FY 2026-27 Employee Bonus FAQ

These bonuses are effective for the 2026-27 fiscal year only and will be accounted for in State PRCs 0045 and 0220 for LEAs and distributed as a per pupil share in PRC 036, or 038 for charter schools and lab/regional schools, respectively. We will continue to update this document as additional questions are received to our School Financial Reporting inbox. See SL2026-41 (Senate Bill 257) for more information.

A synopsis of the sections in the bill:
Section 7A.2 Teacher, instructional support and assistant principals:

0-15 years	$500
16+ years	$1,000

Section 41.2 Principals, noncertified, central office (tech correct SL2026-42 Section 8.1)

Salary greater than or equal to $65,000	$1,000
Salary less than $65,000	$1,750

7A.13 #43 Local School Nutrition and Custodial Staff Bonus
Provides State funds for locally and federally funded custodians and school nutrition employees of $1,750 bonus.

For a summary of the bonuses provided to LEAs, please see Section E of this document. For a summary of the bonuses provided to IPS, please see Section F of this document.

A. General Questions

1. What PRCs are the bonuses coded to?

   PRC0045 - LEAs shall code all bonuses for state-funded employees to PRC 0045. This is a guaranteed allotment. All expenditures must be recorded by November 30, 2026. (See employees on leave #24, 34 and 49 for possible exception)

   PRC0220 - For local or federal funded school nutrition and custodian bonuses (Section D), LEAs shall code the bonus to PRC 0220, which is a guaranteed allotment.

   IPS will receive a dollars per ADM in the respective PRCs in November:

   - Charter schools in PRC 0036.
   - Regional School and Lab Schools in PRC 0038.

2. Our board has elected to pay our locally-funded employees a bonus from local funds. Can we use PRC 0045 for this purpose?

   Yes, you may use PRC 0045 to pay local bonuses, as long as they are coded either to Fund 2 or 8.

3. By when are the staff required to be employed in order to receive the bonus?

   State-funded assistant principals, teachers, and instructional support personnel (Section B) are eligible for the bonus if they are employed on October 1, 2026.

Principal/central office/noncertified staff bonuses (Section C) on June 30, 2026.

Local/federally funded school nutrition/custodian (Section D) on October 1, 2026.

The district in which these eligible staff members were employed on the dates above is responsible for paying their bonus.

4. If a teacher, assistant principal, principal, non-certified employee, or central office employee is paid from federal funds, should the applicable federal PRC fund that employee's bonus? If an employee is paid from local funds, should the applicable local PRC fund that employee's bonus?

   Federal funds are generally allowable if the employee would have been eligible to receive the bonus if they were paid from state funds. If the local board approves locally funded employees to receive a bonus, these bonuses may not be funded from State funds.

5. If a central office or non-certified employee was moved on June 29th from state to local funds, would that employee be eligible to be paid the state bonus from state funds?

   The bonus should be paid on a proportional or pro-rata share of how the employee was funded for the FY2025-26 school year.

6. If an assistant principal, teacher, or instructional support staff member employed on June 30 transitioned to a principal/central office/noncertified position on July 1, are they eligible for a bonus?

   No, the dates in the legislation results in the employee being ineligible for either state bonus. However, the LEA may pay them a bonus from local funds.

7. If a non-certified employee leaves our district in May for an instructional support position in November, are they eligible for a bonus?

   No, the dates in the legislation results in the employee being ineligible for either bonus.

8. Can an employee receive multiple bonuses?

   An individual employee can receive multiple bonuses or a prorated portion of multiple bonuses; however, they should not receive more than $1,750 from their employing PSU in bonus funds.

9. If a non-certified employee leaves a district in July for a teaching position in August at another PSU, are they eligible for either bonus? Which LEA is responsible for paying their bonus?

   Yes, this employee should receive the full amount of both bonuses, as long as there was not a break in service. The PSU they were employed in as of June 30 should pay their non-certified bonus (Section C of this document), and the new PSU they are employed in as of October 1 should pay their teacher bonus (Section B of this document).

10. When are the bonuses required to be paid?

Teacher and assistant principal (Section B of this document) by October 31, 2026

Local/federally funded school nutrition/custodian (Section D) by October 31, 2026.

Principal/central office/noncertified staff bonuses (Section C) shall be paid as close as practicable to October 15, 2026.

11. Are the bonuses subject to retirement withholding and matching?

No, the bonuses are not considered compensation for retirement purposes and are NOT subject to retirement.

12. How are the bonuses coded?

The bonus payment is coded to object 180 – bonus not subject to TSERS.

13. What location code(s) should be used for the bonuses?

PSUs should use the same location code for their employees' bonuses as they used for each employee's salary.

14. Are the bonuses subject to social security?

Yes, the bonuses are subject to social security (social security is coded to Object Code 211).

15. Are the bonuses subject to taxes?

Yes, the bonuses are considered income and are subject to applicable taxes.

16. Are MSA interns eligible to receive a bonus?

~~No,~~ Generally the answer is no, as MSA interns are temporary employees. However, per Section 1.1.2 of the Benefits and Employment Policy Manual, although MSA interns do not receive retirement or leave benefits, they can~~are not~~ be considered permanent employees as long as they previously held a permanent position prior to participating in the intern program in the same school system and it is anticipated that the employee will be returned to a permanent position. MSA Interns with this status ~~and~~ are ~~not~~ eligible to receive a bonus.

17. How should a LEA determine whether an employee is permanent or temporary for the purposes of these bonuses?

A LEA must use the definitions of permanent and temporary employees in Policy ID#1.1 within the North Carolina Public Schools Benefits and Employment Policy Manual when determining whether an employee is eligible to receive a bonus.

18. Does an employee on leave without pay, sick leave, short term disability, worker's comp, suspended with pay, etc. receive the bonus?

Generally if the employee is in pay status on the applicable date(s) listed in Question 3, the employee is eligible to receive the bonus. If the employee is on leave without pay or short

term disability, they are eligible to receive the bonus if they return to pay status without a break in service by June 30, 2027 (funds are unavailable after the 2027 fiscal year).

19. Are part-time employees eligible for the bonuses?

Permanent part-time employees that meet the eligibility requirements for the bonuses shall receive a prorated bonus according to their total hours worked.

20. My LEA already approved a similar locally funded bonus to employees prior to the enactment of the State Budget. May we use the State bonus (PRC 0045) in place of the locally approved bonus or are we required to provide both the local and state funded bonus?

SL 2026-41 states that it is the intent of the General Assembly that funds provided for the state bonus will supplement teacher and assistant principal compensation and not supplant local funds. As such, the General Assembly intended for the State bonus to be in addition to any locally approved bonus.

B. Teacher and Assistant Principal Bonuses (SL2026-41 Section 7A.2.) (PRC 0045)

21. What employees are eligible for a bonus?

State-funded assistant principals, teachers, and instructional support personnel are eligible for the bonus if they are employed as of October 1, 2026 in a local education agency (LEA). The General Assembly encourages charter, lab and regional schools to provide bonuses to their teachers and assistant principals.

22. Are state-funded pre-school teachers paid from 0032 eligible for the bonus?

Yes, all State-funded teachers are eligible to receive the bonus.

23. How much is the bonus?

The bonus is based on the experience step the employee is paid according to the Legislated Teacher Salary Schedule or a derivative thereof. The step is as of October 1, 2026.

Years of Experience	Bonus Amount
0 – 15	$500
16+	$1,000

24. Is paying these bonuses at the end of October during our regular payroll considered “as close as practicable” to October 15?

Yes.

25. Are employees paid out of local or federal funds eligible for these bonuses from state funds?

No, the state funded bonus is only for permanent state-funded employees. Local boards of education may approve to pay these staff a bonus using local funds.

26. Do substitutes or temporary employees receive these bonuses?

No, the bonus is only for permanent state employees. Temporary employees are not eligible to receive the bonuses from State PRC0045.

27. Which employees are included as teachers and instructional support?

DPI defines teachers and instructional support personnel as those who are required to be paid from legislated salary schedules and are eligible to be funded from State PRC 001, PRC 004, PRC 006 and/or State PRC 007, and are working and coded to the school level. Instructional support personnel that serve multiple schools and whose salary is coded to location “000” should also have their bonus coded to “000."

28. If a teacher/assistant principal employee leaves the district October 2nd, do they get this bonus?

    Yes, all permanent state-funded employees, if employed on October 1, 2026, receive this bonus. This is true whether an employee leaves after October 1st for reasons or termination, resignation, retirement, or any other reason. The LEA is responsible for ensuring that all employees who were employed by the LEA as of October 1st receive their bonus payment, even if an employee is no longer employed by the LEA.

29. If a teacher/assistant principal employee has an effective retirement date of October 1, are they eligible?

    No.

30. If an employee begins with the district on October 2nd, but was an employee of a different PSU prior to that date, who is responsible for making the payment for the bonus?

    An employee should receive their bonus payment from the PSU with which they were employed as of October 1, 2026.

31. Will charter, regional, and laboratory schools (collectively IPS) receive funds for this bonus?

    Yes, Independent Public Schools (IPSs) will receive an equivalent dollars per ADM of these bonus funds but are not required to provide the bonuses. This allotment will occur after LEAs have paid these bonuses, likely in November, so that DPI can calculate a dollar per pupil amount for each LEA. Although IPS funding is flexible and may be expended for a wide range of purposes, the General Assembly “encourages these public schools to provide a bonus to the teachers and assistant principals” consistent with LEAs.

32. Are charter school teachers who are not licensed eligible for the bonus?

    Charters receive an equivalent dollars per ADM of these funds, regardless of the number of certified teachers they employ. These funds are allotted in the PRC0036 and are flexible regarding their use. The charter school board determines the use of the funds, and, if the bonuses are to be provided, what the criteria is to be eligible.

C. Principal, Central Office, and Noncertified Staff Bonuses (SL2026-41 Section 41.2.; Conference Report Item Numbers 39, 40, and 41) (PRC 0045)

33. What employees are eligible for the bonus?

All LEA state-funded employees other than teachers, instructional support, and assistant principals are eligible for this bonus. This includes state-funded principals, central office, and noncertified staff employed as of June 30, 2026.

34. How much is the bonus?

Allocation of the bonus is according to the employee's salary as of June 30, 2026 ie. Before any legislated increase:

Salary	Bonus Amount
$65,000 or less	$1,750
More than $65,000	$1,000

35. What is included in the $65,000 salary requirement?

The determination of the salary (i.e., the eligibility for the $750 additional bonus) is based on **all salary-related compensation** earned for the employees' permanent position(s). The determination should be made based on the employees' gross salary before any withholding. The gross salary should not include longevity pay or other benefits but must include any locally determined supplements (object 181 from any funding source) and/or pay that is part of the employees' annual compensation under TSERS.

36. By when must the bonus be paid?

The legislation stated that the bonus must be paid as close to Oct 15, 2026 as practicable.

37. If a principal/central office/noncertified employee leaves the district July 1st, do they get this bonus?

Yes, all permanent state-funded employees, if employed on June 30, 2026, are to receive this bonus. This is true whether an employee leaves after June 30th for reasons or termination, resignation, retirement, or any other reason. The PSU is responsible for ensuring that all employees who were employed by the LEA as of June 30th receive their bonus payment, even if an employee is no longer employed by the LEA.

38. If an employee begins with the district on July 1st, but was an employee of a different PSU prior to that date, who is responsible for making the payment for the bonus?

An employee receives their bonus payment from the PSU with which they were employed as of June 30, 2026.

39. If an employee has an effective retirement date of July 1, 2026, are they eligible?

Yes. The bonus is for employees that are employed June 30, 2026 and an employee with an effective retirement date of July 1, 2026 was employed on June 30, 2026.

40. Does an employee on leave without pay, sick leave, short term disability, suspended with pay, etc. receive the bonus?

Generally if the employee was in pay status on June 30, the employee is eligible to receive the bonus. If the employee is on leave without pay or short-term disability, they are eligible to receive the bonus if they return to pay status without a break in service by June 30, 2027 (funds are unavailable after the 2027 fiscal year).

41. What if only 50% of the salary is State funded?

The bonus follows the employee. If the employee is 50% state funded, 50% of the bonus may be funded from State funds. If they are also eligible for another bonus (such as the one in Section D), the entire bonus should not exceed $1,750.

42. Are contractors eligible to receive the bonuses?

No. Only permanent employees of a local school administrative unit are eligible to receive the bonuses.

43. Will charter, regional, and laboratory schools (collectively IPS) receive funds for this bonus?

Yes, Independent Public Schools (IPSs) will receive an equivalent dollars per ADM of these bonus funds but are not required to provide the bonuses. This allotment will occur after LEAs have paid these bonuses, likely in November, so that DPI can calculate a dollar per pupil amount for each LEA. Although IPS funding is flexible and may be expended for a wide range of purposes, the General Assembly “encourages these public schools to provide a bonus to the teachers and assistant principals consistent with LEAs.

D. School Nutrition and Custodial Personnel Bonuses (SL2026-41 Section 7A.13.)

44. Which employees are eligible for the bonus?

School nutrition and custodial personnel that are partially or completely paid from local or federal funds and are not licensed by the State Board of Education.

45. How are school nutrition and custodial staff defined?

In the legislation, it states that eligible staff must:

- Provide school nutrition or custodial services,
- Not be licensed by the State Board of Education (they must be non-certified personnel)
- Receive salaries supported at least in part by receipts (including federal funds) or local funds.

46. How much is the bonus? When does the employee have to be employed?

The bonus is a one-time $1,750 bonus. The employee must be employed by an LEA on October 1, 2026.

47. Where is the bonus coded to?

The bonus is coded to a guaranteed allotment, PRC 0220.

48. Are state-funded school nutrition or custodial staff eligible for this bonus?

State-funded staff are not eligible for this bonus; instead, these school nutrition or custodial employees will receive the noncertified bonus under Section C of this document.

49. Is our School Nutrition Director eligible for the bonus? If they are split-coded between 50% state and 50% local/federal funds, how should they receive their bonus?

Yes, directors are eligible for the bonus. The split-coded employee will receive half of the $1,750 school nutrition bonus, and half of the non-certified bonus (Section C - $1,750 or $1,000 depending on where their salary falls on the $65,000 threshold).

50. My LEA employs 10 and 12 month custodial employees. Should the bonus be prorated for months of employment?

The amount of the bonus is not prorated based on months of employment, but rather their part-time or full-time status. Full-time custodial staff should receive the full bonus amount. Permanent part-time staff shall receive a prorated bonus according to their total hours worked.

51. I have an employee that is 50% locally funded custodian and 50% state funded bus driver. What bonus are they eligible for?

The employee as a whole should not receive more than $1,750. In this particular situation, the bonus would be prorated between the two fund sources if the employee is eligible for both. 50% of the bonus would be coded to PRC 0220 and the other 50% would be coded to PRC 045.

52. If an employee leaves the district October 2nd, do they get this bonus?

Yes, all school nutrition and custodial permanent employees paid out of local or federal funds, if employed on October 1, 2026, are to receive this bonus. This is true whether an employee leaves after October 1st for reasons or termination, resignation, retirement, or any other reason. The LEA is responsible for ensuring that all employees who were employed by the LEA as of October 1st receive their bonus payment, even if an employee is no longer employed by the LEA.

53. If an employee has an effective retirement date of October 1, are they eligible?

No.

54. Does an employee on leave without pay, sick leave, short term disability, suspended with pay, etc. receive the bonus?

Generally, if the employee is in pay status on October 1, the employee is eligible to receive the bonus. If the employee is on leave without pay or short-term disability, they are eligible to receive the bonus if they return to pay status without a break in service by June 30, 2027 (funds are unavailable after the 2027 fiscal year).

55. If an employee begins with the district on October 2nd, but was an employee of a different LEA prior to that date, who is responsible for making the payment for the bonus?

An employee should receive their bonus payment from the LEA with which they were employed as of October 1, 2026.

56. Are Food Management Service Company employees or contractors eligible for the bonus?

No, recipients of the bonus must be employed by the LEA as of October 1, 2026. Contractors are not eligible for bonuses from these funds.

57. Are charter schools eligible for this funding?

No, funds were not appropriated for charter schools for this bonus.

E. Bonus Summary – LEAs Only

Employee Type	Account	Timing	Notes	Further Info
Teacher (Section 7A.2)	0045 appropriate purpose + 180	Must be paid by Oct 31st	The experience step as of Oct 1, 2026 0-15 years $500 16+ years $1,000	State funded employees only Prorated for part time IPS receive a $ per ADM and are encouraged to provide the bonus to their employees.
Assistant Principal (Section 7A.2)	0045-54200-180	Must be paid by Oct 31st	The experience step as of Oct 1, 2026 0-15 years $500 16+ years $1,000	State funded employees only Prorated for part time IPS receive a $ per ADM and are encouraged to provide the bonus to their employees.
Principals (section 41.2)	0045-54100-180	as close to October 15, 2026 as practicable	permanent employees employed on June 30, 2026 $1,750 =<$65,000 on 6/30/26 $1,000>$65,000 on 6/30/26	State funded employees only Prorated for part time IPS receive a $ per ADM and are encouraged to provide the bonus to their employees.
Noncertified and central office (section 41.2)	0045-appropriate purpose-180	as close to October 15, 2026 as practicable	permanent employees employed on June 30, 2026 $1,750 =<$65,000 on 6/30/26 $1,000>$65,000 on 6/30/26	Compensation for ALL State funded positions is counted State funded employees only Prorated for part time IPS receive a $ per ADM
Locally and federally funded custodians and school nutrition (Section 7A.13)	PRC 0220-appropriate purpose-180	Must be paid by Oct 31st	$1,750 Pro rata for permanent part time based on total number of hours worked	100% State funded custodians and school nutrition personnel receive a bonus under section 41.2. Funds were not provided for IPSs.

F. Bonus Summary – IPS Only (Charters, Regional, and Lab Schools)

Employee Type	Account (If used for bonuses)	Amount for LEAs	Further Info
Teacher (Section 7A.2)	0036/0038 appropriate purpose + 180	The experience step as of Oct 1, 2026 0-15 years $500 16+ years $1,000	IPS receive a $ per ADM and are encouraged to provide the bonus to their employees.
Assistant Principal (Section 7A.2)	0036/0038-54200-180	The experience step as of Oct 1, 2026 0-15 years $500 16+ years $1,000	IPS receive a $ per ADM and are encouraged to provide the bonus to their employees.
Principals (Section 41.2)	0036/0038-54100-180	Permanent employees employed on June 30, 2026 $1,750 =<$65,000 on 6/30/26 $1,000>$65,000 on 6/30/26	IPS receive a $ per ADM and are encouraged to provide the bonus to their employees.
Noncertified and central office (Section 41.2)	0036/0038-appropriate purpose-180	Permanent employees employed on June 30, 2026 $1,750 =<$65,000 on 6/30/26 $1,000>$65,000 on 6/30/26	IPS receive a $ per ADM and are encouraged to provide the bonus to their employees.