multiyear recruitment bonuses to
6 certified teachers who commit to teach multiple years in a low-performing or high-need school.
7 Bonuses awarded as part of this grant program shall include, but are not limited to, the following
8 components:

- 9 (1) Awards over multiple years with a requirement that teachers remain in the
10 school over multiple years to receive the bonus.
11 (2) Awards to licensed teachers who commit to teach in a school identified as
12 low-performing, as defined in G.S. 115C-105.37, a school identified as
13 continually low-performing, as defined in G.S. 115C-105.37A, or a school
14 where seventy-five percent (75%) or greater of students qualify for free or
15 reduced-price lunch under the National School Lunch Program.

16 **SECTION 1.7.(b)** Request for Proposal. – By September 1, 2026, and annually
17 thereafter, the State Board of Education shall issue a request for proposal (RFP) for the grant
18 program. Local boards of education shall submit their proposals by December 1, 2026. The RFP
19 shall require that proposals include the following information at a minimum:

- 20 (1) Description of the proposal, including details on targeted schools for the
21 bonuses and how the bonus program will be structured.
22 (2) Evidence-based research that supports the proposal.
23 (3) Implementation time line for the plan.
24 (4) Plans for financial sustainability once grant money is no longer available.

25 **SECTION 1.7.(c)** Grant Awards. – By February 15, 2027, the State Board of
26 Education shall review the proposals submitted by local boards of education and select up to 10
27 local school administrative units for grant awards. The State Board of Education may make grant
28 awards for up to three years. A local school administrative unit may not receive more than five
29 hundred thousand dollars (\$500,000) in a single fiscal year from the grant program.

30 **SECTION 1.7.(d)** Evaluation and Reporting. – Of the funds appropriated by this
31 section, the State Board of Education may use up to three hundred thousand dollars (\$300,000)
32 to contract with an independent research organization to evaluate the impact of this grant
33 program. The independent research organization shall report the results of this evaluation to the
34 Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office
35 of State Budget and Management by September 1, 2029. The Department of Public Instruction
36 shall report annually on the implementation of this grant program beginning March 15, 2027.

37 **SECTION 1.7.(e)** Appropriation. – There is appropriated from the General Fund to
38 the Department of Public Instruction the sum of seven million seven hundred thousand dollars
39 (\$7,700,000) in recurring funds for the 2026-2027 fiscal year to implement the grant program in
40 accordance with this section.

41 **SECTION 1.7.(f)** Carryforward. – Any unexpended funds appropriated under this
42 section at the end of the 2026-2027 fiscal year shall not revert to the General Fund but shall
43 remain available for the purposes set forth in this section.
44

45 **TEACHER PREPARATION RESIDENCY PILOT GRANT PROGRAM**

46 **SECTION 1.8.(a)** Purpose. – The State Board of Education shall establish a grant
47 program to assist local school administrative units in the development of teacher preparation
48 residency pilot programs. Teacher preparation residency programs provide the necessary
49 preparation and induction supports to teacher preparation candidates pursuing a continuing
50 professional license. Teacher preparation residency programs eligible to receive grant funding
51 through this program shall include, at a minimum, the following components:

- 1 (1) Coursework in the candidate's area of licensure.
- 2 (2) Tuition and stipends.
- 3 (3) Faculty advising.
- 4 (4) Clinical training experiences.
- 5 (5) Ongoing induction support.

6 Residency programs eligible for this grant program may include partnerships between
7 local school administrative units, educator preparation programs, local community colleges or
8 universities, and other community organizations. Grant funds awarded to local school
9 administrative units under this program shall be matched by the local school administrative units
10 on the basis of one dollar (\$1.00) in non-grant funds for every one dollar (\$1.00) in grant funds.

11 **SECTION 1.8.(b)** Request for Proposal. – By October 1, 2026, the State Board of
12 Education shall issue a request for proposal (RFP) for the grant program. Local boards of
13 education shall submit their proposals by January 15, 2027. The RFP shall require that proposals
14 include the following information at a minimum:

- 15 (1) Description of the proposal, including the number of teacher preparation
16 candidates to be served.
- 17 (2) Evidence-based research that supports the proposal.
- 18 (3) Implementation time line for the plan.
- 19 (4) Plans for financial sustainability once grant money is no longer available.

20 **SECTION 1.8.(c)** Grant Awards. – By April 15, 2027, the State Board of Education
21 shall review the proposals submitted by local boards of education and shall select up to 10 local
22 school administrative units for grant awards. The State Board of Education may make grant
23 awards for up to three years. A local school administrative unit may not receive more than five
24 hundred thousand dollars (\$500,000) in a single fiscal year from this grant program.

25 **SECTION 1.8.(d)** Evaluation and Reporting. – Of the funds appropriated by this
26 section, the State Board of Education may use up to three hundred thousand dollars (\$300,000)
27 to contract with an independent research organization to evaluate the impact of this grant
28 program. The independent research organization shall report the results of this evaluation to the
29 Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office
30 of State Budget and Management by September 1, 2030. The Department of Public Instruction
31 shall report annually on the implementation of this grant program beginning March 15, 2027.

32 **SECTION 1.8.(e)** Appropriation. – There is appropriated from the General Fund to
33 the Department of Public Instruction the sum of twenty-five million dollars (\$25,000,000) in
34 recurring funds for the 2026-2027 fiscal year to implement the grant program in accordance with
35 this section.

36 **SECTION 1.8.(f)** Carryforward. – Any unexpended funds appropriated under this
37 section at the end of the 2026-2027 fiscal year shall not revert to the General Fund but shall
38 remain available for the purposes set forth in this section.

39 **EXPAND PARTNERSHIP TEACH**

40 **SECTION 1.9.** There is appropriated from the General Fund to the Board of
41 Governors of The University of North Carolina the sum of two hundred thousand dollars
42 (\$200,000) in recurring funds for the 2026-2027 fiscal year to expand Partnership Teach to up to
43 two additional hub sites, including providing funds for staffing, fellowship support, mentoring,
44 and increasing recruitment capacity.

45 **DEVELOPING A REPRESENTATIVE AND INCLUSIVE VISION FOR EDUCATION** 46 **(DRIVE) GRANT PROGRAM**

47 **SECTION 1.10.(a)** Purpose. – The State Board of Education, in consultation with
48 the Office of the Governor, The University of North Carolina System Office, and the Community
49 College System Office, shall establish a grant program to support strategic partnerships
50
51

1 committed to increasing the pipeline of educators of color across the State. As an extension of
2 the recommendations and strategies presented by the Governor's DRIVE Task Force on January
3 1, 2021, the grants shall be provided to local school administrative units, institutions of higher
4 education, and community organizations to implement innovative initiatives that support the
5 recruitment, preparation, support, and retention of racially, ethnically, and linguistically diverse
6 educators. The purpose of this program shall be to do at least the following:

- 7 (1) Increase the diversity of the educator workforce across the State through novel
8 recruitment efforts.
- 9 (2) Strengthen the pipeline of aspiring teachers of color across the State through
10 traditional and alternative certification pathways.
- 11 (3) Provide mechanisms to support and retain educators of color currently serving
12 in elementary and secondary public schools.
- 13 (4) Promote collaboration between school systems, institutions of higher
14 education, and community and nonprofit organizations to diversify the
15 educator workforce.

16 **SECTION 1.10.(b)** Applications. – Applicants for grants shall demonstrate at least
17 the following for grant award consideration:

- 18 (1) A partnership between at least two of the following entities: local school
19 administrative units, Historically Black Colleges and Universities,
20 Historically Minority-Serving Institutions, educator preparation programs,
21 alternative certification programs, public and private colleges and universities,
22 community colleges, and community or nonprofit organizations.
- 23 (2) Proposals for strategies that address one or more of the following components
24 of the educator development continuum as highlighted by the DRIVE Task
25 Force's 2021 Report to the Governor: recruitment, placement and induction,
26 and support and retention of educators of color.

27 **SECTION 1.10.(c)** Use of Funds. – Grant funds may be used for the following
28 activities:

- 29 (1) Strengthening existing high school dual enrollment programs to offer
30 education-based college credit or honors courses as streamlined pathways for
31 future careers in education.
- 32 (2) Implementing targeted school system-level and community-based recruitment
33 programs for aspiring educators of color interested in traditional and
34 alternative educator preparation programs.
- 35 (3) Utilizing and leveraging existing financial aid programs that include
36 scholarships, loan forgiveness, and tuition reimbursement that reduce the
37 disproportionate financial burden incurred by aspiring candidates of color.
- 38 (4) Increasing preparation and supporting preservice educators of color through
39 paid clinical learning experiences, with a commitment to teaching in North
40 Carolina public schools.
- 41 (5) Offering support for job placement and licensure for candidates of color after
42 completing their educator preparation program.
- 43 (6) Providing induction and mentoring programs that address the needs of
44 educators of color and that include sustaining networking and professional
45 learning communities or affinity groups.
- 46 (7) Encouraging and financially supporting educators of color interested in
47 joining national professional organizations or attending national conferences.

48 **SECTION 1.10.(d)** Request for Proposal. – By October 1, 2026, the State Board of
49 Education shall issue a request for proposal (RFP) for the grant program. Applicants shall submit
50 their proposals by December 1, 2026. The RFP shall require that proposals include the following
51 information at a minimum:

- 1 (1) Description of the proposal.
- 2 (2) Evidence-based research that supports the proposal.
- 3 (3) An implementation time line for the plan.
- 4 (4) Plans for financial sustainability once grant money is no longer available.

5 **SECTION 1.10.(e) Selection.** – By February 1, 2027, a selection committee shall
6 select up to five grantees, making the effort to ensure that there is representation across the State
7 as reflected by rural and urban districts, institutions of higher education, and community-based
8 partners. Any grants awarded may be spent over a five-year period from the initial award. Grants
9 may be awarded for new or existing projects.

10 **SECTION 1.10.(f) Reporting Requirements.** – No later than September 1 of each
11 year, grant recipients shall submit to the State Board of Education an annual report for the
12 preceding grant year that describes the implementation of the program. This report must include
13 qualitative and quantitative data to demonstrate program effectiveness.

14 **SECTION 1.10.(g) Evaluation and Reporting.** – Of the funds appropriated by this
15 section, the State Board of Education may use up to three hundred thousand dollars (\$300,000)
16 to contract with an independent research organization to evaluate the impact of this grant
17 program. The independent research organization shall report the results of this evaluation to the
18 Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office
19 of State Budget and Management by September 1, 2028. The State Board of Education shall
20 report annually on the implementation of this grant program beginning on January 1, 2028.

21 **SECTION 1.10.(h) Appropriation.** – There is appropriated from the General Fund
22 to the Department of Public Instruction the sum of two million dollars (\$2,000,000) in recurring
23 funds for the 2026-2027 fiscal year to implement the grant program in accordance with this
24 section.

25 **SECTION 1.10.(i) Carryforward.** – Any unexpended funds at the end of the
26 2026-2027 fiscal year from the funds appropriated for the grant program under this section shall
27 not revert to the General Fund but shall remain available for expenditure for the purposes set
28 forth in this section.

29 ANNUAL EDUCATOR DIVERSITY REPORT

30 **SECTION 1.11.(a)** G.S. 115C-12(22) reads as rewritten:

31 "(22) Duty to Monitor the State of the Teaching and School Administration
32 Professions and Educator Diversity in North Carolina. – The State Board of
33 Education shall monitor and compile ~~an annual report~~ reports on the
34 following:
35

- 36 a. The state of the teaching and school administration professions in
37 North Carolina, as provided in G.S. 115C-289.2 and G.S. 115C-299.5.
- 38 b. Educator diversity in North Carolina, as provided in
39 G.S. 115C-299.7."

40 **SECTION 1.11.(b)** Article 20 of Chapter 115C of the General Statutes is amended
41 by adding a new section to read:

42 "**§ 115C-299.7. Duty to monitor educator diversity.**

43 (a) Definitions. – As used in this section, the following definitions apply:

- 44 (1) Diversity categories. – Race and ethnicity.
- 45 (2) Education entity. – Any of the following:
 - 46 a. A public school unit, as defined in G.S. 115C-5(7a).
 - 47 b. An educator preparation program, as defined in G.S. 115C-269.1(10).
- 48 (3) Educators. – Teachers employed by a public school unit.
- 49 (4) Future educators. – Students enrolled in an educator preparation program.
- 50 (5) Grade level. – Where applicable, the grade level taught by an educator and the
51 grade level attended by a future educator.

1 (a) There is established within the Department of Public Instruction the Office of Equity
2 Affairs. The purpose of the Office of Equity Affairs is to provide internal oversight within the
3 Department of Public Instruction and the State Board of Education specific to compliance with
4 the State's constitutional role to provide each child the opportunity to receive a sound basic
5 education and to direct the recruitment and retention of a diverse educator workforce.

6 (b) The Office of Equity Affairs shall review educational policies, programs, and
7 initiatives and shall provide an independent, objective source of information to be used in
8 evaluating substantial compliance with sound basic education standards and the goal of recruiting
9 and retaining a diverse educator workforce, giving special attention and consideration to
10 outcomes for at-risk students. The Office of Equity Affairs may suggest adjustments to the
11 content and delivery of educational policies, programs, and initiatives to improve their efficacy.
12 The authority of the Office of Equity Affairs to evaluate and advise shall extend to all policies,
13 programs, and initiatives related to ensuring that all students have access to a sound basic
14 education and to the goal of recruiting and retaining a diverse educator workforce.

15 (c) In carrying out its duties, the Office of Equity Affairs has authority to obtain full and
16 unrestricted access to all records, information, and data in the possession of or legally available
17 to the Department of Public Instruction or State Board of Education.

18 (d) Beginning no later than January 15 immediately following the effective date of this
19 section, and semiannually thereafter, the Office of Equity Affairs shall submit a report to the
20 Joint Legislative Education Oversight Committee on the (i) implementation of its duties as set
21 forth in this Article, (ii) progress of the Department of Public Instruction and the State Board of
22 Education in effectively providing each child the opportunity to receive a sound basic education,
23 and (iii) diversity of the educator workforce. Prior to the reporting of any deficiencies in progress,
24 the Office of Equity Affairs shall give to the Department of Public Instruction and the State Board
25 of Education ample notice of the deficiencies and an opportunity to correct or improve the
26 deficiencies and shall include in the report any efforts to do so. The report shall include any
27 recommended legislation.

28 **"§ 115C-64.36. Administrative organization; organizational independence.**

29 (a) There is established within the Department of Public Instruction the position of
30 Deputy Superintendent of Equity Affairs who shall serve as the chief officer of the Office of
31 Equity Affairs. The Deputy Superintendent shall have professional, administrative, technical, and
32 clerical personnel as may be necessary in carrying out the duties of the position.

33 (b) The Superintendent of Public Instruction shall recommend to the State Board of
34 Education the individual to be appointed as Deputy Superintendent of Equity Affairs, and the
35 recommended appointee shall be appointed upon approval by the State Board of Education. The
36 Deputy Superintendent shall report to the Superintendent of Public Instruction and the State
37 Board of Education jointly and may be removed only upon the joint agreement of the
38 Superintendent of Public Instruction and a majority of the members of the State Board of
39 Education. The Deputy Superintendent shall be organizationally situated to avoid impairments
40 to independence of the Deputy Superintendent's professional judgment on how to best
41 accomplish the purposes of the Office of Equity Affairs."

42 **SECTION 1.12.(b)** There is appropriated from the General Fund to the Department
43 of Public Instruction for the 2026-2027 fiscal year the sum of four hundred thousand dollars
44 (\$400,000) in recurring funds to permit the Deputy Superintendent of Equity Affairs, as
45 established by this section, to appoint up to four full-time staff to assist in the administration of
46 the Deputy Superintendent's duties under Article 6E of Chapter 115C of the General Statutes, as
47 enacted by this section. Personnel appointed to these positions shall report solely to the Deputy
48 Superintendent of Equity Affairs. The appointments shall not be subject to approval or
49 disapproval by the Superintendent of Public Instruction or the State Board of Education. Of the
50 four time-limited positions, one shall be an administrative assistant position and at least one shall
51 be an attorney position.

NORTH CAROLINA NEW TEACHER SUPPORT PROGRAM

SECTION 1.13. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of forty-eight million five hundred thousand dollars (\$48,500,000) in recurring funds for the 2026-2027 fiscal year for the New Teacher Support Program to provide mentoring and coaching support to beginning teachers who are employed in public schools identified as low-performing or high-poverty at no cost to the local school administrative units.

ADVANCED TEACHING ROLES CHANGES

SECTION 1.14.(a) G.S. 115C-310.7(a) reads as rewritten:

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

SECTION 1.14.(b) This section is effective beginning July 1, 2026, and applies beginning with the 2026-2027 school year.

EDUCATOR PROFESSIONAL DEVELOPMENT ALLOTMENT

SECTION 1.15.(a) Effective July 1, 2026, there is established the Educator Professional Development Allotment in the State Public School Fund. The State Board of Education shall establish the purposes for which the funds within the new Educator Professional Development Allotment may be used, including at least the following:

- (1) Educator professional development for targeted public school units and schools requiring multitiered support for prekindergarten through grade three, including the following:
 - a. Child development.
 - b. Early literacy.
 - c. Social and emotional learning.
 - d. Family engagement.
- (2) Implementation of literacy training.
- (3) Mentoring programs for beginning educators.

SECTION 1.15.(b) There is appropriated from the General Fund to the Department of Public Instruction the sum of one hundred twenty-eight million four hundred fifty thousand dollars (\$128,450,000) in recurring funds for the 2026-2027 fiscal year to be used to fund the Educator Professional Development Allotment. Funds shall be allotted to local school administrative units based on average daily membership.

REPORT FINDINGS OF COMPENSATION STUDY

SECTION 1.16. The Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management (OSBM) by March 1, 2027, on the findings of the compensation study it conducted on alternative teacher compensation models and advanced teaching roles using funds awarded by OSBM from the North Carolina Evaluation Fund.

TEACHER SALARY SCHEDULE

SECTION 1.17.(a) The following monthly teacher salary schedule shall apply for the 2026-2027 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2026-2027 Teacher Monthly Salary Schedule

	Years of Experience	"A" Teachers
1		
2	0	\$5,120
3	1	\$5,160
4	2	\$5,200
5	3	\$5,240
6	4	\$5,280
7	5	\$5,320
8	6	\$5,360
9	7	\$5,400
10	8	\$5,440
11	9	\$5,480
12	10	\$5,520
13	11	\$5,560
14	12	\$5,600
15	13	\$5,640
16	14	\$5,680
17	15-24	\$5,720
18	25+	\$5,920

SECTION 1.17.(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 of one hundred dollars (\$100.00) per month.

SECTION 1.17.(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. Five hundred dollars (\$500.00).
- (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.

- 1 (4) The twenty-sixth step of the salary schedule shall be seven and one-half
2 percent (7.5%) higher than the salary received by these same employees on
3 the twenty-fifth step of the salary schedule.

4 **SECTION 1.17.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing
5 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those
6 longevity payments are included in the monthly amounts under the teacher salary schedule.

7 **SECTION 1.17.(e)** A teacher compensated in accordance with this salary schedule
8 for the 2026-2027 school year shall receive an amount equal to the greater of the following:

- 9 (1) The applicable amount on the salary schedule for the applicable school year.
10 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
11 the sum of the following:
12 a. The salary the teacher received in the 2013-2014 school year pursuant
13 to Section 35.11 of S.L. 2013-360.
14 b. The longevity that the teacher would have received under the longevity
15 system in effect for the 2013-2014 school year provided in Section
16 35.11 of S.L. 2013-360 based on the teacher's current years of service.
17 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
18 (3) For teachers who were not eligible for longevity for the 2013-2014 school
19 year, the sum of the salary and annual bonus the teacher received in the
20 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

21 **SECTION 1.17.(f)** As used in this section, the term "teacher" shall also include
22 instructional support personnel.

23 **SECTION 1.17.(g)** There is appropriated from the General Fund to the Department
24 of Public Instruction for the 2026-2027 fiscal year the sum of seven hundred thirty-one million
25 eight hundred thousand dollars (\$731,800,000) in recurring funds to implement the teacher raises
26 provided in this section.

27 **SECTION 1.17.(h)** It is the intent of the General Assembly to adjust compensation
28 for teachers in the 2027-2028 fiscal year and subsequent fiscal years in accordance with
29 information provided by the Department of Public Instruction in March of 2027 pursuant to the
30 compensation study referenced in Section 1.16 of this act.

31 32 **FUNDS FOR NATIONAL BOARD CERTIFICATION APPLICATION FEE**

33 **SECTION 1.18.** There is appropriated from the General Fund to the Department of
34 Public Instruction the sum of nine hundred thousand dollars (\$900,000) in recurring funds for the
35 2026-2027 fiscal year to provide additional grants for reimbursement of the cost of the
36 participation fee for National Board for Professional Teaching Standards (NBPTS) certification
37 pursuant to G.S. 115C-296.2A.

38 39 **PART II. WELL-PREPARED, HIGH-QUALITY, AND SUPPORTED PRINCIPAL IN EVERY SCHOOL**

40 41 42 **EXPANSION OF THE NORTH CAROLINA PRINCIPAL FELLOWS PROGRAM**

43 **SECTION 2.1.** There is appropriated from the General Fund to the North Carolina
44 Principal Fellows Trust Fund the sum of thirteen million two hundred thousand dollars
45 (\$13,200,000) in recurring funds for the 2026-2027 fiscal year to be used to provide forgivable
46 loans for additional principal candidates through principal preparation programs that are provided
47 grants under the North Carolina Principal Fellows Program (Program) established pursuant to
48 Article 5C of Chapter 116 of the General Statutes.

49 50 **STATEWIDE SCHOOL LEADERSHIP ACADEMY**

- 1 c. The principal supervised a school in at least two of the prior three
2 school years that was not eligible to receive a school growth score.
3 (3) A principal shall be paid according to the Base column if any of the following
4 apply:
5 a. The school growth scores show the school or schools did not meet
6 expected growth in at least two of the prior three school years.
7 b. The principal has not supervised any school as a principal for a
8 majority of the school year in at least two of the prior three school
9 years.

10 **SECTION 2.3.(b)** For purposes of determining the average daily membership of a
11 principal's school, the allotted average daily membership for the school for the applicable school
12 year shall be used. For purposes of this section, the allotted average daily membership of a
13 principal's school shall include any prekindergarten students in membership at that school.

14 **SECTION 2.3.(c)** For purposes of determining the school growth scores for each
15 school the principal supervised in one or more prior school years, the following school growth
16 scores shall be used during the following time periods:

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

24 **SECTION 2.3.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing
25 annual longevity payments to principals paid on the principal salary schedule, the amounts of
26 those longevity payments are included in the annual amounts under the principal salary schedule.

27 **SECTION 2.3.(e)** A principal compensated in accordance with this section for the
28 2026-2027 fiscal year shall receive an amount equal to the greater of the following:

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

42 **SECTION 2.3.(f)** For purposes of this section, the following definitions apply:

- 43 (1) First year. – The school year immediately preceding the second year.
44 (2) Fourth year. – The school year immediately preceding the applicable school
45 year.
46 (3) Second year. – The school year immediately preceding the third year.
47 (4) The applicable fiscal year. – The 2026-2027 fiscal year.
48 (5) The applicable school year. – The 2026-2027 school year.
49 (6) Third year. – The school year immediately preceding the fourth year.

50 **SECTION 2.3.(g)** There is appropriated from the General Fund to the Department
51 of Public Instruction for the 2026-2027 fiscal year the sum of thirty million five hundred thousand

1 dollars (\$30,500,000) in recurring funds to increase salaries for principals in accordance with this
2 section.

3 **SECTION 2.3.(h)** It is the intent of the General Assembly to adjust compensation
4 for principals in the 2027-2028 fiscal year and subsequent fiscal years in accordance with any
5 information provided by the Department of Public Instruction in March of 2027 pursuant to the
6 compensation study referenced in Section 1.16 of this act.

7 8 **ASSISTANT PRINCIPAL SALARIES**

9 **SECTION 2.4.(a)** For the 2026-2027 fiscal year, beginning July 1, 2026, assistant
10 principals shall receive a monthly salary based on the salary schedule for teachers who are
11 classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on
12 the step on the salary schedule that reflects the total number of years of experience as a certified
13 employee of the public schools. For purposes of this section, an administrator with a one-year
14 provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

15 **SECTION 2.4.(b)** Assistant principals with certification based on academic
16 preparation at the six-year degree level shall be paid a salary supplement of one hundred
17 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary
18 supplement of two hundred fifty-three dollars (\$253.00) per month.

19 **SECTION 2.4.(c)** Participants in an approved full-time master's in school
20 administration program shall receive up to a 10-month stipend during the internship period of the
21 master's program. The stipend shall be at the beginning salary of an assistant principal or, for a
22 teacher who becomes an intern, at least as much as that person would earn as a teacher on the
23 teacher salary schedule. The North Carolina Principal Fellows Program or the school of education
24 where the intern participates in a full-time master's in school administration program shall supply
25 the Department of Public Instruction with certification of eligible full-time interns.

26 **SECTION 2.4.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing
27 annual longevity payments to assistant principals on the assistant principal salary schedule, the
28 amounts of those longevity payments are included in the monthly amounts provided to assistant
29 principals pursuant to subsection (a) of this section.

30 **SECTION 2.4.(e)** An assistant principal compensated in accordance with this section
31 for the 2026-2027 fiscal year shall receive an amount equal to the greater of the following:

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

44 **SECTION 2.4.(f)** There is appropriated from the General Fund to the Department of
45 Public Instruction for the 2026-2027 fiscal year the sum of fourteen million three hundred
46 thousand dollars (\$14,300,000) in recurring funds to increase salaries for assistant principals in
47 accordance with this section.

48 **SECTION 2.4.(g)** It is the intent of the General Assembly to adjust compensation
49 for assistant principals in the 2027-2028 fiscal year and subsequent fiscal years in accordance
50 with any information provided by the Department of Public Instruction in March of 2027
51 pursuant to the compensation study referenced in Section 1.16 of this act.

PLAN FOR SCHOOL-BASED ADMINISTRATOR GRANT PROGRAM

SECTION 2.5.(a) No later than March 15, 2027, the State Board of Education shall develop and report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division a plan to implement and evaluate the effectiveness of incentive programs to encourage well-qualified principals and assistant principals to work in high-need schools. These programs may include salary supplements for principals who take positions in chronically low-performing schools, protection for principals against salary reduction for working in high-need or low-performing schools, and rewards for principals and assistant principals for making progress on school performance.

SECTION 2.5.(b) It is the intent of the General Assembly to implement advisable components of the plan developed pursuant to subsection (a) of this section.

SECTION 2.5.(c) There is appropriated from the General Fund to the Department of Public Instruction for the 2026-2027 fiscal year the sum of fifty thousand dollars (\$50,000) in nonrecurring funds to develop and report the plan described in subsection (a) of this section.

RECOMMENDATIONS FOR ADDITIONAL AUTONOMY AND RESOURCES FOR PRINCIPALS AND SUPERINTENDENTS IN LOCAL SCHOOL ADMINISTRATIVE UNITS

SECTION 2.6.(a) No later than November 15, 2027, the Department of Public Instruction shall survey local school administrative units on recommendations to increase autonomy and resources for principals and superintendents. No later than February 15, 2028, the Department shall compile responses from this survey and report them to the Joint Legislative Education Oversight Committee and the Fiscal Research Division.

SECTION 2.6.(b) It is the intent of the General Assembly to implement advisable recommendations submitted to the Department pursuant to subsection (a) of this section in the 2028-2029 fiscal year and subsequent fiscal years.

PART III. FINANCE SYSTEM THAT PROVIDES ADEQUATE, EQUITABLE, AND EFFICIENT RESOURCES**BUDGET FLEXIBILITY FOR LOCAL BOARDS OF EDUCATION**

SECTION 3.1.(a) G.S. 115C-105.25(b) reads as rewritten:

"(b) Subject to the following limitations, local boards of education may transfer and may approve transfers of funds between funding allotment categories:

(1) Repealed by Session Laws 2013-360, s. 8.14, effective July 1, 2013.

(1a) Funds for career and technical education and other purposes may be transferred only as permitted by federal law and the conditions of federal grants or as provided through any rules that the State Board of Education adopts to ensure compliance with federal regulations.

~~(1b) No funds shall be transferred out of the children with disabilities allotment category.~~

(2), (2a) Repealed by Session Laws 2013-360, s. 8.14, effective July 1, 2013.

(3) No funds shall be transferred into the central office administration allotment category.

(3a) No funds shall be transferred out of the teacher assistants allotment category.

~~(3b) No funds shall be transferred out of the academically or intellectually gifted children allotment category.~~

(4), (5) Repealed by Session Laws 2013-360, s. 8.14, effective July 1, 2013.

~~(5a) No positions shall be transferred out of the allocation for classroom teachers for kindergarten through twelfth grade, except as provided in this subdivision.~~

1 Positions allocated for classroom teachers may be converted to dollar
2 equivalents to contract for visiting international exchange teachers through a
3 visiting international exchange teacher program approved by the State. These
4 positions shall be converted at the statewide average salary for classroom
5 teachers, including benefits. The converted funds shall be used only to provide
6 visiting international exchange teachers with salaries commensurate with their
7 experience levels, to provide any State-approved bonuses, and to cover the
8 costs associated with supporting visiting international exchange teachers
9 within the local school administrative unit, including programming and
10 related activities, background checks, medical coverage, and other program
11 administration services in accordance with the federal regulations for the
12 Exchange Visitor Program, 22 C.F.R. Part 62.

13 (5b) ~~Positions allocated~~ Except as provided in subdivision (5a) of this subsection,
14 positions allocated for classroom teachers and for instructional support
15 personnel may be converted to dollar equivalents for any purpose authorized
16 by the policies of the State Board of Education. These positions shall be
17 converted at the salary on the first step of the "A" Teachers Salary Schedule.
18 Certified position allotments shall not be transferred to dollars to hire the same
19 type of position.

20 (5c) Funds allocated for school building administration may be converted for any
21 purpose authorized by the policies of the State Board of Education. For funds
22 related to principal positions, the salary transferred shall be based on the first
23 step of the Base column of the Principal Salary Schedule. For funds related to
24 assistant principal months of employment, the salary transferred shall be based
25 on the first step of the "A" Teachers Salary Schedule at the salary level for
26 assistant principals. Certified position allotments shall not be transferred to
27 dollars to hire the same type of position.

28 (5d) ~~No positions shall be transferred out of the allocation for program~~
29 ~~enhancement teachers for kindergarten through fifth grade except as provided~~
30 ~~in this subdivision. Positions allocated for program enhancement teachers for~~
31 ~~kindergarten through fifth grade may be converted into positions allocated for~~
32 ~~classroom teachers for kindergarten through twelfth grade. For the purposes~~
33 ~~of this subdivision, the term "program enhancement" is as defined in~~
34 ~~G.S. 115C-301(e2).~~

35 (6) through (9) Repealed by Session Laws 2013-360, s. 8.14, effective July 1,
36 2013.

37 (10) Funds to carry out the elements of the Excellent Public Schools Act that are
38 contained in Section 7A.1 of S.L. 2012-142 shall not be transferred.

39 (10a) ~~No funds shall be transferred out of the limited English proficiency allotment~~
40 ~~category.~~

41 (11) No funds shall be transferred into or out of the driver education allotment
42 category.

43 (12) ~~Funds allotted for textbooks and digital resources may only be used for the~~
44 ~~purchase of textbooks and digital resources. These funds shall not be~~
45 ~~transferred out of the allotment for any other purpose.~~

46 (13) No positions shall be transferred out of the allocation for school health
47 personnel except as provided in this subdivision. Positions allocated for school
48 health personnel may be converted to dollar equivalents for contracted
49 services directly related to school psychology, school counseling, school
50 nursing, and school social work. These positions shall be converted at the
51 minimum salary for the position on the "A" Teachers Salary Schedule."

1 **SECTION 3.1.(b)** This section applies beginning with the 2026-2027 school year.

2
3 **FUNDS FOR CHILDREN WITH DISABILITIES**

4 **SECTION 3.2.(a)** G.S. 115C-111.05 reads as rewritten:

5 "**§ 115C-111.05. Funding for children with disabilities.**

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

12 **SECTION 3.2.(b)** There is appropriated from the General Fund to the Department
13 of Public Instruction the sum of four hundred fifty million three hundred twenty-four thousand
14 two hundred seventy-three dollars (\$450,324,273) in recurring funds for the 2026-2027 fiscal
15 year to implement the plan for weighted funding for children with disabilities on the basis of the
16 reported cost of services provided developed by the Department of Public Instruction pursuant
17 to Section 7.7 of S.L. 2023-134. The Department shall begin distributing funds for children with
18 disabilities based on this model beginning with the 2026-2027 school year.

19
20 **REVISE SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

21 **SECTION 3.3.(a)** Subsections (d) and (e) of G.S. 115C-472.22 read as rewritten:

22 "(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount
23 received per average daily membership for a county shall be the difference between one hundred
24 ten percent (110%) of the State average current expense appropriations per student and the
25 current expense appropriations per student that the county could provide given the county's
26 wealth and an average effort to fund public schools. To derive the current expense appropriations
27 per student that the county could be able to provide given the county's wealth and an average
28 effort to fund public schools, multiply the county's wealth as a percentage of State average wealth
29 by the State average current expense appropriations per student. The funds for the local school
30 administrative units located in whole or in part in the county shall be allocated to each local
31 school administrative unit located in whole or in part in the county based on the average daily
32 membership of the county's students in the school units. If the funds appropriated for
33 supplemental funding are not adequate to fund the formula fully, each local school administrative
34 unit shall receive a pro rata share of the funds appropriated for supplemental funding.

35 (e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. –
36 The formula in this section is solely a basis for distribution of supplemental funding for
37 low-wealth counties and is not intended to reflect any measure of the adequacy of the educational
38 program or funding for public schools. The formula is also not intended to reflect any
39 commitment by the General Assembly to appropriate any additional supplemental funds for low-
40 wealth counties. It is the intent of the General Assembly to incrementally increase
41 appropriations for the low-wealth allotment to provide eligible counties supplemental funding
42 equal to one hundred ten percent (110%) of the statewide local revenue per student by fiscal year
43 2027-2028. The State Board of Education shall adjust the formula to ensure each local school
44 administrative unit receives a pro rata share of the additional funds appropriated for the
45 low-wealth allotment in this section for supplemental funding."

46 **SECTION 3.3.(b)** There is appropriated from the General Fund to the Department
47 of Public Instruction the sum of one hundred fifty-four million one hundred thousand dollars
48 (\$154,100,000) in recurring funds for the 2026-2027 fiscal year to implement the changes to the
49 low-wealth allotment enacted by this section.

50
51 **FUNDING FOR LIMITED ENGLISH PROFICIENCY STUDENTS**

1 **SECTION 3.4.(a)** The title of Article 32F of Chapter 115C of the General Statutes
 2 reads as rewritten:

3 "Supplemental School ~~Funding~~ Funding and Other Allotments."

4 **SECTION 3.4.(b)** Article 32F of Chapter 115C of the General Statutes is amended
 5 by adding a new section to read:

6 "**§ 115C-472.30. Limited English proficient allotment.**

7 (a) To the extent funds are made available for this purpose, the State Board of Education
 8 shall allocate funds to local school administrative units, charter schools, regional schools, and
 9 laboratory schools operated under Article 29A of Chapter 116 of the General Statutes to provide
 10 services to students with limited English proficiency. The State Board shall allocate these funds
 11 under a formula that is based on the average number of students in the units, charter schools,
 12 regional schools, or laboratory schools over the past three years who have limited English
 13 proficiency.

14 (b) Local school administrative units shall use funds allocated to them to pay for
 15 classroom teachers, teacher assistants, tutors, instructional materials, transportation costs, and
 16 professional development of teachers for students with limited English proficiency.

17 (c) A county in which a local school administrative unit receives funds under this section
 18 shall use the funds to supplement local current expense funds and shall not supplant local current
 19 expense funds."

20 **SECTION 3.4.(c)** Subsection (a) of Section 7.9 of S.L. 2007-323 is repealed.

21 **SECTION 3.4.(d)** There is appropriated from the General Fund to the Department
 22 of Public Instruction the sum of one hundred eighty-one million dollars (\$181,000,000) in
 23 recurring funds for the 2026-2027 fiscal year to implement the requirements of this section.
 24

25 **TEACHER ASSISTANT ALLOTMENT**

26 **SECTION 3.5.(a)** Section 8.47(b) of S.L. 2015-241 is repealed.

27 **SECTION 3.5.(b)** Article 21 of Chapter 115C of the General Statutes is amended by
 28 adding a new section to read:

29 "**§ 115C-316.6. Teacher assistant allotment.**

30 (a) To the extent funds are made available, the State Board of Education shall establish a
 31 funding allotment for teacher assistant positions. The State Board is authorized to adopt rules for
 32 the allocation of teacher assistant positions pursuant to this allotment. Funds allocated pursuant
 33 to this section shall be distributed based on the following:

34 (1) An estimated statewide average salary and benefits per teacher assistant
 35 position.

36 (2) The requirements of subsection (d) of this section.

37 (b) Beginning with the 2026-2027 fiscal year, there is appropriated from the General
 38 Fund to the Department of Public Instruction for the following fiscal years the following amounts
 39 to the teacher assistant allotment:

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2026-2027</u>	<u>\$201,500,000</u>
<u>2027-2028 and each subsequent fiscal year thereafter</u>	<u>\$280,300,000</u>

43 (c) When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year
 44 specified in subsection (b) of this section, the Director of the Budget shall include the
 45 appropriated amount for that fiscal year.

46 (d) Funds appropriated pursuant to subsection (b) of this section shall be allocated to local
 47 school administrative units to increase positions for teacher assistants in the following fiscal years
 48 to the following statewide ratios of teacher assistants to students in kindergarten through grade
 49 three:

<u>Fiscal Year</u>	<u>Teacher Assistants</u>
<u>2026-2027</u>	<u>1:30</u>

2027-2028 and each subsequent fiscal year thereafter 1:27."

INCREASE FUNDING FOR INSTRUCTIONAL SUPPORT PERSONNEL

SECTION 3.6.(a) G.S. 115C-316.5 reads as rewritten:

"§ 115C-316.5. School health personnel allotment.

(a) For the purposes of this section, the term "school health personnel" refers to the same positions listed in G.S. 115C-316.2(a).

(b) ~~To the extent funds are made available, the~~ The State Board of Education shall establish a funding allotment for school health personnel positions. There is appropriated from the General Fund to the Department of Public Instruction to fund the allotment the following amounts in the fiscal years identified:

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2026-2027</u>	<u>\$614,800,000</u>
<u>2027-2028 and each subsequent fiscal year thereafter</u>	<u>\$796,600,000</u>

(b1) When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in subsection (b) of this section, the Director of the Budget shall include the appropriated amount for that fiscal year.

(b2) ~~The State Board is authorized to~~ shall adopt rules for the allocation of school health personnel positions pursuant to this allotment. Rules adopted by the State Board pursuant to this section shall include, at a minimum, the following requirements:

- (1) School health personnel positions are allocated on the basis of average daily membership.
- (2) Each local school administrative unit receives sufficient funding ~~for at least one school psychologist position to fulfill the position-to-student ratios identified in subsection (c) of this section.~~
- (3) Local school administrative units are encouraged to fill positions under this allotment with full-time, permanent employees. If the local school administrative unit is unable to fill these positions by hiring a full-time, permanent employee, the allocation for the position may be converted to a dollar equivalent for the unit to contract with a third party to provide the relevant services for an amount of hours equivalent to the hours a full-time position employee would provide.

(c) Local school administrative units shall increase school health personnel positions each fiscal year until the 2028-2029 fiscal year at the following position-to-student ratios:

<u>Fiscal Year</u>	<u>Nurses</u>	<u>Counselors</u>	<u>Social Workers</u>	<u>Psychologists</u>
<u>2026-2027</u>	<u>1:657</u>	<u>1:275</u>	<u>1:496</u>	<u>1:885</u>
<u>2027-2028</u>				
<u>and each subsequent</u>				
<u>fiscal year thereafter</u>	<u>1:574</u>	<u>1:250</u>	<u>1:400</u>	<u>1:700."</u>

SECTION 3.6.(b) Article 21 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-316.7. Instructional support allotment.

(a) Beginning with the 2026-2027 fiscal year, there is appropriated from the General Fund to the Department of Public Instruction for the following fiscal years the following amounts to the instructional support allotment:

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2026-2027</u>	<u>\$49,400,000</u>
<u>2027-2028 and each subsequent fiscal year thereafter</u>	<u>\$73,400,000</u>

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

(c) Funds appropriated pursuant to subsection (a) of this section shall be allocated to local school administrative units to increase instructional support personnel positions each fiscal year until the 2028-2029 fiscal year at the following position-to-student ratios:

<u>Fiscal Year</u>	<u>Media Coordinators</u>
<u>2026-2027</u>	<u>1:608</u>
<u>2027-2028 and each subsequent fiscal year thereafter</u>	<u>1:547."</u>

CONSOLIDATE ALLOTMENTS INTO A SINGLE ALLOTMENT

SECTION 3.7. The Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on a method to combine all dollar allotments currently distributed on the basis of average daily membership into a single allotment. The Department shall submit the report no later than February 15, 2027.

INCREASE ALLOTTED ASSISTANT PRINCIPAL MONTHS OF EMPLOYMENT

SECTION 3.8. There is appropriated from the General Fund to the Department of Public Instruction the recurring sum of twenty-four million eight hundred thousand dollars (\$24,800,000) in the 2026-2027 fiscal year to increase the school building administration allotment. These funds shall be used to increase the ratio of assistant principals to students in all local school administrative units.

INCREASE FUNDING FOR CENTRAL OFFICE STAFF

SECTION 3.9. There is appropriated from the General Fund to the Department of Public Instruction the recurring sum of twenty-nine million three hundred fifty-five thousand three hundred fifty-five dollars (\$29,355,355) in the 2026-2027 fiscal year to increase the central office administration allotment. These funds shall be used to support additional personnel and services provided by central office staff in local school administrative units.

CENTRAL OFFICE SALARIES

SECTION 3.10.(a) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2026-2027 fiscal year beginning July 1, 2026:

	2026-2027 Fiscal Year
	Maximum
School Administrator I	\$7,800
School Administrator II	\$8,265
School Administrator III	\$8,757
School Administrator IV	\$9,099
School Administrator V	\$9,463
School Administrator VI	\$10,023
School Administrator VII	\$10,424

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 3.10.(b) The monthly salary maximums that follow apply to superintendents for the 2026-2027 fiscal year beginning July 1, 2026:

	2026-2027 Fiscal Year
	Maximum
Superintendent I	\$11,049
Superintendent II	\$11,707

1	Superintendent III	\$12,410
2	Superintendent IV	\$13,156
3	Superintendent V	\$13,947

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

8 **SECTION 3.10.(c)** Longevity pay for superintendents, assistant superintendents,
 9 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
 10 provided for State employees under the North Carolina Human Resources Act.

11 **SECTION 3.10.(d)** Superintendents, assistant superintendents, associate
 12 superintendents, directors/coordinators, supervisors, and finance officers with certification based
 13 on academic preparation at the six-year degree level shall receive a salary supplement of one
 14 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
 15 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
 16 directors/coordinators, supervisors, and finance officers with certification based on academic
 17 preparation at the doctoral degree level shall receive a salary supplement of two hundred
 18 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
 19 section.

20 **SECTION 3.10.(e)** The State Board of Education shall not permit local school
 21 administrative units to transfer State funds from other funding categories for salaries for public
 22 school central office administrators.

23
 24 **ESTABLISH MECHANISM TO CONTINUALLY UPDATE STATE SPENDING FOR**
 25 **INFLATION AND ENROLLMENT GROWTH**

26 **SECTION 3.11.** The Department of Public Instruction, when submitting budget
 27 adjustment requests to the General Assembly and the Office of State Budget and Management,
 28 shall include adjustments for inflation and other rising costs associated with providing a sound
 29 basic education.

30
 31 **APPROPRIATE FUNDS DIRECTLY TO CHARTER SCHOOLS**

32 **SECTION 3.12.(a)** G.S. 115C-218.105 reads as rewritten:

33 **"§ 115C-218.105. State and local funds for a charter school.**

34 (a) The State Board of Education shall allocate to each charter school:

- 35 (1) An amount equal to the average per pupil allocation for average daily
 36 membership ~~from the local school administrative unit allotments for the local~~
 37 school administrative unit in which the charter school is located for each child
 38 attending the charter school except for the allocation for children with
 39 disabilities and for the allocation for children with limited English
 40 proficiency; school.
- 41 (2) An additional amount for each child attending the charter school who is a child
 42 with ~~disabilities; and~~ disabilities.
- 43 (3) An additional amount for children with limited English proficiency attending
 44 the charter school, based on a formula adopted by the State Board.

45 In accordance with G.S. 115C-218.7 and G.S. 115C-218.8, the State Board shall allow for
 46 annual adjustments to the amount allocated to a charter school based on its enrollment growth in
 47 school years subsequent to the initial year of operation.

48 In the event a child with disabilities leaves the charter school and enrolls in a public school
 49 during the first 60 school days in the school year, the charter school shall return a pro rata amount
 50 of funds allocated for that child to the State Board, and the State Board shall reallocate those
 51 funds to the local school administrative unit in which the public school is located. In the event a

1 child with disabilities enrolls in a charter school during the first 60 school days in the school year,
2 the State Board shall allocate to the charter school the pro rata amount of additional funds for
3 children with disabilities.

4 ...

5 (b1) Counties may provide direct capital funds to charter schools by direct appropriation
6 as set forth in G.S. 153A-461. These funds shall be used only for the following purposes:

7 ...

8 (b2) If a charter school ~~uses funds provided in~~ receives direct capital funds under
9 subsection (b1) of this section to acquire or improve property, the amount provided by the county
10 shall be evidenced by a promissory note and secured by a deed of trust on the property acquired
11 or improved by the funds. The county may subordinate the deed of trust to other liens to facilitate
12 the acquisition or improvement of the property secured by the deed of trust. In the event that a
13 charter school repays the county in the amount of the capital funds provided, the county shall,
14 for the property acquired or improved by the funds, execute and file a deed of release or other
15 documentation of satisfaction showing the charter school repaid the county in the amount of the
16 capital funds provided.

17 (b3) For each child attending a charter school, the county in which the child resides shall
18 allocate to the charter school an amount equal to the average per pupil allocation for average
19 daily membership, as determined in accordance with G.S. 115C-430.

20 (b4) Counties shall allocate funds to charter schools in accordance with G.S. 115C-437.

21"

22 **SECTION 3.12.(b)** G.S. 115C-218.105(c) through G.S. 115C-218.105(e) are
23 repealed.

24 **SECTION 3.12.(c)** G.S. 115C-423 reads as rewritten:

25 **"§ 115C-423. Definitions.**

26 The words and phrases defined in this section have the meanings indicated when used in this
27 Article, unless the context clearly requires another meaning:

- 28 (1) ~~"Budget" is a Budget.~~ – A plan proposed by a board of education for raising
29 and spending money for specified school programs, functions, activities, or
30 objectives during a fiscal year.
- 31 (2) ~~"Budget resolution" is a Budget resolution.~~ – A resolution adopted by a board
32 of education that appropriates revenues for specified school programs,
33 functions, activities, or objectives during a fiscal year.
- 34 (3) ~~"Budget year" is the Budget year.~~ – The fiscal year for which a budget is
35 proposed and a budget resolution is adopted.
- 36 (4) ~~"Fiscal year" is the Fiscal year.~~ – The annual period for the compilation of
37 fiscal operations. The fiscal year begins on July 1 and ends on June 30.
- 38 (5) ~~"Fund" is an Fund.~~ – An independent fiscal and accounting entity consisting
39 of cash and other resources together with all related liabilities, obligations,
40 reserves, and equities which are segregated by appropriate accounting
41 techniques for the purpose of carrying on specific activities or attaining certain
42 objectives in accordance with established legal regulations, restrictions or
43 limitations.
- 44 (6) ~~"Vending facilities" has the same meaning as it does in Local schools.~~ – All
45 local school administrative units located in a county, plus any charter schools
46 that are attended by children residing in the county.
- 47 (7) Vending facilities. – As defined in G.S. 111-42(d), but also means any
48 mechanical or electronic device dispensing items or something of value or
49 entertainment or services for a fee, regardless of the method of activation, and
50 regardless of the means of payment, whether by coin, currency, tokens, or
51 other means."

1 **SECTION 3.12.(d)** G.S. 115C-430 reads as rewritten:

2 "**§ 115C-430. Apportionment of county appropriations among local school ~~administrative~~**
3 **units.schools.**

4 If there is ~~more than one~~ local school administrative unit in a county, all ~~All~~ appropriations
5 by the county to the local ~~current expense funds of the units, schools,~~ except appropriations
6 funded by supplemental taxes levied less than countywide pursuant to a local act of
7 G.S. 115C-501 to 115C-511, must be apportioned according to ~~the membership of each unit.~~
8 average daily membership. County appropriations are properly apportioned when the dollar
9 amount obtained by dividing the amount ~~so appropriated to each unit~~ appropriated to each local
10 school administrative unit in the county and each charter school a resident child is attending by
11 the total membership of the unit or number of resident charter school attendees is the same for
12 each unit. The total membership of the local school administrative unit is the unit's average same.
13 Average daily membership for the budget year ~~to shall~~ be determined by and certified to the ~~unit~~
14 local schools and the board of county commissioners by the State Board of Education."

15 **SECTION 3.12.(e)** G.S. 115C-431 reads as rewritten:

16 "**§ 115C-431. Procedure for resolution of dispute between ~~board of education~~ the governing**
17 **body of a local school and a board of county commissioners.**

18 (a) If the ~~board of education~~ governing body of a local school determines that the amount
19 of money appropriated to the local ~~current expense fund, or the capital outlay fund, or both,~~ by
20 the board of county commissioners to a local school administrative unit or charter school is not
21 sufficient to support a system of free public schools, then the chairman of the ~~board of education~~
22 governing body of the local school and the chairman of the board of county commissioners shall
23 arrange a joint meeting of the two boards to be held within seven days after the day of the county
24 commissioners' decision on the school appropriations.

25 Prior to the joint meeting, the Senior Resident Superior Court Judge shall appoint a mediator
26 unless the boards agree to jointly select a mediator. The mediator shall preside at the joint meeting
27 and shall act as a neutral facilitator of disclosures of factual information, statements of positions
28 and contentions, and efforts to negotiate an agreement settling the boards' differences.

29 At the joint meeting, the entire school budget shall be considered carefully and judiciously,
30 and the two boards shall make a good-faith attempt to resolve the differences that have arisen
31 between them.

32 (b) If no agreement is reached at the joint meeting of the two boards, the mediator shall,
33 at the request of either board, commence a mediation immediately or within a reasonable period
34 of time. The mediation shall be held in accordance with rules and standards of conduct adopted
35 under Chapter 7A of the General Statutes governing mediated settlement conferences but
36 modified as appropriate and suitable to the resolution of the particular issues in disagreement.

37 Unless otherwise agreed upon by both boards, the following individuals shall constitute the
38 two working groups empowered to represent their respective boards during the mediation:

- 39 (1) The chair of each board or the chair's ~~designee;~~ designee.
- 40 (2) The superintendent of the local school administrative unit or the chairman of
41 the charter school board of directors, and the county ~~manager~~ manager, or
42 either's designee; any of their designees.
- 43 (3) The finance officer of each ~~board;~~ and board.
- 44 (4) The attorney for each board.

45 Members of ~~both the~~ boards, their chairs, and representatives shall cooperate with and respond
46 to all reasonable requests of the mediator to participate in the mediation. Notwithstanding Article
47 33C of Chapter 143 of the General Statutes, the mediation proceedings involving the two working
48 groups shall be conducted in private. Evidence of statements made and conduct occurring in a
49 mediation are not subject to discovery and are inadmissible in any court action. However, no
50 evidence otherwise discoverable is inadmissible merely because it is presented or discussed in a
51 mediation. The mediator shall not be compelled to testify or produce evidence concerning

1 statements made and conduct occurring in a mediation in any civil proceeding for any purpose,
2 except disciplinary hearings before the State Bar or any agency established to enforce standards
3 of conduct for mediators. Reports by members of either working group to their respective boards
4 shall be made in compliance with Article 33C of Chapter 143 of the General Statutes.

5 Unless both boards agree otherwise, or unless the boards have already resolved their dispute,
6 the mediation shall end no later than August 1. The mediator shall have the authority to determine
7 that an impasse exists and to discontinue the mediation. The mediation may continue beyond
8 August 1 provided both boards agree. If both boards agree to continue the mediation beyond
9 August 1, the board of county commissioners shall appropriate to the local school administrative
10 unit for deposit in the local current expense fund or to a charter school a sum of money sufficient
11 to equal the local contribution to this fund for the previous year.

12 If the working groups reach a proposed agreement, the terms and conditions must be
13 approved by each board. If no agreement is reached, the mediator shall announce that fact to the
14 chairs of both boards, the Senior Resident Superior Court Judge, and the public. The mediator
15 shall not disclose any other information about the mediation. The mediator shall not make any
16 recommendations or public statement of findings or conclusions.

17 ~~The local board of education governing body of the local school~~ and the board of county
18 commissioners shall share equally the mediator's compensation and expenses. The mediator's
19 compensation shall be determined according to rules adopted under Chapter 7A of the General
20 Statutes.

21 (b1) If agreement is not reached in mediation on the amount of money appropriated to the
22 local current expense fund, ~~fund~~ fund or charter school, and the amount to be appropriated has not
23 been calculated pursuant to this subsection for longer than the prior year, the sum to be
24 appropriated for the budget year in dispute shall be calculated as follows:

- 25 (1) The amount of moneys appropriated to the local current expense fund by the
26 board of county commissioners in the prior fiscal year that are expended in
27 that year by the local school administrative unit or transferred as required by
28 G.S. 115C-75.10, ~~115C-218.105~~, 115C-238.70, and 116-239.11 shall be
29 divided by the sum of the following: the average daily membership of the local
30 school administrative unit plus the share of the average daily membership of
31 any innovative, ~~charter~~, regional, or laboratory school whose students reside
32 in the local school administrative unit for the prior school year. For charter
33 schools, the amount of moneys appropriated to the charter school in the prior
34 fiscal year that are expended in that year divided by the average daily
35 membership of the charter school.
- 36 (2) The amount from subdivision (1) of this subsection, rounded to the nearest
37 penny, shall then be multiplied by the sum of one plus the twelve month
38 percent change in the second quarter Employment Cost Index for elementary
39 and secondary school workers as reported by the Federal Bureau of Labor
40 Statistics.
- 41 (3) The amount from subdivision (2) of this subsection, rounded to the nearest
42 penny, shall then be multiplied by the sum of the following: the allotted
43 average daily membership for the school year plus the share of the average
44 daily membership of any innovative, ~~charter~~, regional, or laboratory school
45 whose students reside in the local school administrative unit for the budget
46 year in dispute. For charter schools, the amount shall be multiplied by the
47 allotted average daily membership for the school year.

48 The board of county commissioners shall appropriate to the local current expense fund or the
49 charter school the sum from subdivision (3) of this subsection, rounded to the nearest penny, ~~to~~
50 ~~the local board of education~~ for the budget year in dispute.

1 (b2) If agreement is not reached in mediation, and the amount to be appropriated has been
 2 calculated pursuant to subsection (b1) of this section ~~to the local current expense fund~~ for the
 3 prior two years, the sum to be appropriated for the budget year in dispute shall be calculated as
 4 follows:

5 (1) The amount of moneys appropriated to the local current expense fund by the
 6 board of county commissioners in the prior fiscal year that are expended in
 7 the prior fiscal year by the local school administrative unit and transferred as
 8 required by G.S. 115C-75.10, ~~115C-218.105~~, 115C-238.70, and 116-239.11
 9 shall be divided by the sum of the following: the average daily membership
 10 plus the share of the average daily membership of any innovative, ~~charter~~,
 11 regional, or laboratory school whose students reside in the local school
 12 administrative unit for the prior school year. For charter schools, the amount
 13 of moneys appropriated to the charter school in the prior fiscal year that are
 14 expended in that year divided by the average daily membership of the charter
 15 school.

16 ...

17 (4) The amount from subdivision (3) of this subsection shall then be multiplied
 18 by the sum of the following: the allotted average daily membership for the
 19 school year plus the share of the average daily membership of any innovative,
 20 ~~charter~~, regional, or laboratory school whose students reside in the local
 21 school administrative unit for the budget year in dispute. For charter schools,
 22 the amount shall be multiplied by the funded average daily membership for
 23 the school year.

24 The board of county commissioners shall appropriate to the local current expense fund or to
 25 the charter school the sum from subdivision (4) of this subsection, rounded to the nearest penny,
 26 ~~to the local board of education~~ for the budget year in dispute.

27 (b3) ~~Neither the local board of education governing body of the local school nor the board~~
 28 ~~of county commissioners shall file any legal action challenging the determination as to the funds~~
 29 ~~to be appropriated by the board of county commissioners to the local current expense fund in~~
 30 ~~accordance with~~ under the formulas found in subsections (b1) and (b2) of this section.

31"

32 **SECTION 3.12.(f)** G.S. 115C-437 reads as rewritten:

33 "**§ 115C-437. Allocation of revenues to the local school administrative unit by the**
 34 **county schools.**

35 Revenues accruing to the local ~~school administrative unit~~ schools by virtue of Article IX,
 36 Sec. 7, of the Constitution and taxes levied by or on behalf of ~~the a~~ local school administrative
 37 unit pursuant to a local act or G.S. 115C-501 to 115C-511 shall be remitted to the school finance
 38 officer by the officer having custody thereof within 10 days after the close of the calendar month
 39 in which the revenues were received or collected. The clear proceeds of all penalties and
 40 forfeitures and of all fines collected for any breach of the penal laws of the State, as referred to
 41 in Article IX, Sec. 7 of the Constitution, shall include the full amount of all penalties, forfeitures
 42 or fines collected under authority conferred by the State, diminished only by the actual costs of
 43 collection, not to exceed ten percent (10%) of the amount collected. Revenues appropriated to
 44 ~~the local school administrative unit~~ a local school by the board of county commissioners from
 45 general county revenues shall be made available to the school finance officer by such procedures
 46 as may be mutually agreeable to the ~~board of education governing body of the local school~~ and
 47 the board of county commissioners, but if no such agreement is reached, these funds shall be
 48 remitted to the school finance officer by the county finance officer in monthly installments
 49 sufficient to meet its lawful expenditures from the county appropriation until the county
 50 appropriation to the local school ~~administrative unit~~ is exhausted. Each installment shall be paid
 51 not later than 10 days after the close of each calendar month. When revenue has been appropriated

1 to the local school ~~administrative unit~~ by the board of county commissioners from funds which
2 carry specific restrictions binding upon the county as recipient, the board of commissioners must
3 inform the local school ~~administrative unit~~ in writing of those restrictions."

4 **SECTION 3.12.(g)** G.S. 115C-448(d) reads as rewritten:

5 "(d) Special funds of individual schools shall not be included ~~as part of the local current~~
6 ~~expense fund of a local school administrative unit for the purposes of determining in determining~~
7 the per pupil share ~~of the local current expense fund transferred amount to be appropriated from~~
8 ~~the county to a charter school pursuant to G.S. 115C-218.105(e).~~G.S. 115C-218.105(b3)."

9 **SECTION 3.12.(h)** G.S. 153A-461 reads as rewritten:

10 "**§ 153A-461. Charter schools.**

11 (a) Each county shall appropriate to a charter school the average per pupil allocation, as
12 determined by G.S. 115C-430, for each child that resides in the county and attends that charter
13 school.

14 (b) Each county is authorized to appropriate direct capital funds and lease real property
15 to schools chartered under Article 14A of Chapter 115C of the General Statutes. Counties may
16 provide direct capital funds only for the purposes set forth in G.S. 115C-218.105(b1)."
17

18 ISSUE CAPITAL BONDS

19 **SECTION 3.13.(a)** Purpose. – It is the intent of the General Assembly by this section
20 to provide, subject to a vote of the qualified voters of the State, for the issuance of four billion
21 dollars (\$4,000,000,000) general obligation bonds of the State for the purpose of providing funds,
22 with any other available funds, for public school facilities through grants to counties for public
23 school capital outlay projects, repairs, and renovations.

24 **SECTION 3.13.(b)** Definitions. – Unless the context otherwise requires, the
25 following definitions apply in this section:

26 (1) Bonds. – Bonds issued under this section.

27 (2) Cost. – Without intending thereby to limit or restrict any proper definition of
28 this term in financing the cost of any capital outlay projects as authorized by
29 this section, any of the following:

- 30 a. The cost of constructing, reconstructing, enlarging, acquiring, and
31 improving projects and acquiring equipment and land therefor.
32 b. The cost of engineering, architectural, and other consulting services as
33 may be required.
34 c. Administrative expenses and charges, including expenses related to
35 determining compliance with applicable requirements of federal law
36 and expenses relating to issuance. Nothing in this section shall permit
37 use of bond funds to pay salaries or fees for bond administration; such
38 salaries and fees shall come from funds appropriated by the General
39 Assembly.
40 d. Finance charges and interest prior to and during construction and, if
41 deemed advisable by the State Treasurer, for a period not exceeding
42 three years after the estimated date of completion of construction.
43 e. The cost of bond insurance, investment contracts, credit enhancement
44 and liquidity facilities, interest rate swap agreements or other
45 derivative products, financial and legal consultants, and related costs
46 of bond and note issuance, and costs incurred by the State in
47 administering the bond issues, including costs of trustees, escrow
48 agents, arbitrage rebate liability consultants, securities disclosure
49 counsel or similar securities disclosure consultants, tax consultants
50 and financial advisors, to the extent and as determined by the State
51 Treasurer.

- 1 f. The cost of reimbursing the State for any payments made for any cost
2 described in this subdivision.
- 3 g. Any other costs and expenses necessary or incidental to the purposes
4 of this subdivision.
- 5 Allocations in this section of proceeds of bonds to the costs of a project or
6 undertaking in each case may include allocations to pay the costs set forth in
7 sub-subdivisions c. through g. of this subdivision in connection with the
8 issuance of bonds for the project or undertaking.
- 9 (3) Credit facility agreement. – An agreement entered into by the State Treasurer
10 on behalf of the State with a bank, savings and loan association, or other
11 banking institution; an insurance company, reinsurance company, surety
12 company, or other insurance institution; a corporation, investment banking
13 firm, or other investment institution; or any financial institution or other
14 similar provider of a credit facility agreement, which provider may be located
15 within or without the United States of America, such agreement providing for
16 prompt payment of all or any part of the principal or purchase price (whether
17 at maturity, presentment or tender for purchase, redemption, or acceleration),
18 redemption premium, if any, and interest on any bonds or notes payable on
19 demand or tender by the owner, in consideration of the State agreeing to repay
20 the provider of the credit facility agreement in accordance with the terms and
21 provisions of such agreement.
- 22 (4) Notes. – Notes issued under this section.
- 23 (5) Par formula. – Any provision or formula adopted by the State to provide for
24 the adjustment, from time to time, of the interest rate or rates borne by any
25 bonds or notes, including the following:
- 26 a. A provision providing for such adjustment so that the purchase price
27 of such bonds or notes in the open market would be as close to par as
28 possible;
- 29 b. A provision providing for such adjustment based upon a percentage or
30 percentages of a LIBOR rate, a prime rate, or base rate, which
31 percentage or percentages may vary or be applied for different periods
32 of time; or
- 33 c. Such other provision as the State Treasurer may determine to be
34 consistent with this and will not materially and adversely affect the
35 financial position of the State and the marketing of bonds or notes at a
36 reasonable interest cost to the State.
- 37 (6) Public school capital outlay project. – A project for any of the following:
- 38 a. Construction of one or more new public school buildings.
- 39 b. Renovation of one or more existing public school buildings.
- 40 c. Construction, acquisition, and installation of technology infrastructure
41 for a public school building.
- 42 d. Acquisition and installation of equipment or fixtures to ensure
43 building security for a public school building.
- 44 e. Acquisition and installation of equipment for a public school building
45 that will be used for an instructional or related purpose.
- 46 f. Purchase of land necessary for construction to commence within 24
47 months of one or more public school buildings.
- 48 g. Other related capital outlay projects to provide facilities for individual
49 public schools that are used for instructional or related purposes.
- 50 The term does not include projects for facilities for centralized administration,
51 trailers, relocatable classrooms, or mobile classrooms.

1 (7) State. – The State of North Carolina.

2 **SECTION 3.13.(c)** Authorization of Bonds and Notes. – Subject to a favorable vote
3 of a majority of the qualified voters of the State who vote on the question of issuing bonds for
4 public school capital outlay projects in the election called and held as provided in this section,
5 the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue
6 and sell, at one time or from time to time, general obligation bonds of the State to be designated
7 "State of North Carolina Education Bonds," with any additional designations as may be
8 determined to indicate the issuance of bonds from time to time, or notes of the State as provided
9 in this section, in an aggregate principal amount not exceeding four billion dollars
10 (\$4,000,000,000) for the purpose of providing funds, with any other available funds, for the
11 purposes authorized in this section. In determining whether this limit has been reached, the
12 issuance of a note or bond to pay an outstanding note is not considered an issuance.

13 **SECTION 3.13.(d)** Use of Education Bond and Note Proceeds. –

14 (1) Subject to the provisions of subdivision (2) of this subsection, four billion
15 dollars (\$4,000,000,000) of the proceeds of education bonds and notes,
16 including premium thereon, if any, shall be used for the purpose of making
17 grants to counties for paying the cost of public school capital outlay projects,
18 repairs, and renovations. Proceeds of education bonds and notes shall be
19 distributed to public school units as if they were funds in the Needs-Based
20 Public School Capital Fund, except there shall be no matching requirements
21 imposed on the public school units.

22 Any additional monies that may be received by means of a grant or grants
23 from the United States of America or any agency or department thereof or
24 from any other source to aid in financing the cost of public school capital
25 outlay projects authorized by this section may be placed by the State Treasurer
26 in the Education Bonds Fund or in a separate account or fund and shall be
27 disbursed, to the extent permitted by the terms of the grant or grants, without
28 regard to limitations imposed by this section.

29 (2) The State Board of Education shall also require counties to report annually on
30 the impact of funds provided under this section on the property tax rate for
31 that year. These reports shall be public documents and shall be furnished to
32 any citizen upon request.

33 (3) The General Assembly encourages, in projects for which bond proceeds are
34 allocated, consideration by counties and local school administrative units of
35 projects that primarily involve materially improving the energy efficiency of
36 the school facility.

37 **SECTION 3.13.(e)** Allocation and Tracking of Proceeds. –

38 (1) Education bonds. – The proceeds of education bonds and notes, including
39 premium thereon, if any, except the proceeds of bonds, the issuance of which
40 has been anticipated by bond anticipation notes or the proceeds of refunding
41 bonds or notes, shall be placed by the State Treasurer in a special fund to be
42 designated "Education Bonds Fund," which may include such appropriate
43 special accounts therein as may be determined by the State Treasurer and shall
44 be disbursed as provided in this section. Monies in the Education Bonds Fund
45 shall be allocated and expended as provided in this section.

46 Any additional monies that may be received by means of a grant or grants
47 from the United States of America or any agency or department thereof or
48 from any other source for deposit to the Education Bonds Fund may be placed
49 in the Education Bonds Fund or in a separate account or fund and shall be
50 disbursed, to the extent permitted by the terms of the grant or grants, without
51 regard to any limitations imposed by this section.

1 Monies in the Education Bonds Fund or any separate account established
 2 under this section may be invested from time to time by the State Treasurer in
 3 the same manner permitted for investment of monies belonging to the State or
 4 held in the State treasury, except with respect to grant money to the extent
 5 otherwise directed by the terms of the grant. Investment earnings, except
 6 investment earnings with respect to grant monies to the extent otherwise
 7 directed or restricted by the terms of the grant, may be (i) credited to the
 8 Education Bonds Fund or (ii) used to satisfy compliance with applicable
 9 requirements of the federal tax law.

10 The proceeds of education bonds and notes, including premium thereon,
 11 if any, may be used with any other monies made available by the General
 12 Assembly for funding the projects authorized by this section, including the
 13 proceeds of any other State bond issues, whether heretofore made available or
 14 that may be made available at the session of the General Assembly at which
 15 this section is ratified or any subsequent sessions. The proceeds of education
 16 bonds and notes, including premium thereon, if any, shall be expended and
 17 disbursed under the direction and supervision of the Director of the Budget.
 18 The funds provided by this section shall be disbursed for the purposes
 19 provided in this section upon warrants drawn on the State Treasurer by the
 20 State Controller, which warrants shall not be drawn until requisition has been
 21 approved by the Director of the Budget and which requisition shall be
 22 approved only after full compliance with the State Budget Act, Chapter 143C
 23 of the General Statutes.

24 (2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's
 25 designee is hereby authorized and directed to set up a comprehensive system
 26 of tracking the proceeds of the education bonds and notes, including premium
 27 thereon, if any, to the extent necessary to enable the State Treasurer or the
 28 State Treasurer's designee to properly account for the use of such proceeds for
 29 compliance with applicable requirements of the federal tax law or otherwise.
 30 All recipients of such proceeds shall comply with any tracking system
 31 implemented by the State Treasurer or the State Treasurer's designee for this
 32 purpose. The State Treasurer may withhold proceeds if the recipient fails to
 33 comply with this subdivision.

34 (3) Costs. – Allocations to the costs of a capital improvement or undertaking in
 35 each case may include allocations to pay the costs set forth in sub-subdivisions
 36 (b)(2)c. through (b)(2)g. of this section in connection with the issuance of
 37 bonds for that capital improvement or undertaking.

38 **SECTION 3.13.(f) Election.** – The question of the issuance of the bonds authorized
 39 by this section shall be submitted to the qualified voters of the State at the time of the election in
 40 2026 when voters of this State are given an opportunity to express their preference for the person
 41 to be the presidential candidate of their political party. Any other primary, election, or
 42 referendum, validly called or scheduled by law at the time the election on the bond question
 43 provided for in this subsection is held, may be held as called or scheduled. Notice of the election
 44 shall be given in the manner and at the times required by G.S. 163-33(8). The election and the
 45 registration of voters therefor shall be held under and in accordance with the general laws of the
 46 State. Absentee ballots shall be authorized in the election.

47 Ballots, voting systems authorized by Article 14A of Chapter 163 of the General
 48 Statutes, or both may be used in accordance with rules prescribed by the State Board. The bond
 49 question to be used in the ballots or voting systems shall be in substantially the following form:

50 "[] FOR [] AGAINST

1 The issuance of four billion dollars (\$4,000,000,000) State of North Carolina
2 Education Bonds constituting general obligation bonds of the State secured by a pledge of the
3 faith and credit and taxing power of the State for the purpose of providing funds, with any other
4 available funds, to fund capital improvements, construction of new facilities, and the renovation
5 and rehabilitation of existing facilities for the State's kindergarten through grade 12 public
6 education system."

7 If a majority of those voting on a bond question in the election vote in favor of the
8 issuance of the bonds described in the question, those bonds may be issued as provided in this
9 section. If a majority of those voting on the bond question in the election do not vote in favor of
10 the issuance of the bonds described in the question, those bonds shall not be issued.

11 The results of the election shall be canvassed and declared as provided by law for
12 elections for State officers; the results of the election shall be certified by the State Board to the
13 Secretary of State in the manner and at the time provided by the general election laws of the
14 State.

15 **SECTION 3.13.(g) Issuance of Bonds and Notes. –**

16 (1) Terms and conditions. – Bonds or notes may bear such date or dates, may be
17 serial or term bonds or notes, or any combination thereof, may mature in such
18 amounts and at such time or times, not exceeding 40 years from their date or
19 dates, may be payable at such place or places, either within or without the
20 United States of America, in such coin or currency of the United States of
21 America as at the time of payment is legal tender for payment of public and
22 private debts, may bear interest at such rate or rates, which may vary from
23 time to time, and may be made redeemable before maturity, at the option of
24 the State or otherwise as may be provided by the State, at such price or prices,
25 including a price less than the face amount of the bonds or notes, and under
26 such terms and conditions, all as may be determined by the State Treasurer by
27 and with the consent of the Council of State.

28 (2) Signatures; form and denomination; registration. – Bonds or notes may be
29 issued as certificated or uncertificated obligations. If issued as certificated
30 obligations, bonds or notes shall be signed on behalf of the State by the
31 Governor or shall bear the Governor's facsimile signature, shall be signed by
32 the State Treasurer or shall bear the State Treasurer's facsimile signature, and
33 shall bear the Great Seal of the State of North Carolina or a facsimile thereof
34 shall be impressed or imprinted thereon. If bonds or notes bear the facsimile
35 signatures of the Governor and the State Treasurer, the bonds or notes shall
36 also bear a manual signature, which may be that of a bond registrar, trustee,
37 paying agent, or designated assistant of the State Treasurer. Should any officer
38 whose signature or facsimile signature appears on bonds or notes cease to be
39 such officer before the delivery of the bonds or notes, the signature or
40 facsimile signature shall nevertheless have the same validity for all purposes
41 as if the officer had remained in office until delivery, and bonds or notes may
42 bear the facsimile signatures of persons who at the actual time of the execution
43 of the bonds or notes shall be the proper officers to sign any bond or note,
44 although at the date of the bond or note such persons may not have been such
45 officers. The form and denomination of bonds or notes, including the
46 provisions with respect to registration of the bonds or notes and any system
47 for their registration, shall be as the State Treasurer may determine in
48 conformity with this section; provided, however, that nothing in this section
49 shall prohibit the State Treasurer from proceeding, with respect to the issuance
50 and form of the bonds or notes, under the provisions of Chapter 159E of the

- 1 General Statutes, the Registered Public Obligations Act, as well as under this
2 section.
- 3 (3) Manner of sale; expenses. – Subject to the consent of the Council of State, the
4 State Treasurer shall determine the manner in which bonds or notes shall be
5 offered for sale, whether at public or private sale, whether within or without
6 the United States of America, and whether by publishing notices in certain
7 newspapers and financial journals, mailing notices, inviting bids by
8 correspondence, negotiating contracts of purchase, or otherwise, and the State
9 Treasurer is authorized to sell bonds or notes at one time or from time to time
10 at such rate or rates of interest, which may vary from time to time, and at such
11 price or prices, including a price less than the face amount of the bonds or the
12 notes, as the State Treasurer may determine. All expenses incurred in
13 preparation, sale, and issuance of bonds or notes shall be paid by the State
14 Treasurer from the proceeds of bonds or notes or other available monies.
- 15 (4) Notes; repayment. –
- 16 a. Subject to the consent of the Council of State, the State Treasurer is
17 hereby authorized to borrow money and to execute and issue notes of
18 the State for the same, but only in the following circumstances and
19 under the following conditions:
- 20 1. For anticipating the sale of bonds to the issuance of which the
21 Council of State shall have given consent if the State Treasurer
22 shall deem it advisable to postpone the issuance of the bonds.
- 23 2. For the payment of interest on or any installment of principal
24 of any bonds then outstanding if there shall not be sufficient
25 funds in the State treasury with which to pay the interest or
26 installment of principal as they respectively become due.
- 27 3. For the renewal of any loan evidenced by notes herein
28 authorized.
- 29 4. For the purposes authorized in this section.
- 30 5. For refunding bonds or notes as herein authorized.
- 31 b. Funds derived from the sale of bonds or notes may be used in the
32 payment of any bond anticipation notes issued under this section.
33 Funds provided by the General Assembly for the payment of interest
34 on or principal of bonds shall be used in paying the interest on or
35 principal of any notes and any renewals thereof, the proceeds of which
36 shall have been used in paying interest on or principal of the bonds.
- 37 (5) Refunding bonds and notes. – By and with the consent of the Council of State,
38 the State Treasurer is authorized to issue and sell refunding bonds and notes
39 pursuant to the provisions of the State Refunding Bond Act for the purpose of
40 refunding bonds or notes issued pursuant to this section. The refunding bonds
41 and notes may be combined with any other issues of State bonds and notes
42 similarly secured.
- 43 (6) Tax exemption. – Bonds and notes shall be exempt from all State, county, and
44 municipal taxation or assessment, direct or indirect, general or special,
45 whether imposed for the purpose of general revenue or otherwise, excluding
46 inheritance and gift taxes, income taxes on the gain from the transfer of bonds
47 and notes, and franchise taxes. The interest on bonds and notes shall not be
48 subject to taxation as to income.
- 49 (7) Investment eligibility. – Bonds and notes are hereby made securities in which
50 all public officers, agencies, and public bodies of the State and its political
51 subdivisions; all insurance companies, trust companies, investment

1 companies, banks, savings banks, savings and loan associations, credit unions,
2 pension or retirement funds, other financial institutions engaged in business
3 in the State; executors, administrators, trustees, and other fiduciaries may
4 properly and legally invest funds, including capital in their control or
5 belonging to them. Bonds and notes are hereby made securities that may
6 properly and legally be deposited with and received by any officer or agency
7 of the State or political subdivision of the State for any purpose for which the
8 deposit of bonds, notes, or obligations of the State or any political subdivision
9 of the State is now or may hereafter be authorized by law.

- 10 (8) Faith and credit. – The faith and credit and taxing power of the State are hereby
11 pledged for the payment of the principal of and the interest on bonds and notes.
12 In addition to the State's right to amend any provision of this section to the
13 extent it does not impair any contractual right of a bond owner, the State
14 expressly reserves the right to amend any provision of this section with respect
15 to the making and repayment of loans, the disposition of any repayments of
16 loans, and any intercept provisions relating to the failure of a local government
17 unit to repay a loan, the bonds not being secured in any respect by loans, any
18 repayments thereof, or any intercept provisions with respect thereto.

19 **SECTION 3.13.(h)** Variable Interest Rates. – In fixing the details of bonds and notes,
20 the State Treasurer may provide that any of the bonds or notes may:

- 21 (1) Be made payable from time to time on demand or tender for purchase by the
22 owner thereof, provided a credit facility agreement supports the bonds or
23 notes, unless the State Treasurer specifically determines that a credit facility
24 agreement is not required, upon a finding and determination by the State
25 Treasurer that the absence of a credit facility agreement will not materially or
26 adversely affect the financial position of the State and the marketing of the
27 bonds or notes at a reasonable interest cost to the State;
28 (2) Be additionally supported by a credit facility agreement;
29 (3) Be made subject to redemption or a mandatory tender for purchase prior to
30 maturity;
31 (4) Bear interest at a rate or rates that may vary for such period or periods of time,
32 all as may be provided in the proceedings providing for the issuance of the
33 bonds or notes, including, without limitation, such variations as may be
34 permitted pursuant to a par formula; and
35 (5) Be made the subject of a remarketing agreement whereby an attempt is made
36 to remarket bonds or notes to new purchasers prior to their presentment for
37 payment to the provider of the credit facility agreement or to the State.

38 If the aggregate principal amount repayable by the State under a credit facility
39 agreement is in excess of the aggregate principal amount of bonds or notes secured by the credit
40 facility agreement, whether as a result of the inclusion in the credit facility agreement of a
41 provision for the payment of interest for a limited period of time or the payment of a redemption
42 premium or for any other reason, then the amount of authorized but unissued bonds or notes
43 during the term of such credit facility agreement shall not be less than the amount of such excess,
44 unless the payment of such excess is otherwise provided for by agreement of the State executed
45 by the State Treasurer.

46 **SECTION 3.13.(i)** Interpretation of Section. –

- 47 (1) Additional method. – The foregoing subsections of this section shall be
48 deemed to provide an additional and alternative method for the doing of the
49 things authorized thereby and shall be regarded as supplemental and
50 additional to powers conferred by other laws and shall not be regarded as in
51 derogation of any powers now existing.

- 1 (2) Statutory references. – References in this section to specific sections or
2 Chapters of the General Statutes or to specific acts are intended to be
3 references to these sections, Chapters, or acts as they may be amended from
4 time to time by the General Assembly.
- 5 (3) Broad construction. – This section, being necessary for the health, welfare,
6 and advancement of the people of the State, shall be broadly construed to
7 affect the purposes thereof.
- 8 (4) Inconsistent provisions. – Insofar as the provisions of this section are
9 inconsistent with the provisions of any general laws, or parts thereof, the
10 provisions of this section shall be controlling.
- 11 (5) Severability. – If any provision of this section or the application thereof to any
12 person or circumstance is held invalid, such invalidity shall not affect other
13 provisions or applications of the section that can be given effect without the
14 invalid provision or application and, to this end, the provisions of this section
15 are declared to be severable.

16 **SECTION 3.13.(j)** Other Agreements. – The State Treasurer may authorize, execute,
17 obtain, or otherwise provide for bond issuance, investment contracts, credit and liquidity
18 facilities, interest rate swap agreements and other derivative products, and any other related
19 instruments and matters the State Treasurer determines to be desirable in connection with the
20 issuance of bonds and notes.

21 **SECTION 3.13.(k)** Each entity, upon receiving the proceeds of education bonds and
22 notes, including premium thereon, if any, issued pursuant to and for purposes listed in subsection
23 (a) of this section, shall administer, supervise, and ensure that use of the proceeds comports with
24 those purposes. Each local school administrative unit, along with the corresponding board of
25 county commissioners, shall jointly submit to the State Board of Education a plan for the
26 distribution of the proceeds of education bonds and notes pursuant to this section. After the State
27 Board of Education determines that a local school administrative unit's planned expenditure of
28 part or all of the proceeds is within the purposes provided in this section, the State Board of
29 Education shall make the proceeds to which the plans apply available to the local school
30 administrative unit. Each local school administrative unit receiving the proceeds of education
31 bonds and notes, including premium thereon, if any, issued pursuant to subsection (a) of this
32 section shall report by January 1, 2027, and quarterly thereafter, to the State Board of Education
33 on the projects funded from education general obligation bonds authorized by subsection (a) of
34 this section, and the State Board of Education shall combine the reports and submit them to the
35 Joint Legislative Capital Oversight Committee, the House of Representatives Appropriations
36 Committee, and the Senate Committee on Appropriations/Base Budget. Each report shall include
37 the total project costs, the amount to be funded from the bonds, the expenditures to date from the
38 bonds and other sources, and the percentage of each project completed.

39 **SECTION 3.13.(l)** Projects funded in whole or in part with the proceeds of education
40 bonds and notes, including premium thereon, if any, issued pursuant to this section, and that
41 portion of funds estimated to be needed for escalation of costs shall remain with the Office of
42 State Budget and Management and shall be disbursed only for the following purposes:

- 43 (1) To address unforeseen contingencies related to the specific project for which
44 the funds were made available.
- 45 (2) To address inflation costs related to that specific project.

46 **SECTION 3.13.(m)** Any funds retained by the Office of State Budget and
47 Management pursuant to subsection (l) of this section at the time a project is completed shall be
48 retained by the Office of State Budget and Management. The Office of State Budget and
49 Management shall report on any funds retained pursuant to this subsection within 90 days of a
50 project's completion.

1 **SECTION 3.13.(n)** Any funds from the Education Bond expended for school
2 technology for public schools shall be reported to the State Board of Education and shall be
3 credited against the judgment in N.C. Sch. Bds. Ass'n. v. Moore, No. 98-CVS-14159 (N.C. Super.
4 Ct.).

5
6 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)/AT-RISK**
7 **STUDENT SERVICES/ALTERNATIVE SCHOOLS**

8 **SECTION 3.14.(a)** Beginning with the 2026-2027 fiscal year, the State Board of
9 Education shall transfer the At-Risk Student Services/Alternative Schools allotment into the
10 DSSF allotment, as established by G.S. 115C-472.24. The State Board of Education shall allocate
11 these funds to local school administrative units under a formula that provides that no local school
12 administrative unit receives a decrease in combined funding. Reallocated at-risk funding must be
13 counted as an independent supplement to existing DSSF funds.

14 **SECTION 3.14.(b)** G.S. 115C-472.24 reads as rewritten:

15 "**§ 115C-472.24. ~~Disadvantaged~~ Disadvantaged/at-risk student supplemental funding.**

16 (a) To the extent funds are made available for this purpose, funds appropriated for
17 disadvantaged or at-risk student supplemental funding shall be used, consistent with the policies
18 and procedures adopted by the State Board of Education, only to do the following:

- 19 (1) Provide instructional positions or instructional support positions.
- 20 (2) Provide professional development.
- 21 (3) Provide intensive in-school or after-school remediation, or both.
- 22 (4) Purchase diagnostic software and progress-monitoring tools.
- 23 (5) Provide funds for teacher bonuses and supplements. The State Board of
24 Education shall set a maximum percentage of the funds that may be used for
25 this purpose.
- 26 (6) Provide funds for alternative learning and at-risk student programs in
27 accordance with G.S. 115C-12(24).

28 The State Board of Education may require local school administrative units receiving funding
29 under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added
30 Assessment System (EVAAS) in order to provide in-depth analysis of student performance and
31 help identify strategies for improving student achievement. This data shall be used exclusively
32 for instructional and curriculum decisions made in the best interest of children and for
33 professional development for their teachers and administrators.

34 "

35 **SECTION 3.14.(c)** There is appropriated from the General Fund to the Department
36 of Public Instruction the sum of nine hundred forty-four million three hundred thousand dollars
37 (\$944,300,000) in recurring funds for the 2026-2027 fiscal year to implement the provisions of
38 this section.

39
40 **INCREASE FUNDING FOR CLASSROOM SUPPLIES**

41 **SECTION 3.15.** There is appropriated from the General Fund to the Department of
42 Public Instruction the sum of ninety-six million seven hundred thousand dollars (\$96,700,000)
43 in recurring funds for the 2026-2027 fiscal year to increase the Classroom Materials/Instructional
44 Supplies/Equipment Allotment.

45
46 **DEPARTMENT OF PUBLIC INSTRUCTION TO STUDY WEIGHTED STUDENT**
47 **FUNDING MODEL**

48 **SECTION 3.16.(a)** The Department of Public Instruction shall study methods of
49 implementing a weighted student funding formula that retains existing guaranteed position
50 allotments. The Department may contract with a third party to conduct this study. The

1 Department shall report the Department's recommendations to implement such a model to the
2 Joint Legislative Education Oversight Committee by March 15, 2027.

3 **SECTION 3.16.(b)** There is appropriated from the General Fund to the Department
4 of Public Instruction the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds
5 for the 2026-2027 fiscal year to perform the study required by this section.
6

7 **PART IV. ASSESSMENT AND ACCOUNTABILITY SYSTEM THAT RELIABLY** 8 **ASSESSES MULTIPLE MEASURES OF STUDENT PERFORMANCE**

9 10 **ADJUST WEIGHTING BETWEEN PROFICIENCY AND GROWTH**

11 **SECTION 4.1.(a)** G.S. 115C-83.15(d) reads as rewritten:

12 "(d) Calculation of the Overall School Performance Scores and Grades. – The State Board
13 of Education shall calculate the overall school performance score by adding the school
14 achievement score, as provided in subsection (b) of this section, and the school growth score, as
15 determined using EVAAS as provided in subsection (c) of this section, earned by a school. The
16 school achievement score shall account for ~~eighty-five percent (80%)~~, ~~(51%)~~, and the school
17 growth score shall account for ~~twenty-four percent (20%)~~ ~~(49%)~~ of the total sum. For all
18 schools, the total school performance score shall be converted to a 100-point scale and used to
19 determine an overall school performance grade. The overall school performance grade shall be
20 based on the following scale and shall not be modified to add any other designation related to
21 other performance measures, such as a "plus" or "minus":

22"

23 **SECTION 4.1.(b)** The Department of Public Instruction shall amend the State plan
24 under the Elementary and Secondary Education Act of 1965, as amended by the Every Student
25 Succeeds Act, to reflect the changes to achievement and growth score weighting in this section.

26 **SECTION 4.1.(c)** This section applies beginning with school performance scores
27 issued based on data from the 2026-2027 school year.
28

29 **STUDY ON ADDITIONAL MEASURES IN THE SCHOOL ACCOUNTABILITY** 30 **SYSTEM**

31 **SECTION 4.2.** The State Board of Education, in consultation with the Department
32 of Public Instruction, shall study methods of adding to the State school accountability system
33 indicators that provide information on the opportunity of students to access a sound basic
34 education. Additional indicators recommended shall not be inconsistent with the requirements of
35 the Elementary and Secondary Education Act of 1965, as amended by the Every Student
36 Succeeds Act, and shall not replace indicators included in the State school accountability system
37 under Part 1B of Article 8 of Chapter 115C of the General Statutes. The State Board of Education
38 shall submit a report with its recommended changes regarding the school accountability system
39 to the Joint Legislative Education Oversight Committee on or before June 15, 2027.
40

41 **PART V. ASSISTANCE AND TURNAROUND FUNCTION THAT PROVIDES** 42 **NECESSARY SUPPORT TO LOW-PERFORMING SCHOOLS AND** 43 **LOW-PERFORMING LOCAL SCHOOL ADMINISTRATIVE UNITS**

44 45 **DISTRICT AND REGIONAL SUPPORT MODEL**

46 **SECTION 5.1.** There is appropriated from the General Fund to the Department of
47 Public Instruction the sum of nineteen million dollars (\$19,000,000) in recurring funds for the
48 2026-2027 fiscal year to be used to continue to implement the District and Regional Support
49 model developed by the State Board of Education to support the improvement of low-performing
50 and high-poverty schools. Implementation shall (i) provide support in needed content areas and
51 instructional and leadership coaching and (ii) include direct, comprehensive, and progressive

1 turnaround assistance to the State's chronically low-performing schools and low-performing
2 districts.

3 4 **REVIEW AND UPDATE CURRICULUM ADOPTION PROCESSES**

5 **SECTION 5.2.(a)** Before March 15, 2027, the State Board of Education shall review,
6 update, and strengthen the State-level process for reviewing and adopting core curriculum
7 resources. The State Board of Education shall provide statewide and regional support, resources,
8 and professional learning opportunities to assist schools and districts in selecting and successfully
9 employing high-quality, standards-aligned, culturally responsive, evidence-based resources and
10 practices to assist educators in applying innovative practices that promote continuous
11 improvement. No later than June 30, 2027, the Department of Public Instruction shall provide a
12 model implementation plan to each local school administrative unit.

13 **SECTION 5.2.(b)** There is appropriated from the General Fund to the Department
14 of Public Instruction the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring
15 funds for the 2026-2027 fiscal year to implement the provisions of this section.

16 17 **SUPPORT FOR HIGH-POVERTY SCHOOLS**

18 **SECTION 5.3.(a)** Article 13 of Chapter 115C of the General Statutes is amended by
19 adding a new section to read:

20 **"§ 115C-209.2. Community schools support program.**

21 (a) Program Established. – The Department of Public Instruction shall establish a
22 program (Program) to provide support to high-poverty schools that adopt a community school
23 model or other evidence-based models to address out-of-school barriers to learning.

24 (b) Definitions. – The following definitions shall apply in this section:

25 (1) Community school model. – The model following the Department of Public
26 Instruction's Whole School, Whole Community, Whole Child model based on
27 the Centers for Disease Control and Prevention's guidance.

28 (2) Evidence-based model. – Any model established using evidence-based
29 methods that, in the discretion of the State Board of Education, achieve the
30 goals set in the Whole School, Whole Community, Whole Child model.

31 (c) Participation. – The Department of Public Instruction shall disseminate an application
32 form for participation in the Program for the following school year no later than June 1 of each
33 year. No later than July 1, any school that uses a community school model or other
34 evidence-based model to address out-of-school barriers to learning may apply to participate in
35 the Program. No later than August 1 of each school year that funds are made available for this
36 purpose, the Department of Public Instruction shall select geographically and culturally diverse
37 schools from among the applicants for that school year to participate in the Program. Priority
38 shall be given to schools that have high rates of student poverty.

39 (d) Implementation. – Each participating local school administrative unit shall hire one
40 full-time school-based coordinator per participating school. The school-based coordinator shall
41 assess local needs and assets and organize the integration of social, academic, and health supports
42 in coordination with school support personnel. The school-based coordinator shall also assess the
43 school's access to technical assistance and professional support to effectively plan and implement
44 the community school model or other evidence-based model. No later than July 15 of each school
45 year that a school participates in the Program, the school-based coordinator shall submit to the
46 Department of Public Instruction a request for funds for goods or services beneficial to meeting
47 the goals of the community school model or other evidence-based model for the following school
48 year. No later than August 15 of each school year, the Department of Public Instruction shall
49 evaluate each funding request and allocate funds as it deems necessary.

1 (e) Report. – No later than October 15 of each school year, the Department of Public
2 Instruction, in consultation with each school-based coordinator, shall provide a report to the Joint
3 Legislative Education Oversight Committee on the following:

4 (1) The amount of funds requested by each school.

5 (2) The purposes of funds requested by each school.

6 (3) The amount of funds allocated to each school.

7 (4) The use of funds allocated to each school.

8 (5) Any effects of the model on school outcomes, including attendance rates,
9 academic outcomes, or any other measure the school-based coordinator or the
10 Department deems relevant.

11 (6) Any other information the Department deems relevant."

12 **SECTION 5.3.(b)** Appropriation. – There is appropriated from the General Fund to
13 the Department of Public Instruction the sum of sixty-five million five hundred thirteen thousand
14 six hundred twenty-one dollars (\$65,513,621) in recurring funds for the 2026-2027 fiscal year to
15 implement the Program established by this section.

16 **SECTION 5.3.(c)** This section applies beginning with the 2026-2027 school year.
17

18 SCHOOL MEAL DEBT REPORT

19 **SECTION 5.4.** Part 2 of Article 17 of Chapter 115C of the General Statutes is
20 amended by adding a new section to read:

21 **"§ 115C-264.6. School meal debt report.**

22 No later than October 15 of each year, the State Board of Education shall report to the Joint
23 Legislative Education Oversight Committee on unpaid meal charges in local school
24 administrative units. At a minimum, the report shall include the following information:

25 (1) The percentage of students in each grade level in each local school
26 administrative unit who carry unpaid meal debt.

27 (2) The total amount of funds received by each local school administrative unit
28 related to unpaid meal charges.

29 (3) Summaries of approaches adopted by each local school administrative unit
30 regarding unpaid meal charges.

31 (4) Options for a statewide policy on the uniform administration of unpaid meal
32 charges in local school administrative units."
33

34 CEP MEAL PROGRAM INCENTIVE

35 **SECTION 5.5.(a)** Part 2 of Article 17 of Chapter 115C of the General Statutes is
36 amended by adding a new section to read:

37 **"§ 115C-264.15. CEP meal program supplement.**

38 (a) Any public school unit or school within a public school unit that is operating a school
39 nutrition program that is eligible for the federal Community Eligibility Provision (CEP) program
40 shall participate in the CEP program to increase the number of students with access to healthy,
41 cost-free school breakfast and lunch. Schools participating in the CEP program shall have an
42 innovative breakfast option available where students have access to breakfast and are allowed to
43 consume breakfast in the classroom.

44 (b) To the extent funds are made available for the purpose, the Department of Public
45 Instruction shall issue State reimbursements to participating public school units and schools to
46 supplement federal reimbursements of school meals. State reimbursement shall equal the
47 difference between the federal free rate and the federal paid rate for the number of meals served
48 at the participating schools equal to a 0.2 multiplier of the Identified School Percentage (ISP) for
49 the participating schools. State and federal reimbursements shall not exceed one hundred percent
50 (100%) of the federal free rate of meals served. If funds provided for the purpose are insufficient,
51 the Department shall distribute available funds pro rata on the basis of average daily membership.

1 (c) No later than January 1 of each year, the Department shall report to the Joint
2 Legislative Education Oversight Committee at least the following information:

- 3 (1) The number of schools participating in the CEP program and the number of
4 students served by use of the program.
- 5 (2) The amount of federal and State money participating public school units and
6 schools received.
- 7 (3) Any noted changes in student performance due to the increased availability of
8 nutrition services."

9 **SECTION 5.5.(b)** There is appropriated from the General Fund to the Department
10 of Public Instruction the sum of ninety-two million five hundred thousand dollars (\$92,500,000)
11 in recurring funds for the 2026-2027 fiscal year for the Department to provide State
12 reimbursements to schools participating in the CEP program pursuant to G.S. 115C-264.15, as
13 enacted by this act.

14 **SECTION 5.5.(c)** This section becomes effective July 1, 2026, and applies
15 beginning with the 2026-2027 school year.

17 **PART VI. SYSTEM OF EARLY EDUCATION THAT PROVIDES ACCESS TO** 18 **HIGH-QUALITY PREKINDERGARTEN AND OTHER EARLY CHILDHOOD** 19 **LEARNING OPPORTUNITIES**

20 **EXPAND NC PREKINDERGARTEN (NC PRE-K) PROGRAM**

21 **SECTION 6.1.(a)** Appropriation. – There is appropriated from the General Fund to
22 the Department of Health and Human Services, Division of Child Development and Early
23 Education, the sum of three hundred thirty-three million four hundred thousand dollars
24 (\$333,400,000) in recurring funds for the 2026-2027 fiscal year for the purpose of expanding the
25 NC Prekindergarten (NC Pre-K) program for eligible children who are 4 years of age by
26 allocating funds for each of the following:

- 27 (1) Incrementally increase State funding for each NC Pre-K slot with the goal of
28 paying one hundred percent (100%) of the actual cost by the end of the
29 2027-2028 fiscal year.
- 30 (2) Gradually increase the number of eligible children able to be served in the NC
31 Pre-K program with the goal of reaching at least seventy-five percent (75%)
32 of eligible children in each county by the end of the 2027-2028 fiscal year.
- 33 (3) Raise the rate for the county administrator to provide oversight, monitoring,
34 enrollment, and support to ten percent (10%) by the end of the 2026-2027
35 fiscal year.
- 36 (4) Phase extension of the NC Pre-K program year from 10 to 12 months in
37 accordance with subsection (b) of this section.

38 **SECTION 6.1.(b)** Extend NC Pre-K Program Year to 12 Months. – Section 9D.1 of
39 S.L. 2023-134 is amended by adding a new subsection to read:

40 **"SECTION 9D.1.(h)** Extend NC Pre-K Program Year. – It is the intent of the General
41 Assembly to gradually extend the NC Pre-K program to cover 12 months of the program year
42 with full implementation statewide by the end of the 2027-2028 fiscal year. To that end, the
43 Division of Child Development and Early Education (Division) shall develop and implement a
44 plan that (i) includes establishing a pilot program to extend the NC Pre-K program year from 10
45 to 12 months and (ii) is based on county capacity to implement the extension. The Division shall
46 select up to three counties to participate in the pilot program that includes, at a minimum,
47 representation from a private classroom setting, a public classroom setting that operates on a
48 year-round basis, and an underserved area. The Division shall submit a report to the Joint
49 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
50 Division by December 31, 2027. The report shall include each of the following:
51

- 1 (1) The number of students participating in the pilot program.
- 2 (2) The number of students participating who are in an NC Pre-K classroom in a
 3 child care center versus those in an NC Pre-K classroom in a public school.
- 4 (3) The number of schools and child care centers participating in the program,
 5 including identifying those that are private and those that are public.
- 6 (4) The number of NC Pre-K classrooms participating in the program.
- 7 (5) The additional costs needed to implement the program.
- 8 (6) The challenges and successes of implementing the program in both NC Pre-K
 9 classrooms in child care centers and NC Pre-K classrooms in public schools."

10 **SECTION 6.1.(c)** There is appropriated from the General Fund to the Department
 11 of Health and Human Services, Division of Child Development and Early Education (Division),
 12 the sum of three hundred thousand dollars (\$300,000) in recurring funds for the 2026-2027 fiscal
 13 year to increase State-level NC Pre-K staffing to manage the planned expansion of the NC Pre-K
 14 program, provide policy development and program oversight, ensure program quality, and
 15 manage any new, required studies.

16 **SECTION 6.1.(d)** There is appropriated from the General Fund to the Department
 17 of Health and Human Services, Division of Child Development and Early Education (Division),
 18 the sum of forty-eight million four hundred thousand dollars (\$48,400,000) in recurring funds
 19 for the 2026-2027 fiscal year to provide transportation to all participants enrolled in the NC Pre-K
 20 program.

21
 22 **INCREASE HIGH-QUALITY EARLY LEARNING OPPORTUNITIES FOR**
 23 **CHILDREN FROM BIRTH/INCREASE FUNDS FOR CHILD CARE SUBSIDY**

24 **SECTION 6.2.(a)** There is appropriated from the General Fund to the Department
 25 of Health and Human Services, Division of Child Development and Early Education (Division),
 26 the sum of ten million dollars (\$10,000,000) in recurring funds for the 2026-2027 fiscal year to
 27 increase funds for the child care subsidy program and provide for program improvements,
 28 including, but not limited to, increasing compensation for the child care workforce and ensuring
 29 that eligible families receive assistance through the elimination of waitlists.

30 **SECTION 6.2.(b)** There is appropriated from the General Fund to the Department
 31 of Health and Human Services, Division of Child Development and Early Education (Division),
 32 the sum of seventy-eight million seven hundred thousand dollars (\$78,700,000) in recurring
 33 funds for the 2026-2027 fiscal year to expand the Family Connects universal home visiting model
 34 to local agencies statewide that choose to implement the program for their community through
 35 local health departments or local Smart Start partnerships. Family Connects is an evidence-based
 36 model that provides one to three home visits from a registered nurse to all families who have
 37 newborns and live in a defined service area.

38 **SECTION 6.2.(c)** There is appropriated from the General Fund to the Department
 39 of Health and Human Services, Division of Child Development and Early Education (Division),
 40 the sum of forty million dollars (\$40,000,000) in recurring funds for the 2026-2027 fiscal year to
 41 conduct a pilot program of a State model for high-quality early learning programs for eligible
 42 children from birth to 3 years of age, for 1,000 children each year, with the intent to expand the
 43 program to additional locations. The pilot program and any subsequent expansion of the pilot
 44 program shall focus on high-poverty school districts across the State.

45
 46 **EXPAND AND IMPROVE ACCESS TO INDIVIDUALIZED EARLY INTERVENTION**
 47 **SERVICES FOR ELIGIBLE CHILDREN/NC INFANT-TODDLER PROGRAM**

48 **SECTION 6.3.(a)** Funds for NC Infant-Toddler Program. – There is appropriated
 49 from the General Fund to the Department of Health and Human Services, Division of Child and
 50 Family Well-Being, Early Intervention Section, the sum of twenty million dollars (\$20,000,000)
 51 in recurring funds for the 2026-2027 fiscal year to provide funds for the North Carolina

1 Infant-Toddler Program, a program that provides support and services for families and their
2 children, from birth to 3 years of age, who have special needs. These funds shall be used to take
3 steps toward doing the following:

- 4 (1) Increasing State and local staffing in the provision of services to families with
5 infants and toddlers with developmental delays and established medical
6 conditions who are eligible for the NC Infant-Toddler Program.
- 7 (2) Expanding funding for interpreter services.
- 8 (3) Establishing a centralized provider network system.
- 9 (4) Providing professional development focused on early childhood mental
10 health.
- 11 (5) Addressing salary inequities affecting provider retention and recruitment.

12 **SECTION 6.3.(b)** Feasibility Study & Infrastructure Readiness
13 Assessment/Expansion of NC Infant-Toddler Program. – There is appropriated from the General
14 Fund to the Department of Health and Human Services, Division of Child and Family
15 Well-Being, Early Intervention Section, the sum of two hundred fifty thousand dollars
16 (\$250,000) in nonrecurring funds for the 2026-2027 fiscal year to be allocated as follows:

- 17 (1) One hundred fifty thousand dollars (\$150,000) to conduct a feasibility study
18 to examine eligibility criteria and cost implications for expansion of the NC
19 Infant-Toddler Program.
- 20 (2) One hundred thousand dollars (\$100,000) to conduct a system and
21 infrastructure readiness assessment to determine areas of need and system
22 challenges that need to be addressed before expanding the NC Infant-Toddler
23 Program. The Division of Public Health shall solicit public input and feedback
24 on the plan developed pursuant to this subdivision.

25 **SECTION 6.3.(c)** Scale Up Early Intervention Services. – There is appropriated
26 from the General Fund to the Department of Health and Human Services, Division of Child and
27 Family Well-Being, Early Intervention Section, the sum of one hundred sixty-two million five
28 hundred thousand dollars (\$162,500,000) in recurring funds for the 2026-2027 fiscal year to
29 provide high-quality early intervention services and supports for up to an additional 30,000
30 children from birth to 3 years of age, who meet expanded eligibility criteria for the Infant and
31 Toddler Program implemented as a result of the feasibility study conducted pursuant to
32 subdivision (b)(1) of this section. The Early Intervention Section may use up to five percent (5%)
33 of these allocated funds to conduct a public awareness campaign regarding expansion of
34 eligibility for the NC Infant and Toddler Program, to increase efforts to identify children eligible
35 to receive services under this expanded program, and to create partnerships with family support
36 agencies.

37 38 **INCREASE SMART START FUNDING**

39 **SECTION 6.4.** There is appropriated from the General Fund to the Department of
40 Health and Human Services, Division of Child Development and Early Education, the sum of
41 four hundred nineteen million six hundred thousand dollars (\$419,600,000) in recurring funds
42 for the 2026-2027 fiscal year to gradually increase funding for the North Carolina Partnership
43 for Children, Inc., (Smart Start), with the goal of fully funding Smart Start by the end of the
44 2027-2028 fiscal year. Funds allocated to the North Carolina Partnership for Children, Inc.,
45 pursuant to this section, shall be distributed to Smart Start local partnerships to improve statewide
46 early child system infrastructure and support a cohesive continuum of services for families and
47 children from birth through 5 years of age.

48 49 **INCREASE EARLY CHILDHOOD EDUCATOR WORKFORCE**

50 **SECTION 6.5.(a)** Funds for WAGE\$ and AWARDS\$ Programs. – There is
51 appropriated from the General Fund to the Department of Health and Human Services, Division

1 of Child Development and Early Education, the sum of thirty-two million dollars (\$32,000,000)
2 in recurring funds for the 2026-2027 fiscal year to increase funding for and expand participation
3 statewide in the Child Care WAGE\$ program and the Infant-Toddler Educator AWARD\$
4 program, both of which provide salary supplements for early childhood educators.

5 **SECTION 6.5.(b)** Recruitment Strategies and Professional Development. – There is
6 appropriated from the General Fund to the Department of Health and Human Services, Division
7 of Child Development and Early Education, the sum of seven million three hundred thousand
8 dollars (\$7,300,000) in recurring funds for the 2026-2027 fiscal year to implement strategies to
9 recruit early childhood educators and provide ongoing professional development, including
10 coaching, technical assistance, assistance with degree attainment, and licensure support.

11 12 **FACILITATE RELIABLE ACCESS TO HIGH-QUALITY DATA SUPPORTING** 13 **EARLY CHILDHOOD EDUCATION**

14 **SECTION 6.6.(a)** Real-Time Workforce Data System. – There is appropriated from
15 the General Fund to the Department of Health and Human Services, Division of Child
16 Development and Early Education, the sum of five hundred thousand dollars (\$500,000) in
17 recurring funds for the 2026-2027 fiscal year to develop and implement a real-time workforce
18 data system that supports building a pipeline of early childhood educators.

19 **SECTION 6.6.(b)** Expand and Improve Current Early Childhood Data Systems. –
20 There is appropriated from the General Fund to the Department of Health and Human Services,
21 Division of Child Development and Early Education (Division), the sum of five hundred
22 thousand dollars (\$500,000) in recurring funds for the 2026-2027 fiscal year to expand and
23 improve the North Carolina Early Childhood Integrated Data System (NC ECIDS) and the North
24 Carolina Early Childhood Action plan data dashboards to track child outcomes and provide
25 access to State data for State and local users and researchers with the goal of connecting this data
26 to the NC Longitudinal Data System (NCLDS).

27 **SECTION 6.6.(c)** Build Local Capacity/Early Childhood Data. – There is
28 appropriated from the General Fund to the Department of Health and Human Services
29 (Department), Division of Child Development and Early Education (Division), the sum of one
30 hundred fifty thousand dollars (\$150,000) in recurring funds for the 2026-2027 fiscal year to
31 collaborate with the Divisions of Social Services and Public Health, as appropriate, in developing
32 and implementing a plan to provide technical assistance to build local capacity to use quality
33 early childhood data across child health, child welfare, and early childhood education for local
34 planning.

35 **SECTION 6.6.(d)** Real-Time Data Collection/Children Eligible for Early Childhood
36 Services. – There is appropriated from the General Fund to the Department of Health and Human
37 Services, Division of Child Development and Early Education, the sum of five hundred thousand
38 dollars (\$500,000) in nonrecurring funds for the 2026-2027 fiscal year and the sum of two
39 hundred fifty thousand dollars (\$250,000) in recurring funds for the 2026-2027 fiscal year to
40 develop and implement a real-time data collection and sharing process to identify children
41 eligible for early childhood programs, including the North Carolina Prekindergarten (NC Pre-K)
42 program and Early Intervention program, that allows for each of the following:

- 43 (1) The disaggregation along multiple variables, such as race, ethnicity, and
44 geography.
- 45 (2) The identification of the children most vulnerable to build a more equitable
46 early learning system.

47 48 **PREKINDERGARTEN TO KINDERGARTEN TRANSITIONS**

49 **SECTION 6.7.** There is appropriated from the General Fund to the Department of
50 Health and Human Services, Division of Child Development and Early Education (Division), the

1 sum of five million dollars (\$5,000,000) in recurring funds for the 2026-2027 fiscal year to
2 incrementally scale up the Pre-K to K Transitions program to serve all districts.

4 **COLLABORATIVE FAMILY ENGAGEMENT PLANS**

5 **SECTION 6.8.** There is appropriated from the General Fund to the Department of
6 Health and Human Services, Division of Child Development and Early Education (Division), the
7 sum of three hundred twenty thousand dollars (\$320,000) in recurring funds for the 2026-2027
8 fiscal year to provide ongoing support and technical assistance for establishing local
9 collaborative family engagement plans for birth through third grade.

11 **REQUIRE LICENSURE FOR NC PRE-K LEAD TEACHERS**

12 **SECTION 6.9.** By July 1, 2027, the Department of Health and Human Services,
13 Division of Child Development and Early Education, shall implement a policy to require that all
14 NC Prekindergarten (NC Pre-K) lead teachers hold an appropriate State teaching license as
15 specified by NC Pre-K policy. The policy shall also require that NC Pre-K lead teachers be paid
16 according to the State public school salary schedule by the 2027-2028 fiscal year.

18 **PART VII. ALIGNMENT OF HIGH SCHOOL TO POSTSECONDARY AND CAREER 19 EXPECTATIONS FOR ALL STUDENTS**

21 **REVISE NCVPS FUNDING**

22 **SECTION 7.1.** There is appropriated from the General Fund to the Department of
23 Public Instruction the sum of sixteen million seven hundred thousand dollars (\$16,700,000) in
24 nonrecurring funds for the 2026-2027 fiscal year to offset the costs for local administrative units
25 and charter schools to remove barriers to student participation in North Carolina Virtual Public
26 Schools. The funds shall be allocated with a priority to cover the costs of courses for students
27 enrolled in public schools located in low-wealth counties.

29 **SCHOOL CALENDAR FLEXIBILITY/CC CALENDAR**

30 **SECTION 7.2.(a)** G.S. 115C-84.2(d) reads as rewritten:

31 "(d) Opening and Closing Dates. – Local boards of education shall determine the dates of
32 opening and closing the public schools under subdivision (a)(1) of this section. Except for
33 year-round schools, the opening date for students shall be no earlier than the Monday closest to
34 August 26, and the closing date for students shall be no later than the Friday closest to June 11.
35 On a showing of good cause, the State Board of Education may waive the requirement that the
36 opening date for students be no earlier than the Monday closest to August 26 and may allow the
37 local board of education to set an opening date no earlier than the Monday closest to August 19,
38 to the extent that school calendars are able to provide sufficient days to accommodate anticipated
39 makeup days due to school closings. A local board may revise the scheduled closing date if
40 necessary in order to comply with the minimum requirements for instructional days or
41 instructional time. For purposes of this subsection, the term "good cause" means that schools in
42 any local school administrative unit in a county have been closed eight days per year during any
43 four of the last 10 years because of severe weather conditions, energy shortages, power failures,
44 or other emergency situations.

45 The required opening and closing dates under this subsection shall not apply to any school
46 that a local board designated as having a modified calendar for the 2003-2004 school year or to
47 any school that was part of a planned program in the 2003-2004 school year for a system of
48 modified calendar schools, so long as the school operates under a modified calendar.

49 Notwithstanding the required opening and closing dates under this subsection, a local board
50 of education may align the calendar of schools in the local school administrative unit with the
51 calendar of a community college serving the city or county in which the unit is located."

1 **SECTION 7.2.(b)** This section is effective when it becomes law and applies
2 beginning with the 2026-2027 school year.
3

4 **COLLEGE ADVISING CORPS/COLLEGE ADVISERS IN THE PUBLIC SCHOOLS**

5 **SECTION 7.3.(a)** Purpose of the College Advising Corps Program. – From the funds
6 appropriated in subsection (b) of this section, the Board of Governors of The University of North
7 Carolina shall make funds available to the National College Advising Corps, Inc., (CAC) to
8 support an expansion of the placement of college advisers in North Carolina public schools
9 through their program over a three-year period. CAC is a college access nonprofit organization
10 with the mission to increase the number of underrepresented, low-income, or first-generation
11 postsecondary degree or certificate students entering and completing their postsecondary
12 education at community colleges and universities. In furthering this mission, CAC operates an
13 innovative model of partnering with schools, communities, families, and postsecondary
14 institutions, including providing for a two-year service opportunity to recent college graduates
15 as near-peer college advisers working full time in the public schools, with an emphasis on
16 engaging college advisers who have similar backgrounds to the students the program seeks to
17 serve. Near-peer college advisers perform various services for those students that are key
18 components to the proven success of the program, including (i) attending postsecondary campus
19 visits, fairs, and workshops with students, (ii) assisting with registering for college entrance
20 exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and
21 completions, (iv) identifying available scholarships, (v) assisting with postsecondary
22 applications, and (vi) engaging with parents.

23 **SECTION 7.3.(b)** Funds for the Program. – Due to the effectiveness of the
24 innovative model operated by CAC and the potential for significantly impacting the highest-need
25 students as described in subsection (a) of this section, the sum of three million dollars
26 (\$3,000,000) in recurring funds is appropriated from the General Fund to the Board of Governors
27 of The University of North Carolina for the 2026-2027 fiscal year to be provided to CAC for the
28 purpose of expanding the placement of college advisers in accordance with the requirements of
29 this section.

30 **SECTION 7.3.(c)** Use of Funds. – CAC shall focus the first two years of the
31 expansion of its program using the funds provided to it under this section by placing college
32 advisers in counties designated as tier one and tier two. For the third year of the expansion, CAC
33 shall use the funds provided to it to place college advisers in the remaining counties designated
34 as tier three in order to achieve placement of college advisers in all 100 counties of the State. In
35 addition, CAC shall select at least three additional postsecondary institutions to partner with in
36 order to increase the number of recent graduates working as near-peer college advisers to meet
37 the needs of the program expansion. Once CAC has reached the goal of placement of college
38 advisers in 100 counties, the funds provided to it for the program shall be used to continue the
39 mission of the program to increase access for North Carolina public school students to
40 postsecondary degree or certificate attainment at community colleges and universities.

41 **SECTION 7.3.(d)** Reporting Requirements. – CAC shall submit a report by June 1
42 of each year in which CAC spends State funds made available to it pursuant to this section to the
43 Joint Legislative Education Oversight Committee and the Fiscal Research Division on the
44 progress of expanding the placement of college advisers, data on the effectiveness of the program
45 in increasing access for students to postsecondary education, and the use of State funds.
46

47 **CAREER DEVELOPMENT COORDINATORS**

48 **SECTION 7.4.** There is appropriated from the General Fund to the Department of
49 Public Instruction the sum of one hundred thousand dollars (\$100,000) in recurring funds for the
50 2026-2027 fiscal year for a Career and Postsecondary Planning Director position in the
51 Department's career and technical education division to focus on career planning in grades five

1 through 12. There is also appropriated the sum of eighty-seven million dollars (\$87,000,000) in
2 recurring funds for the 2026-2027 fiscal year to increase the number of school-based career
3 development coordinators for grades six through 12.
4

5 **FUNDS TO REMOVE BARRIERS FOR ECONOMICALLY DISADVANTAGED**
6 **STUDENTS TO PARTICIPATE IN THE CAREER AND COLLEGE PROMISE**
7 **TRANSFER PATHWAY PROGRAM**

8 **SECTION 7.5.** There is appropriated from the General Fund to the Department of
9 Public Instruction the sum of five million dollars (\$5,000,000) in recurring funds for the
10 2026-2027 fiscal year to fund additional costs for all economically disadvantaged students
11 enrolled in the Career and College Promise Transfer Pathway Program, including at least the full
12 costs of textbooks, transportation, meals on college campuses, fees, and technology. If these
13 funds are insufficient, the Department shall use additional unspent funds in the State Public
14 School Fund to fulfill this purpose.
15

16 **PART VIII. MISCELLANEOUS**
17

18 **STATE BUDGET ACT APPLIES**

19 **SECTION 8.1.** The provisions of the State Budget Act, Chapter 143C of the General
20 Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act
21 by reference.
22

23 **EFFECT OF HEADINGS**

24 **SECTION 8.2.** The headings to the Parts, subparts, and sections of this act are a
25 convenience to the reader and are for reference only. The headings do not expand, limit, or define
26 the text of this act, except for effective dates referring to a Part or subpart.
27

28 **SEVERABILITY CLAUSE**

29 **SECTION 8.3.** If any section or provision of this act is declared unconstitutional or
30 invalid by the courts, it does not affect the validity of this act as a whole or any part other than
31 the part so declared to be unconstitutional or invalid.
32

33 **EFFECTIVE DATE**

34 **SECTION 8.4.** Except as otherwise provided, this act becomes effective July 1,
35 2026.