

February 17, 2009

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. *TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.*

Blank bill.

**Intro. by Garrou.**

APPROP

April 7, 2009

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. The changes made by the Senate committee substitute, with Appropriations Committee and Finance Committee amendments engrossed, will be digested in tomorrow's *Daily Bulletin*.

April 8, 2009

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. Senate committee substitute, with amendments from the Senate Appropriations Committee and Senate Finance Committee engrossed, makes the following changes.

## **PART I. INTRODUCTION AND TITLE OF ACT**

This act shall be known as the Current Operations and Capital Improvements Appropriations Act of 2009.

## **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

### **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

**SECTION 2.1.** Appropriations from the General Fund are made for the biennium ending June 30, 2011, as follows:

<b>Current Operations – General Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
<b>EDUCATION</b>		
Community Colleges System Office	\$ 1,059,888,269	\$ 1,104,442,194
Department of Public Instruction	7,629,717,045	7,784,909,413
University of North Carolina – Board of Governors		
Appalachian State University	149,364,470	150,008,736
East Carolina University		
Academic Affairs	241,853,905	244,133,225
Health Affairs	55,190,729	55,027,390
Elizabeth City State University	37,906,689	38,291,383
Fayetteville State University	60,424,635	60,745,385
North Carolina Agricultural and Technical University	103,280,528	103,283,850
North Carolina Central University	94,300,645	94,193,246
North Carolina School of the Arts	28,632,307	28,786,620
North Carolina State University		
Academic Affairs	421,258,378	428,566,200
Agricultural Extension	61,941,281	60,787,417
Agricultural Research	46,237,503	45,963,661
University of North Carolina at Asheville	40,024,437	40,158,837
University of North Carolina at Chapel Hill		
Academic Affairs	315,711,172	318,502,587
Health Affairs	224,910,569	228,028,319
Area Health Education Centers	52,346,018	52,363,857
University of North Carolina at Charlotte	200,230,007	200,765,231
University of North Carolina at Greensboro	172,612,251	173,265,711
University of North Carolina at Pembroke	61,015,439	61,316,418
University of North Carolina at Wilmington	104,921,437	106,343,768
Western Carolina University	96,273,475	96,370,613
Winston-Salem State University	73,730,343	73,401,502

General Administration	43,643,644	43,627,674
University Institutional Programs	14,772,089	72,744,268
Related Educational Programs	120,250,131	119,595,220
UNC Financial Aid Private Colleges	104,888,915	104,922,915
North Carolina School of Science and Mathematics	19,304,837	19,362,188
UNC Hospitals at Chapel Hill	46,011,882	46,011,882
Total University of North Carolina – Board of Governors	\$ 2,991,037,716	\$ 3,066,568,103

## **HEALTH AND HUMAN SERVICES**

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

## **NATURAL AND ECONOMIC RESOURCES**

Department of Agriculture and Consumer Services	\$ 61,599,458	\$ 61,185,805
Department of Commerce		
Commerce	44,395,214	37,178,108
Commerce State-Aid	18,804,673	20,304,673
NC Biotechnology Center	15,119,010	15,119,010
Rural Economic Development Center	24,019,453	24,019,453
Department of Environment and Natural Resources	207,284,998	200,464,914
Clean Water Management Trust Fund	95,000,000	95,000,000
Department of Labor	17,700,104	17,728,165

## **JUSTICE AND PUBLIC SAFETY**

Department of Correction	\$ 1,292,633,348	\$ 1,334,385,357
Department of Crime Control and Public Safety	31,338,905	30,900,591
Judicial Department	470,465,546	471,837,687
Judicial Department – Indigent Defense	134,934,064	121,403,270
Department of Justice	92,102,712	91,344,576
Department of Juvenile Justice and Delinquency Prevention	147,114,599	143,487,981

## **GENERAL GOVERNMENT**

Department of Administration	\$ 69,163,419	\$ 69,106,137
Office of Administrative Hearings	3,967,455	3,980,290
Department of State Auditor	13,224,512	13,240,784
Office of State Controller	23,361,150	23,993,456
Department of Cultural Resources		
Cultural Resources	70,522,789	71,919,361
Roanoke Island Commission	1,961,296	1,961,296
State Board of Elections	4,683,822	6,187,615
General Assembly	57,661,786	59,371,264
Office of the Governor		
Office of the Governor	6,113,531	6,119,712
Office of State Budget and Management	6,561,015	6,564,463
OSBM – Reserve for Special Appropriations	5,023,000	4,273,000

Housing Finance Agency	14,608,417	14,608,417
Department of Insurance		
Insurance	31,644,853	31,707,037
Insurance – Volunteer Safety Workers' Compensation	2,000,000	2,000,000
Office of Lieutenant Governor	932,179	932,179
Department of Revenue	84,920,596	85,013,566
Department of Secretary of State	11,364,455	11,438,329
Department of State Treasurer		
State Treasurer	17,272,124	17,285,912
State Treasurer –		
Retirement for Fire and Rescue Squad Workers	10,804,671	10,804,671

#### **TRANSPORTATION**

Department of Transportation	\$ 0	\$ 0
------------------------------	------	------

#### **RESERVES, ADJUSTMENTS AND DEBT SERVICE**

Reserve for Compensation Increases	\$ 65,440,496	\$ 56,765,776
Salary Adjustment Fund: 2009-2011 Biennium	0	0
Contingency and Emergency Fund	5,000,000	5,000,000
Reserve for Teachers' and		
State Employees' Retirement Contribution	21,000,000	21,000,000
Judicial Retirement System Contributions	1,300,000	1,300,000
Reserve for State Health Plan	128,410,208	267,904,114
Information Technology Fund	9,361,985	9,361,985
Reserve for Job Development Investment Grants (JDIG)	19,000,000	27,400,000
Adjust Debt Service	(7,500,000)	7,307,323
Statewide Administrative Support	(3,000,000)	(4,000,000)
Federal Economic Recovery Management	1,000,000	1,000,000
E-Procurement Receipts		(10,000,000)
Biomedical Research Imaging Center (BRIC)	0	0
Biomedical Research Imaging Center (BRIC)	74,000,000	100,000,000
Contingency Reserve		
Debt Service		
General Debt Service	670,494,697	739,878,445
Federal Reimbursement	1,616,380	1,616,380

#### **TOTAL CURRENT OPERATIONS – GENERAL FUND**

**\$ 20,031,173,017      \$ 21,284,428,623**

#### **Capital Improvements -General Fund**

**2009-2010                      2010-2011**

Water Resources Development Projects	\$ 17,600,000	\$ 0
--------------------------------------	---------------	------

#### **TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND**

**\$ 17,600,000              \$ 0**

#### **GENERAL FUND AVAILABILITY STATEMENT**

**SECTION 2.2.(a)** The General Fund availability used in developing the 2009-2011 biennial budget is as follows:

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Unappropriated Balance Remaining from Previous Year	0	104,982,016
Projected Reversions FY 2006-2007	0	0
Projected Overcollections FY 2006-2007	0	0
Less Earmarkings of Year End Fund Balance		
Savings Reserve Account	0	0
Repairs and Renovations Reserve Account	0	0
<b>Beginning Unreserved Fund Balance</b>	<b>0</b>	<b>104,982,016</b>

<b>Revenues Based on Existing Tax Structure</b>	<b>18,030,500,000</b>	<b>19,072,800,000</b>
<b>Nontax Revenues</b>		
Investment Income	136,400,000	153,800,000
Judicial Fees	200,300,000	208,400,000
Disproportionate Share	100,000,000	100,000,000
Insurance	72,500,000	76,500,000
Other Nontax Revenues	195,700,000	201,500,000
Tobacco Trust Fund Transfer	0	0
Highway Trust Fund/Use Tax Reimbursement Transfer	108,500,000	72,800,000
Highway Fund Transfer	17,600,000	17,600,000
<b>Subtotal Nontax Revenues</b>	<b>831,000,000</b>	<b>830,600,000</b>
<b>Total General Fund Availability</b>	<b>18,861,500,000</b>	<b>20,008,382,016</b>
<b>Adjustments to Availability: 2009 Session</b>		
Reserve for Tax Adjustments	500,400,000	667,100,000
Federal Fiscal Stabilization Funds – Education	580,966,000	580,966,000
Federal Fiscal Stabilization Funds – General Purpose	129,261,500	129,261,500
IRA Distribution Suspended	(44,000,000)	0
Department of Revenue Improved Enforcement	50,000,000	75,000,000
Transfer from Disproportionate Share Reserve	24,994,954	0
Adjust Transfer from Insurance Regulatory Fund	(2,179,969)	(2,179,969)
Adjust Transfer from Treasurer's Office	(885,321)	(885,321)
Scrap Tire Disposal Account Funds	3,000,000	0
Increase DHHS/HSR Fees	1,122,990	1,122,990
Increase SOS Fees	3,632,700	3,632,700
Administrative Office of the Courts	32,942,179	38,899,425
Reduce Fund Balance – Nurse Educators for Tomorrow	1,000,000	0
Inmate Work Release Fund Increase	500,000	500,000
Reduce Fund Balance – Telecommunications Relay Trust Fund	5,000,000	0
Reduce Fund Balance – Teaching Fellows Trust Fund	4,500,000	0
Reduce Fund Balance – DPI Legacy Funds	2,000,000	0
<b>Subtotal Adjustments to Availability: 2009 Session</b>	<b>1,292,255,033</b>	<b>1,493,417,325</b>
<b>Revised General Fund Availability</b>	<b>20,153,755,033</b>	<b>21,501,799,341</b>
<b>Less: General Fund Appropriations</b>	<b>(20,048,773,017)</b>	<b>(21,284,428,623)</b>
<b>Unappropriated Balance Remaining</b>	<b>\$104,982,016</b>	<b>\$217,370,718</b>

**SECTION 2.2.(b), (c)** Effective June 30, 2009, prohibits the State Controller from transferring funds to the Repairs and Renovations Reserve Account on June 30, 2009, and from not transferring funds to the Savings Reserve Account on June 30, 2009.

**SECTION 2.2.(d)** Provides that notwithstanding GS 105-187.9(b)(1), the sum to be transferred for the 2009-10 fiscal year is \$106 million and for the 2010-11 fiscal year \$71 million.

**SECTION 2.2.(e)** Provides that pursuant to GS 105-187.9(b)(2), the sum to be transferred for the 2009-10 fiscal year is \$2.5 million and for the 2010-11 fiscal year is \$1.8 million.

**SECTION 2.2.(f)** Provides that the appropriation made to the Clean Water Management Trust Fund for the 2009-10 fiscal year is \$95 million and that the provisions of GS 113A-253.1 do not apply for the 2009-10 fiscal year.

### **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

#### **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

**SECTION 3.1.** Appropriations from the State Highway Fund for the fiscal biennium ending June 30, 2011, are as follows:

<b>Current Operations – Highway Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
Department of Transportation		
Administration	\$ 80,810,522	\$ 81,897,273
Division of Highways		
Administration	32,938,983	32,993,177
Construction	38,910,000	125,110,551
Maintenance	909,957,588	791,660,215
Planning and Research	4,055,402	4,055,402
OSHA Program	355,389	355,389
Ferry Operations	30,126,209	29,726,209
State Aid		
Municipalities	87,071,264	86,200,551
Public Transportation	71,595,962	71,631,962
Airports	17,349,592	17,291,543
Railroads	17,101,153	17,101,153
Governor's Highway Safety	351,779	352,325
Division of Motor Vehicles	101,732,813	101,747,629
Other State Agencies, Reserves, and Transfers	291,143,334	298,336,621
<b>TOTAL     \$</b>	<b>1,683,500,000</b>	<b>\$1,658,460,000</b>

#### **HIGHWAY FUND AVAILABILITY STATEMENT**

**SECTION 3.2.** The Highway Fund availability used in developing the 2009-2011 biennial budget is as follows:

<b>Highway Fund Availability Statement</b>	<b>2009-2010</b>	<b>2010-2011</b>
Unappropriated Balance From Previous Year	\$ 0	\$ 0
Beginning Credit Balance	0	0
Estimated Revenue	1,683,500,000	1,658,460,000
<b>Total Highway Fund Availability</b>	<b>\$ 1,683,500,000</b>	<b>\$ 1,658,460,000</b>
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 biennium ending June 30, 2011, are as follows:

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

#### **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

**SECTION 4.2.** The Highway Trust Fund availability used in developing the 2009-2011 biennial budget is as follows:

<b>Total Highway Trust Fund Availability</b>	<b>\$ 857,490,000</b>	<b>\$ 884,190,000</b>
--	-----------------------	-----------------------

## **PART V. OTHER APPROPRIATIONS**

### **CIVIL FORFEITURE FUNDS**

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

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
School Technology Fund	\$ 18,000,000	\$ 18,000,000
State Public School Fund	138,546,041	120,362,790
<b>Total Appropriation</b>	<b>\$156,546,041</b>	<b>\$138,362,790</b>

**SECTION 5.1.(b)** Requires all UNC campuses to remit all parking fines held in escrow in the amount of \$18,183,251 to the Civil Penalties and Forfeitures Fund for appropriation.

### **EDUCATION LOTTERY**

**SECTION 5.2.(a)** Provides that notwithstanding GS 18C-164, the revenue used to support appropriations made in this act is transferred from the State Lottery Fund in the amount of (\$368,070,208) for the 2009-2010 fiscal year.

**SECTION 5.2.(b)** Provides that notwithstanding GS 18C-164, the appropriations made from the Education Lottery Fund for the 2009-2010 fiscal year are as follows:

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

**SECTION 5.2.(c)** Prohibits the North Carolina State Lottery Commission from transferring funds to the Education Lottery Reserve Fund for the 2009-2010 or the 2010-2011 fiscal year.

### **INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATION**

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

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Interest Income	\$100,000	\$100,000
IT Fund Balance June 30	\$3,359,419	\$100,000
Appropriation from General Fund	\$9,361,985	\$9,361,985
<b>Total Funds Available</b>	<b>\$12,821,404</b>	<b>\$9,561,985</b>

**SECTION 5.3.(b)** Appropriations are made from the Information Technology Fund for the 2009-2011 fiscal biennium as follows:

<b>Office of Information Technology Services</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Information Technology Operations	\$7,891,607	\$7,891,607
Information Technology Projects	\$4,829,797	\$4,829,797
<b>Total</b>	<b>\$12,721,404</b>	<b>\$12,721,404</b>

### **APPROPRIATION OF CASH BALANCES**

**SECTION 5.4.(a)** Appropriates state funds as provided in GS 143C-1-2 for the 2009-11 fiscal biennium as follows:

(1) For all budget codes listed in the Base Budget and Performance Management Information sections of "North Carolina State Budget, Recommended Operating Budget 2009-11, Volumes 1 through 6," cash balances and receipts are appropriated up to the amounts specified in Volumes 1 through 6, as adjusted by the General Assembly, for the 2009-10 fiscal year and the 2010-11 fiscal year. Funds may be expended only for the programs, purposes, objects, and line items specified in Volumes 1 through 6, or otherwise authorized by the General Assembly. Expansion budget funds listed in those documents are appropriated only as otherwise provided in this act.

(2) For all budget codes that are not listed in "North Carolina State Budget, Recommended Operating Budget 2009-11, Volumes 1 through 6," cash balances and receipts are appropriated for each year of the 2009-11 fiscal biennium up to the level of actual expenditures for the 2008-09 fiscal year, unless otherwise provided by law. Funds may be expended only for the programs, purposes, objects, and line items authorized for the 2008-2009 fiscal year.

(3) Notwithstanding subdivisions (1) and (2) of this subsection, any receipts that are required to be used to pay debt service requirements for various outstanding bond issues and certificates of participation are appropriated up to the actual amounts received for the 2009-10 fiscal year and the 2010-11 fiscal year and must be used only to pay debt service requirements.

(4) Notwithstanding subdivisions (1) and (2) of this subsection, cash balances and receipts of funds that meet the definition issued by the Governmental Accounting Standards Board of a trust or agency fund are appropriated for and in the amounts required to meet the legal requirements of the trust agreement for the 2009-10 fiscal year and the 2010-11 fiscal year.

**SECTION 5.4.(b)** Requires receipts collected in a fiscal year in excess of the amounts authorized by this section to remain unexpended and unencumbered until appropriated by the General Assembly in a subsequent fiscal year, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by the State Budget Act. Overrealized receipts are appropriated up to the amounts necessary to implement this subsection.

Requires the Office of State Budget and Management (OSBM) to report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter on any overrealized receipts approved for expenditure under this subsection by the Director of the Budget. Requires the report to include the source of the receipt, the amount overrealized, the amount authorized for expenditure, and the rationale for expenditure.

**SECTION 5.4.(c)** Appropriates from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

#### AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

**SECTION 5.5.(a)** Appropriations of funds received under the American Recovery and Reinvestment Act of 2009 are made for the 2009-11 fiscal biennium, as follows:

Fiscal Stabilization: Education	\$ 580,965,782	\$ 580,965,782
Fiscal Stabilization: General	129,261,335	129,261,335
Medicaid Disproportionate Share	7,314,833	7,314,833
 Title I Grants	 128,728,180	 128,728,180
Title I School Improvement	38,336,500	38,336,500
IDEA: Part B	157,205,000	157,205,000
IDEA: Part B (Preschool)	6,035,500	6,035,500
Homeless Assistance	645,000	645,000
Education Technology	8,179,529	8,179,529
School Lunch Equipment	3,313,727	-
 State Energy Programs	 37,994,500	 37,994,500
HOME Investment Partnership Program	26,076,344	26,076,344
Homelessness Prevention Fund	14,539,194	14,539,194
 IDEA: Part C	 6,365,500	 6,365,500
TANF Supplemental Grants	27,075,000	9,025,000
Community Services Block Grant	8,748,333	11,664,444
Child Care and Development Block Grants	67,543,000	-
Vocational Rehabilitation Agency Funding	9,014,504	9,014,504

Older Blind Individuals/VR	521,182	521,182
Child Support Enforcement (Incentive Payments)	2,214,542	330,000
Weatherization Assistance Grants	131,954,536	-
Medicaid FMAP Increase	920,377,105	514,514,239
Medicaid FMAP Increase-local administration	-	-
Foster Care and Adoption FMAP Increase	2,840,410	726,309
Prevention and Wellness Fund Grants (Immunization)	5,689,500	5,689,500
Senior Meals Programs	1,384,392	1,384,392
Byrne/Justice Assistance Grants	17,245,779	17,245,779
Violence Against Women: Services-Training- Officers-Prosecutors (STOP) Grants	3,784,000	-
Victims of Crime Act (VOCA) Grants: Victim Compensation	647,906	-
Victims of Crime Act (VOCA) Grants: Victim Assistance	1,110,000	-
Internet Crimes Against Children Task Force Program	879,040	-
Unemployment Insurance: Administration	7,323,699	7,323,699
Employment Services Grants (Wagner-Peyser)	11,091,396	-
Community Service Employment for Older Americans	1,583,153	1,583,153
Energy Efficiency and Conservation Block Grants	29,025,150	29,025,150
Clean Water State Revolving Funds	71,443,500	-
Drinking Water Revolving Funds	65,625,000	-
State Clean Diesel Program	1,730,000	-
Community Development Block Grant: Non-Entitlement Funds	6,040,307	6,040,307
Workforce Investment Act: Youth Activities	12,535,349	12,535,349
Workforce Investment Act: Adult Activities	5,168,583	5,168,583
Workforce Investment Act: Dislocated Worker Activities	22,209,637	22,209,637
Transit Capital Assistance	103,304,242	-
Highway Infrastructure Investment	\$ 735,527,000	\$ -
<b>TOTAL \$</b>	<b>3,418,597,166</b>	<b>\$ 1,795,648,421</b>

**SECTION 5.5.(b)** Provides that if funds received from the American Recovery and Reinvestment Act of 2009 exceed the amount set out in subsection (a), such additional funds are hereby appropriated for the appropriate fiscal year.

#### OTHER RECEIPTS FROM PENDING GRANT AWARDS

**SECTION 5.6.** Allows state agencies, with approval of the Director of the Budget and after consultation with the Joint Legislative Committee on Governmental Operations, to spend funds received from grants awarded subsequent to the enactment of this act. Requires OSBM to work with the recipient state agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional state personnel may be employed on a permanent or time-limited basis. Requires OSBM to consult with the Joint Legislative Commission on Governmental Operations prior to expending any funds received from grant awards. Funds received from such grants are hereby appropriated and must be incorporated into the certified budget of the recipient state agency.

#### PART VI. GENERAL PROVISIONS

##### EXPENDITURES OF FUNDS IN RESERVES LIMITED

**SECTION 6.1.** Provides that all funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

#### BUDGET CODE CONSOLIDATIONS



**SECTION 6.2.** Allows OSBM to adjust the enacted budget by making transfers among purposes or programs for the purpose of consolidating budget and fund codes or eliminating inactive budget and fund codes; requires OSBM to change the authorized budget to reflect these adjustments.

#### BUDGET REALIGNMENT

**SECTION 6.3.** Allows OSBM, in consultation with the Office of the State Controller and the Fiscal Research Division, to adjust the enacted budget by making transfers among purposes or programs for the sole purpose of correctly aligning authorized positions and associated operating costs with the appropriate purposes or programs. Requires OSBM to change the certified budget to reflect these adjustments only after reporting the proposed adjustments to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Provides that under no circumstances are the total General Fund expenditures for a state department to exceed the amount appropriated to that department from the General Fund for the fiscal year.

#### ESTABLISHING OR INCREASING FEES PURSUANT TO this ACT

**SECTION 6.4.** Provides that an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee as authorized or anticipated in this act. Provides that in establishing or increasing a fee as authorized or anticipated in this act, if adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes, an agency may adopt a temporary rule as this constitutes a "recent act of the General Assembly" under GS 150B-21.1(a)(2).

#### AUTHORIZATION TO ESTABLISH RECEIPT SUPPORTED POSITIONS

**SECTION 6.5.** Allows a department, institution, or other agency of state government to establish receipt-supported positions authorized in this act upon approval by the Director of the Budget. Allows the Director, if necessary, to establish a receipt-supported position pursuant to this section at an annual salary amount different from the salary amount set out in this act if (1) funds are available from the proposed funding source and (2) the alternative salary amount remains within the established salary range grade identified for the job classification of the affected receipt-supported position established in this act. Prohibits the Director from changing the job classifications or increasing the number of receipt-supported positions specified in this act without prior consultation with the Joint Legislative Commission on Governmental Operations.

#### FISCAL CRISIS/FURLOUGH FLEXIBILITY

**SECTION 6.6.** Allows state agencies, to achieve savings identified in the management flexibility reserves established in this act, to: (1) reduce salary-related expenditures by (i) reductions in purchased services and contractual services, (ii) reductions in force, and (iii) with the approval of the Director of the Budget, implementation of furloughs in accordance with subsections (c) through (g) of this section and (2) reduce non-salary expenditures such as purchases of supplies and equipment, maintenance expenses, rental and lease expenses, and any other allowable reductions in non-salary expenditures. Effective July 1, 2009.

Provides that public agencies, for the 2009-10 and 2010-11 fiscal years, have management flexibility to allow voluntary furloughs and to require mandatory furloughs of public employees (defined as any person employed (i) in the executive, legislative, or judicial branch of state government, (ii) by UNC, (iii) by the North Carolina Community College System, or (iv) by a local school administrative unit; includes public officers) to generate necessary economies and efficiencies in budgeting.

Provides that a period of furlough only affects or reduces a public employee's base salary or compensation and does not affect or diminish a public employee's continuous service, length of aggregate service, retirement service credits, anniversary date, eligibility for authorized holiday leave, longevity pay, or the accrual of vacation and sick leave. Requires periods of furlough to be applied equitably to all essential and nonessential positions regardless of the funding source of the position. Provides that a furloughed public employee who is a member of: (1) any of the state-supported retirement plans administered by the Retirement Systems Division of the Department of the State Treasurer must be considered in active service during any period of furlough and entitled to all of the same benefits to which the employee was entitled on the workday immediately preceding the furlough; during a furlough period, the public agency must pay both the employee and employer contributions to the Retirement Systems Division on behalf of the furloughed public employee as though that employee were in active service; (2) the State Health Plan for Teachers and State Employees must be considered eligible for coverage under the Plan on the same basis as on the workday immediately preceding the furlough and the employing public agency must pay contributions on behalf of the furloughed employee as though the employee were in active service.

Requires OSBM and the State Board of Education (SBE) to each adopt policies necessary for the implementation of this section and enumerates issues that the policy must govern. Requires OSBM and SBE to provide maximum flexibility to public agencies and public employees in the scheduling of furlough days to provide

public agencies the ability to effectively manage furloughs of employees employed in essential positions so as not to affect critical functions. Requires the Office of State Personnel to provide technical assistance to OSBM in developing a plan for the implementation of furloughs.

Requires OSBM and SBE to adopt emergency rules for the implementation of this section that remain in effect until June 30, 2011.

#### INFORMATION TECHNOLOGY OPERATIONS

**SECTION 6.7.(a)** Requires the Office of Information Technology Services (OIT) to develop an annual budget for review and approval by OSBM in accordance with a schedule prescribed by the Director of OSBM, to be included in the Governor's budget recommendations to the General Assembly. Requires OSBM to ensure that state agencies have an opportunity to adjust their budgets based on any rate changes proposed by OIT. Requires the State Chief Information Officer to consult the respective state agency chief information officers to identify specific state agency requirements before the initiation of any enterprise project. Prohibits enterprise projects from exceeding the participating agencies' ability to financially support the contracts. Prohibits the State Chief Information Officer from entering into any information technology contracts without obtaining written agreements from participating agencies regarding apportionment of funding. Requires agencies agreeing to participate in a contract to: (1) ensure that sufficient funds are budgeted to support their agreed shares of enterprise agreements throughout the life of the contract and (2) transfer the agreed-upon funds to OIT in sufficient time for OIT to meet contract requirements.

Allows OIT to procure information technology goods and services for up to a total of three years where the terms of the procurement contract require payment of all, or a portion, of the contract purchase price at the beginning of the agreement. Requires specified conditions to be met before payment for these agreements may be disbursed.

Requires OSBM to ensure the savings from any authorized agreement be included in the OIT calculation of rates before the OSBM annually approves the proposed rates. Requires OIT to report to the OSBM on any agency budget impacts resulting from multiyear contracts. Requires OIT to submit a quarterly written report of any authorizations granted under this subsection to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal Research Division.

Requires agencies developing and implementing information technology projects to use the state infrastructure to host their projects and allows the State Chief Information Officer to grant an exception if the agency can demonstrate one of three specified conditions.

#### GEOGRAPHIC INFORMATION CONSOLIDATION

**SECTION 6.8** Requires the recommendations outlined in the 2008 legislative report prepared by the State Chief Information Officer, the Geographic Information Coordinating Council, and the Office of State Budget and Management, made pursuant to Section 6.13 of SL 2008-107, entitled State Geographic Information Consolidation Implementation Plan, to be implemented in the following four distinct work streams: (1) transferring the Center for Geographic Information and Analysis to the Office of the State Chief Information Officer and establishing appropriated funding for staff activities supporting the Geographic Information Coordinating Council, statewide standards, and the coordination of data acquisition; (2) reestablishing the professional services component and refocusing that effort toward current needs of the community while reducing those overhead costs; (3) revitalizing the NC OneMap project by leveraging new technology in the market to reduce costs while increasing utility of the service; and (4) establishing a geographic information systems Reserve Fund for the acquisition of data layers which may be useful to multiple organizations and through which data acquisition may be procured to reduce cost.

Provides that the statutory authority, powers, duties, functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the state agencies and subunits listed in this subsection are transferred from those entities to the State Chief Information Officer, with all of the elements of a Type II transfer: (1) the North Carolina Geographic Information Coordinating Council and (2) the Center for Geographic Information and Analysis.

Requires the State Chief Information Officer to coordinate a professional services component for geographic information systems coordination with the Center for Geographic Information and Analysis that is refocused toward current community needs. Also requires the State Chief Information Officer, in cooperation with the North Carolina Geographic Information Coordinating Council, to coordinate the refocusing of the NC OneMap geographic information systems infrastructure project to leverage new technology, to increase the utility of geographic information systems services, and to reduce geographic information systems data layer costs through singly managed contracts.

Establishes the nonreverting Geographic Information Systems Reserve Fund, in OSBM, for the purpose of acquiring and managing, at the lowest cost, data layers useful to multiple state and local organizations, according

to the priorities set by the North Carolina Geographic Information Coordinating Council. Allows the Fund to receive private grants and include state, federal, local, and matching funds.

Provides that of the funds appropriated in this act to the Information Technology Fund, \$650,000 for the 2009-10 fiscal year and \$650,000 for the 2010-11 fiscal year must be used to effectuate the transfer of the Center for Geographic Information and Analysis, including the cost of moving personnel positions, as provided by this act.

#### **BEACON DATA INTEGRATION**

**SECTION 6.9.** Requires the Office of the State Controller, in cooperation with the State Chief Information Officer, to continue the implementation of the BEACON Strategic Plan for Data Integration, issued in April 2008. Requires the plan to be implemented under the governance of the BEACON Project Steering Committee and in conjunction with leadership in appropriate state agencies and with the support and cooperation of OSBM. Requires the plan to comply with all necessary security measures and restrictions to ensure that access to any specific information held confidential under federal or State law shall be limited to appropriate and authorized persons.

Requires the Office of State Controller to give the Criminal Justice Data Integration Pilot Program first priority for funding and for system development and implementation. Requires the Office of State Controller to determine the amount of funding required to (1) fully support the Criminal Justice Data Integration Pilot Program effort and (2) develop full operational capability in Wake County during the 2009-10 fiscal year.

Requires the Office of State Controller to report, by September 1, 2009, to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal Research Division on (i) funding requirements and sources of funds for the Criminal Justice Data Integration Pilot Program for the 2009-10 fiscal year and (ii) the anticipated uses of any remaining funds for the BEACON Data Integration Program. Requires the Office of State Controller to spend funds to support the BEACON Data Integration Program only as is specifically authorized in Section 6.16(d) of SL 2008-107.

Requires the Office of State Controller, in coordination with the State Chief Information Officer, to also report, by October 1, 2009, on future costs for implementing the BEACON Data Integration Program, including outside vendor costs. Requires the report to be presented to the Joint Legislative Oversight Committee on Information Technology and written reports to be provided to the House of Representatives and Senate Appropriations Committees and to the Fiscal Research Division.

#### **CRIMINAL JUSTICE DATA INTEGRATION PILOT PROGRAM**

**SECTION 6.10.** Requires the Office of the State Controller, in cooperation with the State Chief Information Officer and under the governance of the BEACON Project Steering Committee, to continue the development of the Criminal Justice Data Integration Pilot Program in Wake County as specified in Section 6.15 of SL 2008-107. Requires the Office of State Controller to achieve and demonstrate full operational capability of the pilot program in Wake County before expanding the system to other areas of the state.

Requires the Criminal Justice Data Integration Pilot Program to continue to comply with all necessary security measures and restrictions to ensure that access to any specific information held confidential under federal and state law be limited to authorized persons. Requires the Office of State Controller to develop a detailed plan for the statewide expansion of the Criminal Justice Data Integration Pilot Program and specifies elements that must be included in the plan. Requires the Office of State Controller to submit this plan to the House of Representatives and Senate Appropriations Committees, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division by January 31, 2010.

Requires a state agency data center to host the Criminal Justice Data Integration Pilot Program and requires the Office of State Controller to identify a state data center to host the program and report its recommendation to the Joint Legislative Oversight Committee on Information Technology by August 31, 2009.

Requires funds appropriated for the Criminal Justice Data Integration Pilot Program to only be used for that program and provides that the Criminal Justice Data Integration Pilot Program must have first priority for funds available to the BEACON Data Integration Program.

Requires the Office of State Controller to continue to provide quarterly written reports on the program's progress to the House of Representatives and Senate Appropriations Committees, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division beginning October 1, 2009.

#### **OFFICE OF INFORMATION TECHNOLOGY SERVICES/UNC BULK PURCHASING OF INFORMATION TECHNOLOGY**

**SECTION 6.11.** Requires UNC General Administration, with assistance from OIT and OSBM, to consolidate information technology infrastructure purchasing. Allows General Administration to utilize OIT's existing bulk contracts. Prohibits information technology infrastructure expenditure from being authorized without complying with this section.

## JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON INFORMATION TECHNOLOGY/ REVIEW AND REPORT ON CURRENT LAW

**SECTION 6.12.** Requires, by April 1, 2010, the Joint Legislative Oversight Committee (Committee) on Information Technology to review state information technology-related legislation, develop recommendations for amendment of current laws, and submit its written report of recommendations for legislative action to the Appropriations Committees of the Senate and the House of Representatives. Requires the Committee to provide interested parties with the opportunity to identify and define pertinent information technology issues by offering testimony on (1) issues associated with current legislation, (2) the impact of information technology laws on specific entities, and (3) recommendations for improving information technology organization and operations within the state.

## OFFICE OF INFORMATION TECHNOLOGY SERVICES/NETWORK INTEGRATION/FEASIBILITY STUDY AND COORDINATION PLAN

**SECTION 6.13.** Requires the State Chief Information Officer to negotiate and coordinate with MCNC to identify efficiencies that might be achieved through increased cooperation and elimination of duplicative efforts in management of the state's network infrastructure operated by OIT and by the North Carolina Research and Education Network operated by MCNC. Requires OIT and OSBM, in conjunction with MCNC, to conduct a study to determine the feasibility of coordinating the operation of the North Carolina Research and Education Network and the State network infrastructure. Enumerates elements to be identified by the study. Requires the study to be reviewed by OSBM, which must validate and certify the identified efficiencies and cost savings. Requires OIT and MCNC to complete the feasibility study and present it to the Joint Legislative Oversight Committee on Information Technology by October 31, 2009.

Requires, following review of the feasibility study by OSBM, and if OSBM certifies that the efficiencies and savings identified in the study are valid, accurate, and substantial enough to justify increased coordination, that OIT and MCNC develop a plan to coordinate their operations. Specifies elements that must be included in the plan. Requires the plan to be completed by February 28, 2010, and presented to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Information Technology.

Requires OIT and MCNC to complete a memorandum of agreement prior to implementation of the plan that specifies their respective roles and responsibilities and defines payment schedules. Requires OSBM, by January 1 each year, to 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.** Requires OSBM, in coordination with the Office of the State Chief Information Officer, to develop a detailed plan to upgrade the state portal and enumerates needs that are to be considered. Requires OSBM, before developing the plan, to 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. Also requires OSBM to conduct an inventory of capabilities that are available on other states' portals. Requires OSBM, with the assistance of state agencies, to prioritize potential capabilities; requires OSBM, based on these priorities, to develop a phased plan to allow incremental implementation that includes a detailed time line for each phase and shall include the cost associated with each phase.

Requires the interactive Web portal to include the capability for citizens, businesses, and state and local government agencies to complete online transactions, obtain live help from state agencies, and access emergency information in real time. Requires the portal to include appropriate security measures and devices to include encryption, enterprise-class firewalls/gateway security, real-time intrusion prevention and detection, virtual private networks, vulnerability management, and virus protection.

Requires OSBM, by December 1, 2009, to submit the upgrade plan to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal Research Division.

## IT GSA SCHEDULES/STUDY

**SECTION 6.15.** Requires OSBM to conduct a study to determine the feasibility of using General Services Administration schedules for the acquisition of information technology products and services. Specifies issues to be reviewed in the study. Requires OSBM, by February 1, 2010, to submit the results of the study to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal Research Division.

## USE OF ELECTRONIC FORMS AND DIGITAL SIGNATURES

**SECTION 6.16.** Requires OSBM to develop a plan to increase the use of electronic forms and digital signatures throughout state government. Allows OSBM to hire temporary help for the collection and compiling of the data for the inventory. Requires OSBM, after completing the inventory, to develop a plan for converting one or more paper forms to an electronic format and requires the plan to include a detailed business case for the conversion, including cost, cost savings, cost avoidance, and any impact on productivity. Requires OSBM to assess the potential cost of converting all identified forms in the inventory to an electronic format and establish a timetable for achieving conversion as soon as practicable. Requires OIT to provide technical assistance to OSBM in the development of the plan to increase the use of electronic forms and digital signatures. Requires executive branch state agencies to provide all information requested by OSBM in conducting the inventory and in all other issues related to the development of this plan. Requires OSBM to submit the plan to the Joint Legislative Oversight Committee on Information Technology on or before March 1, 2010.

#### POSITION TRANSFER REPORTS/OFFICE OF INFORMATION TECHNOLOGY SERVICES/OSC

**SECTION 6.17.** Requires OIT, by November 1, 2009, to submit a written report to the Appropriation Committees of the Senate and the House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division regarding the transfer of information technology (IT) positions associated with IT consolidation. Specifies issues to be included in the report. Requires the Office of State Controller, by November 1, 2009, to submit a written report to the Appropriations Committees of the Senate and House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division on the transfer of positions associated with the implementation of the BEACON (HR)/Payroll project and specifies issues to be included in the report.

### PART VII. PUBLIC SCHOOLS

#### CHILDREN WITH DISABILITIES

**SECTION 7.1.** Requires that the State Board of Education (SBE) allocate funds for children with disabilities on the basis of \$3,500.77 per child for a maximum of 173,249 children for the 2009-10 school year. Directs that each local school administrative unit (LEA) is to receive funds for children with disabilities based on whichever is the lesser number: (1) all students who are identified as children with disabilities or (2) 12.5% of the 2009-10 allocated average daily membership (ADM) in the LEA. Provides that the dollar amounts allocated under this section for children with disabilities are to adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

#### FUNDS FOR ACADEMICALLY GIFTED CHILDREN

**SECTION 7.2.** Requires that the SBE allocate funds for academically or intellectually gifted children (AG) on the basis of \$1,163.07 per child. Provides that an LEA receive funds for a maximum of 4% of its 2009-10 allocated ADM regardless of the number of children identified as AG in an LEA. Caps the number of children statewide for whom the SBE may allocate AG funds at 58,597 for the 2009-10 school year. Provides that the dollar amounts allocated under this section for academically or intellectually gifted children are to adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

#### USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

**SECTION 7.3.** Provides that counties in which county wealth, as a percentage of state average wealth is less than 100%, are eligible to receive supplemental funding. Specifies acceptable purposes for which funds may be used. Encourages local boards of education (local boards) to use at least 25% of funds to improve the academic performance of students scoring below Level III on the end-of-grade tests and the grades 4 and 7 writing test. Provides allocation formula for funds based on the difference between state average current expense appropriation per student and current expenses appropriations per student that the county could provide given county's wealth and average effort to fund schools. Penalizes counties expending less than minimum effort in funding, based on a comparison of the effective tax rates in 1996-97 and 1997-98 or thereafter with a reduction in funding under this section. Requires the Department of Revenue to issue a preliminary report on the assessed value of the property tax base for each county to the Department of Public Instruction (DPI) prior to March 1 of each year and a final report prior to May 1 of each year. Directs that counties may not use the funds to supplant local current expense funds. Provides that the SBE withhold funds from counties that it determines has used funds to supplant current expenses and make a report to the Joint Legislative Education Oversight Committee (Ed Oversight) prior to May 1, 2010, identifying those counties. Specifies that the funding formula in this section is not intended to reflect any commitment by the General Assembly to appropriate additional supplemental funds for

low-wealth counties and if funds are not adequate to fully fund the formula, funds will be distributed on a pro rata basis. Provides definitions of terms as used in this section.

#### SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

**SECTION 7.4.** Provides supplemental funding for each county school administrative unit (unit) (1) with an average daily membership (ADM) of fewer than 3,175 students or (2) if the unit is located in county with a county-adjusted property tax base per student that is below the state-adjusted property tax base per student and the total ADM for all units within the county is from 3,175 to 4,000 students. Provides that the allocation formula is to: (1) include a base for the consolidated funds allotment of at least \$788,789, excluding textbooks, for the 2009-10 fiscal year and a base of \$788,789 for the 2010-11 fiscal year and (2) allot vocational education funds for grade 6 as well as for grades 7-12. Provides that if a unit becomes ineligible for small school supplemental funding under the formula, funding for the unit will continue for nine years after the unit becomes ineligible.

Encourages a local board of education (local board) to use at least 20% of the funds to improve the academic performance of students scoring less than a Level III on the end-of-grade tests and grades 4 and 7 writing tests. Directs that counties may not use the funds to supplant local current expense funds. Provides that the SBE withhold funds from counties that it determines has used funds to supplant current expenses and make a report to Ed Oversight by May 1, 2010, identifying those counties. Specifies that the funding formula in this section is not intended to reflect any commitment by the General Assembly to appropriate additional supplemental funds for small school systems and if funds are not adequate to fully fund the formula, funds will be distributed on a pro rata basis. Provides definitions of terms as used in this section.

#### REPLACEMENT SCHOOL BUSES/FUNDS

**SECTION 7.5.** Specifies the conditions that the State Board of Education (SBE) may impose on allotments to local boards of education for replacement of school buses. Provides that any term contract for the purchase or lease-purchase of school buses does not require vendor payment of the electronic procurement transaction fee.

#### DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

**SECTION 7.6.** Authorizes the SBE to use funds appropriated to State Aid for Public Schools if it does not have sufficient funds in the ADM Contingency Reserve to make allotment adjustments required by the NC Public Schools Allotment Policy Manual. Establishes standards for reducing allotments for school districts with reduced student enrollment.

#### LITIGATION RESERVE FUNDS

**SECTION 7.7.** Authorizes the SBE to expend up to \$500,000 each year for 2009-10 and 2010-11 from unexpended funds for certified employees' salaries to pay expenses related to litigation.

#### LEA FLEXIBILITY

**SECTION 7.8.** Requires the SBE to implement temporary modifications to flexibility requirements outlined in GS 115C-105.25. Directs local school administrators to make every effort for fiscal years 2009-10 and 2010-11 to reduce spending whenever and wherever such budget reductions are appropriate as long as the targeted reductions do not directly impact classroom services or any services for students at risk of academic failure or children with special needs.

Requires the SBE, within 14 days of the date this act becomes law, to notify each local school administrative unit (LEA) and each charter school of the amount the LEA and charter school must reduce from its state General Fund appropriations. Directs the SBE to calculate the amount of this budget flexibility reduction for each LEA or charter school on the basis of average daily membership.

Directs each LEA and each charter school to report to the Department of Public Instruction on the flexibility budget reductions it has identified for the LEA or charter school within 30 days of the date this act becomes law.

#### NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS

**SECTION 7.9.** Directs the SBE to implement an allotment formula developed pursuant to Section 7.16(d) of SL 2006-66 for funding e-learning, beginning with the 2010-11 fiscal year. Directs the SBE to utilize funding sources in the following order to ensure that funds are available to operate the North Carolina Virtual Public School (NCVPS) for the 2009-2010 fiscal year: (1) the General Fund appropriation for NCVPS, (2) available funds received under the American Recovery and Reinvestment Act, (3) up to \$6 million of funds appropriated for school technology, and (4) funds from the state Public School Fund.

Provides that the NCVPS program is available at no cost to all high school students enrolled in North Carolina's public schools, Department of Defense schools, and schools that are operated by the Bureau of Indian

Affairs. Directs DPI to communicate to LEAs all applicable guidelines regarding the enrollment of nonpublic school students in these courses. Directs that the NCVPS courses are available only to high school students.

Directs the SBE to report to Ed Oversight and the Fiscal Research Division (FRD) by December 15, 2009, on its implementation of this section.

#### LEARN AND EARN ONLINE

**SECTION 7.10.** Directs that funds appropriated for the Learn and Earn Online program, designed to allow high school students to qualify for college credit by enrolling in college courses offered online through the University of North Carolina (UNC) and the NC Community College System (CCS), be used: (1) for course tuition and technology, course fees, and textbooks required for course participation and (2) to support a liaison position, located at DPI, to coordinate with UNC and CCS and to communicate course availability and related information to high school administrators, teachers, and counselors.

Provides that the SBE will determine the allocation of the online course offerings across the state and allot funds for tuition, fees, and textbooks after verification of the credit hour enrollment of high school students in Learn and Earn Online courses. Permits LEAs to purchase textbooks for Learn and Earn Online courses through the DPI's textbook warehouse in the same manner as textbooks that have been adopted for public school students by the SBE.

Directs the Office of State Budget and Management (OSBM) to transfer sufficient funds from the State Public School Fund to the CCS for courses offered by community colleges.

Directs the UNC program to report to the UNC Board of Governors, the CCS program to report to the NC Community College Board of Trustees, and DPI to report to the SBE.

Directs UNC and the CCS to provide oversight and coordination, including coordination with DPI and with the North Carolina Virtual Public School (NCVPS) to avoid course duplication.

Provides that, effective June 30, 2009, funds appropriated for Learn and Earn Online that are unexpended or unencumbered at the end of each fiscal year do not revert but remain available for expenditure.

#### ABCS OF PUBLIC EDUCATION

**SECTION 7.11.** Despite the provisions of GS 115C-105.36 providing for performance recognition ABCs bonuses for school personnel, directs the SBE to place a one-year moratorium on financial awards based on student academic performance in 2008-09 and paid to school personnel in the 2009-10 fiscal year. Also directs the SBE to develop a plan to restructure the ABCs Accountability System and report the restructuring plan to the Governor and the General Assembly no later than January 31, 2010.

#### SCHOOL CONNECTIVITY INITIATIVE

**SECTION 7.12.** Authorizes a transfer of up to \$300,000 to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet. Specifies that the funds may be used for services to coordinate e-learning activities across all state educational agencies. Provides that \$250,000 of the funds allocated for the School Connectivity Initiative may be used to sustain the Education E-Learning Portal. Also provides, effective June 30, 2009, that the funds allocated to the School Connectivity Initiative are to carry forward to the next fiscal year until the project is fully implemented by June 30, 2010.

Amends Section 7.6(a) of SL 2008-107 to provide that up to \$300,000 (was, \$600,000) may be transferred annually through June 30, 2013, to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21<sup>st</sup> Century Teaching and Learning outcomes approved by the State Board of Education (SBE). Directs the Friday Institute to report annually to the SBE on the evaluation results.

#### DROPOUT PREVENTION GRANTS

**SECTION 7.13.** Provides that the Committee on Dropout Prevention (Committee), as reestablished in Section 7.14 of SL 2008-107, may use funds appropriated in this act to provide grants: (1) to new recipients or (2) to extend additional funding to organizations that received funding previously. Requires that a priority for grants be given to programs that would serve students in LEAs with a 4-year cohort graduation rate of less than 65%. Provides that grants are to be distributed throughout the state and throughout the eight educational districts as defined in GS 115C-65 with no more than three grants awarded in any one county in a single fiscal year. Also provides that grants are to be issued in varying amounts up to a maximum of \$150,000. Directs that grants are to be made no later than November 1, 2009. Provides additional criteria to be used by the Committee in selecting grant recipients. Directs the Committee to report to the Joint Legislative Commission on Dropout Prevention and High School Graduation and Ed Oversight by March 1, 2010, on the grants awarded under this section.

Requires the recipients of dropout prevention grants to make reports of the impact of the grants to the Committee providing information to assist the Committee in conducting an evaluation by January 31, 2011, and

September 30, 2011. Prescribes specific factors for the Committee to consider in its evaluation. Directs the Committee to make an interim report of the results of its evaluation of the awarded dropout prevention grants by March 31, 2011, and a final report by November 15, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and Ed Oversight.

Provides that \$1 million of the funds appropriated in this act for the Committee for the 2009-10 and 2010-11 fiscal years is to be used to award new grants, as well as additional grants to previous grant recipients. Directs that the funds appropriated for the dropout prevention grants for the 2009-10 fiscal year do not revert but remain available for expenditure until August 31, 2011. Provides that \$100,000 of the funds appropriated for the dropout prevention grants for the 2009-10 and 2010-11 fiscal years may be used to issue a request for proposals from qualified vendors on a competitive basis to contract as a consultant to assist with the evaluation. Provides that DPI may use up to \$50,000 of the funds awarded to dropout prevention in fiscal years 2009-10 and 2010-11 for its administrative assistance to the Committee and to provide technical assistance under this section.

#### DEPARTMENT OF PUBLIC INSTRUCTION/BUDGET FLEXIBILITY

**SECTION 7.14.** Permits DPI, notwithstanding the provisions of GS 143C-6-4 (regarding budget adjustments), to reorganize, if necessary, to implement the budget reductions set out in this act. Directs DPI to report any reorganization to the Joint Legislative Commission on Governmental Operations.

#### BUSINESS EDUCATION TECHNOLOGY ALLIANCE

**SECTION 7.15.** Repeals GS 115C-102.15, which created the SBE's Business and Technology Alliance.

#### CRITICAL FOREIGN LANGUAGE PILOT FUNDS DO NOT REVERT

**SECTION 7.16.** Provides that the funds appropriated for the Critical Foreign Language Pilot that are not expended or encumbered do not revert but remain available for expenditure through June 30, 2010. Effective June 30, 2009.

#### NORTH CAROLINA 1:1 LEARNING PROJECT

**SECTION 7.17.** Provides that the funds appropriated for the North Carolina 1:1 Learning Project that are not expended or encumbered at the end of the 2008-09 fiscal year do not revert but remain available for expenditure through June 30, 2010. Effective June 30, 2009.

#### ASSESSMENT AND ACCOUNTABILITY

**SECTION 7.18.** Authorizes the use of funds appropriated in this act: (1) to develop new End of Course (EOC) and End of Grade (EOG) tests or (2) to identify national assessments, or both, as determined by the State Board of Education (SBE).

Directs the SBE to use, in fiscal year 2009-10, funds appropriated in this act, to investigate and pilot a developmentally appropriate diagnostic assessment for students in elementary grades during the 2009-10 school year that will enable teachers to individualize instruction to meet student learning needs and ensure adequate student preparation for the next level of coursework as set out by the standard course of study. Requires the SBE to report the results of the pilot to the Ed Oversight Committee, the Fiscal Research Division, and the OSBM by December 1, 2010. Provides that the funds appropriated for assessment and accountability that remain unexpended and unencumbered at the end of fiscal year 2009-10 do not revert but remain available for expenditure through June 30, 2011.

#### DEVELOPMENT OF A PREK-20 DATA SYSTEM

**SECTION 7.19.** Directs DPI, UNC, and the CCS to work collaboratively to develop: (1) a centralized student data collection system (PreK-20) to centralize the data collected about students enrolled in prekindergarten programs through doctoral programs and (2) a strategy for tracking students for five years after they complete their education in a North Carolina public school. Provides that the PreK-20 data system is to build upon the current capacity, programs, and initiatives of DPI, the CCS, and UNC.

Provides that the PreK-20 data standards and specifications are to include: (1) the types and forms of data to be included in a PreK-20 data system, including longitudinal data and the use of a unique student identifier; (2) the capacity of a shared PreK-20 data system; (3) the degree and extent of cooperation between a shared PreK-20 data system and the current data collection systems of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina; (4) the minimum capacity and technical specifications needed for each data system to feed into a shared PreK-20 data system; and (5) the ability for data in a shared PreK-20 data system to be understood and used by interested stakeholders, including federal and other state agencies.



Directs that the standards and specifications are to conform to the guidelines and instructions governing any funds received through the American Recovery and Reinvestment Act of 2009 for this purpose. Requires the standards and specifications to be submitted to the Education Cabinet no later than January 1, 2010. Directs the Education Cabinet to review and approve these standards and submit them to Ed Oversight, the FRD, and the OSBM by March 1, 2010.

#### ELIMINATE CERTAIN TESTS

**SECTION 7.20.** Requires the SBE to identify and eliminate unnecessary or duplicative tests that are not required by the federal government to determine Adequate Yearly Progress (AYP) under No Child Left Behind (NCLB).

Amends GS 115C-174.11 (components of the testing program) to direct the State Board of Education (SBE) not to require the public schools to administer any standardized tests except those required by federal law or as a condition of a federal grant. Instructs the SBE to adopt and provide all tests required by federal law or as a condition of a federal grant to the LEAs. Removes subsection (b) of GS 115C-174.11 to delete the state competency testing program and the requirements that the SBE adopt one or more nationally standardized tests or equivalent measures to measure quantitative and verbal competencies. Makes conforming changes to GS 115C-174.10 (purposes of the statewide testing program), to GS 115C-174.11(c) (annual testing program), and to GS 115C-174.12 (responsibilities of agencies regarding testing).

Amends GS 115C-174.12 to provide that the SBE's policies and guidelines are to include the provision that students are not subject to field tests or other standardized tests (was, national tests) during the two-week period preceding EOG tests, EOC tests, or regularly scheduled final exams. Attributes responsibilities for the statewide administration of the testing program to the Chief Executive Officer (was, the Superintendent of Public Instruction).

#### REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING

**SECTION 7.21.** Directs the SBE to: (1) review the lateral entry program to identify and remove barriers to the lateral entry of skilled individuals from the private sector into the teaching profession, (2) reduce the coursework requirements for lateral entry by consolidating the required competencies into fewer courses and fewer semester hours of coursework, and (3) provide additional opportunities for individuals to complete coursework online and at community colleges.

Requires the SBE to report to Ed Oversight by January 15, 2010, on its implementation of this section.

#### NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS

**SECTION 7.22.** Amends GS 115C-285(a) to provide that a teacher who becomes an assistant principal employed by a local school administrative unit may not earn less on a monthly basis than he or she earned as a teacher in that unit. Effective July 1, 2009, and applies to all persons employed as assistant principals by a local school administrative unit on or after that date

#### INCREASE CLASS SIZE

**SECTION 7.23.** Provides that, notwithstanding any other provision of law, the maximum class size, the allotment ratios, and the maximum average class size limits for each grade level in the public schools will be two students higher beginning with the 2009-10 school year than they were for the 2008-09 school year. States that it is the intent of the General Assembly that this increase remains in effect for a maximum of two years and that lower class sizes be restored as soon as state revenues make it fiscally responsible to do so.

#### DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC SCHOOL FUND

**SECTION 7.25.** Directs the Secretary of Revenue not to remit any funds for credit to the Public School Building Capital Fund during the 2009-2011 fiscal biennium but to instead deposit in the State Public School Fund the funds that would have otherwise been deposited in the Public School Building Capital Fund under GS 115C-546.1(b). Allows the Department of Public Instruction (DPI) to continue to use these funds to support six positions in the School Planning Division.

#### TEACHERS FOR GEOGRAPHICALLY ISOLATED K-12 SCHOOLS

**SECTION 7.26.** Directs the SBE to modify its policy on the allotment of additional classroom teachers to K-12 schools when consolidation is not feasible because of the geographic isolation of the school. Directs the SBE, when a school is located in an LEA that has an average daily membership (ADM) that is less than 1.5 per square mile, to at a minimum: (1) allot teachers to the geographically isolated school on the basis of one classroom teacher per grade level and (2) allot teachers to the remainder of the local school administrative unit under the regular teacher allotment formula.

Authorizes the SBE to allot additional teachers to the local school administrative unit if demographic conditions warrant.

#### ENSURE ACCESS TO THE EVAAS SYSTEM

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

#### LOCAL BOARDS MUST INFORM PUBLIC ABOUT SCHOOL REPORT CARDS

**SECTION 7.28.** Amends GS 115C-47 to make it the duty of each local school board to ensure that the LEA's report card issued by the SBE is distributed widely to the local press or otherwise.

#### PLAN FOR STATEWIDE MOTOR COACH PERMIT

**SECTION 7.29.** Directs the SBE, in conjunction with the Division of Motor Vehicles (DMV), to develop a plan for a statewide permit for commercial motor coach companies that seek to contract with local school systems to transport students, school personnel, and other persons authorized by the school system on school-sponsored trips. Directs the SBE and the DMV to consult with the North Carolina School Boards Association, the State Highway Patrol, the North Carolina Pupil Transportation Association, the North Carolina Motor Coach Association, the Federal Motor Carrier Safety Administration, and other interested parties in developing the plan for a permit. Provides guidelines for the components that the plan is to include.

Requires the SBE and the DMV to consult (likely intends *report*) on the proposed plan to the Joint Legislative Commission on Governmental Operations (Commission) and to the Fiscal Research Division by January 1, 2010. Directs the Commission to make any recommendations, including proposed legislation, to the 2010 General Assembly before the plan is implemented.

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. Senate committee substitute makes the following changes to 1st edition.

#### PART VIII. COMMUNITY COLLEGES

##### COMMUNITY COLLEGE FACULTY SALARY PLAN

**SECTION 8.1.** Asserts that it is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average community college faculty salary. Authorizes community colleges to transfer a percentage of the state funds allocated to it for faculty salaries; calculates the percentage that may be transferred by each community college by comparing the average faculty salary at each community college to the national average community college salary. Provides that the percentage of the permitted transfer of state funds ranges from 2% to 8%.

Provides an exception that allows a community college with an average faculty salary that is 85% or less of the national average to transfer a greater percentage of the state funds allocated to it for faculty salaries than is authorized under the calculation formula, if it receives approval to do so from the State Board of Community Colleges (CC Board). Requires the CC Board to only approve the increased transfer for purposes that directly affect student services. Prohibits any other exceptions to allow a transfer of a greater percentage of state allocated funds for faculty salaries.

Prohibits community colleges from using Literacy Funds and Funds for Customized Training to increase faculty salaries. Directs the CC Board to adopt guidelines to implement these provisions.

Defines terms as they apply to this section: (1) *average faculty salary at a community college* means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year; and (2) *National average community college faculty salary* means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

##### USE OF BASIC SKILLS FUNDS

**SECTION 8.2.** Provides that a local community college may use up to 5 % of the Literacy Funds allocated to it by the CC Board to procure instructional technology for literacy labs. Provides that this technology may include computers, instructional software and software licenses, scanners for testing, and classroom projection equipment.

##### FUNDS FOR CAMPUS SECURITY

**SECTION 8.3.** Provides that notwithstanding GS 115D-32 or any other provision of law, a community college may use up to 2% of the noninstructional state funds allocated to it through the institutional support allotment for the 2009-10 and 2010-11 fiscal years for campus security, including the hiring of personnel, contracted professional services, surveillance cameras, call boxes, alert systems, and other equipment-related expenditures.

Directs that these funds are supplemental and prohibits use of the funds to supplant existing local funding for campus security.

#### FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

**SECTION 8.4.** Under current law, the CC Board may contract with the State Education Assistance Authority to administer the financial assistance funds received by eligible degree, diploma, and certificate students. Amends GS 115D-40.1(c) to provide that the interest earned on these financial assistance funds 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)** Provides that funds appropriated in SL 2006-66, SL 2007-323, and SL 2008-103 for the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis do not revert, but remain available until expended. Effective June 30, 2009.

#### LEARN AND EARN ONLINE FUNDS

**SECTION 8.6.** Directs that the funds reimbursed to the Community College System (CCS) for full-time equivalent students participating in Learn and Earn Online courses during the 2008-09 and 2009-10 fiscal years are to remain available for expenditure for up to 12 months after the close of a fiscal year. Effective June 30, 2009.

Directs that for purposes of the curriculum enrollment formula, community college student enrollments in Learn and Earn Online are to be considered as regular budget full-time equivalent, regardless of the term during which instruction is provided to the enrolled students. Provides that the CCS may only seek reimbursement from the Department of Public Instruction (DPI) for technology, course fees, and textbooks required for course participation. Directs the Office of State Budget and Management (OSBM) to transfer sufficient funds from the State Public School Fund to the CCS Office to implement these provisions.

#### CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

**SECTION 8.7.** Directs that the funds appropriated in this act to the CCS Office for the College Information System are not to revert at the end of the 2008-09 fiscal year but are to remain available until expended. Provides that the funds may be used to purchase periodic system upgrades. Effective July 1, 2009.

Provides that notwithstanding GS 143C-6-4 (re: budget adjustments authorized), the CCS Office may, subject to the approval of the OSBM and in consultation with the Office of Information Technology Services (OIT), use funds appropriated in this act for the College Information System (CIS) to create a maximum of three personnel positions, if doing so is cost-effective. Requires that these personnel positions be dedicated to maintaining and administering information technology and software upgrades to the CIS.

#### MODIFY MULTICAMPUS AND OFF CAMPUS CENTER REPORT DATE

**SECTION 8.8.** Current law requires the CCS Office to report annually to the Education Appropriations Subcommittees of the House and Senate, the OSBM, and the Fiscal Research Division (FRD). Amends GS115D-5(o) to change the reporting date to December 1 of each year (was, October 1)

#### REPEAL REPORT ON THE USE OF COMM COLL FACILITIES BY PRIVATE BUSINESSES

**SECTION 8.9.** Repeals GS115D-5(q), which required the CC Board to report to the Joint Legislative Education Oversight Committee (Ed Oversight) on October 1 annually on the use of community college facilities by private businesses.

#### MAINTENANCE OF PLANT FLEXIBILITY

**SECTION 8.10.** Provides that a community college, which received State funds for maintenance of plant pursuant to GS 115D-31.2 for the 2008-09 fiscal year may use non-instructional State funds allocated to it through the institutional support allotment for maintenance of plant for the 2009-10 and 2010-11 fiscal years. Prohibits the amount of these funds used for the 2009-10 fiscal year for maintenance of plant from exceeding the total amount of maintenance of plant funds received for the 2008-09 fiscal year. Directs that the amount of these funds used for the 2010-11 fiscal year for maintenance of plant are not to exceed 50% of the amount of maintenance of plant funds received for the 2008-09 fiscal year.

#### ELIMINATE SOME TUITION WAIVERS

**SECTION 8.11.** Amends GS 115D-5(b) to delete the tuition waiver for senior citizens attending CCS institutions. Directs the CC Board to waive tuition and fees for persons who are not enrolled in elementary or secondary schools and who are taking courses leading to a high school diploma or equivalent certificate. Modifies the waiver of tuition and fees to apply to trainees enrolled in courses conducted under the Customized training Program (was the New and expanding Industry Program). Makes additional technical changes.

Amends GS 115B-2 to clarify that the tuition waiver authorized for specified categories of persons attending classes for credit or non-credit purposes at community colleges, as defined in GS 115D-2(2), no longer applies to senior citizens including persons who have reached age 65.

Repeals GS 115B-5(a), requiring proof of senior citizen status to demonstrate eligibility for a tuition and fees waiver.

#### CONTINUING EDUCATION FEES

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

Class_Hours	Cost
1-20	\$65.00;
21-50	\$120.00;
51-100+	\$175.00.

#### CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS

**SECTION 8.13.** Directs the CC Board to consolidate the Nursing categorical allotment into the Allied Health categorical allotment before distributing the funds appropriated in this act. Provides that these funds are to be awarded to community colleges based on the full-time equivalent (FTE) enrollment in allied health programs.

#### CUSTOMIZED TRAINING PROGRAM

**SECTION 8.14.** Provides that the funds appropriated in this act for the Customized Training Program that remain unexpended and unencumbered on June 30, 2010, may, subject to cash availability and the approval of the OSBM, be carried forward into the 2010-11 fiscal year for equipment purchases. Requires these funds to be distributed through the Educational Equipment Reserve.

Requires that projects that create or retain jobs in North Carolina receive first priority for funds appropriated for the Customized Training Program.

Under current law, the Customized Training Program (CTP) within the CCS offers programs and training services to assist new and existing business and industry to remain productive, profitable, and within the North Carolina. Amends GS 115D-5.1(f) to direct the CC Board to report, on an annual basis, on the types of services sought by the company utilizing the services of the CTP, whether for new, expanding, or existing industry to the Joint Legislative Education Oversight Committee.

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

**SECTION 8.15.** Requires the balance remaining in Budget Code 66801, Fund 6102 (CCS Financial Assistance) to be used in the 2009-10 fiscal year to offer need-based assistance to displaced workers and qualified students.

#### NORTH CAROLINA MILITARY BUSINESS CENTER

**SECTION 8.16.** Requires the funds appropriated in this act to the CCS Office for the NC Military Business Center (Military Center) to be used for the continued operations of the Military Center. Directs the Military Center to provide services to residents and businesses throughout the state. Provides that the purpose of the Military Center is to serve as a coordinator and facilitator for small and medium sized businesses in the state that are seeking to win and complete federal contracts, with a focus on military-related contracts. Specifies a list of activities that the Military Center should include.

#### PART IX. UNIVERSITIES

##### USE OF ESCHEAT FUNDS FOR NEED-BASED FINANCIAL AID PROGRAMS

**SECTION 9.1.** Directs that monies from the Escheat Fund income be allocated by the State Education Assistance Authority (SEAA) to provide need-based student financial aid in accordance with GS 116B-7. Appropriates the following funds from the Escheat Fund income: (1) \$123,641,040 for 2009-10 and 2010-11 to the Board of Governors of the University of North Carolina (UNC Board of Governors); (2) \$13,981,202 for 2009-10 and 2010-11 to the State Board of Community Colleges; and (3) \$6,520,964 for 2009-10 and 2010-11 to the Department of Administration, Division of Veterans Affairs. Provides that if the interest income generated from the Escheat Fund is less than the amounts referenced in the above appropriations, the difference may be taken from the Escheat Fund principal to reach the referenced appropriations; however, prohibits reducing the Escheat Fund principal below the amount required in GS 116B-6(f).

Directs the SEAA to perform all of the administrative functions necessary to implement this program of financial aid. Requires the SEAA to conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. Permits SEAA to make recommendations for redistribution of funds to the University of North Carolina, the Department of Administration, and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

Also appropriates funds to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to (1) North Carolina high school seniors interested in preparing to teach in the State's public schools, (2) who enroll at any of the Historically Black Colleges and Universities that do not have a Teaching Fellows program. Appropriates \$1,157,000 for 2010-11 from the Escheat Fund to the UNC Board of Governors to be allocated to the SEAA for need-based student financial aid to be used in the Millennium Teaching Scholarship Loan Program (MTS Loan Program). Directs the SEAA to use these funds only to support the MTS Loan Program. Allocates 20 grants of \$6,500 each to be given to the three universities without any Teaching Fellows

program for the MTS Loan Program. Directs the SEAA to administer these funds and to establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

Requires the SEAA to transfer to the Escheat Fund the balance of any monies appropriated by this section that are not disbursed for need-based student financial aid; however, provides that the SEAA may retain the interest on those monies that is paid to the SEAA at the beginning of the 2009-10 fiscal year and at the beginning of the 2010-11 fiscal year.

#### THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND (EARN)

**SECTION 9.2.** Directs that of the funds appropriated by this act from the General Fund to the State Education Assistance Authority (SEAA), \$60 million for 2009-10 and \$60 million for 2010-11 be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

Appropriates \$40 million for 2009-10 and \$40 million for 2010-11 from the Escheat Fund to the SEAA to be allocated to EARN.

Provides that these allocations are to be used only to fund EARN grants for academic years beginning on or after July 1, 2009.

#### TRANSFERS OF CASH BALANCES TO THE GENERAL FUND

**SECTION 9.3.** Directs that the unencumbered cash balance remaining in the Future Teachers Financial Aid fund on June 30, 2009 be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). Also directs that the unencumbered cash balance of the General Fund appropriation remaining in the EARN fund on June 30, 2009 be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

#### TRANSFER FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

**SECTION 9.4.** Directs that of the funds appropriated to the UNC Board of Governors and allocated to the Summer Institute of the North Carolina School of the Arts on Roanoke Island program for the 2009-2011 fiscal biennium, \$461,646 for 2009-10 and \$461,646 for 2010-11 be transferred to the Roanoke Island Commission. Provides that the Roanoke Island Commission may use these funds to contract with any of the constituent institutions of the University of North Carolina System to provide music and drama students an education in a professional performing environment while providing a public service to the state.

#### UNC CENTER FOR ALCOHOL STUDIES

**SECTION 9.5.** Amends GS 20-7(i1), regarding restoration fee for a revoked license. Corrects the statutory reference identifying GS 20-17(a)(2) as the statute for which a violation requires a \$75 drivers license restoration fee. Makes additional conforming changes to correct the statutory reference. Sets the restoration for a license revoked under GS 20-17(a)(2) at \$75.00 (was, reduced the restoration fee to \$50.00 at the end of the fiscal year in which the cumulative total of deposited fees to the General Fund under this subsection exceeded \$10 million). Makes conforming changes deleting references to the cumulative total of deposited fees. Provides that of the funds appropriated to the UNC Board of Governors, \$500,000 for 2009-10 and \$500,000 for 2010-11 are to be used for the operating expenses of the Bowles Center for Alcohol Studies at the University of North Carolina at Chapel Hill (UNC).

#### REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE UNIVERSITY

**SECTION 9.6.** Amends GS 116-238.1(a) to limit the full tuition grant for graduates of the NC School of Math and Science who attend a state university to students who were enrolled in the School of Math and Science for the 2007-08 academic year or earlier. Repeals GS 116-238.1 as amended by this section, effective July 1, 2013.

#### CLOSING THE ACHIEVEMENT GAP/GRANTS

**SECTION 9.7.** Directs that funds appropriated 2009-10 and for 2010-11 to the UNC Board of Governors and allocated to the North Carolina Historically Minority Colleges and Universities Consortium (HMCUC) for *Closing the Achievement Gap*, must be used for the sole purpose of supporting the operations and program activities of the HMCUC. Requires the HMCUC members to use the funds for the public purposes of developing and implementing after-school programs designed to close the academic achievement gap and improving the academic performance of youth at risk of academic failure and school dropout. Authorizes the HMCUC to allocate funds to a community-based and faith-based organization that is located in close proximity to the HMCUC member institution for the public purposes stated in this section. Requires the HMCUC to report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division by May 1 of each year, and provides guidelines regarding the information to be submitted in the report.

#### AMEND LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS

**SECTION 9.8.** Amends GS 116-21.2 to increase the number of credit hours necessary for a part-time student or licensure student to be eligible for a legislative tuition grant from six to nine hours of academic credit per semester. Makes a conforming change regarding a student's or licensure student's change of status. Applies to academic semesters beginning on or after July 1, 2009.

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION/ REVERT PART OF FUND BALANCE

**SECTION 9.9.** Transfers \$1 million from the fund balance of the Graduate Nurse Scholarship Program for Faculty Production (also known as Nurse Educators of Tomorrow Scholarship Loan) to the General Fund. Effective July 1, 2009.

INCREASE UNC UNDERGRADUATE TUITION SURCHARGE

**SECTION 9.10.** Amends Subsection (b) of Section 89 of Chapter 321 of the 1993 Session Laws as amended to increase the UNC undergraduate tuition surcharge to 50% (was, 25%) on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four year program or more than 110% of the credit hours necessary to complete such a degree in a five-year program. Provides criteria for the exclusion of certain credit hours in calculating total credit hours. Directs the UNC Board of Governors to report to the Joint Legislative Education Oversight Committee by September 1, 2009, regarding the implementation of the increased surcharge. Provides that this section applies to all students who will be sophomores or freshman in the 2009-10 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.** Amends GS 116-30.7 to require that the General Administration of the University of North Carolina provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management, by October 15 (was, September 15) of each even-numbered year a projection of the total student enrollment in UNC that is anticipated for the next biennium. Makes technical correction.

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

**SECTION 9.12.** Directs the UNC Board of Governors to study the feasibility of transferring the UNC Center for Public Television to the UNC School of the Arts and to develop a plan to implement such a transfer. Directs the UNC Board of Governors to report its findings and recommendations along with the plan by March 1, 2010, to the Joint Education Legislative Oversight Committee and to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Education.

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

**SECTION 9.13.** Provides a settlement plan to be implemented if the North Carolina Center for the Advancement of Teaching (NCCAT) is transferred from the University of North Carolina to another state government agency or department or if NCCAT ceases to exist. Provides settlement details as to the transference of real property currently in use by NCCAT, and the dissolution of fiduciary and fiscal obligations.

COASTAL DEMONSTRATION WIND TURBINES

**SECTION 9.14.** Directs UNC to continue the coastal sounds wind energy study prescribed in Section 9.12 of SL 2008-107, and to apply for federal grants to continue the study. Directs that funds for renewable energy, allocated to North Carolina under the American Recovery and Reinvestment Act of 2009, be used for the development, design, and construction of at least three demonstration wind turbines and necessary support facilities in the sounds or off the coast of North Carolina. Directs the Director of the Budget to ensure that any available federal funds are secured. Directs UNC, in collaboration with the Director of the Budget, to enter into a contract with a third party by October 1, 2009, to construct, establish, and operate the demonstration turbines and necessary support facilities on or before April 1, 2010.

Provides that the facilities authorized under this act are to be constructed in accordance with the provisions of general law applicable to the construction of state facilities. Directs the Department of Environment and Natural Resources to expedite permitting of the project to the extent allowed by law.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CHILD CARE SUBSIDY RATES

**SECTION 10.1.(a)** Sets the maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services at (75%) of the State median income, adjusted for family size.

**SECTION 10.1.(b)** Sets the fees for families required to share in the cost of child care as follows:

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

**SECTION 10.1.(c)** Sets the payment schedule for subsidized child care services for low-income children as follows:

(1) Religious-sponsored child care facilities operating pursuant to GS 110-106 and licensed child care centers and homes that meet the minimum licensing standards receive the lesser of the one-star county market rate or the rate they charge privately paying parents.

(2) Licensed child care centers and homes with two or more stars receive the lesser of the market rate for that rated license level for that age group or the rate they charge privately paying parents.

(3) Nonlicensed homes receive the lesser of (50%) of the county market rate or the rate they charge privately paying parents.

(4) Directs the Division of Child Development to calculate periodically, based on market rate surveys, the rate for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency, and for fees charged by providers to parents.

**SECTION 10.1.(d)** Sets the payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care at the statewide or regional market rate, unless it can be demonstrated that the application of the statewide or regional market rate would inhibit the ability of the county to purchase child care for low-income children, in which case the county market rate may be applied.

**SECTION 10.1.(e)** Requires the Division of Child Development to calculate local, county, regional, and state rates for child care centers and homes at each license level and age category.

**SECTION 10.1.(f)** Allows certain facilities to provide for the purchase of care in child care facilities for minor children of needy families.

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

**SECTION 10.1.(h)** Provides that noncitizen families who reside in the state illegally are eligible for child care subsidies only if the child for whom a child care subsidy is sought is (1) receiving child protective services or foster care services, (2) developmentally delayed or at risk of being developmentally delayed, or (3) a citizen of the United States.

#### CHILD CARE ALLOCATION FORMULA

**SECTION 10.2.(a)** Requires the Department of Health and Human Services (DHHS) to allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families, with the 30% Smart Start subsidy allocation as the base amount for each county's allocation.

**SECTION 10.2.(b)** Allows DHHS to reallocate unused child care subsidy voucher funds.

**SECTION 10.2.(c)** Allocates up to \$20,000,000 in federal block grant funds and State funds appropriated for fiscal years 2009-10 and 2010-11 for child care services.

#### CHILD CARE FUNDS MATCHING REQUIREMENT

**SECTION 10.3.** Prohibits DHHS from requiring local matching funds as a condition of any locality's receiving its initial allocation of appropriated child care funds unless federal law requires a match.

#### FACILITATE AND EXPEDITE USE OF CHILD CARE SUBSIDY FUNDS

**SECTION 10.4.** Requires the Division of Child Development to adopt temporary policies on the prudent expenditure of child care subsidy funds for recipients who have recently lost a job, finished school, or other special situations.

#### CHILD CARE REVOLVING LOAN

**SECTION 10.5.** Allows funds budgeted for the Child Care Revolving Loan Fund to be transferred to and invested by the financial institution contracted to operate the Fund.

#### CHILD CARE MARKET RATE ADJUSTMENTS

**SECTION 10.6.** Requires DHHS to implement an adjustment to child care market rates, by region, not later than October 1, 2009.

#### EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

**SECTION 10.7.(a)** Sets administrative costs for early childhood initiatives at not more than 8% of the total statewide allocation to all local partnerships.

**SECTION 10.7.(b)** Requires the North Carolina Partnership for Children, Inc., and all local partnerships to use competitive bidding practices in contracting for goods and services on contract amounts set out in the act.

**SECTION 10.7.(c)** Requires the North Carolina Partnership for Children, Inc., and all local partnerships to match not less than 50% of the total amount budgeted for the program in each fiscal year of the biennium



according to a formula set out in the act. Provides that a failure to obtain a 20% match by June 30 of each fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year.

**SECTION 10.7.(d)** Requires DHHS to continue to implement the performance-based evaluation system.

**SECTION 10.7.(e)** Prohibits the use of funds allocated for Early Childhood Education and Development Initiatives for capital expenditures (as defined in GS 143C-1-1(d)(5)) or advertising and promotional activities for fiscal years 2009-10 and 2010-11.

**SECTION 10.7.(f)** Allows counties to use their allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Education and Development Initiatives Plan as approved by the North Carolina Partnership for Children, Inc.

**SECTION 10.7.(g)** Requires local partnerships to spend an amount for child care subsidies that provides at least \$52 million for the TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement for fiscal years 2009-10 and 2010-11. Mandates that the North Carolina Partnership for Children, Inc., not spend less on child care subsidies than the spending level for fiscal year 2008-09.

#### CONTINUE MORE AT FOUR PROGRAM FOR 2009-2010 FISCAL YEAR

**SECTION 10.8.(a)** Requires the Department of Public Instruction (DPI) and Division of Child Development to continue the More at Four prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten through the 2009-10 fiscal year.

**SECTION 10.8.(b)** Directs DPI's Office of School Readiness to reduce the statewide per-slot reimbursement rate for More at Four to minimize the effect of a \$40,000,000 reduction in funding for the 2009-10 fiscal year.

**SECTION 10.8.(c)** Provides that a child whose parent is deployed in the military is eligible for the More at Four program.

#### MORE AT FOUR PROGRAM

**SECTION 10.9.** Transfers the More at Four program to DHHS, effective July 1, 2009. Adds an additional Plus (+) designation, administered within the Regulatory Services Section of the Division of Child Development, to the star rating licensure system currently in place for identifying those programs offering a high quality four-year-old classroom, with the requirement that the program be no less stringent than current More at Four program standards. Mandates that program eligibility requirements be in accordance with current child care subsidy eligibility requirements established by the General Assembly and that the new reimbursement rate plan be in accordance with the child care subsidy program implemented for the 2010-2011 fiscal year. Allows public school systems reimbursement through the Division of Child Development for students qualifying for subsidy for its Plus programs. Provides that parent payments for the Plus program shall be in accordance with child care subsidy rules adopted by the Division of Child Development for the 2010-11 fiscal year. Requires the Division of Child Development to report on or before December 1, 2009, on the star-rated system and the incorporation of the Plus program including an analysis of the star-rated system, the standards for each level, and the differences between the levels.

#### ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES

**SECTION 10.10.** Requires, effective for the 2009-10 fiscal year, the Division of Child Development to increase the allowance that county departments of social services may use for administrative costs from 4% to 5% of the county's total child care subsidy funds allocated in the Child Care Development Fund Block Grant plan.

#### INCREASE CHILD CARE LICENSING FEES FOR CHILD CARE FACILITIES

**SECTION 10.11.** Amends GS 110-90(1a) to change the name of child care "centers" to child care facilities and to increase the maximum fees for facility licensing.

#### MENTAL HEALTH CHANGES

**SECTION 10.12.(a)** Adjusts the timing and method by which allocations of service dollars are distributed to non-single-stream Local Management Entities (LMEs) such that at the beginning of the fiscal year the Department shall distribute not less than one-twelfth of the LME's continuation allocation and subtract the amount of the adjusted distribution from the LME's total reimbursements for the fiscal year.

**SECTION 10.12.(b)** Requires onetime funds appropriated for the Dorothea Dix Hospital overflow unit to be used to support the temporary operation of the hospital unit on the Dorothea Dix campus.

**SECTION 10.12.(c)** Requires DHHS to evaluate the need to continue the temporary operation of the hospital unit for one additional year and to provide a recommendation to the Governor no later than February 15, 2010.

**SECTION 10.12.(d)** Allocates \$20,121,644 for the 2009-10 fiscal year and \$20,121,644 for the 2010-2011 fiscal year for the purchase of local inpatient psychiatric beds or bed days, to be distributed across the State according to need as determined by DHHS. Provides that local inpatient psychiatric beds or bed days will be managed and controlled by the LME, including the determination of which local or State hospital the individual should be admitted to pursuant to an involuntary commitment order. Requires LMEs to remit claims for payment to the Division of Mental Health within 15 working days of receipt of a clean claim from the hospital and to pay the hospital within 30 working days of receipt of payment from the Division. Authorizes DHHS, if it determines (i) that

an LME is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not reduced, or (ii) the LME has failed to comply with the prompt payment provisions of this subsection, to contract with another LME to manage the beds or bed days or to pay the hospital directly. Requires DHHS to report, not later than March 1, 2010, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division on a uniform system for beds or bed days purchased (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv) purchased using funds appropriated under this subsection.

**SECTION 10.12.(e)** Prohibits the DHHS Secretary from taking any action prior to January 1, 2010, that would result in the merger or consolidation of LMEs operating on January 1, 2008, or that would establish consortia or regional arrangements for the same purpose, except that LMEs that do not meet the catchment area requirements of GS 122C-115 as of January 1, 2010, may initiate, continue, or implement the LMEs' merger or consolidation plans to overcome noncompliance with GS 122C-115. Provides that LMEs are not prohibited from voluntarily merging if they are contiguous or consolidating administrative functions.

**SECTION 10.12.(f)** Distributes \$5,755,000 of the funds appropriated to DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for mobile crisis teams to be distributed over the state as determined by DHHS.

REENACT 2007 SPECIAL PROVISION ON COLLABORATION ON SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE

**SECTION 10.13.** Reenacts Section 10.9 of SL 2007-323 for the 2009-11 fiscal biennium.

CLOSURE OF WRIGHT AND WHITAKER SCHOOLS

**SECTION 10.14.** Orders the DHHS Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to close the Wright School and the Whitaker School, effective December 31, 2009, and to prepare a transition plan for each student currently attending these schools, including assisting in the location of community services for the student, working with the public school system in preparing or updating the student's individualized education plan, and working with the LME to ensure that the needs of the student are met. Requires the LME to conduct a 6-month follow-up on each of these students, and requires the Division of Mental Health to report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division not later than August 30, 2010, on student transitions, student participation in any community or residential programs, and student progress six months after the school closures.

SUBSTANCE ABUSE TASK FORCE RECOMMENDATIONS/AVAILABILITY OF SUBSTANCE ABUSE TREATMENT

**SECTION 10.15.(a)** Requires the DHHS Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to use \$1 million to implement one or more priority recommendations of the North Carolina Institute of Medicine (NCIOM) Substance Abuse Task Force.

**SECTION 10.15.(b)** Encourages LMEs to use a portion of the funds appropriated for substance abuse treatment services to support prevention and education activities.

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

**SECTION 10.15.(d)** Requires LMEs to consult with Treatment Accountability for Safer Communities (TASC) to improve offender access to substance abuse treatment and match evidence-based interventions to individual needs at each stage of substance abuse treatment, with special emphasis on intermediate punishment offenders, community punishment offenders at risk for revocation, and Department of Correction (DOC) releasees who have completed substance abuse treatment while in custody. Requires DHHS to allocate up to \$300,000 to TASC before funds are allocated to LMEs for mental health services, substance abuse services, and crisis services.

**SECTION 10.15.(e)** Requires LMEs to consult with local drug treatment court teams and to select a treatment provider that meets all provider qualification requirements and the drug treatment court's needs, with the limitation that a single treatment provider may be chosen for non-Medicaid-eligible participants only.

**SECTION 10.15.(f)** Mandates that prior to October 1, 2009, DHHS develop a Uniform Screening Tool (UST) to determine the mental health of any individual admitted to any long-term care facility, and that DHHS report on the status of UST development on or before January 1, 2010, to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services.

TOTAL QUALITY MANAGEMENT

**SECTION 10.16.** Requires the DHHS Secretary to implement a Total Quality Management Program in hospitals and other State facilities for the purpose of providing a high level of customer service by well-trained staff throughout the organization. Further requires DHHS to submit a report on the status of the program, including any activities associated with its implementation within State facilities, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division not later than December 1, 2009.

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

**SECTION 10.17.** Reduces the DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, budget in the following areas for the 2009-2010 and 2010-2011 fiscal years:

<u>Facility</u>	<u>Fund Code</u>	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>
Broughton Hospital	4541	\$ (34,220)	
Broughton Hospital	4541		\$ (136,550)
Broughton Hospital	4549	\$ (7,000)	
Longleaf Neuro-Medical	4541	\$ (64,000)	
Longleaf Neuro-Medical	4541	\$ (24,000)	
Longleaf Neuro-Medical	4541		\$ (72,500)
Black Mountain Neuro-Medical	4541		\$ (25,796)
Caswell Developmental Center	4541	\$ (210,632)	
Caswell Developmental Center	4541		\$ (320,500)
Caswell Developmental Center	4549	\$ (16,500)	
Murdoch Center	3210	\$ (14,447)	\$ (14,447)
Murdoch Center	4541	\$ (200,750)	
Murdoch Center	4541		\$ (93,200)
O-Berry Neuro-Medical	4521	\$ (60,702)	\$ (21,102)
O-Berry Neuro-Medical	4541	\$ (22,103)	
Iverson Riddle Center	3110	\$ (12,153)	\$ (12,153)
Walter Jones ADATC	3110	\$ (5,852)	\$ (5,852)
Walter Jones ADATC	4541	\$ (24,500)	
Walter Jones ADATC	4549	\$ (8,800)	
<b>TOTAL REDUCTIONS</b>		<b>\$ (705,659)</b>	<b>\$ (709,100)</b>

Limits new vehicle purchases for regional maintenance facilities to those approved by the Secretary.

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

**SECTION 10.18.** Directs that funds appropriated in this act to DHHS for the North Carolina Institute of Medicine (NCIOM) shall be used to study the availability of Medicaid and State-funded mental health, developmental disability, and substance abuse services to active duty, reserve, and veteran members of the military and National Guard, followed by a report of study findings and any recommended legislation to the Governor's Office, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services by February 15, 2010.

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

**SECTION 10.19.** Allocates funds to LMEs such that each LME receives a percentage of the total allocation equal to that LME's percentage of the State's total population that is below the federal poverty level.

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

**SECTION 10.20.** Requires DHHS to collaborate with LMEs to enhance their administrative capabilities to assume utilization management responsibilities for the provision of community-based mental health, developmental disabilities, and substance abuse services. Authorizes DHHS, with approval of the Office of State Budget and Management, use funds available to implement this section.

**MENTAL HEALTH TRUST FUND ALLOCATIONS**

**SECTION 10.21.** Declares that funds allocated from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs (Fund) in the 2007 fiscal biennium shall

not revert to the Fund nor otherwise be withheld but shall be allocated to those programs for which the funds were originally obligated.

#### VITAL RECORDS FEES

**SECTION 10.22.** Amends GS 130A-93.1 to increase the fee for issuance of a first copy of a vital record from \$15.00 to \$20.00, and to institute a charge of \$15.00 for each additional certificate requested from the same search. Local agencies are authorized to retain \$10.00 of that fee to cover local administrative costs. Authorizes an additional charge for expedited service requests of up to \$20.00 for out-of-state requests.

#### CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

**SECTION 10.23.(a)** Mandates that funds appropriated in this act from the General Fund to DHHS for the Community-Focused Eliminating Health Disparities Initiative (CFEHDI) are to be used to provide grants-in-aid to local public health departments, American Indian tribes, and faith-based and community-based organizations to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to the health status of white persons.

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

**SECTION 10.23.(c)** Requires DHHS to report on the nature, extent, use, and effectiveness of funds appropriated to the CFEHDI for the 2009-2010 fiscal year. Adds that the report must also include specific activities undertaken to address large gaps in health status among North Carolinians who are African-American and other minority populations in this state. Requires DHHS to submit the report not later than March 15, 2010, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

#### FUNDS FOR SCHOOL NURSES

**SECTION 10.24.** Mandates that all funds appropriated for the school nurse initiative be used to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose, that communities maintain their current level of effort and funding for school nurses, and that allocated funds not be used for funding nurses for State agencies. Requires that all state-funded school nurses participate, as needed, in child and family teams. Allocates \$1 million for the 2009-10 and 2010-11 fiscal years to hire 20 additional school health nurses, distributed according to the criteria established by the Department in 2006.

#### AIDS DRUG ASSISTANCE PROGRAM

**SECTION 10.25.** Authorizes DHHS to adjust, for the 2009-10 and 2010-11 fiscal years, the financial eligibility criterion of the Aids Drug Assistance Program (ADAP) up to an amount not exceeding 300% of the federal poverty level. Adds that 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 125% of the federal poverty level, and second priority to those individuals with income above 125% and at or below 250% of federal poverty guidelines.

#### PUBLIC HEALTH IMPROVEMENT PLAN

**SECTION 10.26.** Requires that DHHS develop a five-year Public Health Improvement Plan (Plan) by March 31, 2010 that identifies core public health functions, adopts performance measures, and identifies priority health status indicators. Further requires that the plan 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. Calls for the DHHS Secretary to establish and chair the Public Health Improvement Plan Task Force (Task Force), the body responsible for developing and submitting the Plan. Allocates funds appropriated to the Department for flexible spending according to a formula that takes certain elements (including population, per capita income, and rates of certain health issues) into consideration. Requires the DHHS Secretary to report biannually, beginning November 15, 2011, on the funding and performance of local health departments around the state.

#### HEALTH INFORMATION TECHNOLOGY

**SECTION 10.27.(a)** Delegates to DHHS, in cooperation with the State Chief Information Officer and the North Carolina Office of Economic Recovery and Investment, responsibility for coordinating state health

information technology (HIT) policies and programs, including protecting patient health information, improving health care quality, improving information sharing, facilitating research, and promoting early detection, prevention, and management of chronic disease.

**SECTION 10.27.(b)** Mandates that DHHS establish and direct a HIT management structure, responsible for developing a State plan for implementing and ensuring compliance with national HIT standards, ensuring that high-risk populations are effectively integrated into the State plan, and reporting to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the impact of report recommendations on State efforts to implement coordinated HIT.

**SECTION 10.27.(c)** Requires DHHS, beginning October 1, 2009, to provide quarterly written reports on the status of HIT efforts 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.

#### HOSPITAL-ACQUIRED INFECTIONS

**SECTION 10.28.** Directs DHHS to apply for federal funds that are available through P.L. 111-15, the American Recovery and Reinvestment Act, to develop and implement a mandatory statewide hospital-acquired infections surveillance and reporting system, as recommended by the Joint Study Committee on Hospital Infection Control and Disclosure.

#### MEN'S HEALTH

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

#### FACILITATION OF ENROLLMENT AND REENROLLMENT OF ELIGIBLE CHILDREN IN MEDICAID AND NC HEALTH CHOICE

**SECTION 10.30.** Directs DHHS to increase its efforts to simplify the eligibility determination and recertification process to facilitate the enrollment and reenrollment of eligible Medicaid and NC Health Choice individuals, including exploring public awareness campaigns and enlisting community organizations to alert families of the opportunities of Medicaid and NC Health Choice to provide preventive health care to their children and pursuing opportunities in the federal Children's Health Insurance Program Reauthorization Act (CHIPRA) to enhance outreach efforts and enrollment for children in Medicaid and NC Health Choice.

#### NC HEALTH CHOICE TRANSITION

**SECTION 10.31.** Requires the DHHS Secretary to develop and implement a plan for assuming administrative responsibility for the North Carolina Health Choice for Children program by transitioning (no later than July 1, 2010) all administrative oversight and claims processing activities from the Executive Administrator and Board of Trustees of the State Health Plan for Teachers and State Employees to the Division of Medical Assistance. Directs the Office of State Budget and Management (OSBM) to conduct an independent analysis of the cost to determine appropriate staffing levels to manage and implement the transition of NC Health Choice from the State Health Plan to the Division to ensure that the transition of NC Health Choice occurs with minimal disruption and that the Division has adequate staffing and an organizational structure that fits with its existing structure, and to report its recommendations by March 1, 2010, 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.

## NC HEALTH CHOICE/PROCEDURES FOR CHANGING MEDICAL POLICY

**SECTION 10.32.** Adds new GS 108A-54.3, requiring DHHS to follow a particular procedure before changing the North Carolina Health Choice Program for Children, including consulting with the state Medical Society, publishing proposed amendments on the DHHS website, accepting comments on the amendments, and notifying all providers of the proposed amendments.

## NC HEALTH CHOICE MEDICAL POLICY

**SECTION 10.33.** Prohibits (unless required for compliance with federal law) DHHS from changing medical policy affecting the amount, sufficiency, duration, and scope of NC Health Choice health care services and who may provide services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the increased cost of the proposed change in medical policy and submitted it for Departmental review. Requires that any policy change with a fiscal impact in excess of \$1,000,000 be submitted to the Office of State Budget and Management and the Fiscal Research Division. Mandates that DHHS 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 \$1,000,000.

## NC HEALTH CHOICE ENROLLMENT

**SECTION 10.34.** Caps enrollment growth in the NC Health Choice Program for the 2009-10 fiscal year at 15,583 children.

## NCHC FUNDS REDUCTION/CCNC

**SECTION 10.35.(a)** Amends GS 108A-70.21(b) to provide that DHHS must pay for Community Care of North Carolina services only if sufficient information is available to DHHS for utilization management of the services provided through CCNC.

**SECTION 10.35.(b)** Provides that the DHHS Division of Medical Assistance, shall reduce or eliminate funding for per member/per month fees paid to Community Care of North Carolina (CCNC) if sufficient information is not available to the Department for utilization management of the provider services.

## COMMUNITY CARE OF NORTH CAROLINA

**SECTION 10.36.** Directs DHHS to contract with CCNC to manage the care of Medicaid recipients, through a per member, per month reimbursement. Requires that CCNC networks demonstrate proficiency in a series of standards and performance measurement guidelines set out in the act. Directs DHHS to establish by July 1, 2009, an Independent Advisory Group (IAG) to advance goals that improve quality of care, and realize necessary savings within Medicaid, and requires DHHS to report by January 21, 2010, on the baseline data for a list of diseases and conditions set out in the act, clinically acceptable performance measures, and practice goals adopted by the IAG, and the improved quality and cost savings expected as a result of their implementation. Calls for DHHS to 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 evaluate the CCNC networks and report by November 1, 2010, in a specified format, on the Medicaid cost savings achieved by the CCNC networks during a 12-month period. Directs the U.S. Secretary of Health and Human Services to 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 establish a set of pediatric quality measures not later than January 1, 2011.

## COMMUNITY HEALTH CENTER CHANGES

**SECTION 10.37.** Allocates \$7,860,000 in recurring funds for the 2009-10 fiscal year and \$7,860,000 for the 2010-2011 fiscal year 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.

## LIABILITY INSURANCE

**SECTION 10.38.** Authorizes the secretaries of DHHS, the Department of Environment and Natural Resources, and the Department of Correction to provide medical liability coverage not to exceed \$1 million per incident on behalf of employees of the departments licensed to practice medicine or dentistry, on behalf of all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. Allows that this coverage include commercial insurance or self-insurance and requires that it cover these individuals for their

acts or omissions only while they are engaged in providing medical and dental services pursuant to their state employment or training. Exempts from coverage any act or omission that the individual knows or reasonably should know constitutes a violation of the applicable criminal laws of any state or the United States or that arises out of any sexual, fraudulent, criminal, or malicious act or out of any act amounting to willful or wanton negligence.

#### FUNDS FOR JIM "CATFISH" HUNTER CHAPTER OF THE ALS ASSOCIATION

**SECTION 10.39.** Limits use of funds appropriated for the Jim "Catfish" Hunter Chapter of the ALS Association to services provided within North Carolina.

#### DHHS Payroll Deduction for Child Care Services

**SECTION 10.40.** Allows, subject to rules adopted by the State Controller, a DHHS employee to authorize, in writing, the periodic deduction from the employee's salary or wages for employment by the State, a designated lump sum to be paid to satisfy the cost of services received for child care provided by the department.

#### MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS) FUNDS/IMPLEMENTATION OF MMIS

**SECTION 10.41.** Allocates \$11,071,502 for fiscal year 2009-2010 and \$9,820,689 for fiscal year 2010-2011 of the funds appropriated to DHHS from prior year earned revenues received by the Department for the Medicaid Management Information System (MMIS) to the DHHS information technology budget code and to match federal funds for the procurement, design, development, and implementation of the new MMIS system and to fund the central management of the project. In the event that the Department does not receive prior year earned revenues in these amounts, the Department is authorized with approval of the Office of State Budget and Management to use other over-realized receipts to the level appropriated in this act for MMIS expenditures. Makes full development of the replacement MMIS a top priority, requiring that DHHS engage the services of private counsel with the pertinent information technology and computer law expertise to review requests for proposals and to negotiate and review contracts associated with MMIS. Mandates that beginning July 1, 2009, DHHS make quarterly reports on changes in the functionality and projected costs of the MMIS.

#### NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST) FUNDS

**SECTION 10.42.** Appropriates \$18,327,478 from Budget Code 24441, Fund Code 2006, to the DHHS Division of Central Management Services, for the 2009-10 fiscal year to be used for the development and implementation of North Carolina Families Accessing Services Through Technology (NC FAST).

#### PROGRAM ON PREVENTION OF ABUSE AND NEGLECT

**SECTION 10.43.** Transfers the Children's Trust Fund from DPI to the Division of Social Services in DHHS and makes conforming changes to relevant portions of Chapter 7B of the General Statutes.

#### INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

**SECTION 10.44.(a)** Requires that the Intensive Family Preservation Services (IFPS) Program provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal.

**SECTION 10.44.(b)** Sets out the data and information DHHS must provide to any program or entity that receives State, federal, or other funding for the purpose of Intensive Family Preservation Services.

**SECTION 10.44.(c)** Requires the establishment of a performance-based funding protocol under which DHHS may only fund those programs and entities providing the required information specified in subsection (b) of this section.

**SECTION 10.44.(d)** Directs DHHS to publish an annual report on the Intensive Family Preservation Services Program, including the information and data under subdivisions (b)(2) through (b)(6) of this section.

#### FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

**SECTION 10.45.(a)** Sets the maximum rates for State participation in the foster care assistance program as follows:

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

**SECTION 10.45.(b)** Sets the maximum rates for the State adoption assistance program as follows:

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

**SECTION 10.45.(c)** Provides that funds remaining beyond those appropriated for payments to foster and adoptive families of HIV-infected children will be used to provide medical training in avoiding HIV transmission in the home.

**SECTION 10.45.(d)** Sets the maximum rates for state participation in HIV foster care and adoption assistance as follows:

- (1) \$800.00 per child per month with indeterminate HIV status;
- (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;
- (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and
- (4) \$1,600 per child per month terminally ill with complex care needs.

**SECTION 10.45.(e)** Requires that the State and a county participating in foster care and adoption assistance each contribute 50% of the nonfederal share of the cost of care for a child placed by a county department of social services or child placing agency in a family foster home or residential child care facility. Provides that a county shall be held harmless from contributing 50% of the nonfederal share of the cost for a child currently in a family foster home or residential child care facility until the child leaves foster care or experiences a placement change.

**SECTION 10.45.(f)** Allows DHHS to establish foster care and adoption assistance rates based on the United States Department of Agriculture (USDA) "Expenditures on Children by Families" index subject to State appropriations for each fiscal year.

#### CHILD SUPPORT PROGRAM/ENHANCED STANDARDS

**SECTION 10.46.** Amends GS 110-129.1(a) to expand the powers and duties conferred upon DHHS, Child Support Enforcement Program to include implementation, maintenance, and monitoring of performance standards for each of the state and county child support enforcement offices across the state.

#### CHILD CARING INSTITUTIONS

**SECTION 10.47.** Provides that until the Social Services Commission adopts rules setting standardized rates for child caring institutions as authorized under GS 143B-153(8), the maximum reimbursement for child caring institutions shall not exceed the rate established for the specific child caring institution by the DHHS Office of the Controller.

#### SPECIAL CHILDREN ADOPTION FUND

**SECTION 10.48.** Adds new section GS 108A-50.2 to create the Special Children Adoption Fund to provide funds for the adoption of children described in GS 108A-50 and in foster care. Requires that 20% of funds allocated to the Special Children Adoption Fund will be reserved for payment to participating private adoption agencies, and that the Division of Social Services monitor and redistribute unused funds in accordance with guidelines established pursuant to the new law.

#### LIMITATION ON STATE ABORTION FUND

**SECTION 10.49.** Extends the limitations on funding abortions established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section 23.8A of Chapter 507 of the 1995 Session Laws, to the 2009-10 and 2010-11 fiscal years.

#### CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT FUND

**SECTION 10.50.(a)** Appropriates from the Escheat Fund income to DHHS \$3,168,250 for the 2009-10 fiscal year to support the child welfare postsecondary support program for the educational needs of foster youth aging out of the foster care system and special needs children adopted from foster care after age 12 by providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087II. Provides that if the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in GS 116B-6(f).

**SECTION 10.50.(b)** Allocates \$50,000 for the 2009-10 fiscal year and \$50,000 for the 2010-11 fiscal year of the funds appropriated from the General Fund to DHHS to the North Carolina State Education Assistance Authority (SEAA) for use only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

**SECTION 10.50.(c)** Requires that of the funds appropriated from the General Fund to DHHS \$500,000 for the 2009-10 fiscal year and \$500,000 for the 2010-11 fiscal year shall be used to contract with an entity to develop and administer the child welfare postsecondary support program described under subsection (a) of this section, which development and administration shall include the performance of case management services.

**SECTION 10.50.(d)** Mandates that funds appropriated to DHHS for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in North Carolina.



**SECTION 10.50.(e)** Expresses the intent of the General Assembly that for the 2010-11 fiscal year and beyond, support for the child welfare postsecondary support program shall be appropriated from the General Fund.

#### TANF BENEFIT IMPLEMENTATION

**SECTION 10.51.(a)** Approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2009-2011," prepared by DHHS and presented to the General Assembly, and requires DHHS to submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services, as amended by this act or any other act of the 2009 General Assembly.

**SECTION 10.51.(b)** Enumerates the counties approved as Electing Counties in North Carolina's Temporary Assistance for Needy Families State Plan FY 2009-2011, as Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, and Wilson.

**SECTION 10.51.(c)** Provides that counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for fiscal years 2009 through 2011, pursuant to GS 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2009.

#### EVALUATION OF CONSOLIDATION OF ADMINISTRATIVE FUNCTIONS OF COUNTY DEPARTMENTS OF SOCIAL SERVICES

**SECTION 10.52.** Directs the DHHS Division of Social Services to study the consolidation of administrative functions among county departments of social services, including collaboration with counties to identify opportunities for functional consolidation, affected administrative functions, estimated cost savings, and requisite policy changes. Prohibits DHHS from consolidating administrative functions except as directed by an act of the General Assembly. Directs DHHS to report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division by April 1, 2010.

#### ENHANCE MARKETING OF PUBLIC ASSISTANCE AVAILABILITY

**SECTION 10.53.** Directs the Office of Economic Opportunity, Division of Social Sciences and county departments of social services to enhance the marketing of available services, including Food and Nutrition Services, and Medical Assistance, for prospective recipients.

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

**SECTION 10.54.** Directs DHHS, in collaboration with DPI and the Free Appropriate Public Education Task Force (Task Force), to develop a plan to reduce the costs of residential instruction for students who are deaf or hearing-impaired and to report their findings and reduction plan to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division no later than April 1, 2010.

#### NON-MEDICAID REIMBURSEMENT CHANGES

**SECTION 10.55.** Limits reimbursement for providers of medical services under the various state programs, other than Medicaid, offering medical care to citizens of the State to those set under the North Carolina Medical Assistance Program, provided that DHHS may reimburse hospitals at the full prospective per diem rates without regard to the Medical Assistance Program's annual limits on hospital days, and that DHHS may negotiate with providers of medical services, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies.

Sets the maximum net family annual income eligibility standards for services in these programs as follows:

DSB Medical Eye Care	125% FPL
DSB Independent Living <55	125% FPL
DSB Independent Living 55>	200% FPL
DSB Vocational Rehabilitation	125% FPL
DVR Independent Living	125% FPL

## DIVISION OF SERVICES FOR THE DEAF AND HARD OF HEARING/FUNDS TRANSFER AND APPROPRIATION

**SECTION 10.56.** Requires the State Controller to transfer \$5,000,000 from the Special Account for Telecommunications Relay Service to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-10 fiscal year. Provides that of funds appropriated with Budget Code 67425, Fund Code 6725, and Fund Code 6726, \$1,500,000 be transferred to Budget Code 24410 for Information Technology Projects in the DHHS Division of Central Management and Support for the Data Collection and Case Management Systems initiative. Requires that funds made available under this section be used for the development and implementation of a data collection and case management information system to replace the current system in use by the Division of Services for the Blind, Division of Services for the Deaf and Hard of Hearing, and the Division of Vocational Rehabilitation Services. Provides that if, upon the transfer and appropriation of funds under this section, available funds are insufficient to support recurring services the Division of Services for the Deaf and Hard of Hearing is authorized to provide, DHHS shall, pursuant to GS 62-157, file a petition with the North Carolina Utilities Commission to reset the surcharge provided for in GS 62-157 to maintain a reasonable margin for reserve for the operation of the statewide telecommunications relay service.

## STATE-COUNTY SPECIAL ASSISTANCE

**SECTION 10.57.(a)** Provides that the eligibility of Special Assistance recipients residing in adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report and Related Services, providing these recipients are otherwise eligible. Sets the maximum monthly rate for these residents in adult care home facilities at \$1,231 per month per resident.

**SECTION 10.57.(b)** Sets the maximum monthly rate for residents in adult care home facilities at \$1,207 per month per resident, effective January 1, 2009, unless adjusted by DHHS

**SECTION 10.57.(c)** Sets the maximum monthly rate for residents in Alzheimer/Dementia special care units at \$1,515 per month per resident unless adjusted by DHHS.

**SECTION 10.57.(d)** Requires DHHS to review activities and costs related to the provision of care in adult care homes and determine what costs may be considered to properly maximize allowable reimbursement available through Medicaid personal care services for adult care homes (ACH-PCS) under federal law. Provides that with proper approval DHHS may transfer necessary funds from the State-County Special Assistance program within the Division of Social Services to the Division of Medical Assistance and may use those funds as State match to draw down federal matching funds to pay for such activities and costs under Medicaid's personal care services for adult care homes (ACH-PCS), thus maximizing available federal funds. Allows DHHS, subject to approval by the Centers for Medicare and Medicaid Services (CMS), to disregard a limited amount of income for individuals whose countable income exceeds the adjusted State-County Special Assistance rate, with the limitation that the amount of the disregard may not exceed the difference between the Special Assistance rate prior to the adjustment and the Special Assistance rate after the adjustment and shall be used to pay a portion of the cost of the ACH-PCS and reduce the Medicaid payment for the individual's personal care services provided in an adult care home. Provides that the reimbursement for services through the ACH-PCS may not exceed the average cost of the services as determined by DHHS from review of cost reports as required and submitted by adult care homes.

**SECTION 10.57.(e)** Requires DHHS to recommend rates for State-County Special Assistance and for Adult Care Home Personal Care Services based on appropriate cost methodology and cost reports submitted by adult care homes that receive State-County Special Assistance funds.

## MEDICAID

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

Specifies that (1) funds appropriated in this act for Medicaid services are for both the categorically needy and the medically needy; (2) the state pays 100% of the nonfederal costs of all applicable services listed in this section and 100% of the federal Medicare Part D clawback payments under the Medicare Modernization Act of 2004; and (3) DHHS, Division of Medical Assistance, may use funds that are identified to support the cost of development and acquisition of equipment and software and related operational costs through contractual means to improve and enhance information systems that provide management information and claims processing, if approved by the Office of State Budget and Management (OSBM). Requires that DHHS identify adequate funds to support the implementation and first year's operational costs that exceed funds allocated for the 2009-10 and 2010-11 fiscal years for the new contract for the fiscal agent for the Medicaid Management Information System. Specifies that all required reports by DHHS to the General Assembly be submitted to the House of Representatives Appropriations Subcommittee for Health and Human Services, the Senate Appropriations Committee on Health

and Human Services, and the Fiscal Research Division of the Legislative Services Office, unless otherwise provided.

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

Authorizes DHHS, Division of Medical Assistance, to (1) contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment, subject to the approval of a change in the State Medicaid Plan (2) undertake cost containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting. Requires DHHS, Division of Medical Assistance, to provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds. Prohibits DHHS from changing medical policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the increased cost of the proposed change in medical policy and submitted it for DHHS review. If the fiscal impact indicated by the fiscal analysis for any proposed medical policy change exceeds \$3 million in total requirements for a given fiscal year, then DHHS must submit the proposed medical policy change with the fiscal analysis to the OSBM and the Fiscal Research Division. Prohibits DHHS from implementing any proposed medical policy change exceeding \$3 million in total requirements for a given fiscal year unless the source of state funding is identified and approved by the OSBM. For medical policy changes exceeding \$3 million in total requirements for a given fiscal year that are required for compliance with federal law, DHHS must submit the proposed medical policy or policy interpretation change with the five-year fiscal analysis to the OSBM prior to implementing the change. Requires DHHS to provide the OSBM and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than \$3 million.

**SECTION 10.58.(c) Eligibility.**

Establishes the maximum family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance.

Requires that for specified 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. Requires DHHS, Division of Medical Assistance, to provide Medicaid coverage to specified classifications of people meeting specified federal poverty guidelines:

Requires DHHS, Division of Medical Assistance, to provide Medicaid coverage to adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

Requires DHHS, Division of Medical Assistance to provide Medicaid coverage to "independent foster care adolescents," ages 18, 19, and 20, as defined in section 1905(w)(1) of the Social Security Act [42 U.S.C. § 1396d(w)(1)], without regard to the adolescent's assets, resources, or income levels.

Allows DHHS to provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR services, who are regularly engaged in work activities as part of their developmental plan, and for whom retention of additional income contributes to their achievement of independence. Specifies monthly allowances based on monthly net wages. The state funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to DHHS.

Requires DHHS, Division of Medical Assistance, to provide Medicaid coverage to women who need treatment for breast or cervical cancer and who are defined in 42 U.S.C. § 1396a.(a)(10)(A)(ii)(XVIII).

**SECTION 10.58.(d)**

Requires DHHS to spend funds appropriated for Medicaid services in accordance with a specified schedule of services and payment bases. Unless otherwise provided, services and payment bases will be as prescribed in the State Plan as established by DHHS and may be changed with the approval of the Director of the Budget. Provides for the following services: (1) hospital inpatient; (2) hospital outpatient; (3) nursing facilities; (4) physicians, certified nurse midwife services, certified registered nurse anesthetists, and nurse practitioners; (5) Community Alternative Program and EPSDT Screens; (6) Home health and related services, and durable medical equipment; (7) hearing aids; (8) rural health clinical services; (9) family planning; (10) independent laboratory and X-ray services; (11) ambulatory surgical centers; (12) private duty nursing, clinic services, and prepaid health plans; (13) intermediate care facilities for the mentally retarded; (14) chiropractors, podiatrists, optometrists, and dentists; (15) limitations on dental coverage; (16) Medicare buy-in; (17) ambulance services; (18) optical supplies; (19) Medicare crossover claims; (20) physical therapy, occupational therapy, and speech therapy; (21) personal care services; (22) case management services; (23) hospice; (24) medically necessary prosthetics or orthotics; (25) health insurance premiums; (26) medical care/other remedial care; and (27) pregnancy-related services.

Also includes the following provisions concerning drugs. Reimbursements must be available for prescription drugs as allowed by federal regulations plus a professional services fee per month, excluding refills for the same drug or generic equivalent during the same month. Payments for drugs are subject to the provisions of this subdivision or in accordance with the State Plan adopted by DHHS, consistent with federal reimbursement

regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by DHHS, consistent with federal reimbursement regulations. The professional services fee shall be \$5.60 per prescription for generic drugs and \$4.00 per prescription for brand-name drugs. Adjustments to the professional services fee shall be established by the General Assembly. In addition to the professional services fee, DHHS may pay an enhanced fee for pharmacy services.

Authorizes DHHS to establish authorizations, limitations, and reviews for specific drugs, drug classes, brands, or quantities in order to manage effectively the Medicaid pharmacy program, except that DHHS may not impose limitations on brand-name medications for which there is a generic equivalent in cases where the prescriber has determined, at the time the drug is prescribed, that the brand-name drug is medically necessary and has written on the prescription order the phrase "medically necessary."

Specifies that notwithstanding GS 90-85.27 through GS 90-85.31, or any other law to the contrary, under the Medical Assistance Program and except as otherwise provided in this subsection for drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand-name drug is medically necessary and has written on the prescription order the phrase "medically necessary." An initial prescription order for a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand-name drugs. As used in this subsection, *brand name* means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and *established name* has the same meaning as in Section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act, as amended, 21 U.S.C. § 352(e)(3).

Prohibits DHHS from imposing prior authorization requirements or other restrictions under the State Medical Assistance Program on medications prescribed for Medicaid recipients for the treatment of HIV/AIDS.

Limits mental health services to services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Centers for Medicare and Medicaid Services (CMS) when provided in agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services and reimbursement is made in accordance with a state plan developed by DHHS not to exceed the upper limits established in federal regulations, and (1) for children eligible for EPSDT services provided by: (a) specified professionals when Medicaid eligible children are referred by the Community Care of North Carolina primary care physician, a Medicaid-enrolled psychiatrist, or the area mental health program or local management entity and (b) institutional providers of residential services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Centers for Medicare and Medicaid Services (CMS) for children and Psychiatric Residential Treatment Facility services that meet federal and state requirements as defined by DHHS and (2) for Medicaid-eligible adults, services provided by specified professionals.

Requires payments made for services rendered in accordance with this subdivision to be to qualified providers in accordance with approved policies and the State Plan.

Notwithstanding GS 150B-21.1(a), DHHS may adopt temporary rules in accordance with GS Chapter 150B of the General Statutes further defining the qualifications of providers and referral procedures in order to implement this subdivision. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services must be established by the Division of Medical Assistance.

#### **SECTION 10.58.(e)**

Authorizes DHHS to require Medicaid-enrolled providers to purchase a performance bond in an amount not to exceed \$100,000 naming as beneficiary DHHS, Division of Medical Assistance, or provide to DHHS a validly executed letter of credit or other financial instrument issued by a financial institution or agency honoring a demand for payment in an equivalent amount. DHHS may require the purchase of a performance bond or the submission of an executed letter of credit or financial instrument as a condition of initial enrollment, reenrollment, or reinstatement if: a. the provider fails to demonstrate financial viability, b. DHHS determines there is significant potential for fraud and abuse, and c. DHHS otherwise finds it is in the best interest of the Medicaid program to do so.

Requires that DHHS specify the circumstances under which a performance bond or executed letter of credit will be required.

Authorizes DHHS to waive or limit these requirements for individual Medicaid-enrolled providers or for one or more classes of Medicaid-enrolled providers based on the following: a. the provider's or provider class's dollar amount of monthly billings to Medicaid; b. the length of time an individual provider has been licensed, endorsed, certified, or accredited in this State to provide services; c. the length of time an individual provider has been

enrolled to provide Medicaid services in this State; d. the provider's demonstrated ability to ensure adequate record keeping, staffing, and services; and e. the need to ensure adequate access to care.

If DHHS waives or limits the requirements, it must take into consideration the potential fiscal impact of the waiver or limitation on the State Medicaid Program. DHHS must provide to the affected provider written notice of the findings upon which its action is based and shall include the performance bond requirements and the conditions under which a waiver or limitation apply. DHHS may adopt temporary rules in accordance with GS 150B-21.1 as necessary to implement this provision.

Authorizes reimbursement for up to 30 visits per recipient per fiscal year for the following professional services: hospital outpatient providers, physicians, nurse practitioners, nurse midwives, clinics, health departments, optometrists, chiropractors, and podiatrists. Requires DHHS to (1) adopt medical policies in accordance with GS 108A-54.2 to distribute the allowable number of visits for each service or each group of services consistent with federal law, (2) establish a threshold of some number of visits for these services, and (3) ensure that primary care providers or the appropriate CCNC network are notified when a patient is nearing the established threshold to facilitate care coordination and intervention as needed.

Exempts prenatal services, all EPSDT children, emergency room visits, and mental health visits subject to independent utilization review from the visit limitations contained in this subdivision. Authorizes DHHS to authorize exceptions when additional care is medically necessary, subject to appropriate medical review. Specifies that routine or maintenance visits above the established visit limit will not be covered unless necessary to actively manage a life threatening disorder or as an alternative to more costly care options.

#### **SECTION 10.58.(f)**

Authorizes DHHS to waive service limitations, eligibility requirements, and payment bases in this section, with the approval of the Director of the Budget, to allow DHHS to carry out pilot programs for prepaid health plans, contracting for services, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services or when DHHS determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient.

Authorizes DHHS to establish co-payments up to the maximum permitted by federal law and regulation.

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

Authorizes DHHS to adopt temporary or emergency rules according to the procedures established in GS 150B-21.1 and GS 150B-21.1A when it finds that these rules are necessary to maximize receipt of federal funds within existing state appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Requires DHHS to adopt rules requiring providers to attend training as a condition of enrollment and may adopt temporary or emergency rules to implement the training requirement.

Requires DHHS to consult with OSBM on the possible fiscal impact of the temporary or emergency rule and its effect on state appropriations and local governments before filing the temporary or emergency rules authorized under this subsection with the Rules Review Commission and the Office of Administrative Hearings.

Requires DHHS to report on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Centers for Medicare and Medicaid Services (CMS). The reports must be provided at the same time they are submitted to CMS for approval. Requires that the reports be submitted to the House of Representatives Appropriations Subcommittee for Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Fiscal Research Division of the Legislative Services Office, and the Joint Legislative Health Care Oversight Committee.

#### **DMA CONTRACT SHORTFALL**

**SECTION 10.59.(a)** Requires that DHHS, Division of Medical Assistance, receive budget approval by the OSBM before entering into any new contract or renewing or amending an existing contract that exceeds the current contract amounts.

**SECTION 10.59.(b)** Directs the Division of Medical Assistance to make every effort to effect savings within its operational budget and use those savings to offset its contract shortfall. Notwithstanding GS 143C-6-4(b)(3), authorizes DHHS to use funds appropriated in this act to cover the contract shortfall in the Division of Medical Assistance if insufficient funds exist within the Division.

#### **MEDICAID COST CONTAINMENT ACTIVITIES**

**SECTION 10.60.(a)** Authorizes DHHS to use up to \$5 million in the 2009-10 fiscal year and up to \$5 million in the 2010-11 fiscal year in Medicaid funds budgeted for program services to support the cost of administrative activities when cost-effectiveness and savings are demonstrated. Requires that the funds be used to support activities that will contain the cost of the Medicaid Program, including contracting for services, hiring additional staff, or providing grants through the Office of Rural Health and Community Care to plan, develop, and implement cost containment programs.

Specifies activities that may be Medicaid cost-containment activities. Funds may be expended under this section only after the OSBM has approved a proposal for the expenditure submitted by DHHS. Proposals for expenditure of funds under this section must include the cost of implementing the cost containment activity and documentation of the amount of savings expected to be realized from the cost containment activity.

**SECTION 10.60.(b)** Requires that DHHS provide a copy of proposals for expenditures under this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. Requires that DHHS report on the methods used to achieve savings and the amount saved by these methods on or before April 1, 2010. If DHHS deploys fraud detection software, it must submit a report on the software implementation and fraud detection results to the House and Senate Appropriations Subcommittees on Health and Human Services and the Fiscal Research Division of the General Assembly by April 1, 2010.

#### MEDICAID SPECIAL FUND TRANSFER

**SECTION 10.61.** Of the funds transferred to DHHS for Medicaid programs pursuant to GS 143C-9-1, appropriates from the Medicaid Special Fund to DHHS \$43 million for the 2009-10 fiscal year and \$43 million for the 2010-2011 fiscal year. Specifies that these funds must be allocated as prescribed by GS 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in GS 143C-9-1(b) that these funds not reduce State general revenue funding, these funds must replace the reduction in general revenue funding effected in this act. Authorizes DHHS to use funds in the Medicaid Special Fund to fund the settlement of the Disproportionate Share Hospital payment audit issues between DHHS and the federal government related to fiscal years 1997-2002, and appropriates funds from the Medicaid Special Fund for the 2009-2010 fiscal year for this purpose.

#### EXTEND IMPLEMENTATION OF COMMUNITY ALTERNATIVES PROGRAMS REIMBURSEMENT SYSTEM

**SECTION 10.62.** Specifies that full implementation for the Community Alternatives Programs reimbursement system not be later than 12 months after the date on which the replacement Medicaid Management Information System becomes operational and stabilized.

#### DMA REDUCTION OPTION FLEXIBILITY

**SECTION 10.63.(a)** Requires that DHHS, Division of Medical Assistance, in consultation with provider groups and other interested parties, review ways to improve health care quality, ensure appropriate use of services, improve clinical outcomes, and reduce the cost of care for beneficiaries with medically complex conditions as well as to strengthen fraud and abuse oversight efforts. Specifies that DHHS explore all viable options to improve the quality of care and to control health care costs, including specified options.

**SECTION 10.63.(b)** Requires the Division of Medical Assistance to report its recommendations on methods to better manage and save Medicaid costs to the Governor's Office by January 15, 2010, including the steps necessary for implementation, time frames, and the amount of projected savings over a five-year period.

#### ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

**SECTION 10.64.(a)** Specifies that receivables reserved at the end of the 2009-10 and 2010-11 fiscal years be accounted for as nontax revenue for each of those fiscal years.

**SECTION 10.64.(b)** Requires that DHHS deposit from its revenues \$124,994,954 with the Department of State Treasurer to be accounted for as nontax revenue for the 2009-10 fiscal year and \$100 million for the 2010-11 fiscal year. Any revenue collected in each of the fiscal years in excess of one of the amounts listed above must be reserved by the State Treasurer in DHHS's account for future appropriations by the General Assembly. These deposits represent the return of General Fund appropriations provided to DHHS to provide indigent care services at State-owned and operated mental hospitals. Specifies that the treatment of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Volume 2, Part 225.

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

**SECTION 10.65.(a)** Directs DHHS, Division of Medical Assistance, in consultation with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and Community Alternatives Program (CAP) stakeholders, and subject to approval from the Centers for Medicare and Medicaid Services (CMS), to develop a schedule of cost-sharing requirements for families of children with incomes above the Medicaid allowable limit to share in the costs of their child's Medicaid expenses under the CAP-MR/DD (Community Alternatives Program for Mental Retardation and Developmentally Disabled) and the CAP-C (Community Alternatives Program for Children). The cost-sharing amounts must be based on a sliding scale of family income and shall take into

account the impact on families with more than one child in the CAP programs. Requires DHHS to take into consideration how other states have implemented cost-sharing in their CAP programs. The Division of Medical Assistance may establish monthly deductibles as a means of implementing this cost-sharing. Requires DHHS to hold at least one public hearing and provide other opportunities for individuals to comment on the imposition of cost-sharing under the CAP program schedule.

**SECTION 10.65.(b)** Requires the Division of Medical Assistance, in collaboration with the Controller's Office of DHHS, the Division of Information Resource Management (DIRM), and the new vendor of the replacement Medicaid Management Information System to develop business rules, program policies and procedures, and define relevant technical requirements.

**SECTION 10.65.(c)** Requires DHHS to report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs, 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 before seeking approval from CMS, but not later than October 1, 2009. Specifies that the report (1) include a summary of comments DHHS has received at the public hearing, business rules, policies and procedures, and technical requirements of the initiative; and (2) indicate any barriers to implementing the cost-sharing.

#### PREFERRED DRUG LIST PROGRAM

**SECTION 10.66.(a)** Requires that DHHS establish and implement a preferred drug list program under the Division of Medical Assistance in the event insufficient savings are realized from enhancing the utilization management of the Prescription Advantage List, increasing the utilization of generic drugs in place of brand-name drugs and increasing rebate collections on generic drugs. DHHS must submit a medical assistance State Plan amendment to the Centers for Medicare and Medicaid Services (CMS) of the United States DHHS to implement the program.

**SECTION 10.66.(b)** Directs that the pharmaceutical and therapeutics committee of the Physician's Advisory Group (PAG) provide ongoing review of the preferred drug list. Members of the committee must submit conflict-of-interest disclosure statements to DHHS and must have an ongoing duty to disclose conflicts of interest not included in the original disclosure.

**SECTION 10.66.(c)** Directs DHHS, in consultation with the PAG, to adopt and publish policies and procedures relating to the preferred drug list, including specified policies.

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

Requires DHHS to maintain an updated preferred drug list in electronic format and make the list available to the public on its Internet website.

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

Authorizes DHHS to negotiate supplemental rebates from manufacturers that are in addition to those required by Title XIX of the federal Social Security Act. The pharmaceutical and therapeutics committee must consider a product for inclusion on the preferred drug list if the manufacturer provides a supplemental rebate. Authorizes DHHS to procure a sole source contract with an outside entity or contractor to conduct negotiations for supplemental rebates.

**SECTION 10.66.(d)** Specifies that this section becomes effective if DHHS cannot demonstrate by June 1, 2010, that \$20,791,264 in prescription drug savings have been realized by employing the methods outlined in subsection (a) of this section.

#### MEDICAID APPEALS/FUNDS DO NOT REVERT

**SECTION 10.67.** Specifies that funds transferred from DHHS to the Office of Administrative Hearings in the 2008-09 fiscal year for mediation services will not revert to the General Fund on June 30, 2009, but will remain in the Office of Administrative Hearings for the purposes for which the funds were transferred.

#### CLARIFYING CHANGES TO STATE MEDICAID RESPONSIBILITIES

**SECTION 10.68.** Specifies that the counties will not bear any responsibility for settlement payments to providers or refunds of expenditures for program service claims paid on or before June 1, 2009. Counties will continue to participate in their share of administrative costs.

## CO-PAYMENTS FOR TICKET TO WORK

**SECTION 10.69.** Amends GS 108A-54.1 to make conforming changes.

## MEDICAID FALSE CLAIMS

**SECTION 10.70.(a)** Amends GS 108A-70.11(5) to make conforming changes. Effective July 1, 2009.

**SECTION 10.70.(b)** Amends GS 108A-70.12(a) to add to the list of unlawful activities for a provider of medical assistance under the Medical Assistance Program (MAP) (1) conspiring to defraud the MAP by obtaining a false or fraudulent claim allowed or paid and (2) knowingly making, using, or causing 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 MAP. Specifies that each claim presented or caused to be presented is a separate violation. Effective December 1, 2009, and applies to all offenses committed on or after that date.

**SECTION 10.70.(c)** Amends GS 108A-70.12(b)(1) to increase the penalties against providers of medical assistance under the MAP who violate the provisions of GS 108A-70.12(a) to not less than \$5,500 (was \$5,000) and not more than \$11,000 (was \$10,000) plus three times the amount of damages which the MAP sustained because of the act of the provider. Effective July 1, 2009.

**SECTION 10.70.(d)** Adds new Part to Article 2 of Chapter 108A of the General Statutes to authorize a person to initiate a civil action on behalf of the person and the State for violations of GS 108A-70.12. Specifies the procedures for filing the complaint, for the State to intervene if it so chooses, and for dismissal of the complaint. Prohibits any person other than the State from intervening in the action or bringing a related action based on the facts underlying the pending action. Specifies the procedures under which the State may proceed with the action, including provisions for dismissal and settlement, and the rights of the private plaintiff if the State chooses to proceed. Authorizes the person who initiated the action to proceed with the action if the State elects not to proceed, and requires the person to serve the State with copies of all pleadings filed in the action and deposition transcripts, if the State requests and at the State's expense. Authorizes the court to stay discovery for a certain period upon a showing by the State that discovery would interfere with the State's investigation or prosecution of a criminal or civil matter arising out of the same facts. Authorizes the State to elect to pursue its claim through any of the alternative remedies available to it. Specifies percentage amount of award to person who initiated the suit if the State proceeds with the action and if the State does not proceed with the action. Prohibits person who primarily planned and initiated the violation of GS 108A-70.12 from receiving any award. Authorizes the court to award to the defendant its reasonable attorneys' fees and expenses if the defendant prevails and if the court finds that the claim was clearly frivolous, clearly vexatious, or brought primarily for purposes of harassment. Bars certain actions. Specifies that the State is not liable for any expenses a person incurs in bringing an action. Specifies the statute of limitations for initiating an action. Effective July 1, 2009, and applies to civil actions that accrue on or after that date.

**SECTION 10.70.(e)** Amends GS 108A-70.15 to make conforming changes. Effective July 1, 2009.

**SECTION 10.70.(f)** Directs DHHS, Division of Medical Assistance, to transfer \$352,136 in fiscal year 2010-11, and each year thereafter, to fund five permanent staff positions at the Attorney General's Office necessary to implement the Medicaid False Claims Act if the legislation is adopted and the state legislation meets federal Center for Medicare and Medicaid Services criteria to receive 10% bonuses subject to the False Claims Act. Effective July 1, 2009.

## PROVIDER RATES

**SECTION 10.71.** Requires that DHHS freeze rates for fiscal year 2009-10 for most Medicaid providers at the level authorized in fiscal year 2008-09. 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. Directs that Medicaid rates predicated upon Medicare fee schedules must follow Medicare reductions but not Medicare increases unless federally required. Authorizes inflationary increases for Medicaid providers paying provider fees (private ICF-MRs and nursing facilities) if the state share of the increases can be funded with provider fees.

## MEDICAID WAIVER FOR LOW-INCOME PERSONS WITH HIV

**SECTION 10.72.** Requires that DHHS, Division of Medical Assistance, 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 200% of the federal poverty level to access Medicaid services. The study must determine the number of people who may be eligible and the financial, programmatic, and technical impact of the waiver. DHHS must 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 by December 31, 2009.



#### MAINTAIN MEDICAID ELIGIBILITY

**SECTION 10.73.** Directs DHHS, Division of Medical Assistance, to 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. DHHS must 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 by December 31, 2009. Directs DHHS to 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)** Directs DHHS, Division of Medical Assistance, to seek a Medicaid 1115 waiver or implement other available Medicaid options to provide interconceptional coverage to low-income women with incomes below 185% of the federal poverty guidelines who have given birth to a high-risk infant 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)** Specifies that interconceptional care 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)** Authorizes DHHS to develop a benefit package to improve interconceptional care to decrease poor birth outcomes in subsequent pregnancies.

**SECTION 10.74.(d)** Requires that the Division of Medical Assistance provide estimates of the cost savings from improved birth outcomes that will offset the cost of providing Medicaid coverage to this targeted population. Directs the Division of Medical Assistance to report the status 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 by October 1, 2009. The Division of Medical Assistance may not implement the waiver unless authorized by an act of the General Assembly.

#### MEDICAID WAIVER TO PROVIDE HOME AND COMMUNITY-BASED MEDICAID SERVICES FOR CERTAIN INDIVIDUALS

**SECTION 10.74A.** Requires the Department of Health and Human Services (DHHS), Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to apply to the Centers for Medicare and Medicaid Services (CMS) for a 1915(c) waiver to permit individuals who sustain traumatic brain injury after age 22 to access home and community-based Medicaid services. Prohibits DHHS from implementing the waiver, if approved, except as authorized by an act of the General Assembly appropriating funds for this purpose. Requires DHHS to report on the status of the waiver to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2010.

#### NC NOVA

**SECTION 10.75.** DHHS, Division of Health Services Regulation, may use up to \$88,000 for fiscal year 2009-10 and \$93,700 for fiscal year 2010-11 of existing resources to continue the NC New Organizational Vision Award certification program. The Division shall use federal civil monetary penalty receipts as a source of support for this initiative, when appropriate.

#### DHSR LICENSE FEE INCREASES

**SECTION 10.76.(a)** Amends GS 131D-2(b) to increase the annual license fee (1) for adult care homes with six or fewer beds to \$315 (was \$250) and (2) for adult care homes with more than six beds to \$360 (was \$350), plus a nonrefundable annual per-bed fee of \$17.50 (was \$12.50).

**SECTION 10.76.(b)** Amends GS 131E-147 to increase the annual base license fee for an ambulatory surgical facility to \$850 (was \$700) and the annual per-operating room fee to \$75 (was \$50).

**SECTION 10.76.(c)** Amends GS 131E-167(a) to increase the annual certification fee to \$385 (was \$250).

**SECTION 10.76.(d)** Amends GS 131E-138(c) to increase the annual license fee to \$510 (was \$400).

**SECTION 10.76.(e)** Amends GS 131E-77 to increase the following annual per-bed fee from \$12.50:

Facility Type	Number of Beds	Per-Bed Fee
General Acute Hospitals:	1-49 beds	\$17.50
	50-99 beds	\$17.50
	100-199 beds	\$17.50

200-399 beds	<u>\$17.50</u>
400-699 beds	<u>\$17.50</u>
700+ beds	<u>\$17.50</u>

**SECTION 10.76.(f)** Amends GS 122C-23(h) to increase the following annual base license fees and per-bed fees to the following:

Type of Facility	Number of Beds	Base Fee	Per-Bed Fee
Facilities (non-ICF/MR):	0 beds	<u>\$215.00</u>	\$0
	1 to 6 beds	<u>\$305.00</u>	\$0
	More than 6 beds	<u>\$475.00</u>	<u>\$17.50</u>
ICF/MR Only:	1 to 6 beds	<u>\$845.00</u>	\$0
	More than 6 beds	<u>\$800.00</u>	<u>\$17.50</u>

**SECTION 10.76.(g)** Amends GS 131E-102(b) to decrease the annual license fee to \$420 (was \$450) and to increase the per-bed fee to \$17.50 (was \$12.50).

#### DHSR initial LICENSURE FEES NEW FACILITIES

**SECTION 10.77.** Adds new section to Article 16 of GS Chapter 131E of the General Statutes as follows.

Initial licensure fees for new facilities as follows:

Facility Type	Number of Beds	Initial License Fee	Initial Bed Fee
Adult Care Licensure	More than 6	\$400.00	\$19.00
	6 or Fewer	\$350.00	\$ -
Acute and Home Care General Acute Hospitals	1-49	\$550.00	\$19.00
	50-99	\$750.00	\$19.00
	100-199	\$950.00	\$19.00
	200-399	\$1150.00	\$19.00
	400-699	\$1550.00	\$19.00
	700+	\$1950.00	\$19.00
Other Hospitals	\$1050.00	\$19.00	
Home Care	-	\$560.00	\$ -
Ambulatory Surgical Ctrs.	-	\$900.00	\$85.00
Hospice (Free Standing)	-	\$450.00	\$ -
Abortion Clinics	-	\$750.00	\$ -
Cardiac Rehab. Centers	-	\$425.00	\$ -
Nursing Home & L&C Nursing Homes		\$470.00	\$19.00
	All Others	\$ -	\$19.00
Mental Health Facilities			
Nonresidential		\$265.00	\$ -
Non ICF-MR	6 or fewer	\$350.00	\$ -
ICF-MR only	6 or fewer	\$900.00	\$ -
Non ICF-MR	More than 6	\$525.00	\$19.00
ICF-MR only	More than 6	\$850.00	\$19.00.

#### DHHS BLOCK GRANTS

**SECTION 10.78.(a)** Makes appropriations from federal block grant funds 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
Division of Public Health		
08.	Teen Pregnancy Prevention Initiatives	450,000
DHHS Administration		
09.	Division of Social Services	1,093,176
10.	Office of the Secretary	75,392
11.	Office of the Secretary/DIRM – TANF Automation Projects	720,000
12.	Office of the Secretary/DIRM – NC FAST Implementation	1,200,000
Transfers to Other Block Grants		
Division of Child Development		
13.	Transfer to the Child Care and Development Fund	84,330,900
Division of Social Services		
14.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,550,000
15.	Transfer to Social Services Block Grant for Maternity Homes	60,503
16.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
17.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
18.	Transfer to Social Services Block Grant for Foster Care Services	390,000
19.	Transfer to Social Services Block Grant for Medically Fragile Children	260,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$357,396,373

TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
(TANF) CONTINGENCY FUNDS BLOCK GRANT

Local Program Expenditures		
Division of Social Services		
01.	Work First Family Assistance (Cash Assistance)	\$1,857,193
02.	Work First – Boys and Girls Clubs	1,200,000
03.	Work First – Afterschool Services For At-Risk Children	1,229,785
04.	Work First – Afterschool Programs For At-Risk Youth in Middle Schools	300,000
05.	Work First – Connect, Inc. (Work Central)	301,025
06.	Work First – Citizens Schools Program	360,000
07.	County Demonstration Grants	3,239,789
08.	Adoption Services – Special Children's Adoption Fund	3,000,000
09.	Family Violence Prevention	2,200,000
10.	Child Welfare Collaborative	987,995
11.	Work First Functional Assessment	600,000

12.	Electing County State Funding Swap Out	2,378,213
13.	State Subsidized Child Care Funding Swap	12,452,484

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) CONTINGENCY FUNDS BLOCK GRANT	\$30,106,484
--	--------------

#### SOCIAL SERVICES BLOCK GRANT

##### Local Program Expenditures

Divisions of Social Services and Aging and Adult Services		
01.	County Departments of Social Services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
02.	State In-Home Services Fund	2,101,113
03.	State Adult Day Care Fund	2,155,301
04.	Child Protective Services/CPS Investigative Services-Child Medical Evaluation Program	243,121
05.	Foster Care Services (Transfer from TANF – \$390,000)	2,372,619
06.	Maternity Homes (Transfer from TANF – \$60,503)	943,002
07.	Special Children Adoption Incentive Fund	500,000
08.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,550,000
Division of Aging and Adult Services		
09.	Home and Community Care Block Grant (HCCBG)	1,834,077
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
10.	Mental Health Services Program	422,003
11.	Developmental Disabilities Services Program	5,000,000
12.	Mental Health Services-Adult and Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601
Division of Child Development		
13.	Subsidized Child Care Program	3,150,000
Division of Vocational Rehabilitation		
14.	Vocational Rehabilitation Services – Easter Seal Society/UCP Community Health Program	188,263
Division of Public Health		
15.	Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000
16.	Services for Medically Fragile Children (Transfer from TANF – \$260,000)	360,000

##### DHHS Program Expenditures

Division of Aging and Adult Services		
17.	UNC-CARES Training Contract	247,920
Division of Services for the Blind		
18.	Independent Living Program	3,714,211
Division of Health Service Regulation		
19.	Adult Care Licensure Program	411,897
20.	Mental Health Licensure and Certification Program	205,668

##### DHHS Administration

21.	Division of Aging and Adult Services	688,436
22.	Division of Social Services	892,624
23.	Office of the Secretary/Controller's Office	138,058
24.	Office of the Secretary/DIRM	87,483
25.	Division of Child Development	15,000
26.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	29,665

27.	Division of Health Service Regulation	235,625
28.	Office of the Secretary-NC Inter-Agency Council For Coordinating Homeless Programs	250,000
29.	Office of the Secretary	48,053
Transfers to Other State Agencies		
	Department of Administration	
30.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
Transfers to Other Block Grants		
	Division of Public Health	
31.	Transfer to Preventive Health Services Block Grant For HIV/STD Prevention and Community Planning	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 63,735,946

#### LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

##### Local Program Expenditures

	Division of Social Services	
01.	Low-Income Energy Assistance Program (LIEAP)	\$ 25,909,124
02.	Crisis Intervention Program (CIP)	20,224,269
	Office of the Secretary – Office of Economic Opportunity	
03.	Weatherization Program	1,000,000
04.	Heating Air Repair & Replacement Program (HARRP)	3,385,583

##### Local Administration

	Division of Social Services	
05.	County DSS Administration	3,608,360
	Office of the Secretary – Office of Economic Opportunity	
06.	Local Residential Energy Efficiency Service Providers – Weatherization	420,035
07.	Local Residential Energy Efficiency Service Providers – HARRP	195,910

##### DHHS Administration

08.	Division of Social Services	275,000
09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	8,128
10.	Office of the Secretary/DIRM	269,935
11.	Office of the Secretary/Controller's Office	12,332
12.	Office of the Secretary/Office of Economic Opportunity – Weatherization	294,874
13.	Office of the Secretary/Office of Economic Opportunity – HARRP	137,574

##### Transfers to Other State Agencies

14.	Department of Administration – N.C. State Commission of Indian Affairs	67,042
-----	---	--------

TOTAL LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		\$ 55,808,166
--	--	---------------

#### CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

##### Local Program Expenditures

	Division of Child Development	
01.	Subsidized Child Care Services (CCDF)	\$144,097,307
02.	Contract Subsidized Child Care Services Support	507,617
03.	Subsidized Child Care Services (Transfer from TANF)	84,330,900
04.	Quality and Availability Initiatives	20,760,876
05.	T.E.A.C.H. Program	3,800,000

Division of Social Services	
06. Local Subsidized Child Care Services Support	\$16,594,417
DHHS Administration	
Division of Child Development	
07. DCD Administrative Expenses	6,539,277
Division of Central Administration	
08. DHHS Central Administration – DIRM Technical Services	763,356

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	\$277,393,750
--	---------------

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures	
Division of Child Development	
01. Subsidized Child Care Services (CCDF) (High Quality Four-Year-Old Classrooms)	\$53,993,329
02. Contract Subsidized Child Care Services Support	29,030
DHHS Program Expenditures	
Division of Child Development	
03. Quality and Availability Initiatives	11,519,144
Local Administration	
Division of Social Services	
04. Subsidy Services Support	2,001,631

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH ARRA	\$67,543,143
--	--------------

MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures	
01. Mental Health Services – Adult	\$ 5,977,762
02. Mental Health Services – Child	3,921,991
03. Comprehensive Treatment Service Program	1,500,000
04. Mental Health Services – UNC School of Medicine, Department of Psychiatry	300,000

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 11,699,753
--	---------------

SUBSTANCE ABUSE PREVENTION  
AND TREATMENT BLOCK GRANT

Local Program Expenditures	
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
01. Substance Abuse Services – Adult	\$ 22,258,080
02. Substance Abuse Treatment Alternative for Women	8,069,524
03. Substance Abuse – HIV and IV Drug	5,116,378
04. Substance Abuse Prevention – Child	7,186,857
05. Substance Abuse Services – Child	4,940,500
06. Implementation – Institute of Medicine's Study Recommendations	250,000
Division of Public Health	
07. Risk Reduction Projects	633,980
08. Aid-to-Counties	209,576
09. Maternal Health	37,779

TOTAL SUBSTANCE ABUSE PREVENTION  
AND TREATMENT BLOCK GRANT

\$ 48,702,674

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures

Division of Public Health

01.	Children's Health Services	7,534,865
02.	Women's Health	7,701,691
03.	Oral Health	38,041

DHHS Program Expenditures

Division of Public Health

04.	Children's Health Services	1,359,636
05.	Women's Health	135,452
06.	State Center for Health Statistics	179,483
07.	Quality Improvement in Public Health	14,646
08.	Health Promotion	88,746
09.	Office of Minority Health	55,250
10.	Immunization Program – Vaccine Distribution	382,648

DHHS Administration

Division of Public Health

11.	Division of Public Health Administration	631,966
-----	--	---------

TOTAL MATERNAL AND CHILD  
HEALTH BLOCK GRANT

\$ 18,122,424

PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

Division of Public Health

01.	NC Statewide Health Promotion	\$1,730,653
02.	Services to Rape Victims	197,112
03.	HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)	145,819

DHHS Program Expenditures		
Division of Public Health		
04.	NC Statewide Health Promotion	1,699,044
05.	Oral Health	70,000
06.	State Laboratory of Public Health	16,600

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,859,228
--	-------------

#### COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures		
Office of Economic Opportunity		
01.	Community Action Agencies	\$ 16,673,336
02.	Limited Purpose Agencies	926,297
DHHS Administration		
03.	Office of Economic Opportunity	926,296

TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 18,525,929
--------------------------------------	---------------

#### COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures		
Office of Economic Opportunity		
01.	Community Action Agencies	\$ 20,558,585
02.	Limited Purpose Agencies	1,093,541
DHHS Administration		
03.	Office of Economic Opportunity	218,709

TOTAL COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH ARRA	\$ 21,870,834
---	---------------

### GENERAL PROVISIONS

**SECTION 10.78.(b)** Directs DHHS to allocate any increases in federal fund availability for any of the Block Grants administered by DHHS from the amounts appropriated in this section proportionally across the program and activity appropriations identified for that Block Grant in this section. Prohibits DHHS from proposing new programs or activities not appropriated in this section.

Directs DHHS to reduce state administration by at least the percentage of reduction in federal funds, if any reduction is made in the federal fund availability for any of the Block Grants administered by DHHS. After determining the state administration, the remaining reductions must be allocated proportionately across the program and activity appropriations identified for that Block Grant in this section.

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

**SECTION 10.78.(c)** Directs that appropriations from federal block grant funds are made for the fiscal year ending June 30, 2010, according to the schedule enacted for fiscal year 2009-10 or until a new schedule is enacted by the General Assembly.

**SECTION 10.78.(d)** Specifies that all changes to the budgeted allocations to the Block Grants administered by DHHS that are not specifically addressed in this section must be approved by the OSBM and a report must be submitted to the Joint Legislative Commission on Governmental Operations for review prior to implementing the changes. All changes to the budgeted allocations to the Block Grants must be reported immediately to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

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



**SECTION 10.78.(e)** Directs that \$1,093,176 appropriated in this section in the TANF Block Grant to DHHS, Division of Social Services, for the 2009-2010 fiscal year must be used to support administration of TANF-funded programs.

**SECTION 10.78.(f)** Directs that \$2,200,000 appropriated under this section in TANF Contingency funds to DHHS, Division of Social Services, for the 2009-10 fiscal year must be used to provide domestic violence services to Work First recipients. Specifies that the funds must be used to provide domestic violence counseling, support, and other direct services to clients. Prohibits expenditure of these funds to establish new domestic violence shelters or to facilitate lobbying efforts. Authorizes the Division of Social Services to use up to \$75,000 in TANF funds to support one administrative position within the Division of Social Services to implement this subsection.

Directs each county department of social services and the local domestic violence shelter program serving the county to jointly develop a plan for utilizing these funds which specifies the services to be provided and the manner in which the services shall be delivered. The county plan must be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by December 1, 2009. The Division of Social Services, in consultation with the Council for Women, must review the county plans and provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

Directs the Division of Social Services to allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of \$5,000; and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2009, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2009. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

**SECTION 10.78.(g)** Directs DHHS to use \$1,229,785 of the funds appropriated to it in TANF Contingency funds for the 2009-10 fiscal year to expand after-school programs and services for at-risk children. DHHS must develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy, school dropout, and gang participation. Grants must be awarded to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to fund one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration.

**SECTION 10.78.(h)** Appropriates \$14,452,391 to DHHS, Division of Social Services, in the TANF Block Grant for the 2009-10 fiscal year for child welfare improvements, to be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

**SECTION 10.78.(i)** Directs that \$3 million of the TANF Contingency funds appropriated to DHHS, Special Children Adoption Fund, for the 2009-10 fiscal year must be used in accordance with GS 108A-50.2, as enacted in Section 10.48 of this act. Specifies that the Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, must develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in GS 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies must be used exclusively to enhance the adoption services program. Prohibits local match requirement.

**SECTION 10.78.(j)** Directs that \$1.2 million of the funds appropriated to DHHS in the TANF Block Grant for the 2009-2010 fiscal year must be used to implement N.C. FAST (North Carolina Families Accessing Services through Technology). The N.C. FAST Program involves the entire automation initiative through which families access services and local departments of social services deliver benefits, supervised by DHHS, Divisions of Social Services, Aging and Adult Services, Medical Assistance, and Child Development. The statewide automated initiative must be implemented in compliance with federal regulations in order to ensure federal financial participation in the project. Directs DHHS to report on its compliance with this subsection to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division by January 1, 2010.

**SECTION 10.78.(k)** Directs that \$300,000 of the funds appropriated to DHHS, Division of Social Services, in TANF Contingency funds for the 2009-10 fiscal year be used to expand after-school programs for at-risk children attending middle school. Specifies that DHHS must develop and implement a grant program to award funds to community-based programs demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and gang participation. These funds may not be used for training or administration at the state level. All

funds must be distributed to community-based programs, focusing on those communities where similar programs do not exist in middle schools.

**SECTION 10.78.(l)** Directs DHHS to review policies, programs, and initiatives to ensure that they support men in their role as fathers and strengthen fathers' involvement in their children's lives in implementing the TANF Block Grants. DHHS must encourage county departments of social services to ensure their Work First programs emphasize responsible fatherhood and increased participation by noncustodial fathers.

**SECTION 10.78.(m)** Directs that \$67,523 appropriated to DHHS in the TANF Block Grant and \$301,025 appropriated to DHHS in TANF Contingency funds for the 2009-10 fiscal year be transferred to Connect Inc. Specifies that Connect Inc. must report on (1) the number of people served and the services received as a result of the receipt of funds; (2) expenditure data, including the amount of funds used for administration and direct training; and (3) the number of people who have been employed as a direct result of services provided by Connect Inc., including the length of employment in the new position. DHHS must evaluate the program and ensure that services provided are not duplicative of local employment security commissions in the nine counties served by Connect Inc. and submit its evaluation report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division by May 1, 2010.

**SECTION 10.78.(n)** Directs that \$800,000 appropriated to DHHS in the TANF Block Grant and \$1.2 million appropriated to DHHS in TANF Contingency funds for Boys and Girls Clubs for the 2009-10 fiscal year must be used to make grants for approved programs. Directs DHHS, in accordance with federal regulations for the use of TANF Block Grant funds, to administer a grant program to award funds to the Boys and Girls Clubs across the state in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates. DHHS must encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate.

**SECTION 10.78.(o)** Directs DHHS, Division of Social Services, to continue implementing the county demonstration grants that began in the 2006-07 fiscal year. The county demonstration grants may be awarded for up to three years with all projects ending no later than the end of fiscal year 2009-10. The purpose of the county demonstration grants is to identify best practices that can be used by counties to improve the work participation rates. Authorizes the Division of Social Services to establish two time-limited positions to manage the grant award process and monitor the demonstration projects through fiscal year 2009-10.

Prohibits funding provided under the county demonstration grants from being used to supplant local funds. Counties are required to maintain the current level of effort and funding for the Work First program.

Directs DHHS, Division of Social Services, to report on the status of county demonstration grants implemented pursuant to this subsection to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division by February 1, 2010.

**SECTION 10.78.(p)** Directs that \$1,875,512 appropriated to DHHS in the TANF Block Grant and in TANF Contingency funds for the 2009-10 fiscal year be used to continue support for the Child Welfare Collaborative.

#### **SOCIAL SERVICES BLOCK GRANT**

**SECTION 10.78.(q)** Specifies that Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Programs and the North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R .0201(3).

**SECTION 10.78.(r)** Directs that \$2,550,000 appropriated in the Social Services Block Grant to DHHS, Division of Social Services, for the 2009-10 fiscal year be used to support various child welfare training projects as follows: (1) provide a regional training center in southeastern North Carolina, (2) provide training for residential child caring facilities, (3) provide for various other child welfare training initiatives.

**SECTION 10.78.(s)** Directs that \$943,002 appropriated to DHHS in the Social Services Block Grant for the 2009-10 fiscal year be used to support payments to maternity home providers.

**SECTION 10.78.(t)** Directs that \$360,000 appropriated to DHHS, Division of Public Health, in the Social Services Block Grant for the 2009-10 fiscal year be used to continue support for the Medically Fragile Children program.

**SECTION 10.78.(u)** Directs that \$2,372,619 appropriated in the Social Services Block Grant for child caring agencies for the 2009-10 fiscal year be allocated to the State Private Child Caring Agencies Fund.

**SECTION 10.78.(v)** Authorizes DHHS, subject to the approval of the OSBM, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

**SECTION 10.78.(w)** Specifies that Social Services Block Grant funds appropriated for the Special Children's Adoption Incentive Fund must require a 50% local match.

#### **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

**SECTION 10.78.(x)** Specifies that additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations, but the additional funds must be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. Prohibits DHHS from allocating funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

Directs that funds available through the American Recovery and Reinvestment Act must be used to continue to enhance weatherization activities coordinated by local agencies.

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

**SECTION 10.78.(y)** Specifies that payment for subsidized child care services provided with federal TANF funds must comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

**SECTION 10.78.(z)** Authorizes DHHS to move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully, if funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants.

**SECTION 10.78.(aa)** Directs that funds from the Child Care and Development Fund Block Grant and Child Care and Development Fund Block Grant received through the American Recovery and Reinvestment Act must be used to increase access to child care subsidy. Directs DHHS, Division of Child Development, to adopt temporary policies that facilitate and expedite the prudent expenditure of these funds as follows: (1) permit the local purchasing agencies to issue time-limited vouchers to assist counties in managing one-time, nonrecurring subsidy funding; (2) extend the current 30/60 day job search policy to six months when a recipient experiences a loss of employment; (3) provide an upfront job search period of six months for former recipients who have lost employment since October 1, 2008; (4) provide a job search period of six months for recipients that complete school and are entering the job market; (5) notwithstanding any other provision of law, extend the 24-month education time limit for an additional 12 months for a child care recipient who has lost a job since October 1, 2008, or otherwise needs additional training to enhance his or her marketable skills for job placement due to the economic downturn and who has depleted his or her 24-month allowable education time; and (6) lower the number of hours a parent must be working in order to be eligible for a subsidy to assist parents who are continuing to work but at reduced hours.

**SECTION 10.78.(bb)** Authorizes DHHS to move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully, if American Recovery and Reinvestment Act funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants.

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

**SECTION 10.78.(cc)** Appropriates \$1.5 million in the Mental Health Block Grant to DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2009-10 fiscal year and \$422,003 in the Social Services Block Grant to DHHS, Division of Social Services, for the 2009-10 fiscal year to be used to continue a Comprehensive Treatment Services Program for Children.

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

**SECTION 10.78.(dd)** Specifies that if federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710) for the 2009-10 fiscal year, then those funds must be transferred to the State Board of Education to be administered by the Department of Public Instruction (DPI). Directs the DPI to use the funds to establish an Abstinence Until Marriage Education Program and to delegate to one or more persons the responsibility of implementing the program and GS 115C-81(e1)(4).

**SECTION 10.78.(ee)** Directs DHHS to ensure that there will be follow-up testing in the Newborn Screening Program.

#### **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

**SECTION 10.78.(ff)** Directs that \$250,000 appropriated in the Substance Abuse Prevention and Treatment Block Grant to DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2009-10 fiscal year be used to implement one or more priority recommendations of the North Carolina Institute of Medicine (NCIOM) Substance Abuse Task Force, which include: (1) development of a comprehensive substance abuse prevention plan for use at the state and local levels; (2) providing funding for the establishment of six pilot projects to implement county or multicounty comprehensive prevention plans; (3) supporting efforts to reduce high-risk drinking on college campuses; (4) development of a pilot program to provide chronic disease management services to substance abuse clients and former clients. The purpose of the pilot is to decrease the number of short-term hospital admissions and to provide discharge planning and follow-up to reduce substance abuse client recidivism; (5) educating and encouraging health care professionals to use the screening, brief intervention, and referral to treatment (SBIRT) model promoted by the federal government.

#### **COMMUNITY SERVICES BLOCK GRANT**

**SECTION 10.78.(gg)** In accordance with the intent of the American Recovery and Reinvestment Act, the North Carolina General Assembly strongly encourages recipients of Community Services Block Grant and Community Services Block Grant Recovery funds to enhance cooperation with county departments of social services and regional food banks to increase benefits enrollment for eligible persons, including Food and Nutrition Services and Medical Assistance.

### **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

#### **COMMERCIAL FERTILIZER FEES**

**SECTION 11.1.** Amends GS 106-671(a) to increase the inspection fees paid to the Department of Agriculture and Consumer Service on commercial fertilizers in packages of above five pounds from twenty-five cents to fifty cents. Also increases the tonnage fee on any brand sold in excess of one hundred tons from twenty-five cents to fifty cents.

#### **INCREASE PESTICIDE REGISTRATION FEE**

**SECTION 11.2.** Amends GS 143-442(b) to increase the annual registration fee for a pesticide registrant from \$100 to \$150.

#### **BOARD OF AGRICULTURE REVIEW OF FEE SCHEDULES**

**SECTION 11.3.** Adds new GS 106-6.1(b) to require the Board of Agriculture to review in February of each odd-numbered year the fee schedule it establishes for the services. Requires the board to report changes in fees, statistics on number of fees collected and total receipts, recommendations on future levels of fees, and the inflationary change since the last fee change.

### **PART XII. DEPARTMENT OF LABOR**

#### **DEPARTMENT OF LABOR/APPRENTICESHIP PROGRAM**

**SECTION 12.1.** Adds new GS 94-12 to impose a \$25 fee on each apprentice who is covered by a written apprenticeship agreement entered into under GS Chapter 94. Allows an employer to pay the fee on behalf of the apprentice. Provides that the fees must be applied to the costs of administering the apprenticeship program.

### **PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

#### **REVISE CLEAN WATER MANAGEMENT TRUST FUND OPERATIONS LIMIT**

**SECTION 13.1.** Provides that notwithstanding GS 113A-253(d), no more than \$3 million of the funds appropriated to the Clean Water Management Trust Fund in each fiscal year of the 2009-11 fiscal biennium may be used for administrative and operating expenses of the Board of Trustees of the Clean Water Management Trust Fund and its staff.

#### **FOOD AND LODGING INSPECTION FEES INCREASES**

**SECTION 13.2.(a)** Amends GS 130A-248(d) to increase annual food and lodging inspections fees from \$50 to \$60.

**SECTION 13.2.(b)** Amends GS 130A-248(e) to increase fee for review of plans for prototype franchised or chain facilities for food establishments subject to this section from \$200 to \$235..

**SECTION 13.2.(c)** Amends GS 130A-248(f) to increase the local health department fee for review of plans for food establishments subject to this section that are not subject to subsection (e) of the statute from \$200 to \$235.

#### RADIATION PROTECTION SECTION SUPPORTED BY FEES

**SECTION 13.3.** Amends GS 104E-19 to impose an annual fee, set by the Department of Environment and Natural Resources, on a person who is required to be registered or licensed under Gs Chapter 104E. Requires that the fees provide revenue to offset costs in performing duties under this Chapter. Makes a conforming change to GS 104E-9..

#### SCRAP TIRE DISPOSAL ACCOUNT FUNDS

**SECTION 13.4.** Provides that notwithstanding the provisions of GS 105-187.19(b), effective for taxes levied during the 2009-2010 fiscal year, the Secretary of Revenue must credit to the General Fund \$3,000,000 of the net tax proceeds that GS 105-187.19(b) directs the Secretary to credit to the Scrap Tire Disposal Account.

#### MARINE FISHERIES FUNDS FOR THE FISHERY RESOURCES GRANT PROGRAM

**SECTION 13.5.** Provides that of the funds appropriated in this act to the Department of Environment and Natural Resources for the Division of Marine Fisheries for the Fishery Resource Grant Program the sum of \$146,312 for the 2009-10 fiscal year and the sum of \$146,312 for the 2010-11 fiscal year must be used for river herring research in the department. Directs that the remaining funds appropriated in this act to the Department for the Fishery Resource Grant Program for the 2009-11 biennium must be used for research related to the Sea Grant College Program only and shall not be used for any other purpose.

#### NEW LEASE PURCHASE/INSTALLMENT CONTRACTS FOR FORESTRY EQUIPMENT

**SECTION 13.6.** Provides that before the Division of Forest Resources of the Department of Environment and Natural Resources enters into either a new lease purchase contract for the purchase of forestry equipment or a new installment contract for the purchase of forestry equipment, the Division of Forest Resources must submit a detailed list of the forestry equipment to be purchased under the contract to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Provides that before the Department of Administration enters into either a new lease purchase contract for the purchase of forestry equipment or a new installment contract for the purchase of forestry equipment on behalf of the Division of Forest Resources, the Department of Administration must submit a detailed list of the forestry equipment to be purchased under the contract to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. If a list is modified after it is submitted under this section, the modified list must be submitted to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division before entering into the contract.

#### GRASSROOTS SCIENCE PROGRAM

**SECTION 13.7.(a)** Provides that of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of \$3,411,713 is allocated as grants-in-aid for each fiscal year of the 2009-2011 biennium as follows:

Aurora Fossil Museum	\$57,875
Cape Fear Museum	\$157,787
Carolina Raptor Center	\$109,931
Catawba Science Center	\$143,429
Colburn Earth Science Museum, Inc.	\$ 73,054
Core Sound Waterfowl Museum	\$ 49,000
Discovery Place	\$649,608
Eastern NC Regional Science Center	\$ 49,000
Fascinate-U	\$ 79,451
Granville County Museum Commission, Inc.—Harris Gallery	\$ 55,294
Greensboro Children's Museum	\$132,374
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$152,499
Highlands Nature Center	\$ 77,683
Imagination Station	\$ 84,313
The Iredell Museums, Inc.	\$ 60,080
Kidsenses	\$ 79,656
Museum of Coastal Carolina	\$ 76,460
The Natural Science Center	

of Greensboro, Inc.	\$182,627
North Carolina Museum of Life and Science	\$372,229
Pisgah Astronomical Research Institute	\$ 49,000
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	\$49,000
Rocky Mount Children's Museum	\$70,809
Schiele Museum of Natural History and Planetarium, Inc.	\$224,956
Sci Works Science Center and Environmental Park of Forsyth County	\$143,569
Sylvan Heights Waterfowl Park and Eco-Center	\$ 49,000
Western North Carolina Nature Center	\$110,621
Wilmington Children's Museum	<u>\$ 72,408</u>
Total	\$3,411,713

**SECTION 13.7.(b)** Provides that no later than March 1, 2010, the Department of Environment and Natural Resources must report to the Fiscal Research Division all of the following information for each museum that receives funds under this section: (1) the actual operating budget for the 2008-2009 fiscal year; (2) the proposed operating budget for the 2009-2010 fiscal year; (3) the total attendance at the museum during the 2009 calendar year.

**SECTION 13.7.(c)** Provides that no later than March 1, 2011, the Department of Environment and Natural Resources must report to the Fiscal Research Division all of the following information for each museum that receives funds under this section: (1) the actual operating budget for the 2009-2010 fiscal year; (2) the proposed operating budget for the 2010-2011 fiscal year; (3) the total attendance at the museum during the 2010 calendar year.

**SECTION 13.7.(d)** Provides that as a condition for qualifying to receive funding under this section, a museum must submit, not later than November 1 of each year of the 2009-11 biennium, the following documentation to the Department of Environment and Natural Resources for fiscal years ending between July 1, 2007, and June 30, 2008. Provides that only those costs that are properly documented under this subsection are allowed by the Department in calculating the distribution of funds under this section:

(1) Provides that each museum under this section must submit its IRS (Internal Revenue Service) Form 990 to show its annual operating expenses, its annual report, and a reconciliation that explains any differences between expenses as shown on the IRS Form 990 and the annual report.

(2) Provides that each friends association of a museum under this section must submit its IRS Form 990 to show its reported expenses for the museum, its annual report, and a reconciliation that explains any differences between expenses as shown on the IRS Form 990 and the annual report, unless the association does not have both an IRS Form 990 and an annual report available, in which case, it shall submit either an IRS Form 990 or an annual report.

(3) Provides that the chief financial officer of each county or municipal government that provides funds for the benefit of the museum must submit a detailed signed statement of documented costs spent for the benefit of the museum that includes documentation of the name, address, title, and telephone number of the person asserting that the museum receives funds from the county or municipality for the benefit of the museum.

(4) Provides that the chief financial officer of each county or municipal government or each friends association that provides indirect or allocable costs that are not directly charged to a museum under this section but that benefit the museum shall submit in the form of a detailed statement enumerating each cost by type and amount that is verified by the financial officer responsible for the completion of the documentation and that includes the name, address, title, and telephone number of the person asserting that the county, municipality, or association provides indirect or allocable costs to the museum.

**SECTION 13.7.(e)** Defines a "friends association" to mean a nonprofit corporation established for the purpose of supporting and assisting a museum that receives funding under this section.

#### TIMBER ASSESSMENT DESPITE APPROPRIATION

**SECTION 13.8.** Deletes GS 113A-192(c), which provides that the collection of timber harvest assessments is suspended in any fiscal year in which the General Assembly fails to make general fund appropriations to the Forest Development Fund.

#### FOREST DEVELOPMENT FUND/FOREST PRODUCTS ASSESSMENT RATES

**SECTION 13.9.(a)** Like section 13.8, section 13.9(a) deletes GS 113A-192(c). Also deletes GS 113A-192(d), which provides that the collection of the assessment is suspended in any fiscal year in which there is carried forward from previous years a balance of unobligated funds in the Forest Development fund greater than twice the amount appropriated from the general fund for that fiscal year.. Also deletes GS 113A-192(e), which provides that if the assessment is suspended under subsection 192(d) or 192 (e), the suspension ceases when the condition causing the suspension no longer exists.

**SECTION 13.9.(b)** Adds new GS 113A-193(b)(6) to authorize expressly the Secretary of Environment and Natural Resources to determine the appropriate assessment to be levied on primary forest products.

**SECTION 13.9.(c)** Amends GS 113A-194(b) to increase the cap on forest products assessments as follows:

(1) From fifty cents to one dollar per thousand board feet for softwood sawtimber, veneer logs and bolts, and all other softwood products.

(2) From forty cents to eighty cents per thousand board feet for hardwood and bald cypress sawtimber, veneer, and all other hardwood and bald cypress products.

(3) From twenty cents to forty cents per cord for softwood pulpwood and other softwood products.

(4) From twelve cents to twenty-four cents per cord for hardwood pulpwood and other hardwood and bald cypress products.

#### BEAVER DAMAGE CONTROL PROGRAM FUNDS

**SECTION 13.10.** Amends GS 113-291.10(f) to provide that for each fiscal year of the biennium at least \$349,000 must be paid from funds available to the Wildlife Resources Commission to provide the State share necessary to support the beaver damage control program, provided the sum of at least \$25,000 in federal funds is available each fiscal year of the biennium to provide the federal share.

#### PART XIV. DEPARTMENT OF COMMERCE

##### ONE NORTH CAROLINA FUND

**SECTION 14.1.** Provides that of the funds appropriated in this act to the One North Carolina Fund for the 2009-10 fiscal year, the Department of Commerce may use up to \$300,000 to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs during the 2009-10 fiscal year.

##### ONE NORTH CAROLINA FUNDS/USE OF CASH BALANCE

**SECTION 14.2.(a)** Of the funds appropriated to the One North Carolina Fund in prior fiscal years that are unencumbered and unexpended as of June 30, 2009, or that become unencumbered or unexpended thereafter, the Department of Commerce must use the sum of \$1 million in the 2009-10 fiscal year to market the State as a business destination.

**SECTION 14.2.(b)** Provides that of the funds appropriated to the One North Carolina Fund in prior fiscal years that are unencumbered and unexpended as of June 30, 2009, or that become unencumbered or unexpended thereafter, the sum of \$2 million shall be transferred to the One North Carolina Small Business Fund for the 2009-10 fiscal year.

**SECTION 14.2.(c)** Provides that of the funds appropriated to the One North Carolina Fund in prior fiscal years that are unencumbered and unexpended as of June 30, 2009, or that become unencumbered or unexpended thereafter, the Department of Commerce shall allocate the sum of \$1 million for the 2009-10 fiscal year to the North Carolina Minority Support Center, Inc., to expand economic development lending. Directs that the funds allocated under this subsection be used to assist small businesses having difficulty accessing credit due to a lack of liquidity in financial markets. Declares the intent of the General Assembly that these funds be used to further community economic development lending and support in low-wealth communities and to make capital accessible to small businesses in a way that will have an economic stimulus impact.

**SECTION 14.2.(d)** Transfers \$2 million of the funds appropriated to the One North Carolina Fund in prior fiscal years, which are unencumbered and unexpended funds as of June 30, 2009, or that become unencumbered or unexpended thereafter, to the Regional Economic Development Commissions.

##### SMALL BUSINESS ASSISTANCE FUND

**SECTION 14.3.(a)** Changes the catchline of Part 2I of Article 10 of Chapter 143B of the General Statutes from "One North Carolina Small Business Assistance" to "Subpart A. One North Carolina Small Business Program."

**SECTION 14.3.(b)** Adds new GS 143B-437.89 (Subpart B to Part 2I of Article 10 of Chapter 143B of the General Statutes) to provide for the Small Business Assistance Fund. Establishes new revolving loan fund in the

Department of Commerce (Department) to be known as the Small Business Jobs Preservation and Emergency Assistance Fund. Makes funding available to "small businesses" (those whose annual receipts and number of full-time employees, combined with the annual receipts and full-time employees of all related persons did not exceed \$1 million or 100 full-time employees). Allows small business to apply for a loan for up to 80% of the projected cost of the proposed activities subject to the following schedules for repayment and interest rates (i) repayment within five years at the prime rate plus 4%; (ii) repayment within ten years at the prime rate plus 6%; and (iii) repayment within 15 years at the prime rate plus 8%. Allows fund monies to be used for the following purposes: (1) to guarantee commercial loans; (2) to provide emergency bridge loans where clear and apparent ability to repay has been established but credit remains unavailable; and (3) to lend for other purposes related to small business job preservation as approved or recommended by the department. Requires that no small business may receive monies in an aggregate amount exceeding \$35,000.

Provides that a small business loses any money that has not been used within three years of being selected. Provides that approved activities that may be funded do not include an increase in the total compensation of any of the five highest-compensated employees of the business. Allows business to apply for any difference if the actual costs of the activities exceed the projected costs upon which the loans were based. Requires the department to report each September to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division concerning the fund operations for the previous year. Also requires recipient small businesses to file a report concerning deployment of monies received, including, among other things, the 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.

Effective July 1, 2009

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

**SECTION 14.4.(a)** Provides that the funds appropriated to the Department of Commerce for the 2009-10 fiscal year for the Wanchese Seafood Industrial Park that are unexpended and unencumbered as of June 30, 2009, shall not revert to the General Fund on June 30, 2009, but shall remain available to the Department to be expended by the Wanchese Seafood Industrial Park for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes. These funds shall be in addition to funds available to the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements under Article 23C of Chapter 113 of the General Statutes.

**SECTION 14.4.(b)** Provides that funds appropriated to the Department of Commerce for the 2009-10 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2009, shall not revert to the General Fund on June 30, 2009, but shall remain available to the Department to be expended by the Wanchese Seafood Industrial Park for securing adequate channel maintenance of the Oregon Inlet and for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes. These funds shall be in addition to funds available to the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements under Article 23C of Chapter 113 of the General Statutes.

**SECTION 14.4.(c)** Makes section effective June 30, 2009.

#### NER BLOCK GRANTS

**SECTION 14.5.(a)** Appropriates from federal block grant funds for the fiscal year ending June 30, 2010, as follows:

##### COMMUNITY DEVELOPMENT BLOCK GRANT

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

TOTAL COMMUNITY DEVELOPMENT  
BLOCK GRANT – 2009 Program Year

\$ 45,000,000



**SECTION 14.5.(b)** Provides that if federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

**SECTION 14.5.(c)** Provides that if block grant funds appropriated by Congress under the Community Development Block Grant (CDBG) in addition to the funds in this section, then each program category under CDBG shall be increased by the same percentage as the increase in federal funds.

**SECTION 14.5.(d)** Provides limitations on Community Development Block Grant funds in each program year as follows: (1) up to \$1,000,000 for State Administration; (2) not less than \$1,000,000 for Urgent Needs and Contingency; (3) up to \$13,200,000 for Scattered Site Housing; (4) up to \$8,710,000 for Economic Development; (5) up to \$1,000,000 for Small Business/Entrepreneurship; (6) not less than \$13,000,000 for Community Revitalization; (7) up to \$450,000 for State Technical Assistance; (8) up to \$1,500,000 for Housing Development; and (9) up to \$5,140,000 may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

**SECTION 14.5.(e)** Provides that assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Allows capacity building grants to be made from funds available within program categories, program income, or unobligated funds.

**SECTION 14.5.(f)** Directs the Department of Commerce to consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Allows the Director of the Budget to authorize the action without consulting the Commission if he finds that a reallocation is required because of an emergency that poses an imminent threat to public health or public safety. Requires the Department of Commerce to report to the Commission on the reallocation no later than 30 days after it was authorized and to identify in the report the emergency, the type of action taken, and how it was related to the emergency. Also allows reallocation if the state will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made. Requires the Department of Commerce to provide a written report to the Commission on the proposed reallocation and to identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the department may proceed without the consultation.

**SECTION 14.5.(g)** Directs the Division of Community Assistance, Department of Commerce, to report by September 1, 2009, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year.

#### MAIN STREET GRANT FUNDS

**SECTION 14.6.(a)** Changes catchline of Part 15 of Article 10 of Chapter 143B of the General Statutes from "Main Street Financial Incentive Fund" to "Main Street Solutions" Changes program from a grants and loans program to a grants program only. Amends GS 143B-472.35(b) to make program funds available to "micropolitan" cities in development two or three counties. Defines "micropolitan city" to mean a city with a population of between 10,000 and 50,000 people. Removes existing program limitations pegging loans repayment periods to interest rates. Requires applications for grant funds to include a copy of the local economic development plan developed by the city in conjunction with the Main Street Program and the city's economic development commission or its council of governments or both. Changes the time of the year before which the department and each recipient city must report to the Joint legislative Comm'n on Governmental Operations and the Fiscal Research Division from July 31 to September 1. Effective July 1, 2009

#### INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT

**SECTION 14.7.** Allows the North Carolina Industrial Commission to retain the additional revenue generated as a result of an increase in the fee charged to parties for the filing of compromised settlements. Requires funds to be used for the purpose of replacing existing computer hardware and software used for the operations of the Commission and to allow funds to be used prepare assessment of hardware and software needs prior to purchase and to develop and administer the needed databases and new Electronic Case Management System, including the establishment of two time-limited positions for application development and support and mainframe migration. The Commission may not retain any fees under this section unless they are in excess of the former \$200.00 fee charged by the Commission for filing a compromised settlement.

#### INDUSTRIAL COMMISSION/SAFETY EDUCATION SECTION

**SECTION 14.8.** Amends GS 97-73 to require that a fee, set by the Industrial Commission (Commission), be imposed on (1) an employer for whom the Commission provides an educational training program on how to prevent or reduce accidents or injuries that result in workers' compensation claims and (2) a person for whom the

Commission provides other educational services. Provides that fees are departmental receipts. Makes an organizational conforming change.

#### EMPLOYMENT SECURITY COMMISSION FUNDS

**SECTION 14.9.(a)** Directs that funds from the Employment Security Commission Reserve Fund be available to the Employment Security Commission of North Carolina to use as collateral to secure federal funds and to pay the administrative costs associated with the collection of the Employment Security Commission Reserve Fund surcharge. Prohibits the total administrative costs paid with funds from the Reserve in the 2009-10 fiscal year from exceeding \$2.5 million.

**SECTION 14.9.(b)** Appropriates from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina the sum of \$20 million for the 2009-10 fiscal year to be used for the following purposes:

- (1) \$19,700,000 for the operation and support of local Employment Security Commission offices.
- (2) \$200,000 for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs.
- (3) \$100,000 to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs.

**SECTION 14.9.(c)** Appropriates from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina an amount not to exceed \$1,000,000 for the 2009-2010 fiscal year to fund State initiatives not currently funded through federal grants.

#### EMPLOYMENT SECURITY COMMISSION/USE OF FEDERAL UNEMPLOYMENT TRUST FUNDS

**SECTION 14.10.** Allows the Employment Security Commission of North Carolina to expend the sum of \$14 million for the 2009-11 biennium from funds credited to and held in the State of North Carolina's account in the Unemployment Trust Fund in accordance with section 903 of the Social Security Act, 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)** Allocates \$47,482 for the 2009-10 and the 2010-11 fiscal years to each regional council of governments or lead regional organization from funds appropriated in this act to the Department of Commerce.

**SECTION 14.11.(b)** Allows a regional council of government to 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)** Directs that funds allocated by this section 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)** Directs that 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)** Directs each council of government or lead regional organization to report each September 1, or more frequently as requested, 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.

#### NONPROFIT REPORTING REQUIREMENTS

**SECTION 14.12.(a)** Directs 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., to 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, and accomplishments, and prior State fiscal year itemized expenditures and fund sources; (2) provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

**SECTION 14.12.(b)** Prohibits the remaining allotments after September 1 from being released to any nonprofit organization that does not satisfy the reporting requirements provided in subsection (a) of this section.

#### REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

**SECTION 14.13.(a)** Directs that funds appropriated in this act to the Department of Commerce for regional economic development commissions be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Partnership, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, North Carolina's Eastern Region Economic Development Partnership, and Carolinas Partnership, Inc.

**SECTION 14.13.(b)** Allocates funds pursuant to subsection (a) of this section to each regional economic development commission as follows:

(1) Directs the department to establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Requires each county's allocation to be determined by dividing the county's development factor by the sum of the development factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. Defines the term "development factor" to mean a county's development factor as calculated under GS 143B-437.08; and

(2) Directs the department then to subtract from funds allocated to the North Carolina's Eastern Region Economic Development Partnership the sum of \$308,666 in the 2009-10 fiscal year, which sum represents: (i) the total interest earnings in the prior fiscal year on the estimated balance of \$7,500,000 appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and (ii) the total interest earnings in the prior fiscal year on loans made from the \$7,500,000 appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Directs the department then to redistribute the sum of \$308,666 in the 2009-10 fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Provides that each commission's share of this redistribution is to be determined according to the development factor formula set out in subdivision (1) of this subsection. Directs that this redistribution be in addition to each commission's allocation determined under subdivision (1) of this subsection.

**SECTION 14.13.(c)** Transfers \$254,000 for 2009-10 and \$254,000 for 2010-11 of the funds appropriated for the Southeastern North Carolina Regional Economic Development Commission to BRAC Regional Task Force, Inc. for economic development including defense procurement capabilities in the 11 county region it serves.

**SECTION 14.13.(d)** Prohibits no more than \$120,000 in State funds from be used for the annual salary of any one employee of a regional economic development commission.

**SECTION 14.13.(e)** Declares that the General Assembly finds that successful economic development requires the collaboration of the State, regions of the state, counties, and municipalities, and that the regional economic development commissions are encouraged to seek supplemental funding from their county and municipal partners to continue and enhance their efforts to attract and retain business in the state.

#### SET REGULATORY FEE FOR UTILITIES COMMISSION

**SECTION 14.14.(a)** Directs that the percentage rate to be used in calculating the public utility regulatory fee under GS 62-302(b)(2) is 0.12% for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2009.

**SECTION 14.14.(b)** Provides that the electric membership corporation regulatory fee imposed under GS 62-302(b1) for the 2009-2010 fiscal year is \$200,000.

**SECTION 14.14.(c)** Effective July 1, 2009.

#### RURAL ECONOMIC DEVELOPMENT CENTER

**SECTION 14.15.(a)** Provides that \$4,364,785 for each of the 2009-10 and the 2010-11 fiscal years is to be allocated from the funds appropriated in this act to the North Carolina Rural Economic Development Center, Inc. (Rural Center) as follows:

Technical Assistance and Center Administration of Research and Demonstration Grants	\$431,156
Center Administration, Oversight, and Other Programs	\$586,290
Water/Wastewater Administration and Technical Assistance	\$449,203
Research and Demonstration Grants	\$366,300

Institute for Rural Entrepreneurship	\$142,560
Community Development Grants	\$987,436
Community Development Grants	
Administration	\$ 48,510
Microenterprise Loan Program	\$193,050
Water/Sewer/Business Development	
Matching Grants	\$874,170
Statewide Water/Sewer Database	\$ 99,000
Agricultural Advancement Consortium	\$114,345
Agricultural Advancement Consortium	
Operating	\$ 72,765

**SECTION 14.15.(b)** Directs that funds allocated in subsection (a) of this section for community development grants shall support development projects and activities within the State's minority communities. Any new or previously funded community development corporation, as that term is defined in subsection (c) of this section, is eligible to apply for community development grant funds. Prohibits community development grant funds from being released to a community development corporation unless the corporation can demonstrate that there are no outstanding or proposed assessments or other collection actions against the corporation for any State or federal taxes, including related penalties, interest, and fees.

**SECTION 14.15.(c)** Defines the term *community development corporation* to mean a nonprofit corporation: (1) Chartered pursuant to Chapter 55A of the General Statutes; (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986; (3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development; (4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and (5) Whose primary function is to act as deal maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

**SECTION 14.15.(d)** Directs the Rural Center to provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

**SECTION 14.15.(e)** Directs the Rural Center to report by September 1 of each year, and more frequently as requested, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior fiscal year itemized expenditures and fund sources.

#### RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM

**SECTION 14.16.(a)** Allocates \$19,297,278 for each of the 2009-10 and 2010-11 fiscal years from funds appropriated elsewhere to the North Carolina Rural Economic Development Center, Inc. (Rural Center) as follows:

(1) At least \$14,850,000 to continue the North Carolina Infrastructure Program to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment.

(2) To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.

(3) To provide economic development research and demonstration grants.

**SECTION 14.16.(b)** Authorizes the Rural Center to contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

**SECTION 14.16.(c)** Authorizes the Rural Center during the 2009-11 biennium to use up to \$378,378 of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

**SECTION 14.16.(d)** Directs the Rural Center to report by September 1 of each year, and more frequently as requested, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division concerning the progress of the North Carolina Economic Infrastructure Program in the prior fiscal year.

#### OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS

**SECTION 14.17.(a)** Directs that of the funds appropriated in this act to the North Carolina Rural Economic Development Center, Inc. (Rural Center), \$357,390 is to be evenly distributed among the certified Opportunities Industrialization Centers (OI Centers) in each year of the 2009-2011 biennium.

**SECTION 14.17.(b)** Directs the Rural Center to report by September 1 of each year, and more frequently as requested, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior fiscal year program activities, objectives, and accomplishments for each of the OI Centers receiving funds pursuant to subsection (a) of this section. Requires this report to include data for each OI Center on itemized expenditures and fund sources for the prior State fiscal year.

**SECTION 14.17.(c)** Directs the Rural Center to ensure that each OI Center files annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. Requires the financial statements to be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.

**SECTION 14.17.(d)** Prohibits funds appropriated under this act from being released to an OI Center listed in subsection (a) of this section if the OI Center has any overdue tax debts, as that term is defined in GS 105-243.1, at the federal or State level.

#### RURAL ECONOMIC DEVELOPMENT CENTER/CLEAN WATER PARTNERS FUNDING

**SECTION 14.18.** Directs the North Carolina Rural Economic Development Center, Inc., to report by September 1 of each year, and more frequently as requested, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division concerning the progress of the water/sewer improvement grants (commonly referred to as funding for Clean Water Partners) as appropriated in Section 13.13A of SL 2007-323 and Section 13.8 of SL 2008-107. Directs each report to include a list of grants made since the last report, the total amount contracted, and the amount of funds remaining. Provides that this reporting requirement replaces all previous reporting requirements and remains in effect until all funds from this program are expended.

#### RURAL ECONOMIC DEVELOPMENT CENTER/AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS

**SECTION 14.19.** Provides that if the North Carolina Rural Economic Development Center, Inc., (Rural Center) finds that North Carolina will not maximize the amount of funding for water and wastewater projects the State could receive under the American Recovery and Reinvestment Act of 2009, the Rural Center must use funds appropriated to the Rural Center in this act to maximize such funding.

#### PART XV. JUDICIAL DEPARTMENT

##### TRANSFER OF EQUIPMENT AND SUPPLY FUNDS

**SECTION 15.1.** Requires funds appropriated to the Judicial Department for equipment and supplies to be held in a reserve account and expended for no other purpose.

##### GRANT FUNDS

**SECTION 15.2.** Allows the Administrative Office of the Courts (AOC) to use up to \$1.5 million, including lapsed salaries, to provide the state match needed in order to receive grant funds. Requires AOC to report to specified committee chairs before using the funds for this purpose.

##### DEATH PENALTY LITIGATION FUNDS

**SECTION 15.3.** Allows the Office of Indigent Defense Services to use up to \$531,000 per fiscal year during the 2009-11 biennium to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants, and requires the Office to report annually 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.** Requires AOC to report annually to the Chairs of the House of Representatives and Senate Appropriations Committees and specified others on the activities of each North Carolina Business Court site.

##### COLLECTION OF WORTHLESS CHECK FUNDS

**SECTION 15.5.** Allows the Judicial Department to 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 2009-10 fiscal year. Requires the Department to report to specified legislative committees before using the funds.

#### DISPUTE RESOLUTION FEES

**SECTION 15.6.** Provides that 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.** Allows the Judicial Department, during the 2009-11 fiscal biennium, to 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.** Requires AOC to develop, by December 1, 2009, guidelines to be applied to maximize efficient use of the time of probation officers and court personnel participating in probation revocation proceedings. Permits AOC to 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.** Amends GS 7A-44(a) to eliminate the \$7,000 subsistence and professional expense allowance for superior court judges.

#### CLARIFY THAT DWI TREATMENT COURTS ARE A TYPE OF DRUG TREATMENT COURT UNDER THE DRUG TREATMENT COURT ACT

**SECTION 15.11.** Amends GS 7A-791 to include specific mention of DWI offenses and DWI treatment courts.

#### OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

**SECTION 15.12.** Authorizes the Office of Indigent Defense Services to spend up to \$2,501,150 during 2009-10 and up to \$2,433,700 in 2010-11 for the expansion of existing or new public defender offices by creating up to 20 new attorney positions and 10 new support staff positions. The funds may be used for salaries, benefits, equipment, and related expenses, but prior to using funds, the Office 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)** Requires the Office of Indigent Defense Services to report annually to the Chairs of the House of Representatives and Senate Appropriations Committees and others on the volume and cost of cases handled in each district by assigned counsel or public defenders, actions taken by the Office to improve the cost-effectiveness and quality of indigent defense, including the capital case program, and related matters. The Office's 2010 and 2011 reports must include information regarding the pilot program for alternative scheduling authorized by Section 14.1 of SL 2008-107. The 2010 and 2011 reports must include information on the feasibility study directed by Section 14.7 of SL 2008-107 on developing a statewide system for obtaining indigent case information when counsel is first appointed.

#### INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS

**SECTION 15.14.** Authorizes the Office of Indigent Defense Services to use up to \$50,000, including lapsed salaries, to provide the state matching funds needed to receive grant funds. Prior to using funds for this purpose, the Office must report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and specified others.

#### OFFICE OF INDIGENT DEFENSE SERVICES FLEXIBILITY

**SECTION 15.15.** Allows the Office of Indigent Defense Services to use lapsed salaries as needed for registration fees, academic services, travel, and book purchases.

#### SENTENCING SERVICES FLEXIBILITY

**SECTION 15.16.** Gives the Director of the Office of Indigent Defense Services flexibility in implementing the reduction to Sentencing Services' budget by allowing closure of programs, not contracting with nonprofit programs, or eliminating state funded programs and associated positions.

## STUDY STRATEGIES TO REDUCE DEMAND FOR SERVICES OF OFFICE OF INDIGENT DEFENSE SERVICES

**SECTION 15.17.** Requires the Office of Indigent Defense Services to consult with AOC, the Conference of District Attorneys, the North Carolina Sentencing and Policy Advisory Commission, and others in formulating proposals aimed at reducing future costs, including the possibility of decriminalizing minor misdemeanor offenses and improving the manner in which potentially capital cases are screened and processed.

## NEW FEE FOR COSTS OF SHERIFFS' EDUCATION AND TRAINING STANDARDS COMMISSION AND THE CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS COMMISSION

**SECTION 15.18.** Amends GS 7A-304 to add a new \$2 court cost to support the above-named commissions.

## INCREASE CONVICTED CRIMINAL LAB ANALYSIS FEE

**SECTION 15.19.** Amends GS 7A-304(a)(7) and (8) to increase, from \$300 to \$600, the fee imposed for DNA testing in cases involving such testing that result in convictions.

## INCREASE CERTAIN COURT FEES

**SECTION 15.20.(a)** Amends GS 7A-304(a) to increase certain criminal court costs, including the Court Information Technology Fund (\$1 to \$3), district court costs (\$95.50 to \$103.50), superior court costs (\$102.50 to \$115.50), and failure to appear costs (\$100 to \$200); and to impose a new \$5 court cost for traffic offenses. Effective July 1, 2009.

**SECTION 15.20.(b)** Effective July 1, 2010, amends GS 7A-304(a) to further increase certain criminal court costs, including the Court Information Technology Fund (\$3 to \$4), district court costs (\$103.50 to \$105.50), superior court costs (\$115.50 to \$135.50), and the new court cost for traffic offenses (\$5 to \$10).

**SECTION 15.20.(c)** Amends GS 7A-304 to allow defendants to pay costs in installments, subject to a \$20 setup fee for the installment program.

**SECTION 15.20.(d)** Amends GS 7A-305(a) to increase certain civil court costs, including the Court Information Technology Fund (\$1 to \$3), superior court costs (\$93 to \$130), and district court costs (\$73 to \$78); and to reduce magistrate costs (\$63 to \$55).

**SECTION 15.20.(e)** Effective July 1, 2010, amends GS 7A-305(a) to further increase certain civil court costs, including the Court Information Technology Fund (\$3 to \$4), superior court costs (\$130 to \$140), and district court costs (\$78 to \$80).

**SECTION 15.20.(f)** Amends GS 7A-306(a)(1a) to increase the court costs in special proceedings for the Court Information Technology Fund (\$1 to \$3).

**SECTION 15.20.(g)** Effective July 1, 2010, amends GS 7A-306(a)(1a) to further increase the court costs in special proceedings for the Court Information Technology Fund (\$3 to \$4).

**SECTION 15.20.(h)** Amends GS 7A-307(a)(1a) to increase the court costs in estate proceedings for the Court Information Technology Fund (\$1 to \$3).

**SECTION 15.20.(i)** Effective July 1, 2010, amends GS 7A-307(a)(1a) to further increase the court costs in estate proceedings for the Court Information Technology Fund (\$3 to \$4).

**SECTION 15.20.(j)** Amends GS 20-135.2A(e) to eliminate the language limiting court costs for drivers and front seat passengers to \$75. Specifies certain court fees to be included in the penalty.

**SECTION 15.20.(k)** Amends GS 20-140.4 to be punishable like seat belt infractions; that is, to include full court costs. Specifies certain court fees to be included in the penalty. Effective July 1, 2009.

## PART XVI. DEPARTMENT OF JUSTICE

## PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES

**SECTION 16.1.** Provides that the Private Protective Services and Alarm Systems Licensing boards must pay the appropriate state agency for the use of physical facilities and services provided to those boards by the State.

## USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT

**SECTION 16.2.** Provides that assets transferred to the Departments of Justice, Correction, and Crime Control and Public Safety during the 2009-11 fiscal biennium pursuant to applicable federal law must be reported to the Joint Legislative Commission on Governmental Operations together with the intended use of the assets. Absent the prior approval of the General Assembly, such assets may not be used for new personnel positions,

new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings.

#### CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS

**SECTION 16.3.** Provides that state departments, agencies, and boards must reimburse the Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other costs directly related to litigation in which the Department of Justice is representing the department, agency, or board.

#### NC LEGAL EDUCATION ASSISTANCE FOUNDATION REPORT ON FUNDS DISBURSED

**SECTION 16.4.** Requires the North Carolina Legal Education Assistance Foundation to report annually by March 1 to the Joint Legislative Commission on Governmental Operations and others on the expenditure of State funds, the number of attorneys receiving funds, and other matters.

#### HIRING OF SWORN STAFF POSITIONS FOR THE STATE BUREAU OF INVESTIGATION

**SECTION 16.5.** Prohibits the Department of Justice from hiring sworn personnel to fill vacant State Bureau of Investigation positions unless those positions involve warrant executions, property searches, criminal investigations, arrest activities, or similar duties, subject to certain exceptions.

#### REDUCE DEPARTMENT SHARE OF PAYMENT FOR JUDGMENTS AGAINST COUNTY AND CITY BOARDS OF EDUCATION

**SECTION 16.6.** Amends GS 143-300.1 to provide that county and city boards of education must on January 1 and June 1 of each year reimburse the State Board of Education 50% of the cost of settlements or awards by the Industrial Commission in cases involving school bus accidents. Effective July 1, 2010.

#### PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

##### REPORT ON THE USE OF ILLEGAL IMMIGRATION PROJECT FUNDS

**SECTION 17.1.** Requires the North Carolina Sheriffs' Association Inc. to submit a report to the Chairs of the House and Senate Appropriations Committees and others, no later than March 1, 2010, regarding the operations and effectiveness of the Illegal Immigration Project, and specifies the scope of the report.

##### ABOLISH BUTNER PUBLIC SAFETY DIVISION

**SECTION 17.2.** Repeals GS 122C-408, thereby abolishing the Butner Public Safety Division. Requires the Town of Butner to provide fire and police protection within its incorporated limits. Amends the Charter of the Town of Butner, Section 1 of SL 2007-269, to provide for a police department and a fire department. Repeals GS 122C-414, thereby abolishing the Butner Fire and Police Commission. Makes conforming changes to several other statutes.

##### TRANSFER OF STATE CAPITOL POLICE TO THE DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

**SECTION 17.3.** Transfers the State Capitol Police from the Department of Administration to the Department of Crime Control and Public Safety. Makes conforming statutory changes and empowers the Secretary of Crime Control and Public Safety to appoint a Director of the State Capitol Police Division. Enacts a new GS 143B-508 that establishes, regulates, and describes the jurisdiction of the State Capitol Police Division within the Department of Crime Control and Public Safety.

##### STUDY CONSOLIDATION OF LAW ENFORCEMENT AGENCIES

**SECTION 17.4.** Requires the Office of State Budget and Management (OSBM) to study the feasibility of consolidating the law enforcement agencies in the executive branch of State government for the purpose of coordinating the activities of these agencies and reducing duplication and overlap. OSBM must report its findings and recommendations by February 1, 2010, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

##### LAW ENFORCEMENT SUPPORT SERVICES FEES

**SECTION 17.5.** Enacts a new GS 143B-475.2 to impose fees, to be set by the Department of Crime Control and Public Safety (Department), on (1) a law enforcement agency that receives equipment from the Department, whether by transfer, loan, or procurement under an agreement with the US Department of Defense and (2) a person for whom the Department stores evidence. Provides that the fees are departmental receipts and are to be applied towards costs associated with providing services to the specified entities.



#### INCREASE CHARITABLE BINGO LICENSING FEE

**SECTION 17.6.** Amends GS 14-309.7(a) to increase, from \$100 to \$200, the annual application fee for organizations seeking licenses to hold bingo games.

#### INCREASE FEES FOR LICENSING BOXERS AND FOR TICKETS SOLD AT BOXING EVENTS

**SECTION 17.7.** Amends GS 143-655(a) to increase the licensing fees for boxing contestants and seconds from \$37.50 to \$50.00 and amends GS 143-655(b1) to increase the per-ticket fee from \$1.50 to \$2.00.

### PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

#### ANNUAL EVALUATION OF COMMUNITY PROGRAMS

**SECTION 18.1.** Requires the Department of Juvenile Justice and Delinquency Prevention to evaluate the Eckerd and Camp Woodson wilderness camp programs and multipurpose group homes, and to consider whether participation in each program results in a reduction of court involvement among juveniles. Requires the Department to report the results of the evaluation to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and others annually by March 1.

#### REPORTS ON CERTAIN PROGRAMS

**SECTION 18.2.(a)** Requires Project Challenge North Carolina Inc. to report to the Department of Juvenile Justice and Delinquency Prevention and others annually on the operation and the effectiveness of its program in providing alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined, and specifies the contents of the report.

**SECTION 18.2.(b)** Requires the Juvenile Assessment Center to report to the chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and others annually on the effectiveness of the Center, and specifies the contents of the report.

#### STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

**SECTION 18.3.** Provides that funds appropriated to the Department of Juvenile Justice and Delinquency Prevention for the 2009-10 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants and requires that the Department consult with, and report to, specified entities regarding any such block grants.

#### TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT CENTERS

**SECTION 18.4.** Requires the Department to implement the staffing treatment model presented to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee as part of the Department's November 14, 2006, report regarding the joint use with the Department of Correction of the Swannanoa Youth Development Center campus. Caps the staffing levels of the new youth development centers at 66 staff for a 32-bed facility and 198 staff for the 96-bed facility for the 2009-11 fiscal biennium. Staffing ratios shall be no more than 2.1 staff per every juvenile committed at every other existing youth development center.

#### ESTABLISHMENT OF A GANG PREVENTION AND INTERVENTION PILOT PROGRAM

**SECTION 18.5.** As part of the Governor's Comprehensive Gang Initiative, requires the Department of Juvenile Justice and Delinquency Prevention to establish a two-year Gang Prevention and Intervention Pilot Program that will focus on youth at risk for gang involvement and those who are already associated with gangs. Requires the Department to evaluate the program and to report annually to specified entities on the program's effectiveness.

#### ELIMINATE SUPPORT OUR STUDENTS PROGRAM

**SECTION 18.6.** Repeals Part 5A of Article 3 of Chapter 143B of the General Statutes.

#### JUVENILE CRIME PREVENTION COUNCIL (JCPC) GRANT REPORTING AND CERTIFICATION

**SECTION 18.7.** Requires the Department of Juvenile Justice and Delinquency Prevention to submit annual reports to the Joint Legislative Commission on Governmental Operations and others, listing recipients of Juvenile Crime Prevention Council grants and providing specified information about the grants and the grantees.

### PART XIX. DEPARTMENT OF CORRECTION

#### INMATE ROAD SQUADS AND LITTER CREWS

**SECTION 19.1.** Requires the Department of Transportation to transfer \$11,300,000 per year to the Department of Correction during the 2009-10 and 2010-11 fiscal years for the cost of operating medium custody inmate road squads and minimum custody inmate litter crews. Permits the Department of Transportation to pay an additional amount, subject to negotiations among the Department of Transportation, the Department of Correction, and OSBM. Requires OSBM to conduct a study to determine the actual costs and benefits of operating road squads and litter crews, and to report the results to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and others by March 1, 2010.

#### FEDERAL GRANT REPORTING

**SECTION 19.2.** Requires the Judicial Department and the Departments of Correction, Justice, Crime Control and Public Safety, and Juvenile Justice and Delinquency Prevention to report annually to the Joint Legislative Commission on Governmental Operations and specified others on federal grant funds received or preapproved for receipt by those departments. Specifies the contents of the required reports.

#### REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM

**SECTION 19.3.** Allows the Department of Correction to pay \$40 per day to counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the state prison system, and requires the Department to report quarterly to the Joint Legislative Commission on Governmental Operations and specified others on any expenditures and on the Department's progress in reducing the jail backlog.

#### USE OF CLOSED PRISON FACILITIES

**SECTION 19.4** Requires the Department of Correction (Department), in conjunction with the closing of any prison facility or unit, to consult with the county or municipality in which the units are located, with the elected state and local officials, and with state and federal agencies about the possibility of converting that unit to other use. Permits the Department to consult with any private for-profit or nonprofit firm about the possibility of converting the unit to other use, but requires the Department to give priority to converting the unit to other criminal justice use. Permits the state to provide for the transfer or the lease of any of these units to counties, municipalities, state agencies, or private firms wishing to convert them to other use, and allows the Department to consider converting some of the units from one security custody level to another, where that conversion would be cost-effective. Requires the Department of Correction to submit a report on the terms of any proposed transfer or lease to the Joint Legislative Commission on Governmental Operations and specified others, and requires certain annual reports by the Department. Requires the Department to study the feasibility of establishing probation revocation centers at closed prison facilities and to report its findings to the chairs of the Appropriations Subcommittees on Justice and Public Safety by February 1, 2010.

#### LIMIT USE OF OPERATIONAL FUNDS

**SECTION 19.5.** Requires that funds appropriated to the Department of Correction for operational costs for additional facilities be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this act, and prohibits the use of such funds for any other purpose. Also limits the Department's ability to expend funds for additional prison personnel positions until the new facilities are within 120 days of projected completion, with some exceptions.

#### CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

**SECTION 19.6.** Allows the Department of Correction to continue to contract with The Center for Community Transitions Inc. a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2009-11 biennium and requires certain reports.

#### INMATE MEDICAL COSTS

**SECTION 19.7.** Allows the Department of Correction to use lapsed salaries for the inmate medical program if expenditures are projected to exceed the Department's inmate medical continuation budget. Requires the Department to consult with the Joint Legislative Commission on Governmental Operations prior to exceeding the continuation budget amount.

#### PAROLE ELIGIBILITY REPORT/MUTUAL AGREEMENT PAROLE PROGRAM/MEDICAL RELEASE PROGRAM

**SECTION 19.8.** Requires the Parole Commission (Commission) to analyze the amount of time each inmate who is eligible for parole on or before July 1, 2010, has served compared to the time served by offenders under Structured Sentencing for comparable crimes, and particularly, to the maximum sentence each offender could

have received under Structured Sentencing. Requires the Commission to report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and specified others by April 1, 2010. Requires the Commission to reinstate the parole review process for each offender who has served more time than that person would have under Structured Sentencing. Also requires the Department of Correction and the Parole Commission to report annually to the chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and specified others on the number of inmates enrolled in the mutual agreement parole program and related matters, and on the number of inmates proposed for release under statutes providing for the medical release of inmates who are either permanently and totally disabled, terminally ill, or geriatric.

#### FEDERAL GRANT MATCHING FUNDS

**SECTION 19.9.** Allows the Department of Correction to use up to \$1,200,000, including lapsed salaries, in 2009-10 to provide the state match needed in order to receive federal grant funds. Prior to using funds for this purpose, the Department must report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and specified others on the grants to be matched using these funds.

#### REPORTS ON NONPROFIT PROGRAMS

**SECTION 19.10** Requires Harriet's House, Summit House, Women at Risk, and Our Children's Place to report annually to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and specified others on their programs and activities; specifies the contents of the required reports; and allows the Department of Correction to support operating and other costs of Harriet's House.

#### CRIMINAL JUSTICE PARTNERSHIP

**SECTION 19.11** Amends GS 143B-274.4 to make pretrial detainees eligible. Allows offender counties to use funds appropriated pursuant to the Criminal Justice Partnership Act to provide more than one community-based corrections program. Provides that the Department of Correction may not deny funds to a county to support both a residential program and a day reporting center if the Department determines that the county has a need and a plan for each type of sanction. Requires the Department, effective July 1, 2009, to recalculate the county allocation funding formula mandated under GS 143B-273.15 using updated data. Makes other technical changes and requires the Department to submit annual reports to the chairs of the House of Representatives and Senate Appropriations Committees and specified others.

#### REPORT ON PROBATION AND PAROLE CASELOADS

**SECTION 19.12.** Requires the Department of Correction to report annually to the chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and specified others on caseload averages for probation and parole officers and related data. Requires the Department to conduct a study of probation/parole officer workload, which shall be used to determine whether the caseload goals established by the Structured Sentencing Act are still appropriate, based on the nature of the offenders supervised and the time required to supervise those offenders. The results of the study and recommendations for any adjustments to caseload goals must be submitted to the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by January 1, 2011. Requires the Department to report annually to the chairs of the House and Senate Appropriations Committees and specified others on the number of sex offenders enrolled on active and passive GPS monitoring, the caseloads of probation officers assigned to GPS-monitored sex offenders, the costs of such monitoring, and similar matters.

#### REPORT ON INMATE WELFARE AND CORRECTION ENTERPRISES

**SECTION 19.13.** Requires the Department of Correction to study the feasibility of budgeting positions currently funded from the Inmate Welfare Fund and the Correction Enterprise Fund from the General Fund instead, and to report its findings by April 1, 2010, to the chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and specified others.

#### PRE-SENTENCE INVESTIGATIONS FEASIBILITY STUDY

**SECTION 19.14.** Requires the Department of Correction, office of Research and Planning, to conduct a feasibility study of conducting pre-sentence investigations on all offenders convicted of felonies for which the sentencing judge has the option of intermediate or active punishments. This feasibility study must be conducted as a pilot implementation, incorporating a variety of districts across the state. The Department must report the results of its study by May 1, 2010, to the chairs of the House of Representatives and Senate Appropriations Committees and specified others.

## STUDY INCARCERATED MOTHERS PROGRAM

**SECTION 19.15** Requires Our Children's Place Inc. to submit to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by October 1, 2009, a comprehensive plan for the implementation of a contractual program to house incarcerated women with their children. In turn, the Committee shall make recommendations to the 2010 Session of the General Assembly concerning the establishment of such a program.

## PART XX. GENERAL GOVERNMENT

### GENERAL GOVERNMENT AGENCIES REPORT ALLOCATION OF DEPARTMENTWIDE REDUCTIONS

**SECTION 20.1.** Directs the following State agencies to identify the allocation of departmentwide expenditure reductions for the 2009-11 fiscal biennium and report the allocation of reductions to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on General Government of the Senate and the House of Representatives, and the Fiscal Research Division by September 1, 2009: (1) Administration; (2) Auditor; (3) Cultural Resources, including the allocation of 6.4% reduction to historic sites, maritime museums, and history museums; (4) Cultural Resources – Roanoke Island Commission; (5) General Assembly; (6) Governor; (7) Insurance; (8) Lieutenant Governor; (9) Administrative Hearings; (10) Revenue; (11) State Board of Elections; (12) State Budget and Management; (13) State Controller; (14) Treasurer.

## Part XXA. DEPARTMENT OF ADMINISTRATION

### NC GREEN BUSINESS FUND/FUNDS

**SECTION 20A.1.** Allocates \$5 million of the funds received by the State under the American Recovery and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office, Department of Administration, for the 2009-10 fiscal year to the North Carolina Green Business Fund in the Department of Commerce.

### BIOFUELS CENTER OF NORTH CAROLINA

**SECTION 20A.2.** Allocates \$3 million of the funds received by the State under the American Recovery and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office, Department of Administration, for the 2009-10 fiscal year to the Biofuels Center of North Carolina. Requires these funds to be used for costs related to implementing the North Carolina Strategic Plan for Biofuels Leadership developed under SL 2006-206.

### COASTAL SOUNDS WIND STUDY

**SECTION 20A.3.** Allocates \$300,000 of the funds received by the State under the American Recovery and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office, Department of Administration, for the 2009-10 fiscal year to The University of North Carolina. These funds must be used for costs related to implementing the pilot project described in Section 9.14 of this act.

## PART XXI. DEPARTMENT OF INSURANCE

### SET INSURANCE REGULATORY CHARGE

**SECTION 21.1.** Specifies that the percentage rate to be used in calculating the insurance regulatory charge under GS 58-6-25 is 5.5% for the 2009 calendar year.

## PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT

### STUDY OSBM, OSC, AND TREASURER CONSOLIDATION

**SECTION 22.1.** Directs the OSBM to (1) review the constitutional duties of the Governor in preparing and executing the budget and the constitutional status of the duties of the office of State Treasurer and (2) study the feasibility of consolidating the Office of State Controller, the OSBM, and some of the functions of the State Treasurer, or reallocating functions of those state agencies, all with the goal of achieving economies or improving management. The OSBM must report to the full chairs of the Senate and House Appropriations Committees and to the Fiscal Research Division its findings and recommendations from the study by April 1, 2010.

## PART XXIII. OFFICE OF THE STATE CONTROLLER

### OVERPAYMENTS AUDIT

**SECTION 23.1.(a)** Directs that, during the 2009-11 biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by GS 147-86.22(c), be deposited in the Special Reserve Account 24172.

**SECTION 23.1.(b)** Directs that \$500,000 of the funds transferred from the Special Reserve Account 24172 be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs for each year of the 2009-11 biennium.

**SECTION 23.1.(c)** Transfers all funds available in the Special Reserve Account 24172 on July 1 of each year of the 2009-11 biennium to the General Fund on that date.

**SECTION 23.1.(d)** Specifies that any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly.

**SECTION 23.1.(e)** Directs State Controller to report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account 24172 and the disbursement of that revenue.

#### BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING PROGRAM

**SECTION 23.2.** Directs the Office of the State Controller to use \$364,438 of existing BEACON funds to continue the following six full-time, time-limited training positions that are effective July 1, 2009, and that support the statewide enterprise training program established by Section 20.1 of SL 2008-107:

- |  |              |
|--|--------------|
| (1) Two Staff Development Specialists II               | (\$112,525). |
| (2) One BEACON University Trainer                      | (\$70,928).  |
| (3) One Technical Support Technician                   | (\$64,708).  |
| (4) One Administrative Support Specialist              | (\$45,347).  |
| (5) One Business and Technology Application Technician | (\$70,928).  |

#### PART XXIV. DEPARTMENT OF THE SECRETARY OF STATE

##### INCREASE REGISTRATION FEE RENEWAL FOR SECURITIES SALESMEN

**SECTION 24.1.** Amends GS 78A-37(b) to increase the initial registration fee and renewal fee for a securities salesman to \$100 (was \$75).

##### CREATE SPECIAL FUND FOR AUCTION RATE SECURITIES INVESTIGATIONS COSTS

**SECTION 24.2.(a)** Establishes the Auction Rate Securities Investigation Special Fund, which is a special fund created with the unexpended funds from the existing Auction Rate Securities (ARS) fund from fiscal year 2008-09 for reimbursement of the costs of investigations arising from the Department of the Secretary of State's administration of GS Chapters 78A, 78C, and 78D. The Auction Rate Securities Investigation Special Fund must be used to continue the Department's active participation in the North American Securities Administrators Association (NASAA) ARS Task Force investigation into the marketing of Auction Rate Securities by the regulated community to investors as well as the remedies for harm arising from such marketing. Reimbursements paid by investment banks and firms to the Department of the Secretary of State as part of the Department's involvement in the NASAA ARS Task Force must be deposited into the Auction Rate Securities Investigation Special Fund.

**SECTION 24.2.(b)** Limits the maximum balance of the Auction Rate Securities Investigation Special Fund to \$3,200,000. Directs that any amount that exceeds \$3,200,000 be transferred to the General Fund.

**SECTION 24.2.(c)** Specifies that any monies that the Department of the Secretary of State receives as reimbursement for the costs of investigations into activities which are not a part of the NASAA ARS Task Force must be deposited into the Auction Rate Securities Special Fund and remain available to the Department for the administration of GS Chapters 78A, 78C, and 78D, subject to the limitations on the Auction Rate Securities Investigation Special Fund's maximum balance in subsection (b) of this section.

#### PART XXV. DEPARTMENT OF TRANSPORTATION

##### CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND APPROPRIATIONS

**SECTION 25.1.(a)** The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 2011-2012	\$1,736.5 million
For Fiscal Year 2012-2013	\$1,835.2 million
For Fiscal Year 2013-2014	\$1,945.3 million
For Fiscal Year 2014-2015	\$2,008.7 million

**SECTION 25.1.(b)** The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

For Fiscal Year 2011-2012	\$ 950.4 million
For Fiscal Year 2012-2013	\$1,006.9 million
For Fiscal Year 2013-2014	\$1,066.4 million
For Fiscal Year 2014-2015	\$1,108.3 million

#### MODIFY GLOBAL TRANSPARK DEBT

**SECTION 25.2.** Amends GS 147-69.2(b)(11), as formerly amended by Section 7 of SL 2005-144, Section 2 of SL 2005-201, Section 28.17 of SL 2005-276, and Section 27.7 of SL 2007-323, to authorize the State Treasurer to invest up to \$25 million of the cash of the Escheat Fund, in obligations of the North Carolina Global TransPark Authority that have a final maturity not later than October 1, 2011.

#### SMALL CONSTRUCTION AND CONTINGENCY FUNDS

**SECTION 25.3.** Directs that funds appropriated to the Department of Transportation (DOT) be used for the following purposes:

(1) Directs that \$14 million be allocated in each fiscal year for small construction projects recommended by the member of the Board of Transportation representing the Division in which the project is to be constructed in consultation with the Division Engineer and approved by the Board of Transportation. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for small construction projects.

(2) Directs that \$13,950,000 in fiscal year 2009-10, and \$13,950,000 in fiscal year 2010-11, be used statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects, including pedestrian walkways that enhance highway safety. Specifies that these projects must be approved by the Secretary of Transportation.

Specifies that none of these funds used for rural secondary road construction are subject to the county allocation formulas in GS 136-44.5(b) and (c).

Specifies that these funds are not subject to GS 136-44.7.

Directs the DOT to report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The DOT also must make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

#### USE SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY MAINTENANCE IN FISCAL YEAR 2009-2010

**SECTION 25.4.** Directs that the funds required to be allocated for the secondary road improvement programs, established pursuant to GS 136-44.7 and GS 136-44.8, for fiscal year 2009-10, must remain in the Highway Fund for highway maintenance, notwithstanding the provisions of GS 136-44.2A regarding the annual allocation of funds from the Highway Fund to the Department of Transportation for secondary road improvement programs.

#### NC TURNPIKE AUTHORITY TRANSFERRED TO THE DEPARTMENT OF TRANSPORTATION

**SECTION 25.5.(a)** Amends GS 136-89.182 to specify that the North Carolina Turnpike Authority is subject to and under the direct supervision of the Secretary of Transportation. Removes limitation on number of members of the North Carolina Board of Transportation that may serve as members of the North Carolina Turnpike Authority Board.

**SECTION 25.5.(b)** Specifies that the transfer of the North Carolina Turnpike Authority to the Department of Transportation has all the elements of a Type I transfer under GS 143A-6.

#### ALLOW THE DEPARTMENT OF TRANSPORTATION TO REQUIRE FACILITIES CONSTRUCTED WITHIN RIGHTS-OF-WAY TO BE CONSTRUCTED FROM PERMEABLE PAVEMENT

**SECTION 25.6.(a)** Amends GS 136-18 to add new subdivision to direct the DOT to determine whether all sidewalks and other facilities primarily intended for the use of pedestrians and bicycles that are to be constructed within the right-of-way of a public street or highway that is a part of the State highway system or an urban highway system must be constructed of permeable pavement. "Permeable pavement" means paving material that absorbs water or allows water to infiltrate through the paving material. Permeable pavement materials include porous concrete, permeable interlocking concrete pavers, concrete grid pavers, porous asphalt, and any other material with similar characteristics. Compacted gravel is not considered permeable pavement. Effective October 1, 2009, and applies to facilities constructed on or after that date.

## PART XXVI. SALARIES AND BENEFITS

### GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES

**SECTION 26.1.(a)** Specifies that for the 2009-10 and 2010-11 fiscal years, the salary of the Governor remains the amount set by GS 147-11(a).

**SECTION 26.1.(b)** Specifies that the annual salaries for the members of the Council of State, payable monthly, for the 2009-10 and 2010-11 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

### NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES

**SECTION 26.2.** Specifies that, in accordance with GS 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 2009-10 and 2010-11 fiscal years are:

Nonelected Department Heads	Annual Salary
Secretary of Administration	\$120,363
Secretary of Correction	120,363
Secretary of Crime Control and Public Safety	120,363
Secretary of Cultural Resources	120,363
Secretary of Commerce	120,363
Secretary of Environment and Natural Resources	120,363
Secretary of Health and Human Services	120,363
Secretary of Juvenile Justice and Delinquency Prevention	120,363
Secretary of Revenue	120,363
Secretary of Transportation	120,363

### CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES

**SECTION 26.3.** Specifies that the annual salaries, payable monthly, for the 2009-10 and 2010-11 fiscal years for the following executive branch officials are:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$109,553
State Controller	153,319
Commissioner of Motor Vehicles	109,553
Commissioner of Banks	123,198
State Personnel Director	120,363
Chairman, Parole Commission	100,035
Members of the Parole Commission	46,178
Chairman, Utilities Commission	137,203
Members of the Utilities Commission	123,198
Executive Director, Agency for Public Telecommunications	92,356
Director, Museum of Art	112,256
Executive Director, North Carolina Agricultural Finance Authority	106,635
State Chief Information Officer	153,227

#### JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES

**SECTION 26.4.(a)** Directs that the annual salaries, payable monthly, for specified judicial branch officials for the 2009-10 and 2010-11 fiscal years are:

Judicial Branch Officials Annual Salary	
Chief Justice, Supreme Court	\$140,932
Associate Justice, Supreme Court	137,249
Chief Judge, Court of Appeals	135,061
Judge, Court of Appeals	131,531
Judge, Senior Regular Resident Superior Court	127,957
Judge, Superior Court	124,382
Chief Judge, District Court	112,946
Judge, District Court	109,372
District Attorney	119,305
Administrative Officer of the Courts	126,738
Assistant Administrative Officer of the Courts	115,763
Public Defender	119,305
Director of Indigent Defense Services	123,022

**SECTION 26.4.(b)** Directs the district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, to set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed \$70,946, and the minimum salary of any assistant district attorney or assistant public defender is at least \$37,182. The annual salaries in effect on June 30, 2009, remain at the same amount for the 2009-10 and 2010-11 fiscal years.

**SECTION 26.4.(c)** Directs that the annual salaries in effect on June 30, 2009, for permanent, full-time employees of the Judicial Department whose salaries are not itemized in this act remain in effect for the 2009-2010 and 2010-11 fiscal years.

**SECTION 26.4.(d)** Directs that the annual salaries in effect on June 30, 2009, for permanent, part-time employees of the Judicial Department whose salaries are not itemized in this act, remain in effect for the 2009-2010 and 2010-11 fiscal years.

#### CLERK OF SUPERIOR COURT/NO SALARY INCREASES

**SECTION 26.5.** Directs that the annual salaries of the clerks of superior court provided by GS 7A-101(a) remain in effect for the 2009-10 and 2010-11 fiscal years.

#### ASSISTANT AND DEPUTY CLERKS OF COURT/NO SALARY INCREASES

**SECTION 26.6.** Directs that the annual salaries of the assistant and deputy clerks of superior court provided by GS 7A-102(c1) remain in effect for the 2009-10 and 2010-11 fiscal years, and specifies that there will not be a step increase.

#### MAGISTRATES/ NO SALARY INCREASES

**SECTION 26.7.** Directs that the annual salaries of magistrates provided by GS 7A-171.1(a) remain in effect for the 2009-10 and 2010-11 fiscal years, and specifies that there will not be a step increase.

#### GENERAL ASSEMBLY PRINCIPAL CLERKS/NO SALARY INCREASES

**SECTION 26.8.** Directs that the annual salaries of the General Assembly principal clerks provided by GS 120-37(c) remain in effect for the 2009-10 and 2010-11 fiscal years.

#### SERGEANT-AT-ARMS AND READING CLERKS/NO SALARY INCREASES

**SECTION 26.9.** Directs that the annual salaries of the General Assembly sergeants-at-arms and reading clerks provided by GS 120-37(b) remain in effect for the 2009-10 and 2010-11 fiscal years.

#### LEGISLATIVE EMPLOYEES/NO SALARY INCREASES

**SECTION 26.10.** Prohibits the Legislative Services Officer from increasing the salaries of nonelected employees of the General Assembly in effect on June 30, 2009. Specifies that except as specifically provided in this section, nothing in this act limits any of the provisions of GS 120-32.

#### COMMUNITY COLLEGES PERSONNEL/NO SALARY INCREASES



**SECTION 26.11.(a)** Directs that the annual salaries in effect on June 30, 2009, for faculty, except as otherwise provided by Section 8.1 of this act, and for all permanent, full-time community college institutional personnel supported by State funds, remain in effect for the 2009-10 and 2010-11 fiscal years.

**SECTION 26.11.(b)** Directs that the minimum salaries for community college faculty be based on the following education levels: (1) Vocational Diploma/Certificate or Less. – This education level includes faculty members who are high school graduates, have vocational diplomas, or have completed one year of college; (2) Associate Degree or Equivalent. – This education level includes faculty members who have an associate degree or have completed two or more years of college but have no degree; (3) Bachelor's Degree; (4) Master's Degree or Education Specialist; (5) Doctoral Degree.

**SECTION 26.11.(c)** Directs that for the 2009-10 and 2010-11 school years, the minimum salaries for nine-month, full-time curriculum community college faculty may not be increased.

Specifies that no full-time faculty member may earn less than the minimum salary for his or her education level. The pro rata hourly rate of the minimum salary for each education level must be used to determine the minimum salary for part-time faculty members.

#### UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA NO SALARY INCREASES

**SECTION 26.12(a)** Authorizes allocations from the Faculty Recruiting and Retention Fund under the Office of the President of the University of North Carolina for salary increases at the discretion of the President of the University of North Carolina only for the purpose of recruiting and retaining faculty members as necessary at constituent institutions.

**SECTION 26.12.(b)** Directs that the annual salaries in effect on June 30, 2009, for all employees of The University of North Carolina supported by State funds, and for employees of the North Carolina School of Science and Mathematics remain in effect for the 2009-10 and 2010-11 fiscal years except for faculty as otherwise provided by the Faculty Recruiting and Retention Fund or the Distinguished Professors Endowment Fund.

#### MOST STATE EMPLOYEES/NO SALARY INCREASES

**SECTION 26.13.(a)** Directs that the salaries in effect June 30, 2009, of all permanent, full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund, remain in effect for the 2009-10 and 2010-11 fiscal years.

**SECTION 26.13.(b)** Directs that, except as otherwise provided in this act, the salaries in effect on June 30, 2009, for permanent, full-time State officials and persons in exempt positions that are recommended by the Governor and set by the General Assembly remain in effect for the 2009-10 and 2010-11 fiscal years.

**SECTION 26.13.(c)** Directs that the salaries in effect on June 30, 2009, for all permanent, part-time State employees remain in effect for the 2009-10 and 2010-11 fiscal years.

**SECTION 26.13.(d)** Authorizes the Director of the Budget to allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to maintain salaries in accordance with subsection (a), (b), or (c) of this section, including funds for the employer's retirement and social security contributions, for the permanent, full-time and part-time employees of the agency, provided the employing agency elects to make available the necessary funds.

#### ALL STATE-SUPPORTED PERSONNEL/NO SALARY INCREASES

**SECTION 26.14.(a)** Directs that salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from other sources in effect June 30, 2009, remain in effect for the 2009-10 and 2010-11 fiscal years.

**SECTION 26.14.(b)** Directs that the salary increase provisions of GS 20-187.3 are suspended for the 2009-2010 and 2010-2011 fiscal years.

**SECTION 26.14.(c)** Directs the Director of the Budget to transfer from the Reserve for Compensation Increases in this act for fiscal years 2009-10 and 2010-11 all funds necessary for the salaries authorized by this act, including funds for the employer's retirement and social security contributions.

**SECTION 26.14.(d)** Clarifies that nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

#### TEACHER SALARY SCHEDULES

**SECTION 26.15.(a)** Establishes the monthly salary schedules for the 2009-10 fiscal year for certified personnel of the public schools who are classified as teachers. The schedule contains 32 steps with each step corresponding to one year of teaching experience. Salaries range from \$3,043 for "A" Teachers with 0 years of experience to \$5,781 for those with 31+ years of experience and from \$3,656 for teachers that are NBPTS certified with 3 years of experience to \$5,886 for those with 31+ years of experience. Salaries range from \$3,347

for "M" teachers with 0 years of experience to \$5,781 for those with 31+ years of experience and from \$4,021 for those that are NBPTS certified with 3 years of experience to \$6,475 for those with 31+ years of experience.

**SECTION 26.15.(b)** Specifies the following annual longevity payment rates for teachers: (1) 1.5% percent of base salary for 10 to 14 years of State service; (2) 2.25% of base salary for 15 to 19 years of State service; (3) 3.25% of base salary for 20 to 24 years of State service; and (4) 4.5% of base salary for 25 or more years of State service. The longevity payment must be paid in a lump sum once a year.

**SECTION 26.15.(c)** Authorizes the following salary supplements (1) \$126 per month for certified personnel of the public schools who are classified as "M" teachers for certified public school teachers with certification based on academic preparation at the six-year degree level; and (2) \$253 per month for certified personnel of the public schools who are classified as "M" teachers for certified public schoolteachers with certification based on academic preparation at the doctoral degree level.

**SECTION 26.15.(d)** Specifies that the first step of the salary schedule for school psychologists is 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. Directs that certified psychologists be placed on the salary schedule at an appropriate step based on their years of experience and receive longevity payments based on years of State service in the same manner as teachers.

Authorizes the following salary supplements (1) \$126 per month for certified psychologists for certified psychologists with certification based on academic preparation at the six-year degree level; and (2) \$253 per month for certified psychologists for certified psychologists with certification based on academic preparation at the doctoral degree level.

**SECTION 26.15.(e)** Specifies that 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 must be paid on the school psychologist salary schedule.

Authorizes the following salary supplements (1) \$126 per month for speech pathologists and audiologists for certified speech pathologists and audiologists with certification based on academic preparation at the six-year degree level; and (2) \$253 per month for speech pathologists and audiologists for certified speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level.

**SECTION 26.15.(f)** Directs that certified school nurses who are employed in the public schools as nurses be paid on the "M" salary schedule.

**SECTION 26.15.(g)** Specifies that, as used in this section, the term "teacher" also includes instructional support personnel.

#### SCHOOL BASED ADMINISTRATOR SALARY SCHEDULE

**SECTION 26.16.(a)** Directs that the base salary schedule for school-based administrators applies only to principals and assistant principals. Establishes the base salary schedule for the 2009-2010 fiscal year, commencing July 1, 2009, for principals and assistant principals.

**SECTION 26.16.(b)** Provides a schedule for placement of principals and assistant principals on the salary schedule based on number of teachers supervised. Specifies that 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 is the Principal III level. Principals in alternative schools who supervise 33 or more teachers are classified according to the number of teachers supervised.

**SECTION 26.16.(c)** Directs that a principal 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. Specifies that a principal or assistant principal also continue to receive any additional State-funded percentage increases earned for the 1997-98, 1998-99, and 1999-00 school years for improvement in student performance or maintaining a safe and orderly school.

**SECTION 26.16.(d)** Directs that principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of \$126.00 per month and at the doctoral degree level shall be paid a salary supplement of \$253.00 per month.

**SECTION 26.16.(e)** Directs that longevity pay for principals and assistant principals must be as provided for State employees under the State Personnel Act.

**SECTION 26.16.(f)** Specifies that 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 must be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal must be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

Applies to all transfers on or after the effective date of this section, except transfers in school systems created by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

**SECTION 26.16.(g)** Directs that participants in an approved full-time master's in school administration program receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. Specifies that for the 2006-07 fiscal year and subsequent fiscal years, the stipend may not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program must supply the DPI with certification of eligible full-time interns.

**SECTION 26.16.(h)** During the 2009-10 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate must be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

#### CENTRAL OFFICE SALARIES

**SECTION 26.17.(a)** Directs that the monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2009-2010 fiscal year, beginning July 1, 2009.

School Administrator I	\$3,309	\$6,207
School Administrator II	\$3,508	\$6,583
School Administrator III	\$3,724	\$6,984
School Administrator IV	\$3,874	\$7,262
School Administrator V	\$4,030	7,556
School Administrator VI	\$4,275	8,013
School Administrator VII	\$4,447	8,336

Directs the local board of education to determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly. The category in which an employee is placed must be included in the contract of any employee.

**SECTION 26.17.(b)** Directs that the monthly salary ranges that follow apply to public school superintendents for the 2009-10 fiscal year, beginning July 1, 2009.

Superintendent I	\$4,720	\$8,843
Superintendent II	\$5,011	\$9,377
Superintendent III	\$5,316	\$9,948
Superintendent IV	\$5,642	\$10,552
Superintendent V	\$5,988	\$11,196

Directs the local board of education to determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly.

**SECTION 26.17.(c)** Directs that longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers must be as provided for state employees under the State Personnel Act.

**SECTION 26.17.(d)** Directs that superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level receive a salary supplement of \$126.00 per month. Directs that superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level receive a salary supplement of \$253.00 per month.

**SECTION 26.17.(e)** Prohibits the State Board of Education from permitting local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

**SECTION 26.17.(f)** Specifies that the salaries in effect June 30, 2009, for all permanent full-time personnel paid from the Central Office Allotment, remain in effect for the 2009-10 and 2010-11 fiscal years.

#### NONCERTIFIED SCHOOL PERSONNEL SALARIES

**SECTION 26.18.(a)** Directs that the salaries in effect June 30, 2009, of permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund remain in effect for the 2009-10 and 2010-11 fiscal years.

**SECTION 26.18.(b)** Directs that the salaries in effect on June 30, 2009, for all permanent part-time noncertified public school employees whose salaries are supported from the State's General Fund remain in effect for the 2009-10 and 2010-11 fiscal years.

**SECTION 26.18.(c)** Authorizes the Director of the Budget to allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to maintain salaries in accordance with subsection (a) or (b) of this section including funds for the employer's retirement and social security contributions for the permanent full-time and part-time employees of the agency, provided the employing agency elects to make available the necessary funds.

#### BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

**SECTION 26.19.** Specifies that, effective July 1, 2009, any permanent certified personnel employed on July 1, 2009, and paid on the teacher salary schedule with 31+ years of experience will receive a one-time bonus equivalent to 1.8%. Specifies that, effective July 1, 2009, any permanent personnel employed on July 1, 2009, and paid at the top of the principal and assistant principal salary schedule will receive a one-time bonus equivalent to 2%. For permanent part-time personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under GS 115C-325(a)(5a) are not eligible to receive the bonus.

#### SALARY-RELATED CONTRIBUTIONS/EMPLOYER

**SECTION 26.20.(a)** Directs that required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts be paid from the same source as the source of the employee's salary. Specifies that if an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

Directs that, notwithstanding any other provision of law, an employer who hires or has hired a retiree as an employee must enroll the retiree in the active group and pay the cost for the hospital-medical benefits if that retiree is employed in a position that would require the employer to pay hospital-medical benefits if the individual had not been retired.

**SECTION 26.20.(b)** Directs that, effective July 1, 2009, the State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2009-210 fiscal year are: (i) 8.65% – Teachers and State Employees; (ii) 13.65% – State Law Enforcement Officers; (iii) 11.76% – University Employees' Optional Retirement System; (iv) 11.76 percent – Community College Optional Retirement Program; (v) 19.51% – Consolidated Judicial Retirement System; and (vi) 4.40% – Legislative Retirement System. Each of the foregoing contribution rates includes 4.40% for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes 0.52% for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include 0.16% for the Death Benefits Plan. The rate for State Law Enforcement Officers includes 5% for Supplemental Retirement Income.

**SECTION 26.20.(c)** Directs that, effective July 1, 2010, the State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2010-11 fiscal year are: (i) 9.05% – Teachers and State Employees; (ii) 14.05% – State Law Enforcement Officers; (iii) 12.16% – University Employees' Optional Retirement System; (iv) 12.16% – Community College Optional Retirement Program; (v) 19.91% – Consolidated Judicial Retirement System; and (vi) 4.80% – Legislative Retirement System. Each of the foregoing contribution rates includes 4.80% for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes 0.52% for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include 0.16% for the Death Benefits Plan. The rate for State Law Enforcement Officers includes 5% for Supplemental Retirement Income.

#### NATIONAL GUARD PENSION FUND

**SECTION 26.21.** Amends GS 127A-40 to make technical changes.

#### EXTEND PHASED RETIREMENT PROGRAM EXEMPTION

**SECTION 26.22.** Amends Section 29.28(f) of SL 2005-276, formerly amended by Section 22.21 of SL 2006-66, to specify that Subsection (e) does not apply to participants in The University of North Carolina Phased Retirement Program until the earlier of August 31, 2013 (was June 30, 2010) or 12 months after the issuance of final phased retirement regulations by the Internal Revenue Service.

#### PART XXVII. CAPITAL APPROPRIATIONS.

##### GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

**SECTION 27.1.** Provides that the appropriations made by the 2009 General Assembly for capital improvements are for constructing, repairing, or renovating state buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and land for state government purposes.

##### CAPITAL APPROPRIATIONS/GENERAL FUND

**SECTION 27.2.** Appropriates from the General Fund for the 2009-10 fiscal year the following amounts for capital improvements:

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

##### WATER RESOURCES DEVELOPMENT PROJECT FUNDS

**SECTION 27.3.** Directs the Department of Environment and Natural Resources (DENR) to allocate the funds appropriated in this act for water resources development projects to the following projects with costs as indicated:

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
(4) Carolina Beach South (Kure Beach) Renourishment	842,000
(5) Wrightsville Beach Renourishment	2,059,000
(6) Ocean Isle Beach Renourishment	1,211,000
(7) Nags Head Beach Renourishment	2,000,000
(8) Bald Head Island Beach Renourishment	5,000,000
(9) State/Local WRD Grants	1,000,000
(10) Emerald Isle Boat Launch	1,000,000
(11) Beaufort Harbor Maintenance	50,000
(12) Princeville Flood Control	100,000
(13) Currituck Sound Environmental Restoration	100,000
(14) West Onslow Beach (Topsail Beach, Pender County)	75,000
(15) Aquatic Obstruction Removal – Statewide	300,000
(16) Aquatic Plant Control (State, L. Gaston & Roanoke Rapids L.)	300,000
(17) Mountain to the Sea Trail – Water Based Recreation	250,000
(18) Little Fork Creek (Rendezvous State Park)	400,000
(19) Planning Assistance to Communities	75,000
(20) Concord Stream Restoration (Cabarrus County) (Sec. 206)	350,000
(21) Wilson Bay Restoration (Sec. 206), Onslow County	250,000
TOTALS	\$17,600,000

Provides that where the actual costs are different from the estimated costs under subsection (a) of this section, DENR may adjust the allocations among projects as needed. Provides that if any projects funded under subsection (a) of this section are delayed and the budgeted state funds cannot be used during the 2009-10 fiscal year, or if the projects funded under subsection (a) of this section are accomplished at a lower cost, DENR 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 2009-10; and (3) state-local water resources development projects.

Directs that funds not expended or encumbered for these purposes are to revert to the General Fund at the end of the 2010-11 fiscal year.

Directs DENR to 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. Specifies the content required in each report. Also requires the semiannual reports to 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.** Provides that the General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources:

Name of Project	Amount of Non-General Fund Funding Authorized for 2009-2010
Department of Crime Control and Public Safety	
Additions and Renovations to Armories	\$ 9,303,442
Additions and Renovations to Armories	\$ 9,303,442
Camp Butner Cantonment – Phase 1 Design	1,367,000
Family Assistance Centers	2,000,000
Department of Cultural Resources	
Aycock Birthplace Picnic Shelter	86,100
Maritime Museum – Floating Dock	130,000
Museum of History Chronology Exhibit – Phase 2B (1900-1960)	1,200,000
Department of Environment and Natural Resources	
Jennette's Pier Reconstruction	24,446,400
Zoo – Elephant Exhibit New Restrooms	300,000
Wildlife Resources Commission	
Armstrong Hatchery Lower Raceway Replacement	1,725,000
Centennial Campus Education Center Exhibit Completion	180,000
Chinquapin Equipment Storage Pole Shed	60,000
Chowan Bridge Fishing Pier and Edenton Boating Access	450,000
Emerald Isle New Boating Access Area	600,000
Falls Lake Office Building	550,000
Hampstead Land Acquisition	10,000,000
Land Acquisitions – State Gamelands	59,135,000
Lewelyn Branch New Boating Access Area	150,000
Manns Harbor Bridge Marina Acquisition	5,750,000
Marion Depot Drainage Repairs	200,000
McKinney Lake Hatchery Kettles Replacement	1,700,000
Minor Boating Access Area Renovations – Various Locations	150,000
New Coldwater Fish Hatchery Construction	7,900,000
Ocean Isle Boating Access Area Renovations	150,000
Outer Banks Education Center Teaching Facility Repairs	245,000
Pechmann Fishing Education Center Pond Restoration	160,000
Pechmann Fishing Education Center Storage Building	220,000
Pisgah Education Center Gift Shop Renovation and Expansion	200,000
Pisgah Education Center Outdoor Exhibit Renovation	450,000
Pisgah Education Center Repairs	155,000
Pisgah Hatchery Water System Renovation	100,000
Rhodes Pond Dam Repairs	500,000
Sneads Ferry Land Acquisition	6,500,000
Sunset Harbor Land Acquisition	925,000
Swan Quarter Land Acquisition	1,700,000
Sykes Depot Pond, Office, Storage Construction	350,000
Table Rock Hatchery Office and Workshop Replacement	345,000
<b>TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL</b>	

## PROJECTS AUTHORIZED

\$139,382,942

Directs the transfer of \$30,000 for the 2009-10 fiscal year, from funds deposited with the State Treasurer in a capital improvement account credited to the Department of Agriculture and Consumer Services (Department) pursuant to GS 146-30, to the Department of Agriculture and Consumer Services to be used by the Department for its plant conservation program under Article 19B of GS Chapter 106, for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, environmental studies, and for the management of the plant conservation program preserves owned by the Department.

Provides that the Aquariums Division of DENR may expend funds from the North Carolina Aquariums Fund for capital improvement projects, subject to approval by the Director of the Budget, during the 2009-2011 fiscal biennium.

## REPAIRS AND RENOVATIONS RESERVE ALLOCATION

**SECTION 27.5.** Allocates 54% of the funds in the Reserve for Repairs and Renovations (Reserve) for the 2009-10 fiscal year, to the Board of Governors of the University of North Carolina (UNC) for repairs and renovations, and allocates 46% of the funds to the Office of State Budget and Management for repairs and renovations pursuant to GS 143C-4-3.

Provides that notwithstanding GS 143C-4-3, the UNC Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

Directs the UNC Board of Governors and the Office of State Budget and Management (OSBM) to consult with the Joint Legislative Commission on Governmental Operations prior to the allocation or reallocation of these funds.

Transfers the following funds to the Reserve, in addition to any other funds in the Reserve for the 2009-2010 fiscal year: (1) proceeds of bonds and notes issued pursuant to Section 27.10(f)(2) of this act for the repair and renovation of state facilities and related infrastructure; and (2) the Energy Efficiency and Conservation Block Grant funds appropriated in this act.

Directs that the Energy Efficiency and Conservation Block Grant funds be used for repairs and renovations that will make state and university facilities more energy efficient. Provides a listing of eligible projects to make these facilities more energy efficient.

Directs that a portion of the allocation to the UNC Board of Governor's from the Reserve be used by the Board of Governors for the installation of fire sprinklers in university residence halls. Provides that this portion is in addition to funds otherwise appropriated in this act for the same purpose and directs that the President of UNC to allocate funds for this purpose among the University's constituent institutions. Lists factors to be considered in allocating these funds to the University's constituent institutions.

Directs the UNC Board of Governors to submit progress reports to the Joint Legislative Commission on Governmental Operations that include (1) the status of completed, current, and planned projects; (2) information on the financial status of each constituent institution's housing system; (3) the constituent institution's ability to pay for fire protection in residence halls; and (4) the timing of the installation of fire sprinklers. Requires reports to be submitted on January 1 and July 1 until all residence halls have fire sprinklers.

Also directs that a share of the funds allocated to the Board of Governors from the Reserve be used by the Board of Governors for campus public safety improvements allowable under GS 143C-4-3(b).

## PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

**SECTION 27.6.** Provides that the appropriations made by the 2009 General Assembly for capital improvements are to be disbursed for the purposes provided by this act. Prohibits the expenditure of funds by any state department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. Provides that the allotment is to be approved only after full compliance with the State Budget Act, GS Chapter 143C. Prior to the award of, Requires the Director of the Budget to approve the elements of the method of financing of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, prior to the awarding of those projects. Requires the Director of the Budget to report the Director's approval of the method of financing of a project to the Joint Legislative Commission on Governmental Operations at its next meeting.

Provides additional details of the procedures for disbursing capital funds and requirements for the authorization of capital improvement projects.

## CENTER FOR DESIGN AND WINSTON-SALEM STATE AMENDMENTS

**SECTION 27.7** Amends Section 1.1 of SL 2004-179, as amended, regarding a special indebtedness project. Provides for (1) the acquisition of an existing building, (2) the construction of a building, or (3) the renovation of building to serve as a Center for Design Innovation, operated jointly by the Winston-Salem State University and the North Carolina School of the Arts (was, provided for the construction of a Center for Design Innovation). Also deletes language specifying that the Center is to be located in the Piedmont Triad Research Park.

Amends GS 142-94, (re: procurement of capital facilities), to provide that this section does not apply to facilities for the Center for Design Innovation to be operated jointly by Winston-Salem State University and the University of North Carolina School of the Arts.

Directs that the \$2 million appropriated for Winston-Salem State University be used to provide funds to acquire land and renovate space for Winston-Salem State University.

#### DEBT SERVICE FOR GREEN SQUARE COMPLEX PARKING CONSTRUCTION

**SECTION 27.8.** Provides that notwithstanding Item 61, Page M-11, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets for SL 2008-107, the General Fund is to service the debt for the Green Square Complex parking deck during the 2009-11 fiscal biennium.

#### ADJUSTMENTS TO COPS FOR REDUCED CONSTRUCTION INFLATION

**SECTION 27.9.** Section 27.8(a) of SL 2008-107 authorizes the state, with the prior approval of the State Treasurer and the Council of State, to issue or incur special indebtedness in order to provide funds to be paired with other available funds to pay the capital facility costs of the projects described in this subsection. Amends Section 27.8(a) of SL 2008-107 to reduce the maximum aggregate principal amount of special indebtedness for certain specified projects. Also amends (1) Section 29.13(a) of SL 2007-323, as amended by Section 27.8(d) of SL 2008-107, and (2) Section 23.12 of SL 2006-66, as amended by Section 27.8(c) of SL 2008-107, to reduce the maximum aggregate principal amount of special indebtedness for certain specified projects.

#### TWO-THIRDS BONDS ACT OF 2009

**SECTION 27.10.** Provides that this section may be cited as the *Two-Thirds Bonds Act of 2009*.

States that the intent and purpose of the General Assembly is to provide for the issuance of general obligation bonds or notes of the state in order to provide funds for the cost of state capital facilities and for the cost of repairs and renovations of state capital facilities and related infrastructure. Provides definitions for the following terms as they apply in this section: (1) *bonds*, (2) *cost*, (3) *credit facility*, (4) *notes*, (5) *par formula*, (6) *state agency*, and (7) *state*.

Authorizes the State Treasurer, by and with the consent of the Council of State, to issue and sell at one time or from time to time general obligation bonds of the State to be designated as *State of North Carolina General Obligation Bonds*, with any additional designations as may be determined, or notes of the State, to provide funds, with any other available funds, for the purposes authorized by this section. Provides that the aggregate principal amount of indebtedness authorized by this section for the fiscal years ending June 30, 2010 and June 30, 2011, may not exceed the lesser of (1) the amount authorized by this subsection for that fiscal year, and (2) an amount that, together with all other general obligation bonds issued by the state, excluding refunding bonds, during the biennium ending June 30, 2011, is greater than two-thirds of the net amount by which the state's outstanding general obligation bonds was reduced during the biennium ended June 30, 2009. Also provides that the aggregate principal amount of indebtedness authorized by this section for the fiscal years ending June 30, 2012 and June 30, 2013, may not exceed the lesser of (1) the amount authorized by this subsection for that fiscal year, and (2) an amount that, together with all other general obligation bonds issued by the state, excluding refunding bonds, during the biennium ending June 30, 2013, is greater than two-thirds of the net amount by which the state's outstanding general obligation bonds was reduced during the biennium ended June 30, 2011. Directs that if the maximum principal amount of bonds and notes authorized in for a fiscal year is in excess of the amount described above, then the maximum amount of bonds and notes authorized in this section for that fiscal year is reduced by such excess.

Authorizes the following amount of bonds and notes authorized by this section in the following fiscal years in the maximum aggregate principal amount of: (1) \$106,610,000 for fiscal year 2009-2010; (2) \$100 million for fiscal year 2010-2011 (3) \$50 million for fiscal year 2011-2012, and (4) \$50 million for fiscal year 2012-2013.

States that the proceeds of bonds and notes are to be used for financing the cost of state capital facilities, and for repairing and renovating state capital facilities as provided in this section. Provides that any additional moneys which may be received by grant from the federal government or from any other source to aid in financing the cost of any state capital facilities authorized by this section may be placed by the State Treasurer in a separate fund or funds. Directs that any additional moneys received be disbursed, to the extent permitted by the terms of the grant, without regard to any limitations imposed by this section.



Provides that the proceeds of bonds and notes may be used with any other moneys made available by the General Assembly for the cost of state capital facilities, including the proceeds of any other state bond issues. Provides that the proceeds of bonds and notes are to be expended and disbursed under the direction and supervision of the Director of the Budget. Requires that the funds provided by this section be disbursed upon warrants drawn on the State Treasurer by the State Controller, and prohibits the warrants from being drawn until the requisition has been approved by the Director of the Budget. Directs that the requisition is only to be approved after it is in full compliance with the State Budget Act, GS Chapter 143C.

Directs the Office of State Budget and Management and the UNC Board of Governors to provide semiannual reports to the Joint Legislative Oversight Committee on Capital Improvements, the Chairs of the Senate and House of Representatives Appropriation Committees, and the Fiscal Research Division on the expenditure of moneys authorized by this section. Directs that the reports are to continue until the completion of the projects provided for in this section.

Delineates how the proceeds of the bonds and notes are to be allocated and expended. Provides the terms and conditions for the issuance of the bonds and notes, and includes the manner of sale for the bonds and notes. Provides that the bonds and notes are tax exempt and that the interest on the notes and bonds is tax exempt. Provides for variable rate demand bonds and notes. Specifies how this section is to be interpreted and states that the provisions of this section are severable.

Amends GS 116-29.5 to modify the appropriation from the General Fund to the UNC Board of Governors as follows:

Fiscal Year	Amount
2009-2010	\$74,000,000 (was, \$172,000,000)
2010-2011	\$45,000,000 (was, \$100,000,000)
2011-2012	\$50,000,000
2012-2013	\$16,000,000

Provides that the funds appropriated for the 2009-10 be placed in a Reserve for the Biomedical Research Imaging Center and are to be spent only to the extent that the Council of State does not authorize the issuance of bonds in the amount of \$74 million during the 2009-10 fiscal year.

This section is effective when it becomes law.

## PART XXVIII. MISCELLANEOUS PROVISIONS

### STATE BUDGET ACT APPLIES

**SECTION 28.1.** Provides that the provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and are to remain in full force and effect and are incorporated in this act by reference. Provides that the Senate Appropriations Committee Report on the Continuation, Expansion and Capital Budgets dated April 7, 2009, which was distributed in the Senate and the House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

Provides that the budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2008-2009 budget as provided in GS 143C-3-5; and includes the appropriations of State funds as defined in GS 143C-1-1(d)(25). Also provides that the budget enacted by the General Assembly is to be interpreted in accordance with GS 143C-5-5, the special provisions in this act, and other appropriate legislation. Directs that in the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly is to prevail.

Provides that if any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Provides that this act becomes effective only if the General Assembly enacts modifications to tax law that increase revenues by an amount sufficient to ensure that the state's budget is balanced. Except as otherwise provided, this act becomes effective July 1, 2009.

June 10, 2009

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. House committee substitute reported in June 9, 2009, makes the following changes to the 3rd edition:

## **PART I. INTRODUCTION AND TITLE OF ACT**

### **INTRODUCTION**

**SECTION 1.1.** Identical to 3rd edition.

**SECTION 1.2.** Identical to 3rd edition.

## **PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**

### **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

**SECTION 2.1.** Provides the following schedule for appropriations from the General Fund for the maintenance of State departments, institutions, and agencies, and for other purposes as enumerated, for the biennium ending June 30, 2011:

<b>Current Operations – General Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
<b>EDUCATION</b>		
Community Colleges System Office	\$ 955,114,318	\$ 956,096,444
Department of Public Instruction	6,917,267,509	6,831,523,175
University of North Carolina – Board of Governors		
Appalachian State University	143,009,361	142,916,867
East Carolina University		
Academic Affairs	231,022,436	230,803,882
Health Affairs	54,536,392	54,533,392
Elizabeth City State University	36,927,873	36,895,974
Fayetteville State University	57,937,868	57,920,041
North Carolina Agricultural and Technical University	100,706,068	100,706,068
North Carolina Central University	92,668,859	92,565,166
North Carolina State University		
Academic Affairs	403,847,290	403,865,631
Agricultural Research	59,265,025	59,238,001
Agricultural Extension	45,315,457	45,305,822
University of North Carolina at Asheville	38,310,913	38,276,547
University of North Carolina at Chapel Hill		
Academic Affairs	291,283,117	291,272,017
Health Affairs	214,268,856	214,268,356
Area Health Education Centers	52,109,208	52,109,208
University of North Carolina at Charlotte	190,610,275	190,252,571
University of North Carolina at Greensboro	167,219,053	167,166,818
University of North Carolina at Pembroke	59,340,801	59,251,281
University of North Carolina School of the Arts	26,159,755	26,154,488
University of North Carolina at Wilmington	101,347,433	101,259,136
Western Carolina University	91,818,652	91,832,451
Winston-Salem State University	71,708,502	71,704,974
General Administration	41,963,781	41,961,395
University Institution Programs	(172,937,714)	(240,841,742)
Related Educational Programs	69,440,698	54,109,344
UNC Financial Aid Private Colleges	100,230,515	100,259,515
North Carolina School of Science & Math	18,712,479	18,711,799
UNC Hospitals	36,011,882	36,011,882
Total University of North Carolina – Board of Governors	\$ 2,622,834,835	\$ 2,538,510,884

### **HEALTH AND HUMAN SERVICES**

Department of Health and Human Services

Office of the Secretary	\$ 66,091,947	\$ 67,247,574
Division of Aging and Adult Services	33,214,687	34,596,819
Division of Blind Services/Deaf/HH	10,728,223	10,714,951
Division of Child Development	242,626,859	255,080,245
Division of Education Services	35,463,888	35,463,888
Division of Health Service Regulation	16,803,751	16,791,135
Division of Medical Assistance	2,149,022,328	2,466,701,429
Division of Mental Health, Dev. Disabilities and Sub. Abuse	575,874,271	584,027,011
NC Health Choice	58,014,015	57,913,952
Division of Public Health	141,930,936	146,910,250
Division of Social Services	191,845,920	191,945,576
Division of Vocation Rehabilitation	39,438,630	39,438,153
Total Health and Human Services	\$ 3,561,055,455	\$ 3,906,830,983

## **NATURAL AND ECONOMIC RESOURCES**

Department of Agriculture and Consumer Services	\$ 62,711,579	\$ 60,497,127
Department of Commerce		
Commerce	74,836,677	73,985,398
Commerce State-Aid	19,075,000	13,764,000
NC Biotechnology Center	14,193,000	13,885,000
Rural Economic Development Center	23,679,000	23,584,000
Department of Environment and Natural Resources	217,312,070	206,820,167
DENR Clean Water Management Trust Fund	25,000,000	25,000,000
Department of Labor	17,306,011	17,306,067

## **JUSTICE AND PUBLIC SAFETY**

Department of Correction	\$ 1,221,003,414	\$ 1,218,718,450
Department of Crime Control and Public Safety	26,110,917	24,293,147
Judicial Department	441,869,379	438,383,757
Judicial Department – Indigent Defense	110,539,455	104,596,009
Department of Justice	84,413,478	77,448,662
Department of Juvenile Justice and Delinquency Prevention	136,167,259	135,582,327

## **GENERAL GOVERNMENT**

Department of Administration	\$ 71,431,507	\$ 70,214,391
Department of State Auditor	13,227,042	13,055,123
Office of State Controller	22,430,526	22,112,060
Department of Cultural Resources		
Cultural Resources	65,223,346	62,823,910
Roanoke Island Commission	1,781,296	1,754,203
State Board of Elections	6,218,202	6,132,187

General Assembly	51,866,107	53,622,698
Office of the Governor		
Office of the Governor	6,099,909	6,017,739
Office of State Budget and Management	6,452,520	6,357,809
OSBM – Reserve for Special Appropriations	4,216,465	4,161,125
Housing Finance Agency	13,608,417	13,419,533
Department of Insurance		
Insurance	31,864,073	31,488,104
Insurance – Volunteer Safety Workers' Compensation	4,500,000	4,500,000
Office of Lieutenant Governor	765,857	753,358
Office of Administrative Hearings	4,090,823	4,046,787
Department of Revenue	87,075,553	85,905,106
Department of Secretary of State	11,378,763	11,231,569
Department of State Treasurer		
State Treasurer	17,340,746	17,194,516
State Treasurer – Retirement for Fire and Rescue Squad Workers	10,486,808	10,347,105

#### **RESERVES, ADJUSTMENTS, AND DEBT SERVICE**

Salary Adjustment Fund	\$ 0	\$ 0
Contingency and Emergency Fund	5,000,000	5,000,000
State Retirement System Contribution	21,000,000	312,000,000
Judicial Retirement System Contribution	1,300,000	1,300,000
State Health Plan	132,214,752	276,179,709
Information Technology Fund	7,840,000	7,840,000
Reserve for Job Development Investment Grants (JDIG)	19,000,000	19,000,000
Reduce Debt Service Requirements	(7,500,000)	(4,000,000)
Statewide Administrative Support Reduction	(3,000,000)	(6,600,000)
Biomedical Research Imaging Center (BRIC)	0	0
Debt Service		
General Debt Service	670,494,697	739,878,445
Federal Reimbursement	1,616,380	1,616,380
University Cancer Research Fund (adjusts UNC budget)	(15,500,000)	(15,500,000)
Reserve for Severance Benefits	0	0

#### **TOTAL CURRENT OPERATIONS – GENERAL FUND**

**\$ 17,800,163,145      \$ 18,428,677,454**

#### **Capital Improvements – General Fund**

**2009-2010**

**2010-2011**

Water Resources Development Projects	\$ 7,150,000	\$ 0
<b>TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND</b>	<b>\$ 7,150,000</b>	<b>\$ 0</b>

#### **GENERAL FUND AVAILABILITY STATEMENT**

**SECTION 2.2.(a)** The General Fund availability used in developing the 2009-11 biennial budget is shown below:

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Unappropriated Balance Remaining from Previous Year	0	68,656,820
Savings Reserve Account	0	0
Repairs and Renovations Reserve Account	0	0
<b>Beginning Unreserved Fund Balance</b>	<b>0</b>	<b>68,656,820</b>
 <b>Revenues Based on Existing Tax Structure</b>	 <b>16,796,300,000</b>	 <b>17,384,400,000</b>
<b>Nontax Revenues</b>		
Investment Income	67,300,000	93,100,000
Judicial Fees	200,700,000	208,300,000
Disproportionate Share	100,000,000	100,000,000
Insurance	77,700,000	81,900,000
Other Nontax Revenues	148,300,000	155,200,000
Highway Trust Fund/Use Tax Reimbursement Transfer	108,500,000	73,500,000
Highway Fund Transfer	17,600,000	17,600,000
<b>Subtotal Nontax Revenues</b>	<b>720,100,000</b>	<b>729,600,000</b>
 <b>Total General Fund Availability</b>	 <b>17,516,400,000</b>	 <b>18,182,656,820</b>
<b>Adjustments to Availability: 2009 Session</b>		
Department of Revenue Improved Enforcement	60,000,000	90,000,000
Adjust Transfer from Insurance Regulatory Fund	(1,960,749)	(2,398,902)
Adjust Transfer from Treasurer's Office	(816,699)	(976,717)
Transfer from Disproportionate Share Reserve	25,000,000	0
Reserve for Increased/New Fees	81,166,847	86,422,367
Transfers from Special Funds	40,743,885	40,743,886
Transfers of Cash Balances from Capital and R&R Accounts	63,608,225	0
Transfers of Cash Balances from Special Funds	51,528,456	0
Transfer from Health and Wellness Trust Fund	5,000,000	5,000,000
Transfer from Tobacco Trust Fund	5,000,000	5,000,000
Transfer Sales Tax for Wildlife Resources Commission	23,150,000	22,230,000
<b>Subtotal Adjustments to         Availability: 2009 Session</b>	<b>352,419,965</b>	<b>246,020,634</b>
 <b>Revised General Fund Availability</b>	 <b>17,868,819,965</b>	 <b>18,428,677,454</b>
 <b>Less: General Fund Appropriations</b>	 <b>17,800,163,145</b>	 <b>18,428,677,454</b>
 <b>Unappropriated Balance Remaining</b>	 <b>68,656,820</b>	 <b>0</b>

**SECTION 2.2.(b)-(e)** Identical to 3rd edition.

**SECTION 2.2.(f)** Provides that the appropriation made in this act to the Clean Water Management Trust Fund is \$25 million for the 2009-10 fiscal year and \$25 million for the 2010-11 fiscal year (was, \$95 million for 2009-10 only).

**SECTION 2.2.(g)** New provision provides that effective July 1, 2009, the following amounts are to be transferred to the State Controller to be deposited in Nontax Budget Code 18878 (Intrastate Transfers) or the

appropriate budget code as determined by the State Controller. Requires the funds to be used to support the General Fund appropriations as specified in this act for the 2009-11 fiscal biennium.

Budget Code	Fund Code	Description	FY 2009-2010 Amount	FY 2010-2011 Amount
64424		DHHS – Office of Education Services	175,321	0
67425		Trust Telecommunication	8,500,000	0
23515	2510	DPI IT Projects – Legacy Updates	3,000,000	0
63501	6801	DPI Trust Special-Teaching Fellows	5,500,000	0
63501	6112	Computer Loan Revolving Fund	120,677	0
63501	6117	Business and Education Technology Alliance	26,336	0
24600	2553	Grape Growers Council	1,146,811	900,000
24600	2821	Credit Union Supervision	2,487,848	1,628,853
24600	2851	Cemetery Commission	455,770	252,990
54600		Commerce Enterprise	48,361,480	37,766,466
64605		Utilities Commission/Public Staff	13,661,307	0
64612		NC Rural Electrification Authority	235,345	0
24308	2815	VRS Geodetic Survey & DOT	8,048	0
24317	2339	ADM Fines & Penalties	365,899	0
24600	2241	REA Administration	195,577	195,577
		Wildlife Resources Commission Operating Expenses	23,150,000	22,230,000
		Various Capital Accounts as specified in Section 27.11	65,687,775	0
		Nurse Educators of Tomorrow Scholarship Loan	1,000,000	0

**SECTION 2.2.(h)** New provision provides that \$5 million of the funds credited to the Tobacco Trust must be transferred on or after April 30, 2010, from the Department of Agriculture and Consumer Services, to the State Controller to be deposited in Intrastate Transfers to support General Fund appropriations for the 2009-10 and 2010-11 fiscal years.

**SECTION 2.2.(i)** New provision requires \$5 million of the funds credited to the Health Trust Account that would otherwise be deposited in the Fund Reserve be transferred on or after April 30, 2010 from the Department of State Treasurer, Health and Wellness Trust Fund, to the State Controller to be deposited in Intrastate Transfers to support General Fund appropriations for the 2009-10 and 2010-11 fiscal years.

**SECTION 2.2.(j)** New provision requires on July 1, 2009, that the State Controller transfer \$7,031,923 from the Disaster Reserve Fund to Intrastate Transfers to support General Fund appropriations for the 2009-10 fiscal year.

### PART III. CURRENT OPERATIONS/HIGHWAY FUND

#### CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

**SECTION 3.1.** Provides the following schedule of appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated for the fiscal biennium ending June 30, 2011:

Current Operations – Highway Fund	2009-2010	2010-2011
Department of Transportation		
Administration	\$ 73,429,805	\$ 74,516,556
Division of Highways		
Administration	32,938,983	32,993,177
Construction	29,960,000	71,567,092
Maintenance	943,083,553	938,935,439
Planning and Research	4,055,402	4,055,402
OSHA Program	355,389	355,389
Ferry Operations	26,609,942	26,609,942
State Aid		
Municipalities	87,813,876	87,840,220
Public Trans	74,647,962	75,493,962

Airports	17,349,592	17,291,543
Railroads	17,101,153	17,101,153
Governor's Highway Safety	351,779	352,325
Division of Motor Vehicles	101,371,994	100,847,270
Other State Agencies, Reserves, Transfers	290,020,570	278,560,531
<b>Total</b>	<b>\$ 1,699,090,000</b>	<b>\$ 1,726,520,000</b>

#### **HIGHWAY FUND AVAILABILITY STATEMENT**

**SECTION 3.2.** Provides the following Highway Fund availability used in developing the 2009-11 biennial budget:

<b>Highway Fund Availability Statement</b>	<b>2009-2010</b>	<b>2010-2011</b>
Unappropriated Balance from Previous Year	\$ 0	\$ 0
Beginning Credit Balance	0	0
Estimated Revenue	1,699,090,000	1,726,520,000
<b>Total Highway Fund Availability</b>	<b>\$ 1,699,090,000</b>	<b>\$ 1,726,520,000</b>
Unappropriated Balance	\$ 0	\$ 0

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

##### **HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 4.1.** Provides the following schedule of appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated for the biennium ending June 30, 2011:

<b>Current Operations – Highway Trust Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
Intrastate	\$ 359,883,973	\$ 389,146,011
Urban Loops	113,674,786	126,402,179
Aid to Municipalities	40,650,403	43,615,503
Secondary Roads	57,653,289	61,638,133
Program Administration	41,634,720	43,930,560
Turnpike Authority	64,000,000	99,000,000
Transfer to Gen Fund	108,561,829	72,894,864
Debt Service	82,731,000	79,992,750
<b>GRAND TOTAL CURRENT OPERATIONS AND EXPANSION</b>	<b>\$ 868,790,000</b>	<b>\$ 916,620,000</b>

##### **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

**SECTION 4.2.** Provides the following Highway Trust Fund availability used in developing the 2009-11 biennial budget:

<b>Total Highway Trust Fund Availability</b>	<b>\$ 868,790,000</b>	<b>\$ 916,620,000</b>
--	-----------------------	-----------------------

#### **PART V. OTHER APPROPRIATIONS**

##### **CIVIL FORFEITURE FUNDS**

**SECTION 5.1.(a)** Provides the following appropriations from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2011:

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
School Technology Fund	\$ 36,183,251	\$ 18,000,000
State Public School Fund	120,362,790	120,362,790
Total Appropriation	\$156,546,041	\$138,362,790

**SECTION 5.1.(b)** Identical to 3rd edition.

**EDUCATION LOTTERY**

**SECTION 5.2.** Identical to 3rd edition.

**INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATION**

**SECTION 5.3.(a)** Provides the availability used to support appropriations made in this act from the Information Technology Fund established in GS 147-33.72H as follows:

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Interest Income	\$100,000	\$100,000
IT Fund Balance June 30	\$3,359,419	\$1,486,786
Appropriation from General Fund	\$7,840,100	\$7,840,100
<b>Total Funds Available</b>	<b>\$11,299,519</b>	<b>\$9,426,886</b>

**SECTION 5.3.(b)** Provides the following appropriations made from the Information Technology Fund for the 2009-11 fiscal biennium:

<b>Office of Information Technology Services</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Information Technology Operations	\$4,934,197	\$4,954,040
Information Technology Projects	\$4,878,536	\$4,381,966
<b>Total</b>	<b>\$9,812,733</b>	<b>\$9,336,006</b>

**APPROPRIATION OF CASH BALANCES**

**SECTION 5.4.** Identical to 3rd edition, except makes a technical change.

**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

**SECTION 5.5.** Deleted.

**OTHER RECEIPTS FROM PENDING GRANT AWARDS**

**SECTION 5.6.** Same as 3rd edition except removes the provision allowing additional state personnel to be employed on a permanent or time-limited basis depending on the nature of the award.

**CONTINGENT AVAILABILITY/RESTORATION RESERVE**

**SECTION 5.7.** New provision provides that contingent upon modifications to state law increasing revenues by \$937.6 million in 2009-10 and by \$1,145,700,000 in 2010-11, those funds must be used to partially restore reductions made in the act as provided by the specified restoration schedule. Specifies the restoration schedule as follows:

**EDUCATION:** Public School Teachers in the Classroom, Funds for At-Risk Children and Low Wealth Supplemental Funding, Community College Tuition Waivers, Community College Equipment, University Personnel, Instructional Support Personnel and School Building Administrators.

**HEALTH AND HUMAN SERVICES:** Various Provider Rates, Medicaid Services such as Physical and Occupational Therapy, Mental Health Services to Communities, Smart Start, Personal Care Services, Dental Services - Adult and Child Oral Health.

**JUSTICE AND PUBLIC SAFETY:** Court Personnel, Local Juvenile Crime Prevention Councils, Prison Medical and Other Operating Costs, Prisoner Legal Services.



OTHER NEEDS: State Aid to Libraries and Housing Support for Low-Income Citizens, Funds for Nonprofit Economic Development Initiatives, Interstate Auditors, State Agencies' Operating Reserves, Department of Labor Apprenticeship Program, State Parks Parking.

## **PART VI. GENERAL PROVISIONS**

### **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

**SECTION 6.1.** Identical to 3rd edition.

### **BUDGET CODE CONSOLIDATIONS**

**SECTION 6.2.** Identical to 3rd edition.

### **BUDGET REALIGNMENT**

**SECTION 6.3.** Identical to 3rd edition.

### **ESTABLISHING OR INCREASING FEES PURSUANT TO THIS ACT**

**SECTION 6.4.** Identical to 3rd edition.

### **AUTHORIZATION TO ESTABLISH RECEIPT SUPPORTED POSITIONS**

**SECTION 6.5** Deleted.

### **ALLOW STATE GOVERNMENT EMPLOYEES AND PUBLIC SCHOOL PERSONNEL TO TAKE VOLUNTARY FURLOUGHS TO EFFECT NECESSARY ECONOMIES IN STATE EXPENDITURE TO REDUCE THE NEED FOR REDUCTIONS IN FORCE AND MANDATORY FURLOUGHS DURING THE CURRENT AND ANY FUTURE ECONOMIC CRISIS**

**SECTION 6.6.** Provides for voluntary furloughs as follows.

Adds new GS 126-8.6 to Article 2 of Chapter 126 of the General Statutes to allow the Governor to authorize voluntary furloughs of state employees. Defines *public agency* to encompass (1) a state agency, department, or institution in the executive branch of state government; (2) the University of North Carolina; (3) the North Carolina Community College System; and (4) local school administrative units. Defines *public employee* as an employee employed by a *public agency*. Requires the Governor to consult with each public agency head to determine whether to implement a voluntary furlough for (1) the entire public agency or (2) within one or more designated units of the public agency. Defines *voluntary furlough* as a temporary voluntary period of leave from employment without pay up to a maximum of 30 days per fiscal year for nonessential positions and a maximum of 10 days per fiscal year for essential positions. Prescribes treatment of voluntarily furloughed employees for purposes of the State Retirement System, an Optional Retirement Program (ORP), and the State Health Plan. Directs that there is to be no diminution of retirement average final compensation based on being on voluntary furlough and that the retirement average final compensation be calculated based on the undiminished compensation. Requires the employer to pay both employer and employee contributions to the Retirement Systems Division or ORP on behalf of the employee on voluntary furlough. Provides that the provisions of the subsection apply to all voluntary furloughs whether in a public agency, the legislative or judicial branches of state government, or in a local school administrative unit. Imposes special restrictions on employees in essential positions. Directs state agencies with employees not subject to the State Personnel Act to adopt emergency rules substantially equivalent to the rules of the State Personnel Commission.

Amends GS 7A-343 to authorize the Director of the Administrative Office of the Courts to implement a voluntary furlough program for employees of the Judicial Department upon a determination by the Chief Justice that the program is necessary to affect economies in state expenditures.

Amends GS 115C-47 to authorize local boards of education to provide for the voluntary furlough of employees if it is necessary to affect economies in expenditures.

Amends GS 120-32 to authorize the Legislative Services Commission to provide for the voluntary furlough of legislative employees, if it determines that the furloughs are necessary to affect economies in state expenditures.

Directs the Office of State Personnel, in consultation with the Office of State Budget and Management, to adopt emergency rules for the implementation of the act in accordance with GS 150B-21.1A, except that the rules will remain in effect until June 30, 2011.

### **USE OF SAVINGS RESERVE ACCOUNT TO BALANCE BUDGET**

**SECTION 6.6A.** New provision authorizes the Director of the Budget to use funds that were credited to the Savings Reserve Account on or before June 30, 2009, to the extent necessary to balance the State budget

for the 2008-09 fiscal year, and states that funds are appropriated from the Savings Reserve Account for this purpose.

#### **CONSULTATION REQUIRED BEFORE CREATION OF NEW FUND TYPES OR SPECIAL FUNDS**

**SECTION 6.6B.** New provision requires the Office of State Budget and Management (OSBM) and the Office of the State Controller to consult with the Joint Legislative Commission on Governmental Operations before establishing a new budget or fund code or special fund as defined in GS 143C-1-3.

#### **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS APPROPRIATED**

**SECTION 6.6C.** New provision states the General Assembly's finding that state government must serve as a facilitator in assisting local governments, communities, families, workers and other individuals, and businesses in accessing 2009 federal recovery and reinvestment funds. Provides that funds received from the American Recovery and Reinvestment Act of 2009 (ARRA) grants and receipts not specified in this act are appropriated in the amounts provided in the notification of award from the federal government or any entity acting on behalf of the federal government to administer federal ARRA funds. Requires OSBM and affected state agencies to consult with the Joint Legislative Commission on Governmental Operations before allocating funds that are not expressly delineated in this act. Allows state agencies, with approval of the Director of the Budget and in consultation with the North Carolina Office of Economic Recovery and Investment, to spend state funds as defined in GS 143C-1-1(25) and funds received from federal receipts and federal grants resulting from enactment of the ARRA and awarded during the 2008-09 fiscal year. Prohibits state agencies from allocating or obligating any ARRA funds before the enactment of this act, except that an agency, as defined in GS 143C-1-1(24) (unit of the executive, legislative, or judicial branch of state government, such as a department, an institution, a division, a commission, a board, a council, or the University of North Carolina; excludes a unit of local government or a public authority), may allocate or obligate federal funds if the federal government has issued rules or formal guidance stipulating that a state's lack of allocation or obligation would otherwise jeopardize its receipt of federal ARRA funds. Allows the state, under these limited circumstances, to allocate or obligate those funds for the 2008-09 fiscal year only. Requires OSBM to work with the recipient state agencies to budget federal receipts awarded according to the annual program needs and within the parameters of the respective granting entities and to incorporate federal funds into the certified budgets of the agency. Prohibits agencies from using federal ARRA funds for recurring purposes unless provided for in this act; however, depending on the nature of the award, allows additional state personnel to be employed on a temporary or time-limited basis. Allows the state Office of Economic Investment and Recovery to use up to \$1 million during fiscal year 2009-10 for operating expenses.

#### **UNIVERSITY CANCER RESEARCH FUND AMENDMENTS**

**SECTION 6.6D.** New provision amends GS 116-29.1 to provide that the General Assembly finds that it is imperative that the state provide the University Cancer Research Fund (Fund) with ongoing funding (was, a minimum of \$50 million) each calendar year. Also, removes the requirement effective July 1 of each calendar year that an amount equal to the difference between \$50 million and the amounts appropriated pursuant to subdivisions (1) and (2) of GS 116-29.1(b) be appropriated from the General Fund to provide funding to the Fund.

#### **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND DIVISIONS**

**SECTION 6.6E.** New provision states the General Assembly's intent to establish a process to periodically and systematically review the funds, agencies, divisions, and programs financed by state government, to be known as the Continuation Review Program to assist in determining whether to continue, reduce, or eliminate funding. Authorizes the House and Senate Appropriations committees to review the funds, programs, and divisions listed below and determine whether to continue, reduce, or eliminate funding, subject to the Continuation Review Program. Allows the Fiscal Research Division (FRD) to issue instructions to the state departments and agencies subject to continuation review regarding the expected content and format of the required reports. Requires the following to report to FRD by December 1, 2009: (1) Consumer Protection Program, Department of Justice; (2) Driver's Education Program, Department of Transportation; (3) Prisoner's Education Program, Community College System; (4) Parking Office, Department of Administration; and (5) Young Offenders Forest Conservation Program (BRIDGE), Department of Environment and Natural Resources. Specifies information that must be included in the continuation review reports and requires that a final report be made to the General Assembly by March 1, 2010.

#### **INFORMATION TECHNOLOGY OPERATIONS**

**SECTION 6.7.** Identical to 3rd edition.

#### **GEOGRAPHIC INFORMATION CONSOLIDATION**

**SECTION 6.8.** Same as 3rd edition except makes the following changes. Deletes the provision listing “establishing a geographic information systems Reserve Fund for the acquisition of data layers which may be useful to multiple organizations and through which data acquisitions may be procured to reduce cost” as a work stream under which the 2008 legislative report made according to Section 6.13 of SL 2008-107 must be implemented. Requires the Information Technology Fund (Fund) to be used to acquire and manage, data layers useful to multiple state and local organizations (was, established the Geographic Information Systems Reserve Fund in OSBM for this purpose) and requires that this be done according to the priorities set by the North Carolina Geographic Information Coordinating Council. Provides that any funding received for GIS may be used only for that purpose. Decreases that amount of funds appropriated to the Fund to be used to effectuate the transfer of the Center for Geographic Information and Analysis, including the cost of moving personnel positions from \$650,000 to \$604,500 for both the 2009-10 and the 2010-11 fiscal years.

#### **BEACON DATA INTEGRATION**

**SECTION 6.9.** Identical to 3rd edition.

#### **CRIMINAL JUSTICE DATA INTEGRATION PILOT PROGRAM**

**SECTION 6.10.** Identical to 3rd edition.

#### **UNIVERSITY OF NORTH CAROLINA GENERAL ADMINISTRATION BULK PRICING/PURCHASING OF INFORMATION TECHNOLOGY**

**SECTION 6.11.** Same as 3rd edition except removes the requirement that the consolidation of information technology infrastructure purchasing be done with assistance from OSBM and specifies that the consolidation be done to the extent practicable. Requires that the consolidation be done by ensuring access to a bulk and shared pricing process (was, by creating a bulk purchasing process) that will realize savings through efficiencies. Provides that the General Administration may choose to utilize the Office of Information Technology Services' or existing bulk contracts of the University of North Carolina (was, Office of Information Technology Services' existing bulk contracts). Requires by April 1, 2010, that UNC General Administration submit a written report to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal Research Division on the results of the University's bulk pricing and purchasing initiative. Specifies issues to be explained in the report.

#### **JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON INFORMATION TECHNOLOGY/ REVIEW AND REPORT ON CURRENT LAW**

**SECTION 6.12.** Identical to 3rd edition.

#### **PROGRAM EVALUATION DIVISION STUDY NETWORK INTEGRATION FEASIBILITY AND COORDINATION PLAN**

**SECTION 6.13.** Same as 3rd edition except requires the Program Evaluation Division (PED) (was, Office of Information Technology Services and the OSBM, in conjunction with MCNC) to conduct a study to determine the feasibility of coordinating the operation of the North Carolina Research and Education Network and the state network infrastructure. Requires PED to complete the feasibility study and present it to the Joint Legislative Oversight Committee on Information Technology by October 31, 2009.

Requires a coordination plan to be developed following completion of the feasibility study by the PED, if the efficiencies and savings identified in the study are valid, accurate, and substantial enough to justify increased coordination (was, following review of the feasibility study by OSBM and if OSBM certifies that the efficiencies and savings identified are valid, accurate, and substantial enough to justify increased coordination).

Amends GS 147-33.92(b) to require the state Chief Information Officer to establish broadband (was, switched broadband) telecommunications services. Modifies the organizations and entities that are to be permitted to share on a not-for-profit basis to add local education agencies (was, MCNC) and remove research affiliates of MCNC for use only in connection with research activities sponsored or funded, in whole or in part, by MCNC, if such research activities relate to health care or education in North Carolina.

#### **UPGRADE STATE PORTAL**

**SECTION 6.14.** Identical to 3rd edition.

#### **IMPLEMENT GENERAL SERVICES ADMINISTRATION SCHEDULES FOR STATE INFORMATION TECHNOLOGY PURCHASES**

**SECTION 6.14A.** New provision amends GS 147-33.95(b) to provide that the Office of Information Technology Services (OITS) has the responsibility to establish procedures to allow state agencies and local

government agencies to use the General Services Administration (GSA) Cooperative Purchasing Program to purchase information technology (1) awarded under General Services Administration Supply Schedule 70 Information Technology and (2) from contracts under the GSA's Consolidated Schedule containing information technology special item numbers.

Requires OITS by October 1, 2009, to report to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division on its plan for implementing GSA Schedules for information technology procurement.

## **IT GSA SCHEDULES/STUDY**

**SECTION 6.15.** Deleted.

## **USE OF ELECTRONIC FORMS AND DIGITAL SIGNATURES**

**SECTION 6.16.** Identical to 3rd edition.

## **POSITION TRANSFER REPORTS/OFFICE OF INFORMATION TECHNOLOGY SERVICES/OFFICE OF STATE CONTROLLER/OFFICE OF STATE BUDGET AND MANAGEMENT**

**SECTION 6.17.** Same as 3rd edition, except requires OSBM, in coordination with OITS (was, OITS), to submit a written report to the Appropriation Committees of the Senate and the House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division regarding the transfer of information technology (IT) positions associated with IT consolidation. Makes conforming changes.

## **INFORMATION TECHNOLOGY CONTRACTED PERSONNEL**

**SECTION 6.18.** New provision states that beginning July 1, 2009: (1) No contract for information technology personnel services, or providing personnel to perform information technology functions, may be established or renewed for any term longer than 12 months unless otherwise specifically required by a contract in effect on June 30, 2009; (2) before any state agency, department, or institution may renew a contract position for information technology personnel, the agency must report to OSBM, to the Office of State Personnel (OSP), to OITS, and to the Fiscal Research Division (FRD) on the justification for the contract; (3) contract positions subject to this subsection must be reviewed and approved by the Statewide Information Technology Procurement Office and be entered in the project portfolio management tool; (4) once approved, contract positions will be reviewed by the OSP to determine what the market rate is for the type of contractor required, as well as to determine the comparable cost for a state employee; prohibits agencies from exceeding the market rate determined by OSP; (5) after OSP provides cost data, funding for the position is subject to the approval of OSBM; (6) whenever a state agency, department, or institution determines that only a contractor can fill a position and the position is required to perform an ongoing function within the agency, the head of the agency must implement a plan to hire or train a qualified state employee to fill that position within 12 months; requires the plan to be forwarded to specified offices within 60 days of hiring the contractor; (7) any contract position requiring information technology skills is subject to this provision; allows OSBM to immediately terminate the funding for any information technology position that is filled without following defined procedures; and (8) requires all information technology personnel contracts to be competitive and subject to competition each time they expire; provides for exceptions.

Requires by October 1, 2009, and monthly thereafter, each state agency, department, and institution employing information technology personnel services contractors, or personnel to perform information technology functions, to provide a detailed report on those contracts to the OSBM, OSP, OITS, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division of the Legislative Services Office. Specifies information to be included in the report.

## **STATE INFORMATION TECHNOLOGY INFRASTRUCTURE CONSOLIDATION**

**SECTION 6.19.** New provision requires OSBM, in conjunction with the state Chief Information Officer (State CIO), to continue to consolidate state government's information technology infrastructure (which includes personal computers; hosting and network environments; the help desk; and information technology security of personal computers, servers, and networks) where a statewide approach would be more economical, reduce security risks, or minimize potential disruption to services. This consolidation excludes the University of North Carolina and its constituent institutions, the Administrative Office of the Courts, and the General Assembly. Requires OSBM to identify (1) contractor positions that have been filled for 12 months or more, beginning March 1, 2009; (2) the hourly cost of each position; and (3) any cost savings or other benefits that could be achieved by using State employees to carry out the same duties and responsibilities. Requires OSBM and the State CIO to target IT infrastructure issues that pose significant risk to agency operations or data, or that provide opportunities for immediate cost savings to the state. Requires, beginning December 1, 2009, and regularly thereafter, OSBM,

in conjunction with the State CIO, to report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

## **PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS TO MEET DEPARTMENT OF REVENUE TECHNOLOGY NEEDS TO IMPLEMENT TIMS**

**SECTION 6.20.** New provision allows the Secretary of the Department of Revenue (Secretary) to enter into public-private arrangements where (1) the funding of projects under the arrangement comes from revenue generated by the project and (2) the project is related to the implementation of TIMS. Allows work under a public-private arrangement to be contracted by requests for proposals, modifications to existing contracts, and purchases of existing contract vehicles. Requires the Secretary to establish a measurement process to determine the increased revenue attributable to the public-private arrangements. Requires funds generated by increased revenue to go to the General Fund to be appropriated for the purchases related to the implementation of TIMS and prohibits the total of any funds appropriated during the 2009-11 biennium for implementation of TIMS from exceeding \$41 million. Requires the Department of Revenue, beginning October 1, 2009, and quarterly thereafter, to submit reports to the chairs of the House of Representatives and Senate Committees on Appropriation, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division of the Legislative Services Office. Specifies information to be included in the reports.

Establishes within the Department of Revenue the Oversight Committee for Implementation of the Tax Information Management System (Committee) to review and approve all contracts to be executed under this section. Specifies the membership of the nine-member Committee, with the State Controller serving as chair of the Committee. Provides that the Committee terminates on June 30, 2011.

## **PART VII. PUBLIC SCHOOLS**

### **CHILDREN WITH DISABILITIES**

**SECTION 7.1.** Same as 3rd edition except reduces the maximum number of children with disabilities for which the State Board of Education (SBE) is to allocate \$3,500.77 per child to 168,947 (was, 173,249) children for the 2009-10 school year.

### **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

**SECTION 7.2.** Identical to 3rd edition.

### **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

**SECTION 7.3.** Same as the 3rd edition except: (1) deletes provision permitting the use of supplemental funding to pay an amount not to exceed \$10,000 of the plant operation contract cost charged by the Department of Public Instruction (DPI) for services; (2) directs that for the 2009-10 fiscal year, a county with wealth that is greater than 90% of the state average wealth is to receive only 75% of a full allotment of these funds; and (3) directs that for the 2010-11 fiscal year, a county with wealth that is greater than 90% of the state average wealth is to receive only 50% of a full allotment of these funds.

### **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

**SECTION 7.4.** Same as 3rd edition except amends the allocation formula for small school system supplemental funding to provide a base for the consolidated funds allotment of at least \$672,343 (was, \$788,789), excluding textbooks, for the 2009-10 fiscal year and a base of \$672,343 (was, \$788,789) for the 2010-11 fiscal year.

### **REPLACEMENT SCHOOL BUSES/FUNDS**

**SECTION 7.5.** Identical to 3rd edition.

### **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

**SECTION 7.6.** Identical to 3rd edition.

### **LITIGATION RESERVE FUNDS**

**SECTION 7.7.** Deleted.

### **LEA FLEXIBILITY**

**SECTION 7.8.** Directs the SBE to adopt emergency rules in accordance with GS 150B-21.1A to grant additional flexibility to local school administrative units regarding the expenditure of state funds (was, directed the SBE to implement temporary modifications to the limitations on budget flexibility set out in GS 115C-105.25).

Provides that these rules are not subject to the limitations on transfers of funds between funding allotment categories set out in GS 115C-105.25. States that the emergency rules (1) *may* authorize modifications to class size requirements in addition to those set out in Section 7.23 of this act; (2) must authorize the transfer of textbook funds to other allotments to manage funding cuts; and (3) prohibit the transfer of funds from school-based positions to the central office. Provides that this section only applies to the 2009-11 fiscal biennium.

#### **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS**

**SECTION 7.9.** Same as 3rd edition except deletes funds (1) available under the American Recovery and Reinvestment Act and (2) from the State Public School Fund as funding sources available to the SBE to operate the North Carolina Virtual Public School (NCVPS). Provides that the SBE may use up to \$3 million (was, \$6 million) of funds appropriated for school technology as a funding source for NCVPS. Provides that if the SBE fails to report a new allotment formula for NCVPS to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, then the State Treasurer, the Office of State Budget and Management (OSBM), and the Office of State Controller must prevent the expenditure of funds related to the operation of the SBE.

#### **LEARN AND EARN ONLINE**

**SECTION 7.10.** Deleted.

#### **ABCS OF PUBLIC EDUCATION**

**SECTION 7.11.** Same as 3rd edition except directs the Joint Legislative Education Oversight Committee (JLEOC) to study the ABC Bonus Program (was, directed the SBE to develop a plan to restructure the ABCs Accountability System and report the restructuring plan to the Governor and General Assembly by January 31, 2010). Directs the JLEOC to consider in its study: (1) the current mechanism for determining which schools' employees are entitled to bonuses, (2) the relationship of bonuses awarded to the improvement of student performance and outcomes and reduction in dropout rates, and (3) any equities and inequities in the current program. Requires the JLEOC to report the results of the study to the General Assembly by March 31, 2010.

#### **SCHOOL CONNECTIVITY INITIATIVE**

**SECTION 7.12.** Provides that up to \$250,000 (was, \$300,000) may be transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet to be used for services to coordinate e-learning activities across all state educational agencies. Deletes provision that \$250,000 of the funds allocated for the School Connectivity Initiative may be used annually to sustain the Education E-Learning Portal and makes conforming changes.

#### **DROPOUT PREVENTION GRANTS**

**SECTION 7.13.** Same as 3rd edition except provides that of the funds appropriated for Dropout Prevention, the funds remaining after using \$100,000 for the 2009-10 and 2010-11 fiscal years to issue a request for proposals from qualified vendors and up to \$50,000 for those fiscal years for DPI's administrative and technical assistance to the Dropout Prevention Committee are to be used to award grants and to award successive grants to previous grant recipients (was, provided that \$1 million be used to award *new* grants and *additional* grants to previous grant recipients). Requires that grant funds be expended within one calendar year after the date a grant was issued (was, directed that the funds appropriated for the dropout prevention grants for the 2009-10 fiscal year did not revert but remained available for expenditure until August 31, 2011).

#### **DEPARTMENT OF PUBLIC INSTRUCTION/ BUDGET FLEXIBILITY**

**SECTION 7.14.** Deleted.

#### **BUSINESS EDUCATION TECHNOLOGY ALLIANCE**

**SECTION 7.15.** Same as 3rd edition except directs the State Controller to transfer \$26,335 from the Business Education Technology Alliance Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-10 fiscal year.

#### **CRITICAL FOREIGN LANGUAGE PILOT FUNDS DO NOT REVERT**

**SECTION 7.16.** Deleted.

#### **NORTH CAROLINA 1:1 LEARNING PROJECT**

**SECTION 7.17.** Deleted.

## **ASSESSMENT AND ACCOUNTABILITY**

**SECTION 7.18.** Same as 3rd edition except deletes provision that funds that are unexpended and unencumbered at the end of the 2009-10 fiscal year do not revert, but remain available for expenditure through June 30, 2011.

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

**SECTION 7.19.** Same as 3rd edition except adds provision that the General Assembly urges private colleges and universities to advise and assist the Department of Public Instruction, the North Carolina Community College System, and the University of North Carolina on the implementation of this section.

## **ELIMINATE CERTAIN TESTS**

**SECTION 7.20.** Deleted.

## **REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING**

**SECTION 7.21.** Identical to 3rd edition.

## **NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS**

**SECTION 7.22.** Identical to 3rd edition.

## **INCREASE CLASS SIZE**

**SECTION 7.23.** Same as 3rd edition except provides that notwithstanding any other provision of law, the maximum class size, the allotment ratios, and the maximum average class size limits for each grade level in the public schools will be *three* students higher beginning with the 2010-11 school year than they were for the 2008-09 school year. Deletes that it is the intent of the General Assembly that this increase remain in effect for a maximum of two years and that lower class sizes be restored as soon as state revenues make it fiscally responsible to do so.

## **DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC SCHOOL FUND**

**SECTION 7.25.** Same as 3rd edition except provides that DPI may continue to use the funds deposited in the State Public School Fund that otherwise would have been deposited in the Public School Building Capital Fund to support positions and operations in the School Support Services Division (was, DPI may continue to use the funds to support six positions in the School Planning Division).

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

**SECTION 7.26.** Deleted.

## **ENSURE ACCESS TO THE EVAAS SYSTEM**

**SECTION 7.27.** Deleted.

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

**SECTION 7.28.** Deleted.

## **PLAN FOR STATEWIDE MOTOR COACH PERMIT**

**SECTION 7.29.** Deleted.

## **NBPTS APPLICATION COSTS**

**SECTION 7.30.** New provision amends GS 115C-296.2 to provide as a matter of state policy in supporting the efforts of teachers to achieve National Board for Professional Teaching Standards (NBPTS) certification that the state will lend teachers the participation fee for national certification (was, the state will pay the participation fee). Requires a teacher receiving the loan to repay the application fee to the State Education Assistance Authority (SEAA) within three years. Directs SEAA to adopt rules and guidelines regarding the loan and repayment of the NBPTS application fee, and to implement the remainder of this section. Makes additional conforming changes.

## **SCHOOL TECHNOLOGY PLANS**

**SECTION 7.31.** Under current law, GS 115C-102.5 creates the Commission on School Technology (CST), located administratively in DPI. New provision amends Part 3A, *School Technology*, of Article 8 of GS Chapter 115C, deleting the provision permitting the CST to exercise all of its prescribed statutory powers independently of DPI. States that the purpose of the CST is to advise the SBE on the development of a State

School Technology Plan that (1) ensures the effective use of technology is built into the state's public school system in order to prepare a globally competitive workforce and citizenry for the 21st century and (2) ensures equity and access to school technology for all segments of the public school population in the state. Reduces the number of members appointed to the CST to 10 (was, 19 members). Authorizes the Chair of the SBE to select the CST chair or co-chairs (was, selection of co-chairs by the Speaker of the House of Representatives and the President Pro Tempore of the Senate). Directs DPI to provide requested professional and clerical staff to the CST (was, permitted CST to employ professional and clerical staff and hire outside consultants).

Directs the SBE to propose a State School Technology Plan (Plan) to ensure the incorporation of the effective use of technology into the state public school system to prepare a globally competitive workforce and citizenry for the 21st century (was, direct the CST to prepare requirements analysis and propose a state technology plan). Directs the CST to advise the SBE on the Plan. Provides that the Plan is to be a comprehensive (was, long-term) implementation plan to use funds from the State School Technology Fund and other sources to improve student performance in the public schools. Clarifies that the Plan elements are to include the use of technologies to support challenging state, federal, and local educational performance goals (was, state and local) and proposals for addressing equipment needs for state curricula areas (was, vocational education, Tech Prep, and science instruction). Deletes the provision in GS 115C-102.6A that required CST to consider and plan for the relationship of the North Carolina Information Highway to the plan. Makes technical changes.

Requires the SBE to review, approve, and revise the Plan as needed every two years at a minimum, in odd numbered years beginning in 2011. Designates the SBE as the responsible party for submitting the Plan to the State Chief Information Officer for approval of its technical components. Requires the SBE to make an annual report by February 1 to the JLEOC on the status of the Plan. Directs each local board of education to develop a local school technology plan that is aligned with and meets the needs of the Plan. Requires each local board to submit its plans to DPI for evaluation of the technological and instructional aspects of its plan. Prohibits a local school administrative unit from accessing technology-related funds until the SBE has approved its school technology plan.

Assigns the duty to monitor and evaluate the development of the state and local school system technology plans to DPI (was, the CST). Makes additional conforming changes.

## **IDEA FUNDS**

**SECTION 7.32.** New provision states that the General Assembly urges local school administrative units to redirect IDEA funds received under the American Recovery and Reinvestment Act of 2009 to other at-risk students, to the extent that federal law and the conditions of federal grants permit. Directs local school administrative units receiving IDEA funds under the American Recovery and Reinvestment Act of 2009 to report to the Joint Legislative Education Oversight Committee (JLEOC) on the detailed expenditure of funds by March 15, 2010, and by March 15, 2011.

## **ACCESS TO NCVPS**

**SECTION 7.33.** New provision requires the SBE to report to the JLEOC and the Fiscal Research Division prior to October 15, 2009, on (1) its policy regarding access for nonpublic school children to the North Carolina Virtual Public School (NCVPS) Program and (2) funding sources it authorizes, including tuition, for nonpublic school students in the program.

## **EDUCATION STABILIZATION FUNDS**

**SECTION 7.34.** New provision provides that local school administrative units may use funds received from the State Fiscal Stabilization Fund authorized in Title XIV of the American Recovery and Reinvestment Act of 2009 to offset budget cuts in the primary budget formulae for the state. Provides that the following allotment categories, presented in no particular order, constitute the primary budget formulae:

- (1) Classroom teachers;
- (2) Instructional support personnel – certified;
- (3) Instructional support personnel – noncertified;
- (4) Non-instructional support personnel;
- (5) Children with disabilities;
- (6) Teacher assistants;
- (7) Transportation of pupils;
- (8) At-Risk student services/alternative schools;
- (9) Career technical education – months of employment;
- (10) Career technical education – program support funds;
- (11) Classroom materials/instructional supplies/equipment;
- (12) Mentor positions;



- (13) Academically or intellectually gifted;
- (14) Limited english proficiency;
- (15) School technology fund;
- (16) Staff development;
- (17) Textbooks;
- (18) School building administration;
- (19) Central office administration; and
- (20) Driver training.

#### **SALARY OF TEACHERS WITH GRADUATE DEGREES**

**SECTION 7.35.** New provision adds subsection (b1) to GS 115C-302.1 prohibiting the SBE from authorizing payment on the master's degree salary schedule for a teacher who has a master's degree or other advanced degree that does not lead to professional education certification *unless* the master's or other advanced degree is in an area directly related to the teacher's existing area of certification and the teacher's current teaching responsibilities.

#### **ABOLISH COMPUTER LOAN REVOLVING FUND**

**SECTION 7.36.** New provision repeals Article 32B, *Computer Loan Revolving Fund*, of GS Chapter 115C. Directs the State Controller, as of July 1, 2009, to transfer \$120,677 from the Computer Loan Revolving Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-10 fiscal year.

#### **LOANS FROM STATE LITERARY FUND PROHIBITED**

**SECTION 7.37.** New provision amends GS 115C-458 to require that the State Literary Fund is to be faithfully appropriated and used exclusively for establishing and maintaining a uniform system of free public schools. Deletes provision permitting the SBE to make loans from the State Literary Fund to the counties for use by local boards of education. Amends the title of GS Chapter 115C, Article 32, to *State Literary Fund* (was, *Loans from State Literary Fund*). Appropriates \$411,058 for 2009-10 from the State Literary Fund to DPI for school technology. Repeals GS 115C-460 through GS 115C-467 (regarding loans from the State Literary Fund), except provides that the repeal of the statutory provisions does not apply to outstanding loans from the State Literary Fund.

### **PART VIII. COMMUNITY COLLEGES**

#### **COMMUNITY COLLEGE FACULTY SALARY PLAN**

**SECTION 8.1.** Identical to 3rd edition.

#### **USE OF BASIC SKILLS FUNDS**

**SECTION 8.2.** Identical to 3rd edition.

#### **FUNDS FOR CAMPUS SECURITY**

**SECTION 8.3.** Deleted.

#### **FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS**

**SECTION 8.4.** Identical to 3rd edition.

#### **CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS BIOTECHNOLOGY TRAINING FUNDS.**

**SECTION 8.5.** Deleted.

#### **LEARN AND EARN ONLINE FUNDS.**

**SECTION 8.6.** Deleted.

#### **CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS.**

**SECTION 8.7.** Deleted.

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

**SECTION 8.8.** Identical to 3rd edition.

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

**SECTION 8.9.** Identical to 3rd edition.

## **MAINTENANCE OF PLANT FLEXIBILITY**

**SECTION 8.10.** Deleted.

## **ELIMINATE SOME TUITION WAIVERS**

**SECTION 8.11.** New provision amends GS 115B-2(a) to eliminate UNC tuition waiver for senior citizens and all community college waivers under that section, and repeals GS 115B-2.1 waiving fees at UNC and community colleges for up to six class hours for senior citizens. Rewrites revisions of GS 115D-5(b) in 3rd edition to limit full tuition waivers to students seeking a high school diploma; high school students; students enrolled in Human Resources Development Program courses who are unemployed or being laid off and meet certain income requirements; trainees in Customized Training Program; volunteer fire, rescue and lifesaving personnel; and prison inmates. Allows partial waivers for wide variety of others, generally including those covered by present waiver provisions and adding several new categories. Amends GS 115D-39 to set minimum tuition of \$45 per hour for training and continuing education courses and \$25 per hour for other courses, for those who receive partial waiver.

Deletes proposed amendment to GS 115-B-2. Amends GS 115B-3 to delete the requirement that the State Board of Community Colleges promulgate rules to implement Chapter 115B.

## **CONTINUING EDUCATION FEES**

**SECTION 8.12.** Identical to 3rd edition.

## **CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS**

**SECTION 8.13.** Identical to 3rd edition.

## **CUSTOMIZED TRAINING PROGRAM**

**SECTION 8.14.** Same as 3rd edition except eliminates provision allowing carryforward of Customized Training Program moneys for equipment purchases.

## **COMMUNITY COLLEGES URGED TO PARTICIPATE IN FEDERAL STUDENT LOAN PROGRAMS**

**SECTION 8.15.** Eliminates provision in 3rd edition allowing balance in named financial assistance account to be used for assistance to displaced workers and qualified students, and substitutes provision urging community colleges to participate in federal student loan programs.

## **NORTH CAROLINA MILITARY BUSINESS CENTER**

**SECTION 8.16.** Identical to 3rd edition.

## **REVISE COLLEGE FUNDING FORMULA CATEGORIES**

**SECTION 8.17.** New provision directs Board of Community Colleges to revise college funding formula categories to accurately reflect where colleges are spending money. Revised formulas must ensure adequate funds for campus security. Authorizes emergency rules to give colleges flexibility on transferring funds to reduce impact of budget reductions on educational program.

## **FIRE TRAINING COORDINATORS**

**SECTION 8.18.** New provision places all community college fire training coordinators under direct supervision of Community Colleges System Office. Provides for one fire training coordinator each in eastern, central, and western parts of state.

## **CONTINUATION REVIEW OF THE PRISONER EDUCATION PROGRAM**

**SECTION 8.19.** New provision states that continuation review of prisoner education program is to be prepared jointly by Department of Correction and Community Colleges System Office and specifies items to be covered.

## **STUDY OF EFFICIENT AND EFFECTIVE COMMUNITY COLLEGE ADMINISTRATION**

**SECTION 8.20.** New provision states that study of most efficient and effective way to administer community college system is to be included in 2010-11 work plan for legislature's Program Evaluation Division. Requires that the study be submitted to specified committees at a date to be determined by the Joint Legislative Program Evaluation Oversight Committee.

## **NO STATE FUNDS FOR INTERCOLLEGIATE ATHLETICS**

**SECTION 8.21.** New provision prohibits use of state funds, including receipts, to be used for intercollegiate athletics program at community college.

## **FUNDING FOR HIGH SCHOOL STUDENTS ENROLLED IN COMMUNITY COLLEGES, COLLEGES, AND UNIVERSITIES**

**SECTION 8.22.** New provision directs the Department of Public Instruction, Community Colleges System Office, and UNC Board of Governors to study funding for high school students enrolled in community college, college, and university courses, with report to Joint Legislative Commission on Governmental Operations and Fiscal Research by January 15, 2010.

## **FUNDING FOR NEW MULTICAMPUS COLLEGES**

**SECTION 8.23.** New provision requires that the State Board of Community Colleges (Board) study the cost of funding all of the multicampus colleges in the Community College System and develop a mechanism for ensuring that newly established multicampus colleges are funded at the same level as existing multicampus colleges. Requires the Board to further explore recommendations for including new multicampus colleges in the continuation budget. Requires the Board to report the results of its study to the Joint Legislative Education Oversight Committee by February 15, 2010.

## **PART IX. UNIVERSITIES**

### **USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS**

**SECTION 9.1.** Same as 3rd edition except specifies that listed appropriations from Escheat Fund are for each fiscal year of biennium; also adds provision that funds uncommitted at end of year are to be returned to Escheat Fund, but only to the extent the funds exceed Escheat Fund income for the year.

### **THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND REDUCE/MAXIMUM GRANT AWARDS FOR 2009-2010 FISCAL YEAR AND REPEAL EARN SCHOLARS FUND IN 2010-2011 FISCAL YEAR**

**SECTION 9.2.** Same as 3rd edition except allocates \$16,225,000 of General Fund appropriations to State Education Assistance Authority (SEAA) for fiscal year 2009-10 to Education Access Rewards North Carolina Scholars Fund (EARN), and appropriates \$37,489,000 from Escheats Fund to SEAA for fiscal year 2009-10 (was, \$40 million in each fiscal year) for same purpose. Sets maximum \$2,000 grant per student. Repeals GS 116-209.26, the statute authorizing the EARN program, effective July 1, 2010.

### **TRANSFERS OF CASH BALANCES TO THE GENERAL FUND**

**SECTION 9.3.** Identical to 3rd edition.

### **TRANSFER FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS**

**SECTION 9.4.** Deleted.

### **UNC CENTER FOR ALCOHOL STUDIES**

**SECTION 9.5.** Same as 3rd edition except the annual appropriation to UNC for operating expenses for Bowles Center for Alcohol Studies is increased from \$500,000 to \$537,455.

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

**SECTION 9.6.** Same as 3rd edition except modifies provision in 3rd edition to limit tuition grant to students enrolled for 2008-09 academic year (was 2007-08) or earlier, and to provide for repeal of grant on July 1, 2014, rather than July 1, 2013.

## **CLOSING THE ACHIEVEMENT GAP/GRANTS**

**SECTION 9.7.** Same as 3rd edition except that authorizes use of up to \$100,000 each fiscal year to cover costs of administering grants.

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

**SECTION 9.8.** Identical to 3rd edition.

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

**SECTION 9.9.** Identical to 3rd edition.

**CODIFY AND INCREASE UNC UNDERGRADUATE TUITION SURCHARGE**

**SECTION 9.10.** Modifies 3rd edition to provide in new GS 116-143.7 and GS 116-143.7(a) for a 25% tuition surcharge in the 2009-10 academic year, and 50% surcharge in the 2010-11 academic year, for students who take more than 140 credit hours to complete four-year degree, or more than 110% of hours needed for designated five-year degree. Specifies hours to be included and excluded in calculation, and exempts from surcharge student whose credit hours are all earned within four- or five-year period. Allows waivers for students whose pursuit of degree is interrupted by military service, disability, or extraordinary hardship. Deletes (a)-(c) of Section 9 as they appeared in 3rd edition.

**ENROLLMENT GROWTH REPORTING**

**SECTION 9.11.** Identical to 3rd edition.

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

**SECTION 9.12.** Deleted.

**TRANSFER THE NORTH CAROLINA CENTER FOR THE ADVANCEMENT OF TEACHING TO THE STATE BOARD OF EDUCATION**

**SECTION 9.13.** Replaces provisions of 3rd edition with actual transfer of the Center for the Advancement of Teaching from UNC to State Board of Education. Recodifies and modifies various statutes accordingly. Provides for existing trustees to serve until current terms expire.

**COASTAL DEMONSTRATION WIND TURBINES**

**SECTION 9.14.** Same as 3rd addition except amends Section 9.12 of SL 2008-107 to extend the date by which the Board of Governors must report on the results of the study to the House Committee on Energy and Energy Efficiency and the Senate Committee on Agriculture/Environment/Natural Resources to August 1, 2009 (was, July 1, 2009). Also makes technical changes.

**AMEND AID TO PRIVATE MEDICAL SCHOOLS**

**SECTION 9.15.** New provision amends GS 116-21.5 to reduce assistance for NC medical students at Wake Forest from \$8,000 to \$1,000, and to reduce assistance for Duke from \$5,000 to \$500. Specifies that maximum aid in any year is not to exceed the difference between charges at that school and charges at UNC School of Medicine.

**DISTINGUISHED PROFESSOR ENDOWMENT TRUST FUND/PRIORITIZE USE OF FUNDS**

**SECTION 9.16.** New provision states that \$8 million of funds appropriated each year to Distinguished Professors Endowment Trust Fund are to be used first to match grant from the C.D. Spangler Foundation. Any remaining funds are to be used for backlog of professorships awaiting state matching fund.

**ELIMINATE ENROLLMENT GROWTH FUNDING FOR 2010-2011 FISCAL YEAR**

**SECTION 9.17.** New provision states that the General Assembly does not intend to appropriate funds for the 2010-11 fiscal year to fund enrollment growth at UNC institutions.

**PHASE OUT FUTURE TEACHERS SCHOLARSHIP LOAN PROGRAM**

**SECTION 9.18.** New provision limits scholarship loans under Future Teachers program to seniors scheduled to graduate at end of the 2010-11 academic year. Financial obligations to students awarded loans before July 1, 2011, are to be fulfilled as long as student remains eligible under program. Repeals GS 116-209.38, statute creating program, effective July 1, 2011.

## **UNC MANAGEMENT FLEXIBILITY REDUCTION**

**SECTION 9.19.** New provision declares that UNC Board of Governors is not to allocate flexibility reductions across the board and is to look to first reduce budgets for management, centers and institutes, low-enrollment degree programs and nonacademic activities. Also calls for board to review institutional trust funds and special funds to determine whether they can be used for operating costs. Specifies that campuses must require faculty to have teaching workload equal to national average. Puts the following program off-limits for budget reductions: (1) \$3 million each year for accreditation of East Carolina dental school, (2) \$1.5 million in fiscal year 2009-10 for equipment for Joint School of Nanoscience and Nanoengineering at NC A&T and UNC-G and (3) \$1.5 million each year to match federal grant for engineering school at NC A&T.

## **REPEAL IN-STATE TUITION FOR FULL SCHOLARSHIP STUDENTS**

**SECTION 9.20.** New provision repeals GS 116-143.6 which allows UNC institutions to give in-state tuition status to full-scholarship students.

## **REDUCE NUMBER OF COURSES UNC FACULTY AND STAFF MAY TAKE TUITION-FREE**

**SECTION 9.21.** New provision amends GS 116-143(d) to reduce from three to two the number of courses UNC faculty and staff may take per year tuition-free.

## **NO SPECIAL TALENT TUITION WAIVERS FOR STUDENT ATHLETES**

**SECTION 9.22.** New provision amends GS 116-143(c) to prohibit the UNC Board of Governors from authorizing a reduced tuition rate for athletes, and specifies that no such policy may be implemented for the 2009-11 fiscal biennium.

## **NO IMPLEMENTATION OF CAMPUS INITIATED TUITION INCREASES**

**SECTION 9.23.** New provision specifies that no campus-initiated tuition increase is to be implemented for the 2009-10 academic year.

## **ESTABLISH JOINT LEGISLATIVE COMMITTEE ON CONSOLIDATION OF STATE SCHOLARSHIPS**

**SECTION 9.24.** New provision establishes ten-member Joint Legislative Study Committee on Consolidation of State Scholarships, half each appointed by President Pro Tem and Speaker, to study consolidation of scholarships for students who attend any UNC institution. In particular, study to consider consolidation of income-based scholarships and consolidation of merit-based scholarships. Interim report may be made to the 2010 session, and a final report must be made to the 2011 session.

## **ENCORE CENTER FOR LIFELONG ENRICHMENT AND THE WILLIAM AND IDA FRIDAY CENTER FOR CONTINUING EDUCATION/DISCRETIONARY FEE INCREASES TO COVER STATE BUDGET REDUCTIONS**

**SECTION 9.26.** New provision allows fees charged for courses at Encore Center for Lifelong Enrichment at NC State University to be increased, on chancellor's approval, to cover the budget reduction of \$71,243 in state funds each fiscal year. Includes comparable provision for the Friday Center at UNC-Chapel Hill to cover the budget reduction of \$200,000 each year.

## **ELIMINATE STATE FUNDING FOR MILLENNIUM SEMINARS AND PUBLIC SAFETY LEADERSHIP CENTER AT NORTH CAROLINA STATE UNIVERSITY**

**SECTION 9.27.** New provision prohibits use of state funds for millennium seminars or public safety leadership center at NC State for 2009-11 fiscal biennium.

## **LEGISLATIVE TUITION GRANTS AND RELIGIOUS COLLEGE GRANTS**

**SECTION 9.28.** New provision requires that, if the amount appropriated to the State Education Assistance Authority (Authority) for 2009-10 for legislative tuition grants, or for religious college grants, exceeds the amount required to pay the grants in the amount of \$1,850 to each state resident student attending the state's private colleges or eligible institutions, respectively, then the Authority must disburse the surplus balance equally among each eligible student as part of the grant for 2009-10. Prohibits any student from receiving a grant in excess of \$1,950 for 2009-10.

## **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **CHILD CARE SUBSIDY RATES**

**SECTION 10.1.** Identical to 3rd edition.

## **CHILD CARE ALLOCATION FORMULA**

**SECTION 10.2.** Same as 3rd edition aside from a technical correction.

## **CHILD CARE FUNDS MATCHING REQUIREMENT**

**SECTION 10.3.** Identical to 3rd edition.

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

**SECTION 10.4.** Same as 3rd edition except directs the Division of Child Development of the Department of the Health and Human Services (DHHS) to address in its policies regarding expenditure of child care subsidy funds providing an upfront six-month job search period for applicants (was, former recipients) who have lost employment since October 1, 2008.

## **CHILD CARE REVOLVING LOAN**

**SECTION 10.5.** Identical to 3rd edition.

## **CHILD CARE MARKET RATE ADJUSTMENTS**

**SECTION 10.6.** Deleted.

## **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS**

**SECTION 10.7.** Same as 3rd edition except for subsection 10.7(g), which is amended to provide that the North Carolina Partnership for Children (Partnership) and local partnerships must spend at the level required to draw down all federal recovery funds, as determined by the Department of Health and Human Services (DHHS) (was, directed the local partnerships to spend an amount for child care subsidies that provided at least \$52 million for the TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement. Also directed the Partnership not to spend less on child care subsidies than spent in fiscal year 2008-09.

## **TASK FORCE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION AND CARE**

**SECTION 10.7A.** New provision, effective July 1, 2009, establishes a task force to develop a plan to consolidate agencies and programs related to early childhood education. Sets out the membership, duties, and guiding principles of the task force. Establishes dates by which the group should convene, report on its findings, and implement its transition plan.

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

**SECTION 10.8.** Deleted.

## **MORE AT FOUR PROGRAM**

**SECTION 10.9.** Deleted.

## **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES**

**SECTION 10.10.** Identical to 3rd edition.

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

**SECTION 10.11.** Identical to 3rd edition.

## **MENTAL HEALTH CHANGES**

**SECTION 10.12.(a)** Identical to 3rd edition.

**SECTION 10.12.(b)** Deletes former subsection 10.12(b) and rennumbers subsequent subsections accordingly. New subsection 10.12(b) identical to subsection 10.12(c) in the 3rd edition.

**SECTION 10.12.(c)** Same as subsection 10.12(d) in the 3rd edition, except the sum allocated for the purchase of local inpatient psychiatric beds or bed days is reduced from \$20,121,644 to \$14,149,115.

**SECTION 10.12.(d)** Identical to subsection 10.12.(e) in the 3rd edition.

**SECTION 10.12.(e)** New provision requires the DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (the Division), to create an "incurred but not reported" category of expenditures such that services are paid based on the actual date of services rather than the date when the invoice is received. Provides that DHHS may only implement this change with the approval of the Office of State Budget and Management. Allows the Division to require that providers of mental health, developmental

disabilities, and substance abuse services submit bills to the Local Management Entity (LME) for state-funded services within 60 days of the date the services were provided.

**SECTION 10.12.(f)** New provision allowing DHHS to create a midyear process by which it can reallocate State service dollars away from LMEs that do not appear to be on track to spend the LMEs' full appropriation and toward LMEs that appear able to spend the additional funds. Subsection 10.12.(f) of the 3rd edition is deleted.

**SECTION 10.12.(g)** New provision requiring the Division to continue implementation of the current Supports Intensity Scale (SIS) assessment tool pilot project if the pilot project meets certain criteria. Requires DHHS to report on the progress of the pilot project by May 1, 2010.

#### **REENACT 2007 SPECIAL PROVISION ON COLLABORATION ON SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE**

**SECTION 10.13.** Identical to 3rd edition.

#### **CLOSURE OF WRIGHT AND WHITAKER SCHOOLS**

**SECTION 10.14.** Deleted.

#### **SUBSTANCE ABUSE TASK FORCE RECOMMENDATIONS/AVAILABILITY OF SUBSTANCE ABUSE TREATMENT**

**SECTION 10.15.(a)** Deletes subsection 10.15.(a) of the 3rd edition and rennumbers subsequent subsections accordingly. New subsection 10.15.(a) is identical to subsection 10.15.(b) in the 3rd edition.

**SECTION 10.15.(b)** Identical to subsection 10.15.(c) in the 3rd edition.

**SECTION 10.15.(c)** Same as subsection 10.15.(d) in the 3rd edition, except for the deletion of the second paragraph of that subsection, which allocated \$300,000 to Treatment Accountability for Safer Communities to add new case managers.

**SECTION 10.15.(d)** Same as subsection 10.15.(e) in the 3rd edition.

**SECTION 10.15.(f)** Deleted.

#### **TOTAL QUALITY MANAGEMENT**

**SECTION 10.16.** Identical to 3rd edition.

#### **BUDGET REDUCTIONS FOR DIVISION OF MH/DD/SA**

**SECTION 10.17.** Deleted.

#### **IOM STUDIES**

**SECTION 10.18.** Provides that funds appropriated to DHHS for North Carolina Institute of Medicine (NCIOM) *may* be used to study the following issues: (1) the availability of Medicaid and state-funded mental health, developmental disability, and substance abuse services to active duty, reserve, and veteran members of the military and National Guard; (2) issues related to cost, quality, and access to appropriated and affordable health care for all North Carolinians; and (3) short-term and long-term strategies to address issues within adult care homes that provide residence to frail and elderly persons and to persons suffering from mental illness (was, NCIOM *must* use the funds to study the availability of Medicaid and state-funded mental health, developmental disability, and substance abuse services to active duty, reserve, and veteran members of the military and National Guard). Requires NCIOM to make an interim report on its recommendations and proposed legislation no later than January 15, 2010, to specified committees and to issue its final report to the 2011 General Assembly upon its convening. Provides additional guidelines regarding matters that the Health Access Study Group may include in its study. Makes conforming change to the section title.

#### **ALLOCATION OF RECURRING CUT IN MH/DD/SA SERVICES**

**SECTION 10.18A.** New provision directs DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to allocate the \$50 million recurring reduction in services in an equitable manner across all Local Management Entities (LMES).

#### **TREATMENT OUTCOMES AND PROGRAM PERFORMANCE SYSTEM FORM REQUIREMENT CHANGE**

**SECTION 10.18B.** New provision directs, for the 2009-11 fiscal biennium only, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SA), to suspend the use of the North Carolina Treatment Outcomes and Program Performance Systems (TOPPS) form for mental health patients that do not have substance abuse issues.

## **FUNDS FOR LOCAL MANAGEMENT ENTITY (LME) SERVICE GAPS**

**SECTION 10.19.** Deleted.

## **MULTICOUNTY LME FUND BALANCE REQUIREMENTS**

**SECTION 10.19A.** New provision sets out detailed requirements for the maintenance, deposit, and withdrawal from a multicounty LME fund balance. Requires single county LMEs to report to DHHS quarterly, which must in turn report to the General Assembly. Requires DHHS, Division of MH/DD/SA to develop categories reflecting the source and purpose of certain funds in an LME or county fund balance.

## **TRANSITION OF UTILIZATION MANAGEMENT OF COMMUNITY-BASED SERVICES TO LOCAL MANAGEMENT ENTITIES**

**SECTION 10.20.** Identical to 3rd edition.

## **VENDING ACCOUNTS**

**SECTION 10.20A.** New provision directs the Office of State Budget and Management and DHHS, Division of MH/DD/SA, to eliminate all budget codes in the 2000 and 6000 range pertaining to vending receipt accounts and patient and employee activities. Provides that these receipts should be part of the operating budget within the facility in which the vending machine service is operated.

## **MENTAL HEALTH TRUST FUND ALLOCATIONS**

**SECTION 10.21.** Deleted.

## **WESTERN REGIONAL MAINTENANCE OPERATIONS**

**SECTION 10.21A.** New provision requiring DHHS, in coordination with other entities, to develop and implement a more efficient and responsive plan for western regional maintenance operations that meets specified requirements. Requires DHHS to decentralize the maintenance activities at the Butner facilities. Requires DHHS to report to various legislative entities on the implementation of the changes not later than October 1, 2009.

## **CAP-MR/DD STATE FUND SERVICE ELIGIBILITY**

**SECTION 10.21B.** New provision prohibits CAP-MR/DD recipients from being eligible for any state-funded services except for those for which there is no comparable service in the CAP-MR/DD waiver. Limits the excepted services to guardianship, room and board, and time-limited supplemental staffing to stabilize residential placement.

## **VITAL RECORDS FEES**

**SECTION 10.22.** Same as 3rd edition except the maximum fee for issuance of the first copy of a vital record is increased from \$20 to \$24.

## **CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE**

**SECTION 10.23.** Identical to 3rd edition.

## **FUNDS FOR SCHOOL NURSES**

**SECTION 10.24.** Deleted.

## **AIDS DRUG ASSISTANCE PROGRAM**

**SECTION 10.25.** Same as 3rd edition, except for the addition of new subsection 10.25(b) requiring DHHS to work with the Department of Correction (DOC) to use DOC funds to treat DOC inmates with HIV/AIDS in a way that allows these funds to count as state matching funds for the purposes of drawing down federal Ryan White funds.

## **PUBLIC HEALTH IMPROVEMENT PLAN**

**SECTION 10.26.** Identical to 3rd edition.

## **REPLACEMENT OF RECEIPTS FOR CHILD DEVELOPMENT SERVICE AGENCIES**

**SECTION 10.26A.** New provision requires receipts earned by the Child Development Service Agencies from any third-party payor to be budgeted on a recurring basis to replace reduced state appropriations.

## **HEALTH INFORMATION TECHNOLOGY**

**SECTION 10.27.** Deleted.



## **HOSPITAL-ACQUIRED INFECTIONS**

**SECTION 10.28.** Same as 3rd edition except clarifies that DHHS is to apply for Federal funds available through the American Recovery and Reinvestment Act (ARRA) to implement (was, develop and implement) a mandatory statewide surveillance and reporting system for hospital acquired infections.

## **MEN'S HEALTH**

**SECTION 10.29.** Deleted.

## **FACILITATION OF ENROLLMENT AND REENROLLMENT OF ELIGIBLE CHILDREN IN MEDICAID AND NC HEALTH CHOICE**

**SECTION 10.30.** Same as 3rd edition except deletes the requirement that DHHS submit a Medicaid State Plan Amendment to take advantage of recent federal legislation allowing states to provide medical assistance for certain children and pregnant women lawfully residing in the United States.

## **NC HEALTH CHOICE TRANSITION**

**SECTION 10.31.(a)** Same as 3rd edition except for the deletion of claims processing from the activities transferred to the Division of Medical Assistance.

## **NC HEALTH CHOICE/PROCEDURES FOR CHANGING MEDICAL POLICY**

**SECTION 10.32.** Deleted.

## **NC HEALTH CHOICE MEDICAL POLICY**

**SECTION 10.33.** Identical to 3rd edition.

## **NC HEALTH CHOICE ENROLLMENT FREEZE**

**SECTION 10.34.** Provides that DHHS may not enroll any more than 129,694 children in the NC Health Choice for Children Program in the 2009-2010 fiscal year.

## **NCHC FUNDS REDUCTION/CCNC**

**SECTION 10.35.(a).** Same as 3rd edition except adds an effective date of July 1, 2009.

## **REPORT ON DHHS POSITION ELIMINATIONS**

**SECTION 10.35A.** New provision grants DHHS additional flexibility in achieving savings from position eliminations. Requires DHHS to report to the General Assembly on the number of positions eliminated and related cost savings on or before March 1, 2010.

## **COMMUNITY CARE OF NORTH CAROLINA**

**SECTION 10.36.(a)** Identical to 3rd edition.

**SECTION 10.36.(b)** Same as 3rd edition except for technical corrections.

**SECTION 10.36.(c)** Same as 3rd edition except for technical corrections.

**SECTION 10.36.(c1)** New provision requires DHHS to submit a report every 6 months to various state legislative entities evaluating the performance of each of the 14 Community Care of North Carolina networks.

**SECTION 10.36.(d)** Same as 3rd edition except that the duties of bidding entities are limited to annual reporting on Medicaid cost savings.

**SECTION 10.36.(e)** Same as 3rd edition except that the deadline is changed from November 1, 2010 to October 1, 2010, and a requirement for annual reports is added.

**SECTION 10.36.(f)** Identical to 3rd edition.

## **COMMUNITY HEALTH CENTER CHANGES**

**SECTION 10.37.** Same as 3rd edition except reduces the amount allocated as grants to various community health centers from \$7,860,000 to \$1,860,000. Removes the limitation that community health centers that have received certain federal funds are not eligible to receive grant funds under this section.

## **LIABILITY INSURANCE**

**SECTION 10.38.** Identical to 3rd edition.

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

**SECTION 10.39.** Deleted.

**DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES**

**SECTION 10.40.** Identical to 3rd edition.

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

**SECTION 10.41.** Identical to 3rd edition.

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

**SECTION 10.42.** Identical to 3rd edition.

**PROGRAM ON PREVENTION OF ABUSE AND NEGLECT**

**SECTION 10.43.** Same as 3rd edition except that DHHS through the Division of Social Services is given exclusive responsibility to carry out the Program on Prevention of Abuse and Neglect, (was, responsibility of the State Board of Education through the Department of Public Instruction).

**INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS**

**SECTION 10.44.** Identical to 3rd edition.

**FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

**SECTION 10.45.(a)** Provides that the maximum rates for state participation in the foster care assistance program are as follows:

- (1) \$390 per child per month for children aged birth through 5 (was \$475);
- (2) \$440 per child per month for children aged 6 through 12; (was \$581) and
- (3) \$490 per child per month for children aged 13 through 18 (was \$634).

**SECTION 10.45.(b)** Provides that the maximum rates for the state adoption assistance program are the same as for the foster care assistance program.

**SECTION 10.45.(c)** Identical to 3rd edition.

**SECTION 10.45.(d)** Identical to 3rd edition.

**SECTION 10.45.(e)** Same as 3rd edition except for the addition of a provision that a county shall be held harmless from contributing 50% of the nonfederal share of the cost for a child placed in a family foster home or residential child care facility under an agreement with that provider as of October 31, 2008, until the child leaves foster care or experiences a placement change.

**SECTION 10.45.(f)** Identical to 3rd edition.

**SECTION 10.45.(g)** New provision makes this section effective July 1, 2009, and applicable to payments made on or after that date.

**CHILD SUPPORT PROGRAM/ENHANCED STANDARDS**

**SECTION 10.46.** Same as 3rd edition aside from a technical correction.

**ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES**

**SECTION 10.46A.** New provision requiring child support enforcement programs administered by DHHS on behalf of counties to be administered (or to have administration provided for) by the board of county commissioners of those counties after July 1, 2010. Requires affected counties to submit an operation plan to DHHS by January 1, 2010.

**CHILD CARING INSTITUTIONS**

**SECTION 10.47.** Identical to 3rd edition.

**SPECIAL CHILDREN ADOPTION FUND**

**SECTION 10.48.** Same as 3rd edition except eliminates the requirement that the Division of Social Services implement strategies to ensure funds that have historically reverted for the Special Children Adoption Fund are used for their intended purpose.

**LIMITATION ON STATE ABORTION FUND**

**SECTION 10.49.** Identical to 3rd edition.

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

**SECTION 10.50.** Same as 3rd edition except appropriates \$3,168,250 for 2010-11 from the Escheat Fund income to DHHS, and appropriates \$1,668,250 for 2010-11 from the General Fund to DHHS (the 3rd edition included an appropriation of \$3,168,250 for 2009-10 from the Escheat Fund income to DHHS). Requires that any funds appropriated from the Escheat Fund that remain uncommitted at the end of a fiscal year must be returned to the Escheat Fund. Deletes provision that asserted that it was the intent of the General Assembly for 2010-11 fiscal year and beyond to appropriate support for the child welfare postsecondary support program from the General Fund.

#### **TANF BENEFIT IMPLEMENTATION**

**SECTION 10.51.** Same as 3rd edition except for the removal of Iredell County from the list of approved electing counties.

#### **OFFICE OF EDUCATION SERVICES/FUNDS TRANSFER AND CONSOLIDATION OF SCHOOLS**

**SECTION 10.51A.(a)** New provision transfers \$175,321 from the Office of Education Services Trust Fund to the Office of Education Services General Fund, to be used to support the North Carolina School for the Deaf at Morganton, Eastern North Carolina School for the Deaf at Wilson, and Governor Morehead School for the Blind.

**SECTION 10.51A.(b)** New provision prohibits the enrollment of new students at the Governor Morehead School for the Blind during the 2009-2010 and 2010-2011 school years in preparation for the closure of the school.

**SECTION 10.51A.(c)** New provision mandates that the Office of Education Services (OES) develop a plan for the consolidation of the Governor Morehead School for the Blind at the existing campuses of the North Carolina School for the Deaf at Morganton and the Eastern North Carolina School for the Deaf at Wilson. Requires OES to report on a list of required components of the consolidation plan by May 1, 2010.

#### **EVALUATION OF CONSOLIDATION OF ADMINISTRATIVE FUNCTIONS OF COUNTY DEPARTMENTS OF SOCIAL SERVICES**

**SECTION 10.52.** Deleted.

#### **ENHANCE MARKETING OF PUBLIC ASSISTANCE AVAILABILITY**

**SECTION 10.53.** Deleted.

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

**SECTION 10.54.** Deleted.

#### **NON-MEDICAID REIMBURSEMENT CHANGES**

**SECTION 10.55.(a)** Identical to 3rd edition.

**SECTION 10.55.(b)** New provision requires the DHHS Secretary to reduce provider rates for medical and nonmedical services rendered for the Medical Eye Care, Independent Living, and Vocational Rehabilitation programs within the Division of Services for the Blind, and Independent Living and Vocational Rehabilitation programs within the Division of Vocational Rehabilitation to achieve an overall rate reduction of 5.5% in fiscal year 2009-2010 and 6.0% in fiscal year 2010-2011.

#### **DIVISION OF SERVICES FOR THE DEAF AND HARD OF HEARING/FUNDS TRANSFER AND APPROPRIATION**

**SECTION 10.56.(a)** Same as 3rd edition except increases the amount to be transferred from the Special Account for Telecommunications Relay Service to Nontax Budget Code 19978 to the General Fund to \$8.5 million (was, \$5 million). Provides that DHHS shall file a petition with the North Carolina Utilities Commission to reset the surcharge provided for in GS 62-157 to maintain a reasonable margin for reserve for the operation of the statewide telecommunications relay service. Deletes provision transferring \$1.5 million to Budget Code 24410 for Information Technology Projects in DHHS.

#### **STATE-COUNTY SPECIAL ASSISTANCE**

**SECTION 10.57.** Identical to 3rd edition except provides that effective October 1, 2009, the maximum monthly rate for residents in adult care home facilities shall be \$1,173 per month per resident unless adjusted by DHHS. Further provides that the eligibility of Special Assistance recipients residing in adult care homes on September 30, 2009, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from the adoption of this maximum monthly rate.

## **MEDICAID**

**SECTION 10.58.** Identical to 3rd edition.

**SECTION 10.58.(d)** Same as 3rd edition except deletes from the list of permissible payments from Medicaid appropriation subdivision (20) regarding physical therapy, occupational therapy, and speech therapy for eligible children under certain conditions. Also amends subdivision (28) regarding reimbursements for prescription drugs by deleting specified service fees and directing the Department of Health and Human Services (DHHS) to establish fees based on reductions and authorizing enhanced fee for pharmacy services.

**SECTION 10.58.(e)** Identical to 3rd edition.

**SECTION 10.58.(f)** Same as 3rd edition except adds new subdivision (3) requiring DHHS to establish a \$50 per visit co-payment for non-emergent hospital emergency room visits.

**SECTION 10.58.(g)** Identical to 3rd edition.

## **MEDICAID PROVIDER FEE**

**SECTION 10.58A** New provision directs DHHS Division of Medical Assistance to charge \$100 fee to each provider for initial enrollment in the Medicaid program and every three years upon reenrollment.

## **ACCELERATED DHHS PROCUREMENT PROCESS TO ACHIEVE BUDGET REDUCTIONS**

**SECTION 10.58B.** New provision authorizes that DHHS, with approval by the Governor, may modify or extend existing contracts or as necessary enter into sole source contracts to timely achieve the provisions of the act. Also requires report on such action to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittees on Health and Human Services, the Fiscal Research Division (FRD), and the Office of State Budget and Management. Expires six months from the date of enactment of the act and applies only to (1) acquisition of medical equipment, supplies, and appliances; (2) maximizing technology to increase third party recovery, increase cost avoidance activities, identify provider overbilling, and program integrity activity; (3) implementing prior authorization efforts in imaging and other high-cost services; (4) providing technical assistance to enhance care coordination, analysis, and reports to assess provider compliance and performance; (5) conducting independent assessments; and (6) providing technology services to establish reporting and assistance in care management. Requires DHHS to report on these activities to the specified legislative committees and FRD by April 1, 2010.

## **DMA CONTRACT SHORTFALL**

**SECTION 10.59.** Deleted.

## **MEDICAID COST CONTAINMENT ACTIVITIES**

**SECTION 10.60.** Deleted.

## **MEDICAID SPECIAL FUND TRANSFER**

**SECTION 10.61** Identical to 3rd edition.

## **EXTEND IMPLEMENTATION OF COMMUNITY ALTERNATIVES PROGRAMS REIMBURSEMENT SYSTEM**

**SECTION 10.62** Identical to 3rd edition.

## **DMA REDUCTION OPTION FLEXIBILITY**

**SECTION 10.63.** Deleted.

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

**SECTION 10.64.(a)** Identical to 3rd edition.

**SECTION 10.64.(b)** Deletes requirement that excess revenue be reserved by State Treasurer in DHHS account for future appropriations.

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

**SECTION 10.65.** Identical to 3rd edition.

## **IMPLEMENTATION PLAN FOR FOUR TIERS OF CAP-MR/DD PROGRAM**

**SECTION 10.65A** New provision. Requires DHHS Division of Medical Assistance, in conjunction with the Division of Mental Health, Development Disabilities and Substance Abuse Services to submit a State Plan

amendment to the Centers for Medicare and Medicaid services for the implementation of Tiers 1 through 4 of the CAP-MR/DD program and listing required plan detail regarding services, cost, and need.

#### **PREFERRED DRUG LIST PROGRAM**

**SECTION 10.66.(a)** Deletes the condition to DHHS's implementation of a preferred drug list program based on its determining regarding the sufficiency of savings. As amended requires DHHS to establish and implement such a program.

**SECTIONS 10.66.(b)-(c)** Identical to 3rd edition.

**SECTION 10.66.(d)** Deleted.

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

**SECTION 10.67** Deleted.

#### **CLARIFYING CHANGES TO STATE MEDICAID RESPONSIBILITIES**

**SECTION 10.68** Identical to 3rd edition.

#### **AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN THE MEDICAID PROGRAM**

**SECTION 10.68A.(a)** New provision. Authorizes DHHS to mandate use of electronic payments, claims, and reviews. Requires DHHS to amend its policies and submit state plan amendments to modify or eliminate physical, speech, and occupational therapies, modify or eliminate dental services, consolidate and reduce case management, eliminate coverage of HIV case management, eliminate coverage of therapeutic camps, and modify or eliminate adult routine eye exams and visual aids. Directs the Division of Medical Assistance to implement specified new criteria for personal care services including independent assessment or review; establishment of qualifying criteria and levels of service; limitation of physician service orders and reauthorization, exclusion of non-medical transportation, errands and shopping, money management, cueing, and prompting, guiding, or coaching; requiring online physician attestation of medical necessity; and revisions of audits and review process. Specifies deadlines for termination for non-qualifying services. Mandates denial, reduction, or termination of state-funded personal care and assistant services if such action taken for Medicaid-funded services. Directs elimination of community support services on or before April 1, 2010, and specifies transition rules regarding current authorizations and services. Limits authorization for community support teams and directs the Division of Medical Assistance, by October 1, 2009, to report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services on a rate study. Requires DHHS to restructure Medicaid and state-funded child MH/DD/SA residential services and sets requirements for elimination of specified services, moratoriums on admissions, notice requirements, record keeping, and other steps for transition of recipients to appropriate treatment options. Subject to the prior approval of the Office of State Budget and Management, requires DHHS to reduce Medicaid provider rates 5.5% in the 2009-10 fiscal year and 6% in the 2010-11 fiscal year and requires the Secretary to consider impact on access to care and adjust rates accordingly. Sets other conditions for rate reductions. Directs DHHS to issue Medicaid identification cards to recipients on a quarterly basis.

**SECTION 10.68A.(b)** Amends GS 108A-70.21(d) by adding a new subdivision (5) to establish a \$50 per visit co-payment for non-emergent hospital emergency room visits.

**SECTION 10.68A.(c)** Amends GS 108A-54.2(1) to provide that, during the development of new medical coverage policy or amendment to existing medical coverage policy, DHHS must consult with and seek the advice of the Physician Advisory Group of DHHS (was, North Carolina Medical Society) and other organizations the Secretary deems appropriate.

**SECTION 10.68A.(d)** Enacts new GS 108A-55.5 to provide that certain health insurers must accept authorization from the Division of Medical Assistance for the provision of medical services on the behalf of a medical assistance recipient and are prohibited from denying a claim submitted by the Division solely on the basis that the insurer did not give prior approval or authorization for the service.

**SECTION 10.68A.(e)** Requires DHHS, at least 30 days prior to the adoption of new or amended medical coverage policies, to publish the proposed change on its Web site, notify Physicians' Advisory Group (PAG) members and Medicaid recipients by direct mail, and update policies on the Web site to reflect changes made as a result of written comments received from the PAG and others.

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

**SECTION 10.69** Identical to 3rd edition.

#### **MEDICAID AND FALSE CLAIMS**

**SECTIONS 10.70.(a) - (g) Deleted.**

**PROVIDER RATES**

**SECTION 10.71 Deleted.**

**MEDICAID WAIVER FOR LOW-INCOME PERSONS WITH HIV**

**SECTION 10.72 Deleted.**

**INFORMATION ON MEDICAID WAIVERS**

**SECTION 10.72A** New provision. Requires DHHS to report to specified legislative committees and the Fiscal Research Division by March 1, 2010, on the feasibility and efficacy of applying for Medicaid waivers from the Centers for Medicare and Medicaid Services (CMS). Requires the report to recommend whether waivers should be sought for individuals who test positive for HIV and have incomes at or below 200% of the federal poverty level, for interconceptional coverage to low-income women with incomes below 185% of the federal poverty guidelines who have given birth to a high-risk infant as defined in the provision, for individuals who sustain traumatic brain injury after age 22 to access home and community-based Medicaid services, and to prevent a Medicaid recipient from losing eligibility due to Social Security and Railroad Retirement cost-of-living adjustments and federal poverty level adjustments.

**MAINTAIN MEDICAID ELIGIBILITY**

**SECTION 10.73 Deleted.**

**REDUCE INFANT MORTALITY AND PRETERM BIRTHS**

**SECTION 10.74. Deleted.**

**MEDICAID WAIVER TO PROVIDE HOME AND COMMUNITY-BASED MEDICAID SERVICES FOR CERTAIN INDIVIDUALS**

**SECTION 10.74A Deleted.**

**NC NOVA**

**SECTION 10.75 Deleted.**

**DHSR LICENSE FEE INCREASES**

**SECTION 10.76.** Same as the 3rd edition except amends GS 131E-202(b) to require DHHS to charge license applicants a nonrefundable annual license fee of \$400. Makes technical changes.

**DHSR INITIAL LICENSURE FEES NEW FACILITIES**

**SECTION 10.77** Identical to 3rd edition.

**DHHS BLOCK GRANTS**

**SECTION 10.78.** Changes items and amounts for appropriations from federal block grant funds for the fiscal year ending June 30, 2010, to the following schedule:

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

**Local Program Expenditures**

**Division of Social Services**

01.	Work First Family Assistance	\$87,083,100
02.	Work First County Block Grants	94,453,315
03.	Child Protective Services – Child Welfare Workers for Local DSS	14,452,391
04.	Child Welfare Collaborative	1,019,193
<b>Division of Child Development</b>		
05.	Subsidized Child Care Program	61,087,077
<b>Division of Public Health</b>		
06.	Teen Pregnancy Initiatives	450,000

DHHS Administration

07.	Division of Social Services	1,093,176
08.	Office of the Secretary	75,392
09.	Office of the Secretary/DIRM – TANF Automation Projects	720,000
10.	Office of the Secretary/DIRM – NC FAST Implementation	1,200,000

Transfers to Other Block Grants

Division of Child Development

11.	Transfer to the Child Care and Development Fund	84,330,900
-----	--	------------

Division of Social Services

12.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,738,827
13.	Transfer to Social Services Block Grant for Maternity Homes	943,002
14.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
15.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
16.	Transfer to Social Services Block Grant for Foster Care Services	390,000
17.	Transfer to Social Services Block Grant for Medically Fragile Children	360,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT	\$357,396,373
--	---------------

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)  
CONTINGENCY FUNDS

Local Program Expenditures

Division of Social Services

01.	Work First Family Assistance	\$2,236,284
02.	Work First – Boys and Girls Clubs	1,600,000
03.	Work First – After-school Services For At-Risk Children	1,639,714
04.	Work First – After-school Programs For At-Risk Youth in Middle Schools	400,000
05.	Work First – Connect, Inc. (Work Central)	440,000
06.	Work First – Citizens Schools Program	360,000
07.	County Demonstration Grants	3,239,789
08.	Adoption Services – Special Children's Adoption Fund	3,000,000
09.	Family Violence Prevention	1,760,000
10.	Work First Functional Assessment	600,000
11.	Electing County State Funding Swap Out	2,378,213
12.	State Subsidized Child Care Funding Swap	12,452,484

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

CONTINGENCY FUNDS \$30,106,484

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01.	County Departments of Social Services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
02.	State In-Home Services Fund	2,101,113
03.	State Adult Day Care Fund	2,155,301
04.	Child Protective Services/CPS Investigative Services-Child Medical Evaluation Program	397,718
05.	Foster Care Services (Transfer from TANF – \$390,000)	2,372,619
06.	Maternity Homes (Transfer from TANF)	943,002
07.	Special Children Adoption Incentive Fund	500,000
08.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,738,827
09.	Home and Community Care Block Grant (HCCBG)	1,834,077
	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
10.	Mental Health Services Program	422,003
11.	Developmental Disabilities Services Program	5,000,000
12.	Mental Health Services-Adult and Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601
	Division of Child Development	
13.	Subsidized Child Care Program	3,150,000
	Division of Public Health	
14.	Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000
15.	Services for Medically Fragile Children (Transfer from TANF)	360,000

DHHS Program Expenditures

Division of Aging and Adult Services

16.	UNC-CARES Training Contract	247,920
	Division of Vocational Rehabilitation	
17.	Independent Living Program	400,000
	Division of Services for the Blind	
18.	Independent Living Program	3,633,077
	Division of Health Service Regulation	
19.	Adult Care Licensure Program	411,897
20.	Mental Health Licensure and Certification Program	205,668

DHHS Administration

21.	Division of Aging and Adult Services	688,436
22.	Division of Social Services	892,624
23.	Office of the Secretary/Controller's Office	138,058
24.	Office of the Secretary/DIRM	87,483
25.	Division of Child Development	15,000
26.	Division of Mental Health, Developmental	



	Disabilities, and Substance Abuse Services	29,665
27.	Division of Health Service Regulation	235,625
28.	Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs	250,000
29.	Office of the Secretary	48,053

#### Transfers to Other State Agencies

##### Department of Administration

30.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
-----	---	---------

#### Transfers to Other Block Grants

##### Division of Public Health

31.	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
-----	---	---------

TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 64,209,973
-----------------------------------	---------------

#### LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

#### Local Program Expenditures

##### Division of Social Services

01.	Low-Income Energy Assistance Program (LIEAP)	\$ 22,612,198
02.	Crisis Intervention Program (CIP)	16,927,343
	Office of the Secretary – Office of Economic Opportunity	
03.	Weatherization Program	7,258,685
04.	Heating Air Repair & Replacement Program (HARRP)	3,385,583

#### Local Administration

##### Division of Social Services

05.	County DSS Administration	3,608,360
	Office of the Secretary – Office of Economic Opportunity	
06.	Local Residential Energy Efficiency Service Providers – Weatherization	420,035
07.	Local Residential Energy Efficiency Service Providers – HARRP	195,910

#### DHHS Administration

08.	Division of Social Services	275,000
09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	11,577
10.	Office of the Secretary/DIRM	384,494
11.	Office of the Secretary/Controller's Office	17,566
12.	Office of the Secretary/Office of Economic Opportunity – Weatherization	420,035
13.	Office of the Secretary/Office of Economic Opportunity – HARRP	195,910

#### Transfers to Other State Agencies

14.	Department of Administration – N.C. State Commission of Indian Affairs	95,469
-----	---	--------

TOTAL LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT	\$ 55,808,166
--	---------------

#### CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

##### Local Program Expenditures

###### Division of Child Development

01.	Subsidized Child Care Services (CCDF)	\$144,097,307
02.	Contract Subsidized Child Care Services Support	507,617
03.	Subsidized Child Care Services (Transfer from TANF)	84,330,900
04.	Quality and Availability Initiatives	24,560,876
Division of Social Services		
05.	Local Subsidized Child Care Services Support	\$16,594,417

##### DHHS Administration

###### Division of Child Development

06.	DCD Administrative Expenses	6,539,277
Division of Central Administration		
07.	DHHS Central Administration – DIRM Technical Services	763,356

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	\$277,393,750
--	---------------

#### CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

##### Local Program Expenditures

###### Division of Child Development

01.	Subsidized Child Care Services (CCDF)	\$53,993,329
02.	Contract Subsidized Child Care Services Support	29,030

##### DHHS Program Expenditures

###### Division of Child Development

03.	Quality and Availability Initiatives	7,719,144
04.	TEACH	3,800,000

##### Local Administration

###### Division of Social Services

05.	Subsidy Services Support	2,001,631
-----	--------------------------	-----------

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH ARRA	\$67,543,143
--	--------------

#### MENTAL HEALTH SERVICES BLOCK GRANT

#### Local Program Expenditures

01.	Mental Health Services – Adult	\$ 5,977,762
02.	Mental Health Services – Child	3,921,991
03.	Comprehensive Treatment Service Program	1,500,000
04.	Mental Health Services – UNC School of Medicine, Department of Psychiatry	300,000

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT \$ 11,699,753

#### SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

#### Local Program Expenditures

##### Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

01.	Substance Abuse Services – Adult	\$ 22,258,080
02.	Substance Abuse Treatment Alternative for Women	8,069,524
03.	Substance Abuse – HIV and IV Drug	5,116,378
04.	Substance Abuse Prevention – Child	7,186,857
05.	Substance Abuse Services – Child	4,940,500
06.	Institute of Medicine	250,000
Division of Public Health		
07.	Risk Reduction Projects	633,980
08.	Aid-to-Counties	209,576
09.	Maternal Health	37,779

TOTAL SUBSTANCE ABUSE PREVENTION  
AND TREATMENT BLOCK GRANT \$ 48,702,674

#### MATERNAL AND CHILD HEALTH BLOCK GRANT

#### Local Program Expenditures

##### Division of Public Health

01.	Children's Health Services	7,534,865
02.	Women's Health	7,701,691
03.	Oral Health	38,041

#### DHHS Program Expenditures

##### Division of Public Health

04.	Children's Health Services	1,359,636
05.	Women's Health	135,452
06.	State Center for Health Statistics	179,483
07.	Quality Improvement in Public Health	14,646
08.	Health Promotion	88,746
09.	Office of Minority Health	55,250
10.	Immunization Program – Vaccine Distribution	382,648

#### DHHS Administration

##### Division of Public Health

11.	Division of Public Health Administration	631,966
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 18,122,424
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
Division of Public Health		
01.	NC Statewide Health Promotion	\$1,730,653
02.	Services to Rape Victims	197,112
03.	HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)	145,819
DHHS Program Expenditures		
Division of Public Health		
04.	NC Statewide Health Promotion	1,699,044
05.	Oral Health	70,000
06.	State Laboratory of Public Health	16,600
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$3,859,228
COMMUNITY SERVICES BLOCK GRANT		
Local Program Expenditures		
Office of Economic Opportunity		
01.	Community Action Agencies	\$ 16,673,336
02.	Limited Purpose Agencies	926,297
DHHS Administration		
03.	Office of Economic Opportunity	926,296
TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 18,525,929
COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)		
Local Program Expenditures		
Office of Economic Opportunity		
01.	Community Action Agencies	\$ 25,980,693
DHHS Administration Expenditures		
02.	Division of Social Services	262,431
TOTAL COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH ARRA		\$ 26,243,124
<b>GENERAL PROVISIONS</b>		

Same as 3rd edition except requires DHHS to submit a separate plan for each Block Grant that includes information regarding the delineation of specified allocations, expenditures, and projections.

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

Same as 3rd edition except decreases appropriation in TANF Contingency funds for domestic violence services to Work First recipients to \$1,760,000 from \$2,200,000.

Increases the appropriation in TANF Contingency funds for after-school programs and services for at-risk children to \$1,639,714 from \$1,229,785.

Increases the appropriation in TANF Contingency funds for the expansion of after-school programs for at-risk children attending middle school to \$400,000 from \$300,000.

Deletes the \$67,523 appropriation for Connect, Inc., in TANF Block Grant funds, and increases the appropriation in TANF Contingency funds to \$440,000 from \$301,025.

Deletes the \$800,000 appropriation for Boys and Girls Clubs in TANF Block Grant funds and increases appropriation in TANF Contingency funds to \$1,600,000 from \$1,200,000.

Appropriates \$1,019,193 in TANF Block Grant funds (was, \$1,875,512 in TANF Block Grant funds and Contingency funds) and includes other recruitment initiatives together with Child Welfare Collaborative as an authorized purpose for the funds.

Appropriates \$360,000 in TANF Contingency funds for 2009-10 to be used to support the Citizens Schools Program.

#### **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)**

New provision requires DHHS to apply for federal funding available through the American Recovery and Reinvestment Act of 2009 and allocates \$1,959,020 of such funds to implement a Conversion Pay for Performance Work First Benefits Program and directs any excess to be used to support the Work First Family Assistance program.

#### **SOCIAL SERVICES BLOCK GRANT**

Same as the 3rd edition except adds fund appropriated for child medical evaluations as exempt from the provisions of 10A NCAC 71R .0201(3).

Increases the appropriation for child welfare training projects to \$2,738,827 from \$2,550,000.

Specifies that the appropriation for child-caring agencies must be allocated in support of state foster home children.

Appropriates \$400,000 for the Independent Living Program.

#### **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

Identical to the 3rd edition.

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

Same as the 3rd edition except refers to graduate job-searchers who lost employment since October 1, 2008 as *applicants* rather than *former recipients*.

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

Identical to the 3rd edition.

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

Same as the 3rd edition except designates \$391,642 of the Block Grant Plan Management Plan appropriation for 2009-10 to new initiatives, survey and immunization activities, and salary increases, specifying that funds are for current ongoing activities only.

#### **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

Deleted.

#### **COMMUNITY SERVICES BLOCK GRANT**

Same as 3rd edition except deletes "including Food and Nutrition Services" from the description of purposes of directed cooperation between block grant recipients and county social services and regional food banks.

Appropriates \$262,431 in the Community Services Block Grant, received through the American Recovery and Reinvestment Act of 2009, to DHHS for the 2009-10 fiscal year for coordination of identification and enrollment of eligible individuals and families in federal, state, and local benefit programs.

## **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

### **COMMERCIAL FERTILIZER FEES**

**SECTION 11.1.** Identical to 3rd edition.

### **INCREASE PESTICIDE REGISTRATION FEE**

**SECTION 11.2.** Identical to 3rd edition.

### **BOARD OF AGRICULTURE REVIEW OF FEE SCHEDULES**

**SECTION 11.3.** Identical to 3rd edition.

### **FARMLAND PRESERVATION TRUST FUND**

**SECTION 11.4.** New provision amends GS 106-744 to clarify that the Commissioner of Agriculture is limited to distributing NC Agricultural Development and Farmland Preservation Trust Fund monies for the purposes listed in GS 106-744(c). Modifies the membership of the Agricultural Development and Farmland Preservation Trust Fund Advisory Committee (Committee) by replacing the Director of the Southeast Regional Office of the American Farmland Trust with the Executive Director of the Rural Advancement Foundation International – USA or the Executive Director's designee as a member of the Committee. Also make technical changes. Specifies that the change in membership of the Committee must occur prior to the next quarterly meeting of the Committee that occurs on or after the date the act becomes law.

## **PART XII. DEPARTMENT OF LABOR**

### **DEPARTMENT OF LABOR/APPRENTICESHIP PROGRAM**

**SECTION 12.1.** Same as 3rd edition except provides in proposed GS 94-12 that each written apprentice who is covered by a written apprenticeship agreement entered into under GS Chapter 94 is subject to a (1) \$50 new registration fee and (2) \$50 annual fee (was, unspecified \$25 fee). Provides that each fee is payable as \$30 by the sponsor and \$20 by the apprentice. Requires the sponsor to collect fees from the apprentice and remit the total fees to the Department of Labor. Exempts the state, a state department or agency, or any political subdivision of the state or an apprentice of those entities from the statute's provisions.

### **DEPARTMENT OF LABOR/REVIEW ALL FEES BIENNIALLY**

**SECTION 12.2.** New provision enacts new GS 95-14.1 to provide that, by February 1 of each odd-numbered year, the Department of Labor must review all fees charged under its authority to determine whether any of the fees should be changed and report to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division on its findings. Requires that the report include all of the information reported to the Office of State Budget and Management for its Biennial Fee Report and other specified information.

### **DEPARTMENT OF LABOR/TRANSFER SPECIAL FUNDS TO GENERAL FUND AND TO APPRENTICESHIP PROGRAM**

**SECTION 12.3.(a)** New provision requires that the Department of Labor (Department), in consultation with the Office of State Budget and Management (OSBM) and the Office of the State Controller (Controller), transfer any unencumbered cash balance on June 30, 2009, in the Elevator and Amusement Device Bureau Special Fund and the Boiler Bureau Special Fund to a General Fund code and permanently close the Special Funds.

**SECTION 12.3.(b)** Also requires that the Department, in consultation with OSBM and the Controller, transfer any unencumbered cash balance on June 30, 2009, in the Pre-Apprenticeship Special Fund to the Apprenticeship Program to be used for operating expenses in 2009-10 and permanently close the Special Fund.

## **PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

### **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES REVIEW OF FEE SCHEDULES**

**SECTION 13.1A.** New provision amends GS 143B-279.2 to require that the Department of Environment and Natural Resources (DENR), by February 1 of each odd-numbered year, review all fees charged

under any program under its authority to determine whether any of these fees should be changed and report to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division. Requires that the report include (1) the most recent Biennial Fee Report submitted by the Department to OSBM; (2) a list of each fee charged under any program under DENR's authority that, for each fee, identifies the program, if any, and the division of DENR, if any, that is supported by the fee; the total expenditures for each program supported by fees; an evaluation of any inflationary change since the last change to the amount of the fee; and any other information deemed relevant to this review; and (3) DENR's findings resulting from its review under this subdivision and any recommendations to increase or decrease any of these fees.

#### **DENR TO STUDY ADVISABILITY OF ELIMINATING OR CONSOLIDATING ANY ENVIRONMENTAL BOARDS, COMMISSIONS, OR COUNCILS**

**SECTION 13.1B.** New provision requires that DENR, in consultation with the Fiscal Research Division, study the advisability of eliminating or consolidating any boards, commissions, or councils that are located within DENR for organizational, budgetary, or administrative purposes and that are involved in environmental policy-making in North Carolina, with powers and duties ranging from advisory to rule making and quasi-judicial. Requires DENR to consider whether the number of these environmental boards, commissions, and councils has created any inefficiency or duplication in overall environmental program delivery and whether the members that comprise an environmental board, commission, or council have the necessary time and expertise. By May 1, 2010, DENR must report its findings and any recommendations to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division.

#### **JOINT DEPARTMENTAL STUDY OF TRANSFERRING GRADE "A" MILK SANITATION PROGRAM**

**SECTION 13.1C.** New provision requires that the Department of Environment and Natural Resources (DENR) and the Department of Agriculture and Consumer Services (DACS), in consultation with the Fiscal Research Division, jointly study the feasibility and the advisability of transferring the Grade "A" Milk Sanitation Program under Part 9 of Article 8 of GS Chapter 130A that is currently located within the Division of Environmental Health of DENR to DACS. Allows DENR and DACS to consult with entities outside the two departments, including entities regulated by either department. By May 1, 2010, DENR and DACS must submit a report of their findings and any recommendations and legislative or administrative proposals to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division. Specifies information to be included in the report.

#### **LEGISLATIVE STUDY COMMISSION ON WATER AND WASTEWATER INFRASTRUCTURE**

**SECTION 13.1D.** New provision creates a 17-member Legislative Study Commission on Water and Wastewater Infrastructure (Commission). Specifies composition of the Commission. Provides for meetings, filling of vacancies, assignment of staff, and expenses. Requires that the Commission focus on the development of an ongoing process to identify and regularly report to the General Assembly on statewide water and wastewater infrastructure needs and to improve the delivery of state appropriated water and wastewater programs. Specifies duties of the Commission. Requires that the Commission submit an interim report to the 2009 General Assembly, Regular Session 2010, by May 1, 2010, with a final report by the convening of the 2011 Regular Session of the General Assembly. Terminates the Commission upon the earlier of the filing of its final report or the convening of the 2011 General Assembly.

#### **IMPROVE COORDINATION OF STATE WATER INFRASTRUCTURE FUNDING**

**SECTION 13.1E.** New provision requires that the Department of Commerce (DOC), DENR, the Executive Director of the Clean Water Management Trust Fund (Fund), and the Rural Economic Development Center (Center) work cooperatively with the State Water Infrastructure Commission (Commission) to accomplish the following: (1) develop a common first page for applications for grants and loans for state water infrastructure funds, to be used by all of the state sources of water infrastructure projects funding; (2) conduct regular joint meetings of the state sources of water infrastructure projects funding; (3) develop a process for sharing progress reports and other information among the state sources of water infrastructure projects funding and for making joint site visits; and (4) provide water funding data to the Commission in order that the Commission be able to provide a single annual report to the General Assembly on state investments in water infrastructure projects. Defines *State sources of water infrastructure projects funding* as DOC, DENR, the Fund, and the Center. Requires that the Commission submit a final report to the House and Senate Appropriations Subcommittees on Natural and Economic Resources by May 1, 2010. Specifies information to be included in the report. Transfers \$50,000 from the unencumbered cash balance of the Mercury Switch Removal Account established in GS 130A-310.54 to DENR for 2009-10 to be used by the State Water Infrastructure Commission to pay its expenses related to its work as required by this section.

## **JOINT STUDY OF DENR SPECIAL FUNDS**

**SECTION 13.1F.** New provision requires that DENR, OSBM, the Office of the State Controller (Controller), and the Fiscal Research Division (FRD) study the special funds within DENR as of July 1, 2009. When conducting the study under this section, DENR, OSBM, the Controller, and FRD must jointly evaluate each of these special funds to determine whether the receipts of each of these funds are over- or under-realized. By May 1, 2010, DENR, OSBM, the Controller, and FRD must report the results of this study, including their findings, recommendations, and any legislative proposals, to the Environmental Review Commission and the House and Senate Appropriations Subcommittees on Natural and Economic Resources. Specifies information to be included in the report.

## **CLOSE/TRANSFER CERTAIN DENR SPECIAL FUNDS**

**SECTION 13.1G.(a)** New provision requires that the OSBM, in conjunction with the Controller and DENR, close all of the following special funds within DENR and transfer any unencumbered cash balance of each on June 30, 2009, to the North Carolina Aquariums Fund: (1) Special Activities Roanoke Island; (2) Events Roanoke Island; (3) Special Activities Pine Knoll Shores; (4) Events Pine Knoll Shores; (5) Special Activities Fort Fisher; and (6) Events Fort Fisher.

**SECTION 13.1G.(b)** Requires that OSBM, in conjunction with the Controller and DENR, close the Governor's Cup Trust Fund, a special fund within DENR, and transfer any unencumbered cash balance of that fund on June 30, 2009, to the Division of Marine Fisheries.

**SECTION 13.1G.(c)** Requires that OSBM, in conjunction with the Controller and DENR, close the Environmental Education Certification special fund and transfer any unencumbered cash balance of that fund on June 30, 2009, to the Office of Environmental Education.

**SECTION 13.1G.(d)** Requires that OSBM, in conjunction with the Controller and DENR, (1) transfer to the General Fund any unencumbered cash balance on June 30, 2009, in the special fund within DENR, ADM – Fines & Penalties; (2) move this special fund from a Special Fund code to a General Fund code; and (3) permanently close the special fund.

**SECTION 13.1G.(e)** Requires that OSBM, in conjunction with the Controller and DENR, transfer to the General Fund any unencumbered cash balance on June 30, 2009, in each of the following special funds within the Department and permanently close each of these special funds: (1) DWQ – Groundwater Protection Permit Fees, (2) DLR - SB7 Landslide Mapping, and (3) DLR - VRS Geodetic Survey & DOT.

**SECTION 13.1G.(f)** Requires that OSBM, in conjunction with the Controller and DENR, transfer to the Information Technology Fund any unencumbered cash balance on June 30, 2009, in each of the following special funds within the Department and permanently close each of these special funds: (1) ADM - CGIA NGPOCS4 - Urban, (2) ADM - CGIA, and (3) ADM - CGIA GIS Conference.

## **REVISE CLEAN WATER MANAGEMENT TRUST FUND OPERATIONS LIMIT**

**SECTION 13.1.** Deleted.

## **FOOD AND LODGING INSPECTION FEES INCREASES**

**SECTION 13.2.** Same as 3rd edition except in proposed amended GS 130A-248 increases the annual fee charged to each establishment that prepares and sells meat food products or poultry products, and public school cafeterias, except nutrition programs for the elderly administered by the Division of Aging of the Department of Health and Human Services (DHHS), to \$75 (was, \$60 in the previous edition). Increases the fee DHHS may charge for plan review of plans for prototype franchised or chain facilities for food establishments to \$250 (was, \$235 in the previous edition). Increases the maximum fee any local health department may charge for plan review by that local health department of plans for food establishments subject to this section that are not subject to GS 130A-248(e) to \$250 (was, \$235 in the previous edition).

## **RADIATION PROTECTION SECTION SUPPORTED BY FEES/INCREASE FEES**

**SECTION 13.3.(a)** Same as 3rd edition except in proposed amended GS 104E-19, establishes maximum annual fee amounts for (1) tanning facilities and (2) specific categories of facilities registered to use X-ray tubes or X-ray equipment.

**SECTION 13.3.(b)** Makes a technical change.

**SECTION 13.3.(c)** Provides that, notwithstanding GS 104E-19, as amended by this section, DENR must impose the following annual fees during 2009-10 on a person who is required to be registered or licensed to use sources of radiation under GS Chapter 104E: (1) for tanning facilities: \$135 for the first piece of tanning equipment and \$22 for each additional piece; (2) for the following categories of facilities registered to use X-ray tubes or X-ray equipment: educational, government, and veterinarians: \$90 for the first X-ray tube or piece of X-



ray equipment and \$16 for each additional tube or piece of equipment; (3) for the following categories of facilities registered to use X-ray tubes or X-ray equipment: chiropractors, dentists, podiatrists, industrial, physicians, and other; \$125 for the first X-ray tube or piece of X-ray equipment and \$20 for each additional tube or piece of equipment; (4) for the following categories of facilities registered to use X-ray tubes or X-ray equipment: industrial medical, health departments, and service: \$180 for the first X-ray tube or piece of X-ray equipment and \$25 for each additional tube or piece of equipment; and (5) for the following categories of facilities registered to use X-ray tubes or X-ray equipment: hospitals and industrial radiography: \$275 for the first X-ray tube or piece of X-ray equipment and \$35 for each additional tube or piece of equipment.

**SECTION 13.3.(d)** Provides that, notwithstanding GS 104E-19, as amended by this section, DENR must impose the following annual fees during 2010-11 on a person who is required to be registered or licensed to use sources of radiation under GS Chapter 104E of the General Statutes: (1) for tanning facilities: \$165 for the first piece of tanning equipment and \$25 for each additional piece; (2) for the following categories of facilities registered to use X-ray tubes or X-ray equipment: educational, government, and veterinarians: \$120 for the first X-ray tube or piece of X-ray equipment and \$20 for each additional tube or piece of equipment; (3) for the following categories of facilities registered to use X-ray tubes or X-ray equipment: chiropractors, dentists, podiatrists, industrial, physicians, and other: \$165 for the first X-ray tube or piece of X-ray equipment and \$22 for each additional tube or piece of equipment; (4) for the following categories of facilities registered to use X-ray tubes or X-ray equipment: industrial medical, health departments, and service: \$240 for the first X-ray tube or piece of X-ray equipment and, for industrial medical and health departments: \$30 for each additional tube or piece of equipment; and (5) for the following categories of facilities registered to use X-ray tubes or X-ray equipment: hospitals and industrial radiography: \$360 for the first X-ray tube or piece of X-ray equipment and \$40 for each additional tube or piece of equipment.

**SECTION 13.3.(e)** Requires that the annual fees under subsection (c) and subsection (d) of this section provide revenue to offset DENR's costs in performing its duties under GS Chapter 104E during the 2009-11 fiscal biennium. Requires that DENR delay collecting the annual fees under subsection (c) of this section that are due July 1, 2009, until August 1, 2009.

#### **EXPAND PERMISSIBLE USES OF THE SOLID WASTE MANAGEMENT TRUST FUND**

**SECTION 13.3A.** New provision amends GS 130A-309.12(a) to provide that the Solid Waste Management Trust Fund is created and administered by the Department of Environment and Natural Resources to provide funding for the activities of the Division of Pollution Prevention and Environmental Assistance.

#### **CHANGE DISTRIBUTION OF SCRAP TIRE NET TAX PROCEEDS**

**SECTION 13.3B.** New provision amends GS 105-187.19(b) to provide that, each quarter, the Secretary of Revenue (Secretary) must credit (1) 17% (was, 22%) of the net tax proceeds to the Scrap Tire Disposal Account, (2) 2.5% of the net tax proceeds to the Inactive Hazardous Sites Cleanup Fund, and (3) 2.5% of the net tax proceeds to the Bernard Allen Memorial Emergency Drinking Water Fund.

#### **INCREASE CAP FOR VOLUNTARY REMEDIAL ACTIONS AT INACTIVE HAZARDOUS DISPOSAL SITES/DENR MONITORING FEE**

**SECTION 13.3C.** New provision amends GS 130A-310.9(a) to increase the maximum amount any one owner, operator, or other responsible party who voluntarily participates in the implementation of a remedial action program under GS 130A-310.3 or GS 130A-310.5 may be required to pay to \$5 million (was, \$3 million) for the cost of implementing a remedial action program at a single inactive hazardous substance or waste disposal site. Requires an owner, operator, or other responsible party who voluntarily participates in the implementation of a remedial action program to pay, in addition to the cost of implementing the remedial action program, a \$1,000 fee to be used for DENR's cost of monitoring and enforcing the remedial action program. Makes technical and clarifying changes.

Applies to any voluntary remedial action program that is developed or implemented on or after, or is pending as of, the effective date of the section.

#### **SCRAP TIRE DISPOSAL ACCOUNT FUNDS**

**SECTION 13.4.** Deleted.

#### **MARINE FISHERIES FUNDS FOR THE FISHERIES RESOURCES GRANT PROGRAM**

**SECTION 13.5.** Deleted.

#### **NEW LEASE PURCHASE/INSTALLMENT CONTRACTS FOR FORESTRY EQUIPMENT**

**SECTION 13.6.** Identical to 3rd edition.

**GRASSROOTS SCIENCE PROGRAM**

**SECTION 13.7.** Same as 3rd edition except provides that of the funds appropriated in this act to DENR for the Grassroots Science Program, \$3,202,832 (was, \$3,411,713) for 2009-10 and \$3,133,205 (was, \$3,411,713) for 2010-11 is allocated as grants-in-aid for each fiscal year as follows:

	2009-2010	2010-2011
Aurora Fossil Museum	\$54,332	\$53,151
Cape Fear Museum	\$148,126	\$144,906
Carolina Raptor Center	\$103,200	\$100,957
Catawba Science Center	\$134,648	\$131,720
Colburn Earth Science Museum, Inc.	\$68,581	\$67,091
Core Sound Waterfowl Museum	\$46,000	\$45,000
Discovery Place	\$609,836	\$596,579
Eastern NC Regional Science Center	\$46,000	\$45,000
Fascinate-U	\$74,586	\$72,965
Granville County Museum Commission, Inc.–Harris Gallery	\$51,908	\$50,780
Greensboro Children's Museum	\$124,270	\$121,568
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$143,162	\$140,050
Highlands Nature Center	\$72,927	\$71,341
Imagination Station	\$79,151	\$77,430
The Iredell Museums, Inc.	\$56,402	\$55,175
Kidsenses	\$74,779	\$73,154
Museum of Coastal Carolina	\$71,778	\$70,218
The Natural Science Center of Greensboro, Inc.	\$171,446	\$167,719
North Carolina Museum of Life and Science	\$349,440	\$341,843
Pisgah Astronomical Research Institute	\$46,000	\$45,000
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	\$46,000	\$45,000
Rocky Mount Children's Museum	\$66,474	\$65,029
Schiele Museum of Natural History and Planetarium, Inc.	\$211,183	\$206,592
Sci Works Science Center and Environmental Park of Forsyth County	\$134,779	\$131,849
Sylvan Heights Waterfowl Park and Eco-Center	\$46,000	\$45,000
Western North Carolina Nature Center	\$103,849	\$101,591
Wilmington Children's Museum	\$67,975	\$66,497
Total	\$3,202,832	\$3,133,205

Requires DENR to study the advisability of (1) DENR developing for museums that are members of the Grassroots collaborative a competitive and need-based grant program for operating expense support, to be implemented and administered by the Office of Environmental Education within DENR and (2) using this competitive and need-based grant program for 2011-12 and thereafter for specific museums that are members of the Grassroots collaborative in lieu of the allocations provided in subsection (a) of this section. In conducting this study, requires that DENR, in consultation with the Fiscal Research Division and the Grassroots collaborative, consider establishing a process for applying for these grants, criteria for evaluating applications, and a process for allocating grants. Requires that DENR submit a report to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division by May 1, 2010.

**TIMBER ASSESSMENT DESPITE APPROPRIATION**

**SECTION 13.8.** Deleted.

**FOREST DEVELOPMENT FUND/FOREST PRODUCTS ASSESSMENT RATES**

**SECTION 13.9.** Identical to 3rd edition.

**CONTINUATION REVIEW OF FOREST RESOURCES YOUNG OFFENDERS FOREST CONSERVATION PROGRAM (BRIDGE)**

**SECTION 13.9A.** New provision allows the Appropriations Committees of the House of Representatives and the Senate to review the Young Offenders Forest Conservation Program (BRIDGE) administered and supported by the Division of Forest Resources (Division) of DENR and determine whether to continue, reduce, or eliminate funding for this program. Allows the Fiscal Research Division to issue instructions to DENR regarding the expected content and format of the report required by this section. Requires that the Division report to the Fiscal Research Division by December 1, 2009. Specifies information to be included in the report. Requires the Division to submit a final report that includes the required information to the General Assembly by March 1, 2010.

**DEVELOP PLAN TO CHARGE PARKING FEES AT STATE PARKS**

**SECTION 13.9B.** New provision requires that the Division of Parks and Recreation (Division) of DENR, in consultation with the Fiscal Research Division, study the costs and benefits of charging parking fees for parking at any or all state parks within the State Parks System. Requires that the Division consider each state park separately when determining the advisability of charging parking fees and the amount of any such parking fees and consider charging a separate parking fee for parking on a daily, weekly, monthly, and annual basis. Requires that the Division evaluate various mechanisms for collecting the parking fees and determine the collection method that is most reliable, efficient, and convenient to the public for each parking fee. Requires that the Division report the results of the study to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division by March 1, 2010. Requires this report to include specified information.

**BEAVER DAMAGE CONTROL PROGRAM FUNDS**

**SECTION 13.10.** Identical to 3rd edition.

**FUNDS FOR WILDLIFE RESOURCES COMMISSION OPERATING BUDGET**

**SECTION 13.11.(a)** New provision repeals GS 105-164.44B, which required the Secretary of Revenue to transfer a certain amount of sales and use tax net collections received by the Department of Revenue under Article 5 of GS Chapter 105 at the end of each quarter to the State Treasurer for the Wildlife Resources Fund.

**SECTION 13.11.(b)** Requires that the Office of State Budget and Management, the State Controller, and the Wildlife Resources Commission (Commission) jointly effectuate, beginning with the Commission's operating budget for 2009-10, the transition from the Commission receiving sales tax proceeds to fund its operating budget to the Commission receiving an appropriation from the General Fund to fund its operating budget.

**PART XIV. DEPARTMENT OF COMMERCE**

**ONE NORTH CAROLINA FUND**

**SECTION 14.1.** Identical to 3rd edition.

**ECONOMIC DEVELOPMENT FUNDS/REPORTING REQUIREMENTS**

**SECTION 14.1A.** New provision amends GS 143B-437.02(k), GS 143B-437.012(m), and GS 143B-437.83 to require annual reports (instead of quarterly reports) in September for uses of Site Infrastructure Development Program, Job Maintenance and Capital Development Fund, and One North Carolina Small Business Program. Repeals GS 143B-438.13(d), which requires quarterly reports on Employment and Training Grant Program. Amends GS 143B-438.17 to shift from monthly to annual reports for Trade Jobs for Success initiative. Amends GS 143B-472.80 to delete requirement that Board of Science and Technology prepare biennial report on the impact of trends that reflect impact of education on economic growth by county. Repeals Part 15 of Article 10 of GS Chapter 143B, dealing with Main Street Financial Incentive Fund.

**STUDY STATE AIRCRAFT FLEETS**

**SECTION 14.1B.** New provision directs General Assembly's Program Evaluation Division to study the number, use, and effectiveness of the state's aircraft fleets and recommend whether it is desirable or feasible to sell any of the aircraft or to transfer any of the aircraft to another state agency. Report due to specified committees no later than May 30, 2010.

**EXECUTIVE AIRCRAFT/USE FOR ECONOMIC DEVELOPMENT PRIORITY**

**SECTION 14.1C.** New provision amends GS 143B-437.011 to eliminate priority for Governor's and Council of State's use of state executive aircraft when not in use by Commerce Department for economic development and instead allows it to be used by the Governor or a state official with an agency that does not have its own aircraft.

**ONE NORTH CAROLINA FUNDS/USE OF CASH BALANCE**

**SECTION 14.2.** Deleted.

**SMALL BUSINESS ASSISTANCE FUND**

**SECTION 14.3.** Deleted.

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

**SECTION 14.4.** Deleted.

**NER BLOCK GRANTS**

**SECTION 14.5.** Identical to 3rd edition.

**NER CDBG/AMERICAN RECOVERY AND REINVESTMENT ACT 2009**

**SECTION 14.5A** New provision appropriates more than \$12 million in community development federal block grant funds for fiscal 2009-10 as follows: Up to \$1,208,061 for Administration; \$5,872,553 for Infrastructure; \$3 million for Housing; and \$2 million for Special Projects.

**MAIN STREET GRANT FUNDS**

**SECTION 14.6.** Deleted.

**INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT**

**SECTION 14.7.** Identical to 3rd edition.

**INDUSTRIAL COMMISSION/SAFETY EDUCATION SECTION**

**SECTION 14.8.** Identical to 3rd edition.

**EMPLOYMENT SECURITY COMMISSION FUNDS**

**SECTION 14.9** Same as 3rd edition except reduces by \$200,000 the amount that can be used for operation of local offices and increases by \$200,000 the amount that can be used to maintain compliance with GS Chapter 96. Appropriates \$1.5 million from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina to fund a system upgrade to the Common Follow-Up Management Information System.

**EMPLOYMENT SECURITY COMMISSION/AMERICAN RECOVERY AND REINVESTMENT ACT 2009**

**SECTION 14.10.** Same as 3rd edition, except increases authorization to expend funds from Unemployment Trust Fund to \$14,647,397, from \$14 million.

**COMMERCE/ENTERPRISE FUNDS AND SPECIAL FUNDS**

**SECTION 14.10A.** New provision directs State Budget Office, in conjunction with State Controller and Commerce Department, to close 13 designated special funds in the Rural Electrification Authority, Grape Growers Council, Credit Union Supervision, Cemetery Commission, Utilities Commission, State Banking Commission, ABC Commission, and Commerce Department and transfer remaining fund balances to the General Fund.

Directs State Budget Office, in conjunction with State Controller and Commerce Department, to transfer specified Special Funds to a Commerce Special Fund General Fund. Transferred funds include One North Carolina Fund, One North Carolina Small Business Account, JDIG Fees, JDIG Special Revenue Fund, Industrial Development Fund, and Industrial Development Utility Account.

Amends and repeals various statutes to make conforming changes.

**STATE BANKING COMMISSION/FEEES & ASSESSMENT CHANGES EFFECTIVE JULY 1**

**SECTION 14.10B.** New provision amends GS 53-122(e) to provide that any increase or decrease in fees ordered under that section by state banking commissioner are to become effective on July 1 of the next fiscal year.

**COUNCIL OF GOVERNMENT FUNDS**

**SECTION 14.11.** Same as 3rd edition, except the amount allowed to be used for the section is reduced from \$807,351 to \$425,000. Also reduces maximum amount allocated to each regional council of government or lead organization from \$47,492 to \$25,000 per fiscal year.

**STATE-AID REPORTING REQUIREMENTS**

**SECTION 14.12.** Same as 3rd edition, except adds North Carolina Center for Automotive Research, Inc., and High Point Market Authority to list of organizations required to report annually on activities and the use of funds.

**REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

**SECTION 14.13.** Same as 3rd edition, except deletes transfer of funds from the Southeastern Economic Development Commission to BRAC Regional Task Force.

**SET REGULATORY FEE FOR UTILITIES COMMISSION**

**SECTION 14.14** Identical to 3rd edition.

**RURAL ECONOMIC DEVELOPMENT CENTER**

**SECTION 14.15.** Same as 3rd edition, except (1) deletes allocation of \$431,156 in each year of the biennium for Technical Assistance and Center Administration of Research and Demonstration Grants, (2) changes the amount allocated to \$4,044,000 in 2009-10 and \$3,957,000 in 2010-11, and (3) changes the allocations to the following.

	2009-2010	2010-2011
Center Administration, Technical Assistance, & Oversight	\$1,490,000	\$1,459,000
Research and Demonstration Grants	\$337,000	\$330,000
Institute for Rural Entrepreneurship	\$131,000	\$128,000
Community Development Grants	\$908,000	\$889,000
Microenterprise Loan Program	\$177,000	\$174,000
Water/Sewer/Business Development Matching Grants	\$805,000	\$785,000
Statewide Water/Sewer Database	\$ 91,000	\$ 89,000
Agricultural Advancement Consortium	\$105,000	\$103,000

**RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM**

**SECTION 14.16.** Same as 3rd edition, except makes minor increases in the amounts allocated for the various activities and adds provision transferring \$1,544,400 from Rural Center to Department of Natural and Economic Resources to match federal funds for Clean Water Fund.

**OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS**

**SECTION 14.17.** Same as 3rd edition, except reduces by \$27,390 in 2009-10 and \$35,390 in 2010-11 the amount that is to be distributed among the certified Opportunities Industrialization Centers. Also amends the reporting requirement to specify that the report include a written narrative.

**RURAL ECONOMIC DEVELOPMENT CENTER/CLEAN WATER PARTNERS FUNDING**

**SECTION 14.18.** Identical to 3rd edition.

**RURAL ECONOMIC DEVELOPMENT CENTER/AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS**

**SECTION 14.19.** Identical to 3rd edition.

**RURAL CENTER/PROVIDE ASSISTANCE TO RURAL COMMUNITIES TO ACCESS FEDERAL FUNDS**

**SECTION 14.20.** New provision directs North Carolina Rural Economic Development Center, Inc., to provide assistance to rural communities in applying for funds under the American Recovery and Reinvestment Act of 2009, including advice on writing grants, applying for funds, and reviewing grant proposals.

## **PART XV. JUDICIAL DEPARTMENT**

### **TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

**SECTION 15.1.** Identical to 3rd edition.

### **GRANT FUNDS**

**SECTION 15.2.** Deleted.

### **DEATH PENALTY LITIGATION FUNDS**

**SECTION 15.3.** Same as 3rd edition except that amount that may be used for contract with Center for Death Penalty Litigation is reduced from \$531,000 each fiscal year to \$476,425.

### **REPORT ON BUSINESS COURTS**

**SECTION 15.4.** Identical to 3rd edition.

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

**SECTION 15.5.** Identical to 3rd edition.

### **DISPUTE RESOLUTION FEES**

**SECTION 15.6.** Identical to 3rd edition.

### **REIMBURSEMENT FOR USE OF PERSONAL VEHICLES**

**SECTION 15.7.** Identical to 3rd edition.

### **GUIDELINES FOR MAXIMIZING EFFICIENCY OF PROCEEDINGS**

**SECTION 15.9.** Identical to 3rd edition.

### **WEEKLY MILEAGE REIMBURSEMENT FOR SUPERIOR COURT JUDGES**

**SECTION 15.10.** Provides that a special superior court judge is to receive same travel allowance as state employees, same as in 3rd edition. Also amends GS 7A-44(a) to provide that a regular superior court judge is to be paid weekly mileage reimbursement at Internal Revenue Service business standard mileage rate, for one round trip from home to court seat each week or part of week court is in session. Restores the \$7,000 superior court annual subsistence that was deleted in 3rd edition.

### **CLARIFY THAT DWI TREATMENT COURTS ARE A TYPE OF DRUG TREATMENT COURT UNDER THE DRUG TREATMENT COURT ACT**

**SECTION 15.11.** Identical to 3rd edition.

### **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS**

**SECTION 15.12.** Identical to 3rd edition.

### **OFFICE OF INDIGENT DEFENSE SERVICES REPORT**

**SECTION 15.13.** Identical to 3rd edition.

### **INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS**

**SECTION 15.14.** Deleted.

### **OFFICE OF INDIGENT DEFENSE SERVICES FLEXIBILITY**

**SECTION 15.15.** Deleted.

### **SENTENCING SERVICES FLEXIBILITY**

**SECTION 15.16.** Deleted.

## **STUDY STRATEGIES TO REDUCE DEMAND FOR SERVICES OF OFFICE OF INDIGENT DEFENSE SERVICES**

**SECTION 15.17.** Identical to 3rd edition.

### **ABOLISH SPECIAL SUPERIOR COURT JUDGESHIPS**

**SECTION 15.17A.** New provision amends GS 7A-45.1 to abolish all special superior court judgeships except three designated as business court judges. Each judgeship abolished when incumbent leaves office or term ends before July 1, 2011.

### **TRAVEL EXPENSES FOR DISTRICT COURT JUDGES, DISTRICT ATTORNEYS, ASSISTANT DISTRICT ATTORNEYS, PUBLIC DEFENDERS, AND ASSISTANT PUBLIC DEFENDERS**

**SECTION 15.17B.** New provision amends GS 7A-144, GS 7A-65, and GS 7A-498.7 to provide that district court judges, prosecutors, and public defenders are to be reimbursed for travel expenses at the same rate as state employees generally, and that reimbursement is limited to travel outside home county.

### **REPEAL VACANT DISTRICT COURT JUDGESHIPS**

**SECTION 15.17C.** New provision amends GS 7A-133 to reduce the number of district judges from 9 to 8 in District 5 (New Hanover and Pender), from 7 to 6 in District 7 (Nash, Edgecombe, Wilson), from 19 to 17 in District 10 (Wake), from 11 to 10 in District 11 (Harnett, Johnston, and Lee), and from 6 to 5 in District 30 (Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain). Makes conforming changes. Changes in Districts 7, 11, and 30 are effective at the later of July 1, 2009, or the date of preclearance under Section 5 of the Voting Rights Act of 1965; the remainder is effective July 1, 2009.

### **REPEAL ASSISTANT DISTRICT ATTORNEY AUTHORIZATIONS**

**SECTION 15.17D.** New provision amends GS 7A-60(a1) to reduce the number of assistant district attorneys from 18 to 17 in District 4, from 5 to 2 in District 6A, from 6 to 4 in District 6B, from 19 to 17 in District 7, from 42 to 40 in District 10, from 19 to 18 in District 11, from 13 to 12 in District 13, from 18 to 17 in District 14, from 13 to 11 in District 16B, from 8 to 7 in District 17B, from 32 to 31 in District 18, from 9 to 8 in District 19A, from 10 to 9 in District 19B, from 8 to 7 in District 19C, from 10 to 9 in District 20B, from 25 to 24 in District 21, from 11 to 10 in Districts 22A and 22B, from 19 to 18 in District 25, from 58 to 56 in District 26, from 15 to 14 in District 27A, from 11 to 10 in District 27B, and from 14 to 12 in District 28.

### **DIVIDE PROSECUTORIAL DISTRICT 11 INTO DISTRICTS 11A AND 11B**

**SECTION 15.17E.** New provision amends GS 7A-60(a1) to divide prosecutorial district 11 into 11A (Harnett and Lee) and 11B (Johnston), effective January 1, 2011. Current DA is assigned to 11B; new DA to be elected for 11A in 2010. Assistant DAs are divided evenly, 9 to each district. Effective January 1, 2011.

### **ELIMINATE SENTENCING SERVICES PROGRAM**

**SECTION 15.17F.** New provision repeals Article 61 of Chapter 7A as title indicates.

### **REPEAL INVESTIGATORIAL ASSISTANT AUTHORIZATIONS**

**SECTION 15.17G.** New provision amends GS 7A-69 to eliminate investigatorial assistant for prosecutorial districts 3B and 20B and to eliminate one of two assistants for District 10.

### **REPEAL VACANT SUPERIOR COURT JUDGESHIP**

**SECTION 15.17H.** New provision amends GS 7A-41(a) to eliminate one of two superior court judgeships for District 26C (part of Mecklenburg County). Makes a technical change.

### **MANDATORY APPOINTMENT FEE IN CRIMINAL CASES/REPORT ON COLLECTION OF INDIGENT APPOINTMENT FEES**

**SECTION 15.17I.** New provision amends GS 7A-455.1(b) to specify that the mandatory \$50 fee for appointment of counsel in criminal cases may not be remitted or revoked by the court. Requires AOC to report on recoupment of the fee quarterly to Governmental Operations.

### **NEW FEE FOR COSTS OF SHERIFFS' EDUCATION AND TRAINING STANDARDS COMMISSION AND THE CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS COMMISSION**

**SECTION 15.18.** New provision amends GS 7A-304(a) to add \$2 fee in criminal cases, with \$1.65 to go to Criminal Justice Education and Standards Commission and \$.35 to Sheriffs' Education and Training Standards Commission.

## **INCREASE CONVICTED CRIMINAL LAB ANALYSIS FEE**

**SECTION 15.19.** Identical to 3rd edition.

## **INCREASE CERTAIN COURT FEES**

**SECTION 15.20.** Same as 3rd edition except for following changes in fees and penalties: (1) adds \$50 fee for a defendant who fails to pay fine, penalty, or costs within 20 days; (2) adds \$50 fee for clerk's issuance of report to DMV that defendant in case involving motor vehicle offense has failed to pay fine (effective July 1, 2010); (3) increases from \$200 to \$1,000 the additional fee for case assigned as complex business case; (4) adds a \$10 fee for filing motion for summary judgment or judgment by default, motion to intervene, motion to transfer, motion to set aside foreclosure sale, motion for peremptory setting, motion for appointment of receiver, motion for offer of judgment, or motion for jury view; (5) increases from \$40 to \$75 the fee for support of General Court of Justice in special proceeding; (6) increases from \$50 to \$75 the fee for support of General Court of Justice in administration of estate; (7) adds fee of \$10 for assignment of title; (8) increases from \$25 to \$25.50 the penalty for failing to wear seat belt or failing to wear motorcycle helmet; (9) increases (effective July 1, 2009) from \$75 to \$150 the fee in GS 7A-305(a2) for divorce action, with increase going to General Fund rather than to displaced homemaker or domestic violence fund; (10) increases from \$75 to \$150 foreclosure fee; (11) increases from \$25 to \$50 fee for confession of judgment; (12) increases from \$10 to \$20 fee for resumption of former name; and (13) increases from \$15 to \$25 fee for criminal record search.

## **SAFE ROADS FINE**

**SECTION 15.21.** New provision adds supplemental fine in GS 20-141(p) and new GS 20-179.5 of \$350, starting July 1, 2009, for speeding in excess of 25 mph over limit or impaired driving.

## **INCREASE WAIVABLE OFFENSES COSTS**

**SECTION 15.22.** New provision authorizes chief district judges to add \$25 to penalties for offenses on list of waivable offenses effective October 1, 2009, and an additional \$10 one year later. Amends numerous sections of GS Chapter 20 to increase penalties for wide variety of motor vehicle offenses, including an increase from \$250 to \$275 for speeding in work zone, \$25 to \$50 for speeding in school zone, \$100 to \$125 for parking in a handicapped space, \$5 to \$30 for windshield wiper violation, \$10 to \$35 for failure to dim lights, \$25 to \$50 for front-seat passenger's failure to wear seat belt, and so on. Those increases take effect October 1, 2009, with smaller increases applicable a year later; for example, speeding in work zone goes up another \$10 to \$285 and speeding in school zone goes up another \$10 to \$60. Also amends GS 113-135.1 to increase from \$10 to \$35 the penalty for violation of Wildlife Resources Commission rule, and then another \$10 to \$45 in October 2010. Also increases penalties for some other game and fish violations.

## **BOND FORFEITURE SET ASIDE PROCESSING FEE**

**SECTION 15.23.** New provision amends GS 15A-544.5 to add \$50 fee for an order setting aside bail bond forfeiture. Fee goes to support of General Court of Justice. Makes conforming changes. Effective December 1, 2009.

## **PART XVI. DEPARTMENT OF JUSTICE**

### **PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

**SECTION 16.1.** Identical to 3rd edition.

### **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

**SECTION 16.2.** Deleted.

## **CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

**SECTION 16.3.** Identical to 3rd edition.

## **NC LEGAL EDUCATION ASSISTANCE FOUNDATION REPORT ON FUNDS DISBURSED**

**SECTION 16.4.** Identical to 3rd edition.

## **HIRING OF SWORN STAFF POSITIONS FOR THE STATE BUREAU OF INVESTIGATION**



**SECTION 16.5.** Identical to 3rd edition.

**REDUCE DEPARTMENT SHARE OF PAYMENT FOR JUDGMENTS AGAINST COUNTY AND CITY BOARDS OF EDUCATION**

**SECTION 16.6.(a)** Same as 3rd edition except that county and city boards of education are required to reimburse the State Board of Education fully (instead of by 50%) for any damages paid by the State Board on their behalf. Requires that the payment be made on July 1 (was, June 1) of each year.

**SECTION 16.6.(b)** Same as 3rd edition except that county and city boards of education are required to reimburse the State Board of Education fully (instead of by 50%) for any damages paid by the State Board on their behalf. Requires that payment be made on July 1, (was, June 1) of each year.

**SECTION 16.6.(c)** New provision amending GS 143-295 to require that no claim in which the Attorney General represents a county or city board of education or its current or former employee may be settled without the agreement of the board that would be liable for damages under the settlement.

**SECTION 16.6.(d)** New provision makes this section effective July 1, 2009 (prior effective date was July 1, 2010).

**FEE FOR LAW ENFORCEMENT OFFICER CERTIFICATION AND SHERIFFS' DEPARTMENT PERSONNEL CERTIFICATION**

**SECTION 16.7.(a)** New provision adding new GS 17C-14, levying fees on criminal justice officers who complete Criminal Justice Education and Training Standards Commission in-service training (\$250 for officers assessed for the first time, \$100 thereafter) and certification training (\$25). Provides that these fees are transferred to the Department of Justice, which will, in turn, remit 96% of the fees to the General Fund and retain 4% to cover administrative costs.

**SECTION 16.7.(b)** New provision adding new GS 17E-13, levying fees on justice officers who complete Sheriffs' Education and Training Standards Commission in-service training (\$250 for officers assessed for the first time, \$100 thereafter) and certification training (\$25). Provides that these fees are transferred to the Department of Justice, which will, in turn, remit 96% of the fees to the General Fund and retain 4% to cover administrative costs.

**SECTION 16.7.(c)** New provision making section 16.7 effective July 1, 2009, and applicable to training commenced on or after that date.

**PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

**REPORT ON THE USE OF ILLEGAL IMMIGRATION PROJECT FUNDS**

**SECTION 17.1.** Deleted.

**ABOLISH BUTNER PUBLIC SAFETY DIVISION**

**SECTION 17.2.** Deleted.

**TRANSFER OF STATE CAPITOL POLICE TO THE DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

**SECTION 17.3.** Deleted.

**STUDY CONSOLIDATION OF LAW ENFORCEMENT AGENCIES**

**SECTION 17.4.** Identical to 3rd edition.

**LAW ENFORCEMENT SUPPORT SERVICES FEES**

**SECTION 17.5.** Identical to 3rd edition.

**INCREASE CHARITABLE BINGO LICENSING FEE**

**SECTION 17.6.** Identical to 3rd edition.

**INCREASE FEES FOR LICENSING BOXERS AND FOR TICKETS SOLD AT BOXING EVENTS**

**SECTION 17.7.** Identical to 3rd edition.

**INCREASE REGISTRATION FEE FOR DEEDS OF TRUST AND MORTGAGES FOR EMERGENCY MANAGEMENT DIVISION USE**

**SECTION 17.8.(a)** New provision amending GS 161-10(a)(1a) to increase the fee for registering or filing the first page of a deed of trust or mortgage from \$22 to \$32.

**SECTION 17.8.(b)** New provision adding new GS 161-11.5, providing that \$9 of each fee collected pursuant to GS 161-10(a)(1a) must be remitted on a monthly basis to the Department of Crime Control and Public Safety to be credited to the Statewide Emergency Management Fund.

**SECTION 17.8.(c)** New provision adding new GS 166A-6.03, establishing the Statewide Emergency Management Fund.

**SECTION 17.8.(d)** New provision making Section 17.8 effective October 1, 2009, and applicable to deeds of trust and mortgages registered or filed on or after that date.

## **PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION**

### **ANNUAL EVALUATION OF COMMUNITY PROGRAMS**

**SECTION 18.1.** Same as 3rd edition except Camp Woodson is no longer subject to evaluation.

### **PROJECT CHALLENGE NORTH CAROLINA/REPORTING REQUIREMENT**

**SECTION 18.2.** Identical to Section 18.2.(a) in the 3rd edition, except that the section title is changed. Section 18.2.(b) requiring a report by the Juvenile Assessment Center is deleted.

### **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

**SECTION 18.3.** Identical to 3rd edition.

### **TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT CENTERS**

**SECTION 18.4.** Deleted.

### **ESTABLISHMENT OF A GANG PREVENTION AND INTERVENTION PILOT PROGRAM**

**SECTION 18.5.** Deleted, but see Section 18.8.

### **ELIMINATE SUPPORT OUR STUDENTS PROGRAM**

**SECTION 18.6.** Identical to 3rd edition.

### **JUVENILE CRIME PREVENTION COUNCIL (JCPC) GRANT REPORTING AND CERTIFICATION**

**SECTION 18.7.** Identical to 3rd edition.

### **ESTABLISHMENT OF A GANG PREVENTION AND INTERVENTION PILOT PROGRAM**

**SECTION 18.8.** Identical to Section 18.5 of the 3rd edition.

## **PART XIX. DEPARTMENT OF CORRECTION**

### **INMATE ROAD SQUADS AND LITTER CREWS**

**SECTION 19.1.** Same as 3rd edition except the amount transferred from the Department of Transportation to the Department of Correction is reduced from \$11,300,000 to \$9,040,000 per year. Makes corresponding changes to quarterly transfer amounts.

### **FEDERAL GRANT REPORTING**

**SECTION 19.2.** Identical to 3rd edition.

### **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

**SECTION 19.3.** Deleted.

### **USE OF CLOSED PRISON FACILITIES**

**SECTION 19.4.** Identical to 3rd edition.

### **LIMIT USE OF OPERATIONAL FUNDS**

**SECTION 19.5.** Identical to 3rd edition.

### **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

**SECTION 19.6.** Identical to 3rd edition.

## **INMATE MEDICAL COSTS**

**SECTION 19.7.** Deleted.

## **PAROLE ELIGIBILITY REPORT/MUTUAL AGREEMENT PAROLE PROGRAM/MEDICAL RELEASE PROGRAM**

**SECTION 19.8.** Identical to 3rd edition.

## **FEDERAL GRANT MATCHING FUNDS**

**SECTION 19.9.** Deleted.

## **REPORTS ON NONPROFIT PROGRAMS**

**SECTION 19.10.(a)** Identical to 3rd edition.

**SECTION 19.10.(b)** Same as 3rd edition aside from a technical correction.

**SECTION 19.10.(c)** Identical to 3rd edition.

**SECTION 19.10.(d)** Deleted.

## **CRIMINAL JUSTICE PARTNERSHIP**

**SECTION 19.11.** Deletes subsection 19.11(a) which, amended GS 143B-273.4, and renumbers subsequent subsections accordingly.

## **REPORT ON PROBATION AND PAROLE CASELOADS**

**SECTION 19.12.** Identical to 3rd edition.

## **REPORT ON INMATE WELFARE AND CORRECTION ENTERPRISES**

**SECTION 19.13.** Identical to 3rd edition.

## **PRE-SENTENCE INVESTIGATIONS FEASIBILITY STUDY**

**SECTION 19.14.** Same as 3rd edition except removes reference to the Office of Research and Planning of the Department of Correction and adds the Administrative Office of the Courts along with the Department of Correction as an organization responsible for studying pre-sentence investigations.

## **STUDY INCARCERATED MOTHERS PROGRAM**

**SECTION 19.15.** Identical to 3rd edition.

## **AUTHORIZE STATE RETIREES AND LOCAL GOVERNMENTAL EMPLOYEES TO PURCHASE FROM CORRECTION ENTERPRISES**

**SECTION 19.16.** New provision amending GS 148-132 to include state and local government retirees among those who may purchase products from Correction Enterprises.

## **PROVISION OF HEALTH CARE SERVICES TO INMATES**

**SECTION 19.17.** New provision directing the Department of Correction to make use of its own health care facilities to care for inmates when it can, and to use underutilized community facilities when it cannot.

## **SET REIMBURSEMENT TO COUNTIES FOR STATE INMATES HOUSED IN LOCAL CONFINEMENT FACILITIES**

**SECTION 19.18A.** New provision requires that the Department of Correction set the per diem reimbursement under GS 148-32.1 at \$9 per day for inmates committed to the custody of local confinement facilities for sentences of 30 days or more.

## **ACCOMMODATIONS FOR PROBATION OFFICES**

**SECTION 19.19.** New provision amending GS 15-209 requiring a county to reimburse the Department of Correction for any money the Department spends to lease space for a probation office when the county is unable to provide a suitable space.

## **RATES FOR INMATE MEDICAL SERVICES**

**SECTION 19.20.** New provision capping payments by the Department of Correction (DOC) for inmate medical care at 150% of the Medicaid reimbursement rate and requiring hospitals that participate in the Medicaid Disproportionate Share Hospital Program to provide medical services to inmates, unless DOC has a contract with

the medical provider specifying otherwise. Requires DOC to consult with the Department of Health and Human Services, Division of Medical Assistance, to develop protocols for prisoners who would otherwise be eligible for Medicaid if they were not incarcerated to access Medicaid while in custody or under extended limits of confinement.

#### **ESTABLISH THE SPECIAL COMMITTEE ON SENTENCING AND PRISON OVERCROWDING**

**SECTION 19.22.** New provision establishing a 20-member Special Committee on Sentencing and Prison Overcrowding to study the state's current sentencing laws and policies; consider the current availability, use, and effectiveness of alternative punishments; and evaluate how all of these contribute to the increasing number of nonviolent offenders housed in state and local government correctional facilities. Allows the committee to make an interim report to the 2010 Regular Session of the 2009 General Assembly and requires a final report by the convening of the 2011 General Assembly.

#### **INCREASE FEE FOR COMMUNITY SERVICE WORK PROGRAM**

**SECTION 19.23.** New provision amending GS 15A-1371(i), GS 20-179.4(c), and GS 143B-262.4(b) to increase the fee for participation in community service programs from \$200 to \$300.

#### **COMMUNITY WORK CREW FEE**

**SECTION 19.24.** New provision adding new GS 148-32.2 to allow the Department of Correction to charge a fee to any unit of local government to which the Department provides a community work crew.

#### **PART XX. GENERAL GOVERNMENT – RESERVED**

#### **GENERAL GOVERNMENT AGENCIES REPORT ALLOCATION OF DEPARTMENTWIDE REDUCTIONS**

**SECTION 20.1.** Deleted.

#### **PART XXA. DEPARTMENT OF ADMINISTRATION**

#### **NC GREEN BUSINESS FUND/FUNDS**

**SECTION 20A.1.** Identical to 3rd edition.

#### **BIOFUELS CENTER OF NORTH CAROLINA**

**SECTION 20A.2.** Same as 3rd edition except increases allocation from \$3 million to \$5 million.

#### **COASTAL SOUNDS WIND STUDY**

**SECTION 20A.3.** Identical to 3rd edition.

#### **INCREASE MARRIAGE LICENSE FEE**

**SECTION 20A.4.** New provision, effective July 1, 2009, amends GS 161-10 to increase marriage license from \$50 to \$60 and amends GS 161-11.2 to provide that \$30 of each fee, rather than \$20, goes to domestic violence programs.

#### **PART XXB. DEPARTMENT OF CULTURAL RESOURCES (NEW)**

#### **TRANSFER ADMINISTRATION OF THE GRAVEYARD OF THE ATLANTIC MUSEUM TO THE ROANOKE ISLAND COMMISSION**

**SECTION 20B.1.** New provision amends GS 121-7.4 and GS 143B-131.2 as title indicates.

#### **ELIMINATE TRANSFER OF FUNDS APPROPRIATED TO ROANOKE ISLAND COMMISSION TO NONPROFIT CORPORATION**

**SECTION 20B.2.** New provision amends GS 143B-131.2(b)(10) to delete authorization for the Roanoke Island Commission (Commission) to transfer funds to Friends of Elizabeth II, Inc. Directs Office of State Budget and Management to close the Commission and transfer funds on June 30, 2009, to the Department of Cultural Resources.

#### **ARCHIVES AND RECORDS MANAGEMENT PROGRAM FEE**

**SECTION 20B.3.** New provision enacts GS 161-11.6 to add a \$5 fee to be collected by register of deeds from the grantor on real property transfer, with funds to go to the Department of Cultural Resources

monthly to offset costs of Archives and Records Management Program. County is to keep 2% of fee to cover the administrative costs. Makes a conforming change to GS 121-5. Effective October 1, 2009.

## **PART XXC. OFFICE OF THE STATE AUDITOR (NEW)**

### **NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., TO CONDUCT AUDITS OF LOCAL PARTNERSHIPS**

**SECTION 20C.1.** New provision amends GS 143B-168.14 to provide that audit of local partnerships for children must be by the NC Partnership rather than by the State Auditor. Provides that the NC Partnership must contract for, rather than conduct, annual or biennial financial and compliance audits depending on the local partnership's performance assessment rating. Amends GS 143B-168.12(c) to require the NC Partnership to require each local partnership to state in its contract that contractors and subcontractors are subject to GS 143C-6-22 (was, GS 143C-6.14).

## **PART XXI. DEPARTMENT OF INSURANCE**

### **SET INSURANCE REGULATORY CHARGE**

**SECTION 21.1.** Identical to 3rd edition.

### **PREMIUM FINANCE COMPANY LICENSE FEE REVISIONS**

**SECTION 21.2.** New provision amends GS 58-35-5 to increase insurance premium company's A license fee from \$300 to \$600, and B license from \$1,200 to \$2,400, and to double branch office license from \$50 to \$100.

### **BUILDING CODE OFFICIALS CERTIFICATION RENEWAL LATE FEE INCREASE**

**SECTION 21.3.** New provision amends GS 143-151.16(b) to authorize board to charge \$4 rather than \$2 for late renewal.

### **MANUFACTURING HOUSING BOARD LICENSE FEE REVISIONS**

**SECTION 21.4.** New provision amends GS 143-143.11 to increase from \$300 to \$350 license, renewal, and late filing fees charged by Manufactured Housing Board.

### **COLLECTION AGENCY LICENSE FEE INCREASE**

**SECTION 21.5.** New provision amends GS 58-70-35 to increase indicated application fee from \$500 to \$1,000.

### **MOTOR CLUB LICENSE FEE INCREASE**

**SECTION 21.6.** New provision amends GS 58-69-10 to double motor club annual license fee (now \$600), branch office fee (now \$100), and franchise motor club fee (now \$200).

### **BAIL BONDSMEN AND RUNNERS FEE INCREASES**

**SECTION 21.7.** New provision amends GS 58-71-55 to double indicated license fees.

### **HOME INSPECTOR LICENSE FEE INCREASES**

**SECTION 21.8.** New provision amends GS 143-151.57 to increase home inspector license fees as follows: from \$25 to \$35 for application for license, \$15 to \$20 for associate inspector, \$75 to \$80 for examination, \$150 to \$160 for issuance or renewal of home inspector license, \$100 to \$110 for issuance or renewal of associate license, \$25 to \$30 for late renewal of inspector license, and \$15 to \$20 for late renewal of associate license.

### **CCRC APPLICATION AND ANNUAL DISCLOSURE FILING FEE INCREASES**

**SECTION 21.9.** New provision amends GS 58-64-5 and GS 58-64-30 to increase continuing care retirement community application fee from \$200 to \$500 and to increase filing fee for annual disclosure statement from \$100 to \$1,000.

### **HEALTH MAINTENANCE ORGANIZATION FEE INCREASES**

**SECTION 21.10.** New provision amends GS 58-67-160 to increase HMO application license fee from \$250 to \$500 and to increase annual license continuation fee from \$1,500 to \$2,000.

## **INSURANCE COMPANY APPLICATION AND LICENSING FEE INCREASES**

**SECTION 21.11.** New provision amends GS 58-6-5 and 58-6-7 to increase insurance company application for admission filing fee from \$250 to \$1,000 and to increase a company's annual license fee from \$1,500 to \$2,500.

## **LIABILITY RISK RETENTION AND PURCHASING GROUP FEE INCREASES**

**SECTION 21.12.** New provision amends GS 58-22-70 to increase risk retention group registration fee from \$250 to \$500, purchasing group registration from \$50 to \$500, risk retention group renewal from \$1,000 to \$1,500, and purchasing group renewal from \$50 to \$100.

## **MEDICAL SERVICE CORPORATION FEE INCREASES**

**SECTION 21.13.** New provision amends GS 58-65-1 to distinguish between full-service and single-service hospital, medical, and dental corporations, and amends GS 58-65-55 to increase the license fee for a full-service corporation from \$1,500 to \$2,500.

## **SURPLUS INSURANCE LINES APPLICATION AND LICENSE FEE INCREASES**

**SECTION 21.14.** New provision amends GS 58-21-20(c) to increase application fee for surplus lines insurer from \$250 to \$500 and to increase renewal fee from \$500 to \$1,000.

## **ACCREDITED REINSURANCE LICENSE FEE INCREASE**

**SECTION 21.15.** New provision amends GS 58-7-21 to increase indicated annual filing fee from \$500 to \$750.

## **THIRD-PARTY INSURANCE ADMINISTRATOR LICENSE FEE INCREASE**

**SECTION 21.16.** New provision amends GS 58-56-51 to increase indicated application fee from \$100 to \$300.

## **VIATICAL SETTLEMENT PROVIDER AND BROKER LICENSE FEE INCREASES**

**SECTION 21.17.** New provision amends GS 58-58-210 to increase indicated application and renewal fees from \$100 to \$500.

## **PART XXIA. OFFICE OF ADMINISTRATIVE HEARINGS (NEW)**

### **FEES FOR FILING CONTESTED CASE HEARINGS BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS**

**SECTION 21A.1.** New provision, effective July 1, 2009, enacts new GS 150B-23.2 by creating a \$200 filing fee for contested case in OAH, to be assessed against losing party, but allows OAH to set lower fee. Also allows waiver of fee for indigent or in case involving mandated federal cause of action, and allows OAH to refund fee to State when it is losing party. Makes conforming changes to GS 150B-23(a).

### **REDUCE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS**

**SECTION 21A.2.** New provision amends GS 143B-30.1(d) to decrease the amount of compensation members of the Rules Review Commission who are not officers or state employees may receive to \$150 (was, \$200) for each day or part of a day of service plus reimbursement for travel and subsistence expenses.

## **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

### **STUDY OSBM, OSC, AND TREASURER CONSOLIDATION**

**SECTION 22.1.** Deleted.

## **PART XXIII. OFFICE OF THE STATE CONTROLLER**

### **OVERPAYMENTS AUDIT**

**SECTION 23.1.** Identical to 3rd edition.

### **BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING PROGRAM**

**SECTION 23.2.** Same as 3rd edition except adds requirement that each agency using BEACON must participate in training program.

**PART XXIV. DEPARTMENT OF THE SECRETARY OF STATE**

**INCREASE REGISTRATION FEE RENEWAL FOR SECURITIES SALESMEN**

**SECTION 24.1.** Increases salesman filing fee from \$100 in the 3rd edition to \$125.

**CREATE SPECIAL FUND FOR AUCTION RATE SECURITIES INVESTIGATIONS COSTS**

**SECTION 24.2.** Deleted.

**PART XXIVA. DEPARTMENT OF REVENUE (NEW)**

**PROPERTY TAX DIVISION RECEIPT SUPPORTED**

**SECTION 24A.1.** New provision amends GS 105-501(b) to have the Department of Revenue retain its costs of performing duties under Article 15 (Property tax assessment) before making monthly distribution of ½ cent sales tax revenue to counties, rather than retaining just 1/12th of previous year's costs.

**PART XXV. DEPARTMENT OF TRANSPORTATION**

**CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 25.1.** Modifies 3rd edition to revise anticipated revenues of the Highway Fund as follows:

For Fiscal Year 2011-2012 – to \$1,762.0 million from \$1,736.5 million

For Fiscal Year 2012-2013 – to \$1,861.8 million from \$1,835.2 million

For Fiscal Year 2013-2014 – to \$1,966.2 million from \$1,945.3 million

For Fiscal Year 2014-2015 – to \$2,026.0 million from \$2,008.7 million

Also modifies anticipated revenues of the Highway Trust Fund as follows:

For Fiscal Year 2011-2012 – to \$972.1 million from \$950.4 million

For Fiscal Year 2012-2013 – to \$1,036.0 million from \$1,006.9 million

For Fiscal Year 2013-2014 – to \$1,104.0 million from \$1,066.4 million

For Fiscal Year 2014-2015 – to \$1,158.8 million from \$1,108.3 million

**MODIFY GLOBAL TRANSPARK DEBT AND REQUIRE GLOBAL TRANSPARK TO REPORT ON ANTICIPATED REPAYMENT SCHEDULE**

**SECTION 25.2.** Same as 3rd edition except adds provision requiring Global TransPark Authority to report to appropriations committees by May 15, 2010, on strategic, business, and financial plans, including schedule for financial self-sufficiency and schedule to repay \$35.6 million (with interest) investment from Escheat Fund.

**SMALL CONSTRUCTION AND CONTINGENCY FUNDS**

**SECTION 25.3.** Same as 3rd edition except modifies 3rd edition to reduce from \$14 million to \$7 million amount to be allocated each fiscal year for projects recommended by board members; to make those allocations subject to approval by Secretary rather than board; to reduce from \$13.95 million to \$12 million amount allocated each year for rural or small urban highway improvements; and to require reports to legislators before construction rather than before board action.

**USE SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY MAINTENANCE IN FISCAL YEAR 2009-2010 AND USE FIFTY PERCENT OF THE SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY MAINTENANCE IN FISCAL YEAR 2010-2011**

**SECTION 25.4.** Same as 3rd edition except adds provision that only 50% of funds required to be allocated to secondary road improvement will remain in Highway Fund for maintenance in fiscal year 2010-11.

**NC TURNPIKE AUTHORITY TRANSFERRED TO THE DEPARTMENT OF TRANSPORTATION**

**SECTION 25.5.** Deleted.

**ALLOW THE DEPARTMENT OF TRANSPORTATION TO REQUIRE FACILITIES CONSTRUCTED WITHIN RIGHTS-OF-WAY TO BE CONSTRUCTED FROM PERMEABLE PAVEMENT**

**SECTION 25.6.** Deleted.

**FLEXIBLE USE OF FUNDS FOR RURAL PUBLIC TRANSPORTATION FOR FISCAL YEARS 2009-2010 AND 2010-2011**

**SECTION 25.7.** New provision allows DOT Public Transportation Division in fiscal years 2009-10 and 2010-11 to transfer funds from consolidated capital program of rural funding programs to operating programs to leverage additional federal funds to meet capital needs of rural transportation systems.

**DEPARTMENT OF TRANSPORTATION MAY TAKE REQUIRED ADMINISTRATIVE REDUCTION FROM ADDITIONAL ADMINISTRATIVE BUDGETS**

**SECTION 25.8.** New provision authorizes DOT to take \$12 million reduction to the central administration budget, as required by SL 2008-107, from the central administration, Highway Division administration, and DMV administration budgets.

**STUDY THE FEASIBILITY OF ASSESSING A FEE FOR PROVIDING TRAFFIC CONTROL BY THE STATE HIGHWAY PATROL OR THE DEPARTMENT OF TRANSPORTATION AT SPECIAL EVENTS**

**SECTION 25.9.** New provision directs Joint Legislative Transportation Oversight Committee to study assessment of fee for services provided by the Highway Patrol or the Department of Transportation for certain special events, with report to the General Assembly by April 1, 2010.

**PART XXVI. SALARIES AND BENEFITS**

**GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES**

**SECTION 26.1.** Identical to 3rd edition.

**NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES**

**SECTION 26.2.** Identical to 3rd edition.

**CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES/ABC CHAIRMAN TO RECEIVE SAME COMPENSATION AS ASSOCIATE MEMBERS**

**SECTION 26.3.** Same as 3rd edition except deletes \$109,553 annual salary for chair of ABC Commission and adds amendment to GS 18B-200(a) specifying that chair and other two members receive same per diem, subsistence, and travel under Chapter 138. Deletes requirement that the chair devote his or her full time to the chair's official duties.

**JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES**

**SECTION 26.4.** Identical to 3rd edition.

**CLERK OF SUPERIOR COURT/NO SALARY INCREASES**

**SECTION 26.5.** Identical to 3rd edition.

**ASSISTANT AND DEPUTY CLERKS OF COURT/NO SALARY INCREASES**

**SECTION 26.6.** Identical to 3rd edition.

**MAGISTRATES/ NO SALARY INCREASES**

**SECTION 26.7.** Identical to 3rd edition.

**GENERAL ASSEMBLY MEMBERS/NO SALARY INCREASES**

**SECTION 26.7A.** New provision states that salaries of members and officers of General Assembly will remain unchanged for biennium.

**GENERAL ASSEMBLY PRINCIPAL CLERKS/NO SALARY INCREASES**

**SECTION 26.8.** Identical to 3rd edition.

**SERGEANT-AT-ARMS AND READING CLERKS/NO SALARY INCREASES**

**SECTION 26.9.** Identical to 3rd edition.

**LEGISLATIVE EMPLOYEES/NO SALARY INCREASES**

**SECTION 26.10.** Identical to 3rd edition.

**COMMUNITY COLLEGES PERSONNEL/NO SALARY INCREASES**



**SECTION 26.11.** Identical to 3rd edition.

**UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA NO SALARY INCREASES**

**SECTION 26.12.** Same as 3rd edition except eliminates provision allowing president of UNC to use Faculty Recruiting and Retention Fund for salary increases.

**MOST STATE EMPLOYEES/NO SALARY INCREASES**

**SECTION 26.13.** Same as 3rd edition except specifies that in-range salary adjustments for job change and career progression adjustments for demonstrated competencies, reallocations, and promotions are not affected by salary freeze.

**ALL STATE-SUPPORTED PERSONNEL/NO SALARY INCREASES**

**SECTION 26.14.** Identical to 3rd edition.

**LIMIT CERTAIN STATE EMPLOYEE BONUSES AND TRANSITION SALARY PACKAGES**

**SECTION 26.14A.** New provision amends GS 53-96.1(b) to prohibit award of compensation bonuses. Provides that, effective for the 2009-11 fiscal biennium, the amount of any transition salary package payable to certain state employees employed by state agencies, departments, institutions, and The University of North Carolina is limited by prohibiting any state employee who leaves the employee's most recent position from being paid the salary for that position when the employee is no longer carrying out that position's responsibilities, except in specified circumstances. Provides that a state employee's rights to severance wages, a discontinued service retirement allowance, or terminal leave payments for vacation leave, bonus leave, and longevity are not affected or impaired by this provision. The provision amending GS 53-96.1(b) expires June 30, 2011. Specifies that the prohibition on state employees from being paid a salary after ceasing to carry out the position's responsibilities applies retroactively and also applies to payments that have not yet been made, unless there is a legally enforceable contract to pay.

**REDUCTIONS IN FORCE NECESSITATED BY THE EXTREME FISCAL CRISIS**

**SECTION 26.14B.** New provision declares that reductions in force of both filled and vacant positions, including contract positions, are necessary to maintain balanced budget.

**REDUCTIONS IN FORCE/EXTEND STATE EMPLOYEE PRIORITY RIGHTS**

**SECTION 26.14C.** New provision amends GS 126-7.1(c1) to extend the priority consideration period given to certain state employees who have been separated from state employment due to reduction in force or have been given notice of imminent separation due to reduction in force to 24 (was, 12) months from the date the employee receives that notification.

**TEACHER SALARY SCHEDULES**

**SECTION 26.15.** Same as 3rd edition except that adds 33rd step to monthly salary schedule for both A and M teachers, moving each salary level back one year (e.g., salary for A teacher with 2 years' experience goes from \$3,129 to \$3,085, the current level for a teacher with 1 years' experience).

**SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

**SECTION 26.16.** Same as 3rd edition except that salary schedules are altered to require one additional year's experience for each salary level (e.g., 6 rather than 5 years to be required for assistant principal to reach \$3,931 level).

**CENTRAL OFFICE SALARIES**

**SECTION 26.17.** Identical to 3rd edition.

**NONCERTIFIED SCHOOL PERSONNEL SALARIES**

**SECTION 26.18.** Identical to 3rd edition.

**BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULE**

**SECTION 26.19.** Deleted.

**SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

**SECTION 26.20.** Amends Section 6(b) of SL 2009-16 to change state's employer contribution for fiscal year 2009-10 for teachers from 8.54% to 8.75%; law enforcement officers from 13.54% to 13.75%; and judicial system from 17.71% to 19.6%. Amends Section 6(c) to change contribution for fiscal year 2010-11 for teachers from 8.94% to 12.12%; law enforcement from 13.94% to 17.12%; and judicial system from 18.11% to 20.01%.

#### **NATIONAL GUARD PENSION FUND**

**SECTION 26.21.** Identical to 3rd edition.

#### **EXTEND PHASED RETIREMENT PROGRAM EXEMPTION**

**SECTION 26.22.** Identical to 3rd edition.

### **PART XXVII. CAPITAL APPROPRIATIONS.**

#### **GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

**SECTION 27.1** Identical to 3rd edition.

#### **CAPITAL APPROPRIATIONS/GENERAL FUND**

**SECTION 27.2** Same as 3rd edition except appropriates \$7.15 million (was, \$17.6 million) for 2009-10 from the General Fund to the Department of Environment and Natural Resources (DENR) for water resources development projects.

#### **WATER RESOURCES DEVELOPMENT PROJECTS/REQUIRED TO DRAW DOWN \$57,700,000 FEDERAL FUNDS**

**SECTION 27.3.** Same as the 3rd edition except authorizes the allocation of the American Recovery and Reinvestment Act of 2009 funds appropriated to DENR for use to complete any operations and maintenance water resources development projects approved by the U.S. Army Corps of Engineers. Specifies that the funds will provide a state match for an estimated \$57.7 million in federal funds. Decreases the number of water resources development projects from 21 to the 12 projects listed below.

<b>Name of Project</b>	<b>2009-2010</b>
(1) Wilmington Harbor Deepening	\$1,300,000
(2) Carolina Beach Renourishment	738,000
(3) Carolina Beach South (Kure Beach) Renourishment	842,000
(4) Wrightsville Beach Renourishment	2,059,000
(5) Ocean Isle Beach Renourishment	1,211,000
(6) Beaufort Harbor Maintenance	50,000
(7) Princeville Flood Control	100,000
(8) Currituck Sound Environmental Restoration	100,000
(9) West Onslow Beach (Topsail Beach, Pender County)	75,000
(10) Planning Assistance to Communities	75,000
(11) Concord Stream Restoration (Cabarrus County) (Sec. 206)	350,000
(12) Wilson Bay Restoration (Sec. 206), Onslow County	250,000
<b>TOTALS</b>	<b>\$ 7,150,000</b>

#### **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

**SECTION 27.4.** Same as 3rd edition except deletes provision permitting the Aquarium Division of DENR to expend funds subject to the approval of the Director of the Budget during the 2009-11 biennium for capital improvement projects. Reduces the amount of non-General Fund funding authorized for 2009-10 to \$114,936,542 (was, \$139,382,942). Clarifies that the General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department.

<b>Name of Project</b>	<b>Amount of Non-General Fund Funding Authorized for 2009-2010</b>
------------------------	--

Department of Crime Control and Public Safety

Additions and Renovations to Armories	\$ 9,303,442
Camp Butner Cantonment – Phase 1 Design	1,367,000
Family Assistance Centers	2,000,000
Department of Cultural Resources	
Aycock Birthplace Picnic Shelter	86,100
Maritime Museum – Floating Dock	130,000
Museum of History Chronology Exhibit – Phase 2B (1900-1960)	1,200,000
Department of Environment and Natural Resources	
Zoo – Elephant Exhibit New Restrooms	300,000
Wildlife Resources Commission	
Armstrong Hatchery Lower Raceway Replacement	1,725,000
Centennial Campus Education Center Exhibit Completion	180,000
Chinquapin Equipment Storage Pole Shed	60,000
Chowan Bridge Fishing Pier and Edenton Boating Access	450,000
Emerald Isle New Boating Access Area	600,000
Falls Lake Office Building	550,000
Hampstead Land Acquisition	10,000,000
Land Acquisitions – State Gamelands	59,135,000
Lewelyn Branch New Boating Access Area	150,000
Manns Harbor Bridge Marina Acquisition	5,750,000
Marion Depot Drainage Repairs	200,000
McKinney Lake Hatchery Kettles Replacement	1,700,000
Minor Boating Access Area Renovations – Various Locations	150,000
New Coldwater Fish Hatchery Construction	7,900,000
Ocean Isle Boating Access Area Renovations	150,000
Outer Banks Education Center Teaching Facility Repairs	245,000
Pechmann Fishing Education Center Pond Restoration	160,000
Pechmann Fishing Education Center Storage Building	220,000
Pisgah Education Center Gift Shop Renovation and Expansion	200,000
Pisgah Education Center Outdoor Exhibit Renovation	450,000
Pisgah Education Center Repairs	155,000
Pisgah Hatchery Water System Renovation	100,000
Rhodes Pond Dam Repairs	500,000
Sneads Ferry Land Acquisition	6,500,000
Sunset Harbor Land Acquisition	925,000
Swan Quarter Land Acquisition	1,700,000
Sykes Depot Pond, Office, Storage Construction	350,000
Table Rock Hatchery Office and Workshop Replacement	345,000

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL  
PROJECTS AUTHORIZED**

**\$114,936,542**

**ARRA FUNDS FOR REPAIRS AND RENOVATIONS RESERVE**

**SECTION 27.5.** Provides for the transfer of the following American Recovery and Reinvestment Act of 2009 (ARRA) funds to the Reserve for Repairs and Renovations (Reserve):

- (1) \$12 million of the State Energy Program funds appropriated in this act.
- (2) \$8,770,120 of the Energy Efficiency and Conservation Block Grant (Block Grant) funds appropriated in this act (was, an unspecified amount to be transferred to the Reserve from the Block Grant funds).

Directs that 46% of the funds transferred be allocated to the UNC Board of Governors and 54% be allocated to the Office of State Budget and Management (OSBM) (was, of the funds in the Reserve for 2009-10, 54% was allocated to the UNC Board of Governors and 46% to the OSBM). Provides that the allocated funds be used for repairs and renovations to state and university facilities to make those facilities more energy efficient. Amends the list of eligible projects to include energy infrastructure renovation projects and deletes installation of sink faucet aerators and other water system projects that reduce water consumption.

Deletes provision directing the UNC Board of Governors to use a portion of its allocated funds to install fire sprinklers in university residence halls.

Requires that the funds allocated in this section only be used consistent with any applicable limitations contained in the American Recovery and Reinvestment Act of 2009, and regulations adopted pursuant to that act.

## **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

**SECTION 27.6.** Identical to 3rd edition.

## **CENTER FOR DESIGN AND FILM SCHOOL AMENDMENTS**

**SECTION 27.7.** Amends the section title (was, Center for Design and Winston-Salem State Amendments). Deletes proposed amendments to GS 142-94 (Procurement of capital facilities). Deletes provision requiring the \$2 million appropriated for Winston-Salem State University (WSSU) to provide funds to acquire land and renovate space for WSSU. Amends Section 27.8(a)(8) of SL 2008-107 to provide that the special indebtedness authorized under that section is to be used to finance the capital facility costs of constructing or purchasing and/or renovating an existing building for a film school production facility at the University of North Carolina School of the Arts (was, to finance the capital facility costs of completing such a facility).

## **DEBT SERVICE FOR GREEN SQUARE COMPLEX PARKING CONSTRUCTION**

**SECTION 27.8.** Identical to the 3rd edition.

## **ADJUSTMENTS TO COPS FOR REDUCED CONSTRUCTION INFLATION**

**SECTION 27.9.** Deleted.

## **TWO-THIRDS BONDS ACT OF 2009**

**SECTION 27.10.** Deleted.

## **TRANSFER OF UNENCUMBERED CASH BALANCES IN VARIOUS CAPITAL FUNDS**

**SECTION 27.11.** New provision directs that notwithstanding any other provision of law to the contrary, unencumbered cash balances remaining in Capital Funds be transferred to the State Controller to be deposited in the General Fund according to the following schedule to be used to support General Fund appropriations for the 2009-10 fiscal year. Effective July 1, 2009.

<b>Project/Fund</b>	<b>Amount Transferred</b>
Department of Administration	
Renovation of Deerfield Cottage (Budget Code 40701)	\$3,283,500
Museum of History Security Improvements & Door Repairs (Budget Code 40701-4J20)	545,800
Ocracoke Shoreline Revetment & Restoration (Budget Code 40401-4410)	317,500
Spring Lake Vet Cemetery Site & Building Improvements (Budget Code 40601-4G14)	283,200
Garner Road Building #2 – Mechanical Room Renovations	1,112,900
UNC-TV Server Room – HVAC Upgrades	79,000
Energy Savings Reserve (Budget Code 40701-4J32)	4,000,000
Five New Youth Development Centers Planning (Budget Code 40701-4J28)	1,500,000
Department of Agriculture and Consumer Services	
Constable Lab Humidity Repairs	798,266
Constable Lab Equipment Upgrades	833,315
Oxford Complex Planning & Design (Budget Code 40617-4F02)	91,778
Eastern Ag Center Horse Barn (Budget Code 40717-4G02)	377,418
Barn Renovation (Budget Code 40717)	283,499
Barn Renovation (Budget Code 40717)	161,554
Department of Commerce	
Portswide Improvements (Budget Code 40710-1)	716,323
Department of Cultural Resources	
Horne Creek Farm Visitors Center (Budget Code 40714-4L02)	2,847

Department of Crime Control & Public Safety	
Phase 3 Kitchen Hoods (Budget Code 40372)	381,123
Camp Butner Land Buffers (Budget Codes 40707-4F02, 40807-4G01)	188,350
Statewide Master Planning (Budget Code 40807-4G03)	300,300
Department of Corrections	
Piedmont CI – Humidity Control for Chronic Care Units	268,100
Swannanoa Conversion R&R (Budget Code 40613-K/40713-L)	1,550,000
Burke – Perimeter Security Fence Modifications (Budget Code 40513)	1,762,584
Northhampton – Perimeter Fence System Upgrade (Budget Code 40513)	1,581,300
McCain Correctional Hospital Elevator Modernization (Budget Code 40413-4F04)	529,238
Prison Additions Planning Reserve	2,972,656
Department of Environment and Natural Resources	
Maintenance Facility for Bladen Lakes (Budget Code 40716)	855,000
Metal Storage Building (Budget Code 40516)	81,000
Modular Office (Budget Code 40516)	250
Claridge Nursery Facility Renovations (Budget Code 40616)	24,086
Linville Nursery Facility Renovations (Budget Code 40616)	8,100
Bladen Lakes SF – Residence Renovation (Budget Code 40616)	141,730
Turnbull Creek ESF Renovation (Budget Code 40616)	3,510
Clemmons ESF Renovation (Budget Code 40616)	16,430
Holmes ESF Renovation (Budget Code 40616)	15,943
Wake Co Headquarters Storage Building (Budget Code 40716)	157,754
Jordan Lake Training Center (Budget Code 40716)	455,860
Mt. Training Facility & Linville Nursery Restroom Upgrades (Budget Code 40616)	195,765
Drainage Improvements (Budget Code 40716)	80,865
Children's Nature Discovery Center (Budget Code 40616)	686,588
Storage Building (Budget Code 40616)	373,574
African Amphitheater Renovation (Budget Code 40616)	2,500
Picnic Area Bus Parking Renovation (Budget Code 40616)	261,490
Horticulture Storage Facility (Budget Code 40716)	373,574
HVAC Repairs (Budget Code 40716)	177,496
Aviary HVAC Renovation (Budget Code 40716)	361,200
Department of Health and Human Services	
Medical Care Unit HVAC Upgrades (Budget Code 44344-4E02)	593,775
HVAC Upgrades for Vocational Enterprises Bldg (Budget Code 40759-4F01)	25,000
New Heating Plant (Budget Code 40645-4E01)	49,936
Moore Building – Chiller Replacement	505,000
HVAC Upgrades for Vocational Enterprises Bldg (Budget Code 40759-4F01)	1,198,685
Fisher and Cooke Renovations (Budget Code 40664-4D01)	2,538,705
Edgerton Building Upgrades	619,871
Harvey Building Upgrades	593,775
McBryde Building – Elevator Upgrades	725,550
DDC Interface between Dix Campus and GMS	176,000
Willow Cottage Renovations (Budget Code 40644-4H01)	4,009,091
Stair Tower (Budget Code 40553-4E01)	408,772
Standby Generator Upgrades (Budget Codes 40453-4D01/44353-4C03)	609,302
Renovation of ELC-4 (Budget Code 40745-4F01)	4,111,561
Public Health Lab and Medical Examiners Office (Budget Code 40668-4601)	49,936
Department of Juvenile Justice and Delinquency Prevention	
Dillon Security Grilles (Budget Code 40647-4K01)	200,000
Det & New Hanover Septic System (Budget Code 40647-4K04)	150,000
Dillon Asbestos & New Roof (Budget Code 40647-4K07)	500,000
Stonewall Jackson Rd Rep (Budget Code 40647-4K08)	233,500
Butner New Roof & Asbestos (Budget Code 40647-4K12)	300,000

Samarkand Bldg Demolition (Budget Code 40647-4K13)	200,000
Dobbs Road Repairs (Budget Code 40647-4K14)	64,927
CA Dillon Maintenance Building (Budget Code 40747-4L01)	375,000
Buncombe Det Cnt Boiler & Repairs (Budget Code 40647-4K10)	142,478
Cumberland Det Renovat (Budget Code 40447-4L01)	5,881
SV/DOC Campus Transfer (Budget Code 40647-4K02)	9,741
Security Camera Fixtures (Budget Code 40547-4J03)	268,425
Multipurpose Homes Renovations (Budget Code 40647-4K06)	9,084
Security Cameras YDC (Budget Code 40547-4J02)	2,300,530
Security Cameras Detentn (Budget Code 40547-4J01)	55,268
Samarkand HVAC Nordan (Budget Code 40647-4K03)	474,793

Office of State Budget and Management

OSBM R&R Reserve (Budget Codes 49702, 49802, 49902, 40002, 40102, 40202, 40302, 40402, 40502, 40602, 40702)	1,471,717
---	-----------

University of North Carolina

New Conference Center (Budget Code 40724 302)	2,606,943
4-H Camps	5,488,312
Hospital – Campus Master Plan	1,326,894
Piedmont Triad Research Park Land Acquisition	1,979,550
Electric Plumbing HVAC Design (Budget Code 40719)	56,079
Repairs to Electrical, Plumbing and Heating, Ventilating and Air Conditioning Systems (Budget Codes 40538, 40638)	75,000
4M22 2007 Reserve for Coker Lab Renov (Budget Code 40729)	360,000
Utility Metering (Budget Code 40629)	19,869
CI 08-24 Kenan Auditorium Replace Air Handler (Budget Code 40628)	124,947
CI 09-08 Trask Coliseum Replace Heat Exchange (Budget Code 40628)	11,100
Replace Windows – Messick Building (Budget Code 40736)	43,348
Repair HVAC System (Construction) – Greenville Center (Budget Code 40736)	143,700
Repair HVAC System – Brewster Building (Budget Code 40736)	57,274
Replace HVAC System (Design) – Spilman Building (Budget Code 40736)	10,000
Expand Central Chilled Water Loop (Design) – Main Campus (Budget Code 40736)	90,000
HSC-Upgrade Steam Systems (Construction) (Budget Code 40736)	761,021
MEP: Boiler #1 Repairs (Budget Code 40736)	10,022
Replace Condensate Line (Design) – to MH-MC3 (Budget Code 40736)	3,300
Install New Steam Distribution (Design) – Steam Plant to MH-CH-9 (Budget Code 40736)	264,200
Repair Heating, Ventilating, and Air Conditioning (Design) – Joyner Library (Budget Code 40736)	250,000
Brody P3 & AC7 HVAC Study (Budget Code 40636)	118,039
Replace Electrical Distribution Panels – Life Sciences Building (Budget Code 40636)	25,139
Upgrade Building Automation System – Brody Building (Budget Code 40636)	22,926
Repair/Replace Boiler Controls (Design) – Steam Plant (Budget Code 40636)	12,196
Replace Chilled Water Coils Air Handling Units 4,5, & 6 – Brody Building (Budget Code 40636)	240,055
MEP: Replace Main Switchboard West Academic Bldg (Budget Code 40636)	48,500
Electrical Distribution System Repair – Education Building (Budget Code 487200)	8,000
Window Replacement – Library (Budget Code 487200)	261,793

## TOTALS

\$65,587,775

### AMEND COPS AUTHORIZATION LANGUAGE/ALLOW POLICE OPERATIONS CENTER AT SCHOOL OF THE ARTS

**SECTION 27.12.** New provision amends Section 27.8(a)(7) of SL 2008-107 to provide that the special indebtedness authorized under that section is to be used to finance the capital facility costs of completing, separately or together, a central storage facility and a police operations center at the University of North Carolina School of the Arts (was, to complete a central storage facility).

### AMEND COPS AUTHORIZATION LANGUAGE/APPALACHIAN STATE UNIVERSITY PROPERTY ACQUISITION

**SECTION 27.12A.** New provision amends Section of 29.13(a)(1) of SL 2007-323 to specify that the State 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 in the maximum aggregate principal of \$34 million to finance the capital facility costs of completing a new educational building at Appalachian State University *and acquiring adjacent real property related to the project.*

### REPORT ON STATUS OF CERTAIN UNC REPAIRS & RENOVATIONS PROJECTS

**SECTION 27.13.** New provision directs the UNC Board of Governors (Board) to prepare a report on the status of each project subject to GS 116-31.11, which was or is to be paid for in whole or in part with funds allocated to the Board from the Reserve for Repairs and Renovations. Requires the Board to submit the report to the Chairs of the Senate Committee/Base Budget, the Chairs of the House of Representatives Committee on Appropriations, and the Fiscal Research Division no later than March 1, 2010. Specifies that the report is to include information about each project for which funds from the Reserve for Repairs and Renovations were allocated at any time after July 1, 2006, regardless of whether or not such funds were actually used for the project. Indicates the required information about each project to be contained in the report.

## PART XXVIII. MISCELLANEOUS PROVISIONS

### STATE BUDGET ACT APPLIES

**SECTION 28.1.** Identical to 3rd edition.

### COMMITTEE REPORT

**SECTION 28.2.(a)** Same as 3rd edition except updates the reference to include the House Appropriations Committee Report and Appropriations Supplemental Committee Report dated June 9, 2009. Provides that the budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2009-11 biennial budget (was, 2008-09 budget) as provided in GS 143C-3-5. Makes technical changes.

**SECTION 28.3-28.6.** Identical to 3rd edition.

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. House committee substitute to 4th edition will be summarized in tomorrow's *Daily Bulletin*.

June 11, 2009

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. House committee substitute makes the following changes to 4th edition.

## PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

### CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

**SECTION 2.1.** Changes appropriations from the General Fund for the maintenance of state departments, institutions, and agencies, and for specified purposes to the following.

**Current Operations – General Fund**

**2009-2010**

**2010-2011**

**HEALTH AND HUMAN SERVICES**

Department of Health and Human Services		
Division of Medical Assistance	\$2,148,175,223	2,465,854,321
Division of Public Health	142,778,041	147,757,355

#### **JUSTICE AND PUBLIC SAFETY**

Department of Correction	\$1,204,228,533	\$ 1,201,943,569
Department of Crime Control and Public Safety	26,583,536	24,765,766
Judicial Department – Indigent Defense	112,942,013	106,568,231
Department of Justice	84,150,008	77,185,192
Department of Juvenile Justice and Delinquency Prevention	136,167,259	134,166,809

#### **GENERAL GOVERNMENT**

Department of Administration	\$ 71,484,697	\$ 70,267,581
Department of Cultural Resources		
Cultural Resources	66,676,230	65,629,875
Department of Insurance		
Insurance – Volunteer Safety Workers' Compensation	2,000,000	1,561,846
Deletes Reserve for Severance Benefits.		

#### **TOTAL CURRENT OPERATIONS – GENERAL FUND**

**\$ 17,778,011,559      \$ 18,413,183,094**

#### **GENERAL FUND AVAILABILITY STATEMENT**

**SECTION 2.2.** Changes the General Fund availability amounts used in developing the 2009-11 biennial budget as follows.

#### **FY 2009-2010**

##### **Adjustments to Availability: 2009 Session**

Reserve for Increased/New Fees	\$ 81,167,651
Transfers of Cash Balances from Capital and R&R Accounts	65,687,775

#### **PART XV. JUDICIAL DEPARTMENT**

##### **INCREASE CERTAIN COSTS**

**SECTION 15.20.** Makes a technical change by removing subdivision (6a) from proposed amended GS 7A-304(a) in Section 15.20.(b). Effective July 1, 2009, enacts new GS 7A-321(d) to provide that a court must retain a collection assistance fee in the amount of 10% of any cost or fee collected by the Judicial Department (Department) and remitted to an agency of the state or any political subdivisions, other than (1) costs and fees designated for remission to or use by an agency or program of the Department or for support of the General Court of Justice or (2) costs and fees designated for remission to the General Fund. Requires that the court remit the collection assistance fee to the State Treasurer for the support of the General Court of Justice. Also makes conforming changes.

##### **INCREASE WAIVABLE OFFENSES COSTS**

**SECTION 15.22.** Makes technical changes to certain statutory references.

#### **PART XXB. DEPARTMENT OF CULTURAL RESOURCES**

##### **ELIMINATE TRANSFER OF FUNDS APPROPRIATED TO ROANOKE ISLAND COMMISSION TO NONPROFIT CORPORATION**

**SECTION 20B.2.** Makes technical changes to Special Fund code and Budget code references.

#### **PART XXVII. CAPITAL APPROPRIATIONS**

##### **TRANSFER OF UNENCUMBERED CASH BALANCES IN VARIOUS CAPITAL FUNDS**



**SECTION 27.11.** Increases the total of the unencumbered cash balance transferred to the state controller to be deposited in the General Fund and used for specified appropriations to \$65,687,775 (was, \$65,587,775).

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. House committee amendments make the following changes to 4th edition.

**TITLE CHANGE:** Amendment #3 amends the title to, *AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES; TO PROVIDE FOR TWO NEW PERMANENT UPPER-INCOME TAX BRACKETS WITH BEGINNING THRESHOLDS AT TWICE AND FIVE TIMES THE CURRENT HIGHEST BRACKET EFFECTIVE JANUARY 1, 2009; TO PERMANENTLY PROVIDE FOR MANDATORY COMBINED REPORTING FOR CORPORATE INCOME TAX PURPOSES EFFECTIVE JANUARY 1, 2010; TO PERMANENTLY EXPAND THE CORPORATE FRANCHISE TAX BASE TO INCLUDE ALL LIMITED LIABILITY BUSINESS ENTITIES EFFECTIVE JANUARY 1, 2010; TO PERMANENTLY MODIFY THE CORPORATE INCOME TAX APPORTIONMENT FORMULA BY REQUIRING THAT SALES BE INCLUDED IN THE NUMERATOR OF THE SALES FACTOR IF THE PROPERTY IS SHIPPED FROM THIS STATE AND THE TAXPAYER IS NOT TAXABLE IN THE STATE WHERE THE PROPERTY IS DELIVERED, EFFECTIVE JANUARY 1, 2010; TO PERMANENTLY CONFORM THE EXEMPTION FOR FINANCIAL INSTITUTIONS FOR INTEREST EXPENSE THAT IS ALLOCABLE TO TAX EXEMPT INTEREST INCOME TO THE GENERAL FEDERAL TREATMENT OF THIS EXPENSE EFFECTIVE JANUARY 1, 2010; TO PERMANENTLY INCREASE THE STATE GENERAL SALES AND USE TAX RATE BY ONE-QUARTER PERCENTAGE POINT EFFECTIVE AUGUST 1, 2009; TO PERMANENTLY IMPOSE THE STATE AND LOCAL SALES AND USE TAX ON SERVICE CONTRACTS AND ON REPAIR, MAINTENANCE, AND INSTALLATION SERVICES FOR TANGIBLE PERSONAL PROPERTY EFFECTIVE OCTOBER 1, 2009; TO PERMANENTLY IMPOSE THE STATE AND LOCAL SALES AND USE TAX ON LOCAL AND INTERSTATE COURIER SERVICES EFFECTIVE OCTOBER 1, 2009; TO PERMANENTLY IMPOSE THE STATE AND LOCAL SALES AND USE TAX ON SALES OF DIGITAL PRODUCTS EFFECTIVE OCTOBER 1, 2009; TO PERMANENTLY REQUIRE A REMOTE SELLER TO COLLECT SALES TAX WHEN THE SELLER ENTERS INTO AN AGREEMENT WITH ONE OR MORE STATE RESIDENTS PROVIDING FOR A COMMISSION WHEN THE RESIDENT REFERS CUSTOMERS TO THE SELLER AND THE SELLER HAS GROSS RECEIPTS OF AT LEAST TEN THOUSAND DOLLARS ANNUALLY FROM SALES TO ALL CUSTOMERS REFERRED TO THE SELLER BY ALL SUCH RESIDENTS, EFFECTIVE WHEN IT BECOMES LAW; TO PERMANENTLY IMPOSE THE STATE AND LOCAL SALES TAX ON MOVIES AND OTHER AMUSEMENTS IN LIEU OF THE PRIVILEGE TAXES CURRENTLY IMPOSED ON THESE ACTIVITIES EFFECTIVE OCTOBER 1, 2009; AND TO PERMANENTLY INCREASE THE EXCISE TAX RATE ON SPIRITUOUS LIQUOR BY ONE AND ONE-HALF PERCENTAGE POINTS EFFECTIVE AUGUST 1, 2009.*

## **PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**

### **SUPPLEMENTAL APPROPRIATIONS**

**SECTION 2.1A.** Amendment #3 makes the following additional appropriations from the General Fund for the biennium ending June 30, 2011, to partially restore reductions made in section 2.1 of this act, according to the following schedule:

	<b>FY 09-10</b>	<b>FY 10-11</b>
HEALTH AND HUMAN SERVICES		
Child Care Subsidy Rate Reduction	3,977,578 R	3,977,578 R
Smart Start Funding	20,000,000 R	20,000,000 R
Local Management Entities System		
Management Funds	4,000,000 R	4,857,331 R
CAP/MR-DD Reduction in State		
Supplemental Funds	8,000,000 R	8,000,000 R
State Funded Services	50,000,000 R	50,000,000 R
Direct Payments to Providers	7,100,000 R	7,100,000 R

Reduce Funding for Accreditation of Local Health Department	700,000 R	700,000 R
Eliminate Funding for the Early Hearing Program	171,000 R	171,000 R
Eliminate Funding for Second Dose Chicken Pox Vaccine	1,223,027 R	1,233,027 R
Reduce Oral Health Program Funds	3,388,418 R	3,388,413 R
Reduce Funding Office of Chief Medical Examiner	80,000 R	80,000 R
Reduce Division of Public Health Contract Funds	5,000,000 R	5,000,000 R
Establish/Increase Emergency Room Co-payments for Non-emergency Visits	382,665 R	482,728 R
Health Choice Enrollment Freeze	2,542,557 R	2,542,557 R
Adjust Continuation Budget to FY 2008-2009		
Authorized Budget Level	15,207,242 R	13,240,268 R
Reduce Funds for Child Advocacy Centers	115,000 R	115,000
R		
Reduce Funds for NC Reach	1,500,000 R	1,500,000
R		
Recovery Funds for Foster Care and Adoption Assistance	-636,719 NR	-325,671 NR
Reduce State Aid to Counties	5,473,985 R	5,473,985
R		
Decrease Foster Care & Adoption Assistance Rates	-1,174,026 R	1,122,638 R
Reduce Family Resource Center Funds	229,151 R	229,151 R
Service Rate Adjustment	64,767 R	64,767 R
Reduce Basic Support Case Services	3,612,025 R	3,612,025 R
Reduce Funds for Independent Living	1,500,000 R	1,500,000 R
Service Rate Adjustment	69,038 R	69,038 R
Reduce Home and Community Care Block Grant	2,594,744 R	2,594,744 R
Provider Rate Reduction	65,791,000 R	67,451,725 R
Modify Personal Care Services Benefit	34,000,000 R	40,800,000 R
Reduce Personal Care Services in Adult Care Homes	8,000,000 R	8,000,000 R
Eliminates PT/OT/ST	15,633,333 R	18,760,000 R
Reduces Adult Optical	3,201,911 R	3,842,293 R
Dental Coverage	16,726,329 R	20,905,072 R
Dental Policy Adjustments	3,689,582 R	4,427,500 R
Orthotics and prosthetics	2,267,877 R	2,885,284 R
Emergency Room Copayment for Nonemergency Visits	2,975,070 R	3,945,037 R
CCNC Savings	30,917,506 R	43,010,007 R
Growth	8,544,885 R	17,297,851 R
Phased-Out County Share	13,740,196 R	16,052,019 R
Reduction in Medical Assistance Payments	-49,965,249 NR	-38,805,850
NR		
<b>Totals</b>	<b>290,642,892</b>	<b>345,299,517</b>

DEPARTMENT OF ADMINISTRATION

Adjust Continuation Budget-for utilities	1,667,388	1,140,952
Veterans Services Office	12,032	12,032
Domestic Violence	170,203	170,203
Telecommunications Office	371,989	655,621
Rape Crisis	195,175	195,175
Veterans Affairs	175,968	175,968

OFFICE OF STATE PERSONNEL

Reduce Various Line Items	100,000	100,000
---------------------------	---------	---------

STATE ETHICS COMMISSION

Reduce State Ethics Commission	81,752	81,752
--------------------------------	--------	--------

DEPARTMENT OF CULTURAL RESOURCES

Libraries	1,553,583	1,936,979
Grassroots	271,024	338,780
Basic Grants	387,332	484,155
Museum of Art& Tyron Palace Reserve	1,456,484	2,809,565
Symphony	425	425
Restoring filled positions	272,361	276,132

DEPARTMENT OF REVENUE

PSA-Rev	424,120	424,120
---------	---------	---------

HOUSING FINANCE AGENCY

HFA	1,000,000	1,000,000
-----	-----------	-----------

DEPARTMENT OF THE STATE TREASURER

Adjust Continuation Budget-for utilities	221,000	221,000
Fire Rescue - Management Flexibility Reserve		139,703
Pension Fund	317,863	317,863

OFFICE OF THE STATE CONTROLLER

Management Flexibility Reserve		229,619
Adjust Continuation Budget	312,798	

GOVERNOR

Reduce Exp. Accounts	50,000	50,000
----------------------	--------	--------

OFFICE OF STATE BUDGET AND MANAGEMENT

Reduce Various Accounts	50,000	50,000
-------------------------	--------	--------

STATE BOARD OF ELECTIONS

Last four positions	89,021	89,021
---------------------	--------	--------

SECRETARY OF STATE

4.25 filled positions	155,514	170,967
-----------------------	---------	---------

OFFICE OF ADMINISTRATIVE HEARINGS

Reduce Various Operating Accounts	64,689	
64,689		

LIEUTENANT GOVERNOR

Reduce Various Operating Accounts	22,831	
22,831		

DEPARTMENT OF INSURANCE

Reduce Various Operating Accounts	316,449	
316,449		

OFFICE OF STATE AUDITOR

Four auditor positions	260,000	
260,000		

JUDICIAL DEPARTMENT

Vacant AOC positions (179.0)	9,498,004	
9,498,004		
VWLA Positions (155.0)	7,019,017	7,019,017

DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

DJJDP Continuation Budget		3,100,000
JCPC County Allocation	3,472,929	3,472,929

DEPARTMENT OF CORRECTION

Jail Misdemeanant Payments	5,000,000	
5,000,000		
DOC Continuation Budget	50,010,050	60,610,050

DEPARTMENT OF PUBLIC INSTRUCTION

Restore Teachers to Classrooms (Maintains K-3 class size at 08-09 levels)	138,958,000	
198,500,000		
At Risk		70,000,000
50,000,000		
Low Wealth	4,853,701	9,707,403
Instructional Support Positions	19,367,181	
20,772,741		
School Building Administration	17,586,720	
17,586,720		
Restore LEA Flexibility Reduction	2,871,551	
9,635,289		

COMMUNITY COLLEGE SYSTEM OFFICE

Restore All Tuition Waivers	16,362,847	
16,362,847		
Restore Cuts to CC Personnel	10,000,000	
14,000,000		

UNIVERSITY OF NORTH CAROLINA  
 Restore Cuts to University Personnel  
 80,000,000

75,000,000

DEPARTMENT OF AGRICULTURE

Oper. Res. - Barn	152,799	156,925
Oper. Res. - Lab	43,500	79,000
Oper. Res.- Vet Services - Rendering	75,000	
75,000		
Operating - Cell Phones	60,909	60,909
FFA to 4% & 6%	1,980	1,980
Marketing - Ag Review	25,000	
25,000		
Ag in Classroom 4% & 6%	990	990

DEPARTMENT OF LABOR

Wage & Hour	94,796	94,796
Operating - Cell Phones	27,164	27,164

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Oper. Res.- Nature Research Cntr	242,159	855,620
Oper. Res.- Parks	1,537,849	1,342,669
Operating - Comm Travel/ Subsistence	170,399	170,399
Forestry Equipment	-	112,556
State Parks	-	262,037
Grassroots to 4% & 6%	139,254	139,254
Partnerships to 4% & 6%	20,690	20,690

DEPARTMENT OF COMMERCE

Oper. Res. - China Trade Office	175,000	175,000
Operating - Cell Phones	34,682	34,682
BI - Contractors	720,868	720,868
Heritage Tourism	56,125	56,125
State Aid - Land Loss to 4% & 6%	15,500	15,700
State Aid - Institute of Minority		
Econ. Dev. to 4% & 6%	106,300	119,900
State Aid - NC Assoc. of CDCs to 4% & 6%	44,300	47,300
State Aid - NC Minority		
Support Cntr to 4% & 6%	143,500	143,400
State Aid - NC Comm. Dev.		
Initiative to 4% & 6%	209,000	209,200
State Aid - e-NC Authority to 4% & 6%	20,200	19,300
State Aid - High Point		
Furniture Market to 4% & 6%	36,600	35,200
NC Biotech to 4% & 6%	17,000	616,900
Rural Economic Development		
Center to 4% & 6%	228,436	248,436

## **CONTINGENT AVAILABILITY/RESTORATION RESERVE**

### **SECTION 5.7. Deleted by Amendment #3.**

## **PART VII. PUBLIC SCHOOLS**

### **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

**SECTION 7.3.** Amendment #3 deletes that a county with wealth that is greater than 90% of the state average wealth is limited to receiving (1) for 2009-10, 75% of a full allotment of supplemental funding and (2) for 2010-11, 50% of a full allotment of supplemental funding. Also makes a conforming change.

### **INCREASE CLASS SIZE**

**SECTION 7.23.** Amendment #3 provides that the allotment ratios, the maximum class size, and the maximum average class size limits for grades 4-12 (was, each grade level) in the public schools must be (1) two students higher beginning with the 2009-10 school year than they were for the 2008-09 school year and (2) three students higher beginning with the 2010-11 school year than they were for the 2008-09 school year.

## **PART VIII. COMMUNITY COLLEGES**

### **ELIMINATE SOME TUITION WAIVERS**

**SECTION 8.11.** Amendment #3 deletes this section.

### **MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES**

**SECTION 8.24.** Amendment #3 creates a new provision that requires that the State Board of Community Colleges allocate the management flexibility reduction for the Community College System in a manner that accounts for the unique needs of each college and provides for the equitable distribution of funds to the institutions consistent with GS 115D-5(a). Provides that, before taking reductions to instructional budgets, the community colleges must consider reducing budgets for senior and middle management personnel and for programs that have both low-enrollment and low-postgraduate success. Also requires the community colleges to (1) minimize the impact on student support services and on the retraining of dislocated workers and (2) review their institutional funds to determine whether there are monies available that can be used to assist with operating costs before taking reductions in instructional budgets.

## **PART IX. UNIVERSITIES**

### **REPEAL SENIOR CITIZEN TUITION WAIVER FOR UNC CONSTITUENT INSTITUTIONS**

**SECTION 9.29.** Amendment #3 creates a new provision that repeals GS 115B-2(a)(1), which authorized the constituent institutions of the University of North Carolina and community colleges to grant a tuition waiver to state residents who are age 65 or older. Also repeals GS 115B-2.1 (waiver of fees for residents age 65 and older) and GS 115B-5(a) (proof of eligibility for senior citizens). Amends GS 115D-5 to provide that tuition is to be waived for senior citizens attending institutions operating under GS Chapter 115D (Community Colleges) (was, institutions operating under GS Chapter 115D as set forth in GS Chapter 115B, Tuition Waiver for Senior Citizens).

## **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **ALLOCATION OF RECURRING CUT IN MH/DD/SA SERVICES**

**SECTION 10.18A.** Amendment #3 deletes the section.

### **NC HEALTH CHOICE ENROLLMENT FREEZE**

**SECTION 10.34.** Amendment #3 deletes the section.

### **FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

**SECTION 10.45.** Amendment #3 increases the maximum rates for (1) state participation in the foster care assistance program established on a graduated scale and (2) state adoption assistance program established to be consistent with the foster care rates as follows: (1) \$475 (was, \$390) per child per month for children aged birth through 5; (2) \$581 (was, \$440) per child per month for children aged 6 through 12; and (3) \$634 (was, \$490) per child per month for children aged 13 through 18.

## **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT FUND**

**SECTION 10.50.** Amendment #3 (as amended by Amendment #7) increases the appropriation from the General Fund to the Department of Health and Human Services (DHHS) for 2010-11 from \$1,668,250 to \$3,168,250 and appropriates \$1.5 million for 2009-10.

## **NON-MEDICAID REIMBURSEMENT CHANGES**

**SECTION 10.55.** Amendment #3 decreases the overall rate reduction to provider rates for medical and nonmedical services rendered for the Medical Eye Care, Independent Living, and Vocational Rehabilitation programs within the Division of Services for the Blind, and Independent Living and Vocational Rehabilitation programs within the Division of Vocational Rehabilitation to 3.06% (was, 5.5%) for 2009-10 and 3.56% (was, 6%) for 2010-11.

## **MEDICAID**

**SECTION 10.58.** Amendment #3 adds that DHHS is required to spend funds appropriated for Medicaid services for physical, occupational, and speech therapies for adults and EPSDT eligible children. Requires that payments are to be made only to qualified providers at rates negotiated by DHHS.

Deletes that DHHS must establish a \$50 per visit co-payment for non-emergent hospital emergency room visits. Makes a conforming change by deleting the proposed amendment to GS 108A-70.21(d).

Decreases the overall rate reduction to Medicaid provider rates, subject to prior approval of the Office of State Budget and Management to 3.06% (was, 5.5%) for 2009-10 and 3.56% (was, 6%) for 2010-11.

## **PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

### **GRASSROOTS SCIENCE PROGRAM**

**SECTION 13.7.** Amendment #3 provides that of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, \$3,342,086 (was, \$3,202,832) for 2009-10 and \$3,272,459 (was, \$3,133,205) for 2010-11 is allocated as grants-in-aid for each fiscal year as follows:

	2009-2010	2010-2011
Aurora Fossil Museum	\$56,695	\$55,514
Cape Fear Museum	\$154,567	\$151,347
Carolina Raptor Center	\$107,687	\$105,444
Catawba Science Center	\$140,502	\$137,575
Colburn Earth Science Museum, Inc.	\$71,563	\$70,072
Core Sound Waterfowl Museum	\$48,000	\$47,000
Discovery Place	\$636,350	\$623,093
Eastern NC Regional Science Center	\$48,000	\$47,000
Fascinate-U	\$77,829	\$76,208
Granville County Museum Commission, Inc.—Harris Gallery	\$54,165	\$53,037
Greensboro Children's Museum	\$129,673	\$126,971
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$149,387	\$146,274
Highlands Nature Center	\$76,097	\$74,512
Imagination Station	\$82,593	\$80,871
The Iredell Museums, Inc.	\$58,854	\$57,628
Kidsenses	\$78,031	\$76,405
Museum of Coastal Carolina	\$74,899	\$73,339
The Natural Science Center of Greensboro, Inc.	\$178,900	\$175,173
North Carolina Museum of Life and Science	\$364,633	\$357,036

Pisgah Astronomical Research Institute	\$48,000	\$47,000
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	\$48,000	\$47,000
Rocky Mount Children's Museum	\$69,364	\$67,919
Schiele Museum of Natural History and Planetarium, Inc.	\$220,365	\$215,774
Sci Works Science Center and Environmental Park of Forsyth County	\$140,639	\$137,709
Sylvan Heights Waterfowl Park and Eco-Center	\$48,000	\$47,000
Western North Carolina Nature Center	\$108,363	\$106,106
Wilmington Children's Museum	\$70,930	\$69,452
Total	\$3,342,086	\$3,272,459

#### **PART XIV. DEPARTMENT OF COMMERCE**

##### **RURAL ECONOMIC DEVELOPMENT CENTER**

**SECTION 14.15.** Amendment #3 provides that, of the funds appropriated to the North Carolina Rural Economic Development Center, Inc., \$4,602,436 (was, \$4,044,000) for 2009-10 and \$4,527,436 (was, \$3,957,000) for 2010-11 is to be allocated as follows.

	2009-2010	2010-2011
Center Administration, Technical Assistance, & Oversight	\$1,555,000	\$1,523,000
Research and Demonstration Grants	\$351,000	\$344,000
Institute for Rural Entrepreneurship	\$136,000	\$134,000
Community Development Grants	\$987,436	\$987,436
Microenterprise Loan Program	\$185,000	\$182,000
Water/Sewer/Business Development Matching Grants	\$840,000	\$821,000
Statewide Water/Sewer Database	\$ 95,000	\$ 93,000
Agricultural Advancement Consortium	\$110,000	\$107,000

##### **OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS**

**SECTION 14.17.** Amendment #3 provides that, of the funds appropriated to the North Carolina Rural Economic Development Center, Inc., \$343,000 (was, \$330,000) for 2009-10 and \$336,000 (was, \$322,000) for 2010-11 is to be equally distributed among the certified Opportunities Industrialization Centers.

#### **PART XV. JUDICIAL DEPARTMENT**

##### **REPEAL VACANT DISTRICT COURT JUDGESHIIPS**

**SECTION 15.17C.** Amendment #3 deletes the section.

##### **REPEAL ASSISTANT DISTRICT ATTORNEY AUTHORIZATIONS**

**SECTION 15.17D.** Amendment #3 deletes the section.

##### **DIVIDE PROSECUTORIAL DISTRICT 11 INTO DISTRICTS 11A AND 11B**

**SECTION 15.17E.** Amendment #3 makes conforming changes and increases the number of full-time assistant district attorneys positions in Prosecutorial District 11B, Johnston County, to 10 (was, 9).

##### **REPEAL INVESTIGATORIAL ASSISTANT AUTHORIZATIONS**

**SECTION 15.17G.** Amendment #3 deletes the section.

##### **REPEAL VACANT SUPERIOR COURT JUDGESHIP**

**SECTION 15.17H.** Amendment #3 deletes the section.



## **INCREASE CERTAIN COURT FEES**

**SECTION 15.20.(d1)** Amendment #2 amends proposed subdivision (a5) to GS 7A-305, (1) assessing a cost of \$20 (was, \$10) against a party filing a motion for summary judgment pursuant to GS 1A-1, Rule 56, and (2) deleting provisions that assessed a cost against a party for filing motions under additional statutory provisions.

## **INCREASE FINES FOR WAIVABLE OFFENSES (NEW)**

**SECTION 15.22.** Amendment #3 changes the title of the section.

Amendment #4 makes the following changes.

**SECTION 15.22.(t)** Amends GS 113-291.8(b) to increase the fine to \$75 (was, \$50) for violating the requirement that persons engaged in hunting certain game animals wear hunter orange. Effective October 1, 2009, and applies to offenses committed on or after that date.

**SECTION 15.22.(mm)** Amends GS 113-291.8(b) as amended by subsection (t) of Section 15.22 to increase the fine to \$85 (was, \$60) for violating the requirement to wear hunter orange while engaged in hunting certain game animals. Effective October 1, 2010, and applies to offenses committed on or after that date.

**SECTION 15.22.(u)** Amends GS 113-135.1(a) to limit a fine for an offense that is solely a violation of the rules of the Wildlife Resources Commission to \$75 (was, \$35) unless the offense falls under specified exceptions. Effective October 1, 2009 and applies to offenses committed on or after that date.

**SECTION 15.22.(nn)** Amends GS 113-135.1(a) as amended by section (u) of Section 15.22 to limit a fine for an offense that is solely a violation of the rules of the Wildlife Resources Commission to \$85 (was, \$45) unless the offense falls under specified exceptions. Effective October 1, 2010, and applies to offenses committed on or after that date.

## **PART XIX. DEPARTMENT OF CORRECTION**

### **SET REIMBURSEMENT TO COUNTIES FOR STATE INMATES HOUSED IN LOCAL CONFINEMENT FACILITIES**

**SECTION 19.18A.** Amendment #3 deletes the section.

### **ARCHIVES AND RECORDS MANAGEMENT PROGRAM FEE**

**SECTION 20B.3.(a)** Amendment #1 requires the register of deeds to collect a \$5 fee from the grantor on each deed (was, on each instrument by which any interest in real property is conveyed to another person). Provides that nothing in the proposed new section, GS 161-11.6, *Fees for archival of records*, is to be construed as applying to deeds of trusts or mortgages.

## **PART XXI. DEPARTMENT OF INSURANCE**

### **SET INSURANCE REGULATORY CHARGE**

**SECTION 21.1.** Amendment #3 requires that the percentage rate to be used in calculating the insurance regulatory charge under GS 58-6-25 be 6% for the 2010 calendar year.

### **PART XXVIIA. INDIVIDUAL INCOME TAX CHANGES**

Amendment #3 makes the following changes.

#### **TWO NEW TAX BRACKETS FOR UPPER INCOME**

**SECTION 27A.1.** Amends GS 105-134.2(a), effective for taxable years beginning on or after January 1, 2009, to create two new tax brackets for upper income persons, setting the individual income tax rates as follows:

<b>Filing status</b>	<b>Income Over</b>	<b>Income Up To</b>	<b>Rate</b>
Married, filing jointly or as a surviving spouse	\$200,000	\$500,000	8.25%
Married, filing jointly or as a surviving spouse	\$500,000	NA	8.5%
Heads of households as defined in § 2(b) of the Code	\$160,000	\$400,000	8.25%
Heads of households as defined in § 2(b) of the Code	\$400,000	NA	8.5%
Unmarried individuals (not surviving spouses or heads of household)	\$120,000	\$300,000	8.25%
Unmarried individuals (not surviving spouses or heads of household)	\$300,000	NA	8.50%
Married individuals, not filing jointly	\$100,000	\$250,000	8.25%
Married individuals, not filing jointly	\$250,000	NA	8.50%

Provides that notwithstanding GS 105-163.15 (regarding the underpayment of estimated income tax), no addition to tax may be made under GS 105-163.15 for a taxable year beginning on or after January 1, 2009, and before January 1, 2010, with respect to an underpayment that was created or increased by Section 27A.1.

**PART XXVIII. CORPORATE INCOME TAX CHANGES**  
**SINGLE INCOME TAX RETURN FOR UNITARY BUSINESS**

**SECTION 27B.1** Amends GS 105-130.2 to add definitions for terms as they apply in GS Chapter 105, Article 4, Part 1 Corporation Income Tax.

Defines *unitary business* as business activities that meet one or more of the following conditions: activities of the members are in the same general line of business, are steps in a vertically structured enterprise or process, provide mutual benefit and produce a significant sharing or exchange or flow of value among them, or there is centralized management. Defines *unitary business group* as one or more persons connected through common ownership who engage in a unitary business. Provides that a unitary business group does not include a tax exempt corporation under Code section 501, an S-Corporation, a partnership, an insurance company subject to tax under Article 8B of GS Chapter 105, or certain corporations with 80% or more of total business activity outside the United States. Also adds definitions for (1) *common ownership*, (2) *principal reporting member*, (3) *person*, and (4) *tax haven country*.

Amends GS 105-130.3 to provide that the tax imposed on the state net income of every C Corporation is also imposed on every unitary business group doing business in North Carolina. Fixes the tax rate at 6.9% of the taxpayer's state net income. Enacts new GS 105-130.3A regarding the taxation imposed on a unitary business group. Requires a unitary business group with business activity in this state to file an income tax return that includes the state net income of the unitary business group. Provides criteria regarding tax credits, net economic losses, and liability as they apply to a unitary business group. Also provides criteria regarding the federal taxable income of a unitary business group.

Amends GS 105-228.3 (Article 8B, *Taxes Upon Insurance Companies*), to define *captive insurance company* as an insurer that receives more than 50% of its gross premiums from affiliates as defined in GS 105-130.6. Excludes *captive insurance company* from the definition of *insurer*. Amends GS 105-228.5 to provide that a captive insurance company is not subject to the tax levied by this section if the captive insurance company is part of a unitary business group with business activity in North Carolina.

Current law directs any corporation that elects or is required to file a consolidated federal income tax return not to file a consolidated return with the state secretary of revenue unless specifically directed to do so by the Secretary. Amends GS 105-130.14 to provide that if a corporation is a member of a unitary business group, it, along with the other members of the group, must file an income tax return for the unitary business group. Provides that if a corporation is not a member of a unitary business group it is to determine its state net income as if a separate return had been filed for federal purposes.

Effective for taxable years beginning January 1, 2010.

**EXPAND FRANCHISE TAX TO INCLUDE LIMITED LIABILITY BUSINESS ENTITIES**

**SECTION 27B.2.** Amends GS 105-114 to expand the scope of the franchise tax to include limited liability business entities. Restates the *nature of taxes* to indicate that Article 3, *Franchise Tax*, of GS Chapter 105 imposes a tax on a business entity (was, imposes taxes on persons and partnerships) for the privilege of doing business in this state in an ownership form that confers limited liability on the owners of the entity. Defines *business entity* as a corporation, a limited liability company, a limited partnership, a limited liability partnership, or a limited liability limited partnership. Makes conforming changes to use the term *business entity* to encompass corporations and all of the previously listed limited liability entities. Provides definitions for each of the limited liability entities. Repeals GS 105-114.1 regarding limited liability companies.

Amends GS 105-102.2 to provide that a business entity taxed under this section (*Franchise or privilege tax on holding companies*) must pay the tax due under subsection (b) of GS 105-102.2 at the time that a report is due under GS 105-122. Makes conforming changes, replacing the term *corporation, domestic and foreign* with the term *business entity*. Makes additional conforming, organizational, and technical changes. Redefines a *holding company* as a *business entity*, and adds a definition for *capital interest*.

Amends GS 105-122 to provide for a franchise tax on a business entity (was, franchise or privilege tax on domestic and foreign corporations). Makes conforming changes consistent with the application of the term *business entity*, which includes corporations and limited liability entities as defined in GS 105-114 as amended. Imposes an annual franchise tax on a business entity doing business in the state and provides that the tax amount is to be determined based on the books and records of the business entity at the close of its income year. Provides for a tax rate of \$1.50 per \$1,000 of the capital base of the business entity and may not be less than \$35.00.

Adds provision setting forth the capital base for a noncorporate business entity. Requires a business entity that is not a corporation to determine its net worth. Provides criteria to be applied in determining a business entity's net worth. Requires a business entity that is doing business in this state and in one or more states to

apportion its tax base to this state. Provides criteria regarding the apportionment calculations. Deletes provisions that were specific to apportionment with regards to corporations.

Repeals GS 105-128 (power of attorney) and GS 105-129 (extension of time for filing returns). Makes additional conforming, organizational, and technical changes. Provides that this section is effective for taxable years beginning on or after January 1, 2010.

#### **THROWBACK RULE**

**SECTION 27B.3.** Amends GS 105-130.4(1)(2) to provide that sales of tangible property are viewed as in this state if (1) the property is received in North Carolina by a purchaser other than the United States government (was, if the property is received in this state by the purchaser) or (2) the property is shipped from a place in this state and the purchaser is the United States government or the taxpayer is not taxable in the state of the purchaser. Effective for taxable years beginning on or after January 1, 2010.

#### **CONFORM BANK EXPENSE DEDUCTION**

**SECTION 27B.4.** Amends GS 105-130.5(a) to include among the additions to federal taxable income to be used in determining state net income the provision that the portion of a financial institution's interest expense that is allocable to interest income that is exempt from taxation under this Part (Corporation income tax). Effective for taxable years beginning on or after January 1, 2010.

#### **PART XXVIIC. SALES TAX CHANGES**

##### **INCREASE STATE SALES TAX BY ONE-QUARTER CENT**

**SECTION 27C.1.** Amends GS 105-164.4(a) to increase the state sales tax to 4.75% (was, 4.5%). Provides that the proposed increase in the general rate of the state sales tax does not apply to certain purchases of construction materials. Effective August 1, 2009, and applies to sales made on or after that date.

Repeals the provision amending GS 105-164.4(a) to increase the sales tax to 4.75%, and amends GS 105-164.4(a) to increase the state sales tax to 5%. Effective October 1, 2009, and applies to sales made on or after that date.

##### **NEXUS CLARIFICATION AND CLICK-THROUGHS**

**SECTION 27C.2.** Recodifies GS 105-164.3(18) as GS 105-164.3(33g) and amends the definition for *remote sale* (was, *mail order*) to include a sale of tangible personal property ordered via the Internet or another similar method to a purchaser in this state from a retailer in another state who transports or causes the property to be transported to a person in this state. Amends GS 105-164.8(b) to clarify the retailer's obligation to collect tax pertaining to remote sales (was, *mail order*) subject to tax. Makes conforming changes.

##### **SALES TAX BASE EXPANSION**

**SECTION 27C.3.** Repeals: (1) GS 105.37.1 (imposing a privilege tax on certain entertainments), (2) GS 105-38.1, (imposing a privilege tax on motion picture shows), and (3) GS 105-40 (exempting certain amusements from a privilege tax).

Amends GS 105-164.3 to add definitions for the following terms: (1) *audio work*, (2) *audiovisual*, (3) *digital code*, (4) *repair*, (5) *maintenance*, and *installation services*, (6) *ringtone*, and (7) *service contract*.

Provides that the general rate of tax is 5% [GS 105-164.4(a) as amended]. Provides that the following items are subject to the general rate of tax, whether delivered or accessed electronically: (1) an audio work, (2) an audiovisual work, and (3) a book. Identifies as a retailer a person who sells these items. Provides that the tax does not apply to telecommunications service, video programming service, satellite digital audio radio service, or any other service that is taxed under another subdivision of this subsection. Applies the general rate of tax to the gross receipts derived from a service contract and from repair, maintenance, and installation services. Also provides that the general rate of tax applies to the gross receipts from charges for any of the following activities: (1) admission to a live performance or other live event of any kind; (2) admission to a movie or other audiovisual work; and (3) providing air, surface, or combined courier delivery services of parcels. Enacts new GS 105-164.4E to clarify the criteria for when an item given away or used by a retailer or a wholesale merchant is considered sold. Amends GS 105-164.7 to affirm the retailer's duty to act as a trustee on behalf of the state when it collects sales tax from a purchase. Amends GS 105-164.13 to provide a list of items (was, tangible personal property and services) that are specifically exempted from the retail sales and use tax, including: sales by authorized merchants on the Cherokee Indian Reservation; admission charges to certain specified recreational or entertainment activities; and certain service contracts for the repair, installation, or maintenance of an item that is exempt from the sales and use tax.

Amends GS 105-467(a) to provide that the scope of the sales tax applies to (1) the sales price of an item that is delivered or accessed electronically and is subject to the general rate of tax under proposed GS 105-164.4(a)(6B) and (2) the gross receipts derived from providing a service subject to the general rate of tax under GS 105-164(a)(9), (a)(10), or (a)(11). Makes conforming changes to Section 4 of SL 1096-1967, as amended.

This section becomes effective October 1, 2009, and applies to sales occurring on or after that date. Provides that this act does not affect the rights or liabilities of the state, a taxpayer, or any other person arising

under a statute amended or repealed by this act before the effective date of the amending or repealing of the statute.

**PART XXVIII. ALCOHOL EXCISE TAX CHANGE  
INCREASE TAX ON LIQUOR**

**SECTION 27D.2.** Levies an excise tax of 26.5% (was, 25%) on liquor sold in ABC stress. Effective August 1, 2009.

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. House amendments make the following changes to 5th edition.

**PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**

**GENERAL FUND AVAILABILITY STATEMENT**

**SECTION 2.2.** Amendment #7 adds the following:

	FY 09-10	FY 10-11
Increase Upper Income Tax Brackets	256.7 million	183.1 million
Combined Reporting, Corporate Income Tax	18.5 million	43.7 million
Sales Tax on Warranties, Installations, Repairs (includes maintenance)	176.2 million	244 million
Sales Tax on Local and interstate courier services	25 million	91.1 million
Sales Tax on Digital/Click throughs	13.2 million	17.8 million
Sales Tax on Amusements/Movies	23.6 million	31.6 million
Franchise Tax on limited liability companies	59 million	131.1 million
Throwback Rule, Corporate Income Tax	5.9 million	14.7 million
Change Bank Interest Deduction	2.6 million	8.8 million
Increase Liquor Tax by 1.5%	7.9 million	8.3 million
Increase Sales Tax rate ¼ cent	195 million	200 million

**PART VI. GENERAL PROVISIONS**

**IMPLEMENT BUDGET DEVELOPMENT SYSTEM**

**SECTION 6.21.** Amendment #19 creates a new section to require that a reduction in the Statewide Reserve for IT Initiatives, Enterprise Project Management Office, of \$1.5 million be used by the Fiscal Research Division (FRD) and the Office of State Budget and Management (OSBM) to purchase and implement a budget development system. Requires FRD and OSBM to report to the Joint Legislative Commission on Governmental Operations on the status of implementation by January 1, 2010.

**REPORT ON POSITIONS FILLED THROUGH FAVORITISM**

**SECTION 6.4A.** Amendment #22 creates a new section to require that the State Personnel Commission (Commission) study state government positions, whether or not covered by the State Personnel Act, to determine if any position has been established for, or obtained by, a particular employee through political favoritism or familial relationships. Allows the Commission to examine all personnel records in conducting its investigation. Requires the Commission to report to the Joint Legislative Commission on Governmental Operations by March 1, 2010.

**PART IX. UNIVERSITIES**

**USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS**

**SECTION 9.1.** Amendment #5 adds that the General Assembly encourages the State Education Assistance Authority to try to not reduce the Escheat Fund principal below \$200 million in complying with requirements of the section, but acknowledges that this may not be feasible. Provides that all limitations on asset allocation of Escheat Funds invested by the State Treasurer be calculated at the time of investment.

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

**DHHS DATA COLLECTION REVIEW AND STREAMLINING**

**SECTION 10.18B.** Amendment #20 deletes existing Section 10.18B (TREATMENT OUTCOMES AND PROGRAM PERFORMANCE SYSTEM FORM REQUIREMENT CHANGE) AND creates a new section to require that the Department of Health and Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, review all data collection instruments and streamline the amount of paperwork involved with patient data reporting by physicians and providers.

#### **VENDING ACCOUNTS**

**SECTION 10.20A.** Amendment #14 provides that eliminated vending receipts accounts must become part of the operating budgets within the state facilities and be budgeted for patient (was, patient and employee) activities and services on an ongoing basis.

#### **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT FUND**

**SECTION 10.50.** Amendment #5 adds that the General Assembly encourages the State Education Assistance Authority to try to not reduce the Escheat Fund principal below \$200 million in complying with requirements of the section, but acknowledges that this may not be feasible. Provides that all limitations on asset allocation of Escheat Funds invested by the State Treasurer be calculated at the time of investment.

#### **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

##### **IMPLEMENTATION PLAN FOR FOUR TIERS OF CAP-MR/DD PROGRAM**

**SECTION 10.65A.** Amendment #11 directs the Department of Health and Human Services (DHHS), Division of Medical Assistance, in conjunction with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SA) to submit a plan (was, a state plan amendment) to the Joint Legislative Oversight Committee on MH/DD/SA (was, to the Centers for Medicare and Medicaid services) for the implementation of Tiers 1 through 4 of the CAP-MR/DD program (Community Alternatives Program for Persons with Mental Retardation/ Developmental Disabilities). Makes conforming and technical changes.

Adds new provision directing the Division of MH/DD/SA, working in conjunction with local management entities (LMEs), to review the services funded through the Division being received by individuals with developmental disabilities who are not currently being served through the CAP-MR/DD Tier 1 waiver to determine (1) if those persons could be better served through the CAP-MR/DD Tier 1 waiver, and (2) if the state appropriations currently funding services for those persons would be sufficient to provide the non-federal match for those persons if they became eligible for the CAP-MR/DD Tier 1 waiver. Requires the Division to report its findings by March 1, 2010 to various legislative committees.

#### **DHHS BLOCK GRANTS**

**SECTION 10.78.** Amendment #17 decreases the appropriation from the Child Care and Development Fund (CCDF) Block Grant to the Quality and Availability Initiatives to \$23,985,876 (was, \$24,560,876). Adds an appropriation of \$575,000 from the CCDF Block Grant to the CASTLE Program for Preschool Classes and Teacher Training.

#### **PART X-A. DEPARTMENT OF HEALTH AND HUMAN SERVICES RESTORATIONS.**

**SECTION 10.79.** Amendment #7 makes 39 specified restorations within the Department of Health and Human Services, including to the following: NC Partnership for Children, Inc., Health Choice Enrollment Freeze, Reduce State Aid to Counties, Reduce the Home and Community Care Block Grant, Dental Coverage in the Division of Medical Assistance, and Phased-Out County Share of Medicaid.

#### **PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES REVIEW OF FEE SCHEDULES**

##### **FERRYMON PROGRAM FUNDS**

**SECTION 13.3D.** Amendment #12 adds new provision to increase the \$1 million reduction of the funds appropriated to the Department of Environment and Natural Resources (DENR) for the Oyster Reef Program by \$250,000 to the sum of \$1.25 million for the 2009-10 fiscal year and directs DENR to use the \$250,000 for the 2009-10 fiscal year to provide funds for the FerryMon Program which evaluates water quality in the Pamlico Sound and its tributary rivers using equipment attached to ferry vessels.

#### **FUNDS FOR WILDLIFE RESOURCES COMMISSION OPERATING BUDGET**

**SECTION 13.11.** Amendment #6 deletes contents of the provision. Instead, prohibits the Secretary of Revenue from transferring funds from the state sales and use tax net collections received by the Department of Revenue under Article 5 of GS Chapter 105 to the State Treasurer for the Wildlife Resources Fund during 2009-10 and 2010-11. Amends GS 105-164.44B to require that, each odd-numbered year, the House and Senate Appropriations Subcommittees on Natural and Economic Resources must review the amount of the funds to be transferred from the specified state sales and use tax net collections for the Wildlife Resources Fund during the upcoming biennium. Allows the committees to recommend lowering the amount as necessary. If the amount is lowered in any fiscal year, that amount must be included in the current operations appropriation act for that biennium. Makes a conforming change.

## **PART XIV-A. NATURAL AND ECONOMIC RESOURCES RESTORATION**

**SECTION 14A.1.** Amendment #7 makes 26 specified restorations within the Department of Natural and Economic Resources, including to the following: Ag in the Classroom, Forestry Equipment , Land Loss Prevention, High Point Furniture Market, NC Biotechnology Center, and Rural Economic Development Center.

## **PART XV. JUDICIAL DEPARTMENT**

### **ELIMINATE SENTENCING SERVICES PROGRAM**

**SECTION 15.17.** Amendment #15 deletes the section.

### **BOND FORFEITURE SET ASIDE PROCESSING FEE**

**SECTION 15.23.** Amendment #18 amends proposed GS 15A-544.5(i) to provide that if a court enters an order to set aside any forfeiture of bail bond under GS 15A-544.5(c), the court must, upon conviction, impose a processing fee of \$50 against the defendant, *unless the court in its discretion remits the fee upon a finding of inadvertence or mistake.*

## **PART XVI. DEPARTMENT OF JUSTICE**

### **REDUCE DEPARTMENT SHARE OF PAYMENT FOR JUDGMENTS AGAINST COUNTY AND CITY BOARDS OF EDUCATION**

**SECTION 16.6.** Amendment #16 deletes the section.

## **PART XXA. DEPARTMENT OF ADMINISTRATION**

### **ALLOW DOMESTIC VIOLENCE TASK FORCE OF PAMLICO COUNTY TO ESTABLISH ITS OWN DOMESTIC VIOLENCE CENTER**

**SECTION 20A.5.** Amendment #21 creates a new section to prohibit, for program year 2009-10, the provisions of GS 50B-9(1) (requiring a domestic violence center to be in operation on the preceding July 1 and continue to be in operation to be eligible for grants from the Domestic Violence Center Fund) and any other protocol, policy, or guideline related to the timing of any grant application from excluding the Domestic Violence Task Force of Pamlico County to qualify as an eligible domestic violence center under GS 50B-9.

## **PART XXA. DEPARTMENT OF ADMINISTRATION**

### **EXTEND DEADLINE FOR TWENTY PERCENT REDUCTION OF PETROLEUM PRODUCTS USE FOR STATE FLEETS/CLARIFY REPORT REQUIREMENT**

**SECTION 20A.5.** Amendment #8 adds new provision to amend Section 19.5(a) of SL 2005-276 to extend the date by which all state agencies, universities, and community colleges having state-owned vehicle fleets are to develop and implement plans to reduce, by July 1, 2011 (was, by January 1, 2010), the use of petroleum products currently consumed by 20%.

Amends Section 19.5(c) of SL 2005-276 to direct state agencies to report to the Department of Administration annually through September 1, 2011 (was, report thereafter on September 1) on their efforts to achieve the reduction. Directs the Department of Administration to annually compile and forward a report to the Joint Legislative Commission on Governmental Operations annually through November 1, 2011 (was, annually on November 1) on the agencies progress in meeting their plans' goals.

## **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

### **PROVIDE FOR ZERO BASED BUDGETING**

**SECTION 22.1.** Amendment #9 makes declaration that the General Assembly finds that the traditional method of budgeting may no longer be sufficient to manage the competing demands of North Carolina's complex budget. Proposes that to meet the state's growing needs, it is necessary to examine new approaches to budgeting and management. Requires the Director of the Budget to subject every state government program to zero-based budget review no less than once every six years. Provides that beginning in 2011, and in each subsequent odd-numbered year, the Governor is to submit a zero-based budget. Directs the Director of the Budget to require agencies to prepare and submit a zero-based budget plan in addition to any other information that may be required by statute, rule, or directive. Sets out what information that these plans should, at minimum, contain. Directs that each odd year beginning in 2011, the General Assembly is to prepare its budget for the fiscal year that begins on July 1 of that year by starting at zero at each agency or program which has been reviewed by the Director of the Budget that year under this act and subject the same agency program to a thorough legislative review using the same criteria set forth in subsection (c) of this section (setting forth the minimum information that the plans must contain).

## **PART XXIV-B. GENERAL GOVERNMENT RESTORATIONS AND MODIFICATIONS**

**SECTION 24B.1(a).** Amendment #7 makes 6 specified restorations within the Department of Administration, including to the following: Veterans Services Office, Domestic Violence, and Rape Crisis. Makes 6 specified restorations within the Department of Cultural Resources, including to Aid to Libraries and the Symphony. Also makes restorations within the Office of State Personnel, State Ethics Commission, Office of State Auditor, Office of the Governor, Housing Finance Trust Fund, Department of Insurance, Office of the Lieutenant Governor, Office of Administrative Hearings, Department of Revenue,, Secretary of State, State Board of Elections, Office of State Budget and Management, Office of the State Controller, Department of State Treasurer, State Library Services.

Amendments #23, 25, 26, 27, 28, 29, 33, 34, and 37 to be digested in tomorrow's *Daily Bulletin*.

June 12, 2009

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. House amendments make the following changes to 5th edition.

## **PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**

### **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

**SECTION 2.1. JUSTICE AND PUBLIC SAFETY.** Amendment #29 reduces the appropriation to the Department of Correction by \$3.4 million for fiscal year 2009-10 and by \$3.4 million for fiscal year 2010-11. Also adjusts the appropriate totals accordingly.

### **SUPPLEMENTAL APPROPRIATIONS**

**SECTION 2.1A.** Amendment #41 deletes the section as added by Amendment #3.

### **GENERAL FUND AVAILABILITY STATEMENT**

**SECTION 2.2.** Amendment #26 decreases the General Fund availability amount used in developing the 2009-11 biennial budget as follows.

#### **FY 2009-2010**

#### **Adjustments to Availability: 2009 Session**

Transfers of Cash Balances from Capital and R&R Accounts	\$65,587,775 (was, \$65,687,775)
--	----------------------------------

Also decreases the following amount to be transferred to the State Controller to be deposited in Nontax Budget Code 18878 (Intrastate Transfers) or the appropriate budget code as determined by the State Controller.

## FY 2009-2010

Budget Code	Fund Code	Description	Amount
		Various Capital Accounts as specified in Section 27.11	\$65,587,775 (was, \$65,687,775)

**SECTION 2.2.** Amendment #46 creates new Section 2.2(h) to direct that funds remaining in the Unappropriated Balance Remaining in each year of the 2009-11 fiscal biennium be transferred to the Savings Reserve Account.

## PART VI. GENERAL PROVISIONS

### ESTABLISH SEVERANCE EXPENDITURE RESERVE

**SECTION 6.6F.** Amendment #44 creates a new section to establish, within the Office of State Budget and Management, a General Fund reserve budget code for the purpose of funding severance-related obligations to state employees subject to the State Personnel Act (SPA) and employees exempt from the SPA who are separated from service due to a reduction-in-force action. Specifies severance-related expenditures that the reserve is obligated to fund. Requires the Director of the Budget to allocate funds appropriated in Section 2.1 of the act to the Severance Expenditure Reserve to public agencies to fund severance-related obligations incurred by the agencies as a result of reduction-in-force actions that cause state-supported public employees to be terminated from public employment. Requires funds to be expended in their entirety before funds appropriated to a public agency for state-supported personal services expenditures may be used to fund any severance-related obligations. Defines *public employee* as an employee of a state agency, department, or institution; the University of North Carolina; the Community College System Office; or a local administrative unit.

## PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

### MINIMIZE ALLOCATION OF MH/DD/SA REDUCTIONS IN EARLY CHILDHOOD INTERVENTION PROGRAMS

**SECTION 10.21C.** Amendment #33 creates new Section 10.21C to provide that the overall reduction to the Family Infant and Preschool Program (Program) for the 2009-11 biennium is not to exceed 25% of the Program's total authorized budget for the 2008-09 fiscal year. Directs the Department of Health and Human Services (DHHS) to pursue federal recovery funds and additional Headstart funds for the operations of these programs.

### CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

**SECTION 10.23(b).** Provides that the funds appropriated from the General Fund to DHHS for the Community-Focused Elimination Health Disparities Initiative are to be used to provide grants-in-aid to honor the memory of recently deceased members of the General Assembly. Amendment # 34 adds the name of Senator Vernon Malone to the list of recently deceased members of the General Assembly to be honored.

### REALLOCATE RESTORATION FUNDS TO THE PUBLIC HEALTH INCUBATOR PROGRAM

**SECTION 10.37A.** Amendment #23 creates a new section to provide that, of the funds restored in the act for accreditation of local health departments, \$100,000 in recurring funds in each year of the biennium must be allocated to support the Public Health Incubator Program.

### OFFICE OF EDUCATION SERVICES/FUNDS TRANSFER AND CONSOLIDATION OF SCHOOLS

**SECTION 10.51A.** Amendment #43 adds new Section 10.51A.(a1) to establish the Joint Legislative Task Force on Educational Services for the Deaf and Blind (Task Force). Provides that the Task Force will consist of nine voting members, with three members each appointed by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Governor, respectively. Also requires the appointment, by the Governor, of ex-officio, nonvoting members as follows: (1) two educators certified to teach deaf children, (2) one educator certified to teach blind children, and (3) one graduate from each of the three residential schools. Directs the Governor to appoint a chair for the Task Force. Requires the Task Force to begin meeting no earlier than October 1, 2009, and to meet no more than four times between October 1, 2009, and April 30, 2010.

Directs the Task Force, in collaboration with the Office of Education Services (OES) of DHHS, to develop a plan for the consolidation of the Governor Morehead School for the Blind (GMS) at the existing campuses of the North Carolina School for the Deaf at Morganton and the Eastern North Carolina School for the Deaf at Wilson (was, directed OES to develop the consolidation plan). Makes additional changes to identify the Task Force as the responsible entity to accomplish the specified tasks in development of the GMS consolidation



plan (was, identified OES as the responsible entity). Requires the Task Force to report, no later than May 1, 2010, on each of the required components of the consolidation plan to various legislative bodies. Adds the Joint Legislative Commission on Governmental Operations to the legislative bodies who are to receive the Task Force's report. Provides that the members of the Task Force are to receive per diem, subsistence, and travel allowances in accordance with GS 130-3.1, or GS 138-6, as appropriate.

#### **AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN TH MEDICAID PROGRAM**

**SECTION 10.68A.(a)** In order for the Division of Medical Assistance to achieve budget reductions for the Medicaid Program, Amendment #49 adds the following to those actions DHHS may take: directs DHHS to develop a plan for the consolidation of case management services. Requires the plan to address the timeline and the process for implementation, the vendors involved, the identification of savings, and the Medicaid recipients affected by the consolidation. Directs DHHS to report on the plan by August 1, 2009, to various legislative bodies.

#### **PART X-A. DEPARTMENT OF HEALTH AND HUMAN SERVICES RESTORATIONS**

**SECTION 10.79.** Amendment #41 deletes the part as added by Amendment #7.

#### **PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

##### **FOREST DEVELOPMENT FUND/FOREST PRODUCTS ASSESSMENT RATES**

**SECTION 13.9.** Amendment #28 deletes the repeal of GS 113A-192(c) through GS 113A-192(e), which provides for the suspension of the assessment on all primary forest products harvested from lands within the state under certain conditions.

#### **PART XIV-A. NATURAL AND ECONOMIC RESOURCES RESTORATION**

**SECTION 14A.1.** Amendment #41 deletes the part as added by Amendment #7.

#### **PART XVI. DEPARTMENT OF JUSTICE**

##### **FEE FOR LAW ENFORCEMENT OFFICER CERTIFICATION AND SHERIFFS' DEPARTMENT PERSONNEL CERTIFICATION**

**SECTION 16.7.** Amendment #25 deletes the section.

#### **PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

##### **LAW ENFORCEMENT SUPPORT SERVICES FEES**

**SECTION 17.5.** Amendment #42 deletes this section.

#### **PART XIX. DEPARTMENT OF CORRECTION**

##### **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

**SECTION 19.3.** Amendment #39 adds a new provision that permits the Department of Correction (Department) to use funds available to the Department for the 2009-11 biennium to reimburse counties at a rate of \$40 per day for the cost incurred by the counties for housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the state prison system. Requires the Department to report quarterly to various legislative entities on its reimbursement expenditures and on its progress in reducing the jail backlog.

##### **INCREASE FEE FOR COMMUNITY SERVICE WORK PROGRAM**

**SECTION 19.23.** Amendment #29 deletes this section.

##### **CRIMINAL JUSTICE STANDARDS DIVISION FUNDS**

**SECTION 19.25.** Amendment #25 creates a new section to transfer \$2,517,786 for 2009-10 and \$2,517,786 for 2010-11 from the fund balance of the Correction Canteen Fund and \$1,532,214 for 2009-10 and \$5,582,214 for 2010-11 from the fund balance of the Correction Enterprise Fund to the Department of Justice for support of the Criminal Justice Standards Division.

#### **PART XXA. DEPARTMENT OF ADMINISTRATION**

## **ETHICS COMMISSION RESERVE**

**SECTION 20A.7.** Amendment #41 creates a new section to prohibit the Management Flexibility Reserve from being reduced for the State Ethics Commission for 2010-11.

## **PART XXIV. DEPARTMENT OF THE SECRETARY OF STATE**

### **BUDGET ADJUSTMENTS**

**SECTION 24.2.** Amendment #41 creates a new section to prohibit the Management Flexibility Reserve from being reduced for the Department of Secretary of State (Department) for 2010-11 for the following position: #1210, Corporations (\$28,941). Provides that a reduction of \$95,801 for 2009-10 be eliminated to reduce the reduction to adjust the continuation budget within the Department.

## **PART XXIV. – B. GENERAL GOVERNMENT RESTORATIONS AND MODIFICATIONS**

### **GENERAL GOVERNMENT RESTORATIONS**

**SECTION 24B.1.** Amendment #41 deletes the part and section as added by Amendment #7.

## **PART XXVI. SALARIES AND BENEFITS**

### **LIMIT CERTAIN STATE EMPLOYEE BONUSES AND TRANSITION SALARY PACKAGES**

**SECTION 26.14A.(b)** Amendment #37 deletes all the provisions of Section 26.14A(b) and replaces them with new provisions amending GS 126-8.5. Amends the catch line of GS 126-8.5 to read, "Discontinued service retirement allowance and severance wages for certain state employees; *limitation to amount of transition salary packages or golden parachutes for State employees.*"

Enacts new subsection (c) setting out provisions governing the amount of any transition salary package payable to certain state employees employed by state agencies, departments, institutions and the University of North Carolina (UNC). Prohibits a state employee who leaves his or her most recently held position from continuing to be paid for that position when the employee is no longer carrying out the responsibilities of that position. Provides that this prohibition applies to periods of transition. However, notwithstanding this prohibition, specifies the following circumstances under which a state employee who leaves his or her most recently held position may continue to be paid the salary for a position that he or she no longer holds: (1) the payment is included as a term of the contract entered into when the person was hired for, or promoted to the position most recently held *and* (2) the contract is by the appropriate finance officer or a properly designated deputy designated finance officer for the hiring agency, approved by the agency head, and approved by the Office of State Budget and Management. Provides additional specifications if the employing agency is UNC or a constituent institution of UNC.

Provides that proposed subsection (c) does not affect or impair a state employee's rights to severance wages or a discontinued service retirement allowance as provided in subsections (a) and (b) of GS 126-8.5 or any applicable terminal leave payments for vacation leave, bonus leave, and longevity.

Defines *state employee who leaves the position that the employee most recently held* to include circumstances in which a person retires, resigns, or voluntarily or involuntarily terminates employment. Provides that the phrase also includes those circumstances in which a person continues to work for the state but accepts a lesser position with the state. Defines *transition* to mean when a state employee moves from the position that the employee most recently held to a lesser position of employment. Provides that the term includes a "golden parachute" or a sabbatical.

Provides that subsection (a) of Section 26.14A (amending GS 53-96.1 to prohibit the Commissioner of Banks from awarding compensation bonuses) expires June 30, 2011. Also provides that new subsection (c)(1) of GS 126-8.5 (prohibiting a state employee from continuing to be paid for a position in which the employee is no longer employed) applies retroactively and also applies to payments that have not yet been made unless there is a legally enforceable contract to pay.

## **PART XXVII. CAPITAL APPROPRIATIONS**

### **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

**SECTION 27.4.** Amendment #27 adds the following capital project, which is authorized to be funded with receipts or from other non-General Fund sources available to the Department of Crime Control and Public Safety in the amount indicated. Adjusts the total amount accordingly.

**Name of Project****Amount of Non-General Fund  
Funding Authorized for 2009-2010**

Department of Crime Control and Public Safety  
Gastonia Armory Renovation and Expansion

\$1,100,000

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL  
PROJECTS AUTHORIZED**

**\$116,036,542**  
**(was, \$114,936,542)**

**TRANSFER OF UNENCUMBERED CASH BALANCES IN VARIOUS CAPITAL FUNDS**

**SECTION 27.11.** Amendment #26 decreases the total of the unencumbered cash balance transferred to the State Controller to be deposited in the General Fund and used for specified appropriations to \$65,587,775 (was, \$65,687,775).

**PART XXVIIC. SALES TAX CHANGES****SALES TAX BASE EXPANSION**

**SECTION 27C.3. (b)** Amendment #38 makes the following change to the 5th edition as amended by Amendment #3: amends GS 105-164.3 to provide that the term *repair, maintenance, and installation services* includes the activity of installing tangible personal property (was, installing tangible personal property or a fixture that becomes part of real property).

**PART XXVIII. MISCELLANEOUS PROVISIONS****COMMITTEE REPORT**

**SECTION 28.2.** Amendment #41 clarifies that the House of Representatives Appropriations Committee Report on the Continuation, Expansion and Capital Budgets dated June 9, 2009; the House Finance Committee Supplemental Report on the Continuation, Expansion Capital Budgets dated June 10, 2009; and the House Committee Report on the Continuation, Expansion and Capital Budgets as Amended dated June 11, 2009 (was, and the House Appropriations Supplemental Committee Report on the Continuation, Expansion and Capital Budgets dated June 9, 2009), which were distributed and used to explain the act, indicate action by the General Assembly on this act. Also clarifies that the adjustments made by the General Assembly to the Director of the Budget's documents containing recommended budget adjustments are set out in the Committee Report, the Supplemental Committee Report, and the final Committee Report (was, Committee Report and the Supplemental Committee Report).

**EFFECTIVE DATE**

**SECTION 28.5A.** Amendment #41 deletes that the act becomes effective only if the General Assembly enacts modifications to state law that increase revenues by an amount sufficient to ensure that the state's budget is balanced.

August 4, 2009

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. Conference report recommending changes to 6th edition to reconcile matters in controversy will be digested in tomorrow's *Daily Bulletin*.

August 5, 2009

**S 202. APPROPRIATIONS ACT OF 2009.** Filed 2/17/09. Conference report recommends the following changes to 6th edition to reconcile matters in controversy.

Changes the title of the act to *AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES*.

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

**SECTION 1.1.** No change-adopts identical House and Senate provisions.

**SECTION 1.2.** No change-adopts identical House and Senate provisions.

**PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**

**CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

**SECTION 2.1.** Adopts compromise provision providing the following schedule for appropriations from the General Fund for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, for the biennium ending June 30, 2011:

<b>Current Operations – General Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
<b>EDUCATION</b>		
Community Colleges System Office	\$ 999,833,122	\$ 1,012,467,778
Department of Public Instruction	7,456,261,240	7,358,833,223
University of North Carolina – Board of Governors		
Appalachian State University	146,887,779	144,187,448
East Carolina University		
Academic Affairs	236,308,845	231,603,085
Health Affairs	54,594,731	54,591,731
Elizabeth City State University	37,652,375	37,192,086
Fayetteville State University	58,668,910	57,857,732
North Carolina Agricultural and		
Technical State University	102,786,986	100,942,266
North Carolina Central University	94,298,521	93,012,264
North Carolina School of the Arts	27,045,523	26,875,056
North Carolina State University		
Academic Affairs	411,626,246	406,156,905
Agricultural Extension	45,315,457	45,305,822
Agricultural Research	59,503,437	59,476,413
University of North Carolina at Asheville	39,276,956	38,636,109
University of North Carolina at Chapel Hill		
Academic Affairs	302,859,050	297,600,393
Health Affairs	216,773,843	216,773,343
Area Health Education Centers	52,109,208	52,109,208
University of North Carolina at Charlotte	195,043,239	190,876,806
University of North Carolina at Greensboro	171,383,465	168,107,904
University of North Carolina at Pembroke	60,106,081	59,242,397
University of North Carolina at Wilmington	103,758,288	101,481,384
Western Carolina University	87,658,263	86,534,872
Winston-Salem State University	72,507,174	71,708,302
General Administration	42,374,063	42,373,724
University Institutional Programs	(144,494,505)	(130,312,471)
Related Educational Programs	68,821,524	40,217,033
UNC Financial Aid Private Colleges	101,244,515	101,278,515
North Carolina School of Science and Mathematics	18,712,479	18,711,799
UNC Hospitals at Chapel Hill	44,011,882	44,011,882
Total University of North Carolina – Board of Governors	\$ 2,706,834,335	\$ 2,656,552,008
<b>HEALTH AND HUMAN SERVICES</b>		
Department of Health and Human Services		
Central Management and Support	\$ 75,016,712	\$ 74,172,339
Division of Aging	35,899,897	37,282,029
Division of Blind Services/Deaf/HH	8,731,883	8,649,731
Division of Child Development	257,095,576	269,183,962
Division of Education Services	36,669,397	36,844,718

Division of Health Service Regulation	17,926,741	17,914,125
Division of Medical Assistance	2,318,653,169	2,720,196,757
Division of Mental Health	664,385,884	664,695,955
NC Health Choice	77,218,524	81,964,241
Division of Public Health	161,566,120	160,515,329
Division of Social Services	208,179,422	208,589,483
Division of Vocation Rehabilitation	42,006,280	41,020,173
Total Health and Human Services	\$ 3,903,349,605	\$ 4,321,028,842

## **NATURAL AND ECONOMIC RESOURCES**

Department of Agriculture and Consumer Services	\$ 63,034,434	\$ 60,559,608
Department of Commerce		
Commerce	45,028,421	40,915,209
Commerce State-Aid	21,667,725	15,388,725
NC Biotechnology Center	14,810,000	14,501,900
Rural Economic Development Center	23,907,436	23,832,436
Department of Environment and Natural Resources	201,108,413	190,399,356
Department of Environment and Natural Resources – Clean Water Management Trust Fund	50,000,000	50,000,000
Department of Labor	17,400,807	17,400,863

## **JUSTICE AND PUBLIC SAFETY**

Department of Correction	\$ 1,313,815,477	\$ 1,326,492,230
Department of Crime Control and Public Safety	32,566,547	31,951,802
Judicial Department	466,928,250	463,753,479
Judicial Department – Indigent Defense	135,927,989	120,132,010
Department of Justice	89,736,617	88,652,538
Department of Juvenile Justice and Delinquency Prevention	145,654,923	146,727,475

## **GENERAL GOVERNMENT**

Department of Administration	\$ 67,909,562	\$ 67,446,884
Office of Administrative Hearings	4,155,512	4,111,476
Department of State Auditor	13,427,042	13,255,123
Office of State Controller	23,131,801	23,188,207
Department of Cultural Resources		
Cultural Resources	72,958,434	73,249,990
Roanoke Island Commission	1,990,632	1,990,632
State Board of Elections	4,807,223	6,221,208
General Assembly	54,479,008	56,584,484

Office of the Governor		
Office of the Governor	6,150,309	6,067,739
Office of State Budget and Management	6,502,520	6,407,809
OSBM – Reserve for Special Appropriations	6,466,465	4,161,125
Housing Finance Agency	14,608,417	14,608,417
Department of Insurance		
Insurance	32,180,522	32,242,706
Insurance – Volunteer Safety Workers' Compensation	2,000,000	1,561,846
Office of Lieutenant Governor	944,202	931,703
Department of Revenue	88,961,417	87,790,970
Department of Secretary of State	11,640,359	11,451,488
Department of State Treasurer		
State Treasurer	17,758,565	17,565,400
State Treasurer –		
Retirement for Fire and Rescue Squad Workers	10,804,671	10,804,671

**RESERVES, ADJUSTMENTS, AND DEBT SERVICE**

Salary Adjustment Fund: 2009-2011 Fiscal Biennium	\$ 0	\$ 0
Contingency and Emergency Fund	5,000,000	5,000,000
State Health Plan (S.L. 2009-16)	132,214,752	276,179,709
Reserve for Teachers' and State Employees' Retirement Contribution	21,000,000	160,000,000
Judicial Retirement System Contributions	1,300,000	1,300,000
Information Technology Fund	9,361,985	7,840,000
Reserve for Job Development Investment Grants (JDIG)	19,000,000	27,400,000
Statewide Administrative Support	(3,000,000)	(6,600,000)
Biomedical Research Imaging Center (BRIC)	0	0
Convert Contract Employees to State Employees	(2,500,000)	(4,000,000)
Severance Expenditure Reserve	47,957,108	0
Debt Service		
General Debt Service	642,512,753	707,573,496
Federal Reimbursement	1,616,380	1,616,380

**TOTAL CURRENT OPERATIONS –  
GENERAL FUND****\$ 19,003,204,980      \$ 19,555,540,945****GENERAL FUND AVAILABILITY STATEMENT**

**SECTION 2.2.(a)** Adopts compromise provision providing the General Fund availability used in developing the 2009-11 biennial budget as shown below:

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Projected Reversions FY 2008-2009	91,967,011	10,524,411
Less Earmarkings of Year End Fund Balance	0	0
Savings Reserve Account	0	0
Repairs and Renovations	0	0
<b>Beginning Unreserved Fund Balance</b>	<b>91,967,011</b>	<b>0</b>
<b>Revenues Based on Existing Tax Structure</b>	<b>16,796,300,000</b>	<b>17,384,400,000</b>
<b>Nontax Revenues</b>		
Investment Income	67,300,000	93,100,000
Judicial Fees	200,700,000	208,300,000
Disproportionate Share	100,000,000	100,000,000
Insurance	77,700,000	81,900,000
Other Nontax Revenues	148,300,000	155,200,000
Highway Trust Fund/Use Tax Reimbursement Transfer	108,500,000	72,800,000
Highway Fund Transfer	17,600,000	17,600,000
<b>Subtotal Nontax Revenues</b>	<b>720,100,000</b>	<b>728,900,000</b>
<b>Total General Fund Availability</b>	<b>17,608,367,011</b>	<b>18,123,824,411</b>

**Adjustments to Availability: 2009 Session**

Adjust Transfer from Insurance Regulatory Fund	(1,644,300)	(1,644,300)
Adjust Transfer from Treasurer's Office	(398,880)	(605,833)
Transfer from Disproportionate Share Reserve	25,000,000	0
Transfer of Cash Balances from Special Funds	38,318,305	0
Transfer from Capital and R&R Accounts	24,372,701	0
Transfer from Health and Wellness Trust Fund	5,000,000	5,000,000
Transfer from Tobacco Trust Fund	5,000,000	5,000,000
Transfer Excess Sales Tax for		
Wildlife Resources Commission	1,650,000	1,650,000
Transfer Funds for Grape Growers Council	900,000	900,000
Department of Revenue Improved Enforcement	60,000,000	90,000,000
Department of Revenue Compliance Initiative	150,000,000	0
Individual Income Surtax	172,800,000	177,100,000
Corporate Income Surtax	23,100,000	25,500,000
Increase Sales Tax Rate	803,500,000	1,061,300,000
Digital Products & Click-Throughs	11,800,000	24,100,000
IRC Conformity	(116,300,000)	(80,900,000)
Adjust Revenue Distributions	22,100,000	0
Increase Excise Taxes	68,800,000	93,800,000
Suspend Corp Income Tax Earmark-Schools	60,500,000	64,500,000
Increase General Government Fees	7,555,995	7,365,196
Increase Justice and Public Safety Fees	47,090,559	51,475,278
Increase Health Services Regulation Fees	1,093,000	1,093,000
<b>Subtotal Adjustments to</b>		
<b>    Availability: 2009 Session</b>	<b>1,410,237,380</b>	<b>1,525,633,341</b>
<b>Revised General Fund Availability</b>	<b>19,018,604,391</b>	<b>19,649,457,752</b>
<b>Less: General Fund Appropriations</b>	<b>19,008,079,980</b>	<b>19,555,540,945</b>
<b>Unappropriated Balance Remaining</b>	<b>10,524,411</b>	<b>93,916,807</b>

**SECTION 2.2.** Adopts compromise provision that retains language from (d) and (e) and makes the following additional changes. Changes the amount appropriated to the Clean Water Management Trust Fund to \$50 million (was, \$25 million) for each year of the 2009-11 fiscal biennium and states that the appropriations are made according to and not in addition to the appropriation in GS 113A-253.1. Provides that the appropriations made to the State Health Plan for each year of the 2009-11 fiscal biennium are made according to and not in addition to the appropriations made in SL 2009-16. Requires the Secretary of Revenue to transfer funds specified in GS 115C-546.1(b) to the State Controller for deposit in Intrastate Transfers during the 2009-11 fiscal biennium to offset continued operations of public schools. Deletes provisions prohibiting the State Controller from transferring funds to the Repairs and Renovations Reserve Account and the Savings Reserve Account on June 30, 2009.

**SECTION 2.2.(g)** Adopts House provision (6<sup>th</sup> edition), except amends the amounts that are to be transferred to the State Controller to be deposited Intrastate Transfers or the appropriate budget code as determined by the State Controller, as listed below and deletes amounts to be transferred from DHHS Office of Education Services, REA Administration, Wildlife Resources Commission Operating Expenses, and Various Capital Accounts as specified in Section 27.11.

Budget Code	Fund Code	Description	FY 2009-2010	FY 2010-2011
			Amount	Amount
67425		Trust Telecommunication	4,500,000	0
23515	2510	DPI IT Projects – Legacy Updates	3,000,000	0
63501	6801	DPI Trust Special-Teaching Fellows	5,500,000	0



63501	6112	Computer Loan Revolving Fund	120,677	0
63501	6117	Business and Education Technology Alliance	26,336	0
24600	2553	Grape Growers Council	194,929	0
24600	2821	Credit Union Supervision	760,411	0
24600	2851	Cemetery Commission	259,036	0
54600		Commerce Enterprise	10,501,726	0
64605		Utilities Commission/Public Staff	12,008,720	0
64612		NC Rural Electrification Authority	210,240	0
24308	2815	VRS Geodetic Survey & DOT	5,328	0
24317	2339	ADM Fines & Penalties	230,902	0
		Nurse Educators of Tomorrow Scholarship Loan	1,000,000	0

**SECTION 2.2.(h)-(i).** Adopts House provision (6th edition).

**SECTION 2.2.(j)** Adopts new provision requiring \$24,372,701 from Capital and Repair and Renovations accounts, as specified in Section 27.11, be transferred to the State Controller to be deposited in Intrastate Transfers for 2009-10. Deletes requirement that the State Controller transfer \$7,031,923 from the Disaster Reserve Fund to Intrastate Transfers to support General Fund appropriations for the 2009-10 fiscal year.

**SECTION 2.2 (k).** Deletes House provision.

### **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

#### **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

**SECTION 3.1.** Adopts compromise provision providing the following schedule of appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated for the fiscal biennium ending June 30, 2011:

<b>Current Operations – Highway Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
Department of Transportation		
Administration	\$ 79,838,391	\$ 80,925,142
Division of Highways		
Administration	33,339,661	33,393,855
Construction	63,943,733	81,580,824
Maintenance	935,999,755	938,245,641
Planning and Research	4,055,402	4,055,402
OSHA Program	355,389	355,389
Ferry Operations	30,126,209	29,726,209
State Aid		
Municipalities	87,813,876	87,840,220
Public Transportation	74,947,962	75,793,962
Airports 17,349,592	17,291,543	
Railroads	17,101,153	17,101,153
Governor's Highway Safety	351,779	352,325
Division of Motor Vehicles	101,416,528	101,527,804
Other State Agencies, Reserves, Transfers	289,950,570	271,460,531
<b>Total</b>	<b>\$ 1,736,590,000</b>	<b>\$ 1,739,650,000</b>

#### **HIGHWAY FUND AVAILABILITY STATEMENT**

**SECTION 3.2.** Adopts compromise provision providing the following Highway Fund availability used in developing the 2009-11 biennial budget:

<b>Highway Fund Availability Statement</b>	<b>2009-2010</b>	<b>2010-2011</b>
--	------------------	------------------

Beginning Credit Balance	\$ 0	\$ 0
Estimated Revenue	1,736,590,000	1,739,650,000
<b>Total Highway Fund Availability</b>	<b>\$ 1,736,590,000</b>	<b>\$ 1,739,650,000</b>
Unappropriated Balance	\$ 0	\$ 0

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

##### **HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 4.1.** Adopts compromise provision providing the following schedule of appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated for the biennium ending June 30, 2011:

<b>Current Operations – Highway Trust Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
Intrastate	\$ 367,256,023	\$ 391,723,281
Urban Loops	116,655,736	127,444,319
Aid to Municipalities	41,423,903	43,885,918
Secondary Roads	58,426,789	61,908,548
Program Administration	42,234,720	44,140,320
Turnpike Authority	64,000,000	99,000,000
Transfer to Gen Fund	108,561,829	72,894,864
Debt Service	82,731,000	79,992,750
<b>GRAND TOTAL CURRENT OPERATIONS AND EXPANSION</b>	<b>\$ 881,290,000</b>	<b>\$ 920,990,000</b>

##### **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

**SECTION 4.2.** Adopts compromise provision providing the following Highway Trust Fund availability used in developing the 2009-11 biennial budget:

<b>Total Highway Trust Fund Availability</b>	<b>\$ 881,290,000</b>	<b>\$ 920,990,000</b>
--	-----------------------	-----------------------

#### **PART V. OTHER APPROPRIATIONS**

##### **CIVIL FORFEITURE FUNDS**

**SECTION 5.1.(a)** Adopts House provision (6th edition).

**SECTION 5.1.(b)** Adopts identical House and Senate provisions.

##### **EDUCATION LOTTERY**

**SECTION 5.2.** Adopts identical House and Senate provisions.

##### **INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATION**

**SECTION 5.3.(a)** Adopts compromise provision that provide the availability used to support appropriations made in this act from the Information Technology Fund established in GS 147-33.72H as follows:

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Interest Income	\$100,000	\$100,000
IT Fund Balance June 30	\$3,123,737	\$1,418,553
NC OneMap Transfer	\$167,549	\$167,549
Appropriation from General Fund	\$9,361,985	\$7,840,000
<b>Total Funds Available</b>	<b>\$12,753,271</b>	<b>\$9,526,102</b>

**SECTION 5.3.(b)** Adopts compromise provision that provides the following appropriations made from the Information Technology Fund for the 2009-11 fiscal biennium:

<b>Office of Information Technology Services</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Information Technology Operations	\$5,350,000	\$4,990,000
Information Technology Projects	\$4,462,733	\$4,077,467
Budget and Performance Management System	\$1,021,985	0
Budget/Committee Reporting System	\$500,000	0
<b>Total</b>	<b>\$11,334,718</b>	<b>\$9,067,467</b>

#### **APPROPRIATION OF CASH BALANCES**

**SECTION 5.4.** Adopts identical House and Senate provisions, except makes a technical change and clarifies that the provisions apply to budget codes that are listed or that do not appear in the Recommended Operating Budget *and/or in the Budget Support Document*.

#### **OTHER RECEIPTS FROM PENDING GRANT AWARDS**

**SECTION 5.6.** Adopts Senate provision (3rd edition), except provides that additional state personnel may be employed on a time-limited basis (was, or a permanent basis) depending on the nature of the award.

#### **PART VI. GENERAL PROVISIONS**

##### **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

**SECTION 6.1.** No change – adopts identical House and Senate provisions.

##### **BUDGET CODE CONSOLIDATIONS**

**SECTION 6.2.** No change – adopts identical House and Senate provisions.

##### **BUDGET REALIGNMENT**

**SECTION 6.3.** No change – adopts identical House and Senate provisions.

##### **ESTABLISHING OR INCREASING FEES PURSUANT TO THIS ACT**

**SECTION 6.4.** Adopts identical House and Senate provisions, except allows an agency to adopt an emergency rule to establish or increase a fee as authorized if adoption of a rule is otherwise required by Article 2A of GS Chapter 150B (was, authorized adoption of a temporary rule).

##### **REPORT ON POSITIONS FILLED THROUGH FAVORITISM**

**SECTION 6.4A.** Deletes House provision.

##### **ALLOW STATE GOVERNMENT EMPLOYEES AND PUBLIC SCHOOL PERSONNEL TO TAKE VOLUNTARY FURLOUGHS TO EFFECT NECESSARY ECONOMIES IN STATE EXPENDITURE TO REDUCE THE NEED FOR REDUCTIONS IN FORCE AND MANDATORY FURLOUGHS DURING THE CURRENT AND ANY FUTURE ECONOMIC CRISIS**

**SECTION 6.6.** Deletes House provision.

##### **USE OF SAVINGS RESERVE ACCOUNT TO BALANCE BUDGET**

**SECTION 6.6A.** Deletes House provision.

##### **CONSULTATION REQUIRED BEFORE CREATION OF NEW FUND TYPES OR SPECIAL FUNDS**

**SECTION 6.6B.** Adopts House provision (6th edition).

##### **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS APPROPRIATED**

**SECTION 6.6C.** Adopts House provision (6th edition), except clarifies that nothing in (d) prohibits use of ARRA funds to employ teachers and other school personnel for the 2009–10 school year.

##### **UNIVERSITY CANCER RESEARCH FUND AMENDMENTS**

**SECTION 6.6D.** Deletes House provision.

##### **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND DIVISIONS**

**SECTION 6.6E.** Adopts House provision (6th edition).

**ESTABLISH SEVERANCE EXPENDITURE RESERVE**

**SECTION 6.6F.** Adopts House provision (6th edition).

**INFORMATION TECHNOLOGY OPERATIONS**

**SECTION 6.7.** No change – adopts identical House and Senate provisions.

**GEOGRAPHIC INFORMATION CONSOLIDATION**

**SECTION 6.8.** Adopts House provision (6th edition), except in Section 6.8(g) increases the amount of funds to be used to implement the transfer of the Center for Geographic Information and Analysis from \$604,500 to \$740,000.

**BEACON DATA INTEGRATION**

**SECTION 6.9.** No change – adopts identical House and Senate provisions.

**CRIMINAL JUSTICE DATA INTEGRATION PILOT PROGRAM**

**SECTION 6.10.** No change – adopts identical House and Senate provisions.

**UNIVERSITY OF NORTH CAROLINA GENERAL ADMINISTRATION BULK PRICING/PURCHASING OF INFORMATION TECHNOLOGY**

**SECTION 6.11.** Adopts House provision (6th edition).

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

**SECTION 6.12.** No change – adopts identical House and Senate provisions.

**PROGRAM EVALUATION DIVISION STUDY NETWORK INTEGRATION FEASIBILITY AND COORDINATION PLAN**

**SECTION 6.13.** Adopts Senate provision (3rd edition), except requires that the Program Evaluation Division and the Fiscal Research Division provide input regarding the feasibility study.

**UPGRADE STATE PORTAL**

**SECTION 6.14.** No change – adopts identical House and Senate provisions.

**IMPLEMENT GENERAL SERVICES ADMINISTRATION SCHEDULES FOR STATE INFORMATION TECHNOLOGY PURCHASES**

**SECTION 6.14A.** Adopts House provision (6th edition).

**USE OF ELECTRONIC FORMS AND DIGITAL SIGNATURES**

**SECTION 6.16.** No change – adopts identical House and Senate provisions.

**POSITION TRANSFER REPORTS/OFFICE OF INFORMATION TECHNOLOGY SERVICES/OFFICE OF STATE CONTROLLER/OFFICE OF STATE BUDGET AND MANAGEMENT**

**SECTION 6.17.** Adopts House provision (6th edition).

**INFORMATION TECHNOLOGY CONTRACTED PERSONNEL**

**SECTION 6.18.** Adopts House provision (6th edition).

**STATE INFORMATION TECHNOLOGY INFRASTRUCTURE CONSOLIDATION**

**SECTION 6.19.** Adopts House provision (6th edition).

**PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS TO MEET DEPARTMENT OF REVENUE TECHNOLOGY NEEDS (NEW)**

**SECTION 6.20.** Adopts House provision (6th edition), except expands reach of permissible public-private partnerships to cover additional components of the Planning and Design Project (PDP) in addition to the Tax Information and Management System (TIMS). Requires Secretary of Revenue to consult with experts outside of the department when establishing a process to measure the increased revenue attributable to the public-private partnerships. Permits funds generated by the increased revenue to be used for additional components of the PDP as well as TIMS. Requires the department to notify specified legislative leaders and the Fiscal Research Division

if the department determines that it will not be able to generate increased revenue of at least \$41,000,000, the amount needed to fund TIMS and PDP implementation. Also adds required reporting of a schedule of vendor payments. Requires department to engage private attorneys to review contracting process for TIMS and PDP. Changes membership and responsibilities of the TIMS Oversight Committee, substituting the State Budget Director for the State Controller as chair, adding the State Chief Information Officer, and decreasing the number of members appointed by the Governor and the General Assembly.

#### **REPAYMENT OF MEDICAID FUNDS (NEW)**

**SECTION 6.21.** Deletes House provision (6th edition) and replaces it with new provision requiring the State Budget Director to repay outstanding Medicaid funds and to report to the General Assembly the amounts of such repayments within 30 days.

### **PART VII. PUBLIC SCHOOLS**

#### **CHILDREN WITH DISABILITIES**

**SECTION 7.1.** Adopts House provision (6th edition).

#### **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

**SECTION 7.2.** No change-adopts identical House and Senate provisions.

#### **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

**SECTION 7.3.** Adopts House provision (6th edition).

#### **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

**SECTION 7.4.** Adopts compromise provision amending the allocation formula for small school system supplemental funding to provide a base for the consolidated funds allotment of at least \$717,360 (was, \$672,343 in 6th edition), excluding textbooks, for the 2009-10 fiscal year and a base of \$717,360 (was, \$672,343 in 6th edition) for the 2010-11 fiscal year.

#### **REPLACEMENT SCHOOL BUSES/FUNDS**

**SECTION 7.5.** No change-adopts identical House and Senate provisions.

#### **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

**SECTION 7.6.** No change-adopts identical House and Senate provisions.

#### **LITIGATION RESERVE FUNDS**

**SECTION 7.7** Adopts Senate provision (3rd edition).

#### **PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY (NEW)**

**SECTION 7.8.** Adopts Senate provision (3rd edition), except authorizes the State Board of Education (SBE) to adopt emergency rules in accordance with GS 150B-21.1A in order to grant *maximum* flexibility to local school administrative units (LEAs) in the expenditure of state funds (was, required the SBE to adopt rules to grant *additional* flexibility to LEAs regarding the expenditure of state funds [6th edition]). Provides that these rules are not subject to the limitations on transfers of funds between funding allotment categories set out in GS 115C-105.25. States that the emergency rules (1) must authorize the transfer of textbook funds to other allotments to manage funding cuts; and (2) prohibit the transfer of funds from school-based positions to the central office.

Directs LEAs to make every effort to reduce spending for the 2009-10 and 2010-11 fiscal years wherever and whenever such budget reductions are appropriate with a goal of protecting direct classroom services and services for students at risk of academic failure and children with special needs. Directs LEAs to (1) implement administrative and other operating efficiencies, and (2) minimize the dismissal of classroom-based personnel by maximizing the funds received from the American Recovery and Reinvestment Act of 2009 (ARRA). Provides that the allocation of teachers and class size requirements in grades K-3 are to remain unchanged. Notwithstanding GS 115C-301 or any other law, grants LEAs maximum flexibility to use allotted teacher positions to maximize student achievement in grades 4-12.

#### **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS**

**SECTION 7.9.** Adopts Senate provision (3rd edition), except deletes funds from the State Public School Fund as funding sources available to the SBE to operate the North Carolina Virtual Public School

(NCVPS). Provides that if the SBE fails to report a new allotment formula for NCVPS to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, then the State Treasurer, the Office of State Budget and Management (OSBM) and the Office of State Controller must prevent the expenditure of funds related to the operation of the SBE. Directs the NCVPS program to report to SBE and to maintain an administrative office at the Department of Public Instruction (DPI). Directs the Director of NCVPS (1) to ensure that all e-learning is consolidated under NCVPS to avoid course duplication, (2) to continue to ensure that quality standards are established and met, and (3) to prioritize e-learning course offerings for students in rural and low-wealth county LEAs. Directs NCVPS to provide only high school courses (was, make NCVPS courses available only to high school students).

## **LEARN AND EARN ONLINE**

**SECTION 7.10.** Adopts Senate provision (3rd edition), except amends GS 115D-1.2(a) to provide that no matter the provisions of GS 115D-1, a student (was, a public school student) enrolled in grades nine through twelve and participating in the Learn and Earn Online program may enroll in online courses through a community college for college credit. Provides that for the 2009-11 biennium, high school students who attend a nonpublic school may enroll in any Learn and Earn Online course with space available that has been offered to but not filled by any eligible public school student. Requires nonpublic school students to supply their own textbooks and other instructional materials. Makes technical changes.

## **ABCS OF PUBLIC EDUCATION**

**SECTION 7.11.** Adopts Senate provision (3rd edition), except directs the SBE not to implement a restructuring plan for the ABCs Accountability System unless it is authorized to do so by an act of the 2010 Regular Session of the General Assembly.

## **SCHOOL CONNECTIVITY INITIATIVE**

**SECTION 7.12.** Adopts Senate provision (3rd edition), except provides that up to \$350,000 may be transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet and for the E-Learning Portal. Directs that the funds be used for services to coordinate e-learning activities across all state educational agencies and to make the Education E-learning Portal fully operational by December 1, 2009. Deletes provision that \$250,000 of the funds allocated for the School Connectivity Initiative may be used annually to sustain the Education E-Learning Portal.

## **DROPOUT PREVENTION GRANTS**

**SECTION 7.13.** Adopts House provision (6th edition), except clarifies that the funds may be used to provide grants to new recipients and (was, or) to extend additional funding to previous recipients. Amends the criteria for the Dropout Prevention Grants (DPG) to provide that (1) grants are to be issued in varying amounts up to a maximum of \$175,000 (was, \$150,000); (2) priority will be given to grant proposals that demonstrate the potential for success and those that provide clear plans for sustaining the program in the future when state funding is no longer provided; and (3) applications from nonprofits are subject to additional fiscal accountability controls as described in new subsection (e). Those new accountability controls for nonprofits require the nonprofit grantee to be (1) subject to monitoring by the DPG Committee, (2) fidelity bonded unless the grant is less than \$100,000, (3) subject to audit oversight by the State Auditor, and (4) subject to the requirements of Article 6, Part 3 of GS 143C. Makes changes to the allocation of the funds appropriated for dropout prevention as follows: (1) provides that \$100,00 for the 2009-10 and 2010-11 fiscal years may be used to issue a request for proposals from qualified vendors *or to extend a current contract*; (2) allocates up to \$175,000 (was, \$50,000) to be used by DPI for the 2009-10 and 2010-11 fiscal years for its administrative assistance to the Committee and to provide technical assistance; (3) provides \$300,000 in nonrecurring funds to continue the North Carolina PTA Parent Involvement /Dropout Prevention Initiative; and (4) allocates 50% of the remainder to be used by the Committee to award grants to new recipients and 50A% to award successive grants to previous grant recipients (was, the remainder to be used to award grants as well as successive grants to previous recipients). Requires that grant funds be expended by June 30 of the first full fiscal year following the issuance of the grants (was, funds must be expended within one calendar year after the date the grant was issued).

## **DEPARTMENT OF PUBLIC INSTRUCTION/ BUDGET FLEXIBILITY**

**SECTION 7.14.** Adopts Senate provision (3rd edition).

## **BUSINESS EDUCATION TECHNOLOGY ALLIANCE**

**SECTION 7.15.** Adopts House provision (6th edition), except directs the State Controller to transfer the fund balance (was, \$26,335) from the Business Education Technology Alliance Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-10 fiscal year.

#### **NORTH CAROLINA 1:1 LEARNING PROJECT**

**SECTION 7.17.** Adopts Senate provision (3rd edition), except provides that state funds may be used to develop a statewide plan for extending the program to additional high schools.

#### **ASSESSMENT AND ACCOUNTABILITY**

**SECTION 7.18.** Adopts Senate provision (3rd edition).

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

**SECTION 7.19.** Adopts House provision (6th edition), except requires the PreK-20 data standards and specifications to include the feasibility of broadening the PreK-20 data system to include other sources of data that are needed for a unified statewide data collection system.

#### **ELIMINATE CERTAIN TESTS**

**SECTION 7.20.** Adopts Senate provision (3rd edition), except deletes directive to SBE to identify and eliminate unnecessary or duplicate tests not required by No Child Left Behind (NCLB) to determine Adequate Yearly Progress (AYP). Reinstates provision that the SBE is to adopt a system of annual testing for grades three through 12 and deletes provision that requires SBE to adopt tests in grades three through 12 that are required by federal law or as a condition of a federal grant. Also reinstates provision authorizing the SBE to develop and implement a plan for high school end of course tests (EOC) that must be aligned with the content standards developed under GS 115C-12)9c). Deletes provision that prohibit the SBE from requiring the public schools to administer any standardized tests except those required by federal law or as a condition of a federal grant. Makes a conforming change. Deletes provision that students not be subject to other standardized tests during the two-week period preceding the administration of EOG, EOC, or final exams; instead, reinstates language that prohibits students from being subject to field tests or national tests during that two week period. Makes technical changes to replace *Chief Executive Officer* with *Superintendent of Public Instruction* or *Superintendent*.

#### **REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING**

**SECTION 7.21.** No change-adopts identical House and Senate provisions.

#### **NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS**

**SECTION 7.22.** No change-adopts identical House and Senate provisions.

#### **INCREASE CLASS SIZE**

**SECTION 7.23.** Deletes House provision (6th edition).

#### **DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC SCHOOL FUND**

**SECTION 7.25.** Deletes House provision (6th edition).

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

**SECTION 7.26.** Adopts Senate provision (3rd edition).

#### **ENSURE ACCESS TO THE EVAAS SYSTEM**

**SECTION 7.27.** Adopts Senate provision (3rd edition).

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

**SECTION 7.28.** Adopts Senate provision (3rd edition).

#### **PLAN FOR STATEWIDE MOTOR COACH PERMIT**

**SECTION 7.29.** Adopts Senate provision (3rd edition).

#### **NBPTS APPLICATION COSTS**

**SECTION 7.30.** Adopts House provision (6th edition), except directs that funds from the State Public School Fund be used to pay the excess amount if the cost of application fees for teacher's seeking National Board for Professional Teaching Standards certification is more than \$3,274,500 for the 2010-11 fiscal year. Requires in GS 115C-296.2(d1) that all funds appropriated to or otherwise received by the State Education Assistance

Authority (Authority) for the purpose of providing loans to teachers, all funds received as repayment of loans, and all interest earned on these funds be placed in a trust fund, to be used only for loans made under this section and for the administrative costs of the Authority. Provides that GS 115C-296.2(b) (definition of terms) becomes effective July 1, 2010 and applies beginning with the 2010-11 school year.

#### **SCHOOL TECHNOLOGY PLANS**

**SECTION 7.31.** Adopts House provision (6th edition).

#### **IDEA FUNDS**

**SECTION 7.32.** Adopts House provision (6th edition).

#### **ACCESS TO NCVPS AND LEARN AND EARN ONLINE (NEW)**

**SECTION 7.33.** Adopts House provision (6th edition), except requires the SBE to report to the Joint Legislative Education Oversight Committee (JLEOC) and the Fiscal Research Division prior to December 1, 2009 (was, October 15, 2009), on its policy regarding access for nonpublic school children to the North Carolina Virtual Public School (NCVPS) Program *and Learn and Earn Online*.

#### **EDUCATION STABILIZATION FUNDS**

**SECTION 7.34.** Adopts House provision (6th edition).

#### **SALARY OF TEACHERS WITH GRADUATE DEGREES**

**SECTION 7.35.** Deletes House provision and instead amends GS 115C-302.1 to direct the SBE to maintain the same policies related to masters pay for teachers that were in effect for the 2008-09 fiscal year.

#### **ABOLISH COMPUTER LOAN REVOLVING FUND**

**SECTION 7.36.** Adopts House provision (6th edition), except directs the State Controller to transfer the fund balance from the Computer Loan Revolving Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-10 fiscal year (was, directed the State Controller to transfer \$120,677 on July 1, 2009).

#### **LOANS FROM STATE LITERARY FUND PROHIBITED**

**SECTION 7.37.** Adopts House provision (6th edition), except appropriates for 2009-10, the unencumbered cash balance (was, \$411,058) of the State Literary Fund from the Fund to DPI for school technology.

#### **CHARTER SCHOOL EVALUATION (NEW)**

**SECTION 7.38.** Adopts new provision to allocate up to \$50,000 a year for the 2009-10 and 2010-11 fiscal years of the funds appropriated to State Aid for Local School Administrative Units for use by the North Carolina Center for Public Policy Research to evaluate charter schools. Provides that the evaluation is to consider the method of financing charter school operations in the state and the extent to which charter schools have accomplished the six objectives set out in GS 115C-238.29A. Directs the SBE to report the results of the evaluation to the JLEOC and the Fiscal research Division.

#### **GOVERNOR'S SCHOOL TUITION (NEW)**

**SECTION 7.39.** Adopts new provision expand the powers and duties of the SBE to include the duty to implement a \$500 tuition charge for students who attend the Governor's School of North Carolina. Effective January 1, 2010, and applies to sessions of Governor's School beginning after that date.

#### **SCHOOL CALENDAR PILOT PROGRAM (NEW)**

**SECTION 7.40.** Adopts new provision that directs the SBE in GS 115C-12 to establish a school calendar pilot program in Wilkes County Schools to determine whether and to what extent an LEA can save money during the fiscal crisis by consolidating the school calendar. Specifies that the 2009-10 calendar year for Wilkes County Schools must include a minimum of 180 days or 1,000 hours of instruction covering at least nine calendar months, with an opening date of no earlier than August 24. Provides additional criteria and requires the SBE to report on the pilot, its cost saving effectiveness, and its impact on student achievement to the JLEOC by March 15, 2010.

#### **MORE TEACHERS IN CLASSROOM (NEW)**



**SECTION 7.41.** Adopts new provision to repeal SL 2008-86, permitting National Board Certified Teachers to serve as full time mentors. Effective January 1, 2011.

## **PART VIII. COMMUNITY COLLEGES**

### **COMMUNITY COLLEGE FACULTY SALARY PLAN**

**SECTION 8.1.** No change – adopts identical House and Senate provisions.

### **USE OF BASIC SKILLS FUNDS**

**SECTION 8.2.** No change – adopts identical House and Senate provisions.

### **FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS**

**SECTION 8.4.** No change – adopts identical House and Senate provisions.

### **CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS BIOTECHNOLOGY TRAINING FUNDS.**

**SECTION 8.5.** Adopts Senate provision (3rd edition).

### **LEARN AND EARN ONLINE FUNDS.**

**SECTION 8.6.** Adopts Senate provision (3rd edition), except deletes the provision that (1) prohibited funds reimbursed to the Community College System for full time equivalent students participating in Learn and Earn Online courses during 2008-09 and 2009-10 from reverting at the end of the fiscal year and (2) made those funds available for up to 12 additional months. Makes a conforming change.

### **CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS.**

**SECTION 8.7.** Adopts Senate provision (3rd edition).

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

**SECTION 8.8.** No change – adopts identical House and Senate provisions.

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

**SECTION 8.9.** No change – adopts identical House and Senate provisions.

### **ELIMINATE SOME TUITION WAIVERS**

**SECTION 8.11.** Adopts Senate provision (3rd edition), except repeals GS 115B-2.1, which waived fees at UNC and community colleges for up to six class hours for senior citizens, and GS 115B-2(a)(1), which waived tuition for state residents who have reached the age of 65. Deletes other amendments to GS 115B-2. Restores existing language in GS 115D-5(b), except, effective July 1, 2009, provides that tuition is to be waived for up to six hours of credit per academic semester for state residents that are senior citizens age 65 or older (was, full tuition waived for senior citizens attending institutions as set forth in GS Chapter 115B). Deletes that the State Board of Community Colleges (State Board) is required to waive tuition and fees for persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate. Effective July 1, 2010, amends GS 115D-5(b), as amended by this section, to eliminate the full tuition waiver authorized for prison inmates.

### **CONTINUING EDUCATION FEES**

**SECTION 8.12.** Adopts identical House and Senate provisions, except clarifies that the fee for class hours 51+ (was, 51-100+) is \$175.

### **CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS**

**SECTION 8.13.** No change – adopts identical House and Senate provisions.

### **CUSTOMIZED TRAINING PROGRAM**

**SECTION 8.14.** Adopts Senate provision (3rd edition).

## **COMMUNITY COLLEGES URGED TO PARTICIPATE IN FEDERAL STUDENT LOAN PROGRAMS**

**SECTION 8.15.** Adopts House provision (6th edition).

## **NORTH CAROLINA MILITARY BUSINESS CENTER**

**SECTION 8.16.** No change – adopts identical House and Senate provisions.

## **REVISE COLLEGE FUNDING FORMULA CATEGORIES**

**SECTION 8.17.** Adopts House provision (6th edition), except specifies that the State Board must adopt emergency rules for the 2009-11 biennium to grant community colleges flexibility to transfer funds as necessary to minimize the impact of budget reductions on the educational program, *including the elimination of state funding for maintenance of plant.*

## **FIRE TRAINING COORDINATORS**

**SECTION 8.18.** Adopts House provision (6th edition).

## **CONTINUATION REVIEW OF THE PRISONER EDUCATION PROGRAM**

**SECTION 8.19.** Adopts House provision (6th edition).

## **STUDY OF EFFICIENT AND EFFECTIVE COMMUNITY COLLEGE ADMINISTRATION**

**SECTION 8.20.** Adopts House provision (6th edition).

## **NO STATE FUNDS FOR INTERCOLLEGIATE ATHLETICS**

**SECTION 8.21.** Adopts House provision (6th edition), except makes stylistic changes.

## **FUNDING FOR HIGH SCHOOL STUDENTS ENROLLED IN COMMUNITY COLLEGES, COLLEGES, AND UNIVERSITIES**

**SECTION 8.22.** Adopts House provision (6th edition), except provides that the Community Colleges System Office, *with the cooperation and assistance of* the Department of Public Instruction and UNC Board of Governors, must study funding for high school students enrolled in community college, college, and university courses, with a *joint* report to Joint Legislative Commission on Governmental Operations and Fiscal Research Division by January 15, 2010.

## **FUNDING FOR NEW MULTICAMPUS COLLEGES**

**SECTION 8.23.** Adopts House provision (6th edition).

## **MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES**

**SECTION 8.24.** Adopts House provision (6th edition).

## **HICKORY METROPOLITAN HIGHER EDUCATION CENTER**

**SECTION 8.25.** Adopts new provision to require that, notwithstanding any other provision of law or agreements between specified entities to the contrary, Catawba Valley Community College continue to serve as the fiscal agent for the Hickory Metropolitan Higher Education Center (Center). Also prohibits the Center, solely as a result of any existing agreement among those specified entities, from ending an agreement with any other accredited college or university to offer courses at the Center.

## **PART IX. UNIVERSITIES**

### **USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS**

**SECTION 9.1.** Adopts House provision (6th edition).

### **THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND REDUCE/MAXIMUM GRANT AWARDS FOR 2009-2010 FISCAL YEAR AND REPEAL EARN SCHOLARS FUND IN 2010-2011 FISCAL YEAR.**

**SECTION 9.2.** Adopts House provision (6th edition).

### **TRANSFERS OF CASH BALANCES TO THE GENERAL FUND**

**SECTION 9.3.** No change – adopts identical House and Senate provisions.

## **TRANSFER FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS**

**SECTION 9.4.** Adopts Senate provision (3rd edition), except adds that any available funds may be used to contract with community-based or nonprofit performing arts groups or other performing arts groups supported with state or local funds to provide music and drama on Roanoke Island. Also makes a technical change.

## **UNC CENTER FOR ALCOHOL STUDIES**

**SECTION 9.5.** Adopts House provision (6th edition).

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

**SECTION 9.6.** Adopts House provision (6th edition).

## **CLOSING THE ACHIEVEMENT GAP/GRANTS**

**SECTION 9.7.** Adopts House provision (6th edition).

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

**SECTION 9.8.** No change – adopts identical House and Senate provisions.

## **GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION/REVERT PART OF FUND BALANCE**

**SECTION 9.9.** Adopts identical House and Senate provisions, except makes technical changes.

## **CODIFY AND INCREASE UNC UNDERGRADUATE TUITION SURCHARGE**

**SECTION 9.10.** Adopts House provision (6th edition).

## **ENROLLMENT GROWTH REPORTING**

**SECTION 9.11.** No change – adopts identical House and Senate provisions.

## **TRANSFER THE NORTH CAROLINA CENTER FOR THE ADVANCEMENT OF TEACHING TO THE STATE BOARD OF EDUCATION**

**SECTION 9.13.** Adopts House provision (6th edition), except adds that the State Board of Education, in addition to UNC, Western Carolina University, and the North Carolina Center for the Advancement of Teaching (NCCAT), may be a party to an agreement that would affect the cessation of UNC's duties and responsibilities regarding NCCAT upon the transfer. Makes other clarifying and technical changes to Section 9.13(a). Amends GS 115C-296.5 to provide that (1) priority for admission to NCCAT opportunities must be given to teachers with teaching experience of 15 years or less and (2) the Executive Director must submit a copy of the NCCAT annual report to the chair of the State Board of Education at the time of issuance. Makes a conforming change to the statute's caption. Makes technical changes to proposed amended GS 115C-296.6 and Section 9.13(g).

## **COASTAL DEMONSTRATION WIND TURBINES**

**SECTION 9.14.** Adopts House provision, except directs \$300,000 in nonrecurring funds, received by the state and appropriated by the American Recovery and Reinvestment Act of 2009 (ARRA), that are appropriated in this act to the State Energy Office for 2009-10 to be allocated to UNC to continue the coastal sounds wind energy study set forth in Section 9.12 of SL 2008-107 (was, UNC directed to apply for federal grants to continue the study and that ARRA funds were to be used towards the construction of at least three demonstration wind turbines and support facilities). Directs UNC to contract with a third party by October 1, 2009 for activities to construct and operate *up to* three demonstration turbines and support facilities by September 1, 2010 (was, April 1, 2010). Specifies that any contract entered into between UNC and a third party must ensure that UNC is provided appropriate access to the demonstration turbines and necessary support facilities for research purposes. Adds that the actual number of the wind turbines and support facilities are to be determined by the coastal sounds wind energy study in coordination with participating entities. Allows UNC to negotiate and execute any rights-of-way, easements, leases, and any other agreements necessary for this purpose. Also requires the State Property Office to expedite and grant all easements and use agreements for construction of the facilities without payment of any fee, royalty, or other cost. Provides that construction of facilities is exempt from specific statutes. Directs the Department of Environment and Natural Resources to waive any application fees for permits and, if possible, issue all permits within 40 days of receipt of a completed application. Directs the Utilities Commission to facilitate and expedite wind energy pilot projects developed pursuant to this act that come within its jurisdiction. Exempts wind turbines constructed pursuant to this section from the requirements of GS 62-110.1

(certificate for construction of a generating facility). Requires the Utility Commission to establish an annual rider for a public utility, upon the utility's application, for recovery of just and reasonable costs, including the utility's cost of debt and equity, of a wind turbine project upon completion. Provides for allocation of energy generated by wind turbines between UNC and the contracted third party and the receipt of renewable energy certificates (RECs). Authorizes that UNC may delegate its responsibilities under this section to a constituent institution, which would result in that institution receiving the RECs. Deletes the amendment to Section 9.12 of SL 2008-107.

#### **AMEND AID TO PRIVATE MEDICAL SCHOOLS**

**SECTION 9.15.** Adopts House provision, except deletes proposed amendments to GS 116-21.5. Instead, repeals GS 116-21.5 and enacts new GS 116-21.6 to provide that funds be appropriated each year in the Current Appropriations Act to the UNC Board of Governors (Board) to provide grants to medical students who are state residents and enroll in and attend medical school at either Duke University or Wake Forest University. Awards to each state resident medical student attending either of those universities \$5,000 for each academic year. Provides for the administration of grants by the Board. Requires the Board to encourage the two medical schools to orient students towards primary care, consistent with the directives of GS 143-613(a). Requires the medical school to refund the full amount of a grant if a medical student terminates enrollment. Allows the Board to transfer unused funds from other programs in the Related Educational Programs budget code to cover extra students if appropriated funds are insufficient. Provides that any remaining funds must revert to the General Fund. Directs the Board to encourage the two medical schools to document the number of graduates each year who either enter residencies or locate their practices in the state and report that information annually to the Board, who must then report annually to the Joint legislative Education Oversight Committee regarding receipt of that information.

#### **DISTINGUISHED PROFESSOR ENDOWMENT TRUST FUND/PRIORITIZE USE OF FUNDS**

**SECTION 9.16.** Adopts House provision (6th edition).

#### **ELIMINATE ENROLLMENT GROWTH FUNDING FOR 2010-2011 FISCAL YEAR**

**SECTION 9.17.** Deletes House provision.

#### **PHASE OUT FUTURE TEACHERS SCHOLARSHIP LOAN PROGRAM**

**SECTION 9.18.** Adopts House provision (6th edition), except makes clarifying changes.

#### **UNC MANAGEMENT FLEXIBILITY REDUCTION**

**SECTION 9.19.** Adopts House provision (6th edition), except adds that the Board is to look to first reduce budgets for speaker series, in addition to other activities. Deletes the provision that required the Board to ensure funding availability for certain purposes.

#### **REPEAL IN-STATE TUITION FOR FULL SCHOLARSHIP STUDENTS**

**SECTION 9.20.** Deletes House provision.

#### **REDUCE NUMBER OF COURSES UNC FACULTY AND STAFF MAY TAKE TUITION-FREE**

**SECTION 9.21.** Adopts House provision (6th edition).

#### **NO SPECIAL TALENT TUITION WAIVERS FOR STUDENT ATHLETES**

**SECTION 9.22.** Adopts House provision (6th edition), except deletes that the prohibition on a policy authorizing special tuition for students with special athletic talent is limited to the 2009-11 fiscal biennium.

#### **CAMPUS INITIATED TUITION INCREASES (NEW)**

**SECTION 9.23.** Adopts House provision (6th edition), except prohibits a campus-initiated tuition increase *for students who are state residents* from being approved or implemented for the 2010-11 academic year (was, prohibited from being implemented for the 2009-10 academic year). Prohibits any campus-initiated increases for the professional and graduate programs for the 2010-11 academic year that were approved by the Board between February 2007 and 2009 for the graduate and professional schools from being implemented in the 2010-11 academic year.

#### **ESTABLISH JOINT LEGISLATIVE COMMITTEE ON STATE FUNDED STUDENT FINANCIAL AID (NEW)**

**SECTION 9.24.** Adopts House provision (6th edition), except changes the name of the study committee to the Joint Legislative Study Committee on State Funded Student Financial Aid (was, Joint Legislative

Study Committee on Consolidation of State Scholarships). Requires the State Treasurer, UNC, the Community College System, and the State Education Assistance Authority to cooperate with the study. Also encourages other colleges and universities in the state to cooperate with the study. Enumerates eight issues required to be included in the study.

#### **UNC BOARD OF GOVERNORS REVIEW SEPARATION AND TRANSITION POLICY FOR UNC ADMINISTRATORS**

**SECTION 9.25.** Adopts new provision to require the Board to review its current policies regarding the salary payments and other payments made to its top administrators as part of a transition and separation package when any of these administrators voluntarily or involuntarily terminates employment and moves down to a lesser position on either a permanent or temporary basis within UNC. Requires the Board to report to the Joint Legislative Education Oversight Committee by April 1, 2010 on its findings and recommendations.

#### **ENCORE CENTER FOR LIFELONG ENRICHMENT AND THE WILLIAM AND IDA FRIDAY CENTER FOR CONTINUING EDUCATION/DISCRETIONARY FEE INCREASES TO COVER STATE BUDGET REDUCTIONS**

**SECTION 9.26.** Deletes House provision.

#### **ELIMINATE STATE FUNDING FOR MILLENNIUM SEMINARS AND PUBLIC SAFETY LEADERSHIP CENTER AT NORTH CAROLINA STATE UNIVERSITY**

**SECTION 9.27.** Deletes House provision.

#### **LEGISLATIVE TUITION GRANTS AND RELIGIOUS COLLEGE GRANTS**

**SECTION 9.28.** Deletes House provision.

#### **REPEAL SENIOR CITIZEN TUITION WAIVER FOR UNC CONSTITUENT INSTITUTIONS**

**SECTION 9.29.** Deletes House provision.

#### **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

##### **CHILD CARE SUBSIDY RATES**

**SECTION 10.1.** No change – adopts identical House and Senate provisions.

##### **CHILD CARE ALLOCATION FORMULA**

**SECTION 10.2.** No change – adopts identical House and Senate provisions.

##### **CHILD CARE FUNDS MATCHING REQUIREMENT**

**SECTION 10.3.** No change – adopts identical House and Senate provisions.

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

**SECTION 10.4.** Adopts House provision (6th edition).

##### **CHILD CARE REVOLVING LOAN**

**SECTION 10.5.** No change – adopts identical House and Senate provisions.

##### **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS**

**SECTION 10.7.** Adopts House provision (6th edition), except adds new mandate that for fiscal years 2009-10 and 2010-11, local partnerships spend for child care subsidies at least \$52 million for TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement. Also adds requirement that local partnerships spend at least the amount determined by the Department of Health and Human Services (DHHS) as necessary to draw down all federal recovery funds.

##### **TASK FORCE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION AND CARE**

**SECTION 10.7A.** Adopts House provision (6th edition), except changes the appointment process for ad hoc members of the task force, deletes specified individuals to serve as ex officio members, and changes the reporting deadline to March 15, 2010 (was January 15, 2010).

##### **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES**

**SECTION 10.10.** No change – adopts identical House and Senate provisions.

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

**SECTION 10.11.** No change – adopts identical House and Senate provisions.

**MENTAL HEALTH CHANGES**

**SECTION 10.12(a).** No change – adopts identical House and Senate provisions.

**SECTION 10.12(b).** Deletes House provision (b) and rennumbers subsequent sections accordingly.

Adopts House provision 10.12(c) (6th edition), except changes appropriation to Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to \$20,121,644 for fiscal years 2009-10 and 2010-11 (was, \$14,149,115).

**SECTION 10.12(c).** Adopts House provision 10.12(d) (6th edition).

**SECTION 10.12(d).** Deletes House provision Section 10.12(e) and adds new provision requiring that \$5.7 million of the appropriation to DHHS for mobile crisis teams be distributed to local management entities (LMEs) to support 30 mobile crisis teams.

**SECTION 10.12(e).** Adopts House provision 10.12(f) (6th edition).

**SECTION 10.12(f).** Adopts House provision 10.12(g) (6th edition).

**MH/DD/SAS HEALTHCARE INFORMATION SYSTEM PROJECT (NEW)**

**SECTION 10.12A.** Adopts new provision authorizing DHHS to use appropriated funds to continue to develop and implement a health care information system for state institutions operated by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMDDSA).

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

**SECTION 10.13.** No change – adopts identical House and Senate provisions.

**LME FUNDS FOR SUBSTANCE ABUSE SERVICES (NEW)**

**SECTION 10.15.** Adopts House provision (6th) edition, except adds provision requiring DHHS to allocate up to \$300,000 to provide substance abuse services for adult offenders and to increase the number of TASC case managers.

**TOTAL QUALITY MANAGEMENT**

**SECTION 10.16.** Adopts identical House and Senate provisions, except changes date by which DHHS must report on program to March 1, 2010 (was, December 1, 2009).

**IOM STUDIES**

**SECTION 10.18.** Adopts new provision requiring that funds appropriated to DHHS from the Substance Abuse Prevention and Treatment Block Grant for the NC Institute of Medicine studies be allocated as per Section 10.78(ff)(SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT).

**DHHS DATA COLLECTION REVIEW AND STREAMLINING**

**SECTION 10.18B.** Adopts House provision (6th) edition, except adds requirement that MHDDSA review all data collection instruments used by local management entities as well as DHHS.

**LME ALLOCATION AND FUND BALANCE REDUCTIONS (NEW)**

**SECTION 10.19A.** Adopts House provision (6th) edition but amends requirements for the maintenance, deposit, and withdrawal from LME fund balances. Mandates that DHHS reduce the allocation of state funds by 10% to each LME each year. Deletes provision concerning reimbursements. Amends guidelines for the format to be developed for LME's to account for their fund balances every year. Requires LMEs to report to DHHS quarterly, which must in turn report to the General Assembly.

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

**SECTION 10.20.** No change – adopts identical House and Senate provisions.

**VENDING ACCOUNTS**

**SECTION 10.20A.** Deletes House provision.

## **MENTAL HEALTH TRUST FUND ALLOCATIONS**

**SECTION 10.21.** Adopts Senate provision (3rd edition).

## **WESTERN REGIONAL MAINTENANCE OPERATIONS**

**SECTION 10.21A.** Adopts House provision (6th edition).

## **CAP-MR/DD STATE FUND SERVICE ELIGIBILITY**

**SECTION 10.21B.** Adopts House provision (6th edition), except adds exception permitting former Thomas S. recipients currently living in community placements to continue to receive state services.

## **COST-SHARING FOR SERVICES IN EARLY CHILDHOOD INTERVENTION PROGRAMS (NEW)**

**SECTION 10.21C.** Deletes House provision (6th edition) and adopts new provision directing DHHS to maximize receipts for third-party payers for the Family Infant and Preschool Program and pursue all available cost-sharing for this program.

## **AUTISM SPECTRUM DISORDER AND PUBLIC SAFETY STUDY (NEW)**

**SECTION 10.21D.** New provision creates Joint Study Committee on Autism Spectrum Disorder and Public Safety to study ways to increase the availability of autism-specific education and training to public safety personnel, judges, district attorneys, and related agencies and officials. Describes procedural details for committee and allows an interim report by May 1, 2010, and requires final report to be submitted by December 31, 2010 to the General Assembly.

## **TRANSFER OF CENTRAL REGIONAL HOSPITAL PATIENTS FROM RALEIGH CAMPUS TO BUTNER CAMPUS (NEW)**

**SECTION 10.21E.** New provision, in response to the temporary restraining order issued in Disability Rights North Carolina et al. v. NC Dept. of DHHS, directs DHHS Secretary to plan for patient transfer, pursue accreditation for the Central Regional Hospital, and temporarily continue operations at the Raleigh campus, the Psychiatric Residential Treatment facility for Children, minimum security forensic and research units, and the Wake-Dix Overflow Unit.

## **CASTLE SERVICES THIRD-PARTY BILLING (NEW)**

**SECTION 10.21F.** New provision directs the Center for Acquisition for Spoken Languages through Listening Enrichment (CASTLE) to begin billing third-party payers for its services and to use the receipts to offset costs supported by General Funds. Requires CASTLE to report on its efforts by December 1, 2009 to specified legislative committees and divisions.

## **VITAL RECORDS FEES**

**SECTION 10.22.** Adopts House provision (6th edition).

## **CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE**

**SECTION 10.23.** No change – adopts identical House and Senate provisions.

## **FUNDS FOR SCHOOL NURSES**

**SECTION 10.24.** Adopts Senate provision (3rd edition).

## **AIDS DRUG ASSISTANCE PROGRAM**

**SECTION 10.25.** Adopts House provision (6th edition).

## **PUBLIC HEALTH IMPROVEMENT PLAN**

**SECTION 10.26.** No change – adopts identical House and Senate provisions.

## **REPLACEMENT OF RECEIPTS FOR CHILD DEVELOPMENT SERVICE AGENCIES**

**SECTION 10.26A.** Adopts House provision (6th edition).

## **HEALTH INFORMATION TECHNOLOGY**

**SECTION 10.27.** Adopts Senate provision (3rd edition).

## **HOSPITAL-ACQUIRED INFECTIONS**

**SECTION 10.28.** Adopts House provision (6th edition).

## **MEN'S HEALTH**

**SECTION 10.29.** Adopts Senate provision (6th edition).

## **IMMUNIZATION CHANGES (NEW)**

**SECTION 10.29A.** New provision amends GS 130A-153(a) providing that local health departments may provide mandated immunizations at no cost only to patients who are uninsured or underinsured and who have family incomes below 200% of the federal poverty level. Makes corresponding change to GS 130A-433(b).

## **FACILITATION OF ENROLLMENT AND REENROLLMENT OF ELIGIBLE CHILDREN IN MEDICAID AND NC HEALTH CHOICE**

**SECTION 10.30.** Adopts Senate provision (3rd edition).

## **NC HEALTH CHOICE TRANSITION**

**SECTION 10.31.(a)** Adopts House provision (6th edition).

## **NC HEALTH CHOICE/PROCEDURES FOR CHANGING MEDICAL POLICY**

**SECTION 10.32.** Adopts Senate provision (3rd edition).

## **NC HEALTH CHOICE MEDICAL POLICY**

**SECTION 10.33.** No change – adopts identical House and Senate provisions.

## **NC HEALTH CHOICE ENROLLMENT**

**SECTION 10.34.** Adopts Senate provision (3rd edition), except provides that DHHS may permit enrollment in the NC Health Choice for Children Program in the 2009-10 fiscal year to grow by a maximum of 9,098 children (was, 15,583).

## **NCHC FUNDS REDUCTION/CCNC**

**SECTION 10.35.** Adopts House provision (6th edition).

## **REPORT ON DHHS POSITION ELIMINATIONS**

**SECTION 10.35A.** Adopts House provision (6th edition).

## **RURAL HEALTH LOAN REPAYMENTS (NEW)**

**SECTION 10-35B.** Requires DHHS, Office of Rural Health and Community Care to use funds appropriated for loan repayment to specified providers to combine all loan repayment programs. Specifies repayment programs to be combined.

## **COMMUNITY CARE OF NORTH CAROLINA**

**SECTION 10.36.** Adopts compromise provision requiring DHHS to ensure quality care and cost control of care provided to Medicaid patients. Directs DHHS to contract with local Community Care of North Carolina (CCNC) networks and physicians to manage care of Medicaid patients through a per member, per month reimbursement. Requires DHHS to consult with local CCNC networks to identify priorities for care management, develop care management protocols, identify necessary data elements, and develop system to measure and report clinical and system performance. Creates reporting deadlines for DHHS. Directs DHHS to begin working with external consultants on Medicaid cost savings and report of these savings by December 31, 2010 and annually thereafter.

## **COMMUNITY HEALTH CENTER CHANGES**

**SECTION 10.37.** Adopts House provision (6th edition) except increases the amount allocated as grants to various community health centers to \$6,860,000 for fiscal years 2009-10 and 2010-11 (was, \$1,860,000 for both years).

## **LIABILITY INSURANCE**

**SECTION 10.38.** No change – adopts identical House and Senate provisions.

## **DHHS SPECIAL APPROPRIATIONS (NEW)**



**SECTION 10.39.** New provision allocates \$100,000 of funds appropriated to DHHS to support Special Olympics and \$300,000 to support services provided in North Carolina by the Jim “Catfish” Hunter Chapter of the ALS Association.

**DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES**

**SECTION 10.40.** No change – adopts identical House and Senate provisions.

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

**SECTION 10.41.** Adopts identical House and Senate provision, except changes appropriation to DHHS’s information technology budget to \$10,765,153 for 2009-10 (was, \$11,071,502) and \$8,064,128 for 2010-11 (was, \$9,820,689).

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

**SECTION 10.42.** No change – adopts identical House and Senate provisions.

**PROGRAM ON PREVENTION OF ABUSE AND NEGLECT**

**SECTION 10.43.** No change – adopts identical House and Senate provisions.

**INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS**

**SECTION 10.44.** Adopts identical House and Senate provisions, except deletes 10.44(d), which required DHHS to publish an annual report.

**FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

**SECTION 10.45.** Adopts House provision (6th edition), except deletes 10.45(g), which made the provision effective July 1, 2009.

**CHILD SUPPORT PROGRAM/ENHANCED STANDARDS**

**SECTION 10.46.** Same as 3rd edition aside from a technical correction.

**ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES**

**SECTION 10.46A.** Adopts House provision (6th edition).

**CHILD CARING INSTITUTIONS**

**SECTION 10.47.** No change – adopts identical House and Senate provisions.

**SPECIAL CHILDREN ADOPTION FUND**

**SECTION 10.48.** Adopts House provision (6th edition).

**LIMITATION ON STATE ABORTION FUND**

**SECTION 10.49.** No change – adopts identical House and Senate provisions.

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

**SECTION 10.50(a).** Adopts Senate provision (3rd edition).

**SECTION 10.50(a1).** New provision provides that \$3,168,250 of the funds appropriated to DHHS from the General Fund for fiscal year 2010-11 be used to support the child welfare postsecondary support program for the educational needs of foster youth aging out of the foster care system and special needs children adopted out of the foster care system by providing “cost of attendance” assistance as defined in 20 U.S.C. 1087II.

**SECTION 10.50(b),(c) & (d).** No change – adopts identical House and Senate provisions.

**TANF BENEFIT IMPLEMENTATION**

**SECTION 10.51(a), (b), & (c).** Adopts House provision (6th edition).

**SECTION 10.51(d).** New provision creates “hold harmless” requirements for electing counties for the 2009-10 fiscal year.

**SECTION 10.51(e).** New provision creates procedure for DHHS to redirect certain Work First funds from electing counties to standard counties if needed. Requires pre-approval by OSBM and reporting to specified legislative committees.

**OFFICE OF EDUCATION SERVICES/FUNDS TRANSFER (NEW)**

**SECTION 10.51A.(a)** Adopts House provision (6th edition).

**SECTION 10.51A.(b)** New provision directs DHHS to work with the State Board of Education and the Department of Public Instruction to ensure the appropriate education of students with visual and hearing impairments and requires DHHS to submit report on such efforts by May 1, 2010.

**SECTION 10.51A.(c), (d)** Deletes House provision.

#### **EVALUATION OF CONSOLIDATION OF ADMINISTRATIVE FUNCTIONS OF COUNTY DEPARTMENTS OF SOCIAL SERVICES**

**SECTION 10.52.** Adopts Senate provision (3rd edition), except directs the Program Evaluation Division of the General Assembly (was, DHHS) to conduct study as title indicates. Changes reporting deadline to December 1, 2010 (was, April 1, 2010).

#### **ENHANCE MARKETING OF PUBLIC ASSISTANCE AVAILABILITY**

**SECTION 10.53.** Adopts Senate provision (3rd edition).

#### **NON-MEDICAID REIMBURSEMENT CHANGES**

**SECTION 10.55.(a)** No change – adopts identical House and Senate provisions.

**SECTION 10.55.(b)** Adopts House provision (6th edition), except deletes specific rate reductions.

#### **DIVISION OF SERVICES FOR THE DEAF AND HARD OF HEARING/FUNDS TRANSFER AND APPROPRIATION**

**SECTION 10.56.(a)** Adopts House provision (6th edition), except reduces amount transferred to General Fund to \$4,500,000 (was, \$8,500,000).

**SECTION 10.56.(b).** Adopts Senate provision (3rd edition).

**SECTION 10.56.(c).** New provision amends GS 62-157 by adding a new subsection that directs DHHS to use wireless surcharge revenues to fund Regional Resources Centers as per GS 143B-216.33, GS 143B-216.34, and GS Chapter 8B.

**SECTION 10.56.(d).** New provision amends GS 62-157(e) directing DHHS to administer the Regional Resource Centers in accordance with GS 143B-216.33, GS 143B-216.34, and GS Chapter 8B.

**SECTION 10.56.(e).** New provision authorizes the State Controller to transfer certain funds to support operation of the Regional Resource Centers.

**SECTION 10.56.(f).** Adopts Senate provision (3rd edition), with non-substantive changes.

#### **STATE-COUNTY SPECIAL ASSISTANCE**

**SECTION 10.57.** Adopts House provision (6th edition), except changes maximum monthly rate for residents in adult care home facilities to \$1,182 (was \$1,173).

#### **MEDICAID**

**SECTION 10.58.(a) - (c)** No change – adopts identical House and Senate provisions.

**SECTION 10.58.(d)** Adopts compromise provision, which includes the Senate provision (3rd edition) with respect to drug reimbursement under Medicaid. Adds new provision prohibiting DHHS from imposing prior authorization requirements on medications prescribed for Medicaid recipients for treatment of mental illness and directing DHHS to continually review utilization of such medications; the provision also permits DHHS to develop guidelines for appropriate usage of such medications and require retrospective clinical justification in specified circumstances.

**SECTION 10.58.(e)** No change – adopts identical House and Senate provisions.

**SECTION 10.58.(f)** No change – adopts identical House and Senate provisions.

**SECTION 10.58.(g)** Adopts identical House and Senate provisions, except adds a new provision requiring DHHS to submit information on proposed waiver applications to Fiscal Research Division before submitting such applications to the Centers for Medicare and Medicaid Services (CMS).

#### **MEDICAID PROVIDER FEE**

**SECTION 10.58A.** Adopts House provision (6th edition).

#### **ACCELERATED DHHS PROCUREMENT PROCESS TO ACHIEVE BUDGET REDUCTIONS**

**SECTION 10.58B.** Adopts House provision (6th edition), except requires approval of contract extensions and sole source contracts by the Secretary of Department of Administration, rather than the Governor; and deletes acquisition of medical equipment, supplies, and appliances from application of the section.

#### **DMA CONTRACT SHORTFALL**

**SECTION 10.59.** Adopts Senate provision (3rd edition).

**MEDICAID COST CONTAINMENT ACTIVITIES**

**SECTION 10.60.** Adopts Senate provision (3rd edition).

**MEDICAID SPECIAL FUND TRANSFER**

**SECTION 10.61.** No change – adopts identical House and Senate provisions.

**EXTEND IMPLEMENTATION OF COMMUNITY ALTERNATIVES PROGRAMS REIMBURSEMENT SYSTEM**

**SECTION 10.62.** No change – adopts identical House and Senate provisions.

**ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

**SECTION 10.64.** Adopts House provision (6th edition).

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

**SECTION 10.65.** No change – adopts identical House and Senate provisions.

**IMPLEMENTATION PLAN FOR FOUR TIERS OF CAP-MR/DD PROGRAM**

**SECTION 10.65A.(a) – (b).** Adopts House provision (6th edition), except changes the deadline to April 1, 2010 (was, January 1, 2010) for DHHS to submit its plan for the implementation of Tiers 1 through 4 of the CAP-MR/DD program. Also makes a technical change.

**SECTION 10.65A.(c)** Adopts a new provision transferring to the Division of Medical Assistance \$8 million of the funds appropriated to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SA) for the 2009-10 fiscal year currently used for state-funded services for people with CAP slots. Directs that \$4 million be used for Tier 1 CAP-MR/DD slots and the remainder used to ensure that only a partial freeze of CAP slots shall be implemented for 2009-11 biennium.

**SECTION 10.65A.(d)** Adopts a new provision requiring MH/DD/SA to report on the number and geographic distribution of CAP slots by LME by October 1, 2009.

**SECTION 10.65A.(e)** Adopts a new provision requiring MH/DD/SA to implement a plan to equitably distribute all CAP-MR/DD slots among LMEs.

**SECTION 10.65A.(f)** Adopts a new provision directing DHHS to deem Piedmont Behavioral Health (PBH) LME as a demonstration model in the PBH LME catchment area and requiring DHHS to adopt certain Medicaid waivers and single-stream funding as part of the model.

**PREFERRED DRUG LIST PROGRAM**

**SECTION 10.66.(a)** Adopts Senate provision (3rd edition).

**SECTION 10.66.(b)-(c)** No change – adopts identical House and Senate provisions.

**SECTION 10.66.(d)** Adopts Senate provision (3rd edition), except provides that DHHS must demonstrate \$25 million in prescription drug savings to avoid the section from becoming effective (was, \$20,791,264).

**MEDICAID APPEALS/FUNDS DO NOT REVERT**

**SECTION 10.67.** Adopts Senate provision (3rd edition), except directs the Office of Administrative Hearings (Office) to enter into memorandum of agreement with DHHS for funds transferred from DHHS to Office in 2008-2009 for mediation services provided for Medicaid applicants and recipients appeals; the memorandum is to facilitate DHHS' ability to draw down federal Medicaid funds to support this function. Deletes the prohibition on funds reverting to the General Fund.

**CLARIFYING CHANGES TO STATE MEDICAID RESPONSIBILITIES**

**SECTION 10.68.** No change – adopts identical House and Senate provisions.

**AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN THE MEDICAID PROGRAM**

**SECTION 10.68A.(a)** Adopts House provision (6th edition), except as follows: (a) removes the direction to modify or eliminate physical, speech, and occupational therapies, and modify or eliminate dental services, and to modify or eliminate adult routine eye exams and visual aids; (b) removes direction to remove HIV case management and replaces with a direction to lower the cost of HIV case management; (c) adds a requirement for DHHS to report by October 1, 2009, on the plan to transition children out of mental health

residential therapeutic camps; (d) modifies requirement for new criteria for personal care services by deleting the requirement to establish four levels of qualifying criteria and service and to revise audits and review process; (e) changes the deadline for *transitioning* community support services from April 1, 2010, to June 30, 2010, and modifies the required components of this process; (f) modifies the items to be addressed in required restructuring of Medicaid and state-funded child MH/DD/SA residential services; (g) continues direction to DHHS to reduce Medicaid provider rates but deletes the specific numbers; (h) specifies that Medicaid identification cards to be issued *on an annual basis with quarterly updates*; (i) changes the date for required report on plan to consolidate case management services from August 1, 2009, to December 1, 2009, and (j) changes the date for the required report on the Community Support Team to December 1, 2009, from October 1, 2009. Also makes technical changes.

**SECTION 10.68A.(b)** Adopts House provisions (6th edition).

**SECTION 10.68A.(c)** Adopts House provision (6th edition), except for technical changes.

**SECTION 10.68A (d)** New provision prohibits DHHS from implementing any actions under the act if DHHS determines those actions would jeopardize the receipt of ARRA funds. Deletes proposed GS 108A-55.5 in previous subsection (d).

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

**SECTION 10.69.** No change – adopts identical House and Senate provisions.

#### **INFORMATION ON MEDICAID WAIVERS**

**SECTION 10.72A.** Adopts House provision (6th edition), except that it requires report to be made by Division of Medical Assistance (DMA) in conjunction with MH/DD/SA, rather than by DMA alone. Requires that report provide the cost to cover all affected persons effective April 1, 2009 (was, March 1, 2009).

#### **MEDICAID PROVIDER PAYMENT SUSPENSION**

**SECTION 10.73A.** Adopts new provision. Permits DHHS to suspend payment to any NC Medicaid provider against whom DMA has instituted a recoupment action, termination of NC Medicaid Administrative Participation Agreement (Participation Agreement), or referral to the Medicaid Fraud Investigations Unit of NC Attorney General's Office. Provides that entering into a Participation Agreement does not give rise to any property or liberty right in continued participation as a Medicaid provider. Prohibits DHHS from making any payment to provider unless all outstanding Medicaid recoupments, assessments, or overpayments have been repaid, together with penalty and interest charges, or unless and until the provider has entered into approved payment plan.

#### **NC NOVA**

**SECTION 10.75.** Adopts Senate provision (3rd edition).

#### **DHSR LICENSE FEE INCREASES**

**SECTION 10.76.** Adopts House provision (6th edition), except makes conforming changes to GS 131D-2.5, if House Bill 456 becomes law. Also provides that the section becomes effective the seventh calendar day after the date the act becomes law.

#### **DHSR INITIAL LICENSURE FEES NEW FACILITIES**

**SECTION 10.77.** Adopts identical House and Senate provisions, except provides that the section becomes effective on the seventh calendar day after the date the act becomes law.

#### **DHHS BLOCK GRANTS**

**SECTION 10.78.** Changes items and amounts for appropriations from federal block grant funds 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

\$87,036,636

02.	Work First County Block Grants	94,453,315
03.	Child Protective Services – Child Welfare Workers for Local DSS	14,452,391
04.	Child Welfare Collaborative	1,614,484

Division of Child Development

05.	Subsidized Child Care Program	61,087,077
-----	-------------------------------	------------

Division of Public Health

06.	Teen Pregnancy Initiatives	450,000
-----	----------------------------	---------

DHHS Administration

07.	Division of Social Services	1,093,176
08.	Office of the Secretary	75,392
09.	Office of the Secretary/DIRM – TANF Automation Projects	720,000
10.	Office of the Secretary/DIRM – NC FAST Implementation	1,200,000

Transfers to Other Block Grants

Division of Child Development

11.	Transfer to the Child Care and Development Fund	84,330,900
-----	---	------------

Division of Social Services

12.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,550,000
13.	Transfer to Social Services Block Grant for Maternity Homes	943,002
14.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
15.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
16.	Transfer to Social Services Block Grant for Foster Care Services	390,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT	\$357,396,373
---	---------------

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)  
CONTINGENCY FUNDS

## Local Program Expenditures

### Division of Social Services

01.	Work First Family Assistance	\$2,236,284
02.	Work First – Boys and Girls Clubs	1,600,000
03.	Work First – After-school Services For At-Risk Children	1,639,714
04.	Work First – After-school Programs For At-Risk Youth in Middle Schools	400,000
05.	Work First – Connect, Inc. (Work Central)	440,000
06.	Work First – Citizens Schools Program	360,000
07.	County Demonstration Grants	3,239,789
08.	Adoption Services – Special Children's Adoption Fund	3,000,000
09.	Family Violence Prevention	1,760,000
10.	Work First Functional Assessment	600,000
11.	Electing County State Funding Swap Out	2,378,213
12.	State Subsidized Child Care Funding Swap	12,452,484

### TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) CONTINGENCY FUNDS

\$30,106,484

## SOCIAL SERVICES BLOCK GRANT

## Local Program Expenditures

### Divisions of Social Services and Aging and Adult Services

01.	County Departments of Social Services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
02.	State In-Home Services Fund	2,101,113
03.	State Adult Day Care Fund	2,155,301
04.	Child Protective Services/CPS Investigative Services-Child Medical Evaluation Program	609,455
05.	Foster Care Services (Transfer from TANF – \$390,000)	2,372,619
06.	Maternity Homes (Transfer from TANF)	943,002
07.	Special Children Adoption Incentive Fund	500,000

08.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,550,000
-----	--	-----------

09.	Home and Community Care Block Grant (HCCBG)	1,834,077
-----	---	-----------

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

10.	Mental Health Services Program	422,003
-----	--------------------------------	---------

11.	Developmental Disabilities Services Program	5,000,000
-----	---	-----------

12.	Mental Health Services-Adult and Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601
-----	---	-----------

Division of Child Development

13.	Subsidized Child Care Program	3,150,000
-----	-------------------------------	-----------

Division of Vocational Rehabilitation

14.	Vocational Rehabilitation Services – Easter Seal Society/UCP Community Health Program	188,263
-----	--	---------

Division of Public Health

15.	Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000
-----	---	-----------

DHHS Program Expenditures

Division of Aging and Adult Services

16.	UNC-CARES Training Contract	247,920
-----	-----------------------------	---------

Division of Services for the Blind

17.	Independent Living Program	3,633,077
-----	----------------------------	-----------

Division of Health Service Regulation

18.	Adult Care Licensure Program	411,897
-----	------------------------------	---------

19.	Mental Health Licensure and Certification Program	205,668
-----	---	---------

DHHS Administration

20.	Division of Aging and Adult Services	688,436
-----	--------------------------------------	---------

21.	Division of Social Services	892,624
-----	-----------------------------	---------

22.	Office of the Secretary/Controller's Office	138,058
-----	---	---------

23.	Office of the Secretary/DIRM	87,483
-----	------------------------------	--------

24.	Division of Child Development	15,000
25.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	29,665
26.	Division of Health Service Regulation	235,625
27.	Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs	250,000
28.	Office of the Secretary	48,053

#### Transfers to Other State Agencies

##### Department of Administration

29.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
-----	--	---------

#### Transfers to Other Block Grants

##### Division of Public Health

30.	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
-----	--	---------

TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 63,661,146
-----------------------------------	---------------

#### LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

#### Local Program Expenditures

##### Division of Social Services

01.	Low-Income Energy Assistance Program (LIEAP)	\$ 25,909,124
02.	Crisis Intervention Program (CIP)	20,224,269

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

03.	Weatherization Program	1,000,000
04.	Heating Air Repair & Replacement Program (HARRP)	3,385,583

#### Local Administration

##### Division of Social Services

05.	County DSS Administration	3,608,360
-----	---------------------------	-----------

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

06.	Local Residential Energy Efficiency Service Providers – Weatherization	420,035
07.	Local Residential Energy Efficiency Service Providers – HARRP	195,910



DHHS Administration

08.	Division of Social Services	275,000
09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	8,128
10.	Office of the Secretary/DIRM	269,935
11.	Office of the Secretary/Controller's Office	12,332
12.	Office of the Secretary/Office of Economic Opportunity – Weatherization	294,874
13.	Office of the Secretary/Office of Economic Opportunity – HARRP	137,574

Transfers to Other State Agencies

14.	Department of Administration – N.C. State Commission of Indian Affairs	67,042
-----	---	--------

TOTAL LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT	\$ 55,808,166
--	---------------

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures

Division of Child Development

01.	Subsidized Child Care Services (CCDF)	\$144,097,307
02.	Contract Subsidized Child Care Services Support	507,617
03.	Subsidized Child Care Services (Transfer from TANF)	84,330,900
04.	Quality and Availability Initiatives	23,985,876
04A.	CASTLE Program for Preschool Classes and Teacher Training	575,000

Division of Social Services

05.	Local Subsidized Child Care Services Support	\$16,594,417
-----	--	--------------

DHHS Administration

Division of Child Development

06.	DCD Administrative Expenses	6,539,277
-----	-----------------------------	-----------

Division of Central Administration

07.	DHHS Central Administration – DIRM	
-----	------------------------------------	--

Technical Services

763,356

TOTAL CHILD CARE AND DEVELOPMENT FUND  
BLOCK GRANT

\$277,393,750

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN  
RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures

Division of Child Development

01.	Subsidized Child Care Services (CCDF)	\$53,993,329
02.	Contract Subsidized Child Care Services Support	29,030

DHHS Program Expenditures

Division of Child Development

03.	Quality and Availability Initiatives	7,719,144
04.	TEACH	3,800,000

Local Administration

Division of Social Services

05.	Subsidy Services Support	2,001,631
-----	--------------------------	-----------

TOTAL CHILD CARE AND DEVELOPMENT FUND  
BLOCK GRANT RECEIVED THROUGH ARRA

\$67,543,143

MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01.	Mental Health Services – Adult	\$ 5,877,762
02.	Mental Health Services – Child	3,921,991
03.	Comprehensive Treatment Service Program	1,500,000
04.	Mental Health Services – UNC School of Medicine, Department of Psychiatry	300,000
05.	Administration	100,000

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT

\$ 11,699,753

SUBSTANCE ABUSE PREVENTION  
AND TREATMENT BLOCK GRANT

Local Program Expenditures

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

01.	Substance Abuse Services – Adult	\$ 22,008,080
-----	----------------------------------	---------------

02.	Substance Abuse Treatment Alternative for Women	8,069,524
03.	Substance Abuse – HIV and IV Drug	5,116,378
04.	Substance Abuse Prevention – Child	7,186,857
05.	Substance Abuse Services – Child	4,940,500
06.	Institute of Medicine	250,000
07.	Administration	250,000

Division of Public Health

08.	Risk Reduction Projects	633,980
09.	Aid-to-Counties	209,576
10.	Maternal Health	37,779

TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	\$ 48,702,674
---	---------------

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures

Division of Public Health

01.	Children's Health Services	7,534,865
02.	Women's Health	7,701,691
03.	Oral Health	38,041

DHHS Program Expenditures

Division of Public Health

04.	Children's Health Services	1,359,636
05.	Women's Health	135,452
06.	State Center for Health Statistics	179,483
07.	Quality Improvement in Public Health	14,646
08.	Health Promotion	88,746
09.	Office of Minority Health	55,250
10.	Immunization Program – Vaccine Distribution	382,648

DHHS Administration

Division of Public Health

11.	Division of Public Health Administration	631,966
-----	--	---------

TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	\$ 18,122,424
--	---------------

PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

Division of Public Health

01.	NC Statewide Health Promotion	\$1,730,653
-----	-------------------------------	-------------

02.	Services to Rape Victims	197,112
-----	--------------------------	---------

03.	HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)	145,819
-----	--	---------

DHHS Program Expenditures

Division of Public Health

04.	NC Statewide Health Promotion	1,699,044
-----	-------------------------------	-----------

05.	Oral Health	70,000
-----	-------------	--------

06.	State Laboratory of Public Health	16,600
-----	-----------------------------------	--------

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,859,228
--	-------------

COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures

Office of Economic Opportunity

01.	Community Action Agencies	\$ 16,673,336
-----	---------------------------	---------------

02.	Limited Purpose Agencies	926,297
-----	--------------------------	---------

DHHS Administration

03.	Office of Economic Opportunity	926,296
-----	--------------------------------	---------

TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 18,525,929
--------------------------------------	---------------

COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

Local Program Expenditures

Office of Economic Opportunity

01.	Community Action Agencies	\$ 24,668,537
-----	---------------------------	---------------

02. Limited Purpose Agencies

1,312,156

DHHS Administration Expenditures

03. Division of Social Services

262,431

TOTAL COMMUNITY SERVICES BLOCK GRANT  
RECEIVED THROUGH ARRA

\$ 26,243,124

#### **GENERAL PROVISIONS**

Adopts House provision (6th edition).

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

Adopts House provision (6th edition), except appropriates \$1,614,484 (was \$1,019,193) in TANF Block Grant funds for Child Welfare Collaborative and deletes mention of other recruitment initiatives.

#### **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)**

Adopts House provision (6th edition).

#### **SOCIAL SERVICES BLOCK GRANT**

Adopts House provision (6th edition), except (1) decreases appropriation for child welfare training projects from \$2,738,827 to \$2,550,000; (2) deletes specific appropriation for support of the Medically Fragile Children program; and (3) deletes specific appropriation for the Independent Living Program; and (4) clarifies that the \$943,002 appropriation is to be used to support maternity home services (was, to support payments to maternity home providers).

#### **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

No change – adopts identical House and Senate provisions.

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

Adopts House provision (6th edition), except makes a technical change.

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

Adopts identical House and Senate provisions, except adds new provision specifying the use of the \$300,000 appropriated for the UNC School of Medicine, Department of Psychiatry, as follows: (1) \$200,000 to be used to expand the Department's Schizophrenia Treatment and Evaluation Program (STEP) into a community setting; providing training for next generation of psychiatrists, social workers, psychologists, and nurses to address current workforce crisis; provide statewide training and consultation in evidence-based practices; and provide ongoing support for the STEP and OASIS clinics; and (2) \$100,000 to be used for bridge funding for OASIS.

#### **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

Adopts Senate provision (3rd edition), except directs that \$250,000 appropriated in the Substance Abuse Prevention and Treatment Block Grant to DHHS, MH/DD/SA, for the NC Institute of Medicine (NCIOM) be used to study (1) the availability of Medicaid and State-funded mental health, developmental disabilities, and substance abuse services to members of military and National Guard; (2) issues related to cost, quality, and access to appropriate and affordable health care for all North Carolinians; and (3) short-term and long-term strategies to address issues within adult care homes that provide residence to persons who are frail and elderly and to persons suffering from mental illness (was, listed five priority recommendations that may be implemented with the funds). Requires NCIOM to make an interim report by January 15, 2010, with a final report by the time the 2011 General Assembly convenes.

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

Adopts House provision (6th edition), except makes technical changes.

#### **COMMUNITY SERVICES BLOCK GRANT**

Adopts House provision (6th edition).

## **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

### **COMMERCIAL FERTILIZER FEES**

**SECTION 11.1.** Adopts identical House and Senate provisions, except makes the section effective September 1, 2009 (was, July 1, 2009).

### **INCREASE PESTICIDE REGISTRATION FEE**

**SECTION 11.2.** Adopts identical House and Senate provisions, except makes the section effective August 15, 2009 (was, July 1, 2009).

### **BOARD OF AGRICULTURE REVIEW OF FEE SCHEDULES**

**SECTION 11.3.** Adopts identical House and Senate provisions, except requires the Board of Agriculture (Board) to review all fees under its authority (was, review fees established under GS 106-6.1). Requires that the Board report to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, in addition to the Fiscal Research Division. Requires that the report include (1) all of the information reported to the Office of State Budget and Management for its Biennial Fee Report (was, listed specific information) and (2) in addition to other required information, the names of the programs or divisions supported by a fee and the total expenditures of those programs or divisions.

### **FARMLAND PRESERVATION TRUST FUND**

**SECTION 11.4.** Deletes House provision.

## **PART XII. DEPARTMENT OF LABOR**

### **DEPARTMENT OF LABOR/APPRENTICESHIP PROGRAM**

**SECTION 12.1.** Adopts House provision (6th edition), except makes the section's effective date August 15, 2009 (was, July 1, 2009).

### **DEPARTMENT OF LABOR/REVIEW ALL FEES BIENNIALLY**

**SECTION 12.2.** Adopts House provision (6th edition).

### **DEPARTMENT OF LABOR/TRANSFER SPECIAL FUNDS TO GENERAL FUND AND TO APPRENTICESHIP PROGRAM**

**SECTION 12.3.** Adopts House provision (6th edition).

## **PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

### **REVISE CLEAN WATER MANAGEMENT TRUST FUND OPERATIONS LIMIT**

**SECTION 13.1.** Adopts Senate provision (3rd edition), except prohibits more than \$2.1 million (was, \$3 million) of funds appropriated to the Clean Water Management Trust Fund (Fund) for each fiscal year of the 2009-11 biennium from being used for administrative and operating expenses of the Board of Trustees of the Fund and its staff.

### **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES REVIEW OF FEE SCHEDULES**

**SECTION 13.1A.** Adopts House provision (6th edition).

### **DENR TO STUDY ADVISABILITY OF ELIMINATING OR CONSOLIDATING ANY ENVIRONMENTAL BOARDS, COMMISSIONS, OR COUNCILS**

**SECTION 13.1B.** Adopts House provision (6th edition).

### **JOINT DEPARTMENTAL STUDY OF TRANSFERRING GRADE "A" MILK SANITATION PROGRAM**

**SECTION 13.1C.** Adopts House provision (6th edition).

### **LEGISLATIVE STUDY COMMISSION ON WATER AND WASTEWATER INFRASTRUCTURE**

**SECTION 13.1D.** Deletes House provision.

### **IMPROVE COORDINATION OF STATE WATER INFRASTRUCTURE FUNDING**

**SECTION 13.1E.** Deletes House provision.

**JOINT STUDY OF DENR SPECIAL FUNDS**

**SECTION 13.1F.** Adopts House provision (6th edition).

**CLOSE/TRANSFER CERTAIN DENR SPECIAL FUNDS**

**SECTION 13.1G.** Adopts House provision (6th edition), except makes technical changes.

**FOOD AND LODGING INSPECTION FEES INCREASES**

**SECTION 13.2.** Adopts House provision (6th edition), except makes amendments to GS 130A-248(d) and (e) effective August 15, 2009 (was, July 1, 2009).

**RADIATION PROTECTION SECTION SUPPORTED BY FEES/INCREASE FEES**

**SECTION 13.3.** Adopts House provision (6th edition), except clarifies that Section 13.3(c) (annual fees for 2009-10) is effective July 1, 2009, but requires delay in collecting the fees until August 15, 2009 (was, August 1, 2009). Specifies that subsections (a), (b), and (d) are effective when the act becomes law (was, July 1, 2009).

**EXPAND PERMISSIBLE USES OF THE SOLID WASTE MANAGEMENT TRUST FUND**

**SECTION 13.3A.** Adopts the House provision (6th edition).

**CHANGE DISTRIBUTION OF SCRAP TIRE NET TAX PROCEEDS**

**SECTION 13.3B.** Adopts the House provision (6th edition), except amends GS 130A-309.54 to provide that Article 5B of GS Chapter 105 imposes a tax on new tires to provide funds for the cleanup of hazardous waste sites under Part 3 of Article 9 of GS Chapter 130A and for all the purposes for which the Bernard Allen Memorial Emergency Drinking Water Fund may be used under GS 87-98, in addition to the use of funds for the disposal of scrap tires.

**INCREASE CAP FOR VOLUNTARY REMEDIAL ACTIONS AT INACTIVE HAZARDOUS DISPOSAL SITES/DENR MONITORING FEE**

**SECTION 13.3C.** Adopts House provision (6th edition).

**FERRYMON PROGRAM FUNDS**

**SECTION 13.3D.** Deletes House provision.

**USE OF SOLID WASTE DISPOSAL TAX PROCEEDS**

**SECTION 13.3E.** Adopts new provision that amends GS 130A-295.9 to provide that the proceeds of the solid waste disposal tax imposed by Article 5G of GS Chapter 105 that are credited to the Inactive Hazardous Sites Cleanup Fund are to be used by the Department of Environment and Natural Resources (DENR) to fund the assessment and remediation of pre-1983 landfills, *except* up to 7% of the funds may be used for administrative expenses related to the assessment and remediation of inactive hazardous waste sites (was, up to 7% may be used to fund staff to administer contracts for the assessment and remediation of pre-1983 landfills).

**NEW LEASE PURCHASE/INSTALLMENT CONTRACTS FOR FORESTRY EQUIPMENT**

**SECTION 13.6.** No change – adopts identical House and Senate provisions.

**GRASSROOTS SCIENCE PROGRAM**

**SECTION 13.7.** Adopts compromise provision that is identical to the Senate provision (3rd edition), but adds from the House provision (6th edition) the requirement that DENR study the advisability of (1) DENR developing for museums that are members of the Grassroots collaborative, a competitive and need-based grant program for operating expense support, to be implemented and administered by the Office of Environmental Education within DENR, and (2) using this competitive and need-based grant program for 2011-12 and thereafter for specific museums that are members of the Grassroots collaborative in lieu of the allocations provided in subsection (a) of this section. Also makes technical changes.

**FOREST DEVELOPMENT FUND (NEW)**

**SECTION 13.9.** Adopts Senate provision (3rd edition), except deletes amendments to GS 113A-193(b) and GS 113A-194(b).

**CONTINUATION REVIEW OF FOREST RESOURCES YOUNG OFFENDERS FOREST CONSERVATION PROGRAM (BRIDGE)**

**SECTION 13.9A.** Deletes House provision.

**STUDY ACCESS TO STATE PARKS (NEW)**

**SECTION 13.9B.** Adopts House provision (6th edition), except makes technical changes.

**BEAVER DAMAGE CONTROL PROGRAM FUNDS**

**SECTION 13.10.** No change – adopts identical House and Senate provisions.

**CAP WILDLIFE RESOURCES FUND ANNUAL SALES TAX RECEIPTS (NEW)**

**SECTION 13.11.** Adopts House provision (6th edition), except provides that, notwithstanding GS 105-164.44B, during 2009-10 and 2010-11, the Secretary of Revenue must transfer at the end of each quarter one-fourth of the amount transferred to the State Treasurer for the Wildlife Resources Fund in the preceding fiscal year plus or minus the percentage of that amount by which the total collection of sales and use tax net collections, received by the Department of Revenue under Article 5 of GS Chapter 105, increased or decreased during the preceding fiscal year up to \$21.5 million (was, prohibited the transfer of any funds). Also deletes amendments to GS 105-164.44B.

**PART XIV. DEPARTMENT OF COMMERCE**

**ONE NORTH CAROLINA FUND**

**SECTION 14.1.** No change – adopts identical House and Senate provisions.

**ONE NORTH CAROLINA FUNDS/USE OF CASH BALANCE**

**SECTION 14.2.** Adopts Senate provision (3rd edition), except deletes provision of funds for the One North Carolina Small Business Fund, the Regional Economic Development Commissions, and for marketing by the Department of Commerce. Deletes language specifying manner in which North Carolina Minority Support Center may use funds.

**SMALL BUSINESS ASSISTANCE FUND**

**SECTION 14.3.** Adopts Senate provision (3rd edition), except deletes guarantee of commercial loans as an eligible purpose and adds provision permitting the Department to use up to \$50,000 of funds from Small Business Jobs Preservation and Emergency Assistance Funds for administrative expenses.

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

**SECTION 14.4.** Adopts Senate provision (3rd edition).

**ECONOMIC DEVELOPMENT FUNDS/REPORTING REQUIREMENTS**

**SECTION 14.5.** Adopts House provision (6th edition) formerly in Section 14.1A, except deletes provision repealing GS 143B, Article 10, Part 15.

**STUDY STATE AIRCRAFT FLEETS**

**SECTION 14.6.** Adopts House provision (6th edition) formerly in Section 14.1B, except requires report of findings by May 1, 2010.

**EXECUTIVE AIRCRAFT/USE FOR ECONOMIC DEVELOPMENT PRIORITY**

**SECTION 14.7.** Adopts House provision (6th edition) formerly in Section 14.1C.

**NER BLOCK GRANTS**

**SECTION 14.8.** Adopts identical House and Senate provisions previously in Section 14.5.

**NER CDGB/AMERICAN RECOVERY AND REINVESTMENT ACT 2009**

**SECTION 14.9.** Adopts House provision (6th edition) previously in Section 14.5A.

**MAIN STREET GRANT FUNDS**

**SECTION 14.10.** Adopts Senate provision (3rd edition) formerly Section 14.6, except deletes effective date and provides that Department may use up to \$50,000 of Main Street Solutions Fund for administrative expenses.



#### **TOURIST DESTINATION MARKETING (NEW)**

**SECTION 14.11.** Adopts new provision requiring the Department to promote minority business and suppliers when marketing the State and requires good faith effort to achieve diversity in bidding and awarding of advertising contracts.

#### **NC GREEN BUSINESS FUND/FUNDS (NEW)**

**SECTION 14.12.** Adopts new provision requiring that \$5 million of Recovery Act funds to be allocated to the State Energy Office for 2009-2010 be allocated to the North Carolina Green Business Fund.

#### **BIOFUELS CENTER OF NORTH CAROLINA (NEW)**

**SECTION 14.13.** Adopts new provision requiring that \$4 million of Recovery Act funds appropriated to the State Energy Office for 2009-2010 be allocated to the Biofuels Center of North Carolina to implement the North Carolina Strategic Plan for Biofuels Leadership.

#### **EXTEND DEADLINE FOR TWENTY PERCENT REDUCTION OF PETROLEUM PRODUCTS USE FOR STATE FLEETS/CLARIFY REPORT REQUIREMENT (NEW)**

**SECTION 14.14.** Adopts new provision amending SL 2005-276, Section 19.5, to extend deadline as stated above to July 1, 2011 and requiring that State agencies report their use reduction plans and efforts to the State Energy Office of the Department of Commerce. Provides that the State Energy Office report agencies' efforts to the Joint Legislative Commission on Governmental Operations annually through November 1, 2011.

#### **INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT**

**SECTION 14.15.** Adopts identical House and Senate provisions formerly in Section 14.7.

#### **INDUSTRIAL COMMISSION/SAFETY EDUCATION SECTION**

**SECTION 14.16.** Adopts identical House and Senate provisions formerly in Section 14.8, except provides that Industrial Commission shall report fees to Joint Legislative Commission on Governmental Operations by September 1, 2009.

#### **EMPLOYMENT SECURITY COMMISSION FUNDS**

**SECTION 14.17.** Adopts House provision (6th edition) formerly in Section 14.9, except adds provision allowing use of Employment Security Commission Reserve Fund to contract with nonprofit organizations to provide assistance to dislocated workers.

#### **EMPLOYMENT SECURITY COMMISSION/AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

**SECTION 14.18.** Adopts House provision (6th edition) formerly Section 14.10.

#### **COMMERCE/ENTERPRISE FUNDS AND SPECIAL FUNDS**

**SECTION 14.19.** Adopts House provision (6th edition) formerly Section 14.10A, except deletes provision for closure and fund transfer of Rural Electrification Authority Administration; provides for transfer of fund codes 2241, 2821, and 2851 from budget code 24600 to 54600 (was, transfer of 2533, 2534, 2581, 2582, 2711, and 2712 to 24609); deletes amendments to GS 18B-208, 53-122(e), 54-109.14, 54B-57, 54B-74, 54B-75, 54C-55, 54C-61, 54C-62, 62-302, and 117-3.1. Requires, beginning in 2009-10, cash balances remaining in 11 specified fund codes that are not more than 20% of the operating budget to revert to the General Fund.

#### **STATE BANKING COMMISSION/FEES & ASSESSMENT CHANGES EFFECTIVE JULY 1**

**SECTION 14.20.** Adopts House provision (6th edition) formerly Section 14.10B, except deletes a provision prohibiting surplus funds from reverting to the general fund, provides that State Banking Commission report fee recommendations to Joint Legislative Commission, and provides that fee changes are effective July 1 of next fiscal year.

#### **COUNCIL OF GOVERNMENT FUNDS**

**SECTION 14.21.** Adopts House provision (6th edition) formerly Section 14.11, except requires that first report be made by September 15, 2009.

#### **STATE-AID REPORTING REQUIREMENTS**

**SECTION 14.22.** Adopts House provision (6th edition) formerly Section 14.12.

**DEFENSE AND SECURITY TECHNOLOGY ACCELERATOR (NEW)**

**SECTION 14.23.** Adopts new provision providing that funds appropriated for the Defense and Security Technology Accelerator project shall be used to facilitate federal appropriations allocated for federal contracts and laboratory facilities designed to support projects related to United States Department of Defense.

**NORTH CAROLINA INDIAN ECONOMIC DEVELOPMENT INITIATIVE (NEW)**

**SECTION 14.24.** Adopts new provision providing that \$100,000 of the funds appropriated to Department of Commerce Budget Code 14600 be transferred to Budget Code 14601 for the North Carolina Indian Economic Development Initiative.

**REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

**SECTION 14.25.** Adopts House provision (6th edition) formerly Section 14.13.

**SET REGULATORY FEE FOR UTILITIES COMMISSION**

**SECTION 14.26** Adopts identical House and Senate provisions formerly Section 14.14.

**RURAL ECONOMIC DEVELOPMENT CENTER**

**SECTION 14.27.** Adopts House provision (6th edition) formerly Section 14.15.

**RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM**

**SECTION 14.28.** Adopts House provision (6th edition) formerly Section 14.16.

**OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS**

**SECTION 14.30.** Adopts House provision (6th edition) formerly Section 14.17.

**RURAL ECONOMIC DEVELOPMENT CENTER/CLEAN WATER PARTNERS FUNDING**

**SECTION 14.31.** Adopts identical House and Senate provisions formerly Section 14.18.

**RURAL ECONOMIC DEVELOPMENT CENTER/AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS**

**SECTION 14.32.** Adopts identical House and Senate provisions formerly Section 14.19.

**RURAL CENTER/PROVIDE ASSISTANCE TO RURAL COMMUNITIES TO ACCESS FEDERAL FUNDS**

**SECTION 14.33.** Adopts House provision (6th edition) formerly Section 14.20.

**PART XV. JUDICIAL DEPARTMENT****TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

**SECTION 15.1.** No change – adopts identical House and Senate provisions.

**GRANT FUNDS**

**SECTION 15.2.** Adopts Senate provision (3rd edition).

**DEATH PENALTY LITIGATION FUNDS**

**SECTION 15.3.** Adopts compromise provision reducing the amount that may be used for contract with Center for Death Penalty Litigation from \$476,425 in 6th edition in each fiscal year to \$376,125.

**REPORT ON BUSINESS COURTS**

**SECTION 15.4.** No change – adopts identical House and Senate provisions.

**COLLECTION OF WORTHLESS CHECK FUNDS**

**SECTION 15.5.** No change – adopts identical House and Senate provisions.

**DISPUTE RESOLUTION FEES**

**SECTION 15.6.** No change – adopts identical House and Senate provisions.

**REIMBURSEMENT FOR USE OF PERSONAL VEHICLES**

**SECTION 15.7.** No change – adopts identical House and Senate provisions.

**GUIDELINES FOR MAXIMIZING EFFICIENCY OF PROCEEDINGS**

**SECTION 15.9.** No change – adopts identical House and Senate provisions.

**WEEKLY MILEAGE REIMBURSEMENT FOR SUPERIOR COURT JUDGES**

**SECTION 15.10.** Adopts Senate provision (3rd edition).

**CLARIFY THAT DWI TREATMENT COURTS ARE A TYPE OF DRUG TREATMENT COURT UNDER THE DRUG TREATMENT COURT ACT**

**SECTION 15.11.** No change – adopts identical House and Senate provisions.

**OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS**

**SECTION 15.12.** No change – adopts identical House and Senate provisions.

**OFFICE OF INDIGENT DEFENSE SERVICES REPORT**

**SECTION 15.13.** No change – adopts identical House and Senate provisions.

**INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS**

**SECTION 15.14.** Adopts Senate provision (3rd edition).

**OFFICE OF INDIGENT DEFENSE SERVICES FLEXIBILITY**

**SECTION 15.15.** Adopts Senate provision (3rd edition).

**SENTENCING SERVICES FLEXIBILITY**

**SECTION 15.16.** Adopts Senate provision (3rd edition).

**STUDY STRATEGIES TO REDUCE DEMAND FOR SERVICES OF OFFICE OF INDIGENT DEFENSE SERVICES**

**SECTION 15.17.** No change – adopts identical House and Senate provisions.

**ABOLISH SPECIAL SUPERIOR COURT JUDGESHIPS**

**SECTION 15.17A.** Deletes House provision.

**TRAVEL EXPENSES FOR DISTRICT COURT JUDGES, DISTRICT ATTORNEYS, ASSISTANT DISTRICT ATTORNEYS, PUBLIC DEFENDERS, AND ASSISTANT PUBLIC DEFENDERS**

**SECTION 15.17B.** Adopts House provision (6th edition), except adds that travel on “official business” shall not include daily commuting between a judge’s, district attorney’s, or public defender’s home and the individual’s office and adds provision stating that travel distances shall be determined according to Administrative Office of the Courts policy.

**DIVIDE PROSECUTORIAL DISTRICT 11 INTO DISTRICTS 11A AND 11B**

**SECTION 15.17E.** Adopts House provision (6th edition), except that Governor is to appoint DA for 11A for term expiring January 1, 2013, and new DA to be elected for 11A in 2012. Changes the effective date of the Section from January 1, 2011, to the later of January 15, 2011, or the date of preclearance under Section 5 of the Voting Rights Act of 1965.

**MANDATORY APPOINTMENT FEE IN CRIMINAL CASES/REPORT ON COLLECTION OF INDIGENT APPOINTMENT FEES**

**SECTION 15.17I.** Adopts House provision (6th edition).

**BIENNIAL REPORT ON EFFECTIVENESS OF PROGRAMS RECEIVING JUVENILE CRIME PREVENTION COUNCIL (JCPC) GRANTS**

**SECTION 15.17J.** Adopts new provision enacting GS 164-49 to add new section requiring the Judicial Department, through the North Carolina Sentencing and Policy Advisory Commission, to conduct biennial

studies of effectiveness of programs receiving JCPC grants. Reports to be made to Chairs of House and Senate Appropriations Committees by May 1 of each odd-numbered year.

**NEW FEE FOR COSTS OF SHERIFFS' EDUCATION AND TRAINING STANDARDS COMMISSION AND THE CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS COMMISSION**

**SECTION 15.18.** Deletes House provision.

**INCREASE CONVICTED CRIMINAL LAB ANALYSIS FEE**

**SECTION 15.19.** Deletes House provision.

**INCREASE CERTAIN COURT FEES**

**SECTION 15.20.** Adopts House provision (6th edition), except adds \$2 fee for services, staffing, and operations of the Criminal Justice Education and Standards Commission and the Sheriffs' Education and Training Standards Commission; deletes increase in fee in district and superior courts; decreases from \$50 to \$25 the amount to be paid by a defendant failing to pay a fine or cost within 20 days of specified date; increases from \$300 to \$600 the fees upon conviction for support of the State Bureau of Investigation and local government unit laboratory work; deletes provisions increasing district court fee and superior court fee effective July 1, 2010; amends GS 7A-304 to delete requirement that the setup fee be paid before disbursing funds for other purposes; deletes the increase in fee in superior court cases in GS 7A-305(a); deletes provision for \$20 fee for party filing motion for summary judgment; deletes increase in fee in absolute divorce actions; requires that \$2.05 of each \$75 (was, \$40) fee collected under GS 7A-306(a) be remitted to the State Bar; deletes increase in fee for confessions of judgment and notices of resumption of former name; amends effective date to September 1, 2009 for all provisions not otherwise set forth.

**SAFE ROADS FINE**

**SECTION 15.21.** Deletes House provision.

**INCREASE WAIVABLE OFFENSES COSTS**

**SECTION 15.22.** Deletes House provision.

**BOND FORFEITURE SET ASIDE PROCESSING FEE**

**SECTION 15.23.** Deletes House provision.

**PART XVI. DEPARTMENT OF JUSTICE**

**PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

**SECTION 16.1.** No change – adopts identical House and Senate provisions.

**USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

**SECTION 16.2.** Adopts Senate provision (3rd edition).

**CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

**SECTION 16.3.** No change – adopts identical House and Senate provisions.

**NC LEGAL EDUCATION ASSISTANCE FOUNDATION REPORT ON FUNDS DISBURSED**

**SECTION 16.4.** No change – adopts identical House and Senate provisions.

**HIRING OF SWORN STAFF POSITIONS FOR THE STATE BUREAU OF INVESTIGATION**

**SECTION 16.5.** No change – adopts identical House and Senate provisions.

**PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

**REPORT ON THE USE OF ILLEGAL IMMIGRATION PROJECT FUNDS**

**SECTION 17.1.** Adopts Senate provision (3rd edition).

**TRANSFER OF STATE CAPITOL POLICE TO THE DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

**SECTION 17.3.** Adopts Senate provision (3rd edition).

**STUDY CONSOLIDATION OF LAW ENFORCEMENT AGENCIES**

**SECTION 17.4.** No change – adopts identical House and Senate provisions.

**ASSIST SHERIFFS' ENFORCEMENT OF SEX OFFENDER REGISTRATION LAWS**

**SECTION 17.4A.** Adopts new provision to amend SL 2008-220, subsection 11(a), to require sheriffs' offices to provide non-state matching funds equal to 25% of a grant (was, 50%), received by an eligible sheriffs' office to assist with the enforcement of the state's sex offender laws.

**LAW ENFORCEMENT SUPPORT SERVICES FEES**

**SECTION 17.5.** Adopts Senate provision (3rd edition), except sets an effective date of September 1, 2009. Provides that the fee amount set by the Department of Crime Control and Public Safety (Department) applies to a local law enforcement agency that receives equipment from the Department *and that employs more than 25 officers*.

**INCREASE CHARITABLE BINGO LICENSING FEE**

**SECTION 17.6.** No change – adopts identical House and Senate provisions.

**INCREASE FEES FOR LICENSING BOXERS AND FOR TICKETS SOLD AT BOXING EVENTS**

**SECTION 17.7.** No change – adopts identical House and Senate provisions.

**INCREASE REGISTRATION FEE FOR DEEDS OF TRUST AND MORTGAGES FOR EMERGENCY MANAGEMENT DIVISION USE**

**SECTION 17.8.** Adopts House provision (6th edition), except reduces registration/filing fee \$28 (was, \$32). Directs that \$5 of each fee (was, \$9) be credited to the General Fund (was, to Statewide Emergency Management Fund) as non-tax revenue.

Makes a conforming change to the catch line for proposed new GS 161-11.5. Deletes proposed GS 166A-6.03 which established the Statewide Emergency Management Fund as a special revenue fund.

Amends GS 161-11.3 to direct that \$3.20 of the registration fee collected under GS 161-10(a)(1a) be placed in a non-reverting Automation Enhancement and Preservation Fund with the proceeds to be spent on computer or imaging technology and the preservation and storage of public record in the register of deeds office.

**PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION**

**ANNUAL EVALUATION OF COMMUNITY PROGRAMS**

**SECTION 18.1.** Adopts Senate provision (3rd edition).

**REPORTS ON CERTAIN PROGRAMS**

**SECTION 18.2.** Adopts Senate provision (3rd edition).

**STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

**SECTION 18.3.** No change – adopts identical House and Senate provisions.

**TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT CENTERS**

**SECTION 18.4.** Adopts Senate provision (3rd edition).

**ESTABLISHMENT OF A GANG PREVENTION AND INTERVENTION PILOT PROGRAM**

**SECTION 18.5.** Identical to Section 18.8 of 6th edition.

**ELIMINATE SUPPORT OUR STUDENTS PROGRAM**

**SECTION 18.6.** No change – adopts identical House and Senate provisions.

**JUVENILE CRIME PREVENTION COUNCIL (JCPC) GRANT REPORTING AND CERTIFICATION**

**SECTION 18.7.** No change – adopts identical House and Senate provisions.

**ESTABLISHMENT OF A GANG PREVENTION AND INTERVENTION PILOT PROGRAM**

**SECTION 18.8.** Deleted, but replaced by identical Section 18.5.

**ESTABLISH YOUTH ACCOUNTABILITY PLANNING TASK FORCE**

**SECTION 18.9.** New provision establishes task force, defines membership, creates procedures, and charges it with the task of determining whether the state should amend laws concerning the criminal prosecution, conviction, sentencing, and rehabilitation of 16- and 17-year-olds. Requires task force to submit interim report to the 2010 Regular Session of the 2009 General Assembly and a final report by January 15, 2011.

**PART XIX. DEPARTMENT OF CORRECTION**

**INMATE ROAD SQUADS AND LITTER CREWS**

**SECTION 19.1.** Adopts House provision (6th edition).

**FEDERAL GRANT REPORTING**

**SECTION 19.2.** No change – adopts identical House and Senate provisions.

**REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

**SECTION 19.3.** No change – adopts identical House and Senate provisions.

**USE OF CLOSED PRISON FACILITIES**

**SECTION 19.4.** No change – adopts identical House and Senate provisions.

**LIMIT USE OF OPERATIONAL FUNDS**

**SECTION 19.5.** No change – adopts identical House and Senate provisions.

**CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

**SECTION 19.6.** No change – adopts identical House and Senate provisions.

**PAROLE ELIGIBILITY REPORT/MUTUAL AGREEMENT PAROLE PROGRAM/MEDICAL RELEASE PROGRAM**

**SECTION 19.8.** No change – adopts identical House and Senate provisions.

**FEDERAL GRANT MATCHING FUNDS**

**SECTION 19.9.** Adopts Senate provision (3rd edition).

**REPORTS ON NONPROFIT PROGRAMS**

**SECTION 19.10.** Adopts Senate provision (3rd edition).

**CRIMINAL JUSTICE PARTNERSHIP**

**SECTION 19.11.** Adopts House provision (6th edition).

**REPORT ON PROBATION AND PAROLE CASELOADS**

**SECTION 19.12.** No change – adopts identical House and Senate provisions.

**REPORT ON INMATE WELFARE AND CORRECTION ENTERPRISES**

**SECTION 19.13.** No change – adopts identical House and Senate provisions.

**PRE-SENTENCE INVESTIGATIONS FEASIBILITY STUDY**

**SECTION 19.14.** Adopts House provision (6th edition).

**STUDY INCARCERATED MOTHERS PROGRAM**

**SECTION 19.15.** No change – adopts identical House and Senate provisions.

**AUTHORIZE STATE RETIREES AND LOCAL GOVERNMENTAL EMPLOYEES TO PURCHASE FROM CORRECTION ENTERPRISES**

**SECTION 19.16.** Adopts House provision (6th edition).

**PROVISION OF HEALTH CARE SERVICES TO INMATES**

**SECTION 19.17.** Delete House provision.

**ACCOMMODATIONS FOR PROBATION OFFICES**

**SECTION 19.19.** Adopts House provision (6th edition), except qualifies the category of probation officers for whom counties must provide office space and clarifies that such requirements do not apply to management staff, non-probation staff, or other staff of the Department of Correction.

**RATES FOR INMATE MEDICAL SERVICES**

**SECTION 19.20(a).** New provision requiring Department of Correction (DOC) to obtain medical services for inmates from providers that participate in the state Health Plan for Teachers and State Employees and provides reimbursement details.

**SECTION 19.20(b).** New provision directing DOC to issue by April 1, 2010 a request for proposals for a contractor to provide medical and claims management services.

**SECTION 19.20(c).** Identical to Section 19.20(b) of the 6th edition.

**SECTION 19.20(d).** Directs DOC to use its own health care facilities and, when needed, community hospitals with unused capacity, with the goal of distributing care usage equally among hospitals in the region.

**SECTION 19.20(e).** New provision makes subsection (a) effective October 1, 2009 and applies to contracts executed or renewed on or after that date. Subsection (a) expires upon the effective date of a contract authorized under subsection (b).

**JUSTICE REINVESTMENT PROJECT (NEW)**

**SECTION 19.22.** Adopts new provision authorizing the Department of Correction to use up to \$100,000 to secure technical assistance from the Council of State Governments to participate in the federal Justice Reinvestment Project.

**REPEAL JAILED MISDEMEANANT PAYMENTS**

**SECTION 19.22A.** New provision repeals GS 148-32.1(a).

**GATES COUNTY CORRECTIONAL INSTITUTE WASTEWATER FACILITY TRANSFER**

**SECTION 19.22B.** Adopts new provision to amend SL 1989-1066, Section 120, as amended by SL 1991-900, Section 109(c), to require the Department of Correction to continue to operate the wastewater treatment plant for at least six months after the closing of the Gates County Correctional Center and then transfer the treatment facility to Gates County for operation by that county or another local government designated by Gates County. The Department of Correction must continue to fund the operation of the treatment facility for the six-month period prior to transfer.

**INCREASE FEE FOR COMMUNITY SERVICE WORK PROGRAM**

**SECTION 19.23.** Adopts new provision amending GS 15A-1371(i), GS 20-179.4(c), and GS 143B-262.4(b) to increase the fee for participation in community service programs from \$200 to \$300.

**COMMUNITY WORK CREW FEE**

**SECTION 19.24.** Adopts House provision (6th edition), except limits fee to \$150 per work crew per day.

**CRIMINAL JUSTICE STANDARDS DIVISION FUNDS**

**SECTION 19.25.** Deletes House provision.

**INCREASE FEE FOR COMMUNITY SERVICE WORK PROGRAM**

**SECTION 19.26.** Adopts new provision to increase fees authorized by GS 15A-1371(i), GS 20-179.4(c), and GS 143B-262.4(b) to \$225 (was, \$200). Makes corresponding changes to S.L. 2009-372. Effective September 1, 2009.

**PART XX. GENERAL GOVERNMENT – RESERVED**

**PART XXA. DEPARTMENT OF ADMINISTRATION**

**NC GREEN BUSINESS FUND/FUNDS**

**SECTION 20A.1.** Deletes House provision.

**BIOFUELS CENTER OF NORTH CAROLINA**

**SECTION 20A.2.** Deletes House provision.

**COASTAL SOUNDS WIND STUDY**

**SECTION 20A.3.** Deletes House provision.

**INCREASE MARRIAGE LICENSE FEE**

**SECTION 20A.4.** Adopts House provision (6th edition), except makes section effective September 1, 2009.

**EXTEND DEADLINE FOR TWENTY PERCENT REDUCTION OF PETROLEUM PRODUCTS USE FOR STATE FLEETS/CLARIFY REPORT REQUIREMENT**

**SECTION 20A.5** Deletes House provision.

**ALLOW DOMESTIC VIOLENCE TASK FORCE OF PAMLICO COUNTY TO ESTABLISH ITS OWN DOMESTIC VIOLENCE CENTER**

**SECTION 20A.6.** Adopts House provision (6th edition).

**PART XXB. DEPARTMENT OF CULTURAL RESOURCES**

**TRANSFER ADMINISTRATION OF THE GRAVEYARD OF THE ATLANTIC MUSEUM TO THE ROANOKE ISLAND COMMISSION**

**SECTION 20B.1.** Deletes House provision.

**ELIMINATE TRANSFER OF FUNDS APPROPRIATED TO ROANOKE ISLAND COMMISSION TO NONPROFIT CORPORATION**

**SECTION 20B.2.** Deletes House provision.

**ARCHIVES AND RECORDS MANAGEMENT PROGRAM FEE**

**SECTION 20B.3.** Adopts House provision (6th edition), except provides that fee is payable by deed grantor, and specifies that administrative cost withholding by county finance officer is 2% of amount of fees collected. Deletes restriction prohibiting application for deeds of trust or mortgages.

**PART XXC. OFFICE OF THE STATE AUDITOR**

**NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., TO CONDUCT AUDITS OF LOCAL PARTNERSHIPS**

**SECTION 20C.1.** Adopts House provision (6th edition), except adds provision requiring North Carolina Partnership to provide State Auditor with copy of each audit of local partnerships.

**PART XXI. DEPARTMENT OF INSURANCE**

**SET INSURANCE REGULATORY CHARGE**

**SECTION 21.1.** No change – adopts identical House and Senate provisions.

**PREMIUM FINANCE COMPANY LICENSE FEE REVISIONS**

**SECTION 21.2.** Adopts House provision (6th edition), except specifies that branch office licenses are for second and subsequent locations where the company operates an office. Makes the section effective August 15, 2009.

**BUILDING CODE OFFICIALS CERTIFICATION RENEWAL LATE FEE INCREASE**

**SECTION 21.3.** Adopts House provision (6th edition).

**MANUFACTURING HOUSING BOARD LICENSE FEE REVISIONS**

**SECTION 21.4.** Adopts House provision (6th edition).

**COLLECTION AGENCY LICENSE FEE INCREASE**



**SECTION 21.5.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**MOTOR CLUB LICENSE FEE INCREASE**

**SECTION 21.6.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**BAIL BONDSMEN AND RUNNERS FEE INCREASES**

**SECTION 21.7.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**HOME INSPECTOR LICENSE FEE INCREASES**

**SECTION 21.8.** Adopts House provision (6th edition).

**CCRC APPLICATION AND ANNUAL DISCLOSURE FILING FEE INCREASES**

**SECTION 21.9.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**HEALTH MAINTENANCE ORGANIZATION FEE INCREASES**

**SECTION 21.10.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**INSURANCE COMPANY APPLICATION AND LICENSING FEE INCREASES**

**SECTION 21.11.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**LIABILITY RISK RETENTION AND PURCHASING GROUP FEE INCREASES**

**SECTION 21.12.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**MEDICAL SERVICE CORPORATION FEE INCREASES**

**SECTION 21.13.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**SURPLUS INSURANCE LINES APPLICATION AND LICENSE FEE INCREASES**

**SECTION 21.14.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**ACCREDITED REINSURANCE LICENSE FEE INCREASE**

**SECTION 21.15.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**THIRD-PARTY INSURANCE ADMINISTRATOR LICENSE FEE INCREASE**

**SECTION 21.16.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**VIATICAL SETTLEMENT PROVIDER AND BROKER LICENSE FEE INCREASES**

**SECTION 21.17.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

**PART XXIA. OFFICE OF ADMINISTRATIVE HEARINGS**

**FEES FOR FILING CONTESTED CASE HEARINGS BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS**

**SECTION 21A.1.** Adopts House provision (6th edition), except provides that filing fee for contested case shall be \$125 (was, \$200) and makes the section effective October 1, 2009.

**REDUCE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS**

**SECTION 21A.2.** Adopts House provision (6th edition).

## **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

### **STUDY OSBM, OSC, AND TREASURER CONSOLIDATION**

**SECTION 22.1.** Adopts Senate provision (3rd edition), except specifies that report of feasibility study is to be made by the Program Evaluation Division (was, OSBM).

### **FUNDS FOR NC SYMPHONY**

**SECTION 22.2.** Adopts new provision providing that \$1.5 million of funds appropriated to Office of State Budget and Management-Special Appropriations be allocated to the North Carolina Symphony for the 2009-2010 fiscal year as follows: \$500,000 upon raising \$4 million of non-State funds, \$500,000 upon raising additional \$2 million of non-State funds, and \$500,000 upon raising additional \$2 million of non-State funds.

## **PART XXIII. OFFICE OF THE STATE CONTROLLER**

### **OVERPAYMENTS AUDIT**

**SECTION 23.1.** No change – adopts identical House and Senate provisions.

### **BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING PROGRAM**

**SECTION 23.2.** Adopts House provision (6th edition).

## **PART XXIV. DEPARTMENT OF THE SECRETARY OF STATE**

### **INCREASE REGISTRATION FEE RENEWAL FOR SECURITIES SALESMEN**

**SECTION 24.1.** Adopts House provision (6th edition), except makes the section effective August 15, 2009.

### **CREATE SPECIAL FUND FOR AUCTION RATE SECURITIES INVESTIGATIONS COSTS**

**SECTION 24.2.** Adopts Senate provision (3rd edition).

## **PART XXIVA. DEPARTMENT OF REVENUE**

### **PROPERTY TAX DIVISION RECEIPT SUPPORTED**

**SECTION 24A.1.** Deletes House provision.

## **PART XXV. DEPARTMENT OF TRANSPORTATION**

### **CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 25.1.** Adopts House provision (6th edition).

### **MODIFY GLOBAL TRANSPARK DEBT AND REQUIRE GLOBAL TRANSPARK TO REPORT ON ANTICIPATED REPAYMENT SCHEDULE**

**SECTION 25.2.** Adopts House provision (6th edition).

### **SMALL CONSTRUCTION AND CONTINGENCY FUNDS**

**SECTION 25.3.** Adopts House provision (6th edition).

### **USE PORTION OF SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY MAINTENANCE IN FISCAL YEARS 2009-2010 AND 2010-2011**

**SECTION 25.4.** Adopts House provision (6th edition), but provides that \$50,497,671 of the funds (was, the funds without a specified amount) required to be allocated for secondary road improvement programs shall remain in the Highway Fund for fiscal year 2009-10 and \$31,593,359 (was, 50% of the funds) of the funds required to be allocated for secondary road improvement programs. shall remain for fiscal year 2010-11.

### **ALLOW THE DEPARTMENT OF TRANSPORTATION TO REQUIRE FACILITIES CONSTRUCTED WITHIN RIGHTS-OF-WAY TO BE CONSTRUCTED FROM PERMEABLE PAVEMENT**

**SECTION 25.6.** Adopts Senate provision (3rd edition).

**FLEXIBLE USE OF FUNDS FOR RURAL PUBLIC TRANSPORTATION FOR FISCAL YEARS 2009-2010 AND 2010-2011**

**SECTION 25.7.** Adopts House provision (6th edition).

**DEPARTMENT OF TRANSPORTATION MAY TAKE REQUIRED ADMINISTRATIVE REDUCTION FROM ADDITIONAL ADMINISTRATIVE BUDGETS**

**SECTION 25.8.** Adopts House provision (6th edition).

**STUDY THE FEASIBILITY OF ASSESSING A FEE FOR PROVIDING TRAFFIC CONTROL BY THE STATE HIGHWAY PATROL OR THE DEPARTMENT OF TRANSPORTATION AT SPECIAL EVENTS**

**SECTION 25.9.** Adopts House provision (6th edition).

**PART XXVI. SALARIES AND BENEFITS**

**PUBLIC EMPLOYEE SALARIES (NEW)**

**SECTION 26.1A.** Provides that the salaries of officers and employees, whose salaries were set or increased in the following Sections: 26.1 through 26.11, 26.11A, 26.12, 26.12D, 26.13, 26.14, 26.18, and 26.19 of SL 2008-107, and that were in effect on June 30, 2009, or the last date in pay status during the 2008-09 fiscal if earlier, are to remain in effect as is and will not increase for the 2009-10 and 2010-11 fiscal years. Makes the following exceptions: (1) as provided for by Section 29.20A of SL 2005-276 (ESC chair prospective salary change); (2) for Community College faculty as provided in Section 8.1 of this act; (3) for UNC faculty as provided by the Faculty Recruiting and Retention Fund or the Distinguished Professor Endowment Fund; and (4) permits salaries to be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or other adjustments related to an increase in job duties or responsibilities. Prohibits all other salary increases. Suspends the automatic salary step increases for assistant and deputy clerks of superior court and magistrates for the 2009-10 and 2010-11 fiscal years. Also suspends the salary increase provisions of GS 20-187.3 (regarding members of the State Highway Patrol) for 2009-10 and 2009-10. Retains the salaries of members and officers of the General Assembly for the 2009-10 and 2010-11 fiscal years at the amounts set under GS 120-3 in 1994 by the 1993 General Assembly.

**GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES**

**SECTION 26.1.** Deletes House provision.

**NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES**

**SECTION 26.2.** Deletes House provision.

**CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES/ABC CHAIRMAN TO RECEIVE SAME COMPENSATION AS ASSOCIATE MEMBERS**

**SECTION 26.3.** Deletes House provision.

**JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES**

**SECTION 26.4.** Deletes House provision.

**CLERK OF SUPERIOR COURT/NO SALARY INCREASES**

**SECTION 26.5.** Deletes House provision.

**ASSISTANT AND DEPUTY CLERKS OF COURT/NO SALARY INCREASES**

**SECTION 26.6.** Deletes House provision.

**MAGISTRATES/ NO SALARY INCREASES**

**SECTION 26.7.** Deletes House provision.

**GENERAL ASSEMBLY MEMBERS/NO SALARY INCREASES**

**SECTION 26.7A.** Deletes House provision.

**GENERAL ASSEMBLY PRINCIPAL CLERKS/NO SALARY INCREASES**

**SECTION 26.8.** Deletes House provision.

**SERGEANT-AT-ARMS AND READING CLERKS/NO SALARY INCREASES**

**SECTION 26.9.** Deletes House provision.

**LEGISLATIVE EMPLOYEES/NO SALARY INCREASES**

**SECTION 26.10.** Deletes House provision.

**COMMUNITY COLLEGES PERSONNEL/NO SALARY INCREASES**

**SECTION 26.11.** Deletes House provision.

**UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA NO SALARY INCREASES**

**SECTION 26.12.** Deletes House provision.

**MOST STATE EMPLOYEES/NO SALARY INCREASES**

**SECTION 26.13.** Deletes House provision.

**ALL STATE-SUPPORTED PERSONNEL/NO SALARY INCREASES**

**SECTION 26.14.** Deletes House provision.

**LIMIT BANKING COMMISSION EMPLOYEE BONUSES (NEW)**

**SECTION 26.14A.** Adopts House provision (6th edition) to provide that notwithstanding GS 53-96.1, no compensation bonuses are to be awarded to employees of the Office of the Commissioner of Banks during the 2009-11 fiscal biennium (was, amended GS 53-96.1 to prohibit the awarding of compensation bonuses to employees of the Commissioner of Banks; prohibition expired June 30, 2011). Deletes proposed amendments to GS 126-8.5 (setting limitations to the amount of transition salary packages or golden parachutes for state employees).

**REDUCTIONS IN FORCE NECESSITATED BY THE EXTREME FISCAL CRISIS**

**SECTION 26.14B.** Adopts House provision (6th edition).

**REDUCTIONS IN FORCE/ EXTEND STATE EMPLOYEE PRIORITY RIGHTS (NEW)**

**SECTION 26.14D.** Adopts new provision to provide that for the 2009-11 fiscal biennium, the priority consideration given to state employees under GS 126-7.1(c1) is to remain in effect for an additional 12 month period.

**BENEFITS PROTECTION FOR FURLOUGHED STATE GOVERNMENT EMPLOYEES AND PUBLIC SCHOOL PERSONNEL (NEW)**

**SECTION 26.14E.** Adopts new provision to define *furlough* as a temporary period of leave from employment without pay that (1) is ordered or authorized by the Governor, the Chief Justice, the Legislative Services Commission, the UNC Board of Governors, the Board of the NC Community College System, or a local school board, and (2) is not in connection with a demotion or any other disciplinary action. Also defines *public agency* and *public employee*. Provides that a member of (1) any of the state-supported retirement plans administered by the Retirement Systems Division of the Department of the State Treasurer (Retirement Systems Division) or (2) an Optional Retirement Program (ORP) administered under GS 135-5.1 or GS 135-5.4 is considered in active service during any period of furlough and entitled to all of the same benefits to which the employee was entitled on the workday immediately preceding the furlough. Directs that there is to be no diminution of retirement average final compensation based on being on furlough and that the retirement average final compensation be calculated based on the undiminished compensation. Requires *the employer* to pay both employer and employee contributions to the Retirement Systems Division or ORP on behalf of the employee on furlough. Directs that a member of the State Health Plan (Plan) for Teachers and State Employees is to be considered eligible for coverage under the Plan on the same basis as the workday immediately preceding the furlough. Requires the *employer* to pay contributions on behalf of the furloughed employee as if the employee were in active service.

Specifies exceptions for when this section does not apply to a furlough within a public agency. Asserts that this section is not to be construed as authorizing furloughs. Directs the respective authorizing officer or entity to report certain specifics regarding an authorized furlough including the positions affected, the employees affected and make certain certifications regarding the reason for the furlough.

**TEACHER SALARY SCHEDULES**

**SECTION 26.15.** Adopts House provision (6th edition).

## **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

**SECTION 26.16.** Adopts House provision (6th edition), except alters salary schedules to require one less year's experience for each salary level (e.g., 5 years rather than 6 years are required for an assistant principal to reach \$3,931 level.)

## **ALL COUNTIES TO COMPLY WITH THE "SEND-IN" PAYROLL ARRANGEMENT PROVISIONS FOR THE PAYMENT OF THE LOCAL SALARIES OF NORTH CAROLINA COOPERATIVE EXTENSION PERSONNEL (NEW)**

**SECTION 26.16A.** Directs all counties that employ NC Cooperative Extension Personnel in conjunction with the NC Cooperative Extension Program at NCSU or at North Carolina A & T to comply with the "send-in" payroll arrangement provisions established by NCSU and North Carolina A & T. Requires the affected counties to adhere to the "send-in" payroll arrangement provisions relative to the local portion of salaries paid to all current and future NC Cooperative Extension personnel. Prohibits the affected counties from placing NC Cooperative Extension personnel on furlough or reducing the local portion of their salaries. Effective January 1, 2011.

## **CENTRAL OFFICE SALARIES**

**SECTION 26.17.** Deletes House provision (6th edition).

## **NONCERTIFIED SCHOOL PERSONNEL SALARIES**

**SECTION 26.18.** Deletes House provision (6th edition).

## **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

**SECTION 26.20.** Adopts House provision (6th edition), except amends Section 6(c) of SL 2009-16 to change state employer's contribution rate for fiscal year 2010-11 for teachers and state employees to 10.51% (was 12.12%) and state law enforcement officers to 15.51% (was, 17.12%).

## **NATIONAL GUARD PENSION FUND**

**SECTION 26.21.** Adopts House provision (6th edition).

## **EXTEND PHASED RETIREMENT PROGRAM EXEMPTION**

**SECTION 26.22.** Adopts House provision (6th edition).

## **PART XXVII. CAPITAL APPROPRIATIONS.**

### **GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

**SECTION 27.1** No change – identical to House and Senate provisions.

### **CAPITAL APPROPRIATIONS/GENERAL FUND**

**SECTION 27.2** Adopts House provision (6th edition) except appropriates \$4.875 million (was, \$7.15 million) for 2009-10 from the General Fund to the Department of Environment and Natural Resources (DENR) for water resources development projects.

### **WATER RESOURCES DEVELOPMENT PROJECTS/REQUIRED TO DRAW DOWN \$57,700,000 FEDERAL FUNDS**

**SECTION 27.3.** Adopts House provision (6th edition) except authorizes the allocation of the American Recovery and Reinvestment Act of 2009 funds appropriated to DENR for use to complete any water resources development projects (was, operations and maintenance water resources development projects) approved by the U.S. Army Corps of Engineers. Changes the water resources development projects and their allocated funds to the 9 projects listed below (was, 12 projects). Adds new Section 27.3(e) establishing the Water Resources Development Projects Reserve, which may be used to provide state matching funds for such projects and cover funding shortfalls for such projects and requiring that funds appropriated for water resources development projects in which local governments participate may fund a maximum of 50% of the nonfederal portion of funding for the projects.

Name of Project	2009-2010
(1) Carolina Beach Renourishment	\$605,769
(2) Carolina Beach South (Kure Beach) Renourishment	336,538

(3)	Wrightsville Beach Renourishment	844,308
(4)	Ocean Isle Beach Renourishment	637,077
(5)	Beaufort Harbor Maintenance	50,000
(6)	Planning Assistance to Communities	75,000
(7)	Concord Stream Restoration (Cabarrus County) (Sec. 206)	262,500
(8)	Wilson Bay Restoration (Sec. 206), Onslow County	250,000
(9)	Water Resources Development Projects Reserve	1,777,808

**TOTALS** **\$ 4,875,000**

#### **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

**SECTION 27.4.** Adopts House provision (6th edition), except adds \$6.746 million authorization for the Department of Crime Control and Public Safety's Tactical Unmanned Aerial Systems Facility. This addition increases the amount of non-General Fund funding authorized for 2009-10 to \$122,782,542 (was, \$116,036,542).

#### **REPAIRS AND RENOVATIONS RESERVE ALLOCATION (NEW)**

**SECTION 27.5.** Adopts compromise provision that provides for the transfer to the Repairs and Renovations Reserve (RRR) \$12 million of the American Recovery and Reinvestment Act of 2009 (ARRA) appropriated for the State Energy Program and \$50 million of bond proceeds issued pursuant to Section 27.9(f)(3) of SL 2008-107, as enacted by Section 1(b) of SL 2009-209. Directs that 50% of the funds in the reserve be allocated to the UNC Board of Governors (BOG) and 50% be allocated to the Office of State Budget and Management (OSBM). Requires BOG and OSBM to consider allocating funds to restore cash balances transferred to the State Controller before allocating funds from the RRR. Retains House provision (6th edition) that funds transferred from the ARRA be used to make facilities more energy efficient, with identical list of eligible projects. Retains from Senate provision (3rd edition) requirement that BOG use a portion of its allocated funds to install fire sprinklers in university residence halls. Also retains House provision (6th edition) that requires that the funds allocated in this section only be used consistent with any applicable limitations contained in the American Recovery and Reinvestment Act of 2009, and regulations adopted pursuant to that act.

#### **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

**SECTION 27.6.** No change –adopts identical House and Senate provisions.

#### **CENTER FOR DESIGN AND WINSTON-SALEM STATE (NEW)**

**SECTION 27.7.** Adopts compromise provisions reducing maximum financing for film school production facility to \$11,543,828 (was, \$12.9 million) and adds Senate provision (3rd edition) mandating that the \$2.0 million appropriated for Winston-Salem State University be used to acquire land and renovate facilities.

#### **DEBT SERVICE FOR GREEN SQUARE COMPLEX PARKING CONSTRUCTION**

**SECTION 27.8.** No change –adopts identical House and Senate provisions.

#### **TRANSFER OF UNENCUMBERED CASH BALANCES IN VARIOUS CAPITAL FUNDS**

**SECTION 27.11.** Adopts House provision (6th edition), except amends list of projects affected to the list below. Also adds new section 27.11(b) requiring the UNC Board of Governors to transfer to the General Fund unencumbered cash balances of \$1,155,289 from energy efficiency projects and \$1,326,894 from capital projects of any type.

<b>Project/Fund</b>	<b>Amount Transferred</b>
Department of Administration	
Museum of History Security Improvements & Door Repairs (Budget Code 40701-4J20)	\$545,800
UNC-TV Server Room – HVAC Upgrades	79,000
Energy Savings Reserve (Budget Code 40701-4J32)	4,000,000
Five New Youth Development Centers Planning (Budget Code 40701-4J28)	947,000
Garner Road Building #2 – Mechanical Room Renovations (Budget Code 40702)	1,112,900

Department of Commerce	
Portswide Improvements (Budget Code 40710-4N04)	70,116
Department of Corrections	
Mechanical Systems Repairs & Renovations (Budget Code 40613-4K06)	268,100
Perimeter Security Fence Modifications (Budget Code 40513-4H02)	1,762,584
Capital Planning Reserve (Budget Code 40713-4L02)	2,972,656
Department of Environment and Natural Resources	
Modular Office (Budget Code 40716-4H4N)	5,990
Turnbull Creek ESF Renovation (Budget Code 40716-4H3F)	3,510
Wake Co Headquarters Storage Building (Budget Code 40716-4H3H)	8,153
Jordan Lake Training Center (Budget Code 40716-4H3G)	123,639
Mt. Training Facility & Linville Nursery Restroom Upgrades (Improvements to Meet ADA Act)(Budget Code 40616)	218,691
HVAC Repairs (Budget Code 40716)	177,496
Aviary HVAC Renovation (Budget Code 40716-4H32)	17,660
NC Zoological Park Storage Building (Budget Code 40616-4G30)	402,575
NC Zoological Park Horticulture Storage Facility (Budget Code 40716-4H30)	382,271
Department of Health and Human Services	
Medical Care Unit HVAC Upgrades (Budget Code 44344-4E02)	593,775
HVAC Upgrades for Vocational Enterprises Bldg (Budget Code 40759-4F01)	25,000
HVAC Upgrades for Vocational Enterprises Bldg (Budget Code 40659-4E01)	1,198,685
Edgerton Building Upgrades (Budget Code 40641-4I02)	619,871
Harvey Building Upgrades (Budget Code 40641-4I01)	593,775
Department of Juvenile Justice and Delinquency Prevention	
Det & New Hanover Septic System (Budget Code 40647-4K04)	150,000
Butner New Roof & Asbestos (Budget Code 40647-4K12)	300,000
Samarkand Bldg Demolition (Budget Code 40647-4K13)	200,000
CA Dillon Maintenance Building (Budget Code 40747-4L01)	375,000
Buncombe Det Cnt Boiler & Repairs (Budget Code 40647-4K10)	67,477
Cumberland Det. Renovat (Budget Code 40447-4I01)	5,881
SV/DOC Campus Transfer (Budget Code 40647-4K02)	9,741
Security Camera Fixtures (Budget Code 40547-4J03)	254,088
Multipurpose Homes Renovations (Budget Code 40647-4K06)	2,746
Security Cameras YDC (Budget Code 40547-4J02)	2,297,511
Security Cameras Detentn (Budget Code 40547-4J01)	55,268
Samarkand HVAC Nordan (Budget Code 40647-4K03)	71,842
Dillon Asbestos & New Roof (Budget Code 40647-4K07)	500,000
Office of State Budget and Management	
OSBM R&R Reserve (Budget Codes 49702, 49802, 49902, 40002, 40102, 40202, 40302, 40402, 40502, 40602, 40702)	1,471,717
<b>TOTALS</b>	<b>\$21,890,518</b>

**AMEND COPS AUTHORIZATION LANGUAGE/ALLOW POLICE OPERATIONS CENTER AT SCHOOL OF THE ARTS**

**SECTION 27.12.** Adopts House provision (6th edition) except reduces maximum financing for constructing central storage facility and police operations center at the UNC School of the Arts to \$10,233,116 (was, \$11.1 million).

**AMEND COPS AUTHORIZATION LANGUAGE/APPALACHIAN STATE UNIVERSITY PROPERTY ACQUISITION**

**SECTION 27.12A.** Adopts House provision (6th edition).

**REPORT ON STATUS OF CERTAIN UNC REPAIRS & RENOVATIONS PROJECTS**

**SECTION 27.13.** Adopts House provision (6th edition).

**ALLOW JOINT CONSTRUCTION OF NANOSCIENCE BUILDING AND RESEARCH BUILDING ON THE JOINT MILLENNIAL CAMPUS OF NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY AND THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**

**SECTION 27.14.** Adopts new provision, permitting Nanoscience Building and the Research Building referenced in title to be constructed at a single facility.

**MEDIUM SECURITY ADDITION AT MAURY CORRECTIONAL INSTITUTION**

**SECTION 27.15.** Adopts new provision directing the Department of Corrections to reduce the cost of correctional projects authorized in S.L. 2008-107, 2007-323, and 2003-284, and to use the cost savings plus other available funds to finance the costs of constructing a 504-bed medium-security addition at Maury Correctional Institution up to \$16 million. Prohibits any other special indebtedness from being issued or incurred for such construction.

**CORPORATE AND INDIVIDUAL INCOME TAX SURCHARGE (NEW)**

**SECTION 27A.1.** Deletes House provision. Adds new provision that amends GS Chapter 105, Article 4, Part 1 with new section GS 130.3B mandating 3% income tax surcharge for all corporate taxpayers. Adds new section 105-134.2A to GS Chapter 105, Article 4, Part 2, mandating income tax surcharges on individual taxpayers as indicated below. Both surcharges are applied to the tax payable for the taxable year. Both surcharges are effective for taxable years beginning on or after January 1, 2009 and before January 1, 2011. No additional penalties for underpayment of income taxes may be applied to underpayments created by these surcharges.

<b>Filing Status</b>	<b>Over</b>	<b>Up To</b>	<b>Percentage</b>
Married, filing jointly or surviving spouse	\$ 0	\$100,000	0%
	\$100,000	\$250,000	2%
	\$250,000	NA	3%
Head of household	\$ 0	\$ 80,000	0%
	\$ 80,000	\$200,000	2%
	\$200,000	NA	3%
Single	\$ 0	\$ 60,000	0%
	\$ 60,000	\$150,000	2%
	\$150,000	NA	3%
Married, filing separately	\$ 0	\$ 50,000	0%
	\$ 50,000	\$125,000	2%
	\$125,000	NA	3%.

**INCREASE SALES AND USE TAX BY ONE PERCENT (NEW)**

**SECTION 27A.2.** Adopts new provision amending GS 105-164.4(a) so that the general rate of sales tax is raised to 5.75% (was, 4.75%), except that the tax rate for sales made from September 1, 2009 to September 30, 2009 will be 5.5%.

Amends GS 105-164.44F(a) to reduce the percentage of sales tax on telecommunications services imposed by GS 105-164.4(a)(4c) that is distributed to cities to 16.36% (was, 18.70%) and that is distributed to counties to 6.74% (was, 7.7%).

Amends GS 105-164.44I(a) to reduce the percentage of sales tax imposed by GS 105-164.4(a)(4c) on telecommunications service and by GS 105-164.4(a)(6) on video programming service to include 20.65% (was, 23.6%) of the net proceeds on taxes on video programming other than direct-to-home satellite services and 32.46% (was, 37.1%) of the net proceeds of the taxes collected on direct-to-home satellite services.



The increased sales taxes do not apply to certain lump-sum construction material contracts entered into before the increases become effective. The sales tax changes apply to sales made on or after October 1, 2009 and before July 1, 2011.

## **NEXUS CLARIFICATION AND CLICK THROUGHS, USE TAX LINE ON INCOME TAX RETURN, DIGITAL PRODUCTS, MAGAZINES DELIVERED BY MAIL**

**SECTION 27A.3.** New provision amends GS 105-164.8 to require the collection of sales taxes by a retailer who enters into an agreement with a North Carolina resident to refer potential customers to the retailer in return for commission payments. The provision explicitly covers “click-through” links on Internet websites but only applies if gross receipts from sales referred to the retailer by North Carolina residents exceed \$10,000 in the previous 12 months.

Repeals Sections 10 (which repealed GS 105-269.14 concerning payment of use tax with individual income tax) and 11 (requiring filing of use tax return) of SL 2000-120. Repeals GS 105-164.3(5d)(concerning the delivery of digital products and (17a) (defining load and leave).

Amends GS 105-164.4(a) to make the sale of digital property, defined as audio works, audiovisual works, publications such as books and magazines, photographs, and greeting cards, subject to sales tax, if such digital property is delivered electronically but would be taxable if sold in a tangible medium.

Amends the exemptions and exclusions from retail sales and use taxes in GS 105-164.13 as follows. Subsection 5b amended to exclude telecommunications service (was, telephone service). Subsection 28 amended to exclude from the exemption door-to-door magazine sales. Adds subsection 43a to exclude computer software used for enterprise server operating systems, datacenters, and cable, telecommunications, Internet or video programming services. Subsection 43b added to exclude computer software that becomes a component part of other software. Amends introductory language of statute to cover “digital property.”

Amends GS 105-164.3 to add and amend definitions to correspond to above changes.

Amends GS 105-164.6 to extend complementary use tax provisions to cover digital property and makes corresponding changes to collection agreement provisions in GS 105-164.6A.

Rewrites GS 105-164.7 to clarify that sales tax is obligation of the purchaser and is collected by the retailer as a trustee for the state. The tax is a debt to the retailer and may be collected as any other debt.

Amends GS 105-164.15A to clarify when tax changes apply to services that are provided or billed in installments.

Makes corresponding changes to GS 105-164.16, concerning returns and payment of sales taxes, GS 105-164.26, concerning presumption that sales are taxable, GS 105-164.27A, concerning direct pay permits, GS 105-164.28, concerning certificates of resale, and GS 105-164.28A, concerning other exemption certificates..

Rewrites GS 105-164.22 to clarify record-keeping obligations for retailers and wholesale merchants and to create obligation for consumers to maintain records of out-of-state purchases. Retailers, wholesalers and consumers must maintain sales and purchase records for three years.

Repeals GS 105-164.23 (consumer must keep records), GS 105-164.24 (separate accounting required), GS 105-164.25 (wholesale merchant must keep records), and GS 105-164.31 (complete records must be kept for three years).

Amends GS 105-164.29 to clarify that all retailers and wholesale merchants must obtain a certificate of registration from the Department of Revenue.

Rewrites GS 105-164.32 to clarify the obligation of the Secretary of Revenue to estimate the tax due when a retailer, wholesale merchant or consumer fails to pay the tax or file a correct return.

Amends GS 105-187.50, concerning the taxation of manufacturing fuel and certain machinery and equipment, to change the definition of “eligible datacenter” and delete other terms.

The addition of digital property to the list of taxable sales is effective for all sales on or after January 1, 2010. All other changes are effective when they become law.

## **ALCOHOL EXCISE TAX CHANGES**

**SECTION 27A.4.** New provision raises excise taxes imposed by GS 105-113.80 on malt beverages to 61.71 cents per gallon (was, 53.177 cents), on wine to 26.34 cents per liter (was, 21 cents), on fortified wine to 29.34 cents per liter (was, 24 cents), and on liquor to 30% of the sale price (was, 25%). Reduces the percentage of alcohol excise taxes distributed to local governments pursuant to GS 105-113.82 to 20.47% for taxes on malt beverages (was, 23.75%), to 49.44% for taxes on unfortified wine (was, 62%) and to 18% for taxes on fortified wine (was, 22%). Except, for alcohol excise taxes collected during the 12-month period ending March 31, 2010, the distribution percentages will be 7.24% for taxes on malt beverages, 18% for taxes on unfortified wine, and 6.49% for taxes on fortified wine. This section becomes effective September 1, 2009, and apply to wine, malt beverages and liquor sold on or after that date.

## **TOBACCO PRODUCTS EXCISE TAX CHANGES**

**SECTION 27A.5.** New provision raises excise tax on cigarettes imposed by GS 105-113.5 to 2.25 cents per cigarette (was, 1.75 cents). Raises tax on tobacco products other than cigarettes in GS 105-113.35 to 12.8% of the cost price (was, 10%). Makes technical and organizational changes to GS Chapter 105, Article 2A, Part 3.

## **IRC CONFORMITY**

**SECTION 27A.6.** New provision amends GS 105-228.90, concerning the general administration of taxes, to exclude from the definition of the Internal Revenue Code (IRC) certain changes to the IRC concerning the deductibility of real property taxes by taxpayers who do not itemize there deductions. Makes changes to the additions to federal taxable income when determining state net income under GS 105-130.5(a) that cover the applicable percentage of the amount allowed as special accelerated depreciation, the amount of income deferred for the discharge of indebtedness, and the amount allowed as a deduction for an original issue discount on a applicable high yield discount obligation.

Makes changes to the deductions from federal taxable income when determining state net income under GS 105-130.5(b) that cover accelerated depreciation and deferred income from discharge of indebtedness. Makes corresponding changes to the calculation of income from an S corporation under GS 105-134.6, plus additional changes concerning deductions for real property taxes and motor vehicle sales taxes.

Mandates that any amendments to the Internal Revenue Code enacted after May 1, 2008 that increase North Carolina taxable income for the 2008 taxable year become effective for taxable years beginning on or after January 1, 2009.

This subsection concerning the deduction of real property taxes by non-itemizers is effective only for taxable years beginning on or after January 1, 2008, and before January 1, 2009. The subsection concerning IRC amendments that increase North Carolina taxable income is effective when it becomes law. All other subsections are effective for taxable years beginning on or after January 1, 2009.

## **STUDY OF NORTH CAROLINA'S SALES AND INCOME TAX STRUCTURE**

**SECTION 27A.7.** New provision authorizes the Finance Committees of the Senate and House to meet during the interim to study and recommend legislation to reform the state's sales and income tax structure in order to broaden the tax base and lower the tax rates.

## **SINGLE INCOME TAX RETURN FOR UNITARY BUSINESS**

**SECTION 27B.1.** Deletes House provision (6th edition).

## **EXPAND FRANCHISE TAX TO INCLUDE LIMITED LIABILITY BUSINESS ENTITIES**

**SECTION 27B.2.** Deletes House provision (6th edition).

## **THROWBACK RULE**

**SECTION 27B.3.** Deletes House provision (6th edition).

## **CONFORM BANK EXPENSE DEDUCTION**

**SECTION 27B.4.** Deletes House provision (6th edition).

**PART XXVII-C. SALES TAX CHANGES.** Deletes House (6th edition) provisions.

**PART XXVII-D. ALCOHOL EXCISE TAX CHANGES.** Deletes House (6th edition) provisions.

## **PART XXVIII. MISCELLANEOUS PROVISIONS**

### **STATE BUDGET ACT APPLIES**

**SECTION 28.1.** No change—adopts identical House and Senate provisions.

### **COMMITTEE REPORT**

**SECTION 28.2.(a)** Adopts identical House and Senate provisions, except updates the reference to include the Joint Conference Committee Report dated August 3, 2009.

**SECTION 28.2.(b)-28.5.** No change—adopts identical House and Senate provisions.

**ADJUSTMENT OF ALLOCATIONS TO GIVE EFFECT TO THIS ACT FROM JULY 1, 2009.**

**SECTION 28.5A.** Adopts new provision providing that the appropriations and authorizations set out in SL 2009-215, SL 2009-296, and SL 2009-399 expire when this act becomes law and that at that time this act becomes effective. Requires the Governor to adjust allocations to give effect to the act from July 1, 2009, at the time that this act becomes law.

**EFFECTIVE DATE.**

**SECTION 28.6.** No change-adopts identical House and Senate provisions.

August 18, 2009

**SL 2009-451 (S 202). APPROPRIATIONS ACT OF 2009. AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.** Summarized in *Daily Bulletin* 4/8/09, 6/10/09, 6/11/09, 6/12/09, and 8/5/09. Enacted August 7, 2009. Effective July 1, 2009, except as otherwise provided.