

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025**

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**HOUSE BILL 365**

Short Title: Workforce Education Act. (Public)

Sponsors: Representatives Reives, Willis, Campbell, and Roberson (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

March 12, 2025

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE STATE BOARD OF COMMUNITY COLLEGES TO REVISE ITS FUNDING MODEL FOR COMMUNITY COLLEGES AND ESTABLISH ENROLLMENT INCREASE RESERVE, TO EXPAND FUNDING FOR COOPERATIVE INNOVATIVE HIGH SCHOOLS, TO CREATE GRANT PROGRAMS FOR THE DEPARTMENT OF PUBLIC INSTRUCTION TO PROMOTE CTE PROGRAMS AND OTHER EDUCATIONAL OPPORTUNITIES, AND TO PROMOTE COMMUNITY COLLEGE ENROLLMENT TO PUBLIC SCHOOL STUDENTS.

The General Assembly of North Carolina enacts:

**PART I. DIRECT THE STATE BOARD OF COMMUNITY COLLEGES TO REVISE ITS FUNDING MODEL FOR COMMUNITY COLLEGES AND ESTABLISH ENROLLMENT INCREASE RESERVE**

**SECTION 1.(a)** The following session laws are repealed:

- (1) Subsection (b) of Section 8.3 of S.L. 2011-145.
- (2) Subsection (a) of Section 10.4 of S.L. 2013-360.

**SECTION 1.(b)** The State Board of Community Colleges shall revise its funding formula for community colleges and allocate funds under that revised formula, beginning with the 2025-2026 fiscal year, according to the following minimum criteria:

- (1) Each community college shall continue to receive a base allocation of funds.
- (2) In addition to the base allocation of funds, funds shall be provided to community colleges based on the number of full-time equivalent (FTE) students enrolled in the following:
  - a. Curriculum, workforce continuing education, and Basic Skills courses.
  - b. Courses and programming conducted under the Customized Training Program and the Small Business Center Network.
- (3) Community colleges shall calculate FTE enrollment as the higher of the current year's total enrollment or the average enrollment of the last two academic years.
- (4) Funds allocated pursuant to subdivision (2) of this subsection shall be weighted based on the workforce sector of each course, as determined by the State Board. In making its determinations, the State Board shall consider salary data and labor market demand for the applicable workforce sector.

**SECTION 1.(c)** G.S. 115D-5 is amended by adding a new subsection to read:



1       "(aa) The State Board of Community Colleges shall review and revise, as necessary, its  
2 workforce sector designations for curriculum, workforce continuing education, and Basic Skills  
3 courses at community colleges by January 15, 2027, and every two years thereafter."

4       **SECTION 1.(d)** G.S. 115D-31(e) reads as rewritten:

5       "(e) If receipts for community college tuition and fees exceed the amount certified in  
6 General Fund Codes at the end of a fiscal year, the State Board of Community Colleges shall  
7 ~~transfer the amount of receipts and fees above those budgeted to the Enrollment Growth Reserve.~~  
8 may allocate those receipts to the community colleges for operating costs according to a formula  
9 adopted by the State Board. Funds in the Enrollment Growth Reserve allocated pursuant to this  
10 subsection shall not revert to the General Fund and shall remain available to the State Board until  
11 expended. The State Board may allocate funds in this reserve to colleges experiencing an  
12 enrollment increase greater than five percent (5%) of budgeted enrollment levels."

13       **SECTION 1.(e)** G.S. 115D-31 is amended by adding a new subsection to read:

14       "(e1) The State Board shall administer the Enrollment Increase Reserve as provided in  
15 G.S. 115D-31.4."

16       **SECTION 1.(f)** Article 3 of Chapter 115D of the General Statutes is amended by  
17 adding the following new section to read:

18 **§ 115D-31.4. Enrollment Increase Reserve.**

19       (a) There is established the Enrollment Increase Reserve (Reserve) to be administered by  
20 the State Board of Community Colleges. The purpose of the Reserve is to allow the State Board  
21 to provide funds to community colleges to account for enrollment increases beyond budgeted  
22 enrollment levels.

23       (b) Monies in the Reserve shall consist of funds appropriated by the General Assembly  
24 in the Current Operations Appropriations Act for a fiscal year. The State Board shall include in  
25 its annual enrollment request the appropriation to the Reserve that is needed to fund enrollment  
26 increases in the next fiscal year.

27       (c) The State Board may allocate monies from the Reserve to a community college with  
28 an eligible increase in full-time equivalent (FTE) enrollment according to a formula adopted by  
29 the State Board. An eligible increase in FTE enrollment is either of the following:

30           (1) An increase in FTE enrollment of more than five percent (5%) of the budgeted  
31 enrollment level in any of the following course categories:

32               a. Curriculum.

33               b. Workforce continuing education.

34               c. Basic Skills.

35           (2) An increase in total FTE enrollment of more than 325 students.

36       (d) Monies in the Reserve shall not revert at the end of each fiscal year but shall remain  
37 available until expended for the purposes of this section."

38       **SECTION 1.(g)** There is appropriated from the General Fund to the Community  
39 Colleges System Office the sum of ninety-four million dollars (\$94,000,000) in recurring funds  
40 for the 2025-2026 fiscal year to implement subsections (a) through (d) of this section. There is  
41 appropriated from the General Fund to the Enrollment Increase Reserve, as established by this  
42 section, the sum of six million dollars (\$6,000,000) in nonrecurring funds for the 2025-2026  
43 fiscal year for the purposes described in G.S. 115D-31.4, as enacted by this section.

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## 45 **PART II. COOPERATIVE INNOVATIVE HIGH SCHOOL FUNDING EXPANSION**

46       **SECTION 2.(a)** Part 9 of Article 16 of Chapter 115C of the General Statutes is  
47 amended by adding a new section to read:

48 **§ 115C-238.54A. Cooperative innovative high schools – funding based on county**  
49 **development tier designation.**

50       (a) Development Tier One Areas. – The Department shall allocate the following amounts  
51 from the cooperative innovative high school supplemental allotment to a local school

1 administrative unit located in a development tier one area as defined in G.S. 143B-437.08 with a  
2 cooperative innovative high school that was approved by the State Board of Education pursuant  
3 to G.S. 115C-238.51A(c):

4 (1) The sum of seven hundred forty thousand dollars (\$740,000) in recurring  
5 funds for the first cooperative innovative high school approved by the State  
6 Board.

7 (2) The sum of three hundred seventy thousand dollars (\$370,000) in recurring  
8 funds for each subsequent cooperative innovative high school approved by the  
9 State Board.

10 (3) For a virtual cooperative innovative high school, the Department shall allocate  
11 the sum of two hundred thousand dollars (\$200,000) in recurring funds from  
12 the cooperative innovative high school supplemental allotment to the local  
13 school administrative unit for each fiscal year.

14 (4) For the Northeast Regional School of Biotechnology and Agriscience, the  
15 Department shall allocate the sum of three hundred ten thousand dollars  
16 (\$310,000) in recurring funds from the regional school supplemental  
17 allotment for the school for each fiscal year.

18 (b) Development Tier Two Areas. – The Department shall allocate the following amounts  
19 from the cooperative innovative high school supplemental allotment to a local school  
20 administrative unit located in a development tier two area as defined in G.S. 143B-437.08 with  
21 a cooperative innovative high school that was approved by the State Board of Education pursuant  
22 to G.S. 115C-238.51A(c):

23 (1) The sum of five hundred ninety thousand dollars (\$590,000) in recurring funds  
24 for the first cooperative innovative high school approved by the State Board.

25 (2) The sum of two hundred ninety-five thousand dollars (\$295,000) in recurring  
26 funds for each subsequent cooperative innovative high school approved by the  
27 State Board.

28 (3) For a virtual cooperative innovative high school, the Department shall allocate  
29 the sum of two hundred thousand dollars (\$200,000) in recurring funds from  
30 the cooperative innovative high school supplemental allotment to the local  
31 school administrative unit for each fiscal year.

32 (c) Development Tier Three Areas. – The Department shall allocate the following  
33 amounts from the cooperative innovative high school supplemental allotment to a local school  
34 administrative unit located in a development tier three area as defined in G.S. 143B-437.08 with  
35 a cooperative innovative high school that was approved by the State Board of Education pursuant  
36 to G.S. 115C-238.51A(c):

37 (1) The sum of five hundred fifty thousand dollars (\$550,000) in recurring funds  
38 for the first cooperative innovative high school approved by the State Board.

39 (2) The sum of two hundred seventy-five thousand dollars (\$275,000) in recurring  
40 funds for each subsequent cooperative innovative high school approved by the  
41 State Board.

42 (3) For a virtual cooperative innovative high school, the Department shall allocate  
43 the sum of two hundred thousand dollars (\$200,000) in recurring funds from  
44 the cooperative innovative high school supplemental allotment to the local  
45 school administrative unit for each fiscal year.

46 (d) Applicability of Funds Allocated Pursuant to this Section. – The allotment of funds  
47 to local school administrative units pursuant to the provisions of this section shall include a  
48 cooperative innovative high school approved by the State Board of Education pursuant to  
49 G.S. 115C-238.51A(c) since July 1, 2015, that is operated by a local school administrative unit  
50 but that has not received the cooperative innovative high school allotment in a prior fiscal year.

1 Funds shall not be allocated to local school administrative units for cooperative innovative high  
2 schools approved by the State Board pursuant to G.S. 115C-238.51A(b)."

3 **SECTION 2.(b)** There is appropriated from the General Fund to the Department of  
4 Public Instruction the sum of forty million dollars (\$40,000,000) in recurring funds for the  
5 2025-2026 fiscal year to implement the provisions of this section.  
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### 7 **PART III. DEPARTMENT OF PUBLIC INSTRUCTION GRANT PROGRAMS**

#### 8 9 **GRANTS FOR STEM EDUCATION**

10 **SECTION 3.1.** There is appropriated from the General Fund to the Department of  
11 Public Instruction the sum of thirty million dollars (\$30,000,000) in recurring funds for the  
12 2025-2026 fiscal year to create a grant program in collaboration with the Community Colleges  
13 System Office for public school units to promote science, technology, engineering, and math  
14 (STEM) education. Grants shall be used for professional development, classroom technology,  
15 lab upgrades, or coding programs for teachers teaching STEM courses. The Department shall  
16 make an application for grants available to public school units prior to August 1 of each school  
17 year. Public school units applying for grants shall submit their application to the Department by  
18 October 1 of each school year. The Department shall make determinations on grant recipients by  
19 November 1 of each school year and disburse grants funds within 60 days of making the  
20 determination.  
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#### 22 **GRANTS TO EXPAND CTE OPPORTUNITIES**

23 **SECTION 3.2.** There is appropriated from the General Fund to the Department of  
24 Public Instruction the sum of twenty million dollars (\$20,000,000) in recurring funds for the  
25 2025-2026 fiscal year to create a grant program in collaboration with the Community Colleges  
26 System Office for public school units to expand career and technical education course offerings,  
27 dual enrollment opportunities, and certification pathways for students in grades nine through 12.  
28 The Department shall make an application for grants available to public school units prior to  
29 August 1 of each school year. Public school units applying for grants shall submit their  
30 application to the Department by October 1 of each school year. The Department shall make  
31 determinations on grant recipients by November 1 of each school year and disburse grants funds  
32 within 60 days of making the determination.  
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#### 34 **INDUSTRY-SCHOOL PARTNERSHIP GRANTS**

35 **SECTION 3.3.** There is appropriated from the General Fund to the Department of  
36 Public Instruction the sum of twenty-five million dollars (\$25,000,000) in recurring funds for the  
37 2025-2026 fiscal year to create a grant program in collaboration with the Community Colleges  
38 System Office for public school units to create industry-school partnerships to facilitate  
39 internships, apprenticeships, and project-based learning opportunities. The Department shall  
40 make an application for grants available to public school units prior to August 1 of each school  
41 year. The application shall include at least one industry partner that the public school unit intends  
42 to collaborate with to achieve the goals of the program enumerated in this section. Public school  
43 units applying for grants shall submit their application to the Department by October 1 of each  
44 school year. The Department shall make determinations on grant recipients by November 1 of  
45 each school year and disburse grants funds within 60 days of making the determination.  
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### 47 **PART IV. PROMOTE COMMUNITY COLLEGE ENROLLMENT WITHIN PUBLIC** 48 **SCHOOLS**

49 **SECTION 4.** There is appropriated from the General Fund to the Department of  
50 Public Instruction the sum of ten million dollars (\$10,000,000) in recurring funds for the  
51 2025-2026 fiscal year for the Department to collaborate with the Community Colleges System

1 Office to create an awareness campaign in public school units to promote enrollment in  
2 community colleges. The campaign shall inform students and parents of career pathways,  
3 internships, apprenticeships, dual enrollment opportunities, and certification pathways available  
4 through the Community College System.

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6 **PART V. EFFECTIVE DATE**

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**SECTION 5.** This act becomes effective July 1, 2025.