

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 311
Appropriations/Base Budget Committee Substitute Adopted 6/23/09
PROPOSED HOUSE COMMITTEE SUBSTITUTE S311-PCS35349-LU-8

Short Title: Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

February 26, 2009

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT A LEVEL NOT TO
4 EXCEED EIGHTY-FIVE PERCENT OF THE LEVEL AT WHICH THOSE
5 OPERATIONS WERE AUTHORIZED IN S.L. 2008-107, AS AMENDED, UNTIL JULY
6 15, 2009, AT 11:59 P.M.

7 The General Assembly of North Carolina enacts:

8
9 **BUDGET CONTINUATION**

10 **SECTION 1.** The Director of the Budget may continue to allocate funds for
11 expenditure for current operations by State departments, institutions, and agencies at a level not
12 to exceed eighty-five percent (85%) of the level at which those operations were authorized in
13 S.L. 2008-107, as amended.

14 Vacant positions subject to proposed budget reductions in Senate Bill 202, 3rd
15 edition, Senate Bill 202, 6th edition, or both, shall not be filled after June 30, 2009.

16 State employees in positions subject to the proposed base budget cuts and State
17 employees in positions funded with nonrecurring funds for the 2008-2009 fiscal year shall be
18 given 30 days' notice of termination.

19 State agencies shall not make grant awards with funds that are subject to proposed
20 budget reductions in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both.

21 Except as otherwise provided by this act, the limitations and directions for the
22 2008-2009 fiscal year in S.L. 2007-323, as amended, and in S.L. 2008-107, as amended, that
23 applied to appropriations to particular agencies or for particular purposes apply to the funds
24 appropriated and authorized for expenditure under this section.

25
26 **EMPLOYEE SALARIES**

27 **SECTION 2.** The salary schedules and specific salaries established for the
28 2008-2009 fiscal year by or under S.L. 2008-107 and in effect on June 30, 2009, for offices and
29 positions shall remain in effect until the effective date of the Current Operations and Capital
30 Improvements Appropriations Act of 2009.

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



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1 Public school employees paid on the teacher salary schedule or the school-based
2 administrator salary schedule and other employees shall not move up on salary schedules or
3 receive automatic step increases, annual, performance, merit, or other increments until
4 authorized by the General Assembly.
5

6 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

7 **SECTION 3.(a)** The State's employer contribution rates budgeted for retirement
8 and related benefits for the 2009-2010 fiscal year shall be as provided for in Section 6(b) of
9 S.L. 2009-16.

10 **SECTION 3.(b)** The State's employer contribution rates established by this section
11 are effective until the Current Operations and Capital Improvements Appropriations Act of
12 2009 becomes law and are subject to revision in that act. If the Current Operations and Capital
13 Improvements Appropriations Act of 2009 modifies these rates, the Director of the Budget
14 shall further modify the rates set in that act for the remainder of the 2009-2010 fiscal year so as
15 to compensate for the different amount contributed between July 1, 2009, and the date the
16 Current Operations and Capital Improvements Appropriations Act of 2009 becomes law so that
17 the effective rates for the entire year reflect the rates set in the Current Operations and Capital
18 Improvements Appropriations Act of 2009.
19

20 **FUNDS SHALL NOT REVERT**

21 **SECTION 4.(a)** If the provisions of Senate Bill 202, 3rd edition, Senate Bill 202,
22 6th edition, or both, direct that funds shall not revert, the funds shall not revert on June 30,
23 2009. Unless these funds are encumbered on or before June 30, 2009, these funds shall not be
24 expended after June 30, 2009, except as provided by a law enacted after June 30, 2009.

25 **SECTION 4.(b)** This section becomes effective June 30, 2009.
26

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

28 **SECTION 5.(a)** Notwithstanding G.S. 143-15.3A, for the 2008-2009 fiscal year
29 only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the
30 State Controller shall not transfer funds from the unreserved credit balance to the Repairs and
31 Renovations Reserve Account on June 30, 2009.

32 **SECTION 5.(b)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the
33 2008-2009 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and
34 the State Controller shall not transfer funds from the unreserved credit balance to the Savings
35 Reserve Account on June 30, 2009.

36 **SECTION 5.(c)** This section becomes effective June 30, 2009.
37

38 **APPROPRIATION OF ARRA FUNDS**

39 **SECTION 6.(a)** Appropriation Funds. – Funds received under the American
40 Recovery and Reinvestment Act of 2009, P.L. 111-5 (ARRA), are hereby appropriated in the
41 amounts provided in the notification of award from the federal government or any entity acting
42 on behalf of the federal government to administer federal ARRA funds. The Office of State
43 Budget and Management and affected State agencies shall report the notification of award to
44 the Joint Legislative Commission on Governmental Operations.

45 **SECTION 6.(b)** Limitation of Use of Funds. – State agencies shall not allocate or
46 otherwise obligate any ARRA funds appropriated in this act (i) for a purpose or program not
47 authorized by the General Assembly for the 2007-2009 fiscal biennium, or (ii) to expand the
48 scope of a purpose or program authorized by the General Assembly for the 2007-2009 fiscal
49 biennium, unless the federal government has issued rules or formal guidance stipulating that a
50 state's lack of allocation or obligation would jeopardize the receipt of ARRA funds.

1 **SECTION 6.(c)** Guidance. – The Office of State Budget and Management shall
2 work with the recipient State agencies to budget federal receipts awarded according to the
3 annual program needs and within the parameters of the respective granting entities and to
4 incorporate federal funds into the certified budgets of the recipient State agency. State agencies
5 shall not use federal ARRA funds for recurring purposes unless provided for in this section.
6 However, depending on the nature of the award, additional State personnel may be employed
7 on a temporary or time-limited basis.

8 **SECTION 6.(d)** Of the funds appropriated in subsection (a) of this section, the
9 State Office of Economic Investment and Recovery may use up to one million dollars
10 (\$1,000,000) during fiscal year 2009-2010 for operating expenses.

11 **SECTION 6.(e)** Effective Date. – This section is effective when it becomes law.
12

13 **APPROPRIATION FROM THE SAVINGS RESERVE ACCOUNT FOR 2008-2009**

14 **SECTION 7.(a)** G.S. 143C-4-2(b) prohibits the Director of the Budget from using
15 funds in the Savings Reserve Account unless the use has been approved by an act of the
16 General Assembly. The General Assembly hereby authorizes the Director of the Budget to use
17 funds that were credited to the Savings Reserve Account on or before June 30, 2009, to the
18 extent necessary to balance the State budget for the 2008-2009 fiscal year, and funds are hereby
19 appropriated from the Savings Reserve Account for this purpose.

20 **SECTION 7.(b)** This section is effective when it becomes law.
21

22 **MEDICAID STATE PLAN AMENDMENTS**

23 **SECTION 8.** To achieve the proposed budget reductions for the 2009-2011 fiscal
24 biennium, the Department of Health and Human Services shall prepare and submit the
25 necessary State Plan amendments to the Centers for Medicare and Medicaid Services that
26 reflect the Medicaid reduction items in Senate Bill 202, 3rd edition, Senate Bill 202, 6th
27 edition, or both. The Department shall amend or withdraw any unnecessary State Plan
28 amendments when reductions enacted in the Current Operations and Capital Improvements
29 Appropriations Act of 2009 become law.
30

31 **COMMUNITY COLLEGE TUITION INCREASE**

32 **SECTION 9.(a)** Community college tuition shall be fifty dollars (\$50.00) per
33 credit hour.

34 **SECTION 9.(b)** The fees charged for community college continuing education
35 courses shall be based on the number of hours of class time. The fees shall be:

<u>Class Hours</u>	<u>Cost</u>
1-24	\$65.00;
24-50	\$120.00;
51+	\$175.00.

39 **SECTION 9.(c)** This section expires December 31, 2009.
40

41 **EFFECTIVE DATE**

42 **SECTION 10.** Except as otherwise provided, this act becomes effective July 1,
43 2009, and expires July 15, 2009, at 11:59 P.M.
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