

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

**HOUSE BILL 2351  
RATIFIED BILL**

**A BILL TO BE ENTITLED  
AN ACT TO MAKE CONTINUING APPROPRIATIONS AND EXTEND CERTAIN  
BUDGET PROVISIONS UNTIL JULY 7, 2006, AT 11:30 P.M.**

The General Assembly of North Carolina enacts:

**BUDGET CONTINUATION**

**SECTION 1.** The Director of the Budget may continue to allot funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of recurring expenditures authorized for the 2006-2007 fiscal year in S.L. 2005-276, as amended.

The Director of the Budget shall not allocate funds for any of the purposes set out in the budget reductions contained in Senate Bill 1741, third edition, and Senate Bill 1741, sixth edition, that are not in controversy.

Vacant positions subject to the proposed budget reductions in either Senate Bill 1741, third edition, or Senate Bill 1741, sixth edition, shall not be filled.

To the extent necessary to implement this authorization, there is appropriated from the appropriate State funds and cash balances, federal receipts, and departmental receipts for the 2006-2007 fiscal year funds necessary to carry out this section.

The appropriations and the authorizations to allocate and spend funds which are set out in this section shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2006 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2006 becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1, 2006.

Except as otherwise provided by this act, the limitations and directions for the 2005-2006 fiscal year set out in S.L. 2005-276, as amended, shall remain in effect. Session laws that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this section.

**NO AUTOMATIC STEP INCREASE FOR STATE AND PUBLIC SCHOOL EMPLOYEES**

**SECTION 2.** State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 shall not move up on salary schedules or receive automatic increases, including automatic step increases, until authorized by the General Assembly.

Public school employees paid on the teacher salary schedule or the school-based administrator salary schedule shall not move up on salary schedules or receive automatic step increases until authorized by the General Assembly.

**FUNDS SHALL NOT REVERT**

**SECTION 3.(a)** If the provisions of either Senate Bill 1741, third edition, or Senate Bill 1741, sixth edition, or both, direct that funds shall not revert, the funds shall

not revert on June 30, 2006. Unless these funds are encumbered on or before June 30, 2006, these funds shall not be expended after June 30, 2006, except as provided by a law enacted after June 30, 2006.

**SECTION 3.(b)** This section becomes effective June 30, 2006.

**STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30**

**SECTION 4.(a)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2005-2006 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2006.

**SECTION 4.(b)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2005-2006 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2006.

**SECTION 4.(c)** This section becomes effective June 30, 2006.

**DHHS BLOCK GRANTS**

**SECTION 5.1.(a)** Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2007, according to the following schedule:

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
(TANF) BLOCK GRANT**

**Local Program Expenditures**

**Division of Social Services**

01.	Work First Family Assistance (Cash Assistance)	\$102,625,680
02.	Work First County Block Grants	94,653,315
03.	County Demonstration Grants	19,048,322
04.	Child Protective Services – Child Welfare Workers for Local DSS	12,452,391
05.	Work First – Boys and Girls Clubs	1,500,000
06.	Work First – After-School Services for At-Risk Children	2,249,642
07.	Work First – After-School Programs for At-Risk Youth in Middle Schools	500,000
08.	Work First – Work Central	550,000
09.	Adoption Services – Special Children's Adoption Fund	3,000,000
10.	Family Violence Prevention	2,200,000
11.	Foster Care	2,000,000

**Division of Child Development**

12.	Subsidized Child Care Program	48,563,266
DHHS Administration		
13.	Division of Social Services	586,931
14.	Office of the Secretary	65,836
15.	Office of the Secretary/DIRM – TANF Automation Projects	592,500
16.	Office of the Secretary/DIRM – NC FAST Implementation	1,800,000
Transfers to Other Block Grants		
Division of Child Development		
17.	Transfer to the Child Care and Development Fund	81,292,880
Division of Social Services		
18.	Transfer to Social Services Block Grant for Department of Juvenile Justice and Delinquency Prevention – Support Our Students	2,749,642
19.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,550,000
20.	Transfer to Social Services Block Grant for Maternity Homes	838,000
21.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
22.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
23.	Transfer to Social Services Block Grant for Foster Care Services	1,181,907
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$388,000,312
SOCIAL SERVICES BLOCK GRANT		
Local Program Expenditures		
Divisions of Social Services and Aging and Adult Services		
01.	County Departments of Social Services (Transfer from TANF – \$4,500,000)	\$ 28,868,189

02.	State In-Home Services Fund	2,101,113
03.	State Adult Day Care Fund	2,155,301
04.	Child Protective Services/CPS Investigative Services-Child Medical Evaluation Program	238,321
05.	Foster Care Services (Transfer from TANF – \$1,181,907)	1,706,063
06.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,550,000
07.	Maternity Homes (Transfer from TANF)	838,000
08.	Local DSS Services for Hurricane Victims	509,272
Division of Aging and Adult Services		
09.	Home and Community Care Block Grant (HCCBG)	1,834,077
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
10.	Mental Health Services Program	422,003
11.	Developmental Disabilities Services Program	5,000,000
12.	Mental Health Services-Adult/Mental Health Services-Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601
Division of Child Development		
13.	Subsidized Child Care Program	3,150,000
Division of Vocational Rehabilitation		
14.	Vocational Rehabilitation Services – Easter Seal Society/UCP	188,263
Office of the Secretary – Office of Economic Opportunity		
15.	Elderly Supplemental Grant Program	41,302
Division of Public Health		
16.	Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000

DHHS Program Expenditures

Division of Aging and Adult Services

17.	UNC-CARES Training Contract	247,920
	Division of Services for the Blind	
18.	Independent Living Program	3,314,114
	Division of Facility Services	
19.	Adult Care Licensure Program	411,897
20.	Mental Health Licensure and Certification Program	205,668
DHHS Administration		
21.	Division of Aging and Adult Services	630,636
22.	Division of Social Services	869,058
23.	Office of the Secretary/Controller's Office	123,059
24.	Office of the Secretary/DIRM	82,009
25.	Division of Child Development	15,000
26.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	18,098
27.	Division of Facility Services	62,986
28.	Office of the Secretary-NC Inter-Agency Council For Coordinating Homeless Programs	250,000
29.	Office of the Secretary-Housing Coalition	100,000
Transfers to Other State Agencies		
Department of Administration		
30.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
Department of Juvenile Justice and Delinquency Prevention		
31.	Support Our Students (Transfer from TANF)	2,749,642
Transfers to Other Block Grants		
Division of Public Health		
32.	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 64,765,609

## LOW-INCOME ENERGY BLOCK GRANT

### Local Program Expenditures

#### Division of Social Services

- |     |   |               |
|-----|---|---------------|
| 01. | Low-Income Energy Assistance Program (LIHEAP) | \$ 28,684,494 |
| 02. | Crisis Intervention Program (CIP)             | 20,831,114    |

#### Office of the Secretary – Office of Economic Opportunity

- |     |  |           |
|-----|--|-----------|
| 03. | Weatherization Program                           | 9,431,545 |
| 04. | Heating Air Repair & Replacement Program (HARRP) | 4,399,042 |

### Local Administration

#### Division of Social Services

- |     |                           |           |
|-----|---------------------------|-----------|
| 05. | County DSS Administration | 2,057,992 |
|-----|---------------------------|-----------|

#### Office of the Secretary – Office of Economic Opportunity

- |     |  |         |
|-----|--|---------|
| 06. | Local Residential Energy Efficiency Service Providers – Weatherization | 257,185 |
| 07. | Local Residential Energy Efficiency Service Providers – HARRP          | 119,955 |

### DHHS Administration

- |     |   |         |
|-----|---|---------|
| 08. | Division of Social Services   | 319,774 |
| 09. | Division of Mental Health, Developmental Disabilities, and Substance Abuse Services | 7,146   |
| 10. | Office of the Secretary/DIRM  | 245,395 |
| 11. | Office of the Secretary/Controller's Office   | 11,211  |
| 12. | Office of the Secretary/Office of Economic Opportunity – Weatherization             | 257,185 |
| 13. | Office of the Secretary/Office of Economic Opportunity – HARRP                      | 119,955 |

### Transfers to Other State Agencies

- |     |   |        |
|-----|---|--------|
| 14. | Department of Administration –<br>N.C. State Commission of Indian Affairs | 58,455 |
|-----|---|--------|

TOTAL LOW-INCOME ENERGY BLOCK GRANT \$ 66,800,448

## CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

### Local Program Expenditures

#### Division of Child Development

01.	Subsidized Child Care Services	\$165,102,685
02.	Subsidized Child Care Services (TANF to CCDF)	81,292,880

### DHHS Program Expenditures

#### Division of Child Development

03.	Quality and Availability Initiatives	34,951,707
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### Local Administrations

#### Division of Child Development

04.	Administrative Expenses (Nondirect Subsidy Services Support)	1,849,000
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### DHHS Administration

05.	DCD Administrative Expenses	6,028,354
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TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$289,224,626
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## MENTAL HEALTH SERVICES BLOCK GRANT

### Local Program Expenditures

01.	Mental Health Services – Adult	\$ 7,184,481
02.	Mental Health Services – Child	3,921,991
03.	Comprehensive Treatment Service Program	1,500,000

### Local Administration

04.	Division of Mental Health	100,000
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TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 12,706,472
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## SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

### Local Program Expenditures

01.	Substance Abuse Services – Adult	\$ 20,537,390
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02.	Substance Abuse Treatment Alternative for Women	8,069,524
03.	Substance Abuse – HIV and IV Drug	4,816,378
04.	Substance Abuse Prevention – Child	5,835,701
05.	Substance Abuse Services – Child	4,940,500
06.	Substance Abuse Strengthening Families – Prevention	851,156
Division of Public Health		
07.	Risk Reduction Projects	383,980
08.	Aid-to-Counties	209,576
09.	Maternal Health	37,779
DHHS Administration		
10.	Division of Mental Health	500,000
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 46,181,984
MATERNAL AND CHILD HEALTH BLOCK GRANT		
Local Program Expenditures		
Division of Public Health		
01.	Healthy Mothers/Healthy Children	9,359,236
02.	Children's Health Services	4,114,216
03.	Healthy Beginnings	404,559
04.	Maternal Health	397,761
05.	Teen Pregnancy Prevention Initiatives	85,710
DHHS Program Expenditures		
Division of Public Health		
06.	Children's Health Services	3,149,826
07.	Maternal Health	185,488
08.	State Center for Health Statistics	29,432
09.	Local Technical Assistance & Training	47,424



10.	Injury and Violence Prevention	149,438
11.	Office of Minority Health	98,236
12.	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	22,856
13.	Immunization Program – Vaccine Distribution	414,175
DHHS Administration		
14.	Division of Public Health Administration	550,681
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 19,009,038
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01.	NC Statewide Health Promotion	\$1,755,653
02.	Services to Rape Victims	197,112
03.	HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)	145,819
DHHS Program Expenditures		
04.	NC Statewide Health Promotion	431,444
05.	Oral Health	114,251
06.	Osteoporosis Program	67,593
DHHS Administration		
07.	Division of Public Health	109,211
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$2,821,083
COMMUNITY SERVICES BLOCK GRANT		
Local Program Expenditures		
Office of Economic Opportunity – Community Services Block Grant		
01.	Community Action Agencies	\$ 15,071,666
02.	Limited Purpose Agencies	823,261
DHHS Administration		
03.	Office of Economic Opportunity	823,261

**GENERAL PROVISIONS**

**SECTION 5.1.(b)** Information To Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

**SECTION 5.1.(c)** Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Department shall not propose funding for new programs or activities not appropriated in this section or increase State administrative expenditures.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall reduce State administration by at least the percentage of the reduction in federal funds. After determining the State administration, the remaining reductions shall be allocated proportionately across the program and activity appropriations identified for that Block Grant in this section. In allocating a decrease in federal fund availability, the Department shall not eliminate the funding for a program or activity appropriated in this section unless it is related to the State administration.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Commission on Governmental Operations, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

**SECTION 5.1.(d)** All changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and a report shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to implementing the changes. All changes to the budgeted allocations to the Block Grant shall be reported immediately to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

**SECTION 5.1.(e)** The Department of Health and Human Services shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on positions funded from federal Block Grants. The report shall include the following for each Block Grant:

- (1) All State positions currently funded through the Block Grant, including permanent, temporary, and time-limited positions.
- (2) Budgeted salary and fringe benefits for each position.
- (3) Identify the percentage of Block Grant funds used to fund each position.

The report shall be submitted no later than December 1, 2006.

#### **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)**

**SECTION 5.1.(f)** The sum of five hundred eighty-six thousand nine hundred thirty-one dollars (\$586,931) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year shall be used to support administration of TANF-funded programs.

**SECTION 5.1.(g)** The sum of two million two hundred thousand dollars (\$2,200,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year shall be used to provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts. The Division of Social Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to support one administrative position within the Division of Social Services to implement this subsection.

Each county department of social services and the local domestic violence shelter program serving the county shall jointly develop a plan for utilizing these funds. The plan shall include the services to be provided and the manner in which the services shall be delivered. The county plan shall be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by December 1, 2006. The Division of Social Services, in consultation with the Council for Women, shall review the county plans and shall provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of five thousand dollars (\$5,000); and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2006, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2006. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

**SECTION 5.1.(h)** The sum of two million two hundred forty-nine thousand six hundred forty-two dollars (\$2,249,642) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy, school dropout, and gang participation. The Department shall award grants to community-based organizations that demonstrate the

ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to fund one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration.

**SECTION 5.1.(i)** The sum of twelve million four hundred fifty-two thousand three hundred ninety-one dollars (\$12,452,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year for child welfare improvements, shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and postadoption services for eligible families.

**SECTION 5.1.(j)** The sum of three million dollars (\$3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Special Children Adoption Fund, for the 2006-2007 fiscal year shall be used in accordance with Section 10.48 of S.L. 2005-276. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

**SECTION 5.1.(k)** The sum of one million eight hundred thousand dollars (\$1,800,000) in this section appropriated to the Department of Health and Human Services in the TANF Block Grant for the 2006-2007 fiscal year shall be used to implement N.C. FAST (North Carolina Families Accessing Services through Technology). The N.C. FAST Program involves the entire automation initiative through which families access services and local departments of social services deliver benefits, supervised by the Department of Health and Human Services, Divisions of Social Services, Aging and Adult Services, Medical Assistance, and Child Development. The statewide automated initiative shall be implemented in compliance with federal regulations in order to ensure federal financial participation in the project. The Department of Health and Human Services shall report on its compliance with this subsection to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than January 1, 2007.

**SECTION 5.1.(l)** The sum of five hundred thousand dollars (\$500,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year shall be used to expand after-school programs for at-risk children attending middle school. The Department shall develop and implement a grant program to award funds to community-based programs demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and gang participation. These funds shall not be used for training or administration at the State level. All funds shall be distributed to community-based programs, focusing on those communities where similar programs do not exist in middle schools.

**SECTION 5.1.(m)** In implementing the TANF Block Grant, the Department of Health and Human Services shall review policies, programs, and initiatives to ensure that they support men in their role as fathers and strengthen fathers' involvement in their children's lives. The Department shall encourage county departments of social services to ensure their Work First programs emphasize responsible fatherhood and increased participation by noncustodial fathers.

**SECTION 5.1.(n)** The sum of five hundred fifty thousand dollars (\$550,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for the 2006-2007 fiscal year shall be transferred to Work Central, Inc. Work Central, Inc., shall report on the number of people served and the services received as a result of the receipt of funds. The report shall contain expenditure data, including the amount of funds used for administration and direct training. The report shall also include the number of people who have been employed as a direct result of services provided by Work Central, Inc., including the length of employment in the new position. The Department of Health and Human Services shall evaluate the program and ensure that services provided are not duplicative of local employment security commissions in the nine counties served by Work Central, Inc. The evaluation report shall be submitted to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than May 1, 2007.

**SECTION 5.1.(o)** The sum of one million five hundred thousand dollars (\$1,500,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs for the 2006-2007 fiscal year shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates. The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate.

**SECTION 5.1.(p)** The sum of nineteen million forty-eight thousand three hundred twenty-two dollars (\$19,048,322) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year for county demonstration grants shall be used for Work First demonstration projects implemented by county departments of social services. The county demonstration grants may be awarded for up to three years with all projects ending no later than the end of fiscal year 2008-2009. The purpose of the county demonstration grants is to identify best practices that can be used by counties to improve the work participation rates. The Division of Social Services is authorized to establish two time-limited positions to manage the grant award process and monitor the demonstration projects through fiscal year 2008-2009.

Funding provided under the county demonstration grants shall not be used to supplant local funds and counties shall be required to maintain the current level of effort and funding for the Work First program.

## **SOCIAL SERVICES BLOCK GRANT**

**SECTION 5.1.(q)** Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Programs and the North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R .0201(3).

**SECTION 5.1.(r)** The sum of two million seven hundred forty-nine thousand six hundred forty-two dollars (\$2,749,642) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2006-2007 fiscal year shall be used to support the existing Support Our Students Program, including gang prevention, and to expand the Program statewide, focusing on low-income communities in unserved areas. These funds shall not be used for administration of the Program.

**SECTION 5.1.(s)** The sum of two million five hundred fifty thousand dollars (\$2,550,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year shall be used to support various child welfare training projects as follows:

- (1) Provide a regional training center in southeastern North Carolina.
- (2) Support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
- (3) Provide training for residential child caring facilities.
- (4) Provide for various other child welfare training initiatives.

**SECTION 5.1.(t)** The sum of eight hundred thirty-eight thousand dollars (\$838,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services for the 2006-2007 fiscal year shall be used to purchase services at maternity homes throughout the State.

**SECTION 5.1.(u)** The sum of one million seven hundred six thousand sixty-three dollars (\$1,706,063) appropriated in this section in the Social Services Block Grant for child caring agencies for the 2006-2007 fiscal year shall be allocated to the State Private Child Caring Agencies Fund.

**SECTION 5.1.(v)** The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

#### **LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

**SECTION 5.1.(w)** Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations. Additional funds received shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

#### **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

**SECTION 5.1.(x)** The sum of no more than four hundred thousand dollars (\$400,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant for the 2006-2007 fiscal year may be used for the operations of the Medical Child Care Pilot.

**SECTION 5.1.(y)** Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

**SECTION 5.1.(z)** If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

#### **MENTAL HEALTH BLOCK GRANT**

**SECTION 5.1.(aa)** The sum of one million five hundred thousand dollars (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2006-2007 fiscal year, and the sum of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this section in the Social Services Block Grant to the Department of Health and Human

Services, Division of Social Services, for the 2006-2007 fiscal year shall be used to continue a Comprehensive Treatment Services Program for Children in accordance with Section 10.25 of S.L. 2005-276.

**SECTION 5.1.(bb)** The Department of Health and Human Services shall contract with the University of North Carolina at Chapel Hill for the purpose of providing psychology student stipends in the amount of fifty thousand dollars (\$50,000) for the 2006-2007 fiscal year. Twenty-five thousand dollars (\$25,000) of this contract shall be paid from the Mental Health Block Grant.

#### **MATERNAL AND CHILD HEALTH BLOCK GRANT**

**SECTION 5.1.(cc)** If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2006-2007 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

**SECTION 5.1.(dd)** The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

#### **NER BLOCK GRANTS**

**SECTION 5.2.(a)** Appropriations from federal block grant funds are made for fiscal year ending June 30, 2007, according to the following schedule:

#### **COMMUNITY DEVELOPMENT BLOCK GRANT**

01. State Administration	\$ 1,000,000
02. Urgent Needs and Contingency	1,000,000
03. Scattered Site Housing	13,200,000
04. Economic Development	8,710,000
05. Community Revitalization	13,500,000
06. State Technical Assistance	450,000
07. Housing Development	2,000,000
08. Infrastructure	5,140,000

**TOTAL COMMUNITY DEVELOPMENT  
BLOCK GRANT – 2007 Program Year** \$ 45,000,000

**SECTION 5.2.(b)** Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

**SECTION 5.2.(c)** Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as

follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

**SECTION 5.2.(d)** Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars (\$1,000,000) may be used for State Administration; not less than one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars (\$8,710,000) may be used for Economic Development, including Urban Redevelopment Grants and Small Business or Entrepreneurial Assistance; not less than thirteen million five hundred thousand dollars (\$13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up to two million dollars (\$2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars (\$5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

**SECTION 5.2.(e)** Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

**SECTION 5.2.(f)** The Department of Commerce will create a small business/entrepreneurship program in coordination with micro-lending programs and other small business assistance groups in the State. The Department of Commerce shall award up to one million dollars (\$1,000,000) in grants to local governments to provide assistance to low-to-moderate income individuals for small business and entrepreneurship development.

**SECTION 5.2.(g)** The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

- (1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety. The Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.
- (2) The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made. The Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

## **EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS)**

**SECTION 6.(a)** The State Board of Education shall identify local school administrative units to receive funds for purchasing licenses to EVAAS diagnostic



software based on criteria that shall include (i) identified need, (ii) readiness, and (iii) county wealth, as defined in the Low-Wealth Supplemental Funding Formula. The Board shall identify as many units as possible within funds available for this purpose.

**SECTION 6.(b)** Funds appropriated for EVAAS in the 2005-2006 fiscal year shall not revert but shall be carried forward to the 2006-2007 fiscal year for expenditures for training related to expanding local school administrative units' access to the EVAAS tool. Any such funds not spent by June 30, 2007, shall revert to the General Fund.

**SECTION 6.(c)** This section becomes effective June 30, 2006.

#### **USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT**

**SECTION 7.(a)** Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

**SECTION 7.(b)** Notwithstanding G.S. 143-23, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management, in consultation with the Office of Information Technology Services, and after consultation with the Joint Legislative Commission on Governmental Operations, use funds appropriated in this act for the College Information System Project to create a maximum of 20 positions or incur expenditures necessary to transfer the maintenance and administration of the College Information System Project from the vendor to the System Office.

**SECTION 7.(c)** The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

**SECTION 7.(d)** Subsection (a) of this section becomes effective June 30, 2006.

#### **CARRYFORWARD FOR EQUIPMENT**

**SECTION 8.(a)** Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry forward an amount not to exceed ten million dollars (\$10,000,000) of the operating funds that were not reverted in fiscal year 2005-2006 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

**SECTION 8.(b)** This section becomes effective June 30, 2006.

#### **ADVANCED VEHICLE RESEARCH CENTER/FUNDS SHALL NOT REVERT**

**SECTION 9.(a)** Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

**SECTION 9.(b)** This section becomes effective June 30, 2006.

#### **WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS**

**SECTION 10.** Section 13.1 of S.L. 2005-276 reads as rewritten:

**"SECTION 13.1.(a)** Funds appropriated to the Department of Commerce for the ~~2004-2005~~2005-2006 fiscal year for the Wanchese Seafood Industrial Park that are unexpended and unencumbered as of ~~June 30, 2005~~June 30, 2006, shall not revert to the General Fund on ~~June 30, 2005~~June 30, 2006, but shall remain available to the Department to be expended by the Wanchese Seafood Industrial Park for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes.

**SECTION 13.1.(b)** Funds appropriated to the Department of Commerce for the ~~2004-2005~~2005-2006 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of ~~June 30, 2005~~,June 30, 2006, shall not revert to the General Fund on ~~June 30, 2005~~.June 30, 2006.

**SECTION 13.1.(c)** This section becomes effective ~~June 30, 2005~~.June 30, 2006."

### **COLLECTION OF WORTHLESS CHECK FUNDS**

**SECTION 11.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2006, for the purchase or repair of office or information technology equipment during the 2006-2007 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the equipment to be purchased or repaired and the reasons for the purchases.

### **PAYMENT OF USUB PENALTIES TO CIVIL PENALTY AND FORFEITURE FUND**

**SECTION 12.(a)** Notwithstanding G.S. 143-18, the Department of Revenue shall be allowed to expend up to two million four hundred thirty-four thousand two hundred seventy dollars and seventy-one cents (\$2,434,270.71) of unencumbered maintenance appropriations as of June 30, 2006, for the purpose of paying the Civil Penalty and Forfeiture Fund. The amount to be expended represents Unauthorized Substance Tax penalty collections that were paid to local law enforcement agencies for the period of July 1, 2005, through December 31, 2005. The source of the unencumbered funds shall come entirely from the Department of Revenue. If unencumbered funds are not sufficient on June 30, 2006, the Department shall use anticipated unencumbered funds as of July 1, 2006.

**SECTION 12.(b)** Through the 2008-2009 fiscal year, the Department of Revenue shall reduce succeeding distributions to a law enforcement agency under G.S. 105-113.113 to offset the amount that was improperly distributed to that agency, as described in subsection (a) of this section, and the Department shall deposit the funds collected into a reserve account which shall revert at the end of each fiscal year.

### **ONLINE DEALER REGISTRATION FUNDS**

**SECTION 13.(a)** Notwithstanding the provisions of Section 28.22(b) of S.L. 2005-276, for fiscal year 2006-2007, the Division of Motor Vehicles is prohibited from spending any funds appropriated to it for Online Dealer Registration enhancements.

**SECTION 13.(b)** This section becomes effective June 30, 2006.

### **EFFECTIVE DATE**

**SECTION 14.** Sections 5.1 and 5.2 of this act become effective July 1, 2006. Except for Sections 5.1 and 5.2, the remainder of this act becomes effective June 30, 2006, and expires July 7, 2006, at 11:30 p.m.

In the General Assembly read three times and ratified this the 30<sup>th</sup> day of June, 2006.

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Charlie S. Dannelly  
Deputy President Pro Tempore of the Senate

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James B. Black  
Speaker of the House of Representatives

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Michael F. Easley  
Governor

Approved \_\_\_\_\_ .m. this \_\_\_\_\_ day of \_\_\_\_\_, 2006