

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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HOUSE BILL 38  
Committee Substitute Favorable 4/18/23  
Senate Education/Higher Education Committee Substitute Adopted 6/19/24  
Fourth Edition Engrossed 6/20/24

Short Title: Education Omnibus Changes. (Public)

Sponsors:

Referred to:

February 1, 2023

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE CHANGES TO EDUCATION LAWS.  
3 The General Assembly of North Carolina enacts:

4  
5 **PART I. ACCEPTANCE OF CASH FOR ADMISSION TO HIGH SCHOOL**  
6 **INTERSCHOLASTIC ATHLETIC ACTIVITIES**

7 **SECTION 1.(a)** G.S. 115C-407.55 reads as rewritten:

8 "**§ 115C-407.55. Rules for high school interscholastic athletic activities.**

9 The State Board of Education shall adopt rules governing high school interscholastic athletic  
10 activities conducted by public school units that include the following:

11 ...

12 (10) Entry rules. – These rules shall establish requirements related to fees charged  
13 to any student or member of the public to attend any interscholastic athletic  
14 activity. As a minimum, the rules shall require that when an admission fee is  
15 charged to an interscholastic athletic activity, cash shall be accepted as a form  
16 of payment for admissions at the time of the event."

17 **SECTION 1.(b)** This section is effective when it becomes law and applies beginning  
18 with the 2024-2025 school year.

19  
20 **PART II. NEW COOPERATIVE INNOVATIVE HIGH SCHOOLS**

21 **SECTION 2.** Beginning with the 2024-2025 school year and for subsequent school  
22 years thereafter, notwithstanding G.S. 115C-238.51A(c), G.S. 115C-238.54, and any other  
23 provision of law to the contrary, Dare Early College High School and Rockingham County CTE  
24 Innovation High School shall be permitted to operate in accordance with G.S. 115C-238.53 and  
25 G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c)  
26 and shall be subject to the evaluation requirements of G.S. 115C-238.55.

27  
28 **PART III. REVISE CERTAIN SUPPLANTING CRITERIA FOR SUPPLEMENTAL**  
29 **FUNDS FOR TEACHER COMPENSATION**

30 **SECTION 3.** Section 7A.4 of S.L. 2023-134 reads as rewritten:

31 "**SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION**

32 ...

33 "**SECTION 7A.4.(b)** Definitions. – As used in this section, the following definitions shall  
34 apply:



- 1                   ...
- 2           (14)   Supplant factor. – For each local school administrative unit ~~in each fiscal year~~
- 3                   ~~of the fiscal biennium, as follows:~~
- 4                   a.       For the 2023-2024 fiscal year, the total non-State funds expended for
- 5                               salary supplements for teachers in the 2020-2021 fiscal year divided
- 6                               by the total State and non-State funds expended for salaries for
- 7                               teachers in the 2020-2021 fiscal year.
- 8                   b.       For the 2024-2025 fiscal year, the lesser of the following:
- 9                               1.       The total non-State funds expended for salary supplements for
- 10                               teachers in the 2020-2021 fiscal year divided by the total State
- 11                               and non-State funds expended for salaries for teachers in the
- 12                               2020-2021 fiscal year.
- 13                               2.       The total non-State funds expended for salary supplements for
- 14                               teachers in the 2021-2022 fiscal year divided by the total State
- 15                               and non-State funds expended for salaries for teachers in the
- 16                               2021-2022 fiscal year.

17                   ...

18       **"SECTION 7A.4.(f1) Nonsupplant Enforcement.** – If the State Board of Education

19 determines that a local school administrative unit has supplanted non-State funds in violation of

20 subsection (f) of this section, the State Board of Education shall do the following:

- 21           (1)   For the 2023-2024 fiscal year, continue to allocate funds to the unit in
- 22                   accordance with subsection (c) of this section.
- 23           (2)   For the 2024-2025 fiscal year, do either of the following:
- 24                   a.       If the unit can show that it has remedied the deficiency in funding,
- 25                               continue to allocate funds to the unit in accordance with subsection (c)
- 26                               of this section.
- 27                   b.       If the unit cannot show that it has remedied the deficiency in funding,
- 28                               not allocate any funds under this section to the unit.

29       ...."

30

31       **PART IV. CONSTRUCTION MANAGEMENT CAPACITY FLEXIBILITY**

32       **SECTION 4.(a)** G.S. 143C-4-3.1 is amended by adding a new subsection to read:

33       "(e1) Notwithstanding any other provision of law, for any project with a total project

34 authorization from the Fund that exceeds twenty million dollars (\$20,000,000), a low-capacity

35 institution may use up to two percent (2%) of the total project authorization to support additional

36 project management capacity provided through (i) time-limited employees of the constituent

37 institution or (ii) a non-State third party. The low-capacity institution shall not use the flexibility

38 to supplant funding for existing employees. For the purposes of this subsection, a low-capacity

39 institution is a constituent institution of The University of North Carolina with a full-time

40 equivalent enrollment of less than 10,000 students in the fiscal year preceding authorization of

41 the project by State law."

42       **SECTION 4.(b)** This section is effective when it becomes law and applies to

43 contracts executed on or after that date.

44

45       **PART V. UNC CARRYFORWARD FOR CERTAIN PROJECTS AT CERTAIN**

46 **INSTITUTIONS**

47       **SECTION 5.(a)** Part VIII of S.L. 2023-134, as amended by Sections 2.11 and 2.12

48 of S.L. 2024-1, is amended by adding a new section to read:

49       **"CARRYFORWARD FOR CERTAIN PROJECTS FOR FAYETTEVILLE STATE**

50 **UNIVERSITY AND NORTH CAROLINA AGRICULTURAL AND TECHNICAL**

51 **STATE UNIVERSITY**

1        "SECTION 8.25. Notwithstanding any other provision of law to the contrary, the following  
2 nonrecurring funds appropriated in this act for the 2023-2024 fiscal year shall not revert at the  
3 end of the 2023-2024 fiscal year but shall remain available until the end of the 2024-2025 fiscal  
4 year:

5           (1)     The two million five hundred thousand dollars (\$2,500,000) appropriated to  
6 the Office of State Budget and Management to be allocated to Fayetteville  
7 State University for a risk management school.

8           (2)     The five million dollars (\$5,000,000) appropriated to the Board of Governors  
9 of The University of North Carolina to be allocated to North Carolina  
10 Agricultural and Technical State University for programs, research faculty  
11 and staff, research expenditures, and building infrastructure."

12        **SECTION 5.(b)** This section becomes effective June 30, 2024.

## 13 14 **PART VI. PERMIT UNC CONSTITUENT INSTITUTIONS TO CARRY FORWARD** 15 **TAX PROCEEDS FROM SPORTS WAGERING**

16        **SECTION 6.(a)** G.S. 116-30.3 is amended by adding a new subsection to read:

17        "(g) Funds appropriated to constituent institutions of The University of North Carolina  
18 pursuant to G.S. 105-113.128 to support collegiate athletic departments shall not revert at the end  
19 of the fiscal year in which they are appropriated but shall remain available until expended."

20        **SECTION 6.(b)** This section becomes effective June 30, 2024.

## 21 22 **PART VII. PERMIT CHAIR OF BOARD OF GOVERNORS TO DESIGNATE A** 23 **MEMBER OF BOARD OF DIRECTORS FOR PROJECT KITTY HAWK**

24        **SECTION 7.** Section 8.24(c) of S.L. 2021-180 reads as rewritten:

25        **"SECTION 8.24.(c)** Project Kitty Hawk shall be conducted by a nonprofit corporation  
26 created in accordance with this section and G.S. 116-30.20. The nonprofit corporation shall  
27 include in its corporate bylaws that the organization will be governed by a board of directors  
28 consisting of nine members, as follows:

29           (1)     Two ex officio voting members as follows:

30               a.     The President of The University of North Carolina.

31               b.     The Chair of the Board of Governors of The University of North  
32 Carolina, Carolina, or the Chair's designee.

33           (2)     Seven voting members appointed by the Board of Governors, in consultation  
34 with the President of The University of North Carolina, as follows:

35               a.     Three members who shall be chancellors or chief academic officers of  
36 constituent institutions of The University of North Carolina.

37               b.     Four members who shall be individuals having experience in business  
38 management, higher education, or both."

## 39 40 **PART VIII. PERMIT CERTAIN STUDENTS TO PARTICIPATE IN THE TEACHING** 41 **FELLOWS PROGRAM**

42        **SECTION 8.** Notwithstanding G.S. 116-209.62(g), for applications for the award of  
43 funds beginning in the 2024-2025 academic year only, the North Carolina Teaching Fellows  
44 Program shall provide forgivable loans for completion of an educator preparation program of up  
45 to five thousand dollars (\$5,000) per semester for up to six semesters to the following categories  
46 of selected students enrolled at selected educator preparation programs in the 2024-2025  
47 academic year:

48           (1)     Students who were enrolled in the 2023-2024 academic year in a program of  
49 study leading to licensure in elementary education.

- 1 (2) Students who were enrolled in the 2023-2024 academic year in an educator  
2 preparation program that becomes a selected educator preparation program in  
3 the 2024-2025 academic year and who remain enrolled in that program.  
4

5 **PART VIII.1 PERMIT UNC TO ENTER INTO AGREEMENTS WITH VENDORS TO**  
6 **BUY BACK OR TRADE-IN TECHNOLOGICAL EQUIPMENT**

7 **SECTION 8.1.(a)** G.S. 143-64.03 reads as rewritten:

8 "**§ 143-64.03. Powers and duties of the State agency for surplus property.**

9 ...

10 (b1) Nothing in this Article, or any administrative rules promulgated under this Article,  
11 shall be deemed to prohibit The University of North Carolina from ~~conveying~~ doing the  
12 following:

- 13 (1) Conveying surplus computer equipment at no cost and cost. The University of  
14 North Carolina is encouraged to prioritize distribution to nonprofit entities that  
15 refurbish computers to donate to low-income students or households in the  
16 State. Any conveyance to a nonprofit under this ~~subsection~~ subdivision shall  
17 be conditioned upon, and in consideration of, the nonprofit's promise to  
18 refurbish the computer equipment and its donation to low-income students or  
19 households in the State and the nonprofit's reporting of information required  
20 by ~~this subsection~~ subsection (b2) of this section. After an initial conveyance,  
21 The University of North Carolina shall not convey additional surplus  
22 computer equipment to a nonprofit, unless that nonprofit has reported the  
23 information required by ~~this subsection~~ subsection (b2) of this section for prior  
24 conveyances.

- 25 (2) Entering into agreements with one or more vendors to trade-in any  
26 technological equipment purchased from the vendor or to allow a vendor to  
27 buy back any technological equipment even if the equipment was not  
28 purchased from that vendor.

29 (b2) When ~~making a distribution under this subsection, either distributing surplus~~  
30 computer equipment as provided in subdivision (1) of subsection (b1) of this section or entering  
31 into a trade-in or buyback agreement under subdivision (2) of subsection (b1) of this section, The  
32 University of North Carolina shall keep records on the type of computer equipment ~~distributed,~~  
33 distributed or the technological equipment subject to the agreement, the number ~~distributed, of~~  
34 computers distributed or the type and quantity of technological equipment subject to the  
35 agreement, the name of the nonprofit that received the ~~distributions,~~ distributions or the name of  
36 the vendor subject to the agreement, and the nonprofit's report on donations of refurbished  
37 computers to low-income students or households in the State. If the nonprofit is unable to  
38 refurbish computer equipment for any reason, its report shall include the disposition of such  
39 computer equipment. A nonprofit shall provide a report to the Board of Governors of The  
40 University of North Carolina by February 1, 2022, and by February 1 of each year thereafter. The  
41 report shall contain the information required by this subsection and any other information the  
42 Board of Governors deems reasonably necessary to ensure the conditions required under this  
43 subsection are satisfied. The Board of Governors of The University of North Carolina shall  
44 submit a report containing the information required to be collected under this subsection to the  
45 Joint Legislative Education Oversight Committee by December 1, 2022, and by ~~December~~ March  
46 1 of each year thereafter.

47 ...."

48 **SECTION 8.1.(b)** This section is effective when it becomes law.  
49

50 **PART IX. CONFORM IN-STATE TUITION REQUIREMENTS TO FEDERAL LAW**

51 **SECTION 9.(a)** G.S. 116-143.1 is amended by adding a new subsection to read:

1       "(h2) Any citizen of the Federated States of Micronesia, the Republic of the Marshall  
2 Islands, or the Republic of Palau who is a nonresident shall be eligible to be charged the in-State  
3 tuition rate and shall pay the full amount of the in-State tuition rate and applicable mandatory  
4 fees."

5               **SECTION 9.(b)** This section becomes effective July 1, 2024, and applies beginning  
6 with the 2024-2025 academic year.

7  
8 **PART X. ALLOW THE AUTHORITY TO USE ADMINISTRATIVE FUNDS FROM**  
9 **OPPORTUNITY SCHOLARSHIPS FOR PERSONAL EDUCATION STUDENT**  
10 **ACCOUNTS**

11               **SECTION 10.(a)** G.S. 115C-562.8(c) reads as rewritten:

12       "(c) Of the funds allocated to the Authority to award scholarship grants under this Part,  
13 the Authority may retain up to two and one-half percent (2.5%) of the funds appropriated each  
14 fiscal year for administrative costs associated with the scholarship grant program. If the actual  
15 costs of administering the scholarship grant program are less than the funds authorized for  
16 administering the program pursuant to this subsection, the Authority may allocate unused funds  
17 for the additional administrative costs of the Personal Education Student Accounts for Children  
18 with Disabilities Program in accordance with G.S. 115C-597(d)."

19               **SECTION 10.(b)** G.S. 115C-597(d) reads as rewritten:

20       "(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship  
21 funds under this Article, the Authority may retain the lesser of four percent (4%) of the funds  
22 appropriated or ~~two million dollars (\$2,000,000)~~ three million dollars (\$3,000,000) each fiscal  
23 year for administrative costs associated with the program, including contracting with non-State  
24 entities for administration of certain components of the program. If the actual costs of  
25 administering the program exceed the funds authorized for administering the program pursuant  
26 to this subsection, the Authority may allocate unused funds set aside for administration costs  
27 from the Opportunity Scholarship Grant Fund Reserve pursuant to G.S. 115C-562.8(c) for the  
28 additional administrative costs of the Personal Education Student Accounts for Children with  
29 Disabilities Program."

30  
31 **PART XI. EFFECTIVE DATE**

32               **SECTION 11.** Except as otherwise provided, this act is effective when it becomes  
33 law.