

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 861
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40438-MGa-15B

Short Title: Taxpayer Accountability/Pregnancy Centers. (Public)

Sponsors: Representative Cervania.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT ENHANCING TAXPAYER ACCOUNTABILITY BY REQUIRING THE
3 ESTABLISHMENT OF A COMPETITIVE GRANT PROCESS, PERFORMANCE
4 STANDARDS, AND ADDITIONAL REPORTING REQUIREMENTS FOR
5 PREGNANCY CENTERS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Funds appropriated from the General Fund to the Department of Health
8 and Human Services, Division of Public Health, for each year of the 2025-2027 fiscal biennium
9 for Carolina Pregnancy Care Fellowship (CPCF), a nonprofit corporation, are subject to the
10 following requirements:

11 (1) The CPCF shall establish a competitive grant process for awarding the grants
12 authorized by subdivisions (a)(1) through (a)(3) of Section 9H.11 of S.L.
13 2023-134. The plan for administering the competitive grant process shall
14 include all of the following:

15 a. A request for application (RFA) process to allow pregnancy centers
16 located in this State to apply for and receive a grant authorized by this
17 section on a competitive basis. The RFA application shall include at
18 least all of the following components:

19 1. An explanation of the applicant's operations and staff,
20 including all of the following:

21 I. The hours of operation.

22 II. The full name, official position, credentials, specialties,
23 and salaries of all staff and volunteers.

24 III. Required qualifications, trainings, and credentials for
25 all employees, volunteers, contractors, and consultants.

26 IV. An explanation of the application process for
27 employees, volunteers, and consultants, including
28 whether the application requires a disclosure about
29 religious beliefs and if any answer or failure to answer
30 will disqualify an applicant.

31 V. What vendors and materials are used for training
32 employees, consultants, and volunteers.

33 VI. Whether licensed health care providers are required to
34 be on-site during operating hours and, if so, an
35 explanation of the requirement and what arrangements
36 are made if the requirement cannot be met.



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- 1 VII. Whether any employees, contractors, or volunteers are
2 unlicensed health care providers.
- 3 VIII. Whether ultrasounds are performed on-site and, if so,
4 the qualifications of those performing and interpreting
5 the ultrasounds.
- 6 IX. Whether testing for sexually transmitted diseases is
7 performed on-site and, if so, the names and
8 qualifications of those performing such testing.
- 9 2. The specific activities, services, and programs provided by the
10 applicant during any part of the year.
- 11 3. A description of all medical equipment, the purposes of the
12 equipment, and funding sources for all of the equipment.
- 13 4. An explanation of the applicant's best practices with respect to
14 the use of medical equipment and the provision of any medical
15 testing, medical procedures, or counseling services.
- 16 5. A description of the applicant's advertising and marketing
17 practices.
- 18 b. A plan to evaluate the effectiveness, including measurable impact or
19 outcomes, of the activities, services, and programs for which the grant
20 funds are being requested.
- 21 c. A plan to monitor compliance with applicable law and the grant
22 agreement, with respect to the grantee's expenditure of grant funds.
- 23 d. A plan to detect fraud and abuse by grantees.
- 24 (2) No later than July 1 of each year, beginning July 1, 2026, the CPCF shall
25 announce the recipients of the competitive grant awards and allocate funds to
26 the grantees for the respective grant period pursuant to the amounts designated
27 under subsection (a) of this section. After awards have been granted, the CPCF
28 shall submit a report to the Department of Health and Human Services, the
29 Joint Legislative Commission on Governmental Operations, the Joint
30 Legislative Oversight Committee on Health and Human Services, and the
31 Fiscal Research Division on the grant awards that includes at least all of the
32 following information:
- 33 a. The identity and a brief description of each grantee and each activity,
34 service, and program offered by the grantee.
- 35 b. The amount of funding awarded to each grantee.
- 36 c. The number of persons served by each grantee, broken down by
37 activity, service, and program.
- 38 d. The number of persons served by the Circle of Care Program.
- 39 e. A copy of each grantee's RFA application.
- 40 (3) The CPCF may not use more than ten percent (10%) of the total amount of
41 funds allocated by this section for the 2023-2025 fiscal biennium and not more
42 than fifteen percent (15%) of the total amount of funds allocated by this
43 section for subsequent fiscal years for administrative purposes.
- 44 (4) Funds allocated to CPCF shall be used for nonsectarian, nonreligious purposes
45 only.
- 46 (5) Annually on July 1, beginning July 1, 2026, the CPCF shall report to the
47 Department of Health and Human Services, the Joint Legislative Commission
48 on Governmental Operations, the Joint Legislative Oversight Committee on
49 Health and Human Services, and the Fiscal Research Division on the use of
50 funds allocated under this section. The report shall include at least all of the
51 following information for the preceding fiscal year:

- 1 a. A description of any monitoring activities undertaken by the CPCF to
- 2 ensure that grant funds awarded under the competitive grant process
- 3 authorized by this section are being spent for the purposes for which
- 4 they were requested.
- 5 b. A description of any technical assistance provided by the CPCF to
- 6 grant applicants or grantees.
- 7 c. A detailed breakdown of the funds expended by the CPCF for
- 8 administrative purposes related to the competitive grant process
- 9 authorized by this section.
- 10 (6) Annually on July 1, beginning July 1, 2026, each pregnancy center awarded
- 11 grant funds pursuant to the competitive grant process authorized by this
- 12 section shall report to the Department of Health and Human Services, the Joint
- 13 Legislative Commission on Governmental Operations, the Joint Legislative
- 14 Oversight Committee on Health and Human Services, and the Fiscal Research
- 15 Division on its use of the grant funds. The report shall include at least all of
- 16 the following information for the preceding fiscal year:
- 17 a. A report of its activities and services, broken down by funding source,
- 18 that includes the number of clients served by each pregnancy center
- 19 by county of residence and the following age categories:
- 20 1. Less than 16 years old.
- 21 2. 16 years old through 20 years old.
- 22 3. 21 years old through 25 years old.
- 23 4. 26 years old through 30 years old.
- 24 5. 31 years old through 35 years old.
- 25 6. 36 years old through 40 years old.
- 26 7. 41 years old through 45 years old.
- 27 8. 46 years old and older.
- 28 b. The number of visits by client for each of the previously defined age
- 29 categories, broken down by type of visit.
- 30 c. The number of services, supports, and referrals provided to clients for
- 31 each of the previously defined age categories, broken down by type of
- 32 service, support, or referral provided, including pregnancy counseling,
- 33 pregnancy testing, ultrasounds, and testing for sexually transmitted
- 34 diseases.
- 35 d. The number of service requests received by the pregnancy center.
- 36 e. The race and ethnicity data associated with clients receiving services.
- 37 f. The number of clients that fall under each of the following income
- 38 ranges:
- 39 1. Less than \$20,000.
- 40 2. \$20,000 to \$34,999.
- 41 3. \$35,000 to \$49,999.
- 42 4. \$50,000 to \$74,999.
- 43 5. \$75,000 to \$99,999.
- 44 6. Over \$100,000.
- 45 g. The total number of unduplicated clients served by the pregnancy
- 46 center and the total number of unduplicated new clients served during
- 47 the fiscal year.

48 **SECTION 2.** Chapter 131E of the General Statutes is amended by adding a new
 49 section to read:

50 **"§ 131E-269.5. Pregnancy centers; performance standards; recovery of State funds for**
 51 **noncompliance.**

1 (a) As used in this section, the term "pregnancy center" means any nonprofit organization
2 other than a hospital, ambulatory surgical facility, or clinic that performs abortions, that holds
3 itself out as a facility that provides care for pregnant women, including pregnancy counseling
4 services, pregnancy testing, and other nonmedical pregnancy services.

5 (b) The Department shall adopt rules establishing performance standards for pregnancy
6 centers operating in this State. The rules shall, at a minimum, establish a monitoring mechanism
7 and reporting requirements to facilitate the Department periodically assessing whether pregnancy
8 centers are adhering to the established performance standards. The reporting requirements shall,
9 at a minimum, require pregnancy centers to annually report to the Department at least all of the
10 following information for the preceding five-year period:

11 (1) All contracts and agreements entered into with the State of North Carolina or
12 Carolina Pregnancy Care Fellowship (CPCF), a nonprofit organization, during
13 the preceding five-year period.

14 (2) A list of all monetary transactions between the pregnancy center and State of
15 North Carolina or CPCF.

16 (3) Itemized annual expenditures for all of the following:

17 a. Individual employees, with a breakdown of the number of full-time
18 and part-time staff, the number of hours worked by each full-time and
19 part-time staff member, and the salaries and wages paid to each staff
20 member.

21 b. Administrative supplies and materials, with an explanation of the
22 purposes for these items.

23 c. All supplies and materials provided to individuals served by the
24 pregnancy center, including:

25 1. Pregnancy tests.

26 2. Diapers.

27 3. Medicines.

28 4. Baby food.

29 5. Baby formula.

30 d. Marketing and promotional materials, including all of the following:

31 1. Flyers.

32 2. Print advertisements.

33 3. Broadcast advertisements.

34 4. Digital and social media advertisements.

35 5. Promotions for fundraisers.

36 e. Educational materials for clients or patients, including pamphlets and
37 audiovisual seminars.

38 f. Travel expenses.

39 g. Medical equipment, including ultrasound machines.

40 h. Events sponsored by the pregnancy center.

41 i. Medical training and medical equipment training offered by the
42 pregnancy center.

43 j. Contracted services, including staffing services, event services,
44 information technology services, and cleaning services.

45 k. Rent or mortgage and utilities.

46 (4) Documentation of applications for employment and applications for
47 volunteers.

48 (5) Copies of Internal Revenue Service Form 990.

49 (c) The Department shall take appropriate administrative action to recover any amount
50 of grant funds or State appropriations disbursed to a pregnancy center for any fiscal year in which
51 the Department determines that the pregnancy center is out of compliance with the performance

1 standards adopted under this section. A pregnancy center aggrieved by a final determination of
2 the Department pursuant to this subsection may appeal the decision as provided under Article 3
3 of Chapter 150B of the General Statutes."

4 **SECTION 3.** This act becomes effective July 1, 2025.