

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025**

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**HOUSE BILL 1178**

Short Title: The NC Teacher Pay Competitiveness Act. (Public)

Sponsors: Representatives Rubin, Prather, R. Pierce, and F. Jackson (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

May 4, 2026

A BILL TO BE ENTITLED

AN ACT TO INCREASE TEACHER COMPENSATION AND ESTABLISH A PHASED FRAMEWORK FOR CONTINUED COMPENSATION INCREASES FOR TEACHERS OVER TIME IN ORDER TO COMPETE WITH PEER STATES IN THE SOUTHEASTERN UNITED STATES AND TO REVISE ELIGIBILITY REQUIREMENTS AND REDUCE FUNDS FOR THE OPPORTUNITY SCHOLARSHIP PROGRAM.

Whereas, the North Carolina General Assembly has demonstrated a dangerous inability to enact a comprehensive biennial State budget prior to the start of the fiscal year; and

Whereas, operating under the budget continuation statute due to legislative gridlock leaves critical investments in our public workforce frozen, including stagnant and unfunded salaries for public school educators; and

Whereas, in contrast, funding for private school vouchers through the Opportunity Scholarship program has been statutorily codified to expand automatically, fully insulating private school subsidies from the very budget impasses that freeze funding for public schools; and

Whereas, the unchecked, automatic diversion of increasingly vast sums of public taxpayer dollars to private institutions threatens the State's ability to fulfill its constitutional obligation to provide every child with a sound, basic education; and

Whereas, average public school teacher compensation in North Carolina currently lags behind every bordering state, severely undermining this State's ability to recruit and retain highly qualified educators; and

Whereas, it is the intent of the General Assembly to demonstrate to the teachers of this State that it will invest in their long-term growth in this State, as they serve the vast majority of students in North Carolina; and

Whereas, this act will establish a phased, legally protected escalation of funding designed to ensure that North Carolina, at minimum, continues to stay competitive in the southeastern United States, as defined by the Department of Public Instruction, for teacher pay through at least the 2032-2033 school year; Now, therefore,  
The General Assembly of North Carolina enacts:

**PART I. PERMANENT TEACHER RAISES**

**SECTION 1.(a)** Article 20 of Chapter 115C of the General Statutes is amended by adding the following new sections to read:

**"§ 115C-302.5A. Teacher salary schedules.**



(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**

<u>Years of Experience</u>	<u>"A" Teachers</u>
<u>0</u>	<u>\$4,387</u>
<u>1</u>	<u>\$4,467</u>
<u>2</u>	<u>\$4,548</u>
<u>3</u>	<u>\$4,628</u>
<u>4</u>	<u>\$4,708</u>
<u>5</u>	<u>\$4,788</u>
<u>6</u>	<u>\$4,892</u>
<u>7</u>	<u>\$4,989</u>
<u>8</u>	<u>\$5,086</u>
<u>9</u>	<u>\$5,183</u>
<u>10</u>	<u>\$5,280</u>
<u>11</u>	<u>\$5,377</u>
<u>12</u>	<u>\$5,474</u>
<u>13</u>	<u>\$5,570</u>
<u>14</u>	<u>\$5,668</u>
<u>15-24</u>	<u>\$5,765</u>
<u>25+</u>	<u>\$5,987</u>

(b) Beginning with the 2027-2028 fiscal year and ending with the 2032-2033 fiscal year, the Department of Public Instruction shall raise the monthly amounts for each step of the teacher salary schedule each fiscal year by three and sixty-seven hundredths percent (3.67%).

(c) Beginning in the 2033-2034 fiscal year and annually thereafter, the Department of Public Instruction shall raise the monthly amounts for each step of the teacher salary schedule for each fiscal year by the sum of one plus the 12-month percent change in the second quarter Employment Cost Index for elementary and secondary school workers as reported by the Federal Bureau of Labor Statistics.

(d) Salary Supplements for Teachers Paid on This Salary Schedule. –

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

1       (e) For school psychologists, school speech pathologists who are licensed as speech  
2 pathologists at the master's degree level or higher, and school audiologists who are licensed as  
3 audiologists at the master's degree level or higher, the following shall apply:

4           (1) The first step of the salary schedule shall be equivalent to the sixth step of the  
5 "A" salary schedule.

6           (2) These employees shall receive the following salary supplements each month:

7               a. Ten percent (10%) of their monthly salary, excluding the supplement  
8 provided pursuant to sub-subdivision b. of this subdivision.

9               b. Three hundred fifty dollars (\$350.00).

10          (3) These employees are eligible to receive salary supplements equivalent to those  
11 of teachers for academic preparation at the six-year degree level or the  
12 doctoral degree level.

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

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

19       (g) A teacher compensated in accordance with this salary schedule shall receive an  
20 amount equal to the greater of the following:

21           (1) The applicable amount on the salary schedule for the applicable school year.

22           (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
23 the sum of the following:

24               a. The salary the teacher received in the 2013-2014 school year pursuant  
25 to Section 35.11 of S.L. 2013-360.

26               b. The longevity that the teacher would have received under the longevity  
27 system in effect for the 2013-2014 school year provided in Section  
28 35.11 of S.L. 2013-360 based on the teacher's current years of service.

29               c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

30          (3) For teachers who were not eligible for longevity for the 2013-2014 school  
31 year, the sum of the salary and annual bonus the teacher received in the  
32 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

33       (h) No later than February 15, 2027, and annually thereafter, the Department of Public  
34 Instruction shall report to the Joint Legislative Education Oversight Committee and publish on  
35 its website the teacher salary schedule developed for the upcoming fiscal year in accordance with  
36 this section and any other enactment of the General Assembly.

37       (i) As used in this section, the term "teacher" shall also include instructional support  
38 personnel.

39 **"§ 115C-302.5C. Teacher Salary Reserve.**

40       (a) The Teacher Salary Reserve is established as a reserve to be administered by the  
41 Department of Public Instruction for the purpose of providing teacher raises in accordance with  
42 G.S. 115C-302.5A. The Reserve shall consist of monies appropriated from the General Fund to  
43 the Reserve by the General Assembly and any interest accrued to it thereon. The Department  
44 shall only use monies in the Reserve in accordance with the purposes set forth in this section.

45       (b) The General Assembly finds that, due to the unacceptable failure of the General  
46 Assembly to timely pass the Current Operations Appropriations Act in recent years, as required  
47 of the General Assembly, it is imperative that the State provide funds for increased teacher  
48 salaries over time, similar to funds provided for opportunity scholarship grants under  
49 G.S. 115C-562.8, as it existed immediately prior to its repeal, to protect against future failures to  
50 pass a Current Operations Appropriations Act. The General Assembly further finds that the  
51 State's continued low pay for teachers represents a strategic threat to the future prosperity of the

1 people of this State, and it is therefore imperative that North Carolina reach the average of teacher  
 2 salary in the southeastern United States by 2032. Therefore, there is appropriated from the  
 3 General Fund to the Reserve the following amounts for each fiscal year to be used for the  
 4 purposes set forth in this section:

<u>Fiscal Year</u>	<u>Appropriation</u>
5 <u>2026-2027</u>	<u>\$825,100,000</u>
6 <u>2027-2028</u>	<u>\$1,048,200,000</u>
7 <u>2028-2029</u>	<u>\$1,271,300,000</u>
8 <u>2029-2030</u>	<u>\$1,494,400,000</u>
9 <u>2030-2031</u>	<u>\$1,717,500,000</u>
10 <u>2031-2032</u>	<u>\$1,940,600,000</u>
11 <u>2032-2033</u>	<u>\$2,163,700,000</u>

12  
 13 For each fiscal year after the 2032-2033 fiscal year, the amount appropriated from the General  
 14 Fund to the Reserve shall be increased by the sum of two hundred eighty-three million two  
 15 hundred thousand dollars (\$283,200,000) over the amount appropriated under this subsection for  
 16 the preceding fiscal year. When developing the base budget, as defined by G.S. 143C-1-1, for  
 17 each fiscal year specified in this subsection, the Director of the Budget shall include the  
 18 appropriated amount specified in this subsection for that fiscal year.

19 **"§ 115C-302.6. Supplemental funds for teacher compensation.**

20 (a) Use of Funds. – To the extent funds are made available for this purpose, except as  
 21 provided in subsection (g) of this section, the State Board of Education shall allocate funds  
 22 pursuant to this section to eligible local school administrative units to provide salary supplements  
 23 to teachers and qualifying school administrators in those units. Allocation of salary supplements  
 24 among teachers and qualifying school administrators within each eligible local school  
 25 administrative unit, including whether a teacher or qualifying school administrator receives a  
 26 salary supplement and the amount of the supplement provided to that person, shall be determined  
 27 in the discretion of the local board of education of the eligible unit, except that no individual  
 28 salary supplement shall exceed the per teacher funding amount awarded to that unit pursuant to  
 29 subdivision (4) of subsection (c) of this section.

30 (b) Definitions. – As used in this section, the following definitions shall apply:

- 31 (1) Adjusted market value of taxable real property. – A county's assessed taxable  
 32 real property value, using the latest available data published by the  
 33 Department of Revenue, divided by the county's sales assessment ratio  
 34 determined under G.S. 105-289(h).
- 35 (2) Composite value. – For each eligible county, the sum of the following:
  - 36 a. The taxable real property factor multiplied by sixty-five percent  
 37 (65%).
  - 38 b. The median household income factor multiplied by twenty-five  
 39 percent (25%).
  - 40 c. The effective tax rate factor multiplied by ten percent (10%).
- 41 (3) County allocation factor. – For each eligible county, the supplement factor for  
 42 that county divided by the sum of all supplement factors for the State.
- 43 (4) Effective tax rate. – The actual county tax rate multiplied by the most recent  
 44 annual sales assessment ratio for that county.
- 45 (5) Effective tax rate factor. – For each eligible county, the effective tax rate for  
 46 that county divided by the median effective tax rate in the State.
- 47 (6) Eligible county. – A county that has an adjusted market value of taxable real  
 48 property of less than fifty billion nine hundred million dollars  
 49 (\$50,900,000,000).
- 50 (7) Eligible local school administrative unit. – A local school administrative unit  
 51 located in whole or in part in an eligible county.

- 1           (8)   Eligible school. – A public school that is located in an eligible county and  
2           governed by a local school administrative unit.
- 3           (9)   Maintenance of effort amount. – For each local school administrative unit in  
4           each fiscal year the total non-State funds expended for salary supplements for  
5           teachers in the 2020-2021 fiscal year.
- 6           (10) Median household income. – A county's median household income for the  
7           most recent 12 months for which data are available, as that term is used in  
8           G.S. 143B-437.08.
- 9           (11) Median household income factor. – For each eligible county, the median  
10          household income in the State divided by the median household income for  
11          that county.
- 12          (12) Non-State funds. – Any funds held by a local school administrative unit, other  
13          than nonrecurring federal funds received as a result of legislation enacted by  
14          Congress in response to COVID-19, that are not State funds.
- 15          (13) Qualifying school administrator. – Any of the following:  
16          a.       Assistant principals paid pursuant to G.S. 115C-285(a)(8).  
17          b.       Principals paid pursuant to G.S. 115C-285(a)(8a).
- 18          (14) Supplement factor. – For each eligible county, the composite value multiplied  
19          by the number of State-funded teachers employed in a school in the county  
20          that is governed by a local school administrative unit.
- 21          (15) Taxable real property factor. – For each eligible county, the median adjusted  
22          market value of taxable real property in the State divided by the adjusted  
23          market value of taxable real property for that county.
- 24          (16) Teacher. – Teachers and instructional support personnel.
- 25          (c)   Allocation of Funds. – The State Board of Education shall allocate funds for salary  
26          supplements to eligible local school administrative units according to the following procedure:
- 27               (1)   County allocation. – For each eligible county, the State Board shall determine  
28               a county allocation by multiplying the county allocation factor for that county  
29               by the funding amount appropriated pursuant to this section for the applicable  
30               fiscal year.
- 31               (2)   Per teacher funding amount. – For each eligible county, the State Board shall  
32               determine a per teacher funding amount by dividing the county allocation  
33               amounts determined pursuant to subdivision (1) of this subsection by the total  
34               number of State-funded teachers employed in all eligible schools in that  
35               county.
- 36               (3)   Unit funding amount. – For each eligible local school administrative unit, the  
37               State Board shall determine the funding amount for that unit based on the per  
38               teacher funding amount or amounts for the eligible county or counties where  
39               the unit is located. For each county with an eligible school governed by the  
40               unit, the State Board shall multiply the applicable per teacher funding amount  
41               for that county determined pursuant to subdivision (2) of this subsection by  
42               the number of State-funded teachers employed in the eligible school in that  
43               county. If the unit is located in multiple eligible counties, the State Board shall  
44               aggregate those amounts.
- 45               (4)   Allocation and funding cap. – The State Board shall allocate the amount  
46               determined pursuant to subdivision (3) of this subsection to each eligible local  
47               school administrative unit for each applicable fiscal year, up to a maximum of  
48               five thousand dollars (\$5,000) per State-funded teacher.
- 49          (d)   Charter Schools. – Funds appropriated to the Department of Public Instruction  
50          pursuant to this section shall be subject to the allocation of funds for charter schools described in  
51          G.S. 115C-218.105. The General Assembly encourages charter schools receiving funds pursuant

1 to this section to provide salary supplements to teachers and qualifying school administrators in  
2 the charter school in accordance with the requirements of this section.

3 (e) Formula for Distribution of Supplemental Funding Pursuant to this Section Only. –  
4 The formula in this section is solely a basis for distribution of supplemental funding to eligible  
5 local school administrative units and is not intended to reflect any measure of the adequacy of  
6 the educational program or funding for public schools. The formula is also not intended to reflect  
7 any commitment by the General Assembly to appropriate any additional supplemental funds for  
8 eligible local school administrative units.

9 (f) Nonsupplant Requirement. – A local school administrative unit that receives funds  
10 under this section shall use those funds to supplement non-State funds provided for salary  
11 supplements for teachers and qualifying school administrators and shall not use any State funds,  
12 including funds received under this section, Section 3.3 of S.L. 2025-89, Section 7A.4 of S.L.  
13 2023-134, or Section 7A.12 of S.L. 2021-180, to supplant non-State funds provided for salary  
14 supplements for teachers and qualifying school administrators. For purposes of this section, a  
15 local school administrative unit has supplanted non-State funds if the State Board finds that the  
16 amount of non-State funds expended by the unit for salary supplements was less than ninety-five  
17 percent (95%) of the maintenance of effort amount for the local school administrative unit.

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

21 (h) Reports. – No later than April 15 of each year funds are provided under this section,  
22 the State Board of Education shall report the following information for the applicable fiscal year  
23 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

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

36 **SECTION 1.(b)** Section 3.3 of S.L. 2025-89 reads as rewritten:

37 "**SECTION 3.3.** Notwithstanding subdivisions (5) and (6) of G.S. 143C-5-4(b), during the  
38 period of continuing budget authority that begins July 1, 2025, all of the following apply:

- 39 ...
- 40 (6) Supplemental funds for teacher compensation for the 2025-2026 fiscal year  
41 are authorized pursuant to the requirements of Section 7A.4 of S.L. 2023-134,  
42 as amended by Section 1.7B of S.L. 2024-39, notwithstanding any limitation  
43 to the 2023-2025 fiscal biennium."

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

## 47 **PART II. REVISE ELIGIBILITY REQUIREMENTS AND REDUCE FUNDS FOR THE** 48 **OPPORTUNITY SCHOLARSHIP PROGRAM**

49 **SECTION 2.(a)** G.S. 115C-562.1 reads as rewritten:

### 50 **"§ 115C-562.1. Definitions.**

51 The following definitions apply in this Part:

- 1 ...  
2 (3a) ~~Eligible student. — A student residing in North Carolina who has not yet~~  
3 ~~received a high school diploma and who meets all of the following~~  
4 ~~requirements:~~  
5 a. ~~Is eligible to attend a North Carolina public school pursuant to Article~~  
6 ~~25 of this Chapter. A child who is the age of 4 on or before April 16 is~~  
7 ~~eligible to attend the following school year if the principal, or~~  
8 ~~equivalent, of the school in which the child seeks to enroll finds that~~  
9 ~~the student meets the requirements established by the Authority~~  
10 ~~pursuant to G.S. 115C-562.2(d) and those findings are submitted to the~~  
11 ~~Authority.~~  
12 b. ~~Has not been enrolled in a postsecondary institution as a full-time~~  
13 ~~student taking at least 12 hours of academic credit.~~  
14 e. ~~Has not been placed in a nonpublic school or facility by a public~~  
15 ~~agency at public expense.~~

- 16 ...  
17 (3d) Eligible student. – A student residing in North Carolina who has not yet  
18 received a high school diploma and who meets all of the following  
19 requirements:  
20 a. Meets one of the following criteria:  
21 1. Was a student (i) assigned to and attending a public school  
22 full-time pursuant to G.S. 115C-366 or (ii) enrolled full-time  
23 in a Department of Defense Elementary and Secondary School,  
24 established pursuant to 10 U.S.C. § 2164 and located in North  
25 Carolina, during the spring semester prior to the school year  
26 for which the student is applying.  
27 2. Received a scholarship grant for the school year prior to the  
28 school year for which the student is applying.  
29 3. Is eligible to enter kindergarten, first grade, or second grade  
30 pursuant to Article 25 of this Chapter. A child who is the age  
31 of 4 on or before April 16 is eligible to attend the following  
32 school year if the principal, or equivalent, of the school in  
33 which the child seeks to enroll finds that the student meets the  
34 requirements established by the Authority pursuant to  
35 G.S. 115C-562.2(d) and those findings are submitted to the  
36 Authority with the child's application.  
37 4. Is a child in foster care as defined in G.S. 131D-10.2(9).  
38 5. Is a child whose adoption decree was entered not more than  
39 one year prior to submission of the scholarship grant  
40 application.  
41 6. Is a child whose parent or legal guardian (i) is on full-time duty  
42 status in the active uniformed service of the United States,  
43 including members of the National Guard and Reserve on  
44 active duty orders pursuant to 10 U.S.C. § 12301, et seq., and  
45 10 U.S.C. § 12401, et seq., or (ii) receives an honorable  
46 discharge as an active duty member from the uniformed service  
47 of the United States within 12 months prior to application.  
48 7. Is a child who meets both of the following:  
49 I. Was enrolled in a nonpublic school that meets the  
50 requirements of Part 1 and Part 2 of this Article during

- 1 the spring semester prior to the school year for which
- 2 the student is applying.
- 3 II. Was enrolled for the entire school year immediately
- 4 prior to the school year in which the student enrolled in
- 5 the nonpublic school in one of the following:
- 6 A. A North Carolina public school.
- 7 B. A Department of Defense Elementary and
- 8 Secondary School established pursuant to 10
- 9 U.S.C. § 2164 and located in North Carolina.
- 10 a1. Has not enrolled in a postsecondary institution in a matriculated status
- 11 eligible for enrollment for 12 hours of academic credit.
- 12 b. Meets one of the following criteria:
- 13 1. Resides in a household with an income level not in excess of
- 14 two hundred percent (200%) of the amount required for the
- 15 student to qualify for the federal free or reduced-price lunch
- 16 program. The Authority shall not count any distribution from
- 17 the estate of a decedent in calculating the income level of the
- 18 applicant's household for the purposes of determining
- 19 eligibility for a scholarship under this sub-sub-subdivision.
- 20 2. Is a child in foster care as defined in G.S. 131D-10.2. The
- 21 Authority shall not consider the household income of the foster
- 22 parent, as defined in G.S. 131D-10.2, in determining the
- 23 eligibility of a foster care child.
- 24 (3e) Full-time student. – A student enrolled exclusively in a nonpublic school for
- 25 elementary or secondary education whose parents have released the local
- 26 school administrative unit the student is eligible to attend under
- 27 G.S. 115C-366 of all obligations to educate the eligible student while the
- 28 eligible student is receiving a scholarship grant under this Part.
- 29 ...
- 30 (5b) Part-time student. – A student enrolled part-time in a public school and
- 31 part-time in a nonpublic school.
- 32 ...."

**SECTION 2.(b)** G.S. 115C-562.2 reads as rewritten:

**"§ 115C-562.2. Scholarship grants.**

- 35 (a) The Authority shall make available no later than February 1 annually applications to
- 36 eligible students for the award of scholarship grants to attend any nonpublic ~~school on a full- or~~
- 37 ~~part-time basis.~~ school. Information about scholarship grants and the application process shall be
- 38 made available on the Authority's Web site. Beginning March 15, the Authority shall begin
- 39 awarding scholarship grants ~~to students who have applied by March 1 in the following~~
- 40 ~~order according to the following criteria:~~
- 41 (1) ~~Eligible~~ First priority shall be given to eligible students who received a
- 42 scholarship grant for the school year prior to the school year for which the
- 43 students are ~~applying~~ applying if those students have applied by March 1.
- 44 (2) ~~Eligible students qualifying for a scholarship grant in the amount provided~~
- 45 ~~under subdivision (1) of subsection (b2) of this section.~~ After scholarship
- 46 grants have been awarded to prior recipients as provided in subdivision (1) of
- 47 this subsection, scholarships shall be awarded with remaining funds as
- 48 follows:
- 49 a. At least fifty percent (50%) of the remaining funds shall be used to
- 50 award scholarship grants to eligible students residing in households

- 1                    with an income level not in excess of the amount required for the  
2                    student to qualify for the federal free or reduced-price lunch program.  
3                    b. Any remaining funds shall be used to award scholarship grants to all  
4                    other eligible students.  
5                    ~~(3) Eligible students qualifying for a scholarship grant in the amount provided~~  
6                    ~~under subdivision (2) of subsection (b2) of this section.~~  
7                    ~~(4) Eligible students qualifying for a scholarship grant in the amount provided~~  
8                    ~~under subdivision (3) of subsection (b2) of this section.~~  
9                    ~~(5) All other students.~~  
10                  (a1) Scholarship grants awarded to eligible students residing in households with an income  
11 level not in excess of the amount required for the student to qualify for the federal free or  
12 reduced-price lunch program shall be, per year per eligible student, in an amount of up to seven  
13 thousand nine hundred forty-two dollars (\$7,942) for full-time students or up to three thousand  
14 nine hundred seventy-one dollars (\$3,971) for part-time students. Scholarship grants awarded to  
15 eligible students residing in households with an income level in excess of the amount required  
16 for the student to qualify for the federal free or reduced-price lunch program shall be for amounts  
17 of not more than seven thousand one hundred forty-eight dollars (\$7,148) for full-time students  
18 or three thousand five hundred seventy-four dollars (\$3,574) for part-time students. Tuition and  
19 fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or  
20 other items required by the nonpublic school. No scholarship grant shall exceed the required  
21 tuition and fees for the nonpublic school the eligible student will attend.  
22                  ...  
23                  ~~(b2) Scholarship grants shall be awarded to eligible students as follows:~~  
24                    ~~(1) For students residing in households with an income level not in excess of the~~  
25                    ~~amount required for the student to qualify for the federal free or reduced-price~~  
26                    ~~lunch program, per year per eligible student, an amount of up to one hundred~~  
27                    ~~percent (100%) of the average State per pupil allocation for average daily~~  
28                    ~~membership in the prior fiscal year.~~  
29                    ~~(2) For students residing in households with an income level between the amount~~  
30                    ~~required for the student to qualify for the federal free or reduced-price lunch~~  
31                    ~~program and not in excess of two hundred percent (200%) of that amount, per~~  
32                    ~~year per eligible student, an amount of up to ninety percent (90%) of the~~  
33                    ~~average State per pupil allocation for average daily membership in the prior~~  
34                    ~~fiscal year.~~  
35                    ~~(3) For students residing in households with an income level of between two~~  
36                    ~~hundred percent (200%) of the amount required for the student to qualify for~~  
37                    ~~the federal free or reduced-price lunch program and not in excess of four~~  
38                    ~~hundred fifty percent (450%) of that amount, per year per eligible student, an~~  
39                    ~~amount of up to sixty percent (60%) of the average State per pupil allocation~~  
40                    ~~for average daily membership in the prior fiscal year.~~  
41                    ~~(4) For all students, per year per eligible student, an amount of up to forty-five~~  
42                    ~~percent (45%) of the average State per pupil allocation for average daily~~  
43                    ~~membership in the prior fiscal year, unless the student qualifies for a higher~~  
44                    ~~amount under this subsection.~~  
45                  ~~(b3) Tuition and fees for a nonpublic school may include tuition and fees for books,~~  
46 ~~transportation, equipment, or other items required by the nonpublic school.~~  
47                  ~~(b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to~~  
48 ~~one hundred percent (100%) of the average State per pupil allocation for average daily~~  
49 ~~membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition~~  
50 ~~and fees for the nonpublic school the eligible student will attend.~~

(b5) In addition to the amount of the scholarship grant, for any student receiving a scholarship grant in grades three, eight, or 11, the Authority shall provide to the nonpublic school an amount equal to the cost of the nationally standardized test required to be administered as provided in G.S. 115C-562.5.

...."

**SECTION 2.(c)** G.S. 115C-562.8 reads as rewritten:

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

...

(b) ~~The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there~~ There is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
...	
2027-2028	<del>\$700,000,000</del> <u>\$320,000,000</u>
2028-2029	<del>\$725,000,000</del> <u>\$305,000,000</u>
2029-2030	<del>\$750,000,000</del> <u>\$280,000,000</u>
2030-2031	<del>\$775,000,000</del> <u>\$265,000,000</u>
2031-2032	<del>\$800,000,000</del> <u>\$250,000,000</u>

For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~eight hundred twenty five million dollars (\$825,000,000)~~ two hundred thirty-five million dollars (\$235,000,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year.

...."

**SECTION 2.(d)** Notwithstanding G.S. 115C-562.1 and G.S. 115C-562.2, as amended by subsection (a) of this section, any eligible student who receives a scholarship pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes in the 2026-2027 school year shall be eligible to receive a scholarship in the 2027-2028 fiscal year. The award shall be at the same amount the student received in the 2026-2027 school year.

**SECTION 2.(e)** Notwithstanding G.S. 115C-562.8 and any other provision of law to the contrary, the unencumbered, nonrecurring funds available for the award of opportunity scholarship grants pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes at the end of the 2025-2026 fiscal year that would otherwise be carried forward in the 2026-2027 fiscal year pursuant to G.S. 115C-562.8(d)(2) shall be reduced by the sum of one hundred fifty million dollars (\$150,000,000) in nonrecurring funds.

**SECTION 2.(f)** Notwithstanding any other provision of law to the contrary, the funds appropriated for the 2026-2027 fiscal year to the Opportunity Scholarship Grant Fund Reserve for the award of opportunity scholarship grants pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes in the 2027-2028 fiscal year shall be reduced by the sum of one hundred ten million dollars (\$110,000,000) in recurring funds.

**SECTION 2.(g)** This section is effective when it becomes law and applies beginning with applications for the award of scholarship grants in the 2027-2028 school year.

**PART III. EFFECTIVE DATE**

**SECTION 3.** Except as otherwise provided, this act is effective when it becomes law.