

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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SENATE BILL 202  
Appropriations/Base Budget Committee Substitute Adopted 4/7/09  
Finance Committee Substitute Adopted 4/7/09  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S202-PCS35345-LRxf-28

Short Title: Appropriations Act of 2009.

(Public)

Sponsors:

Referred to:

February 18, 2009

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

5 The General Assembly of North Carolina enacts:

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

8  
9 **INTRODUCTION**

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

15  
16 **TITLE OF ACT**

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

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

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

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

27  
28 **Current Operations – General Fund** **2009-2010** **2010-2011**

29  
30 **EDUCATION**

31  
32 Community Colleges System Office \$ 955,114,318 \$ 956,096,444



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1			
2	Department of Public Instruction	6,917,267,509	6,831,523,175
3			
4	University of North Carolina – Board of Governors		
5	Appalachian State University	143,009,361	142,916,867
6	East Carolina University		
7	Academic Affairs	231,022,436	230,803,882
8	Health Affairs	54,536,392	54,533,392
9	Elizabeth City State University	36,927,873	36,895,974
10	Fayetteville State University	57,937,868	57,920,041
11	North Carolina Agricultural and Technical University	100,706,068	100,706,068
12	North Carolina Central University	92,668,859	92,565,166
13	North Carolina State University		
14	Academic Affairs	403,847,290	403,865,631
15	Agricultural Research	59,265,025	59,238,001
16	Agricultural Extension	45,315,457	45,305,822
17	University of North Carolina at Asheville	38,310,913	38,276,547
18	University of North Carolina at Chapel Hill		
19	Academic Affairs	291,283,117	291,272,017
20	Health Affairs	214,268,856	214,268,356
21	Area Health Education Centers	52,109,208	52,109,208
22	University of North Carolina at Charlotte	190,610,275	190,252,571
23	University of North Carolina at Greensboro	167,219,053	167,166,818
24	University of North Carolina at Pembroke	59,340,801	59,251,281
25	University of North Carolina School of the Arts	26,159,755	26,154,488
26	University of North Carolina at Wilmington	101,347,433	101,259,136
27	Western Carolina University	91,818,652	91,832,451
28	Winston-Salem State University	71,708,502	71,704,974
29	General Administration	41,963,781	41,961,395
30	University Institution Programs	(172,937,714)	(240,841,742)
31	Related Educational Programs	69,440,698	54,109,344
32	UNC Financial Aid Private Colleges	100,230,515	100,259,515
33	North Carolina School of Science & Math	18,712,479	18,711,799
34	UNC Hospitals	36,011,882	36,011,882
35	Total University of North Carolina –		
36	Board of Governors	\$ 2,622,834,835	\$ 2,538,510,884

**HEALTH AND HUMAN SERVICES**

37			
38	<b>HEALTH AND HUMAN SERVICES</b>		
39			
40	Department of Health and Human Services		
41	Office of the Secretary	\$ 66,091,947	\$ 67,247,574
42	Division of Aging and Adult Services	33,214,687	34,596,819
43	Division of Blind Services/Deaf/HH	10,728,223	10,714,951
44	Division of Child Development	242,626,859	255,080,245
45	Division of Education Services	35,463,888	35,463,888
46	Division of Health Service Regulation	16,803,751	16,791,135
47	Division of Medical Assistance	2,149,022,328	2,466,701,429
48	Division of Mental Health,		
49	Dev. Disabilities and Sub. Abuse	575,874,271	584,027,011
50	NC Health Choice	58,014,015	57,913,952
51	Division of Public Health	141,930,936	146,910,250

1	Division of Social Services	191,845,920	191,945,576
2	Division of Vocation Rehabilitation	39,438,630	39,438,153
3	Total Health and Human Services	\$ 3,561,055,455	\$ 3,906,830,983
4			
5	<b>NATURAL AND ECONOMIC RESOURCES</b>		
6			
7	Department of Agriculture and Consumer Services	\$ 62,711,579	\$ 60,497,127
8			
9	Department of Commerce		
10	Commerce	74,836,677	73,985,398
11	Commerce State-Aid	19,075,000	13,764,000
12	NC Biotechnology Center	14,193,000	13,885,000
13	Rural Economic Development Center	23,679,000	23,584,000
14			
15	Department of Environment and Natural Resources	217,312,070	206,820,167
16			
17	DENR Clean Water Management Trust Fund	25,000,000	25,000,000
18			
19	Department of Labor	17,306,011	17,306,067
20			
21	<b>JUSTICE AND PUBLIC SAFETY</b>		
22			
23	Department of Correction	\$ 1,221,003,414	\$ 1,218,718,450
24			
25	Department of Crime Control and Public Safety	26,110,917	24,293,147
26			
27	Judicial Department	441,869,379	438,383,757
28	Judicial Department – Indigent Defense	110,539,455	104,596,009
29			
30	Department of Justice	84,413,478	77,448,662
31			
32	Department of Juvenile Justice and		
33	Delinquency Prevention	136,167,259	135,582,327
34			
35	<b>GENERAL GOVERNMENT</b>		
36			
37	Department of Administration	\$ 71,431,507	\$ 70,214,391
38			
39	Department of State Auditor	13,227,042	13,055,123
40			
41	Office of State Controller	22,430,526	22,112,060
42			
43	Department of Cultural Resources		
44	Cultural Resources	65,223,346	62,823,910
45	Roanoke Island Commission	1,781,296	1,754,203
46			
47	State Board of Elections	6,218,202	6,132,187
48			
49	General Assembly	51,866,107	53,622,698
50			
51	Office of the Governor		

**General Assembly Of North Carolina****Session 2009**

1	Office of the Governor	6,099,909	6,017,739
2	Office of State Budget and Management	6,452,520	6,357,809
3	OSBM – Reserve for Special Appropriations	4,216,465	4,161,125
4	Housing Finance Agency	13,608,417	13,419,533
5			
6	Department of Insurance		
7	Insurance	31,864,073	31,488,104
8	Insurance – Volunteer Safety Workers' Compensation	4,500,000	4,500,000
9			
10	Office of Lieutenant Governor	765,857	753,358
11			
12	Office of Administrative Hearings	4,090,823	4,046,787
13			
14	Department of Revenue	87,075,553	85,905,106
15			
16	Department of Secretary of State	11,378,763	11,231,569
17			
18	Department of State Treasurer		
19	State Treasurer	17,340,746	17,194,516
20	State Treasurer –		
21	Retirement for Fire and Rescue Squad Workers	10,486,808	10,347,105
22			
23	<b>RESERVES, ADJUSTMENTS, AND DEBT SERVICE</b>		
24			
25	Salary Adjustment Fund	\$ 0	\$ 0
26			
27	Contingency and Emergency Fund	5,000,000	5,000,000
28			
29	State Retirement System Contribution	21,000,000	312,000,000
30			
31	Judicial Retirement System Contribution	1,300,000	1,300,000
32			
33	State Health Plan	132,214,752	276,179,709
34			
35	Information Technology Fund	7,840,000	7,840,000
36			
37	Reserve for Job Development Investment Grants (JDIG)	19,000,000	19,000,000
38			
39	Reduce Debt Service Requirements	(7,500,000)	(4,000,000)
40			
41	Statewide Administrative Support Reduction	(3,000,000)	(6,600,000)
42			
43	Biomedical Research Imaging Center (BRIC)	0	0
44			
45	Debt Service		
46	General Debt Service	670,494,697	739,878,445
47	Federal Reimbursement	1,616,380	1,616,380
48			
49	University Cancer Research Fund (adjusts UNC budget)	(15,500,000)	(15,500,000)
50			
51	Reserve for Severance Benefits	0	0

1			
2	<b>TOTAL CURRENT OPERATIONS –</b>		
3	<b>GENERAL FUND</b>	<b>\$ 17,800,163,145</b>	<b>\$ 18,428,677,454</b>
4			
5	<b>Capital Improvements – General Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
6			
7	Water Resources Development Projects	\$ 7,150,000	\$ 0
8			
9	<b>TOTAL CAPITAL IMPROVEMENTS –</b>		
10	<b>GENERAL FUND</b>	<b>\$ 7,150,000</b>	<b>\$ 0</b>
11			
12	<b>GENERAL FUND AVAILABILITY STATEMENT</b>		
13	<b>SECTION 2.2.(a)</b> The General Fund availability used in developing the 2009-2011		
14	biennial budget is shown below:		
15			
16		<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
17			
18	Unappropriated Balance Remaining from Previous Year	0	68,656,820
19	Savings Reserve Account	0	0
20	Repairs and Renovations Reserve Account	0	0
21	<b>Beginning Unreserved Fund Balance</b>	<b>0</b>	<b>68,656,820</b>
22			
23	<b>Revenues Based on Existing Tax Structure</b>	<b>16,796,300,000</b>	<b>17,384,400,000</b>
24			
25	<b>Nontax Revenues</b>		
26	Investment Income	67,300,000	93,100,000
27	Judicial Fees	200,700,000	208,300,000
28	Disproportionate Share	100,000,000	100,000,000
29	Insurance	77,700,000	81,900,000
30	Other Nontax Revenues	148,300,000	155,200,000
31	Highway Trust Fund/Use Tax Reimbursement Transfer	108,500,000	73,500,000
32	Highway Fund Transfer	17,600,000	17,600,000
33	<b>Subtotal Nontax Revenues</b>	<b>720,100,000</b>	<b>729,600,000</b>
34			
35	<b>Total General Fund Availability</b>	<b>17,516,400,000</b>	<b>18,182,656,820</b>
36			
37	<b>Adjustments to Availability: 2009 Session</b>		
38	Department of Revenue Improved Enforcement	60,000,000	90,000,000
39	Adjust Transfer from Insurance Regulatory Fund	(1,960,749)	(2,398,902)
40	Adjust Transfer from Treasurer's Office	(816,699)	(976,717)
41	Transfer from Disproportionate Share Reserve	25,000,000	0
42	Reserve for Increased/New Fees	81,166,847	86,422,367
43	Transfers from Special Funds	40,743,885	40,743,886
44	Transfers of Cash Balances from Capital and		
45	R&R Accounts	63,608,225	0
46	Transfers of Cash Balances from Special Funds	51,528,456	0
47	Transfer from Health and Wellness Trust Fund	5,000,000	5,000,000
48	Transfer from Tobacco Trust Fund	5,000,000	5,000,000
49	Transfer Sales Tax for Wildlife Resources Commission	23,150,000	22,230,000
50	<b>Subtotal Adjustments to</b>		
51	<b>Availability: 2009 Session</b>	<b>352,419,965</b>	<b>246,020,634</b>

1			
2	<b>Revised General Fund Availability</b>	<b>17,868,819,965</b>	<b>18,428,677,454</b>
3			
4	<b>Less: General Fund Appropriations</b>	<b>17,800,163,145</b>	<b>18,428,677,454</b>
5			
6	<b>Unappropriated Balance Remaining</b>	<b>68,656,820</b>	<b>0</b>
7			

8           **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the State  
9 Controller shall not transfer funds to the Repairs and Renovations Reserve Account on June 30,  
10 2009. This subsection becomes effective June 30, 2009.

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

14           **SECTION 2.2.(d)** Notwithstanding the provisions of G.S. 105-187.9(b)(1), the  
15 sum to be transferred under that subdivision for the 2009-2010 fiscal year is one hundred six  
16 million dollars (\$106,000,000) and for the 2010-2011 fiscal year is seventy-one million dollars  
17 (\$71,000,000).

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

22           **SECTION 2.2.(f)** The appropriation made in this act to the Clean Water  
23 Management Trust Fund for the 2009-2010 fiscal year is twenty-five million dollars  
24 (\$25,000,000) and for the 2010-2011 fiscal year is twenty-five million dollars (\$25,000,000).  
25 The provisions of G.S. 113A-253.1 do not apply for the 2009-2011 fiscal biennium.

26           **SECTION 2.2.(g)** Notwithstanding any other provision of law to the contrary,  
27 effective July 1, 2009, the following amounts shall be transferred to the State Controller to be  
28 deposited in Nontax Budget Code 18878 (Intrastate Transfers) or the appropriate budget code  
29 as determined by the State Controller. These funds shall be used to support the General Fund  
30 appropriations as specified in this act for the 2009-2011 fiscal biennium.

			<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>Budget</b>	<b>Fund</b>			
<b>Code</b>	<b>Code</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
35	64424	DHHS – Office of Education Services	175,321	0
36	67425	Trust Telecommunication	8,500,000	0
37	23515	2510 DPI IT Projects – Legacy Updates	3,000,000	0
38	63501	6801 DPI Trust Special-Teaching Fellows	5,500,000	0
39	63501	6112 Computer Loan Revolving Fund	120,677	0
40	63501	6117 Business and Education Technology Alliance	26,336	0
41	24600	2553 Grape Growers Council	1,146,811	900,000
42	24600	2821 Credit Union Supervision	2,487,848	1,628,853
43	24600	2851 Cemetery Commission	455,770	252,990
44	54600	Commerce Enterprise	48,361,480	37,766,466
45	64605	Utilities Commission/Public Staff	13,661,307	0
46	64612	NC Rural Electrification Authority	235,345	0
47	24308	2815 VRS Geodetic Survey & DOT	8,048	0
48	24317	2339 ADM Fines & Penalties	365,899	0
49	24600	2241 REA Administration	195,577	195,577
50	Wildlife Resources Commission Operating Expenses		23,150,000	22,230,000
51	Various Capital Accounts as specified in Section 27.11		65,687,775	0

1 Nurse Educators of Tomorrow Scholarship Loan 1,000,000 0  
 2 **SECTION 2.2.(h)** Notwithstanding G.S. 143C-9-3, of the funds credited to the  
 3 Tobacco Trust, the sum of five million dollars (\$5,000,000) shall be transferred from the  
 4 Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust Fund),  
 5 to the State Controller to be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to  
 6 support General Fund appropriations for the 2009-2010 and 2010-2011 fiscal years. These  
 7 funds shall be transferred on or after April 30, 2010.

8 **SECTION 2.2.(i)** Notwithstanding G.S. 143C-9-3, of the funds credited to the  
 9 Health Trust Account, the sum of five million dollars (\$5,000,000) that would otherwise be  
 10 deposited in the Fund Reserve shall be transferred from the Department of State Treasurer,  
 11 Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited  
 12 in Nontax Budget Code 19978 (Intrastate Transfers) to support General Fund appropriations for  
 13 the 2009-2010 and 2010-2011 fiscal years. These funds shall be transferred on or after April  
 14 30, 2010.

15 **SECTION 2.2.(j)** On July 1, 2009, the State Controller shall transfer seven million  
 16 thirty-one thousand nine hundred twenty-three dollars (\$7,031,923) from the Disaster Reserve  
 17 Fund to Nontax Budget Code 19978 (Intrastate Transfers) to support General Fund  
 18 appropriations for the 2009-2010 fiscal year.

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

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

21 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance  
 22 and operation of the Department of Transportation and for other purposes as enumerated are  
 23 made for the fiscal biennium ending June 30, 2011, according to the following schedule:  
 24

25	<b>Current Operations – Highway Fund</b>	<b>2009-2010</b>	<b>2010-2011</b>
26	Department of Transportation		
27	Administration	\$ 73,429,805	\$ 74,516,556
28			
29	Division of Highways		
30	Administration	32,938,983	32,993,177
31	Construction	29,960,000	71,567,092
32	Maintenance	943,083,553	938,935,439
33	Planning and Research	4,055,402	4,055,402
34	OSHA Program	355,389	355,389
35			
36	Ferry Operations	26,609,942	26,609,942
37			
38	State Aid		
39	Municipalities	87,813,876	87,840,220
40	Public Trans	74,647,962	75,493,962
41	Airports	17,349,592	17,291,543
42	Railroads	17,101,153	17,101,153
43			
44	Governor's Highway Safety	351,779	352,325
45	Division of Motor Vehicles	101,371,994	100,847,270
46	Other State Agencies, Reserves, Transfers	290,020,570	278,560,531
47			
48	<b>Total</b>	<b>\$ 1,699,090,000</b>	<b>\$ 1,726,520,000</b>
49			
50			
51			

**HIGHWAY FUND AVAILABILITY STATEMENT**

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

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

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

<b>Total Highway Trust Fund Availability</b>	<b>\$ 868,790,000</b>	<b>\$ 916,620,000</b>
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**PART V. OTHER APPROPRIATIONS****CIVIL FORFEITURE FUNDS**

**SECTION 5.1.(a)** Appropriations. – 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	\$ 36,183,251	\$ 18,000,000
State Public School Fund	120,362,790	120,362,790
<b>Total Appropriation</b>	<b>\$156,546,041</b>	<b>\$138,362,790</b>



1  
2           **SECTION 5.1.(b)** All University of North Carolina campuses shall remit all  
3 parking fines held in escrow in the amount of eighteen million one hundred eighty-three  
4 thousand two hundred fifty-one dollars (\$18,183,251) to the Civil Penalty and Forfeiture Fund  
5 for appropriation.

6  
7 **EDUCATION LOTTERY**

8           **SECTION 5.2.(a)** Notwithstanding G.S. 18C-164, the revenue used to support  
9 appropriations made in this act is transferred from the State Lottery Fund in the amount of three  
10 hundred sixty-eight million seventy thousand two hundred eight dollars (\$368,070,208) for the  
11 2009-2010 fiscal year.

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

14		
15	Teachers in Early Grades	99,399,395
16	Prekindergarten Program	84,635,709
17	Public School Building Capital Fund	147,228,083
18	Scholarships for Needy Students	<u>36,807,021</u>
19	Total Appropriation	\$368,070,208

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

23  
24 **INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATION**

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

27		<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
28			
29			
30	Interest Income	\$100,000	\$100,000
31			
32	IT Fund Balance June 30	\$3,359,419	\$1,486,786
33			
34	Appropriation from General Fund	\$7,840,100	\$7,840,100
35			
36	<b>Total Funds Available</b>	<b>\$11,299,519</b>	<b>\$9,426,886</b>

37  
38           **SECTION 5.3.(b)** Appropriations are made from the Information Technology  
39 Fund for the 2009-2011 fiscal biennium as follows:

40		<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
41	<b>Office of Information Technology Services</b>		
42			
43	Information Technology Operations	\$4,934,197	\$4,954,040
44			
45	Information Technology Projects	\$4,878,536	\$4,381,966
46			
47	<b>Total</b>	<b>\$9,812,733</b>	<b>\$9,336,006</b>

48  
49 **APPROPRIATION OF CASH BALANCES**

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

- 4           (1) For all budget codes listed in the Base Budget and Performance  
5 Management Information sections of "North Carolina State Budget,  
6 Recommended Operating Budget 2009-2011, Volumes 1 through 6," cash  
7 balances and receipts are appropriated up to the amounts specified in  
8 Volumes 1 through 6, as adjusted by the General Assembly, for the  
9 2009-2010 fiscal year and the 2010-2011 fiscal year. Funds may be  
10 expended only for the programs, purposes, objects, and line items specified  
11 in Volumes 1 through 6, or otherwise authorized by the General Assembly.  
12 Expansion budget funds listed in those documents are appropriated only as  
13 otherwise provided in this act.
- 14           (2) For all budget codes that are not listed in "North Carolina State Budget,  
15 Recommended Operating Budget 2009-2011, Volumes 1 through 6," cash  
16 balances and receipts are appropriated for each year of the 2009-2011 fiscal  
17 biennium up to the level of actual expenditures for the 2007-2008 fiscal  
18 year, unless otherwise provided by law. Funds may be expended only for the  
19 programs, purposes, objects, and line items authorized for the 2007-2008  
20 fiscal year.
- 21           (3) Notwithstanding subdivisions (1) and (2) of this subsection, any receipts that  
22 are required to be used to pay debt service requirements for various  
23 outstanding bond issues and certificates of participation are appropriated up  
24 to the actual amounts received for the 2009-2010 fiscal year and the  
25 2010-2011 fiscal year and shall be used only to pay debt service  
26 requirements.
- 27           (4) Notwithstanding subdivisions (1) and (2) of this subsection, cash balances  
28 and receipts of funds that meet the definition issued by the Governmental  
29 Accounting Standards Board of a trust or agency fund are appropriated for  
30 and in the amounts required to meet the legal requirements of the trust  
31 agreement for the 2009-2010 fiscal year and the 2010-2011 fiscal year.

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

37           Overrealized receipts are appropriated up to the amounts necessary to implement  
38 this subsection.

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

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

49  
50 **OTHER RECEIPTS FROM PENDING GRANT AWARDS**

1           **SECTION 5.6.** Notwithstanding G.S. 143C-6-4, State agencies may, with approval  
2 of the Director of the Budget and after consultation with the Joint Legislative Committee on  
3 Governmental Operations, spend funds received from grants awarded subsequent to the  
4 enactment of this act. The Office of State Budget and Management shall work with the  
5 recipient State agencies to budget grant awards according to the annual program needs and  
6 within the parameters of the respective granting entities. The Office of State Budget and  
7 Management shall consult with the Joint Legislative Commission on Governmental Operations  
8 prior to expending any funds received from grant awards. Funds received from such grants are  
9 hereby appropriated and shall be incorporated into the certified budget of the recipient State  
10 agency.

11  
12 **CONTINGENT AVAILABILITY/RESTORATION RESERVE**

13           **SECTION 5.7(a).** Contingent Availability. – Notwithstanding any other provision  
14 of this act, and contingent upon modifications to State law increasing revenues by the sum of  
15 nine hundred thirty-seven million six hundred thousand dollars (\$937,600,000) in the  
16 2009-2010 fiscal year and the sum of one billion one hundred forty-five million seven hundred  
17 thousand dollars (\$1,145,700,000) in the 2010-2011 fiscal year, those funds shall be used to  
18 partially restore reductions made in this act as provided by the Restoration Schedule outlined in  
19 subsection (b) of this section.

20           **SECTION 5.7(b)** Restoration Schedule. –

21  
22 **EDUCATION:**

23           Public School Teachers in the Classroom  
24           Funds for At-Risk Children and Low Wealth Supplemental Funding  
25           Community College Tuition Waivers  
26           Community College Equipment  
27           University Personnel  
28           Instructional Support Personnel and School Building Administrators.

29  
30 **HEALTH AND HUMAN SERVICES:**

31           Various Provider Rates  
32           Medicaid Services such as Physical and Occupational Therapy  
33           Mental Health Services to Communities  
34           Smart Start  
35           Personal Care Services  
36           Dental Services – Adult and Child Oral Health.

37  
38 **JUSTICE AND PUBLIC SAFETY:**

39           Court Personnel  
40           Local Juvenile Crime Prevention Councils  
41           Prison Medical and Other Operating Costs  
42           Prisoner Legal Services.

43  
44 **OTHER NEEDS:**

45           State Aid to Libraries and Housing Support for Low-Income Citizens  
46           Funds for Nonprofit Economic Development Initiatives  
47           Interstate Auditors  
48           State Agencies' Operating Reserves  
49           Department of Labor Apprenticeship Program  
50           State Parks Parking.

51

**PART VI. GENERAL PROVISIONS****EXPENDITURES OF FUNDS IN RESERVES LIMITED**

**SECTION 6.1.** 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.** Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management may 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. The Office of State Budget and Management shall change the authorized budget to reflect these adjustments.

**BUDGET REALIGNMENT**

**SECTION 6.3.** Notwithstanding G.S. 143C-6-4(b), the Office of State Budget and Management, in consultation with the Office of the State Controller and the Fiscal Research Division, may 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 as defined in G.S. 143C-1-1(d)(23). The Office of State Budget and Management shall 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. Under no circumstances shall total General Fund expenditures for a State department 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.(a)** Notwithstanding G.S. 12-3.1, 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.

**SECTION 6.4.(b)** 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 G.S. 150B-21.1(a)(2).

**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.(a)** Article 2 of Chapter 126 of the General Statutes is amended by adding a new section to read:

**"§ 126-8.6. Voluntary furloughs.**

**(a)** The following definitions apply in this section:

**(1)** Essential position. – Any position deemed by the head of a public agency to be necessary to perform the critical functions of that agency to protect the health or safety of the agency's employees, students, clients, or patients or to protect the general public.

**(2)** Nonessential position. – Any position in a public agency not designated as an essential position by the head of the public agency.

- 1           (3) Public agency. – A State agency, department, or institution in the executive  
2 branch of State government; The University of North Carolina; the North  
3 Carolina Community College System; and a local school administrative unit.  
4           (4) Public employee. – An employee employed by a public agency.  
5           (5) Voluntary furlough. – A temporary voluntary period of leave from  
6 employment without pay up to a maximum of 30 days per fiscal year for  
7 nonessential positions and a maximum of 10 days per fiscal year for  
8 essential positions.

9           (b) The Governor may effect necessary economies in State expenditures by authorizing  
10 voluntary furloughs of public employees. Prior to authorizing voluntary furloughs of public  
11 employees, the Governor shall determine that a voluntary furlough program is reasonable and  
12 necessary to meet the important public purpose of balancing the budget. The Governor shall  
13 consult with each public agency head to determine whether to implement a voluntary furlough  
14 for the entire public agency or within one or more designated units of the public agency.

15           (c) Notwithstanding any other provision of law, a public employee on a voluntary  
16 furlough who is:

- 17           (1) A member of any of the State-supported retirement plans administered by  
18 the Retirement Systems Division of the Department of State Treasurer, or an  
19 Optional Retirement Program (ORP) administered under G.S. 135-5.1 or  
20 G.S. 135-5.4, shall be considered in active service during any period of  
21 furlough and shall be entitled to all of the same benefits to which the  
22 employee was entitled on the workday immediately preceding the furlough.  
23 The member shall suffer no diminution of retirement average final  
24 compensation based on being on voluntary furlough, and the retirement  
25 average final compensation shall be calculated based on the undiminished  
26 compensation. During a voluntary furlough period, the employer shall pay  
27 both employee and employer contributions to the Retirement Systems  
28 Division or ORP on behalf of the voluntarily furloughed employee as though  
29 the employee were in active service.  
30           (2) A member of the State Health Plan for Teachers and State Employees shall  
31 be considered eligible for coverage under the Plan on the same basis as on  
32 the workday immediately preceding the furlough. The public employer shall  
33 pay contributions on behalf of the voluntarily furloughed public employee as  
34 though the employee were in active service.

35           The provisions of this subsection apply to all voluntary furloughs whether in a public  
36 agency, the legislative or judicial branches of State government, or in a local school  
37 administrative unit.

38           (d) Public employees in essential positions are eligible to participate in the voluntary  
39 furlough program only if specifically authorized by the head of the public agency.

40           (e) Public agencies with employees not subject to the State Personnel Act shall adopt  
41 emergency rules substantially equivalent to the rules of the State Personnel Commission. To the  
42 extent possible, public agencies shall ensure that all voluntarily furloughed employees are  
43 subject to the same rules. The Office of State Personnel shall provide technical assistance to  
44 public agency heads to expedite implementation of a voluntary furlough program."

45           **SECTION 6.6.(b)** G.S. 7A-343 is amended by adding a new subdivision to read:

- 46           "(11) Upon a determination by the Chief Justice that the voluntary furlough of  
47 judicial employees is necessary to effect economies in State expenditures,  
48 the Director shall implement a voluntary furlough program for employees of  
49 the Judicial Department. Judicial employees who are on a voluntary furlough  
50 pursuant to this subdivision shall be entitled to the benefits provided to  
51 public employees by G.S. 126-8.6(c). For purposes of this subdivision, the

1 term 'voluntary furlough' has the same meaning as set forth in  
2 G.S. 126-8.6(a)(5)."

3 **SECTION 6.6.(c)** G.S. 115C-47 is amended by adding a new subdivision to read:

4 "(51a) To Allow Voluntary Furloughs. – Local boards of education are authorized  
5 to provide for the voluntary furlough of employees upon their determination  
6 that the voluntary furlough of public school personnel is necessary to effect  
7 economies in expenditures. Public school personnel who are on a voluntary  
8 furlough pursuant to this subdivision shall be entitled to the benefits  
9 provided to public employees by G.S. 126-8.6(c). For purposes of this  
10 subdivision, the term 'voluntary furlough' has the same meaning as set forth  
11 in G.S. 126-8.6(a)(5)."

12 **SECTION 6.6.(d)** G.S. 120-32 is amended by adding a new subdivision to read:

13 "(14) Provide for the voluntary furlough of legislative employees, if it determines  
14 that the furloughs are necessary to effect economies in State expenditures.  
15 Legislative employees who are on a voluntary furlough pursuant to this  
16 subdivision shall be entitled to the benefits provided to public employees by  
17 G.S. 126-8.6(c). For purposes of this subdivision, the term 'voluntary  
18 furlough' has the same meaning as set forth in G.S. 126-8.6(a)(5)."

19 **SECTION 6.6.(e)** The Office of State Personnel, in consultation with the Office of  
20 State Budget and Management, shall adopt emergency rules for the implementation of this  
21 section in accordance with G.S. 150B-21.1A, except that notwithstanding G.S. 150B-21.1A(d),  
22 those emergency rules may remain in effect until June 30, 2011.

23 **SECTION 6.6.(f)** This section is effective when it becomes law.  
24

## 25 **USE OF SAVINGS RESERVE ACCOUNT TO BALANCE BUDGET**

26 **SECTION 6.6A.** G.S. 143C-4-2(b) prohibits the Director of the Budget from using  
27 funds in the Savings Reserve Account unless the use has been approved by an act of the  
28 General Assembly. The General Assembly hereby authorizes the Director of the Budget to use  
29 funds that were credited to the Savings Reserve Account on or before June 30, 2009, to the  
30 extent necessary to balance the State budget for the 2008-2009 fiscal year, and funds are hereby  
31 appropriated from the Savings Reserve Account for this purpose.  
32

## 33 **CONSULTATION REQUIRED BEFORE CREATION OF NEW FUND TYPES OR** 34 **SPECIAL FUNDS**

35 **SECTION 6.6B.** Notwithstanding G.S. 143C-1-3 or any other provision of law to  
36 the contrary, the Office of State Budget and Management and the Office of the State Controller  
37 shall consult with the Joint Legislative Commission on Governmental Operations prior to the  
38 establishment of a new budget or fund code or special fund as defined in G.S. 143C-1-3.  
39

## 40 **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS** 41 **APPROPRIATED**

42 **SECTION 6.6C.(a)** Findings and Purpose. – The General Assembly finds that  
43 State government must serve as a facilitator in assisting local governments, communities,  
44 families, workers and other individuals, and businesses in accessing 2009 federal recovery and  
45 reinvestment funds. The purpose of this section is to fulfill the General Assembly's  
46 constitutional duty to appropriate all funds, including federal funding from the American  
47 Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5, and to direct the use of those  
48 funds in a manner that responsibly provides for the economic well-being of the State.

49 **SECTION 6.6C.(b)** Appropriation of ARRA Funds. – Funds received from ARRA  
50 grants and receipts not specified in this act are hereby appropriated in the amounts provided in  
51 the notification of award from the federal government or any entity acting on behalf of the

1 federal government to administer federal ARRA funds. Prior to allocation of funds not  
2 expressly delineated in this act, the OSBM and affected state agencies shall consult with the  
3 Joint Legislative Commission on Governmental Operations.

4 **SECTION 6.6C.(c)** Use of ARRA Funds. – Notwithstanding G.S. 143C-5-2 and  
5 G.S. 143C-6-4, or any other provision of law to the contrary, State agencies may, with approval  
6 of the Director of the Budget and in consultation with the North Carolina Office of Economic  
7 Recovery and Investment, spend State funds as defined in G.S. 143C-1-1(25) and, in  
8 accordance with subsection (b) of this section, funds received from federal receipts and federal  
9 grants resulting from enactment of the ARRA and awarded during the 2008-2009 State fiscal  
10 year. State agencies may not allocate or otherwise obligate any ARRA funds prior to enactment  
11 of this act, except that a State agency, as defined in G.S. 143C-1-1(24), may allocate or  
12 otherwise obligate federal funds under this section if the federal government has issued rules or  
13 formal guidance stipulating that a state's lack of allocation or obligation would otherwise  
14 jeopardize its receipt of federal ARRA funds. Under these limited circumstances, the State may  
15 allocate or obligate those funds for the 2008-2009 fiscal year only.

16 **SECTION 6.6C.(d)** Guidance. – The Office of State Budget and Management  
17 shall work with the recipient State agencies to budget federal receipts awarded according to the  
18 annual program needs and within the parameters of the respective granting entities and to  
19 incorporate federal funds into the certified budgets of the recipient State agency. State agencies  
20 shall not use federal ARRA funds for recurring purposes unless provided for in this act.  
21 However, depending on the nature of the award, additional State personnel may be employed  
22 on a temporary or time-limited basis.

23 **SECTION 6.6C.(e)** The State Office of Economic Investment and Recovery may  
24 use up to one million dollars (\$1,000,000) during fiscal year 2009-2010 for operating expenses.

25 **SECTION 6.6C.(f)** Effective Date. – This section is effective when it becomes  
26 law.

## 27 **UNIVERSITY CANCER RESEARCH FUND AMENDMENTS**

28 **SECTION 6.6D.** G.S. 116-29.1 reads as rewritten:

### 29 **"§ 116-29.1. University Cancer Research Fund.**

30 (a) Fund. – The University Cancer Research Fund is established as a special revenue  
31 fund in the Office of the President of The University of North Carolina. Allocations from the  
32 fund shall be made in the discretion of the Cancer Research Fund Committee and shall be used  
33 only for the purpose of cancer research under UNC Hospitals, the Lineberger Comprehensive  
34 Cancer Center, or both.

35 (b) The General Assembly finds that it is imperative that the State provide ~~a minimum~~  
36 ~~of fifty million dollars (\$50,000,000) ongoing funding~~ each calendar year to the University  
37 Cancer Research Fund; therefore, effective July 1 of each calendar year:

38 (1) Notwithstanding G.S. 143C-9-3, of the funds credited to the Tobacco Trust  
39 Account, the sum of eight million dollars (\$8,000,000) is transferred from  
40 the Tobacco Trust Account to the University Cancer Research Fund and  
41 appropriated for this purpose.

42 (2) The funds remitted to the University Cancer Research Fund by the Secretary  
43 of Revenue from the tax on tobacco products other than cigarettes pursuant  
44 to G.S. 105-113.41 is appropriated for this purpose.

45 (3) ~~An amount equal to the difference between (i) fifty million dollars~~  
46 ~~(\$50,000,000) and (ii) the amounts appropriated pursuant to subdivisions (1)~~  
47 ~~and (2) of this subsection is appropriated from the General Fund for this~~  
48 ~~purpose.~~

49 (c) Cancer Research Fund Committee. – The Cancer Research Fund Committee shall  
50 consist of five ex officio members and two appointed members. The five ex officio members  
51

1 shall consist of the following: (i) one member shall be the President of The University of North  
2 Carolina, (ii) one member shall be the Director of the Lineberger Comprehensive Cancer  
3 Center, (iii) one member shall be the Dean of the School of Medicine at The University of  
4 North Carolina, (iv) one member shall be the Dean of the School of Pharmacy at The  
5 University of North Carolina, and (v) one member shall be the Dean of the School of Public  
6 Health at The University of North Carolina. The remaining two members shall be appointed by  
7 a majority vote of the standing members of the Committee and shall be selected from persons  
8 holding a leadership position in a nationally prominent cancer program.

9 If any of the specified positions cease to exist, then the successor position shall be deemed  
10 to be substituted in the place of the former one, and the person holding the successor position  
11 shall become an ex officio member of the Committee.

12 (d) Chair. – The chair shall be the President of The University of North Carolina.

13 (e) Quorum. – A majority of the members shall constitute a quorum for the transaction  
14 of business.

15 (f) Meetings. – The Committee shall meet at least once in each quarter and may hold  
16 special meetings at any time and place at the call of the chair or upon the written request of at  
17 least a majority of its members."

## 18 CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND DIVISIONS

19 **SECTION 6.6E.(a)** It is the intent of the General Assembly to establish a process  
20 to periodically and systematically review the funds, agencies, divisions, and programs financed  
21 by State government. This process shall be known as the Continuation Review Program. The  
22 Continuation Review Program is intended to assist the General Assembly in determining  
23 whether to continue, reduce, or eliminate funding for the State's funds, agencies, divisions, and  
24 programs subject to continuation review.

25 **SECTION 6.6E.(b)** The Appropriations Committees of the House of  
26 Representatives and the Senate may review the funds, programs, and divisions listed in this  
27 section and shall determine whether to continue, reduce, or eliminate funding for the funds,  
28 programs, and divisions, subject to the Continuation Review Program. The Fiscal Research  
29 Division may issue instructions to the State departments and agencies subject to continuation  
30 review regarding the expected content and format of the reports required by this section. No  
31 later than December 1, 2009, the following agencies shall report to the Fiscal Research  
32 Division:

- 33 (1) Consumer Protection Program – Department of Justice.
- 34 (2) Driver's Education Program – Department of Transportation.
- 35 (3) Prisoner's Education Program – Community College System.
- 36 (4) Parking Office – Department of Administration.
- 37 (5) Young Offenders Forest Conservation Program (BRIDGE) – Department of  
38 Environment and Natural Resources.

39 **SECTION 6.6E.(c)** The continuation review reports required in this section shall  
40 include the following information:

- 41 (1) A description of the fund, agency, division, or program mission, goals, and  
42 objectives.
- 43 (2) The statutory objectives for the fund, agency, division, or program and the  
44 problem or need addressed.
- 45 (3) The extent to which the fund, agency, division, or program's objectives have  
46 been achieved.
- 47 (4) The fund, agency, division, or program's functions or programs performed  
48 without specific statutory authority.
- 49



- 1 (5) The performance measures for each fund, agency, division, or program and  
2 the process by which the performance measures determine efficiency and  
3 effectiveness.
- 4 (6) Recommendations for statutory, budgetary, or administrative changes  
5 needed to improve efficiency and effectiveness of services delivered to the  
6 public.
- 7 (7) The consequences of discontinuing funding.
- 8 (8) Recommendations for improving services or reducing costs or duplication.
- 9 (9) The identification of policy issues that should be brought to the attention of  
10 the General Assembly.
- 11 (10) Other information necessary to fully support the General Assembly's  
12 Continuation Review Program along with any information included in  
13 instructions from the Fiscal Research Division.

14 **SECTION 6.6E.(d)** State departments and agencies identified in subsection (b) of  
15 this section shall submit a final report to the General Assembly by March 1, 2010.  
16

## 17 **INFORMATION TECHNOLOGY OPERATIONS**

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

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

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

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

- 36 (1) Ensure that sufficient funds are budgeted to support their agreed shares of  
37 enterprise agreements throughout the life of the contract.
- 38 (2) Transfer the agreed-upon funds to the Office of Information Technology  
39 Services in sufficient time for the Office of Information Technology  
40 Services to meet contract requirements.

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

- 47 (1) Any advance payment complies with the Office of Information Technology  
48 Services budget.
- 49 (2) The State Controller receives conclusive evidence that the proposed  
50 agreement would be more cost-effective than a multiyear agreement that  
51 complies with G.S. 147-86.11.

- 1 (3) The procurement complies in all other aspects with applicable statutes and  
2 rules.
- 3 (4) The proposed agreement contains contract terms that protect the financial  
4 interests of the State against contractor nonperformance or insolvency  
5 through the creation of escrow accounts for funds, source codes, or both, or  
6 by any other reasonable means that have legally binding effect.

7 The Office of State Budget and Management shall ensure the savings from any authorized  
8 agreement shall be included in the Office of Information Technology Services calculation of  
9 rates before the Office of State Budget and Management annually approves the proposed rates.  
10 The Office of Information Technology Services shall report to the Office of State Budget and  
11 Management on any State agency budget impacts resulting from multiyear contracts.

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

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

- 19 (1) Using an outside contractor would be more cost-effective for the State.  
20 (2) The Office of Information Technology Services does not have the technical  
21 capabilities required to host the application.  
22 (3) Valid security requirements preclude the use of State infrastructure, and a  
23 contractor can provide a more secure environment.  
24

## 25 **GEOGRAPHIC INFORMATION CONSOLIDATION**

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

30 **SECTION 6.8.(b)** Implementation Plan. – The recommendations outlined in the  
31 2008 legislative report prepared by the State Chief Information Officer, the Geographic  
32 Information Coordinating Council, and the Office of State Budget and Management, made  
33 pursuant to Section 6.13 of S.L. 2008-107, entitled "State Geographic Information  
34 Consolidation Implementation Plan," shall be implemented in four distinct work streams, as  
35 follows:

- 36 (1) Transferring the Center for Geographic Information and Analysis to the  
37 Office of the State Chief Information Officer and establishing appropriated  
38 funding for staff activities supporting the Geographic Information  
39 Coordinating Council, statewide standards, and the coordination of data  
40 acquisition.  
41 (2) Reestablishing the professional services component and refocusing that  
42 effort toward current needs of the community while reducing those overhead  
43 costs.  
44 (3) Revitalizing the NC OneMap project by leveraging new technology in the  
45 market to reduce costs while increasing utility of the service.

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

1 (1) The North Carolina Geographic Information Coordinating Council.

2 (2) The Center for Geographic Information and Analysis.

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

5 **SECTION 6.8.(d)** Center for Geographic Information and Analysis Coordination.

6 – The State Chief Information Officer shall coordinate a professional services component for  
7 geographic information systems coordination with the Center for Geographic Information and  
8 Analysis that is refocused toward current community needs.

9 **SECTION 6.8.(e)** North Carolina Geographic Information Coordinating Council

10 Coordination. – The State Chief Information Officer, in cooperation with the North Carolina  
11 Geographic Information Coordinating Council, shall coordinate the refocusing of the NC  
12 OneMap geographic information systems infrastructure project to leverage new technology, to  
13 increase the utility of geographic information systems services, and to reduce geographic  
14 information systems data layer costs through singly managed contracts.

15 **SECTION 6.8.(f)** Information Technology Fund. – The Information Technology

16 Fund shall be used for the purpose of acquiring and managing, at the lowest cost, data layers  
17 useful to multiple State and local organizations, according to the priorities set by the North  
18 Carolina Geographic Information Coordinating Council. The Information Technology Fund  
19 may receive private grants and may include State, federal, local, and matching funds. Any  
20 funding received for GIS may be used only for that purpose.

21 **SECTION 6.8.(g)** Information Technology Fund. – Of the funds appropriated in

22 this act to the Information Technology Fund, the sum of six hundred four thousand five  
23 hundred dollars (\$604,500) for the 2009-2010 fiscal year and the sum of six hundred four  
24 thousand five hundred dollars (\$604,500) for the 2010-2011 fiscal year shall be used to  
25 effectuate the transfer of the Center for Geographic Information and Analysis, including the  
26 cost of moving personnel positions, as provided by this act.

## 27 **BEACON DATA INTEGRATION**

28 **SECTION 6.9.(a)** The Office of the State Controller, in cooperation with the State

29 Chief Information Officer, shall continue the implementation of the BEACON Strategic Plan  
30 for Data Integration, issued in April 2008. The plan shall be implemented under the governance  
31 of the BEACON Project Steering Committee and in conjunction with leadership in appropriate  
32 State agencies and with the support and cooperation of the Office of State Budget and  
33 Management.

34 While it is the intent that this initiative provide broad access to information across  
35 State government, the plan shall comply with all necessary security measures and restrictions to  
36 ensure that access to any specific information held confidential under federal or State law shall  
37 be limited to appropriate and authorized persons.

38 **SECTION 6.9.(b)** The Office of State Controller shall give the Criminal Justice

39 Data Integration Pilot Program first priority for funding and for system development and  
40 implementation.

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

45 **SECTION 6.9.(c)** By September 1, 2009, the Office of State Controller shall report

46 to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal  
47 Research Division on (i) funding requirements and sources of funds for the Criminal Justice  
48 Data Integration Pilot Program for the 2009-2010 fiscal year and (ii) the anticipated uses of any  
49 remaining funds for the BEACON Data Integration Program. The Office of State Controller  
50

1 shall spend funds to support the BEACON Data Integration Program only as is specifically  
2 authorized in Section 6.16(d) of S.L. 2008-107.

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

#### 10 11 **CRIMINAL JUSTICE DATA INTEGRATION PILOT PROGRAM**

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

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

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

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

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

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

36 **SECTION 6.10.(e)** A State agency data center shall host the Criminal Justice Data  
37 Integration Pilot Program. The Office of State Controller shall identify a State data center to  
38 host the program and shall report its recommendation to the Joint Legislative Oversight  
39 Committee on Information Technology by August 31, 2009.

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

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

#### 47 48 **UNIVERSITY OF NORTH CAROLINA GENERAL ADMINISTRATION BULK** 49 **PRICING/PURCHASING OF INFORMATION TECHNOLOGY**

50 **SECTION 6.11.(a)** The General Administration of The University of North  
51 Carolina, with assistance from the Office of Information Technology Services, to the extent

1 practicable, shall consolidate information technology infrastructure purchasing which includes,  
2 but is not limited to, personal computer and printer purchases for all 16 State universities, the  
3 North Carolina School of Science and Mathematics, and General Administration, by ensuring  
4 access to a bulk and shared pricing process that will realize savings through efficiencies.  
5 General Administration may choose to utilize the Office of Information Technology Services'  
6 or existing bulk contracts of The University of North Carolina. Information technology  
7 infrastructure expenditure shall not be authorized by the General Administration of The  
8 University of North Carolina without complying with this section.

9 **SECTION 6.11.(b)** By April 1, 2010, the General Administration of The  
10 University of North Carolina shall submit a written report to the Joint Legislative Oversight  
11 Committee on Information Technology and to the Fiscal Research Division on the results of the  
12 University's bulk pricing and purchasing initiative. The report shall explain the following  
13 related to the initiative:

- 14 (1) The procedures established for implementation.
  - 15 (2) Any savings realized as a result of the initiative.
  - 16 (3) Any issues associated with implementation of this initiative.
- 17

#### 18 **JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON INFORMATION** 19 **TECHNOLOGY/ REVIEW AND REPORT ON CURRENT LAW**

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

#### 31 **PROGRAM EVALUATION DIVISION STUDY NETWORK INTEGRATION** 32 **FEASIBILITY AND COORDINATION PLAN**

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

39 **SECTION 6.13.(b)** The Program Evaluation Division (PED) shall conduct a study  
40 to determine the feasibility of coordinating the operation of the North Carolina Research and  
41 Education Network and the State network infrastructure. The feasibility study shall define the  
42 capabilities and limitations of the Office of Information Technology Services and MCNC and  
43 document services currently provided by the Office of Information Technology Services and  
44 MCNC. Further, the feasibility study shall identify:

- 45 (1) Current and potential State agency network requirements.
- 46 (2) The organization currently supporting each network requirement.
- 47 (3) Requirements that are currently unsupported by either organization.
- 48 (4) Costs associated with each requirement.
- 49 (5) Potential cost savings resulting from network integration.
- 50 (6) Policy and operational issues associated with the coordination.

1 The PED shall complete the feasibility study and present it to the Joint Legislative Oversight  
2 Committee on Information Technology by October 31, 2009.

3 **SECTION 6.13.(c)** Following completion of the feasibility study by the PED, if the  
4 efficiencies and savings identified in the study are valid, accurate, and substantial enough to  
5 justify increased coordination, then the Office of Information Technology Services and MCNC  
6 shall develop a plan to coordinate their operations. The coordination plan shall include at least  
7 the following:

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

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

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

28 **SECTION 6.13.(e)** G.S. 147-33.92(b) reads as rewritten:

29 "(b) The State Chief Information Officer shall establish ~~switched~~—broadband  
30 telecommunications services and permit, in addition to State agencies, cities, counties, and  
31 other local government entities, the following organizations and entities to share on a  
32 not-for-profit basis:

- 33 (1) Nonprofit educational institutions.
- 34 (2) ~~MCNC~~ Local education agencies.
- 35 (3) ~~Research affiliates of MCNC for use only in connection with research~~  
36 ~~activities sponsored or funded, in whole or in part, by MCNC, if such~~  
37 ~~research activities relate to health care or education in North Carolina.~~
- 38 (4) Agencies of the United States government operating in North Carolina for  
39 use only in connection with activities that relate to health care or education  
40 in North Carolina.
- 41 (5) Hospitals, clinics, and other health care facilities for use only in connection  
42 with activities that relate to health care or education in North Carolina.

43 Provided, however, that sharing of the ~~switched~~—broadband telecommunications services by  
44 State agencies with entities or organizations in the categories set forth in this subsection shall  
45 not cause the State, the Office of Information Technology Services, or the MCNC to be  
46 classified as a public utility as that term is defined in G.S. 62-3(23) a.6. Nor shall the State, the  
47 Office of Information Technology Services, or the MCNC engage in any activities that may  
48 cause those entities to be classified as a common carrier as that term is defined in the  
49 Communications Act of 1934, 47 U.S.C. § 153(10). Provided further, authority to share the  
50 ~~switched~~—broadband telecommunications services with the non-State agencies set forth in

1 subdivisions (1) through (5) of this subsection shall terminate one year from the effective date  
2 of a tariff that makes the broadband services available to any customer."  
3

#### 4 **UPGRADE STATE PORTAL**

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

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

15 The Office of State Budget and Management shall also conduct an inventory of  
16 capabilities that are available on other states' portals. With the assistance of State agencies, the  
17 Office of State Budget and Management shall prioritize potential capabilities. Based on these  
18 priorities, the Office of State Budget and Management shall develop a phased plan to allow  
19 incremental implementation that includes a detailed time line for each phase and shall include  
20 the cost associated with each phase.

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

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

#### 33 34 **IMPLEMENT GENERAL SERVICES ADMINISTRATION SCHEDULES FOR STATE** 35 **INFORMATION TECHNOLOGY PURCHASES**

36 **SECTION 6.14A.(a)** G.S. 147-33.95(b) is amended by adding a new subdivision  
37 to read:

38 "(2a) Establish procedures to permit State agencies and local government agencies  
39 to use the General Services Administration (GSA) Cooperative Purchasing  
40 Program to purchase information technology (i) awarded under General  
41 Services Administration Supply Schedule 70 Information Technology and  
42 (ii) from contracts under the GSA's Consolidated Schedule containing  
43 information technology special item numbers."

44 **SECTION 6.14A.(b)** By October 1, 2009, the Office of Information Technology  
45 Services shall report to the Joint Legislative Oversight Committee on Information Technology  
46 and Fiscal Research Division on its plan for implementing GSA Schedules for information  
47 technology procurement.

#### 48 49 **USE OF ELECTRONIC FORMS AND DIGITAL SIGNATURES**

50 **SECTION 6.16.(a)** The Office of State Budget and Management shall develop a  
51 plan to increase the use of electronic forms and digital signatures throughout State government.

1 In developing the plan, first the Office of State Budget and Management shall conduct an  
2 inventory of all paper or electronic forms currently in use by executive branch agencies. The  
3 Office of State Budget and Management may hire temporary help for the collection and  
4 compiling of the data for the inventory.

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

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

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

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

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

21  
22 **POSITION TRANSFER REPORTS/OFFICE OF INFORMATION TECHNOLOGY**  
23 **SERVICES/OFFICE OF STATE CONTROLLER/OFFICE OF STATE BUDGET**  
24 **AND MANAGEMENT**

25 **SECTION 6.17.(a)** By November 1, 2009, the Office of State Budget and  
26 Management (OSBM), in coordination with the Office of Information Technology Services,  
27 shall submit a written report to the Appropriation Committees of the Senate and the House of  
28 Representatives, to the Joint Legislative Oversight Committee on Information Technology, and  
29 to the Fiscal Research Division regarding the transfer of information technology (IT) positions  
30 associated with IT consolidation. The report shall include the following:

- 31 (1) The numbers and types of positions transferred to the Office of Information  
32 Technology Services from other State agencies, an explanation as to why  
33 each position was moved to the Office of Information Technology Services,  
34 the cost associated with each position, and how that cost is allocated.
- 35 (2) The number and types of information technology positions remaining with  
36 each State agency, an explanation as to why the positions were retained by  
37 the agency, and the total cost for each position.
- 38 (3) The number and location of positions eliminated as a result of IT  
39 consolidation and the associated cost savings.
- 40 (4) Any new positions created within the Office of Information Technology  
41 Services to support IT consolidation, the reason each position was created,  
42 and the associated cost.

43 **SECTION 6.17.(b)** By November 1, 2009, OSBM, in coordination with the Office  
44 of the State Controller, shall submit a written report to the Appropriations Committees of the  
45 Senate and House of Representatives, to the Joint Legislative Oversight Committee on  
46 Information Technology, and to the Fiscal Research Division on the transfer of positions  
47 associated with the implementation of the BEACON HR/Payroll project. The report shall  
48 include the following:

- 49 (1) The numbers and types of positions transferred to the Office of the State  
50 Controller from other State agencies, an explanation as to why each position



1 was moved to the Office of the State Controller, the cost associated with  
2 each position, and how that cost is allocated.

3 (2) The number and types of positions remaining with each State agency, an  
4 explanation as to why the positions were retained by the agency, and the  
5 total cost for each position.

6 (3) The number and location of positions eliminated as a result of the  
7 implementation of the BEACON HR/Payroll system and the associated cost  
8 savings.

9 (4) Any new positions created within the Office of the State Controller to  
10 support BEACON HR/Payroll, the reason each position was created, and the  
11 associated cost.  
12

### 13 INFORMATION TECHNOLOGY CONTRACTED PERSONNEL

14 **SECTION 6.18.(a)** Beginning July 1, 2009, and notwithstanding any provision of  
15 law to the contrary:

16 (1) No contract for information technology personal services, or providing  
17 personnel to perform information technology functions, may be established  
18 or renewed for any term longer than 12 months unless otherwise specifically  
19 required by a contract in effect on June 30, 2009.

20 (2) Before any State agency, department, or institution may renew a contract  
21 position for information technology personnel the State agency must report  
22 to the Office of State Budget and Management (OSBM), to the Office of  
23 State Personnel (OSP), to the Office of Information Technology Services  
24 (ITS), and to the Fiscal Research Division (FRD) on the justification for the  
25 contract. The report shall explain:

26 a. The proposed duration of the contract position. If the contract term is  
27 for more than 12 months, why recruitment for an in-house State  
28 employee position is not feasible.

29 b. Whether the contract position requires unique skills for which the  
30 State has a short-term need.

31 c. Whether the contract position is required by a specific information  
32 technology project and if the position will be terminated upon  
33 completion of the project.

34 d. The specific work products and completion time lines for the contract  
35 position.

36 (3) Contract positions subject to this subsection shall be reviewed and approved  
37 by the Statewide Information Technology Procurement Office and shall be  
38 entered in the project portfolio management tool.

39 (4) Once approved, contract positions will be reviewed by the Office of State  
40 Personnel to determine what the market rate is for the type of contractor  
41 required, as well as to determine the comparable cost for a State employee.  
42 Agencies may not exceed the market rate determined by OSP.

43 (5) After OSP provides cost data, funding for the position is subject to the  
44 approval of OSBM.

45 (6) Whenever a State agency, department, or institution determines that only a  
46 contractor can fill a position and the position is required to perform an  
47 ongoing function within the agency, the head of the State agency must  
48 develop and implement a plan to hire or train a qualified State employee to  
49 fill that position within 12 months. Within 60 days of hiring the contractor,  
50 this plan shall be forwarded to the Office of State Budget and Management,  
51 to the Office of State Personnel, to the Office of Information Technology

1 Services, to the Joint Legislative Oversight Committee on Information  
2 Technology, and to the Fiscal Research Division of the Legislative Services  
3 Office.

4 (7) Any contract position requiring information technology skills is subject to  
5 this provision. OSBM may immediately terminate the funding for any  
6 information technology position that is filled without following defined  
7 procedures.

8 (8) All information technology personnel contracts shall be competitive and  
9 shall be subject to competition each time they expire. Exceptions must be  
10 approved by ITS, OSP, and OSBM and can only be approved once for a  
11 particular individual. Approved exceptions must be immediately reported to  
12 the Joint Legislative Oversight Committee on Information Technology and  
13 to the Fiscal Research Division of the Legislative Services Office.

14 **SECTION 6.18.(b)** By October 1, 2009, and monthly thereafter, each State agency,  
15 department, and institution employing information technology personal services contractors, or  
16 personnel to perform information technology functions, shall provide a detailed report on those  
17 contracts to the Office of State Budget and Management, to the Office of State Personnel, to the  
18 Office of Information Technology Services, to the Joint Legislative Oversight Committee on  
19 Information Technology, and to the Fiscal Research Division of the Legislative Services  
20 Office. Each State agency's report shall include at least the following:

21 (1) For each contracted information technology position:

- 22 a. The title of the position, a brief synopsis of the essential functions of  
23 the position, and how long the position has existed.  
24 b. The name of the individual filling the position and the vendor  
25 company, if any, that regularly employs that individual.  
26 c. The type, start date, and the termination date of the contract.  
27 d. The length of time that the individual filling the contracted position  
28 has been employed as a contractor.  
29 e. The contracted position salary or hourly rate, the number of hours per  
30 year, and the total annualized cost of the contracted position.  
31 f. The salary and benefits cost for a State employee performing the  
32 same function.  
33 g. The purchase order number for the position.

34 (2) The total annual cost for information technology contractors and the total  
35 annual salary and benefits cost for filling the contract positions with State  
36 employees.

37 (3) A determination of whether the information technology functions performed  
38 by contractors can be performed by State employees, which shall be  
39 validated by the Statewide Information Technology Procurement Office.

40 (4) All information required by this subsection related to information  
41 technology contractors regardless of the contracting source.  
42

#### 43 **STATE INFORMATION TECHNOLOGY INFRASTRUCTURE CONSOLIDATION**

44 **SECTION 6.19.(a)** The Office of State Budget and Management (OSBM), in  
45 conjunction with the State Chief Information Officer (State CIO), shall continue to consolidate  
46 State government's information technology infrastructure where a statewide approach would be  
47 more economical, reduce security risks, or minimize potential disruption to services. In  
48 carrying out the consolidation, the Office of Information Technology Services shall utilize the  
49 authority set out in G.S. 147-33.83.

1           **SECTION 6.19.(b)** Information technology infrastructure includes personal  
2 computers, hosting and network environments, the help desk, and information technology  
3 security of personal computers, servers, and networks.

4           **SECTION 6.19.(c)** As part of the consolidation effort, OSBM shall identify (i)  
5 contractor positions that have been filled for 12 months or more, beginning March 1, 2009, (ii)  
6 the hourly cost of each position, and (iii) any cost savings or other benefits that could be  
7 achieved by using State employees to carry out the same duties and responsibilities.

8           **SECTION 6.19.(d)** In setting consolidation priorities, OSBM and the State CIO  
9 shall target IT infrastructure issues that pose significant risk to agency operations or data, or  
10 that provide opportunities for immediate cost savings to the State.

11           **SECTION 6.19.(e)** The consolidation of information technology infrastructure  
12 conducted by OSBM and the State CIO shall not include The University of North Carolina and  
13 its constituent institutions, the Administrative Office of the Courts, and the General Assembly.

14           **SECTION 6.19.(f)** Beginning December 1, 2009, and regularly thereafter, the  
15 Office of State Budget and Management, in conjunction with the State CIO, shall provide  
16 written reports to the Joint Legislative Oversight Committee on Information Technology and  
17 the Fiscal Research Division relating to State information technology infrastructure  
18 consolidation.

19  
20           **PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS TO MEET**  
21           **DEPARTMENT OF REVENUE TECHNOLOGY NEEDS TO IMPLEMENT TIMS**

22           **SECTION 6.20.(a)** To speed the implementation of the Tax Information  
23 Management System (TIMS) during the 2009-2011 fiscal biennium, the Secretary of the  
24 Department of Revenue may enter into public-private arrangements where (i) the funding of  
25 projects under the arrangement comes from revenue generated by the project and (ii) the project  
26 is related to the implementation of TIMS. Work under a public-private arrangement may be  
27 contracted by requests for proposals, modifications to existing contracts, and purchases of  
28 existing contract vehicles.

29           The Secretary of Revenue shall establish a measurement process to determine the  
30 increased revenue attributable to the public-private arrangements. The measurement process  
31 shall include:

- 32           (1) Calculation of a revenue baseline against which the increased revenue  
33           attributable to the project is measured.
- 34           (2) Periodic evaluation to determine if the baseline needs to be modified based  
35           on significant changes in the economic environment.
- 36           (3) Monthly calculation of increased revenue attributable to contracts executed  
37           under this program.

38           Funds generated by increased revenue shall go to the General Fund to be  
39 appropriated for the purchases related to the implementation of TIMS, including payment for  
40 services from non-State entities and toward internal State costs related to the implementation of  
41 TIMS. The total of any funds appropriated during the 2009-2011 biennium for implementation  
42 of TIMS shall not exceed the sum of forty-one million dollars (\$41,000,000).

43           **SECTION 6.20.(b)** Beginning October 1, 2009, and quarterly thereafter, the  
44 Department of Revenue shall submit reports to the Chairs of the House of Representatives and  
45 Senate Committees on Appropriation, to the Joint Legislative Oversight Committee on  
46 Information Technology, and to the Fiscal Research Division of the Legislative Services  
47 Office. The report shall include (i) details of each public-private contract, (ii) the benefits from  
48 each contract, and (iii) a comprehensive forecast of the benefits of using public-private  
49 agreements to implement TIMS, including cost savings and the acceleration of the project  
50 timeline.

1           **SECTION 6.20.(c)** There is established within the Department of Revenue the  
2 Oversight Committee for Implementation of the Tax Information Management System  
3 (Oversight Committee). The Oversight Committee shall review and approve all contracts to be  
4 executed under this section. The members of the Committee shall include the following:

- 5           (1) The State Controller.
- 6           (2) The Secretary of the Department of Revenue.
- 7           (3) Three persons appointed by the Governor.
- 8           (4) Two members of the general public having expertise in information  
9           technology appointed by the General Assembly upon the recommendation of  
10          the Speaker of the House of Representatives.
- 11          (5) Two members of the general public having expertise in information  
12          technology appointed by the General Assembly upon the recommendation of  
13          the President Pro Tempore of the Senate.

14           The State Controller shall serve as chair of the Committee. The Committee shall set  
15 its meeting schedule and adopt its rules of operation by majority vote. A majority of the  
16 members constitutes a quorum. Vacancies shall be filled by the appointing authority.  
17 Administrative support staff shall be provided by the Department of Revenue. Members of the  
18 Committee shall receive reimbursements for subsistence and travel expenses as provided by  
19 Chapter 138 of the General Statutes. The Committee shall terminate on June 30, 2011.

## 20 21 **PART VII. PUBLIC SCHOOLS**

### 22 23 **CHILDREN WITH DISABILITIES**

24           **SECTION 7.1.** The State Board of Education shall allocate funds for children with  
25 disabilities on the basis of three thousand five hundred dollars and seventy-seven cents  
26 (\$3,500.77) per child for a maximum of 168,947 children for the 2009-2010 school year. Each  
27 local school administrative unit shall receive funds for the lesser of (i) all children who are  
28 identified as children with disabilities, or (ii) twelve and five-tenths percent (12.5%) of the  
29 2009-2010 allocated average daily membership in the local school administrative unit.

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

### 33 34 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

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

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

### 46 47 **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

48           **SECTION 7.3.(a)** Use of Funds for Supplemental Funding. – All funds received  
49 pursuant to this section shall be used only: (i) to provide instructional positions, instructional  
50 support positions, teacher assistant positions, clerical positions, school computer technicians,  
51 instructional supplies and equipment, staff development, and textbooks and (ii) for salary

1 supplements for instructional personnel and instructional support personnel. Local boards of  
2 education are encouraged to use at least twenty-five percent (25%) of the funds received  
3 pursuant to this section to improve the academic performance of children who are performing  
4 at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children  
5 who are performing at Level I or II in grades 4 and 7.

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

- 7 (1) "Anticipated county property tax revenue availability" means the  
8 county-adjusted property tax base multiplied by the effective State average  
9 tax rate.
- 10 (2) "Anticipated total county revenue availability" means the sum of the:  
11 a. Anticipated county property tax revenue availability,  
12 b. Local sales and use taxes received by the county that are levied under  
13 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of  
14 Chapter 105 of the General Statutes,  
15 c. Sales tax hold harmless reimbursement received by the county under  
16 G.S. 105-521, and  
17 d. Fines and forfeitures deposited in the county school fund for the most  
18 recent year for which data are available.
- 19 (3) "Anticipated total county revenue availability per student" means the  
20 anticipated total county revenue availability for the county divided by the  
21 average daily membership of the county.
- 22 (4) "Anticipated State average revenue availability per student" means the sum  
23 of all anticipated total county revenue availability divided by the average  
24 daily membership for the State.
- 25 (5) "Average daily membership" means average daily membership as defined in  
26 the North Carolina Public Schools Allotment Policy Manual, adopted by the  
27 State Board of Education. If a county contains only part of a local school  
28 administrative unit, the average daily membership of that county includes all  
29 students who reside within the county and attend that local school  
30 administrative unit.
- 31 (6) "County-adjusted property tax base" shall be computed as follows:  
32 a. Subtract the present-use value of agricultural land, horticultural land,  
33 and forestland in the county, as defined in G.S. 105-277.2, from the  
34 total assessed real property valuation of the county,  
35 b. Adjust the resulting amount by multiplying by a weighted average of  
36 the three most recent annual sales assessment ratio studies,  
37 c. Add to the resulting amount the:  
38 1. Present-use value of agricultural land, horticultural land, and  
39 forestland, as defined in G.S. 105-277.2,  
40 2. Value of property of public service companies, determined in  
41 accordance with Article 23 of Chapter 105 of the General  
42 Statutes, and  
43 3. Personal property value for the county.
- 44 (7) "County-adjusted property tax base per square mile" means the  
45 county-adjusted property tax base divided by the number of square miles of  
46 land area in the county.
- 47 (8) "County wealth as a percentage of State average wealth" shall be computed  
48 as follows:  
49 a. Compute the percentage that the county per capita income is of the  
50 State per capita income and weight the resulting percentage by a  
51 factor of five-tenths,

- 1           b.       Compute the percentage that the anticipated total county revenue  
2           availability per student is of the anticipated State average revenue  
3           availability per student and weight the resulting percentage by a  
4           factor of four-tenths,  
5           c.       Compute the percentage that the county-adjusted property tax base  
6           per square mile is of the State-adjusted property tax base per square  
7           mile and weight the resulting percentage by a factor of one-tenth,  
8           d.       Add the three weighted percentages to derive the county wealth as a  
9           percentage of the State average wealth.
- 10       (9)       "Effective county tax rate" means the actual county tax rate multiplied by a  
11       weighted average of the three most recent annual sales assessment ratio  
12       studies.  
13       (10)      "Effective State average tax rate" means the average of effective county tax  
14       rates for all counties.  
15       (11)      "Local current expense funds" means the most recent county current expense  
16       appropriations to public schools, as reported by local boards of education in  
17       the audit report filed with the Secretary of the Local Government  
18       Commission pursuant to G.S. 115C-447.  
19       (12)      "Per capita income" means the average for the most recent three years for  
20       which data are available of the per capita income according to the most  
21       recent report of the United States Department of Commerce, Bureau of  
22       Economic Analysis, including any reported modifications for prior years as  
23       outlined in the most recent report.  
24       (13)      "Sales assessment ratio studies" means sales assessment ratio studies  
25       performed by the Department of Revenue under G.S. 105-289(h).  
26       (14)      "State average current expense appropriations per student" means the most  
27       recent State total of county current expense appropriations to public schools,  
28       as reported by local boards of education in the audit report filed with the  
29       Secretary of the Local Government Commission pursuant to G.S. 115C-447.  
30       (15)      "State average adjusted property tax base per square mile" means the sum of  
31       the county-adjusted property tax bases for all counties divided by the  
32       number of square miles of land area in the State.  
33       (16)      "Supplant" means to decrease local per student current expense  
34       appropriations from one fiscal year to the next fiscal year.  
35       (17)      "Weighted average of the three most recent annual sales assessment ratio  
36       studies" means the weighted average of the three most recent annual sales  
37       assessment ratio studies in the most recent years for which county current  
38       expense appropriations and adjusted property tax valuations are available. If  
39       real property in a county has been revalued one year prior to the most recent  
40       sales assessment ratio study, a weighted average of the two most recent sales  
41       assessment ratios shall be used. If property has been revalued the year of the  
42       most recent sales assessment ratio study, the sales assessment ratio for the  
43       year of revaluation shall be used.

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

48       **SECTION 7.3.(d) Allocation of Funds.** – Except as provided in subsections (f) and  
49       (f1) of this section, the amount received per average daily membership for a county shall be the  
50       difference between the State average current expense appropriations per student and the current  
51       expense appropriations per student that the county could provide given the county's wealth and

1 an average effort to fund public schools. (To derive the current expense appropriations per  
2 student that the county could be able to provide given the county's wealth and an average effort  
3 to fund public schools, multiply the county's wealth as a percentage of State average wealth by  
4 the State average current expense appropriations per student.) The funds for the local school  
5 administrative units located in whole or in part in the county shall be allocated to each local  
6 school administrative unit located in whole or in part in the county based on the average daily  
7 membership of the county's students in the school units. If the funds appropriated for  
8 supplemental funding are not adequate to fund the formula fully, each local school  
9 administrative unit shall receive a pro rata share of the funds appropriated for supplemental  
10 funding.

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

17 **SECTION 7.3.(f)** Minimum Effort Required. – Counties that had effective tax  
18 rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that  
19 had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall  
20 receive reduced funding under this section. This reduction in funding shall be determined by  
21 subtracting the amount that the county would have received pursuant to Section 17.1(g) of  
22 Chapter 507 of the 1995 Session Laws from the amount that the county would have received if  
23 qualified for full funding and multiplying the difference by ten percent (10%). This method of  
24 calculating reduced funding shall apply one time only. This method of calculating reduced  
25 funding shall not apply in cases in which the effective tax rate fell below the statewide average  
26 effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the  
27 minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507  
28 of the 1995 Session Laws. If the county documents that it has increased the per student  
29 appropriation to the school current expense fund in the current fiscal year, the State Board of  
30 Education shall include this additional per pupil appropriation when calculating minimum  
31 effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

32 **SECTION 7.3.(f1)** For the 2009-2010 fiscal year, a county with wealth that is  
33 greater than ninety percent (90%) of the State average wealth shall receive only seventy-five  
34 percent (75%) of a full allotment of these funds.

35 For the 2010-2011 fiscal year, a county with wealth that is greater than ninety  
36 percent (90%) of the State average wealth shall receive only fifty percent (50%) of a full  
37 allotment of these funds.

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

- 46 (1) The current expense appropriation per student of the county for the current  
47 year is less than ninety-five percent (95%) of the average of the local current  
48 expense appropriations per student for the three prior fiscal years; and
- 49 (2) The county cannot show: (i) that it has remedied the deficiency in funding or  
50 (ii) that extraordinary circumstances caused the county to supplant local

1 current expense funds with funds allocated under this section. The State  
2 Board of Education shall adopt rules to implement this section.

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

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

#### 15 16 **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

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

- 26 (1) Round all fractions of positions to the next whole position.
- 27 (2) Provide five and one-half additional regular classroom teachers in counties  
28 in which the average daily membership per square mile is greater than four,  
29 and seven additional regular classroom teachers in counties in which the  
30 average daily membership per square mile is four or fewer.
- 31 (3) Provide additional program enhancement teachers adequate to offer the  
32 standard course of study.
- 33 (4) Change the duty-free period allocation to one teacher assistant per 400  
34 average daily membership.
- 35 (5) Provide a base for the consolidated funds allotment of at least six hundred  
36 seventy-two thousand three hundred forty-three dollars (\$672,343),  
37 excluding textbooks, for the 2009-2010 fiscal year and a base of six hundred  
38 seventy-two thousand three hundred forty-three dollars (\$672,343) for the  
39 2010-2011 fiscal year.
- 40 (6) Allot vocational education funds for grade 6 as well as for grades 7-12. If  
41 funds appropriated for each fiscal year for small school system supplemental  
42 funding are not adequate to fully fund the program, the State Board of  
43 Education shall reduce the amount allocated to each county school  
44 administrative unit on a pro rata basis. This formula is solely a basis for  
45 distribution of supplemental funding for certain county school administrative  
46 units and is not intended to reflect any measure of the adequacy of the  
47 educational program or funding for public schools. The formula also is not  
48 intended to reflect any commitment by the General Assembly to appropriate  
49 any additional supplemental funds for such county administrative units.

50 **SECTION 7.4.(b)** Nonsupplant Requirement. – A county in which a local school  
51 administrative unit receives funds under this section shall use the funds to supplement local



1 current expense funds and shall not supplant local current expense funds. For the 2009-2011  
2 fiscal biennium, the State Board of Education shall not allocate funds under this section to a  
3 county found to have used these funds to supplant local per student current expense funds. The  
4 State Board of Education shall make a finding that a county has used these funds to supplant  
5 local current expense funds in the prior year, or the year for which the most recent data are  
6 available, if:

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

14 **SECTION 7.4.(c) Phase-Out Provisions.** – If a local school administrative unit  
15 becomes ineligible for funding under this formula because of (i) an increase in the population  
16 of the county in which the local school administrative unit is located or (ii) an increase in the  
17 county-adjusted property tax base per student of the county in which the local school  
18 administrative unit is located, funding for that unit shall be continued for seven years after the  
19 unit becomes ineligible.

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

- 21 (1) "Average daily membership" means within two percent (2%) of the average  
22 daily membership as defined in the North Carolina Public Schools Allotment  
23 Policy Manual adopted by the State Board of Education.
- 24 (2) "County-adjusted property tax base per student" means the total assessed  
25 property valuation for each county, adjusted using a weighted average of the  
26 three most recent annual sales assessment ratio studies, divided by the total  
27 number of students in average daily membership who reside within the  
28 county.
- 29 (3) "Local current expense funds" means the most recent county current expense  
30 appropriations to public schools, as reported by local boards of education in  
31 the audit report filed with the Secretary of the Local Government  
32 Commission pursuant to G.S. 115C-447.
- 33 (4) "Sales assessment ratio studies" means sales assessment ratio studies  
34 performed by the Department of Revenue under G.S. 105-289(h).
- 35 (5) "State-adjusted property tax base per student" means the sum of all  
36 county-adjusted property tax bases divided by the total number of students in  
37 average daily membership who reside within the State.
- 38 (6) "Supplant" means to decrease local per student current expense  
39 appropriations from one fiscal year to the next fiscal year.
- 40 (7) "Weighted average of the three most recent annual sales assessment ratio  
41 studies" means the weighted average of the three most recent annual sales  
42 assessment ratio studies in the most recent years for which county current  
43 expense appropriations and adjusted property tax valuations are available. If  
44 real property in a county has been revalued one year prior to the most recent  
45 sales assessment ratio study, a weighted average of the two most recent sales  
46 assessment ratios shall be used. If property has been revalued during the year  
47 of the most recent sales assessment ratio study, the sales assessment ratio for  
48 the year of revaluation shall be used.

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

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

#### 6 7 **REPLACEMENT SCHOOL BUSES/FUNDS**

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

- 10           (1) The local board of education shall use the funds only to make the first,  
11 second, third, or fourth year's payment on a financing contract entered into  
12 pursuant to G.S. 115C-528.
- 13           (2) The term of a financing contract entered into under this section shall not  
14 exceed four years.
- 15           (3) The local board of education shall purchase the buses only from vendors  
16 selected by the State Board of Education and on terms approved by the State  
17 Board of Education.
- 18           (4) The Department of Administration, Division of Purchase and Contract, in  
19 cooperation with the State Board of Education, shall solicit bids for the  
20 direct purchase of school buses and activity buses and shall establish a  
21 statewide term contract for use by the State Board of Education. Local  
22 boards of education and other agencies shall be eligible to purchase from the  
23 statewide term contract. The State Board of Education shall also solicit bids  
24 for the financing of school buses.
- 25           (5) A bus financed pursuant to this section shall meet all federal motor vehicle  
26 safety regulations for school buses.
- 27           (6) Any other condition the State Board of Education considers appropriate.

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

#### 31 32 **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

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

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

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

#### 47 48 **LEA FLEXIBILITY**

49           **SECTION 7.8.(a)** The State Board of Education shall adopt emergency rules in  
50 accordance with G.S. 150B-21.1A to grant additional flexibility to local school administrative  
51 units regarding the expenditure of State funds. These rules shall not be subject to the limitations

1 on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These  
2 rules:

- 3 (1) May authorize modifications to class size requirements in addition to those  
4 set out in Section 7.23 of this act;
- 5 (2) Shall authorize the transfer of textbook funds to other allotments to manage  
6 funding cuts; and
- 7 (3) Shall not permit the transfer of funds from school-based positions to the  
8 central office.

9 **SECTION 7.8.(b)** This section applies only to the 2009-2011 fiscal biennium.

## 10 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS**

11 **SECTION 7.9.(a)** Beginning with the 2010-2011 fiscal year, the State Board of  
12 Education shall implement an allotment formula for e-learning developed pursuant to Section  
13 7.16(d) of S.L. 2006-66.

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

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

20 **SECTION 7.9.(b)** In order to ensure funds are available to operate NCVPS for the  
21 2009-2010 fiscal year, the State Board of Education shall only use funding sources in the  
22 following order:

- 23 (1) The General Fund appropriation for NCVPS; and
- 24 (2) Up to three million dollars (\$3,000,000) of funds appropriated for school  
25 technology.

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

27 **SECTION 7.9.(d)** The State Board of Education shall report to the Joint  
28 Legislative Education Oversight Committee and the Fiscal Research Division by December 15,  
29 2009, on its implementation of this section.

30 If the State Board of Education fails to report a new allotment formula for NCVPS  
31 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by  
32 December 15, 2009, the State Treasurer, the Office of State Budget and Management, and the  
33 Office of State Controller shall prevent the expenditure of funds related to the operation of the  
34 State Board of Education.  
35

## 36 **ABCS OF PUBLIC EDUCATION**

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

40 **SECTION 7.11.(b)** The Joint Legislative Education Oversight Committee shall  
41 study the ABC Bonus Program. In the course of the study, the Committee shall consider (i) the  
42 current mechanism for determining which schools' employees are entitled to bonuses, (ii) the  
43 relationship of bonuses awarded to the improvement of student performance and outcomes and  
44 reduction in dropout rates, and (iii) any equities and inequities in the current program. The  
45 Committee shall report the results of this study to the General Assembly by March 31, 2010.  
46

## 47 **SCHOOL CONNECTIVITY INITIATIVE**

48 **SECTION 7.12.(a)** Up to two hundred fifty thousand dollars (\$250,000) may be  
49 transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education  
50

1 Cabinet. These funds may be used for services to coordinate e-learning activities across all  
2 State educational agencies.

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

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

## 11 **DROPOUT PREVENTION GRANTS**

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

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

- 18 (1) Grants shall be issued in varying amounts up to a maximum of one hundred  
19 fifty thousand dollars (\$150,000).
- 20 (2) These grants shall be provided to innovative programs and initiatives that  
21 target students at risk of dropping out of school and that demonstrate the  
22 potential to (i) be developed into effective, sustainable, and coordinated  
23 dropout prevention and reentry programs in middle schools and high schools  
24 and (ii) serve as effective models for other programs.
- 25 (3) Grants shall be distributed geographically throughout the State and  
26 throughout the eight educational districts as defined in G.S. 115C-65. No  
27 more than three grants shall be awarded in any one county under this section  
28 in a single fiscal year.
- 29 (4) Grants may be made to local school administrative units, schools, local  
30 agencies, or nonprofit organizations.
- 31 (5) Grants shall be to programs and initiatives that hold all students to high  
32 academic and personal standards.
- 33 (6) Grant applications shall state (i) how grant funds will be used, (ii) what, if  
34 any, other resources will be used in conjunction with the grant funds, (iii)  
35 how the program or initiative will be coordinated to enhance the  
36 effectiveness of existing programs, initiatives, or services in the community,  
37 and (iv) a process for evaluating the success of the program or initiative.
- 38 (7) Programs and initiatives that receive grants under this section shall be based  
39 on best practices for helping at-risk students achieve successful academic  
40 progress, preventing students from dropping out of school, or for increasing  
41 the high school completion rate for those students who already have dropped  
42 out of school.
- 43 (8) Priority for grants shall be given to proposals that demonstrate input from  
44 the local community and coordination with other available programs or  
45 resources.
- 46 (9) Grantees shall assure their compliance with applicable laws and rules  
47 regulating conflicts of interest.
- 48 (10) Priority for grants shall be given to programs that would serve students in  
49 local schools that have a four-year cohort graduation rate of less than  
50 sixty-five percent (65%). The Committee shall establish a grant rating cutoff  
51

1 score at such a level as to allow for consideration of all viable grants in this  
2 priority category. The Committee may require grantees to provide  
3 supplemental information in response to any prior reviewer comments.

4 (11) The demonstrated need for a grant, level of collaboration, ability to increase  
5 attendance, persistence, academic success, ability to increase parental  
6 involvement, and graduation shall be given more weight than the quality of  
7 the written grant.

8 (12) Grants shall be made no later than November 1, 2009.

9 The Committee shall report to the Joint Legislative Commission on Dropout  
10 Prevention and High School Graduation and the Joint Legislative Education Oversight  
11 Committee on the grants awarded under this section by March 1, 2010.

12 **SECTION 7.13.(c)** Evaluation. – The Committee shall evaluate the impact of the  
13 dropout prevention grants awarded under this section. In evaluating the impact of the grants,  
14 the Committee shall consider:

- 15 (1) How grant funds were used, including the services provided for teen  
16 pregnancy prevention and for pregnant and parenting teens;
- 17 (2) The success of the program or initiative, as indicated by the evaluation  
18 process stated in its grant application;
- 19 (3) The extent to which the program or initiative has improved students'  
20 attendance, test scores, persistence, and graduation rates;
- 21 (4) How the program or initiative was coordinated to enhance the effectiveness  
22 of existing programs, initiatives, or services in the community;
- 23 (5) What, if any, other resources were used in conjunction with the grant funds;
- 24 (6) The sustainability of the program;
- 25 (7) The number, gender, ethnicity, and grade level of students being served as  
26 well as whether the students left school due to pregnancy or parenting  
27 responsibilities;
- 28 (8) The potential for the program to serve as a model for achieving successful  
29 academic progress for at-risk students; and
- 30 (9) Other indicators of the impact of the grant on dropout prevention.

31 The recipients of the dropout prevention grants awarded under this section shall  
32 report to the Committee on Dropout Prevention by January 31, 2011, and by September 30,  
33 2011. The reports shall provide information to assist the Committee in conducting its  
34 evaluation. The reports shall include a statement that the recipients used grant funds for the  
35 purposes appropriated by the General Assembly and complied with applicable laws,  
36 regulations, and terms and conditions of the grant documents. The Committee shall make an  
37 interim report of the results of its evaluation of the grants awarded under this section by March  
38 31, 2011, to the Joint Legislative Commission on Dropout Prevention and High School  
39 Graduation and to the Joint Legislative Education Oversight Committee. The Committee shall  
40 make a final report of the results of its evaluation of the grants awarded under subsection (c) of  
41 this section by November 15, 2011, to the Joint Legislative Commission on Dropout Prevention  
42 and High School Graduation and to the Joint Legislative Education Oversight Committee.

43 **SECTION 7.13.(d)** Of the funds appropriated in this act for Dropout Prevention,  
44 the sum of:

- 45 (1) One hundred thousand dollars (\$100,000) for the 2009-2010 and 2010-2011  
46 fiscal years may be used to issue a request for proposals from qualified  
47 vendors on a competitive basis to contract as a consultant to assist with the  
48 evaluation. The factors to be considered in awarding the contract shall be  
49 identified in the request for proposals; and
- 50 (2) Up to fifty thousand dollars (\$50,000) for the 2009-2010 and 2010-2011  
51 fiscal years may be used by the Department of Public Instruction for its

1 administrative assistance to the Committee and to provide technical  
2 assistance under this section.

- 3 (3) The remainder shall be used by the Committee on Dropout Prevention to  
4 award grants, as well as successive grants to previous grant recipients, in  
5 accordance with subsection (b) of this section.

6 **SECTION 7.13.(e)** Grant funds shall be expended within one calendar year after  
7 the date a grant was issued.

## 8 9 **BUSINESS EDUCATION TECHNOLOGY ALLIANCE**

10 **SECTION 7.15.(a)** G.S. 115C-102.15 is repealed.

11 **SECTION 7.15.(b)** On July 1, 2009, the State Controller shall transfer twenty-six  
12 thousand three hundred thirty-five dollars (\$26,335) from the Business Education Technology  
13 Alliance Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund  
14 appropriations for the 2009-2010 fiscal year.

## 15 16 **ASSESSMENT AND ACCOUNTABILITY**

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

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

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

## 32 33 **DEVELOPMENT OF A PREK-20 DATA SYSTEM**

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

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

45 The General Assembly urges private colleges and universities to advise and assist  
46 the Department of Public Instruction, the North Carolina Community College System, and The  
47 University of North Carolina on the implementation of this section.

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

- 49 (1) The types and forms of data to be included in a PreK-20 data system,  
50 including longitudinal data and the use of a unique student identifier;  
51 (2) The capacity of a shared PreK-20 data system;

- 1 (3) The degree and extent of cooperation between a shared PreK-20 data system  
2 and the current data collection systems of the Department of Public  
3 Instruction, the North Carolina Community College System, and The  
4 University of North Carolina;  
5 (4) The minimum capacity and technical specifications needed for each data  
6 system to feed into a shared PreK-20 data system; and  
7 (5) The ability for data in a shared PreK-20 data system to be understood and  
8 used by interested stakeholders, including federal and other State agencies.

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

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

## 17 18 **REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING**

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

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

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

## 31 32 **NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS**

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

35 "**§ 115C-285. Salary.**

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

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

42 ...

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

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

## 48 49 **INCREASE CLASS SIZE**

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

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

3 Notwithstanding any other provision of law, the allotment ratios, the maximum  
4 class size, and the maximum average class size limits for each grade level in the public schools  
5 shall be three students higher beginning with the 2010-2011 school year than they were for the  
6 2008-2009 school year.

## 7 8 **DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC** 9 **SCHOOL FUND**

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

## 16 17 **NBPTS APPLICATION COSTS**

18 **SECTION 7.30.** G.S. 115C-296.2 reads as rewritten:

### 19 **"§ 115C-296.2. National Board for Professional Teaching Standards Certification.**

20 (a) State Policy. – It is the goal of the State to provide opportunities and incentives for  
21 good teachers to become excellent teachers and to retain them in the teaching profession; to  
22 attain this goal, the State shall support the efforts of teachers to achieve national certification by  
23 providing approved paid leave time for teachers participating in the process, ~~paying the~~  
24 ~~participation fee, lending teachers the participation fee,~~ and paying a significant salary  
25 differential to teachers who attain national certification from the National Board for  
26 Professional Teaching Standards (NBPTS).

27 The National Board for Professional Teaching Standards (NBPTS) was established in 1987  
28 as an independent, nonprofit organization to establish high standards for teachers' knowledge  
29 and performance and for development and operation of a national voluntary system to assess  
30 and certify teachers who meet those standards. Participation in the program gives teachers the  
31 time and the opportunity to analyze in a systematic way their professional development as  
32 teachers, successful teaching strategies, and the substantive areas in which they teach.  
33 Participation also gives teachers an opportunity to demonstrate superior ability and to be  
34 compensated as superior teachers. To receive NBPTS certification, a teacher must successfully  
35 (i) complete a process of developing a portfolio of student work and videotapes of teaching and  
36 learning activities and (ii) participate in NBPTS assessment center simulation exercises,  
37 including performance-based activities and a content knowledge examination.

38 (b) Definitions. – As used in this subsection:

39 (1) A "North Carolina public school" is a school operated by a local board of  
40 education, the Department of Health and Human Services, the Department of  
41 Correction, the Department of Juvenile Justice and Delinquency Prevention  
42 or The University of North Carolina; a school affiliated with The University  
43 of North Carolina; or a charter school approved by the State Board of  
44 Education.

45 (2) A "teacher" is a person who:

46 a. Either:

47 1. Is certified to teach in North Carolina; or

48 2. Holds a certificate or license issued by the State Board of  
49 Education that meets the professional license requirement for  
50 NBPTS certification;

51 b. Is a State-paid employee of a North Carolina public school;



- 1 c. Is paid on the teacher salary schedule; and  
 2 d. Fulfills one of the following:  
 3 1. Spends at least seventy percent (70%) of his or her work time  
 4 in classroom instruction, if the employee is employed as a  
 5 teacher. Most of the teacher's remaining time shall be spent in  
 6 one or more of the following: mentoring teachers, doing  
 7 demonstration lessons for teachers, writing curricula,  
 8 developing and leading staff development programs for  
 9 teachers;  
 10 2. Spends at least seventy percent (70%) of his or her work time  
 11 in work within the employee's area of certification or  
 12 licensure, if the employee is employed in an area of NBPTS  
 13 certification other than direct classroom instruction; or  
 14 3. Serves as a full-time mentor under subsection (e1) of this  
 15 section.

16 (c) Payment of the NBPTS Participation Fee; Paid Leave. – The State shall ~~pay the~~  
 17 ~~NBPTS participation fee~~ lend teachers the participation fee and shall provide up to three days of  
 18 approved paid leave to all teachers participating in the NBPTS program who:

- 19 (1) Have completed three full years of teaching in a North Carolina public  
 20 school; and  
 21 (2) Have (i) not previously received State funds for participating in any  
 22 certification area in the NBPTS program, (ii) repaid any State funds  
 23 previously received for the NBPTS certification process, or (iii) received a  
 24 waiver of repayment from the State Board of Education.

25 Teachers participating in the program shall take paid leave only with the approval of their  
 26 supervisors.

27 ~~(d) Repayment by a Teacher Who Does Not Complete the Process. — A teacher for~~  
 28 ~~whom the State pays the participation fee who does not complete the process shall repay the~~  
 29 ~~certification fee to the State.~~

30 ~~Repayment is not required if a teacher does not complete the process due to the death or~~  
 31 ~~disability of the teacher. Upon the application of the teacher, the State Board of Education may~~  
 32 ~~waive the repayment requirement if the State Board finds that the teacher was unable to~~  
 33 ~~complete the process due to the illness of the teacher, the death or catastrophic illness of a~~  
 34 ~~member of the teacher's immediate family, parental leave to care for a newborn or newly~~  
 35 ~~adopted child, or other extraordinary circumstances.~~

36 (d1) Repayment of the Application Fee. – A teacher shall repay the application fee to the  
 37 State Education Assistance Authority within three years.

38 ~~(e) Repayment by a Teacher Who Does Not Teach for a Year After Completing the~~  
 39 ~~Process. — A teacher for whom the State pays the participation fee who does not teach for a~~  
 40 ~~year in a North Carolina public school after completing the process shall repay the certification~~  
 41 ~~fee to the State.~~

42 ~~Repayment is not required if a teacher does not teach in a North Carolina public school for~~  
 43 ~~at least one year after completing the process due to the death or disability of the teacher. Upon~~  
 44 ~~the application of the teacher, the State Board of Education may extend the time before which a~~  
 45 ~~teacher must either teach for a year or repay the participation fee if the State Board finds that~~  
 46 ~~the teacher is unable to teach the next year due to the illness of the teacher, the death or~~  
 47 ~~catastrophic illness of a member of the teacher's immediate family, parental leave to care for a~~  
 48 ~~newborn or newly adopted child, or other extraordinary circumstances.~~

49 (e1) Assignment of Teachers With NBPTS Certification to Serve as Full-Time Mentors.  
 50 – A local board of education may assign teachers with NBPTS certification to serve as full-time  
 51 mentors as follows:

- 1 (1) The maximum number of teachers with NBPTS certification that a local  
 2 board of education may assign to serve as full-time mentors is the greater of  
 3 (i) five or (ii) five percent (5%) of the number of teachers with NBPTS  
 4 certification it has employed during the school year immediately preceding  
 5 the assignment of teachers as full-time mentors.
- 6 (2) A teacher must teach in a classroom for at least two years after receiving  
 7 NBPTS certification to be eligible for assignment as a full-time mentor.
- 8 (3) A teacher must have completed the mentor training required by the teacher's  
 9 local school administrative unit to be eligible for assignment as a full-time  
 10 mentor.
- 11 (4) A teacher may serve as a full-time mentor for up to three consecutive years.
- 12 (5) After service as a full-time mentor, a teacher must teach in a classroom for at  
 13 least three years to be eligible for reassignment as a full-time mentor.
- 14 (6) A teacher serving as a full-time mentor shall be school-based, work at one or  
 15 more schools, and mentor each year at least 15 newly hired teachers who are  
 16 in their first through third year of teaching.
- 17 (f) Rules. – The State Education Assistance Authority shall adopt rules and guidelines  
 18 regarding the loan and repayment of the NBPTS application fee. The State Board shall adopt  
 19 policies and guidelines to implement the remainder of this section."  
 20

## 21 SCHOOL TECHNOLOGY PLANS

22 **SECTION 7.31.** Part 3A of Article 8 of Chapter 115C of the General Statutes reads  
 23 as rewritten:

24 "Part 3A. School Technology.

### 25 "§ 115C-102.5. Commission on School Technology created; membership.

26 (a) There is created the Commission on School Technology. The Commission shall be  
 27 located administratively in the Department of Public ~~Instruction~~ Instruction, ~~but shall exercise~~  
 28 ~~all its prescribed statutory powers independently of the Department of Public Instruction.~~

29 The purpose of the Commission shall be to advise the State Board of Education on the  
 30 development of a State School Technology Plan that (i) ensures the effective use of technology  
 31 is built into the North Carolina Public School System for the purpose of preparing a globally  
 32 competitive workforce and citizenry for the 21st century and (ii) ensures equity and access to  
 33 school technology for all segments of the public school population in North Carolina.

34 The Commission shall meet at least twice each fiscal year and shall provide input and  
 35 feedback on the State School Technology Plan prior to approval.

36 (b) The Commission shall consist of the following ~~19~~ members:

- 37 (1) The State Superintendent of Public Instruction or a designee;
- 38 (2) One representative of The University of North Carolina, appointed by the  
 39 President of The University of North Carolina;
- 40 (3) One representative of the North Carolina Community College System,  
 41 appointed by the President of the North Carolina Community College  
 42 System;
- 43 (4) ~~A person with management responsibility concerning information~~  
 44 ~~technology related State Government functions, designated by the Secretary~~  
 45 ~~of Commerce;~~
- 46 (5) ~~Four~~ Two members appointed by the Governor;
- 47 (6) ~~Six~~ Two members appointed by the President Pro Tempore of the Senate  
 48 ~~two of whom shall be members of the Senate. One of these six members~~  
 49 ~~shall be appointed by the President Pro Tempore of the Senate to serve as~~  
 50 ~~cochair;~~ Senate;

1 (7) ~~Six~~Two members appointed by the Speaker of the House of Representatives  
2 ~~two of whom shall be members of the House of Representatives. One of~~  
3 ~~these six members shall be appointed by the Speaker of the House of~~  
4 ~~Representatives to serve as cochair; and~~Representatives; and

5 (8) ~~The Secretary of Health and Human Services or a designee.~~

6 (9) The State Chief Information Officer, or a designee.

7 In appointing members pursuant to subdivisions (5), (6), and (7) of this subsection, the  
8 appointing persons shall select individuals with technical or applied knowledge or experience  
9 in learning and instructional management technologies or individuals with expertise in  
10 curriculum or instruction who have successfully used learning and instructional management  
11 technologies.

12 No producers, vendors, or consultants to producers or vendors of learning or instructional  
13 management technologies shall serve on the Commission.

14 Members shall serve for two-year terms. Vacancies in terms of members shall be filled by  
15 the appointing officer. Persons appointed to fill vacancies shall qualify in the same manner as  
16 persons appointed for full terms.

17 (c) ~~Repealed by Session Laws 1997-443, s. 8.26(a).~~

18 (d) Members of the Commission who are also members of the General Assembly shall  
19 be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the  
20 Commission who are officials or employees of the State shall receive travel allowances at the  
21 rate set forth in G.S. 138-6. All other members of the Commission shall be paid the per diem  
22 and allowances set forth in G.S. 138-5.

23 (d1) The Chair of the State Board of Education shall select the Commission member or  
24 members who shall serve as chair or cochairs of the Commission.

25 (e) ~~The Department of Public Instruction, the Department of Community Colleges, and~~  
26 ~~the Office of Information Technology Services~~Instruction shall provide requested professional  
27 and clerical staff to the Commission. ~~The Commission may also employ professional and~~  
28 ~~clerical staff and may hire outside consultants to assist it in its work. The Commission shall use~~  
29 ~~an outside consultant to perform a requirements analysis for learning and instructional~~  
30 ~~management technologies on a statewide basis that is based on information gathered from each~~  
31 ~~local school administrative unit and that considers the needs of teachers, students, and~~  
32 ~~administrators.~~

33 **"§ 115C-102.6. Duty to ~~prepare a requirements analysis and propose a State school~~**  
34 **~~technology plan.~~**

35 ~~The Commission shall prepare a requirements analysis and~~State Board of Education shall  
36 propose a State school technology plan for improving student performance in the public  
37 schools through the use of learning and instructional management technologies. that ensures the  
38 effective use of technology is built into the North Carolina Public School System for the  
39 purpose of preparing a globally competitive workforce and citizenry for the 21st century. The  
40 Commission on School Technology will advise the State Board of Education on the State  
41 School Technology Plan and its components.

42 In developing this plan, the Commission shall:

43 (1) ~~Assess factors related to the current use of learning and instructional~~  
44 ~~management technologies in the schools, including what is currently being~~  
45 ~~used, how the current use of technology relates to the standard course of~~  
46 ~~study, how the effectiveness of learning and instructional management~~  
47 ~~technologies is being evaluated, how schools are paying for learning and~~  
48 ~~instructional management technologies, and what training school employees~~  
49 ~~have received in the use of learning and instructional management~~  
50 ~~technology and networks.~~

- 1           (2)    Identify the instructional goals that can be met through the use of learning  
2           and instructional management technologies. The goals may include teaching  
3           the standard course of study, reaching students with a broad range of  
4           abilities, and ensuring that all students have access to a complete curriculum  
5           regardless of the geographical location or the financial resources of the  
6           school.
- 7           (3)    Examine the types of learning and instructional management technologies  
8           available to meet the identified instructional goals, including computers,  
9           audiovisual aids, science laboratory equipment, vocational education  
10          equipment, and distance learning networks. The Commission shall consider  
11          the compatibility and accessibility of different types of learning and  
12          instructional management technologies, including compatibility with the  
13          planned statewide broadband ISDN network, and whether they may be  
14          easily communicated from one site to another. The Commission shall also  
15          consider linkages between learning and instructional management  
16          technologies and existing State and local administrative systems.
- 17          (4)    Develop a basic level of learning and instructional management technology  
18          for every school in the State. The basic level may include:
- 19           a.     A computer lab with student stations or a specified number of student  
20           computer stations in each classroom for the use of instructional  
21           software such as computer-assisted instruction, integrated learning  
22           systems, instructional management systems, and applications  
23           software such as word processing, database, spreadsheet, and desktop  
24           publishing.
- 25           b.     A computer workstation in every classroom for teachers to use in  
26           preparation and delivery of instruction and for administrative record  
27           keeping.
- 28           c.     A television monitor and video cassette recorder in every classroom  
29           to take advantage of open-air broadcast programs, satellite programs,  
30           and instructional video tapes available from the library/media center.
- 31           d.     Computer workstations at each elementary and secondary school,  
32           housed in the library/media center, for individual students to use for  
33           basic skills instructional software.
- 34           e.     A telecommunications line, modem, and software in each school's  
35           library/media center that will allow students and teachers access to  
36           external databases and resources for research purposes.
- 37           f.     The availability of telephones for teachers.
- 38           g.     Initial training for the principal and teachers from each school in the  
39           use of the new technology.
- 40          (5)    Consider staffing required to operate the learning and instructional  
41          management technologies and options for maintaining the equipment.
- 42          (6)    Consider the types of staff development necessary to maximize the benefits  
43          of learning and instructional management technologies and determine the  
44          appropriate ways to provide the necessary staff development.
- 45          (7)    Develop a cost analysis of any plans and proposals that it develops.

46    **"§ 115C-102.6A. Elements of the State school technology plan.**

47    (a)    The State school technology plan shall be a long-term comprehensive State  
48    implementation plan for using funds from the State School Technology Fund and other sources  
49    to improve student performance in the public schools through the use of learning and  
50    instructional management technologies. The purpose of the plan shall be to provide a

1 cost-effective foundation of flexible and long-lasting technology and infrastructure to promote  
2 substantial gains in student achievement.

3 ~~(b) In developing the plan the Commission shall consider and plan for the relationship~~  
4 ~~of the North Carolina Information Highway to the plan. In particular the plan shall establish~~  
5 ~~priorities for the acquisition of school technologies including how the Information Highway fits~~  
6 ~~into those priorities.~~

7 (c) Components of the State school technology plan shall include at least the following:

- 8 (1) Common technical standards and uniform practices and procedures that  
9 provide statewide economies of scale in procurements, training, support,  
10 planning, and operations.
- 11 (2) Conceptual technical architecture that includes:
  - 12 a. Principles – Statements of direction, goals, and concepts to guide the  
13 development of technical architecture;
  - 14 b. Standards for interoperability – Detailed specifications to ensure  
15 hardware, software, databases, and other products that may have  
16 been developed independently or purchased from different vendors  
17 or manufacturers will work together, to the extent that  
18 interoperability facilitates meeting instructional or administrative  
19 goals; and
  - 20 c. Implementation strategies – Approaches or guidelines for developing  
21 and installing the components of the technical infrastructure.
- 22 (3) A quality assurance policy for all school technology projects, training  
23 programs, systems documentation, and maintenance plans.
- 24 (4) Policies and procedures for the fair and competitive procurement of school  
25 technology that provide local school administrative units with a  
26 vendor-neutral operating environment in which different school technology  
27 hardware, software, and networks operate together easily and reliably, to the  
28 extent feasible consistent with meeting instructional or administrative goals.  
29 The operating environment includes all hardware and software components  
30 and configurations necessary to accomplish the integrated functions for  
31 school technology such as (i) types and sizes of computer platforms,  
32 telecommunications equipment, and associated communications protocols;  
33 (ii) operating systems for the computer processors; (iii) applications and  
34 other operating and support software; and (iv) other equipment, items, and  
35 software, such as printers, terminals, data and image storage devices, and  
36 other input, output, and storage devices.
- 37 (5) A comprehensive policy for inventory control.
- 38 (6) Parameters for continuous, ongoing training for all personnel involved in the  
39 use of school technology. Training shall focus on the integration of  
40 technology and instruction and on the use of particular applications.
- 41 (7) Recommendations to the State Board of Education of requirements for  
42 preservice teacher training on the integration of teaching and school  
43 technology.
- 44 (8) Proposals for leadership training on the use of school technology to improve  
45 instruction and as a management tool.
- 46 (9) Development of expertise at the State and regional levels on school  
47 technology.
- 48 (10) Flexibility to enable local school administrative units and individual schools  
49 to meet individual school unit and building needs.

- 1 (11) Flexibility to meet the needs of all students, allow support to students with a  
2 wide range of abilities, and ensure access to challenging curricula and  
3 instruction for children at risk of school failure.
- 4 (12) Use of technologies to support challenging ~~State~~ State, federal, and local  
5 educational performance goals.
- 6 (13) Effective and integrated use of technologies compatible with (i) the standard  
7 course of study, (ii) the State assessment program, and (iii) related student  
8 data management.
- 9 (14) Use of technologies as a communication, instructional, and management tool  
10 and for problem-solving, exploration, and advanced skills.
- 11 (15) Proposals for addressing equipment needs for ~~vocational education, Tech~~  
12 ~~Prep, and science instruction.~~ State curricula areas.
- 13 (16) Specifications for minimum components of local school system technology  
14 plans.
- 15 (17) A baseline template for:
- 16 a. Technology and service application infrastructure, including  
17 broadband connectivity, personnel recommendations, and other  
18 resources needed to operate effectively from the classroom desktop  
19 to local, regional, and State networks, and
- 20 b. An evaluation component that provides for local school  
21 administrative unit accountability for maintaining quality  
22 upgradeable systems.

23 **"§ 115C-102.6B. Approval of State school technology plan.**

24 (a) ~~The Commission shall present the State school technology plan it develops to the~~  
25 ~~Joint Legislative Commission on Governmental Operations and the Joint Legislative Education~~  
26 ~~Oversight Committee for their comments prior to January 1, 1995. At least every two years~~  
27 ~~thereafter, the Commission shall develop any necessary modifications to the State school~~  
28 ~~technology plan and present them to the Joint Legislative Commission on Governmental~~  
29 ~~Operations and the Joint Legislative Education Oversight Committee. The State Board of~~  
30 ~~Education shall review, revise as needed, and approve the State School Technology Plan at a~~  
31 ~~minimum every two years in the odd-numbered year, beginning in 2011. The plan shall be~~  
32 ~~updated more often, as required, as in cases where significant changes occur related to Board~~  
33 ~~goals, curriculum standards, and available technology.~~

34 (b) ~~After presenting the plan or any proposed modifications to the plan to the Joint~~  
35 ~~Legislative Commission on Governmental Operations and the Joint Legislative Education~~  
36 ~~Oversight Committee, the Commission The Board shall submit the plan or any proposed~~  
37 ~~modifications to (i) to the State Chief Information Officer for approval of the technical~~  
38 ~~components of the plan set out in G.S. 115C-102.6A(1) through (4), and (ii) the State Board of~~  
39 ~~Education for information purposes only. The State Board shall adopt a plan that includes the~~  
40 ~~components of a plan set out in G.S. 115C-103.6A(1) through (16).~~

41 ~~At (4). At least one-fourth of the members of any technical committee that reviews the plan~~  
42 ~~for the State Chief Information Officer shall be people actively involved in primary or~~  
43 ~~secondary education.~~

44 ~~The Board shall report annually by February 1 of each year to the Joint Legislative~~  
45 ~~Education Oversight Committee on the status of the State School Technology Plan.~~

46 (c) ~~If no changes are made to the plan or the proposed modifications to the plan after~~  
47 ~~the submission to the State Chief Information Officer and the State Board of Education, the~~  
48 ~~plan or the proposed modifications shall take effect upon approval by the State Chief~~  
49 ~~Information Officer and the State Board of Education.~~

50 **"§ 115C-102.6C. Approval of local school system technology plans.**

1 (a) Each local board of education shall develop a local school system technology plan  
2 that is aligned with and meets the requirements of the State school technology plan. In  
3 developing a local school system technology plan, a local board of education is encouraged to  
4 incorporate this plan into its strategic planning and to bring together stakeholders from various  
5 areas of the local school administrative unit, including curriculum leaders, teachers,  
6 administrators, representatives from technology services and instructional technology, and  
7 finance, as well as other departments of the unit as required. In addition, the local board is  
8 encouraged to coordinate its planning with other agencies of State and local government,  
9 including other local school administrative units.

10 ~~The Office of Information Technology Services shall assist the local boards of education in~~  
11 ~~developing the parts of the plan related to its technological aspects, to the extent that resources~~  
12 ~~are available to do so.~~ The Department of Public Instruction shall assist the local boards of  
13 education in developing the instructional and technological aspects of the plan.

14 Each local board of education shall submit the local plan it develops to ~~the Office of~~  
15 ~~Information Technology Services~~ the Department of Public Instruction for its evaluation of the  
16 parts of the ~~plan related to its technological aspects and to the Department of Public Instruction~~  
17 ~~for its evaluation of the technological and instructional aspects of the plan.~~ The State Board of  
18 Education, after consideration of the evaluations of the ~~Office of Information Technology~~  
19 ~~Services and the Department of Public Instruction,~~ shall approve all local plans that comply  
20 with the requirements of the State school technology plan.

21 (b) After a local school system technology plan is approved by the State Board of  
22 Education, all State funds spent by the local board of education for any aspect of school  
23 technology shall be used to implement the local school system technology plan.

24 (c) ~~After a local school system technology plan is approved by the State Board of~~  
25 ~~Education, the local board of education may use funds in the State School Technology Fund~~  
26 ~~dollars that are allocated to the local school administrative unit to implement the plan.~~ plan shall  
27 not be expended until the plan has been approved by the State Board of Education.

28 **"§ 115C-102.6D. Establishment of the State School Technology Fund; allocation and use**  
29 **of funds.**

30 (a) There is established under the control and direction of the State Board of Education  
31 the State School Technology Fund. This fund shall be a nonreverting special revenue fund  
32 consisting of any monies appropriated to it by the General Assembly and any monies credited  
33 to it under G.S. 20-81.12 from the sale of School Technology special license plates.

34 (b) Funds in the State School Technology Fund shall be allocated to local school  
35 administrative units as directed by the General Assembly. Funds allocated to each local school  
36 administrative unit shall be credited with interest by the State Treasurer pursuant to  
37 G.S. 147-69.2 and G.S. 147-69.3.

38 (c) ~~Each local school administrative unit with a local school system technology plan~~  
39 ~~approved by the State Board of Education may use funds allocated to it to implement its local~~  
40 ~~plan or as otherwise specified by the General Assembly.~~

41 (d) No local school administrative unit may access technology-related funds until the  
42 State Board of Education has approved its school technology plan.

43 **"§ 115C-102.7. Monitoring and evaluation of State and local school system technology**  
44 **plans; reports.**

45 (a) ~~The Commission~~ Department of Public Instruction shall monitor and evaluate the  
46 development and implementation of the State and local school system technology plans. The  
47 evaluation shall consider the effects of technology on student learning, the effects of  
48 technology on students' workforce readiness, the effects of technology on teacher productivity,  
49 and the cost-effectiveness of the technology.

50 (a1) Repealed by Session Laws 1997-18, s. 15(k).

1       ~~(b) The Commission shall provide notice of meetings, copies of minutes, and periodic~~  
2 ~~briefings to the Office of Information Technology Services.~~

3       (c) The Department of Public Instruction shall randomly check local school system  
4 technology plans to ensure that local school administrative units are implementing their plans  
5 as approved. The Department shall report to the State Board of Education ~~and the State Chief~~  
6 ~~Information Officer~~ on which local school administrative units are not complying with their  
7 plans. The report shall include the reasons these local school administrative units are out of  
8 compliance and a recommended plan of action to support each of these local school  
9 administrative units in carrying out their plans."

## 10 11 **IDEA FUNDS**

12       **SECTION 7.32.(a)** To the extent that federal law and the conditions of federal  
13 grants permit, the General Assembly urges local school administrative units to redirect IDEA  
14 funds received under the American Recovery and Reinvestment Act of 2009 to other at-risk  
15 students.

16       **SECTION 7.32.(b)** Local school administrative units receiving IDEA funds under  
17 the American Recovery and Reinvestment Act of 2009 shall report to the Joint Legislative  
18 Education Oversight Committee on the detailed expenditure of funds by March 15, 2010, and  
19 by March 15, 2011.

## 20 21 **ACCESS TO NCVPS**

22       **SECTION 7.33.** The State Board shall report to the Joint Legislative Education  
23 Oversight Committee and the Fiscal Research Division prior to October 15, 2009, on (i) its  
24 policy regarding access for nonpublic school children to the North Carolina Virtual Public  
25 School (NCVPS) Program and (ii) funding sources it authorizes, including tuition, for  
26 nonpublic school students in the program.

## 27 28 **EDUCATION STABILIZATION FUNDS**

29       **SECTION 7.34.** Local school administrative units may use funds received from the  
30 State Fiscal Stabilization Fund authorized in Title XIV of the American Recovery and  
31 Reinvestment Act of 2009 to offset budget cuts in the primary budget formulae for the State of  
32 North Carolina. The following allotment categories, presented in no particular order, constitute  
33 the primary budget formulae:

- 34           (1) Classroom Teachers;
- 35           (2) Instructional Support Personnel – Certified;
- 36           (3) Instructional Support Personnel – Noncertified;
- 37           (4) Noninstructional Support Personnel;
- 38           (5) Children with Disabilities;
- 39           (6) Teacher Assistants;
- 40           (7) Transportation of Pupils;
- 41           (8) At-Risk Student Services/Alternative Schools;
- 42           (9) Career Technical Education – Months of Employment;
- 43           (10) Career Technical Education – Program Support Funds;
- 44           (11) Classroom Materials/Instructional Supplies/Equipment;
- 45           (12) Mentor Positions;
- 46           (13) Academically or Intellectually Gifted;
- 47           (14) Limited English Proficiency;
- 48           (15) School Technology Fund;
- 49           (16) Staff Development;
- 50           (17) Textbooks;
- 51           (18) School Building Administration;



1 (19) Central Office Administration; and

2 (20) Driver Training.

#### 3 4 **SALARY OF TEACHERS WITH GRADUATE DEGREES**

5 **SECTION 7.35.** G.S. 115C-302.1 is amended by adding a new section to read:

6 "(b1) Placement on a Salary Schedule for Teachers with Graduate Degrees. – The State  
7 Board of Education shall not authorize payment on the master's degree salary schedule for a  
8 teacher who holds a master's degree or other advanced degree that does not lead to professional  
9 educator certification unless the master's or higher degree is in an education or subject area  
10 directly related to the teacher's existing area of certification and the teacher's current teaching  
11 responsibilities."

#### 12 13 **ABOLISH COMPUTER LOAN REVOLVING FUND**

14 **SECTION 7.36.(a)** Article 32B of Chapter 115C of the General Statutes is  
15 repealed.

16 **SECTION 7.36.(b)** On July 1, 2009, the State Controller shall transfer one hundred  
17 twenty thousand six hundred seventy-seven dollars (\$120,677) from the Computer Loan  
18 Revolving Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund  
19 appropriations for the 2009-2010 fiscal year.

#### 20 21 **LOANS FROM STATE LITERARY FUND PROHIBITED**

22 **SECTION 7.37.(a)** G.S. 115C-458 reads as rewritten:

23 **"§ 115C-458. ~~Loans by State Board from State Literary Fund.~~**

24 The State Literary Fund includes all funds derived from the sources enumerated in Sec. 6,  
25 Article IX, of the Constitution, and all funds that may be hereafter so derived, together with any  
26 interest that may accrue thereon. This Fund shall be separate and distinct from other funds of  
27 the State.

28 ~~The State Board of Education, under such rules and regulations as it may deem advisable,~~  
29 ~~not inconsistent with the provisions of this Article, may make loans from the State Literary~~  
30 ~~Fund to the counties for the use of local boards of education under such rules and regulations as~~  
31 ~~it may adopt and according to law for the purpose of aiding in the erection and equipment of~~  
32 ~~school plants, maintenance buildings and transportation garages. No warrant for the~~  
33 ~~expenditure of money for such purposes shall be issued except upon the order of the~~  
34 ~~Superintendent of Public Instruction with the approval of the State Board of Education.~~

35 The State Literary Fund shall be faithfully appropriated and used exclusively for  
36 establishing and maintaining a uniform system of free public schools."

37 **SECTION 7.37.(b)** The title of Article 32 of Chapter 115C of the General Statutes  
38 reads as rewritten:

39 "Article 32.

40 ~~Loans from State Literary Fund."~~

41 **SECTION 7.37.(c)** G.S. 115C-460 through G.S. 115C-467 are repealed.

42 **SECTION 7.37.(d)** Subsection (c) of this section does not apply to outstanding  
43 loans from the State Literary Fund.

44 **SECTION 7.37.(e)** There is appropriated from the State Literary Fund to the  
45 Department of Public Instruction the sum of four hundred eleven thousand fifty-eight dollars  
46 (\$411,058) for the 2009-2010 fiscal year for school technology.

#### 47 48 **PART VIII. COMMUNITY COLLEGES**

#### 49 50 **COMMUNITY COLLEGE FACULTY SALARY PLAN**

51 **SECTION 8.1.(a)**

- 1 (1) It is the intent of the General Assembly to encourage community colleges to  
2 make faculty salaries a priority and to reward colleges that have taken steps  
3 to achieve the national average community college faculty salary, therefore:  
4 a. If the average faculty salary at a community college is one hundred  
5 percent (100%) or more of the national average community college  
6 faculty salary, the college may transfer up to eight percent (8%) of  
7 the State funds allocated to it for faculty salaries.  
8 b. If the average faculty salary at a community college is at least  
9 ninety-five percent (95%) but less than one hundred percent (100%)  
10 of the national average community college faculty salary, the college  
11 may transfer up to six percent (6%) of the State funds allocated to it  
12 for faculty salaries.  
13 c. If the average faculty salary at a community college is at least ninety  
14 percent (90%) but less than ninety-five percent (95%) of the national  
15 average community college faculty salary, the college may transfer  
16 up to five percent (5%) of the State funds allocated to it for faculty  
17 salaries.  
18 d. If the average faculty salary at a community college is at least  
19 eighty-five percent (85%) but less than ninety percent (90%) of the  
20 national average community college faculty salary, the college may  
21 transfer up to three percent (3%) of the State funds allocated to it for  
22 faculty salaries.  
23 e. If the average faculty salary at a community college is eighty-five  
24 percent (85%) or less of the national average community college  
25 faculty salary, the college may transfer up to two percent (2%) of the  
26 State funds allocated to it for faculty salaries.

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

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

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

- 38 (3) A local community college may use all State funds allocated to it except for  
39 Literacy Funds and Funds for Customized Training to increase faculty  
40 salaries.

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

- 42 (1) "Average faculty salary at a community college" means the total nine-month  
43 salary from all sources of all nine-month, full-time, curriculum faculty at the  
44 college, as determined by the North Carolina Community College System on  
45 October 1 of each year.  
46 (2) "National average community college faculty salary" means the nine-month,  
47 full-time, curriculum salary average, as published by the Integrated  
48 Postsecondary Education Data System (IPEDS), for the most recent year for  
49 which data are available.

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

**USE OF BASIC SKILLS FUNDS**

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

**FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS**

**SECTION 8.4.** G.S. 115D-40.1(c) reads as rewritten:

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

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

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

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

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

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

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

**ELIMINATE SOME TUITION WAIVERS**

**SECTION 8.11.(a)** G.S. 115B-2(a) reads as rewritten:

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

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

(1) ~~Legal residents of North Carolina who have attained the age of 65.~~

(2) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.

- 1 (3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or  
 2 rescue squad worker who is permanently and totally disabled as a direct  
 3 result of a traumatic injury sustained in the line of duty.
- 4 (4) Any child, if the child is at least 17 years old but not yet 23 years old, whose  
 5 parent is a law enforcement officer, firefighter, volunteer firefighter, or  
 6 rescue squad worker who is permanently and totally disabled as a direct  
 7 result of a traumatic injury sustained in the line of duty. However, a child's  
 8 eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 48  
 9 months, if the child is seeking a baccalaureate degree, or (ii) if the child is  
 10 not seeking a baccalaureate degree, the number of months required to  
 11 complete the educational program to which the child is applying.
- 12 (5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii)  
 13 is a ward of North Carolina or was a ward of the State at the time the child  
 14 reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for  
 15 services under the Chaffee Education and Training Vouchers Program; but  
 16 the waiver shall only be to the extent that there is any tuition still payable  
 17 after receipt of other financial aid received by the student."

18 **SECTION 8.11.(b)** G.S. 115B-2.1 is repealed.

19 **SECTION 8.11.(c)** G.S. 115B-3 reads as rewritten:

20 **"§ 115B-3. Rules.**

21 The Board of Governors of The University of North Carolina ~~and the State Board of~~  
 22 ~~Community Colleges shall each, shall,~~ with respect to the institutions governed by it,  
 23 promulgate rules necessary for the implementation of this Chapter."

24 **SECTION 8.11.(d)** G.S. 115B-5(a) is repealed.

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

26 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of  
 27 curricular courses and of noncurricular extension courses at convenient locations away from  
 28 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata  
 29 portion of the established regular tuition rate charged a full-time student shall be charged a  
 30 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of  
 31 Community Colleges shall establish a uniform registration fee, or a schedule of uniform  
 32 registration fees, to be charged students enrolling in extension courses for which instruction is  
 33 financed primarily from State funds; ~~provided, however, that the funds.~~

34 (b1) The State Board of Community Colleges may provide by general and uniform  
 35 regulations for waiver of tuition and registration fees for persons for:

- 36 (1) Persons not enrolled in elementary or secondary schools taking courses  
 37 leading to a high school diploma or equivalent certificate, for certificate;
- 38 (2) All courses taken by high school students at community colleges, including  
 39 students in early college and middle college high school programs, in  
 40 accordance with G.S. 115D-20(4) and this section;
- 41 (3) Students enrolled in Human Resources Development Program courses who  
 42 (i) are unemployed, (ii) have received notification of pending layoff, (iii) are  
 43 working and are eligible for federal Earned Income Tax Credit, or (iv) are  
 44 working and earning wages at or below two hundred percent (200%) of the  
 45 federal poverty guidelines;
- 46 (4) Trainees enrolled in courses conducted under the Customized Training  
 47 Program;
- 48 ~~training~~ Training ~~courses for volunteer firemen, local fire department~~  
 49 ~~personnel, volunteer firemen and volunteer rescue and lifesaving department~~  
 50 ~~personnel, personnel; and~~
- 51 (6) Prison inmates.

- 1        (b2) The State Board of Community Colleges may provide by general and uniform  
2 regulations for the partial waiver of tuition and registration fees for:
- 3            (1) Training courses for local fire department personnel, local rescue and  
4 lifesaving department personnel, and local law enforcement officers;
- 5            (2) Training courses for Radio Emergency Associated Citizens Team (REACT)  
6 members when the REACT team is under contract to a county as an  
7 emergency response agency, ~~local law enforcement officers, patients in State~~  
8 ~~alcoholic rehabilitation centers,~~ all full-time custodial employees of the  
9 Department of Correction, employees of the Department's Division of  
10 Community Corrections and employees of the Department of Juvenile  
11 Justice and Delinquency Prevention required to be certified under Chapter  
12 17C of the General Statutes and the rules of the Criminal Justice and  
13 Training Standards Commission, ~~trainees enrolled in courses conducted~~  
14 ~~under the New and Expanding Industry Program, clients of sheltered~~  
15 ~~workshops, clients of adult developmental activity programs, students in~~  
16 ~~Health and Human Services Development Programs, juveniles of any age~~  
17 ~~committed to the Department of Juvenile Justice and Delinquency~~  
18 ~~Prevention by a court of competent jurisdiction, prison inmates,~~ members of  
19 the North Carolina State Defense Militia as defined in G.S. 127A-5 and as  
20 administered under Article 5 of Chapter 127A of the General Statutes, and  
21 elementary and secondary school employees enrolled in courses in first aid  
22 or cardiopulmonary resuscitation (CPR). ~~Provided further, tuition shall be~~  
23 ~~waived for senior citizens attending institutions operating under this Chapter~~  
24 ~~as set forth in Chapter 115B of the General Statutes, Tuition Waiver for~~  
25 ~~Senior Citizens. Provided further, tuition shall also be waived for all courses~~  
26 ~~taken by high school students at community colleges, including students in~~  
27 ~~early college and middle college high school programs, in accordance with~~  
28 ~~G.S. 115D 20(4) and this section.~~
- 29            (3) Patients in State alcoholic rehabilitation centers;
- 30            (4) Clients of sheltered workshops and adult developmental activity programs;
- 31            (5) Students in Health and Human Services Development Programs;
- 32            (6) Juveniles of any age committed to the Department of Juvenile Justice and  
33 Delinquency Prevention by a court of competent jurisdiction;
- 34            (7) Any person who is the survivor of a law enforcement officer, firefighter,  
35 volunteer firefighter, or rescue squad worker killed as a direct result of a  
36 traumatic injury sustained in the line of duty;
- 37            (8) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or  
38 rescue squad worker who is permanently and totally disabled as a direct  
39 result of a traumatic injury sustained in the line of duty;
- 40            (9) Any child, if the child is at least 17 years old but not yet 23 years old, whose  
41 parent is a law enforcement officer, firefighter, volunteer firefighter, or  
42 rescue squad worker who is permanently and totally disabled as a direct  
43 result of a traumatic injury sustained in the line of duty. However, a child's  
44 eligibility for a waiver of tuition under this Chapter shall not exceed the  
45 number of months required to complete the educational program to which  
46 the child is applying; and
- 47            (10) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii)  
48 is a ward of North Carolina or was a ward of the State at the time the child  
49 reached the age of 18, (iii) is a resident of the State, and (iv) is eligible for  
50 services under the Chaffee Education and Training Vouchers Program; but

1                   the waiver shall only be to the extent that there is any tuition still payable  
2                   after receipt of other financial aid received by the student."

3                   **SECTION 8.11.(f)** G.S. 115D-39(a) reads as rewritten:

4                   "**§ 115D-39. Student tuition and fees.**

5                   (a) The State Board of Community Colleges shall fix and regulate all tuition and fees  
6 charged to students for applying to or attending any institution pursuant to this Chapter.

7                   The receipts from all student tuition and fees, other than student activity fees, shall be State  
8 funds and shall be deposited as provided by regulations of the State Board of Community  
9 Colleges.

10                  The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and  
11 G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this Chapter;  
12 provided, however, that when an employer other than the armed services, as that term is  
13 defined in G.S. 116-143.3, pays tuition for an employee to attend an institution operating  
14 pursuant to this Chapter and when the employee works at a North Carolina business location,  
15 the employer shall be charged the in-State tuition rate; provided further, however, a community  
16 college may charge in-State tuition to up to one percent (1%) of its out-of-state students,  
17 rounded up to the next whole number, to accommodate the families transferred by business, the  
18 families transferred by industry, or the civilian families transferred by the military, consistent  
19 with the provisions of G.S. 116-143.3, into the State. Notwithstanding these requirements, a  
20 refugee who lawfully entered the United States and who is living in this State shall be deemed  
21 to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for  
22 community college tuition purposes as defined in G.S. 116-143.1(a)(2). Also, a nonresident of  
23 the United States who has resided in North Carolina for a 12-month qualifying period and has  
24 filed an immigrant petition with the United States Immigration and Naturalization Service shall  
25 be considered a State resident for community college tuition purposes.

26                  The tuition set by the State Board of Community Colleges for students who receive a partial  
27 tuition waiver pursuant to G.S. 115D-5(b) shall be:

28                  (1) For training courses set out in G.S. 115D-5(b2)(1) – A minimum of  
29 forty-five dollars (\$45.00) per credit hour for curriculum courses and a  
30 minimum of forty-five dollars (\$45.00) per course for continuing education  
31 courses.

32                  (2) For all other courses set out in G.S. 115D-5(b2) – A minimum of  
33 twenty-five dollars (\$25.00) per credit hour for curriculum courses and a  
34 minimum of twenty-five dollars (\$25.00) per course for continuing  
35 education courses."

36  
37 **CONTINUING EDUCATION FEES**

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

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

40  
41  
42  
43  
44  
45 **CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS**

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

50  
51 **CUSTOMIZED TRAINING PROGRAM**

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

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

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

7           ...

8           (1a) The types of services sought by the company, whether for new, expanding,  
9           or existing industry."

## 10 11 **COMMUNITY COLLEGES URGED TO PARTICIPATE IN FEDERAL STUDENT** 12 **LOAN PROGRAMS**

13           **SECTION 8.15.** The General Assembly urges all community colleges to  
14 participate in federal student loan programs.

## 15 16 **NORTH CAROLINA MILITARY BUSINESS CENTER**

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

- 24           (1) Training and mentoring eligible businesses on effectively marketing their  
25 products and services to military and other federal clients and contracting  
26 offices.
- 27           (2) Assisting eligible businesses with any required accreditations and  
28 qualifications for government contracting.
- 29           (3) Teaching eligible businesses about federal set-aside programs and how to  
30 take advantage of these programs directly or through partnering with other  
31 eligible businesses.
- 32           (4) Training and assisting clients with the registration, proposal development,  
33 and bidding processes related to military and other federal contracts.
- 34           (5) Training eligible businesses on legal and regulatory compliance.
- 35           (6) Designing and implementing mentoring programs to facilitate the  
36 development of interrelationships between eligible businesses.
- 37           (7) Forecasting the need for and assisting eligible businesses in obtaining  
38 advanced certifications and accreditations and advanced manufacturing  
39 skills and technologies.
- 40           (8) Working with Small Business Centers throughout the State to carry out these  
41 activities on a statewide basis.
- 42           (9) The maintenance of an Internet-based system to match the knowledge, skills,  
43 and abilities of active-duty military personnel, veterans, and their families  
44 throughout the State with the needs of North Carolina businesses.
- 45           (10) The study of community resources and existing business capacity to meet  
46 the current and future needs of the military and the development of proposals  
47 for further developing community resources and developing or recruiting  
48 new businesses to meet those needs.
- 49           (11) The marketing of the services provided by the Military Business Center.

## 50 51 **REVISE COLLEGE FUNDING FORMULA CATEGORIES**

1           **SECTION 8.17.(a)** The State Board of Community Colleges shall revise the  
2 college funding formula categories to accurately reflect where the colleges are spending their  
3 money. The revised formulas shall ensure that adequate funds are available for campus  
4 security, including the hiring of personnel, contracted professional services, surveillance  
5 cameras, call boxes, alert systems, and other equipment-related expenditures.

6           **SECTION 8.17.(b)** The State Board of Community Colleges shall adopt  
7 emergency rules in accordance with G.S. 150B-21.1A for the 2009-2011 fiscal biennium to  
8 grant community colleges the flexibility to transfer funds as necessary to minimize the impact  
9 of budget reductions on the educational program.

#### 10 11 **FIRE TRAINING COORDINATORS**

12           **SECTION 8.18.** All community college fire training coordinators shall be under  
13 the direct supervision of the Community Colleges System Office. There shall be one fire  
14 training coordinator in the eastern part of the State, one in the central part of the State, and one  
15 in the western part of the State.

#### 16 17 **CONTINUATION REVIEW OF THE PRISONER EDUCATION PROGRAM**

18           **SECTION 8.19.** The continuation review of the community college prisoner  
19 education program that is required by Section 6.6E of this act shall be prepared jointly by the  
20 Department of Correction and the Community Colleges System Office. The report shall  
21 include:

- 22           (1) Information on the total cost of the program;
- 23           (2) An analysis of the appropriate source of funding, including an analysis of  
24 prisoners' ability to pay;
- 25           (3) A review of which programs are most vital to the prisoner population and a  
26 priority order for restoration of the programs;
- 27           (4) An analysis of the cost per FTE to provide these programs to the prison  
28 population compared to the cost for the general population, including the  
29 FTE costs for curriculum, continuing education, and basic skills courses; and
- 30           (5) An analysis of the feasibility of limiting access to the education program to  
31 those prisoners who will be released within a certain time frame and to  
32 programs that lower recidivism rates.

#### 33 34 **STUDY OF EFFICIENT AND EFFECTIVE COMMUNITY COLLEGE** 35 **ADMINISTRATION**

36           **SECTION 8.20.** The Joint Legislative Program Evaluation Oversight Committee  
37 shall include in the 2010-2011 Work Plan for the Program Evaluation Division of the General  
38 Assembly a study of the most efficient and effective way to administer the local community  
39 colleges system. In the course of the study, the Program Evaluation Division shall consider the  
40 advisability of consolidating community college administration and strategies for ensuring  
41 access for students. The Program Evaluation Division shall submit the study to the Joint  
42 Legislative Program Evaluation Oversight Committee, the Joint Legislative Education  
43 Oversight Committee, and the Fiscal Research Division at a date to be determined by the Joint  
44 Legislative Program Evaluation Oversight Committee.

#### 45 46 **NO STATE FUNDS FOR INTERCOLLEGIATE ATHLETICS**

47           **SECTION 8.21.** State funds, including student receipts and student aid funds, shall  
48 not be used to create, support, maintain, or operate an intercollegiate athletics program at a  
49 community college.



1 **FUNDING FOR HIGH SCHOOL STUDENTS ENROLLED IN COMMUNITY**  
2 **COLLEGES, COLLEGES, AND UNIVERSITIES**

3 **SECTION 8.22.** The Department of Public Instruction, the Community Colleges  
4 System Office, and the Board of Governors of The University of North Carolina shall study  
5 issues related to funding for high school students enrolled in community college, college, and  
6 university courses. The study shall include an analysis of the cost of serving these students by  
7 grade level and an analysis of how the State can most efficiently and effectively pay for those  
8 expenditures. The Department of Public Instruction, the Community Colleges System Office,  
9 and the Board of Governors shall report the results of the study to the Joint Legislative  
10 Commission on Governmental Operations and the Fiscal Research Division by January 15,  
11 2010.  
12

13 **FUNDING FOR NEW MULTICAMPUS COLLEGES**

14 **SECTION 8.23.** The State Board of Community Colleges shall study the cost of  
15 funding all of the multicampus colleges in the North Carolina Community College System and  
16 shall develop a mechanism for ensuring that newly established multicampus colleges are  
17 funded at the same level as existing multicampus colleges. The Board shall further explore  
18 recommendations for including new multicampus colleges in the continuation budget. The  
19 State Board of Community Colleges shall report the results of its study to the Joint Legislative  
20 Education Oversight Committee by February 15, 2010.  
21

22 **PART IX. UNIVERSITIES**

23  
24 **USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS**

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

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

50 **SECTION 9.1.(c)** There is appropriated from the Escheat Fund to the Board of  
51 Governors of The University of North Carolina the sum of one million one hundred fifty-seven

1 thousand dollars (\$1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for  
2 need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The  
3 SEAA shall use these funds only to provide scholarship loans (known as the Millennium  
4 Teaching Scholarship Loan Program) to North Carolina high school seniors interested in  
5 preparing to teach in the State's public schools who also enroll at any of the Historically Black  
6 Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six  
7 thousand five hundred dollars (\$6,500) each shall be given to the three universities without any  
8 Teaching Fellows for the purposes specified in this subsection. The SEAA shall administer  
9 these funds and shall establish any additional criteria needed to award these scholarship loans,  
10 the conditions for forgiving the loans, and the collection of the loan repayments when  
11 necessary.

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

17  
18 **THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND**  
19 **REDUCE/MAXIMUM GRANT AWARDS FOR 2009-2010 FISCAL YEAR AND**  
20 **REPEAL EARN SCHOLARS FUND IN 2010-2011 FISCAL YEAR.**

21 **SECTION 9.2.(a)** Of the funds appropriated by this act from the General Fund to  
22 the State Education Assistance Authority the sum of sixteen million two hundred twenty-five  
23 thousand dollars (\$16,225,000) for the 2009-2010 fiscal year shall be allocated to the Education  
24 Access Rewards North Carolina Scholars Fund (EARN).

25 **SECTION 9.2.(b)** There is appropriated from the Escheat Fund to the State  
26 Education Assistance Authority the sum of thirty-seven million four hundred eighty-nine  
27 thousand dollars (\$37,489,000) for the 2009-2010 fiscal year to be allocated to EARN.

28 **SECTION 9.2.(c)** The funds appropriated in subsections (a) and (b) of this section  
29 shall be used only to fund EARN grants for the 2009-2010 academic year.

30 **SECTION 9.2.(d)** Notwithstanding G.S. 116-209.26(d), the maximum grant for  
31 which a student is eligible for an EARN Scholarship shall be two thousand dollars (\$2,000) for  
32 the 2009-2010 academic year. The State Education Assistance Authority shall pay the full  
33 amount of the grants awarded pursuant to this section in the 2009-2010 fall academic semester.

34 **SECTION 9.2.(e)** Effective July 1, 2010, G.S. 116-209.26 is repealed.

35 **SECTION 9.2.(f)** The campus financial aid offices at each eligible postsecondary  
36 institution as defined in G.S. 116-209.26 are encouraged to work with EARN recipients to  
37 secure replacement financial aid for the 2010-2011 academic year and appropriate subsequent  
38 academic years.

39  
40 **TRANSFERS OF CASH BALANCES TO THE GENERAL FUND**

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

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

49  
50 **UNC CENTER FOR ALCOHOL STUDIES**

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

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

20 It is the intent of the General Assembly to annually appropriate from the funds deposited in  
21 the General Fund under this subsection the sum of five hundred thirty-seven thousand four  
22 hundred fifty-five dollars (\$537,455) to the Board of Governors of The University of North  
23 Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies  
24 ~~Endowment at The the University of North Carolina at Chapel Hill, but not to exceed this~~  
25 ~~cumulative total of ten million dollars (\$10,000,000).~~ Hill."

26 **SECTION 9.5.(b)** Of the funds appropriated by this act to the Board of Governors  
27 of The University of North Carolina the sum of five hundred thirty-seven thousand four  
28 hundred fifty-five dollars (\$537,455) for the 2009-2010 fiscal year and the sum of five hundred  
29 thirty-seven thousand four hundred fifty-five dollars (\$537,455) for the 2010-2011 fiscal year  
30 shall be used for the operating expenses of the Bowles Center for Alcohol Studies at the  
31 University of North Carolina at Chapel Hill.

32  
33 **REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA**  
34 **SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE**  
35 **UNIVERSITY**

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

37 "(a) There is granted to each State resident who graduates from the North Carolina  
38 School of Science and Mathematics and who enrolls as a full-time student in a constituent  
39 institution of The University of North Carolina a sum to be determined by the General  
40 Assembly as a tuition grant. The tuition grant shall be for four consecutive academic years and  
41 shall cover the tuition cost at the constituent institution in which the student is enrolled. The  
42 tuition grant shall be distributed to the student as provided by this section. The grant provided  
43 by this section is only available to a student enrolled at the North Carolina School of Science  
44 and Mathematics for the 2008-2009 academic year or earlier."

45 **SECTION 9.6.(b)** Effective July 1, 2014, G.S. 116-238.1, as amended by this  
46 section, is repealed.

47  
48 **CLOSING THE ACHIEVEMENT GAP/GRANTS**

49 **SECTION 9.7.(a)** Funds appropriated by this act for the 2009-2010 fiscal year and  
50 for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina  
51 and allocated to the North Carolina Historically Minority Colleges and Universities Consortium

1 (HMCUC) for "Closing the Achievement Gap" shall be used for the sole purpose of supporting  
2 the operations and program activities of the HMCUC. These funds shall be used by the  
3 HMCUC members for the public purposes of developing and implementing after-school  
4 programs designed to close the academic achievement gap and improving the academic  
5 performance of youth at risk of academic failure and school dropout; provided, however, that  
6 the HMCUC may use up to one hundred thousand dollars (\$100,000) each fiscal year to cover  
7 the cost of administering the grants. The HMCUC also may allocate funds to a  
8 community-based and faith-based organization that is located in close proximity to the  
9 HMCUC member institution for the public purposes stated in this section.

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

## 23 24 **AMEND LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS**

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

26 **"§ 116-21.2. Legislative tuition grants to aid students and licensure students attending**  
27 **private institutions of higher education.**

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

38 (a1) Grants for Licensure Students. – The legislative tuition grant provided by this  
39 section shall also be granted to each full-time licensure student who is enrolled in a program  
40 intended to result in a license in teaching or nursing at an approved institution. The legislative  
41 tuition grant provided by this section shall be awarded on a pro rata basis to any part-time  
42 licensure student who is enrolled to take at least ~~six~~nine hours of undergraduate academic  
43 credit per semester in a program intended to result in a license in teaching or nursing at an  
44 approved institution. The legislative tuition grant and prorated legislative tuition grant  
45 authorized under this subsection shall be paid for undergraduate courses only. If a course is  
46 required for licensure, but is designated as both an undergraduate and graduate course, for  
47 purposes of this subsection, the course shall be considered an undergraduate course.

48 (b) Administration of Grants. – The tuition grants provided for in this section shall be  
49 administered by the State Education Assistance Authority pursuant to rules adopted by the  
50 State Education Assistance Authority not inconsistent with this section. The State Education  
51 Assistance Authority shall not approve any grant until it receives proper certification from an

1 approved institution that the student or licensure student applying for the grant is eligible. Upon  
2 receipt of the certification, the State Education Assistance Authority shall remit at the times as  
3 it prescribes the grant to the approved institution on behalf, and to the credit, of the student or  
4 licensure student.

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

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

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

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

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

38  
39 **GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY**  
40 **PRODUCTION/REVERT PART OF FUND BALANCE**

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

45  
46 **CODIFY AND INCREASE UNC UNDERGRADUATE TUITION SURCHARGE**

47 **SECTION 9.10.(a)** Article 14 of Chapter 116 of the General Statutes is amended  
48 by adding a new section to read:

49 **"§ 116-143.7. Tuition surcharge.**

50 (a) The Board of Governors of The University of North Carolina shall impose a  
51 twenty-five percent (25%) tuition surcharge on students who take more than 140 degree credit

1 hours to complete a baccalaureate degree in a four-year program or more than one hundred ten  
2 percent (110%) of the credit hours necessary to complete a baccalaureate degree in any  
3 program officially designated by the Board of Governors as a five-year program. Courses and  
4 credit hours taken include those taken at a constituent institution or accepted for transfer. In  
5 calculating the number of degree credit hours taken:

6 (1) Included are courses that a student:

7 a. Fails.

8 b. Does not complete unless the course was officially dropped by the  
9 student pursuant to the academic policy of the appropriate constituent  
10 institution.

11 (2) Excluded are credit hours earned through:

12 a. The College Board's Advanced Placement Program, CLEP  
13 examinations, or similar programs.

14 b. Institutional advanced placement, course validation, or any similar  
15 procedure for awarding course credit.

16 c. Summer term or extension programs.

17 (b) No surcharge shall be imposed on any student who exceeds the degree credit hour  
18 limits within the equivalent of four academic years of regular term enrollment or within five  
19 academic years of regular term enrollment in a degree program officially designated by the  
20 Board of Governors as a five-year program.

21 (c) Upon application by a student, the tuition surcharge shall be waived if the student  
22 demonstrates that any of the following have substantially disrupted or interrupted the student's  
23 pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a  
24 short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors  
25 shall establish the appropriate procedures to implement the waiver provided by this  
26 subsection."

27 **SECTION 9.10.(b)** G.S. 116-143.7(a), as enacted by subsection (a) of this section,  
28 reads as rewritten:

29 "(a) The Board of Governors of The University of North Carolina shall impose a  
30 ~~twenty five percent (25%)~~ fifty percent (50%) tuition surcharge on students who take more  
31 than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more  
32 than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate  
33 degree in any program officially designated by the Board of Governors as a five-year program.  
34 Courses and credit hours taken include those taken at that constituent institution or accepted for  
35 transfer. In calculating the number of degree credit hours taken:

36 (1) Included are courses that a student:

37 a. Fails.

38 b. Does not complete unless the course was officially dropped by the  
39 student pursuant to the academic policy of the appropriate constituent  
40 institution.

41 (2) Excluded are credit hours earned through:

42 a. The College Board's Advanced Placement Program, CLEP  
43 examinations, or similar programs.

44 b. Institutional advanced placement, course validation, or any similar  
45 procedure for awarding course credit.

46 c. Summer term or extension programs."

47 **SECTION 9.10.(c)** Subsection (a) of this section is effective beginning with the  
48 2009-2010 academic year; subsection (b) of this section is effective beginning with the  
49 2010-2011 academic year.

## 50 ENROLLMENT GROWTH REPORTING

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

2   "**§ 116-30.7. Biennial projection of enrollment growth for The University of North**  
3   **Carolina.**

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

16  
17   **TRANSFER THE NORTH CAROLINA CENTER FOR THE ADVANCEMENT OF**  
18   **TEACHING TO THE STATE BOARD OF EDUCATION**

19       **SECTION 9.13.(a)** The North Carolina Center for the Advancement of Teaching is  
20   transferred from the Board of Governors of The University of North Carolina to the State  
21   Board of Education. The Center shall be located administratively under the State Board of  
22   Education but shall exercise its powers and duties through its own board of trustees. The board  
23   of trustees shall have full authority regarding all aspects of employment and contracts for the  
24   North Carolina Center for the Advancement of Teaching in accordance with State personnel  
25   policies and contract procedures.

26       This transfer shall include (i) ownership, possession, and control of the properties  
27   located at Cullowhee and Ocracoke, including buildings, grounds, personal property, vehicles,  
28   and equipment, and (ii) the resources, assets, liabilities, and operations maintained, possessed,  
29   or controlled by the North Carolina Center for the Advancement of Teaching prior to the  
30   transfer.

31       Upon the transfer, all duties and responsibilities of The University of North  
32   Carolina, including Western Carolina University, shall cease except as may be agreed upon by  
33   the parties; provided, however, that The University of North Carolina, Western Carolina  
34   University, and NCCAT shall work cooperatively in coordination with appropriate State  
35   agencies to effect an efficient and orderly transfer of duties and responsibilities to be completed  
36   on or before November 1, 2009.

37       The State of North Carolina shall reassign to Western Carolina University the  
38   original parcel of real property located in Cullowhee if it is no longer used or occupied by  
39   NCCAT.

40       **SECTION 9.13.(b)** G.S. 116-74.6 is recodified as G.S. 115C-296.5.

41       **SECTION 9.13.(c)** G.S. 115C-296.5 reads as rewritten:

42   "**§ 115C-296.5. North Carolina Center for the Advancement of Teaching**  
43   **established; Teaching; powers and duties of trustees.**

44       ~~(a) The Board of Governors of The University of North Carolina established the North~~  
45   ~~Carolina Center for the Advancement of Teaching pursuant to Section 74 of S.L. 1985-479.~~  
46   ~~The Center shall be a center of The University of North Carolina Board of Governors. It shall~~  
47   ~~be the function of the The North Carolina Center for the Advancement of Teaching (hereinafter~~  
48   ~~called "NCCAT"), through itself or agencies with which it may ~~contract, to contract, shall:~~~~

49       (1) Provide career teachers with opportunities to study advanced topics  
50   in the sciences, arts, and humanities and to engage in informed discourse,

1 assisted by able mentors and outstanding leaders from all walks of life; and  
 2 otherwise to offer opportunity and

3 (2) Offer opportunities for teachers to engage in scholarly pursuits,  
 4 ~~through~~ pursuits through a center dedicated exclusively to the advancement  
 5 of teaching as an art and as a profession.

6 (b) NCCAT may also provide training and support for beginning teachers to enhance  
 7 their skills and in support of the State's effort to recruit and retain beginning teachers.

8 ~~(c) The Board of Governors of The University of North Carolina shall establish the~~  
 9 Board of Trustees of the North Carolina Center for the Advancement of Teaching ~~Board of~~  
 10 ~~Trustees and shall delegate to the Board of Trustees~~ shall hold all the powers and duties ~~the~~  
 11 ~~Board of Governors considers~~ necessary or appropriate for the effective discharge of the  
 12 functions of NCCAT."

13 **SECTION 9.13.(d)** G.S. 116-74.7 is recodified as G.S. 115C-296.6.

14 **SECTION 9.13.(e)** G.S. 115C-296.6 reads as rewritten:

15 "**§ 115C-296.6. Composition of board of trustees; terms; officers.**

16 (a) The NCCAT Board of Trustees shall be composed of the following membership:

17 (1) ~~Three~~ Two ex officio members: ~~the President of The University of North~~  
 18 ~~Carolina, the Chairman of the State Board of Education and the State~~  
 19 ~~Superintendent of Public Instruction, and the Chancellor of Western~~  
 20 ~~Carolina University, or their designees;~~

21 (2) Two members appointed by the General Assembly upon the  
 22 recommendation of the President Pro Tempore of the Senate;

23 (3) Two members appointed by the General Assembly upon the  
 24 recommendation of the Speaker of the House of Representatives; and

25 (4) Eight members appointed by the ~~Board of Governors, Governor,~~ one from  
 26 each of the eight educational regions.

27 The appointing authorities shall give consideration to assuring, through Board membership, the  
 28 statewide mission of NCCAT.

29 (b) Members of the NCCAT Board of Trustees shall serve four-year terms. Members  
 30 may serve two consecutive four-year terms. The Board shall elect a new ~~chairman~~ chair every  
 31 two years from its membership. The ~~Chairman~~ chair may serve two consecutive two-year terms  
 32 as ~~chairman~~ chair.

33 (c) The chief administrative officer of NCCAT shall be an executive ~~director~~. ~~The~~  
 34 ~~Board of Governors of The University of North Carolina shall appoint the executive director~~  
 35 ~~and set the compensation of the executive director on the recommendation of the President of~~  
 36 ~~The University of North Carolina. The President shall recommend the executive director from a~~  
 37 ~~list of not fewer than two names nominated by the NCCAT Board of Trustees.~~

38 ~~The executive director shall report to and serve at the pleasure of the President of The~~  
 39 ~~University of North Carolina; provided that the President shall not terminate the employment of~~  
 40 ~~the executive director without prior consultation with the NCCAT Board of Trustees.~~ director  
 41 who shall be appointed by the NCCAT Board of Trustees."

42 **SECTION 9.13.(f)** G.S. 126-5(c1) is amended by adding a new subdivision to  
 43 read:

44 "(29) The Executive Director, Deputy Director, all other directors, assistant and  
 45 associate directors, and center fellows of the North Carolina Center for the  
 46 Advancement of Teaching."

47 **SECTION 9.13.(g)** Existing appointed members of the NCCAT Board of Trustees  
 48 shall continue to serve until their current terms expire. Their successors shall be appointed as  
 49 provided in G.S. 115C-296.6, as rewritten by subsections (d) and (e) of this section.

50  
 51 **COASTAL DEMONSTRATION WIND TURBINES**



1           **SECTION 9.14.(a)** The University of North Carolina shall continue the coastal  
2 sounds wind energy study set forth in Section 9.12 of S.L. 2008-107 and, pursuant to Section  
3 9.12, shall apply for federal grants to continue the study. Funds appropriated by Public Law  
4 111-5, the American Recovery and Reinvestment Act of 2009, for renewable energy and  
5 allocated to the State of North Carolina shall be used for the development, design, and  
6 construction of at least three demonstration wind turbines and necessary support facilities in the  
7 sounds or off the coast of North Carolina, and the Director of the Budget shall ensure any  
8 available federal funds are secured. The actual placement of the wind turbines and necessary  
9 support facilities shall be determined by the coastal sounds wind energy study. The Director of  
10 the Budget shall ensure that any available federal funding is secured by the State to construct  
11 the wind turbines. The University, in collaboration with the Director of the Budget, shall enter  
12 into a contract with a third party by October 1, 2009, to construct, establish, and operate the  
13 demonstration turbines and necessary support facilities on or before April 1, 2010.

14           **SECTION 9.14.(b)** With respect to the demonstration wind turbines and necessary  
15 support facilities authorized by subsection (a) of this section, the facilities authorized under this  
16 act shall be constructed in accordance with the provisions of general law applicable to the  
17 construction of State facilities. The Department of Environment and Natural Resources is  
18 directed to expedite permitting of the project to the extent allowed by law.

19           **SECTION 9.14.(c)** The last sentence of Section 9.12 of S.L. 2008-107 reads as  
20 rewritten:

21           "The Board of Governors shall report the results of this study to the House Committee on  
22 Energy and Energy Efficiency and the Senate Committee on Agriculture/Environment/Natural  
23 Resources by ~~July 1, August 1, 2009.~~"

#### 24 25 **AMEND AID TO PRIVATE MEDICAL SCHOOLS**

26           **SECTION 9.15.** G.S. 116-21.5 reads as rewritten:

#### 27 **"§ 116-21.5. Private medical schools-assistance funding formula.**

28           (a) Funds shall be appropriated each year in the Current Operations Appropriations Act  
29 to the Board of Governors of The University of North Carolina for continuation of financial  
30 assistance ~~to for needy North Carolina students who are enrolled in~~ the medical schools of  
31 Duke University and Wake Forest University. The funds shall be disbursed on certifications of  
32 the respective schools of medicine that show the number of North Carolina residents as  
33 first-year, second-year, third-year, and fourth-year students in the medical school as of the  
34 appropriate fiscal year.

35           (b) Disbursement to Wake Forest University shall be made in the amount of ~~eight~~  
36 ~~thousand dollars (\$8,000) for each medical student who is a North Carolina resident, one~~  
37 ~~thousand dollars (\$1,000) of which~~ for each medical student who is a North Carolina resident  
38 and shall be placed by the school in a fund to be used to provide financial aid to needy North  
39 Carolina students who are enrolled in the medical school. The maximum aid given to any  
40 student from this fund in a given year shall not exceed the amount of the difference in tuition  
41 and academic fees charged by the school and those charged at the School of Medicine at the  
42 University of North Carolina at Chapel Hill.

43           (c) Disbursement to Duke University shall be made in the amount of ~~five thousand~~  
44 ~~dollars (\$5,000) for each medical student who is a North Carolina resident, five hundred dollars~~  
45 ~~(\$500.00) of which~~ for each medical student who is a North Carolina resident and shall be  
46 placed by the school in a fund to be used to provide student financial aid to financially needy  
47 North Carolina students who are enrolled in the medical school. No individual student may be  
48 awarded assistance from this fund in excess of two thousand dollars (\$2,000) each year. In  
49 addition to this basic disbursement for each year of the biennium, a disbursement of one  
50 thousand dollars (\$1,000) shall be made for each medical student who is a North Carolina  
51 resident in the first year, second year, third year, and fourth year classes to the extent that

1 ~~enrollment of each of those classes exceeds 30 North Carolina students.~~ The maximum aid  
2 given to any student from this fund in a given year shall not exceed the amount of the  
3 difference in tuition and academic fees charged by the school and those charged at the School  
4 of Medicine at the University of North Carolina at Chapel Hill.

5 (d) The Board of Governors shall establish the criteria for determining the eligibility for  
6 financial aid of needy North Carolina students who are enrolled in the medical schools and  
7 shall review the grants or awards to eligible students. The Board of Governors shall adopt rules  
8 for determining which students are residents of North Carolina for the purposes of these  
9 programs. The Board of Governors shall also make any regulations as necessary to ensure that  
10 these funds are used directly for instruction in the medical programs of the schools and not for  
11 religious or other nonpublic purposes. The Board of Governors shall encourage the two schools  
12 to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The  
13 two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

14 (e) If the funds appropriated in the Current Operations Appropriations Act to the Board  
15 of Governors of The University of North Carolina for continuation of financial assistance to the  
16 medical schools of Duke University and Wake Forest University are insufficient to cover the  
17 enrolled students in accordance with this section, then the Board of Governors may transfer  
18 unused funds from other programs in the Related Educational Programs budget code to cover  
19 the extra students."  
20

## 21 **DISTINGUISHED PROFESSOR ENDOWMENT TRUST FUND/PRIORITIZE USE OF** 22 **FUNDS**

23 **SECTION 9.16.** Notwithstanding Part 4A of Article 1 of Chapter 116 of the  
24 General Statutes, of the funds appropriated by this act to the Board of Governors of The  
25 University of North Carolina and allocated to the Distinguished Professors Endowment Trust  
26 Fund established in G.S. 116-41.14, the sum of eight million dollars (\$8,000,000) for the  
27 2009-2010 fiscal year and the sum of eight million dollars (\$8,000,000) for the 2010-2011  
28 fiscal year shall first be used to match the grant from the C.D. Spangler Foundation. The  
29 balance of funds remaining from each appropriation of eight million dollars (\$8,000,000), if  
30 any, after matching the grant from the C.D. Spangler Foundation, shall be used to address the  
31 backlog of professorships awaiting State matching funds.  
32

## 33 **ELIMINATE ENROLLMENT GROWTH FUNDING FOR 2010-2011 FISCAL YEAR**

34 **SECTION 9.17.** Notwithstanding any other provision of law, the General  
35 Assembly does not intend to appropriate funds for the 2010-2011 fiscal year for the purpose of  
36 funding enrollment growth at the constituent institutions of The University of North Carolina.  
37

## 38 **PHASE OUT FUTURE TEACHERS SCHOLARSHIP LOAN PROGRAM**

39 **SECTION 9.18.(a)** Notwithstanding any other provision of law, scholarship loans  
40 from the Future Teachers of North Carolina Scholarship Loan Fund established by  
41 G.S. 116-209.38 for the 2010-2011 academic year shall be awarded only to students who are  
42 seniors for that academic year scheduled to graduate at the end of the 2010-2011 academic  
43 year.

44 **SECTION 9.18.(b)** All financial obligations to any student awarded a scholarship  
45 loan from the Future Teachers of North Carolina Scholarship Loan Fund before July 1, 2011,  
46 shall be fulfilled provided the student remains eligible under the provisions of the Future  
47 Teachers of North Carolina Scholarship Loan Fund. All contractual agreements between a  
48 student awarded a scholarship loan from the Future Teachers of North Carolina Scholarship  
49 Loan Fund before July 1, 2011, and the State Education Assistance Authority remain  
50 enforceable, and the provisions of G.S. 116-209.38 that would be applicable but for this section  
51 shall remain applicable with regard to any scholarship loan awarded before July 1, 2011.

1           **SECTION 9.18.(c)** Effective July 1, 2011, G.S. 116-209.38 is repealed.

2  
3           **UNC MANAGEMENT FLEXIBILITY REDUCTION**

4           **SECTION 9.19.(a)** The management flexibility reduction for The University of  
5 North Carolina shall not be allocated by the Board of Governors to the constituent institutions  
6 and affiliated entities using an across-the-board method but in a manner that recognizes the  
7 importance of the academic mission and differences among The University of North Carolina  
8 entities. Before taking reductions in instructional budgets, the Board of Governors and the  
9 campuses of the constituent institutions shall consider reducing budgets for senior and middle  
10 management personnel, centers and institutes, low enrollment degree programs, and  
11 nonacademic activities. The Board of Governors and the campuses of the constituent  
12 institutions shall also review the institutional trust funds and the special funds held by or on  
13 behalf of the The University of North Carolina and its constituent institutions to determine  
14 whether there are monies available in those funds that can be used to assist with operating costs  
15 before taking reductions in instructional budgets. In addition, the campuses of the constituent  
16 institutions also shall require their faculty to have a teaching workload equal to the national  
17 average in their Carnegie classification. Budget reductions shall not be considered in funding  
18 available for need-based financial aid.

19           **SECTION 9.19.(b)** In administering the management flexibility reserve, the Board  
20 of Governors shall ensure that funding is available to provide:

- 21           (1) The sum of three million dollars (\$3,000,000) each year in recurring funds  
22 for the accreditation of the dental school at East Carolina University;
- 23           (2) The sum of one million five hundred thousand dollars (\$1,500,000) for the  
24 2009-2010 fiscal year for the purchase of equipment for the Joint School of  
25 Nanoscience and Nanoengineering at North Carolina Agricultural and  
26 Technical State University and the University of North Carolina at  
27 Greensboro. These funds shall replace funds reverted by the Governor for  
28 the 2008-2009 fiscal year; and
- 29           (3) The sum of one million five hundred thousand dollars (\$1,500,000) each  
30 year in recurring funds to match a federal grant for the Engineering School  
31 at North Carolina Agricultural and Technical State University.

32  
33           **REPEAL IN-STATE TUITION FOR FULL SCHOLARSHIP STUDENTS**

34           **SECTION 9.20.** G.S. 116-143.6 is repealed.

35  
36           **REDUCE NUMBER OF COURSES UNC FACULTY AND STAFF MAY TAKE**  
37           **TUITION-FREE**

38           **SECTION 9.21.** G.S. 116-143(d) reads as rewritten:

39           "(d) Notwithstanding the above provision relating to the abolition of free tuition, the  
40 Board of Governors of The University of North Carolina may, in its discretion, provide  
41 regulations under which a full-time faculty member of the rank of full-time instructor or above,  
42 and any full-time staff member of The University of North Carolina may during the period of  
43 normal employment enroll for not more than ~~three~~ ~~two~~ courses per year in The University of  
44 North Carolina free of charge for tuition, provided such enrollment does not interfere with  
45 normal employment obligations and further provided that such enrollments are not counted for  
46 the purpose of receiving general fund appropriations."

47  
48           **NO SPECIAL TALENT TUITION WAIVERS FOR STUDENT ATHLETES**

49           **SECTION 9.22.(a)** G.S. 116-143(c) reads as rewritten:

50           "(c) Inasmuch as the giving of tuition and fee waivers, or especially reduced rates,  
51 represent in effect a variety of scholarship awards, the said practice is hereby prohibited except

1 when expressly authorized by statute or by the Board of Governors of The University of North  
2 Carolina; and, furthermore, it is hereby directed and required that all budgeted funds expended  
3 for scholarships of any type must be clearly identified in budget reports. The Board of  
4 Governors of The University of North Carolina shall not authorize a reduced rate of tuition for  
5 the special talent of athletics."

6 **SECTION 9.22.(b)** No policy adopted by the Board of Governors to authorize a  
7 special tuition rate for students who have athletics as a special talent shall be implemented for  
8 the 2009-2011 fiscal biennium.

#### 9 10 **NO IMPLEMENTATION OF CAMPUS INITIATED TUITION INCREASES**

11 **SECTION 9.23.** Notwithstanding any other provision of law, no campus initiated  
12 tuition increase, including those approved by the Board of Governors of The University of  
13 North Carolina for the 2009-2010 academic year on February 13, 2009, shall be implemented  
14 for the 2009-2010 academic year.

#### 15 16 **ESTABLISH JOINT LEGISLATIVE COMMITTEE ON CONSOLIDATION OF** 17 **STATE SCHOLARSHIPS**

18 **SECTION 9.24.(a)** There is created the Joint Legislative Study Committee on  
19 Consolidation of State Scholarships. The Committee shall consist of 10 members. The Speaker  
20 of the House of Representatives shall appoint five members, and the President Pro Tempore of  
21 the Senate shall appoint five members.

22 The Speaker of the House of Representatives and the President Pro Tempore of the  
23 Senate each shall appoint a cochair for the Committee. The Committee may meet at any time  
24 upon the joint call of the cochairs. Vacancies on the Committee shall be filled by the same  
25 appointing authority as made the initial appointment.

26 The Committee, while in the discharge of its official duties, may exercise all powers  
27 provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may  
28 contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

29 Subject to the approval of the Legislative Services Commission, the Committee may  
30 meet in the Legislative Building or the Legislative Office Building. The Legislative Services  
31 Commission, through the Legislative Services Officer, shall assign professional staff to assist  
32 the Committee in its work. The House of Representatives' and the Senate's Director of  
33 Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to  
34 the clerical employees shall be borne by the Committee. Members of the Committee shall  
35 receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as  
36 appropriate.

37 **SECTION 9.24.(b)** The Committee shall study the feasibility of consolidating the  
38 scholarships available for students who attend any of the institutions of higher education that  
39 are part of The University of North Carolina. More specifically, the Committee shall consider  
40 consolidating those scholarships categorized as income-based scholarships and consolidating  
41 those scholarships categorized as merit-based scholarships. In its study the Committee shall  
42 review the qualifications for each scholarship, the purpose for which the scholarship is  
43 awarded, and any other criteria that make the scholarship either similar to other scholarships in  
44 the same category or that make the scholarship unique from others in its category. The  
45 Committee also shall consider marketing strategies for the scholarships and how to make the  
46 information regarding those scholarships more transparent, understandable, and accessible to  
47 the general public and to the students who may be interested in applying for the scholarships.  
48 In addition, the Committee may consider any other issues relevant to this study.

49 **SECTION 9.24.(c)** The Committee may make an interim report, including any  
50 legislative recommendations, to the 2009 General Assembly, 2010 Regular Session, and shall  
51 submit a final report, including any legislative recommendations, to the 2011 General

1 Assembly. The Committee shall terminate upon filing its final report or upon the convening of  
2 the 2011 General Assembly, whichever is earlier.

3 **SECTION 9.24.(d)** From the funds appropriated by this act to the General  
4 Assembly for the 2009-2010 fiscal year and for the 2010-2011 fiscal year, the Legislative  
5 Services Commission may allocate monies to fund the work of the Committee.

6  
7 **ENCORE CENTER FOR LIFELONG ENRICHMENT AND THE WILLIAM AND IDA**  
8 **FRIDAY CENTER FOR CONTINUING EDUCATION/DISCRETIONARY FEE**  
9 **INCREASES TO COVER STATE BUDGET REDUCTIONS**

10 **SECTION 9.26.(a)** Notwithstanding G.S. 116-40.22 and G.S. 116-143, the fees  
11 charged for courses offered by the Encore Center for Lifelong Enrichment at North Carolina  
12 State University may, upon approval of the Chancellor of North Carolina State University, be  
13 increased for the 2009-2010 fiscal year and the 2010-2011 fiscal year to cover the Center's  
14 budget reduction of seventy-one thousand two hundred forty-three dollars (\$71,243) in State  
15 funds for each fiscal year.

16 **SECTION 9.26.(b)** Notwithstanding G.S. 116-40.22 and G.S. 116-143, the fees  
17 charged for courses offered by The William and Ida Friday Center for Continuing Education at  
18 the University of North Carolina at Chapel Hill may, upon approval of the Chancellor of the  
19 University of North Carolina at Chapel Hill, be increased for the 2009-2010 fiscal year and the  
20 2010-2011 fiscal year to cover the Center's budget reduction of two hundred thousand dollars  
21 (\$200,000) in State funds for each fiscal year.

22  
23 **ELIMINATE STATE FUNDING FOR MILLENNIUM SEMINARS AND PUBLIC**  
24 **SAFETY LEADERSHIP CENTER AT NORTH CAROLINA STATE UNIVERSITY**

25 **SECTION 9.27.** Notwithstanding any provision of law, no State funds shall be  
26 used for the support of the millennium seminars or the public safety leadership center at North  
27 Carolina State University for the 2009-2011 fiscal biennium.

28 The amount spent for this purpose for the 2008-2009 fiscal year was one hundred  
29 five thousand dollars (\$105,000).

30  
31 **LEGISLATIVE TUITION GRANTS AND RELIGIOUS COLLEGE GRANTS**

32 **SECTION 9.28.(a)** Notwithstanding any other provision of law, if the amount  
33 appropriated by this act to the State Education Assistance Authority for the 2009-2010 fiscal  
34 year for legislative tuition grants exceeds the amount required to pay the legislative tuition  
35 grants in the amount of one thousand eight hundred fifty dollars (\$1,850) to each North  
36 Carolina resident student attending the State's private colleges, then the State Education  
37 Assistance Authority shall disburse the surplus balance of the funds equally among each  
38 eligible student as defined by G.S. 116-21.2 as part of each student's legislative tuition grant for  
39 the 2009-2010 fiscal year. However, under no circumstances shall any student receive a  
40 legislative tuition grant that exceeds the amount of one thousand nine hundred fifty dollars  
41 (\$1,950) for the 2009-2010 fiscal year.

42 **SECTION 9.28.(b)** Notwithstanding any other provision of law, if the amount  
43 appropriated by this act to the State Education Assistance Authority for the 2009-2010 fiscal  
44 year for religious college grants exceeds the amount required to pay the religious college grants  
45 in the amount of one thousand eight hundred fifty dollars (\$1,850) to each North Carolina  
46 resident student attending the State's eligible institutions as defined by G.S. 116-43.5, then the  
47 State Education Assistance Authority shall disburse the surplus balance of the funds equally  
48 among each eligible student as defined by G.S. 116-43.5 as part of each student's religious  
49 college grant for the 2009-2010 fiscal year. However, under no circumstances shall any student  
50 receive a religious college grant that exceeds the amount of one thousand nine hundred fifty  
51 dollars (\$1,950) for the 2009-2010 fiscal year.

1  
2 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

3  
4 **CHILD CARE SUBSIDY RATES**

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

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

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

11  
12  
13  
14  
15 **SECTION 10.1.(c)** Payments for the purchase of child care services for  
16 low-income children shall be in accordance with the following requirements:

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

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

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

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

48 **SECTION 10.1.(f)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
49 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the  
50 program that provides for the purchase of care in child care facilities for minor children of  
51 needy families. No separate licensing requirements shall be used to select facilities to

1 participate. In addition, child care facilities shall be required to meet any additional applicable  
2 requirements of federal law or regulations. Child care arrangements exempt from State  
3 regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the  
4 requirements established by other State law and by the Social Services Commission.

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

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

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

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

## 21 **CHILD CARE ALLOCATION FORMULA**

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

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

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

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

## 45 **CHILD CARE FUNDS MATCHING REQUIREMENT**

46 **SECTION 10.3.** No local matching funds may be required by the Department of  
47 Health and Human Services as a condition of any locality's receiving its initial allocation of  
48 child care funds appropriated by this act unless federal law requires a match. If the Department  
49 reallocates additional funds above twenty-five thousand dollars (\$25,000) to local purchasing  
50  
51

1 agencies beyond their initial allocation, local purchasing agencies must provide a twenty  
2 percent (20%) local match to receive the reallocated funds. Matching requirements shall not  
3 apply when funds are allocated because of a disaster as defined in G.S. 166A-4(1).  
4

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

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

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

#### 27 **CHILD CARE REVOLVING LOAN**

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

#### 34 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 35 **ENHANCEMENTS**

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

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

- 45 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures  
46 specified by a written policy to be developed by the Board of Directors of  
47 the North Carolina Partnership for Children, Inc.
- 48 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen  
49 thousand dollars (\$15,000), three written quotes.
- 50 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than  
51 forty thousand dollars (\$40,000), a request for proposal process.



- 1 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
2 proposal process and advertising in a major newspaper.

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

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

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

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

44 **SECTION 10.7.(e)** The Department of Health and Human Services and the North  
45 Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early  
46 Childhood Education and Development Initiatives for State fiscal years 2009-2010 and  
47 2010-2011 shall be administered and distributed in the following manner:

- 48 (1) Capital expenditures are prohibited for fiscal years 2009-2010 and  
49 2010-2011. For the purposes of this section, "capital expenditures" means  
50 expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).

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

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

9 **SECTION 10.7.(g)** For fiscal years 2009-2010 and 2010-2011, The North Carolina  
10 Partnership for Children, Inc., and the local partnerships shall spend at the level required in  
11 order to draw down all federal recovery funds for child care subsidies. The Department of  
12 Health and Human Services shall determine the level of funds that need to be expended in order  
13 to draw down all federal recovery funds.

14  
15 **TASK FORCE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION**  
16 **AND CARE**

17 **SECTION 10.7A.(a)** Intent. – It is the intent of the General Assembly that not later  
18 than July 1, 2010, certain agencies and programs relating to early childhood education and care  
19 shall be consolidated.

20 **SECTION 10.7A.(b)** Task Force Established. – There is established the Joint  
21 Legislative Task Force on the Consolidation of Early Childhood Education and Care (Task  
22 Force). The Department of Health and Human Services and the Department of Public  
23 Instruction shall work with the Task Force to develop a Consolidation Plan (Plan) to implement  
24 the Plan as approved by the 2010 Regular Session of the 2009 General Assembly.

25 **SECTION 10.7A.(c)** Task Force Membership. –

- 26 (1) Appointments to the Task Force shall be as follows:

- 27 a. Three members of the House of Representatives appointed by the  
28 Speaker of the House of Representatives.  
29 b. Three members of the Senate appointed by the President Pro  
30 Tempore of the Senate.  
31 c. Three members appointed by the Governor.

- 32 (2) Ex officio members. – For the purpose of providing needed expertise and  
33 advising, but also to avoid potential conflicts of interest, the following  
34 members shall serve as ex officio nonvoting members, appointed by the  
35 Governor.

- 36 a. A representative of the Division of Child Development of the  
37 Department of Health and Human Services.  
38 b. A representative of the Department of Public Instruction.  
39 b1. A representative of the North Carolina Partnership for Children, Inc.  
40 c. A representative of a local board of education.  
41 d. A representative of institutions of higher education appointed by the  
42 Board of Governors of The University of North Carolina.  
43 e. A representative of local providers of early childhood education and  
44 development services.  
45 f. A representative from Head Start agencies located in the State,  
46 including migrant and seasonal Head Start programs and Indian Head  
47 Start programs.  
48 g. The State Director of the Head Start Collaboration.  
49 h. A representative of the State agency responsible for programs under  
50 part C of the Individuals with Disabilities Education Act (IDEA).

- 1 i. A representative of the Division of Mental Health, Developmental
- 2 Disabilities, and Substance Abuse Services.
- 3 j. Any additional ad hoc members deemed beneficial to achieve the
- 4 goals of the Task Force.

5 Appointments to the Task Force shall be made no later than September 1, 2009.

6 Vacancies in the Task Force or a vacancy as chair of the Task Force resulting from  
7 the resignation of a member or otherwise shall be filled in the same manner in which the  
8 original appointment was made.

9 **SECTION 10.7A.(d)** Duties of the Task Force. –

- 10 (1) In consultation with the Department of Health and Human Services and the
- 11 Department of Public Instruction, develop a Plan for a highly coordinated
- 12 and efficient system of early childhood education and care.
- 13 (2) Not later than January 15, 2010, establish and appoint a transition team to
- 14 implement the Plan approved by the General Assembly. The transition team
- 15 shall be responsible for guiding the transition from the
- 16 multiagency/multiprogram system now in place to a consolidated system and
- 17 to ensure continuity and quality of existing services to young children,
- 18 families, and early childhood programs and personnel.
- 19 (3) Adhere to the following principles in the development and implementation
- 20 of the Plan approved by the General Assembly.
  - 21 a. Ensuring high quality programs.
  - 22 b. Ensuring core functions remain intact.
  - 23 c. Maintaining the strengths and effectiveness of each program.
  - 24 d. Identifying and proposing efficiencies.
  - 25 e. Identifying needed improvements.
  - 26 f. Streamlining administrative savings.
  - 27 g. Promoting a seamless delivery of services from birth through
  - 28 kindergarten.
  - 29 h. Any other principles the Task Force deems relevant.
- 30 (4) Consider the following agencies and functions for consolidation:
  - 31 a. The North Carolina Partnership for Children, Inc.
  - 32 b. The "More at Four" Program.
  - 33 c. Title I Prekindergarten programs.
  - 34 d. Preschool Exceptional Children.
  - 35 e. Early Intervention programs.
  - 36 f. Head Start Collaboration.
  - 37 g. Child Care Regulatory and Subsidy.
  - 38 h. Licensing and Regulatory Functions.
  - 39 i. Workforce Professional Development and Recognition.
  - 40 j. Quality Initiatives.
- 41 (5) Consult with appropriate State departments, agencies, and board
- 42 representatives on issues related to early childhood education and care.
- 43 (6) In developing the Plan, review and consider the proposal included in
- 44 Ensuring School Readiness for North Carolina's Children: Bringing the Parts
- 45 Together to Create an Integrated Early Care and Education System,
- 46 November, 2004.

47 **SECTION 10.7A.(e)** Chair; Meetings. – The Speaker of the House of  
48 Representatives and the President Pro Tempore of the Senate shall each designate one member  
49 to serve as cochair of the Task Force.

1 The cochairs shall call the initial meeting of the Task Force on or before October 1,  
 2 2009. The Task Force shall subsequently meet upon such notice and in such manner as its  
 3 members determine. A majority of the members of the Task Force shall constitute a quorum.

4 **SECTION 10.7A.(f)** Expenses of Members. – Members of the Task Force shall  
 5 receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or  
 6 138-6, as appropriate.

7 **SECTION 10.7A.(g)** Cooperation by Government Agencies. – The Task Force  
 8 may call upon any department, agency, institution, or officer of the State or any political  
 9 subdivision thereof for facilities, data, or other assistance.

10 **SECTION 10.7A.(h)** Report. – The Task Force shall report its findings and  
 11 recommendations by January 15, 2010, to the Joint Legislative Oversight Committee on  
 12 Government Operations, the House of Representatives Appropriations Subcommittee on Health  
 13 and Human Services, the Senate Appropriations Committee on Health and Human Services, the  
 14 House of Representatives Subcommittee on Education, the Senate Appropriations Committee  
 15 on Education, and the Fiscal Research Division. The Task Force shall terminate upon filing its  
 16 final report.

17 **SECTION 10.7A.(i)** Proposal. – After reviewing the report submitted by the Task  
 18 Force, the House of Representatives Appropriations Subcommittee on Health and Human  
 19 Services, the Senate Appropriations Committee on Health and Human Services, the House of  
 20 Representatives Appropriations Subcommittee on Education, and the Senate Appropriations  
 21 Committee on Education shall develop language and a budget proposal by May 30, 2010, to  
 22 present to the 2010 Regular Session of the 2009 General Assembly to implement the  
 23 consolidation of early childhood education and care programs, which consolidation shall  
 24 become effective July 1, 2010.

25 **SECTION 10.7A.(j)** Funding. – The Legislative Services Officer shall allocate  
 26 funds to carry out the duties of the Task Force.

27 **SECTION 10.7A.(k)** Effective date. – This section becomes effective July 1, 2009.  
 28 Effective July 1, 2010, the Consolidation as contained in the Plan approved by the 2010  
 29 Regular Session of the 2009 General Assembly, shall be implemented.

30  
 31 **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL**  
 32 **SERVICES**

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

38  
 39 **INCREASE CHILD CARE LICENSING FEES FOR CHILD CARE FACILITIES**

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

41 **"§ 110-90. Powers and duties of Secretary of Health and Human Services.**

42 The Secretary shall have the following powers and duties under the policies and rules of the  
 43 Commission:

44 ...

45 (1a) To establish a fee for the licensing of child care ~~centers-facilities~~. The fee  
 46 does not apply to a religious-sponsored child care ~~center-facility~~ operated  
 47 pursuant to a letter of compliance. The amount of the fee may not exceed the  
 48 amount listed in this subdivision.

<b>Capacity of <del>Center</del>Facility</b>	<b>Maximum Fee</b>
12 or fewer children	<del>\$ 35.00</del> \$52.00
13-50 children	<del>\$125.00</del> \$187.00

1	51-100 children	\$250.00\$375.00
2	101 or more children	\$400.00\$600.00
3	...."	

**MENTAL HEALTH CHANGES**

**SECTION 10.12.(a)** For the purpose of mitigating cash flow problems that many nonsingle-stream local management entities (LMEs) experience at the beginning of each fiscal year, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall adjust the timing and method by which allocations of service dollars are distributed to each nonsingle-stream LME. To this end, the allocations shall be adjusted 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)** The Department shall evaluate the need to continue the temporary operation of Wake Hospital for one additional year and provide a recommendation to the Governor no later than February 15, 2010. Notwithstanding any other provision of law to the contrary, the Office of State Budget and Management shall establish the positions for the hospital unit on the Dorothea Dix campus as time-limited positions.

**SECTION 10.12.(c)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of fourteen million one hundred forty-nine thousand one hundred fifteen dollars (\$14,149,115) for the 2009-2010 fiscal year and the sum of fourteen million one hundred forty-nine thousand one hundred fifteen dollars (\$14,149,115) for the 2010-2011 fiscal year shall be allocated for the purchase of local inpatient psychiatric beds or bed days. These beds or bed days shall be distributed across the State according to need as determined by the Department. The Department shall enter into contracts with the LMEs and community hospitals for the management of these beds or bed days. Local inpatient psychiatric beds or bed days shall 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. Funds shall not be allocated to LMEs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LMEs and billed by the hospitals through the LMEs. LMEs shall remit claims for payment to the Division within 15 working days of receipt of a clean claim from the hospital and shall pay the hospital within 30 working days of receipt of payment from the Division. If the Department 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, the Department may contract with another LME to manage the beds or bed days, or, notwithstanding any other provision of law to the contrary, may pay the hospital directly. The Department shall develop reporting requirements for LMEs regarding the utilization of the beds or bed days. Funds appropriated in this section for the purchase of local inpatient psychiatric beds or bed days shall be used to purchase additional beds or bed days not currently funded by or through LMEs and shall not be used to supplant other funds available or otherwise appropriated for the purchase of psychiatric inpatient services under contract with community hospitals, including beds or bed days being purchased through Hospital Utilization Pilot funds appropriated in S.L. 2007-323. Not later than March 1, 2010, the Department shall report 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

1 Division on a uniform system for beds or bed days purchased (i) with local funds, (ii) from  
2 existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv) purchased using  
3 funds appropriated under this subsection.

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

12 **SECTION 10.12.(e)**

- 13 (1) The Department of Health and Human Services, Division of Mental Health,  
14 Developmental Disabilities, and Substance Abuse Services shall create an  
15 "incurred but not reported" category of expenditures such that services are  
16 paid based on the actual date of services rather than the date when the  
17 invoice is received. The Department may only implement this change with  
18 the approval of the Office of State Budget and Management.
- 19 (2) The Department of Health and Human Services, Division of Mental Health,  
20 Developmental Disabilities, and Substance Abuse Services may require that  
21 providers of mental health, developmental disabilities, and substance abuse  
22 services submit bills to the LME for State-funded services within 60 days of  
23 the date the services were provided.

24 **SECTION 10.12.(f)** The Department of Health and Human Services may create a  
25 midyear process by which it can reallocate State service dollars away from LMEs that do not  
26 appear to be on track to spend the LMEs' full appropriation and toward LMEs that appear able  
27 to spend the additional funds.

28 **SECTION 10.12.(g)**

- 29 (1) The Department of Health and Human Services, Division of Mental Health,  
30 Developmental Disabilities, and Substance Abuse Services, shall continue  
31 implementation of the current Supports Intensity Scale (SIS) assessment tool  
32 pilot project if the pilot project has demonstrated that the SIS tool:
- 33 a. Is effective in identifying the appropriate array and intensity of  
34 services, including residential supports or placement, for individuals  
35 assessed.
  - 36 b. Is valid for determining intensity of support related to resource  
37 allocation for CAP-MR/DD, public and private ICF-MR facilities,  
38 developmental disability group homes, and other State- or federally  
39 funded services.
  - 40 c. Is used by an assessor that does not have a pecuniary interest in the  
41 determinations resulting from the assessment.
  - 42 d. Determines the level of intensity and type of services needed from  
43 developmental disability service providers.
- 44 (2) The Department shall report on the progress of the pilot project by May 1,  
45 2010. The Department shall submit the report to the Joint Legislative  
46 Oversight Committee on Mental Health, Developmental Disabilities, and  
47 Substance Abuse Services, the House of Representatives Appropriations  
48 Subcommittee on Health and Human Services, the Senate Appropriations  
49 Committee on Health and Human Services, and the Fiscal Research  
50 Division. The report shall include the following:

- 1 a. The infrastructure that will be needed to assure that the  
2 administration of the assessment tool is independent from service  
3 delivery, the qualifications of assessors, training and management of  
4 data, and test-retest accountability.  
5 b. The cost to: (i) purchase the tool, (ii) implement the tool, (iii) provide  
6 training, and (iv) provide for future expansion of the tool statewide.  
7

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

10 **SECTION 10.13.** Section 10.9 of S.L. 2007-323 is reenacted for the 2009-2011  
11 fiscal biennium.  
12

13 **SUBSTANCE ABUSE TASK FORCE RECOMMENDATIONS/AVAILABILITY OF**  
14 **SUBSTANCE ABUSE TREATMENT**

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

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

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

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

39 **TOTAL QUALITY MANAGEMENT**

40 **SECTION 10.16.** The Secretary of the Department of Health and Human Services  
41 shall implement a Total Quality Management Program in hospitals and other State facilities for  
42 the purpose of providing a high level of customer service by well-trained staff throughout the  
43 organization. The focus of this management approach shall be on meeting customer needs by  
44 providing high-quality services.

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

49 The Department shall submit a report on the status of the Total Quality Management  
50 Program, including any activities associated with its implementation within State facilities, to  
51 the Senate Appropriations Committee on Health and Human Services, the House of

1 Representatives Appropriations Subcommittee on Health and Human Services, the Joint  
2 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
3 Abuse Services, and the Fiscal Research Division not later than December 1, 2009.

#### 4 5 **IOM STUDIES**

6 **SECTION 10.18.(a)** Funds appropriated in this act to the Department of Health  
7 and Human Services for North Carolina Institute of Medicine (NCIOM) may be used to study  
8 the following:

- 9 (1) The availability of Medicaid and State-funded mental health, developmental  
10 disability, and substance abuse services to active duty, reserve, and veteran  
11 members of the military and National Guard. The study should discuss the  
12 current availability of services, the extent of use, and any gaps in services.
- 13 (2) Issues related to cost, quality, and access to appropriate and affordable  
14 health care for all North Carolinians. The NC Institute of Medicine  
15 (NCIOM) may use funds appropriated for the 2007-2009 fiscal biennium to  
16 continue the work of its Health Access Study Group to study these issues.  
17 The Health Access Study Group may include in its study the matters  
18 contained in Sections 31.1, 31.2, and 31.3 of S.L. 2008-181, and may also  
19 monitor federal health-related legislation to determine how the legislation  
20 would impact costs, quality, and access to health care.
- 21 (3) Short-term and long-term strategies to address issues within adult care  
22 homes that provide residence to persons who are frail and elderly and to  
23 persons suffering from mental illness.

24 **SECTION 10.18.(b)** The Institute shall make an interim report to the Governor's  
25 Office, the Joint Legislative Health Care Oversight Committee, and the Joint Legislative  
26 Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse  
27 Services no later than January 15, 2010, which may include recommendations and proposed  
28 legislation, and shall issue its final report with findings, recommendations, and suggested  
29 legislation to the 2011 General Assembly upon its convening. In the event members of the  
30 General Assembly serve on the NCIOM Health Access Study Group, they shall receive per  
31 diem, subsistence, and travel allowances in accordance with G.S. 120-3.1. The Health Access  
32 Study Group may include in its study the matters contained in Sections 31.1, 31.2, and 31.3 of  
33 S.L. 2008-181, and may also monitor federal health-related legislation to determine how the  
34 legislation would impact costs, quality, and access to health care.

#### 35 36 **ALLOCATION OF RECURRING CUT IN MH/DD/SA SERVICES**

37 **SECTION 10.18A.** The Department of Health and Human Services, Division of  
38 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall allocate the  
39 fifty million dollars (\$50,000,000) recurring reduction in services in an equitable manner across  
40 all LMEs based on population and the current services funding allocation.

#### 41 42 **TREATMENT OUTCOMES AND PROGRAM PERFORMANCE SYSTEM FORM** 43 **REQUIREMENT CHANGE**

44 **SECTION 10.18B.** For the 2009-2011 fiscal biennium only, the Department of  
45 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
46 Substance Abuse Services, shall suspend the use of the North Carolina Treatment Outcomes  
47 and Program Performance Systems (TOPPS) form for mental health patients that do not have  
48 substance abuse issues.

#### 49 50 **MULTICOUNTY LME FUND BALANCE REQUIREMENTS**



1           **SECTION 10.19A.(a)** Notwithstanding any other provision of law to the contrary,  
2 requirements for the maintenance, deposit, and withdrawal from a multicounty LME's fund  
3 balance are as follows:

- 4           (1) The Department of Health and Human Services shall allocate the  
5 nonrecurring reduction in State funds in each fiscal year on a pro rata basis  
6 to each multicounty LME based on the LME's fund balance. The Department  
7 shall not allocate State funds to the LME until the LME has supplanted its  
8 pro rata reduction from its fund balance to provide services to non-Medicaid  
9 eligible IPRS clients.
- 10           (2) LMEs shall use funds in the LME's fund balance to supplant nonrecurring  
11 reductions in State funds for the 2009-2010 fiscal year and the 2010-2011  
12 fiscal year in an amount equal to or greater than the nonrecurring reduction  
13 in State funds in each fiscal year. Fund balance funds used to supplant  
14 nonrecurring reductions shall be used exclusively to provide services to  
15 LME clients. In no event shall the LME reduce or otherwise adversely affect  
16 services due to nonrecurring reductions in State funds in each fiscal year.
- 17           (3) LMEs shall not use fund balance funds for any purpose other than to provide  
18 services to LME clients, even if funds in the fund balance exceed what is  
19 necessary to provide services for the 2009-2010 and 2010-2011 fiscal years.
- 20           (4) The use of fund balance monies to provide services is subject to the prior  
21 approval of the Department of Health and Human Services, Division of  
22 Mental Health, Developmental Disabilities, and Substance Abuse Services.  
23 The Division shall track fund balance usage of each LME to ensure that the  
24 amount used from the fund balance in each fiscal year is at least equal to the  
25 nonrecurring reduction in State funds for that fiscal year and is used to  
26 provide services and for no other purpose.
- 27           (5) Reimbursements received from the Department of Health and Human  
28 Services after July 1, 2009, for services provided in the 2008-2009,  
29 2009-2010, and 2010-2011 fiscal years shall not be deposited in the LME's  
30 fund balance but shall be used to continue to provide services in each fiscal  
31 year.

32           **SECTION 10.19A.(b)** The Department of Health and Human Services, Division of  
33 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall require  
34 quarterly reporting from single county LMEs in a format that will enable the Division to  
35 determine if any funds in the county's fund balance are funds allocated for but not used to  
36 provide mental health, developmental disabilities, and substance abuse services. The  
37 Department of Health and Human Services shall report the results of the quarterly reports to the  
38 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and  
39 Substance Abuse Services, the House of Representatives Appropriations Subcommittee on  
40 Health and Human Services, the Senate Appropriations Committee on Health and Human  
41 Services, and the Fiscal Research Division on or before May 1, 2010.

42           **SECTION 10.19A.(c)** The Department of Health and Human Services, Division of  
43 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall develop  
44 categories reflecting the source and original purpose of MH/DD/SA funds in an LME or county  
45 fund balance.

#### 46 47 **TRANSITION OF UTILIZATION MANAGEMENT OF COMMUNITY-BASED** 48 **SERVICES TO LOCAL MANAGEMENT ENTITIES**

49           **SECTION 10.20.** Consistent with the findings of the Mercer evaluation of Local  
50 Management Entities (LMEs), the Department of Health and Human Services shall collaborate  
51 with LMEs to enhance their administrative capabilities to assume utilization management

1 responsibilities for the provision of community-based mental health, developmental disabilities,  
2 and substance abuse services. The Department may, with approval of the Office of State  
3 Budget and Management, use funds available to implement this section.  
4

#### 5 **VENDING ACCOUNTS**

6 **SECTION 10.20A.** The Office of State Budget and Management and the  
7 Department of Health and Human Services, Division of Mental Health, Developmental  
8 Disabilities, and Substance Abuse Services, shall eliminate all Budget Codes within the 2000  
9 range and the 6000 range that pertain to vending receipt accounts and patient and employee  
10 activities. These vending receipt accounts shall become part of the operating budgets within the  
11 State facilities and shall be budgeted for patient and employee activities and services on an  
12 ongoing basis. All receipts generated by vending machine services shall be retained for use in  
13 the facility in which the vending machine service is operated.  
14

#### 15 **WESTERN REGIONAL MAINTENANCE OPERATIONS**

16 **SECTION 10.21A.(a)** In coordination with Broughton Hospital, the Western  
17 School for the Deaf, the J. Iverson Riddle Developmental Center, and elected representatives of  
18 the workers in each trade assigned to Western Regional Maintenance (WRM), the Department  
19 of Health and Human Services shall develop and implement a plan for western regional  
20 maintenance operations that increases efficiency, improves facility support, and is more  
21 responsive to WRM customers. The plan shall provide for the following:

- 22 (1) WRM programs shall be decentralized.
- 23 (2) Staff shall be assigned directly to each facility and shall report to designated  
24 facility managers.
- 25 (3) Supervisors shall be responsible for filling work orders and supervising team  
26 members. Eliminate supervisor positions that are not needed to effectively  
27 carry out all supervisory duties.
- 28 (4) Make available to each supported organization general maintenance workers  
29 to allow the completion of simple tasks without requiring work orders  
30 through a central location.
- 31 (5) The maintenance programs of each facility shall share equipment and  
32 expertise to the extent possible to achieve savings.

33 **SECTION 10.21A.(b)** The Department shall decentralize the maintenance  
34 activities at the Butner facilities.

35 **SECTION 10.21A.(c)** The Department of Health and Human Services shall report  
36 on the implementation of these changes not later than October 1, 2009, to the House of  
37 Representatives Appropriations Subcommittee on Health and Human Services, the Senate  
38 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.  
39

#### 40 **CAP-MR/DD STATE FUND SERVICE ELIGIBILITY**

41 **SECTION 10.21B.** CAP-MR/DD recipients are not eligible for any State-funded  
42 services except for those services for which there is not a comparable service in the CAP-  
43 MR/DD waiver. The excepted services are limited to guardianship, room and board, and time-  
44 limited supplemental staffing to stabilize residential placement.  
45

#### 46 **VITAL RECORDS FEES**

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

48 **"§ 130A-93.1. Fees for vital records copies or search; automation fund.**

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

- 50 (1) A fee not to exceed ~~fifteen dollars (\$15.00)~~ twenty-four dollars (\$24.00)  
51 shall be charged for issuing ~~any~~ a first copy of a vital record or for

1 conducting a routine search of the files for the record when no copy is made.  
2 A fee of fifteen dollars (\$15.00) shall be charged for each additional  
3 certificate copy requested from the same search. When certificates are issued  
4 or searches conducted for statewide issuance by local agencies using  
5 databases maintained by the State Registrar, the local agency shall charge  
6 ~~this fee these fees~~ and shall ~~forward five dollars (\$5.00) of this fee~~ retain ten  
7 dollars (\$10.00) of these fees to cover local administrative costs and forward  
8 the remaining fees to the State Registrar for the purposes established in  
9 subsection (b) of this section.

10 (2) A fee not to exceed fifteen dollars (\$15.00) for in-State requests and not to  
11 exceed twenty dollars (\$20.00) for out-of-state requests shall be charged in  
12 addition to the fee charged under subdivision (1) of this subsection and to all  
13 shipping and commercial charges when expedited service is specifically  
14 requested.

15 (2a) The fee for a copy of a computer or microform database shall not exceed the  
16 cost to the agency of making and providing the copy.

17 (3) Except as provided in subsection (b) of this section, fees collected under this  
18 subsection shall be used by the Department for public health purposes.

19 (b) The Vital Records Automation Account is established as a nonreverting account  
20 within the Department. Five dollars (\$5.00) of each fee collected pursuant to subdivision (a)(1)  
21 shall be credited to this Account. The Department shall use the revenue in the Account to fully  
22 automate and maintain the vital records system. When funds sufficient to fully automate and  
23 maintain the system have accumulated in the Account, fees shall no longer be credited to the  
24 Account but shall be used as specified in subdivision (a)(3) of this section."  
25

## 26 **CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES** 27 **INITIATIVE**

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

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

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

47 (1) Which community programs and local health departments received CFEHDI  
48 grants.

49 (2) The amount of funding each program or local health department received.

50 (3) Which of the minority populations were served by the programs or local  
51 health departments.

- 1 (4) Which counties were served by the programs or local health departments.
- 2 (5) What activities were planned and implemented by the programs or local
- 3 health departments to fulfill the community focus of the CFEHDI program.
- 4 (6) How the activities implemented by the programs or local health departments
- 5 fulfilled the goal of reducing health disparities among minority populations.

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

### 12 **AIDS DRUG ASSISTANCE PROGRAM**

13 **SECTION 10.25.(a)** For the 2009-2010 and 2010-2011 fiscal years, the  
14 Department may, within existing Aids Drug Assistance Program (ADAP) resources, adjust the  
15 financial eligibility criterion of the ADAP up to an amount not exceeding three hundred percent  
16 (300%) of the federal poverty level in order to serve as many eligible North Carolinians living  
17 with HIV disease as possible within existing resources plus any new federal resources. If a  
18 waiting list develops as a result of the eligibility criterion being raised, the Department shall  
19 give first priority to those individuals on the waiting list with income at or below one hundred  
20 twenty-five percent (125%) of the federal poverty level, and second priority to those  
21 individuals with income above one hundred twenty-five percent (125%) and at or below two  
22 hundred fifty percent (250%) of federal poverty guidelines.

23 **SECTION 10.25.(b)** The Department of Health and Human Services (DHHS) shall  
24 work with the Department of Correction (DOC) to use DOC funds to purchase pharmaceuticals  
25 for the treatment of DOC inmates with HIV/AIDS in a manner that allows these funds to be  
26 accounted for as State matching funds in DHHS drawing down federal Ryan White funds.

### 27 **PUBLIC HEALTH IMPROVEMENT PLAN**

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

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

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

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

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

47 LHDs shall have the flexibility and opportunity to use the resources available to achieve the  
48 required performance measures in a manner that best suits the LHD.  
49  
50

1           **SECTION 10.26.(c)** The Plan will address the need to provide county health  
2 departments with financial incentives to encourage and increase local investment in public  
3 health functions. County governments shall not supplant existing local funding with State  
4 incentive resources. The Secretary may revise the list of activities and performance measures as  
5 appropriate, but before doing so, the Secretary shall provide a written explanation of the  
6 rationale for the addition, deletion, or revision.

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

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

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

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

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

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

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

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

- 1 5. Heart disease,
- 2 6. Diabetes, and
- 3 7. Stroke.

- 4 d. Percent of minorities in the county,
- 5 e. Body Mass Index (BMI) of public school students, and
- 6 f. Other factors as the Secretary may find necessary to achieve the
- 7 goals of the Plan.

- 8 (3) The use of the funds by the LHD would reflect the core public health
- 9 functions. It will be incumbent upon the LHD to use the funds in a manner
- 10 that assures its achievement of the performance measures adopted by the
- 11 Secretary.

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

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

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

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

## 27 **REPLACEMENT OF RECEIPTS FOR CHILD DEVELOPMENT SERVICE** 28 **AGENCIES**

29 **SECTION 10.26A.** Receipts earned by the Child Development Service Agencies  
30 (CDSAs) from any public or private third-party payor shall be budgeted on a recurring basis to  
31 replace reductions in State appropriations to CDSAs.  
32

## 33 **HOSPITAL-ACQUIRED INFECTIONS**

34 **SECTION 10.28.** The Department of Health and Human Services shall apply for  
35 federal funds that are available through the American Recovery and Reinvestment Act of  
36 2009, P.L. 111-5, to implement a mandatory statewide hospital-acquired infections surveillance  
37 and reporting system, as recommended by the Joint Study Committee on Hospital Infection  
38 Control and Disclosure.  
39

## 40 **FACILITATION OF ENROLLMENT AND REENROLLMENT OF ELIGIBLE** 41 **CHILDREN IN MEDICAID AND NC HEALTH CHOICE**

42 **SECTION 10.30.** The Department of Health and Human Services shall increase its  
43 efforts to simplify the eligibility determination and recertification process to facilitate the  
44 enrollment and reenrollment of eligible Medicaid and NC Health Choice individuals. The  
45 Department shall also:  
46

- 47 (1) Explore various opportunities through public awareness campaigns and
- 48 enlisting community organizations to alert families of the opportunities of
- 49 Medicaid and NC Health Choice to provide preventive health care to their
- 50 children; and

- 1 (2) Pursue opportunities in the federal Children's Health Insurance Program  
2 Reauthorization Act (CHIPRA) to enhance outreach efforts and enrollment  
3 for children in Medicaid and NC Health Choice. These enhancements may  
4 include funding for outreach and enrollment activities and implementation of  
5 the "Express Lane" option that uses agencies that determine eligibility for  
6 TANF, IV-D SNAP, Head Start, and School Lunch programs to enroll  
7 children.  
8

## 9 NC HEALTH CHOICE TRANSITION

10 **SECTION 10.31.(a)** The Secretary of the Department of Health and Human  
11 Services shall develop and implement a plan for assuming administrative responsibility for the  
12 North Carolina Health Choice for Children program by transitioning all administrative  
13 oversight activities from the Executive Administrator and Board of Trustees of the State Health  
14 Plan for Teachers and State Employees to the Division of Medical Assistance. The transition  
15 of all administrative oversight from the State Health Plan to the Division of Medical Assistance  
16 shall be completed not later than July 1, 2010. The Secretary shall report to the Joint  
17 Legislative Health Care Oversight Committee and the Committee on Employee Hospital and  
18 Medical Benefits at least 30 days prior to effecting the transition of the responsibilities for the  
19 administration from the Executive Administrator and Board of Trustees of the State Health  
20 Plan for Teachers and State Employees to the Department.

21 **SECTION 10.31.(b)** In consultation with the Department of Health and Human  
22 Services, Division of Medical Assistance, and other appropriate organizations, the Office of  
23 State Budget and Management (OSBM) shall conduct an independent analysis of the cost to  
24 determine appropriate staffing levels to manage and implement the transition of NC Health  
25 Choice from the State Health Plan to the Division to ensure that the transition of NC Health  
26 Choice occurs with minimal disruption and that the Division has adequate staffing and an  
27 organizational structure that fits with its existing structure. The Office of State Budget and  
28 Management shall report with staffing recommendations by March 1, 2010, to the Senate  
29 Appropriations Committee on Health and Human Services, the House of Representatives  
30 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research  
31 Division.  
32

## 33 NC HEALTH CHOICE MEDICAL POLICY

34 **SECTION 10.33.** Unless required for compliance with federal law, the Department  
35 shall not change medical policy affecting the amount, sufficiency, duration, and scope of NC  
36 Health Choice health care services and who may provide services until the Division of Medical  
37 Assistance has prepared a five-year fiscal analysis documenting the increased cost of the  
38 proposed change in medical policy and submitted it for Departmental review. If the fiscal  
39 impact indicated by the fiscal analysis for any proposed medical policy change exceeds one  
40 million dollars (\$1,000,000) in total requirements for a given fiscal year, then the Department  
41 shall submit the proposed medical policy change with the fiscal analysis to the Office of State  
42 Budget and Management and the Fiscal Research Division. The Department shall not  
43 implement any proposed medical policy change exceeding one million dollars (\$1,000,000) in  
44 total requirements for a given fiscal year unless the source of State funding is identified and  
45 approved by the Office of State Budget and Management. For medical policy changes  
46 exceeding one million dollars (\$1,000,000) in total requirements for a given fiscal year that are  
47 required for compliance with federal law, the Department shall submit the proposed medical  
48 policy or policy interpretation change with a five-year fiscal analysis to the Office of State  
49 Budget and Management prior to implementing the change. The Department shall provide the  
50 Office of State Budget and Management and the Fiscal Research Division a quarterly report

1 itemizing all medical policy changes with total requirements of less than one million dollars  
2 (\$1,000,000).

#### 4 **NC HEALTH CHOICE ENROLLMENT FREEZE**

5 **SECTION 10.34.** The Department of Health and Human Services shall not enroll  
6 any more than 129,694 children in the NC Health Choice for Children Program during the  
7 2009-2010 fiscal year.

#### 9 **NCHC FUNDS REDUCTION/CCNC**

10 **SECTION 10.35.(a)** Effective July 1, 2009, G.S. 108A-70.21(b) reads as rewritten:  
11 "(b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,  
12 copayments, and other cost sharing charges, health benefits coverage provided to children  
13 eligible under the Program shall be equivalent to coverage provided for dependents under the  
14 Predecessor Plan.

15 In addition to the benefits provided under the Predecessor Plan, the following services and  
16 supplies are covered under the Health Insurance Program for Children established under this  
17 Part:

- 18 (1) Oral examinations, teeth cleaning, and topical fluoride treatments twice  
19 during a 12-month period, full mouth X-rays once every 60 months,  
20 supplemental bitewing X-rays showing the back of the teeth once during a  
21 12-month period, sealants, extractions, other than impacted teeth or wisdom  
22 teeth, therapeutic pulpotomies, space maintainers, root canal therapy for  
23 permanent anterior teeth and permanent first molars, prefabricated stainless  
24 steel crowns, and routine fillings of amalgam or other tooth colored filling  
25 material to restore diseased teeth.
- 26 (1a) Orthognathic surgery to correct functionally impairing malocclusions when  
27 orthodontics was approved and initiated while the child was covered by  
28 Medicaid and the need for orthognathic surgery was documented in the  
29 orthodontic treatment plan.
- 30 (2) Vision: Scheduled routine eye examinations once every 12 months, eyeglass  
31 lenses or contact lenses once every 12 months, routine replacement of  
32 eyeglass frames once every 24 months, and optical supplies and solutions  
33 when needed. Optical services, supplies, and solutions must be obtained  
34 from licensed or certified ophthalmologists, optometrists, or optical  
35 dispensing laboratories. Eyeglass lenses are limited to single vision, bifocal,  
36 trifocal, or other complex lenses necessary for a Plan enrollee's visual  
37 welfare. Coverage for oversized lenses and frames, designer frames,  
38 photosensitive lenses, tinted contact lenses, blended lenses, progressive  
39 multifocal lenses, coated lenses, and laminated lenses is limited to the  
40 coverage for single vision, bifocal, trifocal, or other complex lenses provided  
41 by this subsection. Eyeglass frames are limited to those made of zylonite,  
42 metal, or a combination of zylonite and metal. All visual aids covered by this  
43 subsection require prior approval. Upon prior approval refractions may be  
44 covered more often than once every 12 months.
- 45 (3) Hearing: Auditory diagnostic testing services and hearing aids and  
46 accessories when provided by a licensed or certified audiologist,  
47 otolaryngologist, or other approved hearing aid specialist. Prior approval is  
48 required for hearing aids, accessories, earmolds, repairs, loaners, and rental  
49 aids.
- 50 (4) Over the counter medications: Selected over the counter medications  
51 provided the medication is covered under the State Medical Assistance Plan.



1 Coverage shall be subject to the same policies and approvals as required  
2 under the Medicaid program.

- 3 (5) Routine diagnostic examinations and tests: annual routine diagnostic  
4 examinations and tests, including x-rays, blood and blood pressure checks,  
5 urine tests, tuberculosis tests, and general health check-ups that are  
6 medically necessary for the maintenance and improvement of individual  
7 health are covered.

8 No benefits are to be provided for services and materials under this subsection that do not  
9 meet the standards accepted by the American Dental Association.

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

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

#### 19 20 **REPORT ON DHHS POSITION ELIMINATIONS**

21 **SECTION 10.35A.** The Secretary of the Department of Health and Human  
22 Services may achieve the savings from position eliminations by reducing a lesser number of  
23 positions than prescribed in the money report for Department of Health and Human Services.  
24 The Secretary shall report on the number of positions eliminated in the budget for the  
25 2009-2010 fiscal year. The report shall include the total number of positions, including  
26 positions filled and vacant positions, and savings generated through salary and fringe benefits  
27 and any severance paid out. The Secretary shall submit the report to the House of  
28 Representatives Appropriations Subcommittee on Health and Human Services, the Senate  
29 Appropriations Committee on Health and Human Services, and the Fiscal Research Division on  
30 or before March 1, 2010.

#### 31 32 **COMMUNITY CARE OF NORTH CAROLINA**

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

37 **SECTION 10.36.(b)** The Department shall contract with CCNC to manage the care  
38 of Medicaid recipients through a per member, per month reimbursement. In the contract, the  
39 Department shall ensure that CCNC is striving to follow tenets adapted from the National  
40 Committee of Quality Assurance's (NCQA) national measures for Medical Homes Models. The  
41 CCNC networks must demonstrate proficiency in all of the following areas:

- 42 (1) Written standards for patient access and patient communication.  
43 (2) Use of data to show patients are meeting these standards.  
44 (3) Adoption and implementation of evidence-based guidelines for priority  
45 diseases and conditions identified by the Department.  
46 (4) Active support, monitoring, follow-up, and documentation on patient  
47 self-management.  
48 (5) Tracking system to test and identify abnormal results, and follow-up in a  
49 timely manner.  
50 (6) Tracking referrals from and to other acute and long-term care facilities and  
51 providers, so as to provide continuous management of patient care.

- 1 (7) Measurement of clinical and/or service performance by physician or across a  
2 practice.
- 3 (8) Reporting performance according to baseline data and performance  
4 measures established by the Department's Independent Advisory Group  
5 (IAG) across CCNC networks, practices, and physicians to achieve the  
6 maximum savings possible through improvement in the quality of care.

7 **SECTION 10.36.(c)** By July 1, 2009, or as soon as possible thereafter, the  
8 Department shall establish an IAG for the purpose of developing targeted (i) baseline data, (ii)  
9 clinically acceptable performance measures that recognize nationally accredited treatment  
10 protocols, and (iii) patient, physician, and practice goals that improve quality of care and  
11 realize necessary savings within Medicaid. The members of the IAG shall have demonstrated  
12 experience in actuarial analysis, health policy analysis, medical practice, hospital  
13 administration, or management of long-term chronic conditions. The IAG and the Department  
14 shall ensure the following:

- 15 (1) The IAG shall begin work immediately so that baseline data, clinically  
16 acceptable performance measures, and practice goals to improve quality and  
17 cost savings can be implemented no later than January 1, 2010.
- 18 (2) The Department shall prepare a report to the General Assembly on the  
19 baseline data, clinically acceptable performance measures, and practice goals  
20 adopted by the IAG and the improved quality and cost savings expected as a  
21 result of their implementation. This report will be due January 31, 2010.
- 22 (3) The IAG shall establish baseline information and performance measures for  
23 the diseases and conditions listed in this subdivision, the focus of which  
24 shall be on Medicaid recipients who are children, adults, and those who are  
25 aged, blind, or disabled. The diseases and conditions shall include all of the  
26 following:
- 27 a. Asthma.
  - 28 b. Diabetes.
  - 29 c. Heart disease.
  - 30 d. Chronic Obstructive Pulmonary Disease.
  - 31 e. Mental illness.
  - 32 f. Substance abuse.
  - 33 g. Obesity.
  - 34 h. High risk maternity care.
- 35 (4) The baseline information, performance measures, and practice and physician  
36 goals developed for the continuing care of Medicaid recipients who are also  
37 eligible for Medicare shall include attention to all of the following for this  
38 population:
- 39 a. Increased primary care visit rate.
  - 40 b. Hospital admission rate.
  - 41 c. Hospital readmission rate.
  - 42 d. Emergency department visit rate.
  - 43 e. Mortality rate.
  - 44 f. Prescription drug management, including:
    - 45 1. Number of prescriptions prescribed,
    - 46 2. Number of generic versus brand-name prescriptions, and
    - 47 3. Reconciliation of a patient's prescriptions between hospital,  
48 nursing facility, and primary care physician.

49 **SECTION 10.36.(c1)** Beginning July 1, 2010, and every six months thereafter, the  
50 Department shall submit a report to the House of Representatives Appropriations  
51 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health

1 and Human Services, and the Fiscal Research Division evaluating the performance of each of  
2 the 14 CCNC networks based upon (i) CCNC performance measures, (ii) performance  
3 measures adopted by the IAG, and (iii) nationally accepted evidence-based performance  
4 measures.

5 **SECTION 10.36.(d)** The Department shall conduct a Request for Proposal process  
6 to solicit bids from qualified outside entities with proven experience in conducting actuarial  
7 and health care studies and evaluations to annually report on the Medicaid cost savings  
8 achieved by the CCNC networks during a 12-month period.

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

16 **SECTION 10.36.(f)** The Children's Health Insurance Program Reauthorization  
17 Act, P.L. 111-1, directs the U.S. Secretary of Health and Human Services to:

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

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

## 30 31 **COMMUNITY HEALTH CENTER CHANGES**

32 **SECTION 10.37.** Of the funds appropriated in this act for Community Health  
33 Grants, the sum of one million eight hundred sixty thousand dollars (\$1,860,000) in recurring  
34 funds for the 2009-2010 fiscal year and the sum of one million eight hundred sixty thousand  
35 dollars (\$1,860,000) for the 2010-2011 fiscal year shall be allocated as grants on a competitive  
36 basis to rural health centers, free clinics, public health departments, school-based health  
37 centers, qualified health centers, and other nonprofit organizations that provide primary care  
38 and preventive health services to uninsured and indigent persons.

## 39 40 **LIABILITY INSURANCE**

41 **SECTION 10.38.(a)** The Secretary of the Department of Health and Human  
42 Services, the Secretary of the Department of Environment and Natural Resources, and the  
43 Secretary of the Department of Correction may provide medical liability coverage not to  
44 exceed one million dollars (\$1,000,000) per incident on behalf of employees of the  
45 Departments licensed to practice medicine or dentistry, on behalf of all licensed physicians who  
46 are faculty members of The University of North Carolina who work on contract for the  
47 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for  
48 incidents that occur in Division programs, and on behalf of physicians in all residency training  
49 programs from The University of North Carolina who are in training at institutions operated by  
50 the Department of Health and Human Services. This coverage may include commercial  
51 insurance or self-insurance and shall cover these individuals for their acts or omissions only

1 while they are engaged in providing medical and dental services pursuant to their State  
2 employment or training.

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

8 **SECTION 10.38.(c)** The coverage provided pursuant to this section shall not  
9 require any additional appropriations and shall not apply to any individual providing  
10 contractual service to the Department of Health and Human Services, the Department of  
11 Environment and Natural Resources, or the Department of Correction, with the exception that  
12 coverage may include physicians in all residency training programs from The University of  
13 North Carolina who are in training at institutions operated by the Department of Health and  
14 Human Services and licensed physicians who are faculty members of The University of  
15 North Carolina who work for the Division of Mental Health, Developmental Disabilities, and  
16 Substance Abuse Services.

### 17 18 **DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES**

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

### 24 25 **MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)** 26 **FUNDS/IMPLEMENTATION OF MMIS**

27 **SECTION 10.41.(a)** Of the funds appropriated in this act to the Department of  
28 Health and Human Services (Department) from prior year earned revenues received by the  
29 Department for the Medicaid Management Information System (MMIS), the sum of eleven  
30 million seventy-one thousand five hundred two dollars (\$11,071,502) for fiscal year 2009-2010  
31 and the sum of nine million eight hundred twenty thousand six hundred eighty-nine dollars  
32 (\$9,820,689) for fiscal year 2010-2011 shall be (i) deposited to the Department's information  
33 technology budget code and (ii) used to match federal funds for the procurement, design,  
34 development, and implementation of the new MMIS system and to fund the central  
35 management of the project. In the event that the Department does not receive prior year earned  
36 revenues in these amounts, the Department is authorized with approval of the Office of State  
37 Budget and Management to use other over-realized receipts to the level appropriated in this act  
38 for MMIS expenditures.

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

- 43 (1) Receiving and tracking premium or other payments required by law.
- 44 (2) Compatibility with the administration of the Health Information System.

45 The Department shall make every effort to expedite the implementation of the  
46 enhancements. The Office of Information Technology Services shall work in cooperation with  
47 the Department to ensure the timely and effective implementation of the MMIS and  
48 enhancements. The contract between the Department and the contract vendor shall contain an  
49 explicit provision requiring that the MMIS have the capability to fully implement the  
50 administration of NC Health Choice, NC Kids' Care, Ticket to Work, Families Pay Part of the  
51 Cost of Services under the CAP-MR/DD, CAP Children's Program, and all relevant Medicaid

1 waivers and the Medicare 646 waiver as it applies to Medicaid eligibles. The Department must  
2 have detailed cost information for each requirement before signing the contract. Any contract  
3 between the Department and a vendor for the MMIS that does not contain the explicit provision  
4 required under this subsection is void on its face. Notwithstanding any other provision of law to  
5 the contrary, the Secretary of the Department does not have the authority to sign a contract for  
6 the MMIS if the contract does not contain the explicit provision required under this section.

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

13 **SECTION 10.41.(d)** The Department shall develop a comprehensive schedule for  
14 the development and implementation of the MMIS that fully incorporates federal and State  
15 project management and review requirements. The Department shall ensure that the schedule  
16 is as accurate as possible. Any changes to the design, development, and implementation  
17 schedule shall be reported as part of the Department's quarterly MMIS reporting requirements.  
18 The Department shall submit the schedule to the Chairs of the House of Representatives  
19 Committee on Appropriations and the House of Representatives Subcommittee on Health and  
20 Human Services, the Chairs of the Senate Committee on Appropriations and the Senate  
21 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.  
22 Any change to key milestones in either schedule shall be immediately reported to the Chairs of  
23 the House of Representatives Committee on Appropriations and the House of Representatives  
24 Subcommittee on Health and Human Services, the Chairs of the Senate Committee on  
25 Appropriations and the Senate Appropriations Committee on Health and Human Services, and  
26 the Fiscal Research Division with a full explanation of the reason for the change.

27 **SECTION 10.41.(e)** Beginning July 1, 2009, the Department shall make quarterly  
28 reports on changes in the functionality and projected costs of the MMIS. The first quarterly  
29 submission shall contain a final report on the contract award to include total costs and  
30 functionality of the MMIS. Each report shall be made to the Chairs of the House of  
31 Representatives Committee on Appropriations and the House of Representatives Subcommittee  
32 on Health and Human Services, the Chairs of the Senate Committee on Appropriations and the  
33 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
34 Division. A copy of the final report on the contract award shall also be submitted to the Joint  
35 Legislative Commission on Governmental Operations.

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

45  
46 **NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH**  
47 **TECHNOLOGY (NC FAST) FUNDS**

48 **SECTION 10.42.** The sum of eighteen million three hundred twenty-seven  
49 thousand four hundred seventy-eight dollars (\$18,327,478) is appropriated from Budget Code  
50 24441, Fund Code 2006, to the Department of Health and Human Services, Division of Central  
51 Management Services, for the 2009-2010 fiscal year. These funds shall be used for the

1 development and implementation of North Carolina Families Accessing Services Through  
2 Technology (NC FAST). Funds will be placed in the Department's information technology  
3 budget code and will match federal funds for project implementation.  
4

#### 5 **PROGRAM ON PREVENTION OF ABUSE AND NEGLECT**

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

10 **SECTION 10.43.(b)** G.S. 7B-1301 reads as rewritten:

#### 11 **"§ 7B-1301. Program on Prevention of Abuse and Neglect.**

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

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

18 (1) ~~The Department of Public Instruction shall review applications and make~~  
19 ~~recommendations to the State Board of Education concerning the awarding~~  
20 ~~of contracts under this Article.~~

21 (2) ~~The State Board of Education~~ Division of Social Services shall review  
22 applications and contract with public or private nonprofit organizations,  
23 agencies, schools, or with qualified individuals to operate community-based  
24 educational and service programs designed to prevent the occurrence of  
25 abuse and neglect. Every contract entered into by the ~~State Board of~~  
26 ~~Education~~ Division of Social Services shall contain provisions that at least  
27 twenty-five percent (25%) of the total funding required for a program be  
28 provided by the administering organization in the form of in-kind or other  
29 services and that a mechanism for evaluation of services provided under the  
30 contract be included in the services to be performed. In addition, every  
31 proposal to the ~~Department of Public Instruction~~ Division of Social Services  
32 for funding under this Article shall include assurances that the proposal has  
33 been forwarded to the local department of social services for comment so  
34 that the ~~Department of Public Instruction~~ Division of Social Services may  
35 consider coordination and duplication of effort on the local ~~level as criteria~~  
36 ~~in making recommendations to the State Board of Education level.~~

37 (3) ~~The State Board of Education with the assistance of the Department of~~  
38 ~~Public Instruction~~ Division of Social Services shall develop appropriate  
39 guidelines and criteria for awarding contracts under this Article. These  
40 criteria shall include, but are not limited to: documentation of need within  
41 the proposed geographical impact area; diversity of geographical areas of  
42 programs funded under this Article; demonstrated effectiveness of the  
43 proposed strategy or program for preventing abuse and neglect;  
44 reasonableness of implementation plan for achieving stated objectives;  
45 utilization of community resources including volunteers; provision for an  
46 evaluation component that will provide outcome data; plan for dissemination  
47 of the program for implementation in other communities; and potential for  
48 future funding from private sources.

49 (4) ~~The State Board of Education with the assistance of the Department of~~  
50 ~~Public Instruction~~ Division of Social Services shall develop guidelines for  
51 regular monitoring of contracts awarded under this Article in order to

1 maximize the investments in prevention programs by the Children's Trust  
2 Fund and to establish appropriate accountability measures for administration  
3 of contracts.

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

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

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

- 21 (1) Community-based educational programs on prenatal care, perinatal bonding,  
22 child development, basic child care, care of children with special needs, and  
23 coping with family stress; and  
24 (2) Community-based programs relating to crisis care, aid to parents, and  
25 support groups for parents and their children experiencing stress within the  
26 family unit.

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

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

30 "**§ 7B-1302. Children's Trust Fund.**

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

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

39  
40 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND**  
41 **PERFORMANCE ENHANCEMENTS**

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

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

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

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

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

## 21 **FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

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

- 24 (1) \$390.00 per child per month for children aged birth through 5;
- 25 (2) \$440.00 per child per month for children aged 6 through 12; and
- 26 (3) \$490.00 per child per month for children aged 13 through 18.

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

- 29 (1) \$390.00 per child per month for children aged birth through 5;
- 30 (2) \$440.00 per child per month for children aged 6 through 12; and
- 31 (3) \$490.00 per child per month for children aged 13 through 18.

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

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

- 38 (1) \$800.00 per child per month with indeterminate HIV status;
- 39 (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;
- 40 (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and
- 41 (4) \$1,600 per child per month terminally ill with complex care needs.

42 **SECTION 10.45.(e)** The State and a county participating in foster care and  
43 adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of the cost  
44 of care for a child placed by a county department of social services or child placing agency in a  
45 family foster home or residential child care facility. A county shall be held harmless from  
46 contributing fifty percent (50%) of the nonfederal share of the cost for a child placed in a  
47 family foster home or residential child care facility under an agreement with that provider as of  
48 October 31, 2008, until the child leaves foster care or experiences a placement change.

49 **SECTION 10.45.(f)** The Department of Health and Human Services may establish  
50 foster care and adoption assistance rates based on the United States Department of Agriculture  
51



1 (USDA) "Expenditures on Children by Families" index subject to State appropriations for each  
2 fiscal year.

3 **SECTION 10.45.(g)** This section becomes effective July 1, 2009, and applies to  
4 payments made on or after that date.

### 6 **CHILD SUPPORT PROGRAM/ENHANCED STANDARDS**

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

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

12 ...

13 (9) Implement and maintain performance standards for each of the State and  
14 county child support enforcement offices across the State. The performance  
15 standards shall include the following:

16 a. Cost per collections.

17 b. Consumer satisfaction.

18 c. Paternity establishments.

19 d. Administrative costs.

20 e. Orders established.

21 f. Collections on arrearages.

22 g. Location of absent parents.

23 h. Other related performance measures.

24 The Department shall monitor the performance of each office and shall  
25 implement a system of reporting that allows each local office to review its  
26 performance as well as the performance of other local offices. The  
27 Department shall publish an annual performance report that includes the  
28 statewide and local office performance of each child support office."

### 30 **ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES**

31 **SECTION 10.46A.(a)** G.S. 110-141 reads as rewritten:

32 **"§ 110-141. Effectuation of intent of Article.**

33 The North Carolina Department of Health and Human Services shall supervise the  
34 administration of ~~this the~~ program in accordance with federal law and shall cause the provisions  
35 of this Article to be effectuated and to secure child support from absent, deserting, abandoning  
36 and nonsupporting parents.

37 ~~Effective July 1, 1986, the entity, whether the board of county commissioners or the~~  
38 ~~Department of Health and Human Services, that is administering, or providing for the~~  
39 ~~administration of, this program in each county on June 30, 1986, shall continue to administer,~~  
40 ~~or provide for the administration of, this program in that county, with one exception. If a~~  
41 ~~county program is being administered by the Department of Health and Human Services on~~  
42 ~~June 30, 1986, and if the board of county commissioners of this county desires on or after that~~  
43 ~~date to assume responsibility for the administration of the program, the board of county~~  
44 ~~commissioners shall notify the Department of Health and Human Services between July 1 and~~  
45 ~~September 1 of the current fiscal year. The obligations of the board of county commissioners to~~  
46 ~~assume responsibility for the administration of the program shall not commence prior to July 1~~  
47 ~~of the subsequent fiscal year. Until that time, it is the responsibility of the Department of Health~~  
48 ~~and Human Services to administer or provide for the administration of the program in the~~  
49 ~~county.~~

50 Effective July 1, 2010, each child support enforcement program being administered by the  
51 Department of Health and Human Services on behalf of counties shall be administered, or the

1 administration provided for, by the board of county commissioners of those counties. Until July  
2 1, 2010, it shall be the responsibility of the Department of Health and Human Services to  
3 administer or provide for the administration of the program in those counties.

4 A county may negotiate alternative arrangements to the procedure outlined in G.S. 110-130  
5 for designating a local person or agency to administer the provisions of this Article in that  
6 county."

7 **SECTION 10.46A.(b)** Counties affected by this section shall submit plans to the  
8 Department of Health and Human Services, Division of Social Services, no later than January  
9 1, 2010, outlining the proposed operation of child support enforcement programs. The Division  
10 shall establish the criteria to be included within county plans for operations and review  
11 submitted plans to ensure the appropriate transitioning of administrative and programmatic  
12 responsibility.

### 13 **CHILD CARING INSTITUTIONS**

14 **SECTION 10.47.** Until the Social Services Commission adopts rules setting  
15 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
16 maximum reimbursement for child caring institutions shall not exceed the rate established for  
17 the specific child caring institution by the Department of Health and Human Services, Office of  
18 the Controller. In determining the maximum reimbursement, the State shall include county and  
19 IV-E reimbursements.

### 20 **SPECIAL CHILDREN ADOPTION FUND**

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

#### 23 **"§ 108A-50.2. Special Children Adoption Fund.**

24 (a) Funds appropriated by the General Assembly in the Current Operations  
25 Appropriations Act shall be used to support the Special Children Adoption Fund. The Division  
26 of Social Services of the Department of Health and Human Services, in consultation with the  
27 North Carolina Association of County Directors of Social Services and representatives of  
28 licensed private adoption agencies, shall develop guidelines for the awarding of funds to  
29 licensed public and private adoption agencies upon the adoption of children described in  
30 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund  
31 by participating agencies shall be used exclusively to enhance the adoption services. No local  
32 match shall be required as a condition for receipt of these funds. In accordance with State rules  
33 for allowable costs, the Special Children Adoption Fund may be used for postadoption services  
34 for families whose income exceeds two hundred percent (200%) of the federal poverty level.

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

41 (c) The Division of Social Services shall monitor the total expenditures in the Special  
42 Children Adoption Fund and redistribute unspent funds to ensure that the funds are used in  
43 accordance with the guidelines established in subsection (a) of this section."

### 44 **LIMITATION ON STATE ABORTION FUND**

45 **SECTION 10.49.** The limitations on funding of the performance of abortion  
46 established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section  
47 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2009-2010 and 2010-2011 fiscal  
48 years.  
49  
50  
51

1  
2 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT**  
3 **FUND**

4 **SECTION 10.50.(a)** There is appropriated from the Escheat Fund income to the  
5 Department of Health and Human Services the sum of three million one hundred sixty-eight  
6 thousand two hundred fifty dollars (\$3,168,250) for the 2009-2010 fiscal year and the sum of  
7 three million one hundred sixty-eight thousand two hundred fifty dollars (\$3,168,250) for the  
8 2010-2011 fiscal year. There is appropriated from the General Fund to the Department of  
9 Health and Human Services the sum of one million six hundred sixty-eight thousand two  
10 hundred fifty dollars (\$1,668,250) for the 2010-2011 fiscal year. These funds shall be used to  
11 support the child welfare postsecondary support program for the educational needs of foster  
12 youth aging out of the foster care system and special needs children adopted from foster care  
13 after age 12 by providing assistance with the "cost of attendance" as that term is defined in 20  
14 U.S.C. § 10871l. The Department shall collaborate with the State Education Assistance  
15 Authority to develop policies and procedures for the distribution of these funds.

16 If the interest income generated from the Escheat Fund is less than the amounts  
17 referenced in this section, the difference may be taken from the Escheat Fund principal to reach  
18 the appropriations referenced in this section; however, under no circumstances shall the  
19 Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

20 Funds appropriated by this section shall be allocated by the State Education  
21 Assistance Authority.

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

25 Funds appropriated under this section from the Escheat Fund that remain  
26 uncommitted as of the end of a fiscal year shall be returned to the Escheat Fund.

27 **SECTION 10.50.(b)** Of the funds appropriated from the General Fund to the  
28 Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for the  
29 2009-2010 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 2010-2011 fiscal  
30 year shall be allocated to the North Carolina State Education Assistance Authority (SEAA).  
31 The SEAA shall use these funds only to perform administrative functions necessary to manage  
32 and distribute scholarship funds under the child welfare postsecondary support program.

33 **SECTION 10.50.(c)** Of the funds appropriated from the General Fund to the  
34 Department of Health and Human Services, the sum of five hundred thousand dollars  
35 (\$500,000) for the 2009-2010 fiscal year and the sum of five hundred thousand dollars  
36 (\$500,000) for the 2010-2011 fiscal year shall be used to contract with an entity to develop and  
37 administer the child welfare postsecondary support program described under subsection (a) of  
38 this section, which development and administration shall include the performance of case  
39 management services.

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

43  
44 **TANF BENEFIT IMPLEMENTATION**

45 **SECTION 10.51.(a)** The General Assembly approves the plan titled "North  
46 Carolina Temporary Assistance for Needy Families State Plan FY 2009-2011," prepared by the  
47 Department of Health and Human Services and presented to the General Assembly. The North  
48 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1,  
49 2009, through September 30, 2011. The Department shall submit the State Plan, as revised in  
50 accordance with subsection (b) of this section, to the United States Department of Health and  
51 Human Services, as amended by this act or any other act of the 2009 General Assembly.

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

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

10  
11           **OFFICE OF EDUCATION SERVICES/FUNDS TRANSFER AND CONSOLIDATION**  
12           **OF SCHOOLS**

13           **SECTION 10.51A.(a)** There is transferred from the Office of Education Services  
14 Trust Fund, Budget Code 66424, the sum of one hundred seventy-five thousand three hundred  
15 twenty-one dollars (\$175,321) to the Office of Education Services General Fund, Budget Code  
16 14424. These funds shall be used to support the operations of the North Carolina School for  
17 the Deaf at Morganton, Eastern North Carolina School for the Deaf at Wilson, and Governor  
18 Morehead School for the Blind. Donations and bequests to these schools shall be used in  
19 accordance with their designated purpose.

20           **SECTION 10.51A.(b)** The Department of Health and Human Services, Office of  
21 Education Services (OES), shall not enroll new students at the Governor Morehead School for  
22 the Blind during the 2009-2010 and 2010-2011 school years. During these years, the Office of  
23 Education Services shall allow the census to decline and prepare to close the Governor  
24 Morehead School for the Blind.

25           **SECTION 10.51A.(c)** OES shall develop a plan for the consolidation of the  
26 Governor Morehead School for the Blind (GMS) at the existing campuses of the North  
27 Carolina School for the Deaf at Morganton (NCSD) and the Eastern North Carolina School for  
28 the Deaf at Wilson (ENCSD). Within the GMS consolidation plan, OES shall accomplish all  
29 of the following:

- 30           (1) Determine the number of current students enrolled at GMS that would  
31 require continued residential instruction, and the number of students that  
32 could be more appropriately served within their area local education  
33 agencies (LEAs).
- 34           (2) Require GMS school staff to work in conjunction with LEAs and others to  
35 revise individualized educational plans for each student, as needed, and  
36 prepare a transition plan for every student.
- 37           (3) Collaborate with the Department of Public Instruction and affected LEAs to  
38 identify additional LEA resource requirements to appropriately educate  
39 transitioning GMS students.
- 40           (4) Prepare a budget for the consolidated residential schools for students who  
41 are deaf, blind, or deaf-blind, which itemizes instructional, residential, and  
42 other personnel requirements, operating requirements, and physical  
43 improvements to the campuses.
- 44           (5) Provide a specific timeline for the closure and transitioning of students  
45 currently enrolled at GMS.
- 46           (6) Identify alternative instructional and operational models to improve the  
47 quality of instruction at the consolidated residential schools, and to improve  
48 the capacities of LEAs to educate students who are deaf, blind, or deaf-blind.

49           Not later than May 1, 2010, OES shall report on each of the required components of  
50 the consolidation plan set forth in subdivisions (1) through (6) of this subsection to the House  
51 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate

1 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research  
2 Division.

#### 4 **NON-MEDICAID REIMBURSEMENT CHANGES**

5 **SECTION 10.55.(a)** Providers of medical services under the various State  
6 programs, other than Medicaid, offering medical care to citizens of the State shall be  
7 reimbursed at rates no higher than those under the North Carolina Medical Assistance Program.

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

13 Notwithstanding the provisions of this section, the Department of Health and  
14 Human Services may negotiate with providers of medical services under the various  
15 Department of Health and Human Services programs, other than Medicaid, for rates as close as  
16 possible to Medicaid rates for the following purposes: contracts or agreements for medical  
17 services and purchases of medical equipment and other medical supplies. These negotiated  
18 rates are allowable only to meet the medical needs of its non-Medicaid eligible patients,  
19 residents, and clients who require such services that cannot be provided when limited to the  
20 Medicaid rate.

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

23	DSB Medical Eye Care	125% FPL
24	DSB Independent Living <55	125% FPL
25	DSB Independent Living 55>	200% FPL
26	DSB Vocational Rehabilitation	125% FPL
27	DVR Independent Living	125% FPL
28	DVR Vocational Rehabilitation	125% FPL

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

32 **SECTION 10.55.(b)** The Secretary shall reduce provider rates for medical and  
33 nonmedical services rendered for the Medical Eye Care, Independent Living, and Vocational  
34 Rehabilitation programs within the Division of Services for the Blind, and Independent Living  
35 and Vocational Rehabilitation programs within the Division of Vocational Rehabilitation to  
36 achieve an overall rate reduction of five and five-tenths percent (5.5%) in fiscal year 2009-2010  
37 and six percent (6.0%) in fiscal year 2010-2011.

#### 39 **DIVISION OF SERVICES FOR THE DEAF AND HARD OF HEARING/FUNDS** 40 **TRANSFER AND APPROPRIATION**

41 **SECTION 10.56.(a)** Notwithstanding G.S. 62-157, on July 1, 2009, the State  
42 Controller shall transfer eight million five hundred thousand dollars (\$8,500,000) from the  
43 Special Account for Telecommunications Relay Service to Nontax Budget Code 19978 (Intra  
44 State Transfers) to support General Fund appropriations for the 2009-2010 fiscal year.

45 **SECTION 10.56.(b)** The Department of Health and Human Services shall,  
46 pursuant to G.S. 62-157, file a petition with the North Carolina Utilities Commission to reset  
47 the surcharge provided for in G.S. 62-157 to maintain a reasonable margin for reserve for the  
48 operation of the statewide telecommunications relay service.

#### 50 **STATE-COUNTY SPECIAL ASSISTANCE**

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

7           **SECTION 10.57.(b)** Effective October 1, 2009, the maximum monthly rate for  
8 residents in adult care home facilities shall be one thousand one hundred seventy-three dollars  
9 (\$1,173) per month per resident unless adjusted by the Department in accordance with  
10 subsection (d) of this section. The eligibility of Special Assistance recipients residing in adult  
11 care homes on September 30, 2009, shall not be affected by an income reduction in the Special  
12 Assistance eligibility criteria resulting from the adoption of this maximum monthly rate,  
13 provided these recipients are otherwise eligible.

14           **SECTION 10.57.(c)** The maximum monthly rate for residents in  
15 Alzheimer/Dementia special care units shall be one thousand five hundred fifteen dollars  
16 (\$1,515) per month per resident unless adjusted by the Department in accordance with  
17 subsection (d) of this section.

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

46           **SECTION 10.57.(e)** The Department of Health and Human Services shall  
47 recommend rates for State-County Special Assistance and for Adult Care Home Personal Care  
48 Services. The Department may recommend rates based on appropriate cost methodology and  
49 cost reports submitted by adult care homes that receive State-County Special Assistance funds  
50 and shall ensure that cost reporting is done for State-County Special Assistance and Adult Care

1 Home Personal Care Services to the same standards as apply to other residential service  
2 providers.

3  
4 **MEDICAID**

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

- 6 (1) Use of funds. – Funds appropriated in this act for services provided in  
7 accordance with Title XIX of the Social Security Act (Medicaid) are for both  
8 the categorically needy and the medically needy.
- 9 (2) Allocation of nonfederal cost of Medicaid. – The State shall pay one  
10 hundred percent (100%) of the nonfederal costs of all applicable services  
11 listed in this section. In addition, the State shall pay one hundred percent  
12 (100%) of the federal Medicare Part D clawback payments under the  
13 Medicare Modernization Act of 2004.
- 14 (3) Use of funds for development and acquisition of equipment and software. –  
15 If first approved by the Office of State Budget and Management, the  
16 Division of Medical Assistance, Department of Health and Human Services,  
17 may use funds that are identified to support the cost of development and  
18 acquisition of equipment and software and related operational costs through  
19 contractual means to improve and enhance information systems that provide  
20 management information and claims processing. The Department of Health  
21 and Human Services shall identify adequate funds to support the  
22 implementation and first year's operational costs that exceed funds allocated  
23 for the 2009-2010 and 2010-2011 fiscal years for the new contract for the  
24 fiscal agent for the Medicaid Management Information System.
- 25 (4) Reports. – Unless otherwise provided, whenever the Department of Health  
26 and Human Services is required by this section to report to the General  
27 Assembly, the report shall be submitted to the House of Representatives  
28 Appropriations Subcommittee for Health and Human Services, the Senate  
29 Appropriations Committee on Health and Human Services, and the Fiscal  
30 Research Division of the Legislative Services Office. Reports shall be  
31 submitted on the date provided in the reporting requirement.

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

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

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

(1) Medicaid and Work First Family Assistance.

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

	<b>CATEGORICALLY NEEDY – WFFA*</b>	<b>MEDICALLY NEEDY</b>
	Standard of Need &	
	Families and Families and Children	Children & AA, AB, AD*
Family Size	Income Level	Income Level
1	\$4,344	\$2,900
2	5,664	3,800
3	6,528	4,400
4	7,128	4,800
5	7,776	5,200
6	8,376	5,600
7	8,952	6,000
8	9,256	6,300

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

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



- 1 c. The Department of Health and Human Services shall provide  
2 Medicaid coverage to 19- and 20-year-olds in accordance with  
3 federal rules and regulations.
- 4 d. Medicaid enrollment of categorically needy families with children  
5 shall be continuous for one year without regard to changes in income  
6 or assets.
- 7 (2) For the following Medicaid eligibility classifications for which the federal  
8 poverty guidelines are used as income limits for eligibility determinations,  
9 the income limits will be updated each April 1 immediately following  
10 publication of federal poverty guidelines. The Department of Health and  
11 Human Services, Division of Medical Assistance, shall provide Medicaid  
12 coverage to the following:
- 13 a. All elderly, blind, and disabled people who have incomes equal to or  
14 less than one hundred percent (100%) of the federal poverty  
15 guidelines.
- 16 b. Pregnant women with incomes equal to or less than one hundred  
17 eighty-five percent (185%) of the federal poverty guidelines and  
18 without regard to resources. Services to pregnant women eligible  
19 under this subsection continue throughout the pregnancy but include  
20 only those related to pregnancy and to those other conditions  
21 determined by the Department as conditions that may complicate  
22 pregnancy.
- 23 c. Infants under the age of one with family incomes equal to or less  
24 than two hundred percent (200%) of the federal poverty guidelines  
25 and without regard to resources.
- 26 d. Children aged one through five with family incomes equal to or less  
27 than two hundred percent (200%) of the federal poverty guidelines  
28 and without regard to resources.
- 29 e. Children aged six through 18 with family incomes equal to or less  
30 than one hundred percent (100%) of the federal poverty guidelines  
31 and without regard to resources.
- 32 f. Family planning services to men and women of childbearing age  
33 with family incomes equal to or less than one hundred eighty-five  
34 percent (185%) of the federal poverty guidelines and without regard  
35 to resources.
- 36 g. Workers with disabilities described in G.S. 108A-54.1 with unearned  
37 income equal to or less than one hundred fifty percent (150%) of the  
38 federal poverty guidelines.
- 39 (3) The Department of Health and Human Services, Division of Medical  
40 Assistance, shall provide Medicaid coverage to adoptive children with  
41 special or rehabilitative needs regardless of the adoptive family's income.
- 42 (4) The Department of Health and Human Services, Division of Medical  
43 Assistance, shall provide Medicaid coverage to "independent foster care  
44 adolescents," ages 18, 19, and 20, as defined in section 1905(w)(1) of the  
45 Social Security Act [42 U.S.C. § 1396d(w)(1)], without regard to the  
46 adolescent's assets, resources, or income levels.
- 47 (5) ICF and ICF/MR work incentive allowances. – The Department of Health  
48 and Human Services may provide an incentive allowance to  
49 Medicaid-eligible recipients of ICF and ICF/MR services, who are regularly  
50 engaged in work activities as part of their developmental plan, and for whom  
51 retention of additional income contributes to their achievement of

independence. 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 the Department. The incentive allowances may be as follows:

<b>Monthly Net Wages</b>	<b>Monthly Incentive Allowance</b>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00

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

- (1) Hospital inpatient. – Payment for hospital inpatient services will be prescribed by the State Plan as established by the Department of Health and Human Services.
- (2) Hospital outpatient. – Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.
- (3) Nursing facilities. – Nursing facilities providing services to Medicaid recipients who also qualify for Medicare must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program. Residents of nursing facilities who are eligible for Medicare coverage of nursing facility services must be placed in a Medicare-certified bed. Medicaid shall cover facility services only after the appropriate services have been billed to Medicare.
- (4) Physicians, certified nurse midwife services, certified registered nurse anesthetists, nurse practitioners. – Fee schedules as developed by the Department of Health and Human Services.
- (5) Community Alternative Program, EPSDT Screens. – Payments in accordance with rate schedule developed by the Department of Health and Human Services.
- (6) Home health and related services, durable medical equipment. – Payments according to reimbursement plans developed by the Department of Health and Human Services.
- (7) Hearing aids. – Wholesale cost plus dispensing fee to provider.
- (8) Rural health clinical services. – Provider-based, reasonable cost, nonprovider-based, single-cost reimbursement rate per clinic visit.
- (9) Family planning. – Negotiated rate for local health departments. For other providers see specific services, e.g., hospitals, physicians.
- (10) Independent laboratory and X-ray services. – Uniform fee schedules as developed by the Department of Health and Human Services.
- (11) Ambulatory surgical centers.
- (12) Private duty nursing, clinic services, prepaid health plans.

- 1 (13) Intermediate care facilities for the mentally retarded.
- 2 (14) Chiropractors, podiatrists, optometrists, dentists.
- 3 (15) Limitations on dental coverage. – Dental services shall be provided on a  
4 restricted basis in accordance with criteria adopted by the Department to  
5 implement this subsection.
- 6 (16) Medicare Buy-In. – Social Security Administration premium.
- 7 (17) Ambulance services. – Uniform fee schedules as developed by the  
8 Department of Health and Human Services. Public ambulance providers will  
9 be reimbursed at cost.
- 10 (18) Optical supplies. – Payment for materials is made to a contractor in  
11 accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing providers  
12 are negotiated fees established by the State agency based on industry  
13 charges.
- 14 (19) Medicare crossover claims. – The Department shall apply Medicaid medical  
15 policy to Medicare claims for dually eligible recipients. The Department  
16 shall pay an amount up to the actual coinsurance or deductible or both, in  
17 accordance with the State Plan, as approved by the Department of Health  
18 and Human Services. The Department may disregard application of this  
19 policy in cases where application of the policy would adversely affect  
20 patient care.
- 21 (20) [Reserved]
- 22 (21) Personal care services. – Payment in accordance with the State Plan  
23 developed by the Department of Health and Human Services.
- 24 (22) Case management services. – Reimbursement in accordance with the  
25 availability of funds to be transferred within the Department of Health and  
26 Human Services.
- 27 (23) Hospice.
- 28 (24) Medically necessary prosthetics or orthotics. – In order to be eligible for  
29 reimbursement, providers must be licensed or certified by the occupational  
30 licensing board or the certification authority having authority over the  
31 provider's license or certification. Medically necessary prosthetics and  
32 orthotics are subject to prior approval and utilization review.
- 33 (25) Health insurance premiums.
- 34 (26) Medical care/other remedial care. – Services not covered elsewhere in this  
35 section include related services in schools; health professional services  
36 provided outside the clinic setting to meet maternal and infant health goals;  
37 and services to meet federal EPSDT mandates.
- 38 (27) Pregnancy-related services. – Covered services for pregnant women shall  
39 include nutritional counseling, psychosocial counseling, and predelivery and  
40 postpartum home visits by maternity care coordinators and public health  
41 nurses.
- 42 (28) Drugs. – Reimbursements. Reimbursements shall be available for  
43 prescription drugs as allowed by federal regulations plus a professional  
44 services fee per month, excluding refills for the same drug or generic  
45 equivalent during the same month. Payments for drugs are subject to the  
46 provisions of this subdivision or in accordance with the State Plan adopted  
47 by the Department of Health and Human Services, consistent with federal  
48 reimbursement regulations. Payment of the professional services fee shall be  
49 made in accordance with the State Plan adopted by the Department of Health  
50 and Human Services, consistent with federal reimbursement regulations. The  
51 professional services fee for generic and for brand-name drugs shall be

1 established per prescription by the Department based on the reductions made  
2 in this act. Further adjustments to the professional services fee shall be  
3 established by the General Assembly. In addition to the professional services  
4 fee, the Department may pay an enhanced fee for pharmacy services.

5 Limitations on quantity. – The Department of Health and Human  
6 Services may establish authorizations, limitations, and reviews for specific  
7 drugs, drug classes, brands, or quantities in order to manage effectively the  
8 Medicaid pharmacy program, except that the Department shall not impose  
9 limitations on brand-name medications for which there is a generic  
10 equivalent in cases where the prescriber has determined, at the time the drug  
11 is prescribed, that the brand-name drug is medically necessary and has  
12 written on the prescription order the phrase "medically necessary."

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

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

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

- 41 a. Services as defined by the Division of Mental Health, Developmental  
42 Disabilities, and Substance Abuse Services and approved by the  
43 Centers for Medicare and Medicaid Services (CMS) when provided  
44 in agencies meeting the requirements of the rules established by the  
45 Commission for Mental Health, Developmental Disabilities, and  
46 Substance Abuse Services and reimbursement is made in accordance  
47 with a State Plan developed by the Department of Health and Human  
48 Services not to exceed the upper limits established in federal  
49 regulations, and
- 50 b. For children eligible for EPSDT services provided by:

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

39 Notwithstanding G.S. 150B-21.1(a), the Department of Health and Human  
40 Services may adopt temporary rules in accordance with Chapter 150B of the  
41 General Statutes further defining the qualifications of providers and referral  
42 procedures in order to implement this subdivision. Coverage policy for  
43 services defined by the Division of Mental Health, Developmental  
44 Disabilities, and Substance Abuse Services under sub-subdivisions a. and  
45 b.2. of this subdivision shall be established by the Division of Medical  
46 Assistance.

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

- 48 (1) Subject to the provisions of this subdivision, the Department may require  
49 Medicaid-enrolled providers to purchase a performance bond in an amount  
50 not to exceed one hundred thousand dollars (\$100,000) naming as  
51 beneficiary the Department of Health and Human Services, Division of

1 Medical Assistance, or provide to the Department a validly executed letter of  
2 credit or other financial instrument issued by a financial institution or agency  
3 honoring a demand for payment in an equivalent amount. The Department  
4 may require the purchase of a performance bond or the submission of an  
5 executed letter of credit or financial instrument as a condition of initial  
6 enrollment, reenrollment, or reinstatement if:

- 7 a. The provider fails to demonstrate financial viability,
- 8 b. The Department determines there is significant potential for fraud  
9 and abuse,
- 10 c. The Department otherwise finds it is in the best interest of the  
11 Medicaid program to do so.

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

14 (1a) The Department may waive or limit the requirements of this paragraph for  
15 individual Medicaid-enrolled providers or for one or more classes of  
16 Medicaid-enrolled providers based on the following:

- 17 a. The provider's or provider class's dollar amount of monthly billings  
18 to Medicaid.
- 19 b. The length of time an individual provider has been licensed,  
20 endorsed, certified, or accredited in this State to provide services.
- 21 c. The length of time an individual provider has been enrolled to  
22 provide Medicaid services in this State.
- 23 d. The provider's demonstrated ability to ensure adequate record  
24 keeping, staffing, and services.
- 25 e. The need to ensure adequate access to care.

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

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

46 Prenatal services, all EPSDT children, emergency room visits, and  
47 mental health visits subject to independent utilization review are exempt  
48 from the visit limitations contained in this subdivision. Subject to  
49 appropriate medical review, the Department may authorize exceptions when  
50 additional care is medically necessary. Routine or maintenance visits above  
51 the established visit limit will not be covered unless necessary to actively

1 manage a life threatening disorder or as an alternative to more costly care  
2 options.

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

5 (1) Exceptions to service limitations, eligibility requirements, and payments. –  
6 Service limitations, eligibility requirements, and payment bases in this  
7 section may be waived by the Department of Health and Human Services,  
8 with the approval of the Director of the Budget, to allow the Department to  
9 carry out pilot programs for prepaid health plans, contracting for services,  
10 managed care plans, or community-based services programs in accordance  
11 with plans approved by the United States Department of Health and Human  
12 Services or when the Department determines that such a waiver will result in  
13 a reduction in the total Medicaid costs for the recipient.

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

17 (3) The Department of Health and Human Services shall establish a fifty dollars  
18 (\$50.00) per visit co-payment for non-emergent hospital emergency room  
19 visits.

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

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

29 Prior to the filing of the temporary or emergency rules authorized under  
30 this subsection with the Rules Review Commission and the Office of  
31 Administrative Hearings, the Department shall consult with the Office of  
32 State Budget and Management on the possible fiscal impact of the temporary  
33 or emergency rule and its effect on State appropriations and local  
34 governments.

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

#### 43 44 **MEDICAID PROVIDER FEE**

45 **SECTION 10.58A.** Effective September 1, 2009, the Department of Health and  
46 Human Services, Division of Medical Assistance, shall charge an enrollment fee of one  
47 hundred dollars (\$100.00) to each provider enrolling in the Medicaid program for the first time.  
48 The fee shall be charged to all providers at reenrollment every three years.

#### 49 50 **ACCELERATED DHHS PROCUREMENT PROCESS TO ACHIEVE BUDGET** 51 **REDUCTIONS**

1           **SECTION 10.58B.(a)** Notwithstanding any other provision of law to the contrary,  
2 the Department of Health and Human Services may modify or extend existing contracts or as  
3 necessary enter into sole source contracts to timely achieve the provisions of this act. Any such  
4 modifications or contract extensions or sole source contracts must be approved by the Governor  
5 and reported to the Senate Appropriations Committee on Health and Human Services, the  
6 House of Representatives Appropriations Subcommittee on Health and Human Services, the  
7 Fiscal Research Division, and the Office of State Budget and Management. This subsection  
8 applies to the following activities and shall expire six months from the date of enactment of this  
9 act:

- 10           (1) Acquisition of medical equipment, supplies, and appliances;
- 11           (2) Maximizing technology to increase third-party recovery, increase cost  
12 avoidance activities, identify provider overbilling and other abuse or  
13 program integrity activities;
- 14           (3) Implementing prior authorization efforts in imaging and other high-cost  
15 services;
- 16           (4) Providing technical assistance to enhance care coordination, analysis, and  
17 reports to assess provider compliance and performance;
- 18           (5) Conducting independent assessments; and
- 19           (6) Providing technology services to establish physician/provider online  
20 attestation reporting and assist CCNC in care management activities.

21           **SECTION 10.58B.(b)** The Department shall report on the activities conducted  
22 under this section to the House Appropriations Subcommittee on Health and Human Services,  
23 the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
24 Division on or before April 1, 2010.  
25

#### 26 **MEDICAID SPECIAL FUND TRANSFER**

27           **SECTION 10.61.** Of the funds transferred to the Department of Health and Human  
28 Services for Medicaid programs pursuant to G.S. 143C-9-1, there is appropriated from the  
29 Medicaid Special Fund to the Department of Health and Human Services the sum of forty-three  
30 million dollars (\$43,000,000) for the 2009-2010 fiscal year and the sum of forty-three million  
31 dollars (\$43,000,000) for the 2010-2011 fiscal year. These funds shall be allocated as  
32 prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in  
33 G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall  
34 replace the reduction in general revenue funding effected in this act. The Department may also  
35 use funds in the Medicaid Special Fund to fund the settlement of the Disproportionate Share  
36 Hospital payment audit issues between the Department of Health and Human Services and the  
37 federal government related to fiscal years 1997-2002, and funds are appropriated from the Fund  
38 for the 2009-2010 fiscal year for this purpose.  
39

#### 40 **EXTEND IMPLEMENTATION OF COMMUNITY ALTERNATIVES PROGRAMS** 41 **REIMBURSEMENT SYSTEM**

42           **SECTION 10.62.** Full implementation for the Community Alternatives Programs  
43 reimbursement system shall be not later than 12 months after the date on which the replacement  
44 Medicaid Management Information System becomes operational and stabilized.  
45

#### 46 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

47           **SECTION 10.64.(a)** Receivables reserved at the end of the 2009-2010 and  
48 2010-2011 fiscal years shall, when received, be accounted for as nontax revenue for each of  
49 those fiscal years.

50           **SECTION 10.64.(b)** For the 2009-2010 fiscal year, the Department of Health and  
51 Human Services shall deposit from its revenues one hundred twenty-four million nine hundred



1 ninety-four thousand nine hundred fifty-four dollars (\$124,994,954) with the Department of  
2 State Treasurer to be accounted for as nontax revenue. For the 2010-2011 fiscal year, the  
3 Department of Health and Human Services shall deposit from its revenues one hundred million  
4 dollars (\$100,000,000) with the Department of State Treasurer to be accounted for as nontax  
5 revenue. These deposits shall represent the return of General Fund appropriations provided to  
6 the Department of Health and Human Services to provide indigent care services at State-owned  
7 and operated mental hospitals. The treatment of any revenue derived from federal programs  
8 shall be in accordance with the requirements specified in the Code of Federal Regulations,  
9 Volume 2, Part 225.

10  
11 **FAMILIES PAY PART OF THE COST OF SERVICES UNDER THE CAP-MR/DD**  
12 **PROGRAM AND THE CAP-CHILDREN'S PROGRAM BASED ON FAMILY**  
13 **INCOME**

14 **SECTION 10.65.(a)** Subject to approval from the Centers for Medicare and  
15 Medicaid Services (CMS), the Department of Health and Human Services, Division of Medical  
16 Assistance, shall, in consultation with the Division of Mental Health, Developmental  
17 Disabilities, and Substance Abuse Services, and Community Alternatives Program (CAP)  
18 stakeholders, develop a schedule of cost-sharing requirements for families of children with  
19 incomes above the Medicaid allowable limit to share in the costs of their child's Medicaid  
20 expenses under the CAP-MR/DD (Community Alternatives Program for Mental Retardation  
21 and Developmentally Disabled) and the CAP-C (Community Alternatives Program for  
22 Children). The cost-sharing amounts shall be based on a sliding scale of family income and  
23 shall take into account the impact on families with more than one child in the CAP programs.  
24 In developing the schedule, the Department shall also take into consideration how other states  
25 have implemented cost-sharing in their CAP programs. The Division of Medical Assistance  
26 may establish monthly deductibles as a means of implementing this cost-sharing. The  
27 Department shall provide for at least one public hearing and other opportunities for individuals  
28 to comment on the imposition of cost-sharing under the CAP program schedule.

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

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

43  
44 **IMPLEMENTATION PLAN FOR FOUR TIERS OF CAP-MR/DD PROGRAM**

45 **SECTION 10.65A.** For the purposes of improving efficiency in the expenditure of  
46 available funds and effectively identifying and meeting the needs of CAP-MR/DD eligible  
47 individuals, on or before January 1, 2010, the Department of Health and Human Services,  
48 Division of Medical Assistance, in conjunction with the Division of Mental Health,  
49 Developmental Disabilities, and Substance Abuse Services, shall submit a State Plan  
50 amendment to the Centers for Medicare and Medicaid services for the implementation of Tiers  
51 1 through 4 of the CAP-MR/DD program. The State Plan amendment shall describe the

1 implementation of Tiers 1 and 4 and the proposed implementation of Tiers 2 and 3, and  
2 revisions of Tier 4, and shall include detail on each of the following:

- 3 (1) The array and intensity level of services that will be available under each of  
4 the four Tiers;
- 5 (2) The range of costs for the array and intensity level of services under each of  
6 the four Tiers;
- 7 (3) How the relative intensity of need for each current and future CAP-MR/DD  
8 eligible individual will be reliably determined; and
- 9 (4) How the determination of intensity of need will be used to assign individuals  
10 appropriately into one of the four Tiers.

11 The Department may develop an application to the Centers for Medicare and  
12 Medicaid services for additional Medicaid waivers for Tiers 2 and 3 of  
13 CAP-MR/DD program. The Department shall not submit the application until after  
14 it has submitted the State Plan amendment required under this subdivision. Nothing  
15 in this subdivision obligates the General Assembly to appropriate additional funds  
16 for the CAP-MR/DD waiver.  
17

## 18 **PREFERRED DRUG LIST PROGRAM**

19 **SECTION 10.66.(a)** The Department of Health and Human Services shall establish  
20 and implement a preferred drug list program under the Division of Medical Assistance. The  
21 Department shall submit a medical assistance State Plan amendment to the Centers for  
22 Medicare and Medicaid Services (CMS) of the United States Department of Health and Human  
23 Services to implement the program.

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

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

- 31 (1) Guidelines for the presentation and review of drugs for inclusion on the  
32 preferred drug list,
- 33 (2) The manner and frequency of audits of the preferred drug list for  
34 appropriateness of patient care and cost-effectiveness,
- 35 (3) An appeals process for the resolution of disputes, and
- 36 (4) Such other policies and procedures as the Department deems necessary and  
37 appropriate.

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

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

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

49 The Department may negotiate supplemental rebates from manufacturers that are in  
50 addition to those required by Title XIX of the federal Social Security Act. The committee shall  
51 consider a product for inclusion on the preferred drug list if the manufacturer provides a

1 supplemental rebate. The Department may procure a sole source contract with an outside entity  
2 or contractor to conduct negotiations for supplemental rebates.

3  
4 **CLARIFYING CHANGES TO STATE MEDICAID RESPONSIBILITIES**

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

11  
12 **AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN**  
13 **STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN**  
14 **THE MEDICAID PROGRAM**

15 **SECTION 10.68A.(a)** For the purpose of enabling the Department of Health and  
16 Human Services, Division of Medical Assistance, to achieve the budget reductions enacted in  
17 this act for the Medicaid program, the Department may take the following actions,  
18 notwithstanding any other provision of this act or other State law or rule to the contrary and  
19 subject to the requirements of subsection (e) of this section:

20 (1) Electronic transactions. –

- 21 a. Within 60 days of notification of its procedures via the DMA Web  
22 site, Medicaid providers shall follow the Department's established  
23 procedures for securing electronic payments. No later than  
24 September 1, 2009, the Department shall cease routine provider  
25 payments by check.  
26 b. Effective September 1, 2009, all Medicaid providers shall file claims  
27 electronically to the fiscal agent. Nonelectronic claims submission  
28 may be required when it is in the best interest of the Department.  
29 c. Effective September 1, 2009, enrolled Medicaid providers shall  
30 submit Preadmission Screening and Annual Resident Reviews  
31 (PASARR) through the Department's Web-based tool or through a  
32 vendor with interface capability to submit data into the Web-based  
33 PASARR.

34 (2) Clinical coverage. – The Department of Health and Human Services,  
35 Division of Medical Assistance, shall amend applicable clinical policies and  
36 submit applicable State plan amendments to CMS to implement the budget  
37 reductions authorized in the following clinical coverage areas in this act:

- 38 a. Modify or eliminate Physical Therapy, Speech Therapy, and  
39 Occupational Therapy.  
40 b. Modify or eliminate Dental Services.  
41 c. Consolidate and reduce Targeted Case Management and case  
42 management functions bundled within other Medicaid services.  
43 d. Eliminate coverage of HIV case management.  
44 e. Eliminate coverage of therapeutic camps.  
45 f. Modify or eliminate adult routine eye exams and visual aids.

46 (3) Medicaid Personal Care Service provision. – Upon the enactment of this act,  
47 the Division of Medical Assistance shall implement the following new  
48 criteria for personal care services (PCS):

- 49 a. Independent assessment by an entity that does not provide direct PCS  
50 services for evaluation of the recipient prior to initiation of service.  
51 The independent assessment will determine the qualifying Activities

- 1 of Daily Living (ADL), the level of assistance required, and the  
2 amount and scope of PCS to be provided, according to policy  
3 criteria.
- 4 b. Independent assessment or review from the assigned Community  
5 Care of North Carolina (CCNC) physician of the continued  
6 qualification for PCS services under the revised PCS policy criteria.
- 7 c. Establishment of four levels of qualifying criteria and service, as  
8 follows:
- 9 1. PCS I- requires limited assistance with three ADLs; up to 20  
10 hours/month; no housekeeping.
- 11 2. PCS II- requires limited assistance with four ADLs; up to 40  
12 hours/month; no housekeeping.
- 13 3. PCS III- requires extensive assistance with three ADLs, or  
14 limited assistance and extensive assistance with two ADLs;  
15 up to 60 hours/month; up to twenty-five percent (25%)  
16 housekeeping.
- 17 4. PCS-Plus- requires extensive assistance with four ADLs; up  
18 to 80 hours/month; up to twenty-five percent (25%)  
19 housekeeping.
- 20 d. Establishment of time limits on physician service orders and  
21 reauthorization in accordance with the recipient's diagnosis and  
22 acuity of need.
- 23 e. Add the following items to the list of tasks that are not covered by  
24 this service: non-medical transportation, errands and shopping,  
25 money management, cueing, and prompting, guiding, or coaching.
- 26 f. Online physician attestation of medical necessity.
- 27 g. Revision of audits and review process, including extending of the  
28 current contract with the postpayment vendor.
- 29 h. If sufficient reduction in cost is not achieved with the revised policy,  
30 the Secretary shall direct the Division of Medical Assistance to  
31 further modify the policy to achieve targeted cost savings.
- 32 Recipients currently receiving PCS services shall be reviewed under the  
33 above criteria, and those recipients not meeting the new criteria shall be  
34 terminated from the service within 30 days of the review. The Department  
35 shall review usage of personal care services in adult care homes to determine  
36 if overuse is occurring and shall report its findings to the House of  
37 Representatives Appropriations Subcommittee on Health and Human  
38 Services, the Senate Appropriations Committee on Health and Human  
39 Services, and the Fiscal Research Division on or before December 1, 2009.
- 40 (4) MH/DD/SAS Personal Care and Personal Assistance Services Provision. – A  
41 denial, reduction, or termination of Medicaid-funded personal care services  
42 shall result in a similar denial, reduction, or termination of State-funded  
43 MH/DD/SA personal care and personal assistance services.
- 44 (5) Community Support and other MH/DD/SA services. – The Department of  
45 Health and Human Services shall eliminate community support services on  
46 or before April 1, 2010. Upon enactment of this act, the Division of Medical  
47 Assistance and the Division of MH/DD/SA shall take the steps necessary for  
48 the Medicaid and the State-funded community support program to provide  
49 for transition and discharge planning to recipients currently receiving  
50 community support services. The following shall occur:
- 51 a. No new admissions shall be allowed.

- 1 b. Authorizations currently in effect as of the date of enactment of this  
2 act remain valid. Any new authorization or subsequent  
3 reauthorization is subject to the provisions of this act.
- 4 c. No community support services shall be provided in conjunction  
5 with other enhanced services, except through December 31, 2009,  
6 professional level community support may be provided in  
7 conjunction with residential Level III and IV to assist in recipient  
8 discharge planning. Up to a maximum of 24 hours over a 90-day  
9 authorization may be provided as approved by the prior authorization  
10 vendor.
- 11 d. The current moratorium on community support provider  
12 endorsement shall remain in effect.
- 13 e. A provider of community support services whose endorsement,  
14 Medicaid participation, or services have been suspended is not  
15 entitled to payment during the period the appeal is pending, and the  
16 Department shall make no payment to the provider during that  
17 period. If the final agency decision is in favor of the provider, the  
18 Department shall remove the suspension, commence payment for  
19 provider services, and reimburse the provider for payments withheld  
20 during the period of appeal.
- 21 f. Effective 60 days from the enactment of this act, the paraprofessional  
22 level of community support shall be eliminated, and from this date  
23 the Department shall not use any Medicaid or State funds to pay for  
24 this level of service.
- 25 g. Community support services are limited to no more than four hours  
26 per week. The four hours are solely for the purpose of transition and  
27 discharge planning.
- 28 h. Thirty days after the enactment of this act, any concurrent request  
29 shall be accompanied with a discharge plan. Submission of the  
30 discharge plan will be a required document for a request to be  
31 considered complete. Failure to submit the discharge plan will result  
32 in the request being returned as "unable to process." Discharge from  
33 the service must occur within 90 days after the submission of the  
34 discharge plan.
- 35 i. Any community support provider that ceases to function as a  
36 provider shall provide written notification to DMA, the Local  
37 Management Entity, recipients, and the prior authorization vendor 30  
38 days prior to closing of the business.
- 39 j. Medical and financial record retention is the responsibility of the  
40 provider and shall be in compliance with the record retention  
41 requirements of their Medicaid provider agreement or State-funded  
42 services contract. Records shall also be available to State, federal,  
43 and local agencies.
- 44 k. Failure to comply with notification, recipient transition planning, or  
45 record maintenance shall result in suspension of further payment  
46 until such failure is corrected. In addition, failure to comply shall  
47 result in denial of enrollment as a provider for any Medicaid or  
48 State-funded service.
- 49 (6) Community Support Team. – Authorization for a Community Support Team  
50 shall be based upon medical necessity as defined by the Department and  
51 shall not exceed 18 hours per week. The Division of Medical Assistance

1 shall do an immediate rate study of the Community Support Team to bring  
2 the average cost of service per recipient in line with Assertive Community  
3 Treatment Team (ACTT) services. The Division shall also revise provider  
4 qualifications and tighten the service definition to contain costs in this line  
5 item. Not later than October 1, 2009, the Division of Medical Assistance  
6 shall report its findings on the rate study and any actions it has taken to  
7 conform with this subdivision to the Joint Legislative Oversight Committee  
8 on Mental Health, Developmental Disabilities, and Substance Abuse  
9 Services.

10 (7) MH Residential. – The Department of Health and Human Services shall  
11 restructure the Medicaid and State-funded child MH/DD/SA residential  
12 services. The Division of Medical Assistance and the Division of  
13 MH/DD/SA shall establish a team inclusive of providers, LMEs, prior  
14 authorization vendors, and other stakeholders to assure effective transition of  
15 recipients to appropriate treatment options. Included in the restructuring  
16 shall be the following:

- 17 a. On or before October 1, 2009, the Department shall eliminate High  
18 Risk Intervention Residential Level III and Level IV service.
- 19 b. Submission to CMS of a therapeutic family service definition.
- 20 c. Within 30 days of this action, the Department shall institute a  
21 moratorium on admissions to High Risk Intervention Residential  
22 Level III and Level IV group homes.
- 23 d. Thirty days after enactment, any concurrent request must be  
24 accompanied with a discharge plan. Discharge from the placement  
25 must occur within six months after the submission of the discharge  
26 plan.
- 27 e. All transition and discharge plans must be developed by the child and  
28 family team and with active participation by the LME and/or the  
29 prior authorization vendor.
- 30 f. Submission of a discharge plan is a required document in order for  
31 the request to be considered complete. Failure to submit the  
32 discharge plan will result in the request being returned as "unable to  
33 process."
- 34 g. Any residential provider that ceases to function as a provider shall  
35 provide written notification to DMA, the Local Management Entity,  
36 recipients, and the prior authorization vendor 30 days prior to closing  
37 of the business.
- 38 h. Medical and financial record retention is the responsibility of the  
39 provider and shall be in compliance with the record retention  
40 requirements of their Medicaid provider agreement or State-funded  
41 services contract. Records shall also be available to State, federal,  
42 and local agencies.
- 43 i. Failure to comply with notification, recipient transition planning, or  
44 record maintenance shall result in suspension of further payment  
45 until such failure is corrected. In addition, failure to comply shall  
46 result in denial of enrollment as a provider for any Medicaid or  
47 State-funded service.

48 (8) Reduce Medicaid rates. – Subject to the prior approval of the Office of State  
49 Budget and Management, the Secretary shall reduce Medicaid provider rates  
50 to accomplish an overall rate reduction of five and five-tenths percent (5.5%)  
51 in the 2009-2010 fiscal year and six percent (6%) in the 2010-2011 fiscal

1 year. The Secretary shall consider the impact on access to care through  
2 primary care providers and safety net critical care access hospitals and may  
3 adjust the rates accordingly. The rate reduction applies to all Medicaid  
4 private and public providers with the following exceptions: federally  
5 qualified health clinics, rural health centers, State institutions, outpatient  
6 hospitals, pharmacies, and the noninflationary components of the case-mix  
7 reimbursement system for nursing facilities. Medicaid rates predicated upon  
8 Medicare fee schedules shall follow Medicare reductions but not Medicare  
9 increases unless federally required. Inflationary increases for Medicaid  
10 providers paying provider fees (private ICF-MRs and nursing facilities) can  
11 occur if the State share of the increases can be funded with provider fees.

- 12 (9) Medicaid identification cards. – The Department shall issue Medicaid  
13 identification cards to recipients on a quarterly basis.

14 **SECTION 10.68A.(b)** G.S. 108A-70.21(d) is amended by adding the following  
15 new subdivision to read:

16 "(5) Fifty dollars (\$50.00) for each nonemergent emergency room visit."

17 **SECTION 10.68A.(c)** G.S. 108A-54.2(1) reads as rewritten:

- 18 "(1) During the development of new medical coverage policy or amendment to  
19 existing medical coverage policy, consult with and seek the advice of the  
20 Physician Advisory Group of the ~~North Carolina Medical Society~~  
21 Department and other organizations the Secretary deems appropriate. The  
22 Secretary shall also consult with and seek the advice of officials of the  
23 professional societies or associations representing providers who are affected  
24 by the new medical coverage policy or amendments to existing medical  
25 coverage policy."

26 **SECTION 10.68A.(d)** Part 6 of Article 2 of Chapter 108A of the General Statutes  
27 is amended by adding the following new section to read:

28 "**§ 108A-55.5. Insurers must accept Departmental authorization for medical services.**

29 Health insurers, as defined in G.S. 108A-55.4, shall accept authorization from the Division  
30 of Medical Assistance for the provision of medical services on behalf of a recipient of medical  
31 assistance as the insurer's authorization for the provision of those services and shall not deny a  
32 claim submitted by the Division solely on the basis that the insurer did not prior approve or  
33 prior authorize the service."

34 **SECTION 10.68A.(e)** At least 30 days prior to the adoption of new or amended  
35 medical coverage policies necessitated by the reductions to the Medicaid program enacted in  
36 this act, the Department shall:

- 37 (1) Publish the proposed new or amended medical coverage policies via the  
38 Medicaid Bulletin published on the Department's Web site, which shall  
39 include an invitation to readers to send written comments on the proposed  
40 new or amended policies to the Department's mailing address, including  
41 e-mail.  
42 (2) Notify via direct mail the members of the Department's Physicians' Advisory  
43 Group (PAG) of the proposed policies and Medicaid recipients of clinical  
44 coverage changes.  
45 (3) Update the policies published on the Web site to reflect any changes made as  
46 a result of written comments received from the PAG and others.

## 47 **CO-PAYMENTS FOR TICKET TO WORK**

48 **SECTION 10.69.** G.S. 108A-54.1(d) reads as rewritten:

49 "**§ 108A-54.1. Medicaid buy-in for workers with disabilities.**

50 ...  
51

1 (d) Fees, Premiums, and Co-Payments. – Individuals who participate in HCWD and  
2 have countable income greater than one hundred fifty percent (150%) of FPG shall pay an  
3 annual enrollment fee of fifty dollars (\$50.00) to their county department of social services.  
4 Individuals who participate in HCWD and have countable income greater than or equal to two  
5 hundred percent (200%) of FPG shall pay a monthly premium in addition to the annual fee. The  
6 Department shall set a sliding scale for premiums, which is consistent with applicable federal  
7 law. An individual with countable income equal to or greater than four hundred fifty percent  
8 (450%) of FPG shall pay not less than one hundred percent (100%) of the cost of the premium,  
9 as determined by the Department. The premium shall be based on the experience of all  
10 individuals participating in the Medical Assistance Program. Individuals who participate in  
11 HCWD are subject to co-payments equal to those required under the ~~North Carolina Health~~  
12 ~~Choice Program.~~ Medical Assistance Program.  
13

#### 14 INFORMATION ON MEDICAID WAIVERS

15 **SECTION 10.72A.(a)** The Department of Health and Human Services, Division of  
16 Medical Assistance, shall report on the feasibility and efficacy of applying for Medicaid  
17 waivers from the Centers for Medicare and Medicaid Services. The report shall recommend  
18 whether the following waivers should be pursued and the reasons therefore:

- 19 (1) An 1115 waiver to permit individuals that test positive for HIV and have  
20 incomes at or below two hundred percent (200%) of the federal poverty level  
21 access to Medicaid services. The report and recommendation shall indicate  
22 the number of people that may be eligible for Medicaid services under the  
23 waiver, the resulting cost and cost savings to the State if all potentially  
24 eligible individuals applied for assistance, and the programmatic and  
25 technical impact should the waiver be implemented.
- 26 (2) An 1115 waiver or other available Medicaid options to provide  
27 interconceptional coverage to low-income women with incomes below one  
28 hundred eighty-five percent (185%) of the federal poverty guidelines who  
29 have given birth to a high-risk infant. A high-risk infant is defined as  
30 weighing less than 1,500 grams, is born less than 34 weeks gestation, is born  
31 with a congenital anomaly, or who has died within the first 28 days of life.  
32 Interconceptional care would be limited to two years following the birth of a  
33 high-risk infant, or until a subsequent birth, whichever comes first. The  
34 report and recommendations should include estimated cost savings from  
35 improved birth outcomes that will offset the cost of providing Medicaid  
36 coverage to this targeted population.
- 37 (3) A 1915(c) waiver to permit individuals who sustain traumatic brain injury  
38 after age 22 to access home and community-based Medicaid services. The  
39 report and recommendation shall include the estimated cost to implement the  
40 waiver.
- 41 (4) A waiver to prevent a Medicaid recipient from losing Medicaid eligibility  
42 due to Social Security and Railroad Retirement cost of living adjustments  
43 and federal poverty level adjustments. The report and recommendation shall  
44 provide the cost to cover all affected persons effective March 1, 2009.

45 The Department shall provide for each waiver the estimated time needed to prepare  
46 the waiver application and the earliest date upon which the waiver, if approved by CMS, could  
47 be implemented.

48 **SECTION 10.72A.(b)** The Department shall submit its report and  
49 recommendations to the House of Representatives Appropriations Subcommittee on Health and  
50 Human Services, the Senate Appropriations Committee on Health and Human Services, the



1 Fiscal Research Division, and the Legislative Oversight Committee on Mental Health,  
2 Developmental Disabilities, and Substance Abuse Services by March 1, 2010.

3  
4  
5 **DHSR LICENSE FEE INCREASES**

6 **SECTION 10.76.(a)** G.S. 131D-2(b) reads as rewritten:

7 "(b) Licensure; inspections. –

8 (1) The Department of Health and Human Services shall inspect and license,  
9 under rules adopted by the Medical Care Commission, all adult care homes  
10 for persons who are aged or mentally or physically disabled except those  
11 exempt in subsection (c) of this section. Licenses issued under the authority  
12 of this section shall be valid for one year from the date of issuance unless  
13 revoked earlier by the Secretary for failure to comply with any part of this  
14 section or any rules adopted hereunder. Licenses shall be renewed annually  
15 upon filing and the Department's approval of the renewal application. The  
16 Department shall charge each adult care home with six or fewer beds a  
17 nonrefundable annual license fee in the amount of ~~two hundred fifty dollars~~  
18 ~~(\$250.00)~~ three hundred fifteen dollars (\$315.00). The Department shall  
19 charge each adult care home with more than six beds a nonrefundable annual  
20 license fee in the amount of ~~three hundred fifty dollars (\$350.00)~~ three  
21 hundred sixty dollars (\$360.00) plus a nonrefundable annual per-bed fee of  
22 ~~twelve dollars and fifty cents (\$12.50)~~ seventeen dollars and fifty cents  
23 (\$17.50). A license shall not be renewed nor a new license issued for a  
24 change of ownership of an adult care home if outstanding fees, fines, and  
25 penalties imposed by the State against the home have not been paid. Fines  
26 and penalties for which an appeal is pending are exempt from consideration.  
27 The renewal application shall contain all necessary and reasonable  
28 information that the Department may by rule require. Except as otherwise  
29 provided in this subdivision, the Department may amend a license by  
30 reducing it from a full license to a provisional license for a period of not  
31 more than 90 days whenever the Department finds that:

- 32 a. The licensee has substantially failed to comply with the provisions of  
33 Articles 1 and 3 of Chapter 131D of the General Statutes and the  
34 rules adopted pursuant to these Articles;  
35 b. There is a reasonable probability that the licensee can remedy the  
36 licensure deficiencies within a reasonable length of time; and  
37 c. There is a reasonable probability that the licensee will be able  
38 thereafter to remain in compliance with the licensure rules for the  
39 foreseeable future.

40 The Department may extend a provisional license for not more than one  
41 additional 90-day period upon finding that the licensee has made substantial  
42 progress toward remedying the licensure deficiencies that caused the license  
43 to be reduced to provisional status.

44 The Department may revoke a license whenever:

- 45 a. The Department finds that:  
46 1. The licensee has substantially failed to comply with the  
47 provisions of Articles 1 and 3 of Chapter 131D of the General  
48 Statutes and the rules adopted pursuant to these Articles; and  
49 2. It is not reasonably probable that the licensee can remedy the  
50 licensure deficiencies within a reasonable length of time; or  
51 b. The Department finds that:

- 1 1. The licensee has substantially failed to comply with the
- 2 provisions of Articles 1 and 3 of Chapter 131D of the General
- 3 Statutes and the rules adopted pursuant to these Articles; and
- 4 2. Although the licensee may be able to remedy the deficiencies
- 5 within a reasonable time, it is not reasonably probable that the
- 6 licensee will be able to remain in compliance with licensure
- 7 rules for the foreseeable future; or
- 8 c. The Department finds that the licensee has failed to comply with the
- 9 provisions of Articles 1 and 3 of Chapter 131D of the General
- 10 Statutes and the rules adopted pursuant to these Articles, and the
- 11 failure to comply endangered the health, safety, or welfare of the
- 12 patients in the facility.

13 The Department may also issue a provisional license to a facility, pursuant to  
14 rules adopted by the Medical Care Commission, for substantial failure to  
15 comply with the provisions of this section or rules adopted pursuant to this  
16 section. Any facility wishing to contest the issuance of a provisional license  
17 shall be entitled to an administrative hearing as provided in the  
18 Administrative Procedure Act, Chapter 150B of the General Statutes. A  
19 petition for a contested case shall be filed within 30 days after the  
20 Department mails written notice of the issuance of the provisional license."

21 **SECTION 10.76.(b)** G.S. 131E-147 reads as rewritten:

22 "**§ 131E-147. Licensure requirement.**

23 (a) No person shall operate an ambulatory surgical facility without a license obtained  
24 from the Department.

25 (b) Applications shall be available from the Department, and each application filed with  
26 the Department shall contain all necessary and reasonable information that the Department may  
27 by rule require. A license shall be granted to the applicant upon a determination by the  
28 Department that the applicant has complied with the provisions of this Part and the rules  
29 promulgated by the Commission under this Part. The Department shall charge the applicant a  
30 nonrefundable annual base license fee in the amount of ~~seven hundred dollars (\$700.00)~~eight  
31 hundred fifty dollars (\$850.00) plus a nonrefundable annual per-operating room fee in the  
32 amount of ~~fifty dollars (\$50.00)~~seventy-five dollars (\$75.00)."

33 **SECTION 10.76.(c)** G.S. 131E-167(a) reads as rewritten:

34 "(a) Applications for certification shall be available from the Department, and each  
35 application filed with the Department shall contain all necessary and reasonable information  
36 that the Department may by rule require. A certificate shall be granted to the applicant for a  
37 period not to exceed one year upon a determination by the Department that the applicant has  
38 substantially complied with the provisions of this Article and the rules promulgated by the  
39 Department under this Article. The Department shall charge the applicant a nonrefundable  
40 annual certification fee in the amount of ~~two hundred fifty dollars (\$250.00)~~three hundred  
41 eighty-five dollars (\$385.00)."

42 **SECTION 10.76.(d)** G.S. 131E-138(c) reads as rewritten:

43 "(c) An application for a license shall be available from the Department, and each  
44 application filed with the Department shall contain all information requested by the  
45 Department. A license shall be granted to the applicant upon a determination by the  
46 Department that the applicant has complied with the provisions of this Part and the rules  
47 promulgated by the Commission under this Part. The Department shall charge the applicant a  
48 nonrefundable annual license fee in the amount of ~~four hundred dollars (\$400.00)~~five hundred  
49 ten dollars (\$510.00)."

50 **SECTION 10.76.(e)** G.S. 131E-77 reads as rewritten:

51 "**§ 131E-77. Licensure requirement.**

(a) No person or governmental unit shall establish or operate a hospital in this state without a license. An infirmary is not required to obtain a license under this Part.

(b) The Commission shall prescribe by rule that any licensee or prospective applicant seeking to make specified types of alteration or addition to its facilities or to construct new facilities shall submit plans and specifications before commencement to the Department for preliminary inspection and approval or recommendations with respect to compliance with the applicable rules under this Part.

(c) An applicant for licensing under this Part shall provide information related to hospital operations as requested by the Department. The required information shall be submitted by the applicant on forms provided by the Department and established by rule.

(d) The Department shall renew each license in accordance with the rules of the Commission. The Department shall charge the applicant a nonrefundable annual base license fee plus a nonrefundable annual per-bed fee as follows:

Facility Type	Number of Beds	Base Fee	Per-Bed Fee
General Acute Hospitals:	1-49 beds	\$250.00	<del>\$12.50</del> <u>\$17.50</u>
	50-99 beds	\$350.00	<del>\$12.50</del> <u>\$17.50</u>
	100-199 beds	\$450.00	<del>\$12.50</del> <u>\$17.50</u>
	200-399 beds	\$550.00	<del>\$12.50</del> <u>\$17.50</u>
	400-699 beds	\$750.00	<del>\$12.50</del> <u>\$17.50</u>
Other Hospitals:	700+ beds	\$950.00	<del>\$12.50</del> <u>\$17.50</u>
		\$500.00	<del>\$12.50</del> <u>\$17.50</u>

(e) The Department shall issue the license to the operator of the hospital who shall not transfer or assign it except with the written approval of the Department. The license shall designate the number and types of inpatient beds, the number of operating rooms, and the number of gastrointestinal endoscopy rooms.

(f) The operator shall post the license on the licensed premises in an area accessible to the public."

**SECTION 10.76.(f)** G.S. 122C-23(h) reads as rewritten:

"(h) The Department shall charge facilities licensed under this Chapter a nonrefundable annual base license fee plus a nonrefundable annual per-bed fee as follows:

Type of Facility	Number of Beds	Base Fee	Per-Bed Fee
Facilities (non-ICF/MR):	0 beds	<del>\$175.00</del> <u>\$215.00</u>	\$0
	1 to 6 beds	<del>\$250.00</del> <u>\$305.00</u>	\$0
	More than 6 beds	<del>\$350.00</del> <u>\$475.00</u>	<del>\$12.50</del> <u>\$17.50</u>
ICF/MR Only:	1 to 6 beds	<del>\$650.00</del> <u>\$845.00</u>	\$0
	More than 6 beds	<del>\$650.00</del> <u>\$800.00</u>	<del>\$12.50</del> <u>\$17.50</u> "

**SECTION 10.76.(g)** G.S. 131E-102(b) reads as rewritten:

"(b) Applications shall be available from the Department, and each application filed with the Department shall contain all necessary and reasonable information that the Department may by rule require. A license shall be granted to the applicant upon a determination by the Department that the applicant has complied with the provisions of this Part and the rules promulgated under this Part. The Department shall charge the applicant a nonrefundable annual license fee in the amount of ~~four hundred fifty dollars (\$450.00)~~ four hundred twenty dollars (\$420.00) plus a nonrefundable annual per-bed fee of ~~twelve dollars and fifty cents (\$12.50)~~ seventeen dollars and fifty cents (\$17.50)."

**SECTION 10.76.(h)** G.S. 131E-202(b) reads as rewritten:

"(b) The Department shall provide applications for hospice licensure. Each application filed with the Department shall contain all information requested therein. A license shall be granted to the applicant upon determination by the Department that the applicant has complied with the provisions of this Article and with the rules adopted by the Commission thereunder. Each license shall be issued only for the premises and persons named therein, shall not be transferable or assignable except with the written approval of the Department, and shall be posted in a conspicuous place on the licensed premises. The Department shall charge the applicant a nonrefundable annual license fee in the amount of four hundred dollars (\$400.00)."

**DHSR INITIAL LICENSURE FEES NEW FACILITIES**

**SECTION 10.77.** Article 16 of Chapter 131E of the General Statutes is amended by adding the following new section to read:

**"§ 131E-272. Initial licensure fees for new facilities.**

The following fees are initial licensure fees for new facilities and are applicable as follows:

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

**DHHS BLOCK GRANTS**

**SECTION 10.78.(a)** Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2010, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
(TANF) BLOCK GRANT

1			
2	Local Program Expenditures		
3			
4	Division of Social Services		
5			
6	01.    Work First Family Assistance		\$87,083,100
7			
8	02.    Work First County Block Grants		94,453,315
9			
10	03.    Child Protective Services – Child Welfare		
11	Workers for Local DSS		14,452,391
12			
13	04.    Child Welfare Collaborative		1,019,193
14			
15	Division of Child Development		
16			
17	05.    Subsidized Child Care Program		61,087,077
18			
19	Division of Public Health		
20			
21	06.    Teen Pregnancy Initiatives		450,000
22			
23	DHHS Administration		
24			
25	07.    Division of Social Services		1,093,176
26			
27	08.    Office of the Secretary		75,392
28			
29	09.    Office of the Secretary/DIRM – TANF		
30	Automation Projects		720,000
31			
32	10.    Office of the Secretary/DIRM – NC FAST		
33	Implementation		1,200,000
34			
35	Transfers to Other Block Grants		
36			
37	Division of Child Development		
38			
39	11.    Transfer to the Child Care and		
40	Development Fund		84,330,900
41			
42	Division of Social Services		
43			
44	12.    Transfer to Social Services Block Grant for Child		
45	Protective Services – Child Welfare Training in		
46	Counties		2,738,827
47			
48	13.    Transfer to Social Services Block Grant for		
49	Maternity Homes		943,002
50			
51	14.    Transfer to Social Services Block Grant for Teen		

1	Pregnancy Prevention Initiatives	2,500,000
2		
3	15. Transfer to Social Services Block Grant for County	
4	Departments of Social Services for Children's Services	4,500,000
5		
6	16. Transfer to Social Services Block Grant for	
7	Foster Care Services	390,000
8		
9	17. Transfer to Social Services Block Grant for	
10	Medically Fragile Children	360,000
11		
12	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
13	(TANF) BLOCK GRANT	\$357,396,373
14		
15	TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	
16	CONTINGENCY FUNDS	
17		
18	Local Program Expenditures	
19		
20	Division of Social Services	
21		
22	01. Work First Family Assistance	\$2,236,284
23		
24	02. Work First – Boys and Girls Clubs	1,600,000
25		
26	03. Work First – After-school Services	
27	For At-Risk Children	1,639,714
28		
29	04. Work First – After-school Programs	
30	For At-Risk Youth in Middle Schools	400,000
31		
32	05. Work First – Connect, Inc. (Work Central)	440,000
33		
34	06. Work First – Citizens Schools Program	360,000
35		
36	07. County Demonstration Grants	3,239,789
37		
38	08. Adoption Services – Special Children's Adoption Fund	3,000,000
39		
40	09. Family Violence Prevention	1,760,000
41		
42	10. Work First Functional Assessment	600,000
43		
44	11. Electing County State Funding Swap Out	2,378,213
45		
46	12. State Subsidized Child Care Funding Swap	12,452,484
47		
48	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	
49	CONTINGENCY FUNDS	\$30,106,484
50		
51	SOCIAL SERVICES BLOCK GRANT	

1		
2	Local Program Expenditures	
3		
4	Divisions of Social Services and Aging and Adult Services	
5		
6	01. County Departments of Social Services	\$ 28,868,189
7	(Transfer from TANF – \$4,500,000)	
8		
9	02. State In-Home Services Fund	2,101,113
10		
11	03. State Adult Day Care Fund	2,155,301
12		
13	04. Child Protective Services/CPS Investigative	
14	Services-Child Medical Evaluation Program	397,718
15		
16	05. Foster Care Services	2,372,619
17	(Transfer from TANF – \$390,000)	
18		
19	06. Maternity Homes (Transfer from TANF)	943,002
20		
21	07. Special Children Adoption Incentive Fund	500,000
22		
23	08. Child Protective Services-Child Welfare Training	
24	for Counties	2,738,827
25	(Transfer from TANF)	
26		
27	09. Home and Community Care Block Grant (HCCBG)	1,834,077
28		
29	Division of Mental Health, Developmental Disabilities, and Substance	
30	Abuse Services	
31		
32	10. Mental Health Services Program	422,003
33		
34	11. Developmental Disabilities Services Program	5,000,000
35		
36	12. Mental Health Services-Adult and	
37	Child/Developmental Disabilities Program/	
38	Substance Abuse Services-Adult	3,234,601
39		
40	Division of Child Development	
41		
42	13. Subsidized Child Care Program	3,150,000
43		
44	Division of Public Health	
45		
46	14. Teen Pregnancy Prevention Initiatives	2,500,000
47	(Transfer from TANF)	
48		
49	15. Services for Medically Fragile Children	
50	(Transfer from TANF)	360,000
51		

1	DHHS Program Expenditures	
2		
3	Division of Aging and Adult Services	
4		
5	16. UNC-CARES Training Contract	247,920
6		
7	Division of Vocational Rehabilitation	
8		
9	17. Independent Living Program	400,000
10		
11	Division of Services for the Blind	
12		
13	18. Independent Living Program	3,633,077
14		
15	Division of Health Service Regulation	
16		
17	19. Adult Care Licensure Program	411,897
18		
19	20. Mental Health Licensure and Certification Program	205,668
20		
21	DHHS Administration	
22		
23	21. Division of Aging and Adult Services	688,436
24		
25	22. Division of Social Services	892,624
26		
27	23. Office of the Secretary/Controller's Office	138,058
28		
29	24. Office of the Secretary/DIRM	87,483
30		
31	25. Division of Child Development	15,000
32		
33	26. Division of Mental Health, Developmental	
34	Disabilities, and Substance Abuse Services	29,665
35		
36	27. Division of Health Service Regulation	235,625
37		
38	28. Office of the Secretary-NC Inter-Agency Council	
39	for Coordinating Homeless Programs	250,000
40		
41	29. Office of the Secretary	48,053
42		
43	Transfers to Other State Agencies	
44		
45	Department of Administration	
46		
47	30. NC Commission of Indian Affairs In-Home	
48	Services for the Elderly	203,198
49		
50	Transfers to Other Block Grants	
51		



1	Division of Public Health	
2		
3	31. Transfer to Preventive Health Services Block Grant	
4	for HIV/STD Prevention and Community Planning	145,819
5		
6	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 64,209,973
7		
8	LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT	
9		
10	Local Program Expenditures	
11		
12	Division of Social Services	
13		
14	01. Low-Income Energy Assistance Program (LIEAP)	\$ 22,612,198
15		
16	02. Crisis Intervention Program (CIP)	16,927,343
17		
18	Office of the Secretary – Office of Economic Opportunity	
19		
20	03. Weatherization Program	7,258,685
21		
22	04. Heating Air Repair & Replacement Program (HARRP)	3,385,583
23		
24	Local Administration	
25		
26	Division of Social Services	
27		
28	05. County DSS Administration	3,608,360
29		
30	Office of the Secretary – Office of Economic Opportunity	
31		
32	06. Local Residential Energy Efficiency Service	
33	Providers – Weatherization	420,035
34		
35	07. Local Residential Energy Efficiency Service	
36	Providers – HARRP	195,910
37		
38	DHHS Administration	
39		
40	08. Division of Social Services	275,000
41		
42	09. Division of Mental Health, Developmental	
43	Disabilities, and Substance Abuse Services	11,577
44		
45	10. Office of the Secretary/DIRM	384,494
46		
47	11. Office of the Secretary/Controller's Office	17,566
48		
49	12. Office of the Secretary/Office of Economic	
50	Opportunity – Weatherization	420,035
51		

1	13.	Office of the Secretary/Office of Economic	
2		Opportunity – HARRP	195,910
3			
4		Transfers to Other State Agencies	
5			
6	14.	Department of Administration –	
7		N.C. State Commission of Indian Affairs	95,469
8			
9		TOTAL LOW-INCOME HOME ENERGY ASSISTANCE	
10		BLOCK GRANT	\$ 55,808,166
11			
12		CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
13			
14		Local Program Expenditures	
15			
16		Division of Child Development	
17			
18	01.	Subsidized Child Care Services (CCDF)	\$144,097,307
19			
20	02.	Contract Subsidized Child Care Services Support	507,617
21			
22	03.	Subsidized Child Care Services	
23		(Transfer from TANF)	84,330,900
24			
25	04.	Quality and Availability Initiatives	24,560,876
26			
27		Division of Social Services	
28			
29	05.	Local Subsidized Child Care Services Support	\$16,594,417
30			
31		DHHS Administration	
32			
33		Division of Child Development	
34			
35	06.	DCD Administrative Expenses	6,539,277
36			
37		Division of Central Administration	
38			
39	07.	DHHS Central Administration – DIRM	
40		Technical Services	763,356
41			
42		TOTAL CHILD CARE AND DEVELOPMENT FUND	
43		BLOCK GRANT	\$277,393,750
44			
45		CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH	
46		THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	
47			
48		Local Program Expenditures	
49			
50		Division of Child Development	
51			

1	01.	Subsidized Child Care Services (CCDF)	\$53,993,329
2			
3	02.	Contract Subsidized Child Care Services Support	29,030
4			
5		DHHS Program Expenditures	
6			
7		Division of Child Development	
8			
9	03.	Quality and Availability Initiatives	7,719,144
10			
11	04.	TEACH	3,800,000
12			
13		Local Administration	
14			
15		Division of Social Services	
16			
17	05.	Subsidy Services Support	2,001,631
18			
19		TOTAL CHILD CARE AND DEVELOPMENT FUND	
20		BLOCK GRANT RECEIVED THROUGH ARRA	\$67,543,143
21			
22		MENTAL HEALTH SERVICES BLOCK GRANT	
23			
24		Local Program Expenditures	
25			
26	01.	Mental Health Services – Adult	\$ 5,977,762
27			
28	02.	Mental Health Services – Child	3,921,991
29			
30	03.	Comprehensive Treatment Service Program	1,500,000
31			
32	04.	Mental Health Services – UNC School of Medicine, Department of Psychiatry	300,000
33			
34			
35		TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 11,699,753
36			
37		SUBSTANCE ABUSE PREVENTION	
38		AND TREATMENT BLOCK GRANT	
39			
40		Local Program Expenditures	
41			
42		Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
43			
44	01.	Substance Abuse Services – Adult	\$ 22,258,080
45			
46	02.	Substance Abuse Treatment Alternative for Women	8,069,524
47			
48			
49	03.	Substance Abuse – HIV and IV Drug	5,116,378
50			
51	04.	Substance Abuse Prevention – Child	7,186,857

1			
2	05.	Substance Abuse Services – Child	4,940,500
3			
4	06.	Institute of Medicine	250,000
5			
6		Division of Public Health	
7			
8	07.	Risk Reduction Projects	633,980
9			
10	08.	Aid-to-Counties	209,576
11			
12	09.	Maternal Health	37,779
13			
14		TOTAL SUBSTANCE ABUSE PREVENTION	
15		AND TREATMENT BLOCK GRANT	\$ 48,702,674
16			
17		MATERNAL AND CHILD HEALTH BLOCK GRANT	
18			
19		Local Program Expenditures	
20			
21		Division of Public Health	
22			
23	01.	Children's Health Services	7,534,865
24			
25	02.	Women's Health	7,701,691
26			
27	03.	Oral Health	38,041
28			
29		DHHS Program Expenditures	
30			
31		Division of Public Health	
32			
33	04.	Children's Health Services	1,359,636
34			
35	05.	Women's Health	135,452
36			
37	06.	State Center for Health Statistics	179,483
38			
39	07.	Quality Improvement in Public Health	14,646
40			
41	08.	Health Promotion	88,746
42			
43	09.	Office of Minority Health	55,250
44			
45	10.	Immunization Program – Vaccine Distribution	382,648
46			
47		DHHS Administration	
48			
49		Division of Public Health	
50			
51	11.	Division of Public Health Administration	631,966

1		
2	TOTAL MATERNAL AND CHILD	
3	HEALTH BLOCK GRANT	\$ 18,122,424
4		
5	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
6		
7	Local Program Expenditures	
8		
9	Division of Public Health	
10		
11	01. NC Statewide Health Promotion	\$1,730,653
12		
13	02. Services to Rape Victims	197,112
14		
15	03. HIV/STD Prevention and Community Planning	
16	(Transfer from Social Services Block Grant)	145,819
17		
18	DHHS Program Expenditures	
19		
20	Division of Public Health	
21		
22	04. NC Statewide Health Promotion	1,699,044
23		
24	05. Oral Health	70,000
25		
26	06. State Laboratory of Public Health	16,600
27		
28	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,859,228
29		
30	COMMUNITY SERVICES BLOCK GRANT	
31		
32	Local Program Expenditures	
33		
34	Office of Economic Opportunity	
35		
36	01. Community Action Agencies	\$ 16,673,336
37		
38	02. Limited Purpose Agencies	926,297
39		
40	DHHS Administration	
41		
42	03. Office of Economic Opportunity	926,296
43		
44	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 18,525,929
45		
46	COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN	
47	RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)	
48		
49	Local Program Expenditures	
50		
51	Office of Economic Opportunity	

1		
2	01. Community Action Agencies	\$ 25,980,693
3		
4	DHHS Administration Expenditures	
5		
6	02. Division of Social Services	262,431
7		
8	TOTAL COMMUNITY SERVICES BLOCK GRANT	
9	RECEIVED THROUGH ARRA	\$ 26,243,124
10		

## 11 GENERAL PROVISIONS

12 **SECTION 10.78.(b)** Information to Be Included in Block Grant Plans. – The  
13 Department of Health and Human Services shall submit a separate plan for each Block Grant  
14 received and administered by the Department, and each plan shall include the following:

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

26 **SECTION 10.78.(c)** Changes in Federal Fund Availability. – If the Congress of the  
27 United States increases the federal fund availability for any of the Block Grants administered  
28 by the Department of Health and Human Services from the amounts appropriated in this  
29 section, the Department shall allocate the increase proportionally across the program and  
30 activity appropriations identified for that Block Grant in this section. In allocating an increase  
31 in federal fund availability, the Department shall not propose funding for new programs or  
32 activities not appropriated in this section.

33 If the Congress of the United States decreases the federal fund availability for any of  
34 the Block Grants administered by the Department of Health and Human Services from the  
35 amounts appropriated in this section, the Department shall reduce State administration by at  
36 least the percentage of the reduction in federal funds. After determining the State  
37 administration, the remaining reductions shall be allocated proportionately across the program  
38 and activity appropriations identified for that Block Grant in this section.

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

45 **SECTION 10.78.(d)** Appropriations from federal Block Grant funds are made for  
46 the fiscal year ending June 30, 2010, according to the schedule enacted for State fiscal year  
47 2009-2010 or until a new schedule is enacted by the General Assembly.

48 **SECTION 10.78.(e)** All changes to the budgeted allocations to the Block Grants  
49 administered by the Department of Health and Human Services that are not specifically  
50 addressed in this section shall be approved by the Office of State Budget and Management, and  
51 a report shall be submitted to the Joint Legislative Commission on Governmental Operations

1 for review prior to implementing the changes. All changes to the budgeted allocations to the  
2 Block Grants shall be reported immediately to the House of Representatives Appropriations  
3 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health  
4 and Human Services, and the Fiscal Research Division. This subsection does not apply to  
5 Block Grant changes caused by legislative salary increases and benefit adjustments.  
6

7 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) BLOCK GRANT AND**  
8 **TANF CONTINGENCY FUNDS**

9 **SECTION 10.78.(f)** The sum of one million ninety-three thousand one hundred  
10 seventy-six dollars (\$1,093,176) appropriated in this section in the TANF Block Grant to the  
11 Department of Health and Human Services, Division of Social Services, for the 2009-2010  
12 fiscal year shall be used to support administration of TANF-funded programs.

13 **SECTION 10.78.(g)** The sum of one million seven hundred sixty thousand dollars  
14 (\$1,760,000) appropriated under this section in TANF Contingency funds to the Department of  
15 Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be  
16 used to provide domestic violence services to Work First recipients. These funds shall be used  
17 to provide domestic violence counseling, support, and other direct services to clients. These  
18 funds shall not be used to establish new domestic violence shelters or to facilitate lobbying  
19 efforts. The Division of Social Services may use up to seventy-five thousand dollars (\$75,000)  
20 in TANF funds to support one administrative position within the Division of Social Services to  
21 implement this subsection.

22 Each county department of social services and the local domestic violence shelter  
23 program serving the county shall develop jointly a plan for utilizing these funds. The plan shall  
24 include the services to be provided and the manner in which the services shall be delivered. The  
25 county plan shall be signed by the county social services director or the director's designee and  
26 the domestic violence program director or the director's designee and submitted to the Division  
27 of Social Services by December 1, 2009. The Division of Social Services, in consultation with  
28 the Council for Women, shall review the county plans and shall provide consultation and  
29 technical assistance to the departments of social services and local domestic violence shelter  
30 programs, if needed.

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

39 **SECTION 10.78.(h)** The sum of one million six hundred thirty-nine thousand  
40 seven hundred fourteen dollars (\$1,639,714) appropriated in this section in TANF Contingency  
41 funds to the Department of Health and Human Services, Division of Social Services, for the  
42 2009-2010 fiscal year shall be used to expand after-school programs and services for at-risk  
43 children. The Department shall develop and implement a grant program to award grants to  
44 community-based programs that demonstrate the ability to reach children at risk of teen  
45 pregnancy, school dropout, and gang participation. The Department shall award grants to  
46 community-based organizations that demonstrate the ability to develop and implement linkages  
47 with local departments of social services, area mental health programs, schools, and other  
48 human services programs in order to provide support services and assistance to the child and  
49 family. These funds may be used to fund one position within the Division of Social Services to  
50 coordinate at-risk after-school programs and shall not be used for other State administration.

1           **SECTION 10.78.(i)** The sum of fourteen million four hundred fifty-two thousand  
2 three hundred ninety-one dollars (\$14,452,391) appropriated in this section to the Department  
3 of Health and Human Services, Division of Social Services, in the TANF Block Grant for the  
4 2009-2010 fiscal year for child welfare improvements shall be allocated to the county  
5 departments of social services for hiring or contracting staff to investigate and provide services  
6 in Child Protective Services cases; to provide foster care and support services; to recruit, train,  
7 license, and support prospective foster and adoptive families; and to provide interstate and  
8 postadoption services for eligible families.

9           **SECTION 10.78.(j)** The sum of three million dollars (\$3,000,000) appropriated in  
10 this section in TANF Contingency funds to the Department of Health and Human Services,  
11 Special Children Adoption Fund, for the 2009-2010 fiscal year shall be used in accordance with  
12 G.S. 108A-50.2, as enacted in Section 10.48 of this act. The Division of Social Services, in  
13 consultation with the North Carolina Association of County Directors of Social Services and  
14 representatives of licensed private adoption agencies, shall develop guidelines for the awarding  
15 of funds to licensed public and private adoption agencies upon the adoption of children  
16 described in G.S. 108A-50 and in foster care. Payments received from the Special Children  
17 Adoption Fund by participating agencies shall be used exclusively to enhance the adoption  
18 services program. No local match shall be required as a condition for receipt of these funds.

19           **SECTION 10.78.(k)** The sum of one million two hundred thousand dollars  
20 (\$1,200,000) in this section appropriated to the Department of Health and Human Services in  
21 the TANF Block Grant for the 2009-2010 fiscal year shall be used to implement N.C. FAST  
22 (North Carolina Families Accessing Services through Technology). The N.C. FAST Program  
23 involves the entire automation initiative through which families access services and local  
24 departments of social services deliver benefits, supervised by the Department of Health and  
25 Human Services, Divisions of Social Services, Aging and Adult Services, Medical Assistance,  
26 and Child Development. The statewide automated initiative shall be implemented in  
27 compliance with federal regulations in order to ensure federal financial participation in the  
28 project. The Department of Health and Human Services shall report on its compliance with this  
29 subsection to the House of Representatives Appropriations Subcommittee on Health and  
30 Human Services, the Senate Appropriations Committee on Health and Human Services, and the  
31 Fiscal Research Division no later than January 1, 2010.

32           **SECTION 10.78.(l)** The sum of four hundred thousand dollars (\$400,000)  
33 appropriated in this section to the Department of Health and Human Services, Division of  
34 Social Services, in TANF Contingency funds for the 2009-2010 fiscal year shall be used to  
35 expand after-school programs for at-risk children attending middle school. The Department  
36 shall develop and implement a grant program to award funds to community-based programs  
37 demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and  
38 gang participation. These funds shall not be used for training or administration at the State  
39 level. All funds shall be distributed to community-based programs, focusing on those  
40 communities where similar programs do not exist in middle schools.

41           **SECTION 10.78.(m)** In implementing the TANF Block Grants, the Department of  
42 Health and Human Services shall review policies, programs, and initiatives to ensure that they  
43 support men in their role as fathers and strengthen fathers' involvement in their children's lives.  
44 The Department shall encourage county departments of social services to ensure their Work  
45 First programs emphasize responsible fatherhood and increased participation by noncustodial  
46 fathers.

47           **SECTION 10.78.(n)** The sum of four hundred forty thousand dollars (\$440,000)  
48 appropriated in this section to the Department in TANF Contingency funds for the 2009-2010  
49 fiscal year shall be transferred to Connect, Inc. Connect, Inc., shall report on the number of  
50 people served and the services received as a result of the receipt of funds. The report shall  
51 contain expenditure data, including the amount of funds used for administration and direct



1 training. The report shall also include the number of people who have been employed as a  
2 direct result of services provided by Connect, Inc., including the length of employment in the  
3 new position. The Department of Health and Human Services shall evaluate the program and  
4 ensure that services provided are not duplicative of local employment security commissions in  
5 the nine counties served by Connect, Inc. The evaluation report shall be submitted to the House  
6 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate  
7 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no  
8 later than May 1, 2010.

9 **SECTION 10.78.(o)** The sum of one million six hundred thousand dollars  
10 (\$1,600,000) appropriated in this section to the Department in TANF Contingency funds for  
11 Boys and Girls Clubs for the 2009-2010 fiscal year shall be used to make grants for approved  
12 programs. The Department of Health and Human Services, in accordance with federal  
13 regulations for the use of TANF Block Grant funds, shall administer a grant program to award  
14 funds to the Boys and Girls Clubs across the State in order to implement programs that improve  
15 the motivation, performance, and self-esteem of youths and to implement other initiatives that  
16 would be expected to reduce gang participation, school dropout, and teen pregnancy rates. The  
17 Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and  
18 Support Our Students, Communities in Schools, and similar programs to submit joint  
19 applications for the funds if appropriate.

20 **SECTION 10.78.(p)** The Department of Health and Human Services, Division of  
21 Social Services, shall continue implementing county demonstration grants that began in the  
22 2006-2007 fiscal year. The county demonstration grants may be awarded for up to three years  
23 with all projects ending no later than the end of fiscal year 2009-2010. The purpose of the  
24 county demonstration grants is to identify best practices that can be used by counties to  
25 improve the work participation rates. The Division of Social Services is authorized to establish  
26 two time-limited positions to manage the grant award process and monitor the demonstration  
27 projects through fiscal year 2009-2010.

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

31 The Department of Health and Human Services, Division of Social Services, shall  
32 report on the status of county demonstration grants implemented pursuant to this subsection to  
33 the House of Representatives Appropriations Subcommittee on Health and Human Services,  
34 the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
35 Division no later than February 1, 2010.

36 **SECTION 10.78.(q)** The sum of one million nineteen thousand one hundred  
37 ninety-three dollars (\$1,019,193) appropriated in this section to the Department of Health and  
38 Human Services in the TANF Block Grant for the 2009-2010 fiscal year shall be used to  
39 continue support for the Child Welfare Collaborative and to implement other recruitment  
40 initiatives.

41 **SECTION 10.78.(r)** The sum of three hundred sixty thousand dollars (\$360,000)  
42 appropriated to the Department of Health and Human Services, Division of Social Services,  
43 under this section in TANF Contingency funds for the 2009-2010 fiscal year shall be used to  
44 continue support for the Citizens Schools Program, a three-year urban/rural dropout prevention  
45 pilot program in the Durham and Vance county public school systems.

46  
47 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY**  
48 **CONTINGENCY FUNDS RECEIVED THROUGH THE AMERICAN RECOVERY**  
49 **AND REINVESTMENT ACT OF 2009 (ARRA)**

50 **SECTION 10.78.(s)** The Department of Health and Human Services, Division of  
51 Social Services, shall demonstrate qualifying conditions and apply to the U.S. Department of

1 Health and Human Services, Administration for Children & Families, for federal funding  
2 available through the Emergency Contingency Fund for State TANF Programs created by the  
3 American Recovery and Reinvestment Act of 2009.

4 Of the funds for which the Division qualifies, the sum of one million nine hundred  
5 fifty-nine thousand and twenty dollars (\$1,959,020) shall be used to implement a Conversion  
6 Pay for Performance Work First Benefits Program to improve work participation among Work  
7 First Family Assistance recipients.

8 If, based on increased Work First Family Assistance caseloads and payments, the  
9 Division of Social Services qualifies for funding in excess of the amount appropriated in this  
10 section, such additional Emergency Contingency Funds shall be used to support the Work First  
11 Family Assistance program.

## 12 **SOCIAL SERVICES BLOCK GRANT**

13 **SECTION 10.78.(t)** Social Services Block Grant funds appropriated to the North  
14 Carolina Inter-Agency Council for Coordinating Homeless Programs and funds appropriated  
15 for child medical evaluations are exempt from the provisions of 10A NCAC 71R .0201(3).

16 **SECTION 10.78.(u)** The sum of two million seven hundred thirty-eight thousand  
17 eight hundred twenty-seven dollars (\$2,738,827) appropriated in this section in the Social  
18 Services Block Grant to the Department of Health and Human Services, Division of Social  
19 Services, for the 2009-2010 fiscal year shall be used to support various child welfare training  
20 projects as follows:

- 21 (1) Provide a regional training center in southeastern North Carolina.
- 22 (2) Provide training for residential child caring facilities.
- 23 (3) Provide for various other child welfare training initiatives.

24 **SECTION 10.78.(v)** The sum of nine hundred forty-three thousand two dollars  
25 (\$943,002) appropriated in this section to the Department of Health and Human Services in the  
26 Social Services Block Grant for the 2009-2010 fiscal year shall be used to support payments to  
27 maternity home providers.

28 **SECTION 10.78.(w)** The sum of three hundred sixty thousand dollars (\$360,000)  
29 appropriated in this section to the Department of Health and Human Services, Division of  
30 Public Health, in the Social Services Block Grant for the 2009-2010 fiscal year shall be used to  
31 continue support for the Medically Fragile Children program.

32 **SECTION 10.78.(x)** The sum of two million three hundred seventy-two thousand  
33 six hundred nineteen dollars (\$2,372,619) appropriated in this section in the Social Services  
34 Block Grant for child caring agencies for the 2009-2010 fiscal year shall be allocated in support  
35 of State foster home children.

36 **SECTION 10.78.(y)** The sum of four hundred thousand dollars (\$400,000)  
37 appropriated in this section to the Department of Health and Human Services, Division of  
38 Vocational Rehabilitation, in the Social Services Block Grant for the 2009-2010 fiscal year  
39 shall be used for the Independent Living Program.

40 **SECTION 10.78.(z)** The Department of Health and Human Services is authorized,  
41 subject to the approval of the Office of State Budget and Management, to transfer Social  
42 Services Block Grant funding allocated for departmental administration between divisions that  
43 have received administrative allocations from the Social Services Block Grant.

44 **SECTION 10.78.(aa)** Social Services Block Grant funds appropriated for the  
45 Special Children's Adoption Incentive Fund will require fifty percent (50%) local match.

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

47 **SECTION 10.78.(bb)** Additional emergency contingency funds received may be  
48 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior  
49 consultation with the Joint Legislative Commission on Governmental Operations. Additional  
50  
51

1 funds received shall be reported to the Joint Legislative Commission on Governmental  
2 Operations and the Fiscal Research Division upon notification of the award. The Department of  
3 Health and Human Services shall not allocate funds for any activities, including increasing  
4 administration, other than assistance payments, without prior consultation with the Joint  
5 Legislative Commission on Governmental Operations.

6 In addition to funds available for weatherization appropriated within the  
7 Low-Income Home Energy Assistance Block Grant, funds available through the American  
8 Recovery and Reinvestment Act of 2009 shall be used to continue to enhance weatherization  
9 activities coordinated by local agencies.

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

11 **SECTION 10.78.(cc)** Payment for subsidized child care services provided with  
12 federal TANF funds shall comply with all regulations and policies issued by the Division of  
13 Child Development for the subsidized child care program.

14 **SECTION 10.78.(dd)** If funds appropriated through the Child Care and  
15 Development Fund Block Grant for any program cannot be obligated or spent in that program  
16 within the obligation or liquidation periods allowed by the federal grants, the Department may  
17 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the  
18 grant, in order to use the federal funds fully.

19 **SECTION 10.78.(ee)** Funds from the Child Care and Development Fund Block  
20 Grant and Child Care and Development Fund Block Grant received through the American  
21 Recovery and Reinvestment Act of 2009 shall be used to increase access to child care subsidy.  
22 To help address the economic downturn and increasing unemployment in North Carolina, the  
23 Department of Health and Human Services, Division of Child Development, shall adopt  
24 temporary policies that facilitate and expedite the prudent expenditure of these funds as  
25 follows:  
26

- 27 (1) Permit the local purchasing agencies to issue time-limited vouchers to assist  
28 counties in managing onetime, nonrecurring subsidy funding.
- 29 (2) Extend the current 30/60-day job search policy to six months when a  
30 recipient experiences a loss of employment.
- 31 (3) Provide an up-front job search period of six months for applicants who have  
32 lost employment since October 1, 2008.
- 33 (4) Provide a job search period of six months for recipients that complete school  
34 and are entering the job market.
- 35 (5) Notwithstanding any other provision of law, extend the 24-month education  
36 time limit for an additional 12 months for a child care recipient who has lost  
37 a job since October 1, 2008, or otherwise needs additional training to  
38 enhance his or her marketable skills for job placement due to the economic  
39 downturn and who has depleted his or her 24-month allowable education  
40 time.
- 41 (6) Lower the number of hours a parent must be working in order to be eligible  
42 for subsidy to assist parents who are continuing to work but at reduced  
43 hours.

44 **SECTION 10.78.(ff)** If American Recovery and Reinvestment Act of 2009 funds  
45 appropriated through the Child Care and Development Fund Block Grant for any program  
46 cannot be obligated or spent in that program within the obligation or liquidation periods  
47 allowed by the federal grants, the Department may move funds to child care subsidies, unless  
48 otherwise prohibited by federal requirements of the grant, in order to use the federal funds  
49 fully.

## 50 **MENTAL HEALTH BLOCK GRANT**

1           **SECTION 10.78.(gg)** The sum of one million five hundred thousand dollars  
2 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the Department  
3 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
4 Substance Abuse Services, for the 2009-2010 fiscal year and the sum of four hundred  
5 twenty-two thousand three dollars (\$422,003) appropriated in this section in the Social Services  
6 Block Grant to the Department of Health and Human Services, Division of Social Services, for  
7 the 2009-2010 fiscal year shall be used to continue a Comprehensive Treatment Services  
8 Program for Children.

#### 9 10 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

11           **SECTION 10.78.(hh)** If federal funds are received under the Maternal and Child  
12 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193  
13 (42 U.S.C. § 710), for the 2009-2010 fiscal year, then those funds shall be transferred to the  
14 State Board of Education to be administered by the Department of Public Instruction. The  
15 Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage  
16 Education Program and shall delegate to one or more persons the responsibility of  
17 implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction  
18 shall carefully and strictly follow federal guidelines in implementing and administering the  
19 abstinence education grant funds.

20           The sum of three hundred ninety-one thousand six hundred forty-two dollars  
21 (\$391,642) in the Department of Health and Human Services Block Grant Plan Management  
22 Plan for the 2009-2010 fiscal year funding request is designated for new initiatives, survey and  
23 immunization activities, and salary increases. This sum, along with the total amount  
24 appropriated in this section to the Department of Health and Human Services, Division of  
25 Public Health, for the 2009-2010 fiscal year shall be used for current ongoing activities only.

26           **SECTION 10.78.(ii)** The Department of Health and Human Services shall ensure  
27 that there will be follow-up testing in the Newborn Screening Program.

#### 28 29 **COMMUNITY SERVICES BLOCK GRANT**

30           **SECTION 10.78.(kk)** In accordance with the intent of the American Recovery and  
31 Reinvestment Act of 2009, the North Carolina General Assembly strongly encourages  
32 recipients of Community Services Block Grant and Community Services Block Grant  
33 Recovery funds to enhance cooperation with county departments of social services and regional  
34 food banks to increase benefits enrollment for eligible persons.

35           **SECTION 10.78.(ll)** The sum of two hundred sixty-two thousand four hundred  
36 thirty-one dollars (\$262,431) appropriated in this section in the Community Services Block  
37 Grant, received through the American Recovery and Reinvestment Act of 2009 (ARRA), to the  
38 Department of Health and Human Services, Division of Social Services, for the 2009-2010  
39 fiscal year shall be used for coordination activities relating to the identification and enrollment  
40 of eligible individuals and families in federal, State, and local benefit programs.

#### 41 42 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

##### 43 44 **COMMERCIAL FERTILIZER FEES**

45           **SECTION 11.1.** G.S. 106-671(a) reads as rewritten:

46           "(a) For the purpose of defraying expenses on the inspection and of otherwise  
47 determining the value of commercial fertilizers in this State, there shall be paid to the  
48 Department of Agriculture and Consumer Services a charge of ~~twenty five cents (25¢)~~fifty  
49 cents (50¢) per ton on all commercial fertilizers other than packages of five pounds or less.  
50 Inspection fees shall be paid on all tonnage distributed into North Carolina to any person not  
51 having a valid reporting permit. On individual packages of five pounds or less there shall be

1 paid in lieu of the tonnage fee an annual registration fee of twenty-five dollars (\$25.00) for  
2 each brand offered for sale, sold, or distributed; provided that any per annum (fiscal) tonnage of  
3 any brand sold in excess of one hundred tons may be subject to the charge of ~~twenty-five cents~~  
4 ~~(25¢)~~ fifty cents (50¢) per ton on any amount in excess of one hundred tons as provided herein.  
5 Whenever any manufacturer of commercial fertilizer shall have paid the charges required by  
6 this section his goods shall not be liable to further tax, whether by city, town, or county;  
7 provided, this shall not exempt the commercial fertilizers from an ad valorem tax."  
8

#### 9 INCREASE PESTICIDE REGISTRATION FEE

10 SECTION 11.2. G.S. 143-442(b) reads as rewritten:

11 "(b) The applicant shall pay an annual registration fee of ~~one hundred dollars (\$100.00)~~  
12 one hundred fifty dollars (\$150.00) plus an additional annual assessment for each brand or  
13 grade of pesticide registered. The annual assessment shall be fifty dollars (\$50.00) if the  
14 applicant's gross sales of the pesticide in this State for the preceding 12 months for the period  
15 ending September 30th were more than five thousand dollars (\$5,000.00) and twenty-five  
16 dollars (\$25.00) if gross sales were less than five thousand dollars (\$5,000.00). An additional  
17 two hundred dollars (\$200.00) delinquent registration penalty shall be assessed against the  
18 registrant for each brand or grade of pesticide which is marketed in North Carolina prior to  
19 registration as required by this Article. In the case of multi-year registration, the annual fee and  
20 additional assessment for each year shall be paid at the time of the initial registration. The  
21 Board shall give a pro rata refund of the registration fee and additional assessment to the  
22 registrant in the event that registration is canceled by the Board or by the United States  
23 Environmental Protection Agency."  
24

#### 25 BOARD OF AGRICULTURE REVIEW OF FEE SCHEDULES

26 SECTION 11.3. G.S. 106-6.1 reads as rewritten:

##### 27 "§ 106-6.1. Fees.

28 (a) A board or commission within the Department of Agriculture and Consumer  
29 Services may establish fees or charges for the services it provides. The Board of Agriculture,  
30 subject to the provisions of Chapter 146 of the General Statutes, may establish a rate schedule  
31 for the use of facilities operated by the Department of Agriculture and Consumer Services.

32 (b) No later than February 1 of each odd numbered year, the Board of Agriculture shall  
33 review the fees it established under this section to determine whether any of these fees should  
34 be changed and report to the Fiscal Research Division the amount of each fee reviewed, when  
35 the fee was last changed, the number of times the fee was collected during the prior fiscal year,  
36 the total receipts from the fee during the prior fiscal year, and any recommendations for  
37 increasing or decreasing the amount of any such fees. This report shall also include for each fee  
38 an evaluation of any inflationary change since the last change to the amount of the fee and any  
39 other information deemed relevant to this evaluation."  
40

#### 41 FARMLAND PRESERVATION TRUST FUND

42 SECTION 11.4.(a) G.S. 106-744(c) reads as rewritten:

43 "(c) There is established a "North Carolina Agricultural Development and Farmland  
44 Preservation Trust Fund" to be administered by the Commissioner of Agriculture. The Trust  
45 Fund shall consist of all monies received for the purpose of purchasing agricultural  
46 conservation easements or funding programs that promote the development and sustainability  
47 of farming and assist in the transition of existing farms to new farm families, or monies  
48 transferred from counties or private sources. The Trust Fund shall be invested as provided in  
49 G.S. 147-69.2 and G.S. 147-69.3. The Commissioner shall use Trust Fund monies for any of  
50 the ~~following:~~ following purposes:

- 1           (1) ~~The~~ For the purchase of agricultural conservation easements, including  
2           transaction costs.
- 3           (2) ~~Public~~ For the costs of public and private enterprise programs that will  
4           promote profitable and sustainable family farms through assistance to  
5           farmers in developing and implementing plans for the production of food,  
6           fiber, and value-added products, agritourism activities, marketing and sales  
7           of agricultural products produced on the farm, and other agriculturally  
8           related business activities.
- 9           (3) To fund conservation agreements to bring into or maintain farmland in  
10          active production of food, fiber, and other agricultural products.
- 11          (4) ~~The~~ For the costs of administering the program under this Article, including  
12          the cost of staff and staff support."

13          **SECTION 11.4.(b)** G.S. 106-744(c1) reads as rewritten:

14          "(c1) The Commissioner shall distribute Trust Fund monies for ~~such purchases,~~ only the  
15          purposes under subsection (c) of this section, including transaction costs, as follows:

- 16          (1) To a private nonprofit conservation organization that matches thirty percent  
17          (30%) of the Trust Fund monies it receives with funds from sources other  
18          than the Trust Fund.
- 19          (2) To counties according to the match requirements under subsection (c2) of  
20          this section."

21          **SECTION 11.4.(c)** G.S. 106-744(g)(11) reads as rewritten:

22          "~~(11) The Director of the Southeast Regional Office of the American Farmland~~  
23          ~~Trust or the~~ The Executive Director of the Rural Advancement Foundation  
24          International – USA or the Executive Director's designee."

25          **SECTION 11.4.(d)** This section is effective when it becomes law and the change  
26          in membership of the Agricultural Development and Farmland Preservation Trust Fund  
27          Advisory Committee under G.S. 106-744, as amended by subsection (c) of this section, shall  
28          occur prior to the next quarterly meeting of the Advisory Committee that occurs on or after that  
29          date.

## 30 31 **PART XII. DEPARTMENT OF LABOR**

### 32 33 **DEPARTMENT OF LABOR/APPRENTICESHIP PROGRAM**

34          **SECTION 12.1.** Chapter 94 of the General Statutes is amended by adding a new  
35          section to read as follows:

#### 36 **"§ 94-12. Fees.**

37          The following fees are imposed on each apprentice who is covered by a written  
38          apprenticeship agreement entered into under this Chapter: (i) a new registration fee of fifty  
39          dollars (\$50.00); and (ii) an annual fee of fifty dollars (\$50.00). Each fee authorized by this  
40          section is payable as thirty dollars (\$30.00) by the sponsor and twenty dollars (\$20.00) by the  
41          apprentice. The sponsor shall collect the fees authorized by this section from the apprentice and  
42          remit the total fees owed by the sponsor and the apprentice to the Department of Labor. The  
43          fees are departmental receipts and must be applied to the costs of administering the  
44          apprenticeship program. The Commissioner may adopt rules pursuant to Chapter 150B of the  
45          General Statutes to implement this section. The provisions of this section shall not apply to the  
46          State, a department or agency of the State, or any political subdivision of the State or an  
47          apprentice of the State, a department or agency of the State, or any political subdivision of the  
48          State."

### 49 50 **DEPARTMENT OF LABOR/REVIEW ALL FEES BIENNIALY**

1           **SECTION 12.2.** Article 1 of Chapter 95 of the General Statutes is amended by  
2 adding a new section to read as follows:

3 **"§ 95-14.1. Department review fees biennially.**

4           No later than February 1 of each odd-numbered year, the Department of Labor shall review  
5 all fees charged under its authority to determine whether any of the fees should be changed and  
6 shall report its findings to the House of Representatives and Senate Appropriations  
7 Subcommittees on Natural and Economic Resources and the Fiscal Research Division. The  
8 report required by this section shall include all of the information reported to the Office of State  
9 Budget and Management for its Biennial Fee Report and all of the following:

- 10           (1) The names of the programs or divisions supported by the fee.
- 11           (2) The total expenditures of the programs or divisions.
- 12           (3) Any recommendations for increasing or decreasing the amount of the fee.
- 13           (4) An evaluation of inflation since the last change to the amount of the fee.
- 14           (5) Any other information deemed relevant to the review."

15  
16 **DEPARTMENT OF LABOR/TRANSFER SPECIAL FUNDS TO GENERAL FUND**  
17 **AND TO APPRENTICESHIP PROGRAM**

18           **SECTION 12.3.(a)** The Department of Labor shall, in consultation with the Office  
19 of State Budget and Management and the Office of the State Controller, transfer any  
20 unencumbered cash balance on June 30, 2009, in the Elevator and Amusement Device Bureau  
21 Special Fund (23800-2320) and the Boiler Bureau Special Fund (23800-2310) to a General  
22 Fund code and permanently close the Special Funds.

23           **SECTION 12.3.(b)** The Department of Labor shall, in consultation with the Office  
24 of State Budget and Management and the Office of the State Controller, transfer any  
25 unencumbered cash balance on June 30, 2009, in the Pre-Apprenticeship Special Fund  
26 (23800-2422) to the Apprenticeship Program to be used for operating expenses in the  
27 2009-2010 fiscal year and permanently close the Special Fund.

28  
29 **PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

30  
31 **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES REVIEW OF**  
32 **FEE SCHEDULES**

33           **SECTION 13.1A.** G.S. 143B-279.2 reads as rewritten:

34 **"§ 143B-279.2. Department of Environment and Natural Resources – duties.**

35 It shall be the duty of the Department:

- 36           (1) To provide for the protection of the environment;
- 37           (1a) To administer the State Outer Continental Shelf (OCS) Task Force and  
38 coordinate State participation activities in the federal outer continental shelf  
39 resource recovery programs as provided under the OCS Lands Act  
40 Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS Lands Act  
41 Amendments of 1986 (43 USC §§ 1331 et seq.).
- 42           (1b) To provide for the protection of the environment and public health through  
43 the regulation of solid waste and hazardous waste management and the  
44 administration of environmental health programs.
- 45           (2) Repealed by Session Laws 1997-443, s. 11A.5.
- 46           (2a) To provide and keep a museum or collection of the natural history of the  
47 State and to maintain the North Carolina Biological Survey; and
- 48           (3) To provide for the management of the State's natural resources.
- 49           (4) No later than February 1 of each odd-numbered year, to review all fees  
50 charged under any program under its authority to determine whether any of  
51 these fees should be changed and submit a report to the House and Senate

1 Appropriations Subcommittees on Natural and Economic Resources and the  
2 Fiscal Research Division that includes all of the following:

- 3 a. The most recent Biennial Fee Report submitted by the Department to  
4 the Office of State Budget and Management.  
5 b. A list of each fee charged under any program under the Department's  
6 authority that, for each fee, identifies the program, if any, and the  
7 division of the Department, if any, that is supported by the fee; the  
8 total expenditures for each program supported by fees; an evaluation  
9 of any inflationary change since the last change to the amount of the  
10 fee; and any other information deemed relevant to this review.  
11 c. The Department's findings resulting from its review under this  
12 subdivision and any recommendations to increase or decrease any of  
13 these fees."  
14

15 **DENR TO STUDY ADVISABILITY OF ELIMINATING OR CONSOLIDATING ANY**  
16 **ENVIRONMENTAL BOARDS, COMMISSIONS, OR COUNCILS**

17 **SECTION 13.1B.** The Department of Environment and Natural Resources shall, in  
18 consultation with the Fiscal Research Division, study the advisability of eliminating or  
19 consolidating any boards, commissions, or councils that are located within the Department of  
20 Environment and Natural Resources for organizational, budgetary, or administrative purposes  
21 and that are involved in environmental policy-making in North Carolina, with powers and  
22 duties ranging from advisory to rule making and quasi-judicial. In conducting this study, the  
23 Department of Environment and Natural Resources shall consider whether the number of these  
24 environmental boards, commissions, and councils has created any inefficiency or duplication in  
25 overall environmental program delivery and whether the members that comprise an  
26 environmental board, commission, or council generally have the time and expertise necessary  
27 to address the environmental issues coming before them. No later than May 1, 2010, the  
28 Department of Environment and Natural Resources shall report its findings and any  
29 recommendations resulting from the study under this section, including any legislative or  
30 administrative proposals, to the Chairs of the House and Senate Appropriations Subcommittees  
31 on Natural and Economic Resources and the Fiscal Research Division.  
32

33 **JOINT DEPARTMENTAL STUDY OF TRANSFERRING GRADE "A" MILK**  
34 **SANITATION PROGRAM**

35 **SECTION 13.1C.** The Department of Environment and Natural Resources and the  
36 Department of Agriculture and Consumer Services shall, in consultation with the Fiscal  
37 Research Division, jointly study the feasibility and the advisability of transferring the Grade  
38 "A" Milk Sanitation Program under Part 9 of Article 8 of Chapter 130A of the General Statutes  
39 that is currently located within the Division of Environmental Health of the Department of  
40 Environment and Natural Resources to the Department of Agriculture and Consumer Services.  
41 When conducting the study under this section, the Department of Environment and Natural  
42 Resources and the Department of Agriculture and Consumer Services may consult with entities  
43 outside the two departments, including entities regulated by either department. No later than  
44 May 1, 2010, the Department of Environment and Natural Resources and the Department of  
45 Agriculture and Consumer Services shall submit a report of their findings and any  
46 recommendations and legislative or administrative proposals to the Chairs of the House and  
47 Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal  
48 Research Division. This report shall include all of the following:

- 49 (1) A description and assessment of the current budget and staffing levels for the  
50 Grade "A" Milk Sanitation Program within the Department of Environment  
51 and Natural Resources.



- 1 (2) A description and assessment of the current budget and staffing levels for the
- 2 Dairy Section within the Food Program of the Food and Drug Protection
- 3 Division of the Department of Agriculture and Consumer Services.
- 4 (3) An evaluation of the advisability of transferring the Grade "A" Milk
- 5 Sanitation Program to the Department of Agriculture and Consumer
- 6 Services, including the fiscal impact of the transfer and any efficiency gains
- 7 or losses.
- 8

## 9 LEGISLATIVE STUDY COMMISSION ON WATER AND WASTEWATER 10 INFRASTRUCTURE

11 SECTION 13.1D.(a) There is created the Legislative Study Commission on Water  
12 and Wastewater Infrastructure. The Commission shall consist of 17 members appointed as  
13 follows:

- 14 (1) Four members of the House of Representatives appointed by the Speaker of
- 15 the House of Representatives.
- 16 (2) Four members of the Senate appointed by the President Pro Tempore of the
- 17 Senate.
- 18 (3) Two members appointed by the Governor.
- 19 (4) The Secretary of the North Carolina Department of Environment and Natural
- 20 Resources or the Secretary's designee.
- 21 (5) The Secretary of the North Carolina Department of Commerce or the
- 22 Secretary's designee.
- 23 (6) The President of the North Carolina Rural Economic Development Center or
- 24 the President's designee.
- 25 (7) The Executive Director of the North Carolina Clean Water Management
- 26 Trust Fund or the Executive Director's designee.
- 27 (8) The Executive Director of the North Carolina League of Municipalities or
- 28 the Executive Director's designee.
- 29 (9) The Executive Director of the North Carolina Association of County
- 30 Commissioners or the Executive Director's designee.
- 31 (10) The Chair of the State Water Infrastructure Commission.

32 SECTION 13.1D.(b) The Speaker of the House of Representatives and the  
33 President Pro Tempore of the Senate shall each designate a cochair. The Commission may meet  
34 at anytime upon the joint call of the cochairs. A quorum of the Commission shall be a majority  
35 of its members.

36 Vacancies on the Commission shall be filled by the same appointing authority as  
37 made the initial appointment.

38 Subject to the approval of the Legislative Services Commission, the Commission  
39 may meet in the Legislative Building or the Legislative Office Building.

40 The Legislative Services Commission, through the Legislative Services Officer,  
41 shall assign professional staff to assist the Commission in its work. The House of  
42 Representatives' and the Senate's Supervisors of Clerks shall assign clerical support staff to the  
43 Commission, and the expenses relating to the clerical employees shall be borne by the  
44 Commission.

45 In addition, the State agencies and nonprofits serving on the Commission shall  
46 cooperate in providing information and additional staff resources as needed to accomplish the  
47 work of the Commission.

48 The Commission, while in the discharge of its official duties, may exercise all  
49 powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The  
50 Commission may contract for professional, clerical, or consultant services as provided by  
51 G.S. 120-32.02.

1 Members of the Commission shall receive subsistence and travel expenses at the  
2 rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

3 **SECTION 13.1D.(c)** The Legislative Study Commission on Water and Wastewater  
4 Infrastructure shall focus on the development of an ongoing process to identify and regularly  
5 report to the North Carolina General Assembly on statewide water and wastewater  
6 infrastructure needs and to improve the delivery of State appropriated water and wastewater  
7 programs. The Commission shall specifically do all of the following:

- 8 (1) Evaluate the information provided through the drinking water and  
9 wastewater needs assessment prepared by the Environmental Protection  
10 Agency (EPA) every four years, the drinking water and wastewater needs  
11 surveys currently done by the North Carolina Department of Environment  
12 and Natural Resources in support of the EPA needs assessment; the data  
13 compiled as part of Water 2030 by the North Carolina Rural Economic  
14 Development Center, Inc., and any other existing data sets in order to  
15 determine what information currently exists and where there may be gaps in  
16 the data.
- 17 (2) Conduct at least six meetings of stakeholders in locations across the State as  
18 part of determining the ongoing method for regularly determining and  
19 reporting on the State's water and wastewater infrastructure needs. One of  
20 these meetings shall focus on the subject of small towns whose water or  
21 sewer rates exceed the high-unit-cost threshold as defined in G.S. 159G-20.
- 22 (3) Select a method for identifying and reporting on infrastructure needs in the  
23 future.
- 24 (4) Review infrastructure funding priorities currently set out in State law to  
25 determine whether the priorities appropriately reflect the State's most  
26 pressing needs in light of future growth projections.
- 27 (5) Recommend changes to infrastructure funding priorities and appropriations  
28 processes to ensure that funds are used to meet the State's most pressing  
29 needs.
- 30 (6) Ascertain the capacity and role of the State in bridging identified gaps  
31 between funding priorities and available funds.

32 **SECTION 13.1D.(d)** The Legislative Study Commission on Water and  
33 Wastewater Infrastructure shall submit an interim report to the 2009 General Assembly,  
34 Regular Session 2010, on or before May 1, 2010. This interim report also may include any  
35 other finding or recommendation of the Commission at that time. In addition, the Commission  
36 shall submit a final report on any other findings and recommendations under this study,  
37 including any legislative or administrative proposals, no later than the convening of the 2011  
38 Regular Session of the General Assembly. The Commission shall terminate upon the earlier of  
39 the filing of its final report or the convening of the 2011 General Assembly.  
40

#### 41 **IMPROVE COORDINATION OF STATE WATER INFRASTRUCTURE FUNDING**

42 **SECTION 13.1E.(a)** The Department of Commerce, the Department of  
43 Environment and Natural Resources, the Executive Director of the Clean Water Management  
44 Trust Fund, and the Rural Economic Development Center shall work cooperatively with the  
45 State Water Infrastructure Commission to accomplish all of the following:

- 46 (1) Develop a common first page for applications for grants and loans for State  
47 water infrastructure funds, to be used by all of the State sources of water  
48 infrastructure projects funding.
- 49 (2) Conduct regular joint meetings of the State sources of water infrastructure  
50 projects funding.

1 (3) Develop a process for sharing progress reports and other information among  
2 the State sources of water infrastructure projects funding and for making  
3 joint site visits, for the purpose of improving oversight of the State funded  
4 water infrastructure projects.

5 (4) Provide water funding data to the State Water Infrastructure Commission in  
6 order that the State Water Infrastructure Commission is able to provide a  
7 single annual report to the General Assembly on State investments in water  
8 infrastructure projects.

9 **SECTION 13.1E.(b)** As used in this section, "State sources of water infrastructure  
10 projects funding" means the Department of Commerce, the Department of Environment and  
11 Natural Resources, the Clean Water Management Trust Fund, and the Rural Economic  
12 Development Center.

13 **SECTION 13.1E.(c)** The State Water Infrastructure Commission shall submit a  
14 final report to the House and Senate Appropriations Subcommittees on Natural and Economic  
15 Resources on or before May 1, 2010. This report shall include specifically the Commission's  
16 final determination under this study of the steps funding agencies can take to improve the  
17 delivery of existing funding programs as determined by the Commission under subsection (a)  
18 of this section.

19 **SECTION 13.1E.(d)** The sum of fifty thousand dollars (\$50,000) shall be  
20 transferred from the unencumbered cash balance of the Mercury Switch Removal Account  
21 established in G.S. 130A-310.54 to the Department of Environment and Natural Resources for  
22 the 2009-2010 fiscal year to be used by the State Water Infrastructure Commission to pay its  
23 expenses related to its work described in subsection (a) and subsection (c) of this section.  
24

#### 25 **JOINT STUDY OF DENR SPECIAL FUNDS**

26 **SECTION 13.1F.** The Department of Environment and Natural Resources, the  
27 Office of State Budget and Management, the Office of the State Controller, and the Fiscal  
28 Research Division shall jointly study the special funds within the Department of Environment  
29 and Natural Resources as of July 1, 2009. When conducting the study under this section, the  
30 Department of Environment and Natural Resources, the Office of State Budget and  
31 Management, the Office of the State Controller, and the Fiscal Research Division shall jointly  
32 evaluate each of these special funds to determine whether the receipts of each of these special  
33 fund are over- or under-realized. No later than May 1, 2010, the Department of Environment  
34 and Natural Resources, the Office of State Budget and Management, the Office of the State  
35 Controller, and the Fiscal Research Division shall report the results of this study, including  
36 their findings, recommendations, and any legislative proposals, to the Environmental Review  
37 Commission and the House and Senate Appropriations Subcommittees on Natural and  
38 Economic Resources. The report under this section shall include all of the following:

- 39 (1) A description of each of the special funds within the Department that were  
40 evaluated under this section.  
41 (2) The sources of funds of each of these special funds.  
42 (3) A list of these special funds that should be permanently closed.  
43 (4) A list of these special funds that should be transferred to the General Fund.  
44 (5) A list of these special funds that should remain as special funds.  
45 (6) Any organizational or legal barriers to the creation or elimination of any of  
46 these special funds.  
47 (7) Any changes in statutes needed as a result of this study.  
48

#### 49 **CLOSE/TRANSFER CERTAIN DENR SPECIAL FUNDS**

50 **SECTION 13.1G.(a)** The Office of State Budget and Management, in conjunction  
51 with the Office of the State Controller and the Department of Environment and Natural

1 Resources, shall close all of the following special funds within the Department and transfer any  
2 unencumbered cash balance of each on June 30, 2009, to the North Carolina Aquariums Fund  
3 (General Fund budget code 23400-2865):

- 4 (1) Special Activities Roanoke Island (Special Fund code 24308-2850).
- 5 (2) Events Roanoke Island (Special Fund code 24308-2851).
- 6 (3) Special Activities Pine Knoll Shores (Special Fund code 24308-2860).
- 7 (4) Events Pine Knoll Shores (Special Fund code 24308-2861).
- 8 (5) Special Activities Fort Fisher (Special Fund code 24308-2855).
- 9 (6) Events Fort Fisher (Special Fund code 24308-2856).

10 **SECTION 13.1G.(b)** The Office of State Budget and Management, in conjunction  
11 with the Office of the State Controller and the Department of Environment and Natural  
12 Resources, shall close the Governor's Cup Trust Fund (Special Fund code 24302-2991), a  
13 special fund within the Department, and transfer any unencumbered cash balance of that fund  
14 on June 30, 2009, to the Division of Marine Fisheries (General Fund budget code 14300-1315).

15 **SECTION 13.1G.(c)** The Office of State Budget and Management, in conjunction  
16 with the Office of the State Controller and the Department of Environment and Natural  
17 Resources, shall close the Environmental Education Certification special fund (Special Fund  
18 code 24308-2105) within the Department and transfer any unencumbered cash balance of that  
19 fund on June 30, 2009, to the Office of Environmental Education (General Fund budget code  
20 14300-1120).

21 **SECTION 13.1G.(d)** The Office of State Budget and Management, in conjunction  
22 with the Office of the State Controller and the Department of Environment and Natural  
23 Resources, shall transfer to the General Fund any unencumbered cash balance on June 30,  
24 2009, in the special fund within the Department, ADM – Fines & Penalties (Special Fund code  
25 24317-2339); move this special fund from a Special Fund code to a General Fund code; and  
26 permanently close the special fund.

27 **SECTION 13.1G.(e)** The Office of State Budget and Management, in conjunction  
28 with the Office of the State Controller and the Department of Environment and Natural  
29 Resources, shall transfer to the General Fund any unencumbered cash balance on June 30,  
30 2009, in each of the following special funds within the Department and permanently close each  
31 of these special funds:

- 32 (1) DWQ – Groundwater Protection Permit Fees (Special Fund code  
33 24300-2332).
- 34 (2) DLR – SB7 Landslide Mapping (Special Fund code 24310-2766).
- 35 (3) DLR – VRS Geodetic Survey & DOT (Special Fund code 24308-2815).

36 **SECTION 13.1G.(f)** The Office of State Budget and Management, in conjunction  
37 with the Office of the State Controller and the Department of Environment and Natural  
38 Resources, shall transfer to the Information Technology Fund (24667) any unencumbered cash  
39 balance on June 30, 2009, in each of the following special funds within the Department and  
40 permanently close each of these special funds:

- 41 (1) ADM – CGIA NGPOCS4 – Urban (Special Fund code 24300-2914)
- 42 (2) ADM – CGIA (Special Fund code 24300-2915)
- 43 (3) ADM – CGIA GIS Conference (Special Fund code 24300-2917)

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

45 **SECTION 13.2.(a)** G.S. 130A-248(d) reads as rewritten:

46 "(d) The Department shall charge each establishment subject to this section, except  
47 nutrition programs for the elderly administered by the Division of Aging of the Department of  
48 Health and Human Services, establishments that prepare and sell meat food products or poultry  
49 products, and public school cafeterias, an annual fee of ~~fifty dollars (\$50.00)~~ seventy-five  
50 dollars (\$75.00). The Commission shall adopt rules to implement this subsection. Fees  
51

1 collected under this subsection shall be used for State and local food, lodging, and institution  
2 sanitation programs and activities. No more than thirty-three and one-third percent (33 1/3%) of  
3 the fees collected under this subsection may be used to support State health programs and  
4 activities."

5 **SECTION 13.2.(b)** G.S. 130A-248(e) reads as rewritten:

6 "(e) In addition to the fees under subsection (d) of this section, the Department may  
7 charge a fee of ~~two hundred dollars (\$200.00)~~two hundred fifty dollars (\$250.00) for plan  
8 review of plans for prototype franchised or chain facilities for food establishments subject to  
9 this section. All of the fees collected under this subsection may be used to support the State  
10 food, lodging, and institution sanitation programs and activities under this Part."

11 **SECTION 13.2.(c)** G.S. 130A-248(f) reads as rewritten:

12 "(f) Any local health department may charge a fee not to exceed ~~two hundred dollars~~  
13 ~~(\$200.00)~~two hundred fifty dollars (\$250.00) for plan review by that local health department of  
14 plans for food establishments subject to this section that are not subject to subsection (e) of this  
15 section. All of the fees collected under this subsection may be used for local food, lodging, and  
16 institution sanitation programs and activities. No food establishment that pays a fee under  
17 subsection (e) of this section is liable for a fee under this subsection."  
18

## 19 **RADIATION PROTECTION SECTION SUPPORTED BY FEES/INCREASE FEES**

20 **SECTION 13.3.(a)** G.S. 104E-19 reads as rewritten:

21 "**§ 104E-19. Fees.**

22 (a) ~~In order to meet the anticipated costs of administering the educational and training~~  
23 ~~programs in G.S. 104E-11(e), of enforcing and carrying out the inspection provisions in~~  
24 ~~G.S. 104E-7(a)(7) and G.S. 104E-11(a), and of administering the licensing program in~~  
25 ~~G.S. 104E-10.3, the Department is authorized to charge and collect such reasonable fees as it~~  
26 ~~may by rule establish. An annual fee in the amount set by the Department is imposed on a~~  
27 ~~person who is required to be registered or licensed under this Chapter. The Department must set~~  
28 ~~the fees at amounts that provide revenue to offset its costs in performing its duties under this~~  
29 ~~Chapter.~~

30 (b) Repealed by Session Laws 1987, c. 850, s. 13.

31 (c) The annual fees under subsection (a) of this section shall not exceed the maximum  
32 amounts as follows:

33 (1) For tanning facilities: two hundred dollars (\$200.00) for the first piece of  
34 tanning equipment and thirty dollars (\$30.00) for each additional piece of  
35 tanning equipment.

36 (2) For the following categories of facilities registered to use X-ray tubes or  
37 X-ray equipment: clinics, chiropractors, dentists, educational, government,  
38 podiatrists, industrial, physicians, veterinarians, and other; two hundred  
39 dollars (\$200.00) for the first X-ray tube or piece of X-ray equipment and  
40 thirty dollars (\$30.00) for each additional X-ray tube or piece of X-ray  
41 equipment.

42 (3) For the following categories of facilities registered to use X-ray tubes or  
43 X-ray equipment: industrial medical, health departments, and service; three  
44 hundred dollars (\$300.00) for the first X-ray tube or piece of X-ray  
45 equipment and forty dollars (\$40.00) for each additional X-ray tube or piece  
46 of X-ray equipment.

47 (4) For the following categories of facilities registered to use X-ray tubes or  
48 X-ray equipment: hospitals and industrial radiography; four hundred dollars  
49 (\$400.00) for the first X-ray tube or piece of X-ray equipment and fifty  
50 dollars (\$50.00) for each additional X-ray tube or piece of X-ray  
51 equipment."

1           **SECTION 13.3.(b)** G.S. 104E-9(a)(8) reads as rewritten:

2           "~~(8) To establish annual fees for activities under this Chapter based on actual~~  
3           ~~administrative costs to be applied to training, enforcement, and inspection~~  
4           ~~pursuant to the provisions of this Chapter and to charge and collect fees from~~  
5           ~~operators and users of low-level radioactive waste facilities pursuant to the~~  
6           ~~provisions of this Chapter. To establish fees in accordance with~~  
7           ~~G.S. 104E-19."~~

8           **SECTION 13.3.(c)** Notwithstanding G.S. 104E-19, as amended by this section, the  
9 Department of Environment and Natural Resources shall impose the following annual fees  
10 during the 2009-2010 fiscal year on a person who is required to be registered or licensed to use  
11 sources of radiation under Chapter 104E of the General Statutes:

- 12           (1) For tanning facilities: one hundred thirty-five dollars (\$135.00) for the first  
13           piece of tanning equipment and twenty-two dollars (\$22.00) for each  
14           additional piece of tanning equipment.
- 15           (2) For the following categories of facilities registered to use X-ray tubes or  
16           X-ray equipment: educational, government, and veterinarians; ninety dollars  
17           (\$90.00) for the first X-ray tube or piece of X-ray equipment and sixteen  
18           dollars (\$16.00) for each additional X-ray tube or piece of X-ray equipment.
- 19           (3) For the following categories of facilities registered to use X-ray tubes or  
20           X-ray equipment: chiropractors, dentists, podiatrists, industrial, physicians,  
21           and other; one hundred twenty-five dollars (\$125.00) for the first X-ray tube  
22           or piece of X-ray equipment and twenty dollars (\$20.00) for each additional  
23           X-ray tube or piece of X-ray equipment.
- 24           (4) For the following categories of facilities registered to use X-ray tubes or  
25           X-ray equipment: industrial medical, health departments, and service; one  
26           hundred eighty dollars (\$180.00) for the first X-ray tube or piece of X-ray  
27           equipment and, for industrial medical and health departments, twenty-five  
28           dollars (\$25.00) for each additional X-ray tube or piece of X-ray equipment.
- 29           (5) For the following categories of facilities registered to use X-ray tubes or  
30           X-ray equipment: hospitals and industrial radiography; two hundred  
31           seventy-five dollars (\$275.00) for the first X-ray tube or piece of X-ray  
32           equipment and thirty-five dollars (\$35.00) for each additional X-ray tube or  
33           piece of X-ray equipment.

34           **SECTION 13.3.(d)** Notwithstanding G.S. 104E-19, as amended by this section, the  
35 Department of Environment and Natural Resources shall impose the following annual fees  
36 during the 2010-2011 fiscal year on a person who is required to be registered or licensed to use  
37 sources of radiation under Chapter 104E of the General Statutes:

- 38           (1) For tanning facilities: one hundred sixty-five dollars (\$165.00) for the first  
39           piece of tanning equipment and twenty-five dollars (\$25.00) for each  
40           additional piece of tanning equipment.
- 41           (2) For the following categories of facilities registered to use X-ray tubes or  
42           X-ray equipment: educational, government, and veterinarians; one hundred  
43           twenty dollars (\$120.00) for the first X-ray tube or piece of X-ray equipment  
44           and twenty dollars (\$20.00) for each additional X-ray tube or piece of X-ray  
45           equipment.
- 46           (3) For the following categories of facilities registered to use X-ray tubes or  
47           X-ray equipment: chiropractors, dentists, podiatrists, industrial, physicians,  
48           and other; one hundred sixty-five dollars (\$165.00) for the first X-ray tube or  
49           piece of X-ray equipment and twenty-two dollars (\$22.00) for each  
50           additional X-ray tube or piece of X-ray equipment.

- 1 (4) For the following categories of facilities registered to use X-ray tubes or  
2 X-ray equipment: industrial medical, health departments, and service; two  
3 hundred forty dollars (\$240.00) for the first X-ray tube or piece of X-ray  
4 equipment and, for industrial medical and health departments, thirty dollars  
5 (\$30.00) for each additional X-ray tube or piece of X-ray equipment.
- 6 (5) For the following categories of facilities registered to use X-ray tubes or  
7 X-ray equipment: hospitals and industrial radiography; three hundred sixty  
8 dollars (\$360.00) for the first X-ray tube or piece of X-ray equipment and  
9 forty dollars (\$40.00) for each additional X-ray tube or piece of X-ray  
10 equipment.

11 **SECTION 13.3.(e)** The annual fees under subsection (c) and subsection (d) of this  
12 section shall provide revenue to offset the Department's costs in performing its duties under  
13 Chapter 104E of the General Statutes during the 2009-2011 fiscal biennium. The Department of  
14 Environment and Natural Resources shall delay collecting the annual fees under subsection (c)  
15 of this section that are due July 1, 2009, until August 1, 2009.

16  
17 **EXPAND PERMISSIBLE USES OF THE SOLID WASTE MANAGEMENT TRUST**  
18 **FUND**

19 **SECTION 13.3A.** G.S.130A-309.12(a) is amended by adding a new subdivision to  
20 read:

21 "(6) Providing funding for the activities of the Division of Pollution Prevention  
22 and Environmental Assistance."

23  
24 **CHANGE DISTRIBUTION OF SCRAP TIRE NET TAX PROCEEDS**

25 **SECTION 13.3B.** G.S. 105-187.19(b) reads as rewritten:

26 "(b) Each quarter, the Secretary shall credit eight percent (8%) of the net tax proceeds to  
27 the Solid Waste Management Trust Fund and shall credit ~~twenty two percent (22%) of the net~~  
28 ~~tax proceeds to the Scrap Tire Disposal Account Fund,~~ seventeen percent (17%) of the net tax  
29 proceeds to the Scrap Tire Disposal Account, two and one-half percent (2.5%) of the net tax  
30 proceeds to the Inactive Hazardous Sites Cleanup Fund, and two and one-half percent (2.5%) of  
31 the net tax proceeds to the Bernard Allen Memorial Emergency Drinking Water Fund. The  
32 Secretary shall distribute the remaining seventy percent (70%) of the net tax proceeds among  
33 the counties on a per capita basis according to the most recent annual population estimates  
34 certified to the Secretary by the State Budget Officer."

35  
36 **INCREASE CAP FOR VOLUNTARY REMEDIAL ACTIONS AT INACTIVE**  
37 **HAZARDOUS DISPOSAL SITES/DENR MONITORING FEE**

38 **SECTION 13.3C.(a)** G.S. 130A-310.9(a) reads as rewritten:

39 "(a) No one owner, operator, or other responsible party who voluntarily participates in  
40 the implementation of a remedial action program under G.S. 130A-310.3 or G.S. 130A-310.5  
41 may be required to pay in excess of ~~three million dollars (\$3,000,000)~~ five million dollars  
42 (\$5,000,000) for the cost of implementing a remedial action program at a single inactive  
43 hazardous substance or waste disposal site. The owner, operator, or other responsible party who  
44 voluntarily participates in the implementation of a remedial action program under  
45 G.S. 130A-310.3 or G.S. 130A-310.5 shall be required to pay in addition to the cost of  
46 implementing the remedial action program a fee of one thousand dollars (\$1,000) to be used for  
47 the Department's cost of monitoring and enforcing the remedial action program. The limitation  
48 of liability contained in this section-subsection applies only to the cost of implementation  
49 of implementing the program and does not apply to the cost of the development of the remedial  
50 action plan, to the fee under this subsection. The limitation of liability contained in this  
51 subsection does not apply to the cost of developing the remedial action plan."

1           **SECTION 13.3C.(b)** This section applies to any voluntary remedial action  
 2 program that is developed or implemented on or after the effective date of this section and also  
 3 applies to any voluntary remedial action program that is pending as of the effective date of this  
 4 section.

5  
 6   **NEW LEASE PURCHASE/INSTALLMENT CONTRACTS FOR FORESTRY**  
 7   **EQUIPMENT**

8           **SECTION 13.6.** Prior to the Division of Forest Resources of the Department of  
 9 Environment and Natural Resources entering into either a new lease purchase contract for the  
 10 purchase of forestry equipment or a new installment contract for the purchase of forestry  
 11 equipment, the Division of Forest Resources shall submit a detailed list of the forestry  
 12 equipment to be purchased under the contract to the Joint Legislative Commission on  
 13 Governmental Operations and the Fiscal Research Division. Prior to the Department of  
 14 Administration entering into either a new lease purchase contract for the purchase of forestry  
 15 equipment or a new installment contract for the purchase of forestry equipment on behalf of the  
 16 Division of Forest Resources, the Department of Administration shall submit a detailed list of  
 17 the forestry equipment to be purchased under the contract to the Joint Legislative Commission  
 18 on Governmental Operations and the Fiscal Research Division. If a list is modified after it is  
 19 submitted under this section, the modified list shall be submitted to the Joint Legislative  
 20 Commission on Governmental Operations and the Fiscal Research Division prior to entering  
 21 into the contract.

22  
 23   **GRASSROOTS SCIENCE PROGRAM**

24           **SECTION 13.7.(a)** Of the funds appropriated in this act to the Department of  
 25 Environment and Natural Resources for the Grassroots Science Program, the sum of three  
 26 million two hundred two thousand eight hundred thirty-two dollars (\$3,202,832) for the  
 27 2009-2010 fiscal year and the sum of three million one hundred thirty-three thousand two  
 28 hundred five dollars (\$3,133,205) for the 2010-2011 fiscal year is allocated as grants-in-aid for  
 29 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



1	The Natural Science Center		
2	of Greensboro, Inc.	\$171,446	\$167,719
3	North Carolina Museum of Life		
4	and Science	\$349,440	\$341,843
5	Pisgah Astronomical Research Institute	\$46,000	\$45,000
6	Port Discover: Northeastern		
7	North Carolina's Center for		
8	Hands-On Science, Inc.	\$46,000	\$45,000
9	Rocky Mount Children's Museum	\$66,474	\$65,029
10	Schiele Museum of Natural History		
11	and Planetarium, Inc.	\$211,183	\$206,592
12	Sci Works Science Center and		
13	Environmental Park of Forsyth County	\$134,779	\$131,849
14	Sylvan Heights Waterfowl Park		
15	and Eco-Center	\$46,000	\$45,000
16	Western North Carolina Nature Center	\$103,849	\$101,591
17	Wilmington Children's Museum	\$67,975	\$66,497
18			
19	Total	\$3,202,832	\$3,133,205.

20 **SECTION 13.7.(b)** No later than March 1, 2010, the Department of Environment  
 21 and Natural Resources shall report to the Fiscal Research Division all of the following  
 22 information for each museum that receives funds under this section:

- 23 (1) The actual operating budget for the 2008-2009 fiscal year.
- 24 (2) The proposed operating budget for the 2009-2010 fiscal year.
- 25 (3) The total attendance at the museum during the 2009 calendar year.

26 **SECTION 13.7.(c)** No later than March 1, 2011, the Department of Environment  
 27 and Natural Resources shall report to the Fiscal Research Division all of the following  
 28 information for each museum that receives funds under this section:

- 29 (1) The actual operating budget for the 2009-2010 fiscal year.
- 30 (2) The proposed operating budget for the 2010-2011 fiscal year.
- 31 (3) The total attendance at the museum during the 2010 calendar year.

32 **SECTION 13.7.(d)** As a condition for qualifying to receive funding under this  
 33 section, all of the following documentation shall, no later than November 1 of each year of the  
 34 2009-2011 biennium, be submitted for each museum under this section to the Department of  
 35 Environment and Natural Resources for fiscal years ending between July 1, 2007, and June 30,  
 36 2008, and only those costs that are properly documented under this subsection are allowed by  
 37 the Department in calculating the distribution of funds under this section:

- 38 (1) Each museum under this section shall submit its IRS (Internal Revenue  
 39 Service) Form 990 to show its annual operating expenses, its annual report,  
 40 and a reconciliation that explains any differences between expenses as  
 41 shown on the IRS Form 990 and the annual report.
- 42 (2) Each friends association of a museum under this section shall submit its IRS  
 43 Form 990 to show its reported expenses for the museum, its annual report,  
 44 and a reconciliation that explains any differences between expenses as  
 45 shown on the IRS Form 990 and the annual report, unless the association  
 46 does not have both an IRS Form 990 and an annual report available, in  
 47 which case, it shall submit either an IRS Form 990 or an annual report.
- 48 (3) The chief financial officer of each county or municipal government that  
 49 provides funds for the benefit of the museum shall submit a detailed signed  
 50 statement of documented costs spent for the benefit of the museum that  
 51 includes documentation of the name, address, title, and telephone number of

1 the person making the assertion that the museum receives funds from the  
2 county or municipality for the benefit of the museum.

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

12 **SECTION 13.7.(e)** As used in subsection (d) of this section, "friends association"  
13 means a nonprofit corporation established for the purpose of supporting and assisting a  
14 museum that receives funding under this section.

15 **SECTION 13.7.(f)** The Department of Environment and Natural Resources shall  
16 study the advisability of the Department developing for museums that are members of the  
17 Grassroots collaborative, a competitive and need-based grant program for operating expense  
18 support, to be implemented and administered by the Office of Environmental Education within  
19 the Department, and shall study the advisability of using this competitive and need-based grant  
20 program for the 2011-2012 fiscal year and thereafter for specific museums that are members of  
21 the Grassroots collaborative in lieu of the allocations provided in subsection (a) of this section.  
22 In conducting this study, the Department shall, in consultation with the Fiscal Research  
23 Division and the Grassroots collaborative, consider establishing a process for applying for these  
24 grants, criteria for evaluating applications, and a process for allocating grants. The process and  
25 criteria should include giving special consideration to small museums and to the variation in  
26 access to development staff. No later than May 1, 2010, the Department shall submit a report to  
27 the Joint Legislative Commission on Governmental Operations, the House and Senate  
28 Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research  
29 Division on the results of its study under this section, including its findings, recommendations,  
30 and any legislative or administrative proposals.

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

32 **SECTION 13.9.(a)** G.S. 113A-192(c) through G.S. 113A-192(e) are repealed.

33 **SECTION 13.9.(b)** G.S. 113A-193(b) is amended by adding a new subdivision to  
34 read:

35 "(6) Determine the appropriate assessment to be levied on primary forest  
36 products in accordance with G.S. 113A-194."

37 **SECTION 13.9.(c)** G.S. 113A-194(b) reads as rewritten:

38 "(b) The assessment levied on primary forest products shall ~~be at~~not exceed the  
39 following rates:

- 40 (1) ~~Fifty cents (50¢)~~One dollar (\$1.00) per thousand board feet for softwood  
41 sawtimber, veneer logs and bolts, and all other softwood products normally  
42 measured in board ~~feet;~~feet.
- 43 (2) ~~Forty cents (40¢)~~Eighty cents (80¢) per thousand board feet for hardwood  
44 and bald cypress sawtimber, veneer, and all other hardwood and bald  
45 cypress products normally measured in board ~~feet;~~feet.
- 46 (3) ~~Twenty cents (20¢)~~Forty cents (40¢) per cord for softwood pulpwood and  
47 other softwood products normally measured in ~~eords;~~cords.
- 48 (4) ~~Twelve cents (12¢)~~Twenty-four cents (24¢) per cord for hardwood  
49 pulpwood and other hardwood and bald cypress products normally measured  
50 in ~~eords;~~cords.
- 51

- 1 (5) All material harvested within North Carolina for shipment outside the State  
2 for primary processing will be assessed at a percentage of the invoice value.  
3 This percentage will be established to yield rates equal to those if the  
4 material were processed within the State."  
5

6 **CONTINUATION REVIEW OF FOREST RESOURCES YOUNG OFFENDERS**  
7 **FOREST CONSERVATION PROGRAM (BRIDGE)**

8 **SECTION 13.9A.(a)** In furtherance of the Continuation Review Program set forth  
9 under Section 6.7 of S.L. 2008-107, the Appropriations Committees of the House of  
10 Representatives and the Senate may review the Young Offenders Forest Conservation Program  
11 (BRIDGE) administered and supported by the Division of Forest Resources of the Department  
12 of Environment and Natural Resources and shall determine whether to continue, reduce, or  
13 eliminate funding for this program. The Fiscal Research Division may issue instructions to the  
14 Department regarding the expected content and format of the report required by this section.  
15 No later than December 1, 2009, the Division of Forest Resources shall report to the Fiscal  
16 Research Division. This report shall include the following information:

- 17 (1) A description of the Young Offenders Forest Conservation Program  
18 (BRIDGE) mission, goals, and objectives.  
19 (2) The statutory objectives for the BRIDGE Program and the problem or need  
20 addressed.  
21 (3) The extent to which the BRIDGE Program's objectives have been achieved.  
22 (4) The BRIDGE Program's functions or programs performed without specific  
23 statutory authority.  
24 (5) The performance measures for the BRIDGE Program and the process by  
25 which the performance measures determine efficiency and effectiveness.  
26 (6) Recommendations for statutory, budgetary, or administrative changes  
27 needed to improve efficiency and effectiveness of services delivered to the  
28 public.  
29 (7) The consequences of discontinuing funding.  
30 (8) Recommendations for improving services or reducing costs or duplication.  
31 (9) The identification of policy issues that should be brought to the attention of  
32 the General Assembly.  
33 (10) Other information necessary to fully support the General Assembly's  
34 Continuation Review Program along with any information included in  
35 instructions from the Fiscal Research Division.

36 **SECTION 13.9A.(b)** The Division of Forest Resources of the Department of  
37 Environment and Natural Resources shall submit a final report that complies with subsection  
38 (a) of this section to the General Assembly by March 1, 2010.  
39

40 **DEVELOP PLAN TO CHARGE PARKING FEES AT STATE PARKS**

41 **SECTION 13.9B.** The Division of Parks and Recreation of the Department of  
42 Environment and Natural Resources in consultation with the Fiscal Research Division shall  
43 study the costs and benefits of charging parking fees for parking at any or all State parks within  
44 the State Parks System. In the study, the Division shall consider each State park separately  
45 when determining the advisability of charging parking fees and the amount of any such parking  
46 fees. The Division also shall consider charging a separate parking fee for parking on a daily,  
47 weekly, monthly, and annual basis. The Division shall evaluate various mechanisms for  
48 collecting the parking fees and determine the collection method that is most reliable, efficient,  
49 and convenient to the public for each parking fee. No later than March 1, 2010, the Division  
50 shall report the results of the study to the Joint Legislative Commission on Governmental  
51 Operations, the House and Senate Appropriations Subcommittees on Natural and Economic

1 Resources, and the Fiscal Research Division. This report shall include the date by which the  
2 Division should begin to collect parking fees under this section, the amount of revenue that the  
3 Division expects to raise on average in parking fees for any fiscal year, and the expected cost of  
4 collecting this revenue.

#### 5 6 **BEAVER DAMAGE CONTROL PROGRAM FUNDS**

7 **SECTION 13.10.** G.S. 113-291.10(f) reads as rewritten:

8 "(f) Each county that volunteers to participate in this program for a given fiscal year  
9 shall provide written notification of its wish to participate no later than September 30 of that  
10 year and shall commit the sum of four thousand dollars (\$4,000) in local funds no later than  
11 September 30 of that year. At least three hundred forty-nine thousand dollars (\$349,000) each  
12 fiscal year of the biennium shall be paid from funds available to the Wildlife Resources  
13 Commission to provide the State share necessary to support this program, provided the sum of  
14 at least twenty-five thousand dollars (\$25,000) in federal funds is available each fiscal year of  
15 the biennium to provide the federal share."

#### 16 17 **FUNDS FOR WILDLIFE RESOURCES COMMISSION OPERATING BUDGET**

18 **SECTION 13.11.(a)** G.S. 105-164.44B is repealed.

19 **SECTION 13.11.(b)** The Office of State Budget and Management, the State  
20 Controller, and the Wildlife Resources Commission shall jointly effectuate, beginning with the  
21 Wildlife Resources Commission's operating budget for the 2009-2010 fiscal year, the transition  
22 from the Wildlife Resources Commission receiving sales tax proceeds to fund its operating  
23 budget to the Wildlife Resources Commission receiving an appropriation from the General  
24 Fund to fund its operating budget.

#### 25 26 **PART XIV. DEPARTMENT OF COMMERCE**

##### 27 28 **ONE NORTH CAROLINA FUND**

29 **SECTION 14.1.** Of the funds appropriated in this act to the One North Carolina  
30 Fund for the 2009-2010 fiscal year, the Department of Commerce may use up to three hundred  
31 thousand dollars (\$300,000) to cover its expenses in administering the One North Carolina  
32 Fund and other economic development incentive grant programs during the 2009-2010 fiscal  
33 year.

##### 34 35 **ECONOMIC DEVELOPMENT FUNDS/REPORTING REQUIREMENTS**

36 **SECTION 14.1A.(a)** G.S. 143B-437.02(k) reads as rewritten:

37 "(k) Monitoring and Reports. – The Department is responsible for monitoring  
38 compliance with the performance criteria under each site development agreement and for  
39 administering the repayment in case of default. The Department shall pay for the cost of this  
40 monitoring from funds appropriated to it for that purpose or for other economic development  
41 purposes.

42 Within two months after the end of each calendar quarter, On September 1 of each year until  
43 all funds have been expended, the Department shall report to the Joint Legislative Commission  
44 on Governmental Operations regarding the Site Infrastructure Development Program. This  
45 report shall include a listing of each agreement negotiated and entered into during the preceding  
46 quarter, year, including the name of the business, the cost/benefit analysis conducted by the  
47 Committee during the application process, a description of the project, and the amount of the  
48 site development incentive expected to be paid under the agreement during the current fiscal  
49 year. The report shall also include detailed information about any defaults and repayment  
50 during the preceding quarter, year. The Department shall publish this report on its web site and  
51 shall make printed copies available upon request."

1           **SECTION 14.1A.(b)** G.S. 143B-437.012(m) reads as rewritten:

2           "(m) Monitoring and Reports. – The Department is responsible for monitoring  
3 compliance with the performance criteria under each grant agreement and for administering the  
4 repayment in case of default. The Department shall pay for the cost of this monitoring from  
5 funds appropriated to it for that purpose or for other economic development purposes.

6           ~~Within two months after the end of each calendar quarter, On September 1 of each year~~  
7 ~~until all funds have been expended,~~ the Department shall report to the Joint Legislative  
8 Commission on Governmental Operations regarding the Job Maintenance and Capital  
9 Development Fund. This report shall include a listing of each grant awarded and each  
10 agreement entered into under this section during the preceding ~~quarter, year,~~ including the name  
11 of the business, the cost/benefit analysis conducted by the Committee during the application  
12 process, a description of the project, and the amount of the grant expected to be paid under the  
13 agreement during the current fiscal year. The report shall also include detailed information  
14 about any defaults and repayment during the preceding ~~quarter, year.~~ The Department shall  
15 publish this report on its Web site and shall make printed copies available upon request."

16           **SECTION 14.1A.(c)** G.S. 143B-437.83 reads as rewritten:

17           "**§ 143B-437.83. Reports.**

18           The Department of Commerce shall publish a report on the use of funds in the One North  
19 Carolina Small Business Account ~~at the end of each fiscal quarter on September 1 of each year~~  
20 ~~until all funds have been expended.~~ The report shall contain information on the disbursement  
21 and use of funds allocated under the One North Carolina Small Business Program. The report is  
22 ~~due no later than one month after the end of the fiscal quarter and must be submitted to the~~  
23 following:

- 24           (1) The Joint Legislative Commission on Governmental Operations.
- 25           (2) The chairs of the House of Representatives and Senate Finance Committees.
- 26           (3) The chairs of the House of Representatives and Senate Appropriations  
27 Committees.
- 28           (4) The Fiscal Research Division of the General Assembly."

29           **SECTION 14.1A.(d)** G.S. 143B-438.13(d) is repealed.

30           **SECTION 14.1A.(e)** 143B-438.17 reads as rewritten:

31           "**§ 143B-438.17. Reporting.**

32           ~~(a) Beginning July 1, 2005, the Department of Commerce, in conjunction with the~~  
33 ~~Employment Security Commission and the Community Colleges System Office, shall publish a~~  
34 ~~monthly written report on the Trade Jobs for Success (TJS) initiative. The monthly report shall~~  
35 ~~provide information on the commitment, disbursement, and use of funds and the status of any~~  
36 ~~grant proposals or waivers requested on behalf of the Trade Jobs for Success initiative. The~~  
37 ~~monthly report shall be submitted to the Governor and to the Fiscal Research Division of the~~  
38 ~~General Assembly.~~

39           ~~(b) Beginning October 1, 2005, the Department of Commerce, in conjunction with the~~  
40 ~~Employment Security Commission and the Community Colleges System Office, shall publish a~~  
41 ~~quarterly written report on the Trade Jobs for Success initiative. The quarterly report shall~~  
42 ~~include legislative proposals and recommendations regarding statutory changes needed to~~  
43 ~~maximize the effectiveness and flexibility of the TJS initiative. Copies of the quarterly report~~  
44 ~~shall be provided to the Joint Legislative Commission on Governmental Operations, to the~~  
45 ~~chairs of the Senate and House of Representatives Appropriations Committees, and to the~~  
46 ~~Fiscal Research Division of the General Assembly.~~

47           (c) Beginning January 1, 2006, the Department of Commerce, in conjunction with the  
48 Employment Security Commission and the Community Colleges System Office, shall publish a  
49 comprehensive annual written report on the Trade Jobs for Success initiative. The annual report  
50 shall include a detailed explanation of outcomes and future planning for the TJS  
51 ~~initiative.~~initiative and legislative proposals and recommendations regarding statutory changes

1 needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the annual  
 2 report shall be provided to the Governor, to the Joint Legislative Commission on Governmental  
 3 Operations, to the chairs of the Senate and House of Representatives Appropriations  
 4 Committees, and to the Fiscal Research Division of the General Assembly."

5 **SECTION 14.1A.(f)** Part 15 of Article 10 of Chapter 143B of the General Statutes  
 6 is repealed.

7 **SECTION 14.1A.(g)** G.S. 143B-472.80(5) is repealed.

## 8 9 **STUDY STATE AIRCRAFT FLEETS**

10 **SECTION 14.1B.** The Program Evaluation Division of the General Assembly  
 11 (Division) shall study the number, use, and effectiveness of the State's aircraft fleets. The study  
 12 shall consider ways to achieve efficiency savings and whether it is desirable or feasible to sell  
 13 any of the aircraft or to transfer any of the aircraft to another State agency. No later than May  
 14 30, 2010, the Division shall prepare a report of the findings and recommendations of the study  
 15 and submit it to the House of Representatives and Senate Appropriations Subcommittees on  
 16 Natural and Economic Resources and the Fiscal Research Division.

## 17 18 **EXECUTIVE AIRCRAFT/USE FOR ECONOMIC DEVELOPMENT PRIORITY**

19 **SECTION 14.1C.** G.S. 143B-437.011 reads as rewritten:

20 "**§ 143B-437.011. Executive aircraft used for economic development; other uses.**

21 The use of executive aircraft by the Department of Commerce for economic development  
 22 purposes shall take precedence over all other uses. The Department of Commerce shall  
 23 annually review the rates charged for the use of executive aircraft and shall adjust the rates, as  
 24 necessary, to account for upgraded aircraft and inflationary increases in operating costs,  
 25 including jet fuel prices. If an executive aircraft is not being used by the Department of  
 26 Commerce for economic development purposes, priority of use shall be given first to the  
 27 Governor, second to the Council of State, and third to other State officials purposes, the aircraft  
 28 may be used by the Governor or a State official who is employed by an agency that does not  
 29 have its own aircraft and is traveling on State business. If an executive aircraft is used to attend  
 30 athletic events or for any other purpose related to collegiate athletics, the rate charged shall be  
 31 equal to the direct cost of operating the aircraft as established by the aircraft's manufacturer,  
 32 adjusted for inflation."

## 33 34 **NER BLOCK GRANTS**

35 **SECTION 14.5.(a)** Appropriations from federal block grant funds are made for  
 36 the fiscal year ending June 30, 2010, according to the following schedule:

### 37 38 **COMMUNITY DEVELOPMENT BLOCK GRANT**

39			
40	01. State Administration	\$	1,000,000
41			
42	02. Urgent Needs and Contingency		1,000,000
43			
44	03. Scattered Site Housing		13,200,000
45			
46	04. Economic Development		8,710,000
47			
48	05. Small Business/Entrepreneurship		1,000,000
49			
50	06. Community Revitalization		13,000,000
51			

1	07. State Technical Assistance	450,000
2		
3	08. Housing Development	1,500,000
4		
5	09. Infrastructure	5,140,000
6		
7	TOTAL COMMUNITY DEVELOPMENT	
8	BLOCK GRANT – 2009 Program Year	\$ 45,000,000
9		

10           **SECTION 14.5.(b)** Decreases in Federal Fund Availability. – If federal funds are  
 11 reduced below the amounts specified above after the effective date of this act, then every  
 12 program in each of these federal block grants shall be reduced by the same percentage as the  
 13 reduction in federal funds.

14           **SECTION 14.5.(c)** Increases in Federal Fund Availability for Community  
 15 Development Block Grant. – Any block grant funds appropriated by the Congress of the United  
 16 States in addition to the funds specified in this section shall be expended as follows: each  
 17 program category under the Community Development Block Grant shall be increased by the  
 18 same percentage as the increase in federal funds.

19           **SECTION 14.5.(d)** Limitations on Community Development Block Grant Funds. –  
 20 Of the funds appropriated in this section for the Community Development Block Grant, the  
 21 following shall be allocated in each category for each program year: up to one million dollars  
 22 (\$1,000,000) may be used for State Administration; not less than one million dollars  
 23 (\$1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two  
 24 hundred thousand dollars (\$13,200,000) may be used for Scattered Site Housing; eight million  
 25 seven hundred ten thousand dollars (\$8,710,000) may be used for Economic Development; up  
 26 to one million dollars (\$1,000,000) may be used for Small Business/Entrepreneurship; not less  
 27 than thirteen million dollars (\$13,000,000) shall be used for Community Revitalization; up to  
 28 four hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up  
 29 to one million five hundred thousand dollars (\$1,500,000) may be used for Housing  
 30 Development; up to five million one hundred forty thousand dollars (\$5,140,000) may be used  
 31 for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the  
 32 United States after the effective date of this act, then these reductions or increases shall be  
 33 allocated in accordance with subsection (b) or (c) of this section, as applicable.

34           **SECTION 14.5.(e)** Increase Capacity for Nonprofit Organizations. – Assistance to  
 35 nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in  
 36 partnership with units of local government is an eligible activity under any program category in  
 37 accordance with federal regulations. Capacity building grants may be made from funds  
 38 available within program categories, program income, or unobligated funds.

39           **SECTION 14.5.(f)** The Department of Commerce shall consult with the Joint  
 40 Legislative Commission on Governmental Operations prior to reallocating Community  
 41 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever  
 42 the Director of the Budget finds that:

- 43           (1) A reallocation is required because of an emergency that poses an imminent  
 44 threat to public health or public safety, the Director of the Budget may  
 45 authorize the reallocation without consulting the Commission. The  
 46 Department of Commerce shall report to the Commission on the reallocation  
 47 no later than 30 days after it was authorized and shall identify in the report  
 48 the emergency, the type of action taken, and how it was related to the  
 49 emergency.
- 50           (2) The State will lose federal block grant funds or receive less federal block  
 51 grant funds in the next fiscal year unless a reallocation is made. The

1 Department of Commerce shall provide a written report to the Commission  
 2 on the proposed reallocation and shall identify the reason that failure to take  
 3 action will result in the loss of federal funds. If the Commission does not  
 4 hear the issue within 30 days of receipt of the report, the Department may  
 5 take the action without consulting the Commission.

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

10  
 11 **NER CDBG/AMERICAN RECOVERY AND REINVESTMENT ACT 2009**

12 **SECTION 14.5A.(a)** Appropriations from federal block grant funds are made for  
 13 the 2009-2010 fiscal year, according to the following schedule:

14 **COMMUNITY DEVELOPMENT BLOCK GRANT**

15			
16	01. Administration:		
17	State	\$	604,030.50
18	Local Governments		604,030.50
19			
20	02. Infrastructure		5,872,553
21			
22	03. Housing		3,000,000
23			
24	04. Special Projects		2,000,000
25			

26 **TOTAL COMMUNITY DEVELOPMENT**

27 **BLOCK GRANT – Recovery**

28 2009-2010 Fiscal Year \$ 12,080,614

29 **SECTION 14.5A.(b)** Limitations on Community Development Block Grant Funds.  
 30 – Of the funds appropriated in this section for the Community Development Block Grant, the  
 31 following shall be allocated: up to one million two hundred eight thousand and sixty-one  
 32 dollars (\$1,208,061) may be used for Administration; up to five million eight hundred  
 33 seventy-two thousand five hundred fifty-three dollars (\$5,872,553) may be used for  
 34 Infrastructure; up to three million dollars (\$3,000,000) may be used for Housing; and up to two  
 35 million dollars (\$2,000,000) may be used for Special Projects.

36 **SECTION 14.5A.(c)** The Department of Commerce shall consult with the Joint  
 37 Legislative Commission on Governmental Operations prior to reallocating Community  
 38 Development Block Grant Recovery Funds appropriated under this section.

39  
 40 **INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT**

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



**INDUSTRIAL COMMISSION/SAFETY EDUCATION SECTION**

**SECTION 14.8.** G.S. 97-73 reads as rewritten:

**"§ 97-73. Fees.**

(a) Claims. – The Industrial Commission may establish by rule a schedule of fees for examinations conducted, reports made, documents filed, and agreements reviewed under this Article. The fees shall be collected in accordance with rules adopted by the Industrial Commission.

(b), (c) Repealed by Session Laws 2003-284, s. 10.33(d), effective July 1, 2003.

(d) Safety. – A fee in the amount set by the Industrial Commission is imposed on an employer for whom the Industrial Commission provides an educational training program on how to prevent or reduce accidents or injuries that result in workers' compensation claims or a person for whom the Industrial Commission provides other educational services. The fees are departmental receipts."

**EMPLOYMENT SECURITY COMMISSION FUNDS**

**SECTION 14.9.(a)** Funds from the Employment Security Commission Reserve Fund shall 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. The total administrative costs paid with funds from the Reserve in the 2009-2010 fiscal year shall not exceed two million five hundred thousand dollars (\$2,500,000).

**SECTION 14.9.(b)** There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina the sum of twenty million dollars (\$20,000,000) for the 2009-2010 fiscal year to be used for the following purposes:

- (1) Nineteen million five hundred thousand dollars (\$19,500,000) for the operation and support of local Employment Security Commission offices.
- (2) Two hundred thousand dollars (\$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) Three hundred thousand dollars (\$300,000) 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)** There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina an amount not to exceed one million dollars (\$1,000,000) for the 2009-2010 fiscal year to fund State initiatives not currently funded through federal grants.

**SECTION 14.9.(d)** There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina an amount not to exceed one million five hundred thousand dollars (\$1,500,000) for the 2009-2010 fiscal year 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.** Of the funds credited to and held in the State of North Carolina's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of fourteen million six hundred

1 forty-seven thousand three hundred ninety-seven dollars (\$14,647,397) for the 2009-2011 fiscal  
2 biennium for the following purposes:

- 3 (1) Implementing and administering the provisions of State law that qualify the  
4 State for the incentive payments.
- 5 (2) Improved outreach to individuals who might be eligible by virtue of these  
6 provisions.
- 7 (3) The improvement of unemployment benefits and tax operations, including  
8 responding to increased demand for unemployment benefits.
- 9 (4) Staff-assisted reemployment services for unemployment claimants.

## 10 11 **COMMERCE/ENTERPRISE FUNDS AND SPECIAL FUNDS**

12 **SECTION 14.10A.(a)** The Office of State Budget and Management, in conjunction  
13 with the Office of the State Controller and the Department of Commerce, shall close the  
14 following special funds and transfer the remaining fund balances to the General Fund:

- 15 (1) 24600-2241 – Rural Electrification Authority Administration
- 16 (2) 24600-2553 – North Carolina Grape Growers Council
- 17 (3) 24600-2821 – Credit Union Supervision
- 18 (4) 24600-2851 – Cemetery Commission
- 19 (5) 54600-5211 – Utilities – Commission Staff
- 20 (6) 54600-5217 – Utilities – Gas Pipeline Safety
- 21 (7) 54600-5221 – Utilities – Public Staff
- 22 (8) 54600-5811 – State Banking Commission
- 23 (9) 54600-5881 – ABC Commission
- 24 (10) 54600-5882 – ABC Warehouse
- 25 (11) 64605 Commerce – Utilities Commission – Public Staff
- 26 (12) 64612 Commerce – North Carolina Rural Electrification Authority
- 27 (13) 64613 Commerce – Utilities Commission – Natural Gas

28 **SECTION 14.10A.(b)** The Office of State Budget and Management, in  
29 conjunction with the Office of the State Controller and the Department of Commerce, shall  
30 transfer the following fund codes from Budget Code 24600 – Commerce Special Funds to  
31 Budget Code 24609 – Commerce Special Fund General Fund:

- 32 (1) 2533 – One North Carolina Fund
- 33 (2) 2534 – One North Carolina Small Business Account
- 34 (3) 2581 – JDIG Fees
- 35 (4) 2582 – JDIG Special Revenue Fund
- 36 (5) 2711 – Industrial Development Fund
- 37 (6) 2712 – Industrial Development Utility Account

38 **SECTION 14.10A.(c)** G.S. 18B-208 reads as rewritten:

### 39 **"§ 18B-208. ABC Commission bonds and funds.**

40 (a) Issuance of Bonds. – As a means of raising the funds needed from time to time in  
41 the design, acquisition, construction, equipping, maintenance and operation of a warehouse  
42 under G.S. 18B-204(a)(3), the Commission may, with the approval of the Governor, at one  
43 time or from time to time issue negotiable revenue bonds of the Commission. The issuance of  
44 revenue bonds shall not directly or indirectly or contingently obligate the State to levy or to  
45 pledge any form of taxation or to make any appropriation for their payment. Revenue bonds  
46 issued pursuant to this subsection shall be repaid from the bailment surcharge as provided in  
47 subsection (b). These bonds and the income from them are exempt from all taxation within the  
48 State.

49 (b) ~~Special Fund. — A special fund in the office of the State Treasurer, the ABC~~  
50 ~~Commission Fund, is created. On and after November 1, 1982, all~~ All moneys derived from the  
51 collection of bailment charges and bailment surcharges shall be deposited in the ~~ABC~~

1 ~~Commission Fund for the purpose of carrying out the provisions of this Chapter. The ABC~~  
2 ~~Commission Fund shall be subject to the provisions of the State Budget Act except that no~~  
3 ~~unexpended surplus of this fund shall revert to the General Fund~~ General Fund. The  
4 Commission shall fix the level of the bailment surcharges at an amount calculated to cover  
5 operating expenses of the Commission and the retirement of bonds issued for construction of a  
6 Commission warehouse and offices. Upon payment of the bonds issued pursuant to this section,  
7 the Commission shall reduce the bailment surcharge to an amount no greater than necessary to  
8 pay operating expenses of the Commission as authorized by the General Assembly.

9 ~~All moneys credited to the ABC Commission Fund shall be used to carry out the intent and~~  
10 ~~purposes of the ABC law in accordance with plans approved by the North Carolina ABC~~  
11 ~~Commission and the Director of the Budget, and all these funds are appropriated, reserved, set~~  
12 ~~aside, and made available until expended for the administration of the ABC law."~~

13 **SECTION 14.10A.(d)** G.S. 53-122(e) reads as rewritten:

14 "(e) In the first half of each calendar year, the State Banking Commission shall review  
15 the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal  
16 year. If the estimated fees and assessments provided for under this section shall exceed the  
17 estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year,  
18 then the State Banking Commission may reduce by uniform percentage the fees and  
19 assessments provided for in this section. If the estimated fees and assessments provided for  
20 under this section shall be less than the estimated cost of maintaining the office of the  
21 Commissioner of Banks for the next fiscal year, then the State Banking Commission may  
22 increase by uniform percentage the fees and assessments provided for in this section to an  
23 amount which will increase the amount of the fees and assessments to be collected to an  
24 amount at least equal to the estimated cost of maintaining the office of the Commissioner of  
25 Banks for the next fiscal year. ~~In no event shall any surplus at the end of any fiscal year~~  
26 ~~resulting from the collection of fees and assessments pursuant to this section revert to the~~  
27 ~~general fund.~~ The State Banking Commission shall report to the Joint Legislative Commission  
28 on Governmental Operations its conclusion that the estimated fees and assessments should be  
29 reduced or increased. Any reduction or increase of estimated fees and assessments provided for  
30 under this section shall become effective July 1 of the next fiscal year. All fees and assessments  
31 collected under this section shall be deposited in the General Fund."

32 **SECTION 14.10A.(e)** G.S. 54-109.14 reads as rewritten:

33 **"§ 54-109.14. Fees.**

34 (a) Each credit union subject to supervision and examination by the Administrator of  
35 Credit Unions, including credit unions in process of voluntary liquidation, shall pay into the  
36 office of the Administrator of Credit Unions twice each year, in the months of January and  
37 July, supervision fees, except those credit unions which liquidate or convert its charter shall pay  
38 into the office of the Administrator of Credit Unions, to the date of dissolution, pro rata  
39 supervision fees. Examination fees shall be paid promptly upon receipt of the examination  
40 report and invoice.

41 The Administrator of Credit Unions, subject to the advice and consent of the Credit Union  
42 Commission, shall, on or before December 1 of each year, determine and fix the scale of  
43 supervisory and examination fees to be assessed during the next calendar year.

44 No credit union shall be required to pay any supervisory fee until the expiration of 12  
45 months from the date of the issuance of a certificate of incorporation to such credit union.

46 (b) Moneys collected under this section shall be deposited ~~with the State Treasurer of~~  
47 ~~North Carolina and expended, under the terms of the Executive Budget Act, to defray expenses~~  
48 ~~incurred by the office of the Administrator of Credit Unions in carrying out its supervisory and~~  
49 ~~auditing functions in the General Fund.~~

50 (c) ~~All revenue derived from fees will be placed into a special account to be~~  
51 ~~administered solely for the operation of the Credit Union Division."~~

1           **SECTION 14.10A.(f)** G.S. 54B-57 reads as rewritten:

2   "**§ 54B-57. Supervision and examination fees.**

3       (a) Every State association, including associations in process of voluntary liquidation or  
4 savings and loan holding company, shall pay into the office of the Commissioner of Banks each  
5 July a supervisory fee. Examination fees shall be paid promptly upon an association's receipt of  
6 the examination billing. The Commissioner of Banks, subject to the advice and consent of the  
7 Commission, shall, on or before June 1 of each year:

8           (1) Determine and fix the scale of supervisory and examination fees to be  
9 assessed and collected during the next fiscal year;

10          (2) Determine and fix the amount of the fee and set the fee collection schedule  
11 for the fees to be assessed to and collected from applicants to defray the cost  
12 of processing their charter, branch, merger, conversion, location change,  
13 savings and loan holding company acquisition, and name change  
14 applications.

15       (b) All funds and revenue collected by the Division under the provisions of this section  
16 and the provisions of all other sections of this Chapter which authorize the collection of fees  
17 and other funds shall be deposited ~~with the State Treasurer of North Carolina and expended~~  
18 ~~under the terms of the Executive Budget Act, solely to defray expenses incurred by the office~~  
19 ~~of the Commissioner of Banks in carrying out its supervisory and auditing functions in the~~  
20 General Fund.

21       (c) Notwithstanding any of the provisions of subsections (a) and (b) of this section,  
22 whenever the Commissioner of Banks under the provisions of G.S. 54B-56 appoints a suitable  
23 and competent person, other than a person employed by the Commissioner of Banks' office, to  
24 make an examination and investigation of the business of a State association, all costs and  
25 expenses relative to such examination and investigation shall be paid by such association."

26           **SECTION 14.10A.(g)** G.S. 54B-74 reads as rewritten:

27   "**§ 54B-74. Annual license fees.**

28       All State associations shall pay an annual license fee set by the Commissioner of Banks,  
29 subject to the advice and consent of the Commission. ~~Such license fee shall be used to defray~~  
30 ~~the expenses incurred by the Division in supervising State associations.~~ The Commissioner of  
31 Banks may license each State association upon receipt of the license fee and filing of an  
32 application in such form as the Commissioner of Banks may prescribe."

33           **SECTION 14.10A.(h)** G.S. 54B-75 reads as rewritten:

34   "**§ 54B-75. Statement; fees.**

35       Every State association shall file in the office of the Commissioner of Banks, on or before  
36 the first day of February in each year, in such form as the Commissioner of Banks shall  
37 prescribe, a statement of the business standing and financial condition of such association on  
38 the preceding 31st day of December. This statement shall be signed and sworn to by the  
39 secretary or other officer duly authorized by the board of directors of the association before a  
40 notary public. The statement shall be accompanied by a filing fee set by the Commissioner of  
41 Banks, subject to the advice and consent of the Commission. ~~The filing fees shall be used to~~  
42 ~~defray the expenses incurred by the Division in supervising State associations."~~

43           **SECTION 14.10A.(i)** G.S. 54C-55 reads as rewritten:

44   "**§ 54C-55. Supervision and examination fees authorized; use of funds collected under**  
45 **Chapter.**

46       (a) Every State savings bank, including savings banks in process of voluntary  
47 liquidation, or a holding company thereof, shall pay into the office of the Commissioner of  
48 Banks each July a supervisory fee. Examination fees shall be paid promptly upon an  
49 association's receipt of the examination billing. The Commissioner of Banks, subject to the  
50 advice and consent of the Commission, shall, on or before June 1 of each year:

- 1 (1) Determine and fix the scale of supervisory and examination fees to be  
2 assessed and collected during the next fiscal year; and  
3 (2) Determine and fix the amount of the fee and set the fee collection schedule  
4 for the fees to be assessed to and collected from applicants to defray the cost  
5 of processing their charter, branch, merger, conversion, holding company  
6 acquisition, and name change applications.

7 (b) All funds and revenue collected by the Division under this section and all other  
8 sections of this Chapter that authorize the collection of fees and other funds shall be deposited  
9 ~~with the State Treasurer and expended under the terms of the Executive Budget Act, solely to~~  
10 ~~defray expenses incurred by the office of the Commissioner of Banks in carrying out its~~  
11 ~~supervisory and auditing functions in the General Fund.~~

12 (c) Notwithstanding subsections (a) and (b) of this section, whenever the Commissioner  
13 of Banks under G.S. 54C-54 appoints a suitable and competent person, other than a person  
14 employed by the Commissioner of Banks' office, to make an examination and investigation of  
15 the business of a State savings bank, the savings bank shall pay all costs and expenses relative  
16 to the examination and investigation."

17 **SECTION 14.10A.(j)** G.S. 54C-61 reads as rewritten:

18 **"§ 54C-61. Annual license fees.**

19 A state savings bank shall pay an annual license fee set by the Commissioner of Banks,  
20 subject to the advice and consent of the Commission. ~~The license fee shall be used to defray the~~  
21 ~~expenses incurred by the Division in supervising State savings banks.~~ The Commissioner of  
22 Banks may license each State savings bank upon receipt of the license fee and filing of an  
23 application in the form prescribed by the Commissioner of Banks."

24 **SECTION 14.10A.(k)** G.S. 54C-62 reads as rewritten:

25 **"§ 54C-62. Statement filed by savings bank; fees.**

26 A State savings bank shall file in the office of the Commissioner of Banks, on or before the  
27 first day of February in each year, in the form prescribed by the Commissioner of Banks, a  
28 statement of the business standing and financial condition of the savings bank on the preceding  
29 31st day of December, signed and sworn to by the secretary or other officer duly authorized by  
30 the board of directors of the savings bank before a notary public. The statement shall be  
31 accompanied by a filing fee set by the Commissioner of Banks, subject to the advice and  
32 consent of the Commission. ~~The filing fees shall be used to defray the expenses incurred by the~~  
33 ~~Division in supervising State savings banks."~~

34 **SECTION 14.10A.(l)** G.S. 62-302 reads as rewritten:

35 **"§ 62-302. Regulatory fee.**

36 (a) Fee Imposed. – It is the policy of the State of North Carolina to provide fair  
37 regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The cost of  
38 regulating public utilities is a burden incident to the privilege of operating as a public utility.  
39 Therefore, for the purpose of defraying the cost of regulating public utilities, every public  
40 utility subject to the jurisdiction of the Commission shall pay a quarterly regulatory fee, in  
41 addition to all other fees and taxes, as provided in this section. ~~The fees collected shall be used~~  
42 ~~only to pay the expenses of the Commission and the Public Staff in regulating public utilities in~~  
43 ~~the interest of the public.~~

44 It is also the policy of the State to provide limited oversight of certain electric membership  
45 corporations as provided in G.S. 62-53. Therefore, for the purpose of defraying the cost of  
46 providing the oversight authorized by G.S. 62-53 and G.S. 117-18.1, each fiscal year each  
47 electric membership corporation whose principal purpose is to furnish or cause to be furnished  
48 bulk electric supplies at wholesale as provided in G.S. 117-16 shall pay an annual fee as  
49 provided in this section.

50 (b) Public Utility Rate. –

- 51 (1) Repealed by Session Laws 2000-140, s. 56, effective July 21, 2000.

- 1           (2)    The public utility regulatory fee for each fiscal year shall be the greater of (i)  
2           a percentage rate, established by the General Assembly, of each public  
3           utility's North Carolina jurisdictional revenues for each quarter or (ii) six  
4           dollars and twenty-five cents (\$6.25) each quarter.

5           When the Commission prepares its budget request for the upcoming  
6           fiscal year, the Commission shall propose a percentage rate of the public  
7           utility regulatory fee. For fiscal years beginning in an odd-numbered year,  
8           that proposed rate shall be included in the budget message the Governor  
9           submits to the General Assembly pursuant to G.S. 143C-3-5. For fiscal years  
10          beginning in an even-numbered year, that proposed rate shall be included in  
11          a special budget message the Governor shall submit to the General  
12          Assembly. The General Assembly shall set the percentage rate of the public  
13          utility regulatory fee by law.

14          The percentage rate may not exceed the amount necessary to generate  
15          funds sufficient to defray the estimated cost of the operations of the  
16          Commission and the Public Staff for the upcoming fiscal year, including a  
17          reasonable margin for a reserve fund. The amount of the reserve may not  
18          exceed the estimated cost of operating the Commission and the Public Staff  
19          for the upcoming fiscal year. In calculating the amount of the reserve, the  
20          General Assembly shall consider all relevant factors that may affect the cost  
21          of operating the Commission or the Public Staff or a possible unanticipated  
22          increase or decrease in North Carolina jurisdictional revenues.

- 23          (3)    If the Commission, the Public Staff, or both experience a revenue shortfall,  
24          the Commission shall implement a temporary public utility regulatory fee  
25          surcharge to avert the deficiency that would otherwise occur. In no event  
26          may the total percentage rate of the public utility regulatory fee plus any  
27          surcharge established by the Commission exceed twenty-five hundredths  
28          percent (0.25%).

- 29          (4)    As used in this section, the term "North Carolina jurisdictional revenues"  
30          means all revenues derived or realized from intrastate tariffs, rates, and  
31          charges approved or allowed by the Commission or collected pursuant to  
32          Commission order or rule, but not including tap-on fees or any other form of  
33          contributions in aid of construction.

34          (b1)   Electric Membership Corporation Rate. – The electric membership corporation  
35          regulatory fee for each fiscal year shall be a dollar amount as established by the General  
36          Assembly by law.

37          When the Commission prepares its budget request for the upcoming fiscal year, the  
38          Commission shall propose the amount of the electric membership corporation regulatory fee.  
39          For fiscal years beginning in an odd-numbered year, the proposed amount shall be included in  
40          the budget message the Governor submits to the General Assembly pursuant to G.S. 143C-3-5.  
41          For fiscal years beginning in an even-numbered year, the proposed amount shall be included in  
42          a special budget message the Governor shall submit to the General Assembly.

43          The amount of the electric membership corporation regulatory fee proposed by the  
44          Commission may not exceed the amount necessary to defray the estimated cost of the  
45          operations of the Commission and the Public Staff for the regulation of the electric membership  
46          corporations in the upcoming fiscal year, including a reasonable margin for a reserve fund. The  
47          amount of the reserve may not exceed the estimated cost of the Commission and the Public  
48          Staff for the regulation of the electric membership corporations for the upcoming fiscal year.

49          (c)    When Due. – The electric membership corporation regulatory fee imposed under  
50          this section shall be paid in quarterly installments. The fee is due and payable to the  
51          Commission on or before the 15th day of the second month following the end of each quarter.

1 The public utility regulatory fee imposed under this section is due and payable to the  
2 Commission on or before the 15th day of the second month following the end of each quarter.  
3 Every public utility subject to the public utility regulatory fee shall, on or before the date the  
4 fee is due for each quarter, prepare and render a report on a form prescribed by the  
5 Commission. The report shall state the public utility's total North Carolina jurisdictional  
6 revenues for the preceding quarter and shall be accompanied by any supporting documentation  
7 that the Commission may by rule require. Receipts shall be reported on an accrual basis.

8 If a public utility's report for the first quarter of any fiscal year shows that application of the  
9 percentage rate would yield a quarterly fee of twenty-five dollars (\$25.00) or less, the public  
10 utility shall pay an estimated fee for the entire fiscal year in the amount of twenty-five dollars  
11 (\$25.00). If, after payment of the estimated fee, the public utility's subsequent returns show that  
12 application of the percentage rate would yield quarterly fees that total more than twenty-five  
13 dollars (\$25.00) for the entire fiscal year, the public utility shall pay the cumulative amount of  
14 the fee resulting from application of the percentage rate, to the extent it exceeds the amount of  
15 fees, other than any surcharge, previously paid.

16 (d) Use of Proceeds. – ~~A special fund in the office of State Treasurer, the Utilities~~  
17 ~~Commission and Public Staff Fund, is created.~~ The fees collected pursuant to this section and all  
18 other funds received by the Commission or the Public Staff, except for the clear proceeds of  
19 civil penalties collected pursuant to G.S. 62-50(d) and the clear proceeds of funds forfeited  
20 pursuant to G.S. 62-310(a), shall be deposited in the ~~Utilities Commission and Public Staff~~  
21 ~~Fund.~~ ~~The Fund shall be placed in an interest bearing account and any interest or other income~~  
22 ~~derived from the Fund shall be credited to the Fund. Moneys in the Fund shall only be spent~~  
23 ~~pursuant to appropriation by the General Assembly-General Fund.~~

24 ~~The Utilities Commission and Public Staff Fund shall be subject to the provisions of the~~  
25 ~~State Budget Act except that no unexpended surplus of the Fund shall revert to the General~~  
26 ~~Fund. All funds credited to the Utilities Commission and Public Staff Fund shall be used only~~  
27 ~~to pay the expenses of the Commission and the Public Staff in regulating public utilities in the~~  
28 ~~interest of the public as provided by this Chapter and in regulating electric membership~~  
29 ~~corporations as provided in G.S. 117-18.1.~~

30 The clear proceeds of civil penalties collected pursuant to G.S. 62-50(d) and the clear  
31 proceeds of funds forfeited pursuant to G.S. 62-310(a) shall be remitted to the Civil Penalty and  
32 Forfeiture Fund in accordance with G.S. 115C-457.2."

33 **SECTION 14.10A.(m)** G.S. 105-113.81A is repealed.

34 **SECTION 14.10A.(n)** G.S. 117-3.1 reads as rewritten:

35 "**§ 117-3.1. Regulatory fee.**

36 (a) Fee imposed. – It is the policy of the State of North Carolina to provide fair  
37 regulation of electric and telephone membership corporations in the interest of the public. The  
38 cost of regulating electric and telephone membership corporations is a burden incident to the  
39 privilege of operating as an electric or telephone membership corporation. Therefore, for the  
40 purpose of defraying the cost of regulating electric and telephone membership corporations,  
41 every electric and telephone membership corporation subject to the jurisdiction of the Authority  
42 shall pay a quarterly regulatory fee, in addition to all other fees and taxes, as provided in this  
43 section. ~~The fees collected shall be used only to pay the expenses of the Authority in regulating~~  
44 ~~electric and telephone membership corporations in the interest of the public.~~

45 (b) Rate. – For each fiscal year, the regulatory fee shall be the greater of the following:

46 (1) The rate established by the General Assembly for that year for each electric  
47 membership corporation's North Carolina meter connected for service and  
48 each telephone membership corporation's North Carolina access line  
49 connected for service for each quarter of the year.

50 (2) Four cents (4¢) for each electric membership corporation's North Carolina  
51 meter connected for service and for each telephone membership

1 corporation's North Carolina access line connected for service for each  
2 quarter of the year.

3 When the Authority prepares its budget request for the upcoming fiscal year, the Authority  
4 shall propose a rate for the regulatory fee. For fiscal years beginning in an odd-numbered year,  
5 that proposed rate shall be included in the budget message the Governor submits to the General  
6 Assembly pursuant to G.S. 143C-3-5. For fiscal years beginning in an even-numbered year,  
7 that proposed rate shall be included in a special budget message the Governor shall submit to  
8 the General Assembly. If the General Assembly decides to set the regulatory fee at a rate higher  
9 than the rate in subdivision (2) of this subsection, it shall set the regulatory fee by law.

10 The regulatory fee may not exceed the amount necessary to generate funds sufficient to  
11 defray the estimated cost of the operations of the Authority for the upcoming fiscal year,  
12 including a reasonable margin for a reserve fund. The amount of the reserve may not exceed  
13 the estimated cost of operating the Authority for the upcoming fiscal year. In calculating the  
14 amount of the reserve, the General Assembly shall consider all relevant factors that may affect  
15 the cost of operating the Authority or a possible unanticipated increase or decrease in North  
16 Carolina electric meters and North Carolina telephone access lines.

17 (c) When Due. – The regulatory fee imposed under this section is due and payable to  
18 the Authority on or before the 15th day of the second month following the end of each quarter.  
19 Every electric and telephone membership corporation subject to the regulatory fee shall, on or  
20 before the date the fee is due for each quarter, prepare and render a report on a form prescribed  
21 by the Authority. The report shall state the electric or telephone membership corporation's total  
22 North Carolina electric meters or North Carolina telephone access lines connected for service  
23 for the preceding quarter and shall be accompanied by any supporting documentation that the  
24 Authority may by rule require.

25 (d) Use of Proceeds. – ~~A special fund in the office of the State Treasurer, the North~~  
26 ~~Carolina Rural Electrification Authority Fund (NCREA Fund), is created.~~ The fees collected  
27 pursuant to this section and all other funds received by the Authority shall be deposited in the  
28 ~~NCREA Fund. The NCREA Fund shall be placed in an interest bearing account and any~~  
29 ~~interest or other income derived from the NCREA Fund shall be credited to the NCREA Fund.~~  
30 ~~Moneys in the NCREA Fund shall only be spent pursuant to an appropriation by the General~~  
31 ~~Assembly-General Fund.~~

32 ~~The NCREA Fund shall be subject to the provisions of the State Budget Act except that no~~  
33 ~~unexpended surplus of the NCREA Fund shall revert to the General Fund. All funds credited to~~  
34 ~~the NCREA Fund shall be used only to pay the expenses of the Authority in regulating electric~~  
35 ~~and telephone membership corporations in the interest of the public as provided by this~~  
36 ~~Chapter."~~

## 37

### 38 STATE BANKING COMMISSION/FEEES & ASSESSMENT CHANGES EFFECTIVE

#### 39 JULY 1

40 **SECTION 14.10B.** G.S. 53-122(e) reads as rewritten:

41 "(e) In the first half of each calendar year, the State Banking Commission shall review  
42 the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal  
43 year. If the estimated fees and assessments provided for under this section shall exceed the  
44 estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year,  
45 then the State Banking Commission may reduce by uniform percentage the fees and  
46 assessments provided for in this section. If the estimated fees and assessments provided for  
47 under this section shall be less than the estimated cost of maintaining the office of the  
48 Commissioner of Banks for the next fiscal year, then the State Banking Commission may  
49 increase by uniform percentage the fees and assessments provided for in this section to an  
50 amount which will increase the amount of the fees and assessments to be collected to an  
51 amount at least equal to the estimated cost of maintaining the office of the Commissioner of



1 Banks for the next fiscal year. Any reduction or increase of estimated fees and assessments  
2 provided for under this section shall become effective July 1 of the next fiscal year. In no event  
3 shall any surplus at the end of any fiscal year resulting from the collection of fees and  
4 assessments pursuant to this section revert to the general fund."  
5

## 6 COUNCIL OF GOVERNMENT FUNDS

7 **SECTION 14.11.(a)** Of the funds appropriated in this act to the Department of  
8 Commerce, the sum of four hundred twenty-five thousand dollars (\$425,000) for the 2009-2010  
9 fiscal year and the sum of four hundred twenty-five thousand dollars (\$425,000) for the  
10 2010-2011 fiscal year shall only be used as provided by this section. Each regional council of  
11 government or lead regional organization is allocated up to twenty-five thousand dollars  
12 (\$25,000) for the 2009-2010 and the 2010-2011 fiscal years.

13 **SECTION 14.11.(b)** A regional council of government may use funds allocated to  
14 it by this section only to assist local governments in grant applications, economic development,  
15 community development, support of local industrial development activities, and other activities  
16 as deemed appropriate by the member governments.

17 **SECTION 14.11.(c)** Funds allocated by this section shall be paid by electronic  
18 transfer in two equal installments. Upon receipt of the report required by subsection (e) of this  
19 section, the first installment shall be paid no later than September 15, 2009.

20 **SECTION 14.11.(d)** Funds allocated by this section shall not be used for payment  
21 of dues or assessments by the member governments and shall not supplant funds appropriated  
22 by the member governments.

23 **SECTION 14.11.(e)** By September 1 of each year, and more frequently as  
24 requested, each council of government or lead regional organization shall report to the Joint  
25 Legislative Commission on Governmental Operations and the Fiscal Research Division of the  
26 General Assembly on prior State fiscal year program activities, objectives, and  
27 accomplishments, and prior State fiscal year itemized expenditures and fund sources. Each  
28 council of government or lead regional organization shall provide to the Fiscal Research  
29 Division of the General Assembly a copy of the organization's annual audited financial  
30 statement within 30 days of issuance of the statement.  
31

## 32 STATE-AID REPORTING REQUIREMENTS

33 **SECTION 14.12.(a)** The North Carolina Institute of Minority Economic  
34 Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center,  
35 North Carolina Community Development Initiative, Inc., North Carolina Association of  
36 Community Development Corporations, Inc., North Carolina Biotechnology Center, North  
37 Carolina Center for Automotive Research, Inc., High Point Market Authority, and Partnership  
38 for the Sounds, Inc., shall do the following:

- 39 (1) By September 1 of each year, and more frequently as requested, report to the  
40 Joint Legislative Commission on Governmental Operations and the Fiscal  
41 Research Division on prior State fiscal year program activities, objectives,  
42 and accomplishments, and prior State fiscal year itemized expenditures and  
43 fund sources.
- 44 (2) Provide to the Fiscal Research Division a copy of the organization's annual  
45 audited financial statement within 30 days of issuance of the statement.

46 **SECTION 14.12.(b)** Remaining allotments after September 1 shall not be released  
47 to any nonprofit organization that does not satisfy the reporting requirements provided in  
48 subsection (a) of this section.  
49

## 50 REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

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

9           **SECTION 14.13.(b)** Funds appropriated pursuant to subsection (a) of this section  
10 shall be allocated to each regional economic development commission as follows:

11           (1) First, the Department shall establish each commission's allocation by  
12 determining the sum of allocations to each county that is a member of that  
13 commission. Each county's allocation shall be determined by dividing the  
14 county's development factor by the sum of the development factors for  
15 eligible counties and multiplying the resulting percentage by the amount of  
16 the appropriation. As used in this subdivision, the term "development factor"  
17 means a county's development factor as calculated under G.S. 143B-437.08;  
18 and

19           (2) Next, the Department shall subtract from funds allocated to the North  
20 Carolina's Eastern Region Economic Development Partnership the sum of  
21 three hundred eight thousand six hundred sixty-six dollars (\$308,666) in the  
22 2009-2010 fiscal year, which sum represents: (i) the total interest earnings in  
23 the prior fiscal year on the estimated balance of seven million five hundred  
24 thousand dollars (\$7,500,000) appropriated to the Global TransPark  
25 Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws;  
26 and (ii) the total interest earnings in the prior fiscal year on loans made from  
27 the seven million five hundred thousand dollars (\$7,500,000) appropriated to  
28 the Global TransPark Development Zone in Section 6 of Chapter 561 of the  
29 1993 Session Laws; and

30           (3) Next, the Department shall redistribute the sum of three hundred eight  
31 thousand six hundred sixty-six dollars (\$308,666) in the 2009-2010 fiscal  
32 year to the seven regional economic development commissions named in  
33 subsection (a) of this section. Each commission's share of this redistribution  
34 shall be determined according to the development factor formula set out in  
35 subdivision (1) of this subsection. This redistribution shall be in addition to  
36 each commission's allocation determined under subdivision (1) of this  
37 subsection.

38           **SECTION 14.13.(c)** No more than one hundred twenty thousand dollars  
39 (\$120,000) in State funds shall be used for the annual salary of any one employee of a regional  
40 economic development commission.

41           **SECTION 14.13.(d)** The General Assembly finds that successful economic  
42 development requires the collaboration of the State, regions of the State, counties, and  
43 municipalities. Therefore, the regional economic development commissions are encouraged to  
44 seek supplemental funding from their county and municipal partners to continue and enhance  
45 their efforts to attract and retain business in the State.  
46

#### 47 **SET REGULATORY FEE FOR UTILITIES COMMISSION**

48           **SECTION 14.14.(a)** The percentage rate to be used in calculating the public utility  
49 regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent (0.12%) for  
50 each public utility's North Carolina jurisdictional revenues earned during each quarter that  
51 begins on or after July 1, 2009.

1           **SECTION 14.14.(b)** The electric membership corporation regulatory fee imposed  
 2 under G.S. 62-302(b1) for the 2009-2010 fiscal year is two hundred thousand dollars  
 3 (\$200,000).

4           **SECTION 14.14.(c)** This section becomes effective July 1, 2009.

5  
 6           **RURAL ECONOMIC DEVELOPMENT CENTER**

7           **SECTION 14.15.(a)** Of the funds appropriated in this act to the North Carolina  
 8 Rural Economic Development Center, Inc. (Rural Center), the sum of four million forty-four  
 9 thousand dollars (\$4,044,000) for the 2009-2010 fiscal year and the sum of three million nine  
 10 hundred fifty-seven thousand dollars (\$3,957,000) for the 2010-2011 fiscal year shall be  
 11 allocated as follows:

	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

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

31           **SECTION 14.15.(c)** For purposes of this section, the term "community  
 32 development corporation" means a nonprofit corporation:

- 33           (1) Chartered pursuant to Chapter 55A of the General Statutes;
- 34           (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of  
 35 1986;
- 36           (3) Whose primary mission is to develop and improve low-income communities  
 37 and neighborhoods through economic and related development;
- 38           (4) Whose activities and decisions are initiated, managed, and controlled by the  
 39 constituents of those local communities; and
- 40           (5) Whose primary function is to act as deal maker and packager of projects and  
 41 activities that will increase their constituencies' opportunities to become  
 42 owners, managers, and producers of small businesses, affordable housing,  
 43 and jobs designed to produce positive cash flow and curb blight in the  
 44 targeted community.

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

48           **SECTION 14.15.(e)** By September 1 of each year, and more frequently as  
 49 requested, the Rural Center shall report to the Joint Legislative Commission on Governmental  
 50 Operations and the Fiscal Research Division on prior State fiscal year program activities,

1 objectives, and accomplishments and prior State fiscal year itemized expenditures and fund  
2 sources.

#### 4 **RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM**

5 **SECTION 14.16.(a)** Of the funds appropriated in this act to the North Carolina  
6 Rural Economic Development Center, Inc. (Rural Center), the sum of nineteen million three  
7 hundred five thousand dollars (\$19,305,000) for the 2009-2010 fiscal year and the sum of  
8 nineteen million three hundred five thousand dollars (\$19,305,000) for the 2010-2011 fiscal  
9 year shall be allocated as follows:

- 10 (1) To continue the North Carolina Infrastructure Program. The purpose of the  
11 Program is to provide grants to local governments to construct critical water  
12 and wastewater facilities and to provide other infrastructure needs, including  
13 technology needs, to sites where these facilities will generate private  
14 job-creating investment. At least fifteen million dollars (\$15,000,000) of the  
15 funds appropriated in this act for each year of the biennium must be used to  
16 provide grants under this Program.
- 17 (2) To provide matching grants to local governments in distressed areas and  
18 equity investments in public-private ventures that will productively reuse  
19 vacant buildings and properties, with priority given to towns or communities  
20 with populations of less than 5,000.
- 21 (3) To provide economic development research and demonstration grants.

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

26 **SECTION 14.16.(c)** During each year of the 2009-2011 biennium, the Rural  
27 Center may use up to three hundred eighty-five thousand dollars (\$385,000) of the funds  
28 appropriated in this act to cover its expenses in administering the North Carolina Economic  
29 Infrastructure Program.

30 **SECTION 14.16.(d)** Of the funds appropriated in subsection (a) of this section to  
31 the Rural Center for the 2009-2010 fiscal year, the sum of one million five hundred forty-four  
32 thousand four hundred dollars (\$1,544,400) shall be transferred to the Department of  
33 Environment and Natural Resources to be used to provide the State match to draw down  
34 maximum federal funds for the Clean Water State Revolving Loan Fund.

35 **SECTION 14.16.(e)** By September 1 of each year, and more frequently as  
36 requested, the Rural Center shall report to the Joint Legislative Commission on Governmental  
37 Operations and the Fiscal Research Division concerning the progress of the North Carolina  
38 Economic Infrastructure Program in the prior State fiscal year.

#### 40 **OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS**

41 **SECTION 14.17.(a)** Of the funds appropriated in this act to the North Carolina  
42 Rural Economic Development Center, Inc. (Rural Center), the sum of three hundred thirty  
43 thousand dollars (\$330,000) for the 2009-2010 fiscal year and the sum of three hundred  
44 twenty-two thousand dollars (\$322,000) for the 2010-2011 fiscal year shall be equally  
45 distributed among the certified Opportunities Industrialization Centers (OI Centers).

46 **SECTION 14.17.(b)** By September 1 of each year, and more frequently as  
47 requested, the Rural Center shall report to the Joint Legislative Commission on Governmental  
48 Operations and the Fiscal Research Division on OI Centers receiving funds pursuant to  
49 subsection (a) of this section. The report shall include data for each OI Center on all itemized  
50 expenditures and all fund sources for the prior State fiscal year. The report shall also contain a

1 written narrative on prior fiscal year program activities, objectives, and accomplishments that  
2 were funded with funds appropriated in subsection (a) of this section.

3 **SECTION 14.17.(c)** The Rural Center shall ensure that each OI Center files  
4 annually with the State Auditor a financial statement in the form and on the schedule prescribed  
5 by the State Auditor.

6 **SECTION 14.17.(d)** No funds appropriated under this act shall be released to an  
7 OI Center listed in subsection (a) of this section if the OI Center has any overdue tax debts, as  
8 that term is defined in G.S. 105-243.1, at the federal or State level.

9  
10 **RURAL ECONOMIC DEVELOPMENT CENTER/CLEAN WATER PARTNERS**  
11 **FUNDING**

12 **SECTION 14.18.** By September 1 of each year, and more frequently as requested,  
13 the North Carolina Rural Economic Development Center, Inc., shall report to the Joint  
14 Legislative Commission on Governmental Operations and the Fiscal Research Division  
15 concerning the progress of the water/sewer improvement grants (commonly referred to as  
16 funding for Clean Water Partners) as appropriated in Section 13.13A of S.L. 2007-323 and  
17 Section 13.8 of S.L. 2008-107. Each report shall include a list of grants made since the last  
18 report, the total amount contracted, and the amount of funds remaining. This reporting  
19 requirement shall replace all previous reporting requirements and shall remain in effect until all  
20 funds from this program are expended.

21  
22 **RURAL ECONOMIC DEVELOPMENT CENTER/AMERICAN RECOVERY AND**  
23 **REINVESTMENT ACT FUNDS**

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

29  
30 **RURAL CENTER/PROVIDE ASSISTANCE TO RURAL COMMUNITIES TO**  
31 **ACCESS FEDERAL FUNDS**

32 **SECTION 14.20.** The North Carolina Rural Economic Development Center, Inc.  
33 (Rural Center), shall provide assistance to rural communities in applying for funds under the  
34 American Recovery and Reinvestment Act of 2009. The assistance shall include, but not be  
35 limited to, advice on writing grants, applying for funds, and reviewing grant proposals.

36  
37 **PART XV. JUDICIAL DEPARTMENT**

38  
39 **TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

40 **SECTION 15.1.** Funds appropriated to the Judicial Department in the 2009-2011  
41 fiscal biennium for equipment and supplies shall be certified in a reserve account. The  
42 Administrative Office of the Courts may transfer these funds to the appropriate programs and  
43 between programs as the equipment priorities and supply consumptions occur during the  
44 operating year. These funds shall not be expended for any other purpose.

45  
46 **DEATH PENALTY LITIGATION FUNDS**

47 **SECTION 15.3.** Of the funds appropriated in this act to the Office of Indigent  
48 Defense Services for the 2009-2011 fiscal biennium, the Office may use up to the sum of four  
49 hundred seventy-six thousand four hundred twenty-five dollars (\$476,425) for the 2009-2010  
50 fiscal year and up to the sum of four hundred seventy-six thousand four hundred twenty-five  
51 dollars (\$476,425) for the 2010-2011 fiscal year to contract with the Center for Death Penalty

1 Litigation to provide training, consultation, brief banking, and other assistance to attorneys  
2 representing indigent capital defendants. The Office of Indigent Defense Services shall report  
3 by February 1 of each year in the biennium to the Chairs of the House of Representatives and  
4 Senate Appropriations Subcommittees on Justice and Public Safety on the activities funded by  
5 this section.

#### 6 7 **REPORT ON BUSINESS COURTS**

8 **SECTION 15.4.** The Administrative Office of the Courts shall report to the Chairs  
9 of the House of Representatives and Senate Appropriations Committees and the Chairs of the  
10 House of Representatives and Senate Appropriations Subcommittees on Justice and Public  
11 Safety by March 1 of each year on the activities of each North Carolina Business Court site,  
12 including the number of new, closed, and pending cases, average age of pending cases, and  
13 annual expenditures for the prior fiscal year.

#### 14 15 **COLLECTION OF WORTHLESS CHECK FUNDS**

16 **SECTION 15.5.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial  
17 Department may use any balance remaining in the Collection of Worthless Checks Fund on  
18 June 30, 2009, for the purchase or repair of office or information technology equipment during  
19 the 2009-2010 fiscal year. Prior to using any funds under this section, the Judicial Department  
20 shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of  
21 the House of Representatives and Senate Appropriations Subcommittees on Justice and Public  
22 Safety on the equipment to be purchased or repaired and the reasons for the purchases.

#### 23 24 **DISPUTE RESOLUTION FEES**

25 **SECTION 15.6.** Notwithstanding the provisions of G.S. 143C-1-2(b), certification  
26 and renewal fees collected by the Dispute Resolution Commission are nonreverting and are  
27 only to be used at the direction of the Commission.

#### 28 29 **REIMBURSEMENT FOR USE OF PERSONAL VEHICLES**

30 **SECTION 15.7.** Notwithstanding the provisions of G.S. 138-6(a)(1), the Judicial  
31 Department, during the 2009-2011 fiscal biennium, may elect to establish a per-mile  
32 reimbursement rate for transportation by privately owned vehicles at a rate less than the  
33 business standard mileage rate set by the Internal Revenue Service.

#### 34 35 **GUIDELINES FOR MAXIMIZING EFFICIENCY OF PROCEEDINGS**

36 **SECTION 15.9.** By December 1, 2009, the Administrative Office of the Courts  
37 shall develop guidelines to be applied to maximize efficient use of the time of probation  
38 officers and court personnel participating in probation revocation proceedings. The  
39 Administrative Office of the Courts may also adopt guidelines for maximizing the efficient use  
40 of the time of law enforcement personnel participating in the Criminal District Courts.

#### 41 42 **WEEKLY MILEAGE REIMBURSEMENT FOR SUPERIOR COURT JUDGES**

43 **SECTION 15.10.** G.S. 7A-44(a) reads as rewritten:

44 "(a) A judge of the superior court, regular or special, shall receive the annual salary set  
45 forth in the Current Operations Appropriations Act, and in addition a regular superior court  
46 judge shall be paid a weekly mileage reimbursement for each week or fraction of a week that  
47 court is in regular or extra session. The amount of the weekly mileage reimbursement for  
48 regular judges shall be calculated for each judge by multiplying the actual round-trip mileage  
49 for one round-trip from that judge's home to the seat of court by the rate per mile, which is the  
50 business standard mileage rate set by the Internal Revenue Service in Rev. Proc. 93-51,  
51 December 27, 1993. A special superior court judge shall be paid the same travel allowance as

1 State employees generally by G.S. 138-6(a)(1) and (2), provided that no travel allowance be  
2 paid for travel within ~~his~~ the judge's county of residence. In addition, a judge of the superior  
3 court shall be allowed seven thousand dollars (\$7,000) per year, payable monthly, in lieu of  
4 necessary subsistence expenses while attending court or transacting official business at a place  
5 other than in the county of his residence and in lieu of other professional expenses incurred in  
6 the discharge of his official duties. The Administrative Officer of the Courts may also  
7 reimburse superior court judges, in addition to the above funds for travel and subsistence, for  
8 travel and subsistence expenses incurred for professional education."  
9

10 **CLARIFY THAT DWI TREATMENT COURTS ARE A TYPE OF DRUG**  
11 **TREATMENT COURT UNDER THE DRUG TREATMENT COURT ACT**

12 **SECTION 15.11.** G.S. 7A-791 reads as rewritten:

13 **"§ 7A-791. Purpose.**

14 The General Assembly recognizes that a critical need exists in this State for judicial  
15 programs that will reduce the incidence of alcohol and other drug abuse or dependence and  
16 crimes, including the offense of driving while impaired, delinquent acts, and child abuse and  
17 neglect committed as a result of alcohol and other drug abuse or dependence, and child abuse  
18 and neglect where alcohol and other drug abuse or dependence are significant factors in the  
19 child abuse and neglect. It is the intent of the General Assembly by this Article to create a  
20 program to facilitate the creation of local drug treatment court ~~programs~~ programs and driving  
21 while impaired (DWI) treatment court programs."  
22

23 **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS**

24 **SECTION 15.12.** The Judicial Department, Office of Indigent Defense Services,  
25 may use up to the sum of two million five hundred one thousand one hundred fifty dollars  
26 (\$2,501,150) in appropriated funds during the 2009-2010 fiscal year and up to the sum of two  
27 million four hundred thirty-three thousand seven hundred dollars (\$2,433,700) in appropriated  
28 funds during the 2010-2011 fiscal year for the expansion of existing public defender offices  
29 currently providing legal services to the indigent population under the oversight of the Office of  
30 Indigent Defense Services, or for the creation of new public defender offices within existing  
31 public defender districts currently providing those services, by creating up to 20 new attorney  
32 positions and 10 new support staff positions. These funds may be used for salaries, benefits,  
33 equipment, and related expenses. Prior to using funds for this purpose, the Office of Indigent  
34 Defense Services shall report to the Chairs of the House of Representatives and the Senate  
35 Appropriations Subcommittees on Justice and Public Safety on the proposed expansion.  
36

37 **OFFICE OF INDIGENT DEFENSE SERVICES REPORT**

38 **SECTION 15.13.(a)** The Office of Indigent Defense Services shall report to the  
39 Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs  
40 of the House of Representatives and Senate Appropriations Subcommittees on Justice and  
41 Public Safety by March 1 of each year on:

- 42 (1) The volume and cost of cases handled in each district by assigned counsel or  
43 public defenders;
- 44 (2) Actions taken by the Office to improve the cost-effectiveness and quality of  
45 indigent defense, including the capital case program;
- 46 (3) Plans for changes in rules, standards, or regulations in the upcoming year;  
47 and
- 48 (4) Any recommended changes in law or funding procedures that would assist  
49 the Office in improving the management of funds expended for indigent  
50 defense services, including any recommendations concerning the feasibility  
51 and desirability of establishing regional public defender offices.

1           **SECTION 15.13.(b)** In its March 1, 2010 report, the Office of Indigent Defense  
2 Services shall provide a progress report on the pilot program for alternative scheduling  
3 authorized by Section 14.1 of S.L. 2008-107. In its March 1, 2011 report, the Office of Indigent  
4 Defense Services shall provide a final report on that pilot program.

5           **SECTION 15.13.(c)** In its March 1, 2010 report, the Office of Indigent Defense  
6 Services shall provide a progress report on the feasibility study directed by Section 14.7 of S.L.  
7 2008-107 on developing a statewide system for obtaining indigent case information when  
8 counsel is first appointed. In its March 1, 2011 report, the Office of Indigent Defense Services  
9 shall provide a final report on that feasibility study.

## 10 11 **STUDY STRATEGIES TO REDUCE DEMAND FOR SERVICES OF OFFICE OF** 12 **INDIGENT DEFENSE SERVICES**

13           **SECTION 15.17.** The Office of Indigent Defense Services shall consult with the  
14 Administrative Office of the Courts, the Conference of District Attorneys, the North Carolina  
15 Sentencing and Policy Advisory Commission, and other court system actors in formulating  
16 proposals aimed at reducing future costs, including the possibility of decriminalizing minor  
17 misdemeanor offenses for which jail sentences are rarely or never imposed and improving the  
18 manner in which potentially capital cases are screened and processed. The Office shall include  
19 any proposals in its reports during the 2009-2011 fiscal biennium.

## 20 21 **ABOLISH SPECIAL SUPERIOR COURT JUDGESHIPS**

22           **SECTION 15.17A.** G.S. 7A-45.1 is amended by adding a new subsection to read:

23           "(a8) Notwithstanding any other provision of this section, except as to those three seats  
24 designated as of May 31, 2009, under G.S. 7A-45.3 as business court judges, effective on and  
25 after the date this subsection becomes law, any seat established by this section is abolished  
26 when any of the following first occurs prior to July 1, 2011:

- 27           (1) Retirement of the incumbent judge.  
28           (2) Resignation of the incumbent judge.  
29           (3) Removal from office of the incumbent judge.  
30           (4) Death of the incumbent judge.  
31           (5) Expiration of the term of office of the incumbent judge.

32           The three special superior court judgeships not abolished under the preceding paragraph of  
33 this subsection may be used only to hear and decide complex business cases as provided by  
34 G.S. 7A-45.3."

## 35 36 **TRAVEL EXPENSES FOR DISTRICT COURT JUDGES, DISTRICT ATTORNEYS,** 37 **ASSISTANT DISTRICT ATTORNEYS, PUBLIC DEFENDERS, AND ASSISTANT** 38 **PUBLIC DEFENDERS**

39           **SECTION 15.17B.(a)** G.S. 7A-144(a) reads as rewritten:

40           "(a) Each judge shall receive the annual salary provided in the Current Operations  
41 Appropriations Act, and reimbursement on the same basis as State employees generally, for his  
42 or her necessary ~~travel and subsistence expenses.~~ expenses and for travel expenses when on  
43 official business outside the judge's county of residence."

44           **SECTION 15.17B.(b)** G.S. 7A-65(a) reads as rewritten:

45           "(a) The annual salary of:

- 46           (1) District attorneys shall be as provided in the Current Operations  
47 Appropriations Act.  
48           (2) Full-time assistant district attorneys shall be as provided in the Current  
49 Operations Appropriations Act.

50           When traveling on official business, each district attorney and assistant district attorney is  
51 entitled to reimbursement for his or her subsistence ~~and travel~~ expenses to the same extent as



1 State employees generally. When traveling on official business outside his or her county of  
 2 residence, each district attorney and assistant district attorney is entitled to reimbursement for  
 3 travel expenses to the same extent as State employees generally."

4 **SECTION 15.17B.(c)** G.S. 7A-498.7 is amended by adding a new subsection to  
 5 read:

6 "(c1) When traveling on official business, each public defender and assistant public  
 7 defender is entitled to reimbursement for his or her subsistence expenses to the same extent as  
 8 State employees generally. When traveling on official business outside his or her county of  
 9 residence, each public defender and assistant public defender is entitled to reimbursement for  
 10 travel expenses to the same extent as State employees generally."

11  
 12 **REPEAL VACANT DISTRICT COURT JUDGESHIPS**

13 **SECTION 15.17C.(a)** G.S. 7A-133(a) reads as rewritten:

14 "(a) Each district court district shall have the numbers of judges as set forth in the  
 15 following table:

District	Judges	County
1	5	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	4	Martin Beaufort Tyrrell Hyde Washington
3A	5	Pitt
3B	6	Craven Pamlico Carteret
4	8	Sampson Duplin Jones Onslow
5	9 <u>8</u>	New Hanover Pender
6A	3	Halifax
6B	3	Northampton Bertie Hertford
7	7 <u>6</u>	Nash Edgecombe Wilson
8	6	Wayne Greene Lenoir
9	4	Granville

1			(part of Vance
2			see subsection (b))
3			Franklin
4	9A	2	Person
5			Caswell
6	9B	2	Warren
7			(part of Vance
8			see subsection (b))
9	10	<del>19</del> <u>17</u>	Wake
10	11	<del>11</del> <u>10</u>	Harnett
11			Johnston
12			Lee
13	12	10	Cumberland
14	13	6	Bladen
15			Brunswick
16			Columbus
17	14	7	Durham
18	15A	4	Alamance
19	15B	5	Orange
20			Chatham
21	16A	3	Scotland
22			Hoke
23	16B	5	Robeson
24	17A	3	Rockingham
25	17B	4	Stokes
26			Surry
27	18	14	Guilford
28	19A	4	Cabarrus
29	19B	7	Montgomery
30			Moore
31			Randolph
32	19C	5	Rowan
33	20A	4	Stanly
34			Anson
35			Richmond
36	20B	1	(part of Union
37			see subsection (b))
38	20C	2	(part of Union
39			see subsection (b))
40	20D	1	Union
41	21	10	Forsyth
42	22A	5	Alexander
43			Iredell
44	22B	6	Davidson
45			Davie
46	23	4	Alleghany
47			Ashe
48			Wilkes
49			Yadkin
50	24	4	Avery
51			Madison

1			Mitchell
2			Watauga
3			Yancey
4	25	9	Burke
5			Caldwell
6			Catawba
7	26	21	Mecklenburg
8	27A	7	Gaston
9	27B	5	Cleveland
10			Lincoln
11	28	7	Buncombe
12	29A	3	McDowell
13			Rutherford
14	29B	4	Henderson
15			Polk
16			Transylvania
17	30	6 5	Cherokee
18			Clay
19			Graham
20			Haywood
21			Jackson
22			Macon
23			Swain."

**SECTION 15.17C.(b)** Section 14.13(e) of S.L. 2007-323 reads as rewritten:

"**SECTION 14.13.(e)** The Governor shall appoint the additional district court ~~judges~~ judge for District 20 authorized by subsection (d) of this section. That judge's successor ~~Those judges' successors~~ shall be elected in the 2010 general election for a four-year terms ~~term~~ commencing January 1, 2011."

**SECTION 15.17C.(c)** Section 14.13(b) of S.L. 2008-107 reads as rewritten:

"**SECTION 14.13.(b)** The Governor shall appoint the additional district court ~~judges~~ judge for ~~Districts 10, 11, and~~ District 26 authorized by subsection (a) of this section, and ~~those judges' successors~~ that judge's successor shall be elected in the 2010 election for a four-year terms ~~term~~ commencing January 1, 2011."

**SECTION 15.17C.(d)** As to Districts 7, 11, and 30, subsection (a) of this section becomes effective July 1, 2009, or the date of preclearance under section 5 of the Voting Rights Act of 1965, whichever is later. The remainder of this section becomes effective July 1, 2009.

**REPEAL ASSISTANT DISTRICT ATTORNEY AUTHORIZATIONS**

**SECTION 15.17D.** G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3A	Pitt	11

1	3B	Carteret, Craven, Pamlico	12
2	4	Duplin, Jones, Onslow,	<del>18</del> <u>17</u>
3		Sampson	
4	5	New Hanover, Pender	18
5	6A	Halifax	<del>5</del> <u>2</u>
6	6B	Bertie, Hertford,	<del>6</del> <u>4</u>
7		Northampton	
8	7	Edgecombe, Nash, Wilson	<del>19</del> <u>17</u>
9	8	Greene, Lenoir, Wayne	14
10	9	Franklin, Granville,	12
11		Vance, Warren	
12	9A	Person, Caswell	6
13	10	Wake	<del>42</del> <u>40</u>
14	11	Harnett, Johnston, Lee	<del>19</del> <u>18</u>
15	12	Cumberland	23
16	13	Bladen, Brunswick, Columbus	<del>13</del> <u>12</u>
17	14	Durham	<del>18</del> <u>17</u>
18	15A	Alamance	11
19	15B	Orange, Chatham	10
20	16A	Scotland, Hoke	7
21	16B	Robeson	<del>13</del> <u>11</u>
22	17A	Rockingham	7
23	17B	Stokes, Surry	<del>8</del> <u>7</u>
24	18	Guilford	<del>32</del> <u>31</u>
25	19A	Cabarrus	<del>9</del> <u>8</u>
26	19B	Montgomery, Randolph	<del>109</del>
27	19C	Rowan	<del>8</del> <u>7</u>
28	19D	Moore	5
29	20A	Anson, Richmond,	12
30		Stanly	
31	20B	Union	<del>10</del> <u>9</u>
32	21	Forsyth	<del>25</del> <u>24</u>
33	22A	Alexander, Iredell	<del>11</del> <u>10</u>
34	22B	Davidson, Davie	<del>11</del> <u>10</u>
35	23	Alleghany, Ashe, Wilkes,	8
36		Yadkin	
37	24	Avery, Madison, Mitchell,	7
38		Watauga, Yancey	
39	25	Burke, Caldwell, Catawba	<del>19</del> <u>18</u>
40	26	Mecklenburg	<del>58</del> <u>56</u>
41	27A	Gaston	<del>15</del> <u>14</u>
42	27B	Cleveland,	<del>11</del> <u>10</u>
43		Lincoln	
44	28	Buncombe	<del>14</del> <u>12</u>
45	29A	McDowell, Rutherford	7
46	29B	Henderson, Polk, Transylvania	8
47	30	Cherokee, Clay, Graham,	11
48		Haywood, Jackson, Macon,	
49		Swain."	
50			
51			

**DIVIDE PROSECUTORIAL DISTRICT 11 INTO DISTRICTS 11A AND 11B**

1           **SECTION 15.17E.(a)** G.S. 7A-60(a1), as amended by Section 15.17D of this act,  
 2 reads as rewritten:

3           "(a1) The counties of the State are organized into prosecutorial districts, and each district  
 4 has the counties and the number of full-time assistant district attorneys set forth in the  
 5 following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
6           ...		
7 <del>11</del> <u>11A</u>	Harnett, <del>Johnston</del> , Lee	<del>18</del> <u>9</u>
8 <u>11B</u>	<u>Johnston</u>	<u>9</u>
9           ...."		

10           **SECTION 15.17E.(b)** The district attorney position established for District 11B by  
 11 subsection (a) of this section shall be filled by the district attorney currently serving District 11  
 12 who resides in Johnston County. A district attorney for District 11A shall be elected in the 2010  
 13 election for a four-year term commencing January 1, 2011.

14           **SECTION 15.17E.(c)** This section becomes effective January 1, 2011.

15  
 16  
 17  
 18 **ELIMINATE SENTENCING SERVICES PROGRAM**

19           **SECTION 15.17F.** Article 61 of Chapter 7A of the General Statutes is repealed.

20  
 21  
 22 **REPEAL INVESTIGATORIAL ASSISTANT AUTHORIZATIONS**

23           **SECTION 15.17G.** G.S. 7A-69 reads as rewritten:

24           "**§ 7A-69. Investigatorial assistants.**

25           The district attorney in prosecutorial districts 1, ~~3B~~, 4, 5, 7, 8, 10, 11, 12, 13, 14, 15A, 15B,  
 26 16A, 18, 19B, 20A, ~~20B~~, 21, 22A, 22B, 24, 25, 26, 27A, 27B, 28, 29A, 29B, and 30 is entitled  
 27 to one investigatorial assistant, ~~and the district attorney in prosecutorial district 10 is entitled to~~  
 28 ~~two investigatorial assistants~~, to be appointed by the district attorney and to serve at his  
 29 pleasure.

30           It shall be the duty of the investigatorial assistant to investigate cases preparatory to trial  
 31 and to perform such other Duties as may be assigned by the district attorney. The  
 32 investigatorial assistant is entitled to reimbursement for his subsistence and travel expenses to  
 33 the same extent as State employees generally."

34  
 35 **REPEAL VACANT SUPERIOR COURT JUDGESHIP**

36           **SECTION 15.17H.** G.S. 7A-41(a) reads as rewritten:

37           "(a) The counties of the State are organized into judicial divisions and superior court  
 38 districts, and each superior court district has the counties, and the number of regular resident  
 39 superior court judges set forth in the following table, and for districts of less than a whole  
 40 county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
41			
42			
43			
44			
45			
46	First	1	Camden, Chowan,
47			Currituck,
48			Dare, Gates,
49			Pasquotank,
50			Perquimans
51	First	2	Beaufort, Hyde,
			1

1			Martin,	
2			Tyrrell, Washington	
3	First	3A	Pitt	2
4	Second	3B	Carteret, Craven,	3
5			Pamlico	
6	Second	4A	Duplin, Jones,	1
7			Sampson	
8	Second	4B	Onslow	1
9	Second	5A	(part of New Hanover,	1
10			part of Pender	
11			see subsection (b))	
12		5B	(part of New Hanover,	1
13			part of Pender	
14			see subsection (b))	
15		5C	(part of New Hanover,	1
16			see subsection (b))	
17	First	6A	Halifax	1
18	First	6B	Bertie, Hertford,	1
19			Northampton	
20	First	7A	Nash	1
21	First	7B	(part of Wilson,	1
22			part of Edgecombe,	
23			see subsection (b))	
24	First	7C	(part of Wilson,	1
25			part of Edgecombe,	
26			see subsection (b))	
27	Second	8A	Lenoir and Greene	1
28	Second	8B	Wayne	1
29	Third	9	Franklin, Granville,	2
30			Vance, Warren	
31	Third	9A	Person, Caswell	1
32	Third	10A	(part of Wake,	2
33			see subsection (b))	
34	Third	10B	(part of Wake,	2
35			see subsection (b))	
36	Third	10C	(part of Wake,	1
37			see subsection (b))	
38	Third	10D	(part of Wake,	1
39			see subsection (b))	
40	Fourth	11A	Harnett,	1
41			Lee	
42	Fourth	11B	Johnston	1
43	Fourth	12A	(part of Cumberland,	1
44			see subsection (b))	
45	Fourth	12B	(part of Cumberland,	1
46			see subsection (b))	
47	Fourth	12C	(part of Cumberland,	2
48			see subsection (b))	
49	Fourth	13A	Bladen, Columbus	1
50	Fourth	13B	Brunswick	1
51	Third	14A	(part of Durham,	1

1			see subsection (b))	
2	Third	14B	(part of Durham,	3
3			see subsection (b))	
4	Third	15A	Alamance	2
5	Third	15B	Orange, Chatham	2
6	Fourth	16A	Scotland, Hoke	1
7	Fourth	16B	Robeson	2
8	Fifth	17A	Rockingham	2
9	Fifth	17B	Stokes, Surry	2
10	Fifth	18A	(part of Guilford,	1
11			see subsection (b))	
12	Fifth	18B	(part of Guilford,	1
13			see subsection (b))	
14	Fifth	18C	(part of Guilford,	1
15			see subsection (b))	
16	Fifth	18D	(part of Guilford,	1
17			see subsection (b))	
18	Fifth	18E	(part of Guilford,	1
19			see subsection (b))	
20	Sixth	19A	Cabarrus	1
21	Fifth	19B	Montgomery, Randolph	1
22	Sixth	19C	Rowan	1
23	Fifth	19D	Moore	1
24	Sixth	20A	Anson, Richmond,	2
25			<del>Stanley</del> Stanly	
26	Sixth	20B	Union	1
27	Fifth	21A	(part of Forsyth,	1
28			see subsection (b))	
29	Fifth	21B	(part of Forsyth,	1
30			see subsection (b))	
31	Fifth	21C	(part of Forsyth,	1
32			see subsection (b))	
33	Fifth	21D	(part of Forsyth,	1
34			see subsection (b))	
35	Sixth	22A	Alexander, Iredell	2
36	Sixth	22B	Davidson, Davie	2
37	Fifth	23	Alleghany, Ashe,	1
38			Wilkes, Yadkin	
39	Eighth	24	Avery, Madison,	2
40			Mitchell,	
41			Watauga, Yancey	
42	Seventh	25A	Burke, Caldwell	2
43	Seventh	25B	Catawba	2
44	Seventh	26A	(part of Mecklenburg,	2
45			see subsection (b))	
46	Seventh	26B	(part of Mecklenburg,	3
47			see subsection (b))	
48	Seventh	26C	(part of Mecklenburg,	2 1
49			see subsection (b))	
50	Seventh	27A	Gaston	2
51	Seventh	27B	Cleveland, Lincoln	2

1	Eighth	28	Buncombe	2
2	Eighth	29A	McDowell,	1
3			Rutherford	
4	Eighth	29B	Henderson, Polk,	1
5			Transylvania	
6	Eighth	30A	Cherokee, Clay,	1
7			Graham, Macon,	
8			Swain	
9	Eighth	30B	Haywood, Jackson	1."

**MANDATORY APPOINTMENT FEE IN CRIMINAL CASES/REPORT ON  
COLLECTION OF INDIGENT APPOINTMENT FEES**

**SECTION 15.17L.(a)** G.S 7A-455.1 reads as rewritten:

"§ 7A-455.1. Appointment fee in criminal cases.

(a) ~~Each person for whom~~ In every criminal case in which counsel is appointed ~~in a criminal case at the trial level shall~~ at the trial level, the judge shall order the defendant to pay to the clerk of court an appointment fee of fifty dollars (\$50.00). No fee shall be due unless the person is convicted.

(b) The mandatory fifty-dollar (\$50.00) fee may not be remitted or revoked by the court and shall be added to any amounts the court determines to be owed for the value of legal services rendered to the defendant and shall be collected in the same manner as attorneys' fees are collected for such representation.

(c) Repealed by Session Laws 2005-250 s. 3, effective August 4, 2005.

(d) Inability, failure, or refusal to pay the appointment fee shall not be grounds for denying appointment of counsel, for withdrawal of counsel, or for contempt.

(e) The appointment fee required by this section shall be assessed only once for each attorney appointment, regardless of the number of cases to which the attorney was assigned. An additional appointment fee shall not be assessed if the charges for which an attorney was appointed were reassigned to a different attorney.

(f) Of each appointment fee collected under this section, the sum of forty-five dollars (\$45.00) shall be credited to the Indigent Persons' Attorney Fee Fund and the sum of five dollars (\$5.00) shall be credited to the Court Information Technology Fund under G.S. 7A-343.2. These fees shall not revert.

(g) The Office of Indigent Defense Services shall adopt rules and develop forms to govern implementation of this section."

**SECTION 15.17L.(b)** The Administrative Office of the Courts shall monitor the collection of indigent appointment fees under G.S. 7A-455.1 and the recoupment rates for each office of the clerk of superior court and shall report quarterly on its findings to the Joint Legislative Commission on 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.** G.S. 7A-304(a) is amended by adding a new subdivision to read:

"(3b) For the services, staffing, and operations of the Criminal Justice Education and Standards Commission and the Sheriffs' Education and Training Standards Commission, the sum of two dollars (\$2.00) to be remitted to the Department of Justice. One dollar and sixty-five cents (\$1.65) of this sum shall be used exclusively for the Criminal Justice Education and Standards Commission, and thirty-five cents (35¢) shall be used exclusively for the Sheriffs' Education and Training Standards Commission."



**INCREASE CONVICTED CRIMINAL LAB ANALYSIS FEE**

**SECTION 15.19.(a)** G.S. 7A-304(a)(7) reads as rewritten:

"(7) For the services of the State Bureau of Investigation laboratory facilities, the district or superior court judge shall, upon conviction, order payment of the sum of ~~three hundred dollars (\$300.00)~~ six hundred dollars (\$600.00) to be remitted to the Department of Justice for support of the State Bureau of Investigation. This cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratories have performed DNA analysis of the crime, tests of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent. The court may waive or reduce the amount of the payment required by this subdivision upon a finding of just cause to grant such a waiver or reduction."

**SECTION 15.19.(b)** G.S. 7A-304(a)(8) reads as rewritten:

"(8) For the services of any crime laboratory facility operated by a local government or group of local governments, the district or superior court judge shall, upon conviction, order payment of the sum of ~~three hundred dollars (\$300.00)~~ six hundred dollars (\$600.00) to be remitted to the general fund of the local governmental unit that operates the laboratory to be used for law enforcement purposes. The cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratory has performed DNA analysis of the crime, test of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent. The costs shall be assessed only if the court finds that the work performed at the local government's laboratory is the equivalent of the same kind of work performed by the State Bureau of Investigation under subdivision (7) of this subsection. The court may waive or reduce the amount of the payment required by this subdivision upon a finding of just cause to grant such a waiver or reduction."

**INCREASE CERTAIN COURT FEES**

**SECTION 15.20.(a)** G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected, except that when the judgment imposes an active prison sentence, costs shall be assessed and collected only when the judgment specifically so provides, and that no costs may be assessed when a case is dismissed.

- (1) For each arrest or personal service of criminal process, including citations and subpoenas, the sum of five dollars (\$5.00), to be remitted to the county wherein the arrest was made or process was served, except that in those cases in which the arrest was made or process served by a law-enforcement officer employed by a municipality, the fee shall be paid to the municipality employing the officer.
- (2) For the use of the courtroom and related judicial facilities, the sum of twelve dollars (\$12.00) in the district court, including cases before a magistrate, and the sum of thirty dollars (\$30.00) in superior court, to be remitted to the county in which the judgment is rendered. In all cases where the judgment is rendered in facilities provided by a municipality, the facilities fee shall be paid to the municipality. Funds derived from the facilities fees shall be used

1 exclusively by the county or municipality for providing, maintaining, and  
2 constructing adequate courtroom and related judicial facilities, including:  
3 adequate space and furniture for judges, district attorneys, public defenders  
4 and other personnel of the Office of Indigent Defense Services, magistrates,  
5 juries, and other court related personnel; office space, furniture and vaults  
6 for the clerk; jail and juvenile detention facilities; free parking for jurors; and  
7 a law library (including books) if one has heretofore been established or if  
8 the governing body hereafter decides to establish one. In the event the funds  
9 derived from the facilities fees exceed what is needed for these purposes, the  
10 county or municipality may, with the approval of the Administrative Officer  
11 of the Courts as to the amount, use any or all of the excess to retire  
12 outstanding indebtedness incurred in the construction of the facilities, or to  
13 reimburse the county or municipality for funds expended in constructing or  
14 renovating the facilities (without incurring any indebtedness) within a period  
15 of two years before or after the date a district court is established in such  
16 county, or to supplement the operations of the General Court of Justice in the  
17 county.

18 (2a) For the upgrade, maintenance, and operation of the judicial and county  
19 courthouse phone systems, the sum of ~~one dollar (\$1.00)~~, three dollars  
20 (\$3.00), to be credited to the Court Information Technology Fund.

21 (3) For the retirement and insurance benefits of both State and local government  
22 law-enforcement officers, the sum of six dollars and twenty-five cents  
23 (\$6.25), to be remitted to the State Treasurer. Fifty cents (50¢) of this sum  
24 shall be administered as is provided in Article 12C of Chapter 143 of the  
25 General Statutes. Five dollars and seventy-five cents (\$5.75) of this sum  
26 shall be administered as is provided in Article 12E of Chapter 143 of the  
27 General Statutes, with one dollar and twenty-five cents (\$1.25) being  
28 administered in accordance with the provisions of G.S. 143-166.50(e).

29 (3a) For the supplemental pension benefits of sheriffs, the sum of one dollar  
30 twenty-five cents (\$1.25) to be remitted to the Department of Justice and  
31 administered under the provisions of Article 12G of Chapter 143 of the  
32 General Statutes.

33 (4) For support of the General Court of Justice, the sum of ~~ninety five dollars~~  
34 ~~and fifty cents (\$95.50)~~ one hundred three dollars and fifty cents (\$103.50)  
35 in the district court, including cases before a magistrate, and the sum of ~~one~~  
36 ~~hundred two dollars and fifty cents (\$102.50)~~ one hundred fifteen dollars and  
37 fifty cents (\$115.50) in the superior court, to be remitted to the State  
38 Treasurer. For a person convicted of a felony in superior court who has made  
39 a first appearance in district court, both the district court and superior court  
40 fees shall be assessed. The State Treasurer shall remit the sum of two dollars  
41 and five cents (\$2.05) of each fee collected under this subdivision to the  
42 North Carolina State Bar for the provision of services described in  
43 G.S. 7A-474.4, and ninety-five cents (\$.95) of each fee collected under this  
44 subdivision to the North Carolina State Bar for the provision of services  
45 described in G.S. 7A-474.19.

46 (4a) For support of the General Court of Justice, the sum of five dollars (\$5.00)  
47 for all offenses arising under Chapter 20 of the General Statutes, to be  
48 remitted to the State Treasurer.

49 (5) For using pretrial release services, the district or superior court judge shall,  
50 upon conviction, impose a fee of fifteen dollars (\$15.00) to be remitted to  
51 the county providing the pretrial release services. This cost shall be assessed

- 1 and collected only if the defendant had been accepted and released to the  
2 supervision of the agency providing the pretrial release services.
- 3 (6) For support of the General Court of Justice, the sum of ~~one hundred dollars~~  
4 ~~(\$100.00)~~ two hundred dollars (\$200.00) is payable by a defendant who fails  
5 to appear to answer the charge as scheduled, unless within 20 days after the  
6 scheduled appearance, the person either appears in court to answer the  
7 charge or disposes of the charge pursuant to ~~G.S. 7A-146~~. G.S. 7A-146, and  
8 the sum of fifty dollars (\$50.00) is payable by a defendant who fails to pay a  
9 fine, penalty, or costs within 20 days of the date specified in the court's  
10 judgment. Upon a showing to the court that the defendant failed to appear  
11 because of an error or omission of a judicial official, a prosecutor, or a  
12 law-enforcement officer, the court shall waive this fee. This fee shall be  
13 remitted to the State Treasurer.
- 14 (7) For the services of the State Bureau of Investigation laboratory facilities, the  
15 district or superior court judge shall, upon conviction, order payment of the  
16 sum of three hundred dollars (\$300.00) to be remitted to the Department of  
17 Justice for support of the State Bureau of Investigation. This cost shall be  
18 assessed only in cases in which, as part of the investigation leading to the  
19 defendant's conviction, the laboratories have performed DNA analysis of the  
20 crime, tests of bodily fluids of the defendant for the presence of alcohol or  
21 controlled substances, or analysis of any controlled substance possessed by  
22 the defendant or the defendant's agent. The court may waive or reduce the  
23 amount of the payment required by this subdivision upon a finding of just  
24 cause to grant such a waiver or reduction.
- 25 (8) For the services of any crime laboratory facility operated by a local  
26 government or group of local governments, the district or superior court  
27 judge shall, upon conviction, order payment of the sum of three hundred  
28 dollars (\$300.00) to be remitted to the general fund of the local  
29 governmental unit that operates the laboratory to be used for law  
30 enforcement purposes. The cost shall be assessed only in cases in which, as  
31 part of the investigation leading to the defendant's conviction, the laboratory  
32 has performed DNA analysis of the crime, test of bodily fluids of the  
33 defendant for the presence of alcohol or controlled substances, or analysis of  
34 any controlled substance possessed by the defendant or the defendant's  
35 agent. The costs shall be assessed only if the court finds that the work  
36 performed at the local government's laboratory is the equivalent of the same  
37 kind of work performed by the State Bureau of Investigation under  
38 subdivision (7) of this subsection. The court may waive or reduce the  
39 amount of the payment required by this subdivision upon a finding of just  
40 cause to grant such a waiver or reduction."

41 **SECTION 15.20.(b)** Effective July 1, 2010, G.S. 7A-304(a), as rewritten by  
42 subsection (a) of this section, reads as rewritten:

43 "(a) In every criminal case in the superior or district court, wherein the defendant is  
44 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the  
45 prosecuting witness, the following costs shall be assessed and collected, except that when the  
46 judgment imposes an active prison sentence, costs shall be assessed and collected only when  
47 the judgment specifically so provides, and that no costs may be assessed when a case is  
48 dismissed.

- 49 (1) For each arrest or personal service of criminal process, including citations  
50 and subpoenas, the sum of five dollars (\$5.00), to be remitted to the county  
51 wherein the arrest was made or process was served, except that in those

1 cases in which the arrest was made or process served by a law-enforcement  
2 officer employed by a municipality, the fee shall be paid to the municipality  
3 employing the officer.

- 4 (2) For the use of the courtroom and related judicial facilities, the sum of twelve  
5 dollars (\$12.00) in the district court, including cases before a magistrate, and  
6 the sum of thirty dollars (\$30.00) in superior court, to be remitted to the  
7 county in which the judgment is rendered. In all cases where the judgment is  
8 rendered in facilities provided by a municipality, the facilities fee shall be  
9 paid to the municipality. Funds derived from the facilities fees shall be used  
10 exclusively by the county or municipality for providing, maintaining, and  
11 constructing adequate courtroom and related judicial facilities, including:  
12 adequate space and furniture for judges, district attorneys, public defenders  
13 and other personnel of the Office of Indigent Defense Services, magistrates,  
14 juries, and other court related personnel; office space, furniture and vaults  
15 for the clerk; jail and juvenile detention facilities; free parking for jurors; and  
16 a law library (including books) if one has heretofore been established or if  
17 the governing body hereafter decides to establish one. In the event the funds  
18 derived from the facilities fees exceed what is needed for these purposes, the  
19 county or municipality may, with the approval of the Administrative Officer  
20 of the Courts as to the amount, use any or all of the excess to retire  
21 outstanding indebtedness incurred in the construction of the facilities, or to  
22 reimburse the county or municipality for funds expended in constructing or  
23 renovating the facilities (without incurring any indebtedness) within a period  
24 of two years before or after the date a district court is established in such  
25 county, or to supplement the operations of the General Court of Justice in the  
26 county.

- 27 (2a) For the upgrade, maintenance, and operation of the judicial and county  
28 courthouse phone systems, the sum of ~~three dollars (\$3.00)~~, four dollars  
29 (\$4.00), to be credited to the Court Information Technology Fund.

- 30 (3) For the retirement and insurance benefits of both State and local government  
31 law-enforcement officers, the sum of six dollars and twenty-five cents  
32 (\$6.25), to be remitted to the State Treasurer. Fifty cents (50¢) of this sum  
33 shall be administered as is provided in Article 12C of Chapter 143 of the  
34 General Statutes. Five dollars and seventy-five cents (\$5.75) of this sum  
35 shall be administered as is provided in Article 12E of Chapter 143 of the  
36 General Statutes, with one dollar and twenty-five cents (\$1.25) being  
37 administered in accordance with the provisions of G.S. 143-166.50(e).

- 38 (3a) For the supplemental pension benefits of sheriffs, the sum of one dollar  
39 twenty-five cents (\$1.25) to be remitted to the Department of Justice and  
40 administered under the provisions of Article 12G of Chapter 143 of the  
41 General Statutes.

- 42 (4) For support of the General Court of Justice, the sum of ~~one hundred three~~  
43 ~~dollars and fifty cents (\$103.50)~~ one hundred five dollars and fifty cents  
44 (\$105.50) in the district court, including cases before a magistrate, and the  
45 sum of ~~one hundred fifteen dollars and fifty cents (\$115.50)~~ one hundred  
46 thirty-five dollars and fifty cents (\$135.50) in the superior court, to be  
47 remitted to the State Treasurer. For a person convicted of a felony in  
48 superior court who has made a first appearance in district court, both the  
49 district court and superior court fees shall be assessed. The State Treasurer  
50 shall remit the sum of two dollars and five cents (\$2.05) of each fee  
51 collected under this subdivision to the North Carolina State Bar for the

- 1 provision of services described in G.S. 7A-474.4, and ninety-five cents  
2 (\$.95) of each fee collected under this subdivision to the North Carolina  
3 State Bar for the provision of services described in G.S. 7A-474.19.
- 4 (4a) For support of the General Court of Justice, the sum of ~~five dollars (\$5.00)~~  
5 ten dollars (\$10.00) for all offenses arising under Chapter 20 of the General  
6 Statutes, to be remitted to the State Treasurer.
- 7 (5) For using pretrial release services, the district or superior court judge shall,  
8 upon conviction, impose a fee of fifteen dollars (\$15.00) to be remitted to  
9 the county providing the pretrial release services. This cost shall be assessed  
10 and collected only if the defendant had been accepted and released to the  
11 supervision of the agency providing the pretrial release services.
- 12 (6) For support of the General Court of Justice, the sum of two hundred dollars  
13 (\$200.00) is payable by a defendant who fails to appear to answer the charge  
14 as scheduled, unless within 20 days after the scheduled appearance, the  
15 person either appears in court to answer the charge or disposes of the charge  
16 pursuant to G.S. 7A-146, and the sum of fifty dollars (\$50.00) is payable by  
17 a defendant who fails to pay a fine, penalty, or costs within 20 days of the  
18 date specified in the court's judgment. Upon a showing to the court that the  
19 defendant failed to appear because of an error or omission of a judicial  
20 official, a prosecutor, or a law-enforcement officer, the court shall waive this  
21 fee. This fee shall be remitted to the State Treasurer.
- 22 (6a) For support of the General Court of Justice, for the issuance by the clerk of a  
23 report to the Division of Motor Vehicles pursuant to G.S. 20-24.2(a)(2), the  
24 sum of fifty dollars (\$50.00), to be remitted to the State Treasurer.
- 25 (7) For the services of the State Bureau of Investigation laboratory facilities, the  
26 district or superior court judge shall, upon conviction, order payment of the  
27 sum of three hundred dollars (\$300.00) to be remitted to the Department of  
28 Justice for support of the State Bureau of Investigation. This cost shall be  
29 assessed only in cases in which, as part of the investigation leading to the  
30 defendant's conviction, the laboratories have performed DNA analysis of the  
31 crime, tests of bodily fluids of the defendant for the presence of alcohol or  
32 controlled substances, or analysis of any controlled substance possessed by  
33 the defendant or the defendant's agent. The court may waive or reduce the  
34 amount of the payment required by this subdivision upon a finding of just  
35 cause to grant such a waiver or reduction.
- 36 (8) For the services of any crime laboratory facility operated by a local  
37 government or group of local governments, the district or superior court  
38 judge shall, upon conviction, order payment of the sum of three hundred  
39 dollars (\$300.00) to be remitted to the general fund of the local  
40 governmental unit that operates the laboratory to be used for law  
41 enforcement purposes. The cost shall be assessed only in cases in which, as  
42 part of the investigation leading to the defendant's conviction, the laboratory  
43 has performed DNA analysis of the crime, test of bodily fluids of the  
44 defendant for the presence of alcohol or controlled substances, or analysis of  
45 any controlled substance possessed by the defendant or the defendant's  
46 agent. The costs shall be assessed only if the court finds that the work  
47 performed at the local government's laboratory is the equivalent of the same  
48 kind of work performed by the State Bureau of Investigation under  
49 subdivision (7) of this subsection. The court may waive or reduce the  
50 amount of the payment required by this subdivision upon a finding of just  
51 cause to grant such a waiver or reduction."

1           **SECTION 15.20.(c)** G.S. 7A-304 is amended by adding a new subsection to read:  
2       "(f) Defendants owing costs under this section may either make payment in full when  
3 costs are assessed or may make payment on an installment plan arranged with the court.  
4 Defendants making use of an installment plan shall pay a onetime setup fee of twenty dollars  
5 (\$20.00) to cover the additional costs to the court of receiving and disbursing installment  
6 payments. Notwithstanding the provisions of G.S. 7A-304(d)(1), the setup fee authorized by  
7 this subsection shall be paid prior to the disbursement of funds for any other purpose. Fees  
8 collected under this section shall be remitted to the State Treasurer for support of the General  
9 Court of Justice."

10           **SECTION 15.20.(d)** G.S. 7A-305(a) reads as rewritten:  
11       "(a) In every civil action in the superior or district court, except for actions brought  
12 under Chapter 50B of the General Statutes, shall be assessed:

- 13           (1) For the use of the courtroom and related judicial facilities, the sum of twelve  
14 dollars (\$12.00) in cases heard before a magistrate, and the sum of sixteen  
15 dollars (\$16.00) in district and superior court, to be remitted to the county in  
16 which the judgment is rendered, except that in all cases in which the  
17 judgment is rendered in facilities provided by a municipality, the facilities  
18 fee shall be paid to the municipality. Funds derived from the facilities fees  
19 shall be used in the same manner, for the same purposes, and subject to the  
20 same restrictions, as facilities fees assessed in criminal actions.
- 21           (1a) For the upgrade, maintenance, and operation of the judicial and county  
22 courthouse phone systems, the sum of ~~one dollar (\$1.00)~~, three dollars  
23 (\$3.00), to be credited to the Court Information Technology Fund.
- 24           (2) For support of the General Court of Justice, the sum of ~~ninety three dollars~~  
25 ~~(\$93.00)~~ one hundred thirty dollars (\$130.00) in the superior court, except  
26 that if a case is assigned to a special superior court judge as a complex  
27 business case under G.S. 7A-45.3, an additional ~~two hundred dollars~~  
28 ~~(\$200.00)~~ one thousand dollars (\$1,000) shall be paid upon its assignment,  
29 and the sum of ~~seventy three dollars (\$73.00)~~ seventy-eight dollars (\$78.00)  
30 in the district court except that if the case is assigned to a magistrate the sum  
31 shall be ~~sixty three dollars (\$63.00)~~, fifty-five dollars (\$55.00). Sums  
32 collected under this subdivision shall be remitted to the State Treasurer. The  
33 State Treasurer shall remit the sum of two dollars and five cents (\$2.05) of  
34 each fee collected under this subdivision to the North Carolina State Bar for  
35 the provision of services described in G.S. 7A-474.4, and ninety-five cents  
36 (\$.95) of each fee collected under this subdivision to the North Carolina  
37 State Bar for the provision of services described in G.S. 7A-474.19."

38       ...

39           **SECTION 15.20.(d1)** G.S. 7A-305 is amended by adding a new subsection to  
40 read:

41       "(a5) A cost of ten dollars (\$10.00) shall be assessed against a party for each of the  
42 following motions filed:

- 43           (1) A motion for summary judgment pursuant to G.S. 1A-1, Rule 56.  
44           (2) A motion for judgment by default pursuant to G.S. 1A-1, Rule 55.  
45           (3) A motion to intervene pursuant to G.S. 1A-1, Rule 24.  
46           (4) A motion to transfer pursuant to G.S. 7A-258.  
47           (5) A motion to set aside foreclosure sale filed after final report of sale is filed  
48 pursuant to G.S. 45-21.33 or filed after commissioner's final report is filed  
49 pursuant to G.S. 105-374.  
50           (6) A motion for peremptory setting pursuant to rules adopted under  
51 G.S. 7A-34.

1           (7)    A motion for appointment of receiver pursuant to G.S. 1-502.

2           (8)    A motion for offer of judgment pursuant to G.S. 1A-1, Rule 68.

3           (9)    A motion for a view by jury pursuant to G.S. 15A-1229.

4           ...."

5           **SECTION 15.20.(e)** Effective July 1, 2010, G.S. 7A-305(a), as rewritten by  
6 subsection (d) of this section, reads as rewritten:

7           "(a) In every civil action in the superior or district court, except for actions brought  
8 under Chapter 50B of the General Statutes, shall be assessed:

9           (1) For the use of the courtroom and related judicial facilities, the sum of twelve  
10 dollars (\$12.00) in cases heard before a magistrate, and the sum of sixteen  
11 dollars (\$16.00) in district and superior court, to be remitted to the county in  
12 which the judgment is rendered, except that in all cases in which the  
13 judgment is rendered in facilities provided by a municipality, the facilities  
14 fee shall be paid to the municipality. Funds derived from the facilities fees  
15 shall be used in the same manner, for the same purposes, and subject to the  
16 same restrictions, as facilities fees assessed in criminal actions.

17          (1a) For the upgrade, maintenance, and operation of the judicial and county  
18 courthouse phone systems, the sum of ~~three dollars (\$3.00)~~, four dollars  
19 (\$4.00), to be credited to the Court Information Technology Fund.

20          (2) For support of the General Court of Justice, the sum of ~~one hundred thirty~~  
21 ~~dollars (\$130.00)~~ one hundred forty dollars (\$140.00) in the superior court,  
22 except that if a case is assigned to a special superior court judge as a  
23 complex business case under G.S. 7A-45.3, an additional one thousand  
24 dollars (\$1,000) shall be paid upon its assignment, and the sum of  
25 ~~seventy-eight dollars (\$78.00)~~ eighty dollars (\$80.00) in the district court  
26 except that if the case is assigned to a magistrate the sum shall be fifty-five  
27 dollars (\$55.00). Sums collected under this subdivision shall be remitted to  
28 the State Treasurer. The State Treasurer shall remit the sum of two dollars  
29 and five cents (\$2.05) of each fee collected under this subdivision to the  
30 North Carolina State Bar for the provision of services described in  
31 G.S. 7A-474.4, and ninety-five cents (\$.95) of each fee collected under this  
32 subdivision to the North Carolina State Bar for the provision of services  
33 described in G.S. 7A-474.19."

34          **SECTION 15.20.(f)** G.S. 7A-306(a) reads as rewritten:

35          "(a) In every special proceeding in the superior court, the following costs shall be  
36 assessed:

37          ...

38          (1a) For the upgrade, maintenance, and operation of the judicial and county  
39 courthouse phone systems, the sum of ~~one dollar (\$1.00)~~, three dollars  
40 (\$3.00), to be credited to the Court Information Technology Fund.

41          (2) For support of the General Court of Justice the sum of ~~forty dollars (\$40.00)~~  
42 seventy-five dollars (\$75.00). In addition, in proceedings involving land,  
43 except boundary disputes, if the fair market value of the land involved is  
44 over one hundred dollars (\$100.00), there shall be an additional sum of thirty  
45 cents (30¢) per one hundred dollars (\$100.00) of value, or major fraction  
46 thereof, not to exceed a maximum additional sum of two hundred dollars  
47 (\$200.00). Fair market value is determined by the sale price if there is a sale,  
48 the appraiser's valuation if there is no sale, or the appraised value from the  
49 property tax records if there is neither a sale nor an appraiser's valuation.  
50 Sums collected under this subdivision shall be remitted to the State  
51 Treasurer. The State Treasurer shall remit the sum of two dollars and five

cents (\$2.05) of each forty-dollar (\$40.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4."

SECTION 15.20.(g) Effective July 1, 2010, G.S. 7A-306(a)(1a), as amended by subsection (f) of this section, reads as rewritten:

"(1a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of ~~three dollars (\$3.00)~~, four dollars (\$4.00), to be credited to the Court Information Technology Fund."

SECTION 15.20.(h) G.S. 7A-307 reads as rewritten:

§ 7A-307. Costs in administration of estates.

(a) In the administration of the estates of decedents, minors, incompetents, of missing persons, and of trusts under wills and under powers of attorney, in trust proceedings under G.S. 36A-23.1, and in collections of personal property by affidavit, the following costs shall be assessed:

(1a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of ~~one dollar (\$1.00)~~, three dollars (\$3.00), to be credited to the Court Information Technology Fund.

(2) For support of the General Court of Justice, the sum of ~~fifty dollars (\$50.00)~~, seventy-five dollars (\$75.00), plus an additional forty cents (40¢) per one hundred dollars (\$100.00), or major fraction thereof, of the gross estate, not to exceed six thousand dollars (\$6,000). Gross estate shall include the fair market value of all personalty when received, and all proceeds from the sale of realty coming into the hands of the fiduciary, but shall not include the value of realty. In collections of personal property by affidavit, the fee based on the gross estate shall be computed from the information in the final affidavit of collection made pursuant to G.S. 28A-25-3 and shall be paid when that affidavit is filed. In all other cases, this fee shall be computed from the information reported in the inventory and shall be paid when the inventory is filed with the clerk. If additional gross estate, including income, comes into the hands of the fiduciary after the filing of the inventory, the fee for such additional value shall be assessed and paid upon the filing of any account or report disclosing such additional value. For each filing the minimum fee shall be fifteen dollars (\$15.00). Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of two dollars and five cents (\$2.05) of each fifty-dollar (\$50.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4.

(b1) The clerk shall assess the following miscellaneous fees:

- (1) Filing and indexing a will with no probate
- first page.....\$ 1.00
- each additional page or fraction thereof..... .25
(2) Issuing letters to fiduciaries, per letter over five letters issued..... 1.00
(3) Inventory of safe deposits of a decedent, per box, per day ..... 15.00
(4) Taking a deposition ..... 10.00
(5) Docketing and indexing a will probated in another county in the State
- first page.....6.00
- each additional page or fraction thereof..... .25



- 1 (6) Hearing petition for year's allowance to surviving spouse or
- 2 child, in cases not assigned to a magistrate, and allotting the
- 3 same .....8.00
- 4 (7) Assignment of title .....10.00

5 ...."

6 **SECTION 15.20.(i)** Effective July 1, 2010, G.S. 7A-307(a)(1a), as amended by  
 7 subsection (h) of this section, reads as rewritten:

8 "(1a) For the upgrade, maintenance, and operation of the judicial and county  
 9 courthouse phone systems, the sum of ~~three dollars (\$3.00)~~, four dollars  
 10 (\$4.00), to be credited to the Court Information Technology Fund."

11 **SECTION 15.20.(j)** G.S. 20-135.2A(e) reads as rewritten:

12 "(e) Any driver or front seat passenger who fails to wear a seat belt as required by this  
 13 section shall have committed an infraction and shall pay a penalty of twenty-five dollars and  
 14 fifty cents (\$25.00)(25.50) plus the following court costs in the sum of seventy five dollars  
 15 (\$75.00): costs: the General Court of Justice fee provided for in G.S. 7A-304(a)(4), the  
 16 telephone facilities fee provided for in G.S. 7A-304(a)(2a), and the law enforcement training  
 17 and certification fee provided for in G.S. 7A-304(a)(3b). Any rear seat occupant of a vehicle  
 18 who fails to wear a seat belt as required by this section shall have committed an infraction and  
 19 shall pay a penalty of ten dollars (\$10.00) and no court costs. Court costs assessed under this  
 20 section are for the support of the General Court of Justice and shall be remitted to the State  
 21 Treasurer. Conviction of an infraction under this section has no other consequence."

22 **SECTION 15.20.(k)** G.S. 20-140.4 reads as rewritten:

23 **"§ 20-140.4. Special provisions for motorcycles and mopeds.**

24 (a) No person shall operate a motorcycle or moped upon a highway or public vehicular  
 25 area:

- 26 (1) When the number of persons upon such motorcycle or moped, including the
- 27 operator, shall exceed the number of persons which it was designed to carry.
- 28 (2) Unless the operator and all passengers thereon wear on their heads, with a
- 29 retention strap properly secured, safety helmets of a type that complies with
- 30 Federal Motor Vehicle Safety Standard (FMVSS) 218.

31 (b) Violation of any provision of this section shall not be considered negligence per se  
 32 or contributory negligence per se in any civil action.

33 (c) Any person convicted of violating this section shall have committed an infraction  
 34 and shall ~~be fined according to G.S. 20-135.2A(e) and (f)~~ pay a penalty of twenty-five dollars  
 35 and fifty cents (\$25.50) plus the following court costs: the General Court of Justice fee  
 36 provided for in G.S. 7A-304(a)(4), the telephone facilities fee provided for in  
 37 G.S. 7A-304(a)(2a), and the law enforcement training and certification fee provided for in  
 38 G.S. 7A-304(a)(3b). Conviction of an infraction under this section has no other consequence.

39 (d) No drivers license points or insurance surcharge shall be assessed on account of  
 40 violation of this section."

41 **SECTION 15.20.(l)** G.S. 7A-305(a2) reads as rewritten:

42 "(a2) In every action for absolute divorce filed in the district court, a cost of ~~seventy five~~  
 43 ~~dollars (\$75.00)~~ one hundred fifty dollars (\$150.00) shall be assessed against the person filing  
 44 the divorce action. Costs collected by the clerk pursuant to this subsection shall be remitted to  
 45 the State Treasurer, who shall deposit fifty-five dollars (\$55.00) to the North Carolina Fund for  
 46 Displaced Homemakers established under G.S. 143B-394.10 and twenty dollars (\$20.00) to the  
 47 Domestic Violence Center Fund established under G.S. 50B-9. The remainder shall be  
 48 deposited in the General Fund as a nontax revenue. Costs assessed under this subsection shall  
 49 be in addition to any other costs assessed under this section."

50 **SECTION 15.20.(m)** G.S. 7A-308(a) reads as rewritten:

"(a) The following miscellaneous fees and commissions shall be collected by the clerk of superior court and remitted to the State for the support of the General Court of Justice:

- (1) Foreclosure under power of sale in deed of trust or mortgage.. ~~\$75.00~~ \$150.00  
 If the property is sold under the power of sale, an additional amount will be charged, determined by the following formula: forty-five cents (.45) per one hundred dollars (\$100.00), or major fraction thereof, of the final sale price. If the amount determined by the formula is less than ten dollars (\$10.00), a minimum ten dollar (\$10.00) fee will be collected. If the amount determined by the formula is more than five hundred dollars (\$500.00), a maximum five hundred-dollar (\$500.00) fee will be collected.
- ...
- (3) Confession of judgment ..... ~~25.00~~ 50.00
- ...
- (6) Notice of resumption of former name ..... ~~10.00~~ 20.00
- ...
- (17) Criminal record search except if search is requested by an agency of the State or any of its political subdivisions or by an agency of the United States or by a petitioner in a proceeding under Article 2 of General Statutes Chapter 20 ..... ~~15.00~~ 25.00

...."

**SECTION 15.20.(n)** Subsections (a), (j), and (k) of this section become effective July 1, 2009, and apply to all costs assessed or collected on or after that date, except that in misdemeanor or infraction cases disposed of on or after that date by written appearance, waiver of trial or hearing, and plea of guilt or admission of responsibility pursuant to G.S. 7A-180(4) or G.S. 7A-273(2), in which the citation or other criminal process was issued before that date, the cost shall be the lesser of those specified in G.S. 7A-304(a), as amended by subsection (a) of this section, or those specified in the notice portion of the defendant's or respondent's copy of the citation or other criminal process, if any costs are specified in that notice.

Subsection (b) of this section becomes effective July 1, 2010, and applies to all costs assessed or collected on or after that date, except that in misdemeanor or infraction cases disposed of on or after that date by written appearance, waiver of trial or hearing, and plea of guilt or admission of responsibility pursuant to G.S. 7A-180(4) or G.S. 7A-273(2), in which the citation or other criminal process was issued before that date, the cost shall be the lesser of those specified in G.S. 7A-304(a), as amended by subsection (b) of this section, or those specified in the notice portion of the defendant's or respondent's copy of the citation or other criminal process, if any costs are specified in that notice.

Subsections (e), (g), and (i) of this section become effective July 1, 2010, and apply to fees assessed or collected on or after that date. The remainder of this section becomes effective July 1, 2009, and applies to fees assessed or collected on or after that date.

**SAFE ROADS FINE**

**SECTION 15.21.(a)** G.S. 20-141(p) reads as rewritten:

"(p) A driver charged with speeding in excess of 25 miles per hour over the posted speed limit shall be ineligible for a disposition of prayer for judgment continued. A driver convicted of speeding in excess of 25 miles per hour over the posted speed limit shall pay a fine of three hundred fifty dollars (\$350.00). This penalty shall be imposed in addition to those penalties established in this Chapter."

**SECTION 15.21.(b)** Chapter 20 of the General Statutes is amended by adding a new section to read:

**"§ 20-179.5. Additional fine for impaired driving convictions.**

1 In addition to any other fine or penalty assessed by the court, a defendant who is convicted  
2 of an offense involving impaired driving as defined in G.S. 20-4.01(24a) shall pay a fine of  
3 three hundred fifty dollars (\$350.00)."

4 **SECTION 15.21.(c)** This act becomes effective July 1, 2009, and applies to  
5 offenses committed on or after that date.

6  
7 **INCREASE WAIVABLE OFFENSES COSTS**

8 **SECTION 15.22.(a)** Notwithstanding any other provision of law, the chief district  
9 judges of the various district court districts shall increase by twenty-five dollars (\$25.00) each  
10 amount listed on the schedule of penalties or fines adopted by the Conference of Chief District  
11 Court Judges on October 1, 2008, for the uniform schedule of offenses required under  
12 G.S. 7A-148 for the types of offenses specified in G.S. 7A-372(2) and G.S. 7A-273(2a).

13 **SECTION 15.22.(b)** Notwithstanding any other provision of law, the chief district  
14 judges of the various district court districts shall increase by ten dollars (\$10.00) each amount  
15 listed on the schedule of penalties or fines adopted pursuant to subsection (a) of this section for  
16 the uniform schedule of offenses required under G.S. 7A-148 for the types of offenses specified  
17 in G.S. 7A-372(2) and G.S. 7A-273(2a).

18 **SECTION 15.22.(c)** G.S. 20-141 reads as rewritten:

19 **"§ 20-141. Speed restrictions.**

20 ...

21 (e1) Local authorities within their respective jurisdictions may authorize, by ordinance,  
22 lower speed limits than those set in subsection (b) of this section on school property. If the  
23 lower speed limit is being set on the grounds of a public school, the local school administrative  
24 unit must request or consent to the lower speed limit. If the lower speed limit is being set on the  
25 grounds of a private school, the governing body of the school must request or consent to the  
26 lower speed limit. Speed limits established pursuant to this subsection shall become effective  
27 when appropriate signs giving notice of the speed limit are erected upon affected property. A  
28 person who drives a motor vehicle on school property at a speed greater than the speed limit set  
29 and posted under this subsection is responsible for an infraction and is required to pay a penalty  
30 of not less than ~~twenty-five dollars (\$25.00)~~ fifty dollars (\$50.00).

31 ...

32 (j2) A person who drives a motor vehicle in a highway work zone at a speed greater than  
33 the speed limit set and posted under this section shall be required to pay a penalty of ~~two~~  
34 ~~hundred fifty dollars (\$250.00)~~ two hundred seventy-five dollars (\$275.00). This penalty shall  
35 be imposed in addition to those penalties established in this Chapter. A "highway work zone" is  
36 the area between the first sign that informs motorists of the existence of a work zone on a  
37 highway and the last sign that informs motorists of the end of the work zone. This subsection  
38 applies only if a sign posted at the beginning of the highway work zone states the penalty for  
39 speeding in the work zone. The Secretary shall ensure that work zones shall only be posted  
40 with penalty signs if the Secretary determines, after engineering review, that the posting is  
41 necessary to ensure the safety of the traveling public due to a hazardous condition.

42 A law enforcement officer issuing a citation for a violation of this section while in a  
43 highway work zone shall indicate the vehicle speed and speed limit posted in the work zone.  
44 Upon an individual's conviction of a violation of this section while in a highway work zone, the  
45 clerk of court shall report that the vehicle was in a work zone at the time of the violation, the  
46 vehicle speed, and the speed limit of the work zone to the Division of Motor Vehicles."

47 **SECTION 15.22.(d)** G.S. 20-141.1 reads as rewritten:

48 **"§ 20-141.1. Speed limits in school zones.**

49 The Board of Transportation or local authorities within their respective jurisdictions may,  
50 by ordinance, set speed limits lower than those designated in G.S. 20-141 for areas adjacent to  
51 or near a public, private or parochial school. Limits set pursuant to this section shall become

1 effective when signs are erected giving notice of the school zone, the authorized speed limit,  
2 and the days and hours when the lower limit is effective, or by erecting signs giving notice of  
3 the school zone, the authorized speed limit and which indicate the days and hours the lower  
4 limit is effective by an electronic flasher operated with a time clock. Limits set pursuant to this  
5 section may be enforced only on days when school is in session, and no speed limit below 20  
6 miles per hour may be set under the authority of this section. A person who drives a motor  
7 vehicle in a school zone at a speed greater than the speed limit set and posted under this section  
8 is responsible for an infraction and is required to pay a penalty of not less than ~~twenty-five~~  
9 ~~dollars (\$25.00)~~ fifty dollars (\$50.00)."

10 **SECTION 15.22.(e)** G.S. 20-11(l) reads as rewritten:

11 "(l) Violations. – It is unlawful for the holder of a limited learner's permit, a temporary  
12 permit, or a limited provisional license to drive a motor vehicle in violation of the restrictions  
13 that apply to the permit or license. Failure to comply with a restriction concerning the time of  
14 driving or the presence of a supervising driver in the vehicle constitutes operating a motor  
15 vehicle without a license. Failure to comply with the restriction regarding the use of a mobile  
16 telephone while operating a motor vehicle is an infraction punishable by a fine of ~~twenty-five~~  
17 ~~dollars (\$25.00)~~ fifty dollars (\$50.00). Failure to comply with any other restriction, including  
18 seating and passenger limitations, is an infraction punishable by a monetary penalty as provided  
19 in G.S. 20-176. Failure to comply with the provisions of subsections (e) and (g) of this section  
20 shall not constitute negligence per se or contributory negligence by the driver or passenger in  
21 any action for the recovery of damages arising out of the operation, ownership or maintenance  
22 of a motor vehicle. Any evidence of failure to comply with the provisions of subdivisions (1),  
23 (2), (3), (4), and (5) of subsection (e) of this section shall not be admissible in any criminal or  
24 civil trial, action, or proceeding except in an action based on a violation of this section. No  
25 drivers license points or insurance surcharge shall be assessed for failure to comply with  
26 seating and occupancy limitations in subsection (e) of this section. No drivers license points or  
27 insurance surcharge shall be assessed for failure to comply with subsection (e) or (g) of this  
28 section regarding the use of a mobile telephone while operating a motor vehicle."

29 **SECTION 15.22.(f)** G.S. 20-37.6(f) reads as rewritten:

30 "(f) Penalties for Violation. –

- 31 (1) A violation of G.S. 20-37.6(e)(1), (2) or (3) is an infraction which carries a  
32 penalty of at least ~~one hundred dollars (\$100.00)~~ one hundred twenty-five  
33 dollars (\$125.00) but not more than two hundred fifty dollars (\$250.00) and  
34 whenever evidence shall be presented in any court of the fact that any  
35 automobile, truck, or other vehicle was found to be parked in a properly  
36 designated handicapped parking space in violation of the provisions of this  
37 section, it shall be prima facie evidence in any court in the State of North  
38 Carolina that the vehicle was parked and left in the space by the person,  
39 firm, or corporation in whose name the vehicle is registered and licensed  
40 according to the records of the Division. No evidence tendered or presented  
41 under this authorization shall be admissible or competent in any respect in  
42 any court or tribunal except in cases concerned solely with a violation of this  
43 section.
- 44 (2) A violation of G.S. 20-37.6(e)(4) is an infraction which carries a penalty of  
45 at least ~~one hundred dollars (\$100.00)~~ one hundred twenty-five dollars  
46 (\$125.00) but not more than two hundred fifty dollars (\$250.00) and  
47 whenever evidence shall be presented in any court of the fact that a  
48 nonconforming sign is being used it shall be prima facie evidence in any  
49 court in the State of North Carolina that the person, firm, or corporation with  
50 ownership of the property where the nonconforming sign is located is  
51 responsible for violation of this section. Building inspectors and others

1 responsible for North Carolina State Building Code violations specified in  
2 G.S. 143-138(h) where such signs are required by the Handicapped Section  
3 of the North Carolina State Building Code, may cause a citation to be issued  
4 for this violation and may also initiate any appropriate action or proceeding  
5 to correct such violation.

6 ...."

7 **SECTION 15.22.(g)** G.S. 20-79(e)(1) reads as rewritten:

8 "(e) Sanctions. – The following sanctions apply when a motor vehicle displaying a  
9 dealer license plate is driven in violation of the restrictions on the use of the plate:

10 (1) The individual driving the motor vehicle is responsible for an infraction and  
11 is subject to a penalty of ~~fifty dollars (\$50.00)~~ seventy-five dollars (\$75.00)."

12 **SECTION 15.22.(h)** G.S. 20-129(a)(4) reads as rewritten:

13 "(a) When Vehicles Must Be Equipped. – Every vehicle upon a highway within this  
14 State shall be equipped with lighted headlamps and rear lamps as required for different classes  
15 of vehicles, and subject to exemption with reference to lights on parked vehicles as declared in  
16 G.S. 20-134:

17 ...

18 (4) At any other time when windshield wipers are in use as a result of smoke,  
19 fog, rain, sleet, or snow, or when inclement weather or environmental factors  
20 severely reduce the ability to clearly discern persons and vehicles on the  
21 street and highway at a distance of 500 feet ahead, provided, however, the  
22 provisions of this subdivision shall not apply to instances when windshield  
23 wipers are used intermittently in misting rain, sleet, or snow. Any person  
24 violating this subdivision during the period from October 1, 1990, through  
25 December 31, 1991, shall be given a warning of the violation only.  
26 Thereafter, any person violating this subdivision shall have committed an  
27 infraction and shall pay a fine of ~~five dollars (\$5.00)~~ thirty dollars (\$30.00)  
28 and shall not be assessed court costs. No drivers license points, insurance  
29 points or premium surcharge shall be assessed on account of violation of this  
30 subdivision and no negligence or liability shall be assessed on or imputed to  
31 any party on account of a violation of this subdivision. The Commissioner of  
32 Motor Vehicles and the Superintendent of Public Instruction shall  
33 incorporate into driver education programs and driver licensing programs  
34 instruction designed to encourage compliance with this subdivision as an  
35 important means of reducing accidents by making vehicles more discernible  
36 during periods of limited visibility."

37 **SECTION 15.22.(i)** G.S. 20-181 reads as rewritten:

38 **"§ 20-181. Penalty for failure to dim, etc., beams of headlamps.**

39 Any person operating a motor vehicle on the highways of this State, who shall fail to shift,  
40 depress, deflect, tilt or dim the beams of the headlamps thereon whenever another vehicle is  
41 met on such highways or when following another vehicle at a distance of less than 200 feet,  
42 except when engaged in the act of overtaking and passing may, upon a determination of  
43 responsibility for the offense, be required to pay a penalty of not more than ~~ten dollars~~  
44 (\$10.00)-thirty-five dollars (\$35.00)."

45 **SECTION 15.22.(j)** G.S. 20-135.2A(e) reads as rewritten:

46 "(e) Any driver or front seat passenger who fails to wear a seat belt as required by this  
47 section shall have committed an infraction and shall pay a penalty of ~~twenty-five dollars~~  
48 (\$25.00)fifty dollars (\$50.00) plus court costs in the sum of seventy-five dollars (\$75.00). Any  
49 rear seat occupant of a vehicle who fails to wear a seat belt as required by this section shall  
50 have committed an infraction and shall pay a penalty of ~~ten dollars (\$10.00)~~ thirty-five dollars  
51 (\$35.00) and no court costs. Court costs assessed under this section are for the support of the

1 General Court of Justice and shall be remitted to the State Treasurer. Conviction of an  
2 infraction under this section has no other consequence."

3 **SECTION 15.22.(k)** G.S. 20-135.2B(c) reads as rewritten:

4 "(c) Any person violating this section shall have committed an infraction and shall pay a  
5 penalty of not more than ~~twenty-five dollars (\$25.00)~~, fifty dollars (\$50.00), even if more than  
6 one child less than 16 years of age is riding in the open bed or open cargo area of a vehicle. A  
7 person found responsible for a violation of this section may not be assessed court costs."

8 **SECTION 15.22.(l)** G.S. 20-137.1(c) reads as rewritten:

9 "(c) Any driver found responsible for a violation of this section may be punished by a  
10 penalty not to exceed ~~twenty-five dollars (\$25.00)~~, fifty dollars (\$50.00), even when more than  
11 one child less than 16 years of age was not properly secured in a restraint system. No driver  
12 charged under this section for failure to have a child under eight years of age properly secured  
13 in a restraint system shall be convicted if he produces at the time of his trial proof satisfactory  
14 to the court that he has subsequently acquired an approved child passenger restraint system for  
15 a vehicle in which the child is normally transported."

16 **SECTION 15.22.(m)** G.S. 20-137.3(e) reads as rewritten:

17 "(e) Penalty. – Any person violating this section shall have committed an infraction and  
18 shall pay a fine of ~~twenty-five dollars (\$25.00)~~, fifty dollars (\$50.00). This offense is an offense  
19 for which a defendant may waive the right to a hearing or trial and admit responsibility for the  
20 infraction pursuant to G.S. 7A-148. No drivers license points, insurance surcharge, or court  
21 costs shall be assessed as a result of a violation of this section."

22 **SECTION 15.22.(n)** G.S. 20-157(g) reads as rewritten:

23 "(g) Except as provided in subsections (a), (h), and (i) of this section, violation of this  
24 section shall be an infraction punishable by a fine of ~~two hundred fifty dollars (\$250.00)~~, two  
25 hundred seventy-five dollars (\$275.00)."

26 **SECTION 15.22.(o)** G.S. 20-158(b)(2)c. reads as rewritten:

27 "(b) Control of Vehicles at Intersections. –

28 ...

29 (2) a. When a traffic signal is emitting a steady red circular light  
30 controlling traffic approaching an intersection, an approaching  
31 vehicle facing the red light shall come to a stop and shall not enter  
32 the intersection. After coming to a complete stop and unless  
33 prohibited by an appropriate sign, that approaching vehicle may  
34 make a right turn.

35 ...

36 c. Failure to yield to a pedestrian under this subdivision shall be an  
37 infraction, and the court may assess a penalty of not more than five  
38 hundred dollars (\$500.00) and not less than ~~one hundred dollars~~  
39 ~~(\$100.00)~~, one hundred twenty-five dollars (\$125.00)."

40 **SECTION 15.22.(p)** G.S. 20-171.9(d) reads as rewritten:

41 "(d) Violation of this section shall be an infraction. Except as provided in subsection (e)  
42 of this section, any parent or guardian found responsible for violation of this section may be  
43 ordered to pay a civil fine of up to ~~ten dollars (\$10.00)~~, thirty-five dollars (\$35.00), inclusive of  
44 all penalty assessments and court costs."

45 **SECTION 15.22.(q)** G.S. 20-183.8(a) reads as rewritten:

46 "(a) Infractions. – A person who does any of the following commits an infraction and, if  
47 found responsible, is liable for a penalty of up to ~~fifty dollars (\$50.00)~~, seventy-five dollars  
48 (\$75.00):

49 ...."

50 **SECTION 15.22.(r)** G.S. 20-384 reads as rewritten:

51 "§ 20-384. Penalty for certain violations.

1 A motor carrier who fails to conduct a safety inspection of a vehicle as required by Part 396  
2 of the federal safety regulations or who fails to mark a vehicle that has been inspected as  
3 required by that Part commits an infraction and, if found responsible, is liable for a penalty of  
4 up to ~~fifty dollars (\$50.00)~~ seventy-five dollars (\$75.00)."

5 **SECTION 15.22.(s)** G.S. 14-399(c) and (c1) read as rewritten:

6 "(c) Any person who violates subsection (a) of this section in an amount not exceeding  
7 15 pounds and not for commercial purposes is guilty of a Class 3 misdemeanor punishable by a  
8 fine of not less than two hundred ~~fifty-seventy-five dollars (\$250.00)~~ (\$275.00) nor more than  
9 one thousand dollars (\$1,000) for the first offense. In addition, the court may require the  
10 violator to perform community service of not less than eight hours nor more than 24 hours. The  
11 community service required shall be to pick up litter if feasible, and if not feasible, to perform  
12 other labor commensurate with the offense committed. Any second or subsequent violation of  
13 subsection (a) of this section in an amount not exceeding 15 pounds and not for commercial  
14 purposes within three years after the date of a prior violation is a Class 3 misdemeanor  
15 punishable by a fine of not less than five hundred dollars (\$500.00) nor more than two thousand  
16 dollars (\$2,000). In addition, the court may require the violator to perform community service  
17 of not less than 16 hours nor more than 50 hours. The community service required shall be to  
18 pick up litter if feasible, and if not feasible, to perform other labor commensurate with the  
19 offense committed.

20 (c1) Any person who violates subsection (a1) of this section in an amount not exceeding  
21 15 pounds is guilty of an infraction punishable by a fine of not more than one hundred  
22 twenty-five dollars (\$100.00) ~~(\$125.00)~~. In addition, the court may require the violator to  
23 perform community service of not less than four hours nor more than 12 hours. The community  
24 service required shall be to pick up litter if feasible, and if not feasible, to perform other labor  
25 commensurate with the offense committed. Any second or subsequent violation of subsection  
26 (a1) of this section in an amount not exceeding 15 pounds within three years after the date of a  
27 prior violation is an infraction punishable by a fine of not more than two hundred dollars  
28 (\$200.00). In addition, the court may require the violator to perform community service of not  
29 less than eight hours nor more than 24 hours. The community service required shall be to pick  
30 up litter if feasible, and if not feasible, to perform other labor commensurate with the offense  
31 committed. For purposes of this subsection, the term "litter" shall not include nontoxic and  
32 biodegradable agricultural or garden products or supplies, including mulch, tree bark, and wood  
33 chips."

34 **SECTION 15.22.(t)** G.S. 113-291.8(b) reads as rewritten:

35 "(b) Any person violating this section during the 1987 big game hunting season shall be  
36 given a warning of violation only. Thereafter, any person violating this section has committed  
37 an infraction and shall pay a fine of ~~twenty-five dollars (\$25.00)~~ fifty dollars (\$50.00). An  
38 infraction is an unlawful act that is not a crime. The procedure for charging and trying an  
39 infraction is the same as for a misdemeanor, but conviction of an infraction has no consequence  
40 other than payment of a fine. A person convicted of an infraction may not be assessed court  
41 costs.

42 Wildlife Enforcement Officers are authorized to charge persons with the infraction created  
43 by this section."

44 **SECTION 15.22.(u)** G.S. 113-135.1(a) reads as rewritten:

45 "(a) To prevent unsuspecting members of the public from being subject to harsh criminal  
46 penalties for offenses created by rules of the Wildlife Resources Commission, the penalty for  
47 an offense that is solely a violation of rules of the Wildlife Resources Commission is limited to  
48 a fine of ~~ten dollars (\$10.00)~~ thirty-five dollars (\$35.00) except as follows:

49 (1) Offenses set out in subsection (b) of this section are punishable as set forth  
50 in G.S. 113-135 or other sections of the General Statutes.

1 (2) A person who parks a vehicle in violation of a rule regulating the parking of  
2 vehicles at boating access or boating launch areas is responsible for an  
3 infraction and shall pay a fine of ~~fifty dollars (\$50.00)~~ seventy-five dollars  
4 (\$75.00)."

5 **SECTION 15.22.(v)** G.S. 20-141, as rewritten by subsection (c) of this section,  
6 reads as rewritten:

7 "**§ 20-141. Speed restrictions.**

8 ...

9 (e1) Local authorities within their respective jurisdictions may authorize, by ordinance,  
10 lower speed limits than those set in subsection (b) of this section on school property. If the  
11 lower speed limit is being set on the grounds of a public school, the local school administrative  
12 unit must request or consent to the lower speed limit. If the lower speed limit is being set on the  
13 grounds of a private school, the governing body of the school must request or consent to the  
14 lower speed limit. Speed limits established pursuant to this subsection shall become effective  
15 when appropriate signs giving notice of the speed limit are erected upon affected property. A  
16 person who drives a motor vehicle on school property at a speed greater than the speed limit set  
17 and posted under this subsection is responsible for an infraction and is required to pay a penalty  
18 of not less than ~~fifty dollars (\$50.00)~~ sixty dollars (\$60.00).

19 ...

20 (j2) A person who drives a motor vehicle in a highway work zone at a speed greater than  
21 the speed limit set and posted under this section shall be required to pay a penalty of two  
22 hundred ~~seventy-five~~ eighty-five dollars ~~(\$275.00)~~ (\$285.00). This penalty shall be imposed in  
23 addition to those penalties established in this Chapter. A "highway work zone" is the area  
24 between the first sign that informs motorists of the existence of a work zone on a highway and  
25 the last sign that informs motorists of the end of the work zone. This subsection applies only if  
26 a sign posted at the beginning of the highway work zone states the penalty for speeding in the  
27 work zone. The Secretary shall ensure that work zones shall only be posted with penalty signs  
28 if the Secretary determines, after engineering review, that the posting is necessary to ensure the  
29 safety of the traveling public due to a hazardous condition.

30 A law enforcement officer issuing a citation for a violation of this section while in a  
31 highway work zone shall indicate the vehicle speed and speed limit posted in the work zone.  
32 Upon an individual's conviction of a violation of this section while in a highway work zone, the  
33 clerk of court shall report that the vehicle was in a work zone at the time of the violation, the  
34 vehicle speed, and the speed limit of the work zone to the Division of Motor Vehicles."

35 **SECTION 15.22.(w)** G.S. 20-141.1, as rewritten by subsection (d) of this section,  
36 reads as rewritten:

37 "**§ 20-141.1. Speed limits in school zones.**

38 The Board of Transportation or local authorities within their respective jurisdictions may,  
39 by ordinance, set speed limits lower than those designated in G.S. 20-141 for areas adjacent to  
40 or near a public, private or parochial school. Limits set pursuant to this section shall become  
41 effective when signs are erected giving notice of the school zone, the authorized speed limit,  
42 and the days and hours when the lower limit is effective, or by erecting signs giving notice of  
43 the school zone, the authorized speed limit and which indicate the days and hours the lower  
44 limit is effective by an electronic flasher operated with a time clock. Limits set pursuant to this  
45 section may be enforced only on days when school is in session, and no speed limit below 20  
46 miles per hour may be set under the authority of this section. A person who drives a motor  
47 vehicle in a school zone at a speed greater than the speed limit set and posted under this section  
48 is responsible for an infraction and is required to pay a penalty of not less than ~~fifty dollars~~  
49 (\$50.00) sixty dollars (\$60.00)."

50 **SECTION 15.22.(x)** G.S. 20-11(l), as rewritten by subsection (e) of this section,  
51 reads as rewritten:



1       "(l)   Violations. – It is unlawful for the holder of a limited learner's permit, a temporary  
2 permit, or a limited provisional license to drive a motor vehicle in violation of the restrictions  
3 that apply to the permit or license. Failure to comply with a restriction concerning the time of  
4 driving or the presence of a supervising driver in the vehicle constitutes operating a motor  
5 vehicle without a license. Failure to comply with the restriction regarding the use of a mobile  
6 telephone while operating a motor vehicle is an infraction punishable by a fine of ~~fifty dollars~~  
7 ~~(\$50.00)~~sixty dollars (\$60.00). Failure to comply with any other restriction, including seating  
8 and passenger limitations, is an infraction punishable by a monetary penalty as provided in  
9 G.S. 20-176. Failure to comply with the provisions of subsections (e) and (g) of this section  
10 shall not constitute negligence per se or contributory negligence by the driver or passenger in  
11 any action for the recovery of damages arising out of the operation, ownership or maintenance  
12 of a motor vehicle. Any evidence of failure to comply with the provisions of subdivisions (1),  
13 (2), (3), (4), and (5) of subsection (e) of this section shall not be admissible in any criminal or  
14 civil trial, action, or proceeding except in an action based on a violation of this section. No  
15 drivers license points or insurance surcharge shall be assessed for failure to comply with  
16 seating and occupancy limitations in subsection (e) of this section. No drivers license points or  
17 insurance surcharge shall be assessed for failure to comply with subsection (e) or (g) of this  
18 section regarding the use of a mobile telephone while operating a motor vehicle."

19       **SECTION 15.22.(y)** G.S. 20-37.6(f), as rewritten by subsection (f) of this section,  
20 reads as rewritten:

21       "(f)   Penalties for Violation. –

22       (1)   A violation of G.S. 20-37.6(e)(1), (2) or (3) is an infraction which carries a  
23 penalty of at least one hundred ~~twenty-five~~thirty-five dollars  
24 ~~(\$125.00)~~(\$135.00) but not more than two hundred fifty dollars (\$250.00)  
25 and whenever evidence shall be presented in any court of the fact that any  
26 automobile, truck, or other vehicle was found to be parked in a properly  
27 designated handicapped parking space in violation of the provisions of this  
28 section, it shall be prima facie evidence in any court in the State of North  
29 Carolina that the vehicle was parked and left in the space by the person,  
30 firm, or corporation in whose name the vehicle is registered and licensed  
31 according to the records of the Division. No evidence tendered or presented  
32 under this authorization shall be admissible or competent in any respect in  
33 any court or tribunal except in cases concerned solely with a violation of this  
34 section.

35       (2)   A violation of G.S. 20-37.6(e)(4) is an infraction which carries a penalty of  
36 at least one hundred ~~twenty-five~~thirty-five dollars ~~(\$125.00)~~(\$135.00) but  
37 not more than two hundred fifty dollars (\$250.00) and whenever evidence  
38 shall be presented in any court of the fact that a nonconforming sign is being  
39 used it shall be prima facie evidence in any court in the State of North  
40 Carolina that the person, firm, or corporation with ownership of the property  
41 where the nonconforming sign is located is responsible for violation of this  
42 section. Building inspectors and others responsible for North Carolina State  
43 Building Code violations specified in G.S. 143-138(h) where such signs are  
44 required by the Handicapped Section of the North Carolina State Building  
45 Code, may cause a citation to be issued for this violation and may also  
46 initiate any appropriate action or proceeding to correct such violation.

47       ...."

48       **SECTION 15.22.(z)** G.S. 20-79(e)(1), as rewritten by subsection (g) of this  
49 section, reads as rewritten:

50       "(e)   Sanctions. – The following sanctions apply when a motor vehicle displaying a  
51 dealer license plate is driven in violation of the restrictions on the use of the plate:

1 (1) The individual driving the motor vehicle is responsible for an infraction and  
2 is subject to a penalty of ~~seventy-five~~eighty-five dollars ~~(\$75.00)~~(\$85.00)."

3 **SECTION 15.22.(aa)** G.S. 20-129(a)(4), as rewritten by subsection (h) of this  
4 section, reads as rewritten:

5 "(a) When Vehicles Must Be Equipped. – Every vehicle upon a highway within this  
6 State shall be equipped with lighted headlamps and rear lamps as required for different classes  
7 of vehicles, and subject to exemption with reference to lights on parked vehicles as declared in  
8 G.S. 20-134:

9 ...  
10 (4) At any other time when windshield wipers are in use as a result of smoke,  
11 fog, rain, sleet, or snow, or when inclement weather or environmental factors  
12 severely reduce the ability to clearly discern persons and vehicles on the  
13 street and highway at a distance of 500 feet ahead, provided, however, the  
14 provisions of this subdivision shall not apply to instances when windshield  
15 wipers are used intermittently in misting rain, sleet, or snow. Any person  
16 violating this subdivision during the period from October 1, 1990, through  
17 December 31, 1991, shall be given a warning of the violation only.  
18 Thereafter, any person violating this subdivision shall have committed an  
19 infraction and shall pay a fine of ~~thirty-four~~thirty-five dollars ~~(\$30.00)~~(\$40.00) and  
20 shall not be assessed court costs. No drivers license points, insurance points  
21 or premium surcharge shall be assessed on account of violation of this  
22 subdivision and no negligence or liability shall be assessed on or imputed to  
23 any party on account of a violation of this subdivision. The Commissioner of  
24 Motor Vehicles and the Superintendent of Public Instruction shall  
25 incorporate into driver education programs and driver licensing programs  
26 instruction designed to encourage compliance with this subdivision as an  
27 important means of reducing accidents by making vehicles more discernible  
28 during periods of limited visibility."

29 **SECTION 15.22.(bb)** G.S. 20-181, as rewritten by subsection (i) of this section,  
30 reads as rewritten:

31 "**§ 20-181. Penalty for failure to dim, etc., beams of headlamps.**

32 Any person operating a motor vehicle on the highways of this State, who shall fail to shift,  
33 depress, deflect, tilt or dim the beams of the headlamps thereon whenever another vehicle is  
34 met on such highways or when following another vehicle at a distance of less than 200 feet,  
35 except when engaged in the act of overtaking and passing may, upon a determination of  
36 responsibility for the offense, be required to pay a penalty of not more than ~~thirty-five~~thirty-five  
37 dollars ~~(\$35.00)~~(\$45.00)."

38 **SECTION 15.22.(cc)** G.S. 20-135.2A(e), as rewritten by subsection (j) of this  
39 section, reads as rewritten:

40 "(e) Any driver or front seat passenger who fails to wear a seat belt as required by this  
41 section shall have committed an infraction and shall pay a penalty of ~~thirty-five~~thirty-five  
42 dollars ~~(\$35.00)~~(\$45.00) plus court costs in the sum of seventy-five dollars (\$75.00). Any rear seat  
43 occupant of a vehicle who fails to wear a seat belt as required by this section shall have  
44 committed an infraction and shall pay a penalty of ~~thirty-five~~thirty-five dollars ~~(\$35.00)~~(\$45.00)  
45 and no court costs. Court costs assessed under this section are for the support of the General  
46 Court of Justice and shall be remitted to the State Treasurer. Conviction of an infraction under  
47 this section has no other consequence."

48 **SECTION 15.22.(dd)** G.S. 20-135.2B(c), as rewritten by subsection (k) of this  
49 section, reads as rewritten:

50 "(c) Any person violating this section shall have committed an infraction and shall pay a  
51 penalty of not more than ~~thirty-five~~thirty-five dollars ~~(\$35.00)~~(\$45.00), even if more than one child less

1 than 16 years of age is riding in the open bed or open cargo area of a vehicle. A person found  
2 responsible for a violation of this section may not be assessed court costs."

3 **SECTION 15.22.(ee)** G.S. 20-137.1(c), as rewritten by subsection (l) of this  
4 section, reads as rewritten:

5 "(c) Any driver found responsible for a violation of this section may be punished by a  
6 penalty not to exceed ~~fifty-sixty~~ dollars (~~\$50.00~~);(~~\$60.00~~), even when more than one child less  
7 than 16 years of age was not properly secured in a restraint system. No driver charged under  
8 this section for failure to have a child under eight years of age properly secured in a restraint  
9 system shall be convicted if he produces at the time of his trial proof satisfactory to the court  
10 that he has subsequently acquired an approved child passenger restraint system for a vehicle in  
11 which the child is normally transported."

12 **SECTION 15.22.(ff)** G.S. 20-137.3(e), as rewritten by subsection (m) of this  
13 section, reads as rewritten:

14 "(e) Penalty. – Any person violating this section shall have committed an infraction and  
15 shall pay a fine of ~~fifty-sixty~~ dollars (~~\$50.00~~);(~~\$60.00~~). This offense is an offense for which a  
16 defendant may waive the right to a hearing or trial and admit responsibility for the infraction  
17 pursuant to G.S. 7A-148. No drivers license points, insurance surcharge, or court costs shall be  
18 assessed as a result of a violation of this section."

19 **SECTION 15.22.(gg)** G.S. 20-157(g), as rewritten by subsection (n) of this section,  
20 reads as rewritten:

21 "(g) Except as provided in subsections (a), (h), and (i) of this section, violation of this  
22 section shall be an infraction punishable by a fine of two hundred ~~seventy-five~~eighty-five  
23 dollars (~~\$275.00~~);(\$285.00)."

24 **SECTION 15.22.(hh)** G.S. 20-158(b)(2)c., as rewritten by subsection (o) of this  
25 section, reads as rewritten:

26 "(b) Control of Vehicles at Intersections. –

27 ...

28 (2) a. When a traffic signal is emitting a steady red circular light  
29 controlling traffic approaching an intersection, an approaching  
30 vehicle facing the red light shall come to a stop and shall not enter  
31 the intersection. After coming to a complete stop and unless  
32 prohibited by an appropriate sign, that approaching vehicle may  
33 make a right turn.

34 ...

35 c. Failure to yield to a pedestrian under this subdivision shall be an  
36 infraction, and the court may assess a penalty of not more than five  
37 hundred dollars (\$500.00) and not less than one hundred  
38 ~~twenty-five~~thirty-five dollars (~~\$125.00~~);(\$135.00)."

39 **SECTION 15.22.(ii)** G.S. 20-171.9(d), as rewritten by subsection (p) of this  
40 section, reads as rewritten:

41 "(d) Violation of this section shall be an infraction. Except as provided in subsection (e)  
42 of this section, any parent or guardian found responsible for violation of this section may be  
43 ordered to pay a civil fine of up to ~~thirty-five~~ dollars (~~\$35.00~~);forty-five dollars (\$45.00)  
44 inclusive of all penalty assessments and court costs."

45 **SECTION 15.22.(jj)** G.S. 20-183.8(a), as rewritten by subsection (q) of this  
46 section, reads as rewritten:

47 "(a) Infractions. – A person who does any of the following commits an infraction and, if  
48 found responsible, is liable for a penalty of up to ~~seventy-five~~ dollars (~~\$75.00~~);eighty-five  
49 dollars (\$85.00):

50 ...."

1           **SECTION 15.22.(kk)** G.S. 20-384, as rewritten by subsection (r) of this section,  
2 reads as rewritten:

3 **"§ 20-384. Penalty for certain violations.**

4       A motor carrier who fails to conduct a safety inspection of a vehicle as required by Part 396  
5 of the federal safety regulations or who fails to mark a vehicle that has been inspected as  
6 required by that Part commits an infraction and, if found responsible, is liable for a penalty of  
7 up to ~~seventy-five dollars (\$75.00)~~eighty-five dollars (\$85.00)."

8           **SECTION 15.22.(ll)** G.S. 14-399(c) and (c1), as rewritten by subsection (s) of this  
9 section, read as rewritten:

10       "(c) Any person who violates subsection (a) of this section in an amount not exceeding  
11 15 pounds and not for commercial purposes is guilty of a Class 3 misdemeanor punishable by a  
12 fine of not less than two hundred ~~seventy-five~~eighty-five dollars (~~\$275.00~~)(\$285.00) nor more  
13 than one thousand dollars (\$1,000) for the first offense. In addition, the court may require the  
14 violator to perform community service of not less than eight hours nor more than 24 hours. The  
15 community service required shall be to pick up litter if feasible, and if not feasible, to perform  
16 other labor commensurate with the offense committed. Any second or subsequent violation of  
17 subsection (a) of this section in an amount not exceeding 15 pounds and not for commercial  
18 purposes within three years after the date of a prior violation is a Class 3 misdemeanor  
19 punishable by a fine of not less than five hundred dollars (\$500.00) nor more than two thousand  
20 dollars (\$2,000). In addition, the court may require the violator to perform community service  
21 of not less than 16 hours nor more than 50 hours. The community service required shall be to  
22 pick up litter if feasible, and if not feasible, to perform other labor commensurate with the  
23 offense committed.

24       (c1) Any person who violates subsection (a1) of this section in an amount not exceeding  
25 15 pounds is guilty of an infraction punishable by a fine of not more than one hundred  
26 ~~twenty-five~~thirty-five dollars (~~\$125.00~~)(\$135.00). In addition, the court may require the  
27 violator to perform community service of not less than four hours nor more than 12 hours. The  
28 community service required shall be to pick up litter if feasible, and if not feasible, to perform  
29 other labor commensurate with the offense committed. Any second or subsequent violation of  
30 subsection (a1) of this section in an amount not exceeding 15 pounds within three years after  
31 the date of a prior violation is an infraction punishable by a fine of not more than two hundred  
32 dollars (\$200.00). In addition, the court may require the violator to perform community service  
33 of not less than eight hours nor more than 24 hours. The community service required shall be to  
34 pick up litter if feasible, and if not feasible, to perform other labor commensurate with the  
35 offense committed. For purposes of this subsection, the term "litter" shall not include nontoxic  
36 and biodegradable agricultural or garden products or supplies, including mulch, tree bark, and  
37 wood chips."

38           **SECTION 15.22.(mm)** G.S. 113-291.8(b), as rewritten by subsection (t) of this  
39 section, reads as rewritten:

40       "(b) Any person violating this section during the 1987 big game hunting season shall be  
41 given a warning of violation only. Thereafter, any person violating this section has committed  
42 an infraction and shall pay a fine of ~~fifty-sixty~~ dollars (~~\$50.00~~)(\$60.00). An infraction is an  
43 unlawful act that is not a crime. The procedure for charging and trying an infraction is the same  
44 as for a misdemeanor, but conviction of an infraction has no consequence other than payment  
45 of a fine. A person convicted of an infraction may not be assessed court costs.

46       Wildlife Enforcement Officers are authorized to charge persons with the infraction created  
47 by this section."

48           **SECTION 15.22.(nn)** G.S. 113-135.1(a), as rewritten by subsection (u) of this  
49 section, reads as rewritten:

50       "(a) To prevent unsuspecting members of the public from being subject to harsh criminal  
51 penalties for offenses created by rules of the Wildlife Resources Commission, the penalty for

1 an offense that is solely a violation of rules of the Wildlife Resources Commission is limited to  
2 a fine of ~~thirty five dollars (\$35.00)~~ forty-five dollars (\$45.00) except as follows:

- 3 (1) Offenses set out in subsection (b) of this section are punishable as set forth  
4 in G.S. 113-135 or other sections of the General Statutes.  
5 (2) A person who parks a vehicle in violation of a rule regulating the parking of  
6 vehicles at boating access or boating launch areas is responsible for an  
7 infraction and shall pay a fine of ~~seventy five dollars (\$75.00)~~ eighty-five  
8 dollars (\$85.00)."

9 **SECTION 15.22.(oo)** Subsections (a) and (c)-(u) of this section become effective  
10 October 1, 2009, and apply to offenses committed on or after that date. Subsections (b) and  
11 (v)-(nn) of this section become effective October 1, 2010, and apply to offenses committed on  
12 or after that date. The remainder of this section is effective when it becomes law.  
13

#### 14 **BOND FORFEITURE SET ASIDE PROCESSING FEE**

15 **SECTION 15.23.(a)** G.S. 15A-544.5 reads as rewritten:

16 "**§ 15A-544.5. Setting aside forfeiture.**

17 ...

18 (c) Procedure When Failure to Appear Is Stricken. – If the court before which a  
19 defendant's appearance was secured by a bail bond enters an order striking the defendant's  
20 failure to appear and recalling any order for arrest issued for that failure to appear, that court  
21 may simultaneously enter an order setting aside any forfeiture of that bail bond. If the court  
22 enters an order setting aside a forfeiture of bail bond under this subsection, the court also shall  
23 assess a fee against the defendant pursuant to subsection (i) of this section. When an order  
24 setting aside a forfeiture is entered, the defendant's further appearances shall continue to be  
25 secured by that bail bond unless the court orders otherwise.

26 ...

27 (i) Fee. – If the court enters an order to set aside any forfeiture of bail bond pursuant to  
28 subsection (c) of this section, the court shall, upon conviction, impose a processing fee of fifty  
29 dollars (\$50.00) against the defendant. The fee shall be collected in addition to other costs as  
30 provided in G.S. 7A-304(c) and shall be remitted to the State Treasurer to be used for support  
31 of the General Court of Justice. The fifty-dollar (\$50.00) processing fee only applies when the  
32 forfeiture process has been initiated."

33 **SECTION 15.23.(b)** G.S. 7A-304(c) reads as rewritten:

34 "(c) Witness fees, expenses for blood tests and comparisons incurred by G.S. 8-50.1(a),  
35 jail fees—fees, bail bond processing fees assessed pursuant to G.S. 15A-544.5(i), and cost of  
36 necessary trial transcripts shall be assessed as provided by law in addition to other costs set out  
37 in this section. Nothing in this section shall limit the power or discretion of the judge in  
38 imposing fines or forfeitures or ordering restitution."

39 **SECTION 15.23.(c)** This section becomes effective December 1, 2009, and applies  
40 to any bail bond set aside for a failure to appear pursuant to G.S. 15A-544.5 on or after that  
41 date.  
42

#### 43 **PART XVI. DEPARTMENT OF JUSTICE**

#### 44 **PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS** 45 **PAY FOR USE OF STATE FACILITIES AND SERVICES**

46 **SECTION 16.1.** The Private Protective Services and Alarm Systems Licensing  
47 Boards shall pay the appropriate State agency for the use of physical facilities and services  
48 provided to those Boards by the State.  
49  
50

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

1           **SECTION 16.3.** Client departments, agencies, and boards shall reimburse the  
2 Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other  
3 costs directly related to litigation in which the Department of Justice is representing the  
4 department, agency, or board.

5  
6           **NC LEGAL EDUCATION ASSISTANCE FOUNDATION REPORT ON FUNDS**  
7           **DISBURSED**

8           **SECTION 16.4.** The North Carolina Legal Education Assistance Foundation shall  
9 report by March 1 of each year to the Joint Legislative Commission on Governmental  
10 Operations and the Chairs of the House of Representatives and Senate Appropriations  
11 Subcommittees on Justice and Public Safety on the expenditure of State funds, the purpose of  
12 the expenditures, the number of attorneys receiving funds, the average award amount, the  
13 average student loan amount, the number of attorneys on the waiting list, and the average  
14 number of years for which attorneys receive loan assistance.

15  
16           **HIRING OF SWORN STAFF POSITIONS FOR THE STATE BUREAU OF**  
17           **INVESTIGATION**

18           **SECTION 16.5.** The Department of Justice may hire sworn personnel to fill vacant  
19 positions in the State Bureau of Investigation only in the following circumstances: (i) the  
20 position's regular responsibilities involve warrant executions, property searches, criminal  
21 investigations, or arrest activities that are consistent in frequency with the responsibilities of  
22 other sworn agents; (ii) the position is a promotion for a sworn agent who was employed at the  
23 State Bureau of Investigation prior to July 1, 2007; (iii) the position is a forensic drug chemist  
24 position which requires "responding to clandestine methamphetamine laboratories" as a  
25 primary duty; (iv) the position is a forensic impressions analyst position which requires  
26 "responding to clandestine methamphetamine laboratories" as a primary duty; or (v) the  
27 position primarily involves supervising sworn personnel.

28  
29           **REDUCE DEPARTMENT SHARE OF PAYMENT FOR JUDGMENTS AGAINST**  
30           **COUNTY AND CITY BOARDS OF EDUCATION**

31           **SECTION 16.6.(a)** G.S. 143-300.1(c) reads as rewritten:

32           "(c) In the event ~~that of settlement pursuant to G.S. 143-295 or in the event~~ the Industrial  
33 Commission awards damages against any county or city board of education under this section,  
34 the Attorney General shall draw a voucher for the amount required to pay the award. The funds  
35 necessary to cover ~~the first one hundred fifty thousand dollars (\$150,000) of liability per claim~~  
36 the liability for claims against county and city boards of education for accidents involving  
37 school buses and school transportation service vehicles shall be made available from funds  
38 appropriated to the State Board of Education. ~~The balance of any liability owed shall be paid in~~  
39 accordance with G.S. 143-299.4. Education for that purpose. On January 1 and July 1 of each  
40 year, each county and city board of education shall pay the State Board of Education an amount  
41 equal to the damages paid by the State Board of Education on behalf of that county or city  
42 board of education pursuant to this subsection during the preceding six months. Neither the  
43 county or city boards of education, or the county or city administrative unit shall be liable for  
44 the payment of any award made pursuant to the provisions of this section in excess of the  
45 amount paid upon a voucher by the Attorney General. Settlement and payment may be made by  
46 the Attorney General as provided in G.S. 143-295."

47           **SECTION 16.6.(b)** G.S. 143-300.1(d) reads as rewritten:

48           "(d) Except as otherwise provided in this subsection, the Attorney General may, upon the  
49 request of an employee or former employee, defend any civil action brought against the driver,  
50 transportation safety assistant, or monitor of a public school bus or school transportation  
51 service vehicle or school bus maintenance mechanic when the driver or mechanic is employed

1 and paid by the local school administrative unit, when the monitor is acting in accordance with  
2 G.S. 115C-245(d), when the transportation safety assistant is acting in accordance with  
3 G.S. 115C-245(e), or when the driver is an unpaid school bus driver trainee under the  
4 supervision of an authorized employee of the Department of Transportation, Division of Motor  
5 Vehicles, or an authorized employee of a county or city board of education or administrative  
6 unit. The Attorney General may afford this defense through the use of a member of his staff or,  
7 in his discretion, employ private counsel. The Attorney General is authorized to pay any  
8 judgment rendered in the civil action not to exceed the limit provided under the Tort Claims  
9 Act. The funds necessary to cover ~~the first one hundred fifty thousand dollars (\$150,000) of~~  
10 ~~liability per claim~~ the liability shall be made available from funds appropriated to the State  
11 Board of Education. ~~The balance of any liability owed shall be paid in accordance with~~  
12 G.S. 143-299.4. Education for that purpose. On January 1 and July 1 of each year, each county  
13 and city board of education shall pay the State Board of Education an amount equal to the  
14 damages paid by the State Board of Education on behalf of that county or city board of  
15 education pursuant to this subsection during the preceding six months. The Attorney General  
16 may compromise and settle any claim covered by this section to the extent that he finds the  
17 same to be valid, up to the limit provided in the Tort Claims Act, provided that the authority  
18 granted in this subsection shall be limited to only those claims that would be within the  
19 jurisdiction of the Industrial Commission under the Tort Claims Act.

20 The Attorney General shall refuse to provide for the defense of a civil action or proceeding  
21 brought against an employee or former employee if the Attorney General determines that:

- 22 (1) The act or omission was not within the scope and course of his employment  
23 as a State employee; or
- 24 (2) The employee or former employee acted or failed to act because of actual  
25 fraud, corruption, or actual malice on his part; or
- 26 (3) Defense of the action or proceeding by the State would create a conflict of  
27 interest between the State and the employee or former employee; or
- 28 (4) Defense of the action or proceeding would not be in the best interests of the  
29 State."

30 **SECTION 16.6.(c)** G.S. 143-295 reads as rewritten:

31 **"§ 143-295. Settlement of claims.**

32 (a) Any claims except claims of minors pending or hereafter filed against the various  
33 departments, institutions and agencies of the State may be settled upon agreement between the  
34 claimant and the Attorney General for an amount not in excess of twenty-five thousand dollars  
35 (\$25,000), without the approval of the Industrial Commission. The Attorney General may also  
36 make settlements by agreement for claims in excess of twenty-five thousand dollars (\$25,000)  
37 and claims of infants or persons non sui juris, provided such claims have been subject to review  
38 and approval by the Industrial Commission.

39 (a1) Notwithstanding subsection (a) of this section, no claim in which the Attorney  
40 General represents a county or city board of education or an employee or former employee of a  
41 county or city board of education pursuant to G.S. 143-300.1, shall be settled unless the board  
42 of education that will be liable in the event of a settlement agrees to the settlement.

43 (b) In settlements under twenty-five thousand dollars (\$25,000), agreed upon between  
44 the Attorney General and the claimant, the filing of an affidavit as set forth in G.S. 143-297  
45 shall not be required.

46 (c) Transfer of title of a motor vehicle acquired in behalf of the State in settlement of  
47 claim pursuant to the provisions of this Article may be transferred by the Attorney General in  
48 the same manner as provided for such transfer by an insurance company under the provisions  
49 of G.S. 20-75."

50 **SECTION 16.6.(d)** This section becomes effective July 1, 2009.

51

1 **FEE FOR LAW ENFORCEMENT OFFICER CERTIFICATION AND SHERIFFS'**  
2 **DEPARTMENT PERSONNEL CERTIFICATION**

3 **SECTION 16.7.(a)** Chapter 17C of the General Statutes is amended by adding a  
4 new section to read:

5 **"§ 17C-14. Fees for training.**

6 (a) In-Service Training Fee. – Whenever a criminal justice officer obtains training or  
7 instruction from a training entity for the purpose of completing the in-service training required  
8 by the Commission, the training entity shall collect a fee in the amount of one hundred dollars  
9 (\$100.00) from the officer upon training completion, except that the amount of the fee shall be  
10 two hundred fifty dollars (\$250.00) if the officer has never been assessed a fee pursuant to this  
11 subsection. The fee imposed by this subsection is a fee on the total amount of training required  
12 to satisfy an officer's annual in-service training requirements. An officer shall not be charged  
13 the fee imposed by this section more than once a year.

14 (b) Certification Training Fee. – Whenever a person obtains training or instruction from  
15 a training entity for the purpose of obtaining a certification issuable by the Commission, the  
16 Commission shall collect a fee in the amount of twenty-five dollars (\$25.00) from the person  
17 upon training completion. The fee imposed by this subsection is a fee on the total amount of  
18 training required to obtain the applicable certification.

19 (c) Remittance to General Fund. – All fees collected by a training entity pursuant to this  
20 section shall be transferred to the Department of Justice upon training completion. Ninety-six  
21 percent (96%) of the fees shall be remitted to the General Fund on a monthly basis and shall be  
22 used for facilities maintenance and operating expenses of the North Carolina Justice Academy.  
23 The remaining four percent (4%) shall be retained by the Department of Justice to cover the  
24 administrative costs of implementing this section.

25 (d) Definition of 'Training Entity.' – Any entity that provides in-service training to  
26 criminal justice officers or provides the training and instruction necessary in order to receive a  
27 certification issuable by the Commission."

28 **SECTION 16.7.(b)** Chapter 17E of the General Statutes is amended by adding a  
29 new section to read:

30 **"§ 17E-13. Fees for training.**

31 (a) In-Service Training Fee. – Whenever a justice officer obtains training or instruction  
32 from a training entity for the purpose of completing the in-service training required by the  
33 Commission, the training entity shall collect a fee in the amount of one hundred dollars  
34 (\$100.00) from the officer upon training completion, except that the amount of the fee shall be  
35 two hundred fifty dollars (\$250.00) if the officer has never been assessed a fee pursuant to this  
36 subsection. The fee imposed by this subsection is a fee on the total amount of training required  
37 to satisfy an officer's annual in-service training requirements. An officer shall not be charged  
38 the fee imposed by this section more than once a year.

39 (b) Certification Training Fee. – Whenever a person obtains training or instruction from  
40 a training entity for the purpose of obtaining a certification issuable by the Commission, the  
41 Commission shall collect a fee in the amount of twenty-five dollars (\$25.00) from the person  
42 upon training completion. The fee imposed by this subsection is a fee on the total amount of  
43 training required to obtain the applicable certification.

44 (c) Remittance to General Fund. – All fees collected by a training entity pursuant to this  
45 section shall be transferred to the Department of Justice upon training completion. Ninety-six  
46 percent (96%) of the fees shall be remitted to the General Fund on a monthly basis and shall be  
47 used for facilities maintenance and operating expenses of the North Carolina Justice Academy.  
48 The remaining four percent (4%) shall be retained by the Department of Justice to cover the  
49 administrative costs of implementing this section.



1       (d) Definition of 'Training Entity.' – Any entity that provides in-service training to  
2 criminal justice officers or provides the training and instruction necessary in order to receive a  
3 certification issuable by the Commission."

4               **SECTION 16.7.(c)** This section becomes effective July 1, 2009, and applies to  
5 training commenced on or after that date.

## 6 7 **PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

### 8 9 **STUDY CONSOLIDATION OF LAW ENFORCEMENT AGENCIES**

10       **SECTION 17.4.** The Office of State Budget and Management shall study the  
11 feasibility of consolidating the law enforcement agencies in the executive branch of State  
12 government for the purpose of coordinating the activities of these agencies, and reducing  
13 duplication and overlapping of law enforcement responsibilities, training, and technical  
14 assistance among State law enforcement agencies. The Office of State Budget and  
15 Management shall report its findings and recommendations by February 1, 2010, to the Joint  
16 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

### 17 18 **LAW ENFORCEMENT SUPPORT SERVICES FEES**

19       **SECTION 17.5.** Article 11 of Chapter 143B of the General Statutes is amended by  
20 adding a new section to read:

#### 21 **"§ 143B-475.2. Fees for services.**

22       A fee in the amount set by the Department is imposed on the entities listed in this section.  
23 The fees are departmental receipts and are applied to the Department's costs in providing  
24 services to these entities. The fees apply to the following:

- 25               (1) A local law enforcement agency that receives equipment from the  
26 Department, whether by transfer, loan, or procurement under an agreement  
27 with the United States Department of Defense.  
28               (2) A person for whom the Department stores evidence."  
29

### 30 **INCREASE CHARITABLE BINGO LICENSING FEE**

31       **SECTION 17.6.** G.S. 14-309.7(a) reads as rewritten:

32       (a) An exempt organization may not operate a bingo game at a location without a  
33 license. Application for a bingo license shall be made to the Department of Crime Control and  
34 Public Safety on a form prescribed by the Department. The Department shall charge an annual  
35 application fee of ~~one hundred dollars (\$100.00)~~ two hundred dollars (\$200.00) to defray the  
36 cost of issuing bingo licenses and handling bingo audit reports. The fees collected shall be  
37 deposited in the General Fund of the State. This license shall expire one year after the granting  
38 of the license. This license may be renewed yearly, if the applicant pays the application fee and  
39 files an audit with the Department pursuant to G.S. 14-309.11. A copy of the application and  
40 license shall be furnished to the local law-enforcement agency in the county or municipality in  
41 which the licensee intends to operate before bingo is conducted by the licensee."  
42

### 43 **INCREASE FEES FOR LICENSING BOXERS AND FOR TICKETS SOLD AT** 44 **BOXING EVENTS**

45       **SECTION 17.7.(a)** G.S. 143-655(a) reads as rewritten:

46       (a) License Fees. – The Division shall collect the following license fees:

47               Announcer	\$75.00
48               Contestant	<del>\$37.50</del> <u>\$50.00</u>
49               Judge	\$75.00
50               Manager	\$150.00
51               Matchmaker	\$300.00

1	Promoter	\$450.00
2	Referee	\$75.00
3	Timekeeper	\$75.00
4	Second	<del>\$37.50</del> \$50.00."

5 **SECTION 17.7.(b)** G.S. 143-655(b1) reads as rewritten:

6 "(b1) Admission Fees. – The Division shall collect a fee in the amount of ~~one dollar and~~  
7 ~~fifty cents (\$1.50)~~ two dollars (\$2.00) per each ticket sold to attend events regulated in this  
8 Article."

9  
10 **INCREASE REGISTRATION FEE FOR DEEDS OF TRUST AND MORTGAGES FOR**  
11 **EMERGENCY MANAGEMENT DIVISION USE**

12 **SECTION 17.8.(a)** G.S. 161-10(a)(1a) reads as rewritten:

13 "(1a) Deeds of Trust, Mortgages, and Cancellation of Deeds of Trust and  
14 Mortgages. – For registering or filing any deed of trust or mortgage, whether  
15 written, printed, or typewritten, the fee shall be ~~twenty-two dollars~~  
16 ~~(\$22.00)~~ thirty-two dollars (\$32.00) for the first page plus three dollars  
17 (\$3.00) for each additional page or fraction thereof.

18 When a deed of trust or mortgage is presented for registration that  
19 contains one or more additional instruments, the fee shall be ten dollars  
20 (\$10.00) for each additional instrument. A deed of trust or mortgage contains  
21 one or more additional instruments if such additional instrument or  
22 instruments has or have different legal consequences or intent, each of which  
23 is separately executed and acknowledged and could be recorded alone.

24 For recording records of satisfaction, or the cancellation of record by any  
25 other means, of deeds of trust or mortgages, there shall be no fee."

26 **SECTION 17.8.(b)** Article 1 of Chapter 161 of the General Statutes is amended by  
27 adding a new section to read:

28 **"§ 161-11.5. Fees for emergency management.**

29 Nine dollars (\$9.00) of each fee collected by the register of deeds for registering or filing a  
30 deed of trust or mortgage pursuant to G.S. 161-10(a)(1a) shall be remitted by the register of  
31 deeds to the county finance officer, who shall remit the funds to the Department of Crime  
32 Control and Public Safety to be credited to the Statewide Emergency Management Fund  
33 established under G.S. 166A-6.03. The county finance officer shall remit the funds to the  
34 Department on a monthly basis."

35 **SECTION 17.8.(c)** Article 1 of Chapter 166A of the General Statutes is amended  
36 by adding a new section to read:

37 **"§ 166A-6.03. Statewide Emergency Management Fund.**

38 The Statewide Emergency Management Fund is established as a special revenue fund. The  
39 Fund consists of the fees credited to it under G.S. 161-11.5. Revenue in the Fund shall be used  
40 to offset the Department's cost in performing its duties under this Chapter."

41 **SECTION 17.8.(d)** This section becomes effective October 1, 2009, and applies to  
42 deeds of trust and mortgages registered or filed on or after that date.

43  
44 **PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**  
45 **PREVENTION**

46  
47 **ANNUAL EVALUATION OF COMMUNITY PROGRAMS**

48 **SECTION 18.1.** The Department of Juvenile Justice and Delinquency Prevention  
49 shall conduct an evaluation of the Eckerd wilderness camp programs and of multipurpose  
50 group homes.

1 In conducting the evaluation of each of these programs, the Department shall  
2 consider whether participation in each program results in a reduction of court involvement  
3 among juveniles. The Department also shall identify whether the programs are achieving the  
4 goals and objectives of the Juvenile Justice Reform Act, S.L. 1998-202. The Department shall  
5 report the results of the evaluation to the Joint Legislative Corrections, Crime Control, and  
6 Juvenile Justice Oversight Committee, the chairs of the Senate and House of Representatives  
7 Appropriations Committees and the chairs of the Subcommittees on Justice and Public Safety  
8 of the Senate and House of Representatives Appropriations Committees by March 1 of each  
9 year.

## 10 **PROJECT CHALLENGE NORTH CAROLINA/REPORTING REQUIREMENT**

11 **SECTION 18.2.** Project Challenge North Carolina, Inc., shall report to the  
12 Department of Juvenile Justice and Delinquency Prevention and the Chairs of the Senate and  
13 House of Representatives Appropriations Subcommittees on Justice and Public Safety by April  
14 1 each year on the operation and the effectiveness of its program in providing alternative  
15 dispositions and services to juveniles who have been adjudicated delinquent or undisciplined.  
16 The report shall include information on:

- 17 (1) The source of referrals for juveniles.
- 18 (2) The types of offenses committed by juveniles participating in the program.
- 19 (3) The amount of time those juveniles spend in the program.
- 20 (4) The number of juveniles who successfully complete the program.
- 21 (5) The number of juveniles who commit additional offenses after completing  
22 the program.
- 23 (6) The program's budget and expenditures, including all funding sources.

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

25 **SECTION 18.3.** Funds appropriated in this act to the Department of Juvenile  
26 Justice and Delinquency Prevention for the 2009-2010 fiscal year may be used as matching  
27 funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives  
28 Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office  
29 of State Budget and Management and the Governor's Crime Commission shall consult with the  
30 Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding  
31 federal funds. The Office of State Budget and Management, the Governor's Crime  
32 Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report  
33 to the Appropriations Committees of the Senate and House of Representatives and the Joint  
34 Legislative Commission on Governmental Operations prior to allocation of the federal funds.  
35 The report shall identify the amount of funds to be received for the 2009-2010 fiscal year, the  
36 amount of funds anticipated for the 2009-2010 fiscal year, and the allocation of funds by  
37 program and purpose.  
38  
39  
40

## 41 **ELIMINATE SUPPORT OUR STUDENTS PROGRAM**

42 **SECTION 18.6.** Part 5A of Article 3 of Chapter 143B of the General Statutes is  
43 repealed.  
44

## 45 **JUVENILE CRIME PREVENTION COUNCIL (JCPC) GRANT REPORTING AND** 46 **CERTIFICATION**

47 **SECTION 18.7.** On or before October 1 of each year, the Department of Juvenile  
48 Justice and Delinquency Prevention shall submit to the Joint Legislative Commission on  
49 Governmental Operations and the Appropriations Committees of the Senate and House of  
50 Representatives a list of the recipients of the grants awarded, or preapproved for award, from

1 funds appropriated to the Department for local Juvenile Crime Prevention Council grants,  
2 including:

- 3 (1) The amount of the grant awarded.
- 4 (2) The membership of the local committee or council administering the award  
5 funds on the local level.
- 6 (3) The type of program funded.
- 7 (4) A short description of the local services, programs, or projects that will  
8 receive funds.
- 9 (5) Identification of any programs that received grant funds at one time but for  
10 which funding has been eliminated by the Department.
- 11 (6) The number of at-risk, diverted, and adjudicated juveniles served by each  
12 county.
- 13 (7) The Department's actions to ensure that county JCPCs prioritize funding for  
14 dispositions of intermediate and community-level sanctions for  
15 court-adjudicated juveniles under minimum standards adopted by the  
16 Department.
- 17 (8) The total cost for each funded program, including the cost per juvenile and  
18 the essential elements of the program.

19 A written copy of the list and other information regarding the projects shall also be  
20 sent to the Fiscal Research Division of the General Assembly.

## 21 22 **ESTABLISHMENT OF A GANG PREVENTION AND INTERVENTION PILOT** 23 **PROGRAM**

24 **SECTION 18.8.(a)** As part of the Governor's Comprehensive Gang Initiative, the  
25 Department of Juvenile Justice and Delinquency Prevention shall establish a two-year Gang  
26 Prevention and Intervention Pilot Program that will focus on youth at risk for gang involvement  
27 and those who are already associated with gangs and gang activity. The Department of  
28 Juvenile Justice and Delinquency Prevention shall:

- 29 (1) Ensure that measurable performance indicators and systems are put in place  
30 to evaluate the effectiveness of the pilot program, and
- 31 (2) Conduct both process- and outcome-focused evaluations of the pilot  
32 program to determine community and institutional impacts of the pilot  
33 program pertaining to gang behavior, desistance, and activities. These  
34 evaluations may consider the degree of successful implementation of the  
35 program and measurable changes in gang-related and gang-affiliated  
36 behaviors noted in institutional, court system, communities, and related  
37 programs.

38 **SECTION 18.8.(b)** The Department of Juvenile Justice and Delinquency  
39 Prevention shall report to the Chairs of the Senate and House of Representatives  
40 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative  
41 Corrections, Crime Control, and Juvenile Justice Oversight Committee on the implementation  
42 and continuing operation of the pilot program by April 1 each year. The report shall include  
43 information on the number of juveniles served and an evaluation of the effectiveness of the  
44 pilot program. In addition, the report shall include the information set out in subsection (a) of  
45 this section.

## 46 47 **PART XIX. DEPARTMENT OF CORRECTION**

### 48 49 **INMATE ROAD SQUADS AND LITTER CREWS**

50 **SECTION 19.1.** Of the funds appropriated to the Department of Transportation in  
51 this act, the sum of nine million forty thousand dollars (\$9,040,000) per year shall be

1 transferred by the Department to the Department of Correction during the 2009-2010 and  
2 2010-2011 fiscal years for the cost of operating medium custody inmate road squads, as  
3 authorized by G.S. 148-26.5, and minimum custody inmate litter crews. This transfer shall be  
4 made quarterly in the amount of two million two hundred sixty thousand dollars (\$2,260,000).  
5 The Department of Transportation may use funds appropriated in this act to pay an additional  
6 amount exceeding the nine million forty thousand dollars (\$9,040,000), but those payments  
7 shall be subject to negotiations among the Department of Transportation, the Department of  
8 Correction, and the Office of State Budget and Management prior to payment by the  
9 Department of Transportation.

10 The Office of State Budget and Management shall conduct a study, in consultation  
11 with the Department of Correction and the Department of Transportation, to determine the  
12 actual cost and cost/benefit of operating medium custody road squads and minimum custody  
13 litter crews. The Office of State Budget and Management shall report the results of this study to  
14 the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee  
15 and to the Joint Legislative Transportation Oversight Committee by March 1, 2010. The study  
16 shall include a recommendation on whether or not the amount transferred from the Department  
17 of Transportation to the Department of Correction for this work is adequate.

## 18 **FEDERAL GRANT REPORTING**

19 **SECTION 19.2.** The Department of Correction, the Department of Justice, the  
20 Department of Crime Control and Public Safety, the Judicial Department, and the Department  
21 of Juvenile Justice and Delinquency Prevention shall report by May 1 of each year to the Joint  
22 Legislative Commission on Governmental Operations, the Chairs of the House of  
23 Representatives and Senate Appropriations Committees, and the Chairs of the House of  
24 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on  
25 federal grant funds received or preapproved for receipt by those departments. The report shall  
26 include information on the amount of grant funds received or preapproved for receipt by each  
27 department, the use of the funds, the State match expended to receive the funds, and the period  
28 to be covered by each grant. If the department intends to continue the program beyond the end  
29 of the grant period, the department shall report on the proposed method for continuing the  
30 funding of the program at the end of the grant period. Each department shall also report on any  
31 information it may have indicating that the State will be requested to provide future funding for  
32 a program presently supported by a local grant.

## 33 **USE OF CLOSED PRISON FACILITIES**

34 **SECTION 19.4.(a)** In conjunction with the closing of prison facilities, including  
35 small expensive prison units recommended for consolidation by the Government Performance  
36 Audit Committee, the Department of Correction shall consult with the county or municipality  
37 in which the unit is located, with the elected State and local officials, and with State and federal  
38 agencies about the possibility of converting that unit to other use. The Department may also  
39 consult with any private for-profit or nonprofit firm about the possibility of converting the unit  
40 to other use. In developing a proposal for future use of each unit, the Department shall give  
41 priority to converting the unit to other criminal justice use. Consistent with existing law and the  
42 future needs of the Department of Correction, the State may provide for the transfer or the lease  
43 of any of these units to counties, municipalities, State agencies, or private firms wishing to  
44 convert them to other use. The Department of Correction may also consider converting some of  
45 the units recommended for closing from one security custody level to another, where that  
46 conversion would be cost-effective. A prison unit under lease to a county pursuant to the  
47 provisions of this section for use as a jail is exempt for the period of the lease from any of the  
48 minimum standards adopted by the Secretary of Health and Human Services pursuant to  
49  
50

1 G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater  
2 standards than those required of a unit of the State prison system.

3 Prior to any transfer or lease of these units, the Department of Correction shall  
4 report on the terms of the proposed transfer or lease to the Joint Legislative Commission on  
5 Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile  
6 Justice Oversight Committee. The Department of Correction also shall provide annual  
7 summary reports to the Joint Legislative Commission on Governmental Operations and the  
8 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the  
9 conversion of these units to other use and on all leases or transfers entered into pursuant to this  
10 section.

11 **SECTION 19.4.(b)** The Department of Correction shall study the feasibility of  
12 establishing probation revocation centers at closed prison facilities. The Department shall  
13 consult with counties to explore cost-sharing of these facilities. The Department shall report its  
14 findings to the Chairs of the Appropriations Subcommittees on Justice and Public Safety by  
15 February 1, 2010.

### 16 17 **LIMIT USE OF OPERATIONAL FUNDS**

18 **SECTION 19.5.** Funds appropriated in this act to the Department of Correction for  
19 operational costs for additional facilities shall be used for personnel and operating expenses set  
20 forth in the budget approved by the General Assembly in this act. These funds shall not be  
21 expended for any other purpose, except as provided for in this act, and shall not be expended  
22 for additional prison personnel positions until the new facilities are within 120 days of  
23 projected completion, except that the Department may establish critical positions prior to 120  
24 days of completion representing no more than twenty percent (20%) of the total estimated  
25 number of positions.

### 26 27 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

28 **SECTION 19.6.** The Department of Correction may continue to contract with The  
29 Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison  
30 beds for minimum security female inmates during the 2009-2011 biennium. The Center for  
31 Community Transitions, Inc., shall report by February 1 of each year to the Joint Legislative  
32 Commission on Governmental Operations on the annual cost per inmate and the average daily  
33 inmate population compared to bed capacity using the same methodology as that used by the  
34 Department of Correction.

### 35 36 **PAROLE ELIGIBILITY REPORT/MUTUAL AGREEMENT PAROLE** 37 **PROGRAM/MEDICAL RELEASE PROGRAM**

38 **SECTION 19.8.(a)** The Post-Release Supervision and Parole Commission shall,  
39 with the assistance of the North Carolina Sentencing and Policy Advisory Commission and the  
40 Department of Correction, analyze the amount of time each inmate who is eligible for parole on  
41 or before July 1, 2010, has served compared to the time served by offenders under Structured  
42 Sentencing for comparable crimes. The Commission shall determine if the person has served  
43 more time in custody than the person would have served if sentenced to the maximum sentence  
44 under the provisions of Article 81B of Chapter 15A of the General Statutes. The "maximum  
45 sentence," for the purposes of this section, shall be calculated as set forth in subsection (b) of  
46 this section.

47 **SECTION 19.8.(b)** For the purposes of this section, the following rules apply for  
48 the calculation of the maximum sentence:

- 49 (1) The offense upon which the person was convicted shall be classified as the  
50 same felony class as the offense would have been classified if committed

1 after the effective date of Article 81B of Chapter 15A of the General  
2 Statutes.

3 (2) The minimum sentence shall be the maximum number of months in the  
4 presumptive range of minimum durations in Prior Record Level VI of  
5 G.S. 15A-1340.17(c) for the felony class determined under subdivision (1)  
6 of this subsection. The maximum sentence shall be calculated using  
7 G.S. 15A-1340.17(d), (e), or (e1).

8 (3) If a person is serving sentences for two or more offenses that are concurrent  
9 in any respect, then the offense with the greater classification shall be used  
10 to determine a single maximum sentence for the concurrent offenses. The  
11 fact that the person has been convicted of multiple offenses may be  
12 considered by the Commission in making its determinations under  
13 subsection (a) of this section.

14 **SECTION 19.8.(c)** The Post-Release Supervision and Parole Commission shall  
15 report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight  
16 Committee and to the Chairs of the House of Representatives and Senate Appropriations  
17 Committees, and the Chairs of the House of Representatives and Senate Appropriations  
18 Subcommittees on Justice and Public Safety by April 1, 2010. The report shall include the  
19 following: the class of the offense for which each parole-eligible inmate was convicted and  
20 whether an inmate had multiple criminal convictions. The Commission shall reinstate the  
21 parole review process for each offender who has served more time than that person would have  
22 under Structured Sentencing as provided by subsections (a) and (b) of this section.

23 The Commission shall also report on the number of parole-eligible inmates  
24 reconsidered in compliance with this section and the number who were actually paroled.

25 **SECTION 19.8.(d)** The Department of Correction and the Post-Release  
26 Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the  
27 House of Representatives and Senate Appropriations Subcommittees on Justice and Public  
28 Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight  
29 Committee on the number of inmates enrolled in the mutual agreement parole program, the  
30 number completing the program and being paroled, and the number who enrolled but were  
31 terminated from the program. The information should be based on the previous calendar year.

32 **SECTION 19.8.(e)** The Department of Correction and the Post-Release  
33 Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the  
34 House of Representatives and Senate Appropriations Subcommittees on Justice and Public  
35 Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight  
36 Committee on the number of inmates proposed for release, considered for release, and granted  
37 release under Chapter 84B of Chapter 15A of the General Statutes, providing for the medical  
38 release of inmates who are either permanently and totally disabled, terminally ill, or geriatric.

#### 39 **REPORTS ON NONPROFIT PROGRAMS**

40 **SECTION 19.10.(a)** Funds appropriated in this act to the Department of Correction  
41 to support the programs of Harriet's House may be used for program operating costs, the  
42 purchase of equipment, and the rental of real property to serve women released from prison  
43 with children in their custody. Harriet's House shall report by February 1 of each year to the  
44 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and  
45 the Chairs of the House of Representatives and Senate Appropriations Subcommittees on  
46 Justice and Public Safety on the expenditure of State appropriations and on the effectiveness of  
47 the program, including information on the number of clients served, the number of clients who  
48 successfully complete the Harriet's House program, and the number of clients who have been  
49 rearrested within three years of successfully completing the program. The report shall provide  
50

1 financial and program data for the complete fiscal year prior to the year in which the report is  
2 submitted. The financial report shall identify all funding sources and amounts.

3 **SECTION 19.10.(b)** Summit House shall report by February 1 of each year to the  
4 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and  
5 the Chairs of the House of Representatives and Senate Appropriations Subcommittees on  
6 Justice and Public Safety on the expenditure of State appropriations and on the effectiveness of  
7 the program, including information on the number of clients served, the number of clients who  
8 have had their probation revoked, the number of clients who successfully complete the program  
9 while housed at Summit House, and the number of clients who have been rearrested within  
10 three years of successfully completing the program. The report shall provide financial and  
11 program data for the complete fiscal year prior to the year in which the report is submitted. The  
12 financial report shall identify all funding sources and amounts.

13 **SECTION 19.10.(c)** Women at Risk shall report by February 1 of each year to the  
14 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and  
15 the Chairs of the House of Representatives and Senate Appropriations Subcommittees on  
16 Justice and Public Safety on the expenditure of State funds and on the effectiveness of the  
17 program, including information on the number of clients served, the number of clients who  
18 have had their probation revoked, the number of clients who have successfully completed the  
19 program, and the number of clients who have been rearrested within three years of successfully  
20 completing the program. The report shall provide financial and program data for the complete  
21 fiscal year prior to the year in which the report is submitted. The financial report shall identify  
22 all funding sources and amounts.

## 23 24 **CRIMINAL JUSTICE PARTNERSHIP**

25 **SECTION 19.11.(a)** Notwithstanding any other provision of law, a county may use  
26 funds appropriated pursuant to the Criminal Justice Partnership Act, Article 6A of Chapter  
27 143B of the General Statutes, to provide more than one community-based corrections program.

28 **SECTION 19.11.(b)** Effective July 1, 2009, the Department of Correction shall  
29 recalculate the county allocation funding formula mandated under G.S. 143B-273.15 using  
30 updated data.

31 **SECTION 19.11.(c)** Notwithstanding the provisions of G.S. 143B-273.15  
32 specifying that grants to participating counties are for the full fiscal year and that unobligated  
33 funds are returned to the State-County Criminal Justice Partnership Account at the end of the  
34 grant period, the Department of Correction may reallocate unspent or unclaimed funds  
35 distributed to counties participating in the State-County Criminal Justice Partnership Program  
36 in an effort to maintain the level of services realized in previous fiscal years.

37 **SECTION 19.11.(d)** The Department of Correction may not deny funds to a  
38 county to support both a residential program and a day reporting center if the Department of  
39 Correction determines that the county has a demonstrated need and a fully developed plan for  
40 each type of sanction.

41 **SECTION 19.11.(e)** The Department of Correction shall report by March 1 of each  
42 year to the Chairs of the House of Representatives and Senate Appropriations Committees, the  
43 House of Representatives and Senate Appropriations Subcommittees on Justice and Public  
44 Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight  
45 Committee on the status of the State-County Criminal Justice Partnership Program. The report  
46 shall include the following information:

- 47 (1) The amount of funds carried over from the prior fiscal year;
- 48 (2) The dollar amount and purpose of grants awarded to counties as  
49 discretionary grants for the current fiscal year;
- 50 (3) Any counties the Department anticipates will submit requests for new  
51 implementation grants;



- 1 (4) An update on efforts to ensure that all counties make use of the electronic  
2 reporting system, including the number of counties submitting offender  
3 participation data via the system;
- 4 (5) An analysis of offender participation data received, including data on each  
5 program's utilization and capacity;
- 6 (6) An analysis of comparable programs prepared by the Division of Research  
7 and Planning, Department of Correction, including a comparison of  
8 programs in each program type on selected outcome measures developed by  
9 the Division of Community Corrections in consultation with the Fiscal  
10 Research Division and the Division of Research and Planning, and a  
11 summary of the reports prepared by county Criminal Justice Partnerships  
12 Advisory Boards;
- 13 (7) A review of whether each sentenced offender program is meeting established  
14 program goals developed by the Division of Community Corrections in  
15 consultation with the Division of Research and Planning and the State  
16 Criminal Justice Partnership Advisory Board;
- 17 (8) The number of community offenders and intermediate offenders served by  
18 each county program;
- 19 (9) The amount of Criminal Justice Partnership funds spent on community  
20 offenders and intermediate offenders; and
- 21 (10) A short description of the services and programs provided by each  
22 partnership, including who the service providers are and the amount of funds  
23 each service provider receives.  
24

## 25 **REPORT ON PROBATION AND PAROLE CASELOADS**

26 **SECTION 19.12.(a)** The Department of Correction shall report by March 1 of each  
27 year to the chairs of the House of Representatives and Senate Appropriations Subcommittees  
28 on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile  
29 Justice Oversight Committee on caseload averages for probation and parole officers. The  
30 report shall include:

- 31 (1) Data on current caseload averages and district averages for probation/parole  
32 officer positions;
- 33 (2) Data on current span of control for chief probation officers;
- 34 (3) An analysis of the optimal caseloads for these officer classifications;
- 35 (4) An assessment of the role of surveillance officers;
- 36 (5) The number and role of paraprofessionals in supervising low-risk caseloads;
- 37 (6) An update on the Department's implementation of the recommendations  
38 contained in the National Institute of Correction study conducted on the  
39 Division of Community Corrections in 2004 and 2008;
- 40 (7) The process of assigning offenders to an appropriate supervision level based  
41 on a risk assessment and an examination of other existing resources for  
42 assessment and case planning, including the Sentencing Services Program in  
43 the Office of Indigent Defense Services and the range of screening and  
44 assessment services provided by the Division of Mental Health,  
45 Developmental Disability, and Substance Abuse Services in the Department  
46 of Health and Human Services; and
- 47 (8) Data on cases supervised solely for the collection of court-ordered payments.

48 **SECTION 19.12.(b)** The Department of Correction shall conduct a study of  
49 probation/parole officer workload. The study shall include analysis of the type of offenders  
50 supervised, the distribution of the probation/parole officers' time by type of activity, the  
51 caseload carried by the officers, and comparisons to practices in other states. The study shall be

1 used to determine whether the caseload goals established by the Structured Sentencing Act are  
2 still appropriate, based on the nature of the offenders supervised and the time required to  
3 supervise those offenders.

4 **SECTION 19.12.(c)** The Department of Correction shall report the results of the  
5 study and recommendations for any adjustments to caseload goals to the House of  
6 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by  
7 January 1, 2011.

8 **SECTION 19.12.(d)** The Department of Correction shall report by March 1 of  
9 each year to the Chairs of the House and Senate Appropriations Committees, the Chairs of the  
10 House of Representatives and Senate Appropriations Subcommittees on Justice and Public  
11 Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight  
12 Committee on the following:

- 13 (1) The number of sex offenders enrolled on active and passive GPS monitoring.
- 14 (2) The caseloads of probation officers assigned to GPS-monitored sex  
15 offenders.
- 16 (3) The number of violations.
- 17 (4) The number of absconders.
- 18 (5) The projected number of offenders to be enrolled by the end of the  
19 2009-2010 fiscal year and the end of the 2010-2011 fiscal year.
- 20 (6) The total cost of the program, including a per-offender cost.

## 21 **REPORT ON INMATE WELFARE AND CORRECTION ENTERPRISES**

22 **SECTION 19.13.** The Department of Correction, in consultation with the Office of  
23 State Budget and Management, shall study the feasibility of budgeting positions currently  
24 funded from the Inmate Welfare Fund and the Correction Enterprise Fund from the General  
25 Fund instead. The Department shall report its findings by April 1, 2010, to the chairs of the  
26 House of Representatives and Senate Appropriations Subcommittees on Justice and Public  
27 Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight  
28 Committee.  
29  
30

## 31 **PRE-SENTENCE INVESTIGATIONS FEASIBILITY STUDY**

32 **SECTION 19.14.** The Department of Correction and the Administrative Office of  
33 the Courts shall conduct a feasibility study of conducting pre-sentence investigations on all  
34 offenders convicted of felonies for which the sentencing judge has the option of intermediate or  
35 active punishments. This feasibility study shall be conducted as a pilot implementation,  
36 incorporating a variety of districts across the State reflecting both rural and urban settings, as  
37 well as diversity of programming available within the district.

38 The Department of Correction and the Administrative Office of the Courts shall  
39 report the results of the study by May 1, 2010, to the Chairs of the House of Representatives  
40 and Senate Appropriations Committees, the House of Representatives and Senate  
41 Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative  
42 Corrections, Crime Control, and Juvenile Justice Oversight Committee.  
43

## 44 **STUDY INCARCERATED MOTHERS PROGRAM**

45 **SECTION 19.15.(a)** Our Children's Place, Inc., a nonprofit corporation, shall  
46 submit to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight  
47 Committee by October 1, 2009, a comprehensive plan for the implementation of a contractual  
48 program to house incarcerated women with their children. This plan shall include criteria for  
49 placement, minimum standards for custody and security, and projections of costs for  
50 implementation, including presumptive funding sources and memoranda of intent from affected  
51 agencies.

1           **SECTION 19.15.(b)** The Joint Legislative Corrections, Crime Control, and  
2 Juvenile Justice Oversight Committee shall make recommendations to the 2010 Session of the  
3 2009 General Assembly concerning the establishment of a program to house incarcerated  
4 women with their children. These recommendations shall address legal issues related to the  
5 custody of the children while in the program.

6  
7 **AUTHORIZE STATE RETIREES AND LOCAL GOVERNMENTAL EMPLOYEES**  
8 **TO PURCHASE FROM CORRECTION ENTERPRISES**

9           **SECTION 19.16.** G.S. 148-132 reads as rewritten:

10 **"§ 148-132. Distribution of products and services.**

11           The Division of Correction Enterprises is empowered and authorized to market and sell  
12 products and services produced by Correction Enterprises to any of the following entities:

- 13           (1) Any public agency or institution owned, managed, or controlled by the State.
- 14           (2) Any county, city, or town in this State.
- 15           (3) Any federal, state, or local public agency or institution in any other state of  
16 the union.
- 17           (4) An entity or organization that has tax-exempt status pursuant to section  
18 501(c)(3) of the Internal Revenue Code and also receives local, state, or  
19 federal grant funding.
- 20           (5) Any current employee or retiree of the State of North Carolina, ~~Carolina~~ or  
21 of a unit of local government of this State, verified through State-issued  
22 identification, or through proof of retirement status, but a ~~State employee's~~  
23 purchases by a State or local governmental employee or retiree may not  
24 exceed two thousand five hundred dollars (\$2,500) during any calendar year.  
25 Products purchased by State and local governmental employees and retirees  
26 under this section may not be resold."

27  
28 **PROVISION OF HEALTH CARE SERVICES TO INMATES**

29           **SECTION 19.17.** The Department of Correction shall seek, whenever possible, to  
30 make use of its own hospitals and health care facilities to provide health care services to  
31 inmates. To the extent that the Department of Correction must utilize other facilities and  
32 services to provide health care services to inmates, the Department shall seek to contract with  
33 underutilized community hospitals or other health care facilities in a region to accomplish that  
34 goal. In the event that the Department does not have appropriate contracts for services in a  
35 region, it shall ensure that the prisoners requiring such health care services are equitably  
36 distributed among all hospitals or other appropriate health care facilities in a region.

37  
38 **SET REIMBURSEMENT TO COUNTIES FOR STATE INMATES HOUSED IN**  
39 **LOCAL CONFINEMENT FACILITIES**

40           **SECTION 19.18A.** The Department of Correction shall set the per diem  
41 reimbursement under G.S. 148-32.1 at nine dollars (\$9.00) per day for inmates committed to  
42 the custody of local confinement facilities for sentences of 30 days or more.

43  
44 **ACCOMMODATIONS FOR PROBATION OFFICES**

45           **SECTION 19.19.** G.S. 15-209 reads as rewritten:

46 **"§ 15-209. Accommodations for probation ~~officers.~~ offices.**

47           (a) The county commissioners in each county in which a probation ~~officer serves~~ office  
48 exists shall provide, in or near the courthouse, suitable office space for such ~~officer.~~ office.

49           (b) If a county is unable to provide the space required under subsection (a) of this  
50 section for any reason, it may elect to request that the Department of Correction lease space for  
51 the probation office and receive reimbursement from the county for the leased space. If a

1 county fails to reimburse the Department for such leased space, the Secretary of Correction  
2 may request that the Administrative Office of the Courts transfer the unpaid amount to the  
3 Department from the county's court and jail facility fee remittances."  
4

#### 5 **RATES FOR INMATE MEDICAL SERVICES**

6 **SECTION 19.20.(a)** Unless the Department of Correction has a contract with a  
7 provider of medical services specifying otherwise, the Department shall pay to a provider of  
8 medical service for any and all inmates committed to the custody of the Department of  
9 Correction and confined in a correctional facility an amount no greater than one hundred fifty  
10 percent (150%) of the Medicaid reimbursement rate. This limitation applies to all medical  
11 services provided outside the facility, including hospitalizations, professional services,  
12 prescription drugs, and medications provided to any and all inmates confined in a correctional  
13 facility. For required services that are not included in the Medicaid reimbursement schedule,  
14 the Department of Correction shall pay the reasonable value of that service.

15 **SECTION 19.20.(b)** The Department shall consult with the Division of Medical  
16 Assistance in the Department of Health and Human Services to develop protocols for prisoners  
17 who would otherwise be eligible for Medicaid if they were not incarcerated to access Medicaid  
18 while in custody or under extended limits of confinement. The Department may make  
19 recommendations to the 2010 Regular Session of the 2009 General Assembly for special  
20 purpose facilities designed to house inmates but preserve Medicaid eligibility.

21 **SECTION 19.20.(c)** The Department may consult with the North Carolina  
22 Hospital Association to identify cost containment measures through more efficient use of  
23 contracting with underutilized hospitals and health care providers.  
24

#### 25 **ESTABLISH THE SPECIAL COMMITTEE ON SENTENCING AND PRISON** 26 **OVERCROWDING**

27 **SECTION 19.22.(a)** There is established the Special Committee on Sentencing and  
28 Prison Overcrowding.

29 **SECTION 19.22.(b)** The Committee shall be composed of 20 members. The  
30 President Pro Tempore of the Senate shall appoint 10 members and the Speaker of the House of  
31 Representatives shall appoint 10 members.

32 The President Pro Tempore of the Senate shall designate a cochair for the  
33 Committee and the Speaker of the House of Representatives shall designate a cochair for the  
34 Committee. Any vacancy which occurs on the Committee shall be filled in the same manner as  
35 the original appointment. A majority of the members shall constitute a quorum. The Committee  
36 may meet at any time upon the call of the cochairs.

37 **SECTION 19.22.(c)** The Committee shall study the State's current sentencing laws  
38 and policies, consider the current availability, use, and effectiveness of alternative punishments,  
39 and evaluate how all of those contribute to the increasing number of nonviolent offenders  
40 housed in State and local government correctional facilities. In conducting the study the  
41 Committee shall do all of the following:

- 42 (1) Review the State's sentencing grid currently used under structured  
43 sentencing, the criteria used to assign classifications to felonies and  
44 misdemeanors, and the active sentence lengths imposed for each offense.
- 45 (2) Review and evaluate the criteria set out in G.S. 164-42.2, which outlines the  
46 basis for the current comprehensive community corrections strategy and  
47 organizational structure for the State.
- 48 (3) Develop criteria to determine what criminal offenses are clearly nonviolent  
49 offenses and, based on that criteria, identify specific offenses that may be  
50 considered nonviolent offenses.

- 1 (4) Consider the various alternative punishments that are available to
- 2 incarceration and the effectiveness of those alternatives, especially with
- 3 regard to decreasing the recidivism rate among nonviolent offenders.
- 4 (5) Consider the continuum of community services and community-based
- 5 corrections programs available in the State.
- 6 (6) Consider what an appropriate and effective sentence may be for a nonviolent
- 7 offense, including whether a sentence should include a period of
- 8 incarceration and whether there is an alternative punishment that may be
- 9 appropriate.
- 10 (7) Assess the cost-effectiveness of the use of State and local funds in the
- 11 criminal justice and corrections systems.
- 12 (8) Assess any risk posed to public safety with the use of alternative
- 13 punishments and community treatment programs.
- 14 (9) Study the role that misdemeanants, both nonviolent and violent, have with
- 15 regard to State and local correctional facilities.
- 16 (10) Assess and analyze the funding mechanisms for the continuum of
- 17 community services and community-based corrections.
- 18 (11) Assess the different needs and assets of communities and the nonviolent
- 19 offenders residing in those communities, determine how those needs vary,
- 20 and evaluate how to address the needs while utilizing to the fullest extent the
- 21 assets of the communities.
- 22 (12) Consider any recommendations of the Sentencing Commission regarding
- 23 modification of the sentencing grid and use of alternative punishments.
- 24 (13) Any other issue that the Committee deems relevant to the study.

25 **SECTION 19.22.(d)** The Committee, while in the discharge of its official duties,  
26 may exercise all the powers provided under the provisions of Articles 5 and 5A of Chapter 120  
27 of the General Statutes. The Committee may meet in the Legislative Building or the Legislative  
28 Office Building. The Committee may contract for professional, clerical, or consultant services  
29 as provided by G.S. 120-32.02.

30 **SECTION 19.22.(e)** The Legislative Services Commission, through the Legislative  
31 Services Officer, shall assign professional staff to assist the Committee in its work. The  
32 Senate's and the House of Representatives' Director of Legislative Assistants shall assign  
33 clerical staff to the Committee, and the expenses relating to the clerical employees shall be  
34 borne by the Committee. Members of the Committee shall receive subsistence and travel  
35 expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

36 **SECTION 19.22.(f)** The Committee may make an interim report to the 2010  
37 Regular Session of the 2009 General Assembly and shall make its final report, including any  
38 legislative proposals, by the convening of the 2011 General Assembly. The Committee shall  
39 terminate upon filing its final report or upon the convening of the 2012 Regular Session of the  
40 2011 General Assembly, whichever is earlier.

## 41 **INCREASE FEE FOR COMMUNITY SERVICE WORK PROGRAM**

42 **SECTION 19.23.(a)** G.S. 15A-1371(i) reads as rewritten:

43 "(i) A fee of ~~two~~three hundred dollars (~~\$200.00~~)(\$300.00) shall be paid by all persons  
44 who participate in the Community Service Parole Program. That fee must be paid to the clerk  
45 of court in the county in which the parolee is released. The fee must be paid in full within two  
46 weeks unless the Post-Release Supervision and Parole Commission, upon a showing of  
47 hardship by the person, allows the person additional time to pay the fee. The parolee may not  
48 be required to pay the fee before the person begins the community service unless the  
49 Post-Release Supervision and Parole Commission specifically orders that the person do so.  
50

1 Fees collected under this subsection shall be deposited in the General Fund. The fee imposed  
2 under this subsection may be paid as prescribed by the supervising parole officer."

3 **SECTION 19.23.(b)** G.S. 20-179.4(c) reads as rewritten:

4 "(c) A fee of ~~two~~three hundred dollars (~~\$200.00~~)(\$300.00) shall be paid by all persons  
5 serving a community service sentence. That fee shall be paid to the clerk of court in the county  
6 in which the person is convicted. The fee shall be paid in full within two weeks unless the  
7 court, upon a showing of hardship by the person, allows additional time to pay the fee. The  
8 person may not be required to pay the fee before beginning the community service unless the  
9 court specifically orders the person to do so."

10 **SECTION 19.23.(c)** G.S. 143B-262.4(b) reads as rewritten:

11 "(b) Unless a fee is assessed pursuant to G.S. 20-179.4 or G.S. 15A-1371(i), a fee of ~~two~~  
12 three hundred dollars (~~\$200.00~~)(\$300.00) shall be paid by all persons who participate in the  
13 program or receive services from the program staff. Fees collected pursuant to this subsection  
14 shall be deposited in the General Fund. If the person is convicted in a court in this State, the fee  
15 shall be paid to the clerk of court in the county in which the person is convicted. If the person is  
16 participating in the program as a result of a deferred prosecution or similar program, the fee  
17 shall be paid to the clerk of court in the county in which the agreement is filed. Persons  
18 participating in the program for any other reason shall pay the fee to the clerk of court in the  
19 county in which the services are provided by the program staff. The fee shall be paid in full  
20 within two weeks from the date the person is ordered to perform the community service, and  
21 before the person may participate in the community service program, except that:

- 22 (1) A person convicted in a court in this State may be given an extension of time  
23 or allowed to begin the community service before the person pays the fee by  
24 the court in which the person is convicted; or  
25 (2) A person performing community service pursuant to a deferred prosecution  
26 or similar agreement may be given an extension of time or allowed to begin  
27 community service before the fee is paid by the official or agency  
28 representing the State in the agreement."  
29

### 30 **COMMUNITY WORK CREW FEE**

31 **SECTION 19.24.** Article 3 of Chapter 148 of the General Statutes is amended by  
32 adding a new section to read:

#### 33 **"§ 148-32.2. Community work crew fee.**

34 The Department of Correction may charge a fee to any unit of local government to which it  
35 provides, upon request, a community work crew. The amount of the fee shall be no more than  
36 the cost to the Department to provide the crew to the unit of local government."  
37

## 38 **PART XX. GENERAL GOVERNMENT – RESERVED**

## 39 **PART XXA. DEPARTMENT OF ADMINISTRATION**

### 40 **NC GREEN BUSINESS FUND/FUNDS**

41 **SECTION 20A.1.** Of the funds received by the State under the American Recovery  
42 and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office,  
43 Department of Administration, for the 2009-2010 fiscal year, the sum of five million dollars  
44 (\$5,000,000) in nonrecurring funds shall be allocated to the North Carolina Green Business  
45 Fund in the Department of Commerce.  
46  
47  
48

### 49 **BIOFUELS CENTER OF NORTH CAROLINA**

50 **SECTION 20A.2.** Of the funds received by the State under the American Recovery  
51 and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office,

1 Department of Administration, for the 2009-2010 fiscal year, the sum of five million dollars  
2 (\$5,000,000) in nonrecurring funds shall be allocated to the Biofuels Center of North Carolina.  
3 These funds shall be used for costs related to implementing the North Carolina Strategic Plan  
4 for Biofuels Leadership developed under S.L. 2006-206.

#### 6 COASTAL SOUNDS WIND STUDY

7 **SECTION 20A.3.** Of the funds received by the State under the American Recovery  
8 and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office,  
9 Department of Administration, for the 2009-2010 fiscal year, the sum of three hundred  
10 thousand dollars (\$300,000) in nonrecurring funds shall be allocated to The University of North  
11 Carolina. These funds shall be used for costs related to implementing the pilot project described  
12 in Section 9.14 of this act.

#### 14 INCREASE MARRIAGE LICENSE FEE

15 **SECTION 20A.4.(a)** G.S. 161-10(a)(2) reads as rewritten:

16 "(2) Marriage Licenses. – For issuing a license ~~fifty dollars (\$50.00);~~ sixty dollars  
17 (\$60.00); for issuing a delayed certificate with one certified copy twenty  
18 dollars (\$20.00); and for a proceeding for correction of an application,  
19 license or certificate, with one certified copy ten dollars (\$10.00)."

20 **SECTION 20A.4.(b)** G.S. 161-11.2 reads as rewritten:

21 "~~Twenty dollars (\$20.00)~~ Thirty dollars (\$30.00) of each fee collected by a register of deeds  
22 for issuance of a marriage license pursuant to G.S. 161-10(a)(2) shall be forwarded by the  
23 register of deeds to the county finance officer, who shall forward the funds to the Department  
24 of Administration to be credited to the Domestic Violence Center Fund established under  
25 G.S. 50B-9. The register of deeds shall forward the fees to the county finance officer as soon as  
26 practical. The county finance officer shall forward the fees to the Department of Administration  
27 within 60 days after receiving the fees. The Register of Deeds shall inform the applicants that  
28 ~~twenty dollars (\$20.00)~~ thirty dollars (\$30.00) of the fee for a marriage license shall be used for  
29 Domestic Violence programs."

30 **SECTION 20A.4.(c)** This section becomes effective July 1, 2009, and applies to  
31 licenses issued on or after that date.

#### 33 PART XXB. DEPARTMENT OF CULTURAL RESOURCES

#### 35 TRANSFER ADMINISTRATION OF THE GRAVEYARD OF THE ATLANTIC 36 MUSEUM TO THE ROANOKE ISLAND COMMISSION

37 **SECTION 20B.1.(a)** G.S. 121-7.4 reads as rewritten:

#### 38 "§ 121-7.4. Graveyard of the Atlantic Museum.

39 The Department of Cultural Resources shall ~~assume from the Graveyard of the Atlantic~~  
40 ~~Museum, the administration of the Graveyard of the Atlantic Museum on Hatteras Island and~~  
41 ~~shall designate it~~ designate the Graveyard of the Atlantic Museum on Hatteras Island as a  
42 member of the State History Museums Division, in accordance with the feasibility study  
43 conducted by the Department."

44 **SECTION 20B.1.(b)** G.S. 143B-131.2 reads as rewritten:

#### 45 "§ 143B-131.2. Roanoke Island Commission – Purpose, powers, and duties.

46 (a) The Commission is created to combine various existing entities in the spirit of  
47 cooperation for a cohesive body to protect, preserve, develop, and interpret the historical and  
48 cultural assets of Roanoke Island. The Commission is further created to operate and administer  
49 the Elizabeth II State Historic Site and Visitor Center, the Elizabeth II, Ice Plant Island, ~~and~~ all  
50 other properties under the administration of the Department of Cultural Resources located on  
51 Roanoke Island having historical significance to the State of North Carolina, Dare County, or

1 the Town of ~~Manteo~~, Manteo, and the Graveyard of the Atlantic Museum on Hatteras Island,  
2 except as otherwise determined by the Commission.

3 (b) The Commission shall have the following powers and duties:

4 (1) To advise the Secretary of Transportation and adopt rules on matters  
5 pertaining to, affecting, and encouraging restoration, preservation, and  
6 enhancement of the appearance, maintenance, and aesthetic quality of U.S.  
7 Highway 64/264 and the U.S. 64/264 Bypass travel corridor on Roanoke  
8 Island and the grounds on Roanoke Island Festival Park.

9 (2) To operate the Elizabeth II State Historic Site and Visitor Center and the  
10 Elizabeth II as permanent memorials commemorating the Roanoke Voyages,  
11 1584-1587.

12 (2a) To operate and fund the Graveyard of the Atlantic Museum on Hatteras  
13 Island.

14 ...."

15  
16 **ELIMINATE TRANSFER OF FUNDS APPROPRIATED TO ROANOKE ISLAND**  
17 **COMMISSION TO NONPROFIT CORPORATION**

18 **SECTION 20B.2.(a)** G.S. 143B-131.2(b)(10) reads as rewritten:

19 "(b) The Commission shall have the following powers and duties:

20 ...

21 (10) To establish and maintain a separate fund composed of moneys which may  
22 come into its hands from gifts, donations, grants, or bequests, which funds  
23 will be used by the Commission for purposes of carrying out its duties and  
24 purposes herein set forth. The Commission may also establish a reserve fund  
25 to be maintained and used for contingencies and emergencies. ~~Funds~~  
26 ~~appropriated to the Commission may be transferred to the Friends of~~  
27 ~~Elizabeth II, Inc., a private, nonprofit corporation. The Friends of Elizabeth~~  
28 ~~II, Inc., shall use the funds transferred to it to carry out the purposes of this~~  
29 ~~Part."~~

30 **SECTION 20B.2.(b)** The Office of State Budget and Management, in conjunction  
31 with the Office of the State Controller and the Department of Cultural Resources, shall close  
32 the Roanoke Island Commission (Special Fund code 14800-1584) and transfer the  
33 unencumbered cash balance on June 30, 2009, to the Department of Cultural Resources  
34 (General Fund Budget code 24802-2584).

35  
36 **ARCHIVES AND RECORDS MANAGEMENT PROGRAM FEE**

37 **SECTION 20B.3.(a)** Article 1 of Chapter 161 of the General Statutes is amended  
38 by adding a new section to read:

39 **"§ 161-11.6. Fees for archival of records.**

40 A fee of five dollars (\$5.00) shall be collected by the register of deeds from the grantor on  
41 each instrument by which any interest in real property is conveyed to another person, who shall  
42 remit the funds to the county finance officer, who shall remit the funds, less the county's  
43 allowance for administrative expenses, on a monthly basis to the Department of Cultural  
44 Resources to be used to offset the cost of the Archives and Records Management Program  
45 pursuant to Chapter 121 and Chapter 132 of the General Statutes. Two percent (2%) of the fee  
46 shall be retained by the county to be used by the register of deeds and the county to cover  
47 administrative costs in collecting and remitting the fee. This fee shall be charged in addition to  
48 the fees for registering, filing, or recording instruments as provided by G.S. 161-10."

49 **SECTION 20B.3.(b)** G.S. 121-5 is amended by adding a new subsection to read:



1       "(e) Program Funding. – Fees credited to the Department under G.S. 161-11.6 shall be  
2 used to offset the Department's costs in providing essential records management and archival  
3 services for public records pursuant to Chapter 121 and Chapter 132 of the General Statutes."

4               **SECTION 20B.3.(c)** This section becomes effective October 1, 2009, and applies  
5 to all real estate transactions registered, filed, or recorded on or after that date.

## 6 7 **PART XXC. OFFICE OF THE STATE AUDITOR**

### 8 9 **NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., TO CONDUCT** 10 **AUDITS OF LOCAL PARTNERSHIPS**

11               **SECTION 20C.1.(a)** G.S. 143B-168.12(c) reads as rewritten:

12       "(c) The North Carolina Partnership shall require each local partnership to place in each  
13 of its contracts a statement that the contract is subject to monitoring by the local partnership  
14 and North Carolina Partnership, that contractors and subcontractors shall be fidelity bonded,  
15 unless the contractors or subcontractors receive less than one hundred thousand dollars  
16 (\$100,000) or unless the contract is for child care subsidy services, that contractors and  
17 subcontractors are subject to audit oversight by the State Auditor, and that contractors and  
18 subcontractors shall be subject to the requirements of ~~G.S. 143C-6-14~~. G.S. 143C-6-22.  
19 Organizations subject to G.S. 159-34 shall be exempt from this requirement."

20               **SECTION 20C.1.(b)** G.S. 143B-168.14(b) reads as rewritten:

21       "(b) Each local partnership shall be subject to audit and review by the ~~State Auditor~~  
22 ~~under Article 5A of Chapter 147 of the General Statutes. The State Auditor~~ North Carolina  
23 Partnership. The North Carolina Partnership shall conduct contract for annual financial and  
24 compliance audits of local partnerships that are rated "needs improvement" in performance  
25 assessments authorized in G.S. 143B-168.12(a)(7). Local partnerships that are rated "superior"  
26 or "satisfactory" in performance assessments authorized in G.S. 143B-168.12(a)(7) shall  
27 undergo biennial financial and compliance audits as contracted for by the ~~State Auditor~~. North  
28 Carolina Partnership."

## 29 30 **PART XXI. DEPARTMENT OF INSURANCE**

### 31 32 **SET INSURANCE REGULATORY CHARGE**

33               **SECTION 21.1.(a)** The percentage rate to be used in calculating the insurance  
34 regulatory charge under G.S. 58-6-25 is five and one-half percent (5.5%) for the 2009 calendar  
35 year.

36               **SECTION 21.1.(b)** This section is effective when it becomes law.

### 37 38 **PREMIUM FINANCE COMPANY LICENSE FEE REVISIONS**

39               **SECTION 21.2.** G.S. 58-35-5 reads as rewritten:

40       "**§ 58-35-5. License required; fees.**

41       (a) No person except an authorized insurer shall engage in the business of an insurance  
42 premium finance company without obtaining a license from the Commissioner, as provided in  
43 this Article.

44       ...

45       (e) There shall be two types of licenses issued to an insurance premium finance  
46 company:

- 47               (1) An "A" type license shall be issued to insurance premium finance companies  
48 whose business of insurance premium financing is limited to the financing of  
49 insurance premiums of one insurance agent or agency and whose primary  
50 function is to finance only the insurance premium of such agent or agency.

1 The license fee for an "A" type license shall be ~~three hundred dollars~~  
2 ~~(\$300.00)~~ six hundred dollars (\$600.00) for each license year or part thereof.

- 3 (2) A "B" type license shall be issued to an insurance premium finance company  
4 whose business of insurance premium financing is not limited to the  
5 financing of insurance premiums of one insurance agent or agency and  
6 whose primary function is to finance the insurance premiums of more than  
7 one insurance agent or agency. The license fee for a "B" type license shall be  
8 ~~one thousand two hundred dollars (\$1,200)~~ two thousand four hundred  
9 dollars (\$2,400) for each license year or part thereof.

10 A branch office license may be issued for either an "A" type or "B" type license. The fee for  
11 the branch office license shall be ~~fifty dollars (\$50.00)~~ one hundred dollars (\$100.00) for each  
12 license year or part thereof. The examination fee when required by this section shall be two  
13 hundred fifty dollars (\$250.00) per application."

## 14 **BUILDING CODE OFFICIALS CERTIFICATION RENEWAL LATE FEE INCREASE**

15 **SECTION 21.3.** G.S. 143-151.16 reads as rewritten:

### 16 **"§ 143-151.16. Certification fees; renewal of certificates; examination fees.**

17 (a) The Board shall establish a schedule of fees to be paid by each applicant for  
18 certification as a qualified Code-enforcement official. Such fee shall not exceed twenty dollars  
19 (\$20.00) for each applicant.

20 (b) A certificate, other than a probationary certificate, as a qualified Code-enforcement  
21 official issued pursuant to the provisions of this Article must be renewed annually on or before  
22 the first day of July. Each application for renewal must be accompanied by a renewal fee to be  
23 determined by the Board, but not to exceed ten dollars (\$10.00). The Board is authorized to  
24 charge an extra ~~two dollar (\$2.00)~~ four dollar (\$4.00) late renewal fee for renewals made after  
25 the first day of July each year.

26 ...."

## 27 **MANUFACTURING HOUSING BOARD LICENSE FEE REVISIONS**

28 **SECTION 21.4.** G.S. 143-143.11 reads as rewritten:

### 29 **"§ 143-143.11. License required; application for license.**

30 (a) It shall be unlawful for any manufactured home manufacturer, dealer, salesperson,  
31 or set-up contractor to engage in business as such in this State without first obtaining a license  
32 from the Board for each place of business operated by the licensee, as provided in this Part. The  
33 fact that a person is licensed by the Board as a set-up contractor or a dealer does not preempt  
34 any other licensing boards' applicable requirements for that person.

35 (b) Application for the license shall be made to the Board at such time, in such form,  
36 and contain information the Board requires, and shall be accompanied by the fee established by  
37 the Board. The fee shall not exceed ~~three hundred dollars (\$300.00)~~ three hundred fifty dollars  
38 (\$350.00) for each license issued. In addition to the license fee, the Board may also charge an  
39 applicant a fee to cover the cost of the criminal history record check required by  
40 G.S. 143-143.10A.

41 (c) In the application, the Board shall require information relating to the matters set  
42 forth in G.S. 143-143.13 as grounds for refusal of a license, and information relating to other  
43 pertinent matters consistent with safeguarding the public interest. All of this information shall  
44 be considered by the Board in determining the fitness of the applicant. Once the Board has  
45 determined that an applicant is fit, the Board must provide the applicant a license for each place  
46 of business operated by the applicant.

47 (d) All licenses shall expire, unless revoked or suspended, on June 30 of each year  
48 following the date of issue.  
49  
50

1 (e) Every licensee shall, on or before the first day of July of each year, obtain a renewal  
2 of a license for the next year by applying to the Board, completing the necessary hours of  
3 continuing education required under G.S. 143-143.11B, and paying the required renewal fee for  
4 each place of business operated by the licensee. The renewal fee shall not exceed ~~three hundred~~  
5 ~~dollars (\$300.00)~~ three hundred fifty dollars (\$350.00) for each license issued. Upon failure to  
6 renew by the first day of July, a license automatically expires. The license may be renewed at  
7 any time within one year after its lapse upon payment of the renewal fee and a late filing fee.  
8 The late filing fee shall not exceed ~~three hundred dollars (\$300.00)~~ three hundred fifty dollars  
9 (\$350.00).

10 (f) Repealed by Session Laws 2005-297, s. 1, effective August 22, 2005.

11 (g) Notwithstanding the provisions of subsection (a), the Board may provide by rule  
12 that a manufactured home salesperson will be allowed to engage in business during the time  
13 period after making application for a license but before such license is granted.

14 (h) As a prerequisite to obtaining a license under this Part, a person may be required to  
15 pass an examination prescribed by the Board that is based on the Code, this Part, and any other  
16 subject matter considered relevant by the Board."  
17

## 18 **COLLECTION AGENCY LICENSE FEE INCREASE**

19 **SECTION 21.5.** G.S. 58-70-35 reads as rewritten:

20 "**§ 58-70-35. Application fee; issuance of permit; contents and duration.**

21 (a) Upon the filing of the application and information required by this Article, the  
22 applicant shall pay a nonrefundable fee of ~~five hundred dollars (\$500.00)~~, one thousand dollars  
23 (\$1,000), and no permit may be issued until this fee is paid. Fees collected under this  
24 subsection shall be used in paying the expenses incurred in connection with the consideration  
25 of such applications and the issuance of such permits.

26 ...."  
27

## 28 **MOTOR CLUB LICENSE FEE INCREASE**

29 **SECTION 21.6.** G.S. 58-69-10 reads as rewritten:

30 "**§ 58-69-10. Applications for licenses; fees; bonds or deposits.**

31 Licenses hereunder shall be obtained by filing ~~written application therefor~~ written  
32 application with the Commissioner in such form and manner as the Commissioner shall require.  
33 As a prerequisite to issuance of a license:

34 (1) The applicant shall furnish to the Commissioner such data and information  
35 as the Commissioner may deem reasonably necessary to enable him to  
36 determine, in accordance with the provisions of G.S. 58-69-15, whether or  
37 not a license should be issued to the applicant.

38 (1a) If the applicant has never been issued a motor club license it shall be  
39 required to submit an audited financial statement. If the applicant has  
40 previously been licensed the Commissioner may require that the financial  
41 statement be audited if it is reasonably necessary to determine whether or not  
42 a license should be issued to the applicant.

43 (2) If the applicant is a motor club it shall be required to pay to the  
44 Commissioner a nonrefundable annual license fee of ~~three hundred dollars~~  
45 ~~(\$300.00)~~ six hundred dollars (\$600.00) and to deposit or file with the  
46 Commissioner a bond, in favor of the State of North Carolina and executed  
47 by a surety company duly authorized to transact business in this State, in the  
48 amount of fifty thousand dollars (\$50,000), or securities of the type  
49 hereinafter specified in the amount of fifty thousand dollars (\$50,000),  
50 pledged to or made payable to the State of North Carolina and conditioned  
51 upon the full compliance by the applicant with the provisions of this Article

and the regulations and orders issued by the Commissioner pursuant thereto, and upon the good faith performance by the applicant of its contracts for motor club services.

- (3) If the applicant is a branch or district office of a motor club licensed under this Article it shall pay to the Commissioner a nonrefundable license fee of ~~fifty dollars (\$50.00)~~ one hundred dollars (\$100.00).
- (4) If the applicant is a franchise motor club it shall pay to the Commissioner a nonrefundable annual license fee of ~~one hundred dollars (\$100.00)~~ two hundred dollars (\$200.00) and shall deposit or file with the Commissioner a bond, in favor of the State of North Carolina and executed by a surety company duly authorized to transact business in this State, in the amount of fifty thousand dollars (\$50,000), or securities of the type hereinafter specified in the amount of fifty thousand dollars (\$50,000), pledged to or made payable to the State of North Carolina and conditioned upon the full compliance by the applicant with the provisions of this Article and the regulations and orders issued by the Commissioner pursuant thereto and upon the good faith performance by the applicant of its contracts for motor club services.
- (5) Any applicant depositing securities under this section shall do so in the form and manner as prescribed in Article 5 of this Chapter, and the provisions of Article 5 of this Chapter, shall be applicable to securities pledged under this Article."

**BAIL BONDSMEN AND RUNNERS FEE INCREASES**

**SECTION 21.7.** G.S. 58-71-55 reads as rewritten:

**"§ 58-71-55. License fees.**

A nonrefundable license fee of ~~one hundred dollars (\$100.00)~~ two hundred dollars (\$200.00) shall be paid to the Commissioner with each application for license as a bail bondsman and a license fee of ~~sixty dollars (\$60.00)~~ one hundred twenty dollars (\$120.00) shall be paid to the Commissioner with each application for license as a runner."

**HOME INSPECTOR LICENSE FEE INCREASES**

**SECTION 21.8.** G.S. 143-151.57 reads as rewritten:

**"§ 143-151.57. Fees.**

(a) Maximum Fees. – The Board may adopt fees that do not exceed the amounts set in the following table for administering this Article:

<u>Item</u>	<u>Maximum Fee</u>	
Application for home inspector license	<del>\$25.00</del>	<u>35.00</u>
Application for associate home inspector	<del>15.00</del>	<u>20.00</u>
Home inspector examination	<del>75.00</del>	<u>80.00</u>
Issuance <u>or renewal</u> of home inspector license	<del>150.00</del>	<u>160.00</u>
Issuance <u>or renewal</u> of associate home inspector license	<del>100.00</del>	<u>110.00</u>
Late renewal of home inspector license	<del>25.00</del>	<u>30.00</u>
Late renewal of associate home inspector license	<del>15.00</del>	<u>20.00</u>
Application for course approval	150.00	
Renewal of course approval	75.00	
Course fee, per credit hour per license	5.00	
Credit for unapproved continuing education course	50.00	
Copies of Board rules or licensure standards	Cost of printing and mailing.	

1 (b) Subsequent Application. – An individual who applied for a license as a home  
2 inspector and who failed the home inspector examination is not required to pay an additional  
3 application fee if the individual submits another application for a license as a home inspector.  
4 The individual must pay the examination fee, however, to be eligible to take the examination  
5 again."  
6

## 7 CCRC APPLICATION AND ANNUAL DISCLOSURE FILING FEE INCREASES

8 SECTION 21.9.(a) G.S. 58-64-5 reads as rewritten:

### 9 "§ 58-64-5. License.

10 (a) No provider shall engage in the business of offering or providing continuing care in  
11 this State without a license to do so obtained from the Commissioner as provided in this  
12 Article. It is a Class 1 misdemeanor for any person, other than a provider licensed under this  
13 Article, to advertise or market to the general public any product similar to continuing care  
14 through the use of such terms as "life care", "continuing care", or "guaranteed care for life", or  
15 similar terms, words, or phrases. The licensing process may involve a series of steps pursuant  
16 to rules adopted by the Commissioner under this Article.

17 (b) The application for a license shall be filed with the Department by the provider on  
18 forms prescribed by the Department and within a period of time prescribed by the Department;  
19 and shall include all information required by the Department pursuant to rules adopted by it  
20 under this Article including, but not limited to, the disclosure statement meeting the  
21 requirements of this Article and other financial and facility development information required  
22 by the Department. The application for a license must be accompanied by an application fee of  
23 ~~two hundred dollars (\$200.00)~~ five hundred dollars (\$500.00).

24 ...."

25 SECTION 21.9.(b) G.S. 58-64-30 reads as rewritten:

### 26 "§ 58-64-30. Annual disclosure statement revision.

27 (a) Within 150 days following the end of each fiscal year, the provider shall file with  
28 the Commissioner a revised disclosure statement setting forth current information required  
29 pursuant to G.S. 58-64-20. The provider shall also make this revised disclosure statement  
30 available to all the residents of the facility. This revised disclosure statement shall include a  
31 narrative describing any material differences between (i) the forecasted statements of revenues  
32 and expenses and cash flows or other forecasted financial data filed pursuant to G.S. 58-64-20  
33 as a part of the disclosure statement recorded most immediately subsequent to the start of the  
34 provider's most recently completed fiscal year and (ii) the actual results of operations during  
35 that fiscal year, together with the revised forecasted statements of revenues and expenses and  
36 cash flows or other forecasted financial data being filed as a part of the revised disclosure  
37 statement. A provider may also revise its disclosure statement and have the revised disclosure  
38 statement recorded at any other time if, in the opinion of the provider, revision is necessary to  
39 prevent an otherwise current disclosure statement from containing a material misstatement of  
40 fact or omitting a material fact required to be stated therein. Only the most recently recorded  
41 disclosure statement, with respect to a facility, and in any event, only a disclosure statement  
42 dated within one year plus 150 days prior to the date of delivery, shall be considered current for  
43 purposes of this Article or delivered pursuant to G.S. 58-64-20.

44 (b) The annual disclosure statement required to be filed with the Commissioner under  
45 this section shall be accompanied by an annual filing fee of ~~one hundred dollars (\$100.00)~~ one  
46 thousand dollars (\$1,000)."  
47

## 48 HEALTH MAINTENANCE ORGANIZATION FEE INCREASES

49 SECTION 21.10. G.S. 58-67-160 reads as rewritten:

### 50 "§ 58-67-160. Fees.

1 Every health maintenance organization subject to this Article shall pay to the Commissioner  
2 a fee of ~~two hundred fifty dollars (\$250.00)~~ five hundred dollars (\$500.00) for filing an  
3 application for a license and an annual license continuation fee of ~~one thousand five hundred~~  
4 ~~dollars (\$1,500)~~ two thousand dollars (\$2,000) for each license. The license shall continue in  
5 full force and effect, subject to timely payment of the annual license continuation fee in  
6 accordance with G.S. 58-6-7 and subject to any other applicable provisions of the insurance  
7 laws of this State."

8  
9 **INSURANCE COMPANY APPLICATION AND LICENSING FEE INCREASES**

10 **SECTION 21.11.(a)** G.S. 58-6-5(1) reads as rewritten:

11 "(1) For filing and examining an insurance company application for admission, a  
12 nonrefundable fee of ~~two hundred fifty dollars (\$250.00)~~ one thousand  
13 dollars (\$1,000), to be submitted with the filing; for each certification or  
14 confirmation of an insurance company deposit held by the Commissioner  
15 pursuant to this Chapter, twenty-five dollars (\$25.00)."

16 **SECTION 21.11.(b)** G.S. 58-6-7(a) reads as rewritten:

17 "(a) In order to do business in this State, an insurance company shall apply for and  
18 obtain a license from the Commissioner. The license shall be perpetual and shall continue in  
19 full force and effect, subject to timely payment of the annual license continuation fee in  
20 accordance with this Chapter and subject to any other applicable provision of the insurance  
21 laws of this State. The insurance company shall pay a fee for each year the license is in effect,  
22 as follows:

23	For each domestic farmer's mutual assessment fire insurance company .....	\$ 25.00
24	For each fraternal order .....	500.00
25	For each of all other insurance companies, except	
26	mutual burial associations taxed under G.S. 105-121.1 .....	<del>1,500.00</del> <u>2,500.00</u>
27	The fees levied in this subsection are in addition to those specified in G.S. 58-6-5."	

28  
29 **LIABILITY RISK RETENTION AND PURCHASING GROUP FEE INCREASES**

30 **SECTION 21.12.** G.S. 58-22-70 reads as rewritten:

31 **"§ 58-22-70. Registration and renewal fees.**

32 Every risk retention group and purchasing group that registers with the Commissioner  
33 under this Article shall pay the following fees:

34	Risk retention group registration	<del>\$250.00</del>	<u>\$500.00</u>
35	Purchasing group registration	<del>50.00</del>	<u>500.00</u>
36	Risk retention group renewal	<del>1,000.00</del>	<u>1,500.00</u>
37	Purchasing group renewal	<del>50.00</del>	<u>100.00</u>

38 Registration fees shall not be prorated and must be submitted with the application for  
39 registration. Renewal fees shall not be prorated and shall be paid on or before January 1 of each  
40 year."

41  
42 **MEDICAL SERVICE CORPORATION FEE INCREASES**

43 **SECTION 21.13.(a)** G.S. 58-65-1 reads as rewritten:

44 **"§ 58-65-1. Regulation and definitions; application of other laws; profit and foreign**  
45 **corporations prohibited.**

46 (a) Any corporation organized under the general corporation laws of the State of North  
47 Carolina for the purpose of maintaining and operating a nonprofit hospital or medical or dental  
48 service plan whereby hospital care or medical or dental service may be provided in whole or in  
49 part by the corporation or by hospitals, physicians, or dentists participating in the plan, or plans,  
50 shall be governed by this Article and Article 66 of this Chapter and shall be exempt from all  
51 other provisions of the insurance laws of this State, unless otherwise provided.

1 The term "hospital service plan" as used in this Article includes the contracting for certain  
2 fees for, or furnishing of, hospital care, laboratory facilities, X-ray facilities, drugs, appliances,  
3 anesthesia, nursing care, operating and obstetrical equipment, accommodations or any other  
4 services authorized or permitted to be furnished by a hospital under the laws of the State of  
5 North Carolina and approved by the North Carolina Hospital Association or the American  
6 Medical Association.

7 The term "medical service plan" as used in this Article includes the contracting for the  
8 payment of fees toward, or furnishing of, medical, obstetrical, surgical or any other  
9 professional services authorized or permitted to be furnished by a duly licensed physician or  
10 other provider listed in G.S. 58-50-30. The term "medical services plan" also includes the  
11 contracting for the payment of fees toward, or furnishing of, professional medical services  
12 authorized or permitted to be furnished by a duly licensed provider of health services licensed  
13 under Chapter 90 of the General Statutes.

14 The term "dental service plan" as used in this Article includes contracting for the payment  
15 of fees toward, or furnishing of dental or any other professional services authorized or  
16 permitted to be furnished by a duly licensed dentist.

17 The term "hospital service corporation" as used in this Article is intended to mean any  
18 nonprofit corporation operating a hospital or medical or dental service plan, as defined in this  
19 section. Any corporation organized and subject to the provisions of this Article, the certificate  
20 of incorporation of which authorizes the operation of either a hospital or medical or dental  
21 service plan, or any or all of them, may, with the approval of the Commissioner, issue  
22 subscribers' contracts or certificates approved by the Commissioner of Insurance, for the  
23 payment of either hospital or medical or dental fees, or the furnishing of such services, or any  
24 or all of them, and may enter into contracts with hospitals for physicians or dentists, or any or  
25 all of them, for the furnishing of fees or services respectively under a hospital or medical or  
26 dental service plan, or any or all of them.

27 The term "preferred provider" as used in this Article with respect to contracts,  
28 organizations, policies or otherwise means a health care service provider who has agreed to  
29 accept, from a corporation organized for the purposes authorized by this Article or other  
30 applicable law, special reimbursement terms in exchange for providing services to beneficiaries  
31 of a plan administered pursuant to this Article. Except to the extent prohibited either by  
32 G.S. 58-65-140 or by rules adopted by the Commissioner not inconsistent with this Article, the  
33 contractual terms and conditions for special reimbursement shall be those which the  
34 corporation and preferred provider find to be mutually agreeable.

35 The term "full service corporation" as used in this Article means any corporation organized  
36 under the provisions of this Article that offers a medical service plan or a hospital service plan.

37 The term "single service corporation" as used in this Article means any corporation  
38 organized under the provisions of this Article that offers only a dental service plan.

39 .....

40 **SECTION 21.13.(b)** G.S. 58-65-55 reads as rewritten:

41 **"§ 58-65-55. Issuance and continuation of license.**

42 (a) Every corporation subject to this Article shall pay to the Commissioner a fee of two  
43 hundred fifty dollars (\$250.00) for filing an application for a license. Fee payment shall be  
44 contemporaneous with the filing. Before issuing or continuing any such license or certificate  
45 the Commissioner may make such an examination or investigation as the Commissioner deems  
46 expedient. The Commissioner shall issue a license upon the payment of a fee of one thousand  
47 five hundred dollars (\$1,500) for a single service corporation or two thousand five hundred  
48 dollars (\$2,500) for a full service corporation and upon being satisfied on the following points:

- 49 (1) The applicant is established as a bona fide nonprofit hospital service  
50 corporation as defined by this Article and Article 66 of this Chapter.
- 51 (2) The rates charged and benefits to be provided are fair and reasonable.

1 (3) The amounts provided as working capital of the corporation are repayable  
2 only out of earned income in excess of amounts paid and payable for  
3 operating expenses and hospital and medical and/or dental expenses and  
4 such reserve as the Department deems adequate, as provided hereinafter.

5 (4) That the amount of money actually available for working capital be  
6 sufficient to carry all acquisition costs and operating expenses for a  
7 reasonable period of time from the date of the issuance of the certificate.

8 (b) The license shall continue in full force and effect, subject to payment of an annual  
9 license continuation fee of ~~one thousand five hundred dollars (\$1,500)~~ one thousand five  
10 hundred dollars (\$1,500) for a single service corporation or two thousand five hundred dollars  
11 (\$2,500), subject to all other provisions of subsection (a) of this section and subject to any other  
12 applicable provisions of the insurance laws of this State."  
13

## 14 SURPLUS INSURANCE LINES APPLICATION AND LICENSE FEE INCREASES

15 **SECTION 21.14.** G.S. 58-21-20(c) reads as rewritten:

16 "(c) Every surplus lines insurer that applies for eligibility under this section shall pay a  
17 nonrefundable fee of ~~two hundred fifty dollars (\$250.00)~~ five hundred dollars (\$500.00). In  
18 order to renew eligibility, such insurer shall pay a nonrefundable renewal fee of ~~five hundred~~  
19 ~~dollars (\$500.00)~~ one thousand dollars (\$1,000) on or before January 1 of each year thereafter.  
20 Such fees shall not be prorated."  
21

## 22 ACCREDITED REINSURANCE LICENSE FEE INCREASE

23 **SECTION 21.15.** G.S. 58-7-21(b) reads as rewritten:

24 "(b) Credit for reinsurance shall be allowed a domestic ceding insurer as either an asset  
25 or a reduction from liability on account of reinsurance ceded only when the reinsurer meets the  
26 requirements of subdivisions (1), (2), (3), (4), or (5) of this subsection. Credit shall be allowed  
27 under subdivision (1), (2), or (3) of this subsection only with regard to cessions of those kinds  
28 or classes of business in which the assuming insurer is licensed or otherwise permitted to write  
29 or assume in its state of domicile or, in the case of a United States branch of an alien assuming  
30 insurer, in the state through which it is entered and licensed to transact insurance or  
31 reinsurance. Credit shall be allowed under subdivision (3) or (4) of this subsection only if the  
32 applicable requirements of subdivision (6) of this section have been satisfied.

33 (1) Credit shall be allowed when the reinsurance is ceded to an assuming insurer  
34 that is licensed to transact insurance or reinsurance in this State.

35 (2) Credit shall be allowed when the reinsurance is ceded to an assuming insurer  
36 that is accredited as a reinsurer in this State. An accredited reinsurer is one  
37 that:

38 a. Files with the Commissioner evidence of its submission to this  
39 State's jurisdiction;

40 b. Submits to this State's authority to examine its books and records;

41 c. Is licensed to transact insurance or reinsurance in at least one state, or  
42 in the case of a United States branch of an alien assuming insurer is  
43 entered through and licensed to transact insurance or reinsurance in  
44 at least one state;

45 d. Files annually with the Commissioner a copy of its annual statement  
46 filed with the insurance regulator of its state of domicile, a copy of its  
47 most recent audited financial statement, and a fee of ~~five hundred~~  
48 ~~dollars (\$500.00)~~; seven hundred fifty dollars (\$750.00) and either

49 1. Maintains a policyholders' surplus in an amount that is not  
50 less than twenty million dollars (\$20,000,000) and whose



- 1 accreditation has not been denied by the Commissioner  
 2 within 90 days after its submission; or  
 3 2. Maintains a policyholders' surplus in an amount less than  
 4 twenty million dollars (\$20,000,000) and whose accreditation  
 5 has been approved by the Commissioner.

6 Credit shall not be allowed a domestic ceding insurer if the assuming  
 7 insurer's accreditation has been revoked by the Commissioner after notice  
 8 and opportunity for a hearing.

9 ...."

10  
 11 **THIRD-PARTY INSURANCE ADMINISTRATOR LICENSE FEE INCREASE**

12 **SECTION 21.16.** G.S. 58-56-51 reads as rewritten:

13 **"§ 58-56-51. License required.**

14 (a) No person shall act as, offer to act as, or hold himself or herself out as a TPA in this  
 15 State without a valid TPA license issued by the Commissioner. Licenses shall be renewed  
 16 annually. Failure to submit a complete renewal application shall result in the expiration of the  
 17 license of the TPA as a matter of law; provided, however, the Commissioner may grant the  
 18 TPA an extension of time for good cause.

19 (b) Each application for the issuance or renewal of a license shall be made upon a form  
 20 prescribed by the Commissioner and shall be accompanied by a nonrefundable filing fee of ~~one~~  
 21 ~~hundred dollars (\$100.00)~~ three hundred dollars (\$300.00) and evidence of maintenance of a  
 22 fidelity bond, errors and omissions liability insurance, or other security, of a type and in an  
 23 amount to be determined by rules of the Commissioner. Applications for issuance of licenses  
 24 shall include or be accompanied by the following information and documents:

- 25 (1) All organizational documents of the TPA, including any articles of  
 26 incorporation, articles of association, partnership agreement, trade name  
 27 certificate, or trust agreement, any other applicable documents, and all  
 28 amendments to these documents.

29 ...

30 The information required by subdivisions (1) through (7) of this subsection, including any  
 31 trade secrets, shall be kept confidential; provided that the Commissioner may use that  
 32 information in any judicial or administrative proceeding instituted against the TPA.  
 33 Applications for renewals of licenses shall include or be accompanied by any changes in the  
 34 information required by subdivisions (1) through (7) of this subsection.

35 ...."

36  
 37 **VIATICAL SETTLEMENT PROVIDER AND BROKER LICENSE FEE INCREASES**

38 **SECTION 21.17.** G.S. 58-58-210 reads as rewritten:

39 **"§ 58-58-210. License requirements.**

40 ...

41 (b) Application for a provider or broker license shall be made to the Commissioner by  
 42 the applicant on a form prescribed by the Commissioner, and these applications shall be  
 43 accompanied by a fee of ~~one hundred dollars (\$100.00).~~ five hundred dollars (\$500.00).

44 (c) Licenses may be renewed from year to year on the anniversary date upon payment  
 45 of the annual renewal fee of ~~one hundred dollars (\$100.00).~~ five hundred dollars (\$500.00).  
 46 Failure to pay the fees by the renewal date results in expiration of the license.

47 ...."

48  
 49 **PART XXIA. OFFICE OF ADMINISTRATIVE HEARINGS**

1 **FEES FOR FILING CONTESTED CASE HEARINGS BEFORE THE OFFICE OF**  
2 **ADMINISTRATIVE HEARINGS**

3 **SECTION 21A.1.(a)** G.S. 150B-23(a) reads as rewritten:

4 "(a) A contested case shall be commenced by paying a fee in an amount established in  
5 G.S. 150B-23.2 and by filing a petition with the Office of Administrative Hearings and, except  
6 as provided in Article 3A of this Chapter, shall be conducted by that Office. The party who  
7 files the petition shall serve a copy of the petition on all other parties and, if the dispute  
8 concerns a license, the person who holds the license. A party who files a petition shall file a  
9 certificate of service together with the petition. A petition shall be signed by a party or a  
10 representative of the party and, if filed by a party other than an agency, shall state facts tending  
11 to establish that the agency named as the respondent has deprived the petitioner of property, has  
12 ordered the petitioner to pay a fine or civil penalty, or has otherwise substantially prejudiced  
13 the petitioner's rights and that the agency:

- 14 (1) Exceeded its authority or jurisdiction;
- 15 (2) Acted erroneously;
- 16 (3) Failed to use proper procedure;
- 17 (4) Acted arbitrarily or capriciously; or
- 18 (5) Failed to act as required by law or rule.

19 The parties in a contested case shall be given an opportunity for a hearing without undue delay.  
20 Any person aggrieved may commence a contested case hereunder.

21 A local government employee, applicant for employment, or former employee to whom  
22 Chapter 126 of the General Statutes applies may commence a contested case under this Article  
23 in the same manner as any other petitioner. The case shall be conducted in the same manner as  
24 other contested cases under this Article, except that the State Personnel Commission shall enter  
25 final decisions only in cases in which it is found that the employee, applicant, or former  
26 employee has been subjected to discrimination prohibited by Article 6 of Chapter 126 of the  
27 General Statutes or in any case where a binding decision is required by applicable federal  
28 standards. In these cases, the State Personnel Commission's decision shall be binding on the  
29 local appointing authority. In all other cases, the final decision shall be made by the applicable  
30 appointing authority."

31 **SECTION 21A.1.(b)** Chapter 150B of the General Statutes is amended by adding a  
32 new section to read:

33 **"§ 150B-23.2. Fee for filing a contested case hearing.**

34 (a) Filing Fee. – In every contested case commenced in the Office of Administrative  
35 Hearings by a person aggrieved, the petitioner shall pay a filing fee, and the administrative law  
36 judge shall have the authority to assess that filing fee against the losing party in the amount of  
37 two hundred dollars (\$200.00), unless the Office of Administrative Hearings establishes a  
38 lesser filing fee by rule.

39 (b) Time of Collection. – All fees that are required to be assessed, collected, and  
40 remitted under subsection (a) of this section shall be collected by the Office of Administrative  
41 Hearings at the time of commencement of the contested case (except in suits in forma  
42 pauperis).

43 (c) Forms of Payment. – The Office of Administrative Hearings may by rule provide  
44 for the acceptable forms for payment and transmission of the filing fee.

45 (d) Waiver or Refund. – The Office of Administrative Hearings shall by rule provide  
46 for the fee to be waived in a contested case in which the petition is filed in forma pauperis and  
47 supported by such proofs as are required in G.S. 1-110 and in a contested case involving a  
48 mandated federal cause of action. The Office of Administrative Hearings shall by rule provide  
49 for the fee to be refunded in a contested case in which the losing party is the State."

50 **SECTION 21A.1.(c)** This section becomes effective July 1, 2009, and applies to  
51 contested cases filed on or after that date.

**REDUCE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS****SECTION 21A.2.** G.S 143B-30.1(d) reads as rewritten:

"(d) Members of the Commission who are not officers or employees of the State shall receive compensation of ~~two hundred dollars (\$200.00)~~ one hundred fifty dollars (\$150.00) for each day or part of a day of service plus reimbursement for travel and subsistence expenses at the rates specified in G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6."

**PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT – RESERVED****PART XXIII. OFFICE OF THE STATE CONTROLLER****OVERPAYMENTS AUDIT**

**SECTION 23.1.(a)** During the 2009-2011 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 G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

**SECTION 23.1.(b)** For each year of the 2009-2011 biennium, five hundred thousand dollars (\$500,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

**SECTION 23.1.(c)** All funds available in the Special Reserve Account 24172 on July 1 of each year of the 2009-2011 biennium are transferred to the General Fund on that date.

**SECTION 23.1.(d)** 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)** The State Controller shall 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.(a)** For the 2009-2011 fiscal biennium, the Office of the State Controller shall use three hundred sixty-four thousand four hundred thirty-eight dollars (\$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 S.L. 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).

**SECTION 23.2.(b)** Each agency that utilizes BEACON for payroll or personnel purposes shall participate in the BEACON training program offered by the Office of State Controller.

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

**INCREASE REGISTRATION FEE RENEWAL FOR SECURITIES SALESMEN**

**SECTION 24.1.** G.S. 78A-37(b) reads as rewritten:

"(b) Every applicant for initial or renewal registration shall pay a filing fee of three hundred dollars (\$300.00) in the case of a dealer and ~~seventy-five dollars (\$75.00)~~ one hundred twenty-five dollars (\$125.00) in the case of a salesman. The Administrator may by rule reduce the registration fee proportionately when the registration will be in effect for less than a full year."

**PART XXIVA. DEPARTMENT OF REVENUE****PROPERTY TAX DIVISION RECEIPT SUPPORTED**

**SECTION 24A.1.(a)** G.S. 105-501(b) reads as rewritten:

"(b) Deductions. – In determining the net proceeds of the tax to be distributed, the Secretary must deduct from the collections to be allocated an amount equal to ~~one-twelfth of the costs during the preceding fiscal year of:~~ the following:

- (1) The costs during the preceding month of the Department of Revenue in performing the duties imposed by ~~G.S. 105-275.2~~ and by Article 15 of this Chapter.
- (1a) One-twelfth of the costs during the preceding fiscal year of the following:
  - a. Seventy percent (70%) of the expenses of the Department of Revenue in performing the duties imposed by Article 2D of this Chapter.
  - ~~(2)~~b. The Property Tax Commission.
  - ~~(3)~~c. The School of Government at the University of North Carolina at Chapel Hill in operating a training program in property tax appraisal and assessment.
  - ~~(4)~~d. The personnel and operations provided by the Department of State Treasurer for the Local Government Commission."

**SECTION 24A.1.(b)** For fiscal year 2009-2010, the deductions under G.S. 105-501(b) from the collections of the additional one-half percent (1/2%) sales and use tax collected under Article 42 of Chapter 105 of the General Statutes must include one-twelfth of the costs during the preceding fiscal year of the Department of Revenue in performing the duties imposed by Article 15 of Chapter 105 of the General Statutes.

**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	\$ 1,762.0 million
For Fiscal Year 2012-2013	\$ 1,861.8 million
For Fiscal Year 2013-2014	\$ 1,966.2 million
For Fiscal Year 2014-2015	\$ 2,026.0 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	\$ 972.1 million
For Fiscal Year 2012-2013	\$ 1,036.0 million
For Fiscal Year 2013-2014	\$ 1,104.0 million
For Fiscal Year 2014-2015	\$ 1,158.8 million

1 **MODIFY GLOBAL TRANSPARK DEBT AND REQUIRE GLOBAL TRANSPARK TO**  
2 **REPORT ON ANTICIPATED REPAYMENT SCHEDULE**

3 **SECTION 25.2.(a)** G.S. 147-69.2(b)(11), as amended by Section 7 of S.L.  
4 2005-144, Section 2 of S.L. 2005-201, Section 28.17 of S.L. 2005-276, and Section 27.7 of  
5 S.L. 2007-323 reads as rewritten:

6 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated  
7 in subsection (a) of this section in excess of the amount required to meet the current needs and  
8 demands on such funds, selecting from among the following:

9 ...

10 (11) With respect to assets of the Escheat Fund, obligations of the North Carolina  
11 Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed  
12 twenty-five million dollars (\$25,000,000), that have a final maturity not later  
13 than October 1, ~~2009-2011~~. The obligations shall bear interest at the rate set  
14 by the State Treasurer. No commitment to purchase obligations may be  
15 made pursuant to this subdivision after September 1, 1993, and no  
16 obligations may be purchased after September 1, 1994. In the event of a loss  
17 to the Escheat Fund by reason of an investment made pursuant to this  
18 subdivision, it is the intention of the General Assembly to hold the Escheat  
19 Fund harmless from the loss by appropriating to the Escheat Fund funds  
20 equivalent to the loss.

21 If any part of the property owned by the North Carolina Global  
22 TransPark Authority now or in the future is divested, proceeds of the  
23 divestment shall be used to fulfill any unmet obligations on an investment  
24 made pursuant to this subdivision."

25 **SECTION 25.2.(b)** The Global TransPark Authority shall report on or before May  
26 15, 2010, to the House and Senate Appropriations Subcommittees on Transportation on its  
27 strategic, business, and financial plans. The report shall include the Authority's proposed  
28 schedule to achieve financial self-sufficiency and proposed schedule to repay to the Escheat  
29 Fund the investment authorized under G.S. 147-69.2(b)(11) and any accumulated interest, both  
30 of which totaled thirty-five million six hundred twenty-six thousand one hundred thirty-eight  
31 dollars and seventy cents (\$35,626,138.70) as of April 30, 2009.

32  
33 **SMALL CONSTRUCTION AND CONTINGENCY FUNDS**

34 **SECTION 25.3.** Of the funds appropriated in this act to the Department of  
35 Transportation:

36 (1) Seven million dollars (\$7,000,000) shall be allocated in each fiscal year for  
37 small construction projects recommended by the member of the Board of  
38 Transportation representing the Division in which the project is to be  
39 constructed in consultation with the Division Engineer and approved by the  
40 Secretary of the Department of Transportation. These funds shall be  
41 allocated equally in each fiscal year of the biennium among the 14 Highway  
42 Divisions for small construction projects.

43 (2) Twelve million dollars (\$12,000,000) in fiscal year 2009-2010 and twelve  
44 million dollars (\$12,000,000) in fiscal year 2010-2011 shall be used  
45 statewide for rural or small urban highway improvements and related  
46 transportation enhancements to public roads and public facilities, industrial  
47 access roads, and spot safety projects, including pedestrian walkways that  
48 enhance highway safety. Projects funded pursuant to this subdivision shall  
49 be approved by the Secretary of Transportation.

50 None of these funds used for rural secondary road construction are subject to the  
51 county allocation formulas in G.S. 136-44.5(b) and (c).

1 These funds are not subject to G.S. 136-44.7.

2 The Department of Transportation shall report to the members of the General  
3 Assembly on projects funded pursuant to this section in each member's district prior to  
4 construction. The Department shall make a quarterly comprehensive report on the use of these  
5 funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research  
6 Division.

7  
8 **USE SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY**  
9 **MAINTENANCE IN FISCAL YEAR 2009-2010 AND USE FIFTY PERCENT OF**  
10 **THE SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY**  
11 **MAINTENANCE IN FISCAL YEAR 2010-2011**

12 **SECTION 25.4.(a)** Notwithstanding the provisions of G.S. 136-44.2A regarding  
13 the annual allocation of funds from the Highway Fund to the Department of Transportation for  
14 secondary road improvement programs, the funds required to be allocated for the secondary  
15 road improvement programs, established pursuant to G.S. 136-44.7 and G.S. 136-44.8, for  
16 fiscal year 2009-2010, shall remain in the Highway Fund for highway maintenance.

17 **SECTION 25.4.(b)** Notwithstanding the provisions of G.S. 136-44.2A regarding  
18 the annual allocation of funds from the Highway Fund to the Department of Transportation for  
19 secondary road improvement programs, fifty percent (50%) of the funds required to be  
20 allocated for the secondary road improvement programs, established pursuant to G.S. 136-44.7  
21 and G.S. 136-44.8, for fiscal year 2010-2011, shall remain in the Highway Fund for highway  
22 maintenance.

23  
24 **FLEXIBLE USE OF FUNDS FOR RURAL PUBLIC TRANSPORTATION FOR**  
25 **FISCAL YEARS 2009-2010 AND 2010-2011**

26 **SECTION 25.7.** In order to ensure maximum receipts of funding and to facilitate  
27 the use of funds available to the Department under the American Recovery and Reinvestment  
28 Act of 2009, P.L. 111-5, the Department of Transportation, Public Transportation Division,  
29 shall have the flexibility to transfer funding from the consolidated capital program of its rural  
30 funding programs for vehicles, technology, and facilities to the operating programs, based on  
31 the Department's ability to leverage all additional federal funds to meet the capital needs of  
32 rural transportation systems. This section applies only to fiscal years 2009-2010 and  
33 2010-2011.

34  
35 **DEPARTMENT OF TRANSPORTATION MAY TAKE REQUIRED**  
36 **ADMINISTRATIVE REDUCTION FROM ADDITIONAL ADMINISTRATIVE**  
37 **BUDGETS**

38 **SECTION 25.8.** The Department of Transportation may take the twelve million  
39 dollar (\$12,000,000) reduction to the central administration budget, as required by S.L.  
40 2008-107, from the central administration, Highway Division administration, and Division of  
41 Motor Vehicles administration budgets.

42  
43 **STUDY THE FEASIBILITY OF ASSESSING A FEE FOR PROVIDING TRAFFIC**  
44 **CONTROL BY THE STATE HIGHWAY PATROL OR THE DEPARTMENT OF**  
45 **TRANSPORTATION AT SPECIAL EVENTS**

46 **SECTION 25.9.(a)** The Joint Legislative Transportation Oversight Committee  
47 shall study the feasibility of assessing a fee for services provided by the State Highway Patrol  
48 or the Department of Transportation for certain special events. In conducting this study, the  
49 Committee shall determine the costs associated with providing traffic control devices and  
50 personnel to provide traffic control and direction at special functions and events. The

1 Committee shall also develop criteria to determine events, if any, for which a fee will be  
2 assessed and criteria to determine the amount of the fee, if any, that should be assessed.

3 **SECTION 25.9.(b)** The Joint Legislative Transportation Oversight Committee  
4 shall make a report to the 2010 Regular Session of the 2009 General Assembly not later than  
5 April 1, 2010 detailing the information required by this Section and shall provide any  
6 recommended changes in current legislation or proposed new legislation if required.  
7

## 8 **PART XXVI. SALARIES AND BENEFITS**

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

10 **SECTION 26.1.(a)** For the 2009-2010 and 2010-2011 fiscal years, the salary of the  
11 Governor shall remain the amount set by G.S. 147-11(a).

12 **SECTION 26.1.(b)** The annual salaries for the members of the Council of State,  
13 payable monthly, for the 2009-2010 and 2010-2011 fiscal years are:  
14

15		
16	Council of State	Annual Salary
17	Lieutenant Governor	\$123,198
18	Attorney General	123,198
19	Secretary of State	123,198
20	State Treasurer	123,198
21	State Auditor	123,198
22	Superintendent of Public Instruction	123,198
23	Agriculture Commissioner	123,198
24	Insurance Commissioner	123,198
25	Labor Commissioner	123,198
26		

### 27 **NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES**

28 **SECTION 26.2.** In accordance with G.S. 143B-9, the maximum annual salaries,  
29 payable monthly, for the nonelected heads of the principal State departments for the 2009-2010  
30 and 2010-2011 fiscal years are:  
31

32	Nonelected Department Heads	Annual Salary
33	Secretary of Administration	\$120,363
34	Secretary of Correction	120,363
35	Secretary of Crime Control and Public Safety	120,363
36	Secretary of Cultural Resources	120,363
37	Secretary of Commerce	120,363
38	Secretary of Environment and Natural Resources	120,363
39	Secretary of Health and Human Services	120,363
40	Secretary of Juvenile Justice and	
41	Delinquency Prevention	120,363
42	Secretary of Revenue	120,363
43	Secretary of Transportation	120,363
44		

### 45 **CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES/ABC** 46 **CHAIRMAN TO RECEIVE SAME COMPENSATION AS ASSOCIATE MEMBERS**

47 **SECTION 26.3.(a)** The annual salaries, payable monthly, for the 2009-2010 and  
48 2010-2011 fiscal years for the following executive branch officials are:  
49

50	Executive Branch Officials	Annual Salary
51	State Controller	153,319

1	Commissioner of Motor Vehicles	109,553
2	Commissioner of Banks	123,198
3	State Personnel Director	120,363
4	Chairman, Parole Commission	100,035
5	Members of the Parole Commission	46,178
6	Chairman, Utilities Commission	137,203
7	Members of the Utilities Commission	123,198
8	Executive Director, Agency for	
9	Public Telecommunications	92,356
10	Director, Museum of Art	112,256
11	Executive Director, North Carolina	
12	Agricultural Finance Authority	106,635
13	State Chief Information Officer	153,227

**SECTION 26.3.(b)** G.S. 18B-200(a) reads as rewritten:

"(a) Creation of Commission; compensation. – The North Carolina Alcoholic Beverage Control Commission is created to consist of a chairman and two associate members. The chairman ~~shall devote his full time to his official duties and receive a salary fixed by the General Assembly in the Current Operations Appropriations Act. The~~ and the associate members shall be compensated for per diem, subsistence and travel as provided in Chapter 138 of the General Statutes."

**JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES**

**SECTION 26.4.(a)** The annual salaries, payable monthly, for specified judicial branch officials for the 2009-2010 and 2010-2011 fiscal years are:

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

**SECTION 26.4.(b)** 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, shall 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 seventy thousand nine hundred forty-six dollars (\$70,946), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-seven thousand one hundred eighty-two dollars (\$37,182). The annual salaries in effect on June 30, 2009, shall remain at the same amount for the 2009-2010 and 2010-2011 fiscal years.



1           **SECTION 26.4.(c)** The annual salaries in effect on June 30, 2009, for permanent,  
2 full-time employees of the Judicial Department whose salaries are not itemized in this act shall  
3 remain in effect for the 2009-2010 and 2010-2011 fiscal years.

4           **SECTION 26.4.(d)** The annual salaries in effect on June 30, 2009, for permanent,  
5 part-time employees of the Judicial Department whose salaries are not itemized in this act, shall  
6 remain in effect for the 2009-2010 and 2010-2011 fiscal years.

7  
8 **CLERK OF SUPERIOR COURT/NO SALARY INCREASES**

9           **SECTION 26.5.** The annual salaries of the clerks of superior court provided by  
10 G.S. 7A-101(a) shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

11  
12 **ASSISTANT AND DEPUTY CLERKS OF COURT/NO SALARY INCREASES**

13           **SECTION 26.6.** The annual salaries of the assistant and deputy clerks of superior  
14 court provided by G.S. 7A-102(c1) shall remain in effect for the 2009-2010 and 2010-2011  
15 fiscal years, and there shall not be a step increase.

16  
17 **MAGISTRATES/ NO SALARY INCREASES**

18           **SECTION 26.7.** The annual salaries of magistrates provided by G.S. 7A-171.1(a)  
19 shall remain in effect for the 2009-2010 and 2010-2011 fiscal years, and there shall not be a  
20 step increase.

21  
22 **GENERAL ASSEMBLY MEMBERS/NO SALARY INCREASES**

23           **SECTION 26.7A.** For the 2009-2010 and 2010-2011 fiscal years, the salaries of  
24 the members and officers of the General Assembly shall remain the amount set by G.S. 120-3.

25  
26 **GENERAL ASSEMBLY PRINCIPAL CLERKS/NO SALARY INCREASES**

27           **SECTION 26.8.** The annual salaries of the General Assembly principal clerks  
28 provided by G.S. 120-37(c) shall remain in effect for the 2009-2010 and 2010-2011 fiscal  
29 years.

30  
31 **SERGEANT-AT-ARMS AND READING CLERKS/NO SALARY INCREASES**

32           **SECTION 26.9.** The annual salaries of the General Assembly sergeants-at-arms  
33 and reading clerks provided by G.S. 120-37(b) shall remain in effect for the 2009-2010 and  
34 2010-2011 fiscal years.

35  
36 **LEGISLATIVE EMPLOYEES/NO SALARY INCREASES**

37           **SECTION 26.10.** The Legislative Services Officer shall not increase the salaries of  
38 nonelected employees of the General Assembly in effect on June 30, 2009. Except as  
39 specifically provided in this section, nothing in this act limits any of the provisions of  
40 G.S. 120-32.

41  
42 **COMMUNITY COLLEGES PERSONNEL/NO SALARY INCREASES**

43           **SECTION 26.11.(a)** The annual salaries in effect on June 30, 2009, for faculty,  
44 except as otherwise provided by Section 8.1 of this act, and for all permanent, full-time  
45 community college institutional personnel supported by State funds, shall remain in effect for  
46 the 2009-2010 and 2010-2011 fiscal years.

47           **SECTION 26.11.(b)** The minimum salaries for community college faculty shall be  
48 based on the following education levels:

- 49           (1) Vocational Diploma/Certificate or Less. – This education level includes  
50 faculty members who are high school graduates, have vocational diplomas,  
51 or have completed one year of college.

- 1 (2) Associate Degree or Equivalent. – This education level includes faculty  
 2 members who have an associate degree or have completed two or more years  
 3 of college but have no degree.  
 4 (3) Bachelor's Degree.  
 5 (4) Master's Degree or Education Specialist.  
 6 (5) Doctoral Degree.

7 **SECTION 26.11.(c)** For the 2009-2010 and 2010-2011 school years, the minimum  
 8 salaries for nine-month, full-time curriculum community college faculty shall not be increased  
 9 and shall remain as follows:

Education Level	Minimum Salary
Vocational Diploma/Certificate or Less	\$34,314
Associate Degree or Equivalent	\$34,819
Bachelor's Degree	\$37,009
Master's Degree or Education Specialist	\$38,952
Doctoral Degree	\$41,753

16 No full-time faculty member shall earn less than the minimum salary for his or her education  
 17 level. The pro rata hourly rate of the minimum salary for each education level shall be used to  
 18 determine the minimum salary for part-time faculty members.

#### 20 UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA NO SALARY INCREASES

21 **SECTION 26.12.** The annual salaries in effect on June 30, 2009, for all employees  
 22 of The University of North Carolina supported by State funds, and for employees of the North  
 23 Carolina School of Science and Mathematics shall remain in effect for the 2009-2010 and  
 24 2010-2011 fiscal years except for faculty as otherwise provided by the Distinguished Professors  
 25 Endowment Fund.

#### 27 MOST STATE EMPLOYEES/NO SALARY INCREASES

28 **SECTION 26.13.(a)** The salaries in effect June 30, 2009, of all permanent,  
 29 full-time State employees whose salaries are set in accordance with the State Personnel Act,  
 30 and who are paid from the General Fund or the Highway Fund, shall remain in effect for the  
 31 2009-2010 and 2010-2011 fiscal years.

32 **SECTION 26.13.(b)** Except as otherwise provided in this act, the salaries in effect  
 33 on June 30, 2009, for permanent, full-time State officials and persons in exempt positions that  
 34 are recommended by the Governor and set by the General Assembly shall remain in effect for  
 35 the 2009-2010 and 2010-2011 fiscal years.

36 **SECTION 26.13.(c)** The salaries in effect on June 30, 2009, for all permanent,  
 37 part-time State employees shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

38 **SECTION 26.13.(d)** The Director of the Budget may allocate out of special  
 39 operating funds or from other sources of the employing agency, except tax revenues, sufficient  
 40 funds to maintain salaries in accordance with subsection (a), (b), or (c) of this section, including  
 41 funds for the employer's retirement and social security contributions, for the permanent,  
 42 full-time and part-time employees of the agency, provided the employing agency elects to make  
 43 available the necessary funds.

44 **SECTION 26.13.(e)** Salary adjustments due to in-range adjustments for job  
 45 change, career progression adjustments for demonstrated competencies, reallocations, or  
 46 promotions shall not be affected by the freeze on salaries authorized in this act. Salary  
 47 adjustments related to the following shall not be granted: range revisions, in-range adjustments  
 48 for equity, in-range adjustments for labor market, retention adjustments, grade to band  
 49 transfers, and career progression adjustments for labor market.

#### 51 ALL STATE-SUPPORTED PERSONNEL/NO SALARY INCREASES

1           **SECTION 26.14.(a)** Salaries and related benefits for positions that are funded  
2 partially from the General Fund or Highway Fund and partially from sources other than the  
3 General Fund or Highway Fund, in effect June 30, 2009, shall remain in effect for the  
4 2009-2010 and 2010-2011 fiscal years.

5           **SECTION 26.14.(b)** The salary increase provisions of G.S. 20-187.3 are  
6 suspended for the 2009-2010 and 2010-2011 fiscal years.

7           **SECTION 26.14.(c)** The Director of the Budget shall transfer from the Reserve for  
8 Compensation Increases in this act for fiscal years 2009-2010 and 2010-2011 all funds  
9 necessary for the salaries authorized by this act, including funds for the employer's retirement  
10 and social security contributions.

11           **SECTION 26.14.(d)** Nothing in this act authorizes the transfer of funds between  
12 the General Fund and the Highway Fund for salary increases.

### 13 14 **LIMIT CERTAIN STATE EMPLOYEE BONUSES AND TRANSITION SALARY** 15 **PACKAGES**

16           **SECTION 26.14A.(a)** G.S. 53-96.1 reads as rewritten:

17 "**§ 53-96.1. Salaries, promotions, and leave of employees of the Office of the**  
18 **Commissioner of Banks.**

19           (a) Repealed by Session Laws 2007-484, s. 9(a), effective August 30, 2007.

20           (b) The exemptions to Chapter 126 of the General Statutes authorized by  
21 G.S. 126-5(c11) for the Office of the Commissioner of Banks and its employees shall be used  
22 to develop organizational classification and compensation innovations that will result in the  
23 enhanced efficiency of ~~operations~~-operations, except that the Commissioner of Banks may not  
24 award compensation bonuses to employees.

25           (c) The Office of State Personnel shall assist the Commissioner of Banks in the  
26 development and implementation of an organizational structure and human resources programs  
27 that make the most appropriate use of the exemptions, including (i) a system of job categories  
28 or descriptions tailored to the agency's needs; (ii) policies regarding paid time off for agency  
29 personnel and the voluntary sharing of such time off; and (iii) a system of uniform performance  
30 assessments for agency personnel tailored to the agency's needs. The Commissioner of Banks  
31 may, under the supervision of the Office of State Personnel, develop and implement  
32 organizational classification and compensation innovations having the potential to benefit all  
33 State agencies."

34           **SECTION 26.14A.(b)** Effective for the 2009-2011 fiscal biennium, the amount of  
35 any transition salary package payable to certain State employees employed by State agencies,  
36 departments, institutions and The University of North Carolina shall be limited by the  
37 provisions of this section.

38           (1) Notwithstanding any other provision of law, no State employee who leaves  
39 the position that the employee most recently held shall continue to be paid  
40 the salary for that position when the employee is no longer carrying out the  
41 responsibilities for that position. This includes periods of transition.

42           (2) Notwithstanding subdivision (1) of this subsection, a State employee who  
43 leaves the position that the employee most recently held may continue to be  
44 paid the salary for a position that he or she no longer holds in the following  
45 circumstances only:

46           a. The payment is included as a term of the contract that was entered  
47 into at the time the person was hired for, or promoted to, the position  
48 most recently held; and

49           b. The contract is signed by the appropriate finance officer or a properly  
50 designated deputy finance officer for the agency hiring the person,  
51 approved by the agency head, and approved by the Office of State

Budget and Management. If the State agency is The University of North Carolina or a constituent institution of The University of North Carolina, then the contract must be signed by the appropriate finance officer or a properly designated deputy finance officer for The University of North Carolina or the constituent institution, approved by the appropriate chancellor, and approved by the UNC Board of Governors or by the Board of Trustees of the constituent institution as appropriate.

(3) This subsection does not affect or impair a State employee's rights to severance wages or a discontinued service retirement allowance as provided by G.S. 126-8.5, or terminal leave payments for vacation leave, bonus leave, and longevity, if applicable.

(4) The following definitions apply in this section:

a. State employee who leaves the position that the employee most recently held. – Includes those circumstances in which a person retires, resigns, or voluntarily or involuntarily terminates employment. The phrase also includes those circumstances in which a person continues to work for the State but accepts a lesser position with the State.

b. Transition. – When a State employee moves from the position that the employee most recently held to a lesser position of employment. The term includes a 'golden parachute' or a sabbatical.

**SECTION 26.14A.(c)** Subsection (a) of this section expires June 30, 2011.

Subdivision (1) of subsection (b) of this section applies retroactively unless there is a legally enforceable contract to pay, 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.** Findings. – The General Assembly finds that:

(1) The extreme fiscal crisis affecting North Carolina's economy, the national economy, and global economic markets has substantially reduced the State's revenue projections for the 2009-2011 fiscal biennium.

(2) Economies in State expenditures and maximized efficiencies in State operations must be effected immediately and systematically in order to meet the compelling State interest of enacting a balanced budget in accordance with the State Constitution and to protect the interests of the people of North Carolina.

(3) Given the broad scope and depth of the budget reduction and efficiency measures required by this act, the elimination through reductions in force of positions, both filled and vacant, including contract positions, is necessary to preserve the public health, safety, and welfare and to continue the effective administration of important governmental functions in the interest of the people of North Carolina.

## **REDUCTIONS IN FORCE/EXTEND STATE EMPLOYEE PRIORITY RIGHTS**

**SECTION 26.14C.** G.S. 126-7.1(c1) reads as rewritten:

"(c1) If a State employee who has been separated due to reduction in force or who has been given notice of imminent separation due to reduction in force:

(1) Applies for another position of State employment equal to or lower in salary grade than the position held by the employee at the time of notification or separation; and

(2) Is determined qualified for that position then within all State agencies, the State employee shall receive priority consideration over all other applicants but shall receive equal consideration with other applicants who are current State employees not affected by the reduction in force. This priority shall remain in effect for a period of ~~12~~24 months from the date the employee receives notification of separation by reduction in force. State employees separated due to reduction in force shall receive higher priority than other applicants with employment or reemployment priorities, except that the reemployment priority created by G.S. 126-5(e)(1) shall be considered as equal. The reduction-in-force priority created by this subsection shall be administered in accordance with rules promulgated by the State Personnel Commission."

**TEACHER SALARY SCHEDULES**

**SECTION 26.15.(a)** The following monthly salary schedules shall apply for the 2009-2010 fiscal year to certified personnel of the public schools who are classified as teachers. The schedule contains 33 steps with each step corresponding to one year of teaching experience.

2009-2010 Monthly Salary Schedule

"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	\$3,043	N/A
1	\$3,043	N/A
2	\$3,085	N/A
3	\$3,129	\$3,504
4	\$3,264	\$3,656
5	\$3,404	\$3,812
6	\$3,538	\$3,963
7	\$3,667	\$4,107
8	\$3,771	\$4,224
9	\$3,819	\$4,277
10	\$3,868	\$4,332
11	\$3,918	\$4,388
12	\$3,967	\$4,443
13	\$4,018	\$4,500
14	\$4,069	\$4,557
15	\$4,122	\$4,617
16	\$4,176	\$4,677
17	\$4,231	\$4,739
18	\$4,286	\$4,800
19	\$4,345	\$4,866
20	\$4,403	\$4,931
21	\$4,461	\$4,996
22	\$4,523	\$5,066
23	\$4,584	\$5,134
24	\$4,650	\$5,208
25	\$4,714	\$5,280
26	\$4,779	\$5,352
27	\$4,845	\$5,426
28	\$4,913	\$5,503
29	\$4,984	\$5,582
30	\$5,055	\$5,662

1	31	\$5,153	\$5,771
2	32+	\$5,255	\$5,886
3			
4	2009-2010 Monthly Salary Schedule		
5	"M" Teachers		
6	Years of Experience	"M" Teachers	NBPTS Certification
7	0	\$3,347	N/A
8	1	\$3,347	N/A
9	2	\$3,394	N/A
10	3	\$3,442	\$3,855
11	4	\$3,590	\$4,021
12	5	\$3,744	\$4,193
13	6	\$3,892	\$4,359
14	7	\$4,034	\$4,518
15	8	\$4,148	\$4,646
16	9	\$4,201	\$4,705
17	10	\$4,255	\$4,766
18	11	\$4,310	\$4,827
19	12	\$4,364	\$4,888
20	13	\$4,420	\$4,950
21	14	\$4,476	\$5,013
22	15	\$4,534	\$5,078
23	16	\$4,594	\$5,145
24	17	\$4,654	\$5,212
25	18	\$4,715	\$5,281
26	19	\$4,780	\$5,354
27	20	\$4,843	\$5,424
28	21	\$4,907	\$5,496
29	22	\$4,975	\$5,572
30	23	\$5,042	\$5,647
31	24	\$5,115	\$5,729
32	25	\$5,185	\$5,807
33	26	\$5,257	\$5,888
34	27	\$5,330	\$5,970
35	28	\$5,404	\$6,052
36	29	\$5,482	\$6,140
37	30	\$5,561	\$6,228
38	31	\$5,668	\$6,348
39	32+	\$5,781	\$6,475
40			

**SECTION 26.15.(b)** Annual longevity payments for teachers shall be at the rate of one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The longevity payment shall be paid in a lump sum once a year.

**SECTION 26.15.(c)** Certified public schoolteachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public schoolteachers with certification based on academic preparation at the doctoral degree level

1 shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in  
 2 addition to the compensation provided for certified personnel of the public schools who are  
 3 classified as "M" teachers.

4 **SECTION 26.15.(d)** The first step of the salary schedule for school psychologists  
 5 shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule  
 6 established in this section for certified personnel of the public schools who are classified as  
 7 "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate  
 8 step based on their years of experience. Certified psychologists shall receive longevity  
 9 payments based on years of State service in the same manner as teachers.

10 Certified psychologists with certification based on academic preparation at the  
 11 six-year degree level shall receive a salary supplement of one hundred twenty-six dollars  
 12 (\$126.00) per month in addition to the compensation provided for certified psychologists.  
 13 Certified psychologists with certification based on academic preparation at the doctoral degree  
 14 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month  
 15 in addition to the compensation provided for certified psychologists.

16 **SECTION 26.15.(e)** Speech pathologists who are certified as speech pathologists  
 17 at the master's degree level and audiologists who are certified as audiologists at the master's  
 18 degree level and who are employed in the public schools as speech and language specialists and  
 19 audiologists shall be paid on the school psychologist salary schedule.

20 Speech pathologists and audiologists with certification based on academic  
 21 preparation at the six-year degree level shall receive a salary supplement of one hundred  
 22 twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech  
 23 pathologists and audiologists. Speech pathologists and audiologists with certification based on  
 24 academic preparation at the doctoral degree level shall receive a salary supplement of two  
 25 hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for  
 26 speech pathologists and audiologists.

27 **SECTION 26.15.(f)** Certified school nurses who are employed in the public  
 28 schools as nurses shall be paid on the "M" salary schedule.

29 **SECTION 26.15.(g)** As used in this section, the term "teacher" shall also include  
 30 instructional support personnel.  
 31

32 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

33 **SECTION 26.16.(a)** The base salary schedule for school-based administrators shall  
 34 apply only to principals and assistant principals. The base salary schedule for the 2009-2010  
 35 fiscal year, commencing July 1, 2009, is as follows:  
 36

37 2009-2010 Principal and Assistant Principal Salary Schedules  
 38 Classification

39 Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
40 0-5	\$3,781	-	-	-	-
41 6	\$3,931	-	-	-	-
42 7	\$4,074	-	-	-	-
43 8	\$4,189	-	-	-	-
44 9	\$4,243	\$4,243	-	-	-
45 10	\$4,298	\$4,298	-	-	-
46 11	\$4,353	\$4,353	\$4,408	-	-
47 12	\$4,408	\$4,408	\$4,464	-	-
48 13	\$4,464	\$4,464	\$4,521	\$4,579	-
49 14	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701
50 15	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762

1	16	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
2	17	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
3	18	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
4	19	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
5	20	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
6	21	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
7	22	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237
8	23	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
9	24	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
10	25	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458
11	26	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
12	27	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617
13	28	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
14	29	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
15	30	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
16	31	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
17	32	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
18	33	-	\$5,956	\$6,075	\$6,197	\$6,321
19	34	-	-	\$6,197	\$6,321	\$6,447
20	35	-	-	\$6,321	\$6,447	\$6,576
21	36	-	-	-	\$6,576	\$6,708
22	37	-	-	-	\$6,708	\$6,842
23	38	-	-	-	-	\$6,979

2009-2010 Principal and Assistant Principal Salary Schedules

Classification

Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-15	\$4,828	-	-	-
16	\$4,891	-	-	-
17	\$4,956	\$5,025	-	-
18	\$5,025	\$5,092	\$5,237	-
19	\$5,092	\$5,166	\$5,310	\$5,383
20	\$5,166	\$5,237	\$5,383	\$5,458
21	\$5,237	\$5,310	\$5,458	\$5,537
22	\$5,310	\$5,383	\$5,537	\$5,617
23	\$5,383	\$5,458	\$5,617	\$5,725
24	\$5,458	\$5,537	\$5,725	\$5,839
25	\$5,537	\$5,617	\$5,839	\$5,956
26	\$5,617	\$5,725	\$5,956	\$6,075
27	\$5,725	\$5,839	\$6,075	\$6,197
28	\$5,839	\$5,956	\$6,197	\$6,321
29	\$5,956	\$6,075	\$6,321	\$6,447
30	\$6,075	\$6,197	\$6,447	\$6,576
31	\$6,197	\$6,321	\$6,576	\$6,708
32	\$6,321	\$6,447	\$6,708	\$6,842
33	\$6,447	\$6,576	\$6,842	\$6,979
34	\$6,576	\$6,708	\$6,979	\$7,119
35	\$6,708	\$6,842	\$7,119	\$7,261
36	\$6,842	\$6,979	\$7,261	\$7,406
37	\$6,979	\$7,119	\$7,406	\$7,554



1	38	\$7,119	\$7,261	\$7,554	\$7,705
2	39	\$7,261	\$7,406	\$7,705	\$7,859
3	40	-	\$7,554	\$7,859	\$8,016
4	41	-	\$7,705	\$8,016	\$8,176
5	42	-	-	\$8,176	\$8,340

**SECTION 26.16.(b)** The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

**SECTION 26.16.(c)** A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

**SECTION 26.16.(d)** Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

**SECTION 26.16.(e)** Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

**SECTION 26.16.(f)** If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as 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 shall 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.

1 This subsection applies to all transfers on or after the effective date of this section,  
 2 except transfers in school systems that have been created, or will be created, by merging two or  
 3 more school systems. Transfers in these merged systems are exempt from the provisions of this  
 4 subsection for one calendar year following the date of the merger.

5 **SECTION 26.16.(g)** Participants in an approved full-time master's in school  
 6 administration program shall receive up to a 10-month stipend at the beginning salary of an  
 7 assistant principal during the internship period of the master's program. For the 2006-2007  
 8 fiscal year and subsequent fiscal years, the stipend shall not exceed the difference between the  
 9 beginning salary of an assistant principal plus the cost of tuition, fees, and books and any  
 10 fellowship funds received by the intern as a full-time student, including awards of the Principal  
 11 Fellows Program. The Principal Fellows Program or the school of education where the intern  
 12 participates in a full-time master's in school administration program shall supply the  
 13 Department of Public Instruction with certification of eligible full-time interns.

14 **SECTION 26.16.(h)** During the 2009-2010 fiscal year, the placement on the salary  
 15 schedule of an administrator with a one-year provisional assistant principal's certificate shall be  
 16 at the entry-level salary for an assistant principal or the appropriate step on the teacher salary  
 17 schedule, whichever is higher.

#### 18 **CENTRAL OFFICE SALARIES**

19 **SECTION 26.17.(a)** The monthly salary ranges that follow apply to assistant  
 20 superintendents, associate superintendents, directors/coordinators, supervisors, and finance  
 21 officers for the 2009-2010 fiscal year, beginning July 1, 2009.

22	School Administrator I	\$3,309	\$6,207
23	School Administrator II	\$3,508	\$6,583
24	School Administrator III	\$3,724	\$6,984
25	School Administrator IV	\$3,874	\$7,262
26	School Administrator V	\$4,030	\$7,556
27	School Administrator VI	\$4,275	\$8,013
28	School Administrator VII	\$4,447	\$8,336

29 The local board of education shall determine the appropriate category and  
 30 placement for each assistant superintendent, associate superintendent, director/coordinator,  
 31 supervisor, or finance officer within the salary ranges and within funds appropriated by the  
 32 General Assembly for central office administrators and superintendents. The category in which  
 33 an employee is placed shall be included in the contract of any employee.

34 **SECTION 26.17.(b)** The monthly salary ranges that follow apply to public school  
 35 superintendents for the 2009-2010 fiscal year, beginning July 1, 2009.

36	Superintendent I	\$4,720	\$8,843
37	Superintendent II	\$5,011	\$9,377
38	Superintendent III	\$5,316	\$9,948
39	Superintendent IV	\$5,642	\$10,552
40	Superintendent V	\$5,988	\$11,196

41 The local board of education shall determine the appropriate category and  
 42 placement for the superintendent based on the average daily membership of the local school  
 43 administrative unit and within funds appropriated by the General Assembly for central office  
 44 administrators and superintendents.

45 **SECTION 26.17.(c)** Longevity pay for superintendents, assistant superintendents,  
 46 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as  
 47 provided for State employees under the State Personnel Act.

48 **SECTION 26.17.(d)** Superintendents, assistant superintendents, associate  
 49 superintendents, directors/coordinators, supervisors, and finance officers with certification  
 50 based on academic preparation at the six-year degree level shall receive a salary supplement of  
 51

1 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided  
2 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,  
3 directors/coordinators, supervisors, and finance officers with certification based on academic  
4 preparation at the doctoral degree level shall receive a salary supplement of two hundred  
5 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this  
6 section.

7 **SECTION 26.17.(e)** The State Board of Education shall not permit local school  
8 administrative units to transfer State funds from other funding categories for salaries for public  
9 school central office administrators.

10 **SECTION 26.17.(f)** The salaries in effect June 30, 2009, for all permanent  
11 full-time personnel paid from the Central Office Allotment, shall remain in effect for the  
12 2009-2010 and 2010-2011 fiscal years.

#### 13 **NONCERTIFIED SCHOOL PERSONNEL SALARIES**

14 **SECTION 26.18.(a)** The salaries in effect June 30, 2009, of permanent, full-time  
15 noncertified public school employees whose salaries are supported from the State's General  
16 Fund shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

17 **SECTION 26.18.(b)** The salaries in effect on June 30, 2009, for all permanent  
18 part-time noncertified public school employees whose salaries are supported from the State's  
19 General Fund shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

20 **SECTION 26.18.(c)** The Director of the Budget may allocate out of special  
21 operating funds or from other sources of the employing agency, except tax revenues, sufficient  
22 funds to maintain salaries in accordance with subsection (a) or (b) of this section including  
23 funds for the employer's retirement and social security contributions for the permanent full-time  
24 and part-time employees of the agency, provided the employing agency elects to make  
25 available the necessary funds.

#### 26 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

27 **SECTION 26.20.(a)** Section 6(b) of S.L. 2009-16 reads as rewritten:

28 **"SECTION 6.(b)** Effective July 1, 2009, the State's employer contribution rates budgeted  
29 for retirement and related benefits as percentage of covered salaries for the 2009-2010 fiscal  
30 year are: (i) ~~eight and fifty-four hundredths percent (8.54%)~~ eight and seventy-five hundredths  
31 percent (8.75%) – Teachers and State Employees; (ii) ~~thirteen and fifty-four hundredths percent~~  
32 ~~(13.54%)~~ thirteen and seventy-five hundredths percent (13.75%) – State Law Enforcement  
33 Officers; (iii) eleven and eighty-six hundredths percent (11.86%) – University Employees'  
34 Optional Retirement System; (iv) eleven and eighty-six hundredths percent (11.86%) –  
35 Community College Optional Retirement Program; (v) ~~seventeen and seventy-one hundredths~~  
36 ~~percent (17.71%)~~ nineteen and sixty-one hundredths percent (19.61%) – Consolidated Judicial  
37 Retirement System; and (vi) four and fifty hundredths percent (4.50%) – Legislative  
38 Retirement System. Each of the foregoing contribution rates includes four and fifty hundredths  
39 percent (4.50%) for hospital and medical benefits. The rate for Teachers and State Employees,  
40 State Law Enforcement Officers, Community College Optional Retirement Program, and for  
41 the University Employees' Optional Retirement Program includes fifty-two hundredths percent  
42 (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State  
43 Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits  
44 Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental  
45 Retirement Income."

46 **SECTION 26.20.(b)** Section 6(c) of S.L. 2009-16 reads as rewritten:

47 **"SECTION 6.(c)** Effective July 1, 2010, the State's employer contribution rates budgeted  
48 for retirement and related benefits as percentage of covered salaries for the 2010-2011 fiscal  
49 year are: (i) ~~eight and ninety-four hundredths percent (8.94%)~~ twelve and twelve hundredths  
50 percent (12.12%)

1 percent (12.12%) – Teachers and State Employees; (ii) ~~thirteen and ninety-four hundredths~~  
2 ~~percent (13.94%)~~ seventeen and twelve hundredths percent (17.12%) – State Law Enforcement  
3 Officers; (iii) twelve and twenty-six hundredths percent (12.26%) – University Employees'  
4 Optional Retirement System; (iv) twelve and twenty-six hundredths percent (12.26%) –  
5 Community College Optional Retirement Program; (v) ~~eighteen and eleven hundredths percent~~  
6 ~~(18.11%)~~ twenty and one hundredths percent (20.01%) – Consolidated Judicial Retirement  
7 System; and (vi) four and ninety hundredths percent (4.90%) – Legislative Retirement System.  
8 Each of the foregoing contribution rates includes four and ninety hundredths percent (4.90%)  
9 for hospital and medical benefits. The rate for Teachers and State Employees, State Law  
10 Enforcement Officers, Community College Optional Retirement Program, and for the  
11 University Employees' Optional Retirement Program includes fifty-two hundredths percent  
12 (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State  
13 Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits  
14 Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental  
15 Retirement Income."  
16

## 17 NATIONAL GUARD PENSION FUND

18 **SECTION 26.21.** G.S. 127A-40(f) reads as rewritten:

19 "(f) The Secretary of Crime Control and Public Safety shall determine the eligibility of  
20 guard members for the benefits herein provided and shall certify those eligible to the State  
21 Treasurer. In addition, the Department of Crime Control and Public Safety shall, on and after  
22 July 1, 1983, provide the Department of State Treasurer with an annual census population, by  
23 age and the number of years of creditable service, for all former members of the National  
24 Guard in receipt of a pension as well as for all active members of the National Guard who are  
25 not in receipt of a pension and who have seven and more years of creditable service. The  
26 Department of Crime Control and Public Safety shall also provide the State Treasurer a census  
27 population of all former members of the National Guard who are not in receipt of a pension and  
28 who have 15 and more years of creditable service. The Department of State Treasurer shall  
29 make pension payments to those persons certified from the North Carolina National Guard  
30 Pension Fund, which shall include general fund appropriations made to ~~and transferred from~~  
31 ~~the Department of Crime Control and Public Safety.~~ the Department of State Treasurer. The  
32 Department of State Treasurer shall have performed an annual actuarial valuation of the fund  
33 and shall have the financial responsibility for maintaining the fund on a generally accepted  
34 actuarial basis. The Department of Crime Control and Public Safety shall provide the  
35 Department of State Treasurer with whatever assistance is required by the State Treasurer in  
36 carrying out his financial responsibilities."  
37

## 38 EXTEND PHASED RETIREMENT PROGRAM EXEMPTION

39 **SECTION 26.22.** Section 29.28(f) of S.L. 2005-276, as amended by Section 22.21  
40 of S.L. 2006-66, reads as rewritten:

41 "**SECTION 29.28.(f)** Subsections (a) and (b) of this section become effective August 1,  
42 2005. Subsection (e) of this section becomes effective November 1, 2005, but does not apply to  
43 participants in The University of North Carolina Phased Retirement Program until the earlier of  
44 ~~June 30, 2010,~~ August 31, 2013, or 12 months after the issuance of final phased retirement  
45 regulations by the Internal Revenue Service. The remainder of this section becomes effective  
46 June 30, 2005."  
47

## 48 PART XXVII. CAPITAL APPROPRIATIONS.

### 49 GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

50

1           **SECTION 27.1.** The appropriations made by the 2009 General Assembly for  
2 capital improvements are for constructing, repairing, or renovating State buildings, utilities, and  
3 other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings  
4 and land for State government purposes.

5  
6           **CAPITAL APPROPRIATIONS/GENERAL FUND**

7           **SECTION 27.2.** There is appropriated from the General Fund for the 2009-2010  
8 fiscal year the following amounts for capital improvements:

9	10	11	12	13	14	15	16
	<b>Capital Improvements – General Fund</b>						<b>2009-2010</b>
	Department of Environment and Natural Resources						
	Water Resources Development Projects					\$ 7,150,000	
	<b>TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND</b>					<b>\$ 7,150,000</b>	

17           **WATER RESOURCES DEVELOPMENT PROJECTS/REQUIRED TO DRAW DOWN**  
18           **\$57,700,000 FEDERAL FUNDS**

19           **SECTION 27.3.(a)** The Department of Environment and Natural Resources shall  
20 allocate the funds appropriated in this act for water resources development projects in  
21 accordance with the schedule that follows. These funds will provide a State match for an  
22 estimated fifty-seven million seven hundred thousand dollars (\$57,700,000) in federal funds.

23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
	<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>

39  
40  
41           **SECTION 27.3.(b)** Where the actual costs are different from the estimated costs  
42 under subsection (a) of this section, the Department may adjust the allocations among projects  
43 as needed. If any projects funded under subsection (a) of this section are delayed and the  
44 budgeted State funds cannot be used during the 2009-2010 fiscal year, or if the projects funded  
45 under subsection (a) of this section are accomplished at a lower cost, the Department may use  
46 the resulting fund availability to fund any of the following:

- 47           (1) U.S. Army Corps of Engineers project feasibility studies.  
48           (2) U.S. Army Corps of Engineers projects whose schedules have advanced and  
49           require State-matching funds in fiscal year 2009-2010.  
50           (3) State-local water resources development projects.

1 Funds not expended or encumbered for these purposes shall revert to the General Fund at the  
2 end of the 2010-2011 fiscal year.

3 **SECTION 27.3.(c)** The Department shall make semiannual reports on the use of  
4 these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal  
5 Research Division, and the Office of State Budget and Management. Each report shall include  
6 all of the following:

- 7 (1) All projects listed in this section.
- 8 (2) The estimated cost of each project.
- 9 (3) The date that work on each project began or is expected to begin.
- 10 (4) The date that work on each project was completed or is expected to be  
11 completed.
- 12 (5) The actual cost of each project.

13 The semiannual reports also shall show those projects advanced in schedule, those  
14 projects delayed in schedule, and an estimate of the amount of funds expected to revert to the  
15 General Fund.

16 **SECTION 27.3.(d)** Of the American Recovery and Reinvestment Act of 2009  
17 funds appropriated to the Department of Environment and Natural Resources, an amount  
18 necessary to complete any operations and maintenance water resources development projects  
19 approved by the U.S. Army Corps of Engineers may be allocated by the Department for that  
20 purpose and such projects are hereby authorized.

## 22 NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

23 **SECTION 27.4.(a)** The General Assembly authorizes the following capital  
24 projects to be funded with receipts or from other non-General Fund sources available to the  
25 appropriate department:

27 <b>Name of Project</b>	28 <b>Amount of Non-General Fund</b> 29 <b>Funding Authorized for 2009-2010</b>
30 Department of Crime Control and Public Safety	
31     Additions and Renovations to Armories	\$ 9,303,442
32     Camp Butner Cantonment – Phase 1 Design	1,367,000
33     Family Assistance Centers	2,000,000
34	
35 Department of Cultural Resources	
36     Aycock Birthplace Picnic Shelter	86,100
37     Maritime Museum – Floating Dock	130,000
38     Museum of History Chronology Exhibit – Phase 2B (1900-1960)	1,200,000
39	
40 Department of Environment and Natural Resources	
41     Zoo – Elephant Exhibit New Restrooms	300,000
42	
43 Wildlife Resources Commission	
44     Armstrong Hatchery Lower Raceway Replacement	1,725,000
45     Centennial Campus Education Center Exhibit Completion	180,000
46     Chinquapin Equipment Storage Pole Shed	60,000
47     Chowan Bridge Fishing Pier and Edenton Boating Access	450,000
48     Emerald Isle New Boating Access Area	600,000
49     Falls Lake Office Building	550,000
50     Hampstead Land Acquisition	10,000,000
51     Land Acquisitions – State Gamelands	59,135,000

1	Lewelyn Branch New Boating Access Area	150,000
2	Manns Harbor Bridge Marina Acquisition	5,750,000
3	Marion Depot Drainage Repairs	200,000
4	McKinney Lake Hatchery Kettles Replacement	1,700,000
5	Minor Boating Access Area Renovations – Various Locations	150,000
6	New Coldwater Fish Hatchery Construction	7,900,000
7	Ocean Isle Boating Access Area Renovations	150,000
8	Outer Banks Education Center Teaching Facility Repairs	245,000
9	Pechmann Fishing Education Center Pond Restoration	160,000
10	Pechmann Fishing Education Center Storage Building	220,000
11	Pisgah Education Center Gift Shop Renovation and Expansion	200,000
12	Pisgah Education Center Outdoor Exhibit Renovation	450,000
13	Pisgah Education Center Repairs	155,000
14	Pisgah Hatchery Water System Renovation	100,000
15	Rhodes Pond Dam Repairs	500,000
16	Sneads Ferry Land Acquisition	6,500,000
17	Sunset Harbor Land Acquisition	925,000
18	Swan Quarter Land Acquisition	1,700,000
19	Sykes Depot Pond, Office, Storage Construction	350,000
20	Table Rock Hatchery Office and Workshop Replacement	345,000

21  
22 **TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL**  
23 **PROJECTS AUTHORIZED**

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**\$114,936,542**

25 **SECTION 27.4.(b)** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of thirty thousand dollars (\$30,000) for the 2009-2010 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes 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.

34 **ARRA FUNDS FOR REPAIRS AND RENOVATIONS RESERVE**

35 **SECTION 27.5.(a)** The following American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5 funds are transferred to the Reserve for Repairs and Renovations:

- 37 (1) Twelve million dollars (\$12,000,000) of the State Energy Program funds appropriated in this act.
- 39 (2) Eight million seven hundred seventy thousand one hundred twenty dollars (\$8,770,120) of the Energy Efficiency and Conservation Block Grant funds appropriated in this act.

42 **SECTION 27.5.(b)** Of the funds transferred in subsection (a) of this section, 43 forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina and fifty-four percent (54%) shall be allocated to the Office of State Budget and 44 Management.

46 Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds for the 47 repair and renovation of facilities not supported from the General Fund if the Board determines 48 that sufficient funds are not available from other sources and that conditions warrant General 49 Fund assistance. Any such finding shall be included in the Board's submission to the Joint 50 Legislative Commission on Governmental Operations on the proposed allocation of funds.

1 The Board of Governors and the Office of State Budget and Management shall  
2 consult with the Joint Legislative Commission on Governmental Operations prior to the  
3 allocation or reallocation of these funds.

4 **SECTION 27.5.(c)** Notwithstanding G.S. 143C-4-3(b), funds allocated in  
5 subsection (b) of this section shall be used for repairs and renovations to State and university  
6 facilities that will make those facilities more energy efficient. Eligible projects under this  
7 subsection include:

- 8 (1) Replacement of incandescent light bulbs with compact fluorescent light  
9 bulbs, installation of exit signs that employ light-emitting diode (LED)  
10 technology, the installation of occupancy sensors or optical sensors, and  
11 other lighting efficiency improvements.
- 12 (2) For windows that need replacement, installation of more energy-efficient  
13 windows.
- 14 (3) Insulation improvements when practicable.
- 15 (4) Renovation, replacement, and upgrading of heating, ventilation, and  
16 air-conditioning (HVAC) systems.
- 17 (5) Energy infrastructure renovation projects.
- 18 (6) Any other retrofit or replacement projects that make State or university  
19 facilities more energy efficient for which the incremental cost of the project  
20 will be equal to or less than the energy or water savings that result over a  
21 period of three years after completion.

22 **SECTION 27.5.(d)** Funds allocated in this section shall only be used consistently  
23 with any applicable limitations contained in the American Recovery and Reinvestment Act of  
24 2009, P.L. 111-5, and regulations adopted pursuant to that act.

## 25 **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

26 **SECTION 27.6.** The appropriations made by the 2009 General Assembly for  
27 capital improvements shall be disbursed for the purposes provided by this act. Expenditure of  
28 funds shall not be made by any State department, institution, or agency until an allotment has  
29 been approved by the Governor as Director of the Budget. The allotment shall be approved  
30 only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.  
31 Prior to the award of construction contracts for projects to be financed in whole or in part with  
32 self-liquidating appropriations, the Director of the Budget shall approve the elements of the  
33 method of financing of those projects including the source of funds, interest rate, and  
34 liquidation period. Provided, however, that if the Director of the Budget approves the method  
35 of financing a project, the Director shall report that action to the Joint Legislative Commission  
36 on Governmental Operations at its next meeting.

37  
38 Where direct capital improvement appropriations include the purpose of furnishing  
39 fixed and movable equipment for any project, those funds for equipment shall not be subject to  
40 transfer into construction accounts except as authorized by the Director of the Budget. The  
41 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and  
42 approved by the Director of the Budget prior to commitment of funds.

43 Capital improvement projects authorized by the 2009 General Assembly shall be  
44 completed, including fixed and movable equipment and furnishings, within the limits of the  
45 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided  
46 in this act. Capital improvement projects authorized by the 2009 General Assembly for the  
47 design phase only shall be designed within the scope of the project as defined by the approved  
48 cost estimate filed with the Director of the Budget, including costs associated with site  
49 preparation, demolition, and movable and fixed equipment.

## 50 **CENTER FOR DESIGN AND FILM SCHOOL AMENDMENTS**





1	40401-4410)	317,500
2	Spring Lake Vet Cemetery Site & Building Improvements (Budget	
3	Code 40601-4G14)	283,200
4	Garner Road Building #2 – Mechanical Room Renovations	1,112,900
5	UNC-TV Server Room – HVAC Upgrades	79,000
6	Energy Savings Reserve (Budget Code 40701-4J32)	4,000,000
7	Five New Youth Development Centers Planning (Budget Code	
8	40701-4J28)	1,500,000
9		
10	Department of Agriculture and Consumer Services	
11	Constable Lab Humidity Repairs	798,266
12	Constable Lab Equipment Upgrades	833,315
13	Oxford Complex Planning & Design (Budget Code 40617-4F02)	91,778
14	Eastern Ag Center Horse Barn (Budget Code 40717-4G02)	377,418
15	Barn Renovation (Budget Code 40717)	283,499
16	Barn Renovation (Budget Code 40717)	161,554
17		
18	Department of Commerce	
19	Portswide Improvements (Budget Code 40710-1)	716,323
20		
21	Department of Cultural Resources	
22	Horne Creek Farm Visitors Center (Budget Code 40714-4L02)	2,847
23		
24	Department of Crime Control & Public Safety	
25	Phase 3 Kitchen Hoods (Budget Code 40372)	381,123
26	Camp Butner Land Buffers (Budget Codes 40707-4F02, 40807-4G01)	188,350
27	Statewide Master Planning (Budget Code 40807-4G03)	300,300
28		
29	Department of Corrections	
30	Piedmont CI – Humidity Control for Chronic Care Units	268,100
31	Swannanoa Conversion R&R (Budget Code 40613-K/40713-L)	1,550,000
32	Burke – Perimeter Security Fence Modifications (Budget Code 40513)	1,762,584
33	Northhampton – Perimeter Fence System Upgrade (Budget Code 40513)	1,581,300
34	McCain Correctional Hospital Elevator Modernization (Budget	
35	Code 40413-4F04)	529,238
36	Prison Additions Planning Reserve	2,972,656
37		
38	Department of Environment and Natural Resources	
39	Maintenance Facility for Bladen Lakes (Budget Code 40716)	855,000
40	Metal Storage Building (Budget Code 40516)	81,000
41	Modular Office (Budget Code 40516)	250
42	Claridge Nursery Facility Renovations (Budget Code 40616)	24,086
43	Linville Nursery Facility Renovations (Budget Code 40616)	8,100
44	Bladen Lakes SF – Residence Renovation (Budget Code 40616)	141,730
45	Turnbull Creek ESF Renovation (Budget Code 40616)	3,510
46	Clemmons ESF Renovation (Budget Code 40616)	16,430
47	Holmes ESF Renovation (Budget Code 40616)	15,943
48	Wake Co Headquarters Storage Building (Budget Code 40716)	157,754
49	Jordan Lake Training Center (Budget Code 40716)	455,860
50	Mt. Training Facility & Linville Nursery Restroom Upgrades	
51	(Budget Code 40616)	195,765

1	Drainage Improvements (Budget Code 40716)	80,865
2	Children's Nature Discovery Center (Budget Code 40616)	686,588
3	Storage Building (Budget Code 40616)	373,574
4	African Amphitheater Renovation (Budget Code 40616)	2,500
5	Picnic Area Bus Parking Renovation (Budget Code 40616)	261,490
6	Horticulture Storage Facility (Budget Code 40716)	373,574
7	HVAC Repairs (Budget Code 40716)	177,496
8	Aviary HVAC Renovation (Budget Code 40716)	361,200
9		
10	Department of Health and Human Services	
11	Medical Care Unit HVAC Upgrades (Budget Code 44344-4E02)	593,775
12	HVAC Upgrades for Vocational Enterprises Bldg (Budget Code	
13	40759-4F01)	25,000
14	New Heating Plant (Budget Code 40645-4E01)	49,936
15	Moore Building – Chiller Replacement	505,000
16	HVAC Upgrades for Vocational Enterprises Bldg (Budget Code	
17	40759-4F01)	1,198,685
18	Fisher and Cooke Renovations (Budget Code 40664-4D01)	2,538,705
19	Edgerton Building Upgrades	619,871
20	Harvey Building Upgrades	593,775
21	McBryde Building – Elevator Upgrades	725,550
22	DDC Interface between Dix Campus and GMS	176,000
23	Willow Cottage Renovations (Budget Code 40644-4H01)	4,009,091
24	Stair Tower (Budget Code 40553-4E01)	408,772
25	Standby Generator Upgrades (Budget Codes 40453-4D01/44353-4C03)	609,302
26	Renovation of ELC-4 (Budget Code 40745-4F01)	4,111,561
27	Public Health Lab and Medical Examiners Office (Budget Code	
28	40668-4601)	49,936
29		
30	Department of Juvenile Justice and Delinquency Prevention	
31	Dillon Security Grilles (Budget Code 40647-4K01)	200,000
32	Det & New Hanover Septic System (Budget Code 40647-4K04)	150,000
33	Dillon Asbestos & New Roof (Budget Code 40647-4K07)	500,000
34	Stonewall Jackson Rd Rep (Budget Code 40647-4K08)	233,500
35	Butner New Roof & Asbestos (Budget Code 40647-4K12)	300,000
36	Samarkand Bldg Demolition (Budget Code 40647-4K13)	200,000
37	Dobbs Road Repairs (Budget Code 40647-4K14)	64,927
38	CA Dillon Maintenance Building (Budget Code 40747-4L01)	375,000
39	Buncombe Det Cnt Boiler & Repairs (Budget Code 40647-4K10)	142,478
40	Cumberland Det. Renovat (Budget Code 40447-4L01)	5,881
41	SV/DOC Campus Transfer (Budget Code 40647-4K02)	9,741
42	Security Camera Fixtures (Budget Code 40547-4J03)	268,425
43	Multipurpose Homes Renovations (Budget Code 40647-4K06)	9,084
44	Security Cameras YDC (Budget Code 40547-4J02)	2,300,530
45	Security Cameras Detentn (Budget Code 40547-4J01)	55,268
46	Samarkand HVAC Nordan (Budget Code 40647-4K03)	474,793
47		
48	Office of State Budget and Management	
49	OSBM R&R Reserve (Budget Codes 49702, 49802, 49902, 40002, 40102,	
50	40202, 40302, 40402, 40502, 40602, 40702)	1,471,717
51		

1	University of North Carolina	
2	New Conference Center (Budget Code 40724 302)	2,606,943
3	4-H Camps (Budget Code 40724-4F02)	5,488,312
4	Hospital – Campus Master Plan (Budget Codes: 40639:	
5	406392-729010, 406392-684410)	1,326,894
6	Piedmont Triad Research Park Land Acquisition	1,979,550
7	Electric Plumbing HVAC Design (Budget Code 40719-4F24)	56,079
8	Repairs to Electrical, Plumbing and Heating, Ventilating and Air	
9	Conditioning Systems (Budget Codes 40538, 40638)	75,000
10	4M22 2007 Reserve for Coker Lab Renov (Budget Code 40729)	360,000
11	Utility Metering (Budget Code 40629)	19,869
12	CI 08-24 Kenan Auditorium Replace Air Handler (Budget	
13	Code 40628)	124,947
14	CI 09-08 Trask Coliseum Replace Heat Exchange (Budget	
15	Code 40628)	11,100
16	Replace Windows – Messick Building (Budget Code 40736)	43,348
17	Repair HVAC System (Construction) – Greenville Center (Budget	
18	Code 40736)	143,700
19	Repair HVAC System – Brewster Building (Budget Code 40736)	57,274
20	Replace HVAC System (Design) – Spilman Building (Budget Code 40736)	10,000
21	Expand Central Chilled Water Loop (Design) – Main Campus (Budget	
22	Code 40736)	90,000
23	HSC-Upgrade Steam Systems (Construction) (Budget Code 40736)	761,021
24	MEP: Boiler #1 Repairs (Budget Code 40736)	10,022
25	Replace Condensate Line (Design) – to MH-MC3 (Budget Code 40736)	3,300
26	Install New Steam Distribution (Design) – Steam Plant to MH-CH-9	
27	(Budget Code 40736)	264,200
28	Repair Heating, Ventilating, and Air Conditioning (Design) – Joyner	
29	Library (Budget Code 40736)	250,000
30	Brody P3 & AC7 HVAC Study (Budget Code 40636)	118,039
31	Replace Electrical Distribution Panels – Life Sciences Building (Budget	
32	Code 40636)	25,139
33	Upgrade Building Automation System – Brody Building (Budget	
34	Code 40636)	22,926
35	Repair/Replace Boiler Controls (Design) – Steam Plant (Budget	
36	Code 40636)	12,196
37	Replace Chilled Water Coils Air Handling Units 4,5, & 6 – Brody	
38	Building (Budget Code 40636)	240,055
39	MEP: Replace Main Switchboard West Academic Bldg (Budget Code	
40	40636)	48,500
41	Electrical Distribution System Repair – Education Building (Budget	
42	Code 487200)	8,000
43	Window Replacement – Library (Budget Code 487200)	261,793
44		
45	<b>TOTALS</b>	<b>\$65,587,775</b>

**AMEND COPS AUTHORIZATION LANGUAGE/ALLOW POLICE OPERATIONS  
CENTER AT SCHOOL OF THE ARTS**

**SECTION 27.12.** Subdivision (7) of 27.8(a) of S.L. 2008-107 reads as rewritten:

"(7) In the maximum aggregate principal amount of eleven million one hundred thousand dollars (\$11,100,000) to finance the capital facility costs of

1 ~~completing~~ completing, separately or together, a central storage facility and  
2 a police operations center at the University of North Carolina School of the  
3 Arts."  
4

5 **AMEND COPS AUTHORIZATION LANGUAGE/APPALACHIAN STATE**  
6 **UNIVERSITY PROPERTY ACQUISITION**

7 **SECTION 27.12A.** Subdivision (1) of Section 29.13(a) of S.L. 2007-323 reads as  
8 rewritten:

9 "(1) In the maximum aggregate principal amount of thirty-four million dollars  
10 (\$34,000,000) to finance the capital facility costs of completing a new  
11 educational building at Appalachian State ~~University~~ University and  
12 acquiring adjacent real property related to the project. No more than a  
13 maximum aggregate amount of three million dollars (\$3,000,000) of special  
14 indebtedness may be issued or incurred under this subdivision prior to July  
15 1, 2008."  
16

17 **REPORT ON STATUS OF CERTAIN UNC REPAIRS & RENOVATIONS PROJECTS**

18 **SECTION 27.13.(a)** The University of North Carolina Board of Governors shall  
19 prepare a report containing information on the status of each project subject to G.S. 116-31.11  
20 which was or is to be paid for in whole or in part with funds allocated to the Board from the  
21 Reserve for Repairs and Renovations and shall submit the report to the Chairs of the Senate  
22 Committee/Base Budget, the Chairs of the House of Representatives Committee on  
23 Appropriations, and the Fiscal Research Division no later than March 1, 2010. Specifically, the  
24 report shall include information about each project for which funds from the Reserve for  
25 Repairs and Renovations were allocated at anytime after July 1, 2006, regardless of whether or  
26 not such funds were actually used for the project.

27 **SECTION 27.13.(b)** The report required by this section shall contain the following  
28 information about each project:

- 29 (1) A brief description of the project.
- 30 (2) The estimated cost of the project.
- 31 (3) The sources of funds, and the amounts from each source, budgeted for the  
32 project.
- 33 (4) Expenditures and encumbrances for the project.
- 34 (5) The month and year in which funds were allocated to the project.
- 35 (6) The project schedule. If the project is complete, the date of completion.
- 36 (7) If the project is cancelled, an explanation of the reason for cancellation and  
37 of how funds were reallocated.

38  
39 **PART XXVIII. MISCELLANEOUS PROVISIONS**

40  
41 **STATE BUDGET ACT APPLIES**

42 **SECTION 28.1.** The provisions of the State Budget Act, Chapter 143C of the  
43 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
44 this act by reference.  
45

46 **COMMITTEE REPORT**

47 **SECTION 28.2.(a)** The N.C. House of Representatives Appropriations Committee  
48 Report on the Continuation, Expansion and Capital Budgets dated June 9, 2009, and the N.C.  
49 House of Representatives Appropriations Supplemental Committee Report on the Continuation,  
50 Expansion and Capital Budgets dated June 9, 2009, which were distributed in the House of  
51 Representatives and used to explain this act, shall indicate action by the General Assembly on

1 this act and shall therefore be used to construe this act, as provided in the State Budget Act,  
2 Chapter 143C of the General Statutes, and for these purposes shall be considered a part of this  
3 act and as such shall be printed as a part of the Session Laws.

4 **SECTION 28.2.(b)** The budget enacted by the General Assembly is for the  
5 maintenance of the various departments, institutions, and other spending agencies of the State  
6 for the 2009-2011 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
7 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

8 The Director of the Budget submitted recommended adjustments to the budget to  
9 the General Assembly in March 2009 in the documents "The North Carolina State Budget,  
10 Recommended Operating Budget with Performance Management Information 2009-2011,  
11 Volumes 1 through 6," for the 2009-2011 fiscal biennium for the various departments,  
12 institutions, and other spending agencies of the State. The adjustments to these documents  
13 made by the General Assembly are set out in the Committee Report and the Supplemental  
14 Committee Report.

15 **SECTION 28.2.(c)** The budget enacted by the General Assembly shall also be  
16 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
17 appropriate legislation.

18 In the event that there is a conflict between the line-item budget certified by the  
19 Director of the Budget and the budget enacted by the General Assembly, the budget enacted by  
20 the General Assembly shall prevail.

## 21 **MOST TEXT APPLIES ONLY TO THE 2009-2011 FISCAL BIENNIUM**

22 **SECTION 28.3.** Except for statutory changes or other provisions that clearly  
23 indicate an intention to have effects beyond the 2009-2011 fiscal biennium, the textual  
24 provisions of this act apply only to funds appropriated for, and activities occurring during, the  
25 2009-2011 fiscal biennium.  
26

## 27 **EFFECT OF HEADINGS**

28 **SECTION 28.4.** The headings to the parts and sections of this act are a  
29 convenience to the reader and are for reference only. The headings do not expand, limit, or  
30 define the text of this act, except for effective dates referring to a part.  
31

## 32 **SEVERABILITY CLAUSE**

33 **SECTION 28.5.** If any section or provision of this act is declared unconstitutional  
34 or invalid by the courts, it does not affect the validity of this act as a whole or any part other  
35 than the part so declared to be unconstitutional or invalid.  
36

## 37 **EFFECTIVE DATE**

38 **SECTION 28.5A.** This act becomes effective only if the General Assembly enacts  
39 modifications to State law that increase revenues by an amount sufficient to ensure that the  
40 State's budget is balanced.

41 **SECTION 28.6.** Except as otherwise provided, this act becomes effective July 1,  
42 2009.  
43