

Government and Community Affairs Updates

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Legislative Updates

- Senate Bill 257 (2026 Appropriations Act)
Passed on July 2 and signed into law July 7
- House and Senate adjourned on July 2
- House and Senate scheduled to return on July 27

Senate Bill 257 – 2026 Appropriations Act

- **Salary Overview:**

- 8% average raise for teachers
 - Starting base pay for teachers - \$48,000
 - Base pay for teachers with 25+ years of experience - \$59,000
- Teachers with >15 years of experience receive \$1,000 bonus (\$500 bonus for less experienced teachers)
- 98 counties will now be eligible for state supplemental funds for teacher compensation (Wake and Mecklenburg not eligible)
- 3% raise for state employees, principals, central office employees, and non-certified staff; employees making <\$65,000 will receive a \$1,750 bonus (\$1,000 bonus for higher incomes)

- **Continues Opportunity Scholarship Program** with no significant changes.

- **Personal Income Tax Rates** - 3.49% for 2027-29; 3.24% for 2030-32; 2.99% for 2033-34; 2.49% when revenue triggers are reached after that point (current rate is 3.99%)

Overall Priorities

Request	Governor's Budget (FY 2026-27)	2026 Appropriations Act (S257)
Invest in raising the pay for all public school employees (i.e., teachers, administrators and all other certified and non-certified staff), raising the pay for teachers by at least 8% so that North Carolina has the highest teacher salaries in the Southeast	11% average raise for teachers; 5% for principals, central office staff, and non-certified staff; additional bonuses	8% average raise for teachers; 3% for principals, central office staff, and non-certified staff; additional bonuses, including for locally and federally funded school nutrition and custodial staff
Restore master's pay	\$10,000,000 (R)	
Reform the principal pay plan		
Address the nearly \$13 billion in school construction needs	\$115,000,000 (NR) for repair and renovation	
Place a moratorium on Opportunity Scholarship program	Moratorium on further expansion and elimination of scholarships for top income tiers	

Short Session Priorities

Request	DPI/SBE Request (FY 2026-27)	Governor's Budget (FY 2026-27)	2026 Appropriations Act (S257)
Expand DIBELS Diagnostic to Grades 4-5	\$1,427,000 (R) \$966,508 (NR)	\$1,427,000 (R) \$966,508 (NR)	\$1,427,000 (R)
Expand Literacy Professional Development and Support to Grades 6-8 (9 FTE)	\$15,380,000 (R) \$25,002,000 (NR)	\$15,380,000 (R) \$23,600,000 (NR)	\$13,800,000 (NR)
Implement Exceptional Children Weighted Funding Formula	\$92,600,000 (R) \$27,200,000 (NR)	\$63,450,653 (R) \$33,434,785 (NR)	
Advanced Teaching Roles (ATR) Salary Supplements	\$38,000,000 (R)	\$38,003,000 (R)	\$30,000,000 (R)
Advanced Teaching Roles (ATR) Grants Expansion	\$2,000,000 (R)	\$2,000,000 (R)	\$2,000,000 (R)
Increase in School Health Personnel Allotment	\$64,269,353 (R)	\$32,135,000 (R)	

Short Session Priorities

Request	DPI/SBE Request (FY 2026-27)	Governor's Budget (FY 2026-27)	2026 Appropriations Act (S257)
Additional State Funds for Federal E-Rate Match	\$2,500,000 (R)	\$2,587,500 (R)	
Beginning Teacher Support Program	\$500,000 (R) \$750,000 (NR)	\$500,000 (R) \$750,000 (NR)	
Revised Limited English Proficient (LEP) Funding Formula	\$142,000 (NR)	\$142,000 (NR)	\$142,000 (NR)
Needs-Based Public School Capital Fund (NBPSCF)	\$117,000,000 (R)		
Public School Repair and Renovation Fund (PSBRRF)	\$25,000,000 (NR)	\$115,000,000 (NR)	
New Cooperative Innovative High Schools	\$655,000 (R)	\$655,000 (R)	\$380,000 (R)

Ongoing Priorities

Request	DPI/SBE Request (FY 2026-27)	Governor's Budget (FY 2026-27)	2026 Appropriations Act (S257)
Student Transportation Information Management (TIMS)	\$140,500 (R)	\$120,200 (R)	\$120,200 (R)
School Breakfast and Lunch at No Cost to Students	\$377,000,000 (R)	\$85,300,000 (R)	
Convert SRO Grants into an Appropriation Based on Formula for Elementary and Middle Schools	\$120,000,000 (R)	\$50,000,000 (R)	
Support for Low Performing Districts	\$4,500,000 (R)	\$4,500,000 (R)	
K-8 Math Screener	\$44,000,000 (R)		\$6,000,000 (R) <i>for low-performing schools</i>
High-impact tutoring support for school districts	\$23,200,000 (R) \$875,000 (NR)	\$3,000,000 (R)	
Professional Misconduct Investigator and Rulemaking Coordinator (2 FTE)	\$240,630 (R)		

Ongoing Priorities

Request	DPI/SBE Request (FY 2026-27)	Governor's Budget (FY 2026-27)	2026 Appropriations Act (S257)
One-to-One Device Refresh for all K-12 students (over 4 years)	\$150,678,300 (R)	\$100,000,000 (NR)	
School Cybersecurity Support	\$3,350,000 (R)		
School Business Systems Modernization	\$45,000,000 (NR)	<i>Funding included in IT Reserve</i>	
Single Sign-On Upgrades for Infinite Campus and other Shared IT Services	\$8,100,000 (R)	\$8,100,000 (R)	\$7,000,000 (NR)
State Dept. of Information Technology (DIT) Billing Requirements	\$1,140,000 (R)	\$1,140,000 (R)	\$925,876 (R) \$303,142 (R)
M365/Google Backup Server Requirements for State DIT Policy	\$520,000 (R)	\$520,000 (R)	

Non-Budget Legislative Requests

Request	Governor's Budget	2026 Appropriations Act (S257)
School calendar flexibility		
PSU dollar allotment reversions for use in purchasing technology		
<u>Revise portfolio requirement for individuals seeking principal licensure</u>		X
DPI flexibility for placement of early literacy specialists		
<u>Eliminate Praxis Core requirement for admission to EPP</u>		X
Eliminate DPI/SBE school and district accreditation		
<u>Revise provisions for the CEP Meal Program Incentive program</u>	X	X
Study how to eliminate or consolidate required DPI and State Board of Education legislative reports		<i>Eliminated or changed several reports</i>
<u>Sunset the Textbook Commission</u>	X	X
<u>Auto enrollment in advanced-level courses for students in English Language Arts</u>	X	X
<u>Revise the Limited English Proficient (LEP) funding formula</u>	X	X

Non-Budget Legislative Requests

Request	Governor's Budget	2026 Appropriations Act (S257)
Increase threshold for procurement from \$90,000 to federal threshold of \$350,000 to allow child nutrition programs to more easily procure local agricultural products		
<u>Remove requirement for beginning teachers to attempt licensure exam in the first year of licensure</u>	X	X
Establish consistent date for carryforward of various allotments		
<u>Fund statewide virtual charter schools at the statewide average per pupil expenditure and not per pupil expenditure for where the office is located</u>	X	X
<u>Allow for mid-year adjustment in supplemental funding for students with disabilities based on December 1 headcount</u>	X	X
Increase share of administrative funds retained by DPI from the Public School Building Capital Fund (PSBCF) from 2.0% to 2.5%	X	
<u>Expand the definition of a qualifying school for the Principal Recruitment Supplement to include all low-performing schools</u>	Expanded to include bottom 10%	Expanded to include bottom 10%

Other Budget Items of Note

- **New Support**

- NC Community Schools Coalition - \$3,000,000 NR
- Charter School Review Board support costs – \$82,100 R
- SUN Bucks administrative matching funds - \$10,000,00 NR
- Competency-Based Education Innovation Grant Program - \$5,300,000 NR
- Khan Academy AI Academic Support Program – \$2,500,000 R
- MagicSchool AI Academic Support Program - \$2,500,000 R

- **Reductions**

- DPI position reduction – (\$1,282,228) R
- TeachNC Initiative elimination – (\$980,000) R
- NC Association of School Business Officers (NCASBO) funding cut – (\$2,225,000) R

Other Provisions of Note

- Educator Licensure Modifications:
 - Streamlined Reciprocity -- Requires the SBE to grant a CPL to a teacher holding a license from another state or jurisdiction if the teacher has three years of teaching experience and is in good standing with the other state or jurisdiction, regardless of the other state's licensure requirements
 - LL to CPL Conversion -- Allows a teacher with a limited license who has available EVAAS growth data to convert the license to a CPL if the teacher has a positive average growth score for two of the three most recent years
- Replaces the \$35.7 million that DPI identified for the 2025-26 school year was the cumulative financial difference between the Opportunity Scholarship grant amount awarded to students who previously attended public schools and the average State per pupil allocation for students enrolled in public school units with the following investments:
 - \$17 million (NR) for one-time bonuses for locally and federally-funded school nutrition and custodial employees
 - \$13.8 million (NR) for middle school literacy professional development
 - \$10 million (NR) to the NC Collaboratory for purchasing K-12 mathematics curriculum developed by another state and adapt it to NC Standard Course of Study

Other Provisions of Note

- Establishes requirements around K-8 foundational mathematics instruction for low-performing schools including
 - Providing at least 60 minutes of daily mathematics instruction that is on or above grade level
 - Administering a mathematics screening assessment to all students at least three times a year
 - Developing and implementing mathematics success plans for any K-8 student who demonstrates difficulty with mathematics skills on the mathematics screening assessment
- Caps reductions in low-wealth funding for school districts when formula results in changes in funding
- Requires NCDPI to submit a plan by November 1, 2026 to transition all PSUs to a single enterprise resource planning (ERP) platform under a statewide contract
- Establishes TeachReadyNC teacher apprenticeship program
- Codifies requirements for policies around safe and responsible use of AI in schools (provisions that were in House Bill 301)

Other Provisions of Note

- Codifies released time religious instruction as an excused absence and requires all PSUs to adopt policies around released time religious instruction
- Delays implementation for the computer science graduation requirement for Wake and Johnston counties
- Expands K-6 teaching license to include grades 7-8
- Codifies Extended Learning and Integrated Student Supports (ELISS) competitive grant program (funding from At-Risk allotment)
- Clarifies requirements for MSA internship stipends
- Codifies the Northeast Regional School for Biotechnology and Agriscience (NERSBA) and gives appointees to the NERSBA Board of Directors to the State Board of Education and the State Superintendent
- Requires DPI to establish a procedure for review monthly LSAU expenditures to ensure that LSAUs have not expended more funds than allotted and to conduct monthly audits of LSAU position allotments

Additional Enacted Bills of Note

S227: Eliminating “DEI” in Public Education

- Bill **became law on June 24, 2026** after House overrode Governor’s veto following the Senate’s override of the veto on July 29, 2025
- Bill will prohibit PSUs from
 - Engaging in or advocating for discriminatory practices.
 - Compelling students, teachers, administrators, or other school employees to affirm or profess belief in divisive concepts.
 - Providing instruction to students on divisive concepts.
 - Engaging activities related to professional development that includes or advocates for divisive concepts or discriminatory practices.
 - Maintaining an office or other unit (i) promoting discriminatory practices or divisive concepts or (ii) referred to as or named diversity, equity, and inclusion.
 - Employing or assigning an employee whose duties for a public school unit include promoting discriminatory practices or divisive concepts.
- Also prohibits State Board of Education (SBE) from approving, providing, recommending, or requiring professional development that includes or advocates for divisive concepts or discriminatory practices.
- Bill does define “divisive concepts” and “discriminatory practices”
- Bill requires that PSUs by September 1 of each year certify to DPI in writing that they are in compliance with this bill. DPI will summarize certifications and report to the General Assembly by January 15 of each year.

Additional Enacted Bills of Note

S1041: Public Workforce Modernization Act

- Ratified by the General Assembly on July 2 and signed by the Governor on July 6
- Bill updates and reorganizes the State Human Resources Act
- Expands paid parental leave for state employees from up to 8 weeks for a parent who gives birth and up to 4 weeks for any other qualifying event to up to 12 weeks for any employee who becomes a parent
- Requires local boards of education to adopt paid parental leave policies substantially similar to the policies adopted by the State Human Resources Commission in accordance with this bill.

Bills to Watch

- **H301: Social Media & AI Safety**
 - House did not concur on Senate version of the bill; conference committee has been appointed; provisions around safe and responsible use of AI in public schools was included in S257
- **S445: Regulatory Reform Act of 2026**
 - Senate did not concur on House version of the bill; conference committee has been appointed

Questions and Discussion

