

section. With the exception of debt service obligations, appropriations from the Fund may be administered by other State agencies as deemed necessary by the Office of State Budget and Management. Interest ~~accruing from the~~ and investment earnings received on monies in the Fund shall be credited to the Fund. The Fund shall consist of the following ~~sources of funding~~; additional sources:

- (1) ~~One fourth of any unreserved fund~~ From the unreserved fund balance, the lesser of (i) the sum of three hundred fifty million dollars (\$350,000,000) or (ii) the amount of the balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year.
- (2) ~~Four percent (4%) of the net State tax revenues that are deposited in the General Fund during the fiscal year.~~ The sum of nine hundred fifty million dollars (\$950,000,000) transferred from the General Fund at the beginning of the 2021-2022 fiscal year. Each fiscal year thereafter, the transfer shall be increased three and one-half percent (3.5%) over the amount required under this subdivision for the preceding fiscal year.
- (3) ~~All~~ Unless otherwise specified, monies appropriated by the General Assembly for the purposes of General Fund capital improvements, as defined in G.S. 143C-1-1(d).
- (4) ~~All interest and investment earnings received on monies in the Fund.~~
- (5) ~~Any other funds, as directed by the General Assembly.~~

(c) ~~Funding Requirements.~~ Administration. – Each Current Operations Appropriations Act enacted by the General Assembly shall include (i) a transfer to the Fund of four percent (4%) of each fiscal year's estimated net State tax revenues that are deposited in the General Fund and (ii) one fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the end of each fiscal year.

(d) ~~Transfer of Funds to the Fund.~~ Each the amounts required under subdivisions (1) and (2) of subsection (b) of this section. Each fiscal year, the Office of State Controller shall transfer to the Fund the ~~estimated~~ amounts required pursuant to subsection (c) of this section. Each fiscal year, the Office of State Controller shall transfer to the Fund one fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the end of the fiscal year. this subsection.

...."

SECTION 5.7.(b) This section becomes effective June 30, 2021.

UNC CONSTITUENT INSTITUTIONS/PROHIBIT CHARGING INDIRECT FACILITIES AND ADMINISTRATIVE COSTS

SECTION 5.8. Constituent institutions of The University of North Carolina shall not charge State agencies for indirect facilities and administrative costs. For purposes of this section, the term "State agency" is as defined in G.S. 143C-1-1.

PART VI. COMMUNITY COLLEGE SYSTEM

CC ECONOMIC IMPACTS/STUDY/GRANT FOR TARGETED PROGRAMS

SECTION 6.1.(a) Economic Impact Study. – Of the funds appropriated by this act for the 2021-2022 fiscal year to the Community Colleges System Office to be allocated to the Center for Applied Research (CFAR) at Central Piedmont Community College, CFAR shall partner with the System Office, the North Carolina Association of Community College Presidents, and the Belk Center for Community College Leadership and Research at North Carolina State University (Belk Center) to provide for studies of the overall regional economic impacts of community colleges in the State. Upon the matching funds being made available in accordance with subsection (c) of this section, CFAR shall use the sum of seven hundred fifty

thousand dollars (\$750,000) in nonrecurring funds for the 2021-2022 fiscal year to contract with Economic Modeling Specialists International (EMSI), an affiliate of the Strata Education Network, to conduct the studies required by this section.

SECTION 6.1.(b) Components of the Studies. – In conducting the studies, EMSI shall evaluate labor dynamics within the State and the impact community colleges have on students and businesses within certain regions and the resulting return on investment (ROI) for taxpayers. EMSI shall also conduct an analysis of high-demand programs in regional areas of the State, such as nursing, teacher education, and information technology. EMSI shall evaluate the ROI and the success of those programs in improving career opportunities for students as well as their impact on the labor market. As part of its analysis, EMSI shall focus on potential areas for increased investment or targeted support by the State and recommendations for future growth. CFAR, the System Office, the NC Association of Community College Presidents, and the Belk Center shall provide EMSI any data or assistance necessary to conduct the studies required by this section.

SECTION 6.1.(c) Matching Funds. – Funds made available to CFAR pursuant to this section shall be matched on the basis of one dollar (\$1.00) in funds from the John M. Belk Endowment for every one dollar (\$1.00) in State funds.

SECTION 6.1.(d) Report. – By February 15, 2022, CFAR, the System Office, the NC Association of Community College Presidents, and the Belk Center shall report to the Joint Legislative Education Oversight Committee on the results of the studies and the recommendations from the studies on areas with the greatest economic impacts for the State that warrant further expansion and focus to increase the success of students and to meet workforce and industry demands.

SECTION 6.1.(e) Grant Program Established. – Based on the results and the recommendations from the report required under subsection (d) of this section, the State Board of Community Colleges shall establish an application process for a grant program for the 2022-2023 fiscal year for community colleges to apply for grant funds to expand and target efforts in specific program areas that are proven to have greater economic impacts in regions of the State. The State Board shall prioritize award of the grant funds based on the findings of the studies required by this section and the potential for those programs to have the greatest impact on a geographical region or region of economic development.

COMMUNITY COLLEGE PROGRAMS SERVING IDD STUDENTS

SECTION 6.2.(a) The State Board of Community Colleges shall establish a two-year pilot program at two community college campuses for training programs that provide opportunities for a micro-credential or other credentials that lead to increased employment outcomes for individuals with intellectual and developmental disabilities (IDD). The pilot program shall offer training and educational components that include improving employability skills and provide on-the-job training and apprenticeships with business and industry for individuals with IDD. The goal of the pilot program shall be to inform community colleges and address cross-departmental supports within the individual community colleges on programs for individuals with IDD related to at least the following:

- (1) Establishing best practices for providing vocational training for individuals with IDD.
- (2) Providing financial and benefits counseling.
- (3) Developing strategies on integrating assistive technology.
- (4) Maximizing access, with supports, to credential and degree programs, including micro-credentials that are established by the State Board.
- (5) Identifying methods to increase orientation and integration of individuals with IDD into the college community to the greatest extent possible.

- (6) Determining a needs assessment, marketing, and evaluation to serve a broad array of individuals with developmental and other similar disabilities or learning challenges to assure adequate demand for new or existing programs.

SECTION 6.2.(b) Of the funds appropriated by this act to the Community Colleges System Office to support increasing program offerings for individuals with IDD, the System Office shall also add a time-limited position for program support, provide professional development training for college advising staff to assist students with IDD for career pathway exploration and the identification of credentials leading to competitive employment, and explore funding sources to sustain programs for students with IDD.

SECTION 6.2.(c) Beginning February 1, 2022, the Community Colleges System Office shall report each fiscal year on the funds appropriated to the System Office for the purposes of this section to the Joint Legislative Education Oversight Committee on the results of the pilot program, the use of the time-limited position, professional development training for staff, and funding sources identified for individuals with IDD to build programs at community colleges that support postsecondary trainings and certifications that enable individuals with IDD to engage in competitive, sustainable employment.

CC JOINT PROGRAM ENROLLMENT OF PUBLIC SCHOOL STUDENTS

SECTION 6.3.(a) G.S. 115D-5(x) reads as rewritten:

"(x) In addition to the evaluation of cooperative innovative high schools by the State Board of Education pursuant to G.S. 115C-238.55, the State Board of Community Colleges, in conjunction with the State Board of Education and the Board of Governors of The University of North Carolina, shall evaluate the success of students participating in the Career and College Promise Program, including the College Transfer pathway and the Career and Technical Education pathway. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in the programs. The evaluation shall also include an analysis of the cost of students participating in each of the programs within the Career and College Promise Program, including at least the following:

- (1) Total enrollment funding, the number of budgeted full-time equivalent students, and the number of students enrolled in courses through cooperative innovative high schools, the College Transfer pathway, and the Career and Technical Education pathway.
- (2) The cost and number of waivers of tuition and registration fees provided for students enrolled in courses through cooperative innovative high schools, the College Transfer pathway, and the Career and Technical Education pathway.
- (3) Any additional costs of a student attending courses on campus if a student is not attending public school in a local school administrative unit for the majority of the student's instructional time.

The Boards shall jointly report by March 15 of each year to the Joint Legislative Education Oversight Committee. Committee and the Fiscal Research Division of the General Assembly. The report shall be combined with the evaluation of cooperative innovative high schools required by G.S. 115C-238.55, and the Community Colleges System Office shall be responsible for submitting the combined ~~report to the Committee report.~~"

SECTION 6.3.(b) G.S. 115C-238.55 reads as rewritten:

"§ 115C-238.55. Evaluation of cooperative innovative high schools.

The State Board of Education and the governing Boards shall evaluate the success of students in cooperative innovative high schools approved under this Part. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment

in career or study-related fields, and employer satisfaction of employees who participated in and graduated from the schools. The Boards shall jointly report by March 15 of each year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly on the evaluation of these schools. The report shall be combined with the evaluation of and analysis of cost of students participating in the Career and College Promise Program required by G.S. 115D-5(x), and the Community Colleges System Office shall be responsible for submitting the combined ~~report to the Committee report.~~"

SECTION 6.3.(c) This section applies beginning with the 2021-2022 academic year.

CC CHILDCARE GRANT PROGRAM/REPORT

SECTION 6.4. Article 3 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"§ 115D-40.5. Annual report on NC Community College Childcare Grant Program.

Beginning September 1, 2022, and annually thereafter, the Community Colleges System Office shall report to the Joint Legislative Education Oversight Committee on the administration of the North Carolina Community College Childcare Grant Program for the prior fiscal year. The report shall include at least the following information by each community college:

- (1) The number of applications received for grants from the program.
- (2) The amount of grant funds requested from the program.
- (3) The number of applications approved.
- (4) The total amount of grant funds awarded.
- (5) The range of the dollar amount of grant awards to individuals for child care expenses.
- (6) The types of child care utilized by students with grant funds, including before-school and after-school services."

CAREER ACADEMIES FOR AT-RISK STUDENTS

SECTION 6.5.(a) Program Established. – There is established a two-year pilot program between Cape Fear Community College (CFCC), New Hanover County Schools, and Pender County Schools to meet the needs of underserved students in seventh through ninth grade through an opportunity for extended time on CFCC's campus in various career and technical education programs. The goals of the program shall include (i) exposing students from underperforming schools and underserved populations to career training opportunities available at CFCC, (ii) guiding students toward successful career outcomes, (iii) providing support services to students, including academic tutoring, academic counseling, personal mentoring, and financial support through financial aid and scholarships, and (iv) increasing graduation and postsecondary outcomes for these students.

SECTION 6.5.(b) Components of the Program. – CFCC, New Hanover County Schools, and Pender County Schools shall offer a summer career academy program to at-risk students from each local school administrative unit for a total of up to 300 students in seventh through ninth grade. The career academy program shall introduce students to life on a college campus with the goal of creating a familiarity with and positive experience in the postsecondary environment. Students shall visit two career and technical education programs per day for five consecutive days for two consecutive weeks in different subject areas, such as welding, marine technology and boat building, electrical, culinary, medical assisting, public safety, arts, veterinary assisting, and chemical technology. The career academy program shall include speakers and support for financial aid and scholarship opportunities and an introduction to the Career and College Promise Program.

CFCC shall also hire career liaisons in time-limited positions for placement in certain middle schools in New Hanover County Schools and Pender County Schools to support at-risk students. The goal of adding career liaisons to the schools shall be to provide students with

exposure to career and technical education opportunities that otherwise would not be available to them.

SECTION 6.5.(c) Report. – CFCC, in collaboration with New Hanover County Schools and Pender County Schools, shall submit an initial report by October 1, 2022, and a final report by October 1, 2023, to the Joint Legislative Education Oversight Committee on the results of the pilot program and the placement of the career liaisons in schools to support at-risk students, including the number of students who enrolled in Career and College Promise Program pathways following completion of the career academy program and other relevant student outcome data for at-risk students.

NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT GRANTS

SECTION 6.6.(a) Program Established. – There is established the North Carolina Community College Short-Term Workforce Development Grant Program (Program) to be administered by the State Board of Community Colleges. The State Board shall adopt rules for the disbursement of the grants pursuant to this section.

SECTION 6.6.(b) Programs of Study. – The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for the Program, according to the occupations that are in the highest demand in the State. The eligible programs of study shall include programs such as architecture and construction, health sciences, information technology, electrical line worker, and manufacturing programs, and may include other programs to meet local workforce needs.

SECTION 6.6.(c) Award Amounts. – Within the funds appropriated by this act for the 2021-2023 fiscal biennium to the Community Colleges System Office for the Program, the State Board of Community Colleges shall award grants in an amount of up to seven hundred fifty dollars (\$750.00) to students pursuing short-term, noncredit State and industry workforce credentials. The State Board of Community Colleges shall establish criteria for initial and continuing eligibility for students. At a minimum, students shall be required to qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the State Education Assistance Authority.

SECTION 6.6.(d) Report. – The State Board shall submit an initial report by April 1, 2022, and a final report by April 1, 2023, to the Joint Legislative Education Oversight Committee. The report shall contain, for each academic year and by programs of study, the amount of grant funds disbursed and the number of eligible students receiving funds.

HIGH-COST WORKFORCE PROGRAMS START-UP FUNDS

SECTION 6.7.(a) Establishment of the Fund. – Of the funds appropriated to the Community Colleges System Office by this act for the 2022-2023 fiscal year, the System Office shall establish the Fund for High-Cost Workforce Programs (Fund). Any unexpended funds remaining in the Fund at the end of the fiscal year shall not revert to the General Fund but shall remain available for the purposes set forth in this section. The Fund shall be used to assist community colleges in starting new programs in high-demand career fields that require significant start-up funds. Only Tier 1A and Tier 1B programs offered at community colleges shall be eligible for the award of funds. The System Office shall establish an application process for community colleges to apply for awards from the Fund no later than the beginning of the 2022-2023 fiscal year. To be eligible to receive funds, colleges shall submit to the System Office a completed application, which shall include at least the following information:

- (1) A description of the proposed new program requiring start-up funds.

(2) Documentation of industry demand for the program or documentation of future local, regional, or statewide employment needs that will be met by the program.

(3) Total cash cost to start the program and maintain the program over two fiscal years.

(4) A plan for the fiscal sustainability of the new program.

SECTION 6.7.(b) Limitation on the Use of Funds. – A community college may only apply for the award of funds to support one new program in each fiscal year. Funds shall remain available to the community college for a period of two fiscal years. The award of funds to a community college from the Fund shall not exceed one million dollars (\$1,000,000).

SECTION 6.7.(c) Matching Funds. – A community college shall be required to match a percentage of the total cash cost of the program with non-State funds, based on a college's total full-time equivalents (FTE) according to the following:

(1) Community colleges with a total FTE of greater than 6,500 shall be required to match fifteen percent (15%) of the cost.

(2) Community colleges with a total FTE between 2,500 and 6,500 shall be required to match ten percent (10%) of the cost.

(3) Community colleges with a total FTE below 2,500 shall be required to match five percent (5%) of the cost.

SECTION 6.7.(d) Administration. – The System Office may adopt any regulations, policies, or procedures regarding the application process, use of funds, eligibility requirements, and any other rules necessary related to the administration of the Fund. The System Office may use up to one hundred thousand dollars (\$100,000) each fiscal year for administrative costs for establishing and implementing the program.

SECTION 6.7.(e) Report. – The System Office shall submit an initial report to the Joint Legislative Education Oversight Committee by March 1, 2023, and an annual report thereafter for each year the System Office provides funds to community colleges from the Fund on the programs receiving the funds, which shall include at least the following information:

(1) The community colleges that received funds, the amount of funds, and the types of programs started.

(2) The use of funds by community colleges receiving awards, including costs associated with student instruction, faculty salaries, instructional supplies, related instructional equipment, and accreditation costs.

(3) Evaluation of the success of the new community college programs receiving funds.

RISE UP TRAINING AND CREDENTIALING PROGRAM/CIHS

SECTION 6.8.(a) The Community Colleges System Office shall partner with the North Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation to implement the RISE Up credentialing program for the 2021-2022 fiscal year to teach foundational skills to students attending cooperative innovative high schools for career success in the retail industry, customer service, and sales, including inventory management and profitability, as well as supply chain warehouse, inventory, and logistics. The RISE Up credentialing program provides for all of the following: (i) opportunities for the industry to share the skills valued in job candidates and employees, (ii) valuable skills needed in any industry, particularly customer service, sales, and skills to run a business, (iii) job readiness skills, such as resume preparation, interviewing strategies, professionalism in the workplace, and soft skills, including listening and problem solving, (iv) an understanding of the retail industry and its wide variety of jobs, and (v) preparation for students for the nearly 130,000 retail establishments and more than 1,000,000 retail jobs in North Carolina.

SECTION 6.8.(b) The RISE Up credentialing program shall be offered to students at cooperative innovative high schools through each partner community college with the opportunity for up to four different levels of the RISE Up credentials that include the following:

- (1) Retail Industry Fundamentals.
- (2) Customer Service & Sales.
- (3) Operations and Profit.
- (4) Supply Chain: Warehouse, Inventory, & Logistics.

SECTION 6.8.(c) The System Office, in collaboration with the North Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation, shall submit an initial report by October 1, 2022, and a final report by October 1, 2023, to the Joint Legislative Education Oversight Committee on the results of implementing the RISE Up credentialing programs at partner community colleges for students at cooperative innovative high schools, including the number of students who received credentials, by type of credential, and student outcomes related to the credentialing, such as subsequent internships or job placements.

WORK-BASED LEARNING/CENTRAL PIEDMONT CC

SECTION 6.9.(a) Of the funds appropriated by this act for the 2021-2023 fiscal biennium to the Community Colleges System Office to be allocated to Central Piedmont Community College (CPCC), CPCC shall provide the funds each fiscal year to cover the cost of tuition and accident and liability insurance for students enrolled in one- and two-credit work-based learning (WBL) courses. CPCC shall develop and implement a plan to (i) build WBL into short-term, one-year certificate programs so that students gain hands-on job experience and make connections with employers and (ii) provide opportunities for students to explore a pathway into WBL through the Career and College Promise program to earn a certificate and create transitions as future enrolled community college students for additional certificates or degrees.

CPCC shall convene a stakeholder group with representatives from community colleges across the State to generate a framework for the WBL programs that is replicable at other community colleges in a variety of employment areas aligned with local industry and business workforce needs. CPCC may use funds for outreach and marketing for WBL programs and other activities related to stakeholder group recommendations.

SECTION 6.9.(b) Funds allocated to CPCC for the purposes of this section shall not revert to the General Fund at the end of the 2021-2022 fiscal year but shall remain available for expenditure until June 30, 2023.

SECTION 6.9.(c) CPCC shall submit an initial report by April 1, 2022, and a final report by April 1, 2023, to the Community Colleges System Office and the Joint Legislative Education Oversight Committee on (i) the number of students enrolled in work-based learning courses and the number of students earning certificates, by program of study, (ii) the incorporation of WBL into certificate programs and Career and College Promise pathways, (iii) the findings and recommendations of stakeholder group meetings regarding statewide implementation of WBL programs, and (iv) the use of funds for outreach and marketing or other activities under this section.

EXPANSION OF ADULT LEARNER PILOT PROGRAMS

SECTION 6.10.(a) Of the funds appropriated by this act to the Community Colleges System Office for the 2022-2023 fiscal year, the System Office shall allocate funds to expand five pilot initiatives at community colleges targeting adult learners to return to higher education to gain new skills, advance in the workplace, and fulfill their goals of completing a degree or credential. The pilot programs include the NC Reconnect program and other programs that focus on at least the following categories of adult learners:

- (1) Students who are age 25 years or older.

- (2) Students with varying education levels, including no high school diploma or equivalent or some community college credentials or postsecondary degree.
- (3) Students who have started postsecondary programs but dropped out before completion in the last five years.
- (4) Nontraditional students, including part-time students, parents, or students with limited scheduling options due to work or other responsibilities.

The funds may be used to expand the pilots to other community college campuses and at the existing community college pilot sites for marketing and outreach, as well as for enrollment of students into the programs, particularly for students who have dropped out of postsecondary degree or credential programs prior to completion.

SECTION 6.10.(b) By March 1, 2024, the System Office shall report to the Joint Legislative Education Oversight Committee on the results of the expansion of the pilot programs, including the number of students enrolled into degree and credential programs, the number of students completing a degree or credentialing program, and legislative recommendations for further expansion and the estimated cost of the programs.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT/MATCHING GRANT AND OUTREACH

SECTION 6.11. Of the funds appropriated in this act to the Community Colleges System Office from the State Fiscal Recovery Fund for the Longleaf Commitment Community College Grant Program (Program), the System Office shall use at least five million dollars (\$5,000,000) for a matching grant program to provide funds to participating community colleges to expand community colleges' outreach and student advising capacity as part of the Program. Up to one million dollars (\$1,000,000) of the funds appropriated for the Program may be used for a systemwide marketing campaign. The State Education Assistance Authority shall administer the award of grants under the Program to eligible students graduating from high school at the end of the 2021-2022 school year to cover tuition and fees at a community college for up to two years in accordance with Section 8A.5 of this act.

PART VII. PUBLIC INSTRUCTION

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand five hundred forty-nine dollars and eighty-eight cents (\$4,549.88) per child for fiscal years 2021-2022 and 2022-2023. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its 2021-2022 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand three hundred sixty-four dollars and seventy-eight cents (\$1,364.78) per child for fiscal years 2021-2022 and 2022-2023. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2021-2022 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also be adjusted in accordance

with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and digital resources and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

SECTION 7.3.(b) Definitions. – As used in this section, the following definitions apply:

- (1) Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.
- (2) Anticipated State average revenue availability per student. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.
- (3) Anticipated total county revenue availability. – The sum of the following:
 - a. Anticipated county property tax revenue availability.
 - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
 - c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
- (4) Anticipated total county revenue availability per student. – The anticipated total county revenue availability for the county divided by the average daily membership of the county.
- (5) Average daily membership. – Average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
- (6) County-adjusted property tax base. – Computed as follows:
 - a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
 - b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
 - c. Add to the resulting amount the following:
 1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
 2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
 3. Personal property value for the county.

- (7) County-adjusted property tax base per square mile. – The county-adjusted property tax base divided by the number of square miles of land area in the county.
- (8) County wealth as a percentage of State average wealth. – Computed as follows:
- a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
 - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
 - c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
 - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.
- (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
- (10) Effective State average tax rate. – The average of effective county tax rates for all counties.
- (11) Local current expense funds. – The most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (12) Per capita income. – The average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
- (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (14) State average adjusted property tax base per square mile. – The sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
- (15) State average current expense appropriations per student. – The most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (16) Supplant. – To decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (17) Weighted average of the three most recent annual sales assessment ratio studies. – The weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

1 **SECTION 7.3.(c)** Eligibility for Funds. – Except as provided in subsection (g) of
2 this section, the State Board of Education shall allocate these funds to local school administrative
3 units located in whole or in part in counties in which the county wealth as a percentage of the
4 State average wealth is less than one hundred percent (100%).

5 **SECTION 7.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of this
6 section, the amount received per average daily membership for a county shall be the difference
7 between the State average current expense appropriations per student and the current expense
8 appropriations per student that the county could provide given the county's wealth and an average
9 effort to fund public schools. To derive the current expense appropriations per student that the
10 county could be able to provide given the county's wealth and an average effort to fund public
11 schools, multiply the county's wealth as a percentage of State average wealth by the State average
12 current expense appropriations per student. The funds for the local school administrative units
13 located in whole or in part in the county shall be allocated to each local school administrative
14 unit located in whole or in part in the county based on the average daily membership of the
15 county's students in the school units. If the funds appropriated for supplemental funding are not
16 adequate to fund the formula fully, each local school administrative unit shall receive a pro rata
17 share of the funds appropriated for supplemental funding.

18 **SECTION 7.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to
19 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
20 funding for low-wealth counties and is not intended to reflect any measure of the adequacy of
21 the educational program or funding for public schools. The formula is also not intended to reflect
22 any commitment by the General Assembly to appropriate any additional supplemental funds for
23 low-wealth counties.

24 **SECTION 7.3.(f)** Minimum Effort Required. – A county shall receive full funding
25 under this section if the county (i) maintains an effective county tax rate that is at least one
26 hundred percent (100%) of the effective State average tax rate in the most recent year for which
27 data are available or (ii) maintains a county appropriation per student to the school local current
28 expense fund of at least one hundred percent (100%) of the current expense appropriations per
29 student to the school local current expense fund that the county could provide given the county's
30 wealth and an average effort to fund public schools. A county that maintains a county
31 appropriation per student to the school local current expense fund of less than one hundred
32 percent (100%) of the current expense appropriations per student to the school local current
33 expense fund that the county could provide given the county's wealth and an average effort to
34 fund public schools shall receive funding under this section at the same percentage that the
35 county's appropriation per student to the school local current expense fund is of the current
36 expense appropriations per student to the school local current expense fund that the county could
37 provide given the county's wealth and an average effort to fund public schools.

38 **SECTION 7.3.(g)** Nonsupplant Requirement. – A county in which a local school
39 administrative unit receives funds under this section shall use the funds to supplement local
40 current expense funds and shall not supplant local current expense funds. For the 2021-2023
41 fiscal biennium, the State Board of Education shall not allocate funds under this section to a
42 county found to have used these funds to supplant local per student current expense funds. The
43 State Board of Education shall make a finding that a county has used these funds to supplant
44 local current expense funds in the prior year, or the year for which the most recent data are
45 available, if all of the following criteria apply:

- 46 (1) The current expense appropriations per student of the county for the current
47 year is less than ninety-five percent (95%) of the average of local current
48 expense appropriations per student for the three prior fiscal years.
- 49 (2) The county cannot show (i) that it has remedied the deficiency in funding or
50 (ii) that extraordinary circumstances caused the county to supplant local
51 current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

SECTION 7.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2021-2023 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 17,000 students shall receive whichever is the higher amount in each fiscal year as follows: either the amount of supplemental funding the county received as a low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section.

SECTION 7.3.(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

SECTION 7.3.(j) Reports. – For the 2021-2023 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

SECTION 7.3.(k) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Allotment Schedule for the 2021-2023 Fiscal Biennium. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

<u>Allotted ADM</u>	<u>Small County Allotment</u>
0-600	\$1,710,000
601-1,300	\$1,820,000
1,301-1,700	\$1,548,700
1,701-2,000	\$1,600,000
2,001-2,300	\$1,560,000
2,301-2,600	\$1,470,000
2,601-2,800	\$1,498,000
2,801-3,300	\$1,548,000

SECTION 7.4.(b) Phase-Out Provision for the 2021-2022 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2021-2022 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership

would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(c) Phase-Out Provision for the 2022-2023 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2022-2023 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(d) Nonsupplant Requirement for the 2021-2023 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year or the year for which the most recent data are available, if all of the following criteria apply:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local current expense appropriation per student for the three prior fiscal years.
- (2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

SECTION 7.4.(e) Reports. – For the 2021-2023 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

Local school administrative units may also utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 7.5.(a) Funds appropriated in this act for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to do the following:

- (1) Provide instructional positions or instructional support positions.
- (2) Provide professional development.
- (3) Provide intensive in-school or after-school remediation, or both.
- (4) Purchase diagnostic software and progress-monitoring tools.

- (5) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

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

SECTION 7.5.(b) Disadvantaged student supplemental funding (DSSF) shall be allotted to a local school administrative unit based on (i) the unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- (1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.
- (2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- (3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
- (4) For local school administrative units that received DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this act.

SECTION 7.5.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

SCHOOL PSYCHOLOGISTS ALLOTMENT

SECTION 7.6.(a) Article 21 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-316.5. School psychologists allotment.

To the extent funds are made available, the State Board of Education shall establish a funding allotment for school psychologist positions. The State Board is authorized to adopt rules for the allocation of school psychologist 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 psychologist 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 in accordance with G.S. 115C-47(65)."

SECTION 7.6.(b) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

- "(13) No positions shall be transferred out of the allocation for school psychologists except as provided in this subdivision. Positions allocated for school psychologists may be converted to dollar equivalents for contracted services directly related to school psychology. These positions shall be converted at the minimum salary for school psychologists on the "A" Teachers Salary Schedule."

SECTION 7.6.(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"(65) To Provide at Least One School Psychologist. – Local boards of education shall ensure that each local school administrative unit employs at least one full-time, permanent school psychologist."

SECTION 7.6.(d) This section applies beginning with the 2021-2022 school year.

SCHOOL HEALTH SUPPORT PERSONNEL PROFESSIONAL ENTRY REPORT

SECTION 7.7.(a) No later than May 15, 2022, the State Board of Education shall study and report the following to the Joint Legislative Education Oversight Committee:

- (1) Policies, practices, standards, and curriculum adopted or implemented, as appropriate, by the State Board of Education, Department of Public Instruction, educator preparation programs, and public school units for persons to receive training, licensure, and employment as school health support personnel in public school units.
- (2) Barriers persons face when entering each school health support profession because of the policies, practices, standards, and curriculum identified in subdivision (1) of this subsection.
- (3) Recommendations and any actions already taken to (i) reduce and eliminate the barriers to entry identified in subdivision (2) of this subsection and (ii) improve the number and quality of school health support personnel employed in public school units.

SECTION 7.7.(b) For purposes of this section, the term "school health support personnel" refers to school psychologists, school counselors, school nurses, and school social workers.

DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY

SECTION 7.8.(a) Notwithstanding G.S. 143C-6-4, for the 2021-2023 fiscal biennium, the Department of Public Instruction shall reclassify at least seven full-time equivalent positions within the Department to support the Science of Reading and the North Carolina Read to Achieve Program, as amended by the Excellent Public Schools Act of 2021, S.L. 2021-8, and may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize the Department, realign fund structures, or both, if necessary, to do any of the following:

- (1) Accommodate changes in allowable expenditures of indirect costs associated with the administration of federal grants.
- (2) Implement other changes necessary to improve the efficiency of the Department.

SECTION 7.8.(b) Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process provided in this section. The Department of Public Instruction shall provide all of the following as part of the consultation process:

- (1) A current organization chart and a list of affected funds.
- (2) The proposed organization chart and a list of affected funds clearly identifying the changes for the Department.

The Department shall report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee on any reorganization, including any movement of positions and funds between fund codes on a recurring basis.

SECTION 7.8.(c) In making the changes identified in subsection (a) of this section, the Department of Public Instruction shall not do either of the following:

- (1) Reduce funding for any of the following:
 - a. The State Public School Fund, including for the following residential schools:
 1. The Eastern North Carolina School for the Deaf.

- 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - 7
 - 8
 - 9
 - 10
 - 11
 - 12
 - 13
 - 14
 - 15
 - 16
 - 17
 - 18
 - 19
 - 20
 - 21
 - 22
 - 23
 - 24
 - 25
 - 26
 - 27
 - 28
 - 29
 - 30
 - 31
 - 32
 - 33
 - 34
 - 35
 - 36
 - 37
 - 38
 - 39
 - 40
 - 41
 - 42
 - 43
 - 44
 - 45
 - 46
 - 47
 - 48
 - 49
 - 50
 - 51
- 2. The North Carolina School for the Deaf.
 - 3. The Governor Morehead School.
 - b. Any budget expansion item funded by an appropriation to the Department of Public Instruction by this act for the 2021-2023 fiscal biennium.
 - (2) Transfer from or reduce funding or positions for any of the following:
 - a. Communities in Schools of North Carolina, Inc.
 - b. Teach for America, Inc.
 - c. Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.
 - d. The Excellent Public Schools Act, Read to Achieve Program, initially established under Section 7A.1 of S.L. 2012-142.
 - e. The North Carolina School Connectivity Program.
 - f. The North Carolina Center for the Advancement of Teaching.
 - g. The North Carolina Innovative School District.
 - h. The Schools That Lead Program.

COMPUTER SCIENCE REPORT

SECTION 7.9. No later than February 15, 2022, the Department of Public Instruction, in consultation with the Friday Institute for Educational Innovation at North Carolina State University, shall report the following information to the Joint Legislative Education Oversight Committee and the Fiscal Research Division regarding the teaching and student learning of computer science in K-12 public schools:

- (1) The uses of funds appropriated for computer science pursuant to this act, including the extent to which those funds are used for professional development for in-service teachers and a description of the professional development opportunities provided.
- (2) The number of teachers in each local school administrative unit prepared and needed to teach computer science.

INSTRUCTIONAL SUPPORT PERSONNEL REPORT

SECTION 7.10.(a) No later than October 15, 2021, the Department of Public Instruction, in consultation with the Fiscal Research Division, shall survey each local school administrative unit on the use of funds for instructional support personnel position categories from the 2020-2021 fiscal year and report the results of its survey to the Joint Legislative Education Oversight Committee. The Department shall also incorporate the results of its survey into its annual expenditure report for the 2020-2021 fiscal year as required pursuant to G.S. 115C-105.25(c). The results of the survey shall be organized on a statewide basis and by local school administrative unit for each instructional support personnel position category. The results of the survey shall include at least the following information:

- (1) For each position category:
 - a. Number of persons employed in that position category.
 - b. Total State and non-State funds and total full-time equivalent positions allocated for that position category.
 - c. Average salary for that position category.
 - d. The percentage of total funds and total full-time equivalent positions that are made up of each of the following:
 1. State funds, disaggregated by each State-funded allotment and identified by program report code.
 2. Federal funds, disaggregated and identified by program report code.

3. Local funds.
- e. For each funding source identified in sub-subdivision d. of this subdivision, the percentage of those funds and the number of full-time equivalent positions that were used for contracted services.
- (2) For each allotment transfer that was used to fund contracted services, all of the following information:
 - a. The amount of the transfer.
 - b. The allotment category from which and into which the funds were transferred, identified by program report code.
 - c. The educational priorities that necessitated the transfer.
- (3) For funds provided for the psychologist position category that were used for contracted services, the specific services provided.

SECTION 7.10.(b) For purposes of this section, the term "instructional support personnel position categories" refers to all positions identified by the Department of Public Instruction as instructional support personnel, including at least the following:

- (1) Alternative and remedial services personnel.
- (2) Audiologists.
- (3) Career and Technical Education services personnel.
- (4) Career development counselors.
- (5) Full-time mentors.
- (6) Guidance counselors.
- (7) Instructional coaches.
- (8) Instructional technology services personnel.
- (9) Lead teacher services personnel.
- (10) Media services personnel.
- (11) Nurses.
- (12) Other personnel. The Department shall identify the title and duties of each position classified in this category.
- (13) Psychologists.
- (14) Social workers.
- (15) Special population services personnel.
- (16) Speech-language pathologists.

SCHOOLS THAT LEAD PROGRAM

SECTION 7.11.(a) Program; Purpose. – Of the funds appropriated to the Department of Public Instruction by this act for the Schools That Lead Program (Program), the Department shall contract with Schools That Lead, Inc., to provide professional development to teachers and principals in up to 75 schools, beginning with the 2021-2022 school year and ending in the 2023-2024 school year. The selected schools shall be charter schools or schools under the authority of a local school administrative unit. Professional development services shall be offered to teachers and principals in kindergarten through grade 12. The Superintendent of Public Instruction, in consultation with Schools That Lead, Inc., shall determine which schools are eligible to participate in the Program. At a minimum, the Program shall offer services to three cohorts of schools, as follows:

- (1) High schools working to increase on-time graduation.
- (2) Middle schools working to prepare students to succeed in high school by reducing the likelihood of retention in the ninth grade for multiple school years.
- (3) Elementary schools working to reduce the number of students with early warning indicators of course failures, absences, and discipline.

SECTION 7.11.(b) Evaluation. – Of the funds appropriated to the Department by this act for the Program, the Department shall use up to one hundred thousand dollars (\$100,000) to contract with an independent research organization to measure the impacts of the Program on student outcomes, including, but not limited to, (i) on-time graduation in high school, (ii) ninth grade retention rates, and (iii) course failures, absences, and discipline in elementary school. The independent research organization shall report its interim findings to the Department no later than June 30, starting in 2023, and shall submit a final report no later than June 30, 2025.

SECTION 7.11.(c) Report. – The Department of Public Instruction, in consultation with Schools That Lead, Inc., shall submit a report on the impacts of the Program authorized by subsection (a) of this section, including, but not limited to, an accounting of expenditures, school performance data, principal performance data, teacher performance data, and student outcome data, beginning October 1, 2023, and continuing each year thereafter until October 1, 2025, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The October 1, 2025, report shall include a summary and copy of the final report provided by the independent research organization pursuant to subsection (b) of this section.

**PERMIT USE OF SPECIAL STATE RESERVE FUND FOR
TRANSPORTATION/ESTABLISH TRANSPORTATION RESERVE FUND FOR
HOMELESS AND FOSTER CHILDREN**

SECTION 7.12.(a) Notwithstanding any other provision of law or policy to the contrary, in addition to the purposes for which funds in the Special State Reserve Fund (SSRF) for children with disabilities are used, beginning with the 2021-2022 fiscal year, the SSRF may also be used to cover extraordinary transportation costs for high-needs children with disabilities. The Department of Public Instruction shall provide an application for local school administrative units and charter schools to apply for extraordinary transportation funds and may provide additional eligibility guidelines not inconsistent with this section. SSRF transportation funds shall be awarded to qualifying local school administrative units or charter schools consistent with the following:

- (1) In determining extraordinary transportation cost, the Department shall consider total prior-year transportation expenditures for high-needs children with disabilities, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.
- (2) Applicants with highest extraordinary transportation costs shall receive highest priority in the award of grant funds.
- (3) Funds may be awarded during the initial year of a high-needs student's enrollment in the local school administrative unit or charter school or in subsequent years of the student's enrollment.

SECTION 7.12.(b) There is established the Transportation Reserve Fund for Homeless and Foster Children to provide for a grant program to cover extraordinary school transportation costs for homeless and foster children for fiscal year 2021-2022. The Department of Public Instruction shall provide an application process for local school administrative units and charter schools to apply for funds to cover extraordinary transportation costs for qualifying students. The Department shall establish eligibility guidelines and shall award funds consistent with the following requirements:

- (1) In determining extraordinary transportation cost, the Department shall consider total prior-year transportation expenditures for homeless and foster children, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.
- (2) Priority shall be given to applicants in proportion to the extent that their applications and prior-year expenditures demonstrate use of available federal funds to cover the cost of transporting homeless and foster children.

- (3) Awards shall not exceed fifty percent (50%) of extraordinary transportation cost as determined pursuant to this subsection.

For the purposes of this subsection, "homeless" is defined in accordance with the definition in the federal McKinney-Vento Homeless Assistance Act.

SECTION 7.12.(c) The Department of Public Instruction shall submit a report by March 15, 2022, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the use of funds appropriated to the Transportation Reserve Fund for Homeless and Foster Children pursuant to this act using data collected from the 2021-2022 school year. The report shall include at least the following:

- (1) A list of local school administrative units receiving funds from this act.
- (2) The amount of funds applied for by each local school administrative unit.
- (3) The amount of funds received by each local school administrative unit.
- (4) How the funds were spent by each local school administrative unit, including the number of students transported and the locations between which the students were transported.
- (5) Any other information the Department of Public Instruction deems relevant to this section.

ELIMINATE INNOVATION ZONE GRANTS

SECTION 7.13.(a) The caption of Article 7A of Chapter 115C of the General Statutes reads as rewritten:

"Article 7A.

"North Carolina Innovative School ~~District and Innovation Zones~~.District."

SECTION 7.13.(b) G.S. 115C-75.13 is repealed.

SECTION 7.13.(c) Section 6 of S.L. 2016-110, as amended by Section 7.26E(e) of S.L. 2017-57 and Section 2.13 of S.L. 2018-97, is repealed.

TRANSITION FROM THE INNOVATIVE SCHOOL DISTRICT MODEL

SECTION 7.14.(a) Study Models for Effective Intervention and Assistance to Low-Performing Schools. – The Superintendent of Public Instruction shall study the factors described in this subsection and report on recommendations and suggested legislative changes to the Joint Legislative Education Oversight Committee no later than February 15, 2022, for reforms to provide effective intervention and assistance for low-performing schools. The report shall include the following:

- (1) Current initiatives to support low-performing schools and continually low-performing schools using federal funding provided to assist with the impacts of COVID-19.
- (2) Recommendations on research-based models for meaningful intervention and assistance to low-performing and continually low-performing schools to facilitate long-term improvement and success in those schools.
- (3) Alignment of requirements in Chapter 115C of the General Statutes for identification and transformation of low-performing and continually low-performing schools, including Part 3 of Article 8B of Chapter 115C of the General Statutes, with other reform efforts in State and federal law, to ensure a comprehensive and efficient approach to support and improve those schools that does not create redundancies.

SECTION 7.14.(b) End Selection for the Innovative School District. – Notwithstanding Article 7A of Chapter 115C of the General Statutes, the State Board of Education shall not select any additional schools for supervision under the North Carolina Innovative School District.

SECTION 7.14.(c) G.S. 115C-75.5 is repealed.

SECTION 7.14.(d) Section 1(c) of S.L. 2019-248, as amended by Section 2.6(b) of S.L. 2020-3, is repealed.

SECTION 7.14.(e) Section 1(d) of S.L. 2019-248 is repealed.

SECTION 7.14.(f) Transition From the Innovative School District Model. – Article 7A of Chapter 115C of the General Statutes is repealed.

SECTION 7.14.(g) G.S. 115C-5(3a)d. reads as rewritten:

"d. For a school operated under ~~Article 7A and~~ Article 9C of this Chapter, the State Board of Education."

SECTION 7.14.(h) G.S. 115C-5(7a)d. reads as rewritten:

"d. A school providing elementary or secondary instruction operated by one of the following:

1. The State Board of Education, including schools operated under ~~Article 7A and~~ Article 9C of this Chapter.
2. The University of North Carolina under Article 29A of Chapter 116 of the General Statutes."

SECTION 7.14.(i) G.S. 115C-105-37A(d) is repealed.

SECTION 7.14.(j) G.S. 115C-105.51(g)(2) reads as rewritten:

"(2) A school under the control of the State Board of Education, including schools operated under ~~Article 7A and~~ Article 9C of this Chapter."

SECTION 7.14.(k) G.S. 115C-105.60(a) reads as rewritten:

"(a) Definition. – For purposes of this section, the term "qualifying public school unit" refers to a local school administrative unit, regional school, ~~innovative school~~, laboratory school, or charter school."

SECTION 7.14.(l) G.S. 115C-321(a)(5) is repealed.

SECTION 7.14.(m) G.S. 115C-376.5(a)(1) reads as rewritten:

"(1) K-12 school unit. – A local school administrative unit, a charter school, a regional school, ~~an innovative school~~, or a laboratory school."

SECTION 7.14.(n) G.S. 115C-429(a) reads as rewritten:

"(a) Upon receiving the budget from the superintendent and following the public hearing authorized by G.S. 115C-428(b), if one is held, the board of education shall consider the budget, make such changes therein as it deems advisable, and submit the entire budget as approved by the board of education to the board of county commissioners not later than May 15, or such later date as may be fixed by the board of county commissioners. At the time of submission of the budget, the board of education shall also submit to the board of county commissioners in writing the academic performance of the schools in the local school administrative unit, including the school performance grades of each school, any schools identified as low-performing or continually low-performing or ~~included on the Innovative School District qualifying, watch, or warning list, low-performing,~~ and efforts by the local board of education to improve those identified schools' performance. The local board of education shall present the academic performance information at a public meeting upon the request of the board of commissioners."

SECTION 7.14.(o) Transition of the Current Innovative School. – Notwithstanding G.S. 115C-75.12, the North Carolina Innovative School District shall continue to operate Southside-Ashpole Elementary School as an innovative school for the 2021-2022 and 2022-2023 school years. The State Board of Education shall develop a transition plan to return the school to Robeson County Schools for the 2023-2024 school year.

SECTION 7.14.(p) Subsections (f) through (n) of this section become effective June 30, 2023. The remainder of this section is effective the date this act becomes law.

EXCELLENT PUBLIC SCHOOLS ACT OF 2021 IMPLEMENTATION GUIDE/REPORT

SECTION 7.15.(a) The Superintendent of Public Instruction shall establish a working group to develop an implementation guide for the Excellent Public Schools Act of 2021, established pursuant to S.L. 2021-8. The Superintendent shall collaborate with various education stakeholders through the working group to adopt an implementation guide to assist local school administrative units, educators, and administrators to establish the essential elements for literacy based on the Science of Reading, effectively implement the Excellent Public Schools Act of 2021, and create the framework necessary to ensure that students are successful and proficient readers throughout the State. The implementation guide shall include at least the following information:

- (1) Roles and responsibilities of State agencies, local school administrative units, public schools, and educators.
- (2) Implementation strategies of the components of literacy supports and interventions.
- (3) Professional development and training available for educators.
- (4) Initiatives related to implementation of the Excellent Public Schools Act of 2021 at the State and local level.

SECTION 7.15.(b) By November 15, 2021, the Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the working group established by the Superintendent and the development of the implementation guide for the Excellent Public Schools Act of 2021 as required by subsection (a) of this section. The report shall include the proposed components of the implementation guide and the timeline of publishing the guide in preparation for the 2022-2023 school year.

MEDICAID REIMBURSEMENT CONTRACT FOR RESIDENTIAL SCHOOLS

SECTION 7.16.(a) The Department of Public Instruction shall enter into a contract with a third-party entity for any administrative services necessary to receive maximum reimbursement for medically necessary health care services for which payment is available under the North Carolina Medicaid Program provided to eligible students attending the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. The provisions of the contract shall ensure that the residential schools receive reimbursement for these services in a timely manner.

SECTION 7.16.(b) By September 15, 2021, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the contracting process and the award of the contract required by subsection (a) of this section, including the cost of the contract and the estimated recoupment of expenditures.

FULL-TIME EQUIVALENCY OF PUBLIC SCHOOL STUDENTS

SECTION 7.17.(a) Article 30 of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"§ 115C-419. Full-time equivalent student calculation; report.

(a) The State Board of Education shall establish a formula for determining the full-time equivalency of a student enrolled in a public school unit of the State for the purposes of providing State funds on a per pupil basis. The formula shall include the amount of instructional time required for the school day for a full-time student.

(b) By October 15 of each year, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly on the number of students and the full-time equivalency of those students by public school unit and grade level from the prior school year. The data in the report shall be disaggregated by enrollment in courses offered by the public school units and those offered through other dual enrollment and joint programs, including North Carolina Virtual Public School, institutions of higher education, and nonpublic schools."

SECTION 7.17.(b) By October 15, 2021, the State Board of Education shall report on the formula required to be established pursuant to G.S. 115C-419, as enacted by this section, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The initial report required by G.S. 115C-419 shall be submitted by October 15, 2022, for data collected from the 2021-2022 school year.

CAREER AND COLLEGE READY GRADUATE PROGRAM SUPPORT

SECTION 7.18. Within available funds, the Department of Public Instruction shall partner with the NROC Project, formerly known as the National Repository of Online Courses, to utilize its adaptive mathematics and English learning platform to facilitate the implementation of the Career and College Ready Graduate Program in collaboration with the North Carolina Community College System.

SCHOOL SAFETY GRANTS PROGRAM

SECTION 7.19.(a) Definitions. – For purposes of this section, the following definitions shall apply:

- (1) Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.
- (2) Public school unit. – As defined in G.S. 115C-5(7a).
- (3) School health support personnel. – School psychologists, school counselors, school nurses, and school social workers.

SECTION 7.19.(b) Program; Purpose. – For the 2021-2023 fiscal biennium, the Superintendent of Public Instruction shall establish the 2021-2023 School Safety Grants Program (Program). The purpose of the Program shall be to improve safety in public school units by providing grants in each fiscal year of the 2021-2023 fiscal biennium for (i) services for students in crisis, (ii) school safety training, and (iii) safety equipment in schools.

SECTION 7.19.(c) Grant Applications. – A public school unit may submit an application to the Superintendent of Public Instruction for one or more grants pursuant to this section in each year of the 2021-2023 fiscal biennium. The application shall include an assessment, to be performed in conjunction with a local law enforcement agency, of the need for improving school safety within the public school unit that would receive the funding or services. The application shall identify current and ongoing needs and estimated costs associated with those needs.

SECTION 7.19.(d) Criteria and Guidelines. – By November 1, 2021, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants pursuant to this section, including any documentation required to be submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction shall consider at least all of the following factors:

- (1) The level of resources available to the public school unit that would receive the funding.
- (2) Whether the public school unit has received other grants for school safety.
- (3) The overall impact on student safety in the public school unit if the identified needs are funded.

SECTION 7.19.(e) Grants for Students in Crisis. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to provide or pay for the provision of any of the following crisis services:

- (1) Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care.
- (2) Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following:
 - a. Cognitive or behavioral problems.
 - b. Developmental delays.
 - c. Aggressive behavior.
- (3) Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:
 - a. Parent-child interaction therapy.
 - b. Trauma-focused cognitive behavioral therapy.
 - c. Dialectical behavior therapy.
 - d. Child-parent psychotherapy.
- (4) Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent shall use no more than three hundred fifty thousand dollars (\$350,000) in each year of the 2021-2023 fiscal biennium for the services identified in this subdivision.

SECTION 7.19.(f) Grants for Training to Increase School Safety. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to address school safety by providing training to help students develop healthy responses to trauma and stress. The training shall be targeted and evidence-based and shall include any of the following services:

- (1) Counseling on Access to Lethal Means (CALM) training for school health support personnel, local first responders, and teachers on the topics of suicide prevention and reducing access by students to lethal means.
- (2) Training for school health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:
 - a. Parent-child interaction therapy.
 - b. Trauma-focused cognitive behavioral therapy.
 - c. Behavioral therapy.
 - d. Dialectical behavior therapy.
 - e. Child-parent psychotherapy.
- (3) Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.
- (4) Training for school health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
 - a. Trauma-focused cognitive behavioral therapy.
 - b. Parent and student coping skills.
 - c. Problem solving.
 - d. Safety planning.
- (5) Any other training, including the training on the facilitation of peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in

1 this section, the Superintendent shall use no more than three hundred fifty
2 thousand dollars (\$350,000) in each year of the 2021-2023 fiscal biennium for
3 the services identified in this subdivision.

4 **SECTION 7.19.(g)** Grants for Safety Equipment. – Of the funds appropriated to the
5 Department of Public Instruction by this act for the grants provided in this section, the
6 Superintendent of Public Instruction shall award grants to public school units for (i) the purchase
7 of safety equipment for school buildings and (ii) training associated with the use of safety
8 equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b),
9 charter schools may receive grants for school safety equipment pursuant to this subsection.

10 **SECTION 7.19.(h)** Supplement Not Supplant. – Grants provided to public school
11 units or community partners pursuant to the Program shall be used to supplement and not to
12 supplant State or non-State funds already provided for these services.

13 **SECTION 7.19.(i)** Administrative Costs. – Of the funds appropriated to the
14 Department of Public Instruction by this act for the grants provided in this section, the
15 Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars
16 (\$100,000) in each fiscal year of the 2021-2023 fiscal biennium for administrative costs
17 associated with the Program.

18 **SECTION 7.19.(j)** Report. – No later than April 1 of each fiscal year in which funds
19 are awarded pursuant to this section, the Superintendent of Public Instruction shall report on the
20 Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight
21 Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice
22 and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal
23 Research Division. The report shall include at least the following information:

- 24 (1) The identity of each entity that received a grant through the Program.
- 25 (2) The amount of funding provided to each entity that received a grant.
- 26 (3) The services, training, and equipment purchased with grant funds by each
27 entity that received a grant.
- 28 (4) Recommendations for the implementation of additional effective school
29 safety measures.

30 31 **TEACHNC RECRUITMENT INITIATIVE**

32 **SECTION 7.20.(a)** The Department of Public Instruction shall adopt the TeachNC
33 recruitment initiative as a comprehensive web platform for future teachers to find information
34 and connect with resources on (i) the teaching profession, (ii) opportunities for educators in North
35 Carolina, and (iii) the process of obtaining an educator's license in the State.

36 **SECTION 7.20.(b)** The Department shall report to the Joint Legislative Education
37 Oversight Committee by March 15, 2022, and annually thereafter, on implementation of the
38 platform, including integration of the technology with outside entities, such as educator
39 preparation programs (EPPs) and businesses, and data on user outcomes, including at least the
40 following:

- 41 (1) The number of user accounts, visitors to the website, and web-initiated chats.
- 42 (2) The number of teachers who applied to EPPs through the TeachNC platform
43 and, of those teachers, the number of teachers who successfully enrolled into
44 EPPs.
- 45 (3) The number of teachers who applied for employment in public schools
46 through the TeachNC platform and the number of teachers who continue to
47 teach in the public schools after finding employment through TeachNC.

48 The report submitted by March 15, 2022, shall also include any recommendations by
49 the Department on potential cost-sharing arrangements or public-private partnerships with
50 outside entities for ongoing sustainability or continued growth of the recruitment initiative.
51

EXTEND STUDENT MEAL DEBT REPORT

SECTION 7.21. Section 2.3(a) of S.L. 2020-80 reads as rewritten:

"SECTION 2.3.(a) No later than October 15, ~~2021~~, 2023, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local school administrative units. At a minimum, the report shall include the following information:

- (1) The percentage of students of all grade levels in each local school administrative unit who (i) qualify for and participate in reduced-price meals and (ii) do not carry an unpaid meal charge.
- (2) The total amount of debt carried by each local school administrative unit related to unpaid meal charges.
- (3) Summaries of approaches adopted by each local school administrative unit regarding unpaid meal charges.
- (4) Options for a statewide policy on the uniform administration of unpaid meal charges in local school administrative units. Every option shall ensure that students are not prevented from receiving nutritious meals because of an unpaid meal charge."

FEMININE HYGIENE PRODUCTS GRANT PROGRAM

SECTION 7.22. Of the funds appropriated to the Department of Public Instruction by this act for grants for feminine hygiene products, the Department of Public Instruction shall establish a Feminine Hygiene Products Grant Program (Program) for the 2021-2022 fiscal year to provide grants of up to five thousand dollars (\$5,000) to public school units to provide feminine hygiene products for students in the unit. The Department of Public Instruction shall award grants on a first-come, first-served basis, and no public school unit shall receive more than one grant for the fiscal year. No later than March 15, 2022, the Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the public school units receiving grants under the Program, the specific feminine hygiene products purchased with the grant funds, and the impact of the Program on student health and well-being.

AVERAGE DAILY MEMBERSHIP/HOLD HARMLESS

SECTION 7.23.(a) Notwithstanding Section 7.15(b) of S.L. 2007-323, for the 2021-2022 fiscal year, the following shall apply:

- (1) In making adjustments pursuant to G.S. 115C-75.10, 115C-218.105, 115C-238.70, 115C-238.82, 116-239.11, and Section 8.35(e) of S.L. 2014-100, as amended by Section 7.13 of S.L. 2018-5, the State Board of Education shall not reduce allocations to applicable public school units due to a discrepancy between their actual and anticipated average daily membership.
- (2) After funding adjustments are made pursuant to subdivision (1) of this section, the State Board of Education shall not reduce allotments for local school administrative units due to a discrepancy between actual and anticipated average daily membership.

SECTION 7.23.(b) No later than January 15, 2022, the Department of Public Instruction shall calculate and report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division, based on data from the 2020-2021 and 2021-2022 fiscal years, the amounts that each funding allotment would have been reduced in the absence of Section 3.1 of S.L. 2020-97 and this section, respectively, for each applicable public school unit pursuant to the formula adopted by the State Board of Education in accordance with Section 7.15(b) of S.L. 2007-323. The report shall disaggregate the information on the basis of applicable public school unit, fiscal year, and allotment.

CHILDREN WITH DISABILITIES RESERVE

SECTION 7.24. Of the funds appropriated by this act to the Department of Public Instruction for the 2021-2022 fiscal year, the Department shall establish the Children with Disabilities Reserve. Funds from the Reserve shall be allocated to public school units that enroll more children with disabilities during the first two months of school than the Department anticipated prior to the beginning of the 2021-2022 school year in a manner consistent with funding for children with disabilities. Public school units shall not receive funds, including from the Reserve, for children with disabilities in excess of twelve and seventy-five hundredths percent (12.75%) of the 2021-2022 average daily membership of the unit.

SPECIAL EDUCATION DUE PROCESS HEARINGS/PERMIT IMMEDIATE JUDICIAL REVIEW OF ALJ DECISION

SECTION 7.25.(a) G.S. 115C-106.3(5) reads as rewritten:

"(5) Hearing officers. – ~~Include administrative~~ Administrative law judges as defined in ~~G.S. 150B-2(1) and hearing review officers.~~ G.S. 150B-2(1)."

SECTION 7.25.(b) G.S. 115C-109.6 reads as rewritten:

"§ 115C-109.6. Impartial due process hearings.

(a) Any party may file with the Office of Administrative Hearings a petition to request an impartial hearing with respect to any matter relating to the identification, evaluation, or educational placement of a child, or the provision of a free appropriate public education of a child, or a manifestation determination. The party filing the petition must notify the other party and the person designated under G.S. 115C-107.2(b)(9) by simultaneously serving them with a copy of the petition.

(b) Notwithstanding any other law, the party shall file a petition under subsection (a) of this section that includes the information required under IDEA and that sets forth an alleged violation that occurred not more than one year before the party knew or reasonably should have known about the alleged action that forms the basis of the petition. The issues for review under this section are limited to those set forth in subsection (a) of this section. The party requesting the hearing may not raise issues that were not raised in the petition unless the other party agrees otherwise.

(c) The one-year restriction in subsection (b) of this section shall not apply to a parent if the parent was prevented from requesting the hearing due to (i) specific misrepresentations by the local educational agency that it had resolved the problem forming the basis of the petition, or (ii) the local educational agency's withholding of information from the parent that was required under State or federal law to be provided to the parent.

(d) The hearing shall be conducted in the county where the child attends school or is entitled to enroll under G.S. 115C-366, unless the parties mutually agree to a different venue.

(e) The hearing shall be closed to the public unless the parent requests in writing that the hearing be open to the public.

(f) Subject to G.S. 115C-109.7, the decision of the administrative law judge shall be made on substantive grounds based on a determination of whether the child received a free appropriate public education. Following the hearing, the administrative law judge shall issue a written decision regarding the issues set forth in subsection (a) of this section. The decision shall contain findings of fact and conclusions of law. ~~Notwithstanding Chapter 150B of the General Statutes, the~~ The decision of the administrative law judge becomes final and is not subject to further review unless appealed to the Review Officer an aggrieved party brings a civil action under G.S. 115C-109.9, subsection (h2) of this section.

(g) A copy of the administrative law judge's decision shall be served upon each party and a copy shall be furnished to the attorneys of record. The written notice shall contain a statement informing the parties of the ~~availability of appeal and the 30-day limitation period for appeal as set forth in G.S. 115C-109.9,~~ right to file a civil action and the 30-day limitation period for filing a civil action under subsection (h2) of this section.

(h) In addition to the petition, the parties shall simultaneously serve a copy of all pleadings, agreements, and motions under this Part with the person designated by the State Board under G.S. 115C-107.2(b)(9). The Office of Administrative Hearings shall simultaneously serve a copy of all orders and decisions under this Part with the person designated by the State Board under G.S. 115C-107.2(b)(9).

(h1) The State Board shall enforce the final decision of the administrative law judge under this section by ordering a local educational agency to comply with one or more of the following:

(1) To provide a child with appropriate education.

(2) To place a child in a private school that is approved to provide special education and that can provide the child an appropriate education.

(3) To reimburse parents for reasonable private school placement costs in accordance with this Article and IDEA when it is determined that the local educational agency did not offer or provide the child with appropriate education and the private school in which the parent placed the child was an approved school and did provide the child an appropriate education.

(h2) Any party who is aggrieved by the findings and decision of a hearing officer under this Part may institute a civil action in State court within 30 days after receipt of the notice of the decision or in federal court as provided in 20 U.S.C. § 1415.

(h3) Except as provided under IDEA, upon the filing of a petition under this section and during the pendency of any proceedings under this Part, the child must remain in the child's then-current educational placement or, if applying for initial admission to a public school, the child must be placed in the public school. Notwithstanding this subsection, the parties may agree in writing to a different educational placement for the child during the pendency of any proceedings under this section.

(i) Nothing in this section shall be construed to preclude a parent from filing a separate due process petition on an issue separate from a petition already filed.

(j) The State Board, through the Exceptional Children Division, and the State Office of Administrative Hearings shall develop and enter into a binding memorandum of understanding to ensure compliance with the statutory and regulatory procedures and timelines applicable under IDEA to due process hearings and to hearing officers' decisions, and to ensure the parties' due process rights to a fair and impartial hearing. This memorandum of understanding shall be amended if subsequent changes to IDEA are made. The procedures and timelines shall be made part of the Board's procedural safeguards that are made available to parents and the public under G.S. 115C-109.1 and G.S. 115C-109.5."

SECTION 7.25.(c) G.S. 115C-109.9 is repealed.

SECTION 7.25.(d) This section is effective when this act becomes law.

STATE PUBLIC SCHOOL FUND MAY BE USED FOR ARPA MAINTENANCE OF EQUITY

SECTION 7.26. Notwithstanding any other provision of law, for the 2021-2023 fiscal biennium, in order to meet the minimum maintenance of equity requirements of section 2004(b) of ARPA, the Department of Public Instruction may allocate additional funds from the State Public School Fund, as necessary, to public school units receiving funds from the Elementary and Secondary School Emergency Relief Fund under ARPA.

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF RESERVE FUNDS

SECTION 7.27. Section 3.5 of S.L. 2021-25 reads as rewritten:

"SECTION 3.5. SECTION 3.5.(a) Use of Funds. – The Elementary and Secondary School Emergency Relief Fund funds appropriated in Section 3.2 of this act shall only be used by the Department of Public Instruction to (i) allocate federal grant funds to public school units pursuant

to subsection (d) of section 2001 of the American Rescue Plan Act and (ii) reserve ~~twenty-one million five hundred thousand dollars (\$21,500,000)~~ three hundred fifty-nine million nine hundred nineteen thousand one hundred seventy-one dollars (\$359,919,171) of the funds pursuant to subsection (f) of section 2001 of the American Rescue Plan Act to be used according to the following:

- (1) \$20,000,000 shall be used by the Department to allocate funds to each public school unit in the State, except for schools operated by the State Board of Education, to ensure that each public school unit receives a total amount from the Elementary and Secondary School Emergency Relief III (ESSER III) Fund of at least four hundred dollars (\$400.00) per pupil in federal grant funds according to the following:
 - a. If a public school unit did not receive funds pursuant to subsection (d) of section 2001, the public school unit shall receive an amount equal to four hundred dollars (\$400.00) per pupil.
 - b. If a public school unit received funds pursuant to subsection (d) of section 2001, the per pupil amount allocated under this subdivision shall be reduced so that (i) the total amount in federal grant funds from the ESSER III Fund is equal to four hundred dollars (\$400.00) per pupil or (ii) the public school unit receives no additional funding because the total amount from the ESSER III Fund would exceed four hundred dollars (\$400.00) per pupil.
- (2) \$1,500,000 to be allocated in equal amounts to the Governor Morehead School for the Blind, Eastern North Carolina School for the Deaf, and North Carolina School for the Deaf for school facility repairs and improvements to enable operation of the schools to reduce risk of virus transmission and exposure to environmental health hazards and to support student health needs. The funds may be used for inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and nonmechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.
- (3) \$36,000,000 to be held in a reserve by the Department to be allocated to public school units as grants to support COVID-19 related needs, including for in-person instruction supplemental programs to address learning loss and provide enrichment activities, such as for after-school and before-school programs, during the instructional year. The allocation of grants shall be prioritized to public school units based on need as demonstrated by the expenditure of existing federal funding received for COVID-19 related impacts.
- (4) \$36,000,000 to be held in a reserve by the Department to be allocated to public school units as grants to support COVID-19 related needs, including for in-person instruction summer programs to address learning loss and provide enrichment activities. The allocation of grants shall be prioritized to public school units based on need as demonstrated by the expenditure of existing federal funding received for COVID-19 related impacts.
- (5) \$10,000,000 to support a common learning management system to be utilized for in-person and remote instruction for kindergarten through fifth grade for a period of up to three years. Funds may also be used for the kindergarten readiness programs based on the Science of Reading.

- (6) \$37,500,000 for teacher and principal professional development for implementing the Science of Reading and the requirements of the Excellent Public Schools Act of 2021.
- (7) \$1,000,000 to contract with one or more external research partners pursuant to subdivision (4) of Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L. 2021-3, to assess the impact of COVID-19 on public school units and the responses of the State to the challenges presented by COVID-19.
- (8) \$10,000,000 to provide support for in-person, evidence-based tutoring initiatives, including mathematics-focused programs, in response to COVID-19.
- (9) \$500,000 to support expansion of the North Carolina Preschool Pyramid Model (NCPPM) across and within local school administrative unit preschool programs and to support the implementation of NCPPM in kindergarten in a developmentally appropriate and vertically aligned manner. Funds shall be used to provide training, consultation, and ongoing support for local school administrative units to implement the NCPPM framework to prekindergarten and kindergarten classrooms, with priority given to low-performing schools and local school administrative units affected by COVID-19 that receive low-wealth supplemental funding.
- (10) \$15,000,000 to establish a grant program to provide contracted school health support services to public school units with a demonstrated need. Public school units receiving the funds shall contract with school health support personnel to provide additional physical and mental health support services for students in response to COVID-19. No later than February 15, 2022, the Department shall report to the Joint Legislative Education Oversight Committee on the public school units that received the services, the specific services provided, the type of school health support personnel that provided the services, and the amount of funding provided for each service in each public school unit. For purposes of this subdivision, the term "school health support personnel" shall refer to school counselors, school nurses, school psychologists, and school social workers.
- (11) \$2,000,000, in response to the COVID-19 pandemic, for eight new time-limited, full-time equivalent positions at the Department and associated operating costs to work with the Center for Safer Schools, public school units, and law enforcement to identify and locate missing public school students. One position shall be based in each of the eight education districts adopted by the State Board of Education and shall report to the regional director assigned to that district.
- (12) \$2,000,000 to contract with a third-party entity for a period of up to two years for a new software platform, in response to the COVID-19 pandemic, to develop and implement a system of tracking expenditures of State and federal funds provided for subscription services and technology.
- (13) \$9,000,000 to contract with a third-party entity for a period of up to three years for a new software platform, in response to the COVID-19 pandemic, to evaluate and improve student learning and performance and to provide students with an individualized roadmap for improving learning and performance.
- (14) \$200,000 to establish one new time-limited, full-time equivalent position at the Department to manage the two software platforms for public schools funded pursuant to subdivisions (12) and (13) of this subsection.

- (15) \$15,000,000 to provide grants to local school administrative units for schools identified as low-performing, with priority for grants provided to local school administrative units that have a majority of schools located in the unit identified as low-performing. Funds shall be used to provide flexible improvement and intervention options that are approved by the Department to address negative impacts of COVID-19.
- (16) \$8,000,000 to be allocated to Mount Airy City Schools to partner with a nonprofit organization to create the North Carolina High-Tech Learning Accelerator, an initiative to provide a network of place-based learning hubs for students with rigorous and experiential pathways for jobs in the technology industry. The initiative shall offer summer immersion and out-of-school options, in addition to other student supports in a core program aimed at enhancing curriculum opportunities for work-based learning.
- (17) Up to \$17,995,959 for the Department to use for administrative costs.
- (18) Any contract that is executed to meet the purposes set forth in this subsection using the funds provided from the reserve pursuant to subsection (f) of section 2001 of the American Rescue Plan Act (ARPA) shall be limited to a contract term consistent with the deadline for the expenditure of those funds under the federal law and guidelines.
- (19) In no event shall the Department expend or encumber funds from the reserve of funds pursuant to subsection (f) of section 2001 of the ARPA for the purposes set forth under subdivisions (1) through (17) of this subsection or for any other purpose in a total amount that exceeds two hundred twenty-one million six hundred ninety-five thousand nine hundred fifty-nine dollars (\$221,695,959) prior to June 1, 2022.
- (20) If, on August 15, 2022, there are any funds that are unencumbered from the reserve of funds pursuant to subsection (f) of section 2001 of the ARPA, those funds shall be reallocated to be used for expenditures on or after that date to meet additional needs of the elementary and secondary schools of the State within federal law and guidelines, as determined by the State Board of Education.

"SECTION 3.5.(b) Strategic Plan for a Competency-Based Education Program. – The State Board of Education and the Department of Public Instruction shall develop a strategic plan for the deployment of a competency-based education program that provides for credit by demonstrated mastery for students in grades seven through 12 for credit recovery or acceleration to address impacts of the COVID-19 pandemic. The program shall also focus on demonstrating teacher competency and enable teacher professional development and principal professional development for the purposes of educator licensure reform and efficiency within the Department. By December 15, 2021, the Department of Public Instruction shall submit a comprehensive, strategic plan for the program to the Joint Legislative Education Oversight Committee, including the method for deployment of the competency-based education program, the predicted number of students who may earn credit by demonstrating content mastery and the method of assessment, the impact on teachers and how the program will be used for professional development and competency, and a detailed description of the estimated cost of the program, including the identification of other sources of funds for the program after the deadline established by federal law and guidelines for expenditure of federal funds."

TRANSFER OF FUNDS FOR THE SCHOOL BUSINESS SYSTEM MODERNIZATION PLAN

SECTION 7.28. Of the funds appropriated to the Department of Public Instruction by this act for the school business system modernization plan for the 2021-2023 fiscal biennium,

the Department shall transfer one million four hundred thousand dollars (\$1,400,000) for the 2021-2022 fiscal year and one million four hundred thousand dollars (\$1,400,000) for the 2022-2023 fiscal year to the Government Data Analytics Center (GDAC) to leverage existing public-private partnerships to incorporate annual school report card data for the State into the School Finance Division section of the Department of Public Instruction's website. Grade level and subject level Education Value-Added Assessment System (EVAAS) growth data for local school administrative units and public schools may be made available to the public on the website, to the extent required by State and federal law.

By October 1, 2021, GDAC shall execute any contractual agreements and interagency data sharing agreements necessary to accomplish the reporting system established pursuant to Section 7.16 of S.L. 2017-57, as amended by Section 7.6 of S.L. 2018-5. The Department of Public Instruction and GDAC shall continue partnering to continue development, deployment, and ongoing provision of data integration service that consolidates data from financial, human resources, licensure, student information, and EVAAS. Implementation shall also include development and deployment of a modern analytical platform and reporting environment. Additionally, student population data for future assessments, including State assessments, Advanced Placement exams, and college readiness assessments shall be made available to local school administrative units and public schools through the Department's EVAAS section of the website and shall be made available in hard copy to parents and legal guardians upon request.

PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 7A.1.(a) The following monthly teacher salary schedule shall apply for the 2021-2022 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2021-2022 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	\$3,509
1	\$3,609
2	\$3,709
3	\$3,810
4	\$3,910
5	\$4,010
6	\$4,110
7	\$4,211
8	\$4,311
9	\$4,411
10	\$4,511
11	\$4,612
12	\$4,712
13	\$4,812
14	\$4,912
15-24	\$5,013
25+	\$5,213.

SECTION 7A.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS**

SECTION 8.1.(a) The funds appropriated by this act from the Escheat Fund for the 2021-2023 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 8.1.(b) The State Education Assistance Authority (Authority) shall conduct periodic evaluations of expenditures of the student financial aid programs administered by the Authority to determine if allocations are utilized to ensure access to institutions of higher education and to meet the goals of the respective programs. The Authority may make recommendations for redistribution of funds to the President of The University of North Carolina and the President of the Community College System regarding their respective student financial aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

IN-STATE TUITION/VETERANS/FEDERAL LAW COMPLIANCE

SECTION 8.2.(a) G.S. 116-143.3A reads as rewritten:

"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other individuals.

...

(b) Waiver of 12-month residency requirement for certain veterans and other Certain Individuals. – Any veteran, dependent of a veteran, or other individual who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment, to the extent required by ~~Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as amended,~~ 38 U.S.C. § 3679, without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the individual meets all of the following criteria:

...

(d) ~~After the expiration of the three-year period following discharge as described in 38 U.S.C. § 3679(c), any enrolled individual who is eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition rate so long as the covered individual remains continuously enrolled (other than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of higher education.~~

...."

SECTION 8.2.(b) This section is effective when it becomes law.

PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM

SECTION 8.3.(a) Program Established. – Of the funds appropriated by this act for the 2021-2023 fiscal biennium to the Board of Governors of The University of North Carolina for the North Carolina Patriot Star Family Scholarship Program (Program), the Board of Governors shall make funds available to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of establishing and administering scholarships under the Program, originally established pursuant to Section 3.4 of S.L. 2020-97, in accordance with the requirements of this section.

1 **SECTION 8.3.(b)** Purpose of the Program. – The Patriot Foundation and the Marine
2 Corps Scholarship Foundation, Inc., respectively, shall provide for scholarships to eligible
3 children and eligible spouses of certain veterans and eligible children of certain currently serving
4 members of the Armed Forces to attend eligible postsecondary institutions in accordance with
5 the requirements of this section.

6 **SECTION 8.3.(c)** Definitions. – For the purposes of this section, the following
7 definitions apply:

8 (1) Armed Forces. – A component of the United States Army, Navy, Marine
9 Corps, Air Force, and Coast Guard, including their reserve components.

10 (2) Eligible child or eligible children. – Any person (i) who is attending or has
11 been accepted to enroll in an eligible postsecondary institution, (ii) who is a
12 legal resident of North Carolina when scholarship documentation is
13 completed, provided that if a child is claimed as a dependent by the child's
14 parent, residency may be established based on a parent meeting
15 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) who has
16 complied with the requirements of the Selective Service System, if applicable,
17 and (iv) whose parent is a veteran or a currently serving member of the Armed
18 Forces that meets the following:

19 a. Meets one of the following residency conditions:

- 20 1. Is a resident of North Carolina at the time of scholarship
21 documentation completion.
- 22 2. Was a resident of North Carolina at the time of entrance into
23 service in the Armed Forces.
- 24 3. Was permanently stationed in North Carolina at the time of his
25 or her death.
- 26 4. Is an active duty service member permanently stationed in
27 North Carolina at the time of documentation completion.

28 b. Meets one of the following service conditions:

- 29 1. Was a member of the Armed Forces who was killed in action
30 or in the line of duty, or died of wounds or other causes not due
31 to the service member's willful misconduct during a period of
32 war or national emergency.
- 33 2. Was a member of the Armed Forces who died of
34 service-connected injuries, wounds, illness, or other causes
35 incurred or aggravated while a member of the Armed Forces
36 during a period of war or national emergency. Standard
37 documentation of the parent's death, wounds, injury, or illness
38 must be supplied by a scholarship recipient at the time of
39 scholarship request.
- 40 3. Is a veteran of the Armed Forces who incurred traumatic
41 injuries or wounds or sustained a major illness while a member
42 of the Armed Forces during a period of war or national
43 emergency and is receiving compensation for a wartime
44 service-connected disability of at least fifty percent (50%) as
45 rated by the U.S. Department of Veterans Affairs.
- 46 4. Is a current member of the Armed Forces who incurred
47 traumatic injuries or wounds or sustained a major illness while
48 a member of the Armed Forces during a period of war or
49 national emergency. The parent's traumatic wounds, injury, or
50 major illness must be documented by the U.S. Department of
51 Defense.

- (3) Eligible postsecondary institution. – A school that is any of the following:
- a. A constituent institution of The University of North Carolina.
 - b. A community college under the jurisdiction of the State Board of Community Colleges.
 - c. A private educational institution as defined in G.S. 143B-1224.
 - d. An accredited, private vocational institution.
- (4) Eligible spouse. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, (iii) who has complied with the requirements of the Selective Service System, if applicable, and (iv) whose spouse was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the service member's willful misconduct during a period of war or national emergency.
- (5) Veteran. – An individual who has served and is no longer serving in the Armed Forces of the United States. For the purposes of this section, the veteran must have separated from the Armed Forces under honorable conditions or whose death or disability of at least fifty percent (50%) or more was incurred as a direct result of service in the line of duty.

SECTION 8.3.(d) Administration; Awards. – Within the funds made available for the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each separately administer and award scholarships to eligible children and eligible spouses in accordance with the requirements of the North Carolina Patriot Star Family Scholarship Program. In administering the Program, each nonprofit corporation shall be responsible for Program oversight for the scholarships awarded through its organization to ensure compliance with the provisions of this section.

Each nonprofit corporation shall, at a minimum, establish criteria and procedures related to scholarship documentation completion, the amount of individual scholarships, the permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for a revocation of a scholarship, and any other procedures it deems necessary for its administration of the Program. A scholarship awarded to an eligible child or eligible spouse shall not exceed the cost of attendance at the eligible postsecondary institution.

If an eligible child or eligible spouse receives a scholarship or other grant covering the cost of attendance at an eligible postsecondary institution for which the scholarship is awarded, then the amount of a scholarship awarded under this section shall be reduced so that the sum of all grants and scholarships covering the cost of attendance received by the eligible child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes of this section, cost of attendance shall be deemed to include monies for tuition, fees, books, supplies, and equipment required for study at an eligible postsecondary institution, as well as room and board as long as the scholarship recipient is enrolled as at least a half-time student at the institution. Off-campus housing costs for room and board are also included to the extent the eligible postsecondary institution includes it in its cost of attendance.

SECTION 8.3.(e) Reporting. – The Patriot Foundation shall submit a report by April 1 of each year in which the Patriot Foundation spends State funds made available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities related to the Program and the use of the State funds.

The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of each year in which the Marine Corps Scholarship Foundation spends State funds made available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities related to the Program and the use of the State funds.

REPORT ON SCIENCE OF READING EPP COURSEWORK IMPLEMENTATION

SECTION 8.4.(a) The Board of Governors of The University of North Carolina shall contract with an outside consultant for an evaluation on the progress of the implementation of the changes in requirements for approval or renewal of approval of educator preparation programs (EPPs) for training of (i) elementary education teachers in coursework in the Science of Reading and (ii) elementary and special education general curriculum teachers in early literacy intervention strategies and practices that are aligned with the Science of Reading pursuant to Section 4 of S.L. 2021-8. The State Board of Community Colleges, the North Carolina Independent Colleges and Universities, the State Board of Education, the Superintendent of Public Instruction, and the Professional Educator Preparation and Standards Commission (PEPSC) shall provide the outside consultant with all information necessary to determine at least the following:

- (1) A baseline of the current coursework in literacy training and intervention strategies and practices at EPPs.
- (2) The plan for implementation of the requirements at approved EPPs and any recommendations for implementation by the State Board of Education, the Superintendent, and PEPSC.
- (3) The timeline for EPPs to incorporate the training into their programs by the anticipated academic semesters.
- (4) Any EPPs that have already incorporated training into their programs and their best practices to share with other programs.

SECTION 8.4.(b) The Board of Governors shall submit an interim report by December 15, 2021, and a final report by May 15, 2022, to the Joint Legislative Education Oversight Committee on the progress of implementation of required changes and the results of the overall evaluation from the outside consultant required under subsection (a) of this section. The interim report submitted by December 15, 2021, shall also include the baseline of current coursework in literacy training and intervention strategies and practices at EPPs.

FALLS LAKE NUTRIENT MANAGEMENT STUDY/FUNDS

SECTION 8.5. Of the funds appropriated by this act to the Board of Governors for the 2022-2023 fiscal year for the study of Falls Lake, any unexpended funds remaining at the end of the 2022-2023 fiscal year shall not revert to the General Fund but shall remain available for expenditure for the purposes of studying and analyzing nutrient management strategies and compiling existing water quality data of Falls Lake pursuant to Section 14.13(c) of S.L. 2016-94, as amended by Section 13.18(a) of S.L. 2018-5, until December 31, 2023.

NEW EDUCATION FACILITY/UNCW/PLANNING FUNDS

SECTION 8.6.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2021-2022 fiscal year, the sum of nine hundred ninety-four thousand dollars (\$994,000) in nonrecurring funds shall be held in reserve for the purpose of providing funds for the planning of a new facility for Isaac Bear Early College High School on the University of North Carolina at Wilmington's campus as the partner institution of higher education for the cooperative innovative high school.

The Board of Governors shall allocate the funds to the University of North Carolina at Wilmington (UNC-Wilmington) upon the signing of a memorandum of agreement between New Hanover County Schools and UNC-Wilmington on the specifics of the facility project, including the site location for the new facility and the sources of funds for the project.

SECTION 8.6.(b) If a memorandum of agreement is not signed between New Hanover County Schools and UNC-Wilmington as required by subsection (a) of this section by June 30, 2022, the funds held in reserve by the Board of Governors pursuant to this section shall revert to the General Fund.

SECTION 8.6.(c) The allocation of funds by the Board of Governors to UNC-Wilmington pursuant to this section shall not be deemed to constitute a financial obligation of the State to provide any additional State funds in subsequent fiscal years for the purpose of planning or constructing a new facility for Isaac Bear Early College High School.

ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS

SECTION 8.7.(a) G.S. 116-143.6 reads as rewritten:

"§ 116-143.6. Full scholarship students attending constituent institutions.

(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full ~~scholarships, unless the scholarship is for athletics,~~ scholarships to the institution from entities recognized by the institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The University of North Carolina.

(b) The following definitions apply in this section:

(1) "Full cost" means an amount calculated by the constituent institution that is no less than the sum of tuition, required fees, and on-campus room and board.

(2) "Full scholarship" means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(c) This section shall not be applied in any manner that violates federal law.

~~(d) This section shall be administered by the electing constituent institution so as to have no fiscal impact.~~

(e) In administering this section, the electing constituent institution shall maintain at least the current number of North Carolina residents admitted to that constituent institution.

(f) A change in residency status under this section shall not impact the financial aid amount a student is able to receive as determined by the Free Application for Federal Student Aid."

SECTION 8.7.(b) This section applies beginning with the 2022-2023 academic year.

CODIFY NC COLLABORATORY

SECTION 8.8.(a) Section 11.8 of S.L. 2016-94, as amended by Section 8(c) of S.L. 2020-74, reads as rewritten:

"SECTION 11.8. ~~The Beginning with the 2021-2022 fiscal year, the one million dollars (\$1,000,000) in recurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2016-2017 fiscal year to establish and operate a North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill shall be used used, in addition to any other funds appropriated for this purpose, to establish a Collaboratory that facilitates the dissemination of the policy and research expertise of The University of North Carolina and other institutions of higher learning within North Carolina for practical use by State and local government, although, wherever possible, funding preference may be given to campuses within The University of North Carolina System. Any funds appropriated by the General Assembly for use by the Collaboratory may not be used for indirect overhead costs. The Collaboratory, at a minimum, shall conduct research on natural resources management, including, but not limited to, research related to the environmental and economic components of the management of the natural resources within the State of North Carolina and of new technologies for habitat, environmental, and water quality improvement. The Collaboratory shall develop and disseminate relevant best practices to interested parties, may lead or participate in projects across the State related to natural resource management, and may make recommendations to the General Assembly from time to time and operate the North Carolina Collaboratory pursuant to Article 31A of Chapter 116 of the General Statutes."~~

SECTION 8.8.(b) Chapter 116 of the General Statutes is amended by adding a new Article to read:

"Article 31A.

"The North Carolina Collaboratory.

"§ 116-255. The North Carolina Collaboratory established.

(a) Collaboratory Established. – There is established the North Carolina Collaboratory (Collaboratory) to facilitate the dissemination of the policy and research expertise of The University of North Carolina and other institutions of higher education within North Carolina for practical use by State and local governments. The Collaboratory shall be housed at the University of North Carolina at Chapel Hill.

(b) Duties and Powers. – The Collaboratory shall do at least the following within the funds available:

- (1) Conduct, manage, or participate in research on natural resources management, including, but not limited to, research related to the environmental and economic components of the management of the natural resources within the State of North Carolina and of new technologies for habitat, environmental, and water quality improvements.
- (2) Conduct, manage, or participate in other projects and opportunities, including, but not limited to, research that may be of interest to citizens and policymakers within the State.
- (3) Support research programs at institutions of higher education, particularly institutions identified as historically minority-serving institutions, within the Collaboratory's areas of focus and expertise.
- (4) Identify, pursue, and support research and development opportunities through technology research and development, including, but not limited to, funding opportunities and partnerships between institutions of higher education, government agencies, nonprofit organizations, and both private and public businesses.
- (5) Develop and disseminate relevant best practices to interested parties, lead or participate in projects across the State, and make policy, research, funding, and other recommendations to the General Assembly.
- (6) Maintain an online reporting portal, in partnership with the Office of State Fire Marshal, on the storage and deployment of Aqueous Film-Forming Foams (AFFF) as required by G.S. 58-82B-10.

(c) Funding Conditions and Restrictions. – The following applies to funding received by the Collaboratory:

- (1) In disseminating State funds, the Collaboratory may give funding preference to constituent institutions of The University of North Carolina, wherever possible.
- (2) Funds appropriated by the General Assembly for use by the Collaboratory may not be used for indirect overhead costs at an institution partnering with the Collaboratory.
- (3) For research or investigations that need to be carried out expeditiously in response to a project, opportunity, or a legislative mandate, the provisions of Article 3 of Chapter 143 of the General Statutes, G.S. 143-129, and G.S. 116-131.10 shall not apply to the Collaboratory for the purchase of apparatus, supplies, material, or equipment in projects addressing an emerging or immediate threat to public health, safety, or welfare. For each project that utilizes this exemption, the Collaboratory shall provide a justification in writing and make this document available on its website for the duration of the project.

1 **"§ 116-256. Annual report.**

2 By December 1 of each year, the Collaboratory shall report to the Joint Legislative Oversight
3 Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight
4 Committee on Health and Human Services, and the Joint Legislative Education Oversight
5 Committee on its activities in the prior fiscal year and any legislative recommendations."
6

7 **COLLABORATORY/RESEARCH GRANTS HMSI**

8 **SECTION 8.9.(a)** The North Carolina Collaboratory (Collaboratory), established
9 pursuant to Article 31A of Chapter 116 of the General Statutes, shall establish a research grant
10 program for the following constituent institutions of The University of North Carolina identified
11 as Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University,
12 Fayetteville State University, North Carolina Agricultural and Technical State University, North
13 Carolina Central University, the University of North Carolina at Pembroke, and Winston-Salem
14 State University. The Collaboratory shall establish an application process and criteria for research
15 grants that include a focus on areas within the Collaboratory's mission of facilitating research
16 related to the environmental and economic components of the management of the natural
17 resources within the State and of new technologies for habitat, environmental, and water quality
18 improvements and other areas of public health.

19 The Collaboratory may award one or more research grants each fiscal year to each of
20 the six HMSI constituent institutions to be used to expand their research capacity while being in
21 service to the needs of the State. Of the funds appropriated by this act for the research grant
22 program, the Collaboratory shall determine the amount of the research grant for each HMSI
23 constituent institution in a fiscal year.

24 **SECTION 8.9.(b)** Funds allocated to the Collaboratory for the research grant
25 program shall not be used to cover the administrative costs for the Collaboratory. Any
26 unexpended funds appropriated for the research grant program at the end of a fiscal year shall
27 not revert to the General Fund but shall remain available for expenditure for the purposes of this
28 section.
29

30 **COLLABORATORY/2021 WATER SAFETY ACT/FIREFIGHTING FOAM**
31 **REGISTRY**

32 **SECTION 8.10.(a)** The North Carolina Collaboratory (Collaboratory) shall continue
33 to identify faculty expertise, technology, and instrumentation located within institutions of higher
34 education in the State, including East Carolina University, the University of North Carolina at
35 Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at
36 Wilmington, North Carolina State University, North Carolina Agricultural and Technical State
37 University, Duke University, and other public and private institutions within the State and
38 coordinate these faculty, technology, instrumentation, and other resources to do the following:

- 39 (1) Conduct both targeted and nontargeted analysis for per- and poly-fluoroalkyl
40 substances (PFAS), including the chemical known as "GenX," through a
41 continuation of the North Carolina PFAS Testing Network (Network).
- 42 (2) With respect to PFAS, including GenX, conduct (i) statewide water sampling,
43 testing, and monitoring, (ii) statewide air sampling, testing, and monitoring,
44 (iii) toxicology work in cellular and mammalian models, as well as monitoring
45 levels and health effects of the citizens of North Carolina, and (iv) data
46 management, analysis, and dissemination.
- 47 (3) Develop and deploy technologies to mitigate exposure to PFAS, including
48 GenX, and health impacts from such exposure.
- 49 (4) Evaluate and pursue other research opportunities with respect to PFAS,
50 including GenX, using relevant faculty expertise, technology, and
51 instrumentation.

1 The Collaboratory shall utilize the faculty and staff at the University of North
2 Carolina at Wilmington for assisting with project management of the requirements set forth in
3 subsections (a) through (e) of this section.

4 **SECTION 8.10.(b)** The Collaboratory shall continue to report the results of
5 sampling conducted pursuant to subsection (a) of this section to the Environmental Review
6 Commission, the Department of Environmental Quality, the Department of Health and Human
7 Services, the United States Environmental Protection Agency, and the public through the
8 Network's website.

9 **SECTION 8.10.(c)** Of the funds appropriated by this act to the Board of Governors
10 of The University of North Carolina to be allocated to the University of North Carolina at Chapel
11 Hill for the Collaboratory, the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds
12 for the 2021-2022 fiscal year shall be used by the Collaboratory to manage and implement the
13 requirements of subsections (a) through (e) of this section, which shall include distribution to the
14 Collaboratory (i) to cover costs incurred as a result of these activities, (ii) for acquisition or
15 modification of essential scientific instrumentation and maintenance, and (iii) for payments of
16 costs for sample collection and analysis, training or hiring of research staff and other personnel,
17 method development activities, and data management, including dissemination of relevant data
18 to stakeholders. Participating institutions receiving any funds under this subsection may not use
19 any of the funds for overhead or other indirect costs. Funds allocated under this subsection shall
20 not revert but shall remain available for nonrecurring expenditures. The provisions of Article 3
21 of Chapter 143 of the General Statutes, G.S. 116-31.10, G.S. 143-129, and other relevant policies
22 and guidelines related to those provisions shall not apply to the purchase of apparatus, supplies,
23 material, personnel, contract, or equipment with any of the funds allocated under this section.

24 **SECTION 8.10.(d)** Of the funds allocated under subsection (c) of this section, a
25 minimum of ten million dollars (\$10,000,000) shall be directed to development within The
26 University of North Carolina of a technology, or technologies, that utilizes water filtration or
27 other chemical or physical technologies to remove or mitigate the presence of PFAS, including
28 GenX, from water supplies where it is present. The technology shall be developed so that it can
29 be deployed at three separate water supply locations at which analytical data demonstrates that
30 PFAS contamination exists in order to test the efficacy of the technology, or technologies, as
31 follows: (i) a publicly owned water treatment plant that provides drinking water from the Cape
32 Fear River, (ii) a publicly owned wastewater treatment plant that discharges into the Cape Fear
33 River, or a surface water body that flows into the Cape Fear River, and (iii) a location in either
34 the Castle Hayne or the PeeDee aquifer that is utilized for drinking water. Each of these three
35 sites shall be selected by the Collaboratory in consultation with faculty and staff from institutions
36 of higher education in the State identified by the Collaboratory pursuant to subsection (a) of this
37 section. All units of State and local government shall cooperate and assist with the placement,
38 integration, operation, testing, and assessment of technology, or technologies, developed and
39 deployed for the duration of any pilot testing authorized and funded under subsection (a) of this
40 section.

41 **SECTION 8.10.(e)** The Collaboratory should continue to pursue relevant public and
42 private funding opportunities that may be available to address the impacts of PFAS, including
43 GenX, on surface water, groundwater, and air quality in order to leverage funds allocated under
44 subsection (a) of this section or any other funds provided to the Collaboratory.

45 **SECTION 8.10.(f)** It is the intent of the General Assembly that funds appropriated
46 in this act to the Department of Environmental Quality for personnel to map emerging
47 compounds and to establish an Emerging Compounds unit within the Department will be
48 expended synergistically with the funds allocated under subsection (a) of this section to
49 comprehensively address the impacts of PFAS contamination on citizens of the State.

50 **SECTION 8.10.(g)** The University of North Carolina at Chapel Hill shall apportion
51 all gross revenue associated with any intellectual property, including licensing fees and patenting

revenue, related to ionic fluorogel water filtration or other chemical or physical technologies developed utilizing research funds that are provided by the Collaboratory, which were allocated pursuant to this section, under the following formula:

- (1) Ten percent (10%) to the General Fund.
- (2) Forty percent (40%) to the inventor or inventors of such technologies.
- (3) Fifty percent (50%) to the University of North Carolina at Chapel Hill to be divided as follows: (i) two-fifths into a general patent/licensure fund to be used at the constituent institution's discretion, (ii) two-fifths to the home academic department or department of the inventor or inventors of such technologies, and (iii) one-fifth to the Collaboratory to fund ongoing PFAS-related research and technology development.

SECTION 8.10.(h) Chapter 58 of the General Statutes is amended by adding a new Article to read:

"Article 82B.

"Management of Aqueous Film-Forming Foams.

"§ 58-82B-1. Findings.

The General Assembly finds that certain firefighting foams used to fight Class B fires, often referred to as Aqueous Film-Forming Foams (AFFF), are critical for fire suppression and public safety. However, because many AFFF could contain per- and poly-fluoroalkyl substances, certain foams may require additional research, oversight, and management. The General Assembly further finds that accurate and comprehensive reporting of the use of AFFF by fire departments throughout the State is essential in order to appropriately manage the potential impacts of AFFF on the environment and public health.

"§ 58-82B-5. Reporting requirement.

Fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, in partnership with the Office of the State Fire Marshal (OSFM), shall, no later than July 1, 2022, and annually thereafter, do all of the following:

- (1) Provide an inventory of all AFFF at each department.
- (2) Identify all AFFF no longer utilized at each department that should be properly disposed of.
- (3) Report annually in summary form and within 15 days individually every incident where AFFF were deployed. Both the annual summary report and the individual incident reports shall utilize the online portal created as directed by G.S. 58-82B-10.

"§ 58-82B-10. Duties of Office of the State Fire Marshal.

The Office of the State Fire Marshal (OSFM) shall do all of the following:

- (1) Educate and inform every fire department it regulates of the reporting requirements imposed by this Article.
- (2) Assist the North Carolina Collaboratory, established under G.S. 116-255, in the development of an online reporting portal for fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, with the requirements of this Article.
- (3) Adopt rules to implement the requirements of this Article. OSFM may adopt temporary rules and shall adopt permanent rules no later than July 1, 2022.

"§ 58-82B-15. Report.

The Office of the State Fire Marshal (OSFM) shall report annually to the Environmental Review Commission no later than September 1 of each year on the utilization and inventory of AFFF by fire departments across the State during the previous fiscal year based on the reporting requirements of this Article."

SECTION 8.10.(i) The Collaboratory, in partnership with the Office of the State Fire Marshal (OSFM) and any unit of State and local government deemed relevant by the Collaboratory, shall develop and maintain the online reporting portal as required by G.S. 58-82B-10, as enacted by subsection (h) of this section, and G.S. 116-255(b)(6), as enacted by Section 8.8 of this act. The portal shall consist of an online reporting tool and related database that captures the storage and deployment of Aqueous Film-Forming Foams (AFFF) by fire departments in the State that are operated, managed, or overseen by units of local government, including those located at or serving public airports. The reporting tool shall be easily accessible to firefighters and fire department personnel to upload the data. The required inventory data shall include, at a minimum, the following:

- (1) The number of trucks at each department that carry AFFF and the volume, trade name, and Chemical Abstract Service (CAS) number of the AFFF on each truck.
- (2) The fire station, including street address, where each truck is located.
- (3) The volume, trade name, and CAS number of AFFF stored by each fire department or unit of local government at a station or other location, as well as the address of each location where AFFF are stored.
- (4) The volume, trade name, and CAS number of AFFF products that are no longer utilized and could be removed from inventory for disposal.
- (5) The volume of AFFF used by each fire department annually, including all of the following:
 - a. The date, time, and location, including street address and GPS coordinates, where AFFF was deployed, and the trade name and CAS number of the AFFF used.
 - b. The total volume of AFFF deployed, including gallons of foam and gallons of water and total concentration of foam.
 - c. The reason for the deployment of AFFF, such as firefighting, fire prevention, other emergency response actions intended to protect property or public safety, training, or an accidental spill.
- (6) A photograph of the label and the container of the foam. For the purpose of this subdivision, a photograph includes an electronic image produced by the camera of an electronic device.
- (7) Any other data deemed relevant by the Collaboratory to establish a statewide inventory of AFFF used for fighting fires or firefighter training.

OSFM and all units of local government shall provide any information or assistance requested by the Collaboratory to acquire, compile, manage, interpret, and maintain the data required by this section. The tool and database required by this section shall be online and operational no later than June 1, 2022.

COLLABORATORY/STUDY OF THE COASTAL AND MARINE FISHERIES OF THE STATE

SECTION 8.11. In advance of the twenty-fifth anniversary of North Carolina's Fisheries Reform Act of 1997 and the fiftieth anniversary of North Carolina's Coastal Area Management Act, the North Carolina Collaboratory (Collaboratory) shall conduct a study on the overall status of the coastal and marine fisheries regulated by the State. The study shall focus on the following regulated species, including the health and extent of the habitats required by these species:

- (1) Bay Scallop.
- (2) Blue Crab.
- (3) Eastern Oyster.
- (4) Estuarine Striped Bass.

- (5) Hard Clam.
- (6) Kingfishes.
- (7) Red Drum.
- (8) River Herring.
- (9) Sheepshead.
- (10) Shrimp.
- (11) Southern Flounder.
- (12) Spotted Seatrout.
- (13) Striped Mullet.

The Collaboratory shall analyze trends through time spanning the last few decades or longer to assess and develop policy recommendations to better manage the overall health and viability of the State's fisheries and fisheries' habitats. The Department of Environmental Quality, the Wildlife Resources Commission, other agencies of the State, and units of local government shall provide any assistance requested by the Collaboratory to acquire and compile data and complete the study required by this section. The Collaboratory shall provide the results of this study to the Environmental Review Commission no later than December 31, 2022.

COLLABORATORY/COVID-19 RESEARCH INITIATIVES

SECTION 8.12.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Collaboratory (Collaboratory), the Collaboratory shall facilitate among various entities research and activities related to monitoring, assessing, and addressing the public health and economic impacts of COVID-19, including best practices and strategies to maximize resources and achieve a comprehensive research response to COVID-19. Up to eighteen million dollars (\$18,000,000) of these funds may be used for the Rapidly Emerging Antiviral Drug Development Initiative (READDI) at the University of North Carolina at Chapel Hill to advance development of therapeutics for COVID-19 and other viruses that pose a pandemic threat.

SECTION 8.12.(b) The Collaboratory may assemble an advisory panel of representatives from various entities as necessary to discuss, review, and analyze progress toward meeting research goals and the use of available federal funds. The Collaboratory shall report on the progress of the development of research and activities related to monitoring, assessing, and addressing the public health and economic impacts of COVID-19 and the use of the appropriated funds received pursuant to this act to the Joint Legislative Oversight Committee on Health and Human Services no later than September 1, 2024.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

TUITION GRANTS FOR NCSSM GRADUATES

SECTION 8A.1.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 6. Tuition Grant for Graduates of the North Carolina School of Science and Mathematics.

§ 116-209.90. Tuition grants for graduates to attend a constituent institution.

(a) Program Established. – There is established the Tuition Grant for Graduates of the North Carolina School of Science and Mathematics Program (Program). Within the funds made available for the Program, a resident for tuition purposes under G.S. 116-143.1 who graduates from the North Carolina School of Science and Mathematics (NCSSM) in each school year and who enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation shall be eligible for a tuition grant awarded in accordance with this Part.

(b) Continuing Grants. – Students who receive initial tuition grants as a cohort of a graduating class of NCSSM, beginning with students graduating in the 2020-2021 school year, shall also be eligible to apply for tuition grants for subsequent academic years for up to a total of four academic years. A student shall be continuously enrolled in a constituent institution of The University of North Carolina after the award of the initial tuition grant to be eligible for tuition grants in subsequent academic years. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship.

(c) Administration of Grants. – The Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

(d) Award of Grants. – Except as provided in subsections (e) and (f) of this section, the amount of the grant awarded to a student shall be the full tuition cost at the constituent institution in which the student is enrolled. No tuition grant awarded to a student under this section shall exceed the cost of attendance at the constituent institution for which the student is enrolled.

(e) Reduction of an Award Due to Other Aid. – If a student who is eligible for a tuition grant under this section also receives a scholarship or other grant covering the cost of attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each constituent institution.

(f) Pro Rata Amount. – In the event there are not sufficient funds available for the Program to provide each eligible student with a full tuition grant as provided for by this Part, each eligible student shall receive a pro rata share of funds available for that academic year.

"§ 116-209.91. North Carolina Tuition Grant Fund Reserve.

The North Carolina Tuition Grant Fund Reserve is established as a reserve to be administered by the Authority. All funds appropriated to or otherwise received by the Authority to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the academic year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended for administrative purposes."

SECTION 8A.1.(b) It is the intent of the General Assembly to appropriate from the General Fund to the North Carolina Tuition Grant Fund Reserve the following additional funds for the purpose of awarding tuition grants for future graduating classes of the North Carolina School of Science and Mathematics (NCSSM), including students graduating from the Morganton campus of NCSSM:

- (1) For the 2023-2024 fiscal year, the sum of one million seven hundred ninety-one thousand one hundred twenty-three dollars (\$1,791,123) in recurring funds.
- (2) For the 2024-2025 fiscal year, the sum of five hundred forty-eight thousand three hundred three dollars (\$548,303) in recurring funds.
- (3) For the 2025-2026 fiscal year, the sum of five hundred forty-eight thousand three hundred three dollars (\$548,303) in recurring funds.
- (4) For the 2026-2027 fiscal year, the sum of five hundred forty-eight thousand three hundred three dollars (\$548,303) in recurring funds.

PUBLIC COLLEGES AND UNIVERSITIES NEED-BASED FINANCIAL AID CONSOLIDATION

SECTION 8A.2.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 5. The North Carolina Need-Based Scholarship for Public Colleges and Universities.

"§ 116-209.80. Definitions.

The following definitions apply to this Part:

- (1) Eligible postsecondary institution. – A school that is:
 - a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4).
 - b. A community college as defined in G.S. 115D-2(2).
- (2) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible postsecondary institution.
- (3) Program. – The North Carolina Need-Based Scholarship Program for Public Colleges and Universities.
- (4) Reserve Fund. – Scholarship Reserve Fund for Public Colleges and Universities.
- (5) Scholarship. – A scholarship for education awarded under this Part.
- (6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

"§ 116-209.81. Eligibility requirements for a scholarship.

(a) In order to be eligible to receive a scholarship under this Part, a student seeking a degree, diploma, or certificate at an eligible postsecondary institution must meet all of the following requirements:

- (1) Qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- (2) Meet enrollment standards by being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution. The President of The University of North Carolina and the President of the North Carolina Community College System may jointly agree to additional enrollment standards for the Program.
- (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate need according to federal methodology in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

(b) In addition to the criteria set forth in subsection (a) of this section, in order for a student to continue to be eligible for a scholarship for the student's second and subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for

1 federal Title IV programs by the eligible postsecondary institution in which the student is
2 enrolled.

3 **"§ 116-209.82. Semester limitation on eligibility for scholarship.**

4 (a) Except as otherwise provided by subsection (c) of this section, a student matriculating
5 at a constituent institution of The University of North Carolina shall not receive a scholarship for
6 more than 10 full-time academic semesters, or its equivalent if enrolled part-time, unless the
7 student is enrolled in a program officially designated by the Board of Governors of The
8 University of North Carolina as a five-year degree program. If a student is enrolled in such a
9 five-year degree program, then the student shall not receive a scholarship for more than 12
10 full-time academic semesters or the equivalent if enrolled part-time.

11 (b) Except as otherwise provided by subsection (c) of this section, a student shall not
12 receive a scholarship for more than six full-time academic semesters, or the equivalent if enrolled
13 part-time, while matriculating at a community college.

14 (c) Upon application by a student, the applicable eligible postsecondary institution may
15 grant a waiver to the student who may then receive a scholarship for the equivalent of one
16 additional full-time academic semester if the student demonstrates that any of the following have
17 substantially disrupted or interrupted the student's pursuit of a degree, diploma, or certificate: (i)
18 a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term
19 disability, or (iv) other extraordinary hardship. The Board of Governors of The University of
20 North Carolina or the State Board of Community Colleges, as appropriate, shall establish policies
21 and procedures to implement the waiver provided by this subsection.

22 **"§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

23 (a) Scholarship Amounts. – Subject to the availability of funds in the Scholarship Reserve
24 Fund for Public Colleges and Universities, as provided in G.S. 116-209.85, a scholarship
25 awarded under this Part to a student at an eligible postsecondary institution shall be based upon
26 a consolidated payment schedule established jointly by the President of The University of North
27 Carolina and the President of the North Carolina Community College System, in consultation
28 with the Authority. The payment schedule shall clearly define award amounts by type of eligible
29 postsecondary institution and student financial need as defined by federal methodology. The
30 Authority shall publish the payment schedule for the Program in an easily accessible and
31 understandable format. Once published, a payment schedule shall remain in effect unless
32 otherwise agreed by the President of The University of North Carolina and the President of the
33 North Carolina Community College System.

34 (b) Availability of Scholarships. – Subject to the payment schedule described in
35 subsection (a) of this section, the Authority shall have the power to determine the actual
36 scholarship amounts disbursed to students in any given year based on the amount of funds
37 available in the Scholarship Reserve Fund for Public Colleges and Universities created pursuant
38 to G.S. 116-209.85. If the funds available are not sufficient to fully fund the scholarships as set
39 forth in the payment schedule established pursuant to subsection (a) of this section, the Authority,
40 in consultation with the President of The University of North Carolina and the President of the
41 North Carolina Community College System, shall adjust the distribution of the funds as
42 necessary.

43 **"§ 116-209.84. Scholarship administration; reporting requirements.**

44 (a) The scholarships provided for in this Part shall be administered by the Authority under
45 rules adopted by the Authority in accordance with the provisions of this Part.

46 (b) Notwithstanding any other provision of law to the contrary, the Authority shall
47 conduct periodic evaluations of expenditures under the Program administered by the Authority
48 to determine if allocations are utilized to ensure access to eligible postsecondary institutions and
49 to meet the goals of respective programs. The authority may make recommendations of the
50 redistribution of funds to the President of The University of North Carolina and the President of

the North Carolina Community College System, who then may jointly authorize redistribution of funds for a particular fiscal year.

(c) The Authority shall report no later than December 1, 2024, and annually thereafter to the Joint Legislative Education Oversight Committee. The report shall contain, for the previous academic year, the dollar amount of awards disbursed, the number of eligible students receiving funds, and a breakdown of the eligible postsecondary institutions that received the funds.

(d) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Part.

"§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.

(a) There is established the Scholarship Reserve Fund for Public Colleges and Universities as a reserve consisting of the following monies:

- (1) Funds appropriated by the General Assembly for the Program from the Education Lottery Fund in the Current Operations Appropriations Act for a fiscal year for education-related purposes in accordance with G.S. 18C-164.
- (2) Funds appropriated by the General Assembly for the Program from the Escheat Fund in the Current Operations Appropriations Act for a fiscal year that is distributed annually on or before August 15 to the Authority pursuant to G.S. 116B-7(a).
- (3) Funds appropriated by the General Assembly for the Program from the General Fund in the Current Operations Appropriations Act for a fiscal year.
- (4) All returned scholarship funds from the Program.
- (5) All interest earned on these funds.

(b) The Authority shall create two reserves within the Reserve Fund as follows: The University of North Carolina (UNC Reserve) and the North Carolina Community College System (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for scholarships for the academic year that begins in the fiscal year following the fiscal year in which the allocations are made to the reserves. Allocations shall be made from the reserves for the amounts determined for the payment schedules for eligible postsecondary institutions pursuant to G.S. 116-209.83.

Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise agreed to by the President of The University of North Carolina and the President of the North Carolina Community College System. Additional funds may be directed to the reserves from a Current Operations Appropriations Act in a fiscal year. The reserves established for the 2022-2023 fiscal year shall consist of the following funds:

- (1) For the UNC Reserve, the monies shall consist of the following:
 - a. An amount equal to the amount appropriated to the Board of Governors of The University of North Carolina for The University of North Carolina Need-Based Financial Aid Program for the 2021-2022 fiscal year.
 - b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship Program based on awards of financial assistance to students enrolled in The University of North Carolina from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.
- (2) For the CC Reserve, the monies shall consist of the following:
 - a. An amount equal to the amount appropriated to the Community Colleges System Office for the North Carolina Community College Grant Program, except for funds set aside for the targeted assistance program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.

b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship based on awards of financial assistance to students enrolled in North Carolina community colleges from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

(c) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall remain available until expended for the purposes of this Part.

(d) The Authority may use up to one and one-half percent (1.5%) of the funds available in the Reserve Fund each fiscal year for administrative costs related to the Program. Upon a determination by the Authority that funds in excess of one percent (1%) are necessary to administer the Program, including funds necessary for one-time or recurring costs, the Authority shall consult with the President of The University of North Carolina and the President of the North Carolina Community College System at the same time the consolidated payment schedule is set pursuant to G.S. 116-209.83. The Authority shall also report the amount of the increase and the purpose for which the additional funds will be used to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly within 30 days of the increase. In no event shall the cost of administering the Program in a fiscal year exceed one and one-half percent (1.5%) of the funds available in the Reserve Fund."

SECTION 8A.2.(b) G.S. 116B-7 reads as rewritten:

"§ 116B-7. Distribution of fund.

(a) The income derived from the investment or deposit of the Escheat Fund shall be distributed annually on or before August 15 to the State Education Assistance Authority for grants and loans to aid worthy and needy students who are residents of this State and are enrolled in public institutions of higher education in this State. Such grants and loans shall be made upon terms, consistent with the provisions of this Chapter, pursuant to which the State Education Assistance Authority makes grants and loans to other students under G.S. 116-201 to 116-209.23, Article 23 of Chapter 116 of the General Statutes, policies of the Board of Governors of The University of North Carolina regarding need-based grants for students of The University of North Carolina, and policies of the State Board of Community Colleges regarding need-based grants for students of the community colleges. The Authority shall deposit an amount specified in the Current Operations Appropriations Act from the Escheat Fund into the Scholarship Reserve Fund for Public Colleges and Universities pursuant to G.S. 116-209.85 each fiscal year to fund the North Carolina Need-Based Scholarship for Public Colleges and Universities pursuant to Part 5 of Article 23 of Chapter 116 of the General Statutes.

(b) An amount specified in the Current Operations Appropriations Act shall be transferred annually from the Escheat Fund to the Department of Military and Veterans Affairs to partially fund the program of Scholarships for Children of War Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy as determined by the Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher education of this State."

SECTION 8A.2.(c) By May 1, 2022, the President of The University of North Carolina and the President of the North Carolina Community College System shall report to the Fiscal Research Division, the House Appropriations Education Committee, and the Senate Appropriations on Education/Higher Education Committee on the following regarding the consolidation of student financial assistance for constituent institutions of The University of North Carolina and the community colleges:

- (1) The payment schedule required by G.S. 116-209.83, as enacted by this section.
- (2) Potential ways to include students with intellectual and developmental disabilities as eligible for scholarships through the North Carolina Need-Based Scholarship Program for Public Colleges and Universities or

- 1 other student financial assistance recommendations, including grants or other
2 funding sources for students enrolled in Comprehensive Transition Programs.
3 (3) Any recommended legislative changes, including for the North Carolina
4 Need-Based Scholarship Program for Public Colleges and Universities.

5 **SECTION 8A.2.(d)** By October 15, 2022, the Authority shall transfer any
6 unexpended balances remaining in the reserves for The University of North Carolina Need-Based
7 Financial Aid Program and the Education Lottery Scholarship to the Scholarship Reserve Fund
8 for Public Colleges and Universities under G.S. 116-209.85, as enacted by this section.

9 **SECTION 8A.2.(e)** Article 35A of Chapter 115C of the General Statutes is repealed.

10 **SECTION 8A.2.(f)** G.S. 116-209.19A reads as rewritten:

11 **"§ 116-209.19A. Limit semesters eligible for need-based grants and scholarships.**

12 The Authority administers the following need-based grant and scholarship programs: the
13 ~~Education Lottery Scholarships, North Carolina Community College Grant Program, The~~
14 ~~University of North Carolina Need-Based Financial Aid Program, North Carolina Need-Based~~
15 ~~Scholarship for Public Colleges and Universities~~ and Need-Based Scholarships for Students
16 Attending Private Institutions of Higher Education. ~~G.S. 115C-499.2A, 115D-40.2, 116-25.1,~~
17 ~~G.S. 116-209.82 and 116-281.1~~ G.S. 116-281.1 limit the number of semesters that a student may
18 receive a grant or scholarship from ~~any of those~~ these programs and also provide the
19 circumstances in which a waiver to those limits may be granted by the appropriate postsecondary
20 institution. The Authority shall enforce these limitations in administering these programs so that
21 unless a waiver is granted by the appropriate postsecondary institution, no student shall receive
22 a grant or scholarship from any of those programs or any combination of those financial aid
23 programs while pursuing a degree, diploma, or certificate for more than any of the following time
24 periods: (i) 10 full-time academic semesters or its equivalent if enrolled part-time or (ii) 12
25 full-time academic semesters or its equivalent if the student is enrolled in a program officially
26 designated as a five-year degree program.

27 A postsecondary institution that grants a waiver under ~~G.S. 115C-499.2A, 115D-40.2,~~
28 ~~116-25.1, G.S. 116-209.82 or 116-281.1~~ G.S. 116-281.1 shall certify the granting of the waiver
29 in a manner acceptable to the Authority and shall also maintain documentation substantiating the
30 reason for the waiver."

31 **SECTION 8A.2.(g)** G.S. 115D-40.1 reads as rewritten:

32 **"§ 115D-40.1. Targeted Financial Assistance for Community College Students.** ~~Students;~~
33 ~~participation in federal programs.~~

34 (a) ~~Need-Based Assistance Program.~~ ~~It is the intent of the General Assembly that the~~
35 ~~Community College System make these financial aid funds available to the neediest students~~
36 ~~who are not eligible for other financial aid programs that fully cover the required educational~~
37 ~~expenses of these students. The State Board may use some of these funds as short-term loans to~~
38 ~~students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.~~

39 (b) Targeted Financial Assistance. – ~~Notwithstanding subsection (a) of this section, the~~
40 ~~Within the funds available, the State Board may allocate up to ten percent (10%) of the funds~~
41 ~~appropriated for Financial Assistance for Community College Students provide financial~~
42 assistance to the following students:

- 43 (1) Students who enroll in low-enrollment programs that prepare students for
44 high-demand occupations.
45 (2) Students with disabilities who have been referred by the Department of Health
46 and Human Services, Division of Vocational Rehabilitation, and are enrolled
47 in a community college.
48 (3) Students enrolled in fewer than six credit hours per semester who otherwise
49 qualify for need-based financial aid programs.

50 (c) Administration of ~~Program.~~ Targeted Financial Assistance. – The State Board shall
51 adopt rules and policies for the disbursement of the targeted financial assistance provided in

~~subsections (a) and subsection (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these targeted financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College Grant Program. If the interest earnings are not adequate to support the administrative costs, up to one percent (1%) of funds provided in subsection (a) of this section may be used to support the costs of administering the Community College Grant Program.~~

(d) Participation in Federal Loan Programs. – All community colleges shall participate in the William D. Ford Federal Direct Loan Program, unless the board of trustees of an institution adopts a resolution declining to participate in the Program. The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students, including, but not limited to, Pell Grants, HOPE and Lifetime Learning Tax Credits, and, for participating colleges, the William D. Ford Federal Direct Loan Program, and to actively encourage students to utilize these federal programs and funds. The board of trustees of any institution that has declined to participate in the William D. Ford Federal Direct Loan Program through the adoption of a resolution may rescind the resolution and participate in the Program but shall not have the authority to again decline participation in the Program."

SECTION 8A.2.(h) G.S. 115D-40.2 is repealed.

SECTION 8A.2.(i) G.S. 116-25.1 is repealed.

SECTION 8A.2.(j) Section 10.1 of S.L. 2000-67 is repealed.

SECTION 8A.2.(k) Subsections (a) through (d) of this section become effective January 1, 2022, and apply to scholarships awarded beginning with the 2023-2024 academic year. Subsections (e) through (j) of this section become effective July 1, 2023. The remainder of this section is effective on the date that this act becomes law.

K-12 SCHOLARSHIP CHANGES

SECTION 8A.3.(a) Opportunity Scholarship Grant Program. – G.S. 115C-562.1(3) reads as rewritten:

"(3) Eligible students. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

a. Meets one of the following criteria:

1. Was a full-time student (i) assigned to and attending a public school pursuant to G.S. 115C-366 or (ii) enrolled in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the spring semester prior to the school year for which the student is applying.
2. Received a scholarship grant for the school year prior to the school year for which the student is applying.
3. Is entering-eligible to enter either kindergarten or the first grade-grade pursuant to Article 25 of this Chapter. A child who is the age of four on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements of G.S. 115C-364(d) and those

findings are submitted to the Authority with the child's application.

4. Is a child in foster care as defined in G.S. 131D-10.2(9).

5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.

6. Is a child whose parent or legal guardian is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.

7. Is a child who meets both of the following:

I. Was enrolled in a nonpublic school that meets the requirements of Part 1 and Part 2 of this Article during the spring semester prior to the school year for which the student is applying.

II. Was enrolled for the entire school year immediately prior to the school year in which the student enrolled in the nonpublic school in one of the following:

A. A North Carolina public school.

B. A Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina.

a1. Has not enrolled in a postsecondary institution in a matriculated status eligible for enrollment for 12 hours of academic credit.

b. Meets one of the following criteria:

1. Resides in a household with an income level not in excess of one hundred ~~fifty-seventy-five percent (150%)~~ (175%) of the amount required for the student to qualify for the federal free or reduced-price lunch program. The Authority shall not count any distribution from the estate of a decedent in calculating the income level of the applicant's household for the purposes of determining eligibility for a scholarship under this sub-subdivision.

2. Is a child in foster care as defined in G.S. 131D-10.2. The Authority shall not consider the household income of the foster parent, as defined in G.S. 131D-10.2, in determining the eligibility of a foster care child."

SECTION 8A.3.(b) G.S. 115C-562.2(b) reads as rewritten:

"(b) Scholarship grants awarded to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall ~~be for amounts of up to four thousand two hundred dollars (\$4,200) per year.~~ be, per year per eligible student, in an amount of up to ninety percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year. Scholarship grants awarded to eligible students residing in households with an income level in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall be for amounts of not more than ninety percent (90%) of the required tuition and fees for the nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic school. No scholarship grant shall ~~exceed four thousand two hundred dollars (\$4,200) exceed,~~ per year per eligible student, an amount equal to ninety percent (90%) of the average

State per pupil allocation for average daily membership in the prior fiscal year and no scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend."

SECTION 8A.3.(c) G.S. 115C-562.2(b1) is repealed.

SECTION 8A.3.(d) G.S. 115C-562.3 reads as rewritten:

"§ 115C-562.3. Verification of ~~eligibility~~; eligibility; information from other State agencies.

...

(b) Household members of applicants for scholarship grants shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Revenue, the Department of Health and Human Services, and the Department of Public Instruction. The Department of Public Instruction shall provide the Authority with public school enrollment information to establish eligibility pursuant to G.S. 115C-562.1(3)a. as needed.

(c) By December 1 of each year, the Department of Public Instruction shall provide the Authority the average State per pupil allocation for that fiscal year to determine the maximum scholarship amount for eligible students to be awarded in the following fiscal year in accordance with G.S. 115C-562.2(b)."

SECTION 8A.3.(e) Any student who meets the following requirements shall qualify as an eligible student and shall be eligible to receive a scholarship for the 2021-2022 school year pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes:

- (1) Was enrolled in a North Carolina public school or a Department of Defense Elementary and Secondary School located in North Carolina for the fall semester of the 2019-2020 school year.
- (2) Was enrolled in a nonpublic school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter for the spring semester of the 2019-2020 school year and the entire 2020-2021 school year.
- (3) Meets the eligibility requirements of G.S. 115C-562.1(3)a1. and b.
- (4) Submits a scholarship application for the 2021-2022 school year.

A student who becomes eligible for a scholarship in the 2021-2022 school year solely due to this subsection shall receive first priority in award of scholarships in the same manner as those previously awarded scholarships.

SECTION 8A.3.(f) G.S. 115C-562.8 reads as rewritten:

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

(a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be administered by the Board of Governors of The University of North Carolina for the purpose of allocating funds to the Authority for the award of scholarship grants in accordance with this Part. The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be used to award scholarship grants to eligible students for the school year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall only use monies in the Reserve in accordance with the purposes set forth in this section. Funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds were appropriated shall be first used for the purpose set forth in subdivision (1) of subsection (d) of this section, if applicable. After funds are used for this purpose, any unexpended funds from the funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year shall be carried forward for one fiscal year and may be used for the purposes set forth in this section. Funds carried forward pursuant to this section that have not been spent within one fiscal year shall revert to the General Fund.

...

(d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year shall be used as follows:

(1) Up to five hundred thousand dollars (\$500,000) may be used by the Authority to contract with a nonprofit corporation representing parents and families for marketing, outreach, and scholarship application assistance for parents and students pursuant to Part 4A of this Article.

(2) Any remaining funds shall be carried forward for one fiscal year pursuant to subsection (a) of this section."

SECTION 8A.3.(g) Article 39 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 4A. Information for Parents and Students on Nonpublic School Scholarship Programs.

"§ 115C-567.1. Outreach and assistance for parents and students.

(a) The State Education Assistance Authority, in its administration of scholarship programs for eligible students pursuant to Part 2A of this Article, Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with a nonprofit corporation representing parents and families for marketing, outreach, and scholarship application assistance for parents and students. The Authority shall issue a request for proposals in order to enter into a contract with a nonprofit corporation that meets the following requirements during the term of the contract:

(1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.

(2) Employ sufficient staff who have demonstrated a capacity to market and implement a scholarship grant program, including by doing the following:

a. Direct mail marketing.

b. Radio advertising.

c. Targeted digital advertising.

d. One-on-one parent and family engagement.

(3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

(4) Have no State officer or employee serving on the board of the nonprofit.

(5) Conduct at least quarterly meetings of the board of directors of the nonprofit at the call of its chair.

(b) The terms of the contract between the Authority and a nonprofit corporation shall require that the nonprofit (i) maintain the confidentiality of any information provided by the Authority for parents and students as directed by the Authority and (ii) not disseminate information to third parties without written parental consent. During the term of the contract provided for in this section, the Authority shall include on scholarship applications a statement for parents to indicate nonconsent for sharing information with a nonprofit corporation.

(c) Notwithstanding any other provision of law, during the term of the contract provided for in this section, the Authority may share the name, address, email, and telephone number of the parent of any student applicant, unless the parent indicates that the information should not be shared."

SECTION 8A.3.(h) G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain the lesser of ~~up to~~ four percent (4%) of the funds appropriated or ~~one two million five hundred thousand dollars (\$1,500,000) (\$2,000,000)~~ each fiscal year for administrative costs associated with the scholarship grant program."

SECTION 8A.3.(i) G.S. 115C-562.8(b) reads as rewritten:

"(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 of ~~at least ten million dollars (\$10,000,000) each fiscal year for 10-15 years~~ to the Opportunity Scholarship Grant Fund Reserve. Therefore, 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
...	...
2023-2024	\$104,840,000 \$150,540,000
2024-2025	\$114,840,000 \$165,540,000
2025-2026	\$124,840,000 \$180,540,000
2026-2027	\$134,840,000 \$195,540,000
<u>2027-2028</u>	<u>\$210,540,000</u>
<u>2028-2029</u>	<u>\$225,540,000</u>
<u>2029-2030</u>	<u>\$240,540,000</u>
<u>2030-2031</u>	<u>\$255,540,000</u>
<u>2031-2032</u>	<u>\$270,540,000</u>

For the ~~2027-2028-2032-2033~~ fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~one hundred forty-four million eight hundred forty thousand dollars (\$144,840,000)~~ two hundred eighty-five million five hundred forty thousand dollars (\$285,540,000) 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 8A.3.(j) Personal Education Student Accounts for Children with Disabilities. – Article 41 of Chapter 115C of the General Statutes reads as rewritten:

"Article 41.

"Personal Education ~~Savings Accounts~~ Student Accounts for Children with Disabilities.

"§ 115C-590. North Carolina Personal Education ~~Savings Account~~ Student Accounts for Children with Disabilities Program established.

There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for Children with Disabilities Program to provide the option for a parent to better meet the individual educational needs of the parent's child.

"§ 115C-591. Definitions.

The following definitions apply in this Article:

- (1) Authority. – Defined in G.S. 116-201.
- (2) Division. – The Division of Nonpublic Education, Department of Administration.
- (2a) Educational technology. – As defined annually by the Authority, an item, piece of equipment, material, product, or system which may be purchased commercially off the shelf, modified, or customized and that is used primarily for educational purposes for a child with a disability.
- (3) Eligible student. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:
 - a. Is eligible to attend a North Carolina public school pursuant to G.S. 115C 366. Article 25 of this Chapter. A child who is the age of 4 on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements of

- 1 G.S. 115C-364(d) and those findings are submitted to the Authority
2 with the child's application.
- 3 b. Has not been enrolled in a postsecondary institution ~~in a matriculated~~
4 ~~status eligible for enrollment for~~ as a full-time student taking at least
5 12 hours of academic credit.
- 6 c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1),~~
7 ~~including, for example, intellectual disability, hearing impairment,~~
8 ~~speech or language impairment, visual impairment, serious emotional~~
9 ~~disturbance, orthopedic impairment, autism, traumatic brain injury,~~
10 ~~other health impairments, specific learning disability, or disability as~~
11 ~~may be required to be included under IDEA.~~ G.S. 115C-106.3(1).
- 12 d. Has not been placed in a nonpublic school or facility by a public
13 agency at public expense.
- 14 (3a) G.S. 115C-562.5 compliant school. – A Part 1 or Part 2 nonpublic school that
15 consents to comply with the requirements of G.S. 115C-562.5.
- 16 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of
17 Article 39 of this Chapter, as identified by the Division.
- 18 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- 19 (5a) Part 1 or Part 2 nonpublic school. – A nonpublic school that meets the
20 requirements of Part 1 or Part 2 of Article 39 of this Chapter, as identified by
21 and deemed eligible by the Division.
- 22 (5a)(5b) Part-time student. – A child enrolled part time in a public school and part
23 time in a nonpublic school that exclusively provides services for children with
24 disabilities.
- 25 (6) Personal Education Savings-Student Account or PESA. – ~~A bank~~ An
26 electronic account provided to a parent for the purpose of holding scholarship
27 funds awarded by the Authority for an eligible student to be used for
28 qualifying education expenses under G.S. 115C-595.
- 29 **"§ 115C-592. Award of scholarship funds for a personal education ~~savings-student~~ account.**
- 30 (a) Application Selection. – The Authority shall make available no later than February 1
31 of each year applications to eligible students for the award of scholarship funds for a personal
32 education ~~savings-student~~ account to be used for qualifying education expenses to attend a
33 nonpublic school. Information about scholarship funds and the application process shall be made
34 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~
35 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to
36 the following ~~criteria:~~ criteria for applications received by March 1 of each year:
- 37 (1) First priority shall be given to eligible students who were awarded scholarship
38 funds for a PESA during the previous school year ~~if those students have~~
39 ~~applied by March 1-year.~~
- 40 (2) After funds have been awarded to prior recipients as provided in subdivision
41 (1) of this subsection, any remaining funds shall be used to award scholarship
42 funds for a PESA for all other eligible students.
- 43 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for
44 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each
45 year for an amount not to exceed (i) nine thousand dollars (\$9,000) per eligible student for the
46 fiscal-school year in for which the application is received, except received or (ii) for eligible
47 part-time students, who shall be awarded scholarships each year for an amount not to exceed
48 students, four thousand five hundred dollars (\$4,500) per eligible student for the fiscal-school
49 year in for which the application is received. Any funds remaining in an electronic account
50 provided under subsection (b2) of this section at the end of a school year for eligible students
51 who qualify only under this subsection shall be returned to the Authority.

(b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for each school year only if the student has been determined to have one or more of the following disabilities as a primary or secondary disability at the time of application for scholarship funds:

- (1) Autism.
- (2) Hearing impairment.
- (3) Moderate or severe intellectual or developmental disability.
- (4) Multiple, permanent orthopedic impairments.
- (5) Visual impairment.

For eligible students who qualify for scholarship funds under this subsection, no more than four thousand five hundred dollars (\$4,500) of funds remaining in an electronic account at the end of a school year shall be carried forward until expended for each school year upon renewal of the account under subsection (b2) of this section. In no event shall the total amount of funds carried forward for an eligible student in a personal education student account exceed thirty thousand dollars (\$30,000). Any funds remaining in the electronic account if an agreement is not renewed under G.S. 115C-595 shall be returned to the Authority.

(b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive the scholarship funds deposited in two equal amounts to a PESA in amounts, one half in each quarter semester of the fiscal school year. The first deposit of funds to a PESA shall be subject to the execution of the parental agreement required by G.S. 115C-595. The parent shall then receive a debit card or an electronic account with the prepaid funds loaded on the card or in the electronic account at the beginning of the fiscal school year. After the initial disbursement of funds, each subsequent, quarterly semester disbursement of funds shall be subject to the submission by the parent of an expense report. The expense report shall be submitted electronically and shall include documentation that the student received an education, as described in G.S. 115C-595(a)(1), for no less than 35-70 days of the applicable quarter semester. The debit card or the electronic account shall be renewed upon the receipt of the parental agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal school years. Any funds remaining on the card or in the electronic account at the end of the fiscal year may be carried forward to the next fiscal year if the card or electronic account is renewed. Any funds remaining on the card or in the electronic account if an agreement is not renewed shall be returned to the Authority.

(c) Eligibility for the other scholarship programs is provided for as follows: Eligibility for Other Scholarship Programs. –

- (1) An eligible student under this Article may receive, in addition to a PESA, a scholarship under Part 2A of Article 39 of this Chapter.
- (2) An eligible student under this Article may receive, in addition to a PESA and a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under the special education scholarship program for children with disabilities pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or more of the following disabilities:
 - a. Autism.
 - b. Developmental disability.
 - c. Hearing impairment.
 - d. Moderate or severe intellectual disability.
 - e. Multiple, permanent orthopedic impairments.
 - f. Visual impairment.

(d) Applications Not Public Records. – Applications for scholarship funds and personally identifiable information related to eligible students receiving funds shall not be a public record under Chapter 132 of the General Statutes. For the purposes of this section, personally

identifiable information means any information directly related to a student or members of a student's household, including the name, birthdate, address, Social Security number, telephone number, e-mail address, or any other information or identification number that would provide information about a specific student or members of a specific student's household.

(e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in either of the following ways:~~

(1) ~~The by having the child has been assessed by a local education agency and determined the local education agency determining the child to be a child with a disability and with that outcome is verified by the local education agency on a form provided to the Authority.~~

(2) ~~The child was initially assessed by a local education agency and determined to be a child with a disability and, following receipt of a scholarship awarded pursuant to Part 1H of Article 9 of this Chapter, was determined to have continuing eligibility, as provided in G.S. 115C-112.6(c)(2), by the assessing psychologist or psychiatrist. Both the initial verification from the local education agency and the continuing verification by the assessing psychologist or psychiatrist shall be provided on a form to the Authority.~~

"§ 115C-593. Student continuing eligibility.

After the initial disbursement of funds, the Authority shall ensure that the student's continuing eligibility is assessed at least every three years by one of the following:

(1) The local education agency. – The local education agency shall assess if the student continues to be a child with a disability and verify the outcome on a form to be provided to the Authority.

(2) A licensed psychologist with a school psychology focus or a psychiatrist. – The psychologist or psychiatrist shall assess, after review of appropriate medical and educational records, if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the student would continue to benefit from placement in the nonpublic school setting. The psychologist or psychiatrist shall verify the outcome of the assessment on a form to be provided to the Authority.

"§ 115C-594. Verification of eligibility.

(a) Verification of Information. – The Authority may seek verification of information on any application for the award of scholarship funds for a personal education ~~savings student~~ account. ~~The Authority shall select and verify six percent (6%) of applications annually, including those with apparent errors on the face of the application.~~ The Authority shall establish rules for the verification process. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

(b) Access to Information. – ~~Household members of applicants~~ Applicants for the award of scholarship funds for a PESA shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Health and Human Services and the Department of Public Instruction.

"§ 115C-595. Parental agreement; use of funds.

(a) Parental Agreement. – The Authority shall provide the parent of a scholarship recipient with a written agreement, applicable for each year the eligible student receives scholarship funds under this Article, to be signed and returned to the Authority prior to receiving the scholarship funds. The agreement shall be submitted to the Authority electronically. The parent shall not designate any entity or individual to execute the agreement on the parent's behalf. A parent or eligible student's failure to comply with this section shall result in a forfeit of

- scholarship funds and those funds may be awarded to another eligible student. The parent shall agree to the following conditions in order to receive scholarship funds under this Article:
- (1) Use at least a portion of the scholarship funds to provide an education to the eligible student in, at a minimum, the subjects of English language arts, mathematics, social studies, and science.
 - (2) Unless the student is a part-time eligible student, release a local education agency in which the student is eligible to attend under G.S. 115C-366 of all obligations to educate the eligible student while the eligible student is receiving scholarship funds under this Article. A parent of a student, other than a part-time eligible student, who decides to enroll the student into the local education agency or other North Carolina public school during the term of the agreement shall notify the Authority to request a release from the agreement and shall return any unexpended funds to the Authority.
 - (3) Use the scholarship funds deposited into a personal education ~~savings~~ student account only for the following qualifying education expenses of the eligible student:
 - a. Tuition and fees for a ~~nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter and is subject to the requirements of G.S. 115C-562.5.~~ G.S. 115C-562.5 compliant school, disbursed as provided in subdivision (1) of subsection (a1) of this section.
 - b. Textbooks required by a nonpublic school.
 - c. Tutoring and teaching services provided by an individual or facility accredited by a State, regional, or national accrediting organization.
 - d. Curricula.
 - e. Fees for nationally standardized norm-referenced achievement tests, advanced placement tests, or nationally recognized college entrance exams.
 - f. Fees charged to the account holder for the management of the PESA.
 - g. Fees for services provided by a public school, including individual classes and extracurricular programs.
 - h. Premiums charged to the account holder for any insurance or surety bonds required by the Authority.
 - i. Educational therapies from a licensed or accredited practitioner or provider.
 - j. Educational technology defined by the Authority as approved for use pursuant to ~~Part 1H of Article 9 of this Chapter.~~ G.S. 115C-591(2a).
 - k. Student transportation, pursuant to a contract with an entity that regularly provides student transportation, to and from (i) a provider of education or related services or (ii) an education activity.
 - (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible student may pay tuition to Part 1 or Part 2 nonpublic schools that are not G.S. 115C-562.5 compliant schools with funds other than funds available in the personal education student account and then request reimbursement from the Authority from scholarship funds if the parent complies with the provisions of subdivision (2) of subsection (a1) of this section.
 - (4) Not use scholarship funds for any of the following purposes:
 - a. Computer hardware or other technological devices not defined by the Authority as educational technology approved for use pursuant to ~~Part 1H of Article 9 of this Chapter.~~ G.S. 115C-591(2a).

- b. Consumable educational supplies, including paper, pen, or markers.
- c. Tuition and fees at an institution of higher education, as defined in G.S. 116-143.1, or a private postsecondary institution.
- d. Tuition and fees for a nonpublic school that meets the requirements of Part 3 of Article 39 of this Chapter.

(a1) Disbursement of Funds for Tuition. – The method by which the Authority shall disburse scholarship funds awarded to eligible students for tuition at a nonpublic school shall be based upon whether the nonpublic school is a G.S. 115C-562.5 compliant school. Scholarship funds for tuition shall be disbursed as follows:

(1) Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds from the personal education student account for eligible students who attend G.S. 115C-562.5 compliant schools. The funds shall be remitted to the G.S. 115C-562.5 compliant school for endorsement by at least one of the student's parents. The parent shall restrictively endorse the scholarship funds awarded to the eligible student for deposit into the account of the G.S. 115C-562.5 compliant school to the credit of the eligible student. The parent shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship funds. A parent's failure to comply with this subdivision shall result in forfeiture of the scholarship funds for tuition. Scholarship funds forfeited for failure to comply with this subdivision shall be returned to the Authority to be awarded to another student.

(2) Reimbursement for tuition. – The parent of an eligible student who enrolls in a school that is (i) a North Carolina public school other than the public school to which that student would have been assigned as provided in G.S. 115C-366 or (ii) a Part 1 or Part 2 nonpublic school that is not a G.S. 115C-562.5 compliant school may pay tuition directly to the school with funds other than scholarship funds and request reimbursement with funds available in the personal education student account under subdivision (3a) of subsection (a) of this section. However, the Authority shall not reimburse the parent prior to the midpoint of each semester. A parent may only receive reimbursement for tuition if the parent provides documentation to the Authority that the student is enrolled in the school.

(b) No Refunds to an Account Holder. – A nonpublic school or a provider of services purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to a parent or eligible student in any manner. The parent shall notify the Authority if such a refund is required.

(c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning on or after January 1, 2018.

"§ 115C-596. Identification of nonpublic schools and distribution of personal education savings-student account information.

(a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to the Authority a list of all nonpublic schools operating in the State that meet the requirements of Part 1, 2, or 3 of Article 39 of this Chapter.

(b) Information on PESAs to the Division. – The Authority shall provide information about personal education savings-student accounts to the Division. The Division shall provide information about PESAs to all qualified nonpublic schools on an annual basis.

"§ 115C-597. Administration.

(a) Rules and Regulations. – The Authority shall establish rules and regulations for the administration of the program, including the following:

- (1) The administration and awarding of scholarship funds, including a lottery process for the selection of recipients within the criteria established by G.S. 115C-592(a), if necessary.
- (2) Requiring a surety bond or insurance to be held by account holders.
- (3) Use of the funds and the reporting of expenditures.
- (4) Monitoring and control of spending scholarship funds deposited in a personal education savings account.

The Authority shall provide recipients of scholarship funds with the annual list of defined educational technology for which scholarship funds may be used.

(b) Contract for Management of PESAs. – The Authority may contract with a private financial management firm or institution to manage PESAs in accordance with this Article.

(c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit a random sampling of PESAs as needed to ensure compliance with the requirements of this Article. The Authority may contract with an independent entity to conduct these audits. The Authority may remove a parent or eligible student from the program and close a personal education savings student account for failure to comply with the terms of the parental agreement, for failure to comply with applicable laws, or because the student is no longer an eligible student.

(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship funds under this Article, the Authority may retain ~~up to two hundred fifty thousand dollars (\$250,000)~~ the lesser of four percent (4%) of the funds appropriated or two million dollars (\$2,000,000) each fiscal year for administrative costs associated with the program, including contracting with non-State entities for administration of certain components of the program.

"§ 115C-598. Reporting requirements.

The Authority shall report annually, no later than October 15, to the Joint Legislative Education Oversight Committee on the following information from the prior school year:

- (1) Total number, grade level, race, ethnicity, and sex of eligible students receiving scholarship funds.
- (2) Total amount of scholarship funding awarded.
- (3) Number of students previously enrolled in public schools in the prior semester by the previously attended local education agency.
- (4) Nonpublic schools in which scholarship recipients are enrolled, including numbers of scholarship recipients at each nonpublic school.
- (5) The number of substantiated cases of fraud by recipients and the number of parents or students removed from the program for noncompliance with the provisions of this Article.

"§ 115C-599. Duties of State agencies.

(a) The State Board, as part of its duty to monitor all local education agencies to determine compliance with this Article and the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations adopted under that act, as provided in G.S. 115C-107.4, shall ensure that local education agencies do the following:

- (1) Conduct evaluations requested by a child's parent of suspected children with disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by IDEA.
- (2) Provide assessments for continuing eligibility to identified children with disabilities receiving scholarship funds at the request of the parent to ensure compliance with G.S. 115C-593.

(b) The Authority shall analyze, in conjunction with the Department of Public Instruction, past trends in scholarship data on an annual basis to ensure that the amount of funds transferred each fiscal year by the Authority to the Department for reevaluations by local school

administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual annual cost requirements."

SECTION 8A.3.(k) Notwithstanding G.S. 115C-592, as amended by this section, a student who was awarded scholarship funds for a Personal Education Savings Account (PESA) pursuant to Article 41 of Chapter 115C of the General Statutes for the 2021-2022 school year or a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2021-2022 school year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal education student account for the 2022-2023 school year if the student applies by March 1, 2022.

SECTION 8A.3.(l) Part 1H of Article 9 of Chapter 115C of the General Statutes is repealed.

SECTION 8A.3.(m) G.S. 115C-555(4) reads as rewritten:

"(4) It receives no funding from the State of North Carolina. For the purposes of this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article, Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter~~ to eligible students attending a nonpublic school shall not be considered funding from the State of North Carolina."

SECTION 8A.3.(n) G.S. 115C-567.1(a), as enacted by subsection (g) of this section, reads as rewritten:

"(a) The State Education Assistance Authority, in its administration of scholarship programs for eligible students pursuant to Part 2A of this ~~Article, Article and Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter~~, ~~Chapter~~ may contract with a nonprofit corporation representing parents and families, for marketing, outreach, and scholarship application assistance for parents and students. The Authority shall issue a request for proposals in order to enter into a contract with a nonprofit corporation that meets the following requirements during the term of the contract:

- (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.
- (2) Employ sufficient staff who have demonstrated a capacity to market and implement a scholarship grant program, including by doing the following:
 - a. Direct mail marketing.
 - b. Radio advertising.
 - c. Targeted digital advertising.
 - d. One-on-one parent and family engagement.
- (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.
- (4) Have no State officer or employee serving on the board of the nonprofit.
- (5) Conduct at least quarterly meetings of the board of directors of the nonprofit at the call of its chair."

SECTION 8A.3.(o) Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

SECTION 8A.3.(p) G.S. 105-153.5(b)(12) reads as rewritten:

"(12) The amount deposited during the taxable year to a personal education ~~savings student~~ account under Article 41 of Chapter 115C of the General Statutes."

SECTION 8A.3.(q) Subsection (p) of this section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended by this section before the effective date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued under the amended statute before the effective date of its amendment.

SECTION 8A.3.(r) Subsections (a) through (d) of this section apply beginning with applications for scholarship funds for the 2022-2023 school year. Subsection (f) of this section

becomes effective June 30, 2021. Subsection (i) of this section applies beginning with the 2023-2024 fiscal year. Subsections (j) and (k) of this section become effective July 1, 2021, and apply to applications for scholarship funds beginning with the 2022-2023 school year. Subsections (l) through (o) of this section become effective July 1, 2022. Subsection (p) of this section applies to taxable years beginning on or after January 1, 2022. The remainder of the section is effective the date this act becomes law.

SEAA GOVERNANCE STRUCTURE MODIFICATIONS

SECTION 8A.4.(a) G.S. 116-203 reads as rewritten:

"§ 116-203. Authority created as subdivision of State; appointment, terms and removal of board of directors; officers; quorum; expenses and compensation of directors.

(a) Authority Created. – There is created and constituted a political subdivision of the State to be known as the "State Education Assistance ~~Authority.~~" Authority" (Authority) to be housed administratively within The University of North Carolina System Office for organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers conferred by this Article shall be deemed and held to be the performance of an essential governmental ~~function.~~ function in administering a system of financial assistance to qualified students of the State. The Authority shall exercise its statutory powers independently from the System Office and the Board of Governors of The University of North Carolina.

(b) Membership. – The Authority shall be governed by a board of directors consisting of nine members, seven of whom shall be appointed ~~by the Governor~~ and two of whom shall be ex officio. ~~The members shall be officio~~ as follows:

(1) Seven members appointed ~~by the Governor, three of whom according to the following:~~

a. The Board of Governors of The University of North Carolina shall appoint the following members:

1. Two members who shall have expertise in secondary or higher education, two of whom education.
2. One member who shall be a chief financial officer or chief administrative officer from a nonpublic school that enrolls students receiving scholarship funds pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes.
3. One member who shall have expertise in finance, one of whom finance.

b. The Governor shall appoint the following members:

1. One member who shall have expertise in finance.
2. One member who shall be a member of the public at large with an interest in higher education, and one of whom education.
3. One member who shall be a chief financial officer from a college or university that is a member of North Carolina Independent Colleges and Universities, Inc., appointed upon the recommendation of North Carolina Independent Colleges and Universities, Inc.

(2) The chief financial officer of The University of North Carolina shall serve as an ex officio member.

(3) The chief financial officer of the North Carolina Community College System shall serve as an ex officio member.

(c) Terms. – Members appointed ~~by the Governor~~ pursuant to subdivision (1) of subsection (b) of this section shall serve for a term of four years and until their successors are appointed and duly qualified. Immediately after appointment, the directors shall enter upon the performance of their duties.

(d) Vacancies. – A vacancy in an appointment ~~made by the Governor~~ shall be filled by the ~~Governor~~ appointing authority in the same manner as the original appointment for the remainder of the unexpired term.

(e) Removal. – The ~~Governor~~ appointing authority may remove any member of the board of directors appointed by the ~~Governor~~ that authority for misfeasance, malfeasance, or nonfeasance.

(f) Officers. – The board shall annually elect one of its members as chair and another as ~~vice chair and shall also elect annually a secretary, or a secretary treasurer, who may or may not be a member of the board.~~ vice-chair. The chair, or in the chair's absence, the vice-chair, shall preside at all meetings of the board. In the absence of both the chair and vice-chair, the board shall appoint a chair pro tempore, who shall preside at such meetings.

(f1) Executive Director. – The President of The University of North Carolina shall appoint the Executive Director of the Authority, who shall be the Authority's principal executive officer, and the Executive Director shall be responsible to the President. The Executive Director shall serve as secretary to the board of directors.

(g) Quorum. – Five directors shall constitute a quorum for the transaction of the business of the Authority, and no vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote of at least a majority of the members of the board present at any meeting is required for the adoption of any resolution or motion or for other official action.

(h) Expenses. – The members of the board shall receive per diem and allowances as provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from funds provided under this Article, or as otherwise provided."

SECTION 8A.4.(b) G.S. 116-204 reads as rewritten:

"§ 116-204. Powers of Authority.

The Authority is hereby authorized and empowered:

- (1) To fix and revise from time to time and charge and collect fees for its acts and ~~undertakings;undertakings.~~
- (2) To establish rules and regulations concerning its acts and ~~undertakings;undertakings.~~
- (3) To acquire, hold and dispose of personal property in the exercise of its powers and the performance of its ~~duties;duties.~~
- (4) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this ~~Article;Article.~~
- (5) To employ, ~~in its discretion, upon approval by the President of The University of North Carolina or his or her designee,~~ consultants, attorneys, accountants, and financial experts, superintendents, managers financial professionals, liaison personnel, clerical staff, and such other employees and agents as may be necessary in its judgment, and to fix their compensation to be payable from funds made available to the Authority by law;from any funds made available to the Authority through appropriations by the General Assembly, the availability of receipts, or both.
- (6) To receive and accept from any federal or private agency, corporation, association or person grants to be expended in accomplishing the objectives of the Authority, and to receive and accept from the State, from any municipality, county or other political subdivision thereof and from any other source aid or contributions of either money, property, or other things of value, to be held, used and applied only for the purposes for which such grants and contributions may be ~~made;made.~~

- (7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and to make and from time to time amend and repeal bylaws, rules and regulations not inconsistent with law to carry into effect the powers and purposes of the ~~Authority~~Authority.
- (8) To do all other acts and things necessary or convenient to carry out the powers expressly granted in this Article; provided, however, that nothing in this Article shall be construed to empower the Authority to engage in the business of banking or insurance.
- (9) To collect loan repayments for loans awarded under the Teaching Fellows Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding for more than 30 days.
- (10) To collect loan repayments for loans awarded from the Scholarship Loan Fund for Prospective Teachers pursuant to Article 32A of Chapter 115C of the General Statutes if the loan repayment is outstanding for more than 30 days.
- (11) To administer the awarding of scholarship grants to students attending nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the General Statutes.
- (12) To administer the coordinated and centralized process for determining residency for tuition and State-funded financial aid purposes that is jointly developed and implemented by The University of North Carolina, the North Carolina Community College System, and the Authority, in consultation with the North Carolina Independent Colleges and Universities.
- (13) To collect loan repayments for scholarship loans awarded under the former Principal Fellows Program pursuant to Article 5C of this Chapter if the loan repayment is outstanding for more than 30 days."

SECTION 8A.4.(c) G.S. 116-205 reads as rewritten:

"§ 116-205. Title to property; use of State lands; offices.

(a) Title to any property acquired by the Authority shall be taken in the name of the Authority.

(b) The State hereby consents, subject to the approval of the ~~Governor~~Governor, the Board of Governors of The University of North Carolina, and Council of State, to the use of any other lands or property owned by the State, which are deemed by the Authority to be necessary for its purposes.

(c) ~~The~~Upon approval by The University of North Carolina System Office, the Authority may establish such offices in state-owned or rented structures as it deems appropriate for its purposes."

SECTION 8A.4.(d) G.S. 116-209.14 reads as rewritten:

"§ 116-209.14. Annual reports.

The Authority shall, following the close of each fiscal year, publish an annual report of its activities for the preceding year to the ~~Governor~~Board of Governors of The University of North Carolina, the Governor, and the General Assembly. Each report shall set forth a complete operating and financial statement covering the operations of the Authority during the year. The operations of the Authority shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

SECTION 8A.4.(e) G.S. 116-209.21 is repealed.

SECTION 8A.4.(f) For the board of directors of the State Education Assistance Authority, subsection (a) of this section applies to the appointment of seats expiring or the appointment to fill vacancies in seats occurring on or after the date this act becomes law. Notwithstanding G.S. 116-203, as amended by this act, upon the next vacancy of a seat for a member who has expertise in finance, the Board of Governors of The University of North

Carolina shall appoint the member who has expertise in finance to fill that vacant seat in accordance with G.S. 116-203(b)(1)a.

SECTION 8A.4.(g) This section is effective the date this act becomes law.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT

SECTION 8A.5.(a) Program Established. – Of the funds appropriated in this act to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority from the State Fiscal Recovery Fund, the Authority shall administer the Longleaf Commitment Grant Program (Program) to award grants to eligible students graduating from high school at the end of the 2021-2022 school year to cover tuition and fees at a community college for up to two years. The goal of the Longleaf Commitment Grant Program is to help students who graduated from a North Carolina high school during the COVID-19 pandemic recover learning and persist through to degree attainment.

SECTION 8A.5.(b) Eligible Students. – A student shall be considered an eligible student to receive a grant under the Program if the student meets all of the following requirements:

- (1) Has graduated or is expected to graduate in 2022 from a high school located in this State.
- (2) Qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- (3) Completes the Free Application for Federal Student Aid (FAFSA) for the 2022-2023 academic year and, if applicable, renews the FAFSA for the 2023-2024 academic year.
- (4) Has an Expected Family Contribution (EFC) below fifteen thousand dollars (\$15,000).
- (5) Enrolls in the Fall 2022 semester and maintains enrollment in at least six credit hours per semester in curriculum courses at a community college.

SECTION 8A.5.(c) Award Amounts; Administration. – Grants awarded under the Program shall be for a minimum amount of seven hundred dollars (\$700.00) per eligible student with a maximum grant of up to two thousand eight hundred dollars (\$2,800) per eligible student per year for up to two years, which includes cost of tuition and a fee allowance. The Authority shall reduce the amount of a grant for any student by the amount of grants or scholarships received by that student from other State or federal sources.

The Authority may adopt rules for the administration of the Program. The Authority may use up to one percent (1%) of the funds appropriated for the Program for administrative costs.

SECTION 8A.5.(d) Support Services from Community Colleges. – The Community Colleges System Office shall administer a matching grant program for community colleges to provide student support services under the Program in accordance with Section 6.11 of this act.

SECTION 8A.5.(e) Report. – The Authority shall submit an initial report by September 1, 2023, and a final report by September 1, 2024, to the Joint Legislative Education Oversight Committee on the implementation of the Program. The report shall contain, for each academic year, the amount of grant funds disbursed and the number of eligible students receiving funds.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE RATES