

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 490

Short Title: Propel NC Funding and Tuition Surcharge. (Public)

Sponsors: Representatives Winslow, Pickett, K. Hall, and Willis (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 25, 2025

A BILL TO BE ENTITLED
AN ACT TO DIRECT THE STATE BOARD OF COMMUNITY COLLEGES TO REVISE ITS
FUNDING MODEL FOR COMMUNITY COLLEGES TO ALIGN WITH THE PROPEL
NC FUNDING MODEL, TO ESTABLISH THE ENROLLMENT INCREASE RESERVE,
AND TO PERMIT COMMUNITY COLLEGES TO ESTABLISH A LOCAL TUITION
AND FEE SURCHARGE.

The General Assembly of North Carolina enacts:

**PART I. DIRECT STATE BOARD OF COMMUNITY COLLEGES TO REVISE
FUNDING MODEL**

SECTION 1.(a) The following session laws are repealed: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

"(aa) The State Board of Community Colleges shall review and revise, as necessary, its
workforce sector designations for curriculum, workforce continuing education, and Basic Skills
courses at community colleges by July 15, 2028, and every three years thereafter."

SECTION 1.(d) No later than April 1, 2027, the Community Colleges System Office
shall report to the Joint Legislative Education Oversight Committee on the revisions to its funding
formula for community colleges pursuant to subsection (b) of this section, including the structure



of the revised formula, the process for implementing the revised formula, and any recommended changes to the revised formula.

SECTION 1.(e) There is appropriated from the General Fund to the State Board of Community Colleges for the 2025-2026 fiscal year the sum of ninety-three million nineteen thousand five hundred fifty-six dollars (\$93,019,556) in recurring funds to implement the revisions to the funding formula required by subsection (b) of this section.

PART II. ENROLLMENT INCREASE RESERVE

SECTION 2.(a) G.S. 115D-31(e) reads as rewritten:

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

SECTION 2.(b) G.S. 115D-31 is amended by adding a new subsection to read:

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

SECTION 2.(c) Article 3 of Chapter 115D of the General Statutes is amended by adding the following new section to read:

"§ 115D-31.4. Enrollment Increase Reserve.

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

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

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

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

a. Curriculum.

b. Workforce continuing education.

c. Basic Skills.

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

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

SECTION 2.(d) There is appropriated from the General Fund to the Enrollment Increase Reserve for the 2025-2026 fiscal year the sum of six million dollars (\$6,000,000) in recurring funds to be used in accordance with G.S. 115D-31.4, as enacted by this section.

PART III. PERMIT COMMUNITY COLLEGES TO ESTABLISH A LOCAL TUITION AND FEE SURCHARGE

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

"§ 115D-39.2. Local tuition and fee surcharge.

(a) Notwithstanding G.S. 115D-39(a), a community college may implement a surcharge for tuition for curriculum courses and registration fees for workforce continuing education courses. The surcharge may be up to ten percent (10%) of the statewide tuition rate or fee rate.

(b) All students enrolled in a course subject to the surcharge, except for students for whom tuition and registration are waived by law or regulation, shall be charged the surcharge.

(c) The funds collected from the surcharge shall only be used to support instruction in curriculum, workforce continuing education, or Basic Skills courses. These funds shall not be used for noninstructional purposes.

(d) No later than February 15, 2026, and annually thereafter, the State Board shall report to the Joint Legislative Education Oversight Committee on all expenditures made with funds collected from the surcharge authorized by this section. The report shall include, at a minimum, an analysis of expenditures that is disaggregated on the basis of curriculum, workforce continuing education, and Basic Skills courses.

(e) The State Board shall adopt rules to implement this section."

SECTION 3.(b) G.S. 115D-39.1 reads as rewritten:

"§ 115D-39.1. Tuition ~~surcharge~~ surcharge for a new instructional program.

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PART IV. EFFECTIVE DATE

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