

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 202
Appropriations/Base Budget Committee Substitute Adopted 4/7/09
Finance Committee Substitute Adopted 4/7/09

Short Title: Appropriations Act of 2009.

(Public)

Sponsors:

Referred to:

February 18, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
3 OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER
4 PURPOSES.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. INTRODUCTION AND TITLE OF ACT**

8
9 **INTRODUCTION**

10 **SECTION 1.1.** The appropriations made in this act are for maximum amounts
11 necessary to provide the services and accomplish the purposes described in the budget.
12 Savings shall be effected where the total amounts appropriated are not required to perform
13 these services and accomplish these purposes and, except as allowed by the State Budget Act,
14 or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

15
16 **TITLE OF ACT**

17 **SECTION 1.2.** This act shall be known as the "Current Operations and Capital
18 Improvements Appropriations Act of 2009."

19
20 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

21
22 **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

23 **SECTION 2.1.** Appropriations from the General Fund of the State for the
24 maintenance of the State departments, institutions, and agencies, and for other purposes as
25 enumerated, are made for the biennium ending June 30, 2011, according to the following
26 schedule:

27		28 2009-2010	29 2010-2011
30	EDUCATION		
31			
32	Community Colleges System Office	\$ 1,059,888,269	\$ 1,104,442,194
33			
34	Department of Public Instruction	7,629,717,045	7,784,909,413
35			
36	University of North Carolina – Board of Governors		



1	Appalachian State University	149,364,470	150,008,736
2	East Carolina University		
3	Academic Affairs	241,853,905	244,133,225
4	Health Affairs	55,190,729	55,027,390
5	Elizabeth City State University	37,906,689	38,291,383
6	Fayetteville State University	60,424,635	60,745,385
7	North Carolina Agricultural and Technical University	103,280,528	103,283,850
8	North Carolina Central University	94,300,645	94,193,246
9	North Carolina School of the Arts	28,632,307	28,786,620
10	North Carolina State University		
11	Academic Affairs	421,258,378	428,566,200
12	Agricultural Extension	61,941,281	60,787,417
13	Agricultural Research	46,237,503	45,963,661
14	University of North Carolina at Asheville	40,024,437	40,158,837
15	University of North Carolina at Chapel Hill		
16	Academic Affairs	315,711,172	318,502,587
17	Health Affairs	224,910,569	228,028,319
18	Area Health Education Centers	52,346,018	52,363,857
19	University of North Carolina at Charlotte	200,230,007	200,765,231
20	University of North Carolina at Greensboro	172,612,251	173,265,711
21	University of North Carolina at Pembroke	61,015,439	61,316,418
22	University of North Carolina at Wilmington	104,921,437	106,343,768
23	Western Carolina University	96,273,475	96,370,613
24	Winston-Salem State University	73,730,343	73,401,502
25	General Administration	43,643,644	43,627,674
26	University Institutional Programs	14,772,089	72,744,268
27	Related Educational Programs	120,250,131	119,595,220
28	UNC Financial Aid Private Colleges	104,888,915	104,922,915
29	North Carolina School of Science and Mathematics	19,304,837	19,362,188
30	UNC Hospitals at Chapel Hill	46,011,882	46,011,882
31	Total University of North Carolina –		
32	Board of Governors	\$ 2,991,037,716	\$ 3,066,568,103

HEALTH AND HUMAN SERVICES

36	Department of Health and Human Services		
37	Division of Central Management and Support	\$ 57,334,182	\$ 59,306,912
38	Division of Aging	35,927,363	38,697,945
39	Division of Blind Services/Deaf/HH	11,354,295	11,279,296
40	Division of Child Development	282,156,867	346,847,558
41	Division of Education Services	38,827,103	33,879,011
42	Division of Health Service Regulation	18,196,075	18,201,413
43	Division of Medical Assistance	2,528,381,854	3,171,953,118
44	Division of Mental Health	784,669,194	787,653,305
45	NC Health Choice	82,928,252	82,828,189
46	Division of Public Health	182,067,661	183,194,026
47	Division of Social Services	212,492,287	223,486,076
48	Division of Vocation Rehabilitation	41,765,979	41,779,037
49	Total Health and Human Services	\$ 4,276,101,112	\$ 4,999,105,886

NATURAL AND ECONOMIC RESOURCES

1			
2	Department of Agriculture and Consumer Services	\$ 61,599,458	\$ 61,185,805
3			
4	Department of Commerce		
5	Commerce	44,395,214	37,178,108
6	Commerce State-Aid	18,804,673	20,304,673
7	NC Biotechnology Center	15,119,010	15,119,010
8	Rural Economic Development Center	24,019,453	24,019,453
9			
10	Department of Environment and Natural Resources	207,284,998	200,464,914
11			
12	Clean Water Management Trust Fund	95,000,000	95,000,000
13			
14	Department of Labor	17,700,104	17,728,165
15			
16	JUSTICE AND PUBLIC SAFETY		
17			
18	Department of Correction	\$ 1,292,633,348	\$ 1,334,385,357
19			
20	Department of Crime Control and Public Safety	31,338,905	30,900,591
21			
22	Judicial Department	470,467,471	471,839,612
23	Judicial Department – Indigent Defense	134,934,064	121,403,270
24			
25	Department of Justice	92,102,712	91,344,576
26			
27	Department of Juvenile Justice and		
28	Delinquency Prevention	147,114,599	143,487,981
29			
30	GENERAL GOVERNMENT		
31			
32	Department of Administration	\$ 69,163,419	\$ 69,106,137
33			
34	Office of Administrative Hearings	3,967,455	3,980,290
35			
36	Department of State Auditor	13,224,512	13,240,784
37			
38	Office of State Controller	23,361,150	23,993,456
39			
40	Department of Cultural Resources		
41	Cultural Resources	70,522,789	71,919,361
42	Roanoke Island Commission	1,961,296	1,961,296
43			
44	State Board of Elections	4,683,822	6,187,615
45			
46	General Assembly	57,661,786	59,371,264
47			
48	Office of the Governor		
49	Office of the Governor	6,113,531	6,119,712
50	Office of State Budget and Management	6,561,015	6,564,463
51	OSBM – Reserve for Special Appropriations	5,023,000	4,273,000

1	Housing Finance Agency	14,608,417	14,608,417
2			
3	Department of Insurance		
4	Insurance	31,644,853	31,707,037
5	Insurance – Volunteer Safety Workers' Compensation	2,000,000	2,000,000
6			
7	Office of Lieutenant Governor	932,179	932,179
8			
9	Department of Revenue	84,920,596	85,013,566
10			
11	Department of Secretary of State	11,364,455	11,438,329
12			
13	Department of State Treasurer		
14	State Treasurer	17,272,124	17,285,912
15	State Treasurer –		
16	Retirement for Fire and Rescue Squad Workers	10,804,671	10,804,671
17			
18	TRANSPORTATION		
19			
20	Department of Transportation	\$ 0	\$ 0
21			
22	RESERVES, ADJUSTMENTS AND DEBT SERVICE		
23			
24	Reserve for Compensation Increases	\$ 65,440,496	\$ 56,765,776
25			
26	Salary Adjustment Fund: 2009-2011 Biennium	0	0
27			
28	Contingency and Emergency Fund	5,000,000	5,000,000
29			
30	Reserve for Teachers' and		
31	State Employees' Retirement Contribution	21,000,000	21,000,000
32			
33	Judicial Retirement System Contributions	1,300,000	1,300,000
34			
35	Reserve for State Health Plan	128,410,208	267,904,114
36			
37	Information Technology Fund	9,361,985	9,361,985
38			
39	Reserve for Job Development Investment Grants (JDIG)	19,000,000	27,400,000
40			
41	Adjust Debt Service	(7,500,000)	7,307,323
42			
43	Statewide Administrative Support	(3,000,000)	(4,000,000)
44			
45	Federal Economic Recovery Management	1,000,000	1,000,000
46			
47	E-Procurement Receipts		(10,000,000)
48			
49	Biomedical Research Imaging Center (BRIC)	0	0
50	Biomedical Research Imaging Center (BRIC)	74,000,000	100,000,000
51	Contingency Reserve		

1			
2	Debt Service		
3	General Debt Service	670,494,697	739,878,445
4	Federal Reimbursement	1,616,380	1,616,380
5			
6	TOTAL CURRENT OPERATIONS –		
7	GENERAL FUND	\$ 20,031,173,017	\$ 21,284,428,623
8			
9	Capital Improvements -General Fund	2009-2010	2010-2011
10			
11	Water Resources Development Projects	\$ 17,600,000	\$ 0
12			
13	TOTAL CAPITAL IMPROVEMENTS –		
14	GENERAL FUND	\$ 17,600,000	\$ 0
15			
16	GENERAL FUND AVAILABILITY STATEMENT		
17	SECTION 2.2.(a) The General Fund availability used in developing the 2009-2011		
18	biennial budget is shown below:		
19		FY 2009-2010	FY 2010-2011
20			
21	Unappropriated Balance Remaining from Previous Year	0	104,982,016
22	Projected Reversions FY 2006-2007	0	0
23	Projected Overcollections FY 2006-2007	0	0
24	Less Earmarkings of Year End Fund Balance		
25	Savings Reserve Account	0	0
26	Repairs and Renovations Reserve Account	0	0
27	Beginning Unreserved Fund Balance	0	104,982,016
28			
29	Revenues Based on Existing Tax Structure	18,030,500,000	19,072,800,000
30			
31	Nontax Revenues		
32	Investment Income	136,400,000	153,800,000
33	Judicial Fees	200,300,000	208,400,000
34	Disproportionate Share	100,000,000	100,000,000
35	Insurance	72,500,000	76,500,000
36	Other Nontax Revenues	195,700,000	201,500,000
37	Tobacco Trust Fund Transfer	0	0
38	Highway Trust Fund/Use Tax Reimbursement Transfer	108,500,000	72,800,000
39	Highway Fund Transfer	17,600,000	17,600,000
40	Subtotal Nontax Revenues	831,000,000	830,600,000
41			
42	Total General Fund Availability	18,861,500,000	20,008,382,016
43			
44	Adjustments to Availability: 2009 Session		
45	Reserve for Tax Adjustments	500,400,000	667,100,000
46	Federal Fiscal Stabilization Funds – Education	580,966,000	580,966,000
47	Federal Fiscal Stabilization Funds – General Purpose	129,261,500	129,261,500
48	IRA Distribution Suspended	(44,000,000)	0
49	Department of Revenue Improved Enforcement	50,000,000	75,000,000
50	Transfer from Disproportionate Share Reserve	24,994,954	0
51	Adjust Transfer from Insurance Regulatory Fund	(2,179,969)	(2,179,969)

1	Adjust Transfer from Treasurer's Office	(885,321)	(885,321)
2	Scrap Tire Disposal Account Funds	3,000,000	0
3	Increase DHHS/HSR Fees	1,122,990	1,122,990
4	Increase SOS Fees	3,632,700	3,632,700
5	Administrative Office of the Courts	32,942,179	38,899,425
6	Reduce Fund Balance – Nurse Educators for Tomorrow	1,000,000	0
7	Inmate Work Release Fund Increase	500,000	500,000
8	Reduce Fund Balance – Telecommunications Relay Trust Fund	5,000,000	0
9	Reduce Fund Balance – Teaching Fellows Trust Fund	4,500,000	0
10	Reduce Fund Balance – DPI Legacy Funds	2,000,000	0
11	Subtotal Adjustments to		
12	Availability: 2009 Session	1,292,255,033	1,493,417,325
13			
14	Revised General Fund Availability	20,153,755,033	21,501,799,341
15			
16	Less: General Fund Appropriations	(20,048,773,017)	(21,284,428,623)
17			
18	Unappropriated Balance Remaining	\$104,982,016	\$217,370,718
19			

20 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the State
 21 Controller shall not transfer funds to the Repairs and Renovations Reserve Account on June 30,
 22 2009. This subsection becomes effective June 30, 2009.

23 **SECTION 2.2.(c)** Notwithstanding 143C-4-2, the State Controller shall not
 24 transfer funds to the Savings Reserve Account on June 30, 2009. This subsection becomes
 25 effective June 30, 2009.

26 **SECTION 2.2.(d)** Notwithstanding the provisions of G.S. 105-187.9(b)(1), the
 27 sum to be transferred under that subdivision for the 2009-2010 fiscal year is one hundred six
 28 million (\$106,000,000) and for the 2010-2011 fiscal year is seventy-one million (\$71,000,000).

29 **SECTION 2.2.(e)** Pursuant to G.S. 105-187.9(b)(2), the sum to be transferred
 30 under that subdivision for the 2009-2010 fiscal year is two million five hundred thousand
 31 dollars (\$2,500,000) and for the 2010-2011 fiscal year is one million eight hundred thousand
 32 dollars (\$1,800,000).

33 **SECTION 2.2.(f)** The appropriation made in this act to the Clean Water
 34 Management Trust Fund for the 2009-2010 fiscal year is ninety-five million dollars
 35 (\$95,000,000). The provisions of G.S. 113A-253.1 do not apply for the 2009-2010 fiscal year.

37 PART III. CURRENT OPERATIONS/HIGHWAY FUND

39 CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

40 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
 41 and operation of the Department of Transportation and for other purposes as enumerated are
 42 made for the fiscal biennium ending June 30, 2011, according to the following schedule:

44	Current Operations – Highway Fund	2009-2010	2010-2011
45	Department of Transportation		
46	Administration	\$ 80,810,522	\$ 81,897,273
47			
48	Division of Highways		
49	Administration	32,938,983	32,993,177
50	Construction	38,910,000	125,110,551
51	Maintenance	909,957,588	791,660,215

1	Planning and Research	4,055,402	4,055,402
2	OSHA Program	355,389	355,389
3			
4	Ferry Operations	30,126,209	29,726,209
5			
6	State Aid		
7	Municipalities	87,071,264	86,200,551
8	Public Transportation	71,595,962	71,631,962
9	Airports	17,349,592	17,291,543
10	Railroads	17,101,153	17,101,153
11			
12	Governor's Highway Safety	351,779	352,325
13	Division of Motor Vehicles	101,732,813	101,747,629
14	Other State Agencies, Reserves,		
15	and Transfers	291,143,334	298,336,621
16			
17	TOTAL	\$ 1,683,500,000	\$1,658,460,000

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2009-2011 biennial budget is shown below:

23	Highway Fund Availability Statement	2009-2010	2010-2011
24			
25	Unappropriated Balance From Previous Year	\$ 0	\$ 0
26	Beginning Credit Balance	0	0
27	Estimated Revenue	1,683,500,000	1,658,460,000
28			
29	Total Highway Fund Availability	\$ 1,683,500,000	\$ 1,658,460,000
30			
31	Unappropriated Balance	\$ 0	\$ 0

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**HIGHWAY TRUST FUND APPROPRIATIONS**

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the biennium ending June 30, 2011, according to the following schedule:

41	Current Operations – Highway Trust Fund	2009-2010	2010-2011
42	Intrastate System	\$ 352,674,316	\$ 369,455,555
43	Urban Loops	110,759,502	118,440,179
44	Aid to Municipalities	39,893,942	41,549,515
45	Secondary Roads	57,777,091	60,531,355
46	Program Administration	41,092,320	42,373,920
47	Turnpike Authority	64,000,000	99,000,000
48	Transfer to General Fund	108,561,829	72,846,726
49			
50	GRAND TOTAL CURRENT OPERATIONS		
51	AND EXPANSION	\$ 857,490,000	\$ 884,190,000

1
2 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

3 **SECTION 4.2.** The Highway Trust Fund availability used in developing the
4 2009-2011 biennial budget is shown below:

5
6 **Total Highway Trust Fund Availability** **\$ 857,490,000** **\$ 884,190,000**

7
8 **PART V. OTHER APPROPRIATIONS**

9
10 **CIVIL FORFEITURE FUNDS**

11 **SECTION 5.1.(a)** Appropriations. – Appropriations are made from the Civil
12 Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2011, as follows:

13
14

	FY 2009-2010	FY 2010-2011
15 School Technology Fund	\$ 18,000,000	\$ 18,000,000
16 State Public School Fund	138,546,041	120,362,790
17 Total Appropriation	\$156,546,041	\$138,362,790

18
19 **SECTION 5.1.(b)** All University of North Carolina campuses shall remit all
20 parking fines held in escrow in the amount of eighteen million one hundred eighty-three
21 thousand two hundred fifty-one dollars (\$18,183,251) to the Civil Penalties and Forfeitures
22 Fund for appropriation.

23
24 **EDUCATION LOTTERY**

25 **SECTION 5.2.(a)** Notwithstanding G.S. 18C-164, the revenue used to support
26 appropriations made in this act is transferred from the State Lottery Fund in the amount of three
27 hundred sixty-eight million seventy thousand two hundred eight dollars (\$368,070,208) for the
28 2009-2010 fiscal year.

29 **SECTION 5.2.(b)** Notwithstanding G.S. 18C-164, the appropriations made from
30 the Education Lottery Fund for the 2009-2010 fiscal year are as follows:

31

32 Teachers in Early Grades	99,399,395
33 Prekindergarten Program	84,635,709
34 Public School Building Capital Fund	147,228,083
35 Scholarships for Needy Students	<u>36,807,021</u>
36 Total Appropriation	\$368,070,208

37 **SECTION 5.2.(c)** Notwithstanding G.S. 18C-164, the North Carolina State Lottery
38 Commission shall not transfer funds to the Education Lottery Reserve Fund for the 2009-2010
39 fiscal year or the 2010-2011 fiscal year.

40
41 **INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATION**

42 **SECTION 5.3.(a)** The availability used to support appropriations made in this act
43 from the Information Technology Fund established in G.S. 147-33.72H is as follows:

44
45

	FY 2009-2010	FY 2010-2011
46 Interest Income	\$100,000	\$100,000
47 IT Fund Balance June 30	\$3,359,419	\$100,000
48 49 Appropriation from General Fund	\$9,361,985	\$9,361,985

1			
2	Total Funds Available	\$12,821,404	\$9,561,985
3			
4	SECTION 5.3.(b) Appropriations are made from the Information Technology		
5	Fund for the 2009-2011 fiscal biennium as follows:		
6			
7	Office of Information Technology Services	FY 2009-2010	FY 2010-2011
8			
9	Information Technology Operations	\$7,891,607	\$7,891,607
10			
11	Information Technology Projects	\$4,829,797	\$4,829,797
12			
13	Total	\$12,721,404	\$12,721,404
14			

APPROPRIATION OF CASH BALANCES

15 **SECTION 5.4.(a)** State funds, as defined in G.S. 143C-1-1(d)(25), are
 16 appropriated and authorized as provided in G.S. 143C-1-2 for the 2009-2011 fiscal biennium as
 17 follows:
 18

- 19 (1) For all budget codes listed in the Base Budget and Performance
 20 Management Information sections of "North Carolina State Budget,
 21 Recommended Operating Budget 2009-2011, Volumes 1 through 6," cash
 22 balances and receipts are appropriated up to the amounts specified in
 23 Volumes 1 through 6, as adjusted by the General Assembly, for the
 24 2009-2010 fiscal year and the 2010-2011 fiscal year. Funds may be
 25 expended only for the programs, purposes, objects, and line items specified
 26 in Volumes 1 through 6, or otherwise authorized by the General Assembly.
 27 Expansion budget funds listed in those documents are appropriated only as
 28 otherwise provided in this act.
- 29 (2) For all budget codes that are not listed in "North Carolina State Budget,
 30 Recommended Operating Budget 2009-2011, Volumes 1 through 6," cash
 31 balances and receipts are appropriated for each year of the 2009-2011 fiscal
 32 biennium up to the level of actual expenditures for the 2008-2009 fiscal
 33 year, unless otherwise provided by law. Funds may be expended only for the
 34 programs, purposes, objects, and line items authorized for the 2008-2009
 35 fiscal year.
- 36 (3) Notwithstanding subdivisions (1) and (2) of this subsection, any receipts that
 37 are required to be used to pay debt service requirements for various
 38 outstanding bond issues and certificates of participation are appropriated up
 39 to the actual amounts received for the 2009-2010 fiscal year and the
 40 2010-2011 fiscal year and shall be used only to pay debt service
 41 requirements.
- 42 (4) Notwithstanding subdivisions (1) and (2) of this subsection, cash balances
 43 and receipts of funds that meet the definition issued by the Governmental
 44 Accounting Standards Board of a trust or agency fund are appropriated for
 45 and in the amounts required to meet the legal requirements of the trust
 46 agreement for the 2009-2010 fiscal year and the 2010-2011 fiscal year.

47 **SECTION 5.4.(b)** Receipts collected in a fiscal year in excess of the amounts
 48 authorized by this section shall remain unexpended and unencumbered until appropriated by
 49 the General Assembly in a subsequent fiscal year, unless the expenditure of overrealized
 50 receipts in the fiscal year in which the receipts were collected is authorized by the State Budget
 51 Act.

1 Overrealized receipts are appropriated up to the amounts necessary to implement
2 this subsection.

3 In addition to the consultation and reporting requirements set out in G.S. 143C-6-4,
4 the Office of State Budget and Management shall report to the Joint Legislative Commission on
5 Governmental Operations and to the Fiscal Research Division of the Legislative Services
6 Office within 30 days after the end of each quarter on any overrealized receipts approved for
7 expenditure under this subsection by the Director of the Budget. The report shall include the
8 source of the receipt, the amount overrealized, the amount authorized for expenditure, and the
9 rationale for expenditure.

10 **SECTION 5.4.(c)** Notwithstanding subsections (a) and (b) of this section, there is
11 appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax
12 Revenues for each fiscal year an amount equal to the amount of the distributions required by
13 law to be made from that reserve for that fiscal year.

14 **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

15 **SECTION 5.5.(a)** Appropriations of funds received under the American Recovery
16 and Reinvestment Act of 2009 are made for the 2009-2011 fiscal biennium, according to the
17 following schedule:

	2009-2010	2010-2011
22 Fiscal Stabilization: Education	\$ 580,965,782	\$ 580,965,782
23 Fiscal Stabilization: General	129,261,335	129,261,335
24 Medicaid Disproportionate Share	7,314,833	7,314,833
26 Title I Grants	128,728,180	128,728,180
27 Title I School Improvement	38,336,500	38,336,500
28 IDEA: Part B	157,205,000	157,205,000
29 IDEA: Part B (Preschool)	6,035,500	6,035,500
30 Homeless Assistance	645,000	645,000
31 Education Technology	8,179,529	8,179,529
32 School Lunch Equipment	3,313,727	-
34 State Energy Programs	37,994,500	37,994,500
35 HOME Investment Partnership Program	26,076,344	26,076,344
36 Homelessness Prevention Fund	14,539,194	14,539,194
38 IDEA: Part C	6,365,500	6,365,500
39 TANF Supplemental Grants	27,075,000	9,025,000
40 Community Services Block Grant	8,748,333	11,664,444
41 Child Care and Development Block Grants	67,543,000	-
42 Vocational Rehabilitation Agency Funding	9,014,504	9,014,504
43 Older Blind Individuals/VR	521,182	521,182
44 Child Support Enforcement (Incentive Payments)	2,214,542	330,000
45 Weatherization Assistance Grants	131,954,536	-
46 Medicaid FMAP Increase	920,377,105	514,514,239
47 Medicaid FMAP Increase-local administration	-	-
48 Foster Care and Adoption FMAP Increase	2,840,410	726,309
49 Prevention and Wellness Fund Grants (Immunization)	5,689,500	5,689,500
50 Senior Meals Programs	1,384,392	1,384,392

1	Byrne/Justice Assistance Grants	17,245,779	17,245,779
2	Violence Against Women: Services-Training-		
3	Officers-Prosecutors (STOP) Grants	3,784,000	-
4	Victims of Crime Act (VOCA) Grants: Victim		
5	Compensation	647,906	-
6	Victims of Crime Act (VOCA) Grants: Victim		
7	Assistance	1,110,000	-
8	Internet Crimes Against Children Task Force Program	879,040	-
9	Unemployment Insurance: Administration	7,323,699	7,323,699
10	Employment Services Grants (Wagner-Peyser)	11,091,396	-
11	Community Service Employment for Older Americans	1,583,153	1,583,153
12	Energy Efficiency and Conservation Block Grants	29,025,150	29,025,150
13	Clean Water State Revolving Funds	71,443,500	-
14	Drinking Water Revolving Funds	65,625,000	-
15	State Clean Diesel Program	1,730,000	-
16	Community Development Block Grant: Non-Entitlement		
17	Funds	6,040,307	6,040,307
18	Workforce Investment Act: Youth Activities	12,535,349	12,535,349
19	Workforce Investment Act: Adult Activities	5,168,583	5,168,583
20	Workforce Investment Act: Dislocated Worker		
21	Activities	22,209,637	22,209,637
22			
23	Transit Capital Assistance	103,304,242	-
24	Highway Infrastructure Investment	\$ 735,527,000	\$ -
25			
26	TOTAL	\$ 3,418,597,166	\$1,795,648,421

27 **SECTION 5.5.(b)** If funds received from the American Recovery and
 28 Reinvestment Act of 2009 exceed the amount set out in subsection (a) of this section, such
 29 additional funds are hereby appropriated for the appropriate fiscal year.

30
 31 **OTHER RECEIPTS FROM PENDING GRANT AWARDS**

32 **SECTION 5.6.** Notwithstanding G.S. 143C-6-4, State agencies may, with approval
 33 of the Director of the Budget and after consultation with the Joint Legislative Committee on
 34 Governmental Operations, spend funds received from grants awarded subsequent to the
 35 enactment of this act. The Office of State Budget and Management shall work with the
 36 recipient State agencies to budget grant awards according to the annual program needs and
 37 within the parameters of the respective granting entities. Depending on the nature of the award,
 38 additional State personnel may be employed on a permanent or time-limited basis. The Office
 39 of State Budget and Management shall consult with the Joint Legislative Commission on
 40 Governmental Operations prior to expending any funds received from grant awards. Funds
 41 received from such grants are hereby appropriated and shall be incorporated into the certified
 42 budget of the recipient State agency.

43
 44 **PART VI. GENERAL PROVISIONS**

45
 46 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

47 **SECTION 6.1.** All funds appropriated by this act into reserves may be expended
 48 only for the purposes for which the reserves were established.

49
 50 **BUDGET CODE CONSOLIDATIONS**

1 **SECTION 6.2.** Notwithstanding G.S. 143C-6-4, the Office of State Budget and
2 Management may adjust the enacted budget by making transfers among purposes or programs
3 for the purpose of consolidating budget and fund codes or eliminating inactive budget and fund
4 codes. The Office of State Budget and Management shall change the authorized budget to
5 reflect these adjustments.

6 7 **BUDGET REALIGNMENT**

8 **SECTION 6.3.** Notwithstanding G.S. 143C-6-4(b), the Office of State Budget and
9 Management, in consultation with the Office of the State Controller and the Fiscal Research
10 Division, may adjust the enacted budget by making transfers among purposes or programs for
11 the sole purpose of correctly aligning authorized positions and associated operating costs with
12 the appropriate purposes or programs as defined in G.S. 143C-1-1(d)(23). The Office of State
13 Budget and Management shall change the certified budget to reflect these adjustments only
14 after reporting the proposed adjustments to the Joint Legislative Commission on Governmental
15 Operations and the Fiscal Research Division. Under no circumstances shall total General Fund
16 expenditures for a State department exceed the amount appropriated to that department from
17 the General Fund for the fiscal year.

18 19 **ESTABLISHING OR INCREASING FEES PURSUANT TO THIS ACT**

20 **SECTION 6.4.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to
21 consult with the Joint Legislative Commission on Governmental Operations prior to
22 establishing or increasing a fee as authorized or anticipated in this act.

23 **SECTION 6.4.(b)** In establishing or increasing a fee as authorized or anticipated in
24 this act, if adoption of a rule would otherwise be required under Article 2A of Chapter 150B of
25 the General Statutes, an agency may adopt a temporary rule as this constitutes a "recent act of
26 the General Assembly" under G.S. 150B-21.1(a)(2).

27 28 **AUTHORIZATION TO ESTABLISH RECEIPT SUPPORTED POSITIONS**

29 **SECTION 6.5.** Notwithstanding any other provision of law, a department,
30 institution, or other agency of State government may establish receipt-supported positions
31 authorized in this act upon approval by the Director of the Budget. The Director, if necessary,
32 may establish a receipt-supported position pursuant to this section at an annual salary amount
33 different from the salary amount set out in this act if (i) funds are available from the proposed
34 funding source and (ii) the alternative salary amount remains within the established salary
35 range grade identified for the job classification of the affected receipt-supported position
36 established in this act. The Director shall not change the job classifications or increase the
37 number of receipt-supported positions specified in this act without prior consultation with the
38 Joint Legislative Commission on Governmental Operations.

39 40 **FISCAL CRISIS/FURLOUGH FLEXIBILITY**

41 **SECTION 6.6.(a)** Findings. – The General Assembly finds that:

- 42 (1) The extreme fiscal crisis affecting North Carolina's economy, the national
43 economy, and global economic markets has substantially reduced the State's
44 revenue projections for the 2009-2011 biennium.
- 45 (2) Economies in State expenditures and maximized efficiencies in State
46 operations must be effected immediately and systematically in order to meet
47 the compelling State interest of enacting a balanced budget in accordance
48 with the State Constitution and to protect the interests of the people of North
49 Carolina.
- 50 (3) Given the broad scope and depth of other budget reduction and efficiency
51 measures required by this act, allowing voluntary furloughs and requiring

1 mandatory furloughs of public employees, when necessary, is a reasonable
2 measure to avoid disruptive mass layoffs and the elimination of positions in
3 public employment, to preserve the public health, safety, and welfare and to
4 continue the effective administration of important governmental functions in
5 the interest of the people of North Carolina.

6 **SECTION 6.6.(b)** To achieve savings identified in the management flexibility
7 reserves established in this act, State agencies may:

- 8 (1) Reduce salary-related expenditures by (i) reductions in purchased services
9 and contractual services, (ii) reductions in force, and (iii) with the approval
10 of the Director of the Budget, implementation of furloughs in accordance
11 with subsections (c) through (g) of this section; and
- 12 (2) Reduce non-salary expenditures such as purchases of supplies and
13 equipment, maintenance expenses, rental and lease expenses, and any other
14 allowable reductions in non-salary expenditures.

15 **SECTION 6.6.(c)** Definitions. – The following definitions apply in this section:

- 16 (1) Compensation. – Base rate of compensation, not including pay for shift
17 premiums, overtime, or other types of extraordinary pay.
- 18 (2) Essential positions. – Any position deemed by the head of an agency to be
19 necessary to perform the critical functions of that agency to protect the
20 health or safety of the agency's employees, students, clients, or patients of
21 the public agency or to protect the general public.
- 22 (3) Furlough. – A temporary period of leave from employment without pay.
- 23 (4) Nonessential positions. – Any position in a public agency that is not
24 designated as essential positions by the head of that agency.
- 25 (5) Public employee. – Any person employed (i) in the executive, legislative, or
26 judicial branch of State government, (ii) by The University of North
27 Carolina, (iii) by the North Carolina Community College System, or (iv) by
28 a local school administrative unit. The term includes public officers.
- 29 (6) Public agency. – Any State agency, department, or institution; and the
30 executive, legislative, and judicial branches of State government; The
31 University of North Carolina; the North Carolina Community College
32 System; and local school administrative units.

33 **SECTION 6.6.(d)** Furlough Flexibility. – For the 2009-2010 and 2010-2011 fiscal
34 years, public agencies have management flexibility to allow voluntary furloughs and to require
35 mandatory furloughs of public employees to generate necessary economies and efficiencies in
36 budgeting.

37 **SECTION 6.6.(e)** Compensation and Benefits. – A period of furlough shall only
38 affect or reduce a public employee's base salary or compensation. A period of furlough shall
39 not affect or diminish a public employee's continuous service, length of aggregate service,
40 retirement service credits, anniversary date, eligibility for authorized holiday leave, longevity
41 pay, or the accrual of vacation and sick leave. Periods of furlough shall be applied equitably to
42 all essential and nonessential positions regardless of the funding source of the position. A
43 furloughed public employee who is a member of:

- 44 (1) Any of the State-supported retirement plans administered by the Retirement
45 Systems Division of the Department of the State Treasurer shall be
46 considered in active service during any period of furlough and shall be
47 entitled to all of the same benefits to which the employee was entitled on the
48 workday immediately preceding the furlough. During a furlough period, the
49 public agency shall pay both the employee and employer contributions to the
50 Retirement Systems Division on behalf of the furloughed public employee as
51 though that employee were in active service.

- 1 (2) The State Health Plan for Teachers and State Employees shall be considered
2 eligible for coverage under the Plan on the same basis as on the workday
3 immediately preceding the furlough. The employing public agency shall pay
4 contributions on behalf of the furloughed employee as though the employee
5 were in active service.

6 **SECTION 6.6.(f) Policies.** – The Office of State Budget and Management
7 (OSBM) and the State Board of Education (SBE) shall each adopt policies necessary for the
8 implementation of this section. The policies shall govern (i) the scheduling of furloughs, (ii) the
9 amount of notice that must be given to a public employee prior to the effective date of a period
10 of furlough, (iii) whether furloughs may be taken in increments of full days, (iv) the continued
11 accrual of annual and sick leave, (v) treatment of part-time employees, and (vi) any other
12 matter related to the implementation of this section. The OSBM and SBE shall provide
13 maximum flexibility to public agencies and public employees in the scheduling of furlough
14 days to provide public agencies the ability to effectively manage furloughs of employees
15 employed in essential positions so as not to affect critical functions. The policies shall provide
16 that a public employee whose normal workday exceeds eight hours per day will sustain the
17 same proportionate reduction as a public employee who works eight hours per day. The Office
18 of State Personnel shall provide technical assistance to OSBM, as requested, in developing a
19 plan for the implementation of furloughs.

20 **SECTION 6.6.(g)** The OSBM and SBE shall adopt emergency rules for the
21 implementation of this section in accordance with G.S. 150B-21.1A, except that
22 notwithstanding G.S. 150B-21.1A(d) those emergency rules may remain in effect until the
23 expiration of this subsection. This subsection expires June 30, 2011.

24 **SECTION 6.6.(h)** Subsection (b) of this section is effective July 1, 2009. The
25 remainder of this section is effective when it becomes law.

26 **INFORMATION TECHNOLOGY OPERATIONS**

27 **SECTION 6.7.(a)** Office of Information Technology Services Budget. –
28 Notwithstanding G.S. 147-33.88, the Office of Information Technology Services shall develop
29 an annual budget for review and approval by the Office of State Budget and Management in
30 accordance with a schedule prescribed by the Director of the Office of State Budget and
31 Management. The approved Office of Information Technology Services budget shall be
32 included in the Governor's budget recommendations to the General Assembly.

33 The Office of State Budget and Management shall ensure that State agencies have
34 an opportunity to adjust their budgets based on any rate changes proposed by the Office of
35 Information Technology Services.

36 **SECTION 6.7.(b)** Enterprise Projects. – The State Chief Information Officer shall
37 consult the respective State agency chief information officers to identify specific State agency
38 requirements prior to the initiation of any enterprise project. State agency requirements shall
39 be incorporated into any enterprise agreement signed by the State Chief Information Officer.
40 Enterprise projects shall not exceed the participating State agencies' ability to financially
41 support the contracts.

42 The State Chief Information Officer shall not enter into any information technology
43 contracts without obtaining written agreements from participating State agencies regarding
44 apportionment of funding. State agencies agreeing to participate in a contract shall:

- 45 (1) Ensure that sufficient funds are budgeted to support their agreed shares of
46 enterprise agreements throughout the life of the contract.
47 (2) Transfer the agreed-upon funds to the Office of Information Technology
48 Services in sufficient time for the Office of Information Technology
49 Services to meet contract requirements.
50

1 **SECTION 6.7.(c)** Notwithstanding the cash management provisions of
2 G.S. 147-86.11, the Office of Information Technology Services may procure information
3 technology goods and services for periods of up to a total of three years where the terms of the
4 procurement contract require payment of all, or a portion, of the contract purchase price at the
5 beginning of the agreement. All of the following conditions shall be met before payment for
6 these agreements may be disbursed:

- 7 (1) Any advance payment complies with the Office of Information Technology
8 Services budget.
- 9 (2) The State Controller receives conclusive evidence that the proposed
10 agreement would be more cost-effective than a multiyear agreement that
11 complies with G.S. 147-86.11.
- 12 (3) The procurement complies in all other aspects with applicable statutes and
13 rules.
- 14 (4) The proposed agreement contains contract terms that protect the financial
15 interests of the State against contractor nonperformance or insolvency
16 through the creation of escrow accounts for funds, source codes, or both, or
17 by any other reasonable means that have legally binding effect.

18 The Office of State Budget and Management shall ensure the savings from any authorized
19 agreement shall be included in the Office of Information Technology Services calculation of
20 rates before the Office of State Budget and Management annually approves the proposed rates.
21 The Office of Information Technology Services shall report to the Office of State Budget and
22 Management on any State agency budget impacts resulting from multiyear contracts.

23 The Office of Information Technology Services shall submit a quarterly written
24 report of any authorizations granted under this subsection to the Joint Legislative Oversight
25 Committee on Information Technology and to the Fiscal Research Division.

26 **SECTION 6.7.(d)** State agencies developing and implementing information
27 technology projects shall use the State infrastructure to host their projects. The State Chief
28 Information Officer may grant an exception if the State agency can demonstrate any of the
29 following:

- 30 (1) Using an outside contractor would be more cost-effective for the State.
- 31 (2) The Office of Information Technology Services does not have the technical
32 capabilities required to host the application.
- 33 (3) Valid security requirements preclude the use of State infrastructure, and a
34 contractor can provide a more secure environment.

35 36 **GEOGRAPHIC INFORMATION CONSOLIDATION**

37 **SECTION 6.8.(a)** Findings. – The General Assembly finds that there is a critical
38 need for consolidating the investments made in geographic information systems and developing
39 common infrastructures in order for the State to reap all the potential benefits of geographic
40 information systems at the lowest cost.

41 **SECTION 6.8.(b)** Implementation Plan. – The recommendations outlined in the
42 2008 legislative report prepared by the State Chief Information Officer, the Geographic
43 Information Coordinating Council, and the Office of State Budget and Management, made
44 pursuant to Section 6.13 of S.L. 2008-107, entitled "State Geographic Information
45 Consolidation Implementation Plan," shall be implemented in four distinct work streams, as
46 follows:

- 47 (1) Transferring the Center for Geographic Information and Analysis to the
48 Office of the State Chief Information Officer and establishing appropriated
49 funding for staff activities supporting the Geographic Information
50 Coordinating Council, statewide standards, and the coordination of data
51 acquisition.

- 1 (2) Reestablishing the professional services component and refocusing that
2 effort toward current needs of the community while reducing those overhead
3 costs.
- 4 (3) Revitalizing the NC OneMap project by leveraging new technology in the
5 market to reduce costs while increasing utility of the service.
- 6 (4) Establishing a geographic information systems Reserve Fund for the
7 acquisition of data layers which may be useful to multiple organizations and
8 through which data acquisition may be procured to reduce cost.

9 **SECTION 6.8.(c)** Transfers of Agencies, Powers, Duties. – The statutory
10 authority, powers, duties, functions, records, personnel, property, and unexpended balances of
11 appropriations, allocations, or other funds of the State agencies and subunits listed in this
12 subsection are transferred from those entities to the State Chief Information Officer, Office of
13 Information Technology Services, with all of the elements of a Type II transfer as defined by
14 G.S. 143A-6:

- 15 (1) The North Carolina Geographic Information Coordinating Council.
16 (2) The Center for Geographic Information and Analysis.

17 The Center for Geographic Information and Analysis shall remain in its current
18 office space unless the State Chief Information Officer determines otherwise.

19 **SECTION 6.8.(d)** Center for Geographic Information and Analysis Coordination.
20 – The State Chief Information Officer shall coordinate a professional services component for
21 geographic information systems coordination with the Center for Geographic Information and
22 Analysis that is refocused toward current community needs.

23 **SECTION 6.8.(e)** North Carolina Geographic Information Coordinating Council
24 Coordination. – The State Chief Information Officer, in cooperation with the North Carolina
25 Geographic Information Coordinating Council shall coordinate the refocusing of the NC
26 OneMap geographic information systems infrastructure project to leverage new technology, to
27 increase the utility of geographic information systems services, and to reduce geographic
28 information systems data layer costs through singly managed contracts.

29 **SECTION 6.8.(f)** Geographic Information Systems Reserve Fund. – There is
30 established in the Office of State Budget and Management the Geographic Information Systems
31 Reserve Fund, which shall be nonreverting, for the purpose of acquiring and managing, at the
32 lowest cost, data layers useful to multiple State and local organizations, according to the
33 priorities set by the North Carolina Geographic Information Coordinating Council. The
34 Geographic Information Systems Reserve Fund may receive private grants and may include
35 State, federal, local, and matching funds.

36 **SECTION 6.8.(g)** Information Technology Fund. – Of the funds appropriated in
37 this act to the Information Technology Fund, the sum of six hundred fifty thousand dollars
38 (\$650,000) for the 2009-2010 fiscal year and the sum of six hundred fifty thousand dollars
39 (\$650,000) for the 2010-2011 fiscal year shall be used to effectuate the transfer of the Center
40 for Geographic Information and Analysis, including the cost of moving personnel positions, as
41 provided by this act.

42

43 **BEACON DATA INTEGRATION**

44 **SECTION 6.9.(a)** The Office of the State Controller, in cooperation with the State
45 Chief Information Officer, shall continue the implementation of the BEACON Strategic Plan
46 for Data Integration, issued in April 2008. The plan shall be implemented under the governance
47 of the BEACON Project Steering Committee and in conjunction with leadership in appropriate
48 State agencies and with the support and cooperation of the Office of State Budget and
49 Management.

50 While it is the intent that this initiative provide broad access to information across
51 State government, the plan shall comply with all necessary security measures and restrictions to

1 ensure that access to any specific information held confidential under federal or State law shall
2 be limited to appropriate and authorized persons.

3 **SECTION 6.9.(b)** The Office of State Controller shall give the Criminal Justice
4 Data Integration Pilot Program first priority for funding and for system development and
5 implementation.

6 The Office of State Controller shall determine the amount of funding required to (i)
7 fully support the Criminal Justice Data Integration Pilot Program effort and (ii) develop full
8 operational capability in Wake County during the 2009-2010 fiscal year. The Office of State
9 Controller shall not otherwise obligate these funds.

10 **SECTION 6.9.(c)** By September 1, 2009, the Office of State Controller shall report
11 to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal
12 Research Division on (i) funding requirements and sources of funds for the Criminal Justice
13 Data Integration Pilot Program for the 2009-2010 fiscal year and (ii) the anticipated uses of any
14 remaining funds for the BEACON Data Integration Program. The Office of State Controller
15 shall spend funds to support the BEACON Data Integration Program only as is specifically
16 authorized in Section 6.16(d) of S.L. 2008-107.

17 By October 1, 2009, the Office of State Controller, in coordination with the State
18 Chief Information Officer, shall also report on future costs for implementing the BEACON
19 Data Integration Program, including outside vendor costs. This report shall include a detailed
20 explanation of potential costs and the efforts participating agencies are making to reduce these
21 costs. This report shall be presented to the Joint Legislative Oversight Committee on
22 Information Technology and written reports shall be provided to the House of Representatives
23 and Senate Appropriations Committees and to the Fiscal Research Division.

24 25 **CRIMINAL JUSTICE DATA INTEGRATION PILOT PROGRAM**

26 **SECTION 6.10.(a)** The Office of the State Controller, in cooperation with the
27 State Chief Information Officer and under the governance of the BEACON Project Steering
28 Committee, shall continue the development of the Criminal Justice Data Integration Pilot
29 Program in Wake County as specified in Section 6.15 of S.L. 2008-107. The Office of State
30 Controller shall achieve and demonstrate full operational capability of the pilot program in
31 Wake County before the system is expanded to other areas of the State.

32 **SECTION 6.10.(b)** The Criminal Justice Data Integration Pilot Program shall
33 continue to comply with all necessary security measures and restrictions to ensure that access to
34 any specific information held confidential under federal and State law shall be limited to
35 authorized persons.

36 **SECTION 6.10.(c)** The Office of State Controller shall develop a detailed plan for
37 the statewide expansion of the Criminal Justice Data Integration Pilot Program. This plan shall
38 include the following:

- 39 (1) An implementation schedule;
- 40 (2) The requirements individual users must meet to participate in the program;
- 41 (3) Detailed cost information for the development and implementation of a
42 statewide system, including any user costs;
- 43 (4) A governance structure for management and oversight of the system; and
- 44 (5) Any other issues associated with the implementation of the system.

45 The Office of State Controller shall submit this plan to the House of Representatives and
46 Senate Appropriations Committees, the Joint Legislative Oversight Committee on Information
47 Technology, and the Fiscal Research Division by January 31, 2010.

48 **SECTION 6.10.(d)** The Office of State Controller shall work with the data
49 integration software vendor to ensure that licenses are obtained at the least possible cost.

50 **SECTION 6.10.(e)** A State agency data center shall host the Criminal Justice Data
51 Integration Pilot Program. The Office of State Controller shall identify a State data center to

1 host the program and shall report its recommendation to the Joint Legislative Oversight
2 Committee on Information Technology by August 31, 2009.

3 **SECTION 6.10.(f)** Funds appropriated for the Criminal Justice Data Integration
4 Pilot Program shall only be used for that program. The Criminal Justice Data Integration Pilot
5 Program shall have first priority for funds available to the BEACON Data Integration Program.

6 **SECTION 6.10.(g)** The Office of State Controller shall continue to provide
7 quarterly written reports on the program's progress to the House of Representatives and Senate
8 Appropriations Committees, to the Joint Legislative Oversight Committee on Information
9 Technology, and to the Fiscal Research Division beginning October 1, 2009.

10
11 **OFFICE OF INFORMATION TECHNOLOGY SERVICES/UNC BULK PURCHASING**
12 **OF INFORMATION TECHNOLOGY**

13 **SECTION 6.11.** The General Administration of The University of North Carolina,
14 with assistance from the Office of Information Technology Services and the Office of State
15 Budget and Management, shall consolidate information technology infrastructure purchasing
16 which includes, but is not limited to, personal computer and printer purchases for all 16 State
17 universities, the North Carolina School of Science and Mathematics, and General
18 Administration, by creating a bulk purchasing process that will realize savings through
19 efficiencies. General Administration may choose to utilize the Office of Information
20 Technology Services' existing bulk contracts. Information technology infrastructure
21 expenditure shall not be authorized without complying with this section.

22
23 **JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON INFORMATION**
24 **TECHNOLOGY/ REVIEW AND REPORT ON CURRENT LAW**

25 **SECTION 6.12.** By April 1, 2010, the Joint Legislative Oversight Committee on
26 Information Technology shall review State information technology-related legislation and
27 develop recommendations for amendment of current laws and shall submit its written report of
28 recommendations for legislative action to the Appropriations Committees of the Senate and the
29 House of Representatives. The Joint Legislative Oversight Committee on Information
30 Technology shall provide interested parties with the opportunity to identify and define pertinent
31 information technology issues by offering testimony on (i) issues associated with current
32 legislation, (ii) the impact of information technology laws on specific entities; and, (iii)
33 recommendations for improving information technology organization and operations within the
34 State.

35
36 **OFFICE OF INFORMATION TECHNOLOGY SERVICES/NETWORK**
37 **INTEGRATION/FEASIBILITY STUDY AND COORDINATION PLAN**

38 **SECTION 6.13.(a)** The State Chief Information Officer shall negotiate and
39 coordinate with MCNC to identify efficiencies that might be achieved through increased
40 cooperation and elimination of duplicative efforts in management of the State's network
41 infrastructure operated by the Office of Information Technology Services and by the North
42 Carolina Research and Education Network operated by MCNC. Potential efficiencies include,
43 but are not limited to, shared infrastructure, personnel, contracted services, and support.

44 **SECTION 6.13.(b)** Office of Information Technology Services and the Office of
45 State Budget and Management, in conjunction with MCNC, shall conduct a study to determine
46 the feasibility of coordinating the operation of the North Carolina Research and Education
47 Network and the State network infrastructure. The feasibility study shall define the capabilities
48 and limitations of the Office of Information Technology Services and MCNC and document
49 services currently provided by Office of Information Technology Services and MCNC. Further,
50 the feasibility study shall identify:

- 51 (1) Current and potential State agency network requirements.

- (2) The organization currently supporting each network requirement.
- (3) Requirements that are currently unsupported by either organization.
- (4) Costs associated with each requirement.
- (5) Potential cost savings resulting from network integration.
- (6) Policy and operational issues associated with the coordination.

The study shall be reviewed by the Office of State Budget and Management, which shall validate and certify the identified efficiencies and cost savings. Office of Information Technology Services and MCNC shall complete the feasibility study and present it to the Joint Legislative Oversight Committee on Information Technology by October 31, 2009.

SECTION 6.13.(c) Following review of the feasibility study by Office of State Budget and Management, and if Office of State Budget and Management certifies that the efficiencies and savings identified in the study are valid, accurate, and substantial enough to justify increased coordination, then Office of Information Technology Services and MCNC shall develop a plan to coordinate their operations. The coordination plan shall include at least the following:

- (1) Definition of requirements to achieve Statewide integration.
- (2) Detailed information on the allocation of responsibility for each requirement and component.
- (3) An estimate of the associated costs with each requirement or component, including what the costs to each agency would be without coordination.
- (4) Priorities for integration.
- (5) A schedule for implementation.
- (6) Detailed cost information for the development and integration of a single network.
- (7) A governance structure for management and oversight of the network.
- (8) A means for resolution of any issues identified during the feasibility study.

The coordination plan shall be completed by February 28, 2010, and shall be presented to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Information Technology.

SECTION 6.13.(d) Prior to implementation of the plan, Office of Information Technology Services and MCNC shall complete a memorandum of agreement that specifies their respective roles and responsibilities and defines payment schedules. By January 1 each year, Office of State Budget and Management shall report to the Joint Legislative Oversight Committee on Information Technology regarding the status of the coordination plan and the cost savings realized during the previous fiscal year.

UPGRADE STATE PORTAL

SECTION 6.14.(a) The Office of State Budget and Management, in coordination with the Office of the State Chief Information Officer, shall develop a detailed plan to upgrade the State portal. The upgrade plan shall include consideration of the need to (i) improve State services for citizens and businesses; (ii) offer online services; (iii) provide crucial, up-to-the-minute emergency information; and (iv) provide a multipurpose, interactive Web portal.

SECTION 6.14.(b) Prior to developing the plan, the Office of State Budget and Management shall obtain the advice and assistance of State and local government agencies, businesses operating within the State, and private citizens to ensure that all potential users have the opportunity to submit recommendations for inclusion in the final plan.

The Office of State Budget and Management shall also conduct an inventory of capabilities that are available on other states' portals. With the assistance of State agencies, the Office of State Budget and Management shall prioritize potential capabilities. Based on these priorities, the Office of State Budget and Management shall develop a phased plan to allow

1 incremental implementation that includes a detailed time line for each phase and shall include
2 the cost associated with each phase.

3 **SECTION 6.14.(c)** The interactive Web portal shall include the capability for
4 citizens, businesses, and State and local government agencies to complete online transactions,
5 obtain live help from State agencies, and access emergency information in real time. The portal
6 shall include appropriate security measures and devices to include encryption, enterprise-class
7 firewalls/gateway security, real-time intrusion prevention and detection, virtual private
8 networks, vulnerability management, and virus protection.

9 **SECTION 6.14.(d)** By December 1, 2009, the Office of State Budget and
10 Management shall submit the upgrade plan to the Joint Legislative Oversight Committee on
11 Information Technology and to the Fiscal Research Division. The report shall include an
12 explanation of any recommendations that were not included in the final plan with an
13 explanation as to why each was not included and the cost associated with implementation of
14 those items.

15 16 **IT GSA SCHEDULES/STUDY**

17 **SECTION 6.15.** The Office of State Budget and Management shall conduct a
18 study to determine the feasibility of using General Services Administration schedules for the
19 acquisition of information technology products and services. The study shall include review of
20 the following:

- 21 (1) Any cost savings resulting from the use of General Services Administration
22 schedules for the acquisition of information technology goods and services.
23 This shall include any reductions in overhead that could be realized from the
24 use of General Services Administration schedules.
- 25 (2) Any benefits resulting from implementation.
- 26 (3) Any negative impacts resulting from implementation.
- 27 (4) Any legislative changes required to implement General Services
28 Administration schedules.

29 By February 1, 2010, the Office of State Budget and Management shall submit the results of
30 the study to the Joint Legislative Oversight Committee on Information Technology and to the
31 Fiscal Research Division.

32 33 **USE OF ELECTRONIC FORMS AND DIGITAL SIGNATURES**

34 **SECTION 6.16.(a)** The Office of State Budget and Management shall develop a
35 plan to increase the use of electronic forms and digital signatures throughout State government.
36 In developing the plan, first the Office of State Budget and Management shall conduct an
37 inventory of all paper or electronic forms currently in use by executive branch agencies. The
38 Office of State Budget and Management may hire temporary help for the collection and
39 compiling of the data for the inventory.

40 **SECTION 6.16.(b)** After completing the inventory, the Office of State Budget and
41 Management shall develop a plan for converting one or more paper forms to an electronic
42 format. The plan shall include a detailed business case for the conversion, including cost, cost
43 savings, cost avoidance, and any impact on productivity.

44 **SECTION 6.16.(c)** The Office of State Budget and Management shall assess the
45 potential cost of converting all identified forms in the inventory to an electronic format and
46 establish a timetable for achieving conversion as soon as practicable.

47 **SECTION 6.16.(d)** The Office of Information Technology Services shall provide
48 technical assistance to the Office of State Budget and Management in the development of the
49 plan to increase the use of electronic forms and digital signatures.

1 **SECTION 6.16.(e)** Executive branch State agencies shall provide all information
2 requested by Office of State Budget and Management in conducting the inventory and in all
3 other issues related to the development of this plan.

4 **SECTION 6.16.(f)** The Office of State Budget and Management shall submit the
5 plan to the Joint Legislative Oversight Committee on Information Technology on or before
6 March 1, 2010.

7
8 **POSITION TRANSFER REPORTS/OFFICE OF INFORMATION TECHNOLOGY**
9 **SERVICES/OSC**

10 **SECTION 6.17.(a)** By November 1, 2009, the Office of Information Technology
11 Services shall submit a written report to the Appropriation Committees of the Senate and the
12 House of Representatives, to the Joint Legislative Oversight Committee on Information
13 Technology, and to the Fiscal Research Division regarding the transfer of information
14 technology (IT) positions associated with IT consolidation. The report shall include the
15 following:

- 16 (1) The numbers and types of positions transferred to the Office of Information
17 Technology Services from other State agencies, an explanation as to why
18 each position was moved to Office of Information Technology Services, the
19 cost associated with each position, and how that cost is allocated.
- 20 (2) The number and types of information technology positions remaining with
21 each State agency, an explanation as to why the positions were retained by
22 the agency, and the total cost for each position.
- 23 (3) The number and location of positions eliminated as a result of IT
24 consolidation and the associated cost savings.
- 25 (4) Any new positions created within Office of Information Technology
26 Services to support IT consolidation, the reason each position was created,
27 and the associated cost.

28 **SECTION 6.17.(b)** By November 1, 2009, the Office of the State Controller shall
29 submit a written report to the Appropriations Committees of the Senate and House of
30 Representatives, to the Joint Legislative Oversight Committee on Information Technology, and
31 to the Fiscal Research Division on the transfer of positions associated with the implementation
32 of the BEACON (HR)/Payroll project. The report shall include the following:

- 33 (1) The numbers and types of positions transferred to the Office of the State
34 Controller from other State agencies, an explanation as to why each position
35 was moved to the Office of the State Controller, the cost associated with
36 each position, and how that cost is allocated.
- 37 (2) The number and types of positions remaining with each State agency, an
38 explanation as to why the positions were retained by the agency, and the
39 total cost for each position.
- 40 (3) The number and location of positions eliminated as a result of the
41 implementation of the BEACON HR/Payroll system and the associated cost
42 savings.
- 43 (4) Any new positions created within the Office of the State Controller to
44 support BEACON HR/Payroll, the reason each position was created, and the
45 associated cost.

46
47 **PART VII. PUBLIC SCHOOLS**

48
49 **CHILDREN WITH DISABILITIES**

50 **SECTION 7.1.** The State Board of Education shall allocate funds for children with
51 disabilities on the basis of three thousand five hundred dollars and seventy-seven cents

1 (\$3,500.77) per child for a maximum of 173,249 children for the 2009-2010 school year. Each
2 local school administrative unit shall receive funds for the lesser of (i) all children who are
3 identified as children with disabilities, or (ii) twelve and five-tenths percent (12.5%) of the
4 2009-2010 allocated average daily membership in the local school administrative unit.

5 The dollar amounts allocated under this section for children with disabilities shall
6 also adjust in accordance with legislative salary increments, retirement rate adjustments, and
7 health benefit adjustments for personnel who serve children with disabilities.

8 9 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

10 **SECTION 7.2.** The State Board of Education shall allocate funds for academically
11 or intellectually gifted children on the basis of one thousand one hundred sixty-three dollars
12 and seven cents (\$1,163.07) per child. A local school administrative unit shall receive funds for
13 a maximum of four percent (4%) of its 2009-2010 allocated average daily membership,
14 regardless of the number of children identified as academically or intellectually gifted in the
15 unit. The State Board shall allocate funds for no more than 58,597 children for the 2009-2010
16 school year.

17 The dollar amounts allocated under this section for academically or intellectually
18 gifted children shall also adjust in accordance with legislative salary increments, retirement rate
19 adjustments, and health benefit adjustments for personnel who serve academically or
20 intellectually gifted children.

21 22 **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

23 **SECTION 7.3.(a)** Use of Funds for Supplemental Funding. – All funds received
24 pursuant to this section shall be used only: (i) to provide instructional positions, instructional
25 support positions, teacher assistant positions, clerical positions, school computer technicians,
26 instructional supplies and equipment, staff development, and textbooks; (ii) for salary
27 supplements for instructional personnel and instructional support personnel; and (iii) to pay an
28 amount not to exceed ten thousand dollars (\$10,000) of the plant operation contract cost
29 charged by the Department of Public Instruction for services. Local boards of education are
30 encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this
31 section to improve the academic performance of children who are performing at Level I or II on
32 either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing
33 at Level I or II in grades 4 and 7.

34 **SECTION 7.3.(b)** Definitions. – As used in this section:

- 35 (1) "Anticipated county property tax revenue availability" means the
36 county-adjusted property tax base multiplied by the effective State average
37 tax rate.
- 38 (2) "Anticipated total county revenue availability" means the sum of the:
39 a. Anticipated county property tax revenue availability,
40 b. Local sales and use taxes received by the county that are levied under
41 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
42 Chapter 105 of the General Statutes,
43 c. Sales tax hold harmless reimbursement received by the county under
44 G.S. 105-521, and
45 d. Fines and forfeitures deposited in the county school fund for the most
46 recent year for which data are available.
- 47 (3) "Anticipated total county revenue availability per student" means the
48 anticipated total county revenue availability for the county divided by the
49 average daily membership of the county.

- 1 (4) "Anticipated State average revenue availability per student" means the sum
2 of all anticipated total county revenue availability divided by the average
3 daily membership for the State.
- 4 (5) "Average daily membership" means average daily membership as defined in
5 the North Carolina Public Schools Allotment Policy Manual, adopted by the
6 State Board of Education. If a county contains only part of a local school
7 administrative unit, the average daily membership of that county includes all
8 students who reside within the county and attend that local school
9 administrative unit.
- 10 (6) "County-adjusted property tax base" shall be computed as follows:
11 a. Subtract the present-use value of agricultural land, horticultural land,
12 and forestland in the county, as defined in G.S. 105-277.2, from the
13 total assessed real property valuation of the county,
14 b. Adjust the resulting amount by multiplying by a weighted average of
15 the three most recent annual sales assessment ratio studies,
16 c. Add to the resulting amount the:
17 1. Present-use value of agricultural land, horticultural land, and
18 forestland, as defined in G.S. 105-277.2,
19 2. Value of property of public service companies, determined in
20 accordance with Article 23 of Chapter 105 of the General
21 Statutes, and
22 3. Personal property value for the county.
- 23 (7) "County-adjusted property tax base per square mile" means the
24 county-adjusted property tax base divided by the number of square miles of
25 land area in the county.
- 26 (8) "County wealth as a percentage of State average wealth" shall be computed
27 as follows:
28 a. Compute the percentage that the county per capita income is of the
29 State per capita income and weight the resulting percentage by a
30 factor of five-tenths,
31 b. Compute the percentage that the anticipated total county revenue
32 availability per student is of the anticipated State average revenue
33 availability per student and weight the resulting percentage by a
34 factor of four-tenths,
35 c. Compute the percentage that the county-adjusted property tax base
36 per square mile is of the State-adjusted property tax base per square
37 mile and weight the resulting percentage by a factor of one-tenth,
38 d. Add the three weighted percentages to derive the county wealth as a
39 percentage of the State average wealth.
- 40 (9) "Effective county tax rate" means the actual county tax rate multiplied by a
41 weighted average of the three most recent annual sales assessment ratio
42 studies.
- 43 (10) "Effective State average tax rate" means the average of effective county tax
44 rates for all counties.
- 45 (11) "Local current expense funds" means the most recent county current expense
46 appropriations to public schools, as reported by local boards of education in
47 the audit report filed with the Secretary of the Local Government
48 Commission pursuant to G.S. 115C-447.
- 49 (12) "Per capita income" means the average for the most recent three years for
50 which data are available of the per capita income according to the most
51 recent report of the United States Department of Commerce, Bureau of

1 Economic Analysis, including any reported modifications for prior years as
2 outlined in the most recent report.

3 (13) "Sales assessment ratio studies" means sales assessment ratio studies
4 performed by the Department of Revenue under G.S. 105-289(h).

5 (14) "State average current expense appropriations per student" means the most
6 recent State total of county current expense appropriations to public schools,
7 as reported by local boards of education in the audit report filed with the
8 Secretary of the Local Government Commission pursuant to G.S. 115C-447.

9 (15) "State average adjusted property tax base per square mile" means the sum of
10 the county-adjusted property tax bases for all counties divided by the
11 number of square miles of land area in the State.

12 (16) "Supplant" means to decrease local per student current expense
13 appropriations from one fiscal year to the next fiscal year.

14 (17) "Weighted average of the three most recent annual sales assessment ratio
15 studies" means the weighted average of the three most recent annual sales
16 assessment ratio studies in the most recent years for which county current
17 expense appropriations and adjusted property tax valuations are available. If
18 real property in a county has been revalued one year prior to the most recent
19 sales assessment ratio study, a weighted average of the two most recent sales
20 assessment ratios shall be used. If property has been revalued the year of the
21 most recent sales assessment ratio study, the sales assessment ratio for the
22 year of revaluation shall be used.

23 **SECTION 7.3.(c) Eligibility for Funds.** – Except as provided in subsection (g) of
24 this section, the State Board of Education shall allocate these funds to local school
25 administrative units located in whole or in part in counties in which the county wealth as a
26 percentage of the State average wealth is less than one hundred percent (100%).

27 **SECTION 7.3.(d) Allocation of Funds.** – Except as provided in subsection (f) of
28 this section, the amount received per average daily membership for a county shall be the
29 difference between the State average current expense appropriations per student and the current
30 expense appropriations per student that the county could provide given the county's wealth and
31 an average effort to fund public schools. (To derive the current expense appropriations per
32 student that the county could be able to provide given the county's wealth and an average effort
33 to fund public schools, multiply the county's wealth as a percentage of State average wealth by
34 the State average current expense appropriations per student.) The funds for the local school
35 administrative units located in whole or in part in the county shall be allocated to each local
36 school administrative unit located in whole or in part in the county based on the average daily
37 membership of the county's students in the school units. If the funds appropriated for
38 supplemental funding are not adequate to fund the formula fully, each local school
39 administrative unit shall receive a pro rata share of the funds appropriated for supplemental
40 funding.

41 **SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to**
42 **This Section Only.** – The formula in this section is solely a basis for distribution of
43 supplemental funding for low-wealth counties and is not intended to reflect any measure of the
44 adequacy of the educational program or funding for public schools. The formula is also not
45 intended to reflect any commitment by the General Assembly to appropriate any additional
46 supplemental funds for low-wealth counties.

47 **SECTION 7.3.(f) Minimum Effort Required.** – Counties that had effective tax
48 rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that
49 had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall
50 receive reduced funding under this section. This reduction in funding shall be determined by
51 subtracting the amount that the county would have received pursuant to Section 17.1(g) of

Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only. This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws. If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and
- (2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.3.(h) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.3.(i) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four,

- 1 and seven additional regular classroom teachers in counties in which the
2 average daily membership per square mile is four or fewer.
- 3 (3) Provide additional program enhancement teachers adequate to offer the
4 standard course of study.
- 5 (4) Change the duty-free period allocation to one teacher assistant per 400
6 average daily membership.
- 7 (5) Provide a base for the consolidated funds allotment of at least seven hundred
8 eighty-eight thousand seven hundred eighty-nine dollars (\$788,789),
9 excluding textbooks, for the 2009-2010 fiscal year and a base of seven
10 hundred eighty-eight thousand seven hundred eighty-nine dollars (\$788,789)
11 for the 2010-2011 fiscal year.
- 12 (6) Allot vocational education funds for grade 6 as well as for grades 7-12. If
13 funds appropriated for each fiscal year for small school system supplemental
14 funding are not adequate to fully fund the program, the State Board of
15 Education shall reduce the amount allocated to each county school
16 administrative unit on a pro rata basis. This formula is solely a basis for
17 distribution of supplemental funding for certain county school administrative
18 units and is not intended to reflect any measure of the adequacy of the
19 educational program or funding for public schools. The formula is also not
20 intended to reflect any commitment by the General Assembly to appropriate
21 any additional supplemental funds for such county administrative units.

22 **SECTION 7.4.(b) Nonsupplant Requirement.** – A county in which a local school
23 administrative unit receives funds under this section shall use the funds to supplement local
24 current expense funds and shall not supplant local current expense funds. For the 2009-2011
25 fiscal biennium, the State Board of Education shall not allocate funds under this section to a
26 county found to have used these funds to supplant local per student current expense funds. The
27 State Board of Education shall make a finding that a county has used these funds to supplant
28 local current expense funds in the prior year, or the year for which the most recent data are
29 available, if:

- 30 (1) The current expense appropriation per student of the county for the current
31 year is less than ninety-five percent (95%) of the average of the local current
32 expense appropriations per student for the three prior fiscal years; and
- 33 (2) The county cannot show: (i) that it has remedied the deficiency in funding or
34 (ii) that extraordinary circumstances caused the county to supplant local
35 current expense funds with funds allocated under this section. The State
36 Board of Education shall adopt rules to implement this section.

37 **SECTION 7.4.(c) Phase-Out Provisions.** – If a local school administrative unit
38 becomes ineligible for funding under this formula because of (i) an increase in the population
39 of the county in which the local school administrative unit is located or (ii) an increase in the
40 county-adjusted property tax base per student of the county in which the local school
41 administrative unit is located, funding for that unit shall be continued for nine years after the
42 unit becomes ineligible.

43 **SECTION 7.4.(d) Definitions.** – As used in this section:

- 44 (1) "Average daily membership" means within two percent (2%) of the average
45 daily membership as defined in the North Carolina Public Schools Allotment
46 Policy Manual adopted by the State Board of Education.
- 47 (2) "County-adjusted property tax base per student" means the total assessed
48 property valuation for each county, adjusted using a weighted average of the
49 three most recent annual sales assessment ratio studies, divided by the total
50 number of students in average daily membership who reside within the
51 county.

- 1 (3) "Local current expense funds" means the most recent county current expense
2 appropriations to public schools, as reported by local boards of education in
3 the audit report filed with the Secretary of the Local Government
4 Commission pursuant to G.S. 115C-447.
- 5 (4) "Sales assessment ratio studies" means sales assessment ratio studies
6 performed by the Department of Revenue under G.S. 105-289(h).
- 7 (5) "State-adjusted property tax base per student" means the sum of all
8 county-adjusted property tax bases divided by the total number of students in
9 average daily membership who reside within the State.
- 10 (6) "Supplant" means to decrease local per student current expense
11 appropriations from one fiscal year to the next fiscal year.
- 12 (7) "Weighted average of the three most recent annual sales assessment ratio
13 studies" means the weighted average of the three most recent annual sales
14 assessment ratio studies in the most recent years for which county current
15 expense appropriations and adjusted property tax valuations are available. If
16 real property in a county has been revalued one year prior to the most recent
17 sales assessment ratio study, a weighted average of the two most recent sales
18 assessment ratios shall be used. If property has been revalued during the year
19 of the most recent sales assessment ratio study, the sales assessment ratio for
20 the year of revaluation shall be used.

21 **SECTION 7.4.(e) Reports.** – The State Board of Education shall report to the Joint
22 Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties
23 have supplanted funds.

24 **SECTION 7.4.(f) Use of Funds.** – Local boards of education are encouraged to use
25 at least twenty percent (20%) of the funds they receive pursuant to this section to improve the
26 academic performance of children who are performing at Level I or II on either reading or
27 mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II
28 on the writing tests in grades 4 and 7.

30 **REPLACEMENT SCHOOL BUSES/FUNDS**

31 **SECTION 7.5.(a)** The State Board of Education may impose any of the following
32 conditions on allotments to local boards of education for replacement school buses:

- 33 (1) The local board of education shall use the funds only to make the first,
34 second, third, or fourth year's payment on a financing contract entered into
35 pursuant to G.S. 115C-528.
- 36 (2) The term of a financing contract entered into under this section shall not
37 exceed four years.
- 38 (3) The local board of education shall purchase the buses only from vendors
39 selected by the State Board of Education and on terms approved by the State
40 Board of Education.
- 41 (4) The Department of Administration, Division of Purchase and Contract, in
42 cooperation with the State Board of Education, shall solicit bids for the
43 direct purchase of school buses and activity buses and shall establish a
44 statewide term contract for use by the State Board of Education. Local
45 boards of education and other agencies shall be eligible to purchase from the
46 statewide term contract. The State Board of Education shall also solicit bids
47 for the financing of school buses.
- 48 (5) A bus financed pursuant to this section shall meet all federal motor vehicle
49 safety regulations for school buses.
- 50 (6) Any other condition the State Board of Education considers appropriate.

1 **SECTION 7.5.(b)** Any term contract for the purchase or lease-purchase of school
2 buses or school activity buses shall not require vendor payment of the electronic procurement
3 transaction fee of the North Carolina E-Procurement Service.
4

5 **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

6 **SECTION 7.6.(a)** If the State Board of Education does not have sufficient
7 resources in the ADM Contingency Reserve line item to make allotment adjustments in
8 accordance with the Allotment Adjustments for ADM Growth provisions of the North Carolina
9 Public Schools Allotment Policy Manual, the State Board of Education may use funds
10 appropriated to State Aid for Public Schools for this purpose.

11 **SECTION 7.6.(b)** If the higher of the first or second month average daily
12 membership in a local school administrative unit is at least two percent (2%) or 100 students
13 lower than the anticipated average daily membership used for allotments for the unit, the State
14 Board of Education shall reduce allotments for the unit. The reduced allotments shall be based
15 on the higher of the first or second month average daily membership plus one-half of the
16 number of students overestimated in the anticipated average daily membership.

17 The allotments reduced pursuant to this subsection shall include only those
18 allotments that may be increased pursuant to the Allotment Adjustments for ADM Growth
19 provisions of the North Carolina Public Schools Allotment Policy Manual.
20

21 **LITIGATION RESERVE FUNDS**

22 **SECTION 7.7.** The State Board of Education may expend up to five hundred
23 thousand dollars (\$500,000) each year for the 2009-2010 and 2010-2011 fiscal years from
24 unexpended funds for certified employees' salaries to pay expenses related to litigation.
25

26 **LEA FLEXIBILITY**

27 **SECTION 7.8.(a)** The State Board of Education shall implement temporary
28 modifications to the limitations on budget flexibility set out in G.S. 115C-105.25. For the
29 2009-2010 and 2010-2011 fiscal years, local school administrators shall make every effort to
30 reduce spending whenever and wherever such budget reductions are appropriate as long as the
31 targeted reductions do not directly impact classroom services or any services for students at risk
32 or children with special needs.

33 **SECTION 7.8.(b)** Within 14 days of the date this act becomes law, the State Board
34 of Education shall notify each local school administrative unit and charter school of the amount
35 the unit shall reduce from the State General Fund appropriations. The State Board shall
36 determine the amount of the reduction for each unit on the basis of average daily membership.

37 **SECTION 7.8.(c)** Each unit shall report to the Department of Public Instruction on
38 the flexibility budget reductions it has identified for the unit within 30 days of the date this act
39 becomes law.
40

41 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS**

42 **SECTION 7.9.(a)** Beginning with the 2010-2011 fiscal year, the State Board of
43 Education shall implement an allotment formula for e-learning developed pursuant to Section
44 7.16(d) of S.L. 2006-66.

45 The North Carolina Virtual Public School (NCVPS) shall be available at no cost to
46 all high school students in North Carolina who are enrolled in North Carolina's public schools,
47 Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

48 The Department of Public Instruction shall communicate to local school
49 administrative units all applicable guidelines regarding the enrollment of nonpublic school
50 students in these courses.

1 **SECTION 7.9.(b)** In order to ensure funds are available to operate NCVPS for the
2 2009-2010 fiscal year, the State Board of Education shall use funding sources in the following
3 order:

- 4 (1) The General Fund appropriation for NCVPS;
- 5 (2) Available funds received under the American Recovery and Reinvestment
6 Act;
- 7 (3) Up to six million dollars (\$6,000,000) of funds appropriated for school
8 technology;
- 9 (4) Funds from the State Public School Fund.

10 **SECTION 7.9.(c)** NCVPS courses shall be available only to high school students.

11 **SECTION 7.9.(d)** The State Board of Education shall report to the Joint
12 Legislative Education Oversight Committee and the Fiscal Research Division by December 15,
13 2009, on its implementation of this section.

14 15 **LEARN AND EARN ONLINE**

16 **SECTION 7.10.(a)** Funds are appropriated in this act for the Learn and Earn
17 Online program. This program will allow high school students to enroll in college courses to
18 qualify for college credit. Online courses shall be made available to students through The
19 University of North Carolina and the North Carolina Community College System.

20 **SECTION 7.10.(b)** Funds shall be used for:

- 21 (1) Course tuition and only those technology and course fees and textbooks
22 required for course participation; and
- 23 (2) A liaison position in the Department of Public Instruction to coordinate with
24 The University of North Carolina and the North Carolina Community
25 College System and to communicate course availability and related
26 information to high school administrators, teachers, and counselors.

27 **SECTION 7.10.(c)** The State Board of Education shall determine the allocation of
28 Learn and Earn Online course offerings across the State.

29 **SECTION 7.10.(d)** The State Board of Education shall allot funds for tuition, fees,
30 and textbooks on the basis of and after verification of the credit hour enrollment of high school
31 students in Learn and Earn Online courses. The Office of State Budget and Management shall
32 transfer sufficient funds from the State Public School Fund to the Community Colleges System
33 Office for courses offered by community colleges.

34 **SECTION 7.10.(e)** The University of North Carolina program shall report to The
35 University of North Carolina Board of Governors, and the North Carolina Community College
36 program shall report to the State Board of Community Colleges. The Department of Public
37 Instruction shall report to the State Board of Education.

38 **SECTION 7.10.(f)** Both The University of North Carolina and the North Carolina
39 Community College System shall provide oversight and coordination, including coordination
40 with the Department of Public Instruction and with the North Carolina Virtual Public School
41 (NCVPS), to avoid course duplication.

42 **SECTION 7.10.(g)** The programs shall establish course quality and rigor standards
43 and shall conduct course evaluations to ensure that the online courses meet the established
44 standards.

45 **SECTION 7.10.(h)** Local school administrative units may purchase textbooks for
46 Learn and Earn Online courses through the Department of Public Instruction's textbook
47 warehouse in the same manner as textbooks that have been adopted for public school students
48 by the State Board of Education.

49 **SECTION 7.10.(i)** Funds appropriated for Learn and Earn Online that are
50 unexpended or unencumbered at the end of each fiscal year shall not revert but shall remain
51 available for expenditure.

1 **SECTION 7.10.(j)** Subsection (i) of this section becomes effective June 30, 2009.

2
3 **ABCS OF PUBLIC EDUCATION**

4 **SECTION 7.11.** Notwithstanding G.S. 115C-105.36, the State Board of Education
5 shall place a one-year moratorium on financial awards paid to school personnel in the
6 2009-2010 fiscal year based on 2008-2009 student academic performance.

7 The State Board of Education shall develop a plan to restructure the ABCs
8 Accountability System and report the restructuring plan to the Governor and General Assembly
9 by January 31, 2010.

10
11 **SCHOOL CONNECTIVITY INITIATIVE**

12 **SECTION 7.12.(a)** Up to three hundred thousand dollars (\$300,000) may be
13 transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education
14 Cabinet. These funds may be used for services to coordinate e-learning activities across all
15 State educational agencies.

16 **SECTION 7.12.(b)** Of the funds allocated for the School Connectivity Initiative,
17 the sum of two hundred fifty thousand dollars (\$250,000) may be used annually to sustain the
18 Education E-Learning Portal.

19 **SECTION 7.12.(c)** Section 7.6(a) of S.L. 2008-107 reads as rewritten:

20 "**SECTION 7.6.(a)** Up to ~~six~~ three hundred thousand dollars (~~\$600,000~~) (\$300,000) may be
21 transferred annually through June 30, 2013, to the Friday Institute at North Carolina State
22 University to evaluate the effectiveness of using technology and its impact on 21st Century
23 Teaching and Learning outcomes approved by the State Board of Education. The Friday
24 Institute shall report annually to the State Board of Education on the evaluation ~~results,~~
25 ~~including recommendations for continued implementation of the school connectivity initiative~~
26 ~~that improves teaching and learning results.~~"

27 **SECTION 7.12.(d)** Funds allocated to the School Connectivity Initiative shall
28 carry forward to the next fiscal year until the project is fully implemented by June 30, 2010.

29 **SECTION 7.12.(e)** Subsection (d) of this section becomes effective on June 30,
30 2009.

31
32 **DROPOUT PREVENTION GRANTS**

33 **SECTION 7.13.(a)** Dropout Prevention Grants. – The Committee on Dropout
34 Prevention, as reestablished in Section 7.14 of S.L. 2008-107, may use funds appropriated in
35 this act to provide grants to new recipients or to extend additional funding to organizations that
36 received funding previously.

37 **SECTION 7.13.(b)** Criteria for Dropout Prevention Grants. – The following
38 criteria apply to all types of dropout prevention grants approved by the Committee:

- 39 (1) Grants shall be issued in varying amounts up to a maximum of one hundred
40 fifty thousand dollars (\$150,000).
41 (2) These grants shall be provided to innovative programs and initiatives that
42 target students at risk of dropping out of school and that demonstrate the
43 potential to (i) be developed into effective, sustainable, and coordinated
44 dropout prevention and reentry programs in middle schools and high schools
45 and (ii) serve as effective models for other programs.
46 (3) Grants shall be distributed geographically throughout the State and
47 throughout the eight educational districts as defined in G.S. 115C-65. No
48 more than three grants shall be awarded in any one county under this section
49 in a single fiscal year.
50 (4) Grants may be made to local school administrative units, schools, local
51 agencies, or nonprofit organizations.

- 1 (5) Grants shall be to programs and initiatives that hold all students to high
2 academic and personal standards.
- 3 (6) Grant applications shall state (i) how grant funds will be used, (ii) what, if
4 any, other resources will be used in conjunction with the grant funds, (iii)
5 how the program or initiative will be coordinated to enhance the
6 effectiveness of existing programs, initiatives, or services in the community,
7 and (iv) a process for evaluating the success of the program or initiative.
- 8 (7) Programs and initiatives that receive grants under this section shall be based
9 on best practices for helping at-risk students achieve successful academic
10 progress, preventing students from dropping out of school, or for increasing
11 the high school completion rate for those students who already have dropped
12 out of school.
- 13 (8) Priority for grants shall be given to proposals that demonstrate input from
14 the local community and coordination with other available programs or
15 resources.
- 16 (9) Grantees shall assure their compliance with applicable laws and rules
17 regulating conflicts of interest.
- 18 (10) Priority for grants shall be given to programs that would serve students in
19 local schools that have a four-year cohort graduation rate of less than
20 sixty-five percent (65%). The Committee shall establish a grant rating cutoff
21 score at such a level as to allow for consideration of all viable grants in this
22 priority category. The Committee may require grantees to provide
23 supplemental information in response to any prior reviewer comments.
- 24 (11) The demonstrated need for a grant, level of collaboration, ability to increase
25 attendance, persistence, academic success, ability to increase parental
26 involvement, and graduation shall be given more weight than the quality of
27 the written grant.
- 28 (12) Grants shall be made no later than November 1, 2009.
- 29 The Committee shall report to the Joint Legislative Commission on Dropout
30 Prevention and High School Graduation and the Joint Legislative Education Oversight
31 Committee on the grants awarded under this section by March 1, 2010.
- 32 **SECTION 7.13.(c) Evaluation.** – The Committee shall evaluate the impact of the
33 dropout prevention grants awarded under this section. In evaluating the impact of the grants,
34 the Committee shall consider:
- 35 (1) How grant funds were used, including the services provided for teen
36 pregnancy prevention and for pregnant and parenting teens;
- 37 (2) The success of the program or initiative, as indicated by the evaluation
38 process stated in its grant application;
- 39 (3) The extent to which the program or initiative has improved students'
40 attendance, test scores, persistence, and graduation rates;
- 41 (4) How the program or initiative was coordinated to enhance the effectiveness
42 of existing programs, initiatives, or services in the community;
- 43 (5) What, if any, other resources were used in conjunction with the grant funds;
- 44 (6) The sustainability of the program;
- 45 (7) The number, gender, ethnicity, and grade level of students being served as
46 well as whether the students left school due to pregnancy or parenting
47 responsibilities;
- 48 (8) The potential for the program to serve as a model for achieving successful
49 academic progress for at-risk students; and
- 50 (9) Other indicators of the impact of the grant on dropout prevention.

1 The recipients of the dropout prevention grants awarded under this section shall
2 report to the Committee on Dropout Prevention by January 31, 2011, and by September 30,
3 2011. The reports shall provide information to assist the Committee in conducting its
4 evaluation. The reports shall include a statement that the recipients used grant funds for the
5 purposes appropriated by the General Assembly and complied with applicable laws,
6 regulations, and terms and conditions of the grant documents. The Committee shall make an
7 interim report of the results of its evaluation of the grants awarded under this section by March
8 31, 2011, to the Joint Legislative Commission on Dropout Prevention and High School
9 Graduation and to the Joint Legislative Education Oversight Committee. The Committee shall
10 make a final report of the results of its evaluation of the grants awarded under subsection (c) of
11 this section by November 15, 2011, to the Joint Legislative Commission on Dropout Prevention
12 and High School Graduation and to the Joint Legislative Education Oversight Committee.

13 **SECTION 7.13.(d)** Of the funds appropriated in this act for the Committee on
14 Dropout Prevention, the sum of one million dollars (\$1,000,000) for the 2009-2010 and
15 2010-2011 fiscal years shall be used to award new grants, as well as additional grants to
16 previous grant recipients, in accordance with subsection (b) of this section.

17 **SECTION 7.13.(e)** Funds appropriated for the dropout prevention grants for the
18 2009-2010 fiscal year and the 2010-2011 fiscal year shall not revert but shall remain available
19 for expenditure until August 31, 2011.

20 **SECTION 7.13.(f)** Of the funds appropriated for the dropout prevention grants, the
21 sum of one hundred thousand dollars (\$100,000) for the 2009-2010 and 2010-2011 fiscal years
22 may be used to issue a request for proposals from qualified vendors on a competitive basis to
23 contract as a consultant to assist with the evaluation. The factors to be considered in awarding
24 the contract shall be identified in the request for proposals.

25 **SECTION 7.13.(g)** Of the funds appropriated for the dropout prevention grants,
26 the Department of Public Instruction may use up to fifty thousand dollars (\$50,000) in fiscal
27 years 2009-2010 and 2010-2011 for its administrative assistance to the Committee and provide
28 technical assistance under this section.

29 30 **DEPARTMENT OF PUBLIC INSTRUCTION/BUDGET FLEXIBILITY**

31 **SECTION 7.14.** Notwithstanding G.S. 143C-6-4, the Department of Public
32 Instruction may reorganize, if necessary, to implement the budget reductions set out in this act.
33 The Department shall report to the Joint Legislative Commission on Governmental Operations
34 on any reorganization.

35 36 **BUSINESS EDUCATION TECHNOLOGY ALLIANCE**

37 **SECTION 7.15.** G.S. 115C-102.15 is repealed.

38 39 **CRITICAL FOREIGN LANGUAGE PILOT FUNDS DO NOT REVERT**

40 **SECTION 7.16.(a)** Funds appropriated for the Critical Foreign Language Pilot that
41 are unexpended or unencumbered shall not revert but shall remain available for expenditure
42 through June 30, 2010.

43 **SECTION 7.16.(b)** This section becomes effective June 30, 2009.

44 45 **NORTH CAROLINA 1:1 LEARNING PROJECT**

46 **SECTION 7.17.(a)** Funds appropriated for the North Carolina 1:1 Learning Project
47 that are unexpended or unencumbered at the end of the 2008-2009 fiscal year shall not revert
48 but shall remain available for expenditure through June 30, 2010.

49 **SECTION 7.17.(b)** This section becomes effective June 30, 2009.

50 51 **ASSESSMENT AND ACCOUNTABILITY**

1 **SECTION 7.18.(a)** Funds appropriated in this act for assessment and
2 accountability shall be used to develop new end-of-course and end-of-grade tests, identify
3 national assessments, or both, as determined by the State Board of Education. The
4 development of any new tests replacing end-of-course and end-of-grade tests shall be aligned
5 with the new essential standards and included in the State Board of Education's new
6 accountability restructuring plan.

7 **SECTION 7.18.(b)** Notwithstanding G.S. 115C-174.11, the State Board of
8 Education shall investigate and pilot a developmentally appropriate diagnostic assessment for
9 students in elementary grades during the 2009-2010 school year. This assessment will (i)
10 enable teachers to determine student learning needs and individualize instruction and (ii) ensure
11 that students are adequately prepared for the next level of coursework as set out by the standard
12 course of study.

13 The State Board of Education shall report the results of the pilot to the Joint
14 Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of
15 State Budget and Management, by December 1, 2010.

16 **SECTION 7.18.(c)** Funds appropriated for assessment and accountability that
17 remain unexpended and unencumbered at the end of the 2009-2010 fiscal year shall not revert
18 but shall remain available for expenditure through June 30, 2011.

19 **DEVELOPMENT OF A PREK-20 DATA SYSTEM**

20 **SECTION 7.19.(a)** The Department of Public Instruction, the North Carolina
21 Community College System, and The University of North Carolina shall collaboratively
22 develop and systematically determine the technical specifications and data standards for a
23 PreK-20 data system to centralize student data collected about students enrolled in
24 prekindergarten programs through doctoral programs. The PreK-20 data system shall build
25 upon the current capacity, programs, and initiatives of the Department of Public Instruction, the
26 North Carolina Community College System, and The University of North Carolina.

27 The Department of Public Instruction, the North Carolina Community College
28 System, and The University of North Carolina shall also collaboratively develop a strategy for
29 tracking students for five years after they complete their education at a North Carolina public
30 educational institution.

31 **SECTION 7.19.(b)** The PreK-20 data standards and specifications shall include:

- 32 (1) The types and forms of data to be included in a PreK-20 data system,
33 including longitudinal data and the use of a unique student identifier;
- 34 (2) The capacity of a shared PreK-20 data system;
- 35 (3) The degree and extent of cooperation between a shared PreK-20 data system
36 and the current data collection systems of the Department of Public
37 Instruction, the North Carolina Community College System, and The
38 University of North Carolina;
- 39 (4) The minimum capacity and technical specifications needed for each data
40 system to feed into a shared PreK-20 data system; and
- 41 (5) The ability for data in a shared PreK-20 data system to be understood and
42 used by interested stakeholders, including federal and other State agencies.

43 **SECTION 7.19.(c)** Standards and specifications shall conform to the guidelines
44 and instructions governing any funds received through the American Recovery and
45 Reinvestment Act of 2009 for this purpose.

46 **SECTION 7.19.(d)** Standards and specifications shall be submitted to the
47 Education Cabinet no later than January 1, 2010. The Education Cabinet shall review these
48 standards and submit its recommendations regarding them to the Joint Legislative Education
49 Oversight Committee, the Fiscal Research Division, and the Office of State Budget and
50 Management by March 1, 2010.

ELIMINATE CERTAIN TESTS

SECTION 7.20.(a) The State Board of Education shall identify and eliminate certain unnecessary or duplicative tests not required by the federal government for No Child Left Behind (NCLB) to determine Adequate Yearly Progress (AYP).

SECTION 7.20.(b) G.S. 115C-174.10 reads as rewritten:

"§ 115C-174.10. Purposes of the Statewide Testing Program.

The ~~three~~ testing programs in this Article have three purposes: (i) to assure that all high school graduates possess those minimum skills and that knowledge thought necessary to function as a member of society; (ii) to provide a means of identifying strengths and weaknesses in the education process in order to improve instructional delivery; and (iii) to establish additional means for making the education system at the State, local, and school levels accountable to the public for results."

SECTION 7.20.(c) G.S. 115C-174.11 reads as rewritten:

"§ 115C-174.11. Components of the testing program.

(a) Assessment Instruments for First and Second Grades. – The State Board of Education shall adopt and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades, rather than standardized tests. Local school administrative units may use these assessment instruments provided to them by the State Board for first and second grade students, and shall not use standardized tests except as required as a condition of receiving a federal grant under the Reading First Program.

~~(b) Competency Testing Program.~~

~~(1) The State Board of Education shall adopt tests or other measurement devices which may be used to assure that graduates of the public high schools and graduates of nonpublic schools supervised by the State Board of Education pursuant to the provisions of Part 1 of Article 39 of this Chapter possess the skills and knowledge necessary to function independently and successfully in assuming the responsibilities of citizenship.~~

~~(2) The tests shall be administered annually to all ninth grade students in the public schools. Students who fail to attain the required minimum standard for graduation in the ninth grade shall be given remedial instruction and additional opportunities to take the test up to and including the last month of the twelfth grade. Students who fail to pass parts of the test shall be retested on only those parts they fail. Students in the ninth grade who are enrolled in special education programs or who have been officially designated as eligible for participation in such programs may be excluded from the testing programs.~~

~~(3) The State Board of Education shall:~~

~~a. Adopt one or more nationally standardized tests or other nationally standardized equivalent measures that measure competencies in the verbal and quantitative areas; or~~

~~b. Develop and validate alternate means and standards for demonstrating minimum competence. These standards must be as difficult as the tests adopted pursuant to subdivision (1) of this subsection.~~

~~The State Board of Education shall adopt a policy to identify which students and under what circumstances students may pass one of these tests in lieu of the testing requirement of subdivision (2) of this subsection.~~

~~(3a) Students with disabilities who fail to pass the competency test adopted pursuant to subdivision (2) of this subsection after two attempts shall be~~

1 given the opportunity to take and pass one of the alternate tests adopted
2 pursuant to subdivision (3) of this subsection.

3 (4) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 18.14.

4 (c) Annual Testing Program.

5 (1) The State Board of Education shall adopt ~~a system of annual testing~~ the tests
6 for grades three through 12 that are required by federal law or as a
7 condition of a federal grant. These tests shall be designed to measure
8 progress toward reading, communication skills, and mathematics for grades
9 three through eight, and toward competencies ~~designated by the State Board~~
10 ~~for grades nine through 12. The State Board may develop and implement a~~
11 ~~plan for high school end-of-course tests that must be aligned with the content~~
12 ~~standards developed under G.S. 115C-12(9e).~~ Students who do not pass the
13 tests adopted for eighth grade shall be provided remedial instruction in the
14 ninth grade. ~~This assistance shall be calculated to prepare the students to~~
15 ~~pass the competency test administered under subsection (b) of this section.~~

16 (2) If the State Board of Education finds that additional testing in grades three
17 through 12 is desirable to allow comparisons with national indicators of
18 student achievement, that testing shall be conducted with the smallest size
19 sample of students necessary to assure valid comparisons with other states.

20 (d) The State Board of Education shall not require the public schools to administer any
21 standardized tests except for those required by federal law or as a condition of a federal grant.

22 The State Board of Education shall adopt and provide to local school administrative units
23 all tests required by federal law or as a condition of a federal grant."

24 **SECTION 7.20.(d)** G.S. 115C-174.12 reads as rewritten:

25 **"§ 115C-174.12. Responsibilities of agencies.**

26 (a) The State Board of Education shall establish policies and guidelines necessary for
27 minimizing the time students spend taking tests administered through State and local testing
28 programs, for minimizing the frequency of field testing at any one school, and for otherwise
29 carrying out the provisions of this Article. These policies and guidelines shall include the
30 following:

31 (1) Schools shall devote no more than two days of instructional time per year to
32 the taking of practice tests that do not have the primary purpose of assessing
33 current student learning;

34 (2) Students in a school shall not be subject to field tests or ~~national tests~~ other
35 standardized tests during the two-week period preceding the administration
36 of end-of-grade tests, end-of-course tests, or the school's regularly scheduled
37 final exams; and

38 (3) No school shall participate in more than two field tests at any one grade level
39 during a school year unless that school volunteers, through a vote of its
40 school improvement team, to participate in an expanded number of field
41 tests.

42 These policies shall reflect standard testing practices to insure reliability and validity of the
43 sample testing. The results of the field tests shall be used in the final design of each test. The
44 State Board of Education's policies regarding the testing of children with disabilities shall (i)
45 provide broad accommodations and alternate methods of assessment that are consistent with a
46 child's individualized education program and section 504 (29 U.S.C. § 794) plans, (ii) prohibit
47 the use of statewide tests as the sole determinant of decisions about a child's graduation or
48 promotion, and (iii) provide parents with information about the Statewide Testing Program and
49 options for students with disabilities. The State Board shall report its proposed policies and
50 proposed changes in policies to the Joint Legislative Education Oversight Committee prior to
51 adoption.

1 The State Board of Education may appoint an Advisory Council on Testing to assist in
2 carrying out its responsibilities under this Article.

3 (b) The ~~Superintendent of Public Instruction~~ Chief Executive Officer shall be
4 responsible, under policies adopted by the State Board of Education, for the statewide
5 administration of the testing program provided by this Article.

6 (b1) The ~~Superintendent~~ Chief Executive Officer shall notify local boards of education
7 by October 1 of each year of any field tests that will be administered in their schools during the
8 school year, the schools at which the field tests will be administered, and the specific field tests
9 that will be administered at each school.

10 (c) Local boards of education shall cooperate with the State Board of Education in
11 implementing the provisions of this Article, including the regulations and policies established
12 by the State Board of Education. Local school administrative units shall use the annual ~~and~~
13 ~~competency testing programs tests~~ to fulfill the purposes set out in this Article. Local school
14 administrative units are encouraged to continue to develop local testing programs designed to
15 diagnose student ~~needs further needs.~~"

16 17 REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING

18 **SECTION 7.21.(a)** The State Board of Education shall:

- 19 (1) Review the lateral entry program and identify and remove from it barriers to
20 the lateral entry of skilled individuals from the private sector into the
21 teaching profession;
- 22 (2) Reduce the coursework requirements for lateral entry by consolidating the
23 required competencies into fewer courses and fewer semester hours of
24 coursework; and
- 25 (3) Provide additional opportunities for individuals to complete coursework
26 online and at community colleges.

27 **SECTION 7.21.(b)** The State Board of Education shall report to the Joint
28 Legislative Education Oversight Committee by January 15, 2010, on its implementation of this
29 section.

30 31 NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS

32 **SECTION 7.22.(a)** G.S. 115C-285(a) is amended by adding a new subdivision to
33 read:

34 "**§ 115C-285. Salary.**

35 (a) Principals and supervisors shall be paid promptly when their salaries are due
36 provided the legal requirements for their employment and service have been met. All principals
37 and supervisors employed by any local school administrative unit who are to be paid from local
38 funds shall be paid promptly as provided by law and as State-allotted principals and supervisors
39 are paid.

40 Principals and supervisors paid from State funds shall be paid as follows:

41 ...

- 42 (8) A teacher who becomes an assistant principal without a break in service
43 shall be paid, on a monthly basis, at least as much as he or she would earn as
44 a teacher employed by that local school administrative unit."

45 **SECTION 7.22.(b)** This section becomes effective July 1, 2009, and applies to all
46 persons initially employed as assistant principals on or after that date.

47 48 INCREASE CLASS SIZE

49 **SECTION 7.23.** Notwithstanding any other provision of law, the allotment ratios,
50 the maximum class size, and the maximum average class size limits for each grade level in the

1 public schools shall be two students higher beginning with the 2009-2010 school year than they
2 were for the 2008-2009 school year.

3 It is the intent of the General Assembly that this increase remain in effect for a
4 maximum of two years and that lower class sizes be restored as soon as State revenues make it
5 fiscally responsible to do so.

7 **DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC** 8 **SCHOOL FUND**

9 **SECTION 7.25.** Notwithstanding the provisions of G.S. 115C-546.1(b), the
10 Secretary of Revenue shall not remit any funds for credit to the Public School Building Capital
11 Fund during the 2009-2011 fiscal biennium but shall deposit in the State Public School Fund
12 the funds that would have otherwise been deposited in the Public School Building Capital Fund
13 pursuant to G.S. 115C-546.1(b). The Department of Public Instruction may continue to use
14 these funds to support six positions in the School Planning Division.

16 **TEACHERS FOR GEOGRAPHICALLY ISOLATED K-12 SCHOOLS**

17 **SECTION 7.26.** The State Board of Education shall modify its policy on the
18 allotment of additional classroom teachers to schools containing grades K-12 when
19 consolidation is not feasible due to the geographic isolation of the school. In administering this
20 policy with regard to a school located in a local school administrative unit in which the average
21 daily membership is less than 1.5 per square mile, the State Board of Education shall, at a
22 minimum:

- 23 (1) Allot teachers to the geographically isolated school on the basis of one
24 classroom teacher per grade level; and
- 25 (2) Allot teachers to the remainder of the local school administrative unit under
26 the regular teacher allotment formula.

27 The State Board of Education may allot additional teachers to the local school administrative
28 unit if demographic conditions warrant.

30 **ENSURE ACCESS TO THE EVAAS SYSTEM**

31 **SECTION 7.27.** The State Board of Education shall use funds appropriated to the
32 State Public School Fund for the 2009-2011 fiscal biennium to ensure that all local school
33 administrative units and charter schools have access to SAS EVAAS (Education Value Added
34 Assessment System).

36 **LOCAL BOARDS MUST INFORM PUBLIC ABOUT SCHOOL REPORT CARDS**

37 **SECTION 7.28.** G.S. 115C-47 is amended by adding a new subdivision to read:
38 "**§ 115C-47. Powers and duties generally.**

39 In addition to the powers and duties designated in G.S. 115C-36, local boards of education
40 shall have the power or duty:

41 ...

- 42 (53) To Inform the Public About the North Carolina School Report Cards Issued
43 by the State Board of Education. – Each local board of education shall
44 ensure that the report card issued for it by the State Board of Education
45 receives wide distribution to the local press or otherwise."

47 **PLAN FOR STATEWIDE MOTOR COACH PERMIT**

48 **SECTION 7.29.(a)** The State Board of Education, in conjunction with the Division
49 of Motor Vehicles, shall develop a plan for a Statewide permit for commercial motor coach
50 companies that seek to contract with local school systems to transport students, school
51 personnel, and other persons authorized by the school system on school-sponsored trips. The

1 purpose of the permit shall be (i) to ensure student safety, (ii) to ensure safe operations by
2 motor coach companies, (iii) to minimize paperwork, (iv) to minimize visits to the motor coach
3 companies by local school systems, and (v) to minimize the need for motor coach companies to
4 respond to multiple requests for information from multiple local school systems.

5 **SECTION 7.29.(b)** In developing the plan for a permit, the State Board of
6 Education and the Division of Motor Vehicles shall consult with the North Carolina School
7 Boards Association, the State Highway Patrol, the North Carolina Pupil Transportation
8 Association, the North Carolina Motor Coach Association, the Federal Motor Carrier Safety
9 Administration, and other interested parties.

10 **SECTION 7.29.(c)** The components of the plan shall include, but not be limited to,
11 all of the following:

- 12 (1) Scope of the permit.
- 13 (2) Standards for issuing the permit.
- 14 (3) Duration of the permit.
- 15 (4) Process for required inspections.
- 16 (5) Entity to conduct required inspections.
- 17 (6) Conditions for revoking the permit.
- 18 (7) Renewal process.
- 19 (8) Schedule of fees to cover the cost of implementation and administration.
- 20 (9) Application form and other required documentation.
- 21 (10) Dissemination of current permit holders to school systems.
- 22 (11) Estimate of costs to implement and number of new positions required.
- 23 (12) Impact on motor coach companies that have interstate operations.
- 24 (13) Other related issues.

25 **SECTION 7.29.(d)** The State Board of Education and the Division of Motor
26 Vehicles shall consult on the proposed plan to the Joint Legislative Commission on
27 Governmental Operations and to the Fiscal Research Division by January 1, 2010. Before the
28 plan is implemented, the Commission shall make any recommendations, including proposed
29 legislation, to the 2010 General Assembly.

30 31 **PART VIII. COMMUNITY COLLEGES**

32 33 **COMMUNITY COLLEGE FACULTY SALARY PLAN**

34 **SECTION 8.1.(a)**

- 35 (1) It is the intent of the General Assembly to encourage community colleges to
36 make faculty salaries a priority and to reward colleges that have taken steps
37 to achieve the national average community collage faculty salary, therefore:
 - 38 a. If the average faculty salary at a community college is one hundred
39 percent (100%) or more of the national average community college
40 faculty salary, the college may transfer up to eight percent (8%) of
41 the State funds allocated to it for faculty salaries.
 - 42 b. If the average faculty salary at a community college is at least
43 ninety-five percent (95%) but less than one hundred percent (100%)
44 of the national average community college faculty salary, the college
45 may transfer up to six percent (6%) of the State funds allocated to it
46 for faculty salaries.
 - 47 c. If the average faculty salary at a community college is at least ninety
48 percent (90%) but less than ninety-five percent (95%) of the national
49 average community college faculty salary, the college may transfer
50 up to five percent (5%) of the State funds allocated to it for faculty
51 salaries.

1 d. If the average faculty salary at a community college is at least
2 eighty-five percent (85%) but less than ninety percent (90%) of the
3 national average community college faculty salary, the college may
4 transfer up to three percent (3%) of the State funds allocated to it for
5 faculty salaries.

6 e. If the average faculty salary at a community college is eighty-five
7 percent (85%) or less of the national average community college
8 faculty salary, the college may transfer up to two percent (2%) of the
9 State funds allocated to it for faculty salaries.

10 Except as provided by subdivision (2) of this subsection, a community
11 college shall not transfer a greater percentage of the State funds allocated to
12 it for faculty salaries than is authorized by this subsection.

13 (2) With the approval of the State Board of Community Colleges, a community
14 college at which the average faculty salary is eighty-five percent (85%) or
15 less of the national average may transfer a greater percentage of the State
16 funds allocated to it for faculty salaries than is authorized by sub-subdivision
17 e. of subdivision (1) of this subsection. The State Board shall approve the
18 transfer only for purposes that directly affect student services.

19 The State Board of Community Colleges shall adopt guidelines to
20 implement the provisions of this subdivision.

21 (3) A local community college may use all State funds allocated to it except for
22 Literacy Funds and Funds for Customized Training to increase faculty
23 salaries.

24 **SECTION 8.1.(b)** As used in this section:

25 (1) "Average faculty salary at a community college" means the total nine-month
26 salary from all sources of all nine-month, full-time, curriculum faculty at the
27 college, as determined by the North Carolina Community College System on
28 October 1 of each year.

29 (2) "National average community college faculty salary" means the nine-month,
30 full-time, curriculum salary average, as published by the Integrated
31 Postsecondary Education Data System (IPEDS), for the most recent year for
32 which data are available.

33 **SECTION 8.1.(c)** The State Board of Community Colleges shall adopt guidelines
34 to implement the provisions of this section.

35 36 **USE OF BASIC SKILLS FUNDS**

37 **SECTION 8.2.** Notwithstanding any other provision of law, a local community
38 college may use up to five percent (5%) of the Literacy Funds allocated to it by the State Board
39 of Community Colleges to procure instructional technology for literacy labs. This technology
40 may include computers, instructional software and software licenses, scanners for testing, and
41 classroom projection equipment.

42 43 **FUNDS FOR CAMPUS SECURITY**

44 **SECTION 8.3.** Notwithstanding G.S. 115D-32 or any other provision of law, a
45 community college may use up to two percent (2%) of the noninstructional State funds
46 allocated to it through the institutional support allotment for the 2009-2010 and 2010-2011
47 fiscal years for campus security. This may include the hiring of personnel, contracted
48 professional services, surveillance cameras, call boxes, alert systems, and other
49 equipment-related expenditures.

50 These funds shall be used to supplement and shall not be used to supplant existing
51 local funding for campus security.

FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS**SECTION 8.4.** G.S. 115D-40.1(c) reads as rewritten:

"(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance.

The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds. The interest earned on the funds provided in this section may be used to support the costs of administering the Community College Grant Program."

CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS BIOTECHNOLOGY TRAINING FUNDS

SECTION 8.5.(a) Funds appropriated in S.L. 2006-66, S.L. 2007-323, and S.L. 2008-103 for the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis shall not revert, but shall remain available until expended.

SECTION 8.5.(b) This section becomes effective June 30, 2009.

LEARN AND EARN ONLINE FUNDS

SECTION 8.6.(a) Funds reimbursed to the Community College System for full-time equivalent students participating in Learn and Earn Online courses during the 2008-2009 and 2009-2010 fiscal years shall not revert at the end of the fiscal year, but shall remain available for expenditure up to 12 months after the close of a fiscal year.

SECTION 8.6.(b) Community college student enrollments in Learn and Earn Online shall be considered regular budget full-time equivalent in the curriculum enrollment formula regardless of the term during which the instruction is provided. The North Carolina Community College System may only seek reimbursement from the Department of Public Instruction for technology, course fees, and textbooks required for course participation.

SECTION 8.6.(c) The Office of State Budget and Management shall transfer sufficient funds from the State Public School Fund to the Community Colleges System Office to implement subsection (b) of this section.

SECTION 8.6.(d) Subsection (a) of this section becomes effective June 30, 2009.

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.7.(a) Funds appropriated in this act to the Community Colleges System Office for the College Information System shall not revert at the end of the 2008-2009 fiscal year but shall remain available until expended. These funds may be used to purchase periodic system upgrades.

SECTION 8.7.(b) Notwithstanding G.S. 143C-6-4, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management and in consultation with the Office of Information Technology Services, use funds appropriated in this act for the College Information System to create a maximum of three positions if doing so is cost-effective. Personnel positions created pursuant to this subsection shall be dedicated to

1 maintaining and administering information technology and software upgrades to the College
2 Information System.

3 **SECTION 8.7.(c)** Subsection (a) of this section becomes effective July 1, 2009.
4

5 **MODIFY MULTICAMPUS AND OFF CAMPUS CENTER REPORT DATE**

6 **SECTION 8.8.** G.S. 115D-5(o) reads as rewritten:

7 "(o) The General Assembly finds that additional data are needed to determine the
8 adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and
9 colleges with off-campus centers shall report annually, beginning September 1, 2005, to the
10 Community Colleges System Office on all expenditures by line item of funds used to support
11 their multicampuses and off-campus centers. The Community Colleges System Office shall
12 report on these expenditures to the Education Appropriation Subcommittees of the House of
13 Representatives and the Senate, the Office of State Budget and Management, and the Fiscal
14 Research Division by ~~October 1~~ December 1 of each year."
15

16 **REPEAL REPORT ON THE USE OF COMM COLL FACILITIES BY PRIVATE 17 BUSINESSES**

18 **SECTION 8.9.** G.S. 115D-5(q) is repealed.
19

20 **MAINTENANCE OF PLANT FLEXIBILITY**

21 **SECTION 8.10.** Notwithstanding any other provision of law, a community college
22 that received State funds for maintenance of plant pursuant to G.S. 115D-31.2 for the
23 2008-2009 fiscal year may use noninstructional State funds allocated to it through the
24 institutional support allotment for maintenance of plant for the 2009-2010 and 2010-2011 fiscal
25 years.

26 The amount of these funds used for the 2009-2010 fiscal year for maintenance of
27 plant shall not exceed the total amount of maintenance of plant funds received for the
28 2008-2009 fiscal year. The amount of these funds used for the 2010-2011 fiscal year for
29 maintenance of plant shall not exceed fifty percent (50%) of the amount of maintenance of
30 plant funds received for the 2008-2009 fiscal year.
31

32 **ELIMINATE SOME TUITION WAIVERS**

33 **SECTION 8.11.(a)** G.S. 115D-5(b) reads as rewritten:

34 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
35 curricular courses and of noncurricular extension courses at convenient locations away from
36 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
37 portion of the established regular tuition rate charged a full-time student shall be charged a
38 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
39 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
40 registration fees, to be charged students enrolling in extension courses for which instruction is
41 financed primarily from State funds; provided, however, that the State Board of Community
42 Colleges may provide by general and uniform regulations for waiver of tuition and registration
43 fees for persons not enrolled in elementary or secondary schools taking courses leading to a
44 high school diploma or equivalent certificate, for training courses for volunteer firemen, local
45 fire department personnel, volunteer rescue and lifesaving department personnel, local rescue
46 and lifesaving department personnel, Radio Emergency Associated Citizens Team (REACT)
47 members when the REACT team is under contract to a county as an emergency response
48 agency, local law-enforcement officers, patients in State alcoholic rehabilitation centers, all
49 full-time custodial employees of the Department of Correction, employees of the Department's
50 Division of Community Corrections and employees of the Department of Juvenile Justice and
51 Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and

1 the rules of the Criminal Justice and Training Standards Commission, trainees enrolled in
2 courses conducted under the ~~New and Expanding Industry Program, Customized Training~~
3 ~~Program,~~ clients of sheltered workshops, clients of adult developmental activity programs,
4 students in Health and Human Services Development Programs, juveniles of any age
5 committed to the Department of Juvenile Justice and Delinquency Prevention by a court of
6 competent jurisdiction, ~~prison inmates,~~ members of the North Carolina State Defense Militia as
7 defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General
8 Statutes, and elementary and secondary school employees enrolled in courses in first aid or
9 cardiopulmonary resuscitation (CPR). ~~Provided further, tuition shall be waived for senior~~
10 ~~citizens attending institutions operating under this Chapter as set forth in Chapter 115B of the~~
11 ~~General Statutes, Tuition Waiver for Senior Citizens. Provided further, tuition shall also be~~
12 ~~waived for all~~

13 (b1) The State Board shall waive tuition and fees for courses taken by high school
14 students at community colleges, including students in early college and middle college high
15 school programs, in accordance with G.S. 115D-20(4) and this section.

16 The State Board also shall waive tuition and fees for persons not enrolled in elementary or
17 secondary schools taking courses leading to a high school diploma or equivalent certificate.

18 **SECTION 8.11.(b)** G.S. 115B-2 as rewritten:

19 "**§ 115B-2. Tuition waiver authorized.**

20 (a) The constituent institutions of The University of North Carolina and ~~the community~~
21 ~~colleges as defined in G.S. 115D-2(2)~~ shall permit the following persons to attend classes for
22 credit or noncredit purposes without the required payment of tuition:

- 23 (1) Legal residents of North Carolina who have attained the age of 65.
- 24 (2) Any person who is the survivor of a law enforcement officer, firefighter,
25 volunteer firefighter, or rescue squad worker killed as a direct result of a
26 traumatic injury sustained in the line of duty.
- 27 (3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or
28 rescue squad worker who is permanently and totally disabled as a direct
29 result of a traumatic injury sustained in the line of duty.
- 30 (4) Any child, if the child is at least 17 years old but not yet 23 years old, whose
31 parent is a law enforcement officer, firefighter, volunteer firefighter, or
32 rescue squad worker who is permanently and totally disabled as a direct
33 result of a traumatic injury sustained in the line of duty. However, a child's
34 eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 48
35 months, if the child is seeking a baccalaureate degree, or (ii) if the child is
36 not seeking a baccalaureate degree, the number of months required to
37 complete the educational program to which the child is applying.
- 38 (5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii)
39 is a ward of North Carolina or was a ward of the State at the time the child
40 reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for
41 services under the Chaffee Education and Training Vouchers Program; but
42 the waiver shall only be to the extent that there is any tuition still payable
43 after receipt of other financial aid received by the student.

44 The community colleges as defined in G.S. 115D-2(2) shall permit the persons listed in
45 subdivisions (2) through (5) of this subsection to attend classes for credit or noncredit purposes
46 without the required payment of tuition.

47 (b) Persons eligible for the tuition waiver under subsection (a) of this section must meet
48 admission and other standards considered appropriate by the educational institution. In
49 addition, the constituent institutions of The University of North Carolina shall accept these
50 persons only on a space available basis."

51 **SECTION 8.11.(c)** G.S. 115B-5(a) is repealed.

CONTINUING EDUCATION FEES

SECTION 8.12. The fees charged for community college continuing education courses shall be based on the number of hours of class time. The fees shall be:

<u>Class Hours</u>	<u>Cost</u>
1-20	\$65.00;
21-50	\$120.00;
51-100+	\$175.00.

CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS

SECTION 8.13. The State Board of Community Colleges shall consolidate the Nursing categorical allotment into the Allied Health categorical allotment before distributing funds appropriated in this act. These funds shall be awarded to community colleges based on the full-time equivalent (FTE) enrollment in allied health programs.

CUSTOMIZED TRAINING PROGRAM

SECTION 8.14.(a) Funds appropriated in this act for the Customized Training Program that unexpended and unencumbered on June 30, 2010, may, subject to cash availability and the approval of the Office of State Budget and Management, be carried forward into the 2010-2011 fiscal year for equipment purchases. These funds shall be distributed through the Educational Equipment Reserve.

SECTION 8.14.(b) Projects that create or retain jobs in North Carolina shall receive first priority for funds appropriated for the Customized Training Program.

SECTION 8.14.(c) G.S. 115D-5.1(f) is amended by adding a new subsection to read:

"(f) The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

...

(1a) The types of services sought by the company, whether for new, expanding, or existing industry."

COMMUNITY COLLEGE FINANCIAL ASSISTANCE FUND BALANCE SHALL BE USED TO OFFER NEED-BASED AID

SECTION 8.15. The balance remaining in Budget Code 66801, Fund 6102 (CCS Financial Assistance) shall be used in the 2009-2010 fiscal year to offer need-based assistance to displaced workers and qualified students. This balance has accumulated due to financial aid refunds received from students in fiscal year 2008-2009 and prior fiscal years.

NORTH CAROLINA MILITARY BUSINESS CENTER

SECTION 8.16. The funds appropriated in this act to the Community Colleges System Office for the NC Military Business Center shall be used for the continued operations of the NC Military Business Center. The Military Business Center shall provide services to residents and businesses throughout the State. The purpose of the business center is to serve as a coordinator and facilitator for small- and medium-sized businesses throughout the State seeking to win and complete federal contracts, with a focus on military-related contracts. Activities of the business center shall include:

- (1) Training and mentoring eligible businesses on effectively marketing their products and services to military and other federal clients and contracting offices.
- (2) Assisting eligible businesses with any required accreditations and qualifications for government contracting.

- 1 (3) Teaching eligible businesses about federal set-aside programs and how to
2 take advantage of these programs directly or through partnering with other
3 eligible businesses.
- 4 (4) Training and assisting clients with the registration, proposal development,
5 and bidding processes related to military and other federal contracts.
- 6 (5) Training eligible businesses on legal and regulatory compliance.
- 7 (6) Designing and implementing mentoring programs to facilitate the
8 development of interrelationships between eligible businesses.
- 9 (7) Forecasting the need for and assisting eligible businesses in obtaining
10 advanced certifications and accreditations and advanced manufacturing
11 skills and technologies.
- 12 (8) Working with Small Business Centers throughout the State to carry out these
13 activities on a statewide basis.
- 14 (9) The maintenance of an Internet-based system to match the knowledge, skills,
15 and abilities of active-duty military personnel, veterans, and their families
16 throughout the State with the needs of North Carolina businesses.
- 17 (10) The study of community resources and existing business capacity to meet
18 the current and future needs of the military and the development of proposals
19 for further developing community resources and developing or recruiting
20 new businesses to meet those needs.
- 21 (11) The marketing of the services provided by the Military Business Center.
22

23 **PART IX. UNIVERSITIES**

24 **USE OF ESCHEAT FUNDS FOR NEED-BASED FINANCIAL AID PROGRAMS**

25 **SECTION 9.1.(a)** There is appropriated from the Escheat Fund income to the
26 Board of Governors of The University of North Carolina the sum of one hundred twenty-three
27 million six hundred forty-one thousand forty dollars (\$123,641,040) for fiscal years 2009-2010
28 and 2010-2011, to the State Board of Community Colleges the sum of thirteen million nine
29 hundred eighty-one thousand two hundred two dollars (\$13,981,202) for 2009-2010 and
30 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of
31 six million five hundred twenty thousand nine hundred sixty-four dollars (\$6,520,964) for years
32 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance
33 Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the
34 interest income generated from the Escheat Fund is less than the amounts referenced in this
35 section, the difference may be taken from the Escheat Fund principal to reach the
36 appropriations referenced in this section; however, under no circumstances shall the Escheat
37 Fund principal be reduced below the sum required in G.S. 116B-6(f).

38 **SECTION 9.1.(b)** The State Education Assistance Authority shall perform all of
39 the administrative functions necessary to implement this program of financial aid. The SEAA
40 shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if
41 allocations are utilized to ensure access to institutions of higher learning and to meet the goals
42 of the respective programs. SEAA may make recommendations for redistribution of funds to
43 The University of North Carolina, Department of Administration, and the President of the
44 Community College System regarding their respective scholarship programs, who then may
45 authorize redistribution of unutilized funds for a particular fiscal year.

46 **SECTION 9.1.(c)** There is appropriated from the Escheat Fund to the Board of
47 Governors of The University of North Carolina the sum of one million one hundred fifty-seven
48 thousand dollars (\$1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for
49 need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The
50 SEAA shall use these funds only to provide scholarship loans (known as the Millennium
51

1 Teaching Scholarship Loan Program) to North Carolina high school seniors interested in
2 preparing to teach in the State's public schools who also enroll at any of the Historically Black
3 Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six
4 thousand five hundred dollars (\$6,500) each shall be given to the three universities without any
5 Teaching Fellows for the purposes specified in this subsection. The SEAA shall administer
6 these funds and shall establish any additional criteria needed to award these scholarship loans,
7 the conditions for forgiving the loans, and the collection of the loan repayments when
8 necessary.

9 **SECTION 9.1.(d)** The State Education Assistance Authority shall transfer to the
10 Escheat Fund the balance of any monies appropriated by this section that are not disbursed for
11 need-based student financial aid; however, the State Education Assistance Authority may retain
12 the interest on those monies that is paid to the State Education Assistance Authority at the
13 beginning of the 2009-2010 fiscal year and at the beginning of the 2010-2011 fiscal year.

14 15 **THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND** 16 **(EARN)**

17 **SECTION 9.2.(a)** Of the funds appropriated by this act from the General Fund to
18 the State Education Assistance Authority the sum of sixty million dollars (\$60,000,000) for the
19 2009-2010 fiscal year and the sum of sixty million dollars (\$60,000,000) for the 2010-2011
20 fiscal year shall be allocated to the Education Access Rewards North Carolina Scholars Fund
21 (EARN).

22 **SECTION 9.2.(b)** There is appropriated from the Escheat Fund to the State
23 Education Assistance Authority the sum of forty million dollars (\$40,000,000) for the
24 2009-2010 fiscal year and the sum of forty million dollars (\$40,000,000) for the 2010-2011
25 fiscal year to be allocated to the Education Access Rewards North Carolina Scholars Fund
26 (EARN).

27 **SECTION 9.2.(c)** The funds appropriated in subsections (a) and (b) of this section
28 shall be used only to fund Education Access Rewards North Carolina Scholars Fund (EARN)
29 grants for academic years beginning on or after July 1, 2009.

30 31 **TRANSFERS OF CASH BALANCES TO THE GENERAL FUND**

32 **SECTION 9.3.(a)** Notwithstanding any other provision of law, the unencumbered
33 cash balance remaining in the Future Teachers Financial Aid fund on June 30, 2009, shall be
34 transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State
35 Transfers).

36 **SECTION 9.3.(b)** Notwithstanding any other provision of law, the unencumbered
37 cash balance of the General Fund appropriation remaining in the Education Access Rewards
38 North Carolina (EARN) Scholars fund on June 30, 2009, shall be transferred to the State
39 Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

40 41 **TRANSFER FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING** 42 **ARTS**

43 **SECTION 9.4.** The General Assembly finds that in order to expand opportunities
44 for students involved in the performing arts, existing funding for the Summer Institute on
45 Roanoke Island should not be allocated to one specific University of North Carolina institution,
46 but instead be allocated directly to the Roanoke Island Commission, so that any interested
47 University of North Carolina institution may have the opportunity to participate in summer arts
48 enrichment and education programs. Therefore, of the funds appropriated by this act to the
49 Board of Governors of The University of North Carolina and allocated to the Summer Institute
50 of the North Carolina School of the Arts on Roanoke Island program for the 2009-2011 fiscal
51 biennium, the sum of four hundred sixty-one thousand six hundred forty-six dollars (\$461,646)

1 shall be transferred for the 2009-2010 fiscal year to the Roanoke Island Commission and the
2 sum of four hundred sixty-one thousand six hundred forty-six dollars (\$461,646) shall be
3 transferred for the 2010-2011 fiscal year to the Roanoke Island Commission. The Roanoke
4 Island Commission may use these funds to contract with any of the constituent institutions of
5 The University of North Carolina System to provide music and drama students an education in
6 a professional performing environment while providing a public service to the State.
7

8 **UNC CENTER FOR ALCOHOL STUDIES**

9 **SECTION 9.5.(a)** G.S. 20-7(i1) reads as rewritten:

10 "(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to
11 the provisions of this Chapter, other than ~~G.S. 20-17(2), G.S. 20-17(a)(2)~~ shall pay a restoration
12 fee of fifty dollars (\$50.00). A person whose drivers license has been revoked under
13 ~~G.S. 20-17(2) G.S. 20-17(a)(2)~~ shall pay a restoration fee of ~~seventy five dollars (\$75.00) until~~
14 ~~the end of the fiscal year in which the cumulative total amount of fees deposited under this~~
15 ~~subsection in the General Fund exceeds ten million dollars (\$10,000,000), and shall pay a~~
16 ~~restoration fee of fifty dollars (\$50.00) thereafter, seventy-five dollars (\$75.00).~~ The fee shall
17 be paid to the Division prior to the issuance to such person of a new drivers license or the
18 restoration of the drivers license. The restoration fee shall be paid to the Division in addition to
19 any and all fees which may be provided by law. This restoration fee shall not be required from
20 any licensee whose license was revoked or voluntarily surrendered for medical or health
21 reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The
22 fifty-dollar (\$50.00) fee, and the first fifty dollars (\$50.00) of the seventy-five-dollar (\$75.00)
23 fee, shall be deposited in the Highway Fund. The remaining twenty-five dollars (\$25.00) of the
24 seventy-five-dollar (\$75.00) fee shall be deposited in the General Fund of the State. The Office
25 of State Budget and Management ~~shall certify to the Department of Transportation and the~~
26 ~~General Assembly when the cumulative total amount of fees deposited in the General Fund~~
27 ~~under this subsection exceeds ten million dollars (\$10,000,000), and shall annually report to the~~
28 General Assembly the amount of fees deposited in the General Fund under this subsection.
29

30 It is the intent of the General Assembly to annually appropriate from the funds deposited in
31 the General Fund under this subsection the sum of five hundred thousand dollars (\$500,000) to
32 the Board of Governors of The University of North Carolina to be used for the operating
33 expenses of the Bowles Center for Alcohol Studies Endowment at The the University of North
34 Carolina at Chapel Hill, but not to exceed this cumulative total of ten million dollars
35 (\$10,000,000).Hill."

36 **SECTION 9.5.(b)** Of the funds appropriated by this act to the Board of Governors
37 of The University of North Carolina the sum of five hundred thousand dollars (\$500,000) for
38 the 2009-2010 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the
39 2010-2011 fiscal year shall be used for the operating expenses of the Bowles Center for
40 Alcohol Studies at the University of North Carolina at Chapel Hill.

41 **REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA** 42 **SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE** 43 **UNIVERSITY**

44 **SECTION 9.6.(a)** G.S. 116-238.1(a) reads as rewritten:

45 "(a) There is granted to each State resident who graduates from the North Carolina
46 School of Science and Mathematics and who enrolls as a full-time student in a constituent
47 institution of The University of North Carolina a sum to be determined by the General
48 Assembly as a tuition grant. The tuition grant shall be for four consecutive academic years and
49 shall cover the tuition cost at the constituent institution in which the student is enrolled. The
50 tuition grant shall be distributed to the student as provided by this section. The grant provided

1 by this section is only available to a student enrolled at the North Carolina School of Science
2 and Mathematics for the 2007-2008 academic year or earlier."

3 **SECTION 9.6.(b)** Effective July 1, 2013, G.S. 116-238.1, as amended by this
4 section, is repealed.

6 **CLOSING THE ACHIEVEMENT GAP/GRANTS**

7 **SECTION 9.7.(a)** Funds appropriated by this act for the 2009-2010 fiscal year and
8 for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina
9 and allocated to the North Carolina Historically Minority Colleges and Universities Consortium
10 (HMCUC) for "Closing the Achievement Gap," shall be used for the sole purpose of supporting
11 the operations and program activities of the HMCUC. These funds shall be used by the
12 HMCUC members for the public purposes of developing and implementing after-school
13 programs designed to close the academic achievement gap and improving the academic
14 performance of youth at risk of academic failure and school dropout. The HMCUC may also
15 allocate funds to a community-based and faith-based organization that is located in close
16 proximity to the HMCUC member institution for the public purposes stated in this section.

17 **SECTION 9.7.(b)** The North Carolina Historically Minority Colleges and
18 Universities Consortium shall report to the Joint Legislative Education Oversight Committee
19 and to the Fiscal Research Division by May 1 of each year, regarding the number of programs
20 funded by the Consortium to Close the Achievement Gap, the location and program structure of
21 the programs, the amount allocated to the program, and purposes for which the funds were
22 awarded, the cost of administering and managing the funds, and any other information
23 requested by the Committee or Fiscal Research Division. The grants awarded pursuant to this
24 section shall also include as a term of the grant that the recipient of the grant report to the Joint
25 Legislative Education Oversight Committee and to the Fiscal Research Division regarding the
26 amount of the grant received, the program and purposes for which the grant was requested, the
27 methodology used to implement the grant program and purposes, the results of the program
28 funded by the grant, and any other information requested by the Joint Legislative Education
29 Oversight Committee and the Fiscal Research Division.

31 **AMEND LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS**

32 **SECTION 9.8.(a)** G.S. 116-21.2 reads as rewritten:

33 **"§ 116-21.2. Legislative tuition grants to aid students and licensure students attending**
34 **private institutions of higher education.**

35 (a) Grants for Students. – In addition to any funds appropriated pursuant to G.S. 116-19
36 and in addition to all other financial assistance made available to institutions, or to persons
37 attending these institutions, there is granted to each North Carolina undergraduate student
38 attending an approved institution as defined in G.S. 116-22, a sum, to be determined by the
39 General Assembly for each academic year which shall be distributed to the undergraduate
40 student as provided by this subsection. A full-time North Carolina undergraduate student shall
41 be awarded the full amount of the tuition grant provided by this section. A part-time North
42 Carolina undergraduate student who is enrolled to take at least ~~six~~-nine hours of academic
43 credit per semester shall be awarded a tuition grant in an amount that is calculated on a pro rata
44 basis.

45 (a1) Grants for Licensure Students. – The legislative tuition grant provided by this
46 section shall also be granted to each full-time licensure student who is enrolled in a program
47 intended to result in a license in teaching or nursing at an approved institution. The legislative
48 tuition grant provided by this section shall be awarded on a pro rata basis to any part-time
49 licensure student who is enrolled to take at least ~~six~~-nine hours of undergraduate academic
50 credit per semester in a program intended to result in a license in teaching or nursing at an
51 approved institution. The legislative tuition grant and prorated legislative tuition grant

1 authorized under this subsection shall be paid for undergraduate courses only. If a course is
2 required for licensure, but is designated as both an undergraduate and graduate course, for
3 purposes of this subsection, the course shall be considered an undergraduate course.

4 (b) Administration of Grants. – The tuition grants provided for in this section shall be
5 administered by the State Education Assistance Authority pursuant to rules adopted by the
6 State Education Assistance Authority not inconsistent with this section. The State Education
7 Assistance Authority shall not approve any grant until it receives proper certification from an
8 approved institution that the student or licensure student applying for the grant is eligible. Upon
9 receipt of the certification, the State Education Assistance Authority shall remit at the times as
10 it prescribes the grant to the approved institution on behalf, and to the credit, of the student or
11 licensure student.

12 (c) Student or Licensure Student Change of Status; Audits. – In the event a full-time
13 student on whose behalf a grant has been paid in accordance with subsection (a) of this section
14 or a full-time licensure student on whose behalf a grant has been paid in accordance with
15 subsection (a1) of this section is not enrolled and carrying a minimum academic load as of the
16 tenth classroom day following the beginning of the school term for which the grant was paid,
17 the institution shall refund the full amount of the grant to the State Education Assistance
18 Authority. If a part-time student on whose behalf a prorated grant has been paid in accordance
19 with subsection (a) of this section or a part-time licensure student on whose behalf a prorated
20 grant has been paid in accordance with subsection (a1) of this section is not enrolled and
21 carrying a minimum academic load of ~~six~~nine credit hours per semester in the undergraduate
22 class as of the tenth classroom day following the beginning of the school term for which the
23 grant was paid, the institution shall refund the full amount of the grant to the State Education
24 Assistance Authority. If the matriculated status of a full-time student or a full-time licensure
25 student changes to a matriculated status of part-time student or part-time licensure student by
26 the tenth classroom day following the beginning of the school term for which the grant was
27 paid, the institution shall refund only the difference between the amount of the full-time grant
28 awarded and the amount of the part-time grant that is awarded pursuant to this section. Each
29 approved institution shall be subject to examination by the State Auditor for the purpose of
30 determining whether the institution has properly certified eligibility and enrollment of students
31 and licensure students and credited grants paid on behalf of them.

32 (d) Shortfall. – In the event there are not sufficient funds to provide each eligible
33 student or licensure student with a full or prorated grant as provided by subsection (a) of this
34 section or a full or a prorated grant as provided by subsection (a1) of this section:

- 35 (1) The Board of Governors of The University of North Carolina, with the
36 approval of the Office of State Budget and Management, may transfer
37 available funds to meet the needs of the programs provided by subsections
38 (a), (a1), and (b) of this section; and
39 (2) Each eligible student and licensure student shall receive a pro rata share of
40 funds then available for the remainder of the academic year within the fiscal
41 period covered by the current appropriation.

42 (e) Reversions. – Any remaining funds shall revert to the General Fund."

43 **SECTION 9.8.(b)** This section applies to academic semesters beginning on or after
44 July 1, 2009.

45
46 **GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY**
47 **PRODUCTION/REVERT PART OF FUND BALANCE**

48 **SECTION 9.9.** Effective July 1, 2009, the sum of one million dollars (\$1,000,000)
49 shall transfer from the fund balance of the Graduate Nurse Scholarship Program for Faculty
50 Production (also known as Nurse Educators of Tomorrow Scholarship Loan) to the General
51 Fund.

INCREASE UNC UNDERGRADUATE TUITION SURCHARGE

SECTION 9.10.(a) Subsection (b) of Section 89 of Chapter 321 of the 1993 Session Laws as amended by Section 17.10 of Chapter 769 of the 1993 Session Laws reads as rewritten:

"(b) The Board of Governors of The University of North Carolina shall ensure that procedures are established that are necessary to impose a ~~twenty-five percent (25%)~~ fifty percent (50%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. The calculation of these credit hours taken at a constituent institution or accepted for transfer shall exclude hours earned through the College Board's Advanced Placement or CLEP examinations, through institutional advanced placement or course validation, or through summer term or extension programs. No surcharge shall be imposed on any student who exceeds the degree credit hour limits within the equivalent of four academic years of regular term enrollment, or within five academic years of regular term enrollment in a degree program officially designated by the Board of Governors as a five-year program. ~~The Board shall report to the Joint Legislative Education Oversight Committee by April 1, 1994, on its recommendations for implementing this surcharge.~~"

SECTION 9.10.(b) The Board of Governors shall report to the Joint Legislative Education Oversight Committee by September 1, 2009, regarding the implementation of the increased surcharge.

SECTION 9.10.(c) This section applies to all students who will be sophomores or freshman in the 2009-2010 fall academic semester and to all students who are new undergraduates on or after the effective date of this act.

ENROLLMENT GROWTH REPORTING

SECTION 9.11. G.S. 116-30.7 reads as rewritten:

"§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.

By ~~September 1~~ October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), ~~first-year~~ first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b)."

UNC BOARD OF GOVERNORS STUDY AND DEVELOP PLAN TO TRANSFER UNC CENTER FOR PUBLIC TELEVISION TO UNC SCHOOL OF THE ARTS

SECTION 9.12. The Board of Governors of The University of North Carolina shall study the feasibility of transferring the University of North Carolina Center for Public Television to the University of North Carolina School of the Arts and shall develop a plan to implement such a transfer. The Board of Governors shall report its findings and recommendations along with the plan by March 1, 2010, to the Joint Education Legislative

1 Oversight Committee and to the Chairs of the Senate and House of Representatives
2 Appropriations Subcommittees on Education.

3
4 **NORTH CAROLINA CENTER FOR ADVANCEMENT OF TEACHING**
5 **(NCCAT)/PROPERTY SETTLEMENT IF NCCAT TRANSFERRED FROM UNC**
6 **SYSTEM OR CEASES TO EXIST**

7 **SECTION 9.13.(a)** If the North Carolina Center for the Advancement of Teaching
8 (NCCAT) is transferred from The University of North Carolina to another State government
9 agency or department, then all of the following shall occur:

- 10 (1) The University of North Carolina and Western Carolina University shall
11 both be released and relieved: (i) of any and all responsibilities, duties, and
12 powers related to the administration or management functions of NCCAT,
13 and (ii) of any and all responsibilities and duties arising from any fiduciary
14 relationship existing between Western Carolina University and NCCAT.
- 15 (2) Neither The University of North Carolina nor Western Carolina University
16 shall be the fiscal agent for NCCAT.
- 17 (3) Western Carolina University shall be granted a permanent easement 40 feet
18 in width over and upon the NCCAT campus for the purpose of providing
19 Western Carolina University and its assignees, agents, joint venturers,
20 lessees, partners, and invitees access to that portion of Western Carolina
21 University's campus currently undeveloped and adjacent to NCCAT.
22 Western Carolina University shall use existing roads across the NCCAT
23 campus, to the extent possible. If any road is required, it shall be built at
24 Western Carolina University's expense.

25 **SECTION 9.13.(b)** If the North Carolina Center for Advancement of Teaching
26 ceases to exist as a State agency or entity, or if NCCAT closes its offices and operation in
27 Jackson County, North Carolina, then the following real property in Jackson County shall be
28 transferred to Western Carolina University and become part of Western Carolina University's
29 campus to be used for any purpose, at Western Carolina University's discretion, appropriate to
30 its mission: all land in Jackson County that (i) was used or under the control of NCCAT at the
31 time it ceased to exist or closed its operations and (ii) was transferred to NCCAT from The
32 University of North Carolina, including all improvements located thereon.

33
34 **COASTAL DEMONSTRATION WIND TURBINES**

35 **SECTION 9.14.(a)** The University of North Carolina shall continue the coastal
36 sounds wind energy study set forth in Section 9.12 of S.L. 2008-107 and, pursuant to Section
37 9.12, shall apply for federal grants to continue the study. Funds appropriated by United States
38 Public Law 111-005, the American Recovery and Reinvestment Act of 2009 (the Federal Act),
39 for renewable energy and allocated to the State of North Carolina shall be used for the
40 development, design, and construction of at least three demonstration wind turbines and
41 necessary support facilities in the sounds or off the coast of North Carolina, and the Director of
42 the Budget shall ensure any available federal funds are secured. The actual placement of the
43 wind turbines and necessary support facilities shall be determined by the coastal sounds wind
44 energy study. The Director of the Budget shall ensure that any available federal funding is
45 secured by the State to construct the wind turbines. The University, in collaboration with the
46 Director of the Budget, shall enter into a contract with a third party by October 1, 2009, to
47 construct, establish, and operate the demonstration turbines and necessary support facilities on
48 or before April 1, 2010.

49 **SECTION 9.14.(b)** With respect to the demonstration wind turbines and necessary
50 support facilities authorized by subsection (a) of this section, the facilities authorized under this
51 act shall be constructed in accordance with the provisions of general law applicable to the

1 construction of State facilities. The Department of Environment and Natural Resources is
 2 directed to expedite permitting of the project to the extent allowed by law.

3
 4 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

5
 6 **CHILD CARE SUBSIDY RATES**

7 **SECTION 10.1.(a)** The maximum gross annual income for initial eligibility,
 8 adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the
 9 State median income, adjusted for family size.

10 **SECTION 10.1.(b)** Fees for families who are required to share in the cost of care
 11 shall be established based on a percent of gross family income and adjusted for family size.
 12 Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

17 **SECTION 10.1.(c)** Payments for the purchase of child care services for
 18 low-income children shall be in accordance with the following requirements:

- 19 (1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106
 20 and licensed child care centers and homes that meet the minimum licensing
 21 standards that are participating in the subsidized child care program shall be
 22 paid the one-star county market rate or the rate they charge privately paying
 23 parents, whichever is lower.
- 24 (2) Licensed child care centers and homes with two or more stars shall receive
 25 the market rate for that rated license level for that age group or the rate they
 26 charge privately paying parents, whichever is lower.
- 27 (3) Nonlicensed homes shall receive fifty percent (50%) of the county market
 28 rate or the rate they charge privately paying parents, whichever is lower.
- 29 (4) Maximum payment rates shall also be calculated periodically by the
 30 Division of Child Development for transportation to and from child care
 31 provided by the child care provider, individual transporter, or transportation
 32 agency, and for fees charged by providers to parents. These payment rates
 33 shall be based upon information collected by market rate surveys.

34 **SECTION 10.1.(d)** Provisions of payment rates for child care providers in counties
 35 that do not have at least 50 children in each age group for center-based and home-based care
 36 are as follows:

- 37 (1) Except as applicable in subdivision (2) of this subsection, payment rates
 38 shall be set at the statewide or regional market rate for licensed child care
 39 centers and homes.
- 40 (2) If it can be demonstrated that the application of the statewide or regional
 41 market rate to a county with fewer than 50 children in each age group is
 42 lower than the county market rate and would inhibit the ability of the county
 43 to purchase child care for low-income children, then the county market rate
 44 may be applied.

45 **SECTION 10.1.(e)** A market rate shall be calculated for child care centers and
 46 homes at each rated license level for each county and for each age group or age category of
 47 enrollees and shall be representative of fees charged to parents for each age group of enrollees
 48 within the county. The Division of Child Development shall also calculate a statewide rate and
 49 regional market rates for each rated license level for each age category.

50 **SECTION 10.1.(f)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
 51 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the

1 program that provides for the purchase of care in child care facilities for minor children of
2 needy families. No separate licensing requirements shall be used to select facilities to
3 participate. In addition, child care facilities shall be required to meet any additional applicable
4 requirements of federal law or regulations. Child care arrangements exempt from State
5 regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the
6 requirements established by other State law and by the Social Services Commission.

7 County departments of social services or other local contracting agencies shall not
8 use a provider's failure to comply with requirements in addition to those specified in this
9 subsection as a condition for reducing the provider's subsidized child care rate.

10 **SECTION 10.1.(g)** Payment for subsidized child care services provided with Work
11 First Block Grant funds shall comply with all regulations and policies issued by the Division of
12 Child Development for the subsidized child care program.

13 **SECTION 10.1.(h)** Noncitizen families who reside in this State legally shall be
14 eligible for child care subsidies if all other conditions of eligibility are met. If all other
15 conditions of eligibility are met, noncitizen families who reside in this State illegally shall be
16 eligible for child care subsidies only if at least one of the following conditions is met:

- 17 (1) The child for whom a child care subsidy is sought is receiving child
18 protective services or foster care services.
- 19 (2) The child for whom a child care subsidy is sought is developmentally
20 delayed or at risk of being developmentally delayed.
- 21 (3) The child for whom a child care subsidy is sought is a citizen of the United
22 States.

23 24 **CHILD CARE ALLOCATION FORMULA**

25 **SECTION 10.2.(a)** The Department of Health and Human Services shall allocate
26 child care subsidy voucher funds to pay the costs of necessary child care for minor children of
27 needy families. The mandatory thirty percent (30%) Smart Start subsidy allocation under
28 G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
29 allocation. The Department of Health and Human Services shall use the following method
30 when allocating federal and State child care funds, not including the aggregate mandatory thirty
31 percent (30%) Smart Start subsidy allocation:

- 32 (1) Funds shall be allocated to a county based upon the projected cost of serving
33 children under age 11 in families with all parents working who earn less than
34 seventy-five percent (75%) of the State median income.
- 35 (2) No county's allocation shall be less than ninety percent (90%) of its State
36 fiscal year 2001-2002 initial child care subsidy allocation.

37 **SECTION 10.2.(b)** The Department of Health and Human Services may reallocate
38 unused child care subsidy voucher funds in order to meet the child care needs of low-income
39 families. Any reallocation of funds shall be based upon the expenditures of all child care
40 subsidy voucher funding, including Smart Start funds, within a county.

41 **SECTION 10.2.(c)** Notwithstanding subsection (a) of this section, the Department
42 of Health and Human Services shall allocate up to twenty million dollars (\$20,000,000) in
43 federal block grant funds and State funds appropriated for fiscal years 2009-2010 and
44 2010-2011 for child care services. These funds shall be allocated to prevent termination of
45 child care services. Funds appropriated for specific purposes, including market rate
46 adjustments, may also be allocated by the Department separately from the allocation formula
47 described in subsection (a) of this section.

48 49 **CHILD CARE FUNDS MATCHING REQUIREMENT**

50 **SECTION 10.3.** No local matching funds may be required by the Department of
51 Health and Human Services as a condition of any locality's receiving its initial allocation of

1 child care funds appropriated by this act unless federal law requires a match. If the Department
2 reallocates additional funds above twenty-five thousand dollars (\$25,000) to local purchasing
3 agencies beyond their initial allocation, local purchasing agencies must provide a twenty
4 percent (20%) local match to receive the reallocated funds. Matching requirements shall not
5 apply when funds are allocated because of a disaster as defined in G.S. 166A-4(1).
6

7 **FACILITATE AND EXPEDITE USE OF CHILD CARE SUBSIDY FUNDS**

8 **SECTION 10.4.** The Division of Child Development of the Department of Health
9 and Human Services shall adopt temporary policies that facilitate and expedite the prudent
10 expenditure of child care subsidy funds. These policies will address the following:

- 11 (1) Permitting the local purchasing agencies to issue time-limited vouchers to
12 assist counties in managing onetime, nonrecurring subsidy funding.
- 13 (2) Extending the current 30/60 day job search policy to six months when a
14 recipient experiences a loss of employment.
- 15 (3) Providing an upfront job search period of six months for former recipients
16 who have lost employment since October 1, 2008.
- 17 (4) Providing a job search period of six months for recipients that complete
18 school and are entering the job market.
- 19 (5) Notwithstanding any other provision of law, extending the 24-month
20 education time limit for an additional 12 months for a child care recipient
21 who has lost a job since October 1, 2008, or otherwise needs additional
22 training to enhance his or her marketable skills for job placement due to the
23 economic downturn and who has depleted his or her 24-month allowable
24 education time.
- 25 (6) Lowering the number of hours a parent must be working in order to be
26 eligible for subsidy to assist parents who are continuing to work but at
27 reduced hours.
28

29 **CHILD CARE REVOLVING LOAN**

30 **SECTION 10.5.** Notwithstanding any law to the contrary, funds budgeted for the
31 Child Care Revolving Loan Fund may be transferred to and invested by the financial institution
32 contracted to operate the Fund. The principal and any income to the Fund may be used to make
33 loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's
34 cost of operating the Fund, or pay the Department's cost of administering the program.
35

36 **CHILD CARE MARKET RATE ADJUSTMENTS**

37 **SECTION 10.6.** Not later than October 1, 2009, the Department shall implement
38 an adjustment to child care market rates, by region, based upon the 2009 Child Care Market
39 Rate Study.
40

41 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 42 **ENHANCEMENTS**

43 **SECTION 10.7.(a)** Administrative costs shall be equivalent to, on an average
44 statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide
45 allocation to all local partnerships. For purposes of this subsection, administrative costs shall
46 include costs associated with partnership oversight, business and financial management,
47 general accounting, human resources, budgeting, purchasing, contracting, and information
48 systems management.

49 **SECTION 10.7.(b)** The North Carolina Partnership for Children, Inc., and all local
50 partnerships shall use competitive bidding practices in contracting for goods and services on
51 contract amounts as follows:

- 1 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures
2 specified by a written policy to be developed by the Board of Directors of
3 the North Carolina Partnership for Children, Inc.
- 4 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen
5 thousand dollars (\$15,000), three written quotes.
- 6 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than
7 forty thousand dollars (\$40,000), a request for proposal process.
- 8 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
9 proposal process and advertising in a major newspaper.

10 **SECTION 10.7.(c)** The North Carolina Partnership for Children, Inc., and all local
11 partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the
12 total amount budgeted for the program in each fiscal year of the biennium as follows:
13 contributions of cash equal to at least fifteen percent (15%) and in-kind donated resources equal
14 to no more than five percent (5%) for a total match requirement of twenty percent (20%) for
15 each fiscal year. The North Carolina Partnership for Children, Inc., may carry forward any
16 amount in excess of the required match for a fiscal year in order to meet the match requirement
17 of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to
18 the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for
19 the purpose of the match requirement of this subsection. Volunteer services that qualify as
20 professional services shall be valued at the fair market value of those services. All other
21 volunteer service hours shall be valued at the statewide average wage rate as calculated from
22 data compiled by the Employment Security Commission in the Employment and Wages in
23 North Carolina Annual Report for the most recent period for which data are available.
24 Expenses, including both those paid by cash and in-kind contributions, incurred by other
25 participating non-State entities contracting with the North Carolina Partnership for Children,
26 Inc., or the local partnerships, also may be considered resources available to meet the required
27 private match. In order to qualify to meet the required private match, the expenses shall:

- 28 (1) Be verifiable from the contractor's records.
- 29 (2) If in-kind, other than volunteer services, be quantifiable in accordance with
30 generally accepted accounting principles for nonprofit organizations.
- 31 (3) Not include expenses funded by State funds.
- 32 (4) Be supplemental to and not supplant preexisting resources for related
33 program activities.
- 34 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
35 be necessary and reasonable for the proper and efficient accomplishment of
36 the Program's objectives.
- 37 (6) Be otherwise allowable under federal or State law.
- 38 (7) Be required and described in the contractual agreements approved by the
39 North Carolina Partnership for Children, Inc., or the local partnership.
- 40 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
41 partnership by the contractor in the same manner as reimbursable expenses.

42 Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year shall
43 result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent
44 fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for
45 compiling information on the private cash and in-kind contributions into a report that is
46 submitted to the Joint Legislative Commission on Governmental Operations in a format that
47 allows verification by the Department of Revenue. The same match requirements shall apply to
48 any expansion funds appropriated by the General Assembly.

49 **SECTION 10.7.(d)** The Department of Health and Human Services shall continue
50 to implement the performance-based evaluation system.

1 **SECTION 10.7.(e)** The Department of Health and Human Services and the North
2 Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early
3 Childhood Education and Development Initiatives for State fiscal years 2009-2010 and
4 2010-2011 shall be administered and distributed in the following manner:

5 (1) Capital expenditures are prohibited for fiscal years 2009-2010 and
6 2010-2011. For the purposes of this section, "capital expenditures" means
7 expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).

8 (2) Expenditures of State funds for advertising and promotional activities are
9 prohibited for fiscal years 2009-2010 and 2010-2011.

10 **SECTION 10.7.(f)** A county may use the county's allocation of State and federal
11 child care funds to subsidize child care according to the county's Early Childhood Education
12 and Development Initiatives Plan as approved by the North Carolina Partnership for Children,
13 Inc. The use of federal funds shall be consistent with the appropriate federal regulations. Child
14 care providers shall, at a minimum, comply with the applicable requirements for State licensure
15 pursuant to Article 7 of Chapter 110 of the General Statutes.

16 **SECTION 10.7.(g)** For fiscal years 2009-2010 and 2010-2011, the local
17 partnerships shall spend an amount for child care subsidies that provides at least fifty-two
18 million dollars (\$52,000,000) for the TANF maintenance of effort requirement and the Child
19 Care Development Fund and Block Grant match requirement. The North Carolina Partnership
20 for Children, Inc., shall not spend less on child care subsidies than the spending level for fiscal
21 year 2008-2009.

22 23 **CONTINUE MORE AT FOUR PROGRAM FOR 2009-2010 FISCAL YEAR**

24 **SECTION 10.8.(a)** The Department of Public Instruction and Division of Child
25 Development of the Department of Health and Human Services shall continue the
26 implementation of the More at Four prekindergarten program for at-risk four-year-olds who are
27 at risk of failure in kindergarten through the 2009-2010 fiscal year. The program is available
28 statewide to all counties that choose to participate, including underserved areas. The goal of the
29 program is to provide quality prekindergarten services to a greater number of at-risk children in
30 order to enhance kindergarten readiness for these children. The program shall be consistent
31 with standards and assessments established jointly by the Department of Health and Human
32 Services and the Department of Public Instruction.

33 **SECTION 10.8.(b)** The Office of School Readiness of the Department of
34 Instruction shall reduce the reimbursement rates per slot statewide. The program funding is
35 reduced by forty million dollars (\$40,000,000) recurring beginning for the 2009-2010 fiscal
36 year. The Office of School Readiness, in conjunction with Division of Child Development,
37 shall plan to minimize the number of slots eliminated by reducing the amount of funds paid per
38 slot statewide.

39 **SECTION 10.8.(c)** A child whose parent is deployed in the military shall be
40 eligible for participation in the More at Four program.

41 42 **MORE AT FOUR PROGRAM**

43 **SECTION 10.9.(a)** The More at Four program is transferred to the Department of
44 Health and Human Services, effective July 1, 2009.

45 **SECTION 10.9.(b)** The star rating system currently in place for licensure shall
46 have an additional Plus (+) designation identifying those programs offering a high quality
47 four-year-old classroom. The Plus program shall be administered within the Regulatory
48 Services Section of the Division of Child Development as a high quality four-year-old
49 classroom operated within private child care centers and public schools and will be designated
50 as a Plus program.

1 **SECTION 10.9.(c)** The Plus program shall be no less stringent than current
 2 standards of the More at Four program in place for the 2008-2009 fiscal year and shall ensure
 3 lower ratios of teachers to students and require higher teacher qualifications. The Plus program
 4 shall offer a curriculum approved by the Division of Child Development.

5 **SECTION 10.9.(d)** Eligibility requirements for the Plus program shall be in
 6 accordance with current child care subsidy eligibility requirements as established by the
 7 General Assembly. The new reimbursement rate plan shall be in accordance with the child care
 8 subsidy program implemented for the 2010-2011 fiscal year.

9 **SECTION 10.9.(e)** Public school systems shall be allowed reimbursement through
 10 the Division of Child Development for students qualifying for subsidy for its Plus programs.
 11 Beginning in school year 2010-2011, the screening process for children applying for subsidy
 12 for a Plus program shall occur through the regular subsidy application process in collaboration
 13 with local partnerships of the North Carolina Partnership for Children, Inc., county departments
 14 of social services, and local school administrative units. Counties are encouraged to develop a
 15 single application process for child care subsidy accepted in many locations throughout the
 16 county.

17 **SECTION 10.9.(f)** Parent payments for the Plus program shall be in accordance
 18 with child care subsidy rules adopted by the Division of Child Development for the 2010-2011
 19 fiscal year.

20 **SECTION 10.9.(g)** On or before December 1, 2009, the Division of Child
 21 Development shall report on the star-rated system and the incorporation of the Plus program.
 22 The report will include an analysis of the star-rated system and identify the standards for each
 23 and the differences between the various levels.
 24

25 **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL**
 26 **SERVICES**

27 **SECTION 10.10.** The Division of Child Development of the Department of Health
 28 and Human Services shall increase the allowance that county departments of social services
 29 may use for administrative costs from four percent (4%) to five percent (5%) of the county's
 30 total child care subsidy funds allocated in the Child Care Development Fund Block Grant plan.
 31 The increase shall be effective for the 2009-2010 fiscal year.
 32

33 **INCREASE CHILD CARE LICENSING FEES FOR CHILD CARE FACILITIES**

34 **SECTION 10.11.** G.S. 110-90(1a) reads as rewritten:

35 **"§ 110-90. Powers and duties of Secretary of Health and Human Services.**

36 The Secretary shall have the following powers and duties under the policies and rules of the
 37 Commission:

38 ...

39 (1a) To establish a fee for the licensing of child care ~~centers-facilities~~. The fee
 40 does not apply to a religious-sponsored child care ~~center-facility~~ operated
 41 pursuant to a letter of compliance. The amount of the fee may not exceed the
 42 amount listed in this subdivision.

Capacity of CenterFacility	Maximum Fee
12 or fewer children	\$ 35.00 \$52.00
13-50 children	\$ 125.00 \$187.00
51-100 children	\$ 250.00 \$375.00
101 or more children	\$ 400.00 \$600.00

43 "

44 **MENTAL HEALTH CHANGES**

1 **SECTION 10.12.(a)** For the purpose of mitigating cash flow problems that many
2 non-single-stream local management entities (LMEs) experience at the beginning of each fiscal
3 year, the Department of Health and Human Services, Division of Mental Health,
4 Developmental Disabilities, and Substance Abuse Services, shall adjust the timing and method
5 by which allocations of service dollars are distributed to each non-single-stream LME. To this
6 end, the allocations shall be adjusted such that at the beginning of the fiscal year the
7 Department shall distribute not less than one-twelfth of the LME's continuation allocation and
8 subtract the amount of the adjusted distribution from the LME's total reimbursements for the
9 fiscal year.

10 **SECTION 10.12.(b)** Onetime funds appropriated for the Dorothea Dix Hospital
11 overflow unit shall be used to support the temporary operation of the hospital unit on the
12 Dorothea Dix campus.

13 **SECTION 10.12.(c)** The Department shall evaluate the need to continue the
14 temporary operation of the hospital unit for one additional year and provide a recommendation
15 to the Governor no later than February 15, 2010. Notwithstanding any other provision of law
16 to the contrary, the Office of State Budget and Management shall establish the positions for the
17 hospital unit on the Dorothea Dix campus as time-limited positions.

18 **SECTION 10.12.(d)** Of the funds appropriated in this act to the Department of
19 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
20 Substance Abuse Services, the sum of twenty million one hundred twenty-one thousand six
21 hundred forty-four dollars (\$20,121,644) for the 2009-2010 fiscal year and the sum of twenty
22 million one hundred twenty-one thousand six hundred forty-four dollars (\$20,121,644) for the
23 2010-2011 fiscal year shall be allocated for the purchase of local inpatient psychiatric beds or
24 bed days. These beds or bed days shall be distributed across the State according to need as
25 determined by the Department. The Department shall enter into contracts with the LMEs and
26 community hospitals for the management of these beds or bed days. Local inpatient psychiatric
27 beds or bed days shall be managed and controlled by the LME, including the determination of
28 which local or State hospital the individual should be admitted to pursuant to an involuntary
29 commitment order. Funds shall not be allocated to LMEs but shall be held in a statewide
30 reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse
31 Services to pay for services authorized by the LMEs and billed by the hospitals through the
32 LMEs. LMEs shall remit claims for payment to the Division within 15 working days of receipt
33 of a clean claim from the hospital and shall pay the hospital within 30 working days of receipt
34 of payment from the Division. If the Department determines (i) that an LME is not effectively
35 managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days
36 in the local hospital not being utilized while demand for services at the State psychiatric
37 hospitals has not reduced, or (ii) the LME has failed to comply with the prompt payment
38 provisions of this subsection, the Department may contract with another LME to manage the
39 beds or bed days, or, notwithstanding any other provision of law to the contrary, may pay the
40 hospital directly. The Department shall develop reporting requirements for LMEs regarding
41 the utilization of the beds or bed days. Funds appropriated in this section for the purchase of
42 local inpatient psychiatric beds or bed days shall be used to purchase additional beds or bed
43 days not currently funded by or through LMEs and shall not be used to supplant other funds
44 available or otherwise appropriated for the purchase of psychiatric inpatient services under
45 contract with community hospitals, including beds or bed days being purchased through
46 Hospital Utilization Pilot funds appropriated in S.L. 2007-323. Not later than March 1, 2010,
47 the Department shall report to the House of Representatives Appropriations Subcommittee on
48 Health and Human Services, the Senate, the Joint Legislative Oversight Committee on Mental
49 Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research
50 Division on a uniform system for beds or bed days purchased (i) with local funds, (ii) from

1 existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv) purchased using
2 funds appropriated under this subsection.

3 **SECTION 10.12.(e)** The Secretary of the Department of Health and Human
4 Services shall not take any action prior to January 1, 2010, that would result in the merger or
5 consolidation of LMEs operating on January 1, 2008, or that would establish consortia or
6 regional arrangements for the same purpose, except that LMEs that do not meet the catchment
7 area requirements of G.S. 122C-115 as of January 1, 2010, may initiate, continue, or implement
8 the LMEs' merger or consolidation plans to overcome noncompliance with G.S. 122C-115.
9 This subsection does not prohibit LME's from voluntarily merging if they are contiguous or
10 consolidating administrative functions.

11 **SECTION 10.12.(f)** Of the funds appropriated in this act to the Department of
12 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
13 Substance Abuse Services, for mobile crisis teams, the sum of five million seven hundred
14 fifty-five thousand dollars (\$5,755,000) shall be distributed to LMEs to support 30 mobile
15 crisis teams. The new mobile crisis units shall be distributed over the State according to need
16 as determined by the Department.

17
18 **REENACT 2007 SPECIAL PROVISION ON COLLABORATION ON**
19 **SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE**

20 **SECTION 10.13.** Section 10.9 of S.L. 2007-323 is reenacted for the 2009-2011
21 fiscal biennium.

22
23 **CLOSURE OF WRIGHT AND WHITAKER SCHOOLS**

24 **SECTION 10.14.** The Department of Health and Human Services, Division of
25 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall close the
26 Wright School and the Whitaker School, effective December 31, 2009.

27 The Division shall prepare a transition plan for each student currently attending
28 these schools, which shall include assisting in the location of community services for the
29 student, working with the public school system in preparing or updating the student's
30 individualized education plan, and working with the local management entity (LME) to ensure
31 that the needs of the student are met. The LME shall conduct a six-month follow-up on each of
32 these students.

33 The Division shall report on student transitions, student participation in any
34 community or residential programs, and student progress six months after the school closures.
35 The Division shall submit the report to the Senate Appropriations Committee on Health and
36 Human Services, the House of Representatives Appropriations Subcommittee on Health and
37 Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental
38 Disabilities, and Substance Abuse Services, and the Fiscal Research Division not later than
39 August 30, 2010.

40 The Department shall ensure that all possible measures are taken to provide a State
41 job for employees of these schools.

42
43 **SUBSTANCE ABUSE TASK FORCE RECOMMENDATIONS/AVAILABILITY OF**
44 **SUBSTANCE ABUSE TREATMENT**

45 **SECTION 10.15.(a)** Of the funds appropriated in this act to the Department of
46 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
47 Substance Abuse Services, the sum of one million dollars (\$1,000,000) shall be used to
48 implement one or more priority recommendations of the North Carolina Institute of Medicine
49 (NCIOM) Substance Abuse Task Force, which include:

- 50 (1) Development of a comprehensive substance abuse prevention plan for use at
51 the State and local levels.

- 1 (2) Providing funding for the establishment of six pilot projects to implement
2 county or multicounty comprehensive prevention plans.
- 3 (3) Supporting efforts to reduce high-risk drinking on college campuses.
- 4 (4) Development of a pilot program to provide chronic disease management
5 services to substance abuse clients and former clients. The purpose of the
6 pilot is to decrease the number of short-term hospital admissions and to
7 provide discharge planning and follow-up to reduce substance abuse client
8 recidivism.
- 9 (5) Educating and encouraging health care professionals to use the screening,
10 brief intervention, and referral to treatment (SBIRT) model promoted by the
11 federal government.

12 **SECTION 10.15.(b)** Consistent with G.S. 122C-2, the General Assembly strongly
13 encourages Local Management Entities (LMEs) to use a portion of the funds appropriated for
14 substance abuse treatment services to support prevention and education activities.

15 **SECTION 10.15.(c)** An LME may use up to one percent (1%) of funds allocated to
16 it for substance abuse treatment services to provide nominal incentives for consumers who
17 achieve specified treatment benchmarks, in accordance with the federal substance abuse and
18 mental health services administration best practice model entitled Contingency Management.

19 **SECTION 10.15.(d)** In providing treatment and services for adult offenders and
20 increasing the number of Treatment Accountability for Safer Communities (TASC) case
21 managers, local management entities shall consult with TASC to improve offender access to
22 substance abuse treatment and match evidence-based interventions to individual needs at each
23 stage of substance abuse treatment. Special emphasis should be placed on intermediate
24 punishment offenders, community punishment offenders at risk for revocation, and Department
25 of Correction (DOC) releasees who have completed substance abuse treatment while in
26 custody.

27 In addition to the funds appropriated in this act to the Department of Health and
28 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
29 Services, to provide substance abuse services for adult offenders and to increase the number of
30 TASC case managers, the Department shall allocate up to three hundred thousand dollars
31 (\$300,000) to TASC. These funds shall be allocated to TASC before funds are allocated to
32 LMEs for mental health services, substance abuse services, and crisis services.

33 **SECTION 10.15.(e)** In providing drug treatment court services, LMEs shall
34 consult with the local drug treatment court team and shall select a treatment provider that meets
35 all provider qualification requirements and the drug treatment court's needs. A single treatment
36 provider may be chosen for non-Medicaid-eligible participants only. A single provider may be
37 chosen who can work with all of the non-Medicaid-eligible drug treatment court participants in
38 a single group. During the 52-week drug treatment court program, participants shall receive an
39 array of treatment and aftercare services that meets the participant's level of need, including
40 step-down services that support continued recovery.

41 **SECTION 10.15.(f)** Not later than October 1, 2009, the Department of Health and
42 Human Services shall complete the development of a Uniform Screening Tool (UST) to
43 determine the mental health of any individual admitted to any long-term care facility. The
44 Department shall report on the status of UST development on or before January 1, 2010, to the
45 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and
46 Substance Abuse Services.

47 **TOTAL QUALITY MANAGEMENT**

48 **SECTION 10.16.** The Secretary of the Department of Health and Human Services
49 shall implement a Total Quality Management Program in hospitals and other State facilities for
50 the purpose of providing a high level of customer service by well-trained staff throughout the
51

1 organization. The focus of this management approach shall be on meeting customer needs by
 2 providing high-quality services.

3 The Department shall involve staff at all levels of the organization by soliciting
 4 suggestions and input into decision making by managers. The Department shall create staff
 5 committees composed of a representative distribution of rank and file employees, to evaluate
 6 policy changes and identify training opportunities and other necessary improvements.

7 The Department shall submit a report on the status of the Total Quality Management
 8 Program, including any activities associated with its implementation within State facilities, to
 9 the Senate Appropriations Committee on Health and Human Services, the House of
 10 Representatives Appropriations Subcommittee on Health and Human Services, the Joint
 11 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance
 12 Abuse Services, and the Fiscal Research Division not later than December 1, 2009.

13
 14 **BUDGET REDUCTIONS FOR DIVISION OF MH/DD/SA**

15 **SECTION 10.17.** The Department of Health and Human Services, Division of
 16 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall reduce its
 17 budget in the following areas for the 2009-2010 and 2010-2011 fiscal years:

18 Facility	Fund Code	FY 2009-2010	FY 2010-2011
19 Broughton Hospital	4541	\$ (34,220)	
20 Broughton Hospital	4541		\$ (136,550)
21 Broughton Hospital	4549	\$ (7,000)	
22 Longleaf Neuro-Medical	4541	\$ (64,000)	
23 Longleaf Neuro-Medical	4541	\$ (24,000)	
24 Longleaf Neuro-Medical	4541		\$ (72,500)
25 Black Mountain Neuro-Medical	4541		\$ (25,796)
26 Caswell Developmental Center	4541	\$ (210,632)	
27 Caswell Developmental Center	4541		\$ (320,500)
28 Caswell Developmental Center	4549	\$ (16,500)	
29 Murdoch Center	3210	\$ (14,447)	\$ (14,447)
30 Murdoch Center	4541	\$ (200,750)	
31 Murdoch Center	4541		\$ (93,200)
32 O-Berry Neuro-Medical	4521	\$ (60,702)	\$ (21,102)
33 O-Berry Neuro-Medical	4541	\$ (22,103)	
34 Iverson Riddle Center	3110	\$ (12,153)	\$ (12,153)
35 Walter Jones ADATC	3110	\$ (5,852)	\$ (5,852)
36 Walter Jones ADATC	4541	\$ (24,500)	
37 Walter Jones ADATC	4549	\$ (8,800)	
38			
39 TOTAL REDUCTIONS		\$ (705,659)	\$ (709,100)

40
 41 New purchases of vehicles for the regional maintenance facilities are subject to approval by the
 42 Secretary.

43
 44 **STUDY THE AVAILABILITY OF COMMUNITY MH/DD/SA SERVICES FOR**
 45 **MILITARY FAMILIES**

46 **SECTION 10.18.** Funds appropriated in this act to the Department of Health and
 47 Human Services for North Carolina Institute of Medicine (NCIOM) shall be used to study the
 48 availability of Medicaid and State-funded mental health, developmental disability, and
 49 substance abuse services to active duty, reserve, and veteran members of the military and
 50 National Guard. The study should discuss the current availability of services, the extent of use,
 51 and any gaps in services. The NCIOM shall submit a report of its findings and any

1 recommended legislation to the Governor's Office, the Joint Legislative Commission on
2 Governmental Operations, and the Joint Legislative Oversight Committee on Mental Health,
3 Developmental Disabilities, and Substance Abuse Services by February 15, 2010.

4 5 **FUNDS FOR LOCAL MANAGEMENT ENTITY (LME) SERVICE GAPS**

6 **SECTION 10.19.** Funds appropriated in this act for mental health services and
7 supported employment shall be allocated to local management entities such that each local
8 management entity receives a percentage of the total allocation that is equal to that local
9 management entity's percentage of the State's total population that is below the federal poverty
10 level. Funds appropriated to the Department of Health and Human Services for the 2009-2010
11 and 2010-2011 fiscal years for mental health services, substance abuse services, and crisis
12 services and allocated based on the poverty level shall continue to be allocated by the
13 Department to local management entities such that each local management entity receives a
14 percentage of the total allocation that is equal to that local management entity's percentage of
15 the State's total population that is below the federal poverty level.

16 17 **TRANSITION OF UTILIZATION MANAGEMENT OF COMMUNITY-BASED** 18 **SERVICES TO LOCAL MANAGEMENT ENTITIES**

19 **SECTION 10.20.** Consistent with the findings of the Mercer evaluation of Local
20 Management Entities (LMEs), the Department of Health and Human Services shall collaborate
21 with LMEs to enhance their administrative capabilities to assume utilization management
22 responsibilities for the provision of community-based mental health, developmental disabilities,
23 and substance abuse services. The Department may, with approval of the Office of State
24 Budget and Management, use funds available to implement this section.

25 26 **MENTAL HEALTH TRUST FUND ALLOCATIONS**

27 **SECTION 10.21.** Notwithstanding any other provision of law to the contrary,
28 funds allocated from the Trust Fund for Mental Health, Developmental Disabilities, and
29 Substance Abuse Services and Bridge Funding Needs (Fund) in the 2007 fiscal biennium shall
30 not revert to the Fund nor otherwise be withheld but shall be allocated to those programs for
31 which the funds were originally obligated.

32 33 **VITAL RECORDS FEES**

34 **SECTION 10.22.** G.S. 130A-93.1 reads as rewritten:

35 **"§ 130A-93.1. Fees for vital records copies or search; automation fund.**

36 (a) The State Registrar shall collect, process, and utilize fees for services as follows:

37 (1) A fee not to exceed ~~fifteen dollars (\$15.00)~~ twenty dollars (\$20.00) shall be
38 charged for issuing ~~any a first~~ copy of a vital record or for conducting a
39 routine search of the files for the record when no copy is made. A fee of
40 fifteen dollars (\$15.00) shall be charged for each additional certificate copy
41 requested from the same search. When certificates are issued or searches
42 conducted for statewide issuance by local agencies using databases
43 maintained by the State Registrar, the local agency shall charge ~~this fee these~~
44 fees and shall ~~forward five dollars (\$5.00) of this fee~~ retain ten dollars
45 (\$10.00) of these fees to cover local administrative costs and forward the
46 remaining fees to the State Registrar for the purposes established in
47 subsection (b) of this section.

48 (2) A fee not to exceed fifteen dollars (\$15.00) for in-State requests and not to
49 exceed twenty dollars (\$20.00) for out-of-state requests shall be charged in
50 addition to the fee charged under subdivision (1) of this subsection and to all

- 1 shipping and commercial charges when expedited service is specifically
2 requested.
- 3 (2a) The fee for a copy of a computer or microform database shall not exceed the
4 cost to the agency of making and providing the copy.
- 5 (3) Except as provided in subsection (b) of this section, fees collected under this
6 subsection shall be used by the Department for public health purposes.
- 7 (b) The Vital Records Automation Account is established as a nonreverting account
8 within the Department. Five dollars (\$5.00) of each fee collected pursuant to subdivision (a)(1)
9 shall be credited to this Account. The Department shall use the revenue in the Account to fully
10 automate and maintain the vital records system. When funds sufficient to fully automate and
11 maintain the system have accumulated in the Account, fees shall no longer be credited to the
12 Account but shall be used as specified in subdivision (a)(3) of this section."
13

14 **CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES** 15 **INITIATIVE**

16 **SECTION 10.23.(a)** Funds appropriated in this act from the General Fund to the
17 Department of Health and Human Services for the Community-Focused Eliminating Health
18 Disparities Initiative (CFEHDI) shall be used to provide grants-in-aid to local public health
19 departments, American Indian tribes, and faith-based and community-based organizations to
20 close the gap in the health status of African-Americans, Hispanics/Latinos, and American
21 Indians as compared to the health status of white persons. These grants shall focus on the use of
22 preventive measures to support healthy lifestyles. The areas of focus on health status shall be
23 infant mortality, HIV-AIDS and sexually transmitted infections, cancer, diabetes, and
24 homicides and motor vehicle deaths.

25 **SECTION 10.23.(b)** Funds appropriated in this act to the Department of Health
26 and Human Services, Division of Public Health, for the CFEHDI shall be awarded as a
27 grant-in-aid to honor the memory of the following recently deceased members of the General
28 Assembly: Bernard Allen, John Hall, Robert Holloman, Howard Hunter, Jeanne Lucas, and
29 William Martin. These funds shall be used for concerted efforts to address large gaps in health
30 status among North Carolinians who are African-American, as well as disparities among other
31 minority populations in North Carolina.

32 **SECTION 10.23.(c)** The Department of Health and Human Services shall report
33 on the following with respect to funds appropriated to the CFEHDI for the 2009-2010 fiscal
34 year. The report shall address the following:

- 35 (1) Which community programs and local health departments received CFEHDI
36 grants.
- 37 (2) The amount of funding each program or local health department received.
- 38 (3) Which of the minority populations were served by the programs or local
39 health departments.
- 40 (4) Which counties were served by the programs or local health departments.
- 41 (5) What activities were planned and implemented by the programs or local
42 health departments to fulfill the community focus of the CFEHDI program.
- 43 (6) How the activities implemented by the programs or local health departments
44 fulfilled the goal of reducing health disparities among minority populations.

45 The report shall also include specific activities undertaken pursuant to subsection (a)
46 of this section to address large gaps in health status among North Carolinians who are
47 African-American and other minority populations in this State. The Department shall submit
48 the report not later than March 15, 2010, to the House of Representatives Appropriations
49 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
50 and Human Services, and the Fiscal Research Division.
51

FUNDS FOR SCHOOL NURSES

SECTION 10.24.(a) All funds appropriated for the school nurse initiative shall be used to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose. Communities shall maintain their current level of effort and funding for school nurses. These funds shall not be used for funding nurses for State agencies. All funds shall be used for direct services.

SECTION 10.24.(b) All school nurses funded with State funds shall participate, as needed, in child and family teams.

SECTION 10.24.(c) Of the funds appropriated to the Department of Health and Human Services, Division of Public Health, for the 2009-2010 and 2010-2011 fiscal years, the sum of one million dollars (\$1,000,000) in each fiscal year shall be used to hire 20 additional school health nurses bringing the total number of school nurses supported by DHHS to 232. The distribution of additional school nurses shall be made according to the criteria established by the Department in 2006.

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.25. For the 2009-2010 and 2010-2011 fiscal years, the Department may, within existing Aids Drug Assistance Program (ADAP) resources, adjust the financial eligibility criterion of the ADAP up to an amount not exceeding three hundred percent (300%) of the federal poverty level in order to serve as many eligible North Carolinians living with HIV disease as possible within existing resources plus any new federal resources. If a waiting list develops as a result of the eligibility criterion being raised, the Department shall give first priority to those individuals on the waiting list with income at or below one hundred twenty-five percent (125%) of the federal poverty level, and second priority to those individuals with income above one hundred twenty-five percent (125%) and at or below two hundred fifty percent (250%) of federal poverty guidelines.

PUBLIC HEALTH IMPROVEMENT PLAN

SECTION 10.26.(a) The Department of Health and Human Services (DHHS) shall develop a five-year Public Health Improvement Plan (Plan) by March 31, 2010. In developing the Plan the Secretary shall:

- (1) Adopt a list of services and activities performed by local health departments that qualify as core public health functions of statewide significance.
- (2) Adopt a list of performance measures with the intent of improving health status indicators applicable to core public health functions of statewide significance that local health departments (LHDs) must provide.
- (3) Identify a set of health status indicators to be given priority by LHDs.

Under the Plan, all priorities and health status indicators must incorporate as an essential activity the disparity of diseases amongst populations and locales.

SECTION 10.26.(b) In order for measurable benefits to be realized through the implementation of the Plan, the Plan shall include the adoption of levels of performance necessary to promote:

- (1) Uniformity across local health departments,
- (2) Best evidence-based services,
- (3) National standards of performance,
- (4) Innovations in public health practice, and
- (5) Reduction of geographic and racial health disparities.

LHDs shall have the flexibility and opportunity to use the resources available to achieve the required performance measures in a manner that best suits the LHD.

SECTION 10.26.(c) The Plan will address the need to provide county health departments with financial incentives to encourage and increase local investment in public

1 health functions. County governments shall not supplant existing local funding with State
2 incentive resources. The Secretary may revise the list of activities and performance measures as
3 appropriate, but before doing so, the Secretary shall provide a written explanation of the
4 rationale for the addition, deletion, or revision.

5 **SECTION 10.26.(d)** In developing the Plan the Secretary shall establish and chair
6 the Public Health Improvement Plan Task Force (Task Force), the members and expertise of
7 which shall include:

- 8 (1) Local health departments,
- 9 (2) Department staff,
- 10 (3) Individuals and entities with expertise in the development of performance
11 measures, accountability, and systems management,
- 12 (4) Experts in development of evidence-based medical guidelines or public
13 health practice guidelines, and
- 14 (5) Individuals and entities that will be affected by the performance measures.

15 **SECTION 10.26.(e)** The implementation schedule for the Plan shall be as follows:

- 16 (1) July 1, 2009, establish the Task Force to develop the Plan,
- 17 (2) March 31, 2010, submit the Plan to the 2010 Regular Session of the 2009
18 General Assembly,
- 19 (3) July 1, 2010, implement the Plan, and
- 20 (4) November 15, 2011, and annually thereafter, report on Plan implementation.

21 **SECTION 10.26.(f)** The Department will identify the programmatic activities and
22 funding in the Division of Public Health associated with the core functions and activities in the
23 Plan. Funds associated with these activities shall be subject to a flexible spending formula
24 adopted by the Department, as follows:

- 25 (1) Beginning in SFY 2010-2011, the flexible spending formula will begin to
26 replace the current spending with a more effective method of funding public
27 health activities at the local level and achieving the results expected.
- 28 (2) The Task Force shall identify a reliable and consistent source of State
29 revenue to fund the flexible spending formula.
- 30 (3) If sufficient additional revenue is available to implement the Plan, a separate
31 set-aside of available funds would be created. This set-aside would be
32 available to contiguous LHDs that seek to address a specific women's health,
33 child health, or adult health disease or chronic condition, and in doing so,
34 choose to merge into a single Local Health District, thus saving
35 administrative dollars to be focused on public health issues.

36 **SECTION 10.26.(g)** Funds appropriated to the Department for flexible spending
37 shall be distributed to county health departments as follows:

- 38 (1) Each of the county health departments will receive a base amount to be
39 determined by the DHHS.
- 40 (2) The balance of funds in the Flexible Spending Account is to be distributed to
41 the counties on the basis of a formula that takes into consideration the
42 following elements:
 - 43 a. Population,
 - 44 b. Per capita income,
 - 45 c. Rates of:
 - 46 1. Infant mortality,
 - 47 2. Teenage pregnancy,
 - 48 3. Tobacco use,
 - 49 4. Cancer,
 - 50 5. Heart disease,
 - 51 6. Diabetes, and

- 1 7. Stroke.
- 2 d. Percent of minorities in the county,
- 3 e. Body Mass Index (BMI) of public school students, and
- 4 f. Other factors as the Secretary may find necessary to achieve the
- 5 goals of the Plan.
- 6 (3) The use of the funds by the LHD would reflect the core public health
- 7 functions. It will be incumbent upon the LHD to use the funds in a manner
- 8 that assures its achievement of the performance measures adopted by the
- 9 Secretary.

10 **SECTION 10.26.(h)** To ensure compliance with Department directives, the Task
11 Force shall consider requiring each county health department to submit to the Secretary such
12 data as the Secretary determines is necessary to allow the Secretary to assess whether the
13 county health department has used the funds in a manner consistent with achieving the
14 performance measures associated with this Plan.

15 **SECTION 10.26.(i)** Beginning November 15, 2011, and biannually thereafter, the
16 Secretary shall report to the Governor and the General Assembly on:

- 17 (1) The distribution of funds to LHDs,
- 18 (2) The use of these funds by LHDs,
- 19 (3) The specific effect the funding from this Plan has had on:
 - 20 a. LHDs' performance,
 - 21 b. Health status indicators, and
 - 22 c. Health disparities.

23 The Secretary's initial report will focus on implementation. Subsequent reports will evaluate
24 trends in performance and expenditures.

25 **HEALTH INFORMATION TECHNOLOGY**

26 **SECTION 10.27.(a)** The Department of Health and Human Services, in
27 cooperation with the State Chief Information Officer and the North Carolina Office of
28 Economic Recovery and Investment, shall coordinate health information technology (HIT)
29 policies and programs within the State of North Carolina. The Department's goal in
30 coordinating State HIT policy and programs shall be to avoid duplication of efforts and to
31 ensure that each State agency, public entity, and private entity that undertakes health
32 information technology activities associated with the American Recovery and Reinvestment
33 Act of 2009 (ARRA) does so within the area of its greatest expertise and technical capability,
34 and in a manner that supports coordinated State and national goals, which shall include at least
35 all of the following:

- 37 (1) Ensuring that patient health information is secure and protected, in
38 accordance with applicable law.
- 39 (2) Improving health care quality, reducing medical errors, reducing health
40 disparities, and advancing the delivery of patient-centered medical care.
- 41 (3) Providing appropriate information to guide medical decisions at the time and
42 place of care.
- 43 (4) Ensuring meaningful public input into HIT infrastructure development.
- 44 (5) Improving the coordination of information among hospitals, laboratories,
45 physician offices, and other entities through an effective infrastructure for
46 the secure and authorized exchange of health care information.
- 47 (6) Improving public health services and facilitating early identification and
48 rapid response to public health threats and emergencies, including
49 bioterrorist events and infectious disease outbreaks.
- 50 (7) Facilitating health and clinical research.
- 51 (8) Promoting early detection, prevention, and management of chronic diseases.

1 **SECTION 10.27.(b)** The Department of Health and Human Services shall
2 establish and direct a HIT management structure that is efficient and transparent and that is
3 compatible with the Office of the National Health Coordinator for Information Technology
4 (National Coordinator) governance mechanism. The HIT management structure shall be
5 responsible for all of the following:

- 6 (1) Developing a State plan for implementing and ensuring compliance with
7 national HIT standards, and for the most efficient, effective, and widespread
8 adoption of HIT.
- 9 (2) Ensuring that (i) specific populations are effectively integrated into the State
10 plan, including aging populations, populations requiring mental health
11 services, and populations utilizing the public health system; and (ii)
12 unserved and underserved populations receive priority consideration for HIT
13 support.
- 14 (3) Identifying all HIT stakeholders and soliciting feedback and participation
15 from each stakeholder in the development of the State plan.
- 16 (4) Ensuring that existing HIT capabilities are considered and incorporated into
17 the State plan.
- 18 (5) Identifying and eliminating conflicting HIT efforts where necessary.
- 19 (6) Identifying available resources for the implementation, operation, and
20 maintenance of health information technology, including, but not limited to,
21 the ARRA, with emphasis on identifying resources and available
22 opportunities for North Carolina institutions of higher learning.
- 23 (7) Ensuring that the appropriate State entities receive all the necessary
24 information and support to successfully compete for funding included in the
25 ARRA.
- 26 (8) Ensuring that potential State plan participants are aware of HIT policies and
27 programs and the opportunity for improved health information technology.
- 28 (9) Monitoring HIT efforts and initiatives in other States and replicating
29 successful efforts and initiatives in North Carolina.
- 30 (10) Monitoring the development of the National Coordinator's strategic plan and
31 ensuring that all stakeholders are aware of and in compliance with its
32 requirements.
- 33 (11) Monitoring the progress and recommendations of the HIT Policy and
34 Standards Committees and ensuring that all stakeholders remain informed of
35 the Committee's recommendations.
- 36 (12) Monitoring all studies and reports provided to the United States Congress
37 and reporting to the Joint Legislative Oversight Committee on Information
38 Technology and the Fiscal Research Division on the impact of report
39 recommendations on State efforts to implement coordinated HIT.

40 **SECTION 10.27.(c)** Beginning October 1, 2009, the Department of Health and
41 Human Services shall provide quarterly written reports on the status of HIT efforts to the
42 Senate Appropriations Committee on Health and Human Services, the House of
43 Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal
44 Research Division. The report shall include the following:

- 45 (1) Current status of federal HIT initiatives.
- 46 (2) Current status of State HIT efforts and initiatives among both public and
47 private entities.
- 48 (3) A breakdown of current public and private funding sources and dollar
49 amounts for State HIT initiatives.
- 50 (4) Department efforts to coordinate HIT initiatives within the State, and any
51 obstacles or impediments to coordination.

- 1 (5) HIT research efforts being conducted within the State, and sources of
2 funding for research efforts.
- 3 (6) Opportunities for stakeholders to participate in HIT funding and other efforts
4 and initiatives during the next quarter.
- 5 (7) Issues associated with the implementation of HIT in North Carolina and
6 recommended solutions to these issues.

7 8 **HOSPITAL-ACQUIRED INFECTIONS**

9 **SECTION 10.28.** The Department of Health and Human Services shall apply for
10 federal funds that are available through P.L. 111-15, the American Recovery and Reinvestment
11 Act, to develop and implement a mandatory statewide hospital-acquired infections surveillance
12 and reporting system, as recommended by the Joint Study Committee on Hospital Infection
13 Control and Disclosure.

14 15 **MEN'S HEALTH**

16 **SECTION 10.29.** The Department of Health and Human Services, Division of
17 Public Health, shall use funds available to delegate to the Chronic Disease Prevention and
18 Control Office the responsibility for ensuring attention to the prevention of disease and
19 improvement in the quality of life for men over their entire lifespan. The Department shall
20 develop strategies for achieving these goals, which shall include (i) developing a strategic plan
21 to improve health care services, (ii) build public health awareness, and (iii) develop initiatives
22 within existing programs.

23 24 **FACILITATION OF ENROLLMENT AND REENROLLMENT OF ELIGIBLE** 25 **CHILDREN IN MEDICAID AND NC HEALTH CHOICE**

26 **SECTION 10.30.** The Department of Health and Human Services shall increase its
27 efforts to simplify the eligibility determination and recertification process to facilitate the
28 enrollment and reenrollment of eligible Medicaid and NC Health Choice individuals. The
29 Department shall also:

- 30 (1) Explore various opportunities through public awareness campaigns and
31 enlisting community organizations to alert families of the opportunities of
32 Medicaid and NC Health Choice to provide preventive health care to their
33 children; and
- 34 (2) Pursue opportunities in the federal Children's Health Insurance Program
35 Reauthorization Act (CHIPRA) to enhance outreach efforts and enrollment
36 for children in Medicaid and NC Health Choice. These enhancements
37 include funding for outreach and enrollment activities and implementation of
38 the "Express Lane" option that uses agencies that determine eligibility for
39 TANF, IV-D SNAP, Head Start, and School Lunch programs to enroll
40 children.

41 The Department shall also submit a Medicaid State Plan Amendment to take
42 advantage of recent federal legislation (CHIPRA) allowing states to provide medical assistance
43 to children and pregnant women who are lawfully residing in the United States.

44 45 **NC HEALTH CHOICE TRANSITION**

46 **SECTION 10.31.(a)** The Secretary of the Department of Health and Human
47 Services shall develop and implement a plan for assuming administrative responsibility for the
48 North Carolina Health Choice for Children program by transitioning all administrative
49 oversight and claims processing activities from the Executive Administrator and Board of
50 Trustees of the State Health Plan for Teachers and State Employees to the Division of Medical
51 Assistance. The transition of all administrative oversight and claims processing from the State

1 Health Plan to the Division of Medical Assistance shall be completed not later than July 1,
2 2010. The Secretary shall report to the Joint Legislative Health Care Oversight Committee and
3 the Committee on Employee Hospital and Medical Benefits at least 30 days prior to effecting
4 the transition of the responsibilities for the administration and processing of claims for benefits
5 provided under the North Carolina Health Choice for Children program from the Executive
6 Administrator and Board of Trustees of the State Health Plan for Teachers and State Employees
7 to the Department.

8 **SECTION 10.31.(b)** In consultation with the Department of Health and Human
9 Services, Division of Medical Assistance, and other appropriate organizations, the Office of
10 State Budget and Management (OSBM) shall conduct an independent analysis of the cost to
11 determine appropriate staffing levels to manage and implement the transition of NC Health
12 Choice from the State Health Plan to the Division to ensure that the transition of NC Health
13 Choice occurs with minimal disruption and that the Division has adequate staffing and an
14 organizational structure that fits with its existing structure. The Office of State Budget and
15 Management shall report with staffing recommendations by March 1, 2010, to the Senate
16 Appropriations Committee on Health and Human Services, the House of Representatives
17 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
18 Division.

20 NC HEALTH CHOICE/PROCEDURES FOR CHANGING MEDICAL POLICY

21 **SECTION 10.32.** Chapter 108A of the General Statutes is amended by adding a
22 new section to read:

23 "§ 108A-54.3. Procedures for changing medical policy.

24 The Department shall develop, amend, and adopt medical coverage policy in accordance
25 with the following:

- 26 (1) During the development of new medical coverage policy or amendment to
27 existing medical coverage policy applicable to the North Carolina Health
28 Choice Program for Children, consult with and seek the advice of the
29 Physician Advisory Group of the North Carolina Medical Society and other
30 organizations the Secretary deems appropriate. The Secretary shall also
31 consult with and seek the advice of officials of the professional societies or
32 associations representing providers who are affected by the new medical
33 coverage policy or amendments to existing medical coverage policy.
- 34 (2) At least 45 days prior to the adoption of new or amended medical coverage
35 policy, the Department shall:
- 36 a. Publish the proposed new or amended medical coverage policy on
37 the Department's Web site;
- 38 b. Notify all North Carolina Health Choice Program for Children
39 providers of the proposed, new, or amended policy; and
- 40 c. Upon request, provide persons copies of the proposed medical
41 coverage policy.
- 42 (3) During the 45-day period immediately following publication of the proposed
43 new or amended medical coverage policy, accept oral and written comments
44 on the proposed new or amended policy.
- 45 (4) If, following the comment period, the proposed new or amended medical
46 coverage policy is modified, then the Department shall, at least 15 days prior
47 to its adoption:
- 48 a. Notify all North Carolina Health Choice Program for Children
49 providers of the proposed policy;
- 50 b. Upon request, provide persons notice of amendments to the proposed
51 policy; and

1 c. Accept additional oral or written comments during this 15-day
2 period."
3

4 **NC HEALTH CHOICE MEDICAL POLICY**

5 **SECTION 10.33.** Unless required for compliance with federal law, the Department
6 shall not change medical policy affecting the amount, sufficiency, duration, and scope of NC
7 Health Choice health care services and who may provide services until the Division of Medical
8 Assistance has prepared a five-year fiscal analysis documenting the increased cost of the
9 proposed change in medical policy and submitted it for Departmental review. If the fiscal
10 impact indicated by the fiscal analysis for any proposed medical policy change exceeds one
11 million dollars (\$1,000,000) in total requirements for a given fiscal year, then the Department
12 shall submit the proposed medical policy change with the fiscal analysis to the Office of State
13 Budget and Management and the Fiscal Research Division. The Department shall not
14 implement any proposed medical policy change exceeding one million dollars (\$1,000,000) in
15 total requirements for a given fiscal year unless the source of State funding is identified and
16 approved by the Office of State Budget and Management. For medical policy changes
17 exceeding one million dollars (\$1,000,000) in total requirements for a given fiscal year that are
18 required for compliance with federal law, the Department shall submit the proposed medical
19 policy or policy interpretation change with a five-year fiscal analysis to the Office of State
20 Budget and Management prior to implementing the change. The Department shall provide the
21 Office of State Budget and Management and the Fiscal Research Division a quarterly report
22 itemizing all medical policy changes with total requirements of less than one million dollars
23 (\$1,000,000).
24

25 **NC HEALTH CHOICE ENROLLMENT**

26 **SECTION 10.34.** The Department of Health and Human Services may, in the NC
27 Health Choice Program for the 2009-2010 fiscal year, allow enrollment to grow by not more
28 than 15,583 children.
29

30 **NCHC FUNDS REDUCTION/CCNC**

31 **SECTION 10.35.(a)** The last paragraph of G.S. 108A-70.21(b) reads as rewritten:
32 "**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing;**
33 **coverage from private plans; purchase of extended coverage.**
34

35 ...

36 The Department shall provide services to children enrolled in the NC Health Choice
37 Program through Community Care of North Carolina (CCNC) and shall pay Community Care
38 of North Carolina providers for these services as allowed under Medicaid. The Department
39 shall pay for these services only if sufficient information is available to the Department for
utilization management of the services provided through CCNC."

40 **SECTION 10.35.(b)** The Department of Health and Human Services, Division of
41 Medical Assistance, shall reduce or eliminate funding for per member/per month fees paid to
42 Community Care of North Carolina (CCNC) if sufficient information is not available to the
43 Department for utilization management of the provider services.
44

45 **COMMUNITY CARE OF NORTH CAROLINA**

46 **SECTION 10.36.(a)** Given the primary care case management foundation
47 established by Community Care of North Carolina, the Department shall build upon that
48 foundation to ensure quality care and cost control of CCNC by implementing the activities
49 listed in subsection (b) of this section.

50 **SECTION 10.36.(b)** The Department shall contract with CCNC to manage the care
51 of Medicaid recipients, through a per member, per month reimbursement. In the contract

1 DHHS shall ensure that CCNC adheres to the following tenets, adapted from the National
2 Committee of Quality Assurance's (NCQA) national measures for Medical Homes Models. The
3 CCNC networks must demonstrate proficiency in:

- 4 (1) Written standards for patient access and patient communication;
- 5 (2) Use of data to show patients are meeting this standard;
- 6 (3) Adoption and implementation of evidenced-based guidelines for priority
7 diseases and conditions as identified by DHHS;
- 8 (4) Active support, monitoring, follow-up, and documentation on patient
9 self-management;
- 10 (5) Tracking system to test and identify abnormal results, and follow-up in a
11 timely manner;
- 12 (6) Tracking referrals from and to other acute and long-term care facilities and
13 providers, so as to provide continuous management of patient care;
- 14 (7) Measurement of clinical and/or service performance by physician or across a
15 practice; and
- 16 (8) Reporting performance according to baseline data and performance measure
17 established by the DHHS Independent Advisory Group across CCNC
18 networks, practices, and physicians to achieve the maximum savings
19 possible through the improvement in the quality of care.

20 **SECTION 10.36.(c)** By July 1, 2009, or as soon as possible thereafter, the
21 Department shall establish an Independent Advisory Group (IAG) for the purpose of
22 developing targeted (i) baseline data, (ii) clinically acceptable performance measures that
23 recognize nationally accredited treatment protocols, and (iii) patient, physician, and practice
24 goals that improve quality of care, and realize necessary savings within Medicaid. The
25 members of the Independent Advisory Group shall have demonstrated experience in actuarial
26 analysis, health policy analysis, medical practice, hospital administration, or management of
27 long-term chronic conditions. The Independent Advisory Group and the Department shall
28 ensure the following:

- 29 (1) The IAG shall begin work immediately so that baseline data, clinically
30 acceptable performance measures, and practice goals to improve quality and
31 cost savings can be implemented no later than January 1, 2010.
- 32 (2) The Department shall prepare a report to the General Assembly on the
33 baseline data, clinically acceptable performance measures, and practice goals
34 adopted by the IAG, and the improved quality and cost savings expected as a
35 result of their implementation. This report will be due January 31, 2010.
- 36 (3) The IAG shall establish baseline information and performance measures for
37 the diseases and conditions listed in this subdivision, the focus of which
38 shall be on Medicaid recipients who are children, adults, and among those
39 who are aged, blind, or disabled. The diseases and conditions shall include:
 - 40 a. Asthma,
 - 41 b. Diabetes,
 - 42 c. Heart disease,
 - 43 d. Chronic Obstructive Pulmonary Disease,
 - 44 e. Mental illness,
 - 45 f. Substance abuse,
 - 46 g. Obesity, and
 - 47 h. High risk maternity care
- 48 (4) The baseline information, performance measures, and practice and physician
49 goals developed for the continuing care of Medicaid recipients, who are also
50 eligible for Medicare shall include attention to this population's:
 - 51 a. Increased primary care visit rate,

- b. Hospital admission rate,
- c. Hospital readmission rate,
- d. Emergency department visit rate,
- e. Mortality rate, and
- f. Prescription drug management, including:
 1. Number of prescriptions prescribed,
 2. Number of generic versus brand-name prescriptions, and
 3. Reconciliation of a patient's prescriptions between hospital, nursing facility, and primary care physician.

SECTION 10.36.(d) The Department shall conduct a Request for Proposal (RFP) process to solicit bids from qualified outside entities with proven experience in conducting actuarial and health care studies and evaluations to:

- (1) Report, assess, and evaluate the CCNC networks proficiency in fulfilling the eight tenets described above,
- (2) Report, assess, and evaluate the CCNC networks implementation and achievement of the baseline data, clinically acceptable performance measures, and practice goals to improve quality and cost savings established by the IAG, and
- (3) Report on the Medicaid cost savings achieved by the CCNC networks during a 12-month period.

SECTION 10.36.(e) The contractor's report, information, and data shall be in a format that allows the Department to manipulate and assess the performance of CCNC as a whole and for its 14 networks individually. Not later than November 1, 2010, the Department shall provide to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division copies of the contractor's report for CCNC activities conducted during the 2009-2010 fiscal year.

SECTION 10.36.(f) Under the Children's Health Insurance Program Reauthorization Act, P.L. 111-1, the U.S. Secretary of Health and Human Services is directed to:

- (1) Develop a standardized reporting format that encourages states to report information regarding the quality of pediatric health care delivered through the State Children's Health Insurance Program, and
- (2) Establish a set of pediatric quality measures not later than January 1, 2011.

Given this directive, the IAG shall develop targeted baseline data, clinically acceptable performance measures that recognize nationally accredited treatment protocols, and patient, physician, and practice goals that improve quality of care, in order to realize necessary savings within North Carolina's Health Choice program. The IAG shall begin this effort so that baseline data, clinically acceptable performance measures, and practice goals to improve quality and cost savings can be implemented by July 1, 2010, the date on which the Department of Health and Human Services' Division of Medical Assistance assumes management responsibility of the Health Choice program from the State Health Plan.

COMMUNITY HEALTH CENTER CHANGES

SECTION 10.37. Of the funds appropriated in this act for Community Health Grants, the sum of seven million eight hundred sixty thousand dollars (\$7,860,000) in recurring funds for the 2009-2010 fiscal year and the sum of seven million eight hundred sixty thousand dollars (\$7,860,000) for the 2010-2011 fiscal year. These funds shall be allocated as grants on a competitive basis to rural health centers, free clinics, public health departments, school-based health centers, qualified health centers, and other nonprofit organizations that provide primary care and preventive health services to uninsured and indigent persons. Community health

1 centers that have received federal funds through the American Recovery and Reinvestment Act
2 to provide new, expanded, or continuing health services are not eligible to receive funds under
3 this section.
4

5 **LIABILITY INSURANCE**

6 **SECTION 10.38.(a)** The Secretary of the Department of Health and Human
7 Services, the Secretary of the Department of Environment and Natural Resources, and the
8 Secretary of the Department of Correction may provide medical liability coverage not to
9 exceed one million dollars (\$1,000,000) per incident on behalf of employees of the
10 Departments licensed to practice medicine or dentistry, on behalf of all licensed physicians who
11 are faculty members of The University of North Carolina who work on contract for the
12 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for
13 incidents that occur in Division programs, and on behalf of physicians in all residency training
14 programs from The University of North Carolina who are in training at institutions operated by
15 the Department of Health and Human Services. This coverage may include commercial
16 insurance or self-insurance and shall cover these individuals for their acts or omissions only
17 while they are engaged in providing medical and dental services pursuant to their State
18 employment or training.

19 **SECTION 10.38.(b)** The coverage provided under this section shall not cover any
20 individual for any act or omission that the individual knows or reasonably should know
21 constitutes a violation of the applicable criminal laws of any state or the United States or that
22 arises out of any sexual, fraudulent, criminal, or malicious act or out of any act amounting to
23 willful or wanton negligence.

24 **SECTION 10.38.(c)** The coverage provided pursuant to this section shall not
25 require any additional appropriations and shall not apply to any individual providing
26 contractual service to the Department of Health and Human Services, the Department of
27 Environment and Natural Resources, or the Department of Correction, with the exception that
28 coverage may include physicians in all residency training programs from The University of
29 North Carolina who are in training at institutions operated by the Department of Health and
30 Human Services and licensed physicians who are faculty members of The University of
31 North Carolina who work for the Division of Mental Health, Developmental Disabilities, and
32 Substance Abuse Services.
33

34 **FUNDS FOR JIM "CATFISH" HUNTER CHAPTER OF THE ALS ASSOCIATION**

35 **SECTION 10.39.** Funds appropriated in this act for the Jim "Catfish" Hunter
36 Chapter of the ALS Association shall be expended only for services provided within North
37 Carolina.
38

39 **DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES**

40 **SECTION 10.40.** Subject to rules adopted by the State Controller, an employee of
41 the Department of Health and Human Services may authorize, in writing, the periodic
42 deduction from the employee's salary or wages for employment by the State, a designated lump
43 sum to be paid to satisfy the cost of services received for child care provided by the
44 Department.
45

46 **MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)** 47 **FUNDS/IMPLEMENTATION OF MMIS**

48 **SECTION 10.41.(a)** Of the funds appropriated in this act to the Department of
49 Health and Human Services (Department) from prior year earned revenues received by the
50 Department for the Medicaid Management Information System (MMIS), the sum of eleven
51 million seventy-one thousand five hundred two dollars (\$11,071,502) for fiscal year 2009-2010

1 and the sum of nine million eight hundred twenty thousand six hundred eighty-nine dollars
2 (\$9,820,689) for fiscal year 2010-2011 shall be (i) deposited to the Department's information
3 technology budget code and (ii) used to match federal funds for the procurement, design,
4 development, and implementation of the new MMIS system and to fund the central
5 management of the project. In the event that the Department does not receive prior year earned
6 revenues in these amounts, the Department is authorized with approval of the Office of State
7 Budget and Management to use other over-realized receipts to the level appropriated in this act
8 for MMIS expenditures.

9 **SECTION 10.41.(b)** The Department shall make full development of the
10 replacement MMIS a top priority. During the development and implementation of MMIS, the
11 Department shall develop plans to ensure the timely and effective implementation of
12 enhancements to the system to provide the following capabilities:

13 (1) Receiving and tracking premium or other payments required by law.

14 (2) Compatibility with the administration of the Health Information System.

15 The Department shall make every effort to expedite the implementation of the
16 enhancements. The Office of Information Technology Services shall work in cooperation with
17 the Department to ensure the timely and effective implementation of the MMIS and
18 enhancements. The contract between the Department and the contract vendor shall contain an
19 explicit provision requiring that the MMIS have the capability to fully implement the
20 administration of NC Health Choice, NC Kids' Care, Ticket to Work, Families Pay Part of the
21 Cost of Services under the CAP-MR/DD, CAP Children's Program, and all relevant Medicaid
22 waivers and the Medicare 646 waiver as it applies to Medicaid eligibles. The Department must
23 have detailed cost information for each requirement before signing the contract. Any contract
24 between the Department and a vendor for the MMIS that does not contain the explicit provision
25 required under this subsection is void on its face. Notwithstanding any other provision of law to
26 the contrary, the Secretary of the Department does not have the authority to sign a contract for
27 the MMIS if the contract does not contain the explicit provision required under this section.

28 **SECTION 10.41.(c)** Notwithstanding G.S. 114-2.3, the Department shall engage
29 the services of private counsel with the pertinent information technology and computer law
30 expertise to review requests for proposals and to negotiate and review contracts associated with
31 MMIS. The counsel engaged by the Department shall review the MMIS contract between the
32 Department and the vendor to ensure that the requirements of subsection (a) of this section are
33 met in their entirety.

34 **SECTION 10.41.(d)** The Department shall develop a comprehensive schedule for
35 the development and implementation of the MMIS that fully incorporates federal and State
36 project management and review requirements. The Department shall ensure that the schedule
37 is as accurate as possible. Any changes to the design, development, and implementation
38 schedule shall be reported as part of the Department's quarterly MMIS reporting requirements.
39 The Department shall submit the schedule to the Chairs of the House of Representatives
40 Committee on Appropriations and the House of Representatives Subcommittee on Health and
41 Human Services, the Chairs of the Senate Committee on Appropriations and the Senate
42 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.
43 Any change to key milestones in either schedule shall be immediately reported to the Chairs of
44 the House of Representatives Committee on Appropriations and the House of Representatives
45 Subcommittee on Health and Human Services, the Chairs of the Senate Committee on
46 Appropriations and the Senate Appropriations Committee on Health and Human Services, and
47 the Fiscal Research Division with a full explanation of the reason for the change.

48 **SECTION 10.41.(e)** Beginning July 1, 2009, the Department shall make quarterly
49 reports on changes in the functionality and projected costs of the MMIS. The first quarterly
50 submission shall contain a final report on the contract award to include total costs and
51 functionality of the MMIS. Each report shall be made to the Chairs of the House of

1 Representatives Committee on Appropriations and the House of Representatives Subcommittee
2 on Health and Human Services, the Chairs of the Senate Committee on Appropriations and the
3 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
4 Division. A copy of the final report on the contract award shall also be submitted to the Joint
5 Legislative Commission on Governmental Operations.

6 **SECTION 10.41.(f)** Upon initiation of the NC MMIS Program Reporting and
7 Analytics Project and the Division of Health Services Regulation Project, the Department shall
8 submit all reports regarding functionality, schedule, and cost in the next regular cycle of
9 reporting identified in subsections (d) and (e) of this section. The Department shall ensure that
10 the solution developed in the Reporting and Analytics Project supports the capability, in its
11 initial implementation, to interface with the North Carolina Teachers' and State Employees'
12 Health Plan. The costs for this capability shall be negotiated prior to the award of the
13 Reporting and Analytics contract. The Reporting and Analytics solution must be completed
14 simultaneously with the replacement MMIS.

15
16 **NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH**
17 **TECHNOLOGY (NC FAST) FUNDS**

18 **SECTION 10.42.** The sum of eighteen million three hundred twenty-seven
19 thousand four hundred seventy-eight dollars (\$18,327,478) is appropriated from Budget Code
20 24441, Fund Code 2006, to the Department of Health and Human Services, Division of Central
21 Management Services, for the 2009-2010 fiscal year. These funds shall be used for the
22 development and implementation of North Carolina Families Accessing Services Through
23 Technology (NC FAST). Funds will be placed in the Department's information technology
24 budget code and will match federal funds for project implementation.

25
26 **PROGRAM ON PREVENTION OF ABUSE AND NEGLECT**

27 **SECTION 10.43.(a)** The Children's Trust Fund, a program on prevention of abuse
28 and neglect, is transferred from the Department of Public Instruction to the Division of Social
29 Services in the Department of Health and Human Services, as if by a Type I transfer as defined
30 in G.S. 143A-6, with all the elements of such a transfer.

31 **SECTION 10.43.(b)** G.S. 7B-1301 reads as rewritten:
32 **"§ 7B-1301. Program on Prevention of Abuse and Neglect.**

33 (a) ~~The State Board of Education~~ Department of Health and Human Services, through
34 ~~the Department of Public Instruction~~ Division of Social Services, shall implement the Program
35 on Prevention of Abuse and Neglect. ~~The Department of Public Instruction~~ Division of Social
36 Services ~~subject to the approval of the State Board of Education~~, shall provide the staff and
37 support services for implementing this program.

38 (b) In order to carry out the purposes of this Article:

39 (1) ~~The Department of Public Instruction~~ Division of Social Services shall
40 review applications and make recommendations ~~to the State Board of~~
41 ~~Education~~ concerning the awarding of contracts under this Article.

42 (2) ~~The State Board of Education~~ Division of Social Services shall contract with
43 public or private nonprofit organizations, agencies, schools, or with qualified
44 individuals to operate community-based educational and service programs
45 designed to prevent the occurrence of abuse and neglect. Every contract
46 entered into by the ~~State Board of Education~~ Division of Social Services
47 shall contain provisions that at least twenty-five percent (25%) of the total
48 funding required for a program be provided by the administering
49 organization in the form of in-kind or other services and that a mechanism
50 for evaluation of services provided under the contract be included in the
51 services to be performed. In addition, every proposal to the ~~Department of~~

1 ~~Public Instruction~~ Division of Social Services for funding under this Article
2 shall include assurances that the proposal has been forwarded to the local
3 department of social services for comment so that the ~~Department of Public~~
4 ~~Instruction~~ Division of Social Services may consider coordination and
5 duplication of effort on the local level as criteria in making
6 recommendations ~~to the State Board of Education~~.

7 (3) The ~~State Board of Education~~ Division of Social Services, with the
8 assistance of the Department of ~~Public Instruction~~ Health and Human
9 Services, shall develop appropriate guidelines and criteria for awarding
10 contracts under this Article. These criteria shall include, but are not limited
11 to: documentation of need within the proposed geographical impact area;
12 diversity of geographical areas of programs funded under this Article;
13 demonstrated effectiveness of the proposed strategy or program for
14 preventing abuse and neglect; reasonableness of implementation plan for
15 achieving stated objectives; utilization of community resources including
16 volunteers; provision for an evaluation component that will provide outcome
17 data; plan for dissemination of the program for implementation in other
18 communities; and potential for future funding from private sources.

19 (4) The ~~State Board of Education~~ Division of Social Services, with the
20 assistance of the Department of ~~Public Instruction~~ Health and Human
21 Services, shall develop guidelines for regular monitoring of contracts
22 awarded under this Article in order to maximize the investments in
23 prevention programs by the Children's Trust Fund and to establish
24 appropriate accountability measures for administration of contracts.

25 (5) The ~~State Board of Education~~ Division of Social Services shall develop a
26 State plan for the prevention of abuse and neglect for submission to the
27 Governor, the President of the Senate, and the Speaker of the House of
28 Representatives.

29 (c) To assist in implementing this Article, the ~~State Board of Education~~ Division of
30 Social Services may accept contributions, grants, or gifts in cash or otherwise from persons,
31 associations, or corporations. All monies received by the ~~State Board of Education~~ Division of
32 Social Services from contributions, grants, or gifts and not through appropriation by the
33 General Assembly shall be deposited in the Children's Trust Fund. Disbursements of the funds
34 shall be on the authorization of the ~~State Board of Education~~ or that Board's duly authorized
35 ~~representative~~ Department of Health and Human Services. In order to maintain an effective
36 expenditure and revenue control, the funds are subject in all respects to State law and
37 regulations, but no appropriation is required to permit expenditure of the funds.

38 (d) Programs contracted for under this Article are intended to prevent abuse and neglect
39 of juveniles. Abuse and neglect prevention programs are defined to be those programs and
40 services which impact on juveniles and families before any substantiated incident of abuse or
41 neglect has occurred. These programs may include, but are not limited to:

- 42 (1) Community-based educational programs on prenatal care, perinatal bonding,
43 child development, basic child care, care of children with special needs, and
44 coping with family stress; and
45 (2) Community-based programs relating to crisis care, aid to parents, and
46 support groups for parents and their children experiencing stress within the
47 family unit.

48 (e) No more than twenty percent (20%) of each year's total awards may be utilized for
49 funding State-level programs to coordinate community-based programs."

50 **SECTION 10.43.(c)** G.S. 7B-1302 reads as rewritten:

51 **"§ 7B-1302. Children's Trust Fund.**

1 (a) There is established a fund to be known as the "Children's Trust Fund," in the
2 Department of State Treasurer, which shall be funded by a portion of the marriage license fee
3 under G.S. 161-11.1 and a portion of the special license plate fee under G.S. 20-81.12. The
4 money in the Fund shall be used by the ~~State Board of Education~~ Division of Social Services to
5 fund abuse and neglect prevention programs so authorized by this Article.

6 (b) The Department of ~~Public Instruction~~ Health and Human Services shall report
7 annually on revenues and expenditures of the Children's Trust Fund to the Joint Legislative
8 Commission on Governmental Operations."
9

10 INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND 11 PERFORMANCE ENHANCEMENTS

12 **SECTION 10.44.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
13 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
14 children and families in cases of abuse, neglect, and dependency where a child is at imminent
15 risk of removal from the home and to children and families in cases of abuse where a child is
16 not at imminent risk of removal. The Program shall be developed and implemented statewide
17 on a regional basis. The IFPS shall ensure the application of standardized assessment criteria
18 for determining imminent risk and clear criteria for determining out-of-home placement.

19 **SECTION 10.44.(b)** The Department of Health and Human Services shall require
20 that any program or entity that receives State, federal, or other funding for the purpose of
21 Intensive Family Preservation Services shall provide information and data that allows for:

- 22 (1) An established follow-up system with a minimum of six months of
23 follow-up services.
- 24 (2) Detailed information on the specific interventions applied, including
25 utilization indicators and performance measurement.
- 26 (3) Cost-benefit data.
- 27 (4) Data on long-term benefits associated with Intensive Family Preservation
28 Services. This data shall be obtained by tracking families through the
29 intervention process.
- 30 (5) The number of families remaining intact and the associated interventions
31 while in IFPS and 12 months thereafter.
- 32 (6) The number and percentage by race of children who received Intensive
33 Family Preservation Services compared to the ratio of their distribution in
34 the general population involved with Child Protective Services.

35 **SECTION 10.44.(c)** The Department shall establish performance-based funding
36 protocol and shall only provide funding to those programs and entities providing the required
37 information specified in subsection (b) of this section. The amount of funding shall be based on
38 the individual performance of each program.

39 **SECTION 10.44.(d)** The Department shall publish an annual report on the
40 Intensive Family Preservation Services Program, including the information and data under
41 subdivisions (b)(2) through (b)(6) of this section.
42

43 FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

44 **SECTION 10.45.(a)** The maximum rates for State participation in the foster care
45 assistance program are established on a graduated scale as follows:

- 46 (1) \$475.00 per child per month for children aged birth through 5;
- 47 (2) \$581.00 per child per month for children aged 6 through 12; and
- 48 (3) \$634.00 per child per month for children aged 13 through 18.

49 **SECTION 10.45.(b)** The maximum rates for the State adoption assistance program
50 are established consistent with the foster care rates as follows:

- 51 (1) \$475.00 per child per month for children aged birth through 5;

1 (2) \$581.00 per child per month for children aged 6 through 12; and

2 (3) \$634.00 per child per month for children aged 13 through 18.

3 **SECTION 10.45.(c)** In addition to providing board payments to foster and
4 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter 324 of
5 the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose
6 shall be used to provide medical training in avoiding HIV transmission in the home.

7 **SECTION 10.45.(d)** The maximum rates for the State participation in HIV foster
8 care and adoption assistance are established on a graduated scale as follows:

9 (1) \$800.00 per child per month with indeterminate HIV status;

10 (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;

11 (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and

12 (4) \$1,600 per child per month terminally ill with complex care needs.

13 **SECTION 10.45.(e)** The State and a county participating in foster care and
14 adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of the cost
15 of care for a child placed by a county department of social services or child placing agency in a
16 family foster home or residential child care facility. A county shall be held harmless from
17 contributing fifty percent (50%) of the nonfederal share of the cost for a child currently in a
18 family foster home or residential child care facility until the child leaves foster care or
19 experiences a placement change.

20 **SECTION 10.45.(f)** The Department of Health and Human Services may establish
21 foster care and adoption assistance rates based on the United States Department of Agriculture
22 (USDA) "Expenditures on Children by Families" index subject to State appropriations for each
23 fiscal year.

24 25 **CHILD SUPPORT PROGRAM/ENHANCED STANDARDS**

26 **SECTION 10.46.** G.S. 110-129.1(a) is amended by adding the following new
27 subdivision to read:

28 "(a) In addition to other powers and duties conferred upon the Department of Health and
29 Human Services, Child Support Enforcement Program, by this Chapter or other State law, the
30 Department shall have the following powers and duties:

31 ...

32 (8) Implement and maintain performance standards for each of the State and
33 county child support enforcement offices across the State. The performance
34 standards shall include the following:

35 a. Cost per collections.

36 b. Consumer satisfaction.

37 c. Paternity establishments.

38 d. Administrative costs.

39 e. Orders established.

40 f. Collections on arrearages.

41 g. Location of absent parents.

42 h. Other related performance measures.

43 The Department shall monitor the performance of each office and shall
44 implement a system of reporting that allows each local office to review its
45 performance as well as the performance of other local offices. The
46 Department shall publish an annual performance report that includes the
47 statewide and local office performance of each child support office."

48 49 **CHILD CARING INSTITUTIONS**

50 **SECTION 10.47.** Until the Social Services Commission adopts rules setting
51 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the

1 maximum reimbursement for child caring institutions shall not exceed the rate established for
2 the specific child caring institution by the Department of Health and Human Services, Office of
3 the Controller. In determining the maximum reimbursement, the State shall include county and
4 IV-E reimbursements.

6 **SPECIAL CHILDREN ADOPTION FUND**

7 **SECTION 10.48.** Part 4 of Article 2 of Chapter 108A of the General Statutes is
8 amended by adding the following new section to read:

9 **"§ 108A-50.2. Special Children Adoption Fund.**

10 (a) Funds appropriated by the General Assembly in the Current Operations
11 Appropriations Act shall be used to support the Special Children Adoption Fund. The Division
12 of Social Services of the Department of Health and Human Services, in consultation with the
13 North Carolina Association of County Directors of Social Services and representatives of
14 licensed private adoption agencies, shall develop guidelines for the awarding of funds to
15 licensed public and private adoption agencies upon the adoption of children described in
16 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund
17 by participating agencies shall be used exclusively to enhance the adoption services. No local
18 match shall be required as a condition for receipt of these funds. In accordance with State rules
19 for allowable costs, the Special Children Adoption Fund may be used for post-adoption
20 services for families whose income exceeds two hundred percent (200%) of the federal poverty
21 level.

22 (b) Of the total funds appropriated for the Special Children Adoption Fund each year,
23 twenty percent (20%) of the total funds available shall be reserved for payment to participating
24 private adoption agencies. If the funds reserved in this subsection for payments to private
25 agencies have not been spent on or before March 31 of each State fiscal year, the Division of
26 Social Services may reallocate those funds, in accordance with this section, to other
27 participating adoption agencies.

28 (c) The Division of Social Services shall monitor the total expenditures in the Special
29 Children Adoption Fund and redistribute unspent funds to ensure that the funds are used in
30 accordance with the guidelines established in subsection (a) of this section. The Division of
31 Social Services shall implement strategies to ensure that funds that have historically reverted
32 for this program are used for the intended purpose."

34 **LIMITATION ON STATE ABORTION FUND**

35 **SECTION 10.49.** The limitations on funding of the performance of abortion
36 established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section
37 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2009-2010 and 2010-2011 fiscal
38 years.

40 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT** 41 **FUND**

42 **SECTION 10.50.(a)** There is appropriated from the Escheat Fund income to the
43 Department of Health and Human Services the sum of three million one hundred sixty-eight
44 thousand two hundred fifty dollars (\$3,168,250) for the 2009-2010 fiscal year. These funds
45 shall be used to support the child welfare postsecondary support program for the educational
46 needs of foster youth aging out of the foster care system and special needs children adopted
47 from foster care after age 12 by providing assistance with the "cost of attendance" as that term
48 is defined in 20 U.S.C. § 10871l. The Department shall collaborate with the State Education
49 Assistance Authority to develop policies and procedures for the distribution of these funds.

50 If the interest income generated from the Escheat Fund is less than the amounts
51 referenced in this section, the difference may be taken from the Escheat Fund principal to reach

1 the appropriations referenced in this section; however, under no circumstances shall the
2 Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

3 Funds appropriated by this section shall be allocated by the State Education
4 Assistance Authority.

5 The purpose for which funds are appropriated under this section is in addition to
6 other purposes for which Escheat Fund income is distributed under G.S. 116B-7 and shall not
7 be construed to otherwise affect the distribution of funds under G.S. 116B-7.

8 **SECTION 10.50.(b)** Of the funds appropriated from the General Fund to the
9 Department of Health and Human Services the sum of fifty thousand dollars (\$50,000) for the
10 2009-2010 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 2010-2011 fiscal
11 year shall be allocated to the North Carolina State Education Assistance Authority (SEAA).
12 The SEAA shall use these funds only to perform administrative functions necessary to manage
13 and distribute scholarship funds under the child welfare postsecondary support program.

14 **SECTION 10.50.(c)** Of the funds appropriated from the General Fund to the
15 Department of Health and Human Services the sum of five hundred thousand dollars
16 (\$500,000) for the 2009-2010 fiscal year and the sum of five hundred thousand dollars
17 (\$500,000) for the 2010-2011 fiscal year shall be used to contract with an entity to develop and
18 administer the child welfare postsecondary support program described under subsection (a) of
19 this section, which development and administration shall include the performance of case
20 management services.

21 **SECTION 10.50.(d)** Funds appropriated to the Department of Health and Human
22 Services for the child welfare postsecondary support program shall be used only for students
23 attending public institutions of higher education in this State.

24 **SECTION 10.50.(e)** It is the intent of the General Assembly that for the 2010-2011
25 fiscal year and beyond, support for the child welfare postsecondary support program shall be
26 appropriated from the General Fund.

27 **TANF BENEFIT IMPLEMENTATION**

28 **SECTION 10.51.(a)** The General Assembly approves the plan titled "North
29 Carolina Temporary Assistance for Needy Families State Plan FY 2009-2011," prepared by the
30 Department of Health and Human Services and presented to the General Assembly. The North
31 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1,
32 2009, through September 30, 2011. The Department shall submit the State Plan, as revised in
33 accordance with subsection (b) of this section, to the United States Department of Health and
34 Human Services, as amended by this act or any other act of the 2009 General Assembly.

35 **SECTION 10.51.(b)** The counties approved as Electing Counties in North
36 Carolina's Temporary Assistance for Needy Families State Plan FY 2009-2011, as approved by
37 this section are: Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, and Wilson.

38 **SECTION 10.51.(c)** Counties that submitted the letter of intent to remain as an
39 Electing County or to be redesignated as an Electing County and the accompanying county plan
40 for fiscal years 2009 through 2011, pursuant to G.S. 108A-27(e), shall operate under the
41 Electing County budget requirements effective July 1, 2009. For programmatic purposes, all
42 counties referred to in this subsection shall remain under their current county designation
43 through September 30, 2009.

44 **EVALUATION OF CONSOLIDATION OF ADMINISTRATIVE FUNCTIONS OF 45 COUNTY DEPARTMENTS OF SOCIAL SERVICES**

46 **SECTION 10.52.(a)** The Department of Health and Human Services, Division of
47 Social Services, shall study the consolidation of administrative functions among county
48 departments of social services.
49
50

1 **SECTION 10.52.(b)** The Department shall collaborate with counties to identify
2 opportunities for functional consolidation, affected administrative functions, estimated cost
3 savings, and requisite policy changes, if applicable, to accommodate the consolidation. The
4 Department shall not consolidate administrative functions except as directed by an act of the
5 General Assembly.

6 **SECTION 10.52.(c)** The Department shall report its findings and
7 recommendations to the Senate Appropriations Committee on Health and Human Services, the
8 House of Representatives Appropriations Subcommittee on Health and Human Services, the
9 Senate Appropriations Committee on Education/Higher Education, the House of
10 Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division
11 by April 1, 2010.

12 **ENHANCE MARKETING OF PUBLIC ASSISTANCE AVAILABILITY**

13 **SECTION 10.53.** To ensure that working families are aware of the availability of
14 assistance from Food and Nutrition Services programs and Medical Assistance, the Office of
15 Economic Opportunity, Division of Social Services, and county departments of social services
16 shall enhance the marketing of available services, including Food and Nutrition Services, and
17 Medical Assistance, for prospective recipients.
18

19 **EVALUATION AND IMPLEMENTATION OF COST-EFFECTIVE EDUCATION FOR** 20 **STUDENTS WHO ARE DEAF OR HEARING-IMPAIRED**

21 **SECTION 10.54.(a)** The Department of Health and Human Services, in
22 collaboration with the Department of Public Instruction and the Free Appropriate Public
23 Education Task Force (Task Force), shall develop a plan to reduce the costs of residential
24 instruction for students who are deaf or hearing-impaired. The Plan shall include:
25

- 26 (1) The transitioning, as appropriate, of students served by the Western North
27 Carolina School for the Deaf and Eastern North Carolina School for the Deaf
28 to local education agencies (LEAs), and the identification of LEA resource
29 requirements for the provision of appropriate instruction; and
- 30 (2) Additional instructional alternatives.

31 **SECTION 10.54.(b)** The Department of Health and Human Services, the
32 Department of Public Instruction, and the Task Force shall report their findings and reduction
33 plan to the Senate Appropriations Committee on Health and Human Services, the House of
34 Representatives Appropriations Subcommittee on Health and Human Services, the Senate
35 Appropriations Committee on Education/Higher Education, the House of Representatives
36 Appropriations Subcommittee on Education, and the Fiscal Research Division no later than
37 April 1, 2010.
38

39 **NON-MEDICAID REIMBURSEMENT CHANGES**

40 **SECTION 10.55.** Providers of medical services under the various State programs,
41 other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates
42 no higher than those under the North Carolina Medical Assistance Program.

43 The Department of Health and Human Services may reimburse hospitals at the full
44 prospective per diem rates without regard to the Medical Assistance Program's annual limits on
45 hospital days. When the Medical Assistance Program's per diem rates for inpatient services and
46 its interim rates for outpatient services are used to reimburse providers in non-Medicaid
47 medical service programs, retroactive adjustments to claims already paid shall not be required.

48 Notwithstanding the provisions of this section, the Department of Health and
49 Human Services may negotiate with providers of medical services under the various
50 Department of Health and Human Services programs, other than Medicaid, for rates as close as
51 possible to Medicaid rates for the following purposes: contracts or agreements for medical

1 services and purchases of medical equipment and other medical supplies. These negotiated
2 rates are allowable only to meet the medical needs of its non-Medicaid eligible patients,
3 residents, and clients who require such services which cannot be provided when limited to the
4 Medicaid rate.

5 Maximum net family annual income eligibility standards for services in these
6 programs shall be as follows:

7 DSB Medical Eye Care	125% FPL
8 DSB Independent Living <55	125% FPL
9 DSB Independent Living 55>	200% FPL
10 DSB Vocational Rehabilitation	125% FPL
11 DVR Independent Living	125% FPL
12 DVR Vocational Rehabilitation	125% FPL

13 The Department of Health and Human Services shall contract at, or as close as
14 possible to, Medicaid rates for medical services provided to residents of State facilities of the
15 Department.

16 17 **DIVISION OF SERVICES FOR THE DEAF AND HARD OF HEARING/FUNDS** 18 **TRANSFER AND APPROPRIATION**

19 **SECTION 10.56.(a)** Notwithstanding G.S. 62-157, on July 1, 2009, the State
20 Controller shall transfer five million dollars (\$5,000,000) from the Special Account for
21 Telecommunications Relay Service to Nontax Budget Code 19978 (Intra State Transfers) to
22 support General Fund appropriations for the 2009-2010 fiscal year.

23 **SECTION 10.56.(b)** Of funds appropriated with Budget Code 67425, Fund Code
24 6725, and Fund Code 6726 the sum of one million five hundred thousand dollars (\$1,500,000)
25 shall be transferred to Budget Code 24410 for Information Technology Projects in the
26 Department of Health and Human Services, Division of Central Management and Support for
27 the Data Collection and Case Management Systems initiative. This initiative shall also be
28 supported with federal funds from the Rehabilitation Act. Funds made available under this
29 section shall be used for the development and implementation of a data collection and case
30 management information system to replace the current system in use by the Division of
31 Services for the Blind, Division of Services for the Deaf and Hard of Hearing, and the Division
32 of Vocational Rehabilitation Services. The Department shall use federal funds first and then
33 State funds, only as necessary, from Budget Code 67425. In accordance with
34 G.S. 143C-1-2(b), funds appropriated for this project shall not revert to the fund from which
35 they came until the project is complete.

36 **SECTION 10.56.(c)** If, upon the transfer and appropriation of funds under this
37 section, available funds are insufficient to support recurring services the Division of Services
38 for the Deaf and Hard of Hearing is authorized to provide, the Department of Health and
39 Human Services, shall, pursuant to G.S. 62-157, file a petition with the North Carolina Utilities
40 Commission to reset the surcharge provided for in G.S. 62-157 to maintain a reasonable margin
41 for reserve for the operation of the statewide telecommunications relay service.

42 43 **STATE-COUNTY SPECIAL ASSISTANCE**

44 **SECTION 10.57.(a)** The eligibility of Special Assistance recipients residing in
45 adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special
46 Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report
47 and Related Services, providing these recipients are otherwise eligible. The maximum monthly
48 rate for these residents in adult care home facilities shall be one thousand two hundred
49 thirty-one dollars (\$1,231) per month per resident.

50 **SECTION 10.57.(b)** Effective January 1, 2009, the maximum monthly rate for
51 residents in adult care home facilities shall be one thousand two hundred seven dollars (\$1,207)

1 per month per resident unless adjusted by the Department in accordance with subsection (d) of
2 this section.

3 **SECTION 10.57.(c)** The maximum monthly rate for residents in
4 Alzheimer/Dementia special care units shall be one thousand five hundred fifteen dollars
5 (\$1,515) per month per resident unless adjusted by the Department in accordance with
6 subsection (d) of this section.

7 **SECTION 10.57.(d)** Notwithstanding any other provision of this section, the
8 Department of Health and Human Services shall review activities and costs related to the
9 provision of care in adult care homes and shall determine what costs may be considered to
10 properly maximize allowable reimbursement available through Medicaid personal care services
11 for adult care homes (ACH-PCS) under federal law. As determined, and with any necessary
12 approval from the Centers for Medicare and Medicaid Services (CMS), and the approval of the
13 Office of State Budget and Management, the Department may transfer necessary funds from
14 the State-County Special Assistance program within the Division of Social Services to the
15 Division of Medical Assistance and may use those funds as State match to draw down federal
16 matching funds to pay for such activities and costs under Medicaid's personal care services for
17 adult care homes (ACH-PCS), thus maximizing available federal funds. The established rate for
18 State-County Special Assistance set forth in subsections (b) and (c) of this section shall be
19 adjusted by the Department to reflect any transfer of funds from the Division of Social Services
20 to the Division of Medical Assistance and related transfer costs and responsibilities from
21 State-County Special Assistance to the Medicaid personal care services for adult care homes
22 (ACH-PCS). Subject to approval by the Centers for Medicare and Medicaid Services (CMS)
23 and prior to implementing this section, the Department may disregard a limited amount of
24 income for individuals whose countable income exceeds the adjusted State-County Special
25 Assistance rate. The amount of the disregard shall not exceed the difference between the
26 Special Assistance rate prior to the adjustment and the Special Assistance rate after the
27 adjustment and shall be used to pay a portion of the cost of the ACH-PCS and reduce the
28 Medicaid payment for the individual's personal care services provided in an adult care home. In
29 no event shall the reimbursement for services through the ACH-PCS exceed the average cost of
30 the services as determined by the Department from review of cost reports as required and
31 submitted by adult care homes. The Department shall report any transfers of funds and
32 modifications of rates to the House of Representatives Appropriations Subcommittee on Health
33 and Human Services, the Senate Appropriations Committee on Health and Human Services,
34 and the Fiscal Research Division.

35 **SECTION 10.57.(e)** The Department of Health and Human Services shall
36 recommend rates for State-County Special Assistance and for Adult Care Home Personal Care
37 Services. The Department may recommend rates based on appropriate cost methodology and
38 cost reports submitted by adult care homes that receive State-County Special Assistance funds
39 and shall ensure that cost reporting is done for State-County Special Assistance and Adult Care
40 Home Personal Care Services to the same standards as apply to other residential service
41 providers.

42 43 **MEDICAID**

44 **SECTION 10.58.(a)** Use of Funds, Allocation of Costs, Other Authorizations.

- 45 (1) Use of funds. – Funds appropriated in this act for services provided in
46 accordance with Title XIX of the Social Security Act (Medicaid) are for both
47 the categorically needy and the medically needy.
- 48 (2) Allocation of nonfederal cost of Medicaid. – The State shall pay one
49 hundred percent (100%) of the nonfederal costs of all applicable services
50 listed in this section. In addition, the State shall pay one hundred percent

- 1 (100%) of the federal Medicare Part D clawback payments under the
2 Medicare Modernization Act of 2004.
- 3 (3) Use of funds for development and acquisition of equipment and software. –
4 If first approved by the Office of State Budget and Management, the
5 Division of Medical Assistance, Department of Health and Human Services,
6 may use funds that are identified to support the cost of development and
7 acquisition of equipment and software and related operational costs through
8 contractual means to improve and enhance information systems that provide
9 management information and claims processing. The Department of Health
10 and Human Services shall identify adequate funds to support the
11 implementation and first year's operational costs that exceed funds allocated
12 for the 2009-2010 and 2010-2011 fiscal years for the new contract for the
13 fiscal agent for the Medicaid Management Information System.
- 14 (4) Reports. – Unless otherwise provided, whenever the Department of Health
15 and Human Services is required by this section to report to the General
16 Assembly, the report shall be submitted to the House of Representatives
17 Appropriations Subcommittee for Health and Human Services, the Senate
18 Appropriations Committee on Health and Human Services, and the Fiscal
19 Research Division of the Legislative Services Office. Reports shall be
20 submitted on the date provided in the reporting requirement.

21 **SECTION 10.58.(b) Policy.**

- 22 (1) Volume purchase plans and single source procurement. – The Department of
23 Health and Human Services, Division of Medical Assistance, may, subject to
24 the approval of a change in the State Medicaid Plan, contract for services,
25 medical equipment, supplies, and appliances by implementation of volume
26 purchase plans, single source procurement, or other contracting processes in
27 order to improve cost containment.
- 28 (2) Cost containment programs. – The Department of Health and Human
29 Services, Division of Medical Assistance, may undertake cost containment
30 programs, including contracting for services, preadmissions to hospitals, and
31 prior approval for certain outpatient surgeries before they may be performed
32 in an inpatient setting.
- 33 (3) Fraud and abuse. – The Division of Medical Assistance, Department of
34 Health and Human Services, shall provide incentives to counties that
35 successfully recover fraudulently spent Medicaid funds by sharing State
36 savings with counties responsible for the recovery of the fraudulently spent
37 funds.
- 38 (4) Medical policy. – Unless required for compliance with federal law, the
39 Department shall not change medical policy affecting the amount,
40 sufficiency, duration, and scope of health care services and who may provide
41 services until the Division of Medical Assistance has prepared a five-year
42 fiscal analysis documenting the increased cost of the proposed change in
43 medical policy and submitted it for Departmental review. If the fiscal impact
44 indicated by the fiscal analysis for any proposed medical policy change
45 exceeds three million dollars (\$3,000,000) in total requirements for a given
46 fiscal year, then the Department shall submit the proposed medical policy
47 change with the fiscal analysis to the Office of State Budget and
48 Management and the Fiscal Research Division. The Department shall not
49 implement any proposed medical policy change exceeding three million
50 dollars (\$3,000,000) in total requirements for a given fiscal year unless the
51 source of State funding is identified and approved by the Office of State

Budget and Management. For medical policy changes exceeding three million dollars (\$3,000,000) in total requirements for a given fiscal year that are required for compliance with federal law, the Department shall submit the proposed medical policy or policy interpretation change with the five-year fiscal analysis to the Office of State Budget and Management prior to implementing the change. The Department shall provide the Office of State Budget and Management and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than three million dollars (\$3,000,000).

SECTION 10.58.(c) Eligibility. – Eligibility for Medicaid shall be determined in accordance with the following:

(1) Medicaid and Work First Family Assistance.

a. Income eligibility standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

	CATEGORICALLY NEEDY – WFFA*		MEDICALLY NEEDY
	Standard of Need & Families and Families and Children		
Family Size	Income Level	WFFA* Payment Level	Children & AA, AB, AD* Income Level
1	\$4,344	\$2,172	\$2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

b. The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need. These standards may be changed with the approval of the Director of the Budget.

c. The Department of Health and Human Services shall provide Medicaid coverage to 19- and 20-year-olds in accordance with federal rules and regulations.

d. Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

(2) For the following Medicaid eligibility classifications for which the federal poverty guidelines are used as income limits for eligibility determinations, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines. The Department of Health and

- 1 Human Services, Division of Medical Assistance, shall provide Medicaid
 2 coverage to the following:
- 3 a. All elderly, blind, and disabled people who have incomes equal to or
 4 less than one hundred percent (100%) of the federal poverty
 5 guidelines.
 - 6 b. Pregnant women with incomes equal to or less than one hundred
 7 eighty-five percent (185%) of the federal poverty guidelines and
 8 without regard to resources. Services to pregnant women eligible
 9 under this subsection continue throughout the pregnancy but include
 10 only those related to pregnancy and to those other conditions
 11 determined by the Department as conditions that may complicate
 12 pregnancy.
 - 13 c. Infants under the age of one with family incomes equal to or less
 14 than two hundred percent (200%) of the federal poverty guidelines
 15 and without regard to resources.
 - 16 d. Children aged one through five with family incomes equal to or less
 17 than two hundred percent (200%) of the federal poverty guidelines
 18 and without regard to resources.
 - 19 e. Children aged six through 18 with family incomes equal to or less
 20 than one hundred percent (100%) of the federal poverty guidelines
 21 and without regard to resources.
 - 22 f. Family planning services to men and women of childbearing age
 23 with family incomes equal to or less than one hundred eighty-five
 24 percent (185%) of the federal poverty guidelines and without regard
 25 to resources.
 - 26 g. Workers with disabilities described in G.S. 108A-54.1 with unearned
 27 income equal to or less than one hundred fifty percent (150%) of the
 28 federal poverty guidelines.
- 29 (3) The Department of Health and Human Services, Division of Medical
 30 Assistance, shall provide Medicaid coverage to adoptive children with
 31 special or rehabilitative needs regardless of the adoptive family's income.
 - 32 (4) The Department of Health and Human Services, Division of Medical
 33 Assistance, shall provide Medicaid coverage to "independent foster care
 34 adolescents," ages 18, 19, and 20, as defined in section 1905(w)(1) of the
 35 Social Security Act [42 U.S.C. § 1396d(w)(1)], without regard to the
 36 adolescent's assets, resources, or income levels.
 - 37 (5) ICF and ICF/MR work incentive allowances. – The Department of Health
 38 and Human Services may provide an incentive allowance to
 39 Medicaid-eligible recipients of ICF and ICF/MR services, who are regularly
 40 engaged in work activities as part of their developmental plan, and for whom
 41 retention of additional income contributes to their achievement of
 42 independence. The State funds required to match the federal funds that are
 43 required by these allowances shall be provided from savings within the
 44 Medicaid budget or from other unbudgeted funds available to the
 45 Department. The incentive allowances may be as follows:
- | 46 Monthly Net Wages | 47 Monthly Incentive Allowance |
|-----------------------------|---------------------------------------|
| 48 \$1.00 to \$100.99 | 49 Up to \$50.00 |
| 50 \$101.00 to \$200.99 | \$80.00 |
| \$201.00 to \$300.99 | \$130.00 |
| \$301.00 and greater | \$212.00 |

- 1 (6) The Department of Health and Human Services, Division of Medical
2 Assistance, shall provide Medicaid coverage to women who need treatment
3 for breast or cervical cancer and who are defined in 42 U.S.C. §
4 1396a.(a)(10)(A)(ii)(XVIII).

5 **SECTION 10.58.(d) Services and Payment Bases.** – The Department shall spend
6 funds appropriated for Medicaid services in accordance with the following schedule of services
7 and payment bases. All services and payments are subject to the language at the end of this
8 subsection. Unless otherwise provided, services and payment bases will be as prescribed in the
9 State Plan as established by the Department of Health and Human Services and may be
10 changed with the approval of the Director of the Budget.

- 11 (1) Hospital inpatient. – Payment for hospital inpatient services will be
12 prescribed by the State Plan as established by the Department of Health and
13 Human Services.
- 14 (2) Hospital outpatient. – Eighty percent (80%) of allowable costs or a
15 prospective reimbursement plan as established by the Department of Health
16 and Human Services.
- 17 (3) Nursing facilities. – Nursing facilities providing services to Medicaid
18 recipients who also qualify for Medicare must be enrolled in the Medicare
19 program as a condition of participation in the Medicaid program. State
20 facilities are not subject to the requirement to enroll in the Medicare
21 program. Residents of nursing facilities who are eligible for Medicare
22 coverage of nursing facility services must be placed in a Medicare-certified
23 bed. Medicaid shall cover facility services only after the appropriate services
24 have been billed to Medicare.
- 25 (4) Physicians, certified nurse midwife services, certified registered nurse
26 anesthetists, nurse practitioners. – Fee schedules as developed by the
27 Department of Health and Human Services.
- 28 (5) Community Alternative Program, EPSDT Screens. – Payments in
29 accordance with rate schedule developed by the Department of Health and
30 Human Services.
- 31 (6) Home health and related services, durable medical equipment. – Payments
32 according to reimbursement plans developed by the Department of Health
33 and Human Services.
- 34 (7) Hearing aids. – Wholesale cost plus dispensing fee to provider.
- 35 (8) Rural health clinical services. – Provider-based, reasonable cost,
36 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 37 (9) Family planning. – Negotiated rate for local health departments. For other
38 providers see specific services, e.g., hospitals, physicians.
- 39 (10) Independent laboratory and X-ray services. – Uniform fee schedules as
40 developed by the Department of Health and Human Services.
- 41 (11) Ambulatory surgical centers.
- 42 (12) Private duty nursing, clinic services, prepaid health plans.
- 43 (13) Intermediate care facilities for the mentally retarded.
- 44 (14) Chiropractors, podiatrists, optometrists, dentists.
- 45 (15) Limitations on dental coverage. – Dental services shall be provided on a
46 restricted basis in accordance with criteria adopted by the Department to
47 implement this subsection.
- 48 (16) Medicare Buy-In. – Social Security Administration premium.
- 49 (17) Ambulance services. – Uniform fee schedules as developed by the
50 Department of Health and Human Services. Public ambulance providers will
51 be reimbursed at cost.

- 1 (18) Optical supplies. – Payment for materials is made to a contractor in
2 accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing providers
3 are negotiated fees established by the State agency based on industry
4 charges.
- 5 (19) Medicare crossover claims. – The Department shall apply Medicaid medical
6 policy to Medicare claims for dually eligible recipients. The Department
7 shall pay an amount up to the actual coinsurance or deductible or both, in
8 accordance with the State Plan, as approved by the Department of Health
9 and Human Services. The Department may disregard application of this
10 policy in cases where application of the policy would adversely affect
11 patient care.
- 12 (20) Physical therapy, occupational therapy, and speech therapy. – Services
13 limited to EPSDT-eligible children. Payments are to be made only to
14 qualified providers at rates negotiated by the Department of Health and
15 Human Services.
- 16 (21) Personal care services. – Payment in accordance with the State Plan
17 developed by the Department of Health and Human Services.
- 18 (22) Case management services. – Reimbursement in accordance with the
19 availability of funds to be transferred within the Department of Health and
20 Human Services.
- 21 (23) Hospice.
- 22 (24) Medically necessary prosthetics or orthotics. – In order to be eligible for
23 reimbursement, providers must be licensed or certified by the occupational
24 licensing board or the certification authority having authority over the
25 provider's license or certification. Medically necessary prosthetics and
26 orthotics are subject to prior approval and utilization review.
- 27 (25) Health insurance premiums.
- 28 (26) Medical care/other remedial care. – Services not covered elsewhere in this
29 section include related services in schools; health professional services
30 provided outside the clinic setting to meet maternal and infant health goals;
31 and services to meet federal EPSDT mandates.
- 32 (27) Pregnancy-related services. – Covered services for pregnant women shall
33 include nutritional counseling, psychosocial counseling, and predelivery and
34 postpartum home visits by maternity care coordinators and public health
35 nurses.
- 36 (28) Drugs. – Reimbursements. Reimbursements shall be available for
37 prescription drugs as allowed by federal regulations plus a professional
38 services fee per month, excluding refills for the same drug or generic
39 equivalent during the same month. Payments for drugs are subject to the
40 provisions of this subdivision or in accordance with the State Plan adopted
41 by the Department of Health and Human Services, consistent with federal
42 reimbursement regulations. Payment of the professional services fee shall be
43 made in accordance with the State Plan adopted by the Department of Health
44 and Human Services, consistent with federal reimbursement regulations. The
45 professional services fee shall be five dollars and sixty cents (\$5.60) per
46 prescription for generic drugs and four dollars (\$4.00) per prescription for
47 brand-name drugs. Adjustments to the professional services fee shall be
48 established by the General Assembly. In addition to the professional services
49 fee, the Department may pay an enhanced fee for pharmacy services.
- 50 Limitations on quantity. – The Department of Health and Human
51 Services may establish authorizations, limitations, and reviews for specific

1 drugs, drug classes, brands, or quantities in order to manage effectively the
2 Medicaid pharmacy program, except that the Department shall not impose
3 limitations on brand-name medications for which there is a generic
4 equivalent in cases where the prescriber has determined, at the time the drug
5 is prescribed, that the brand-name drug is medically necessary and has
6 written on the prescription order the phrase "medically necessary."

7 Dispensing of generic drugs. – Notwithstanding G.S. 90-85.27 through
8 G.S. 90-85.31, or any other law to the contrary, under the Medical
9 Assistance Program (Title XIX of the Social Security Act), and except as
10 otherwise provided in this subsection for drugs listed in the narrow
11 therapeutic index, a prescription order for a drug designated by a trade or
12 brand name shall be considered to be an order for the drug by its established
13 or generic name, except when the prescriber has determined, at the time the
14 drug is prescribed, that the brand-name drug is medically necessary and has
15 written on the prescription order the phrase "medically necessary." An initial
16 prescription order for a drug listed in the narrow therapeutic drug index that
17 does not contain the phrase "medically necessary" shall be considered an
18 order for the drug by its established or generic name, except that a pharmacy
19 shall not substitute a generic or established name prescription drug for
20 subsequent brand or trade name prescription orders of the same prescription
21 drug without explicit oral or written approval of the prescriber given at the
22 time the order is filled. Generic drugs shall be dispensed at a lower cost to
23 the Medical Assistance Program rather than trade or brand-name drugs. As
24 used in this subsection, "brand name" means the proprietary name the
25 manufacturer places upon a drug product or on its container, label, or
26 wrapping at the time of packaging; and "established name" has the same
27 meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic
28 Act, as amended, 21 U.S.C. § 352(e)(3).

29 Prior authorization. – The Department of Health and Human Services
30 shall not impose prior authorization requirements or other restrictions under
31 the State Medical Assistance Program on medications prescribed for
32 Medicaid recipients for the treatment of HIV/AIDS.

33 (29) Other mental health services. – Unless otherwise covered by this section,
34 coverage is limited to:

- 35 a. Services as defined by the Division of Mental Health, Developmental
36 Disabilities, and Substance Abuse Services and approved by the
37 Centers for Medicare and Medicaid Services (CMS) when provided
38 in agencies meeting the requirements of the rules established by the
39 Commission for Mental Health, Developmental Disabilities, and
40 Substance Abuse Services and reimbursement is made in accordance
41 with a State Plan developed by the Department of Health and Human
42 Services not to exceed the upper limits established in federal
43 regulations, and
44 b. For children eligible for EPSDT services provided by:
45 1. Licensed or certified psychologists, licensed clinical social
46 workers, certified clinical nurse specialists in psychiatric
47 mental health advanced practice, nurse practitioners certified
48 as clinical nurse specialists in psychiatric mental health
49 advanced practice, licensed psychological associates, licensed
50 professional counselors, licensed marriage and family
51 therapists, licensed clinical addictions specialists, and

1 certified clinical supervisors, when Medicaid-eligible children
 2 are referred by the Community Care of North Carolina
 3 primary care physician, a Medicaid-enrolled psychiatrist, or
 4 the area mental health program or local management entity,
 5 and
 6 2. Institutional providers of residential services as defined by the
 7 Division of Mental Health, Developmental Disabilities, and
 8 Substance Abuse Services and approved by the Centers for
 9 Medicare and Medicaid Services (CMS) for children and
 10 Psychiatric Residential Treatment Facility services that meet
 11 federal and State requirements as defined by the Department.
 12 c. For Medicaid-eligible adults, services provided by licensed or
 13 certified psychologists, licensed clinical social workers, certified
 14 clinical nurse specialists in psychiatric mental health advanced
 15 practice, and nurse practitioners certified as clinical nurse specialists
 16 in psychiatric mental health advanced practice, licensed
 17 psychological associates, licensed professional counselors, licensed
 18 marriage and family therapists, certified clinical addictions
 19 specialists, and licensed clinical supervisors, Medicaid-eligible adults
 20 may be self-referred.
 21 d. Payments made for services rendered in accordance with this
 22 subdivision shall be to qualified providers in accordance with
 23 approved policies and the State Plan. Nothing in sub-subdivision b.
 24 or c. of this subdivision shall be interpreted to modify the scope of
 25 practice of any service provider, practitioner, or licensee, nor to
 26 modify or attenuate any collaboration or supervision requirement
 27 related to the professional activities of any service provider,
 28 practitioner, or licensee. Nothing in sub-subdivision b. or c. of this
 29 subdivision shall be interpreted to require any private health insurer
 30 or health plan to make direct third-party reimbursements or payments
 31 to any service provider, practitioner, or licensee.
 32 Notwithstanding G.S. 150B-21.1(a), the Department of Health and Human
 33 Services may adopt temporary rules in accordance with Chapter 150B of the
 34 General Statutes further defining the qualifications of providers and referral
 35 procedures in order to implement this subdivision. Coverage policy for
 36 services defined by the Division of Mental Health, Developmental
 37 Disabilities, and Substance Abuse Services under sub-subdivisions a. and
 38 b.2. of this subdivision shall be established by the Division of Medical
 39 Assistance.

40 **SECTION 10.58.(e) Provider Performance Bonds and Visits. –**

- 41 (1) Subject to the provisions of this subdivision, the Department may require
 42 Medicaid-enrolled providers to purchase a performance bond in an amount
 43 not to exceed one hundred thousand dollars (\$100,000) naming as
 44 beneficiary the Department of Health and Human Services, Division of
 45 Medical Assistance, or provide to the Department a validly executed letter of
 46 credit or other financial instrument issued by a financial institution or agency
 47 honoring a demand for payment in an equivalent amount. The Department
 48 may require the purchase of a performance bond or the submission of an
 49 executed letter of credit or financial instrument as a condition of initial
 50 enrollment, reenrollment, or reinstatement if:
 51 a. The provider fails to demonstrate financial viability,

- 1 b. The Department determines there is significant potential for fraud
2 and abuse,
3 c. The Department otherwise finds it is in the best interest of the
4 Medicaid program to do so.

5 The Department shall specify the circumstances under which a performance
6 bond or executed letter of credit will be required.

- 7 (1a) The Department may waive or limit the requirements of this paragraph for
8 individual Medicaid-enrolled providers or for one or more classes of
9 Medicaid-enrolled providers based on the following:

- 10 a. The provider's or provider class's dollar amount of monthly billings
11 to Medicaid.
12 b. The length of time an individual provider has been licensed,
13 endorsed, certified, or accredited in this State to provide services.
14 c. The length of time an individual provider has been enrolled to
15 provide Medicaid services in this State.
16 d. The provider's demonstrated ability to ensure adequate record
17 keeping, staffing, and services.
18 e. The need to ensure adequate access to care.

19 In waiving or limiting requirements of this paragraph, the Department shall
20 take into consideration the potential fiscal impact of the waiver or limitation
21 on the State Medicaid Program. The Department shall provide to the affected
22 provider written notice of the findings upon which its action is based and
23 shall include the performance bond requirements and the conditions under
24 which a waiver or limitation apply. The Department may adopt temporary
25 rules in accordance with G.S. 150B-21.1 as necessary to implement this
26 provision.

- 27 (2) Reimbursement is available for up to 30 visits per recipient per fiscal year
28 for the following professional services: hospital outpatient providers,
29 physicians, nurse practitioners, nurse midwives, clinics, health departments,
30 optometrists, chiropractors, and podiatrists. The Department of Health and
31 Human Services shall adopt medical policies in accordance with
32 G.S. 108A-54.2 to distribute the allowable number of visits for each service
33 or each group of services consistent with federal law. In addition, the
34 Department shall establish a threshold of some number of visits for these
35 services. The Department shall ensure that primary care providers or the
36 appropriate CCNC network are notified when a patient is nearing the
37 established threshold to facilitate care coordination and intervention as
38 needed.

39 Prenatal services, all EPSDT children, emergency room visits, and
40 mental health visits subject to independent utilization review are exempt
41 from the visit limitations contained in this subdivision. Subject to
42 appropriate medical review, the Department may authorize exceptions when
43 additional care is medically necessary. Routine or maintenance visits above
44 the established visit limit will not be covered unless necessary to actively
45 manage a life threatening disorder or as an alternative to more costly care
46 options.

47 **SECTION 10.58.(f)** Exceptions and Limitations on Services; Authorization of
48 Co-Payments and Other Services. –

- 49 (1) Exceptions to service limitations, eligibility requirements, and payments. –
50 Service limitations, eligibility requirements, and payment bases in this
51 section may be waived by the Department of Health and Human Services,

1 with the approval of the Director of the Budget, to allow the Department to
2 carry out pilot programs for prepaid health plans, contracting for services,
3 managed care plans, or community-based services programs in accordance
4 with plans approved by the United States Department of Health and Human
5 Services or when the Department determines that such a waiver will result in
6 a reduction in the total Medicaid costs for the recipient.

- 7 (2) Co-payment for Medicaid services. – The Department of Health and Human
8 Services may establish co-payments up to the maximum permitted by federal
9 law and regulation.

10 **SECTION 10.58.(g) Rules, Reports, and Other Matters. –**

- 11 (1) Rules. – The Department of Health and Human Services may adopt
12 temporary or emergency rules according to the procedures established in
13 G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that these rules are
14 necessary to maximize receipt of federal funds within existing State
15 appropriations, to reduce Medicaid expenditures, and to reduce fraud and
16 abuse. The Department of Health and Human Services shall adopt rules
17 requiring providers to attend training as a condition of enrollment and may
18 adopt temporary or emergency rules to implement the training requirement.

19 Prior to the filing of the temporary or emergency rules authorized under
20 this subsection with the Rules Review Commission and the Office of
21 Administrative Hearings, the Department shall consult with the Office of
22 State Budget and Management on the possible fiscal impact of the temporary
23 or emergency rule and its effect on State appropriations and local
24 governments.

- 25 (2) Changes to Medicaid program; reports. – The Department shall report on
26 any change it anticipates making in the Medicaid program that impacts the
27 type or level of service, reimbursement methods, or waivers, any of which
28 require a change in the State Plan or other approval by the Centers for
29 Medicare and Medicaid Services (CMS). The reports shall be provided at the
30 same time they are submitted to CMS for approval. In addition to the entities
31 listed in subdivision (a)(4) of this section, the report shall be submitted to the
32 Joint Legislative Health Care Oversight Committee.

33
34 **DMA CONTRACT SHORTFALL**

35 **SECTION 10.59.(a)** Budget approval is required by the Office of State Budget and
36 Management prior to the Department of Health and Human Services, Division of Medical
37 Assistance, entering into any new contract or the renewal or amendment of existing contracts
38 that exceed the current contract amounts.

39 **SECTION 10.59.(b)** The Division of Medical Assistance shall make every effort to
40 effect savings within its operational budget and use those savings to offset its contract shortfall.
41 Notwithstanding G.S. 143C-6-4(b)(3), the Department may use funds appropriated in this act to
42 cover the contract shortfall in the Division of Medical Assistance if insufficient funds exist
43 within the Division.

44
45 **MEDICAID COST CONTAINMENT ACTIVITIES**

46 **SECTION 10.60.(a)** The Department of Health and Human Services may use up to
47 five million dollars (\$5,000,000) in the 2009-2010 fiscal year and up to five million dollars
48 (\$5,000,000) in the 2010-2011 fiscal year in Medicaid funds budgeted for program services to
49 support the cost of administrative activities when cost-effectiveness and savings are
50 demonstrated. The funds shall be used to support activities that will contain the cost of the
51 Medicaid Program, including contracting for services, hiring additional staff, or providing

1 grants through the Office of Rural Health and Community Care to plan, develop, and
2 implement cost containment programs.

3 Medicaid cost containment activities may include prospective reimbursement
4 methods, incentive-based reimbursement methods, service limits, prior authorization of
5 services, periodic medical necessity reviews, revised medical necessity criteria, service
6 provision in the least costly settings, plastic magnetic striped Medicaid identification cards for
7 issuance to Medicaid enrollees, fraud detection software or other fraud detection activities,
8 technology that improves clinical decision making, credit balance recovery and data mining
9 services, and other cost containment activities. Funds may be expended under this section only
10 after the Office of State Budget and Management has approved a proposal for the expenditure
11 submitted by the Department. Proposals for expenditure of funds under this section shall
12 include the cost of implementing the cost containment activity and documentation of the
13 amount of savings expected to be realized from the cost containment activity.

14 **SECTION 10.60.(b)** The Department shall provide a copy of proposals for
15 expenditures under this section to the House of Representatives Appropriations Subcommittee
16 on Health and Human Services, the Senate Appropriations Committee on Health and Human
17 Services, and the Fiscal Research Division. On or before April 1, 2010, the Department shall
18 report on the methods used to achieve savings and the amount saved by these methods. If the
19 Department deploys fraud detection software, a report on the software implementation and
20 fraud detection results shall be submitted to the House and Senate Appropriations
21 Subcommittees on Health and Human Services and the Fiscal Research Division of the General
22 Assembly not later than April 1, 2010.

23 24 **MEDICAID SPECIAL FUND TRANSFER**

25 **SECTION 10.61.** Of the funds transferred to the Department of Health and Human
26 Services for Medicaid programs pursuant to G.S. 143C-9-1, there is appropriated from the
27 Medicaid Special Fund to the Department of Health and Human Services the sum of forty-three
28 million dollars (\$43,000,000) for the 2009-2010 fiscal year and the sum of forty-three million
29 dollars (\$43,000,000) for the 2010-2011 fiscal year. These funds shall be allocated as
30 prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in
31 G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall
32 replace the reduction in general revenue funding effected in this act. The Department may also
33 use funds in the Medicaid Special Fund to fund the settlement of the Disproportionate Share
34 Hospital payment audit issues between the Department of Health and Human Services and the
35 federal government related to fiscal years 1997-2002, and funds are appropriated from the Fund
36 for the 2009-2010 fiscal year for this purpose.

37 38 **EXTEND IMPLEMENTATION OF COMMUNITY ALTERNATIVES PROGRAMS** 39 **REIMBURSEMENT SYSTEM**

40 **SECTION 10.62.** Full implementation for the Community Alternatives Programs
41 reimbursement system shall be not later than 12 months after the date on which the replacement
42 Medicaid Management Information System becomes operational and stabilized.

43 44 **DMA REDUCTION OPTION FLEXIBILITY**

45 **SECTION 10.63.(a)** The Department of Health and Human Services, Division of
46 Medical Assistance, shall, in consultation with provider groups and other interested parties,
47 review ways to improve health care quality, ensure appropriate use of services, improve clinical
48 outcomes, and reduce the cost of care for beneficiaries with medically complex conditions as
49 well as to strengthen fraud and abuse oversight efforts. In the review the Division shall explore
50 all viable options to improve the quality of care and to control health care costs, including, but
51 not limited to, the following options:

- 1 (1) Increasing utilization review and management practices to improve value
2 and quality internally or with private vendors with proven records in other
3 states' Medicaid programs;
- 4 (2) Expanding and enhancing programs that increase Aged, Blind, and Disabled
5 (ABD) Medicaid eligibles participation within CCNC's medical home efforts
6 and/or encourage single physician care management;
- 7 (3) Developing and enhancing incentives for increased provider participation in
8 CCNC;
- 9 (4) Requiring inpatient and outpatient care management for select Medicaid
10 enrollees;
- 11 (5) Adopting specific network and physician performance and compliance
12 standards within the Community Care of North Carolina (CCNC) that are
13 tied to any enhanced reimbursement structure;
- 14 (6) Initiative to address State nursing home payment methods and to offer
15 incentives in payment methods to achieve certain quality and cost goals;
- 16 (7) Initiative to control drug cost and utilization as well as to maximize
17 collection of supplemental rebates;
- 18 (8) Increasing third-party recovery and/or cost avoidance efforts, including
19 enhancing Medicaid fraud and abuse oversight initiatives;
- 20 (9) Reducing or eliminating the occurrence of hospital "never events" –
21 nonreimbursement for serious and costly errors in the provision of health
22 care services that should never happen.

23 **SECTION 10.63.(b)** In order to consider all proposals prior to preparing
24 adjustments to the fiscal year 2010-2011 budget, the Division shall report its recommendations
25 on methods to better manage and save Medicaid costs to the Governor's Office by January 15,
26 2010. All proposals shall include the steps necessary for implementation, including time
27 frames, and the amount of projected savings over a five-year period.

28 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

29 **SECTION 10.64.(a)** Receivables reserved at the end of the 2009-2010 and
30 2010-2011 fiscal years shall, when received, be accounted for as nontax revenue for each of
31 those fiscal years.

32 **SECTION 10.64.(b)** For the 2009-2010 fiscal year, the Department of Health and
33 Human Services shall deposit from its revenues one hundred twenty-four million nine hundred
34 ninety-four thousand nine hundred fifty-four dollars (\$124,994,954) with the Department of
35 State Treasurer to be accounted for as nontax revenue. For the 2010-2011 fiscal year, the
36 Department of Health and Human Services shall deposit from its revenues one hundred million
37 dollars (\$100,000,000) with the Department of State Treasurer to be accounted for as nontax
38 revenue. Any revenue collected in each of the fiscal years in excess of one of the amounts
39 listed above shall be reserved by the State Treasurer in the Department's account for future
40 appropriations by the General Assembly. These deposits shall represent the return of General
41 Fund appropriations provided to the Department of Health and Human Services to provide
42 indigent care services at State-owned and operated mental hospitals. The treatment of any
43 revenue derived from federal programs shall be in accordance with the requirements specified
44 in the Code of Federal Regulations, Volume 2, Part 225.

45 **FAMILIES PAY PART OF THE COST OF SERVICES UNDER THE CAP-MR/DD** 46 **PROGRAM AND THE CAP-CHILDREN'S PROGRAM BASED ON FAMILY** 47 **INCOME**

48 **SECTION 10.65.(a)** Subject to approval from the Centers for Medicare and
49 Medicaid Services (CMS), the Department of Health and Human Services, Division of Medical
50
51

1 Assistance, shall, in consultation with the Division of Mental Health, Developmental
2 Disabilities, and Substance Abuse Services, and Community Alternatives Program (CAP)
3 stakeholders, develop a schedule of cost-sharing requirements for families of children with
4 incomes above the Medicaid allowable limit to share in the costs of their child's Medicaid
5 expenses under the CAP-MR/DD (Community Alternatives Program for Mental Retardation
6 and Developmentally Disabled) and the CAP-C (Community Alternatives Program for
7 Children). The cost-sharing amounts shall be based on a sliding scale of family income and
8 shall take into account the impact on families with more than one child in the CAP programs.
9 In developing the schedule, the Department shall also take into consideration how other states
10 have implemented cost-sharing in their CAP programs. The Division of Medical Assistance
11 may establish monthly deductibles as a means of implementing this cost-sharing. The
12 Department shall provide for at least one public hearing and other opportunities for individuals
13 to comment on the imposition of cost-sharing under the CAP program schedule.

14 **SECTION 10.65.(b)** The Division of Medical Assistance shall also, in
15 collaboration with the Controller's Office of the Department of Health and Human Services, the
16 Division of Information Resource Management (DIRM), and the new vendor of the
17 replacement Medicaid Management Information System, develop business rules, program
18 policies and procedures, and define relevant technical requirements.

19 **SECTION 10.65.(c)** Prior to seeking approval from CMS, but not later than
20 October 1, 2009, the Department shall report to the Joint Legislative Oversight Committee on
21 Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding
22 Needs, and to the Senate Appropriations Committee on Health and Human Services, the House
23 of Representatives Appropriations Subcommittee on Health and Human Services, and the
24 Fiscal Research Division. The report shall include a summary of comments the Department has
25 received at the public hearing, business rules, policies and procedures, and technical
26 requirements of the initiative and shall also indicate any barriers to implementing the
27 cost-sharing.

28 **PREFERRED DRUG LIST PROGRAM**

29 **SECTION 10.66.(a)** In the event insufficient savings are realized from enhancing
30 the utilization management of the Prescription Advantage List, increasing the utilization of
31 generic drugs in place of brand-name drugs and increasing rebate collections on generic drugs,
32 the Department of Health and Human Services shall establish and implement a preferred drug
33 list program under the Division of Medical Assistance. The Department shall submit a medical
34 assistance State Plan amendment to the Centers for Medicare and Medicaid Services (CMS) of
35 the United States Department of Health and Human Services to implement the program.

36 **SECTION 10.66.(b)** The pharmaceutical and therapeutics committee of the
37 Physician's Advisory Group (PAG) shall provide ongoing review of the preferred drug list.
38 Members of the committee shall submit conflict of interest disclosure statements to the
39 Department and shall have an ongoing duty to disclose conflicts of interest not included in the
40 original disclosure.

41 **SECTION 10.66.(c)** The Department, in consultation with the PAG, shall adopt and
42 publish policies and procedures relating to the preferred drug list, including:

- 43 (1) Guidelines for the presentation and review of drugs for inclusion on the
44 preferred drug list,
 - 45 (2) The manner and frequency of audits of the preferred drug list for
46 appropriateness of patient care and cost-effectiveness,
 - 47 (3) An appeals process for the resolution of disputes, and
 - 48 (4) Such other policies and procedures as the Department deems necessary and
49 appropriate.
- 50

1 The Department and the pharmaceutical and therapeutics committee shall consider
2 all therapeutic classes of prescription drugs for inclusion on the preferred drug list, except
3 medications for treatment of human immunodeficiency virus or acquired immune deficiency
4 syndrome shall not be subject to consideration for inclusion on the preferred drug list.

5 The Department shall maintain an updated preferred drug list in electronic format
6 and shall make the list available to the public on the Department's Internet Web site.

7 The Department shall: (i) enter into a multistate purchasing pool; (ii) negotiate
8 directly with manufacturers or labelers; (iii) contract with a pharmacy benefit manager for
9 negotiated discounts or rebates for all prescription drugs under the medical assistance program;
10 or (iv) effectuate any combination of these options in order to achieve the lowest available
11 price for such drugs under such program.

12 The Department may negotiate supplemental rebates from manufacturers that are in
13 addition to those required by Title XIX of the federal Social Security Act. The committee shall
14 consider a product for inclusion on the preferred drug list if the manufacturer provides a
15 supplemental rebate. The Department may procure a sole source contract with an outside entity
16 or contractor to conduct negotiations for supplemental rebates.

17 **SECTION 10.66.(d)** This section becomes effective if the Department cannot
18 demonstrate by June 1, 2010, that twenty million seven hundred ninety-one thousand two
19 hundred sixty-four dollars (\$20,791,264) in prescription drug savings have been realized by
20 employing the methods outlined in subsection (a) of this section.

21 **MEDICAID APPEALS/FUNDS DO NOT REVERT**

22 **SECTION 10.67.** Funds transferred from the Department of Health and Human
23 Services to the Office of Administrative Hearings in the 2008-2009 fiscal year for mediation
24 services shall not revert to the General Fund on June 30, 2009, but shall remain in the Office of
25 Administrative Hearings for the purposes for which the funds were transferred.

26 **CLARIFYING CHANGES TO STATE MEDICAID RESPONSIBILITIES**

27 **SECTION 10.68.** Consistent with Sections 31.16.1(c) and (d) of S.L. 2007-323
28 that require the State to assume responsibility for the nonfederal share of the costs of medical
29 services provided under the Medicaid Program starting June 1, 2009, the counties shall neither
30 bear any responsibility for settlement payments to providers nor refunds of expenditures for
31 program service claims paid on or before June 1, 2009. Counties will continue to participate in
32 their share of administrative costs.

33 **CO-PAYMENTS FOR TICKET TO WORK**

34 **SECTION 10.69.** G.S. 108A-54.1(d) reads as rewritten:
35 **"§ 108A-54.1. Medicaid buy-in for workers with disabilities.**

36 ...
37 (d) Fees, Premiums, and Co-Payments. – Individuals who participate in HCWD and
38 have countable income greater than one hundred fifty percent (150%) of FPG shall pay an
39 annual enrollment fee of fifty dollars (\$50.00) to their county department of social services.
40 Individuals who participate in HCWD and have countable income greater than or equal to two
41 hundred percent (200%) of FPG shall pay a monthly premium in addition to the annual fee. The
42 Department shall set a sliding scale for premiums, which is consistent with applicable federal
43 law. An individual with countable income equal to or greater than four hundred fifty percent
44 (450%) of FPG shall pay not less than one hundred percent (100%) of the cost of the premium,
45 as determined by the Department. The premium shall be based on the experience of all
46 individuals participating in the Medical Assistance Program. Individuals who participate in
47 HCWD are subject to co-payments equal to those required under the ~~North Carolina Health~~
48 ~~Choice Program.~~ Medical Assistance Program."

MEDICAID FALSE CLAIMS

SECTION 10.70.(a) G.S. 108A-70.11(5) reads as rewritten:

"(5) "Medical Assistance Program" means the Medical Assistance Program established pursuant to G.S. 108A-54 and includes the North Carolina Division of Medical Assistance and or its fiscal agent."

SECTION 10.70.(b) G.S. 108A-70.12(a) reads as rewritten:

"§ 108A-70.12. Liability for certain acts; damages; effect of repayment.

(a) Liability for Certain Acts. – It shall be unlawful for any provider of medical assistance under the Medical Assistance Program ~~to do any of the following:~~

- (1) Knowingly present, or cause to be presented to the Medical Assistance Program a false or fraudulent claim for payment or ~~approval; or approval.~~
- (2) Knowingly make, use, or cause to be made or used a false record or statement to get a false or fraudulent claim paid or approved by the Medical Assistance ~~Program.~~Program.
- (3) Conspire to defraud the Medical Assistance Program by obtaining a false or fraudulent claim allowed or paid.
- (4) Knowingly make, use, or cause to be made or used, a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Medical Assistance Program. Each claim presented or caused to be presented in violation of this section is a separate violation."

SECTION 10.70.(c) G.S. 108A-70.12(b)(1) reads as rewritten:

"(b) Damages. –

- (1) Except as provided in subdivision (2) of this subsection, a court shall assess against any provider of medical assistance under the Medical Assistance Program who violates this section a civil penalty of not less than five thousand five hundred dollars (~~\$5,000~~(\$5,500) and not more than ~~ten thousand~~ eleven thousand dollars (\$11,000) plus three times the amount of damages which the ~~Medicaid~~ Medical Assistance Program sustained because of the act of the provider."

SECTION 10.70.(d) Article 2 of Chapter 108A of the General Statutes is amended by adding the following new Part to read:

"Part 7A. Civil Action by Private Persons for Provider False Claims.

"§ 108A-70.17. Civil action filed by private persons.

(a) A person may initiate a civil action for a violation of G.S. 108A-70.12 on behalf of the person and the State. The action shall be brought in the name of the State. The action may be dismissed prior to service of the complaint upon the defendant under subsection (c) of this section only if the court and the Attorney General have given written consent to the dismissal and their reasons for consenting.

(b) A copy of the complaint and written disclosure of substantially all material evidence and information the person possesses shall be served on the State. The complaint shall be filed in camera, shall remain under seal for at least 120 days, and shall not be served on the defendant until the court so orders. The State may elect to intervene and proceed with the action within 120 days after it receives both the complaint and the material evidence and information. The State may, for good cause shown, move the court for a partial lifting of the seal to facilitate the investigative process or settlement.

(c) The State may, for good cause shown, move the court for extensions of the time during which the complaint remains under seal. Any of these motions may be supported by affidavits or other submission in camera. The time period to respond to any complaint filed under this section shall commence 21 days after the complaint is unsealed and served upon the defendant.

1 (d) Before the expiration of the 120-day period or any extensions obtained under
2 subsection (c) of this section, the State shall either proceed with the action, in which case the
3 action shall be conducted by the State, or notify the court that it declines to take over the action,
4 in which case the person initiating the action shall have the right to prosecute the action.

5 (e) When a person initiates an action under this section, no person other than the State
6 may intervene or bring a related action based on the facts underlying the pending action. If
7 another action is filed based on the facts underlying the pending action while the complaint is
8 sealed under subsections (b) and (c) of this section, the court may consolidate the actions or
9 dismiss the subsequent action.

10 **"§ 108A-70.17A. Rights of private plaintiff and State.**

11 (a) If the State proceeds with the action, it shall have the primary responsibility for
12 prosecuting the action and shall not be bound by any act of the person initiating the action. The
13 person bringing the action shall have the right to continue as a party to the action, subject to the
14 limitations of this section.

15 (b) The State may dismiss the action notwithstanding the objections of the person
16 initiating the action if the person has been notified by the State of the filing of the motion, and
17 the court has provided the person with an opportunity for a hearing on the motion.

18 (c) The State may settle the action with the defendant notwithstanding the objections of
19 the person initiating the action if the court determines, after a hearing, that the proposed
20 settlement is fair, adequate, and reasonable under all the circumstances. Upon a showing of
21 good cause, such hearing may be held in camera.

22 (d) If the State proceeds with the action, the court may, in its discretion, impose
23 limitations on the person's participation in the litigation as set forth in subsection (e) of this
24 section. Such limitations must be imposed after any of the following:

25 (1) A showing by the State that unrestricted participation during the course of
26 the litigation by the person initiating the action would interfere with or
27 unduly delay the State's prosecution of the case, or would be repetitious,
28 irrelevant, or for purposes of harassment.

29 (2) A showing by the defendant that unrestricted participation during the course
30 of the litigation by the person initiating the action would be for purposes of
31 harassment or would cause the defendant undue burden or unnecessary
32 expense.

33 (e) Limitations on participation of the person initiating the action shall include all of the
34 following:

35 (1) Limiting the number of witnesses the person may call.

36 (2) Limiting the length of the testimony of such witnesses.

37 (3) Limiting the person's cross-examination of witnesses.

38 (4) Other limits on the participation by the person initiating the action in the
39 litigation as the court deems appropriate.

40 (f) If the State elects not to proceed with the action, the person who initiated the action
41 shall have the right to conduct the action. If the State so requests, it shall be served with copies
42 of all pleadings filed in the action and shall be supplied with copies of all deposition transcripts
43 at the State's expense. When a person initiating the action proceeds with the action, the court,
44 without limiting the status and rights of the person initiating the action, may nevertheless
45 permit the State to intervene at a later date upon a showing of good cause.

46 (g) Whether or not the State proceeds with the action, upon a showing by the State that
47 certain actions of discovery by the person initiating the action would interfere with the State's
48 investigation or prosecution of a criminal or civil matter arising out of the same facts, the court
49 may stay the discovery for a period of not more than 60 days. The showing by the State shall be
50 conducted in camera. The court may extend the 60-day period upon a further showing in
51 camera that the State has pursued the criminal or civil investigation or proceedings with

1 reasonable diligence and any proposed discovery in the civil action will interfere with the
2 ongoing criminal or civil investigation or prosecution of the criminal or civil matter.

3 (h) Notwithstanding G.S. 108A-70.17(b), the State may elect to pursue its claim
4 through any alternate remedy available to the State, including any administrative proceeding to
5 determine a civil money penalty. Any finding of fact or conclusion of law made in the alternate
6 proceeding that has become final shall be conclusive on all parties to an action under this Part.
7 For purposes of this subsection, a finding or conclusion is final if it has been finally determined
8 on appeal by a court of competent jurisdiction of the State, if the time for filing an appeal with
9 respect to the finding or conclusion has expired, or if the finding or conclusions are not subject
10 to judicial review.

11 **"§ 108A-70.17B. Award to qui tam plaintiff.**

12 (a) Except as otherwise provided in this section, if the State proceeds with an action
13 brought by a person under G.S. 108A-70.17, the person shall receive at least fifteen percent
14 (15%) but not more than twenty-five percent (25%) of the proceeds of the action or settlement
15 of the claim, if any, depending upon the extent to which the person substantially contributed to
16 the prosecution of the action. The plaintiff's share in the proceeds of the action or settlement is
17 administrative costs of the action. A share of the proceeds of an action or settlement of the
18 claim shall not be awarded to the person initiating the action in State court under this Part if the
19 person has received or may receive a share of the proceeds or settlement of an action or claim
20 on the same facts brought in federal court. Where the action is one that the court finds to be
21 based primarily on disclosures of specific information, other than information proved by the
22 person initiating the action, relating to allegations or transactions in a criminal, civil, or
23 administrative hearing, in a legislative, administrative, or State Auditor's report, hearing, audit,
24 or investigation, or from the news media, the court may reduce the award under this subsection
25 to such sums as it considers appropriate, but in no case more than ten percent (10%) of the
26 proceeds of the action, taking into account the significance of the information and the role of
27 the person initiating the action in advancing the case to litigation.

28 (b) If the State does not proceed with an action, the person initiating the action or
29 settling the claim shall receive an amount that the court decides is reasonable for collecting the
30 civil penalty and damages, if awarded. The amount shall be not less than twenty-five percent
31 (25%) and not more than thirty percent (30%) of the proceeds of the action or settlement and
32 shall be paid out of the proceeds.

33 (c) Notwithstanding subsections (a) and (b) of this section, if the person initiating the
34 action is a person who primarily planned and initiated the violation of G.S. 108A-70.12 upon
35 which the action was brought, that person shall be dismissed as a qui tam plaintiff and shall not
36 receive any share of the proceeds of the action. If the person initiating the action is convicted of
37 criminal conduct arising from the person's role in the violation of G.S. 108A-70.12, that person
38 shall be dismissed from the civil action and shall not receive any share of the proceeds of the
39 action. The dismissal shall not prejudice the right of the State to continue the action.

40 (d) If the State does not proceed with the action and the person initiating the action
41 conducts the action, the court may award to the defendant its reasonable attorneys' fees and
42 expenses if the defendant prevails in the action and if the court finds that the claim of the
43 person bringing the action was clearly frivolous, clearly vexatious, or brought primarily for
44 purposes of harassment.

45 **"§ 108A-70.17C. Certain actions barred.**

46 (a) No court shall have jurisdiction over an action brought under this Part based on
47 information discovered by a present or former employee of the State or a political subdivision
48 of the State during the course of the present or former employee's employment unless that
49 employee first, in good faith, exhausted existing internal procedures for reporting and seeking
50 recovery of the falsely claimed sums through official channels, and unless the State or political
51 subdivision failed to act on the information provided within a reasonable period of time.

1 **(b)** In no event may a person bring an action under this Part that is based upon
2 allegations or transactions that are the subject of a criminal action, civil action, or an
3 administrative proceeding in which the State is already a party.

4 **(c)** No court shall have jurisdiction over an action under this Part based upon the public
5 disclosure of allegations or transactions in a criminal, civil, or administrative hearing, in a
6 legislative, administrative, or State Auditor's report, hearing, audit, or investigation, or from the
7 news media, unless the action is brought by the Attorney General, or the person initiating the
8 action is an original source of the information. For purposes of this section, "original source"
9 means an individual who has direct and independent knowledge of the information on which
10 the allegations are based and has voluntarily provided the information to the State before filing
11 an action under this Part that is based on the information.

12 **(d)** The State is not liable for expenses a person incurs in bringing an action under this
13 Part.

14 **(e)** G.S. 108A-70.14 and G.S. 108A-70.15 apply to this Part.

15 **"§ 108A-70.17D. Procedure; statute of limitations.**

16 **(a)** A civil action under this Part may not be brought after the later of either of the
17 following:

18 **(1)** More than six years after the date on which the violation is committed.

19 **(2)** More than three years after the date when facts material to the right of the
20 action are known or reasonably should have been known by the official of
21 the State charged with responsibility to act in the circumstances.

22 **(b)** If the civil action is brought under subdivision (a)(2) of this section, it may not be
23 brought more than 10 years after the date on which the violation is committed."

24 **SECTION 10.70.(e)** G.S. 108A-70.15 reads as rewritten:

25 **"§ 108A-70.15. Employee remedies.**

26 **(a)** In the absence of fraud or malice, no person who furnishes information to officials
27 of the State responsible for investigating false claims violations shall be liable for damages in a
28 civil action for any oral or written statement made or any other action that is necessary to
29 supply information required pursuant to this ~~Part~~. Part or Part 7A of this Article.

30 **(b)** Any employee of a provider who is discharged, demoted, suspended, threatened,
31 harassed, or in any other manner discriminated against in the terms and conditions of
32 employment by the employee's employer because of lawful acts done by the employee on
33 behalf of the employee or others in furtherance of an action under ~~G.S. 108A-70.12,~~
34 G.S. 108A-70.12, or Part 7A of this Article, including investigation for, initiation of, testimony
35 for, or assistance in an action filed or to be filed under ~~G.S. 108A-70.12, G.S. 108A-70.12, or~~
36 Part 7A of this Article, shall be entitled to all relief necessary to make the employee whole.
37 Relief shall include reinstatement with the same seniority status as the employee would have
38 had but for the discrimination, two times the amount of back pay, interest on the back pay, and
39 compensation for any special damages sustained as a result of the discrimination, including
40 litigation costs and reasonable attorneys' fees. An employee may bring an action in the
41 appropriate court for the relief provided in this section."

42 **SECTION 10.70.(f)** Provided that the Medicaid False Claims State legislation is
43 adopted, and the State legislation meets federal Center for Medicare and Medicaid Services
44 criteria to receive ten percent (10%) bonuses subject to the False Claims Act, the Department of
45 Health and Human Services, Division of Medical Assistance, shall transfer three hundred
46 fifty-two thousand one hundred thirty-six dollars (\$352,136) in fiscal year 2010-2011, and each
47 year thereafter, to fund five permanent staff positions at the Attorney General's Office
48 necessary to implement the Medicaid False Claims Act.

49 **SECTION 10.70.(g)** Subsection (b) of this section becomes effective December 1,
50 2009, and applies to offenses committed on or after that date. The remainder of this section
51 becomes effective July 1, 2009, and applies to civil actions that accrue on or after that date.

PROVIDER RATES

SECTION 10.71. The Department of Health and Human Services shall freeze rates for fiscal year 2009-2010 for most Medicaid providers at the level authorized in fiscal year 2008-2009. The rate freeze applies to all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, State institutions, outpatient hospital, pharmacy, and the noninflationary components of the case-mix reimbursement system for nursing facilities. Medicaid rates predicated upon Medicare fee schedules shall follow Medicare reductions but not Medicare increases unless federally required. Inflationary increases for Medicaid providers paying provider fees (private ICF-MRs and nursing facilities) can occur if the State share of the increases can be funded with provider fees.

MEDICAID WAIVER FOR LOW-INCOME PERSONS WITH HIV

SECTION 10.72. The Department of Health and Human Services, Division of Medical Assistance, shall study whether to apply to the Centers for Medicare and Medicaid Services (CMS) for a 1115 waiver to permit individuals who test positive for HIV and have incomes at or below two hundred percent (200%) of the federal poverty level to access Medicaid services. The study shall determine the number of people who may be eligible, and the financial, programmatic, and technical impact of the waiver. The Department shall report on the results of its study of the waiver to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than December 31, 2009.

MAINTAIN MEDICAID ELIGIBILITY

SECTION 10.73. The Department of Health and Human Services, Division of Medical Assistance, shall study policies that will prevent a Medicaid recipient from losing Medicaid eligibility when the annual Social Security and Railroad Retirement Cost of Living Adjustments (COLAs) and the annual Federal Poverty Level adjustment cause a Medicaid recipient to become income-ineligible for Medicaid. The policies shall apply only in cases where Medicaid income eligibility is affected only by Social Security and Railroad Retirement COLAs and Federal Poverty Level adjustments and shall not render a Medicaid recipient eligible if all other eligibility requirements are not met. The Department shall report the results of the study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before December 31, 2009. The Department shall also study policies that allow individuals who are at or marginally above Medicaid income limits to buy-in to Medicaid coverage on a sliding fee scale.

REDUCE INFANT MORTALITY AND PRETERM BIRTHS

SECTION 10.74.(a) The Department of Health and Human Services, Division of Medical Assistance, shall seek a Medicaid 1115 waiver or implement other available Medicaid options to provide interconceptional coverage to low-income women with incomes below one hundred eighty-five percent (185%) of the federal poverty guidelines who have given birth to a high-risk infant. A high-risk infant is defined as weighing less than 1500 grams, is born less than 34 weeks gestation, is born with a congenital anomaly, or who has died within the first 28 days of life.

SECTION 10.74.(b) Interconceptional care shall be limited to two years following the birth of a high-risk infant, or until a subsequent birth, whichever comes first.

SECTION 10.74.(c) The Division is authorized to develop a benefit package to improve interconceptional care to decrease poor birth outcomes in subsequent pregnancies.

1 **SECTION 10.74.(d)** The Division shall provide estimates of the cost savings from
2 improved birth outcomes that will offset the cost of providing Medicaid coverage to this
3 targeted population. The Division shall report the status of the waiver to the Senate
4 Appropriations Committee on Health and Human Services, the House of Representatives
5 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
6 Division on or before October 1, 2009. The Division shall not implement the waiver unless
7 authorized by an act of the General Assembly.
8

9 **MEDICAID WAIVER TO PROVIDE HOME AND COMMUNITY-BASED MEDICAID**
10 **SERVICES FOR CERTAIN INDIVIDUALS**

11 **SECTION 10.74A.** The Department of Health and Human Services, Division of
12 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall apply to the
13 Centers for Medicare and Medicaid Services for a 1915(c) waiver to permit individuals who
14 sustain traumatic brain injury after age 22 to access home and community-based Medicaid
15 services. If approved, the Department shall not implement the waiver except as authorized by
16 an act of the General Assembly appropriating funds for this purpose. The Department shall
17 report on the status of the waiver to the Joint Legislative Oversight Committee on Mental
18 Health, Developmental Disabilities, and Substance Abuse Services, the Senate Appropriations
19 Committee on Health and Human Services, the House of Representatives Appropriations
20 Subcommittee on Health and Human Services, and the Fiscal Research Division not later than
21 March 1, 2010.
22

23 **NC NOVA**

24 **SECTION 10.75.** The Department of Health and Human Services, Division of
25 Health Services Regulation, may use up to eighty-eight thousand dollars (\$88,000) for fiscal
26 year 2009-2010 and ninety-three thousand seven hundred dollars (\$93,700) for fiscal year
27 2010-2011 of existing resources to continue the NC New Organizational Vision Award
28 certification program. The Division shall use federal civil monetary penalty receipts as a source
29 of support for this initiative, when appropriate.
30

31 **DHSR LICENSE FEE INCREASES**

32 **SECTION 10.76.(a)** G.S. 131D-2(b) reads as rewritten:

33 **"§ 131D-2. Licensing of adult care homes for the aged and disabled.**

34 (b) Licensure; inspections. –

35 (1) The Department of Health and Human Services shall inspect and license,
36 under rules adopted by the Medical Care Commission, all adult care homes
37 for persons who are aged or mentally or physically disabled except those
38 exempt in subsection (c) of this section. Licenses issued under the authority
39 of this section shall be valid for one year from the date of issuance unless
40 revoked earlier by the Secretary for failure to comply with any part of this
41 section or any rules adopted hereunder. Licenses shall be renewed annually
42 upon filing and the Department's approval of the renewal application. The
43 Department shall charge each adult care home with six or fewer beds a
44 nonrefundable annual license fee in the amount of ~~two hundred fifty dollars~~
45 ~~(\$250.00)~~ three hundred fifteen dollars (\$315.00). The Department shall
46 charge each adult care home with more than six beds a nonrefundable annual
47 license fee in the amount of ~~three hundred fifty dollars (\$350.00)~~ three
48 hundred sixty dollars (\$360.00) plus a nonrefundable annual per-bed fee of
49 ~~twelve dollars and fifty cents (\$12.50)~~ seventeen dollars and fifty cents
50 (\$17.50)."

51 **SECTION 10.76.(b)** G.S. 131E-147 reads as rewritten:

1 **"§ 131E-147. Licensure requirement.**

2 (a) No person shall operate an ambulatory surgical facility without a license obtained
3 from the Department.

4 (b) Applications shall be available from the Department, and each application filed with
5 the Department shall contain all necessary and reasonable information that the Department may
6 by rule require. A license shall be granted to the applicant upon a determination by the
7 Department that the applicant has complied with the provisions of this Part and the rules
8 promulgated by the Commission under this Part. The Department shall charge the applicant a
9 nonrefundable annual base license fee in the amount of ~~seven hundred dollars (\$700.00)~~eight
10 hundred fifty dollars (\$850.00) plus a nonrefundable annual per-operating room fee in the
11 amount of ~~fifty dollars (\$50.00)~~seventy-five dollars (\$75.00)."

12 **SECTION 10.76.(c)** G.S. 131E-167(a) reads as rewritten:

13 **"§ 131E-167. Certificate requirement.**

14 (a) Applications for certification shall be available from the Department, and each
15 application filed with the Department shall contain all necessary and reasonable information
16 that the Department may by rule require. A certificate shall be granted to the applicant for a
17 period not to exceed one year upon a determination by the Department that the applicant has
18 substantially complied with the provisions of this Article and the rules promulgated by the
19 Department under this Article. The Department shall charge the applicant a nonrefundable
20 annual certification fee in the amount of ~~two hundred fifty dollars (\$250.00)~~three hundred
21 eighty-five dollars (\$385.00)."

22 **SECTION 10.76.(d)** G.S. 131E-138(c) reads as rewritten:

23 **"§ 131E-138. Licensure requirements.**

24 (c) An application for a license shall be available from the Department, and each
25 application filed with the Department shall contain all information requested by the
26 Department. A license shall be granted to the applicant upon a determination by the
27 Department that the applicant has complied with the provisions of this Part and the rules
28 promulgated by the Commission under this Part. The Department shall charge the applicant a
29 nonrefundable annual license fee in the amount of ~~four hundred dollars (\$400.00)~~five hundred
30 ten dollars (\$510.00)."

31 **SECTION 10.76.(e)** G.S. 131E-77 reads as rewritten:

32 **"§ 131E-77. Licensure requirement.**

33 (a) No person or governmental unit shall establish or operate a hospital in this state
34 without a license. An infirmary is not required to obtain a license under this Part.

35 (b) The Commission shall prescribe by rule that any licensee or prospective applicant
36 seeking to make specified types of alteration or addition to its facilities or to construct new
37 facilities shall submit plans and specifications before commencement to the Department for
38 preliminary inspection and approval or recommendations with respect to compliance with the
39 applicable rules under this Part.

40 (c) An applicant for licensing under this Part shall provide information related to
41 hospital operations as requested by the Department. The required information shall be
42 submitted by the applicant on forms provided by the Department and established by rule.

43 (d) The Department shall renew each license in accordance with the rules of the
44 Commission. The Department shall charge the applicant a nonrefundable annual base license
45 fee plus a nonrefundable annual per-bed fee as follows:

46

47 Facility Type	Number of Beds	Base Fee	Per-Bed Fee	
48 General Acute Hospitals:	1-49 beds	\$250.00	\$12.50	<u>\$17.50</u>
49	50-99 beds	\$350.00	\$12.50	<u>\$17.50</u>
50	100-199 beds	\$450.00	\$12.50	<u>\$17.50</u>
51	200-399 beds	\$550.00	\$12.50	<u>\$17.50</u>

1	400-699 beds	\$750.00	\$12.50	\$17.50
2	700+ beds	\$950.00	\$12.50	\$17.50
3	Other Hospitals:	\$500.00	\$12.50	\$17.50

(e) The Department shall issue the license to the operator of the hospital who shall not transfer or assign it except with the written approval of the Department. The license shall designate the number and types of inpatient beds, the number of operating rooms, and the number of gastrointestinal endoscopy rooms.

(f) The operator shall post the license on the licensed premises in an area accessible to the public."

SECTION 10.76.(f) G.S. 122C-23(h) reads as rewritten:

"(h) The Department shall charge facilities licensed under this Chapter a nonrefundable annual base license fee plus a nonrefundable annual per-bed fee as follows:

Type of Facility	Number of Beds	Base Fee	Per-Bed Fee
Facilities (non-ICF/MR):	0 beds	\$175.00 \$215.00	\$0
	1 to 6 beds	\$250.00 \$305.00	\$0
	More than 6 beds	\$350.00 \$475.00	\$12.50 \$17.50
ICF/MR Only:	1 to 6 beds	\$650.00 \$845.00	\$0
	More than 6 beds	\$650.00 \$800.00	\$12.50 \$17.50"

SECTION 10.76.(g) G.S. 131E-102(b) reads as rewritten:

"(b) Applications shall be available from the Department, and each application filed with the Department shall contain all necessary and reasonable information that the Department may by rule require. A license shall be granted to the applicant upon a determination by the Department that the applicant has complied with the provisions of this Part and the rules promulgated under this Part. The Department shall charge the applicant a nonrefundable annual license fee in the amount of ~~four hundred fifty dollars (\$450.00)~~ four hundred twenty dollars (\$420.00) plus a nonrefundable annual per-bed fee of ~~twelve dollars and fifty cents (\$12.50)~~ seventeen dollars and fifty cents (\$17.50)."

DHSR INITIAL LICENSURE FEES NEW FACILITIES

SECTION 10.77. Article 16 of Chapter 131E of the General Statutes is amended by adding the following new section to read:

"§ 131E-272. Initial licensure fees for new facilities.

The following fees are initial licensure fees for new facilities and are applicable as follows:

<u>Facility Type</u>	<u>Number of Beds</u>	<u>Initial License Fee</u>	<u>Initial Bed Fee</u>
<u>Adult Care Licensure</u>	<u>More than 6</u>	<u>\$400.00</u>	<u>\$19.00</u>
	<u>6 or Fewer</u>	<u>\$350.00</u>	<u>\$ -</u>
<u>Acute and Home Care</u>	<u>General Acute Hospitals</u>		
	<u>1-49</u>	<u>\$550.00</u>	<u>\$19.00</u>
	<u>50-99</u>	<u>\$750.00</u>	<u>\$19.00</u>
	<u>100-199</u>	<u>\$950.00</u>	<u>\$19.00</u>
	<u>200-399</u>	<u>\$1150.00</u>	<u>\$19.00</u>
	<u>400-699</u>	<u>\$1550.00</u>	<u>\$19.00</u>
	<u>700+</u>	<u>\$1950.00</u>	<u>\$19.00</u>
<u>Other Hospitals</u>		<u>\$1050.00</u>	<u>\$19.00</u>
<u>Home Care</u>	<u>-</u>	<u>\$560.00</u>	<u>\$ -</u>

1	<u>Ambulatory Surgical Ctrs.</u>	-	<u>\$900.00</u>	<u>\$85.00</u>
2	<u>Hospice (Free Standing)</u>	-	<u>\$450.00</u>	<u>\$ -</u>
3	<u>Abortion Clinics</u>	-	<u>\$750.00</u>	<u>\$ -</u>
4	<u>Cardiac Rehab. Centers</u>	-	<u>\$425.00</u>	<u>\$ -</u>
5				
6	<u>Nursing Home & L&C</u>			
7	<u>Nursing Homes</u>		<u>\$470.00</u>	<u>\$19.00</u>
8	<u>All Others</u>		<u>\$ -</u>	<u>\$19.00</u>
9				
10	<u>Mental Health Facilities</u>			
11	<u>Nonresidential</u>		<u>\$265.00</u>	<u>\$ -</u>
12	<u>Non ICF-MR</u>	<u>6 or fewer</u>	<u>\$350.00</u>	<u>\$ -</u>
13	<u>ICF-MR only</u>	<u>6 or fewer</u>	<u>\$900.00</u>	<u>\$ -</u>
14	<u>Non ICF-MR</u>	<u>More than 6</u>	<u>\$525.00</u>	<u>\$19.00</u>
15	<u>ICF-MR only</u>	<u>More than 6</u>	<u>\$850.00</u>	<u>\$19.00."</u>

DHHS BLOCK GRANTS

SECTION 10.78.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2010, 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)	\$87,518,579
02.	Work First County Block Grants	94,453,315
03.	Child Protective Services – Child Welfare Workers for Local DSS	14,452,391
04.	Work First – Boys and Girls Clubs	800,000
05.	Work First – Connect, Inc.	67,523
06.	Child Welfare Collaborative	887,517

Division of Child Development

07.	Subsidized Child Care Program	61,087,077
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Division of Public Health

08.	Teen Pregnancy Prevention Initiatives	450,000
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DHHS Administration

09.	Division of Social Services	1,093,176
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1			
2	10.	Office of the Secretary	75,392
3			
4	11.	Office of the Secretary/DIRM – TANF	
5		Automation Projects	720,000
6			
7	12.	Office of the Secretary/DIRM – NC FAST	
8		Implementation	1,200,000
9			
10	Transfers to Other Block Grants		
11			
12	Division of Child Development		
13			
14	13.	Transfer to the Child Care and	
15		Development Fund	84,330,900
16			
17	Division of Social Services		
18			
19	14.	Transfer to Social Services Block Grant for Child	
20		Protective Services – Child Welfare Training in	
21		Counties	2,550,000
22			
23	15.	Transfer to Social Services Block Grant for	
24		Maternity Homes	60,503
25			
26	16.	Transfer to Social Services Block Grant for Teen	
27		Pregnancy Prevention Initiatives	2,500,000
28			
29	17.	Transfer to Social Services Block Grant for County	
30		Departments of Social Services for Children's Services	4,500,000
31			
32	18.	Transfer to Social Services Block Grant for	
33		Foster Care Services	390,000
34			
35	19.	Transfer to Social Services Block Grant for	
36		Medically Fragile Children	260,000
37			
38	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
39	(TANF) BLOCK GRANT		
40			\$357,396,373
41	TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
42	(TANF) CONTINGENCY FUNDS BLOCK GRANT		
43			
44	Local Program Expenditures		
45			
46	Division of Social Services		
47			
48	01.	Work First Family Assistance (Cash Assistance)	\$1,857,193
49			
50	02.	Work First – Boys and Girls Clubs	1,200,000
51			

1	03.	Work First – Afterschool Services	
2		For At-Risk Children	1,229,785
3			
4	04.	Work First – Afterschool Programs	
5		For At-Risk Youth in Middle Schools	300,000
6			
7	05.	Work First – Connect, Inc. (Work Central)	301,025
8			
9	06.	Work First – Citizens Schools Program	360,000
10			
11	07.	County Demonstration Grants	3,239,789
12			
13	08.	Adoption Services – Special Children's Adoption Fund	3,000,000
14			
15	09.	Family Violence Prevention	2,200,000
16			
17	10.	Child Welfare Collaborative	987,995
18			
19	11.	Work First Functional Assessment	600,000
20			
21	12.	Electing County State Funding Swap Out	2,378,213
22			
23	13.	State Subsidized Child Care Funding Swap	12,452,484
24			
25	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
26	(TANF) CONTINGENCY FUNDS BLOCK GRANT		\$30,106,484
27			
28	SOCIAL SERVICES BLOCK GRANT		
29			
30	Local Program Expenditures		
31			
32	Divisions of Social Services and Aging and Adult Services		
33			
34	01.	County Departments of Social Services	\$ 28,868,189
35		(Transfer from TANF – \$4,500,000)	
36			
37	02.	State In-Home Services Fund	2,101,113
38			
39	03.	State Adult Day Care Fund	2,155,301
40			
41	04.	Child Protective Services/CPS Investigative	
42		Services-Child Medical Evaluation Program	243,121
43			
44	05.	Foster Care Services	2,372,619
45		(Transfer from TANF – \$390,000)	
46			
47	06.	Maternity Homes (Transfer from TANF – \$60,503)	943,002
48			
49	07.	Special Children Adoption Incentive Fund	500,000
50			
51	08.	Child Protective Services-Child Welfare Training	

1	for Counties	2,550,000
2	(Transfer from TANF)	
3		
4	Division of Aging and Adult Services	
5		
6	09. Home and Community Care Block Grant (HCCBG)	1,834,077
7		
8	Division of Mental Health, Developmental Disabilities, and Substance	
9	Abuse Services	
10		
11	10. Mental Health Services Program	422,003
12		
13	11. Developmental Disabilities Services Program	5,000,000
14		
15	12. Mental Health Services-Adult and	
16	Child/Developmental Disabilities Program/	
17	Substance Abuse Services-Adult	3,234,601
18		
19	Division of Child Development	
20		
21	13. Subsidized Child Care Program	3,150,000
22		
23	Division of Vocational Rehabilitation	
24		
25	14. Vocational Rehabilitation Services – Easter Seal	
26	Society/UCP Community Health Program	188,263
27		
28	Division of Public Health	
29		
30	15. Teen Pregnancy Prevention Initiatives	2,500,000
31	(Transfer from TANF)	
32		
33	16. Services for Medically Fragile Children	
34	(Transfer from TANF – \$260,000)	360,000
35		
36	DHHS Program Expenditures	
37		
38	Division of Aging and Adult Services	
39		
40	17. UNC-CARES Training Contract	247,920
41		
42	Division of Services for the Blind	
43		
44	18. Independent Living Program	3,714,211
45		
46	Division of Health Service Regulation	
47		
48	19. Adult Care Licensure Program	411,897
49		
50	20. Mental Health Licensure and Certification Program	205,668
51		

1	DHHS Administration		
2			
3	21.	Division of Aging and Adult Services	688,436
4			
5	22.	Division of Social Services	892,624
6			
7	23.	Office of the Secretary/Controller's Office	138,058
8			
9	24.	Office of the Secretary/DIRM	87,483
10			
11	25.	Division of Child Development	15,000
12			
13	26.	Division of Mental Health, Developmental	
14		Disabilities, and Substance Abuse Services	29,665
15			
16	27.	Division of Health Service Regulation	235,625
17			
18	28.	Office of the Secretary-NC Inter-Agency Council	
19		For Coordinating Homeless Programs	250,000
20			
21	29.	Office of the Secretary	48,053
22			
23	Transfers to Other State Agencies		
24			
25	Department of Administration		
26			
27	30.	NC Commission of Indian Affairs In-Home	
28		Services for the Elderly	203,198
29			
30	Transfers to Other Block Grants		
31			
32	Division of Public Health		
33			
34	31.	Transfer to Preventive Health Services Block Grant	
35		For HIV/STD Prevention and Community Planning	145,819
36			
37	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 63,735,946
38			
39	LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		
40			
41	Local Program Expenditures		
42			
43	Division of Social Services		
44			
45	01.	Low-Income Energy Assistance Program (LIEAP)	\$ 25,909,124
46			
47	02.	Crisis Intervention Program (CIP)	20,224,269
48			
49	Office of the Secretary – Office of Economic Opportunity		
50			
51	03.	Weatherization Program	1,000,000

1		
2	04. Heating Air Repair & Replacement Program (HARRP)	3,385,583
3		
4	Local Administration	
5		
6	Division of Social Services	
7		
8	05. County DSS Administration	3,608,360
9		
10	Office of the Secretary – Office of Economic Opportunity	
11		
12	06. Local Residential Energy Efficiency Service	
13	Providers – Weatherization	420,035
14		
15	07. Local Residential Energy Efficiency Service	
16	Providers – HARRP	195,910
17		
18	DHHS Administration	
19		
20	08. Division of Social Services	275,000
21		
22	09. Division of Mental Health, Developmental	
23	Disabilities, and Substance Abuse Services	8,128
24		
25	10. Office of the Secretary/DIRM	269,935
26		
27	11. Office of the Secretary/Controller's Office	12,332
28		
29	12. Office of the Secretary/Office of Economic	
30	Opportunity – Weatherization	294,874
31		
32	13. Office of the Secretary/Office of Economic	
33	Opportunity – HARRP	137,574
34		
35	Transfers to Other State Agencies	
36		
37	14. Department of Administration –	
38	N.C. State Commission of Indian Affairs	67,042
39		
40	TOTAL LOW-INCOME HOME ENERGY ASSISTANCE	
41	BLOCK GRANT	\$ 55,808,166
42		
43	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
44		
45	Local Program Expenditures	
46		
47	Division of Child Development	
48		
49	01. Subsidized Child Care Services (CCDF)	\$144,097,307
50		
51	02. Contract Subsidized Child Care Services Support	507,617

1			
2	03.	Subsidized Child Care Services	
3		(Transfer from TANF)	84,330,900
4			
5	04.	Quality and Availability Initiatives	20,760,876
6			
7	05.	T.E.A.C.H. Program	3,800,000
8			
9		Division of Social Services	
10			
11	06.	Local Subsidized Child Care Services Support	\$16,594,417
12			
13		DHHS Administration	
14			
15		Division of Child Development	
16			
17	07.	DCD Administrative Expenses	6,539,277
18			
19		Division of Central Administration	
20			
21	08.	DHHS Central Administration – DIRM	
22		Technical Services	763,356
23			
24		TOTAL CHILD CARE AND DEVELOPMENT FUND	
25		BLOCK GRANT	\$277,393,750
26			
27		CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH	
28		THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	
29			
30		Local Program Expenditures	
31			
32		Division of Child Development	
33			
34	01.	Subsidized Child Care Services (CCDF)	
35		(High Quality Four-Year-Old Classrooms)	\$53,993,329
36			
37	02.	Contract Subsidized Child Care Services Support	29,030
38			
39		DHHS Program Expenditures	
40			
41		Division of Child Development	
42			
43	03.	Quality and Availability Initiatives	11,519,144
44			
45		Local Administration	
46			
47		Division of Social Services	
48			
49	04.	Subsidy Services Support	2,001,631
50			
51		TOTAL CHILD CARE AND DEVELOPMENT FUND	

1	BLOCK GRANT RECEIVED THROUGH ARRA	\$67,543,143
2		
3	MENTAL HEALTH SERVICES BLOCK GRANT	
4		
5	Local Program Expenditures	
6		
7	01. Mental Health Services – Adult	\$ 5,977,762
8		
9	02. Mental Health Services – Child	3,921,991
10		
11	03. Comprehensive Treatment Service Program	1,500,000
12		
13	04. Mental Health Services – UNC School of Medicine, Department of Psychiatry	300,000
14		
15		
16	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 11,699,753
17		
18	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	
19		
20		
21	Local Program Expenditures	
22		
23	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
24		
25	01. Substance Abuse Services – Adult	\$ 22,258,080
26		
27	02. Substance Abuse Treatment Alternative for Women	8,069,524
28		
29		
30	03. Substance Abuse – HIV and IV Drug	5,116,378
31		
32	04. Substance Abuse Prevention – Child	7,186,857
33		
34	05. Substance Abuse Services – Child	4,940,500
35		
36	06. Implementation – Institute of Medicine's Study Recommendations	250,000
37		
38		
39	Division of Public Health	
40		
41	07. Risk Reduction Projects	633,980
42		
43	08. Aid-to-Counties	209,576
44		
45	09. Maternal Health	37,779
46		
47	TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	\$ 48,702,674
48		
49		
50	MATERNAL AND CHILD HEALTH BLOCK GRANT	
51		

1	Local Program Expenditures	
2		
3	Division of Public Health	
4		
5	01. Children's Health Services	7,534,865
6		
7	02. Women's Health	7,701,691
8		
9	03. Oral Health	38,041
10		
11	DHHS Program Expenditures	
12		
13	Division of Public Health	
14		
15	04. Children's Health Services	1,359,636
16		
17	05. Women's Health	135,452
18		
19	06. State Center for Health Statistics	179,483
20		
21	07. Quality Improvement in Public Health	14,646
22		
23	08. Health Promotion	88,746
24		
25	09. Office of Minority Health	55,250
26		
27	10. Immunization Program – Vaccine Distribution	382,648
28		
29	DHHS Administration	
30		
31	Division of Public Health	
32		
33	11. Division of Public Health Administration	631,966
34		
35	TOTAL MATERNAL AND CHILD	
36	HEALTH BLOCK GRANT	\$ 18,122,424
37		
38	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
39		
40	Local Program Expenditures	
41		
42	Division of Public Health	
43		
44	01. NC Statewide Health Promotion	\$1,730,653
45		
46	02. Services to Rape Victims	197,112
47		
48	03. HIV/STD Prevention and Community Planning	
49	(Transfer from Social Services Block Grant)	145,819
50		
51	DHHS Program Expenditures	

1		
2	Division of Public Health	
3		
4	04. NC Statewide Health Promotion	1,699,044
5		
6	05. Oral Health	70,000
7		
8	06. State Laboratory of Public Health	16,600
9		
10	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,859,228
11		
12	COMMUNITY SERVICES BLOCK GRANT	
13		
14	Local Program Expenditures	
15		
16	Office of Economic Opportunity	
17		
18	01. Community Action Agencies	\$ 16,673,336
19		
20	02. Limited Purpose Agencies	926,297
21		
22	DHHS Administration	
23		
24	03. Office of Economic Opportunity	926,296
25		
26	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 18,525,929
27		
28	COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN	
29	RECOVERY AND REINVESTMENT ACT (ARRA)	
30		
31	Local Program Expenditures	
32		
33	Office of Economic Opportunity	
34		
35	01. Community Action Agencies	\$ 20,558,585
36		
37	02. Limited Purpose Agencies	1,093,541
38		
39	DHHS Administration	
40		
41	03. Office of Economic Opportunity	218,709
42		
43	TOTAL COMMUNITY SERVICES BLOCK GRANT	
44	RECEIVED THROUGH ARRA	\$ 21,870,834
45		

GENERAL PROVISIONS

47 **SECTION 10.78.(b)** Changes in Federal Fund Availability. – If the Congress of
 48 the United States increases the federal fund availability for any of the Block Grants
 49 administered by the Department of Health and Human Services from the amounts appropriated
 50 in this section, the Department shall allocate the increase proportionally across the program and
 51 activity appropriations identified for that Block Grant in this section. In allocating an increase

1 in federal fund availability, the Department shall not propose funding for new programs or
2 activities not appropriated in this section.

3 If the Congress of the United States decreases the federal fund availability for any of
4 the Block Grants administered by the Department of Health and Human Services from the
5 amounts appropriated in this section, the Department shall reduce State administration by at
6 least the percentage of the reduction in federal funds. After determining the State
7 administration, the remaining reductions shall be allocated proportionately across the program
8 and activity appropriations identified for that Block Grant in this section.

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

15 **SECTION 10.78.(c)** Appropriations from federal block grant funds are made for
16 the fiscal year ending June 30, 2010, according to the schedule enacted for State fiscal year
17 2009-2010 or until a new schedule is enacted by the General Assembly.

18 **SECTION 10.78.(d)** All changes to the budgeted allocations to the Block Grants
19 administered by the Department of Health and Human Services that are not specifically
20 addressed in this section shall be approved by the Office of State Budget and Management, and
21 a report shall be submitted to the Joint Legislative Commission on Governmental Operations
22 for review prior to implementing the changes. All changes to the budgeted allocations to the
23 Block Grants shall be reported immediately to the House of Representatives Appropriations
24 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
25 and Human Services, and the Fiscal Research Division. This subsection does not apply to
26 Block Grant changes caused by legislative salary increases and benefit adjustments.

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

28 **SECTION 10.78.(e)** The sum of one million ninety-three thousand one hundred
29 seventy-six dollars (\$1,093,176) appropriated in this section in the TANF Block Grant to the
30 Department of Health and Human Services, Division of Social Services, for the 2009-2010
31 fiscal year shall be used to support administration of TANF-funded programs.

32 **SECTION 10.78.(f)** The sum of two million two hundred thousand dollars
33 (\$2,200,000) appropriated under this section in TANF Contingency funds to the Department of
34 Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be
35 used to provide domestic violence services to Work First recipients. These funds shall be used
36 to provide domestic violence counseling, support, and other direct services to clients. These
37 funds shall not be used to establish new domestic violence shelters or to facilitate lobbying
38 efforts. The Division of Social Services may use up to seventy-five thousand dollars (\$75,000)
39 in TANF funds to support one administrative position within the Division of Social Services to
40 implement this subsection.

41 Each county department of social services and the local domestic violence shelter
42 program serving the county shall jointly develop a plan for utilizing these funds. The plan shall
43 include the services to be provided and the manner in which the services shall be delivered. The
44 county plan shall be signed by the county social services director or the director's designee and
45 the domestic violence program director or the director's designee and submitted to the Division
46 of Social Services by December 1, 2009. The Division of Social Services, in consultation with
47 the Council for Women, shall review the county plans and shall provide consultation and
48 technical assistance to the departments of social services and local domestic violence shelter
49 programs, if needed.
50

1 The Division of Social Services shall allocate these funds to county departments of
2 social services according to the following formula: (i) each county shall receive a base
3 allocation of five thousand dollars (\$5,000); and (ii) each county shall receive an allocation of
4 the remaining funds based on the county's proportion of the statewide total of the Work First
5 caseload as of July 1, 2009, and the county's proportion of the statewide total of the individuals
6 receiving domestic violence services from programs funded by the Council for Women as of
7 July 1, 2009. The Division of Social Services may reallocate unspent funds to counties that
8 submit a written request for additional funds.

9 **SECTION 10.78.(g)** The sum of one million two hundred twenty-nine thousand
10 seven hundred eighty-five dollars (\$1,229,785) appropriated in this section in TANF
11 Contingency funds to the Department of Health and Human Services, Division of Social
12 Services, for the 2009-2010 fiscal year shall be used to expand after-school programs and
13 services for at-risk children. The Department shall develop and implement a grant program to
14 award grants to community-based programs that demonstrate the ability to reach children at
15 risk of teen pregnancy, school dropout, and gang participation. The Department shall award
16 grants to community-based organizations that demonstrate the ability to develop and implement
17 linkages with local departments of social services, area mental health programs, schools, and
18 other human services programs in order to provide support services and assistance to the child
19 and family. These funds may be used to fund one position within the Division of Social
20 Services to coordinate at-risk after-school programs and shall not be used for other State
21 administration.

22 **SECTION 10.78.(h)** The sum of fourteen million four hundred fifty-two thousand
23 three hundred ninety-one dollars (\$14,452,391) appropriated in this section to the Department
24 of Health and Human Services, Division of Social Services, in the TANF Block Grant for the
25 2009-2010 fiscal year for child welfare improvements shall be allocated to the county
26 departments of social services for hiring or contracting staff to investigate and provide services
27 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
28 license, and support prospective foster and adoptive families; and to provide interstate and
29 post-adoption services for eligible families.

30 **SECTION 10.78.(i)** The sum of three million dollars (\$3,000,000) appropriated in
31 this section in TANF Contingency funds to the Department of Health and Human Services,
32 Special Children Adoption Fund, for the 2009-2010 fiscal year shall be used in accordance with
33 G.S. 108A-50.2, as enacted in Section 10.48 of this act. The Division of Social Services, in
34 consultation with the North Carolina Association of County Directors of Social Services and
35 representatives of licensed private adoption agencies, shall develop guidelines for the awarding
36 of funds to licensed public and private adoption agencies upon the adoption of children
37 described in G.S. 108A-50 and in foster care. Payments received from the Special Children
38 Adoption Fund by participating agencies shall be used exclusively to enhance the adoption
39 services program. No local match shall be required as a condition for receipt of these funds.

40 **SECTION 10.78.(j)** The sum of one million two hundred thousand dollars
41 (\$1,200,000) in this section appropriated to the Department of Health and Human Services in
42 the TANF Block Grant for the 2009-2010 fiscal year shall be used to implement N.C. FAST
43 (North Carolina Families Accessing Services through Technology). The N.C. FAST Program
44 involves the entire automation initiative through which families access services and local
45 departments of social services deliver benefits, supervised by the Department of Health and
46 Human Services, Divisions of Social Services, Aging and Adult Services, Medical Assistance,
47 and Child Development. The statewide automated initiative shall be implemented in
48 compliance with federal regulations in order to ensure federal financial participation in the
49 project. The Department of Health and Human Services shall report on its compliance with this
50 subsection to the House of Representatives Appropriations Subcommittee on Health and

1 Human Services, the Senate Appropriations Committee on Health and Human Services, and the
2 Fiscal Research Division no later than January 1, 2010.

3 **SECTION 10.78.(k)** The sum of three hundred thousand dollars (\$300,000)
4 appropriated in this section to the Department of Health and Human Services, Division of
5 Social Services, in TANF Contingency funds for the 2009-2010 fiscal year shall be used to
6 expand after-school programs for at-risk children attending middle school. The Department
7 shall develop and implement a grant program to award funds to community-based programs
8 demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and
9 gang participation. These funds shall not be used for training or administration at the State
10 level. All funds shall be distributed to community-based programs, focusing on those
11 communities where similar programs do not exist in middle schools.

12 **SECTION 10.78.(l)** In implementing the TANF Block Grants, the Department of
13 Health and Human Services shall review policies, programs, and initiatives to ensure that they
14 support men in their role as fathers and strengthen fathers' involvement in their children's lives.
15 The Department shall encourage county departments of social services to ensure their Work
16 First programs emphasize responsible fatherhood and increased participation by noncustodial
17 fathers.

18 **SECTION 10.78.(m)** The sum of sixty-seven thousand five hundred twenty-three
19 dollars (\$67,523) appropriated in this section to the Department of Health and Human Services
20 in the TANF Block Grant and the sum of three hundred one thousand twenty-five dollars
21 (\$301,025) appropriated in this section to the Department in TANF Contingency funds for the
22 2009-2010 fiscal year shall be transferred to Connect, Inc. Connect, Inc., shall report on the
23 number of people served and the services received as a result of the receipt of funds. The report
24 shall contain expenditure data, including the amount of funds used for administration and direct
25 training. The report shall also include the number of people who have been employed as a
26 direct result of services provided by Connect, Inc., including the length of employment in the
27 new position. The Department of Health and Human Services shall evaluate the program and
28 ensure that services provided are not duplicative of local employment security commissions in
29 the nine counties served by Connect, Inc. The evaluation report shall be submitted to the House
30 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate
31 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no
32 later than May 1, 2010.

33 **SECTION 10.78.(n)** The sum of eight hundred thousand dollars (\$800,000)
34 appropriated in this section to the Department of Health and Human Services in the TANF
35 Block Grant and the sum of one million two hundred thousand dollars (\$1,200,000)
36 appropriated in this section to the Department in TANF Contingency funds for Boys and Girls
37 Clubs for the 2009-2010 fiscal year shall be used to make grants for approved programs. The
38 Department of Health and Human Services, in accordance with federal regulations for the use
39 of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and
40 Girls Clubs across the State in order to implement programs that improve the motivation,
41 performance, and self-esteem of youths and to implement other initiatives that would be
42 expected to reduce gang participation, school dropout, and teen pregnancy rates. The
43 Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and
44 Support Our Students, Communities in Schools, and similar programs to submit joint
45 applications for the funds if appropriate.

46 **SECTION 10.78.(o)** The Department of Health and Human Services, Division of
47 Social Services, shall continue implementing county demonstration grants that began in the
48 2006-2007 fiscal year. The county demonstration grants may be awarded for up to three years
49 with all projects ending no later than the end of fiscal year 2009-2010. The purpose of the
50 county demonstration grants is to identify best practices that can be used by counties to
51 improve the work participation rates. The Division of Social Services is authorized to establish

1 two time-limited positions to manage the grant award process and monitor the demonstration
2 projects through fiscal year 2009-2010.

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

6 The Department of Health and Human Services, Division of Social Services, shall
7 report on the status of county demonstration grants implemented pursuant to this subsection to
8 the House of Representatives Appropriations Subcommittee on Health and Human Services,
9 the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
10 Division no later than February 1, 2010.

11 **SECTION 10.78.(p)** The sum of one million eight hundred seventy-five thousand
12 five hundred twelve dollars (\$1,875,512) appropriated in this section to the Department of
13 Health and Human Services in the TANF Block Grant and in TANF Contingency funds for the
14 2009-2010 fiscal year shall be used to continue support for the Child Welfare Collaborative.

15 16 **SOCIAL SERVICES BLOCK GRANT**

17 **SECTION 10.78.(q)** Social Services Block Grant funds appropriated to the North
18 Carolina Inter-Agency Council for Coordinating Homeless Programs and the North Carolina
19 Housing Coalition are exempt from the provisions of 10A NCAC 71R .0201(3).

20 **SECTION 10.78.(r)** The sum of two million five hundred fifty thousand dollars
21 (\$2,550,000) appropriated in this section in the Social Services Block Grant to the Department
22 of Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year to
23 support various child welfare training projects as follows:

- 24 (1) Provide a regional training center in southeastern North Carolina.
- 25 (2) Provide training for residential child caring facilities.
- 26 (3) Provide for various other child welfare training initiatives.

27 **SECTION 10.78.(s)** The sum of nine hundred forty-three thousand two dollars
28 (\$943,002) appropriated in this section to the Department of Health and Human Services in the
29 Social Services Block Grant for the 2009-2010 fiscal year shall be used to support payments to
30 maternity home providers.

31 **SECTION 10.78.(t)** The sum of three hundred sixty thousand dollars (\$360,000)
32 appropriated in this section to the Department of Health and Human Services, Division of
33 Public Health, in the Social Services Block Grant for the 2009-2010 fiscal year shall be used to
34 continue support for the Medically Fragile Children program.

35 **SECTION 10.78.(u)** The sum of two million three hundred seventy-two thousand
36 six hundred nineteen dollars (\$2,372,619) appropriated in this section in the Social Services
37 Block Grant for child caring agencies for the 2009-2010 fiscal year shall be allocated to the
38 State Private Child Caring Agencies Fund.

39 **SECTION 10.78.(v)** The Department of Health and Human Services is authorized,
40 subject to the approval of the Office of State Budget and Management, to transfer Social
41 Services Block Grant funding allocated for departmental administration between divisions that
42 have received administrative allocations from the Social Services Block Grant.

43 **SECTION 10.78.(w)** Social Services Block Grant funds appropriated for the
44 Special Children's Adoption Incentive Fund will require fifty percent (50%) local match.

45 46 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

47 **SECTION 10.78.(x)** Additional emergency contingency funds received may be
48 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
49 consultation with the Joint Legislative Commission on Governmental Operations. Additional
50 funds received shall be reported to the Joint Legislative Commission on Governmental
51 Operations and the Fiscal Research Division upon notification of the award. The Department of

1 Health and Human Services shall not allocate funds for any activities, including increasing
2 administration, other than assistance payments, without prior consultation with the Joint
3 Legislative Commission on Governmental Operations.

4 In addition to funds available for weatherization appropriated within the
5 Low-Income Home Energy Assistance Block Grant, funds available through the American
6 Recovery and Reinvestment Act shall be used to continue to enhance weatherization activities
7 coordinated by local agencies.

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

10 **SECTION 10.78.(y)** Payment for subsidized child care services provided with
11 federal TANF funds shall comply with all regulations and policies issued by the Division of
12 Child Development for the subsidized child care program.

13 **SECTION 10.78.(z)** If funds appropriated through the Child Care and
14 Development Fund Block Grant for any program cannot be obligated or spent in that program
15 within the obligation or liquidation periods allowed by the federal grants, the Department may
16 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the
17 grant, in order to use the federal funds fully.

18 **SECTION 10.78.(aa)** Funds from the Child Care and Development Fund Block
19 Grant and Child Care and Development Fund Block Grant received through the American
20 Recovery and Reinvestment Act shall be used to increase access to child care subsidy. To help
21 address the economic downturn and increasing unemployment in North Carolina, the
22 Department of Health and Human Services, Division of Child Development shall adopt
23 temporary policies that facilitate and expedite the prudent expenditure of these funds as
24 follows:

- 25 (1) Permit the local purchasing agencies to issue time-limited vouchers to assist
26 counties in managing one-time, nonrecurring subsidy funding.
- 27 (2) Extend the current 30/60 day job search policy to six months when a
28 recipient experiences a loss of employment.
- 29 (3) Provide an upfront job search period of six months for former recipients who
30 have lost employment since October 1, 2008.
- 31 (4) Provide a job search period of six months for recipients that complete school
32 and are entering the job market.
- 33 (5) Notwithstanding any other provision of law, extend the 24-month education
34 time limit for an additional 12 months for a child care recipient who has lost
35 a job since October 1, 2008, or otherwise needs additional training to
36 enhance his or her marketable skills for job placement due to the economic
37 downturn and who has depleted his or her 24-month allowable education
38 time.
- 39 (6) Lower the number of hours a parent must be working in order to be eligible
40 for subsidy to assist parents who are continuing to work but at reduced
41 hours.

42 **SECTION 10.78.(bb)** If American Recovery and Reinvestment Act funds
43 appropriated through the Child Care and Development Fund Block Grant for any program
44 cannot be obligated or spent in that program within the obligation or liquidation periods
45 allowed by the federal grants, the Department may move funds to child care subsidies, unless
46 otherwise prohibited by federal requirements of the grant, in order to use the federal funds
47 fully.

49 **MENTAL HEALTH BLOCK GRANT**

50 **SECTION 10.78.(cc)** The sum of one million five hundred thousand dollars
51 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the Department

1 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
2 Substance Abuse Services, for the 2009-2010 fiscal year and the sum of four hundred
3 twenty-two thousand three dollars (\$422,003) appropriated in this section in the Social Services
4 Block Grant to the Department of Health and Human Services, Division of Social Services, for
5 the 2009-2010 fiscal year shall be used to continue a Comprehensive Treatment Services
6 Program for Children.

7 8 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

9 **SECTION 10.78.(dd)** If federal funds are received under the Maternal and Child
10 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193
11 (42 U.S.C. § 710), for the 2009-2010 fiscal year, then those funds shall be transferred to the
12 State Board of Education to be administered by the Department of Public Instruction. The
13 Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage
14 Education Program and shall delegate to one or more persons the responsibility of
15 implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction
16 shall carefully and strictly follow federal guidelines in implementing and administering the
17 abstinence education grant funds.

18 **SECTION 10.78.(ee)** The Department of Health and Human Services shall ensure
19 that there will be follow-up testing in the Newborn Screening Program.

20 21 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

22 **SECTION 10.78.(ff)** The sum of two hundred fifty thousand dollars (\$250,000)
23 appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to
24 the Department of Health and Human Services, Division of Mental Health, Developmental
25 Disabilities, and Substance Abuse Services, for the 2009-2010 fiscal year shall be used to
26 implement one or more priority recommendations of the North Carolina Institute of Medicine
27 (NCIOM) Substance Abuse Task Force, which include:

- 28 (1) Development of a comprehensive substance abuse prevention plan for use at
29 the State and local levels.
- 30 (2) Providing funding for the establishment of six pilot projects to implement
31 county or multicounty comprehensive prevention plans.
- 32 (3) Supporting efforts to reduce high-risk drinking on college campuses.
- 33 (4) Development of a pilot program to provide chronic disease management
34 services to substance abuse clients and former clients. The purpose of the
35 pilot is to decrease the number of short-term hospital admissions and to
36 provide discharge planning and follow-up to reduce substance abuse client
37 recidivism.
- 38 (5) Educating and encouraging health care professionals to use the screening,
39 brief intervention, and referral to treatment (SBIRT) model promoted by the
40 federal government.

41 42 **COMMUNITY SERVICES BLOCK GRANT**

43 **SECTION 10.78.(gg)** In accordance with the intent of the American Recovery and
44 Reinvestment Act, the North Carolina General Assembly strongly encourages recipients of
45 Community Services Block Grant and Community Services Block Grant Recovery funds to
46 enhance cooperation with county departments of social services and regional food banks to
47 increase benefits enrollment for eligible persons, including Food and Nutrition Services and
48 Medical Assistance.

49 50 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

COMMERCIAL FERTILIZER FEES

SECTION 11.1. G.S. 106-671(a) reads as rewritten:

"(a) For the purpose of defraying expenses on the inspection and of otherwise determining the value of commercial fertilizers in this State, there shall be paid to the Department of Agriculture and Consumer Services a charge of ~~twenty-five cents (25¢)~~ fifty cents (50¢) per ton on all commercial fertilizers other than packages of five pounds or less. Inspection fees shall be paid on all tonnage distributed into North Carolina to any person not having a valid reporting permit. On individual packages of five pounds or less there shall be paid in lieu of the tonnage fee an annual registration fee of twenty-five dollars (\$25.00) for each brand offered for sale, sold, or distributed; provided that any per annum (fiscal) tonnage of any brand sold in excess of one hundred tons may be subject to the charge of ~~twenty-five cents (25¢)~~ fifty cents (50¢) per ton on any amount in excess of one hundred tons as provided herein. Whenever any manufacturer of commercial fertilizer shall have paid the charges required by this section his goods shall not be liable to further tax, whether by city, town, or county; provided, this shall not exempt the commercial fertilizers from an ad valorem tax."

INCREASE PESTICIDE REGISTRATION FEE

SECTION 11.2. G.S. 143-442(b) reads as rewritten:

"(b) The applicant shall pay an annual registration fee of ~~one hundred dollars (\$100.00)~~ one hundred fifty dollars (\$150.00) plus an additional annual assessment for each brand or grade of pesticide registered. The annual assessment shall be fifty dollars (\$50.00) if the applicant's gross sales of the pesticide in this State for the preceding 12 months for the period ending September 30th were more than five thousand dollars (\$5,000.00) and twenty-five dollars (\$25.00) if gross sales were less than five thousand dollars (\$5,000.00). An additional two hundred dollars (\$200.00) delinquent registration penalty shall be assessed against the registrant for each brand or grade of pesticide which is marketed in North Carolina prior to registration as required by this Article. In the case of multi-year registration, the annual fee and additional assessment for each year shall be paid at the time of the initial registration. The Board shall give a pro rata refund of the registration fee and additional assessment to the registrant in the event that registration is canceled by the Board or by the United States Environmental Protection Agency."

BOARD OF AGRICULTURE REVIEW OF FEE SCHEDULES

SECTION 11.3. G.S. 106-6.1 reads as rewritten:

"§ 106-6.1. Fees.

(a) A board or commission within the Department of Agriculture and Consumer Services may establish fees or charges for the services it provides. The Board of Agriculture, subject to the provisions of Chapter 146 of the General Statutes, may establish a rate schedule for the use of facilities operated by the Department of Agriculture and Consumer Services.

(b) No later than February 1 of each odd numbered year, the Board of Agriculture shall review the fees it established under this section to determine whether any of these fees should be changed and report to the Fiscal Research Division the amount of each fee reviewed, when the fee was last changed, the number of times the fee was collected during the prior fiscal year, the total receipts from the fee during the prior fiscal year, and any recommendations for increasing or decreasing the amount of any such fees. This report shall also include for each fee an evaluation of any inflationary change since the last change to the amount of the fee and any other information deemed relevant to this evaluation."

PART XII. DEPARTMENT OF LABOR**DEPARTMENT OF LABOR/APPRENTICESHIP PROGRAM**

1 **SECTION 12.1.** Chapter 94 of the General Statutes is amended by adding a new
2 section to read as follows:

3 **"§ 94-12. Fees.**

4 A fee of twenty-five dollars (\$25.00) is imposed on each apprentice who is covered by a
5 written apprenticeship agreement entered into under this Chapter. The fee is payable by the
6 apprentice unless the employer who enters into the agreement pays the fee on behalf of the
7 apprentice. The fees are departmental receipts and must be applied to the costs of
8 administering the apprenticeship program. The Commissioner may adopt rules pursuant to
9 Chapter 150B of the General Statutes to implement this section."

10
11 **PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

12
13 **REVISE CLEAN WATER MANAGEMENT TRUST FUND OPERATIONS LIMIT**

14 **SECTION 13.1.** Notwithstanding G.S. 113A-253(d), of the funds appropriated to
15 the Clean Water Management Trust Fund for each fiscal year of the 2009-2011 fiscal biennium,
16 no more than three million dollars (\$3,000,000) may be used for administrative and operating
17 expenses of the Board of Trustees of the Clean Water Management Trust Fund and its staff.

18
19 **FOOD AND LODGING INSPECTION FEES INCREASES**

20 **SECTION 13.2.(a)** G.S. 130A-248(d) reads as rewritten:

21 "(d) The Department shall charge each establishment subject to this section, except
22 nutrition programs for the elderly administered by the Division of Aging of the Department of
23 Health and Human Services, establishments that prepare and sell meat food products or poultry
24 products, and public school cafeterias, an annual fee of ~~fifty dollars (\$50.00)~~ sixty dollars
25 (\$60.00). The Commission shall adopt rules to implement this subsection. Fees collected under
26 this subsection shall be used for State and local food, lodging, and institution sanitation
27 programs and activities. No more than thirty-three and one-third percent (33 1/3%) of the fees
28 collected under this subsection may be used to support State health programs and activities."

29 **SECTION 13.2.(b)** G.S. 130A-248(e) reads as rewritten:

30 "(e) In addition to the fees under subsection (d) of this section, the Department may
31 charge a fee of ~~two hundred dollars (\$200.00)~~ two hundred thirty-five dollars (\$235.00) for plan
32 review of plans for prototype franchised or chain facilities for food establishments subject to
33 this section. All of the fees collected under this subsection may be used to support the State
34 food, lodging, and institution sanitation programs and activities under this Part."

35 **SECTION 13.2.(c)** G.S. 130A-248(f) reads as rewritten:

36 "(f) Any local health department may charge a fee not to exceed ~~two hundred dollars~~
37 ~~(\$200.00)~~ two hundred thirty-five dollars (\$235.00) for plan review by that local health
38 department of plans for food establishments subject to this section that are not subject to
39 subsection (e) of this section. All of the fees collected under this subsection may be used for
40 local food, lodging, and institution sanitation programs and activities. No food establishment
41 that pays a fee under subsection (e) of this section is liable for a fee under this subsection."

42
43 **RADIATION PROTECTION SECTION SUPPORTED BY FEES**

44 **SECTION 13.3.(a)** G.S. 104E-19 reads as rewritten:

45 **"§ 104E-19. Fees.**

46 (a) ~~In order to meet the anticipated costs of administering the educational and training~~
47 ~~programs in G.S. 104E-11(e), of enforcing and carrying out the inspection provisions in G.S.~~
48 ~~104E-7(a)(7) and G.S. 104E-11(a), and of administering the licensing program in G.S.~~
49 ~~104E-10.3, the Department is authorized to charge and collect such reasonable fees as it may~~
50 ~~by rule establish. An annual fee in the amount set by the Department is imposed on a person~~
51 ~~who is required to be registered or licensed under this Chapter. The Department must set the~~

1 fees at amounts that provide revenue to offset its costs in performing its duties under this
 2 Chapter.

3 (b) Repealed by Session Laws 1987, c. 850, s. 13."
 4 **SECTION 13.3.(b)** G.S. 104E-9(a)(8) is rewritten to read:
 5 "(8) To establish fees in accordance with G.S. 104E-19."
 6

7 **SCRAP TIRE DISPOSAL ACCOUNT FUNDS**

8 **SECTION 13.4.** Notwithstanding the provisions of G.S. 105-187.19(b), effective
 9 for taxes levied during the 2009-2010 fiscal year, the Secretary of Revenue shall credit to the
 10 General Fund three million dollars (\$3,000,000) of the net tax proceeds that G.S. 105-187.19(b)
 11 directs the Secretary to credit to the Scrap Tire Disposal Account.
 12

13 **MARINE FISHERIES FUNDS FOR THE FISHERY RESOURCES GRANT**
 14 **PROGRAM**

15 **SECTION 13.5.** Of the funds appropriated in this act to the Department of
 16 Environment and Natural Resources for the Division of Marine Fisheries for the Fishery
 17 Resource Grant Program established under G.S. 113-200, the sum of one hundred forty-six
 18 thousand three hundred twelve dollars (\$146,312) for the 2009-2010 fiscal year and the sum of
 19 one hundred forty-six thousand three hundred twelve dollars (\$146,312) for the 2010-2011
 20 fiscal year shall be used for river herring research in the Department. The remaining funds
 21 appropriated in this act to the Department for the Fishery Resource Grant Program for the
 22 2009-2011 biennium shall be used for research related to the Sea Grant College Program only
 23 and shall not be used for any other purpose.
 24

25 **NEW LEASE PURCHASE/INSTALLMENT CONTRACTS FOR FORESTRY**
 26 **EQUIPMENT**

27 **SECTION 13.6.** Prior to the Division of Forest Resources of the Department of
 28 Environment and Natural Resources entering into either a new lease purchase contract for the
 29 purchase of forestry equipment or a new installment contract for the purchase of forestry
 30 equipment, the Division of Forest Resources shall submit a detailed list of the forestry
 31 equipment to be purchased under the contract to the Joint Legislative Commission on
 32 Governmental Operations and the Fiscal Research Division. Prior to the Department of
 33 Administration entering into either a new lease purchase contract for the purchase of forestry
 34 equipment or a new installment contract for the purchase of forestry equipment on behalf of the
 35 Division of Forest Resources, the Department of Administration shall submit a detailed list of
 36 the forestry equipment to be purchased under the contract to the Joint Legislative Commission
 37 on Governmental Operations and the Fiscal Research Division. If a list is modified after it is
 38 submitted under this section, the modified list shall be submitted to the Joint Legislative
 39 Commission on Governmental Operations and the Fiscal Research Division prior to entering
 40 into the contract.
 41

42 **GRASSROOTS SCIENCE PROGRAM**

43 **SECTION 13.7.(a)** Of the funds appropriated in this act to the Department of
 44 Environment and Natural Resources for the Grassroots Science Program, the sum of three
 45 million four hundred eleven thousand seven hundred thirteen dollars (\$3,411,713) for the
 46 2009-2010 fiscal year and the sum of three million four hundred eleven thousand seven
 47 hundred thirteen dollars (\$3,411,713) for the 2010-2011 fiscal year is allocated as grants-in-aid
 48 for each fiscal year as follows:

	2009-2010	2010-2011
Aurora Fossil Museum	\$57,875	\$57,875

1	Cape Fear Museum	\$157,787	\$157,787
2	Carolina Raptor Center	\$109,931	\$109,931
3	Catawba Science Center	\$143,429	\$143,429
4	Colburn Earth Science Museum, Inc.	\$73,054	\$73,054
5	Core Sound Waterfowl Museum	\$49,000	\$49,000
6	Discovery Place	\$649,608	\$649,608
7	Eastern NC Regional Science Center	\$49,000	\$49,000
8	Fascinate-U	\$79,451	\$79,451
9	Granville County Museum Commission,		
10	Inc.–Harris Gallery	\$55,294	\$55,294
11	Greensboro Children's Museum	\$132,374	\$132,374
12	The Health Adventure Museum of Pack		
13	Place Education, Arts and		
14	Science Center, Inc.	\$152,499	\$152,499
15	Highlands Nature Center	\$77,683	\$77,683
16	Imagination Station	\$84,313	\$84,313
17	The Iredell Museums, Inc.	\$60,080	\$60,080
18	Kidsenses	\$79,656	\$79,656
19	Museum of Coastal Carolina	\$76,460	\$76,460
20	The Natural Science Center		
21	of Greensboro, Inc.	\$182,627	\$182,627
22	North Carolina Museum of Life		
23	and Science	\$372,229	\$372,229
24	Pisgah Astronomical Research Institute	\$49,000	\$49,000
25	Port Discover: Northeastern		
26	North Carolina's Center for		
27	Hands-On Science, Inc.	\$49,000	\$49,000
28	Rocky Mount Children's Museum	\$70,809	\$70,809
29	Schiele Museum of Natural History		
30	and Planetarium, Inc.	\$224,956	\$224,956
31	Sci Works Science Center and		
32	Environmental Park of Forsyth County	\$143,569	\$143,569
33	Sylvan Heights Waterfowl Park		
34	and Eco-Center	\$49,000	\$49,000
35	Western North Carolina Nature Center	\$110,621	\$110,621
36	Wilmington Children's Museum	\$72,408	\$72,408
37			
38	Total	\$3,411,713	\$3,411,713

39 **SECTION 13.7.(b)** No later than March 1, 2010, the Department of Environment
40 and Natural Resources shall report to the Fiscal Research Division all of the following
41 information for each museum that receives funds under this section:

- 42 (1) The actual operating budget for the 2008-2009 fiscal year.
- 43 (2) The proposed operating budget for the 2009-2010 fiscal year.
- 44 (3) The total attendance at the museum during the 2009 calendar year.

45 **SECTION 13.7.(c)** No later than March 1, 2011, the Department of Environment
46 and Natural Resources shall report to the Fiscal Research Division all of the following
47 information for each museum that receives funds under this section:

- 48 (1) The actual operating budget for the 2009-2010 fiscal year.
- 49 (2) The proposed operating budget for the 2010-2011 fiscal year.
- 50 (3) The total attendance at the museum during the 2010 calendar year.

1 **SECTION 13.7.(d)** As a condition for qualifying to receive funding under this
2 section, all of the following documentation shall, no later than November 1 of each year of the
3 2009-2011 biennium, be submitted for each museum under this section to the Department of
4 Environment and Natural Resources for fiscal years ending between July 1, 2007, and June 30,
5 2008, and only those costs that are properly documented under this subsection are allowed by
6 the Department in calculating the distribution of funds under this section:

- 7 (1) Each museum under this section shall submit its IRS (Internal Revenue
8 Service) Form 990 to show its annual operating expenses, its annual report,
9 and a reconciliation that explains any differences between expenses as
10 shown on the IRS Form 990 and the annual report.
- 11 (2) Each friends association of a museum under this section shall submit its IRS
12 Form 990 to show its reported expenses for the museum, its annual report,
13 and a reconciliation that explains any differences between expenses as
14 shown on the IRS Form 990 and the annual report, unless the association
15 does not have both an IRS Form 990 and an annual report available, in
16 which case, it shall submit either an IRS Form 990 or an annual report.
- 17 (3) The chief financial officer of each county or municipal government that
18 provides funds for the benefit of the museum shall submit a detailed signed
19 statement of documented costs spent for the benefit of the museum that
20 includes documentation of the name, address, title, and telephone number of
21 the person making the assertion that the museum receives funds from the
22 county or municipality for the benefit of the museum.
- 23 (4) The chief financial officer of each county or municipal government or each
24 friends association that provides indirect or allocable costs that are not
25 directly charged to a museum under this section but that benefit the museum
26 shall submit in the form of a detailed statement enumerating each cost by
27 type and amount that is verified by the financial officer responsible for the
28 completion of the documentation and that includes the name, address, title,
29 and telephone number of the person making the assertion that the county,
30 municipality, or association provides indirect or allocable costs to the
31 museum.

32 **SECTION 13.7.(e)** As used in subsection (d) of this section, "friends association"
33 means a nonprofit corporation established for the purpose of supporting and assisting a
34 museum that receives funding under this section.

35 36 **TIMBER ASSESSMENT DESPITE APPROPRIATION**

37 **SECTION 13.8.** G.S. 113A-192(c) is repealed.

38 39 **FOREST DEVELOPMENT FUND/FOREST PRODUCTS ASSESSMENT RATES**

40 **SECTION 13.9.(a)** G.S. 113A-192(c) through G.S. 113A-192(e) are repealed.

41 **SECTION 13.9.(b)** G.S. 113A-193(b) is amended by adding a new subdivision to
42 read:

43 "(6) Determine the appropriate assessment to be levied on primary forest
44 products in accordance with G.S. 113A-194."

45 **SECTION 13.9.(c)** G.S. 113A-194(b) reads as rewritten:

46 "(b) The assessment levied on primary forest products shall ~~be at~~not exceed the
47 following rates:

- 48 (1) ~~Fifty cents (50¢)~~One dollar (\$1.00) per thousand board feet for softwood
49 sawtimber, veneer logs and bolts, and all other softwood products normally
50 measured in board ~~feet;~~feet.

- 1 (2) ~~Forty cents (40¢)~~Eighty cents (80¢) per thousand board feet for hardwood
2 and bald cypress sawtimber, veneer, and all other hardwood and bald
3 cypress products normally measured in board ~~feet;~~feet.
4 (3) ~~Twenty cents (20¢)~~Forty cents (40¢) per cord for softwood pulpwood and
5 other softwood products normally measured in ~~cords;~~cords.
6 (4) ~~Twelve cents (12¢)~~Twenty-four cents (24¢) per cord for hardwood
7 pulpwood and other hardwood and bald cypress products normally measured
8 in ~~cords;~~cords.
9 (5) All material harvested within North Carolina for shipment outside the State
10 for primary processing will be assessed at a percentage of the invoice value.
11 This percentage will be established to yield rates equal to those if the
12 material were processed within the State."
13

14 **BEAVER DAMAGE CONTROL PROGRAM FUNDS**

15 **SECTION 13.10.** G.S. 113-291.10(f) reads as rewritten:

16 "(f) Each county that volunteers to participate in this program for a given fiscal year
17 shall provide written notification of its wish to participate no later than September 30 of that
18 year and shall commit the sum of four thousand dollars (\$4,000) in local funds no later than
19 September 30 of that year. At least three hundred forty-nine thousand dollars (\$349,000) each
20 fiscal year of the biennium shall be paid from funds available to the Wildlife Resources
21 Commission to provide the State share necessary to support this program, provided the sum of
22 at least twenty-five thousand dollars (\$25,000) in federal funds is available each fiscal year of
23 the biennium to provide the federal share."
24

25 **PART XIV. DEPARTMENT OF COMMERCE**

26 **ONE NORTH CAROLINA FUND**

27 **SECTION 14.1.** Of the funds appropriated in this act to the One North Carolina
28 Fund for the 2009-2010 fiscal year, the Department of Commerce may use up to three hundred
29 thousand dollars (\$300,000) to cover its expenses in administering the One North Carolina
30 Fund and other economic development incentive grant programs during the 2009-2010 fiscal
31 year.
32

33 **ONE NORTH CAROLINA FUNDS/USE OF CASH BALANCE**

34 **SECTION 14.2.(a)** Of the funds appropriated to the One North Carolina Fund in
35 prior fiscal years that are unencumbered and unexpended as of June 30, 2009, or that become
36 unencumbered or unexpended thereafter, the Department of Commerce shall use the sum of
37 one million dollars (\$1,000,000) in the 2009-2010 fiscal year to market the State as a business
38 destination.
39

40 **SECTION 14.2.(b)** Of the funds appropriated to the One North Carolina Fund in
41 prior fiscal years that are unencumbered and unexpended as of June 30, 2009, or that become
42 unencumbered or unexpended thereafter, the sum of two million dollars (\$2,000,000) shall be
43 transferred to the One North Carolina Small Business Fund for the 2009-2010 fiscal year.
44

45 **SECTION 14.2.(c)** Of the funds appropriated to the One North Carolina Fund in
46 prior fiscal years that are unencumbered and unexpended as of June 30, 2009, or that become
47 unencumbered or unexpended thereafter, the Department of Commerce shall allocate the sum
48 of one million dollars (\$1,000,000) for the 2009-2010 fiscal year to the North Carolina
49 Minority Support Center, Inc., to expand economic development lending. The funds allocated
50 under this subsection shall be used to assist small businesses having difficulty accessing credit
51 due to a lack of liquidity in financial markets. It is the General Assembly's intent that these
52 funds be used to further community economic development lending and support in low-wealth

1 communities and to make capital accessible to small businesses in a way that will have an
2 economic stimulus impact.

3 **SECTION 14.2.(d)** Of the funds appropriated to the One North Carolina Fund in
4 prior fiscal years that are unencumbered and unexpended as of June 30, 2009, or that become
5 unencumbered or unexpended thereafter, the sum of two million dollars (\$2,000,000) shall be
6 transferred for the 2009-2010 fiscal year to the Regional Economic Development
7 Commissions.

8 9 **SMALL BUSINESS ASSISTANCE FUND**

10 **SECTION 14.3.(a)** Part 2I of Article 10 of Chapter 143B of the General Statutes
11 reads as rewritten:

12 "Part 2I. ~~One North Carolina Small Business Program Assistance.~~

13 "Subpart A. One North Carolina Small Business Program."

14 **SECTION 14.3.(b)** Part 2I of Article 10 of Chapter 143B of the General Statutes is
15 amended by adding a new Subpart to read:

16 "Subpart B. Small Business Assistance Fund.

17 **§ 143B-437.89. Establishment of fund; use of moneys; application for moneys from the**
18 **fund; disbursement; repayment; inspections; rules; reports.**

19 (a) Fund Established. – A revolving, special revenue fund to be known as the Small
20 Business Jobs Preservation and Emergency Assistance Fund is established in the Department of
21 Commerce. This Fund shall be administered by the Department. The Department shall be
22 responsible for receipt and disbursement of all moneys as provided in this section. Interest
23 earnings shall be credited to the Fund. The Fund consists of revenue resulting from funds
24 appropriated by the State, repayments of principal of and interest on loans, fees, and other
25 amounts received by the Department with respect to financial assistance provided by the
26 Department, and any other public or private funds made available to the Fund.

27 (b) Department Authority; Loan Terms. – The Department may approve for
28 disbursements of moneys in the Fund to small businesses in accordance with the provisions of
29 this section. The Department shall develop criteria, technical specifications, policies, and
30 procedures to be used in determining whether the conditions of this section are satisfied and
31 whether the activities described in the application are otherwise consistent with the purposes of
32 this section. As used in this section, "moneys" means a disbursement from the Fund in the form
33 of a loan, and "small business" means a business whose annual receipts and number of full-time
34 employees, combined with the annual receipts and full-time employees of all related persons,
35 did not exceed one million dollars (\$1,000,000) or 100 full-time employees. A small business
36 may apply for a loan for:

37 (1) Up to eighty percent (80%) of the projected cost of the proposed activities,
38 subject to repayment within five years at the prime rate plus four percent
39 (4%).

40 (2) Up to eighty percent (80%) of the projected cost of the proposed activities,
41 subject to repayment within 10 years at the prime rate plus six percent (6%).

42 (3) Up to eighty percent (80%) of the projected cost of the proposed activities,
43 subject to repayment within 15 years at the prime rate plus eight percent
44 (8%).

45 (c) Eligible Purposes. – Moneys in the Fund shall be used for any of the following
46 eligible purposes:

47 (1) To guarantee commercial loans.

48 (2) To provide emergency bridge loans where clear and apparent ability to repay
49 has been established but credit remains unavailable.

50 (3) To lend for other purposes related to small business job preservation as
51 approved or recommended by the Department.

- 1 (d) Application. – Any small business may apply for moneys from the Fund by
2 submitting an application to the Department. The application shall list each of the following:
- 3 (1) The proposed activities for which the moneys are to be used.
 - 4 (2) The amount of moneys requested for these activities.
 - 5 (3) Projections of the dollar amount of private investment that is expected to
6 occur as a direct result of the proposed activities.
 - 7 (4) An explanation of the nature of the private investment that will result from
8 the proposed activities.
 - 9 (5) A requirement for any reports, disclosures, or information required by this
10 section or necessary for the Department to fulfill its duties under this section.
 - 11 (6) The total compensation received for the previous year from the small
12 business and all related persons for each of the five highest-compensated
13 employees of the small business.
 - 14 (7) Any additional or supplemental information required by the Department
15 upon written request.
- 16 (e) Determination. – The Department shall review an application submitted by a small
17 business, determine whether the activities listed in the application are activities that are eligible
18 for moneys from the Fund, and determine which applicants are selected to receive moneys from
19 the Fund. A small business whose application is denied may file a new or amended application.
- 20 (f) Limitation. – A small business that is selected may not receive moneys from the
21 Fund pursuant to this section with an aggregate total of more than thirty-five thousand dollars
22 (\$35,000).
- 23 (g) Disbursements of Moneys. – The Department shall not disburse moneys for any
24 loans until the small business has confirmed a method of repayment for the loan. The terms for
25 repayment established for a given loan shall apply through the period of that loan. A small
26 business that has been selected to receive moneys shall use the full amount of the moneys for
27 the activities that were approved pursuant to subsection (b) of this section. Moneys are deemed
28 used if the small business is legally committed to spend the moneys on the approved activities.
29 For purposes of this section, approved activities do not include an increase in the total
30 compensation of any employee identified in the application under subdivision (d)(6) of this
31 section. A small business shall lose any moneys that have not been used within three years of
32 being selected. These unused moneys shall be credited to the Fund. A small business that loses
33 moneys pursuant to this subsection may file a new application. Any moneys repaid or credited
34 to the Fund pursuant to this subsection shall be available to other applicants as long as the Fund
35 exists.
- 36 (h) Cost Report. – After activities financed in whole or in part pursuant to this section
37 have been completed, the small business shall report the actual cost of the project to the
38 Department. If the actual costs of the activities exceed the projected cost upon which the
39 moneys were based, the small business may submit an application to the Department for
40 additional moneys for the difference. If the actual costs of the activities are less than the
41 projected cost, the small business shall arrange to pay the difference to the Fund according to
42 terms set by the Department.
- 43 (i) Inspection. – Inspection of a project for which moneys have been awarded may be
44 performed by personnel of the Department. No person may be approved to perform inspections
45 who is an officer or employee of the small business to which the moneys were disbursed or
46 who is an owner, officer, employee, or agent of a contractor or subcontractor engaged in the
47 activities for which the moneys were disbursed.
- 48 (j) Administration. – The Department may adopt, modify, and repeal rules establishing
49 the procedures to be followed in the administration of this section and interpreting and applying
50 the provisions of this section, as provided in the Administrative Procedure Act.

1 (k) Legislative Reports. – The Department shall prepare and file on or before
2 September 1 of each year with the Joint Legislative Commission on Governmental Operations
3 and the Fiscal Research Division a consolidated report for the preceding fiscal year concerning
4 the allocation of moneys authorized by this section, including a separate listing of the moneys
5 disbursed to historically underutilized businesses. The report shall set forth for the preceding
6 fiscal year itemized and total allocations from the Fund. The Department shall also prepare a
7 summary report of all allocations made from the Fund for each fiscal year; the total funds
8 received and allocations made; the total amount of moneys repaid to the Fund; and the total
9 unallocated funds in the Fund.

10 Small businesses that have been selected to receive moneys from the Fund shall prepare and
11 file a report that shall include the following information:

- 12 (1) The total amount of private funds that was committed and the amount that
13 was invested in activities for which moneys from the Fund were made
14 available during the preceding fiscal year.
- 15 (2) The total amount and character of moneys received from the Fund during the
16 preceding fiscal year.
- 17 (3) The total amount of moneys repaid to the Fund during the preceding fiscal
18 year.
- 19 (4) A description of how moneys from the Fund and funds from private
20 investors were used during the preceding fiscal year.
- 21 (5) Details regarding the types of private investment created or stimulated, the
22 dates of this activity, the amount of public money involved, and any other
23 pertinent information, including any jobs created, businesses started, and
24 number of jobs retained due to the approved activities."

25 **SECTION 14.3.(c)** This act becomes effective July 1, 2009.

26 27 **WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS**

28 **SECTION 14.4.(a)** Funds appropriated to the Department of Commerce for the
29 2009-2010 fiscal year for the Wanchese Seafood Industrial Park that are unexpended and
30 unencumbered as of June 30, 2009, shall not revert to the General Fund on June 30, 2009, but
31 shall remain available to the Department to be expended by the Wanchese Seafood Industrial
32 Park for operations, maintenance, repair, and capital improvements in accordance with Article
33 23C of Chapter 113 of the General Statutes. These funds shall be in addition to funds available
34 to the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair,
35 and capital improvements under Article 23C of Chapter 113 of the General Statutes.

36 **SECTION 14.4.(b)** Funds appropriated to the Department of Commerce for the
37 2009-2010 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of
38 June 30, 2009, shall not revert to the General Fund on June 30, 2009, but shall remain available
39 to the Department to be expended by the Wanchese Seafood Industrial Park for securing
40 adequate channel maintenance of the Oregon Inlet and for operations, maintenance, repair, and
41 capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes.
42 These funds shall be in addition to funds available to the North Carolina Seafood Industrial
43 Park Authority for operations, maintenance, repair, and capital improvements under Article
44 23C of Chapter 113 of the General Statutes.

45 **SECTION 14.4.(c)** This section becomes effective June 30, 2009.

46 47 **NER BLOCK GRANTS**

48 **SECTION 14.5.(a)** Appropriations from federal block grant funds are made for
49 the fiscal year ending June 30, 2010, according to the following schedule:

50 51 **COMMUNITY DEVELOPMENT BLOCK GRANT**

1			
2	01.	State Administration	\$ 1,000,000
3			
4	02.	Urgent Needs and Contingency	1,000,000
5			
6	03.	Scattered Site Housing	13,200,000
7			
8	04.	Economic Development	8,710,000
9			
10	05.	Small Business/Entrepreneurship	1,000,000
11			
12	06.	Community Revitalization	13,000,000
13			
14	07.	State Technical Assistance	450,000
15			
16	08.	Housing Development	1,500,000
17			
18	09.	Infrastructure	5,140,000
19			
20	TOTAL COMMUNITY DEVELOPMENT		
21	BLOCK GRANT – 2009 Program Year		\$ 45,000,000
22			

23 **SECTION 14.5.(b)** Decreases in Federal Fund Availability. – If federal funds are
 24 reduced below the amounts specified above after the effective date of this act, then every
 25 program in each of these federal block grants shall be reduced by the same percentage as the
 26 reduction in federal funds.

27 **SECTION 14.5.(c)** Increases in Federal Fund Availability for Community
 28 Development Block Grant. – Any block grant funds appropriated by the Congress of the United
 29 States in addition to the funds specified in this section shall be expended as follows: each
 30 program category under the Community Development Block Grant shall be increased by the
 31 same percentage as the increase in federal funds.

32 **SECTION 14.5.(d)** Limitations on Community Development Block Grant Funds. –
 33 Of the funds appropriated in this section for the Community Development Block Grant, the
 34 following shall be allocated in each category for each program year: up to one million dollars
 35 (\$1,000,000) may be used for State Administration; not less than one million dollars
 36 (\$1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two
 37 hundred thousand dollars (\$13,200,000) may be used for Scattered Site Housing; eight million
 38 seven hundred ten thousand dollars (\$8,710,000) may be used for Economic Development; up
 39 to one million dollars (\$1,000,000) may be used for Small Business/Entrepreneurship; not less
 40 than thirteen million dollars (\$13,000,000) shall be used for Community Revitalization; up to
 41 four hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up
 42 to one million five hundred thousand dollars (\$1,500,000) may be used for Housing
 43 Development; up to five million one hundred forty thousand dollars (\$5,140,000) may be used
 44 for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the
 45 United States after the effective date of this act, then these reductions or increases shall be
 46 allocated in accordance with subsection (b) or (c) of this section, as applicable.

47 **SECTION 14.5.(e)** Increase Capacity for Nonprofit Organizations. – Assistance to
 48 nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in
 49 partnership with units of local government is an eligible activity under any program category in
 50 accordance with federal regulations. Capacity building grants may be made from funds
 51 available within program categories, program income, or unobligated funds.

1 **SECTION 14.5.(f)** The Department of Commerce shall consult with the Joint
2 Legislative Commission on Governmental Operations prior to reallocating Community
3 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever
4 the Director of the Budget finds that:

5 (1) A reallocation is required because of an emergency that poses an imminent
6 threat to public health or public safety, the Director of the Budget may
7 authorize the reallocation without consulting the Commission. The
8 Department of Commerce shall report to the Commission on the reallocation
9 no later than 30 days after it was authorized and shall identify in the report
10 the emergency, the type of action taken, and how it was related to the
11 emergency.

12 (2) The State will lose federal block grant funds or receive less federal block
13 grant funds in the next fiscal year unless a reallocation is made. The
14 Department of Commerce shall provide a written report to the Commission
15 on the proposed reallocation and shall identify the reason that failure to take
16 action will result in the loss of federal funds. If the Commission does not
17 hear the issue within 30 days of receipt of the report, the Department may
18 take the action without consulting the Commission.

19 **SECTION 14.5.(g)** By September 1, 2009, the Division of Community Assistance,
20 Department of Commerce, shall report to the Joint Legislative Commission on Governmental
21 Operations and the Fiscal Research Division on the use of Community Development Block
22 Grant Funds appropriated in the prior fiscal year.

23 24 MAIN STREET GRANT FUNDS

25 **SECTION 14.6.(a)** Part 15 of Article 10 of Chapter 143B of the General Statutes
26 reads as rewritten:

27 "Part 15. Main Street ~~Financial Incentive Fund~~Solutions.

28 "**§ 143B-472.35. Establishment of fund; use of ~~moneys;funds~~; application for ~~grants and~~
29 ~~loans;grants~~; disbursement; repayment; inspections; rules; reports.**

30 (a) A ~~revolving~~ fund to be known as the Main Street ~~Financial Incentive~~Solutions Fund
31 is established in the Department of Commerce. This Fund shall be administered by the
32 Department of Commerce. The Department of Commerce shall be responsible for receipt and
33 disbursement of all ~~moneysfunds~~ as provided in this section. Interest earnings shall be credited
34 to the Main Street ~~Financial Incentive~~Solutions Fund.

35 (b) ~~MoneysFunds~~ in the Main Street ~~Financial Incentive~~Solutions Fund shall be
36 available to ~~the North Carolina cities affiliated with the North Carolina Main Street Center~~
37 ~~Program~~micropolitan cities in development tier two and three counties in the State. For
38 purposes of this section, a "micropolitan city" is a city located within the State with a
39 population, according to the most recent U.S. census, of between 10,000 and 50,000 people.
40 ~~MoneysFunds~~ in the Main Street ~~Financial Incentive~~Solutions Fund shall be used for any of the
41 following eligible activities:

- 42 (1) The acquisition or rehabilitation of properties in connection with private
43 investment in a designated downtown ~~area;area~~.
- 44 (2) The establishment of revolving loan programs for private investment in a
45 designated downtown ~~area;area~~.
- 46 (3) The subsidization of interest rates for these revolving loan
47 ~~programs;programs~~.
- 48 (4) The establishment of facade incentive grants in connection with private
49 investment in a designated downtown ~~area;area~~.

- 1 (5) Market studies, design studies, design assistance, or strategic planning
 2 efforts, provided the activity can be shown to lead directly to private
 3 investment in a designated downtown ~~area; area.~~
 4 (6) Any approved project that provides construction or rehabilitation in a
 5 designated downtown area and can be shown to lead directly to private
 6 investment in the designated downtown ~~area; and area.~~
 7 (7) Public improvements and public infrastructure within a designated
 8 downtown area, provided these improvements are necessary to create or
 9 stimulate private investment in the designated downtown area.
- 10 (c) Any ~~North Carolina micropolitan city affiliated with the North Carolina Main Street~~
 11 ~~Center Program~~ located within a development tier two or three county may apply for ~~moneys~~
 12 ~~assistance~~ from the Main Street ~~Financial Incentive Solutions~~ Fund by submitting an application
 13 to the Main Street Center in the Division of Community Assistance, Department of Commerce.
 14 Any city affiliated with the North Carolina Main Street Center Program may apply for a grant
 15 equal to ten percent (10%) of the projected cost of the ~~for a~~ proposed project. A city may apply
 16 for additional moneys as one or more loans from the Fund. Specifically, a city may apply for a
 17 loan for:
- 18 (1) ~~Up to fifteen percent (15%) of the projected cost of the proposed project in~~
 19 ~~excess of the amount to be received as a grant, subject to repayment within~~
 20 ~~fifteen years at five percent (5%) interest;~~
 21 (2) ~~Up to twenty percent (20%) of the projected cost of the proposed project in~~
 22 ~~excess of the amount to be received as a grant, subject to repayment within~~
 23 ~~ten years at eight percent (8%) interest; and~~
 24 (3) ~~Up to thirty five percent (35%) of the projected cost of the proposed project~~
 25 ~~in excess of the amount to be received as a grant, subject to repayment~~
 26 ~~within seven years at ten percent (10%) interest.~~
- 27 (c1) The application shall ~~list;~~ include each of the following:
- 28 (1) A copy of the consensus local economic development plan developed by the
 29 micropolitan city in conjunction with the Department's Main Street Program
 30 and the city's regional economic development commission or its local
 31 council of government or both.
- 32 (1a) The proposed activities for which the ~~moneys; funds~~ are to be used and the
 33 projected cost of the ~~project; project.~~
- 34 (2) The amount of grant ~~moneys and any loans; funds~~ requested for these
 35 ~~activities; activities.~~
- 36 (3) Projections of the dollar amount of private investment that is expected to
 37 occur in the designated downtown area as a direct result of the city's
 38 proposed ~~activities; activities.~~
- 39 (4) Whether local public dollars are required to match any grant ~~plus any loan~~
 40 ~~moneys; funds~~ according to the provisions of subdivision (g)(2) of this
 41 section, and if so, the amount of local public ~~dollars required; funds required.~~
- 42 (5) An explanation of the nature of the private investment in the designated
 43 downtown area that will result from the city's proposed ~~activities; activities.~~
- 44 (6) Projections of the time needed to complete the city's proposed
 45 ~~activities; activities.~~
- 46 (7) Projections of the time needed to realize the private investment that is
 47 expected to result from the city's proposed ~~activities; and activities.~~
- 48 (8) Identification of the proposed source of funds to be used for repayment of
 49 any loan obligations.
- 50 (9) Any additional or supplemental information requested by the Division.
- 51 ~~The applicant shall furnish additional or supplemental information upon written request.~~

1 (d) A committee, comprised of representatives of: the Division of Community
2 Assistance of the Department of Commerce, the North Carolina Main Street Program, the
3 Local Government Commission, and the League of Municipalities ~~shall~~shall do each of the
4 following:

- 5 (1) Review a city's ~~application,~~application.
- 6 (2) Determine whether the activities listed in the application are activities that
7 are eligible for a ~~loan, and~~grant.
- 8 (3) Determine which applicants are selected to receive ~~moneys-funds~~from the
9 Main Street Financial Incentive Solutions Fund.

10 A city whose application is denied may file a new or amended application.

11 (e) A Main Street City that is selected may not receive a grant ~~plus any loans~~ pursuant
12 to this section totaling less than twenty thousand dollars (\$20,000) or more than three hundred
13 thousand dollars (\$300,000).

14 (f) ~~The Department of Commerce may not disburse moneys for any loans until the city~~
15 ~~has confirmed a method of repayment of the loan. The terms for repayment established for a~~
16 ~~given loan shall apply throughout the period of that loan.~~

17 ~~The Department of Commerce shall establish an account in the amount of the grant plus~~
18 ~~any loans for each city that is selected. These moneys shall be disbursed as expended through~~
19 ~~warrants drawn on the Department of Commerce.~~

- 20 (g) (1) A city that has been selected to receive a grant ~~plus any loans~~ shall use the
21 full amount of the grant ~~plus any loans~~ for the activities that were approved
22 pursuant to subsection (d) of this section. ~~Moneys-Funds~~ are deemed used if
23 the city is legally committed to spend the ~~moneys-funds~~ on the approved
24 activities.
- 25 (2) If a city has received approval to use the grant ~~plus any loans~~ for public
26 improvements or public infrastructure, that city shall be required to raise,
27 before ~~moneys-funds~~ for these public improvements may be drawn from the
28 city's account, local public funds to match the amount of the grant ~~plus any~~
29 ~~loans~~ from the Main Street ~~Financial Incentive Solutions~~ Fund on the basis of
30 at least one local public dollar (\$1.00) for every one dollar (\$1.00) from the
31 Main Street ~~Financial Incentive Solutions~~ Fund. This match requirement
32 applies only to those ~~moneys-funds~~ received for public improvements or
33 public infrastructure and is in addition to the requirement set forth in
34 subdivision (1) of this subsection.
- 35 (3) A city that fails to satisfy the condition set forth in subdivision (1) of this
36 subsection shall lose any ~~moneys-funds~~ that have not been used within three
37 years of being selected. These unused ~~moneys-funds~~ shall be credited to the
38 Main Street ~~Financial Incentive Solutions~~ Fund. A city that fails to satisfy the
39 conditions set forth in subdivisions (1) and (2) of this subsection may file a
40 new application.
- 41 (4) Any ~~moneys-funds~~ repaid or credited to the Main Street ~~Financial~~
42 ~~Incentive Solutions~~ Fund pursuant to subdivision (3) of this subsection shall
43 be available to other applicants as long as the Main Street ~~Financial~~
44 ~~Incentive Solutions~~ Fund is in effect.

45 (h) ~~Each city is authorized to agree to apply any available revenues of that city to the~~
46 ~~repayment of a loan obligation to the extent the generation of these revenues is within the~~
47 ~~power of that city to enter into covenants to take action in order to generate these revenues;~~
48 ~~provided:~~

- 49 (1) ~~The agreement to use this source of funds to make repayment or the~~
50 ~~covenant to generate these revenues does not constitute a pledge of the city's~~
51 ~~taxing power; and~~

(2) ~~The repayment agreement specifically identifies the source of funds to be pledged.~~

(i) After a project financed in whole or in part pursuant to this section has been completed, the city shall report the actual cost of the project to the Department of Commerce. If the actual cost of the project exceeds the projected cost upon which the grant ~~plus any loans were was~~ based, the city may submit an application to the Department of Commerce for a grant ~~or loans~~ for the difference. If the actual cost of the project is less than the projected cost, the city shall arrange to pay the difference to the Main Street ~~Financial Incentive~~Solutions Fund according to terms set by the Department.

(j) Inspection of a project for which a grant ~~plus any loans have~~has been awarded may be performed by personnel of the Department of Commerce. No person may be approved to perform inspections who is an officer or employee of the unit of local government to which the grant ~~plus any loans were was~~ made or who is an owner, officer, employee, or agent of a contractor or subcontractor engaged in the construction of any project for which the grant ~~plus any loans were was~~ made.

(k) The Department of Commerce may adopt, modify, and repeal rules establishing the procedures to be followed in the administration of this section and regulations interpreting and applying the provisions of this section, as provided in the Administrative Procedure Act.

(l) The Department of Commerce and cities that have been selected to receive a grant ~~plus any loans~~ from the Main Street ~~Financial Incentive~~Solutions Fund shall prepare and file on or before ~~July 31~~September 1 of each year with the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division a consolidated report for the preceding fiscal year concerning the allocation of grants ~~plus any loans~~ authorized by this section.

The portion of the annual report prepared by the Department of Commerce shall set forth for the preceding fiscal year itemized and total allocations from the Main Street ~~Financial Incentive~~Solutions Fund for ~~grants and loans~~grants. The Department of Commerce shall also prepare a summary report of all allocations made from the fund for each fiscal year; the total funds received and allocations ~~made; the total amount of loan moneys repaid to the Fund, made~~ and the total unallocated funds in the Fund.

The portion of the report prepared by the city shall ~~include~~include each of the following:

- (1) The total amount of private funds that was committed and the amount that was invested in the designated downtown area during the preceding fiscal ~~year;~~year.
- (2) The total amount of local public matching funds that was raised, if required by subdivision (g)(2) of this ~~section;~~section.
- (3) The total amount of ~~grant plus any loans~~grants received from the Main Street ~~Financial Incentive~~Solutions Fund during the preceding fiscal ~~year;~~year.
- (4) ~~The total amount of loan moneys repaid to the Main Street Financial Incentive Fund during the preceding fiscal year;~~
- (5) A description of how the grant ~~and loan moneys~~funds and funds from private investors were used during the preceding fiscal ~~year;~~year.
- (6) Details regarding the types of private investment created or stimulated, the dates of this activity, the amount of public money involved, and any other pertinent information, including any jobs created, businesses started, and number of jobs retained due to the approved activities."

SECTION 14.6.(b) This act becomes effective July 1, 2009.

INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT

1 **SECTION 14.7.** The North Carolina Industrial Commission may retain the
2 additional revenue generated as a result of an increase in the fee charged to parties for the filing
3 of compromised settlements. These funds shall be used for the purpose of replacing existing
4 computer hardware and software used for the operations of the Commission. These funds may
5 also be used to prepare any assessment of hardware and software needs prior to purchase and to
6 develop and administer the needed databases and new Electronic Case Management System,
7 including the establishment of two time-limited positions for application development and
8 support and mainframe migration. The Commission may not retain any fees under this section
9 unless they are in excess of the former two-hundred-dollar (\$200.00) fee charged by the
10 Commission for filing a compromised settlement.

11
12 **INDUSTRIAL COMMISSION/SAFETY EDUCATION SECTION**

13 **SECTION 14.8.** G.S. 97-73 reads as rewritten:

14 "**§ 97-73. Fees.**

15 (a) Claims. – The Industrial Commission may establish by rule a schedule of fees for
16 examinations conducted, reports made, documents filed, and agreements reviewed under this
17 Article. The fees shall be collected in accordance with rules adopted by the Industrial
18 Commission.

19 (b), (c) Repealed by Session Laws 2003-284, s. 10.33(d), effective July 1, 2003.

20 (d) Safety. – A fee in the amount set by the Industrial Commission is imposed on an
21 employer for whom the Industrial Commission provides an educational training program on
22 how to prevent or reduce accidents or injuries that result in workers' compensation claims or a
23 person for whom the Industrial Commission provides other educational services. The fees are
24 departmental receipts."

25
26 **EMPLOYMENT SECURITY COMMISSION FUNDS**

27 **SECTION 14.9.(a)** Funds from the Employment Security Commission Reserve
28 Fund shall be available to the Employment Security Commission of North Carolina to use as
29 collateral to secure federal funds and to pay the administrative costs associated with the
30 collection of the Employment Security Commission Reserve Fund surcharge. The total
31 administrative costs paid with funds from the Reserve in the 2009-2010 fiscal year shall not
32 exceed two million five hundred thousand dollars (\$2,500,000).

33 **SECTION 14.9.(b)** There is appropriated from the Employment Security
34 Commission Reserve Fund to the Employment Security Commission of North Carolina the sum
35 of twenty million dollars (\$20,000,000) for the 2009-2010 fiscal year to be used for the
36 following purposes:

- 37 (1) Nineteen million seven hundred thousand dollars (\$19,700,000) for the
38 operation and support of local Employment Security Commission offices.
- 39 (2) Two hundred thousand dollars (\$200,000) for the State Occupational
40 Information Coordinating Committee to develop and operate an interagency
41 system to track former participants in State education and training programs.
- 42 (3) One hundred thousand dollars (\$100,000) to maintain compliance with
43 Chapter 96 of the General Statutes, which directs the Commission to employ
44 the Common Follow-Up Management Information System to evaluate the
45 effectiveness of the State's job training, education, and placement programs.

46 **SECTION 14.9.(c)** There is appropriated from the Employment Security
47 Commission Reserve Fund to the Employment Security Commission of North Carolina an
48 amount not to exceed one million dollars (\$1,000,000) for the 2009-2010 fiscal year to fund
49 State initiatives not currently funded through federal grants.

EMPLOYMENT SECURITY COMMISSION/USE OF FEDERAL UNEMPLOYMENT TRUST FUNDS

SECTION 14.10. Of the funds credited to and held in the State of North Carolina's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of fourteen million dollars (\$14,000,000) for the 2009-2011 biennium for the following purposes:

- (1) Implementing and administering the provisions of State law that qualify the State for the incentive payments.
- (2) Improved outreach to individuals who might be eligible by virtue of these provisions.
- (3) The improvement of unemployment benefits and tax operations, including responding to increased demand for unemployment benefits.
- (4) Staff-assisted reemployment services for unemployment claimants.

COUNCIL OF GOVERNMENT FUNDS

SECTION 14.11.(a) Of the funds appropriated in this act to the Department of Commerce, eight hundred seven thousand three hundred fifty-one dollars (\$807,351) for the 2009-2010 fiscal year and eight hundred seven thousand three hundred fifty-one dollars (\$807,351) for the 2010-2011 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-seven thousand four hundred ninety-two dollars (\$47,492) for the 2009-2010 and the 2010-2011 fiscal years.

SECTION 14.11.(b) A regional council of government may use funds allocated to it by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 14.11.(c) Funds allocated by this section shall be paid by electronic transfer in two equal installments. Upon receipt of the report required by subsection (e) of this section, the first installment shall be paid no later than September 15, 2009.

SECTION 14.11.(d) Funds allocated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 14.11.(e) By September 1 of each year, and more frequently as requested, each council of government or lead regional organization shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the General Assembly on prior State fiscal year program activities, objectives, and accomplishments, and prior State fiscal year itemized expenditures and fund sources. Each council of government or lead regional organization shall provide to the Fiscal Research Division of the General Assembly a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

NONPROFIT REPORTING REQUIREMENTS

SECTION 14.12.(a) The North Carolina Institute of Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., North Carolina Biotechnology Center, and Partnership for the Sounds, Inc., shall do the following:

- (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives,

1 and accomplishments, and prior State fiscal year itemized expenditures and
2 fund sources.

3 (2) Provide to the Fiscal Research Division a copy of the organization's annual
4 audited financial statement within 30 days of issuance of the statement.

5 **SECTION 14.12.(b)** Remaining allotments after September 1 shall not be released
6 to any nonprofit organization that does not satisfy the reporting requirements provided in
7 subsection (a) of this section.

8

9 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

10 **SECTION 14.13.(a)** Funds appropriated in this act to the Department of
11 Commerce for regional economic development commissions shall be allocated to the following
12 commissions in accordance with subsection (b) of this section: Western North Carolina
13 Regional Economic Development Commission, Research Triangle Regional Partnership,
14 Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad
15 Partnership, Northeastern North Carolina Regional Economic Development Commission,
16 North Carolina's Eastern Region Economic Development Partnership, and Carolinas
17 Partnership, Inc.

18 **SECTION 14.13.(b)** Funds appropriated pursuant to subsection (a) of this section
19 shall be allocated to each regional economic development commission as follows:

20 (1) First, the Department shall establish each commission's allocation by
21 determining the sum of allocations to each county that is a member of that
22 commission. Each county's allocation shall be determined by dividing the
23 county's development factor by the sum of the development factors for
24 eligible counties and multiplying the resulting percentage by the amount of
25 the appropriation. As used in this subdivision, the term "development factor"
26 means a county's development factor as calculated under G.S. 143B-437.08;
27 and

28 (2) Next, the Department shall subtract from funds allocated to the North
29 Carolina's Eastern Region Economic Development Partnership the sum of
30 three hundred eight thousand six hundred sixty-six dollars (\$308,666) in the
31 2009-2010 fiscal year, which sum represents: (i) the total interest earnings in
32 the prior fiscal year on the estimated balance of seven million five hundred
33 thousand dollars (\$7,500,000) appropriated to the Global TransPark
34 Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws;
35 and (ii) the total interest earnings in the prior fiscal year on loans made from
36 the seven million five hundred thousand dollars (\$7,500,000) appropriated to
37 the Global TransPark Development Zone in Section 6 of Chapter 561 of the
38 1993 Session Laws; and

39 (3) Next, the Department shall redistribute the sum of three hundred eight
40 thousand six hundred sixty-six dollars (\$308,666) in the 2009-2010 fiscal
41 year to the seven regional economic development commissions named in
42 subsection (a) of this section. Each commission's share of this redistribution
43 shall be determined according to the development factor formula set out in
44 subdivision (1) of this subsection. This redistribution shall be in addition to
45 each commission's allocation determined under subdivision (1) of this
46 subsection.

47 **SECTION 14.13.(c)** Of the funds appropriated for the Southeastern North Carolina
48 Regional Economic Development Commission, the sum of two hundred fifty-four thousand
49 dollars (\$254,000) for the 2009-2010 fiscal year and the sum of two hundred fifty-four
50 thousand dollars (\$254,000) for the 2010-2011 fiscal year shall be transferred to BRAC

1 Regional Task Force, Inc., for economic development including defense procurement
2 capabilities in the 11-county region it serves.

3 **SECTION 14.13.(d)** No more than one hundred twenty thousand dollars
4 (\$120,000) in State funds shall be used for the annual salary of any one employee of a regional
5 economic development commission.

6 **SECTION 14.13.(e)** The General Assembly finds that successful economic
7 development requires the collaboration of the State, regions of the State, counties, and
8 municipalities. Therefore, the regional economic development commissions are encouraged to
9 seek supplemental funding from their county and municipal partners to continue and enhance
10 their efforts to attract and retain business in the State.

11 12 **SET REGULATORY FEE FOR UTILITIES COMMISSION**

13 **SECTION 14.14.(a)** The percentage rate to be used in calculating the public utility
14 regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent (0.12%) for
15 each public utility's North Carolina jurisdictional revenues earned during each quarter that
16 begins on or after July 1, 2009.

17 **SECTION 14.14.(b)** The electric membership corporation regulatory fee imposed
18 under G.S. 62-302(b1) for the 2009-2010 fiscal year is two hundred thousand dollars
19 (\$200,000).

20 **SECTION 14.14.(c)** This section becomes effective July 1, 2009.

21 22 **RURAL ECONOMIC DEVELOPMENT CENTER**

23 **SECTION 14.15.(a)** Of the funds appropriated in this act to the North Carolina
24 Rural Economic Development Center, Inc. (Rural Center), the sum of four million three
25 hundred sixty-four thousand seven hundred eighty-five dollars (\$4,364,785) for the 2009-2010
26 fiscal year and the sum of four million three hundred sixty-four thousand seven hundred
27 eighty-five dollars (\$4,364,785) for the 2010-2011 fiscal year shall be allocated as follows:

	2009-2010	2010-2011
29 Technical Assistance and Center		
30 Administration of Research		
31 and Demonstration Grants	\$431,156	\$431,156
32 Center Administration, Oversight,		
33 and Other Programs	\$586,290	\$586,290
34 Water/Wastewater Administration		
35 and Technical Assistance	\$449,203	\$449,203
36 Research and Demonstration Grants	\$366,300	\$366,300
37 Institute for Rural Entrepreneurship	\$142,560	\$142,560
38 Community Development Grants	\$987,436	\$987,436
39 Community Development Grants		
40 Administration	\$ 48,510	\$ 48,510
41 Microenterprise Loan Program	\$193,050	\$193,050
42 Water/Sewer/Business Development		
43 Matching Grants	\$874,170	\$874,170
44 Statewide Water/Sewer Database	\$ 99,000	\$ 99,000
45 Agricultural Advancement Consortium	\$114,345	\$114,345
46 Agricultural Advancement Consortium		
47 Operating	\$ 72,765	\$ 72,765

48 **SECTION 14.15.(b)** Funds allocated in subsection (a) of this section for
49 community development grants shall support development projects and activities within the
50 State's minority communities. Any new or previously funded community development
51 corporation, as that term is defined in subsection (c) of this section, is eligible to apply for

1 community development grant funds. However, no community development grant funds shall
2 be released to a community development corporation unless the corporation can demonstrate
3 that there are no outstanding or proposed assessments or other collection actions against the
4 corporation for any State or federal taxes, including related penalties, interest, and fees.

5 **SECTION 14.15.(c)** For purposes of this section, the term "community
6 development corporation" means a nonprofit corporation:

- 7 (1) Chartered pursuant to Chapter 55A of the General Statutes;
- 8 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of
9 1986;
- 10 (3) Whose primary mission is to develop and improve low-income communities
11 and neighborhoods through economic and related development;
- 12 (4) Whose activities and decisions are initiated, managed, and controlled by the
13 constituents of those local communities; and
- 14 (5) Whose primary function is to act as deal maker and packager of projects and
15 activities that will increase their constituencies' opportunities to become
16 owners, managers, and producers of small businesses, affordable housing,
17 and jobs designed to produce positive cash flow and curb blight in the
18 targeted community.

19 **SECTION 14.15.(d)** The Rural Center shall provide a report containing detailed
20 budget, personnel, and salary information to the Office of State Budget and Management in the
21 same manner as State departments and agencies in preparation for biennium budget requests.

22 **SECTION 14.15.(e)** By September 1 of each year, and more frequently as
23 requested, the Rural Center shall report to the Joint Legislative Commission on Governmental
24 Operations and the Fiscal Research Division on prior State fiscal year program activities,
25 objectives, and accomplishments and prior State fiscal year itemized expenditures and fund
26 sources.

27 **RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM**

28 **SECTION 14.16.(a)** Of the funds appropriated in this act to the North Carolina
29 Rural Economic Development Center, Inc. (Rural Center), the sum of nineteen million two
30 hundred ninety-seven thousand two hundred and seventy-eight dollars (\$19,297,278) for the
31 2009-2010 fiscal year and the sum of nineteen million two hundred ninety-seven thousand two
32 hundred and seventy-eight dollars (\$19,297,278) for the 2010-2011 fiscal year shall be
33 allocated as follows:
34

- 35 (1) To continue the North Carolina Infrastructure Program. The purpose of the
36 Program is to provide grants to local governments to construct critical water
37 and wastewater facilities and to provide other infrastructure needs, including
38 technology needs, to sites where these facilities will generate private
39 job-creating investment. At least fourteen million eight hundred and fifty
40 thousand dollars (\$14,850,000) of the funds appropriated in this act for each
41 year of the biennium must be used to provide grants under this Program.
- 42 (2) To provide matching grants to local governments in distressed areas and
43 equity investments in public-private ventures that will productively reuse
44 vacant buildings and properties, with priority given to towns or communities
45 with populations of less than 5,000.
- 46 (3) To provide economic development research and demonstration grants.

47 **SECTION 14.16.(b)** The Rural Center may contract with other State agencies,
48 constituent institutions of The University of North Carolina, and colleges within the North
49 Carolina Community College System for certain aspects of the North Carolina Infrastructure
50 Program, including design of Program guidelines and evaluation of Program results.

1 **SECTION 14.16.(c)** During each year of the 2009-2011 biennium, the Rural
2 Center may use up to three hundred seventy-eight thousand three hundred seventy-eight dollars
3 (\$378,378) of the funds appropriated in this act to cover its expenses in administering the North
4 Carolina Economic Infrastructure Program.

5 **SECTION 14.16.(d)** By September 1 of each year, and more frequently as
6 requested, the Rural Center shall report to the Joint Legislative Commission on Governmental
7 Operations and the Fiscal Research Division concerning the progress of the North Carolina
8 Economic Infrastructure Program in the prior State fiscal year.

9 10 **OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS**

11 **SECTION 14.17.(a)** Of the funds appropriated in this act to the North Carolina
12 Rural Economic Development Center, Inc. (Rural Center), the sum of three hundred fifty-seven
13 thousand three hundred ninety dollars (\$357,390) for the 2009-2010 fiscal year and the sum of
14 three hundred fifty-seven thousand three hundred ninety dollars (\$357,390) for the 2010-2011
15 fiscal year shall be equally distributed among the certified Opportunities Industrialization
16 Centers (OI Centers).

17 **SECTION 14.17.(b)** By September 1 of each year, and more frequently as
18 requested, the Rural Center shall report to the Joint Legislative Commission on Governmental
19 Operations and the Fiscal Research Division on prior fiscal year program activities, objectives,
20 and accomplishments for each of the OI Centers receiving funds pursuant to subsection (a) of
21 this section. This report shall include data for each OI Center on itemized expenditures and
22 fund sources for the prior State fiscal year.

23 **SECTION 14.17.(c)** The Rural Center shall ensure that each OI Center files
24 annually with the State Auditor a financial statement in the form and on the schedule prescribed
25 by the State Auditor. The financial statements must be audited in accordance with standards
26 prescribed by the State Auditor to assure that State funds are used for the purposes provided by
27 law.

28 **SECTION 14.17.(d)** No funds appropriated under this act shall be released to an
29 OI Center listed in subsection (a) of this section if the OI Center has any overdue tax debts, as
30 that term is defined in G.S. 105-243.1, at the federal or State level.

31 32 **RURAL ECONOMIC DEVELOPMENT CENTER/CLEAN WATER PARTNERS** 33 **FUNDING**

34 **SECTION 14.18.** By September 1 of each year, and more frequently as requested,
35 the North Carolina Rural Economic Development Center, Inc., shall report to the Joint
36 Legislative Commission on Governmental Operations and the Fiscal Research Division
37 concerning the progress of the water/sewer improvement grants (commonly referred to as
38 funding for Clean Water Partners) as appropriated in Section 13.13A of S.L. 2007-323 and
39 Section 13.8 of S.L. 2008-107. Each report shall include a list of grants made since the last
40 report, the total amount contracted, and the amount of funds remaining. This reporting
41 requirement shall replace all previous reporting requirements and shall remain in effect until all
42 funds from this program are expended.

43 44 **RURAL ECONOMIC DEVELOPMENT CENTER/AMERICAN RECOVERY AND** 45 **REINVESTMENT ACT FUNDS**

46 **SECTION 14.19.** If the North Carolina Rural Economic Development Center, Inc.,
47 (Rural Center) finds that North Carolina will not maximize the amount of funding for water and
48 wastewater projects the State could receive under the American Recovery and Reinvestment
49 Act of 2009, the Rural Center shall use funds appropriated to the Rural Center in this act to
50 maximize such funding.

PART XV. JUDICIAL DEPARTMENT**TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

SECTION 15.1. Funds appropriated to the Judicial Department in the 2009-2011 fiscal biennium for equipment and supplies shall be certified in a reserve account. The Administrative Office of the Courts may transfer these funds to the appropriate programs and between programs as the equipment priorities and supply consumptions occur during the operating year. These funds shall not be expended for any other purpose.

GRANT FUNDS

SECTION 15.2. Notwithstanding G.S. 143C-6-9, the Administrative Office of the Courts may use up to the sum of one million five hundred thousand dollars (\$1,500,000) from funds available to the Department to provide the State match needed in order to receive grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.

DEATH PENALTY LITIGATION FUNDS

SECTION 15.3. Of the funds appropriated in this act to the Office of Indigent Defense Services for the 2009-2011 fiscal biennium, the Office may use up to the sum of five hundred thirty-one thousand dollars (\$531,000) for the 2009-2010 fiscal year and up to the sum of five hundred thirty-one thousand dollars (\$531,000) for the 2010-2011 fiscal year to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants. The Office of Indigent Defense Services shall report by February 1, of each year in the biennium, to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the activities funded by this section.

REPORT ON BUSINESS COURTS

SECTION 15.4. The Administrative Office of the Courts shall report to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on the activities of each North Carolina Business Court site, including the number of new, closed, and pending cases, average age of pending cases, and annual expenditures for the prior fiscal year.

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 15.5. 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, 2009, for the purchase or repair of office or information technology equipment during the 2009-2010 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 House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the equipment to be purchased or repaired and the reasons for the purchases.

DISPUTE RESOLUTION FEES

SECTION 15.6. Notwithstanding the provisions of G.S. 143C-1-2(b), certification and renewal fees collected by the Dispute Resolution Commission are nonreverting and are only to be used at the direction of the Commission.

REIMBURSEMENT FOR USE OF PERSONAL VEHICLES

SECTION 15.7. Notwithstanding the provisions of G.S. 138-6(a)(1), the Judicial Department, during the 2009-2011 fiscal biennium, may elect to establish a per-mile reimbursement rate for transportation by privately owned vehicles at a rate less than the business standard mileage rate set by the Internal Revenue Service.

GUIDELINES FOR MAXIMIZING EFFICIENCY OF PROCEEDINGS

SECTION 15.9. By December 1, 2009, the Administrative Office of the Courts shall develop guidelines to be applied to maximize efficient use of the time of probation officers and court personnel participating in probation revocation proceedings. The Administrative Office of the Courts may also adopt guidelines for maximizing the efficient use of the time of law enforcement personnel participating in the Criminal District Courts.

ELIMINATE SPECIAL ALLOWANCE FOR SUPERIOR COURT JUDGES

SECTION 15.10. G.S. 7A-44(a) reads as rewritten:

"(a) A judge of the superior court, regular or special, shall receive the annual salary set forth in the Current Operations Appropriations Act, and in addition shall be paid the same travel allowance as State employees generally by G.S. 138-6(a)(1) and (2), provided that no travel allowance be paid for travel within his county of residence. ~~In addition, a judge of the superior court shall be allowed seven thousand dollars (\$7,000) per year, payable monthly, in lieu of necessary subsistence expenses while attending court or transacting official business at a place other than in the county of his residence and in lieu of other professional expenses incurred in the discharge of his official duties.~~ The Administrative Officer of the Courts may also reimburse superior court judges, in addition to the above funds for ~~travel and subsistence, travel,~~ for travel and subsistence expenses incurred for professional education."

CLARIFY THAT DWI TREATMENT COURTS ARE A TYPE OF DRUG TREATMENT COURT UNDER THE DRUG TREATMENT COURT ACT

SECTION 15.11. G.S. 7A-791 reads as rewritten:

"§ 7A-791. Purpose.

The General Assembly recognizes that a critical need exists in this State for judicial programs that will reduce the incidence of alcohol and other drug abuse or dependence and crimes, including the offense of driving while impaired, delinquent acts, and child abuse and neglect committed as a result of alcohol and other drug abuse or dependence, and child abuse and neglect where alcohol and other drug abuse or dependence are significant factors in the child abuse and neglect. It is the intent of the General Assembly by this Article to create a program to facilitate the creation of local drug treatment court ~~programs.~~ programs and driving while impaired (DWI) treatment court programs."

OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 15.12. The Judicial Department, Office of Indigent Defense Services, may use up to the sum of two million five hundred one thousand one hundred fifty dollars (\$2,501,150) in appropriated funds during the 2009-2010 fiscal year and up to the sum of two million four hundred thirty-three thousand seven hundred dollars (\$2,433,700) in appropriated funds during the 2010-2011 fiscal year for the expansion of existing or new public defender offices currently providing legal services to the indigent population under the oversight of the Office of Indigent Defense Services by creating up to 20 new attorney positions and 10 new support staff positions. These funds may be used for salaries, benefits, equipment, and related expenses. Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the Chairs of the House of Representatives and the Senate Appropriations Subcommittees on Justice and Public Safety on the proposed expansion.

OFFICE OF INDIGENT DEFENSE SERVICES REPORT

SECTION 15.13.(a) The Office of Indigent Defense Services shall report to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on:

- (1) The volume and cost of cases handled in each district by assigned counsel or public defenders;
- (2) Actions taken by the Office to improve the cost-effectiveness and quality of indigent defense, including the capital case program;
- (3) Plans for changes in rules, standards, or regulations in the upcoming year; and
- (4) Any recommended changes in law or funding procedures that would assist the Office in improving the management of funds expended for indigent defense services, including any recommendations concerning the feasibility and desirability of establishing regional public defender offices.

SECTION 15.13.(b) In its March 1, 2010 report, the Office of Indigent Defense Services shall provide a progress report on the pilot program for alternative scheduling authorized by Section 14.1 of S.L. 2008-107. In its March 1, 2011 report, the Office of Indigent Defense Services shall provide a final report on that pilot program.

SECTION 15.13.(c) In its March 1, 2010 report, the Office of Indigent Defense Services shall provide a progress report on the feasibility study directed by Section 14.7 of S.L. 2008-107 on developing a statewide system for obtaining indigent case information when counsel is first appointed. In its March 1, 2011 report, the Office of Indigent Defense Services shall provide a final report on that feasibility study.

INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS

SECTION 15.14. Notwithstanding G.S. 143C-6-9, the Office of Indigent Defense Services may use the sum of up to fifty thousand dollars (\$50,000) from funds available to provide the State matching funds needed to receive grant funds. Prior to using funds for this purpose, the Office shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.

OFFICE OF INDIGENT DEFENSE SERVICES FLEXIBILITY

SECTION 15.15. Notwithstanding the provisions of G.S. 143C-6-9, in implementing reductions to the 2009-2011 budget for legal training and resources, the Office of Indigent Defense Services may use available funds as needed for registration fees, academic services, travel, and book purchases.

SENTENCING SERVICES FLEXIBILITY

SECTION 15.16. In implementing the reduction to Sentencing Services' budget, the Director of the Office of Indigent Defense Services may close programs in certain districts in the State based on current and historical performance, local support and interest, the amount of funding to be saved, and other relevant factors. The Director may choose not to contract with certain nonprofit programs or to eliminate certain State-funded programs and associated positions.

STUDY STRATEGIES TO REDUCE DEMAND FOR SERVICES OF OFFICE OF INDIGENT DEFENSE SERVICES

1 **SECTION 15.17.** The Office of Indigent Defense Services shall consult with the
2 Administrative Office of the Courts, the Conference of District Attorneys, the North Carolina
3 Sentencing and Policy Advisory Commission, and other court system actors in formulating
4 proposals aimed at reducing future costs, including the possibility of decriminalizing minor
5 misdemeanor offenses for which jail sentences are rarely or never imposed and improving the
6 manner in which potentially capital cases are screened and processed. The Office shall include
7 any proposals in its reports during the 2009-2011 fiscal biennium.
8

9 **NEW FEE FOR COSTS OF SHERIFFS' EDUCATION AND TRAINING STANDARDS**
10 **COMMISSION AND THE CRIMINAL JUSTICE EDUCATION AND TRAINING**
11 **STANDARDS COMMISSION**

12 **SECTION 15.18.** G.S. 7A-304 is amended by adding a new subsection to read:
13 "(3b) For the services, staffing, and operations of the Criminal Justice Education and
14 Standards Commission and the Sheriffs' Education and Training Standards Commission, the
15 sum of two dollars (\$2.00) to be remitted to the Department of Justice. One dollar and
16 sixty-five cents (\$1.65) of this sum shall be used exclusively for the Criminal Justice Education
17 and Standards Commission, and thirty-five cents (35¢) shall be used exclusively for the
18 Sheriffs' Education and Training Standards Commission."
19

20 **INCREASE CONVICTED CRIMINAL LAB ANALYSIS FEE**

21 **SECTION 15.19.(a)** G.S. 7A-304(a)(7) reads as rewritten:
22 "(7) For the services of the State Bureau of Investigation laboratory facilities, the
23 district or superior court judge shall, upon conviction, order payment of the
24 sum of ~~three hundred dollars (\$300.00)~~ six hundred dollars (\$600.00) to be
25 remitted to the Department of Justice for support of the State Bureau of
26 Investigation. This cost shall be assessed only in cases in which, as part of
27 the investigation leading to the defendant's conviction, the laboratories have
28 performed DNA analysis of the crime, tests of bodily fluids of the defendant
29 for the presence of alcohol or controlled substances, or analysis of any
30 controlled substance possessed by the defendant or the defendant's agent.
31 The court may waive or reduce the amount of the payment required by this
32 subdivision upon a finding of just cause to grant such a waiver or reduction."

33 **SECTION 15.19.(b)** G.S. 7A-304(a)(8) reads as rewritten:
34 "(8) For the services of any crime laboratory facility operated by a local
35 government or group of local governments, the district or superior court
36 judge shall, upon conviction, order payment of the sum of ~~three hundred~~
37 ~~dollars (\$300.00)~~ six hundred dollars (\$600.00) to be remitted to the general
38 fund of the local governmental unit that operates the laboratory to be used
39 for law enforcement purposes. The cost shall be assessed only in cases in
40 which, as part of the investigation leading to the defendant's conviction, the
41 laboratory has performed DNA analysis of the crime, test of bodily fluids of
42 the defendant for the presence of alcohol or controlled substances, or
43 analysis of any controlled substance possessed by the defendant or the
44 defendant's agent. The costs shall be assessed only if the court finds that the
45 work performed at the local government's laboratory is the equivalent of the
46 same kind of work performed by the State Bureau of Investigation under
47 subdivision (7) of this subsection. The court may waive or reduce the
48 amount of the payment required by this subdivision upon a finding of just
49 cause to grant such a waiver or reduction."
50

51 **INCREASE CERTAIN COURT FEES**

1 **SECTION 15.20.(a)** G.S. 7A-304(a) reads as rewritten:

2 "(a) In every criminal case in the superior or district court, wherein the defendant is
3 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the
4 prosecuting witness, the following costs shall be assessed and collected, except that when the
5 judgment imposes an active prison sentence, costs shall be assessed and collected only when
6 the judgment specifically so provides, and that no costs may be assessed when a case is
7 dismissed.

8 (1) For each arrest or personal service of criminal process, including citations
9 and subpoenas, the sum of five dollars (\$5.00), to be remitted to the county
10 wherein the arrest was made or process was served, except that in those
11 cases in which the arrest was made or process served by a law-enforcement
12 officer employed by a municipality, the fee shall be paid to the municipality
13 employing the officer.

14 (2) For the use of the courtroom and related judicial facilities, the sum of twelve
15 dollars (\$12.00) in the district court, including cases before a magistrate, and
16 the sum of thirty dollars (\$30.00) in superior court, to be remitted to the
17 county in which the judgment is rendered. In all cases where the judgment is
18 rendered in facilities provided by a municipality, the facilities fee shall be
19 paid to the municipality. Funds derived from the facilities fees shall be used
20 exclusively by the county or municipality for providing, maintaining, and
21 constructing adequate courtroom and related judicial facilities, including:
22 adequate space and furniture for judges, district attorneys, public defenders
23 and other personnel of the Office of Indigent Defense Services, magistrates,
24 juries, and other court related personnel; office space, furniture and vaults
25 for the clerk; jail and juvenile detention facilities; free parking for jurors; and
26 a law library (including books) if one has heretofore been established or if
27 the governing body hereafter decides to establish one. In the event the funds
28 derived from the facilities fees exceed what is needed for these purposes, the
29 county or municipality may, with the approval of the Administrative Officer
30 of the Courts as to the amount, use any or all of the excess to retire
31 outstanding indebtedness incurred in the construction of the facilities, or to
32 reimburse the county or municipality for funds expended in constructing or
33 renovating the facilities (without incurring any indebtedness) within a period
34 of two years before or after the date a district court is established in such
35 county, or to supplement the operations of the General Court of Justice in the
36 county.

37 (2a) For the upgrade, maintenance, and operation of the judicial and county
38 courthouse phone systems, the sum of ~~one dollar (\$1.00)~~, three dollars
39 (\$3.00), to be credited to the Court Information Technology Fund.

40 (3) For the retirement and insurance benefits of both State and local government
41 law-enforcement officers, the sum of six dollars and twenty-five cents
42 (\$6.25), to be remitted to the State Treasurer. Fifty cents (50¢) of this sum
43 shall be administered as is provided in Article 12C of Chapter 143 of the
44 General Statutes. Five dollars and seventy-five cents (\$5.75) of this sum
45 shall be administered as is provided in Article 12E of Chapter 143 of the
46 General Statutes, with one dollar and twenty-five cents (\$1.25) being
47 administered in accordance with the provisions of G.S. 143-166.50(e).

48 (3a) For the supplemental pension benefits of sheriffs, the sum of one dollar
49 twenty-five cents (\$1.25) to be remitted to the Department of Justice and
50 administered under the provisions of Article 12G of Chapter 143 of the
51 General Statutes.

- 1 (4) For support of the General Court of Justice, the sum of ~~ninety-five dollars~~
2 ~~and fifty cents (\$95.50)~~ one hundred three dollars and fifty cents (\$103.50)
3 in the district court, including cases before a magistrate, and the sum of ~~one~~
4 ~~hundred two dollars and fifty cents (\$102.50)~~ one hundred fifteen dollars and
5 fifty cents (\$115.50) in the superior court, to be remitted to the State
6 Treasurer. For a person convicted of a felony in superior court who has made
7 a first appearance in district court, both the district court and superior court
8 fees shall be assessed. The State Treasurer shall remit the sum of two dollars
9 and five cents (\$2.05) of each fee collected under this subdivision to the
10 North Carolina State Bar for the provision of services described in
11 G.S. 7A-474.4, and ninety-five cents (\$.95) of each fee collected under this
12 subdivision to the North Carolina State Bar for the provision of services
13 described in G.S. 7A-474.19.
- 14 (4a) For support of the General Court of Justice, the sum of five dollars (\$5.00)
15 for all offenses arising under Chapter 20 of the General Statutes, to be
16 remitted to the State Treasurer.
- 17 (5) For using pretrial release services, the district or superior court judge shall,
18 upon conviction, impose a fee of fifteen dollars (\$15.00) to be remitted to
19 the county providing the pretrial release services. This cost shall be assessed
20 and collected only if the defendant had been accepted and released to the
21 supervision of the agency providing the pretrial release services.
- 22 (6) For support of the General Court of Justice, the sum of ~~one hundred dollars~~
23 ~~(\$100.00)~~ two hundred dollars (\$200.00) is payable by a defendant who fails
24 to appear to answer the charge as scheduled, unless within 20 days after the
25 scheduled appearance, the person either appears in court to answer the
26 charge or disposes of the charge pursuant to G.S. 7A-146. Upon a showing
27 to the court that the defendant failed to appear because of an error or
28 omission of a judicial official, a prosecutor, or a law-enforcement officer, the
29 court shall waive this fee. This fee shall be remitted to the State Treasurer.
- 30 (7) For the services of the State Bureau of Investigation laboratory facilities, the
31 district or superior court judge shall, upon conviction, order payment of the
32 sum of three hundred dollars (\$300.00) to be remitted to the Department of
33 Justice for support of the State Bureau of Investigation. This cost shall be
34 assessed only in cases in which, as part of the investigation leading to the
35 defendant's conviction, the laboratories have performed DNA analysis of the
36 crime, tests of bodily fluids of the defendant for the presence of alcohol or
37 controlled substances, or analysis of any controlled substance possessed by
38 the defendant or the defendant's agent. The court may waive or reduce the
39 amount of the payment required by this subdivision upon a finding of just
40 cause to grant such a waiver or reduction.
- 41 (8) For the services of any crime laboratory facility operated by a local
42 government or group of local governments, the district or superior court
43 judge shall, upon conviction, order payment of the sum of three hundred
44 dollars (\$300.00) to be remitted to the general fund of the local
45 governmental unit that operates the laboratory to be used for law
46 enforcement purposes. The cost shall be assessed only in cases in which, as
47 part of the investigation leading to the defendant's conviction, the laboratory
48 has performed DNA analysis of the crime, test of bodily fluids of the
49 defendant for the presence of alcohol or controlled substances, or analysis of
50 any controlled substance possessed by the defendant or the defendant's
51 agent. The costs shall be assessed only if the court finds that the work

1 performed at the local government's laboratory is the equivalent of the same
2 kind of work performed by the State Bureau of Investigation under
3 subdivision (7) of this subsection. The court may waive or reduce the
4 amount of the payment required by this subdivision upon a finding of just
5 cause to grant such a waiver or reduction."

6 **SECTION 15.20.(b)** Effective July 1, 2010, G.S. 7A-304(a), as rewritten by
7 subsection (a) of this section, reads as rewritten:

8 "(a) In every criminal case in the superior or district court, wherein the defendant is
9 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the
10 prosecuting witness, the following costs shall be assessed and collected, except that when the
11 judgment imposes an active prison sentence, costs shall be assessed and collected only when
12 the judgment specifically so provides, and that no costs may be assessed when a case is
13 dismissed.

14 (1) For each arrest or personal service of criminal process, including citations
15 and subpoenas, the sum of five dollars (\$5.00), to be remitted to the county
16 wherein the arrest was made or process was served, except that in those
17 cases in which the arrest was made or process served by a law-enforcement
18 officer employed by a municipality, the fee shall be paid to the municipality
19 employing the officer.

20 (2) For the use of the courtroom and related judicial facilities, the sum of twelve
21 dollars (\$12.00) in the district court, including cases before a magistrate, and
22 the sum of thirty dollars (\$30.00) in superior court, to be remitted to the
23 county in which the judgment is rendered. In all cases where the judgment is
24 rendered in facilities provided by a municipality, the facilities fee shall be
25 paid to the municipality. Funds derived from the facilities fees shall be used
26 exclusively by the county or municipality for providing, maintaining, and
27 constructing adequate courtroom and related judicial facilities, including:
28 adequate space and furniture for judges, district attorneys, public defenders
29 and other personnel of the Office of Indigent Defense Services, magistrates,
30 juries, and other court related personnel; office space, furniture and vaults
31 for the clerk; jail and juvenile detention facilities; free parking for jurors; and
32 a law library (including books) if one has heretofore been established or if
33 the governing body hereafter decides to establish one. In the event the funds
34 derived from the facilities fees exceed what is needed for these purposes, the
35 county or municipality may, with the approval of the Administrative Officer
36 of the Courts as to the amount, use any or all of the excess to retire
37 outstanding indebtedness incurred in the construction of the facilities, or to
38 reimburse the county or municipality for funds expended in constructing or
39 renovating the facilities (without incurring any indebtedness) within a period
40 of two years before or after the date a district court is established in such
41 county, or to supplement the operations of the General Court of Justice in the
42 county.

43 (2a) For the upgrade, maintenance, and operation of the judicial and county
44 courthouse phone systems, the sum of ~~three dollars (\$3.00)~~, four dollars
45 (\$4.00), to be credited to the Court Information Technology Fund.

46 (3) For the retirement and insurance benefits of both State and local government
47 law-enforcement officers, the sum of six dollars and twenty-five cents
48 (\$6.25), to be remitted to the State Treasurer. Fifty cents (50¢) of this sum
49 shall be administered as is provided in Article 12C of Chapter 143 of the
50 General Statutes. Five dollars and seventy-five cents (\$5.75) of this sum
51 shall be administered as is provided in Article 12E of Chapter 143 of the

- 1 General Statutes, with one dollar and twenty-five cents (\$1.25) being
2 administered in accordance with the provisions of G.S. 143-166.50(e).
- 3 (3a) For the supplemental pension benefits of sheriffs, the sum of one dollar
4 twenty-five cents (\$1.25) to be remitted to the Department of Justice and
5 administered under the provisions of Article 12G of Chapter 143 of the
6 General Statutes.
- 7 (4) For support of the General Court of Justice, the sum of ~~one hundred three~~
8 ~~dollars and fifty cents (\$103.50)~~ one hundred five dollars and fifty cents
9 (\$105.50) in the district court, including cases before a magistrate, and the
10 sum of ~~one hundred fifteen dollars and fifty cents (\$115.50)~~ one hundred
11 thirty-five dollars and fifty cents (\$135.50) in the superior court, to be
12 remitted to the State Treasurer. For a person convicted of a felony in
13 superior court who has made a first appearance in district court, both the
14 district court and superior court fees shall be assessed. The State Treasurer
15 shall remit the sum of two dollars and five cents (\$2.05) of each fee
16 collected under this subdivision to the North Carolina State Bar for the
17 provision of services described in G.S. 7A-474.4, and ninety-five cents
18 (\$.95) of each fee collected under this subdivision to the North Carolina
19 State Bar for the provision of services described in G.S. 7A-474.19.
- 20 (4a) For support of the General Court of Justice, the sum of ~~five dollars (\$5.00)~~
21 ten dollars (\$10.00) for all offenses arising under Chapter 20 of the General
22 Statutes, to be remitted to the State Treasurer.
- 23 (5) For using pretrial release services, the district or superior court judge shall,
24 upon conviction, impose a fee of fifteen dollars (\$15.00) to be remitted to
25 the county providing the pretrial release services. This cost shall be assessed
26 and collected only if the defendant had been accepted and released to the
27 supervision of the agency providing the pretrial release services.
- 28 (6) For support of the General Court of Justice, the sum of two hundred dollars
29 (\$200.00) is payable by a defendant who fails to appear to answer the charge
30 as scheduled, unless within 20 days after the scheduled appearance, the
31 person either appears in court to answer the charge or disposes of the charge
32 pursuant to G.S. 7A-146. Upon a showing to the court that the defendant
33 failed to appear because of an error or omission of a judicial official, a
34 prosecutor, or a law-enforcement officer, the court shall waive this fee. This
35 fee shall be remitted to the State Treasurer.
- 36 (7) For the services of the State Bureau of Investigation laboratory facilities, the
37 district or superior court judge shall, upon conviction, order payment of the
38 sum of three hundred dollars (\$300.00) to be remitted to the Department of
39 Justice for support of the State Bureau of Investigation. This cost shall be
40 assessed only in cases in which, as part of the investigation leading to the
41 defendant's conviction, the laboratories have performed DNA analysis of the
42 crime, tests of bodily fluids of the defendant for the presence of alcohol or
43 controlled substances, or analysis of any controlled substance possessed by
44 the defendant or the defendant's agent. The court may waive or reduce the
45 amount of the payment required by this subdivision upon a finding of just
46 cause to grant such a waiver or reduction.
- 47 (8) For the services of any crime laboratory facility operated by a local
48 government or group of local governments, the district or superior court
49 judge shall, upon conviction, order payment of the sum of three hundred
50 dollars (\$300.00) to be remitted to the general fund of the local
51 governmental unit that operates the laboratory to be used for law

1 enforcement purposes. The cost shall be assessed only in cases in which, as
2 part of the investigation leading to the defendant's conviction, the laboratory
3 has performed DNA analysis of the crime, test of bodily fluids of the
4 defendant for the presence of alcohol or controlled substances, or analysis of
5 any controlled substance possessed by the defendant or the defendant's
6 agent. The costs shall be assessed only if the court finds that the work
7 performed at the local government's laboratory is the equivalent of the same
8 kind of work performed by the State Bureau of Investigation under
9 subdivision (7) of this subsection. The court may waive or reduce the
10 amount of the payment required by this subdivision upon a finding of just
11 cause to grant such a waiver or reduction."

12 **SECTION 15.20.(c)** G.S. 7A-304 is amended by adding a new subsection to read:

13 "(f) Defendants owing costs under this section may either make payment in full when
14 costs are assessed or may make payment on an installment plan arranged with the court.
15 Defendants making use of an installment plan shall pay a onetime setup fee of twenty dollars
16 (\$20.00) to cover the additional costs to the court of receiving and disbursing installment
17 payments. Notwithstanding the provisions of G.S. 7A-304(d)(1), the setup fee authorized by
18 this subsection shall be paid prior to the disbursement of funds for any other purpose. Fees
19 collected under this section shall be remitted to the State Treasurer for support of the General
20 Court of Justice."

21 **SECTION 15.20.(d)** G.S. 7A-305(a) reads as rewritten:

22 "(a) In every civil action in the superior or district court, except for actions brought
23 under Chapter 50B of the General Statutes, shall be assessed:

- 24 (1) For the use of the courtroom and related judicial facilities, the sum of twelve
25 dollars (\$12.00) in cases heard before a magistrate, and the sum of sixteen
26 dollars (\$16.00) in district and superior court, to be remitted to the county in
27 which the judgment is rendered, except that in all cases in which the
28 judgment is rendered in facilities provided by a municipality, the facilities
29 fee shall be paid to the municipality. Funds derived from the facilities fees
30 shall be used in the same manner, for the same purposes, and subject to the
31 same restrictions, as facilities fees assessed in criminal actions.
- 32 (1a) For the upgrade, maintenance, and operation of the judicial and county
33 courthouse phone systems, the sum of ~~one dollar (\$1.00)~~, three dollars
34 (\$3.00), to be credited to the Court Information Technology Fund.
- 35 (2) For support of the General Court of Justice, the sum of ~~ninety-three dollars~~
36 ~~(\$93.00)~~ one hundred thirty dollars (\$130.00) in the superior court, except
37 that if a case is assigned to a special superior court judge as a complex
38 business case under G.S. 7A-45.3, an additional two hundred dollars
39 (\$200.00) shall be paid upon its assignment, and the sum of ~~seventy-three~~
40 ~~dollars (\$73.00)~~ seventy-eight dollars (\$78.00) in the district court except
41 that if the case is assigned to a magistrate the sum shall be ~~sixty-three dollars~~
42 ~~(\$63.00)~~ fifty-five dollars (\$55.00). Sums collected under this subdivision
43 shall be remitted to the State Treasurer. The State Treasurer shall remit the
44 sum of two dollars and five cents (\$2.05) of each fee collected under this
45 subdivision to the North Carolina State Bar for the provision of services
46 described in G.S. 7A-474.4, and ninety-five cents (\$.95) of each fee
47 collected under this subdivision to the North Carolina State Bar for the
48 provision of services described in G.S. 7A-474.19."

49 **SECTION 15.20.(e)** Effective July 1, 2010, G.S. 7A-305(a), as rewritten by
50 subsection (d) of this section, reads as rewritten:

1 "(a) In every civil action in the superior or district court, except for actions brought
2 under Chapter 50B of the General Statutes, shall be assessed:

3 (1) For the use of the courtroom and related judicial facilities, the sum of twelve
4 dollars (\$12.00) in cases heard before a magistrate, and the sum of sixteen
5 dollars (\$16.00) in district and superior court, to be remitted to the county in
6 which the judgment is rendered, except that in all cases in which the
7 judgment is rendered in facilities provided by a municipality, the facilities
8 fee shall be paid to the municipality. Funds derived from the facilities fees
9 shall be used in the same manner, for the same purposes, and subject to the
10 same restrictions, as facilities fees assessed in criminal actions.

11 (1a) For the upgrade, maintenance, and operation of the judicial and county
12 courthouse phone systems, the sum of ~~three dollars (\$3.00)~~, four dollars
13 (\$4.00), to be credited to the Court Information Technology Fund.

14 (2) For support of the General Court of Justice, the sum of ~~one hundred thirty~~
15 ~~dollars (\$130.00)~~ one hundred forty dollars (\$140.00) in the superior court,
16 except that if a case is assigned to a special superior court judge as a
17 complex business case under G.S. 7A-45.3, an additional two hundred
18 dollars (\$200.00) shall be paid upon its assignment, and the sum of
19 ~~seventy eight dollars (\$78.00)~~ eighty dollars (\$80.00) in the district court
20 except that if the case is assigned to a magistrate the sum shall be fifty-five
21 dollars (\$55.00). Sums collected under this subdivision shall be remitted to
22 the State Treasurer. The State Treasurer shall remit the sum of two dollars
23 and five cents (\$2.05) of each fee collected under this subdivision to the
24 North Carolina State Bar for the provision of services described in
25 G.S. 7A-474.4, and ninety-five cents (\$.95) of each fee collected under this
26 subdivision to the North Carolina State Bar for the provision of services
27 described in G.S. 7A-474.19."

28 **SECTION 15.20.(f)** G.S. 7A-306(a)(1a) reads as rewritten:

29 "(1a) For the upgrade, maintenance, and operation of the judicial and county
30 courthouse phone systems, the sum of ~~one dollar (\$1.00)~~, three dollars
31 (\$3.00), to be credited to the Court Information Technology Fund."

32 **SECTION 15.20.(g)** Effective July 1, 2010, G.S. 7A-306(a)(1a), as amended by
33 subsection (f) of this section, reads as rewritten:

34 "(1a) For the upgrade, maintenance, and operation of the judicial and county
35 courthouse phone systems, the sum of ~~three dollars (\$3.00)~~, four dollars
36 (\$4.00), to be credited to the Court Information Technology Fund."

37 **SECTION 15.20.(h)** G.S. 7A-307(a)(1a) reads as rewritten:

38 "(1a) For the upgrade, maintenance, and operation of the judicial and county
39 courthouse phone systems, the sum of ~~one dollar (\$1.00)~~, three dollars
40 (\$3.00), to be credited to the Court Information Technology Fund."

41 **SECTION 15.20.(i)** Effective July 1, 2010, G.S. 7A-307(a)(1a), as amended by
42 subsection (h) of this section, reads as rewritten:

43 "(1a) For the upgrade, maintenance, and operation of the judicial and county
44 courthouse phone systems, the sum of ~~three dollars (\$3.00)~~, four dollars
45 (\$4.00), to be credited to the Court Information Technology Fund."

46 **SECTION 15.20.(j)** G.S. 20-135.2A(e) reads as rewritten:

47 "(e) Any driver or front seat passenger who fails to wear a seat belt as required by this
48 section shall have committed an infraction and shall pay a penalty of twenty-five dollars
49 (\$25.00) plus the following court costs in the sum of seventy five dollars (\$75.00): costs: the
50 General Court of Justice fee provided for in G.S. 7A-304(a)(4), the telephone facilities fee
51 provided for in G.S. 7A-304(a)(2a), and the law enforcement training and certification fee

1 provided for in G.S. 7A-304(a)(3b). Any rear seat occupant of a vehicle who fails to wear a seat
2 belt as required by this section shall have committed an infraction and shall pay a penalty of ten
3 dollars (\$10.00) and no court costs. Court costs assessed under this section are for the support
4 of the General Court of Justice and shall be remitted to the State Treasurer. Conviction of an
5 infraction under this section has no other consequence."

6 **SECTION 15.20.(k)** G.S. 20-140.4 reads as rewritten:

7 "**§ 20-140.4. Special provisions for motorcycles and mopeds.**

8 (a) No person shall operate a motorcycle or moped upon a highway or public vehicular
9 area:

10 (1) When the number of persons upon such motorcycle or moped, including the
11 operator, shall exceed the number of persons which it was designed to carry.

12 (2) Unless the operator and all passengers thereon wear on their heads, with a
13 retention strap properly secured, safety helmets of a type that complies with
14 Federal Motor Vehicle Safety Standard (FMVSS) 218.

15 (b) Violation of any provision of this section shall not be considered negligence per se
16 or contributory negligence per se in any civil action.

17 (c) Any person convicted of violating this section shall have committed an infraction
18 and shall ~~be fined according to G.S. 20-135.2A(e) and (f).~~ pay a penalty of twenty-five dollars
19 (\$25.00) plus the following court costs: the General Court of Justice fee provided for in G.S.
20 7A-304(a)(4), the telephone facilities fee provided for in G.S. 7A-304(a)(2a), and the law
21 enforcement training and certification fee provided for in G.S. 7A-304(a)(3b). Conviction of an
22 infraction under this section has no other consequence.

23 (d) No drivers license points or insurance surcharge shall be assessed on account of
24 violation of this section."

25 **SECTION 15.20.(l)** Subsections (a), (j), and (k) of this section become effective
26 July 1, 2009, and apply to all costs assessed or collected on or after that date, except that in
27 misdemeanor or infraction cases disposed of on or after that date by written appearance, waiver
28 of trial or hearing, and plea of guilt or admission of responsibility pursuant to G.S. 7A-180(4)
29 or G.S. 7A-273(2), in which the citation or other criminal process was issued before that date,
30 the cost shall be the lesser of those specified in G.S. 7A-304(a), as amended by subsection (a)
31 of this section, or those specified in the notice portion of the defendant's or respondent's copy of
32 the citation or other criminal process, if any costs are specified in that notice.

33 Subsection (b) of this section becomes effective July 1, 2010, and applies to all costs
34 assessed or collected on or after that date, except that in misdemeanor or infraction cases
35 disposed of on or after that date by written appearance, waiver of trial or hearing, and plea of
36 guilt or admission of responsibility pursuant to G.S. 7A-180(4) or G.S. 7A-273(2), in which the
37 citation or other criminal process was issued before that date, the cost shall be the lesser of
38 those specified in G.S. 7A-304(a), as amended by subsection (b) of this section, or those
39 specified in the notice portion of the defendant's or respondent's copy of the citation or other
40 criminal process, if any costs are specified in that notice.

41 Subsections (e), (g), and (i) of this section become effective July 1, 2010, and apply
42 to fees assessed or collected on or after that date. The remainder of this section becomes
43 effective July 1, 2009, and applies to fees assessed or collected on or after that date.

44 **PART XVI. DEPARTMENT OF JUSTICE**

45 **PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS** 46 **PAY FOR USE OF STATE FACILITIES AND SERVICES**

47 **SECTION 16.1.** The Private Protective Services and Alarm Systems Licensing
48 Boards shall pay the appropriate State agency for the use of physical facilities and services
49 provided to those Boards by the State.
50
51

1
2 **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW**
3 **ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

4 **SECTION 16.2.(a)** Assets transferred to the Departments of Justice, Correction,
5 and Crime Control and Public Safety during the 2009-2011 fiscal biennium pursuant to
6 applicable federal law shall be credited to the budgets of the respective departments and shall
7 result in an increase of law enforcement resources for those departments. The Departments of
8 Justice, Correction, and Crime Control and Public Safety shall report to the Joint Legislative
9 Commission on Governmental Operations upon receipt of the assets and, before using the
10 assets, shall report on the intended use of the assets and the departmental priorities on which
11 the assets may be expended.

12 **SECTION 16.2.(b)** The General Assembly finds that the use of assets transferred
13 pursuant to federal law for new personnel positions, new projects, acquisition of real property,
14 repair of buildings where the repair includes structural change, and construction of or additions
15 to buildings may result in additional expenses for the State in future fiscal periods. Therefore,
16 the Department of Justice, the Department of Correction, and the Department of Crime Control
17 and Public Safety are prohibited from using these assets for such purposes without the prior
18 approval of the General Assembly.

19 **SECTION 16.2.(c)** Nothing in this section prohibits North Carolina law
20 enforcement agencies from receiving funds from the United States Department of Justice, the
21 United States Department of the Treasury, and the United States Department of Health and
22 Human Services.

23
24 **CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

25 **SECTION 16.3.** Client departments, agencies, and boards shall reimburse the
26 Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other
27 costs directly related to litigation in which the Department of Justice is representing the
28 department, agency, or board.

29
30 **NC LEGAL EDUCATION ASSISTANCE FOUNDATION REPORT ON FUNDS**
31 **DISBURSED**

32 **SECTION 16.4.** The North Carolina Legal Education Assistance Foundation shall
33 report by March 1 of each year to the Joint Legislative Commission on Governmental
34 Operations and the Chairs of the House of Representatives and Senate Appropriations
35 Subcommittees on Justice and Public Safety on the expenditure of State funds, the purpose of
36 the expenditures, the number of attorneys receiving funds, the average award amount, the
37 average student loan amount, the number of attorneys on the waiting list, and the average
38 number of years for which attorneys receive loan assistance.

39
40 **HIRING OF SWORN STAFF POSITIONS FOR THE STATE BUREAU OF**
41 **INVESTIGATION**

42 **SECTION 16.5.** The Department of Justice may hire sworn personnel to fill vacant
43 positions in the State Bureau of Investigation only in the following circumstances: (i) the
44 position's regular responsibilities involve warrant executions, property searches, criminal
45 investigations, or arrest activities that are consistent in frequency with the responsibilities of
46 other sworn agents; (ii) the position is a promotion for a sworn agent who was employed at the
47 State Bureau of Investigation prior to July 1, 2007; (iii) the position is a forensic drug chemist
48 position which requires "responding to clandestine methamphetamine laboratories" as a
49 primary duty; (iv) the position is a forensic impressions analyst position which requires
50 "responding to clandestine methamphetamine laboratories" as a primary duty; or (v) the
51 position primarily involves supervising sworn personnel.

1
2 **REDUCE DEPARTMENT SHARE OF PAYMENT FOR JUDGMENTS AGAINST**
3 **COUNTY AND CITY BOARDS OF EDUCATION**

4 **SECTION 16.6.(a)** G.S. 143-300.1(c) reads as rewritten:

5 "(c) In the event ~~that of settlement pursuant to G.S. 143-295~~ or in the event the Industrial
6 Commission awards damages against any county or city board of education under this section,
7 the Attorney General shall draw a voucher for the amount required to pay the award. The funds
8 necessary to cover ~~the first one hundred fifty thousand dollars (\$150,000) of liability per claim~~
9 the liability for claims against county and city boards of education for accidents involving
10 school buses and school transportation service vehicles shall be made available from funds
11 appropriated to the State Board of Education. ~~The balance of any liability owed shall be paid in~~
12 ~~accordance with G.S. 143-299.4. Education~~ for that purpose. On January 1 and June 1 of each
13 year, each county and city board of education shall pay the State Board of Education an amount
14 equal to fifty percent (50%) of the damages paid by the State Board of Education pursuant to
15 this subsection during the preceding six months. These receipts shall be used to offset fifty
16 percent (50%) of the costs incurred by the State Board of Education pursuant to this subsection.
17 Neither the county or city boards of education, or the county or city administrative unit shall be
18 liable for the payment of any award made pursuant to the provisions of this section in excess of
19 the amount paid upon a voucher by the Attorney General. Settlement and payment may be
20 made by the Attorney General as provided in G.S. 143-295."

21 **SECTION 16.6.(b)** G.S. 143-300.1(d) reads as rewritten:

22 "(d) Except as otherwise provided in this subsection, the Attorney General may, upon the
23 request of an employee or former employee, defend any civil action brought against the driver,
24 transportation safety assistant, or monitor of a public school bus or school transportation
25 service vehicle or school bus maintenance mechanic when the driver or mechanic is employed
26 and paid by the local school administrative unit, when the monitor is acting in accordance with
27 G.S. 115C-245(d), when the transportation safety assistant is acting in accordance with
28 G.S. 115C-245(e), or when the driver is an unpaid school bus driver trainee under the
29 supervision of an authorized employee of the Department of Transportation, Division of Motor
30 Vehicles, or an authorized employee of a county or city board of education or administrative
31 unit. The Attorney General may afford this defense through the use of a member of his staff or,
32 in his discretion, employ private counsel. The Attorney General is authorized to pay any
33 judgment rendered in the civil action not to exceed the limit provided under the Tort Claims
34 Act. The funds necessary to cover ~~the first one hundred fifty thousand dollars (\$150,000) of~~
35 ~~liability per claim~~ the liability shall be made available from funds appropriated to the State
36 Board of Education. ~~The balance of any liability owed shall be paid in accordance with~~
37 ~~G.S. 143-299.4. Education~~ for that purpose. On January 1 and June 1 of each year, each county
38 and city board of education shall pay the State Board of Education an amount equal to fifty
39 percent (50%) of the damages paid by the State Board of Education pursuant to this subsection
40 during the preceding six months. These receipts shall be used to offset fifty percent (50%) of
41 the costs incurred by the State Board of Education pursuant to this subsection. The Attorney
42 General may compromise and settle any claim covered by this section to the extent that he finds
43 the same to be valid, up to the limit provided in the Tort Claims Act, provided that the authority
44 granted in this subsection shall be limited to only those claims that would be within the
45 jurisdiction of the Industrial Commission under the Tort Claims Act.

46 The Attorney General shall refuse to provide for the defense of a civil action or proceeding
47 brought against an employee or former employee if the Attorney General determines that:

- 48 (1) The act or omission was not within the scope and course of his employment
49 as a State employee; or
50 (2) The employee or former employee acted or failed to act because of actual
51 fraud, corruption, or actual malice on his part; or

- 1 (3) Defense of the action or proceeding by the State would create a conflict of
2 interest between the State and the employee or former employee; or
3 (4) Defense of the action or proceeding would not be in the best interests of the
4 State."

5 **SECTION 16.6.(c)** This section becomes effective July 1, 2010.
6

7 **PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**
8

9 **REPORT ON THE USE OF ILLEGAL IMMIGRATION PROJECT FUNDS**

10 **SECTION 17.1.** No later than March 1, 2010, the North Carolina Sheriffs'
11 Association, Inc., shall submit a report to the Chairs of the House and Senate Appropriations
12 Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice
13 and Public Safety on the operations and effectiveness of the Illegal Immigration Project. The
14 report shall include all of the following:

- 15 (1) An overview of the program.
16 (2) The program budget.
17 (3) A summary of work done with funds received, which shall include the
18 following information:
19 a. The total number of law enforcement agencies that received funding
20 from the program for officer training.
21 b. The total number of officers trained.
22 c. The total number of training sessions administered.
23 d. Copies of educational/informational materials distributed.
24 (4) Recommendations on ways that federal, State, and local resources can be
25 used to further improve the effectiveness of the Illegal Immigration Project
26 and other immigration enforcement initiatives.
27

28 **ABOLISH BUTNER PUBLIC SAFETY DIVISION**

29 **SECTION 17.2.(a)** G.S. 122C-408 is repealed.

30 **SECTION 17.2.(b)** Beginning on the effective date of this act, the Town of Butner
31 shall provide fire and police protection within its incorporated limits. The service required by
32 this section shall be at least the same level of service that the Town of Butner was previously
33 provided pursuant to contract with the Department of Crime Control and Public Safety.

34 **SECTION 17.2.(c)** The Charter of the Town of Butner, as enacted by Section 1 of
35 S.L. 2007-269, is amended by adding a new Article to read:

36 "ARTICLE IX. POLICE DEPARTMENT.

37 "Section 9.1. **Appointment; Powers; and Duties of Chief of Police and Police Officers.**

38 (a) Chief. The Mayor shall appoint the Chief of Police. The Chief of Police shall have
39 immediate direction and control of the Police Department, subject to the supervision of the
40 Mayor, and to such rules, regulations, and orders as the Mayor may prescribe.

41 (b) General Powers. The Chief of Police and each member of the police force shall
42 have, for the purpose of enforcing Town ordinances and regulations, or preserving the peace of
43 the Town, and of suppressing disturbances, and apprehending offenders, the powers of peace
44 officers vested in sheriffs and constables.

45 (c) Public Peace. The Chief of Police and other police officers of the Town shall have
46 the power, and it shall be their duty, to suppress all breaches of the public peace, and all
47 disturbances of the quiet and good order of the Town, and they may, with or without warrant,
48 arrest, anywhere within the corporate limits of the Town, or within one mile thereof, any person
49 charged with the violation of any ordinance of the Town, or with any other offense whatsoever
50 against the public peace, and the quiet and good order of the community.

1 (d) Other Duties. In addition to the foregoing, the Chief of Police and other police
2 officers shall perform such other duties as may from time to time be prescribed by the Mayor
3 not inconsistent with the Constitution and laws of the State of North Carolina and the
4 provisions of this Charter.

5 "Section 9.2. **Police Emergency Lines.** The Chief of Police or other police officer in
6 charge at the scene of a parade, accident, disturbance, crime scene, natural or artificial disaster,
7 or emergency, or any large gathering of people shall have authority to provide barricades,
8 ropes, signs, or other means of restraint, and it shall be unlawful for any person other than a law
9 enforcement officer, firefighter, or other person having official business at the scene to cross
10 such a line without express permission of the police officer at the scene."

11 **SECTION 17.2.(d)** The Charter of the Town of Butner, as enacted by Section 1 of
12 S.L. 2007-269, is amended by adding a new Article to read:

13 "ARTICLE X. FIRE DEPARTMENT.

14 "Section 10.1. **Appointment; Powers; and Duties of Fire Chief.**

15 (a) Appointment; General Authority. The Mayor shall appoint a Fire Chief. The Fire
16 Chief shall have immediate direction and control of the Fire Department, subject to the
17 supervision of the Mayor and to such rules, regulations, and orders as the Mayor may prescribe.

18 (b) Destroying Property at Fires. The Fire Chief, and in the Fire Chief's absence, any
19 assistant, may order the blowing up, tearing down, or other destruction of any building when it
20 is deemed necessary to stop the progress of a fire. No person shall be held liable, civilly or
21 criminally, for acting in obedience to their orders, nor shall the Fire Chief or any assistant, the
22 Town, the Mayor, or the Town Council be held liable, civilly or criminally, for the giving of
23 such orders or for damages to property ordered destroyed.

24 (c) Fire, etc., Emergency Lines. The Chief of Police or other police officer, or the Fire
25 Chief or any assistant, in charge at the scene of a fire, accident, disturbance, natural or artificial
26 disaster or emergency, or any large gathering of people shall have authority to provide
27 barricades, ropes, signs, or other means of restraint, and it shall be unlawful for any person
28 other than a law enforcement officer, firefighter, or other person having official business at the
29 scene to cross such a line without express permission of the person in charge at the scene.

30 (d) Other Duties. The Fire Chief and other firefighters shall perform such other duties in
31 addition to those provided in this Charter as may be prescribed by law or Town ordinances, or
32 that may from time to time be prescribed by the Mayor."

33 **SECTION 17.2.(e)** G.S. 122C-414 is repealed.

34 **SECTION 17.2.(f)** G.S. 143-341(8)i.3. reads as rewritten:

35 "3. To require on a schedule determined by the Department all
36 State agencies to transfer ownership, custody or control of
37 any or all passenger motor vehicles within the ownership,
38 custody or control of that agency to the Department, except
39 those motor vehicles under the ownership, custody or control
40 of the Highway Patrol or the State Bureau of Investigation
41 which are used primarily for law-enforcement purposes, and
42 ~~except those motor vehicles under the ownership, custody or~~
43 ~~control of the Department of Crime Control and Public Safety~~
44 ~~for Butner Public Safety which are used primarily for~~
45 ~~law-enforcement, fire, or emergency purposes."~~

46 **SECTION 17.2.(g)** G.S. 160A-288(d)(4) is repealed.

47 **SECTION 17.2.(h)** G.S. 160A-288.2(d)(3) is repealed.

48 **SECTION 17.2.(i)** Subsections 1(a) and 1(b) of Chapter 830 of the 1983 Session
49 Laws, as amended by Section 43.3 of S.L. 2005-276 and Section 14 of S.L. 2007-269, are
50 repealed.

1 **SECTION 17.2.(j)** Subsection (i) of this section shall have no effect upon the
2 validity of any liens of the State, Durham County, Granville County, or the Butner Police and
3 Fire Protection District for ad valorem taxes outstanding before the effective date of subsection
4 (i) of this section. Such liens may be collected or foreclosed upon after the effective date of
5 subsection (i) of this section as though the property were still within the corporate limits of the
6 District.

7
8 **TRANSFER OF STATE CAPITOL POLICE TO THE DEPARTMENT OF CRIME**
9 **CONTROL AND PUBLIC SAFETY**

10 **SECTION 17.3.(a)** The State Capitol Police is hereby transferred by a Type I
11 transfer, as defined in G.S. 143A-6, from the Department of Administration to the Department
12 of Crime Control and Public Safety.

13 **SECTION 17.3.(b)** G.S. 143-340(21) and (22) are repealed.

14 **SECTION 17.3.(c)** G.S. 143-341.1 is repealed.

15 **SECTION 17.3.(d)** G.S. 143B-475(a) reads as rewritten:

16 "(a) All functions, powers, duties and obligations heretofore vested in the following
17 subunits of the following departments are hereby transferred to and vested in the Department of
18 Crime Control and Public Safety:

- 19 (1) The National Guard, Department of Military and Veterans ~~Affairs;~~Affairs.
- 20 (2) Civil Preparedness, Department of Military and Veterans ~~Affairs;~~Affairs.
- 21 (3) State Civil Air Patrol, Department of Military and Veterans ~~Affairs;~~Affairs.
- 22 (4) State Highway Patrol, Department of ~~Transportation;~~Transportation.
- 23 (5) State Board of Alcoholic Control Enforcement Division, Department of
24 ~~Commercee;~~Commerce.
- 25 (6) Governor's Crime Commission, Department of Natural and Economic
26 ~~Resources;~~Resources.
- 27 (7) Crime Control Division, Department of Natural and Economic
28 ~~Resources;~~Resources.
- 29 (8) Criminal Justice Information System Board, Department of Natural and
30 Economic ~~Resources;~~ and Resources.
- 31 (9) Criminal Justice Information System Security and Privacy Board,
32 Department of Natural and Economic Resources.
- 33 (10) The Commercial Vehicle, Oversize/Overweight, Motor Carrier Safety
34 Regulation and Mobile Home and Manufactured Housing regulatory and
35 enforcement functions of the Department of Transportation, Division of
36 Motor Vehicles Enforcement Section.
- 37 (11) State Capitol Police, Department of Administration."

38 **SECTION 17.3.(e)** G.S. 143B-476(a) reads as rewritten:

39 "(a) The head of the Department of Crime Control and Public Safety is the Secretary of
40 Crime Control and Public Safety, who shall be known as the Secretary. The Secretary shall
41 have such powers and duties as are conferred on him by this Chapter, delegated to him by the
42 Governor, and conferred on him by the Constitution and laws of this State. These powers and
43 duties include:

- 44 (1) Accepting gifts, bequests, devises, grants, matching funds and other
45 considerations from private or governmental sources for use in promoting
46 the work of the Governor's Crime ~~Commission;~~Commission.
- 47 (2) Making grants for use in pursuing the objectives of the Governor's Crime
48 ~~Commission;~~Commission.
- 49 (3) Adopting rules as may be required by the federal government for federal
50 grants-in-aid for criminal justice purposes and to implement and carry out
51 the regulatory and enforcement duties assigned to the Department of Crime

1 Control and Public Safety as provided by the various commercial vehicle,
 2 oversize/overweight, motor carrier safety, motor fuel, and mobile and
 3 manufactured home statutes.

4 (4) Ascertaining the State's duties concerning grants to the State by the Law
 5 Enforcement Assistance Administration of the United States Department of
 6 Justice, and developing and administering a plan to ensure that the State
 7 fulfills its ~~duties; and~~ duties.

8 (5) Administering the Assistance Program for Victims of Rape and Sex
 9 Offenses.

10 (6) Appointing, with the Governor's approval, a special police officer to serve as
 11 Director of the State Capitol Police Division."

12 **SECTION 17.3.(f)** Chapter 143B of the General Statutes is amended by adding a
 13 new Part to read:

14 "Part 7. State Capitol Police Division.

15 **"§ 143B-508. State Capitol Police Division – powers and duties.**

16 (a) Division Established. – There is hereby established, within the Department of Crime
 17 Control and Public Safety, the State Capitol Police Division, which shall be organized and
 18 staffed in accordance with applicable laws and regulations and within the limits of authorized
 19 appropriations.

20 (b) Purpose. – The State Capitol Police Division shall serve as a special police agency
 21 of the Department of Crime Control and Public Safety. The Director of the State Capitol Police,
 22 appointed by the Secretary pursuant to G.S. 143B-476(6), with the approval of the Governor,
 23 may appoint as special police officers such reliable persons as he may deem necessary.

24 (c) Appointment of Officers. – Special police officers appointed pursuant to this section
 25 may not exercise the power of arrest until they shall take an oath, to be administered by any
 26 person authorized to administer oaths, as required by law.

27 (d) Jurisdiction of Officers. – Each special police officer of the State Capitol Police
 28 shall have the same power of arrest as the police officers of the City of Raleigh. Such authority
 29 may be exercised within the same territorial jurisdiction as exercised by the police officers of
 30 the City of Raleigh, and in addition thereto the authority of a deputy sheriff may be exercised
 31 on property owned, leased, or maintained by the State located in the County of Wake.

32 (f) Public Safety. – The Director of the State Capitol Police, or the Director's designee,
 33 shall exercise at all times those means that, in the opinion of the Director or the designee, may
 34 be effective in protecting all State buildings and grounds, except for the State legislative
 35 buildings and grounds as defined in G.S. 120-32.1(d), and the persons within those buildings
 36 and grounds from fire, bombs, bomb threats, or any other emergency or potentially hazardous
 37 conditions, including both the ordering and control of the evacuation of those buildings and
 38 grounds. The Director, or the Director's designee, may employ the assistance of other available
 39 law enforcement agencies and emergency agencies to aid and assist in evacuations of those
 40 buildings and grounds."

41 **STUDY CONSOLIDATION OF LAW ENFORCEMENT AGENCIES**

42 **SECTION 17.4.** The Office of State Budget and Management shall study the
 43 feasibility of consolidating the law enforcement agencies in the executive branch of State
 44 government for the purpose of coordinating the activities of these agencies, and reducing
 45 duplication and overlapping of law enforcement responsibilities, training, and technical
 46 assistance among State law enforcement agencies. The Office of State Budget and
 47 Management shall report its findings and recommendations by February 1, 2010, to the Joint
 48 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

49 **LAW ENFORCEMENT SUPPORT SERVICES FEES**

1 **SECTION 17.5.** Article 11 of Chapter 143B of the General Statutes is amended by
2 adding a new section to read:

3 "**§ 143B-475.2. Fees for services.**

4 A fee in the amount set by the Department is imposed on the entities listed in this section.
5 The fees are departmental receipts and are applied to the Department's costs in providing
6 services to these entities. The fees apply to the following:

- 7 (1) A local law enforcement agency that receives equipment from the
8 Department, whether by transfer, loan, or procurement under an agreement
9 with the United States Department of Defense.
10 (2) A person for whom the Department stores evidence."

11
12 **INCREASE CHARITABLE BINGO LICENSING FEE**

13 **SECTION 17.6.** G.S. 14-309.7(a) reads as rewritten:

14 "(a) An exempt organization may not operate a bingo game at a location without a
15 license. Application for a bingo license shall be made to the Department of Crime Control and
16 Public Safety on a form prescribed by the Department. The Department shall charge an annual
17 application fee of ~~one hundred dollars (\$100.00)~~ two hundred dollars (\$200.00) to defray the
18 cost of issuing bingo licenses and handling bingo audit reports. The fees collected shall be
19 deposited in the General Fund of the State. This license shall expire one year after the granting
20 of the license. This license may be renewed yearly, if the applicant pays the application fee and
21 files an audit with the Department pursuant to G.S. 14-309.11. A copy of the application and
22 license shall be furnished to the local law-enforcement agency in the county or municipality in
23 which the licensee intends to operate before bingo is conducted by the licensee."
24

25 **INCREASE FEES FOR LICENSING BOXERS AND FOR TICKETS SOLD AT**
26 **BOXING EVENTS**

27 **SECTION 17.7.(a)** G.S. 143-655(a) reads as rewritten:

28 "(a) License Fees. – The Division shall collect the following license fees:

29 Announcer	\$75.00
30 Contestant	\$37.50 <u>\$50.00</u>
31 Judge	\$75.00
32 Manager	\$150.00
33 Matchmaker	\$300.00
34 Promoter	\$450.00
35 Referee	\$75.00
36 Timekeeper	\$75.00
37 Second	\$37.50 <u>\$50.00."</u>

38 **SECTION 17.7.(b)** G.S. 143-655(b1) reads as rewritten:

39 "(b1) Admission Fees. – The Division shall collect a fee in the amount of ~~one dollar and~~
40 ~~fifty cents (\$1.50)~~ two dollars (\$2.00) per each ticket sold to attend events regulated in this
41 Article."
42

43 **PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**
44 **PREVENTION**

45
46 **ANNUAL EVALUATION OF COMMUNITY PROGRAMS**

47 **SECTION 18.1.** The Department of Juvenile Justice and Delinquency Prevention
48 shall conduct an evaluation of the Eckerd and Camp Woodson wilderness camp programs and
49 of multipurpose group homes.

50 In conducting the evaluation of each of these programs, the Department shall
51 consider whether participation in each program results in a reduction of court involvement

1 among juveniles. The Department also shall identify whether the programs are achieving the
2 goals and objectives of the Juvenile Justice Reform Act, S.L. 1998-202. The Department shall
3 report the results of the evaluation to the Joint Legislative Corrections, Crime Control, and
4 Juvenile Justice Oversight Committee, the chairs of the Senate and House of Representatives
5 Appropriations Committees and the chairs of the Subcommittees on Justice and Public Safety
6 of the Senate and House of Representatives Appropriations Committees by March 1 of each
7 year.

8 9 **REPORTS ON CERTAIN PROGRAMS**

10 **SECTION 18.2.(a)** Project Challenge North Carolina, Inc., shall report to the
11 Department of Juvenile Justice and Delinquency Prevention and the Chairs of the Senate and
12 House of Representatives Appropriations Subcommittees on Justice and Public Safety by April
13 1 each year on the operation and the effectiveness of its program in providing alternative
14 dispositions and services to juveniles who have been adjudicated delinquent or undisciplined.
15 The report shall include information on:

- 16 (1) The source of referrals for juveniles.
- 17 (2) The types of offenses committed by juveniles participating in the program.
- 18 (3) The amount of time those juveniles spend in the program.
- 19 (4) The number of juveniles who successfully complete the program.
- 20 (5) The number of juveniles who commit additional offenses after completing
21 the program.
- 22 (6) The program's budget and expenditures, including all funding sources.

23 **SECTION 18.2.(b)** The Juvenile Assessment Center shall report to the Chairs of
24 the Senate and House of Representatives Appropriations Subcommittees on Justice and Public
25 Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
26 Committee on the effectiveness of the Center by April 1 each year. The report shall include
27 information on the number of juveniles served and an evaluation of the effectiveness of
28 juvenile assessment plans and services provided as a result of these plans. In addition, the
29 report shall include information on the Center's budget and expenditures, including all funding
30 sources.

31 32 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

33 **SECTION 18.3.** Funds appropriated in this act to the Department of Juvenile
34 Justice and Delinquency Prevention for the 2009-2010 fiscal year may be used as matching
35 funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives
36 Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office
37 of State Budget and Management and the Governor's Crime Commission shall consult with the
38 Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding
39 federal funds. The Office of State Budget and Management, the Governor's Crime
40 Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report
41 to the Appropriations Committees of the Senate and House of Representatives and the Joint
42 Legislative Commission on Governmental Operations prior to allocation of the federal funds.
43 The report shall identify the amount of funds to be received for the 2009-2010 fiscal year, the
44 amount of funds anticipated for the 2009-2010 fiscal year, and the allocation of funds by
45 program and purpose.

46 47 **TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT CENTERS**

48 **SECTION 18.4.** The Department shall implement the staffing treatment model
49 presented to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
50 Committee as part of the Department's November 14, 2006, report regarding the joint use with
51 the Department of Correction of the Swannanoa Youth Development Center campus.

1 The staffing levels of the new youth development centers shall be capped at 66 staff
2 for a 32-bed facility and 198 staff for the 96-bed facility for the 2009-2011 fiscal biennium.
3 Staffing ratios shall be no more than 2.1 staff per every juvenile committed at every other
4 existing youth development center.

5
6 **ESTABLISHMENT OF A GANG PREVENTION AND INTERVENTION PILOT**
7 **PROGRAM**

8 **SECTION 18.5.(a)** As part of the Governor's Comprehensive Gang Initiative, the
9 Department of Juvenile Justice and Delinquency Prevention shall establish a two-year Gang
10 Prevention and Intervention Pilot Program that will focus on youth at risk for gang involvement
11 and those who are already associated with gangs and gang activity. The Department of
12 Juvenile Justice and Delinquency Prevention shall:

- 13 (1) Ensure that measurable performance indicators and systems are put in place
14 to evaluate the effectiveness of the pilot program, and
- 15 (2) Conduct both process- and outcome-focused evaluations of the pilot
16 program to determine community and institutional impacts of the pilot
17 program pertaining to gang behavior, desistance, and activities. These
18 evaluations may consider the degree of successful implementation of the
19 program and measurable changes in gang-related and gang-affiliated
20 behaviors noted in institutional, court system, communities, and related
21 programs.

22 **SECTION 18.5.(b)** The Department of Juvenile
23 Justice and Delinquency Prevention shall report to the Chairs of the Senate and
24 House of Representatives Appropriations Subcommittees on Justice and Public Safety and the
25 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the
26 implementation and continuing operation of the pilot program by April 1 each year. The report
27 shall include information on the number of juveniles served and an evaluation of the
28 effectiveness of the pilot program. In addition, the report shall include the information set out
29 in subsection (a) of this section.

30
31 **ELIMINATE SUPPORT OUR STUDENTS PROGRAM**

32 **SECTION 18.6.** Part 5A of Article 3 of Chapter 143B of the General Statutes is
33 repealed.

34
35 **JUVENILE CRIME PREVENTION COUNCIL (JCPC) GRANT REPORTING AND**
36 **CERTIFICATION**

37 **SECTION 18.7.** On or before October 1 of each year, the Department of Juvenile
38 Justice and Delinquency Prevention shall submit to the Joint Legislative Commission on
39 Governmental Operations and the Appropriations Committees of the Senate and House of
40 Representatives a list of the recipients of the grants awarded, or preapproved for award, from
41 funds appropriated to the Department for local Juvenile Crime Prevention Council grants,
42 including:

- 43 (1) The amount of the grant awarded.
- 44 (2) The membership of the local committee or council administering the award
45 funds on the local level.
- 46 (3) The type of program funded.
- 47 (4) A short description of the local services, programs, or projects that will
48 receive funds.
- 49 (5) Identification of any programs that received grant funds at one time but for
50 which funding has been eliminated by the Department.

- 1 (6) The number of at-risk, diverted, and adjudicated juveniles served by each
2 county.
- 3 (7) The Department's actions to ensure that county JCPCs prioritize funding for
4 dispositions of intermediate and community-level sanctions for
5 court-adjudicated juveniles under minimum standards adopted by the
6 Department.
- 7 (8) The total cost for each funded program, including the cost per juvenile and
8 the essential elements of the program.

9 A written copy of the list and other information regarding the projects shall also be
10 sent to the Fiscal Research Division of the General Assembly.

11 12 **PART XIX. DEPARTMENT OF CORRECTION**

13 14 **INMATE ROAD SQUADS AND LITTER CREWS**

15 **SECTION 19.1.** Of the funds appropriated to the Department of Transportation in
16 this act, the sum of eleven million three hundred thousand dollars (\$11,300,000) per year shall
17 be transferred by the Department to the Department of Correction during the 2009-2010 and
18 2010-2011 fiscal years for the cost of operating medium custody inmate road squads, as
19 authorized by G.S. 148-26.5, and minimum custody inmate litter crews. This transfer shall be
20 made quarterly in the amount of two million eight hundred twenty-five thousand dollars
21 (\$2,825,000). The Department of Transportation may use funds appropriated in this act to pay
22 an additional amount exceeding the eleven million three hundred thousand dollars
23 (\$11,300,000), but those payments shall be subject to negotiations among the Department of
24 Transportation, the Department of Correction, and the Office of State Budget and Management
25 prior to payment by the Department of Transportation.

26 The Office of State Budget and Management shall conduct a study, in consultation
27 with the Department of Correction and the Department of Transportation, to determine the
28 actual cost and cost/benefit of operating medium custody road squads and minimum custody
29 litter crews. The Office of State Budget and Management shall report the results of this study to
30 the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee
31 and to the Joint Legislative Transportation Oversight Committee by March 1, 2010. The study
32 shall include a recommendation on whether or not the amount transferred from the Department
33 of Transportation to the Department of Correction for this work is adequate.

34 35 **FEDERAL GRANT REPORTING**

36 **SECTION 19.2.** The Department of Correction, the Department of Justice, the
37 Department of Crime Control and Public Safety, the Judicial Department, and the Department
38 of Juvenile Justice and Delinquency Prevention shall report by May 1 of each year to the Joint
39 Legislative Commission on Governmental Operations, the Chairs of the House of
40 Representatives and Senate Appropriations Committees, and the Chairs of the House of
41 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on
42 federal grant funds received or preapproved for receipt by those departments. The report shall
43 include information on the amount of grant funds received or preapproved for receipt by each
44 department, the use of the funds, the State match expended to receive the funds, and the period
45 to be covered by each grant. If the department intends to continue the program beyond the end
46 of the grant period, the department shall report on the proposed method for continuing the
47 funding of the program at the end of the grant period. Each department shall also report on any
48 information it may have indicating that the State will be requested to provide future funding for
49 a program presently supported by a local grant.

1 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**
2 **COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES**
3 **AWAITING TRANSFER TO STATE PRISON SYSTEM**

4 **SECTION 19.3.** Notwithstanding G.S. 143C-6-9, the Department of Correction
5 may use funds available to the Department for the 2009-2011 biennium to pay the sum of forty
6 dollars (\$40.00) per day as reimbursement to counties for the cost of housing convicted
7 inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as
8 provided in G.S. 148-29. The Department shall report quarterly to the Joint Legislative
9 Commission on Governmental Operations, the Joint Legislative Corrections, Crime Control,
10 and Juvenile Justice Oversight Committee, the Chairs of the House of Representatives and
11 Senate Appropriations Committees, and the Chairs of the House of Representatives and Senate
12 Appropriations Subcommittees on Justice and Public Safety on the expenditure of funds to
13 reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail
14 backlog.

15
16 **USE OF CLOSED PRISON FACILITIES**

17 **SECTION 19.4.(a)** In conjunction with the closing of prison facilities, including
18 small expensive prison units recommended for consolidation by the Government Performance
19 Audit Committee, the Department of Correction shall consult with the county or municipality
20 in which the unit is located, with the elected State and local officials, and with State and federal
21 agencies about the possibility of converting that unit to other use. The Department may also
22 consult with any private for-profit or nonprofit firm about the possibility of converting the unit
23 to other use. In developing a proposal for future use of each unit, the Department shall give
24 priority to converting the unit to other criminal justice use. Consistent with existing law and the
25 future needs of the Department of Correction, the State may provide for the transfer or the lease
26 of any of these units to counties, municipalities, State agencies, or private firms wishing to
27 convert them to other use. The Department of Correction may also consider converting some of
28 the units recommended for closing from one security custody level to another, where that
29 conversion would be cost-effective. A prison unit under lease to a county pursuant to the
30 provisions of this section for use as a jail is exempt for the period of the lease from any of the
31 minimum standards adopted by the Secretary of Health and Human Services pursuant to
32 G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater
33 standards than those required of a unit of the State prison system.

34 Prior to any transfer or lease of these units, the Department of Correction shall
35 report on the terms of the proposed transfer or lease to the Joint Legislative Commission on
36 Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile
37 Justice Oversight Committee. The Department of Correction also shall provide annual
38 summary reports to the Joint Legislative Commission on Governmental Operations and the
39 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the
40 conversion of these units to other use and on all leases or transfers entered into pursuant to this
41 section.

42 **SECTION 19.4.(b)** The Department of Correction shall study the feasibility of
43 establishing probation revocation centers at closed prison facilities. The Department shall
44 consult with counties to explore cost-sharing of these facilities. The Department shall report its
45 findings to the Chairs of the Appropriations Subcommittees on Justice and Public Safety by
46 February 1, 2010.

47
48 **LIMIT USE OF OPERATIONAL FUNDS**

49 **SECTION 19.5.** Funds appropriated in this act to the Department of Correction for
50 operational costs for additional facilities shall be used for personnel and operating expenses set
51 forth in the budget approved by the General Assembly in this act. These funds shall not be

1 expended for any other purpose, except as provided for in this act, and shall not be expended
2 for additional prison personnel positions until the new facilities are within 120 days of
3 projected completion, except that the Department may establish critical positions prior to 120
4 days of completion representing no more than twenty percent (20%) of the total estimated
5 number of positions.

6 7 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

8 **SECTION 19.6.** The Department of Correction may continue to contract with The
9 Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison
10 beds for minimum security female inmates during the 2009-2011 biennium. The Center for
11 Community Transitions, Inc., shall report by February 1 of each year to the Joint Legislative
12 Commission on Governmental Operations on the annual cost per inmate and the average daily
13 inmate population compared to bed capacity using the same methodology as that used by the
14 Department of Correction.

15 16 **INMATE MEDICAL COSTS**

17 **SECTION 19.7.** Notwithstanding the provisions of G.S. 143C-6-9, the Department
18 of Correction may use funds available during the 2009-2011 biennium for the inmate medical
19 program if expenditures are projected to exceed the Department's inmate medical continuation
20 budget. The Department shall consult with the Joint Legislative Commission on Governmental
21 Operations prior to exceeding the continuation budget amount.

22 23 **PAROLE ELIGIBILITY REPORT/MUTUAL AGREEMENT PAROLE** 24 **PROGRAM/MEDICAL RELEASE PROGRAM**

25 **SECTION 19.8.(a)** The Post-Release Supervision and Parole Commission shall,
26 with the assistance of the North Carolina Sentencing and Policy Advisory Commission and the
27 Department of Correction, analyze the amount of time each inmate who is eligible for parole on
28 or before July 1, 2010, has served compared to the time served by offenders under Structured
29 Sentencing for comparable crimes. The Commission shall determine if the person has served
30 more time in custody than the person would have served if sentenced to the maximum sentence
31 under the provisions of Article 81B of Chapter 15A of the General Statutes. The "maximum
32 sentence," for the purposes of this section, shall be calculated as set forth in subsection (b) of
33 this section.

34 **SECTION 19.8.(b)** For the purposes of this section, the following rules apply for
35 the calculation of the maximum sentence:

- 36 (1) The offense upon which the person was convicted shall be classified as the
37 same felony class as the offense would have been classified if committed
38 after the effective date of Article 81B of Chapter 15A of the General
39 Statutes.
- 40 (2) The minimum sentence shall be the maximum number of months in the
41 presumptive range of minimum durations in Prior Record Level VI of
42 G.S. 15A-1340.17(c) for the felony class determined under subdivision (1)
43 of this subsection. The maximum sentence shall be calculated using
44 G.S. 15A-1340.17(d), (e), or (e1).
- 45 (3) If a person is serving sentences for two or more offenses that are concurrent
46 in any respect, then the offense with the greater classification shall be used
47 to determine a single maximum sentence for the concurrent offenses. The
48 fact that the person has been convicted of multiple offenses may be
49 considered by the Commission in making its determinations under
50 subsection (a) of this section.

1 **SECTION 19.8.(c)** The Post-Release Supervision and Parole Commission shall
2 report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
3 Committee and to the Chairs of the House of Representatives and Senate Appropriations
4 Committees, and the Chairs of the House of Representatives and Senate Appropriations
5 Subcommittees on Justice and Public Safety by April 1, 2010. The report shall include the
6 following: the class of the offense for which each parole-eligible inmate was convicted and
7 whether an inmate had multiple criminal convictions. The Commission shall reinstate the
8 parole review process for each offender who has served more time than that person would have
9 under Structured Sentencing as provided by subsections (a) and (b) of this section.

10 The Commission shall also report on the number of parole-eligible inmates
11 reconsidered in compliance with this section and the number who were actually paroled.

12 **SECTION 19.8.(d)** The Department of Correction and the Post-Release
13 Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the
14 House of Representatives and Senate Appropriations Subcommittees on Justice and Public
15 Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
16 Committee on the number of inmates enrolled in the mutual agreement parole program, the
17 number completing the program and being paroled, and the number who enrolled but were
18 terminated from the program. The information should be based on the previous calendar year.

19 **SECTION 19.8.(e)** The Department of Correction and the Post-Release
20 Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the
21 House of Representatives and Senate Appropriations Subcommittees on Justice and Public
22 Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
23 Committee on the number of inmates proposed for release, considered for release, and granted
24 release under Chapter 84B of Chapter 15A of the General Statutes, providing for the medical
25 release of inmates who are either permanently and totally disabled, terminally ill, or geriatric.

26 **FEDERAL GRANT MATCHING FUNDS**

27 **SECTION 19.9.** Notwithstanding the provisions of G.S. 143C-6-9, the Department
28 of Correction may use up to the sum of one million two hundred thousand dollars (\$1,200,000)
29 during the 2009-2010 fiscal year from funds available to the Department to provide the State
30 match needed in order to receive federal grant funds. Prior to using funds for this purpose, the
31 Department shall report to the Chairs of the House of Representatives and Senate
32 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
33 Commission on Governmental Operations on the grants to be matched using these funds.

34 **REPORTS ON NONPROFIT PROGRAMS**

35 **SECTION 19.10.(a)** Funds appropriated in this act to the Department of Correction
36 to support the programs of Harriet's House may be used for program operating costs, the
37 purchase of equipment, and the rental of real property to serve women released from prison
38 with children in their custody. Harriet's House shall report by February 1 of each year to the
39 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and
40 the Chairs of the House of Representatives and Senate Appropriations Subcommittees on
41 Justice and Public Safety on the expenditure of State appropriations and on the effectiveness of
42 the program, including information on the number of clients served, the number of clients who
43 successfully complete the Harriet's House program, and the number of clients who have been
44 rearrested within three years of successfully completing the program. The report shall provide
45 financial and program data for the complete fiscal year prior to the year in which the report is
46 submitted. The financial report shall identify all funding sources and amounts.

47 **SECTION 19.10.(b)** Summit House shall report by February 1 of each year to the
48 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and
49 the Chairs of the House of Representatives and Senate Appropriations Subcommittees on
50
51

1 Justice and Public Safety on the expenditure of State appropriations and on the effectiveness of
2 the program, including information on the number of clients served, the number of clients who
3 have had their probation revoked, the number of clients who successfully complete the program
4 while housed at Summit House, Inc., and the number of clients who have been rearrested
5 within three years of successfully completing the program. The report shall provide financial
6 and program data for the complete fiscal year prior to the year in which the report is submitted.
7 The financial report shall identify all funding sources and amounts.

8 **SECTION 19.10.(c)** Women at Risk shall report by February 1 of each year to the
9 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and
10 the Chairs of the House of Representatives and Senate Appropriations Subcommittees on
11 Justice and Public Safety on the expenditure of State funds and on the effectiveness of the
12 program, including information on the number of clients served, the number of clients who
13 have had their probation revoked, the number of clients who have successfully completed the
14 program, and the number of clients who have been rearrested within three years of successfully
15 completing the program. The report shall provide financial and program data for the complete
16 fiscal year prior to the year in which the report is submitted. The financial report shall identify
17 all funding sources and amounts.

18 **SECTION 19.10.(d)** Our Children's Place shall report by February 1 of each year
19 to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee
20 and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on
21 Justice and Public Safety on the status of the planning, design, and construction of Our
22 Children's Place, the proposed program components and evaluation measures, and on the
23 projected number of inmates and their children to be served. The report shall also provide
24 financial data, including the expenditure of State funds and all funding sources and amounts.
25

26 **CRIMINAL JUSTICE PARTNERSHIP**

27 **SECTION 19.11.(a)** G.S. 143B-273.4 reads as rewritten:

28 **"§ 143B-273.4. Eligible population.**

29 (a) An eligible offender is an adult offender who ~~was convicted of a misdemeanor or a~~
30 ~~felony offense~~ either is in confinement awaiting trial or was convicted of a misdemeanor or a
31 felony offense and received a nonincarcerative sentence of an intermediate punishment or is
32 serving a term of parole or post-release supervision after serving an active sentence of
33 imprisonment.

34 (b) The priority populations for programs funded under this Article shall ~~be offenders~~
35 be:

36 (1) Offenders sentenced to intermediate ~~punishments.~~ punishments; and

37 (2) Offenders who are appropriate for release from jail prior to trial under the
38 supervision of a pretrial monitoring program."

39 **SECTION 19.11.(b)** Notwithstanding any other provision of law, a county may
40 use funds appropriated pursuant to the Criminal Justice Partnership Act, Article 6A of Chapter
41 143B of the General Statutes, to provide more than one community-based corrections program.

42 **SECTION 19.11.(c)** Effective July 1, 2009, the Department of Correction shall
43 recalculate the county allocation funding formula mandated under G.S. 143B-273.15 using
44 updated data.

45 **SECTION 19.11.(d)** Notwithstanding the provisions of G.S. 143B-273.15
46 specifying that grants to participating counties are for the full fiscal year and that unobligated
47 funds are returned to the State-County Criminal Justice Partnership Account at the end of the
48 grant period, the Department of Correction may reallocate unspent or unclaimed funds
49 distributed to counties participating in the State-County Criminal Justice Partnership Program
50 in an effort to maintain the level of services realized in previous fiscal years.

1 **SECTION 19.11.(e)** The Department of Correction may not deny funds to a county
2 to support both a residential program and a day reporting center if the Department of
3 Correction determines that the county has a demonstrated need and a fully developed plan for
4 each type of sanction.

5 **SECTION 19.11.(f)** The Department of Correction shall report by March 1 of each
6 year to the Chairs of the House of Representatives and Senate Appropriations Committees, the
7 House of Representatives and Senate Appropriations Subcommittees on Justice and Public
8 Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
9 Committee on the status of the State-County Criminal Justice Partnership Program. The report
10 shall include the following information:

- 11 (1) The amount of funds carried over from the prior fiscal year;
- 12 (2) The dollar amount and purpose of grants awarded to counties as
13 discretionary grants for the current fiscal year;
- 14 (3) Any counties the Department anticipates will submit requests for new
15 implementation grants;
- 16 (4) An update on efforts to ensure that all counties make use of the electronic
17 reporting system, including the number of counties submitting offender
18 participation data via the system;
- 19 (5) An analysis of offender participation data received, including data on each
20 program's utilization and capacity;
- 21 (6) An analysis of comparable programs prepared by the Division of Research
22 and Planning, Department of Correction, including a comparison of
23 programs in each program type on selected outcome measures developed by
24 the Division of Community Corrections in consultation with the Fiscal
25 Research Division and the Division of Research and Planning, and a
26 summary of the reports prepared by county Criminal Justice Partnerships
27 Advisory Boards;
- 28 (7) A review of whether each sentenced offender program is meeting established
29 program goals developed by the Division of Community Corrections in
30 consultation with the Division of Research and Planning and the State
31 Criminal Justice Partnership Advisory Board;
- 32 (8) The number of community offenders and intermediate offenders served by
33 each county program;
- 34 (9) The amount of Criminal Justice Partnership funds spent on community
35 offenders and intermediate offenders; and
- 36 (10) A short description of the services and programs provided by each
37 partnership, including who the service providers are and the amount of funds
38 each service provider receives.

40 **REPORT ON PROBATION AND PAROLE CASELOADS**

41 **SECTION 19.12.(a)** The Department of Correction shall report by March 1 of each
42 year to the chairs of the House of Representatives and Senate Appropriations Subcommittees
43 on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile
44 Justice Oversight Committee on caseload averages for probation and parole officers. The
45 report shall include:

- 46 (1) Data on current caseload averages and district averages for probation/parole
47 officer positions;
- 48 (2) Data on current span of control for chief probation officers;
- 49 (3) An analysis of the optimal caseloads for these officer classifications;
- 50 (4) An assessment of the role of surveillance officers;
- 51 (5) The number and role of paraprofessionals in supervising low-risk caseloads;

1 (6) An update on the Department's implementation of the recommendations
2 contained in the National Institute of Correction study conducted on the
3 Division of Community Corrections in 2004 and 2008;

4 (7) The process of assigning offenders to an appropriate supervision level based
5 on a risk assessment and an examination of other existing resources for
6 assessment and case planning, including the Sentencing Services Program in
7 the Office of Indigent Defense Services and the range of screening and
8 assessment services provided by the Division of Mental Health,
9 Developmental Disability, and Substance Abuse Services in the Department
10 of Health and Human Services; and

11 (8) Data on cases supervised solely for the collection of court-ordered payments.

12 **SECTION 19.12.(b)** The Department of Correction shall conduct a study of
13 probation/parole officer workload. The study shall include analysis of the type of offenders
14 supervised, the distribution of the probation/parole officers' time by type of activity, the
15 caseload carried by the officers, and comparisons to practices in other states. The study shall be
16 used to determine whether the caseload goals established by the Structured Sentencing Act are
17 still appropriate, based on the nature of the offenders supervised and the time required to
18 supervise those offenders.

19 **SECTION 19.12.(c)** The Department of Correction shall report the results of the
20 study and recommendations for any adjustments to caseload goals to the House of
21 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by
22 January 1, 2011.

23 **SECTION 19.12.(d)** The Department of Correction shall report by March 1 of
24 each year to the Chairs of the House and Senate Appropriations Committees, the Chairs of the
25 House of Representatives and Senate Appropriations Subcommittees on Justice and Public
26 Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
27 Committee on the following:

- 28 (1) The number of sex offenders enrolled on active and passive GPS monitoring.
29 (2) The caseloads of probation officers assigned to GPS-monitored sex
30 offenders.
31 (3) The number of violations.
32 (4) The number of absconders.
33 (5) The projected number of offenders to be enrolled by the end of the
34 2009-2010 fiscal year and the end of the 2010-2011 fiscal year.
35 (6) The total cost of the program, including a per-offender cost.
36

37 **REPORT ON INMATE WELFARE AND CORRECTION ENTERPRISES**

38 **SECTION 19.13.** The Department of Correction, in consultation with the Office of
39 State Budget and Management, shall study the feasibility of budgeting positions currently
40 funded from the Inmate Welfare Fund and the Correction Enterprise Fund from the General
41 Fund instead. The Department shall report its findings by April 1, 2010, to the chairs of the
42 House of Representatives and Senate Appropriations Subcommittees on Justice and Public
43 Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
44 Committee.
45

46 **PRE-SENTENCE INVESTIGATIONS FEASIBILITY STUDY**

47 **SECTION 19.14.** The Office of Research and Planning of the Department of
48 Correction shall conduct a feasibility study of conducting pre-sentence investigations on all
49 offenders convicted of felonies for which the sentencing judge has the option of intermediate or
50 active punishments. This feasibility study shall be conducted as a pilot implementation,

1 incorporating a variety of districts across the State reflecting both rural and urban settings, as
2 well as diversity of programming available within the district.

3 The Office of Research and Planning shall report the results of its study by May 1,
4 2010, to the Chairs of the House of Representatives and Senate Appropriations Committees, the
5 House of Representatives and Senate Appropriations Subcommittees on Justice and Public
6 Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
7 Committee.

9 **STUDY INCARCERATED MOTHERS PROGRAM**

10 **SECTION 19.15.(a)** Our Children's Place, Inc., a nonprofit corporation, shall
11 submit to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
12 Committee by October 1, 2009, a comprehensive plan for the implementation of a contractual
13 program to house incarcerated women with their children. This plan shall include criteria for
14 placement, minimum standards for custody and security, and projections of costs for
15 implementation, including presumptive funding sources and memoranda of intent from affected
16 agencies.

17 **SECTION 19.15.(b)** The Joint Legislative Corrections, Crime Control, and
18 Juvenile Justice Oversight Committee shall make recommendations to the 2010 Session of the
19 2009 General Assembly concerning the establishment of a program to house incarcerated
20 women with their children. These recommendations shall address legal issues related to the
21 custody of the children while in the program.

23 **PART XX. GENERAL GOVERNMENT**

25 **GENERAL GOVERNMENT AGENCIES REPORT ALLOCATION OF** 26 **DEPARTMENTWIDE REDUCTIONS**

27 **SECTION 20.1.** No later than September 1, 2009, the following State agencies
28 shall identify the allocation of departmentwide expenditure reductions for the 2009-2011 fiscal
29 biennium and shall report the allocation of reductions to the Joint Legislative Commission on
30 Governmental Operations, the Appropriations Subcommittees on General Government of the
31 Senate and the House of Representatives, and the Fiscal Research Division:

- 32 (1) Administration.
- 33 (2) Auditor.
- 34 (3) Cultural Resources, including the allocation of 6.4% reduction to historic
35 sites, maritime museums, and history museums.
- 36 (4) Cultural Resources – Roanoke Island Commission.
- 37 (5) General Assembly.
- 38 (6) Governor.
- 39 (7) Insurance.
- 40 (8) Lieutenant Governor.
- 41 (9) Administrative Hearings.
- 42 (10) Revenue.
- 43 (11) State Board of Elections.
- 44 (12) State Budget and Management.
- 45 (13) State Controller.
- 46 (14) Treasurer.

48 **PART XXA. DEPARTMENT OF ADMINISTRATION**

50 **NC GREEN BUSINESS FUND/FUNDS**

1 **SECTION 20A.1.** Of the funds received by the State under the American Recovery
2 and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office,
3 Department of Administration, for the 2009-2010 fiscal year, the sum of five million dollars
4 (\$5,000,000) in nonrecurring funds shall be allocated to the North Carolina Green Business
5 Fund in the Department of Commerce.

6
7 **BIOFUELS CENTER OF NORTH CAROLINA**

8 **SECTION 20A.2.** Of the funds received by the State under the American Recovery
9 and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office,
10 Department of Administration, for the 2009-2010 fiscal year, the sum of three million dollars
11 (\$3,000,000) in nonrecurring funds shall be allocated to the Biofuels Center of North Carolina.
12 These funds shall be used for costs related to implementing the North Carolina Strategic Plan
13 for Biofuels Leadership developed under S.L. 2006-206.

14
15 **COASTAL SOUNDS WIND STUDY**

16 **SECTION 20A.3.** Of the funds received by the State under the American Recovery
17 and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office,
18 Department of Administration, for the 2009-2010 fiscal year, the sum of three hundred
19 thousand dollars (\$300,000) in nonrecurring funds shall be allocated to The University of North
20 Carolina. These funds shall be used for costs related to implementing the pilot project described
21 in Section 9.14 of this act.

22
23 **PART XXI. DEPARTMENT OF INSURANCE**

24
25 **SET INSURANCE REGULATORY CHARGE**

26 **SECTION 21.1.(a)** The percentage rate to be used in calculating the insurance
27 regulatory charge under G.S. 58-6-25 is five and one-half percent (5.5%) for the 2009 calendar
28 year.

29 **SECTION 21.1.(b)** This section is effective when it becomes law.

30
31 **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

32
33 **STUDY OSBM, OSC, AND TREASURER CONSOLIDATION**

34 **SECTION 22.1.** The Office of State Budget and Management, after reviewing the
35 constitutional duties of the Governor in preparing and executing the budget and the
36 constitutional status of the duties of the office of State Treasurer, shall study the feasibility of
37 consolidating the Office of State Controller, the Office of State Budget and Management, and
38 some of the functions of the State Treasurer, or reallocating functions of those state agencies,
39 all with the goal of achieving economies or improving management.

40 The Office of State Budget and Management, no later than April 1, 2010, shall
41 report to the full chairs of the Senate and House Appropriations Committees and to the Fiscal
42 Research Division its findings and recommendations from the study required by the previous
43 paragraph.

44
45 **PART XXIII. OFFICE OF THE STATE CONTROLLER**

46
47 **OVERPAYMENTS AUDIT**

48 **SECTION 23.1.(a)** During the 2009-2011 biennium, receipts generated by the
49 collection of inadvertent overpayments by State agencies to vendors as a result of pricing
50 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,

1 erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be
2 deposited in the Special Reserve Account 24172.

3 **SECTION 23.1.(b)** For each year of the 2009-2011 biennium, five hundred
4 thousand dollars (\$500,000) of the funds transferred from the Special Reserve Account 24172
5 shall be used by the Office of the State Controller for data processing, debt collection, or
6 e-commerce costs.

7 **SECTION 23.1.(c)** All funds available in the Special Reserve Account 24172 on
8 July 1 of each year of the 2009-2011 biennium are transferred to the General Fund on that date.

9 **SECTION 23.1.(d)** Any unobligated funds in the Special Reserve Account 24172
10 that are realized above the allowance in subsection (b) of this section are subject to
11 appropriation by the General Assembly.

12 **SECTION 23.1.(e)** The State Controller shall report quarterly to the Joint
13 Legislative Commission on Governmental Operations and the Fiscal Research Division on the
14 revenue deposited into the Special Reserve Account 24172 and the disbursement of that
15 revenue.

16 17 **BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING PROGRAM**

18 **SECTION 23.2.** For the 2009-2011 fiscal biennium, the Office of the State
19 Controller shall use three hundred sixty-four thousand four hundred thirty-eight dollars
20 (\$364,438) of existing BEACON funds to continue the following six full-time, time-limited
21 training positions that are effective July 1, 2009, and that support the statewide enterprise
22 training program established by Section 20.1 of S.L. 2008-107:

- 23 (1) Two Staff Development Specialists II (\$112,525).
- 24 (2) One BEACON University Trainer (\$70,928).
- 25 (3) One Technical Support Technician (\$64,708).
- 26 (4) One Administrative Support Specialist (\$45,347).
- 27 (5) One Business and Technology Application Technician (\$70,928).

28 29 **PART XXIV. DEPARTMENT OF THE SECRETARY OF STATE**

30 31 **INCREASE REGISTRATION FEE RENEWAL FOR SECURITIES SALESMEN**

32 **SECTION 24.1.** G.S. 78A-37(b) reads as rewritten:

33 "(b) Every applicant for initial or renewal registration shall pay a filing fee of three
34 hundred dollars (\$300.00) in the case of a dealer and ~~seventy-five dollars (\$75.00)~~ one hundred
35 dollars (\$100.00) in the case of a salesman. The Administrator may by rule reduce the
36 registration fee proportionately when the registration will be in effect for less than a full year."
37

38 **CREATE SPECIAL FUND FOR AUCTION RATE SECURITIES INVESTIGATIONS** 39 **COSTS**

40 **SECTION 24.2.(a)** There is established the Auction Rate Securities Investigation
41 Special Fund, which is a special fund created with the unexpended funds from the existing
42 Auction Rate Securities (ARS) fund from fiscal year 2008-2009 for reimbursement of the costs
43 of investigations arising from the Department of the Secretary of State's administration of
44 Chapters 78A, 78C, and 78D of the General Statutes. The Auction Rate Securities Investigation
45 Special Fund shall be used to continue the Department's active participation in the North
46 American Securities Administrators Association (NASAA) ARS Task Force investigation into
47 the marketing of Auction Rate Securities by the regulated community to investors as well as the
48 remedies for harm arising from such marketing. Reimbursements paid by investment banks and
49 firms to the Department as part of the Department's involvement in the NASAA ARS Task
50 Force shall be deposited into the Auction Rate Securities Investigation Special Fund.

1 **SECTION 24.2.(b)** The maximum balance of the Auction Rate Securities
 2 Investigation Special Fund shall be limited to three million two hundred thousand dollars
 3 (\$3,200,000). If deposits from investment banks and firms paid as reimbursements for
 4 investigation costs cause the fund to exceed three million two hundred thousand dollars
 5 (\$3,200,000), then the amount exceeding three million two hundred thousand dollars
 6 (\$3,200,000) shall immediately be transferred to the General Fund.

7 **SECTION 24.2.(c)** In the event that the Department of the Secretary of State
 8 receives other monies as reimbursement for the costs of investigations into activities which are
 9 not a part of the NASAA ARS Task Force, these monies shall also be deposited into the
 10 Auction Rate Securities Special Fund and shall remain available to the Department for the
 11 administration of Chapters 78A, 78C, and 78D of the General Statutes, subject to the
 12 limitations on the Auction Rate Securities Investigation Special Fund's maximum balance in
 13 subsection (b) of this section.

14 15 **PART XXV. DEPARTMENT OF TRANSPORTATION**

16 17 **CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND** 18 **APPROPRIATIONS**

19 **SECTION 25.1.(a)** The General Assembly authorizes and certifies anticipated
 20 revenues of the Highway Fund as follows:

21	For Fiscal Year 2011-2012	\$1,736.5 million
22	For Fiscal Year 2012-2013	\$1,835.2 million
23	For Fiscal Year 2013-2014	\$1,945.3 million
24	For Fiscal Year 2014-2015	\$2,008.7 million

25 **SECTION 25.1.(b)** The General Assembly authorizes and certifies anticipated
 26 revenues of the Highway Trust Fund as follows:

27	For Fiscal Year 2011-2012	\$ 950.4 million
28	For Fiscal Year 2012-2013	\$1,006.9 million
29	For Fiscal Year 2013-2014	\$1,066.4 million
30	For Fiscal Year 2014-2015	\$1,108.3 million

31 32 **MODIFY GLOBAL TRANSPARK DEBT**

33 **SECTION 25.2.** G.S. 147-69.2(b)(11), as amended by Section 7 of S.L. 2005-144,
 34 Section 2 of S.L. 2005-201, Section 28.17 of S.L. 2005-276, and Section 27.7 of S.L. 2007-323
 35 reads as rewritten:

36 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated
 37 in subsection (a) of this section in excess of the amount required to meet the current needs and
 38 demands on such funds, selecting from among the following:

39 ...

- 40 (11) With respect to assets of the Escheat Fund, obligations of the North Carolina
 41 Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed
 42 twenty-five million dollars (\$25,000,000), that have a final maturity not later
 43 than October 1, ~~2009~~, 2011. The obligations shall bear interest at the rate set
 44 by the State Treasurer. No commitment to purchase obligations may be
 45 made pursuant to this subdivision after September 1, 1993, and no
 46 obligations may be purchased after September 1, 1994. In the event of a loss
 47 to the Escheat Fund by reason of an investment made pursuant to this
 48 subdivision, it is the intention of the General Assembly to hold the Escheat
 49 Fund harmless from the loss by appropriating to the Escheat Fund funds
 50 equivalent to the loss.

1 If any part of the property owned by the North Carolina Global
2 TransPark Authority now or in the future is divested, proceeds of the
3 divestment shall be used to fulfill any unmet obligations on an investment
4 made pursuant to this subdivision.

5 "

7 **SMALL CONSTRUCTION AND CONTINGENCY FUNDS**

8 **SECTION 25.3.** Of the funds appropriated in this act to the Department of
9 Transportation:

- 10 (1) Fourteen million dollars (\$14,000,000) shall be allocated in each fiscal year
11 for small construction projects recommended by the member of the Board of
12 Transportation representing the Division in which the project is to be
13 constructed in consultation with the Division Engineer and approved by the
14 Board of Transportation. These funds shall be allocated equally in each
15 fiscal year of the biennium among the 14 Highway Divisions for small
16 construction projects.
- 17 (2) Thirteen million nine hundred fifty thousand dollars (\$13,950,000) in fiscal
18 year 2009-2010 and thirteen million nine hundred fifty thousand dollars
19 (\$13,950,000) in fiscal year 2010-2011 shall be used statewide for rural or
20 small urban highway improvements and related transportation enhancements
21 to public roads and public facilities, industrial access roads, and spot safety
22 projects, including pedestrian walkways that enhance highway safety.
23 Projects funded pursuant to this subdivision shall be approved by the
24 Secretary of Transportation.

25 None of these funds used for rural secondary road construction are subject to the
26 county allocation formulas in G.S. 136-44.5(b) and (c).

27 These funds are not subject to G.S. 136-44.7.

28 The Department of Transportation shall report to the members of the General
29 Assembly on projects funded pursuant to this section in each member's district prior to the
30 Board of Transportation's action. The Department shall make a quarterly comprehensive report
31 on the use of these funds to the Joint Legislative Transportation Oversight Committee and the
32 Fiscal Research Division.

34 **USE SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY** 35 **MAINTENANCE IN FISCAL YEAR 2009-2010**

36 **SECTION 25.4.** Notwithstanding the provisions of G.S. 136-44.2A regarding the
37 annual allocation of funds from the Highway Fund to the Department of Transportation for
38 secondary road improvement programs, the funds required to be allocated for the secondary
39 road improvement programs, established pursuant to G.S. 136-44.7 and G.S. 136-44.8, for
40 fiscal year 2009-2010, shall remain in the Highway Fund for highway maintenance.

42 **NC TURNPIKE AUTHORITY TRANSFERRED TO THE DEPARTMENT OF** 43 **TRANSPORTATION**

44 **SECTION 25.5.(a)** G.S. 136-89.182 reads as rewritten:

45 "**§ 136-89.182. North Carolina Turnpike Authority.**

46 ...

47 (b) Administrative Placement. – The Authority shall be located within the Department
48 of Transportation for administrative purposes but shall exercise all of its powers independently
49 of the Department of Transportation except as otherwise specified in this Article. and shall be
50 subject to and under the direct supervision of the Secretary of Transportation.

51 ...

1 (d) Board of Transportation Members. – ~~No more than two members~~ Members of the
 2 North Carolina Board of Transportation may serve as members of the Authority Board.
 3"

4 **SECTION 25.5.(b)** The transfer of the North Carolina Turnpike Authority to the
 5 Department of Transportation has all the elements of a Type I transfer under G.S. 143A-6.

6
 7 **ALLOW THE DEPARTMENT OF TRANSPORTATION TO REQUIRE FACILITIES**
 8 **CONSTRUCTED WITHIN RIGHTS-OF-WAY TO BE CONSTRUCTED FROM**
 9 **PERMEABLE PAVEMENT**

10 **SECTION 25.6.(a)** G.S. 136-18 is amended by adding a new subdivision to read:

11 "(41) The Department shall, prior to the beginning of construction, determine
 12 whether all sidewalks and other facilities primarily intended for the use of
 13 pedestrians and bicycles that are to be constructed within the right-of-way of
 14 a public street or highway that is a part of the State highway system or an
 15 urban highway system must be constructed of permeable pavement.
 16 "Permeable pavement" means paving material that absorbs water or allows
 17 water to infiltrate through the paving material. Permeable pavement
 18 materials include porous concrete, permeable interlocking concrete pavers,
 19 concrete grid pavers, porous asphalt, and any other material with similar
 20 characteristics. Compacted gravel shall not be considered permeable
 21 pavement."

22 **SECTION 25.6.(b)** This section becomes effective October 1, 2009, and applies to
 23 facilities constructed on or after that date.

24
 25 **PART XXVI. SALARIES AND BENEFITS**

26
 27 **GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES**

28 **SECTION 26.1.(a)** For the 2009-2010 and 2010-2011 fiscal years, the salary of the
 29 Governor shall remain the amount set by G.S. 147-11(a).

30 **SECTION 26.1.(b)** The annual salaries for the members of the Council of State,
 31 payable monthly, for the 2009-2010 and 2010-2011 fiscal years are:

Council of State	Annual Salary
Lieutenant Governor	\$123,198
Attorney General	123,198
Secretary of State	123,198
State Treasurer	123,198
State Auditor	123,198
Superintendent of Public Instruction	123,198
Agriculture Commissioner	123,198
Insurance Commissioner	123,198
Labor Commissioner	123,198

43
 44 **NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES**

45 **SECTION 26.2.** In accordance with G.S. 143B-9, the maximum annual salaries,
 46 payable monthly, for the nonelected heads of the principal State departments for the 2009-2010
 47 and 2010-2011 fiscal years are:

Nonelected Department Heads	Annual Salary
Secretary of Administration	\$120,363
Secretary of Correction	120,363

1	Secretary of Crime Control and Public Safety	120,363
2	Secretary of Cultural Resources	120,363
3	Secretary of Commerce	120,363
4	Secretary of Environment and Natural Resources	120,363
5	Secretary of Health and Human Services	120,363
6	Secretary of Juvenile Justice and	
7	Delinquency Prevention	120,363
8	Secretary of Revenue	120,363
9	Secretary of Transportation	120,363

10
11 **CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES**

12 **SECTION 26.3.** The annual salaries, payable monthly, for the 2009-2010 and
13 2010-2011 fiscal years for the following executive branch officials are:

14		
15	Executive Branch Officials	Annual Salary
16	Chairman, Alcoholic Beverage Control Commission	\$109,553
17	State Controller	153,319
18	Commissioner of Motor Vehicles	109,553
19	Commissioner of Banks	123,198
20	State Personnel Director	120,363
21	Chairman, Parole Commission	100,035
22	Members of the Parole Commission	46,178
23	Chairman, Utilities Commission	137,203
24	Members of the Utilities Commission	123,198
25	Executive Director, Agency for	
26	Public Telecommunications	92,356
27	Director, Museum of Art	112,256
28	Executive Director, North Carolina	
29	Agricultural Finance Authority	106,635
30	State Chief Information Officer	153,227

31
32 **JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES**

33 **SECTION 26.4.(a)** The annual salaries, payable monthly, for specified judicial
34 branch officials for the 2009-2010 and 2010-2011 fiscal years are:

35		
36	Judicial Branch Officials	Annual Salary
37	Chief Justice, Supreme Court	\$140,932
38	Associate Justice, Supreme Court	137,249
39	Chief Judge, Court of Appeals	135,061
40	Judge, Court of Appeals	131,531
41	Judge, Senior Regular Resident Superior Court	127,957
42	Judge, Superior Court	124,382
43	Chief Judge, District Court	112,946
44	Judge, District Court	109,372
45	District Attorney	119,305
46	Administrative Officer of the Courts	126,738
47	Assistant Administrative Officer of the Courts	115,763
48	Public Defender	119,305
49	Director of Indigent Defense Services	123,022

50

1 **SECTION 26.4.(b)** The district attorney or public defender of a judicial district,
2 with the approval of the Administrative Officer of the Courts or the Commission on Indigent
3 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant
4 public defenders, respectively, in that district such that the average salaries of assistant district
5 attorneys or assistant public defenders in that district do not exceed seventy thousand nine
6 hundred forty-six dollars (\$70,946), and the minimum salary of any assistant district attorney or
7 assistant public defender is at least thirty-seven thousand one hundred eighty-two dollars
8 (\$37,182). The annual salaries in effect on June 30, 2009, shall remain at the same amount for
9 the 2009-2010 and 2010-2011 fiscal years.

10 **SECTION 26.4.(c)** The annual salaries in effect on June 30, 2009, for permanent,
11 full-time employees of the Judicial Department whose salaries are not itemized in this act shall
12 remain in effect for the 2009-2010 and 2010-2011 fiscal years.

13 **SECTION 26.4.(d)** The annual salaries in effect on June 30, 2009, for permanent,
14 part-time employees of the Judicial Department whose salaries are not itemized in this act, shall
15 remain in effect for the 2009-2010 and 2010-2011 fiscal years.

16 17 **CLERK OF SUPERIOR COURT/NO SALARY INCREASES**

18 **SECTION 26.5.** The annual salaries of the clerks of superior court provided by
19 G.S. 7A-101(a) shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

20 21 **ASSISTANT AND DEPUTY CLERKS OF COURT/NO SALARY INCREASES**

22 **SECTION 26.6.** The annual salaries of the assistant and deputy clerks of superior
23 court provided by G.S. 7A-102(c1) shall remain in effect for the 2009-2010 and 2010-2011
24 fiscal years, and there shall not be a step increase.

25 26 **MAGISTRATES/ NO SALARY INCREASES**

27 **SECTION 26.7.** The annual salaries of magistrates provided by G.S. 7A-171.1(a)
28 shall remain in effect for the 2009-2010 and 2010-2011 fiscal years, and there shall not be a
29 step increase.

30 31 **GENERAL ASSEMBLY PRINCIPAL CLERKS/NO SALARY INCREASES**

32 **SECTION 26.8.** The annual salaries of the General Assembly principal clerks
33 provided by G.S. 120-37(c) shall remain in effect for the 2009-2010 and 2010-2011 fiscal
34 years.

35 36 **SERGEANT-AT-ARMS AND READING CLERKS/NO SALARY INCREASES**

37 **SECTION 26.9.** The annual salaries of the General Assembly sergeants-at-arms
38 and reading clerks provided by G.S. 120-37(b) shall remain in effect for the 2009-2010 and
39 2010-2011 fiscal years.

40 41 **LEGISLATIVE EMPLOYEES/NO SALARY INCREASES**

42 **SECTION 26.10.** The Legislative Services Officer shall not increase the salaries of
43 nonelected employees of the General Assembly in effect on June 30, 2009. Except as
44 specifically provided in this section, nothing in this act limits any of the provisions of
45 G.S. 120-32.

46 47 **COMMUNITY COLLEGES PERSONNEL/NO SALARY INCREASES**

48 **SECTION 26.11.(a)** The annual salaries in effect on June 30, 2009, for faculty,
49 except as otherwise provided by Section 8.1 of this act, and for all permanent, full-time
50 community college institutional personnel supported by State funds, shall remain in effect for
51 the 2009-2010 and 2010-2011 fiscal years.

1 **SECTION 26.11.(b)** The minimum salaries for community college faculty shall be
2 based on the following education levels:

- 3 (1) Vocational Diploma/Certificate or Less. – This education level includes
4 faculty members who are high school graduates, have vocational diplomas,
5 or have completed one year of college.
6 (2) Associate Degree or Equivalent. – This education level includes faculty
7 members who have an associate degree or have completed two or more years
8 of college but have no degree.
9 (3) Bachelor's Degree.
10 (4) Master's Degree or Education Specialist.
11 (5) Doctoral Degree.

12 **SECTION 26.11.(c)** For the 2009-2010 and 2010-2011 school years, the minimum
13 salaries for nine-month, full-time curriculum community college faculty shall not be increased
14 and shall remain as follows:

Education Level	Minimum Salary
Vocational Diploma/Certificate or Less	\$34,314
Associate Degree or Equivalent	\$34,819
Bachelor's Degree	\$37,009
Master's Degree or Education Specialist	\$38,952
Doctoral Degree	\$41,753

21 No full-time faculty member shall earn less than the minimum salary for his or her education
22 level. The pro rata hourly rate of the minimum salary for each education level shall be used to
23 determine the minimum salary for part-time faculty members.
24

25 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA NO SALARY INCREASES**

26 **SECTION 26.12(a)** Of funds appropriated to the Faculty Recruiting and Retention
27 Fund under the Office of the President of the University of North Carolina, allocations from the
28 fund shall be made for salary increases at the discretion of the President of the University of
29 North Carolina only for the purpose of recruiting and retaining faculty members as necessary at
30 constituent institutions.

31 **SECTION 26.12.(b)** The annual salaries in effect on June 30, 2009, for all
32 employees of The University of North Carolina supported by State funds, and for employees of
33 the North Carolina School of Science and Mathematics shall remain in effect for the 2009-2010
34 and 2010-2011 fiscal years except for faculty as otherwise provided by the Faculty Recruiting
35 and Retention Fund or the Distinguished Professors Endowment Fund.
36

37 **MOST STATE EMPLOYEES/NO SALARY INCREASES**

38 **SECTION 26.13.(a)** The salaries in effect June 30, 2009, of all permanent,
39 full-time State employees whose salaries are set in accordance with the State Personnel Act,
40 and who are paid from the General Fund or the Highway Fund, shall remain in effect for the
41 2009-2010 and 2010-2011 fiscal years.

42 **SECTION 26.13.(b)** Except as otherwise provided in this act, the salaries in effect
43 on June 30, 2009, for permanent, full-time State officials and persons in exempt positions that
44 are recommended by the Governor and set by the General Assembly shall remain in effect for
45 the 2009-2010 and 2010-2011 fiscal years.

46 **SECTION 26.13.(c)** The salaries in effect on June 30, 2009, for all permanent,
47 part-time State employees shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

48 **SECTION 26.13.(d)** The Director of the Budget may allocate out of special
49 operating funds or from other sources of the employing agency, except tax revenues, sufficient
50 funds to maintain salaries in accordance with subsection (a), (b), or (c) of this section, including
51 funds for the employer's retirement and social security contributions, for the permanent,

1 full-time and part-time employees of the agency, provided the employing agency elects to make
 2 available the necessary funds.

3
 4 **ALL STATE-SUPPORTED PERSONNEL/NO SALARY INCREASES**

5 **SECTION 26.14.(a)** Salaries and related benefits for positions that are funded
 6 partially from the General Fund or Highway Fund and partially from sources other than the
 7 General Fund or Highway Fund, in effect June 30, 2009, shall remain in effect for the
 8 2009-2010 and 2010-2011 fiscal years.

9 **SECTION 26.14.(b)** The salary increase provisions of G.S. 20-187.3 are
 10 suspended for the 2009-2010 and 2010-2011 fiscal years.

11 **SECTION 26.14.(c)** The Director of the Budget shall transfer from the Reserve for
 12 Compensation Increases in this act for fiscal years 2009-2010 and 2010-2011 all funds
 13 necessary for the salaries authorized by this act, including funds for the employer's retirement
 14 and social security contributions.

15 **SECTION 26.14.(d)** Nothing in this act authorizes the transfer of funds between
 16 the General Fund and the Highway Fund for salary increases.

17
 18 **TEACHER SALARY SCHEDULES**

19 **SECTION 26.15.(a)** The following monthly salary schedules shall apply for the
 20 2009-2010 fiscal year to certified personnel of the public schools who are classified as teachers.
 21 The schedule contains 32 steps with each step corresponding to one year of teaching
 22 experience.

23
 24 2009-2010 Monthly Salary Schedule

25 "A" Teachers

26 Years of Experience	"A" Teachers	NBPTS Certification
27 0	\$3,043	N/A
28 1	\$3,085	N/A
29 2	\$3,129	N/A
30 3	\$3,264	\$3,656
31 4	\$3,404	\$3,812
32 5	\$3,538	\$3,963
33 6	\$3,667	\$4,107
34 7	\$3,771	\$4,224
35 8	\$3,819	\$4,277
36 9	\$3,868	\$4,332
37 10	\$3,918	\$4,388
38 11	\$3,967	\$4,443
39 12	\$4,018	\$4,500
40 13	\$4,069	\$4,557
41 14	\$4,122	\$4,617
42 15	\$4,176	\$4,677
43 16	\$4,231	\$4,739
44 17	\$4,286	\$4,800
45 18	\$4,345	\$4,866
46 19	\$4,403	\$4,931
47 20	\$4,461	\$4,996
48 21	\$4,523	\$5,066
49 22	\$4,584	\$5,134
50 23	\$4,650	\$5,208
51 24	\$4,714	\$5,280

1	25	\$4,779	\$5,352
2	26	\$4,845	\$5,426
3	27	\$4,913	\$5,503
4	28	\$4,984	\$5,582
5	29	\$5,055	\$5,662
6	30	\$5,153	\$5,771
7	31+	\$5,255	\$5,886

2009-2010 Monthly Salary Schedule

"M" Teachers

11	Years of Experience	"M" Teachers	NBPTS Certification
12	0	\$3,347	N/A
13	1	\$3,394	N/A
14	2	\$3,442	N/A
15	3	\$3,590	\$4,021
16	4	\$3,744	\$4,193
17	5	\$3,892	\$4,359
18	6	\$4,034	\$4,518
19	7	\$4,148	\$4,646
20	8	\$4,201	\$4,705
21	9	\$4,255	\$4,766
22	10	\$4,310	\$4,827
23	11	\$4,364	\$4,888
24	12	\$4,420	\$4,950
25	13	\$4,476	\$5,013
26	14	\$4,534	\$5,078
27	15	\$4,594	\$5,145
28	16	\$4,654	\$5,212
29	17	\$4,715	\$5,281
30	18	\$4,780	\$5,354
31	19	\$4,843	\$5,424
32	20	\$4,907	\$5,496
33	21	\$4,975	\$5,572
34	22	\$5,042	\$5,647
35	23	\$5,115	\$5,729
36	24	\$5,185	\$5,807
37	25	\$5,257	\$5,888
38	26	\$5,330	\$5,970
39	27	\$5,404	\$6,052
40	28	\$5,482	\$6,140
41	29	\$5,561	\$6,228
42	30	\$5,668	\$6,348
43	31+	\$5,781	\$6,475

45 **SECTION 26.15.(b)** Annual longevity payments for teachers shall be at the rate of
 46 one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and
 47 twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three
 48 and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service,
 49 and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The
 50 longevity payment shall be paid in a lump sum once a year.

SECTION 26.15.(c) Certified public schoolteachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public schoolteachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

SECTION 26.15.(d) The first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified psychologists.

SECTION 26.15.(e) Speech pathologists who are certified as speech pathologists at the master's degree level and audiologists who are certified as audiologists at the master's degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

SECTION 26.15.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 26.15.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SCHOOL BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 26.16.(a) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2009-2010 fiscal year, commencing July 1, 2009, is as follows:

2009-2010 Principal and Assistant Principal Salary Schedules
Classification

Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	\$3,781	-	-	-	-
5	\$3,931	-	-	-	-
6	\$4,074	-	-	-	-
7	\$4,189	-	-	-	-
8	\$4,243	\$4,243	-	-	-
9	\$4,298	\$4,298	-	-	-

1	10	\$4,353	\$4,353	\$4,408	-	-
2	11	\$4,408	\$4,408	\$4,464	-	-
3	12	\$4,464	\$4,464	\$4,521	\$4,579	-
4	13	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701
5	14	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762
6	15	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
7	16	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
8	17	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
9	18	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
10	19	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
11	20	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
12	21	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237
13	22	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
14	23	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
15	24	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458
16	25	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
17	26	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617
18	27	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
19	28	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
20	29	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
21	30	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
22	31	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
23	32	-	\$5,956	\$6,075	\$6,197	\$6,321
24	33	-	-	\$6,197	\$6,321	\$6,447
25	34	-	-	\$6,321	\$6,447	\$6,576
26	35	-	-	-	\$6,576	\$6,708
27	36	-	-	-	\$6,708	\$6,842
28	37	-	-	-	-	\$6,979

2009-2010 Principal and Assistant Principal Salary Schedules
Classification

Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-14	\$4,828	-	-	-
15	\$4,891	-	-	-
16	\$4,956	\$5,025	-	-
17	\$5,025	\$5,092	\$5,237	-
18	\$5,092	\$5,166	\$5,310	\$5,383
19	\$5,166	\$5,237	\$5,383	\$5,458
20	\$5,237	\$5,310	\$5,458	\$5,537
21	\$5,310	\$5,383	\$5,537	\$5,617
22	\$5,383	\$5,458	\$5,617	\$5,725
23	\$5,458	\$5,537	\$5,725	\$5,839
24	\$5,537	\$5,617	\$5,839	\$5,956
25	\$5,617	\$5,725	\$5,956	\$6,075
26	\$5,725	\$5,839	\$6,075	\$6,197
27	\$5,839	\$5,956	\$6,197	\$6,321
28	\$5,956	\$6,075	\$6,321	\$6,447
29	\$6,075	\$6,197	\$6,447	\$6,576
30	\$6,197	\$6,321	\$6,576	\$6,708
31	\$6,321	\$6,447	\$6,708	\$6,842

1	32	\$6,447	\$6,576	\$6,842	\$6,979
2	33	\$6,576	\$6,708	\$6,979	\$7,119
3	34	\$6,708	\$6,842	\$7,119	\$7,261
4	35	\$6,842	\$6,979	\$7,261	\$7,406
5	36	\$6,979	\$7,119	\$7,406	\$7,554
6	37	\$7,119	\$7,261	\$7,554	\$7,705
7	38	\$7,261	\$7,406	\$7,705	\$7,859
8	39	-	\$7,554	\$7,859	\$8,016
9	40	-	\$7,705	\$8,016	\$8,176
10	41	-	-	\$8,176	\$8,340

SECTION 26.16.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 26.16.(c) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 26.16.(d) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 26.16.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 26.16.(f) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as

1 if the principal had served the principal's entire career as a principal at the higher job
2 classification.

3 If a principal is reassigned to a lower job classification because the principal is
4 transferred to a school within a local school administrative unit with a smaller number of
5 State-allotted teachers, the principal shall be placed on the salary schedule as if the principal
6 had served the principal's entire career as a principal at the lower job classification.

7 This subsection applies to all transfers on or after the effective date of this section,
8 except transfers in school systems that have been created, or will be created, by merging two or
9 more school systems. Transfers in these merged systems are exempt from the provisions of this
10 subsection for one calendar year following the date of the merger.

11 **SECTION 26.16.(g)** Participants in an approved full-time master's in school
12 administration program shall receive up to a 10-month stipend at the beginning salary of an
13 assistant principal during the internship period of the master's program. For the 2006-2007
14 fiscal year and subsequent fiscal years, the stipend shall not exceed the difference between the
15 beginning salary of an assistant principal plus the cost of tuition, fees, and books and any
16 fellowship funds received by the intern as a full-time student, including awards of the Principal
17 Fellows Program. The Principal Fellows Program or the school of education where the intern
18 participates in a full-time master's in school administration program shall supply the
19 Department of Public Instruction with certification of eligible full-time interns.

20 **SECTION 26.16.(h)** During the 2009-2010 fiscal year, the placement on the salary
21 schedule of an administrator with a one-year provisional assistant principal's certificate shall be
22 at the entry-level salary for an assistant principal or the appropriate step on the teacher salary
23 schedule, whichever is higher.

24 25 **CENTRAL OFFICE SALARIES**

26 **SECTION 26.17.(a)** The monthly salary ranges that follow apply to assistant
27 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
28 officers for the 2009-2010 fiscal year, beginning July 1, 2009.

29	School Administrator I	\$3,309	\$6,207
30	School Administrator II	\$3,508	\$6,583
31	School Administrator III	\$3,724	\$6,984
32	School Administrator IV	\$3,874	\$7,262
33	School Administrator V	\$4,030	\$7,556
34	School Administrator VI	\$4,275	\$8,013
35	School Administrator VII	\$4,447	\$8,336

36 The local board of education shall determine the appropriate category and
37 placement for each assistant superintendent, associate superintendent, director/coordinator,
38 supervisor, or finance officer within the salary ranges and within funds appropriated by the
39 General Assembly for central office administrators and superintendents. The category in which
40 an employee is placed shall be included in the contract of any employee.

41 **SECTION 26.17.(b)** The monthly salary ranges that follow apply to public school
42 superintendents for the 2009-2010 fiscal year, beginning July 1, 2009.

43	Superintendent I	\$4,720	\$8,843
44	Superintendent II	\$5,011	\$9,377
45	Superintendent III	\$5,316	\$9,948
46	Superintendent IV	\$5,642	\$10,552
47	Superintendent V	\$5,988	\$11,196

48 The local board of education shall determine the appropriate category and
49 placement for the superintendent based on the average daily membership of the local school
50 administrative unit and within funds appropriated by the General Assembly for central office
51 administrators and superintendents.

1 **SECTION 26.17.(c)** Longevity pay for superintendents, assistant superintendents,
2 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
3 provided for State employees under the State Personnel Act.

4 **SECTION 26.17.(d)** Superintendents, assistant superintendents, associate
5 superintendents, directors/coordinators, supervisors, and finance officers with certification
6 based on academic preparation at the six-year degree level shall receive a salary supplement of
7 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
8 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
9 directors/coordinators, supervisors, and finance officers with certification based on academic
10 preparation at the doctoral degree level shall receive a salary supplement of two hundred
11 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
12 section.

13 **SECTION 26.17.(e)** The State Board of Education shall not permit local school
14 administrative units to transfer State funds from other funding categories for salaries for public
15 school central office administrators.

16 **SECTION 26.17.(f)** The salaries in effect June 30, 2009, for all permanent
17 full-time personnel paid from the Central Office Allotment, shall remain in effect for the
18 2009-2010 and 2010-2011 fiscal years.

19 20 **NONCERTIFIED SCHOOL PERSONNEL SALARIES**

21 **SECTION 26.18.(a)** The salaries in effect June 30, 2009, of permanent, full-time
22 noncertified public school employees whose salaries are supported from the State's General
23 Fund shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

24 **SECTION 26.18.(b)** The salaries in effect on June 30, 2009, for all permanent
25 part-time noncertified public school employees whose salaries are supported from the State's
26 General Fund shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

27 **SECTION 26.18.(c)** The Director of the Budget may allocate out of special
28 operating funds or from other sources of the employing agency, except tax revenues, sufficient
29 funds to maintain salaries in accordance with subsection (a) or (b) of this section including
30 funds for the employer's retirement and social security contributions for the permanent full-time
31 and part-time employees of the agency, provided the employing agency elects to make
32 available the necessary funds.

33 34 **BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY** 35 **SCHEDULES**

36 **SECTION 26.19.** Effective July 1, 2009, any permanent certified personnel
37 employed on July 1, 2009, and paid on the teacher salary schedule with 31+ years of experience
38 shall receive a one-time bonus equivalent to one and eight-tenths percent (1.8%). Effective
39 July 1, 2009, any permanent personnel employed on July 1, 2009, and paid at the top of the
40 principal and assistant principal salary schedule shall receive a one-time bonus equivalent to
41 two percent (2%). For permanent part-time personnel, the one-time bonus shall be adjusted pro
42 rata. Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

43 44 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

45 **SECTION 26.20.(a)** Required employer salary-related contributions for employees
46 whose salaries are paid from department, office, institution, or agency receipts shall be paid
47 from the same source as the source of the employee's salary. If an employee's salary is paid in
48 part from the General Fund or Highway Fund and in part from department, office, institution,
49 or agency receipts, required employer salary-related contributions may be paid from the
50 General Fund or Highway Fund only to the extent of the proportionate part paid from the
51 General Fund or Highway Fund in support of the salary of the employee, and the remainder of

1 the employer's requirements shall be paid from the source that supplies the remainder of the
2 employee's salary. The requirements of this section as to source of payment are also applicable
3 to payments on behalf of the employee for hospital-medical benefits, longevity pay,
4 unemployment compensation, accumulated leave, workers' compensation, severance pay,
5 separation allowances, and applicable disability income benefits.

6 Notwithstanding any other provision of law, an employer who hires or has hired a
7 retiree as an employee shall enroll the retiree in the active group and pay the cost for the
8 hospital-medical benefits if that retiree is employed in a position that would require the
9 employer to pay hospital-medical benefits if the individual had not been retired.

10 **SECTION 26.20.(b)** Effective July 1, 2009, the State's employer contribution rates
11 budgeted for retirement and related benefits as percentage of covered salaries for the 2009-2010
12 fiscal year are: (i) eight and sixty-five hundredths percent (8.65%) – Teachers and State
13 Employees; (ii) thirteen and sixty-five hundredths percent (13.65%) – State Law Enforcement
14 Officers; (iii) eleven and seventy-six hundredths percent (11.76%) – University Employees'
15 Optional Retirement System; (iv) eleven and seventy-six hundredths percent (11.76%) –
16 Community College Optional Retirement Program; (v) nineteen and fifty-one hundredths
17 percent (19.51%) – Consolidated Judicial Retirement System; and (vi) four and forty
18 hundredths percent (4.40%) – Legislative Retirement System. Each of the foregoing
19 contribution rates includes four and forty hundredths percent (4.40%) for hospital and medical
20 benefits. The rate for Teachers and State Employees, State Law Enforcement Officers,
21 Community College Optional Retirement Program, and for the University Employees' Optional
22 Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income
23 Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include
24 sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law
25 Enforcement Officers includes five percent (5%) for Supplemental Retirement Income.

26 **SECTION 26.20.(c)** Effective July 1, 2010, the State's employer contribution rates
27 budgeted for retirement and related benefits as percentage of covered salaries for the 2010-2011
28 fiscal year are: (i) nine and five hundredths percent (9.05%) – Teachers and State Employees;
29 (ii) fourteen and five hundredths percent (14.05%) – State Law Enforcement Officers; (iii)
30 twelve and sixteen hundredths percent (12.16%) – University Employees' Optional Retirement
31 System; (iv) twelve and sixteen hundredths percent (12.16%) – Community College Optional
32 Retirement Program; (v) nineteen and ninety-one hundredths percent (19.91%) – Consolidated
33 Judicial Retirement System; and (vi) four and eighty hundredths percent (4.80%) – Legislative
34 Retirement System. Each of the foregoing contribution rates includes four and eighty
35 hundredths percent (4.80%) for hospital and medical benefits. The rate for Teachers and State
36 Employees, State Law Enforcement Officers, Community College Optional Retirement
37 Program, and for the University Employees' Optional Retirement Program includes fifty-two
38 hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State
39 Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%)
40 for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent
41 (5%) for Supplemental Retirement Income.

42 43 **NATIONAL GUARD PENSION FUND**

44 **SECTION 26.21.** G.S. 127A-40 reads as rewritten:

45 "(f) The Secretary of Crime Control and Public Safety shall determine the eligibility of
46 guard members for the benefits herein provided and shall certify those eligible to the State
47 Treasurer. In addition, the Department of Crime Control and Public Safety shall, on and after
48 July 1, 1983, provide the Department of State Treasurer with an annual census population, by
49 age and the number of years of creditable service, for all former members of the National
50 Guard in receipt of a pension as well as for all active members of the National Guard who are
51 not in receipt of a pension and who have seven and more years of creditable service. The

1 Department of Crime Control and Public Safety shall also provide the State Treasurer a census
 2 population of all former members of the National Guard who are not in receipt of a pension and
 3 who have 15 and more years of creditable service. The Department of State Treasurer shall
 4 make pension payments to those persons certified from the North Carolina National Guard
 5 Pension Fund, which shall include general fund appropriations made to ~~and transferred from~~
 6 ~~the Department of Crime Control and Public Safety.~~ the Department of State Treasurer. The
 7 Department of State Treasurer shall have performed an annual actuarial valuation of the fund
 8 and shall have the financial responsibility for maintaining the fund on a generally accepted
 9 actuarial basis. The Department of Crime Control and Public Safety shall provide the
 10 Department of State Treasurer with whatever assistance is required by the State Treasurer in
 11 carrying out his financial responsibilities."
 12

13 **EXTEND PHASED RETIREMENT PROGRAM EXEMPTION**

14 **SECTION 26.22.** Section 29.28(f) of S.L. 2005-276, as amended by Section 22.21
 15 of S.L. 2006-66, reads as rewritten:

16 "SECTION 29.28.(f) Subsections (a) and (b) of this section become effective August 1,
 17 2005. Subsection (e) of this section becomes effective November 1, 2005, but does not apply to
 18 participants in The University of North Carolina Phased Retirement Program until the earlier of
 19 ~~June 30, 2010,~~ August 31, 2013, or 12 months after the issuance of final phased retirement
 20 regulations by the Internal Revenue Service. The remainder of this section becomes effective
 21 June 30, 2005."
 22

23 **PART XXVII. CAPITAL APPROPRIATIONS.**

24
 25 **GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

26 **SECTION 27.1.** The appropriations made by the 2009 General Assembly for
 27 capital improvements are for constructing, repairing, or renovating State buildings, utilities, and
 28 other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings
 29 and land for State government purposes.
 30

31 **CAPITAL APPROPRIATIONS/GENERAL FUND**

32 **SECTION 27.2.** There is appropriated from the General Fund for the 2009-2010
 33 fiscal year the following amounts for capital improvements:
 34

Capital Improvements – General Fund	2009-2010
Department of Environment and Natural Resources	
Water Resources Development Projects	\$ 17,600,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$17,600,000

41
 42 **WATER RESOURCES DEVELOPMENT PROJECT FUNDS**

43 **SECTION 27.3.(a)** The Department of Environment and Natural Resources shall
 44 allocate the funds appropriated in this act for water resources development projects to the
 45 following projects with costs as indicated:
 46

Name of Project	2009-2010
(1) Wilmington Harbor Deepening	\$ 1,300,000
(2) B. Everett Jordan Lake Water Supply Storage	200,000
(3) Carolina Beach Renourishment	738,000

1	(4)	Carolina Beach South (Kure Beach) Renourishment	842,000
2	(5)	Wrightsville Beach Renourishment	2,059,000
3	(6)	Ocean Isle Beach Renourishment	1,211,000
4	(7)	Nags Head Beach Renourishment	2,000,000
5	(8)	Bald Head Island Beach Renourishment	5,000,000
6	(9)	State/Local WRD Grants	1,000,000
7	(10)	Emerald Isle Boat Launch	1,000,000
8	(11)	Beaufort Harbor Maintenance	50,000
9	(12)	Princeville Flood Control	100,000
10	(13)	Currituck Sound Environmental Restoration	100,000
11	(14)	West Onslow Beach (Topsail Beach, Pender County)	75,000
12	(15)	Aquatic Obstruction Removal – Statewide	300,000
13	(16)	Aquatic Plant Control (State, L. Gaston & Roanoke Rapids L.)	300,000
14	(17)	Mountain to the Sea Trail – Water Based Recreation	250,000
15	(18)	Little Fork Creek (Rendezvous State Park)	400,000
16	(19)	Planning Assistance to Communities	75,000
17	(20)	Concord Stream Restoration (Cabarrus County) (Sec. 206)	350,000
18	(21)	Wilson Bay Restoration (Sec. 206), Onslow County	250,000

19

20 **TOTALS****\$17,600,000**

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SECTION 27.3.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2009-2010 fiscal year, or if the projects funded under subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) U.S. Army Corps of Engineers project feasibility studies.
- (2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2009-2010.
- (3) State-local water resources development projects.

Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2010-2011 fiscal year.

SECTION 27.3.(c) The Department shall make semiannual reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects listed in this section.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project.

The semiannual reports also shall show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 27.4.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources:

1	Name of Project	Amount of Non-General Fund
2		Funding Authorized for 2009-2010
3		
4	Department of Crime Control and Public Safety	
5	Additions and Renovations to Armories	\$ 9,303,442
6	Camp Butner Cantonment – Phase 1 Design	1,367,000
7	Family Assistance Centers	2,000,000
8		
9	Department of Cultural Resources	
10	Aycock Birthplace Picnic Shelter	86,100
11	Maritime Museum – Floating Dock	130,000
12	Museum of History Chronology Exhibit – Phase 2B (1900-1960)	1,200,000
13		
14	Department of Environment and Natural Resources	
15	Jennette's Pier Reconstruction	24,446,400
16	Zoo – Elephant Exhibit New Restrooms	300,000
17		
18	Wildlife Resources Commission	
19	Armstrong Hatchery Lower Raceway Replacement	1,725,000
20	Centennial Campus Education Center Exhibit Completion	180,000
21	Chinquapin Equipment Storage Pole Shed	60,000
22	Chowan Bridge Fishing Pier and Edenton Boating Access	450,000
23	Emerald Isle New Boating Access Area	600,000
24	Falls Lake Office Building	550,000
25	Hampstead Land Acquisition	10,000,000
26	Land Acquisitions – State Gamelands	59,135,000
27	Lewelyn Branch New Boating Access Area	150,000
28	Manns Harbor Bridge Marina Acquisition	5,750,000
29	Marion Depot Drainage Repairs	200,000
30	McKinney Lake Hatchery Kettles Replacement	1,700,000
31	Minor Boating Access Area Renovations – Various Locations	150,000
32	New Coldwater Fish Hatchery Construction	7,900,000
33	Ocean Isle Boating Access Area Renovations	150,000
34	Outer Banks Education Center Teaching Facility Repairs	245,000
35	Pechmann Fishing Education Center Pond Restoration	160,000
36	Pechmann Fishing Education Center Storage Building	220,000
37	Pisgah Education Center Gift Shop Renovation and Expansion	200,000
38	Pisgah Education Center Outdoor Exhibit Renovation	450,000
39	Pisgah Education Center Repairs	155,000
40	Pisgah Hatchery Water System Renovation	100,000
41	Rhodes Pond Dam Repairs	500,000
42	Sneads Ferry Land Acquisition	6,500,000
43	Sunset Harbor Land Acquisition	925,000
44	Swan Quarter Land Acquisition	1,700,000
45	Sykes Depot Pond, Office, Storage Construction	350,000
46	Table Rock Hatchery Office and Workshop Replacement	345,000
47		
48	TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL	
49	PROJECTS AUTHORIZED	\$139,382,942
50		

1 **SECTION 27.4.(b)** From funds deposited with the State Treasurer in a capital
2 improvement account to the credit of the Department of Agriculture and Consumer Services
3 pursuant to G.S. 146-30, the sum of thirty thousand dollars (\$30,000) for the 2009-2010 fiscal
4 year shall be transferred to the Department of Agriculture and Consumer Services to be used,
5 notwithstanding G.S. 146-30, by the Department for its plant conservation program under
6 Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of
7 land, such as land appraisals, land surveys, title searches, environmental studies, and for the
8 management of the plant conservation program preserves owned by the Department.

9 **SECTION 27.4.(c)** Notwithstanding G.S. 143C-8-7, and subject to approval by the
10 Director of the Budget, during the 2009-2011 fiscal biennium, the Aquariums Division of the
11 Department of Environment and Natural Resources may expend funds from the North Carolina
12 Aquariums Fund for capital improvement projects.

13 14 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

15 **SECTION 27.5.(a)** Of the funds in the Reserve for Repairs and Renovations for
16 the 2009-2010 fiscal year, fifty-four percent (54%) shall be allocated to the Board of Governors
17 of The University of North Carolina for repairs and renovations pursuant to G.S. 143C-4-3, in
18 accordance with guidelines developed in The University of North Carolina Funding Allocation
19 Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The
20 University of North Carolina, and forty-six percent (46%) shall be allocated to the Office of
21 State Budget and Management for repairs and renovations pursuant to G.S. 143C-4-3.

22 Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds for the
23 repair and renovation of facilities not supported from the General Fund if the Board determines
24 that sufficient funds are not available from other sources and that conditions warrant General
25 Fund assistance. Any such finding shall be included in the Board's submission to the Joint
26 Legislative Commission on Governmental Operations on the proposed allocation of funds.

27 The Board of Governors and the Office of State Budget and Management shall
28 consult with the Joint Legislative Commission on Governmental Operations prior to the
29 allocation or reallocation of these funds.

30 **SECTION 27.5.(b)** In addition to any other funds in the Reserve for Repairs and
31 Renovations for the 2009-2010 fiscal year, the following funds are transferred to that Reserve:

- 32 (1) Proceeds of bonds and notes issued pursuant to Section 27.10(f)(2) of this
33 act for the repair and renovation of State facilities and related infrastructure.
- 34 (2) The Energy Efficiency and Conservation Block Grant funds appropriated in
35 this act.

36 **SECTION 27.5.(c)** Notwithstanding G.S. 143C-4-3(b), Energy Efficiency and
37 Conservation Block Grant funds shall be used for repairs and renovations to State and
38 university facilities that will make those facilities more energy efficient. Eligible projects under
39 this subsection include:

- 40 (1) Replacement of incandescent light bulbs with compact fluorescent light
41 bulbs, installation of exit signs that employ light-emitting diode (LED)
42 technology, the installation of occupancy sensors or optical sensors, and
43 other lighting efficiency improvements.
- 44 (2) For windows that need replacement, installation of more energy-efficient
45 windows.
- 46 (3) Insulation improvements when practicable.
- 47 (4) Replacement of inefficient or oversized heating, ventilation, and
48 air-conditioning (HVAC) systems when those systems are subject to
49 replacement and installation of programmable automation systems.
- 50 (5) Installation of aerators in sink faucets that reduce the flow rate and other
51 water system projects that reduce water consumption.

- 1 (6) Any other retrofit or replacement projects that make State or university
2 facilities more energy efficient for which the incremental cost of the project
3 will be equal to or less than the energy or water savings that result over a
4 period of three years after completion.

5 **SECTION 27.5.(d)** Of the funds allocated to the Board of Governors of The
6 University of North Carolina in subsection (a) of this section, a portion shall be used by the
7 Board of Governors for the installation of fire sprinklers in university residence halls. This
8 portion shall be in addition to funds otherwise appropriated in this act for the same purpose.
9 Such funds shall be allocated among the University's constituent institutions by the President of
10 The University of North Carolina, who shall consider the following factors when allocating
11 those funds:

- 12 (1) The safety and well-being of the residents of campus housing programs.
13 (2) The current level of housing rents charged to students and how that
14 compares to an institution's public peers and other UNC institutions.
15 (3) The level of previous authorizations to constituent institutions for the
16 construction or renovation of residence halls funded from the General Fund,
17 or from bonds or certificates of participation supported by the General Fund,
18 since 1996.
19 (4) The financial status of each constituent institution's housing system,
20 including debt capacity, debt coverage ratios, credit rankings, required
21 reserves, the planned use of cash balances for other housing system
22 improvements, and the constituent institution's ability to pay for the
23 installation of fire sprinklers in all residence halls.
24 (5) The total cost of each proposed project, including the cost of installing fire
25 sprinklers and the cost of other construction, such as asbestos removal and
26 additional water supply needs.

27 The Board of Governors shall submit progress reports to the Joint Legislative
28 Commission on Governmental Operations. Reports shall include the status of completed,
29 current, and planned projects. Reports shall also include information on the financial status of
30 each constituent institution's housing system, the constituent institution's ability to pay for fire
31 protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be
32 submitted on January 1 and July 1 until all residence halls have fire sprinklers.

33 **SECTION 27.5.(e)** Of the funds allocated to the Board of Governors of The
34 University of North Carolina in subsection (a) of this section, a portion shall be used by the
35 Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b).
36

37 **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

38 **SECTION 27.6.** The appropriations made by the 2009 General Assembly for
39 capital improvements shall be disbursed for the purposes provided by this act. Expenditure of
40 funds shall not be made by any State department, institution, or agency until an allotment has
41 been approved by the Governor as Director of the Budget. The allotment shall be approved
42 only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.
43 Prior to the award of construction contracts for projects to be financed in whole or in part with
44 self-liquidating appropriations, the Director of the Budget shall approve the elements of the
45 method of financing of those projects including the source of funds, interest rate, and
46 liquidation period. Provided, however, that if the Director of the Budget approves the method
47 of financing a project, the Director shall report that action to the Joint Legislative Commission
48 on Governmental Operations at its next meeting.

49 Where direct capital improvement appropriations include the purpose of furnishing
50 fixed and movable equipment for any project, those funds for equipment shall not be subject to
51 transfer into construction accounts except as authorized by the Director of the Budget. The

1 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and
 2 approved by the Director of the Budget prior to commitment of funds.

3 Capital improvement projects authorized by the 2009 General Assembly shall be
 4 completed, including fixed and movable equipment and furnishings, within the limits of the
 5 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided
 6 in this act. Capital improvement projects authorized by the 2009 General Assembly for the
 7 design phase only shall be designed within the scope of the project as defined by the approved
 8 cost estimate filed with the Director of the Budget, including costs associated with site
 9 preparation, demolition, and movable and fixed equipment.

10
 11 **CENTER FOR DESIGN AND WINSTON-SALEM STATE AMENDMENTS**

12 **SECTION 27.7.(a)** Section 1.1 of S.L. 2004-179, as amended by Section 30.3A of
 13 S.L. 2005-276, Section 2.1 of S.L. 2006-146, and Section 27.8 of S.L. 2008-107, is amended by
 14 deleting the language:

15 "11,500,000	10,000,000	Land acquisition, site preparation, engineering,
16		architectural, and other consulting services, and
17		construction of a Center for Design Innovation in
18		the Piedmont Triad Research Park to be operated
19		jointly by Winston-Salem State University and the
20		North Carolina School of the Arts."

21 and substituting the language:

22 "11,500,000	10,000,000	Land acquisition, site preparation, engineering,
23		architectural, and other consulting services,
24		acquisition of an existing building, construction,
25		or renovation of a Center for Design Innovation to
26		be operated jointly by Winston-Salem State
27		University and the North Carolina School of the
28		Arts."

29 **SECTION 27.7.(b)** G.S. 142-94 reads as rewritten:

30 **"§ 142-94. Procurement of capital facilities.**

31 The provisions of Articles 3, 3B, 3C, 3D, and 8 of Chapter 143 of the General Statutes and
 32 any other laws or rules of the State that relate to the acquisition and construction of State
 33 property apply to the financing of capital facilities through the use of special indebtedness
 34 pursuant to this Article. This section does not apply to the construction and lease-purchase,
 35 including leases with an option to purchase at the end of the lease term for a nominal sum, of
 36 State office buildings pursuant to proposals submitted before the effective date of this Article in
 37 response to requests for proposals, to the extent any of those proposals, as they may be
 38 supplemented or amended, are approved by the Department of Administration and any of these
 39 leases or lease-purchase agreements are approved by the Council of State in accordance with
 40 G.S. 143-341(4)d2. With the exception of Article 8 of Chapter 143 of the General Statutes, this
 41 section does not apply to any special indebtedness issued pursuant to this Article for the
 42 purchase, construction, or operation of capital facilities by Gateway University Research Park,
 43 Inc., a joint Millennial Campus in Greensboro. This section does not apply to facilities for the
 44 Center for Design Innovation to be operated jointly by Winston-Salem State University and the
 45 University of North Carolina School of the Arts, as authorized in Section 1.1 of S.L. 2004-179,
 46 as amended."

47 **SECTION 27.7.(c)** Notwithstanding the Joint Conference Committee Report dated
 48 July 17, 2004, for S.L. 2004-124, the two million dollars (\$2,000,000) appropriated for
 49 Winston-Salem State University shall be used to provide funds to acquire land and renovate
 50 space for Winston-Salem State University.
 51

DEBT SERVICE FOR GREEN SQUARE COMPLEX PARKING CONSTRUCTION

SECTION 27.8. Notwithstanding Item 61, Page M-11, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets for S.L. 2008-107, the General Fund shall service the debt for the Green Square Complex parking deck during the 2009-2011 fiscal biennium.

ADJUSTMENTS TO COPS FOR REDUCED CONSTRUCTION INFLATION

SECTION 27.9.(a) Section 27.8(a) of S.L. 2008-107 reads as rewritten:

"SECTION 27.8.(a) The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the capital facility costs of the projects described in this subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special indebtedness:

- (1) In the maximum aggregate principal amount of ~~sixty-nine million dollars (\$69,000,000)~~sixty-three million eight hundred nineteen thousand five hundred fifty-eight dollars (\$63,819,558) to finance the capital facility costs of completing a School of Dentistry building at East Carolina University and no more than 10 satellite dental clinics across the State. No more than a maximum aggregate amount of twenty-one million dollars (\$21,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009. No more than a maximum aggregate amount of sixty million dollars (\$60,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2010.
- (2) In the maximum aggregate principal amount of ~~thirty-six million eight hundred thousand dollars (\$36,800,000)~~thirty-five million six hundred seventy-eight thousand nine hundred seventy-six dollars (\$35,678,976) to finance the capital facility costs of completing a family medicine building at East Carolina University. No more than a maximum aggregate amount of sixteen million six hundred thousand dollars (\$16,600,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009.
- (3) In the maximum aggregate principal amount of ~~eighteen million dollars (\$18,000,000)~~seventeen million eighty-two thousand six hundred fifty-five dollars (\$17,082,655) to finance the capital facility costs of completing a School of Education building at Elizabeth City State University. No more than a maximum aggregate amount of seven million dollars (\$7,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009. No more than a maximum aggregate amount of fifteen million dollars (\$15,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2010.
- (4) In the maximum aggregate principal amount of two million four hundred thirty-eight thousand dollars (\$2,438,000) to finance the capital improvement costs of acquiring land and constructing capital facilities for a horse park in Rockingham County for North Carolina Agricultural and Technical State University.
- (5) In the maximum aggregate principal amount of ~~twenty million four hundred ninety thousand dollars (\$20,490,000)~~nineteen million four hundred eighty-one thousand seven hundred thirty-nine dollars (\$19,481,739) to finance the capital facility costs of completing a general classroom building at North Carolina Agricultural and Technical State University. No more than

- 1 a maximum aggregate amount of seven million dollars (\$7,000,000) of
2 special indebtedness may be issued or incurred under this subdivision prior
3 to July 1, 2009.
- 4 (6) In the maximum aggregate principal amount of ~~twenty-four million five~~
5 ~~hundred thousand dollars (\$24,500,000)~~ twenty-three million one hundred
6 twenty-five thousand two hundred twenty-seven dollars (\$23,125,227) to
7 finance the capital facility costs of completing a nursing building at North
8 Carolina Central University. No more than a maximum aggregate amount of
9 six million dollars (\$6,000,000) of special indebtedness may be issued or
10 incurred under this subdivision prior to July 1, 2009. No more than a
11 maximum aggregate amount of seventeen million dollars (\$17,000,000) of
12 special indebtedness may be issued or incurred under this subdivision prior
13 to July 1, 2010.
- 14 (7) In the maximum aggregate principal amount of ~~eleven million one hundred~~
15 ~~thousand dollars (\$11,100,000)~~ ten million four hundred ninety-five
16 thousand nine hundred eighty-one dollars (\$10,495,981) to finance the
17 capital facility costs of completing a central storage facility at the North
18 Carolina School of the Arts.
- 19 (8) In the maximum aggregate principal amount of ~~twelve million nine hundred~~
20 ~~thousand dollars (\$12,900,000)~~ eleven million nine hundred fifty thousand
21 six hundred seventy-nine dollars (\$11,950,679) to finance the capital facility
22 costs of completing a film school production facility at the North Carolina
23 School of the Arts. No special indebtedness may be issued or incurred under
24 this subdivision prior to July 1, 2009. No more than a maximum aggregate
25 amount of two million dollars (\$2,000,000) of special indebtedness may be
26 issued or incurred under this subdivision prior to July 1, 2010. No more than
27 a maximum aggregate amount of seven million nine hundred thousand
28 dollars (\$7,900,000) of special indebtedness may be issued or incurred under
29 this subdivision prior to July 1, 2011.
- 30 (9) In the maximum aggregate principal amount of ~~one hundred nine million~~
31 ~~one hundred thousand dollars (\$109,100,000)~~ one hundred one million five
32 hundred sixty-eight thousand eight hundred thirty dollars (\$101,568,830)
33 to finance the capital facility costs of completing the Centennial Campus
34 library at North Carolina State University. No more than a maximum
35 aggregate amount of forty-nine million dollars (\$49,000,000) of special
36 indebtedness may be issued or incurred under this subdivision prior to July
37 1, 2009. No more than a maximum aggregate amount of sixty-eight million
38 one hundred thousand dollars (\$68,100,000) of special indebtedness may be
39 issued or incurred under this subdivision prior to July 1, 2010. No more than
40 a maximum aggregate amount of ~~one hundred million one hundred thousand~~
41 ~~dollars (\$100,100,000)~~ ninety-two million five hundred sixty-eight thousand
42 eight hundred thirty dollars (\$92,568,830) of special indebtedness may be
43 issued or incurred under this subdivision prior to July 1, 2011.
- 44 (10) In the maximum aggregate principal amount of four million dollars
45 (\$4,000,000) for the capital facility costs of completing the 4-H Campuses at
46 North Carolina State University.
- 47 (11) In the maximum aggregate principal amount of ~~sixty-nine million dollars~~
48 ~~(\$69,000,000)~~ sixty-three million eight hundred nineteen thousand five
49 hundred fifty-eight dollars (\$63,819,558) to finance the capital facility costs
50 of completing a School of Dentistry expansion at the University of North
51 Carolina at Chapel Hill. No special indebtedness may be issued or incurred

1 under this subdivision prior to July 1, 2009. No more than a maximum
2 aggregate amount of twenty-five million dollars (\$25,000,000) of special
3 indebtedness may be issued or incurred under this subdivision prior to July
4 1, 2010. No more than a maximum aggregate amount of ~~sixty one million~~
5 ~~dollars (\$61,000,000)~~fifty-five million eight hundred nineteen thousand five
6 hundred fifty-eight dollars (\$55,819,558) of special indebtedness may be
7 issued or incurred under this subdivision prior to July 1, 2011.

8 (12) In the maximum aggregate principal amount of ~~fifty seven million two~~
9 ~~hundred eighteen thousand dollars (\$57,218,000)~~fifty-three million nine
10 hundred eleven thousand three hundred five dollars (\$53,911,305) to finance
11 the capital facility costs of completing the Energy Production Infrastructure
12 Center at the University of North Carolina at Charlotte. No more than a
13 maximum aggregate amount of ten million dollars (\$10,000,000) of special
14 indebtedness may be issued or incurred under this subdivision prior to July
15 1, 2009. No more than a maximum aggregate amount of thirty-two million
16 two hundred eighteen thousand dollars (\$32,218,000) of special
17 indebtedness may be issued or incurred under this subdivision prior to July
18 1, 2010.

19 (13) In the maximum aggregate principal amount of forty-two million six
20 hundred seventy thousand dollars (\$42,670,000) to finance the capital
21 facility costs of completing an academic classroom and office building at the
22 University of North Carolina at Greensboro. No more than a maximum
23 aggregate amount of twenty-one million dollars (\$21,000,000) of special
24 indebtedness may be issued or incurred under this subdivision prior to July
25 1, 2009.

26 (14) In the maximum aggregate principal amount of ten million dollars
27 (\$10,000,000) to finance the capital facility costs of installing fire sprinklers
28 in The University of North Carolina System residence halls.

29 (15) In the maximum aggregate principal amount of twenty-five million dollars
30 (\$25,000,000) to finance the capital improvement costs of acquiring State
31 land throughout The University of North Carolina System.

32 (16) In the maximum aggregate principal amount of thirty-four million dollars
33 (\$34,000,000) to finance the capital improvement costs of purchasing State
34 judicial facilities located at 901 Corporate Drive, Raleigh, NC, and more
35 particularly described as Phase Two, Tract A of Raleigh Corporate Center
36 consisting of 17.28 acres and as shown on the map recorded in Map book
37 1987, page 720, and Map book 1990, page 576, of the Wake County
38 Register of Deeds.

39 (17) In the maximum aggregate principal amount of ~~forty five million one~~
40 ~~hundred seventy thousand dollars (\$45,170,000)~~forty-two million nine
41 hundred forty-seven thousand three hundred dollars (\$42,947,300) to finance
42 the capital facility costs of completing a health care and mental health
43 facility at the North Carolina Correctional Institute for Women. No more
44 than a maximum aggregate amount of twenty-seven million dollars
45 (\$27,000,000) of special indebtedness may be issued or incurred under this
46 subdivision prior to July 1, 2009.

47 (18) In the maximum aggregate principal amount of ~~thirteen million ten thousand~~
48 ~~dollars (\$13,010,000)~~twelve million three hundred sixty-nine thousand eight
49 hundred eleven dollars (\$12,369,811) to finance the capital facility costs of
50 completing a minimum security addition at Scotland Correctional Institution.
51 No more than a maximum aggregate amount of six million dollars

- 1 (\$6,000,000) of special indebtedness may be issued or incurred under this
 2 subdivision prior to July 1, 2009. No more than a maximum aggregate
 3 amount of ten million dollars (\$10,000,000) of special indebtedness may be
 4 issued or incurred under this subdivision prior to July 1, 2010.
- 5 (19) In the maximum aggregate principal amount of ~~eighteen million nine~~
 6 ~~hundred fifty thousand dollars (\$18,950,000)~~ eighteen million seventeen
 7 thousand five hundred nineteen dollars (\$18,017,519) to finance the capital
 8 facility costs of completing a medium security addition at Bertie
 9 Correctional Institution. No more than a maximum aggregate amount of
 10 seven million dollars (\$7,000,000) of special indebtedness may be issued or
 11 incurred under this subdivision prior to July 1, 2009. No more than a
 12 maximum aggregate amount of fourteen million dollars (\$14,000,000) of
 13 special indebtedness may be issued or incurred under this subdivision prior
 14 to July 1, 2010.
- 15 (20) In the maximum aggregate principal amount of ~~thirteen million ten thousand~~
 16 ~~dollars (\$13,010,000)~~ twelve million three hundred sixty-nine thousand eight
 17 hundred eleven dollars (\$12,369,811) to finance the capital facility costs of
 18 completing a minimum security addition at Tabor Correctional Institution.
 19 No more than a maximum aggregate amount of six million dollars
 20 (\$6,000,000) of special indebtedness may be issued or incurred under this
 21 subdivision prior to July 1, 2009. No more than a maximum aggregate
 22 amount of ten million dollars (\$10,000,000) of special indebtedness may be
 23 issued or incurred under this subdivision prior to July 1, 2010.
- 24 (21) In the maximum aggregate principal amount of ~~eighteen million nine~~
 25 ~~hundred fifty thousand dollars (\$18,950,000)~~ eighteen million seventeen
 26 thousand five hundred nineteen dollars (\$18,017,519) to finance the capital
 27 facility costs of completing a medium security addition at Lanesboro
 28 Correctional Institution. No more than a maximum aggregate amount of
 29 seven million dollars (\$7,000,000) of special indebtedness may be issued or
 30 incurred under this subdivision prior to July 1, 2009. No more than a
 31 maximum aggregate amount of fourteen million dollars (\$14,000,000) of
 32 special indebtedness may be issued or incurred under this subdivision prior
 33 to July 1, 2010.
- 34 (22) In the maximum aggregate principal amount of two million nine hundred
 35 twenty-five thousand dollars (\$2,925,000) to finance the capital facility costs
 36 of completing Phase I of the CSS Neuse State Historic Site.
- 37 (23) In the maximum aggregate principal amount of seven million dollars
 38 (\$7,000,000) to finance the capital facility costs of completing Port of
 39 Morehead City Berth Improvements and Phase I of Port of Wilmington
 40 Berth 8 Improvements.
- 41 (24) In the maximum aggregate principal amount of three million seven hundred
 42 thousand dollars (\$3,700,000) to finance the capital facility costs of
 43 completing a Southeastern North Carolina Agriculture Center Pavilion.
- 44 (25) In the maximum aggregate principal amount of ~~eight million one hundred~~
 45 ~~thousand dollars (\$8,100,000)~~ seven million six hundred twenty thousand
 46 eight hundred twenty-three dollars (\$7,620,823) to finance the capital
 47 facility costs of Department of Agriculture and Consumer Services capital
 48 improvements. Sales proceeds shall be allocated between the projects in the
 49 following manner:

50
 51 **Project** **Allocation of Sales Proceeds**

1	Bathroom and truckshed expansion at	
2	The Western North Carolina Farmers'	
3	Market	\$650,000
4		
5	Davis Arena renovation and expansion at	
6	The Western North Carolina Agricultural	
7	Center	\$7,450,000 <u>\$6,970,823</u>

- 9 (26) In the maximum aggregate principal amount of four million three hundred
- 10 three thousand nine hundred forty-four dollars (\$4,303,944) to finance the
- 11 capital facility costs of completing an oyster hatchery.
- 12 (27) In the maximum aggregate principal amount of two million seven hundred
- 13 thousand dollars (\$2,700,000) to finance the capital improvement costs of
- 14 completing an expansion and renovation to the polar bear exhibit at the
- 15 North Carolina Zoo.
- 16 (28) In the maximum aggregate principal amount of ~~fifty million dollars~~
- 17 ~~(\$50,000,000)~~ ten million dollars (\$10,000,000) to finance the capital
- 18 improvement costs of acquiring State park lands and conservation areas for
- 19 the Land for Tomorrow initiative in the Department of Environment and
- 20 Natural Resources. Proceeds shall be allocated to support the conservation
- 21 priorities of the One North Carolina Naturally program."

22 **SECTION 27.9.(b)** Section 29.13(a) of S.L. 2007-323, as amended by Section
 23 27.8(d) of S.L. 2008-107, reads as rewritten:

24 **"SECTION 29.13.(a)** The State, with the prior approval of the State Treasurer and the
 25 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized
 26 to issue or incur special indebtedness in order to provide funds to the State to be used, together
 27 with other available funds, to pay the capital facility costs of the projects described in this
 28 subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or
 29 incurrence of special indebtedness:

- 30 (1) In the maximum aggregate principal amount of thirty-four million dollars
- 31 (\$34,000,000) to finance the capital facility costs of completing a new
- 32 educational building at Appalachian State University. No more than a
- 33 maximum aggregate amount of three million dollars (\$3,000,000) of special
- 34 indebtedness may be issued or incurred under this subdivision prior to July
- 35 1, 2008.
- 36 (2) In the maximum aggregate principal amount of ~~twenty-two million five~~
- 37 ~~hundred eighty-seven thousand dollars (\$22,587,000)~~ twenty-one million
- 38 four hundred seventy-five thousand five hundred fifty-one dollars
- 39 (\$21,475,551) to finance the capital facility costs of completing a new
- 40 Science and Technology Complex at Fayetteville State University. No more
- 41 than a maximum aggregate amount of five million dollars (\$5,000,000) of
- 42 special indebtedness may be issued or incurred under this subdivision prior
- 43 to July 1, 2008.
- 44 (3) In the maximum aggregate principal amount of ~~twenty-four million nine~~
- 45 ~~hundred twenty thousand dollars (\$24,920,000)~~ twenty-three million six
- 46 hundred six thousand seven hundred twenty-three dollars (\$23,606,723) to
- 47 finance the capital facility costs of completing a new library at the North
- 48 Carolina School of the Arts. No more than a maximum aggregate amount of
- 49 one million seven hundred seventy-five thousand six hundred dollars
- 50 (\$1,775,600) of special indebtedness may be issued or incurred under this
- 51 subdivision prior to July 1, 2008. No more than a maximum aggregate

- 1 amount of fourteen million three hundred seventy-three thousand six
2 hundred dollars (\$14,373,600) of special indebtedness may be issued or
3 incurred under this subdivision prior to July 1, 2009.
- 4 (4) In the maximum aggregate principal amount of thirty-eight million dollars
5 (\$38,000,000) to finance the capital facility costs of completing the Randall
6 B. Terry Companion Animal Hospital at North Carolina State University. No
7 more than a maximum aggregate amount of twenty-eight million five
8 hundred thousand dollars (\$28,500,000) of special indebtedness may be
9 issued or incurred under this subdivision prior to July 1, 2008.
- 10 (5) In the maximum aggregate principal amount of ~~thirty-four million dollars~~
11 ~~(\$34,000,000)~~ thirty-two million three hundred twenty-six thousand nine
12 hundred forty-seven dollars (\$32,326,947) to finance the capital facility
13 costs of completing an addition to Engineering Building III in the School of
14 Engineering at North Carolina State University. No more than a maximum
15 aggregate amount of eight million five hundred thousand dollars
16 (\$8,500,000) of special indebtedness may be issued or incurred under this
17 subdivision prior to July 1, 2008. No more than a maximum aggregate
18 amount of twenty-five million five hundred thousand dollars (\$25,500,000)
19 of special indebtedness may be issued or incurred under this subdivision
20 prior to July 1, 2009.
- 21 (6) In the maximum aggregate principal amount of eight million six hundred
22 eighty-seven thousand dollars (\$8,687,000) to finance the capital facility
23 costs of renovating Rhoades Hall at the University of North Carolina at
24 Asheville.
- 25 (7) In the maximum aggregate principal amount of one hundred nineteen million
26 six hundred eight thousand two hundred twenty-five dollars (\$119,608,225)
27 to finance the capital facility costs of a Genomics Science Building at the
28 University of North Carolina at Chapel Hill. No more than a maximum
29 aggregate amount of thirty-one million dollars (\$31,000,000) of special
30 indebtedness may be issued or incurred under this subdivision prior to July
31 1, 2008. No more than a maximum aggregate amount of eighty-six million
32 dollars (\$86,000,000) of special indebtedness may be issued or incurred
33 under this subdivision prior to July 1, 2009.
- 34 (8) In the maximum aggregate principal amount of nineteen million dollars
35 (\$19,000,000) to finance the capital facility costs of completing a Nursing
36 and Allied Health Building at the University of North Carolina at Pembroke.
37 No more than a maximum aggregate amount of five million dollars
38 (\$5,000,000) of special indebtedness may be issued or incurred under this
39 subdivision prior to July 1, 2008.
- 40 (9) In the maximum aggregate principal amount of thirty-four million five
41 hundred twenty-five thousand dollars (\$34,525,000) to finance the capital
42 facility costs of completing a new teaching laboratory at the University of
43 North Carolina at Wilmington. No more than a maximum aggregate amount
44 of two million five hundred thousand dollars (\$2,500,000) of special
45 indebtedness may be issued or incurred under this subdivision prior to July
46 1, 2008. No more than a maximum aggregate amount of eight million six
47 hundred thirty-one thousand two hundred fifty dollars (\$8,631,250) of
48 special indebtedness may be issued or incurred under this subdivision prior
49 to July 1, 2009.
- 50 (10) In the maximum aggregate principal amount of ~~forty-one million six~~
51 ~~hundred five thousand dollars (\$41,605,000)~~ thirty-eight million eight

- 1 hundred sixty-two thousand nine hundred sixty dollars (\$38,862,960) to
2 finance the capital facility costs of completing a new Health and
3 Gerontological Building at Western Carolina University. No more than a
4 maximum aggregate amount of eighteen million eight hundred two thousand
5 five hundred dollars (\$18,802,500) of special indebtedness may be issued or
6 incurred under this subdivision prior to July 1, 2009.
- 7 (11) In the maximum aggregate principal amount of twenty-eight million five
8 hundred seven thousand dollars (\$28,507,000) to finance the capital facility
9 costs of completing a new student activities center at Winston-Salem State
10 University. No more than a maximum aggregate amount of two million
11 dollars (\$2,000,000) of special indebtedness may be issued or incurred under
12 this subdivision prior to July 1, 2008. No more than a maximum aggregate
13 amount of fourteen million seven hundred ninety-nine thousand dollars
14 (\$14,799,000) of special indebtedness may be issued or incurred under this
15 subdivision prior to July 1, 2009.
- 16 (12) In the maximum aggregate principal amount of ~~fifty-three million dollars~~
17 ~~(\$53,000,000)~~ fifty million three hundred ninety two thousand six dollars
18 (\$50,392,006) to finance the capital facility costs of completing a
19 Nanoscience Building to be used jointly by the University of North Carolina
20 at Greensboro and North Carolina Agricultural and Technical State
21 University. No more than a maximum aggregate amount of twenty-five
22 million dollars (\$25,000,000) of special indebtedness may be issued or
23 incurred under this subdivision prior to July 1, 2009.
- 24 (13) In the maximum aggregate principal amount of thirty-two million five
25 hundred thousand dollars (\$32,500,000) to finance the capital facility costs
26 for completing the Coastal Studies Institute. No more than a maximum
27 aggregate amount of eight million dollars (\$8,000,000) of special
28 indebtedness may be issued or incurred under this subdivision prior to July
29 1, 2008. No more than a maximum aggregate amount of twenty-three
30 million dollars (\$23,000,000) of special indebtedness may be issued or
31 incurred under this subdivision prior to July 1, 2009.
- 32 (14) In the maximum aggregate principal amount of nineteen million eight
33 hundred sixteen thousand five hundred dollars (\$19,816,500) to finance the
34 capital facility costs of a medium security facility at the Scotland
35 Correctional Institution. No more than a maximum aggregate amount of five
36 million dollars (\$5,000,000) of special indebtedness may be issued or
37 incurred under this subdivision prior to July 1, 2008.
- 38 (15) In the maximum aggregate principal amount of thirteen million one hundred
39 ninety-one thousand three hundred dollars (\$13,191,300) to finance the
40 capital facility costs of a minimum security facility at the Alexander
41 Correctional Institution. No more than a maximum aggregate amount of six
42 million five hundred ninety-five thousand six hundred fifty dollars
43 (\$6,595,650) of special indebtedness may be issued or incurred under this
44 subdivision prior to July 1, 2008.
- 45 (16) In the maximum aggregate principal amount of thirty-five million dollars
46 (\$35,000,000) to finance the capital facility costs of a new education and
47 visitors center at Tryon Palace Historic Sites and Gardens. No more than a
48 maximum aggregate amount of five million dollars (\$5,000,000) of special
49 indebtedness may be issued or incurred under this subdivision prior to July
50 1, 2008. No more than a maximum aggregate amount of twenty-five million

1 dollars (\$25,000,000) of special indebtedness may be issued or incurred
2 under this subdivision prior to July 1, 2009."

3 **SECTION 27.9.(c)** Section 23.12 of S.L. 2006-66, as amended by Section 27.8(c)
4 of S.L. 2008-107, reads as rewritten:

5 **"SPECIAL INDEBTEDNESS PROJECTS**

6 **SECTION 23.12.(a)** In accordance with G.S. 142-83, this subsection authorizes the
7 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
8 forty-five million one hundred thirty dollars (\$45,130,000) to finance the costs of constructing
9 new buildings and pavilions and renovating existing buildings at the North Carolina Museum
10 of Art. The State, with the prior approval of the State Treasurer and the Council of State, as
11 provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur
12 special indebtedness in order to provide funds to the State to be used, together with other
13 available funds, to pay the costs of constructing and renovating the project described in this
14 subsection.

15 **SECTION 23.12.(b)** In accordance with G.S. 142-83, this subsection authorizes the
16 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
17 twenty million dollars (\$20,000,000) to finance the capital facility costs of completing the
18 Central Regional Psychiatric Hospital for the Department of Health and Human Services. The
19 State, with the prior approval of the State Treasurer and the Council of State, as provided in
20 Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special
21 indebtedness in order to provide funds to the State to be used, together with other available
22 funds, to pay the capital facility costs of the project described in this subsection.

23 **SECTION 23.12.(c)** In accordance with G.S. 142-83, this subsection authorizes the
24 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
25 ~~twenty four million eight hundred forty one thousand three hundred dollars (\$24,841,300)~~
26 twenty-four million one hundred sixteen thousand four hundred thirty-three dollars
27 (\$24,116,433) to finance the capital facility costs of a new Secondary State Data Center. The
28 State, with the prior approval of the State Treasurer and the Council of State, as provided in
29 Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special
30 indebtedness in order to provide funds to the State to be used, together with other available
31 funds, to pay the capital facility costs of the project described in this subsection.

32 **SECTION 23.12.(d)** In accordance with G.S. 142-83, this subsection authorizes the
33 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
34 forty-five million eight hundred twenty-seven thousand four hundred dollars (\$45,827,400) to
35 finance the capital facility costs of a new Center City Classroom Building at the University of
36 North Carolina – Charlotte. The State, with the prior approval of the State Treasurer and the
37 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized
38 to issue or incur special indebtedness in order to provide funds to the State to be used, together
39 with other available funds, to pay the capital facility costs of the project described in this
40 subsection.

41 **SECTION 23.12.(e)** In accordance with G.S. 142-83, this subsection authorizes the
42 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
43 one hundred one million dollars (\$101,000,000) to finance the capital facility costs of the
44 Department of Health and Human Services Public Health Laboratory and Office of Chief
45 Medical Examiner. The State, with the prior approval of the State Treasurer and the Council of
46 State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
47 incur special indebtedness in order to provide funds to the State to be used, together with other
48 available funds, to pay the capital facility costs of the project described in this subsection. No
49 more than a maximum aggregate principal amount of twenty million dollars (\$20,000,000) of
50 special indebtedness may be issued or incurred under this subsection prior to July 1, 2007.

1 **SECTION 23.12.(f)** In accordance with G.S. 142-83, this subsection authorizes the
2 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
3 ~~one hundred forty five million five hundred thousand dollars (\$145,500,000)~~ one hundred forty
4 million four hundred seventy eight thousand seventy dollars (\$140,478,070) to finance the
5 capital facility costs of the Eastern Regional Psychiatric Hospital for the Department of Health
6 and Human Services. The State, with the prior approval of the State Treasurer and the Council
7 of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue
8 or incur special indebtedness in order to provide funds to the State to be used, together with
9 other available funds, to pay the capital facility costs of the project described in this subsection.
10 No more than a maximum aggregate principal amount of twenty million dollars (\$20,000,000)
11 of special indebtedness may be issued or incurred under this subsection prior to July 1, 2007.
12 No more than a maximum aggregate principal amount of one hundred million dollars
13 (\$100,000,000) of special indebtedness may be issued or incurred under this subsection prior to
14 July 1, 2008.

15 **SECTION 23.12.(g)** In accordance with G.S. 142-83, this subsection authorizes the
16 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
17 one hundred thirty-two million two hundred thousand dollars (\$132,200,000) to finance the
18 capital facility costs of the Regional Medical Center and Mental Health Center of the
19 Department of Correction. The State, with the prior approval of the State Treasurer and the
20 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized
21 to issue or incur special indebtedness in order to provide funds to the State to be used, together
22 with other available funds, to pay the capital facility costs of the project described in this
23 subsection. No more than a maximum aggregate principal amount of eight million two hundred
24 thousand dollars (\$8,200,000) of special indebtedness may be issued or incurred under this
25 subsection prior to July 1, 2007. No more than a maximum aggregate principal amount of
26 fifty-eight million two hundred thousand dollars (\$58,200,000) of special indebtedness may be
27 issued or incurred under this subsection prior to July 1, 2008. No more than a maximum
28 aggregate principal amount of ninety-eight million two hundred thousand dollars (\$98,200,000)
29 of special indebtedness may be issued or incurred under this subsection prior to July 1, 2009.

30 **SECTION 23.12.(h)** In accordance with G.S. 142-83, this subsection authorizes the
31 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
32 ~~one hundred sixty two million eight hundred thousand dollars (\$162,800,000)~~ one hundred
33 fifty-seven million one hundred eighty thousand nine hundred sixty dollars (\$157,180,960) to
34 finance the capital facility costs of the Western Regional Psychiatric Hospital for the
35 Department of Health and Human Services. The State, with the prior approval of the State
36 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General
37 Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the
38 State to be used, together with other available funds, to pay the capital facility costs of the
39 project described in this subsection. No special indebtedness may be issued or incurred under
40 this subsection prior to July 1, 2008. No more than a maximum aggregate principal amount of
41 twenty million dollars (\$20,000,000) of special indebtedness may be issued or incurred under
42 this subsection prior to July 1, 2009.

43 **SECTION 23.12.(i)** This section is effective when it becomes law."

44 **SECTION 27.9.(d)** Section 1.2 of S.L. 2004-179, as amended by Section 1 of S.L.
45 2006-231, reads as rewritten:

46 **"SECTION 1.2.** In accordance with G.S. 142-83, this section authorizes the issuance or
47 incurrence of special indebtedness in the maximum aggregate principal amount of ~~forty two~~
48 ~~million dollars (\$42,000,000)~~ thirty-five million two hundred thousand dollars (\$35,200,000) to
49 finance the costs of constructing up to five youth development centers totaling up to 224 beds
50 to be operated by the Department of Juvenile Justice and Delinquency Prevention and to be
51 located as determined by that Department. The State, with the prior approval of the State

1 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General
2 Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the
3 State to be used, together with other available funds, to pay the cost of constructing the projects
4 described by this section. Of the special indebtedness authorized by this section, no more than
5 thirteen million dollars (\$13,000,000) may be issued or incurred before July 1, 2005."

6 **SECTION 27.9.(e)** Notwithstanding anything in Section 47.1 of S.L. 2003-284 to
7 the contrary, the maximum amount of special indebtedness authorized by that section for the
8 capital facilities cost of Columbus County Correctional Institution is one hundred one million
9 fifty-six thousand four hundred ninety dollars (\$101,056,490).

10 11 **TWO-THIRDS BONDS ACT OF 2009**

12 **SECTION 27.10.(a)** Short Title. – This section may be cited as the "Two-Thirds
13 Bonds Act of 2009."

14 **SECTION 27.10.(b)** Findings and Determinations. – It is the intent and purpose of
15 the General Assembly by this section to provide for the issuance of general obligation bonds or
16 notes of the State in order to provide funds for the cost of State capital facilities and for the cost
17 of repairs and renovations of State capital facilities and related infrastructure.

18 **SECTION 27.10.(c)** Definitions. – The following definitions apply in this section
19 unless the context otherwise requires:

- 20 (1) Bonds. – Bonds issued under this section.
- 21 (2) Cost. – The term includes all of the following:
- 22 a. The cost of constructing, reconstructing, renovating, repairing,
23 enlarging, acquiring, and improving State capital facilities, including
24 the acquisition of land, rights-of-way, easements, franchises,
25 equipment, machinery, furnishings, and other interests in real or
26 personal property acquired or used in connection with a State capital
27 facility.
- 28 b. The cost of engineering, architectural, and other consulting services
29 as may be required.
- 30 c. Administrative expenses and charges.
- 31 d. The cost of providing personnel to ensure effective project
32 management.
- 33 e. The cost of bond insurance, investment contracts, credit enhancement
34 and liquidity facilities, interest-rate swap agreements or other
35 derivative products, financial and legal consultants, and related costs
36 of bond and note issuance, to the extent and as determined by the
37 State Treasurer.
- 38 f. Finance charges, reserves for debt service, and other types of
39 reserves required pursuant to the terms of any bond or note or related
40 documents, interest before and during construction or acquisition of a
41 State capital facility and, if considered advisable by the State
42 Treasurer, for a period not exceeding two years after the estimated
43 date of completion of construction or acquisition.
- 44 g. The cost of reimbursing the State for any payments made for any cost
45 described in this subdivision.
- 46 h. Any other costs and expenses necessary or incidental to the purposes
47 of this section.
- 48 (3) Credit facility. – An agreement entered into by the State Treasurer on behalf
49 of the State with a bank, savings and loan association or other banking
50 institution, an insurance company, reinsurance company, surety company or
51 other insurance institution, a corporation, investment banking firm or other

1 investment institution, or any financial institution or other similar provider
2 of a credit facility, which provider may be located within or without the
3 United States, such agreement providing for prompt payment of all or any
4 part of the principal or purchase price (whether at maturity, presentment or
5 tender for purchase, redemption or acceleration), redemption premium, if
6 any, and interest on any bonds or notes payable on demand or tender by the
7 owner, in consideration of the State agreeing to repay the provider of the
8 credit facility in accordance with the terms and provisions of such
9 agreement.

10 (4) Notes. – Notes issued under this section.

11 (5) Par formula. – A provision or formula adopted by the State to provide for the
12 adjustment, from time to time, of the interest rate or rates borne by any
13 bonds or notes, including:

14 a. A provision providing for such adjustment so that the purchase price
15 of such bonds or notes in the open market would be as close to par as
16 possible.

17 b. A provision providing for such adjustment based upon a percentage
18 or percentages of a prime rate or base rate, which percentage or
19 percentages may vary or be applied for different periods of time.

20 c. Such other provision as the State Treasurer may determine to be
21 consistent with this act and will not materially and adversely affect
22 the financial position of the State and the marketing of bonds or notes
23 at a reasonable interest cost to the State.

24 (6) State. – The State of North Carolina, including any State agency.

25 (7) State agency. – Any agency, institution, board, commission, bureau, council,
26 department, division, officer, or employee of the State. The term does not
27 include counties, municipal corporations, political subdivisions, local boards
28 of education, or other local public bodies.

29 **SECTION 27.10.(d)** Authorization of Bonds and Notes. – The State Treasurer is
30 authorized, by and with the consent of the Council of State, to issue and sell at one time or from
31 time to time general obligation bonds or notes of the State to be designated 'State of North
32 Carolina General Obligation Bonds,' with any additional designations as may be determined,
33 with any other available funds, for the purposes authorized by this section. The aggregate
34 principal amount of bonds authorized by this section for the fiscal years ending June 30, 2010,
35 and June 30, 2011, may not exceed the lesser of (i) the amount authorized by this subsection for
36 that fiscal year and (ii) an amount that, together with all other general obligation bonds issued
37 by the State, excluding refunding bonds, during the biennium ending June 30, 2011, is greater
38 than two-thirds of the net amount by which the State's outstanding general obligation bonds
39 was reduced during the biennium ended June 30, 2009. The aggregate principal amount of
40 bonds authorized by this section for the fiscal years ending June 30, 2012, and June 30, 2013,
41 may not exceed the lesser of (i) the amount authorized by this subsection for that fiscal year
42 and (ii) an amount that, together with all other general obligation bonds issued by the State,
43 excluding refunding bonds, during the biennium ending June 30, 2013, is greater than
44 two-thirds of the net amount by which the State's outstanding general obligation bonds was
45 reduced during the biennium ended June 30, 2011. If the maximum principal amount of bonds
46 and notes authorized for a fiscal year is in excess of the amount described above, then the
47 maximum amount of bonds and notes authorized in this section for that fiscal year is reduced
48 by such excess. There is hereby authorized the following amount of bonds and notes authorized
49 by this section in the following fiscal years:

50 (1) In the maximum aggregate principal amount of one hundred six million six
51 hundred ten thousand dollars (\$106,610,000) for fiscal year 2009-2010.

- 1 (2) In the maximum aggregate principal amount of one hundred million dollars
2 (\$100,000,000) for fiscal year 2010-2011.
- 3 (3) In the maximum aggregate principal amount of fifty million dollars
4 (\$50,000,000) for fiscal year 2011-2012.
- 5 (4) In the maximum aggregate principal amount of fifty million dollars
6 (\$50,000,000) for fiscal year 2012-2013.

7 **SECTION 27.10.(e)** Uses of Bond and Note Proceeds. – The proceeds of bonds
8 and notes shall be used for financing the cost of State capital facilities and for repairing and
9 renovating State capital facilities as provided in this section. Any additional moneys which
10 may be received by grant from the United States of America or any agency or department
11 thereof or from any other source to aid in financing the cost of any State capital facilities
12 authorized by this section may be placed by the State Treasurer in a separate fund or funds and
13 shall be disbursed, to the extent permitted by the terms of the grant, without regard to any
14 limitations imposed by this section.

15 The proceeds of bonds and notes may be used with any other moneys made
16 available by the General Assembly for the cost of State capital facilities, including the proceeds
17 of any other State bond issues, whether heretofore made available or which may be made
18 available at the session of the General Assembly at which this section is ratified or any
19 subsequent sessions. The proceeds of bonds and notes shall be expended and disbursed under
20 the direction and supervision of the Director of the Budget. The funds provided by this section
21 shall be disbursed for the purposes provided in this section upon warrants drawn on the State
22 Treasurer by the State Controller, which warrants shall not be drawn until requisition has been
23 approved by the Director of the Budget and which requisition shall be approved only after full
24 compliance with the State Budget Act, Chapter 143C of the General Statutes.

25 The Office of State Budget and Management and the Board of Governors of The
26 University of North Carolina shall provide semiannual reports to the Joint Legislative
27 Oversight Committee on Capital Improvements, the Chairs of the Senate and House of
28 Representatives Appropriation Committees, and the Fiscal Research Division on the
29 expenditure of moneys authorized by this section. The reports shall continue until the
30 completion of the projects provided for in this section.

31 **SECTION 27.10.(f)** Allocation of Proceeds. – The proceeds of bonds and notes
32 shall be allocated and expended as provided in this subsection:

- 33 (1) A maximum aggregate principal amount of two hundred forty million dollars
34 (\$240,000,000) to finance the capital facility costs of the new Biomedical
35 Research Imaging Center at the University of North Carolina at Chapel Hill.
36 No more than a maximum aggregate principal amount of seventy-four
37 million dollars (\$74,000,000) may be issued or incurred under this
38 subdivision prior to July 1, 2010. No more than a maximum aggregate
39 amount of one hundred seventy-four million dollars (\$174,000,000) may be
40 issued or incurred prior to July 1, 2011. No more than a maximum aggregate
41 amount of two hundred twenty-four million dollars (\$224,000,000) may be
42 issued or incurred prior to July 1, 2012. The projected allocation for this
43 capital facility may be increased to reflect the availability of other funds,
44 including contingency funds, income earned on the investment of bond and
45 note proceeds, and the proceeds of any grants.
- 46 (2) A maximum aggregate principal amount of sixty-six million six hundred ten
47 thousand dollars (\$66,610,000) to be used only in accordance with this
48 subdivision for the repair and renovation of State facilities and related
49 infrastructure. No more than a maximum aggregate amount of thirty-two
50 million six hundred ten thousand dollars (\$32,610,000) may be issued or
51 incurred under this subdivision prior to July 1, 2012.

SECTION 27.10.(g) Issuance of Bonds and Notes. –

- 1
2 (1) Terms and conditions. – Bonds or notes may bear a date or dates, may be
3 serial or term bonds or notes, or any combination thereof, may mature in
4 such amounts and at such time or times, not exceeding 40 years from their
5 date or dates, may be payable at such place or places, either within or
6 without the United States of America, in such coin or currency of the United
7 States of America as at the time of payment is legal tender for payment of
8 public and private debts, may bear interest at such rate or rates, which may
9 vary from time to time, and may be made redeemable before maturity, at the
10 option of the State or otherwise as may be provided by the State, at such
11 price or prices, including a price less than or greater than the face amount of
12 the bonds or notes, and under such terms and conditions, all as may be
13 determined by the State Treasurer, by and with the consent of the Council of
14 State.
- 15 (2) Signatures; form and denomination; registration. – Bonds or notes may be
16 issued in certificated or uncertificated form. If issued in certificated form,
17 bonds or notes shall be signed on behalf of the State by the Governor or shall
18 bear the Governor's facsimile signature, shall be signed by the State
19 Treasurer or shall bear the State Treasurer's facsimile signature, and shall
20 bear the great seal of the State, or a facsimile of the seal shall be impressed
21 or imprinted thereon. If bonds or notes bear the facsimile signatures of the
22 Governor and the State Treasurer, the bonds or notes shall also bear a
23 manual signature which may be that of a bond registrar, trustee, paying
24 agent, or designated assistant of the State Treasurer. Should any officer
25 whose signature or facsimile signature appears on bonds or notes cease to be
26 such officer before the delivery of the bonds or notes, the signature or
27 facsimile signature shall nevertheless have the same validity for all purposes
28 as if the officer had remained in office until delivery. Bonds or notes may
29 bear the facsimile signatures of persons who at the actual time of the
30 execution of the bonds or notes shall be the proper officers to sign any bond
31 or note, although at the date of the bond or note such persons may not have
32 been such officers. The form and denomination of bonds or notes, including
33 the provisions with respect to registration of the bonds or notes and any
34 system for their registration, shall be as the State Treasurer may determine in
35 conformity with this section.
- 36 (3) Manner of sale; expenses. – Subject to the approval by the Council of State
37 as to the manner in which bonds or notes shall be offered for sale, whether at
38 public or private sale, whether within or without the United States, and
39 whether by publishing notices in certain newspapers and financial journals,
40 mailing notices, inviting bids by correspondence, negotiating contracts of
41 purchase, or otherwise, the State Treasurer is authorized to sell bonds or
42 notes at one time or from time to time at any rates of interest, which may
43 vary from time to time, and at any prices, including a price less than or
44 greater than the face amount of the bonds or notes, as the State Treasurer
45 may determine. All expenses incurred in the preparation, sale, and issuance
46 of bonds or notes shall be paid by the State Treasurer from the proceeds of
47 bonds or notes or other available moneys.
- 48 (4) Notes; repayment. –
49 a. By and with the consent of the Council of State, the State Treasurer
50 is hereby authorized to borrow money and to execute and issue notes

1 of the State for the same, but only in the following circumstances and
2 under the following conditions:

- 3 1. For anticipating the sale of bonds, the issuance of which the
4 Council of State has approved, if the State Treasurer
5 considers it advisable to postpone the issuance of the bonds;
 - 6 2. For the payment of interest on or any installment of principal
7 of any bonds then outstanding, if there are not sufficient
8 funds in the State treasury with which to pay the interest or
9 installment of principal as they respectively become due;
 - 10 3. For the renewal of any loan evidenced by notes authorized in
11 this section;
 - 12 4. For the purposes authorized in this section; and
 - 13 5. For refunding bonds or notes as authorized in this section.
- 14 b. Funds derived from the sale of bonds or notes may be used in the
15 payment of any bond anticipation notes issued under this section.
16 Funds provided by the General Assembly for the payment of interest
17 on or principal of bonds shall be used in paying the interest on or
18 principal of any notes and any renewals thereof, the proceeds of
19 which shall have been used in paying interest on or principal of the
20 bonds.

21 (5) Refunding bonds and notes. – By and with the consent of the Council of
22 State, the State Treasurer is authorized to issue and sell refunding bonds and
23 notes pursuant to the provisions of the State Refunding Bond Act for the
24 purpose of refunding bonds or notes issued pursuant to this section. The
25 refunding bonds and notes may be combined with any other issues of State
26 bonds and notes similarly secured. Refunding bonds or notes may be issued
27 at any time prior to the final maturity of the debt obligation to be refunded.
28 The proceeds from the sale of any refunding bonds or notes shall be applied
29 to the immediate payment and retirement of the bonds or notes being
30 refunded or, if not required for the immediate payment of the bonds or notes
31 being refunded, the proceeds shall be deposited in trust to provide for the
32 payment and retirement of the bonds or notes being refunded and to pay any
33 expenses incurred in connection with the refunding. Money in a trust fund
34 may be invested in (i) direct obligations of the United States government, (ii)
35 obligations the principal of and interest on which are guaranteed by the
36 United States government, (iii) obligations of any agency or instrumentality
37 of the United States government if the timely payment of principal and
38 interest on the obligations is unconditionally guaranteed by the United States
39 government, or (iv) certificates of deposit issued by a bank or trust company
40 located in the State if the certificates are secured by a pledge of any of the
41 obligations described in (i), (ii), or (iii) above having an aggregate market
42 value, exclusive of accrued interest, equal at least to the principal amount of
43 the certificates so secured. This section does not limit the duration of any
44 deposit in trust for the retirement of bonds or notes being refunded but that
45 have not matured and are not presently redeemable, or if presently
46 redeemable, have not been called for redemption.

47 (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by
48 the State or any political subdivision or any of their agencies, excepting
49 estate, inheritance or gift taxes, income taxes on the gain from the transfer of
50 bonds or notes, and franchise taxes. The interest on bonds or notes is not
51 subject to taxation as income.

1 (7) Investment eligibility. – Bonds and notes are securities in which all of the
2 following may invest, including capital in their control or belonging to them:
3 public officers, agencies, and public bodies of the State and its political
4 subdivisions, all insurance companies, trust companies, investment
5 companies, banks, savings banks, savings and loan associations, credit
6 unions, pension or retirement funds, other financial institutions engaged in
7 business in the State, executors, administrators, trustees, and other
8 fiduciaries. Bonds and notes are hereby made securities which may properly
9 and legally be deposited with and received by any officer or agency of the
10 State or political subdivision of the State for any purpose for which the
11 deposit of bonds, notes, or obligations of the State or any political
12 subdivision is now or may hereafter be authorized by law.

13 (8) Faith and credit. – The faith and credit and taxing power of the State are
14 hereby pledged for the payment of the principal of and the interest on bonds
15 and notes. The State expressly reserves the right to amend any provision of
16 this section to the extent it does not impair any contractual right of a bond
17 owner.

18 (9) Other agreements. – The State Treasurer may authorize, execute, obtain, or
19 otherwise provide for bond insurance, investment contracts, credit and
20 liquidity facilities, interest-rate swap agreements and other derivative
21 products, and any other related instruments and matters the State Treasurer
22 determines are desirable in connection with issuance, incurrence, carrying,
23 or securing of bonds or notes. The State Treasurer is authorized to employ
24 and designate any financial consultants, underwriters, and bond attorneys to
25 be associated with any bond or note issue under this section as the State
26 Treasurer considers necessary.

27 **SECTION 27.10.(h)** Variable Rate Demand Bonds and Notes. – In fixing the
28 details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

29 (1) Be made payable from time to time on demand or tender for purchase by the
30 owner, if a credit facility supports the bonds or notes, unless the State
31 Treasurer specifically determines that a credit facility is not required upon a
32 finding and determination by the State Treasurer that the absence of a credit
33 facility will not materially and adversely affect the financial position of the
34 State and the marketing of the bonds or notes at a reasonable interest cost to
35 the State;

36 (2) Be additionally supported by a credit facility;

37 (3) Be made subject to redemption or a mandatory tender for purchase prior to
38 maturity;

39 (4) Bear interest at a rate or rates that may vary for any period of time, as may
40 be provided in the proceedings providing for the issuance of the bonds or
41 notes, including, without limitation, such variations as may be permitted
42 pursuant to a par formula; and

43 (5) Be made the subject of a remarketing agreement whereby an attempt is made
44 to remarket bonds or notes to new purchasers prior to their presentment for
45 payment to the provider of the credit facility or to the State.

46 If the aggregate principal amount payable by the State under a credit facility is in
47 excess of the aggregate principal amount of bonds or notes secured by the credit facility,
48 whether as a result of the inclusion in the credit facility of a provision for the payment of
49 interest for a limited period of time or the payment of a redemption premium or for any other
50 reason, then the amount of authorized but unissued bonds or notes during the term of such

1 credit facility shall not be less than the amount of such excess, unless the payment of such
 2 excess is otherwise provided for by agreement of the State executed by the State Treasurer.

3 **SECTION 27.10.(i)** Interpretation of Section. –

- 4 (1) Additional method. – The foregoing sections of this section shall be deemed
 5 to provide an additional and alternative method for the doing of the things
 6 authorized under it and shall be regarded as supplemental and additional to
 7 powers conferred by other laws and shall not be regarded as in derogation of
 8 any powers now existing.
- 9 (2) Statutory references. – References in this section to specific sections or
 10 Chapters of the General Statutes or to specific acts are intended to be
 11 references to such sections, Chapters, or acts as they may be amended from
 12 time to time by the General Assembly.
- 13 (3) Broad construction. – This section, being necessary for the health and
 14 welfare of the people of the State, shall be broadly construed to effect the
 15 purposes thereof.
- 16 (4) Inconsistent provisions. – Insofar as the provisions of this section are
 17 inconsistent with the provisions of any general, special, or local laws, or
 18 parts thereof, the provisions of this section shall be controlling.
- 19 (5) Severability. – If any provision of this section or the application thereof to
 20 any person or circumstance is held invalid, such invalidity shall not affect
 21 other provisions or applications of the section which can be given effect
 22 without the invalid provision or application, and to this end the provisions of
 23 this section are declared to be severable.

24 **SECTION 27.10.(j)** G.S 116-29.5 reads as rewritten:

25 **"§ 116-29.5. Biomedical Research Imaging Center.**

26 The General Assembly finds that the construction of the Biomedical Research Imaging
 27 Center at the University of North Carolina at Chapel Hill is a vital component of the State's
 28 efforts to improve the health and wellness of its citizens. Therefore, there is appropriated from
 29 the General Fund to the Board of Governors of The University of North Carolina the following
 30 sums for the corresponding fiscal year to be used for the planning and construction of the
 31 Biomedical Research Imaging Center:

Fiscal Year	Amount:
2009-2010	\$172,000,000 <u>\$74,000,000</u>
2010-2011	\$45,000,000 <u>\$100,000,000</u>
<u>2011-2012</u>	<u>\$50,000,000</u>
<u>2012-2013</u>	<u>\$16,000,000.</u> "

37 **SECTION 27.10.(k)** The funds appropriated for the 2009-2010 shall be placed in a
 38 Reserve for the Biomedical Research Imaging Center and shall be spent only to the extent that
 39 the Council of State does not authorize the issuance of bonds in the amount of \$74,000,000
 40 during the 2009-2010 fiscal year.

41 **SECTION 27.10.(l)** Effective Date. – This section is effective when it becomes
 42 law.

43
 44 **PART XXVIII. MISCELLANEOUS PROVISIONS**

45
 46 **STATE BUDGET ACT APPLIES**

47 **SECTION 28.1.** The provisions of the State Budget Act, Chapter 143C of the
 48 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
 49 this act by reference.

50
 51 **COMMITTEE REPORT**

1 **SECTION 28.2.(a)** The Senate Appropriations Committee Report on the
2 Continuation, Expansion and Capital Budgets dated April 7, 2009, which was distributed in the
3 Senate and the House of Representatives and used to explain this act, shall indicate action by
4 the General Assembly on this act and shall therefore be used to construe this act, as provided in
5 the State Budget Act, Chapter 143C of the General Statutes, and for these purposes shall be
6 considered a part of this act and as such shall be printed as a part of the Session Laws.

7 **SECTION 28.2.(b)** The budget enacted by the General Assembly is for the
8 maintenance of the various departments, institutions, and other spending agencies of the State
9 for the 2008-2009 budget as provided in G.S. 143C-3-5. This budget includes the
10 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

11 The Director of the Budget submitted recommended adjustments to the budget to
12 the General Assembly in March 2009 in the documents "North Carolina State Budget,
13 Recommended Operating Budget 2009-2011, Volumes 1 through 6," for the 2009-2011 fiscal
14 biennium for the various departments, institutions, and other spending agencies of the State.
15 The adjustments to these documents made by the General Assembly are set out in the
16 Committee Report.

17 **SECTION 28.2.(c)** The budget enacted by the General Assembly shall also be
18 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
19 appropriate legislation.

20 In the event that there is a conflict between the line-item budget certified by the
21 Director of the Budget and the budget enacted by the General Assembly, the budget enacted by
22 the General Assembly shall prevail.

23 24 **MOST TEXT APPLIES ONLY TO THE 2009-2011 FISCAL BIENNIUM**

25 **SECTION 28.3.** Except for statutory changes or other provisions that clearly
26 indicate an intention to have effects beyond the 2009-2011 fiscal biennium, the textual
27 provisions of this act apply only to funds appropriated for, and activities occurring during, the
28 2009-2011 fiscal biennium.

29 30 **EFFECT OF HEADINGS**

31 **SECTION 28.4.** The headings to the parts and sections of this act are a
32 convenience to the reader and are for reference only. The headings do not expand, limit, or
33 define the text of this act, except for effective dates referring to a part.

34 35 **SEVERABILITY CLAUSE**

36 **SECTION 28.5.** If any section or provision of this act is declared unconstitutional
37 or invalid by the courts, it does not affect the validity of this act as a whole or any part other
38 than the part so declared to be unconstitutional or invalid.

39 40 **EFFECTIVE DATE**

41 **SECTION 28.5A.** This act becomes effective only if the General Assembly enacts
42 modifications to tax law that increase revenues by an amount sufficient to ensure that the
43 State's budget is balanced.

44 **SECTION 28.6.** Except as otherwise provided, this act becomes effective July 1,
45 2009.