

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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D

**HOUSE BILL 950
PROPOSED COMMITTEE SUBSTITUTE H950-PCS30609-LU-19**

Short Title: Modify 2011 Appropriations Act.

(Public)

Sponsors:

Referred to:

May 17, 2012

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2011 AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the State Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year as provided in G.S. 143C-1-2(b).

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2012."

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2013, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2012-2013 fiscal year.

Current Operations – General Fund

2012-2013

EDUCATION

Community Colleges System Office

\$ 10,000,000



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1	Department of Public Instruction	248,112,460
2		
3	University of North Carolina – Board of Governors	
4	Appalachian State University	(45,799)
5	Elizabeth City State University	(179,657)
6	Fayetteville State University	(20,364)
7	NC A&T State University	(179,398)
8	NC Central University	(29,232)
9	NC State University	
10	Academic Affairs	(893,237)
11	UNC-Asheville	(46,868)
12	UNC-Chapel Hill	
13	Academic Affairs	(3,946,960)
14	UNC-Charlotte	(52,060)
15	UNC-Greensboro	(292,968)
16	UNC-School of the Arts	(237,985)
17	UNC-Wilmington	(130,472)
18	General Administration	9,058,141
19	University Institution Programs	20,773,483
20	UNC Financial Aid Private Colleges	4,781,517
21	UNC Hospitals	(18,000,000)
22	Total University of North Carolina – Board of Governors	\$ 10,558,141

HEALTH AND HUMAN SERVICES

26	Department of Health and Human Services	
27	Division of Central Management and Support	\$ 1,507,641
28	Division of Aging and Adult Services	1,500,000
29	Division of Services for Blind/Deaf/Hard of Hearing	(168,336)
30	Division of Child Development	14,500,000
31	Division of Health Service Regulation	1,792,559
32	Division of Medical Assistance	130,271,016
33	Division of Mental Health, Dev. Disabilities and Sub. Abuse	3,583,584
34	NC Health Choice	(2,007,430)
35	Division of Public Health	20,770,395
36	Division of Social Services	(9,079,116)
37	Total Health and Human Services	\$ 162,670,313

NATURAL AND ECONOMIC RESOURCES

41	Department of Agriculture and Consumer Services	\$ 49,576,024
42		
43	Department of Commerce	
44	Commerce	16,210,202
45	Commerce State-Aid	1,633,038
46		
47	Department of Environment and Natural Resources	(44,868,945)
48		
49	Wildlife Resources Commission	478,821

JUSTICE AND PUBLIC SAFETY

1		
2	Department of Public Safety	\$ (16,522,833)
3		
4	Judicial Department	1,172,655
5		
6	Department of Justice	(5,138,758)
7		
8	GENERAL GOVERNMENT	
9		
10	Department of Administration	\$ (1,002,667)
11		
12	Department of State Auditor	(160,141)
13		
14	Office of State Controller	1,580,412
15		
16	Department of Cultural Resources	
17	Cultural Resources	502,603
18	Roanoke Island Commission	(330,000)
19		
20	State Board of Elections	587,037
21		
22	General Assembly	2,126,136
23		
24	Office of the Governor	
25	Office of the Governor	(84,466)
26	Office of State Budget and Management	(288,912)
27	OSBM – Reserve for Special Appropriations	1,609,388
28	Housing Finance Agency	(4,497,877)
29		
30	Department of Insurance	
31	Insurance	459,055
32	Insurance – Volunteer Safety Workers' Compensation	1,876,346
33		
34	Office of Lieutenant Governor	(4,166)
35		
36	Office of Administrative Hearings	60,700
37		
38	Department of Revenue	(757,866)
39		
40	Department of Secretary of State	816,936
41		
42	RESERVES, ADJUSTMENTS, AND DEBT SERVICE	
43		
44	Information Technology Fund	\$ (750,000)
45	Job Development Investment Grants (JDIG) Reserve	(6,500,000)
46	State Retirement System Contributions	(62,300,000)
47	Continuation/Justification Review Reserve	(35,576,758)
48	Compensation and Performance Pay Reserve	(121,105,840)
49	Compensation Bonus Reserve	79,086,788
50	Disability Income Plan of North Carolina	(8,688,000)
51	Severance Expenditure Reserve	4,000,000

1	State Health Plan	1,000,000
2	Transitions to Community Living Fund	50,000,000
3	Eugenics Reserve Fund	11,050,000
4	VIPER Reserve	20,000,000
5		
6	Debt Service	
7	General Debt Service	(52,904,635)
8		
9	TOTAL CURRENT OPERATIONS – GENERAL FUND	\$ 313,685,191

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) Section 2.2(a) of S.L. 2011-145 is repealed. The General Fund availability used in adjusting the 2012-2013 budget is shown below:

	FY 2012-2013	
16	Unappropriated Balance Remaining	\$ 41,232,325
17	Anticipated Overcollections from FY 2011-2012	232,500,000
18	Anticipated Reversions for FY 2011-2012	205,500,000
19	Net Supplemental Medicaid Appropriation (S.L. 2012-2)	(154,000,000)
20	Less Earmarkings of Year-End Fund Balance	
21	Savings Reserve Account	0
22	Repairs and Renovations Reserve Account	(62,048,960)
23	Beginning Unreserved Fund Balance	\$ 263,183,365
24		
25	Revenue Based on Existing Tax Structure	\$ 18,931,200,000
26		
27	Nontax Revenue	
28	Investment Income	\$ 21,600,000
29	Judicial Fees	258,700,000
30	Disproportionate Share	115,000,000
31	Insurance	73,700,000
32	Other Nontax Revenues	304,400,000
33	Highway Trust Fund Transfer	27,600,000
34	Highway Fund Transfer	212,280,000
35	Total – Nontax Revenues	\$ 1,013,280,000
36		
37	Subtotal General Fund Availability	\$ 20,207,663,365
38		
39	Adjustments to Availability: 2012 Session	
40	Education Lottery Revenue to K-12	\$ 41,974,141
41	E-Commerce Reserve Cash Balance	1,347,397
42	Charitable Licensing Receipts	979,752
43	One NC Fund Cash Balance	30,000,000
44	Insurance Regulatory Fund	166,613
45	Work Opportunity Tax Credit Extension	(800,000)
46	Sales Tax Refund Application Extension for Passenger Air Carriers	(6,300,000)
47	Judicial Fees	(290,000)
48	Sale of State Assets Receipt	(20,000,000)
49	Highway Fund Transfer	7,879,151
50	Teaching Fellows Trust Fund Cash Balance	543,526
51	Information Technology Internal Service Fund Cash Balance	4,000,000

1	Reserve for HB 1104 (Equal Opportunity Tax Credit)	(617,379)
2	National Mortgage Settlement	9,610,000
3	Subtotal Adjustments to Availability:	\$ 68,493,201
4		
5	Revised Total General Fund Availability	\$ 20,276,156,566
6	Less General Fund Appropriations	\$ 20,276,156,566
7		
8	Balance Remaining	\$ 0
9		

10 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the State
11 Controller shall transfer only sixty-two million forty-eight thousand nine hundred sixty dollars
12 (\$62,048,960) from the unreserved fund balance to the Repairs and Renovations Reserve
13 Account on June 30, 2012.

14 **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and
15 Renovations Reserve Account are appropriated for the 2012-2013 fiscal year to be used in
16 accordance with G.S. 143C-4-3.

17 **SECTION 2.2.(d)** Notwithstanding G.S. 143C-4-2 and pursuant to subsection (a)
18 of this section, the State Controller shall transfer any remaining unreserved fund balance to the
19 Savings Reserve Account on June 30, 2012. This is not an "appropriation made by law," as that
20 phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

21 **SECTION 2.2.(e)** Notwithstanding any other provision of law to the contrary, the
22 sum of four million dollars (\$4,000,000) shall be transferred from the Information Technology
23 Internal Service Fund ending balance for State fiscal year 2011-2012, Budget Code 74660, to
24 the State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget
25 code as determined by the State Controller for the 2012-2013 fiscal year.

26 **SECTION 2.2.(f)** Notwithstanding any other provision of law to the contrary, the
27 sum of five hundred forty-three thousand five hundred twenty-six dollars (\$543,526) from the
28 Department of Public Instruction Trust Special-Teaching Fellows shall be transferred to the
29 State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code
30 as determined by the State Controller for the 2012-2013 fiscal year.

31 **SECTION 2.2.(g)** Notwithstanding any other provision of law to the contrary, the
32 sum of thirty million dollars (\$30,000,000) from the Department of Commerce, One North
33 Carolina Fund, shall be transferred to the State Controller to be deposited in Nontax Budget
34 Code 19978 or the appropriate budget code as determined by the State Controller for the
35 2012-2013 fiscal year.

36 **SECTION 2.2.(h)** Notwithstanding any other provision of law to the contrary, the
37 sum of one million three hundred forty-seven thousand three hundred ninety-seven dollars
38 (\$1,347,397) from the E-Commerce Reserve, Budget Code 24100, shall be transferred to the
39 State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code
40 as determined by the State Controller for the 2012-2013 fiscal year.

41 **SECTION 2.2.(i)** Notwithstanding any other provision of law to the contrary, the
42 sum of five million dollars (\$5,000,000) shall be transferred from the Highway Fund to the
43 General Fund for the 2012-2013 fiscal year for the State Highway Patrol, four million dollars
44 (\$4,000,000) of which shall be used for retirement system contributions and one million dollars
45 (\$1,000,000) of which shall be used for State Health Plan contributions.

46 **SECTION 2.2.(j)** Notwithstanding any other provision of law to the contrary, the
47 sum of two million two hundred ninety-four thousand one hundred fifty-one dollars
48 (\$2,294,151), recurring, shall be transferred from the Highway Fund to the General Fund for
49 the 2012-2013 fiscal year, and each year thereafter, and the sum of five hundred eighty-five
50 thousand dollars (\$585,000), nonrecurring, shall be transferred from the Highway Fund to the
51 General Fund for the 2012-2013 fiscal year. The funds transferred under this subsection are to

1 be used to support operations and maintenance costs of the Voice Interoperability Plan for
 2 Emergency Responders (VIPER) system operated by the Department of Public Safety, State
 3 Highway Patrol.

4 **SECTION 2.2.(k)** This section becomes effective June 30, 2012.

5
 6 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

7
 8 **CURRENT OPERATIONS/HIGHWAY FUND**

9 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
 10 and operation of the Department of Transportation and for other purposes as enumerated are
 11 adjusted for the fiscal year ending June 30, 2013, according to the following schedule.
 12 Amounts set out in brackets are reductions from Highway Fund Appropriations for the
 13 2012-2013 fiscal year.

14		
15	Current Operations – Highway Fund	2012-2013
16		
17	Department of Transportation	
18	Administration	\$ 1,595,705
19		
20	Division of Highways	
21	Administration	(164,266)
22	Construction	(39,431,107)
23	Maintenance	(67,063,119)
24	Planning and Research	0
25	OSHA Program	0
26		
27	Ferry Operations	(500,000)
28		
29	State Aid	
30	Municipalities	(912,604)
31	Public Transportation	(2,588,327)
32	Airports	(3,909,618)
33	Railroads	(500,000)
34		
35	Governor's Highway Safety Program	0
36	Division of Motor Vehicles	50,204,157
37	Other State Agencies, Reserves, and Transfers	(66,860,821)
38	Capital Improvements	0
39		
40	Total	\$ (130,130,000)

41
 42 **HIGHWAY FUND AVAILABILITY STATEMENT**

43 **SECTION 3.2.** Section 3.2 of S.L. 2011-145 is repealed. The Highway Fund
 44 availability used in adjusting the 2012-2013 fiscal year budget is shown below:

45		
46	Highway Fund Availability Statement	2012-2013
47		
48	Unreserved Fund Balance	\$ 10,000,000
49	Adjustment to Revenue Availability	(22,000,000)
50	Beginning Fund Balance	0
51	Estimated Revenue	2,016,030,000

1		
2	Total Highway Fund Availability	2,004,030,000
3		
4	Unappropriated Balance	\$ 0
5		

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

7

8 **CURRENT OPERATIONS/HIGHWAY TRUST FUND**

9 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the
 10 maintenance and operation of the Department of Transportation and for other purposes as
 11 enumerated are adjusted for the fiscal year ending June 30, 2013, according to the following
 12 schedule. Amounts set out in brackets are reductions from Highway Trust Fund Appropriations
 13 for the 2012-2013 fiscal year.

14		
15	Current Operations – Highway Trust Fund	2012-2013
16		
17	Intrastate System	\$ (9,338,145)
18	Aid to Municipalities	(979,789)
19	Secondary Roads	(979,789)
20	Urban Loops	(3,775,957)
21	Program Administration	(1,516,320)
22	Turnpike Authority	0
23	Transfer to General Fund	0
24	Transfer to Highway Fund	0
25	Debt Service	0
26	Mobility Fund	45,000,000
27	Reserves	(45,000,000)
28		
29	GRAND TOTAL CURRENT OPERATIONS	\$ (16,590,000)
30		

31 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

32 **SECTION 4.2.** Section 4.2 of S.L. 2011-145 is repealed. The Highway Trust Fund
 33 availability used in developing the 2012-2013 fiscal year budget is shown below:

34		
35	Highway Trust Fund Availability	2012-2013
36		
37	Unencumbered Balance from Previous Year	\$ 15,000,000
38	Estimated Revenue	1,055,320,000
39		
40	Total Highway Trust Fund Availability	\$ 1,070,320,000
41		

42 **PART V. OTHER APPROPRIATIONS**

43

44 **ELIMINATE REPORTING REQUIREMENT/APPROPRIATION OF OTHER**
 45 **FUNDS/USE OF DEPARTMENTAL RECEIPTS**

46 **SECTION 5.1.** Section 5.1 of S.L. 2011-145 reads as rewritten:

47 **"SECTION 5.1.(a)** State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated as
 48 provided in G.S. 143C-1-2 for the 2011-2013 fiscal biennium, with the adjustments made to the
 49 continuation budget as reflected in the Governor's Recommended Budget and Budget Support
 50 Document, as follows:

1 (1) For all budget codes listed in "The State of North Carolina Governor's
2 Recommended Budget, 2011-2013" and in the Budget Support Document,
3 cash balances and receipts are appropriated up to the amounts specified, as
4 adjusted by the General Assembly, for the 2011-2012 fiscal year and the
5 2012-2013 fiscal year. Funds may be expended only for the programs,
6 purposes, objects, and line items or as otherwise authorized by the General
7 Assembly. Expansion budget funds listed in those documents are
8 appropriated only as otherwise provided in this act.

9 (2) Notwithstanding the provisions of subdivision (1) of this subsection:

10 a. Any receipts that are required to be used to pay debt service
11 requirements for various outstanding bond issues and certificates of
12 participation are appropriated up to the actual amounts received for
13 the 2011-2012 fiscal year and the 2012-2013 fiscal year and shall be
14 used only to pay debt service requirements.

15 b. Other funds, cash balances, and receipts of funds that meet the
16 definition issued by the Governmental Accounting Standards Board
17 of a trust or agency fund are appropriated for and in the amounts
18 required to meet the legal requirements of the trust agreement for the
19 2011-2012 fiscal year and the 2012-2013 fiscal year.

20 **"SECTION 5.1.(b)** Receipts collected in a fiscal year in excess of the amounts authorized
21 by this section shall remain unexpended and unencumbered until appropriated by the General
22 Assembly in a subsequent fiscal year, unless the expenditure of overrealized receipts in the
23 fiscal year in which the receipts were collected is authorized by the State Budget Act.
24 Overrealized receipts are appropriated up to the amounts necessary to implement this
25 subsection.

26 ~~**"SECTION 5.1.(c)** In addition to the consultation and reporting requirements set out in
27 G.S. 143C-6-4, the Office of State Budget and Management shall report to the Joint Legislative
28 Commission on Governmental Operations and to the Fiscal Research Division within 30 days
29 after the end of each quarter on any overrealized receipts approved for expenditure under this
30 subsection by the Director of the Budget. The report shall include the source of the receipt, the
31 amount overrealized, the amount authorized for expenditure, and the rationale for expenditure.~~

32 **"SECTION 5.1.(d)** Notwithstanding subsections (a) and (b) of this section, there is
33 appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax
34 Revenues for each fiscal year an amount equal to the amount of the distributions required by
35 law to be made from that reserve for that fiscal year.

36 **"SECTION 5.1.(e)** Notwithstanding any State law to the contrary and consistent with any
37 applicable federal law and the State's Cash Management Policy, departmental receipts, as
38 defined in G.S. 143C-1-1(d)(10), shall be used first and to the maximum amount available to
39 support agency operations, budgetary requirements, and any other legally authorized activities
40 prior to the use of funds from General Fund tax and nontax receipt sources specified in Section
41 2.2(a) of this act for those same or related purposes."

42
43 **OTHER RECEIPTS FROM PENDING GRANT AWARDS**
44 **REVISIONS/SUBCOMMITTEE ESTABLISHED**

45 **SECTION 5.2.** Section 5.2 of S.L. 2011-145 is amended by adding a new
46 subsection to read:

47 "(e) The Joint Legislative Commission on Governmental Operations shall establish a
48 subcommittee to review any budget-related issues, including pending grant awards received
49 pursuant to this section on a monthly basis. The subcommittee shall consist of, at a minimum,
50 the Chair of the Appropriations Committee of the House of Representatives, the Chair of the
51 Senate Appropriations/Base Budget Committee, at least one member from each of the

1 Appropriations Subcommittees in the House of Representatives, and one member from each of
 2 the Appropriations/Base Budget Committees of the Senate."
 3

4 **EDUCATION LOTTERY**

5 **SECTION 5.3.(a)** Notwithstanding G.S. 18C-164, the revenue used to support
 6 appropriations made in this act is transferred from the State Lottery Fund in the amount of four
 7 hundred sixty-six million nine hundred forty-seven thousand seven hundred seventy-one dollars
 8 (\$466,947,771) for the 2012-2013 fiscal year.

9 **SECTION 5.3.(b)** Notwithstanding G.S. 18C-164, the North Carolina State Lottery
 10 Commission shall not transfer funds to the Education Lottery Reserve Fund for the 2011-2012
 11 fiscal year or the 2012-2013 fiscal year.

12 **SECTION 5.3.(c)** Section 5.4(f) of S. L. 2011-145 is repealed.

13 **SECTION 5.3.(d)** Notwithstanding G.S. 18C-164(f), if actual net lottery revenues
 14 for the 2011-2012 fiscal year exceed the amounts appropriated in Section 5.4(b) of S.L.
 15 2011-145, the excess net lottery revenues shall be transferred as required under subsection (a)
 16 of this section.

17 **SECTION 5.3.(e)** Of the amount specified in subsection (a) of this section,
 18 forty-one million nine hundred seventy-four thousand one hundred forty-one dollars
 19 (\$41,974,141) shall be transferred to the State Controller to be deposited in Nontax Budget
 20 Code 19978 or the appropriate budget code as determined by the State Controller. These funds
 21 shall be used solely to support the General Fund appropriations to the State's public schools.

22 **SECTION 5.3.(f)** Of the amount specified in subsection (a) of this section, the
 23 amount of four hundred twenty-four million nine hundred seventy-three thousand six hundred
 24 thirty dollars (\$424,973,630) shall be transferred to the Education Lottery Fund for the
 25 2012-2013 fiscal year.

26 **SECTION 5.3.(g)** Notwithstanding G.S. 18C-164, the appropriations made from
 27 the Education Lottery Fund for the 2012-2013 fiscal year are as follows:

28		
29	Teachers in Early Grades	\$ 220,643,188
30	Prekindergarten Program	\$ 63,135,709
31	Public School Building Capital Fund	\$ 100,000,000
32	Scholarships for Needy Students	\$ 30,450,000
33	UNC Need-Based Financial Aid	\$ 10,744,733
34	Total Appropriation	\$ 424,973,630

35 **SECTION 5.3.(h)** Notwithstanding G.S. 18C-164(c), G.S. 115C-546.2(d), or any
 36 other provision of law, funds appropriated in this section to the Public School Building Capital
 37 Fund for the 2012-2013 fiscal year shall be allocated to counties on the basis of average daily
 38 membership (ADM).

39 **SECTION 5.3.(i)** Notwithstanding G.S. 18C-164(c), Article 35A of Chapter 115C
 40 of the General Statutes, or any other provision of law, the funds appropriated in this section for
 41 UNC Need-Based Financial Aid shall be administered in accordance with the policy adopted
 42 by the Board of Governors of The University of North Carolina.
 43

44 **PART VI. GENERAL PROVISIONS**

45 **REMOVE CONSULTATION BY GOVERNOR REQUIREMENT/INTERIM** 46 **APPROPRIATIONS COMMITTEES**

47 **SECTION 6.1.** Section 6.5 of S.L. 2011-145 is repealed.
 48
 49

50 **EXTEND REPORTING DATE/UTILIZATION REVIEW/PUBLIC SCHOOL AND** 51 **PUBLIC HEALTH NURSES**

1 **SECTION 6.2.** Section 6.9(b) of S.L. 2011-145 reads as rewritten:
2 "**SECTION 6.9.(b)** By ~~May-December~~ 1, 2012, the Fiscal Research Division shall report
3 to the House and Senate Appropriations Committees."
4

5 **VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER)**
6 **SYSTEM**

7 **SECTION 6.3.(a)** It is the intent of the General Assembly to continue to support
8 full development and implementation of the State's Voice Interoperability Plan for Emergency
9 Response (VIPER) system in the 2012-2013 fiscal year and in subsequent fiscal years.
10 However, no State agency, office, commission, or non-State entity shall enter into a new
11 contract or amend any existing contract that would commit or otherwise spend any State funds,
12 as defined in G.S. 143C-1-1(d)(25), during the 2011-2012 fiscal year unless those funds were
13 expressly appropriated by the General Assembly for the State's VIPER system.

14 **SECTION 6.3.(b)** Notwithstanding any other provision of law to the contrary, any
15 unspent State funds remaining on June 30, 2012, from the Department of Public Safety
16 (Department) or any funds remaining in the budgets of the previous agencies that now
17 constitute the Department shall revert to the State's General Fund.

18 **SECTION 6.3.(c)** Effective July 1, 2012, the Department is hereby authorized to
19 commit or spend up to twenty million dollars (\$20,000,000) in the 2012-2013 fiscal year to
20 continue development and implementation of the State's VIPER system.

21 **SECTION 6.3.(d)** The Department of Public Safety shall report to the Joint
22 Legislative Committee on Information Technology and the Joint Legislative Oversight
23 Committee on Justice and Public Safety on a quarterly basis on the progress of the State's
24 VIPER system.
25

26 **EXTEND MATURITY DATE/GLOBAL TRANSPARK**

27 **SECTION 6.4.** G.S. 147-69.2(b)(11), as amended by Section 7 of S.L. 2005-144,
28 Section 2 of S.L. 2005-201, Section 28.17 of S.L. 2005-276, Section 27.7 of S.L. 2007-323,
29 Section 25.2 of S.L. 2009-451, Section 6.10(a) of S.L. 2011-145, and Section 4(b) of S.L.
30 2011-340, reads as rewritten:

31 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated
32 in subsection (a) of this section in excess of the amount required to meet the current needs and
33 demands on such funds. The State Treasurer may invest the funds as provided in this
34 subsection. If an investment was authorized by this subsection at the time the investment was
35 made or contractually committed to be made, then none of the percentage or other limitation on
36 investments set forth in this subsection shall be construed to require the State Treasurer to
37 subsequently dispose of the investment or fail to honor any contractual commitments as a result
38 of changes in market values, ratings, or other investment qualifications.
39

- 40 ...
41 (11) With respect to assets of the Escheat Fund, obligations of the North Carolina
42 Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed
43 twenty-five million dollars (\$25,000,000), that have a final maturity not later
44 than October 1, ~~2012~~ 2015. The obligations shall bear interest at the rate set
45 by the State Treasurer. No commitment to purchase obligations may be
46 made pursuant to this subdivision after September 1, 1993, and no
47 obligations may be purchased after September 1, 1994. In the event of a loss
48 to the Escheat Fund by reason of an investment made pursuant to this
49 subdivision, it is the intention of the General Assembly to hold the Escheat
50 Fund harmless from the loss by appropriating to the Escheat Fund funds
equivalent to the loss.

1 If any part of the property owned by the North Carolina Global
2 TransPark Authority now or in the future is divested, proceeds of the
3 divestment shall be used to fulfill any unmet obligations on an investment
4 made pursuant to this subdivision."
5

6 NATIONAL MORTGAGE SETTLEMENT APPROPRIATIONS

7 **SECTION 6.5.(a)** The Consent Judgment in *U.S. v. Bank of America*, Civil Action
8 No. 12-CV-0361, dated April 4, 2012, provides for monetary payments to the State and,
9 therefore, the General Assembly authorizes the expenditure of these State revenues as set forth
10 in subsection (b) of this section.

11 **SECTION 6.5.(b)** Settlement funds received by the State pursuant to the Consent
12 Judgment in *U.S. v. Bank of America*, Civil Action No. 12-CV-0361, dated April 4, 2012, shall
13 be deposited and credited in accordance with the North Carolina Constitution and Chapter
14 143C of the General Statutes and are appropriated for the 2012-2013 fiscal year as follows:

- 15 (1) The sum of four million seven hundred eighty thousand dollars (\$4,780,000)
16 to the Department of Justice, Consumer Protection Division, for financial
17 fraud detection and prevention efforts.
- 18 (2) The sum of six million six hundred ninety thousand dollars (\$6,690,000) to
19 the Administrative Office of the Courts to be administered by the North
20 Carolina Conference of District Attorneys. Funds shall be used for grants
21 and training for prosecutorial offices to expand prosecution of lending and
22 financial crimes.
- 23 (3) The sum of nineteen million one hundred twenty thousand dollars
24 (\$19,120,000) to the Housing Finance Agency for housing counselors to
25 help distressed homeowners.
- 26 (4) The sum of five million seven hundred forty thousand dollars (\$5,740,000)
27 in civil penalties to North Carolina public schools.
- 28 (5) The sum of two million eight hundred seventy thousand dollars (\$2,870,000)
29 to the Department of Justice, State Bureau of Investigation, to expand its
30 accounting and financial investigative ability and its expertise to investigate
31 financial and lending crimes.

32 **SECTION 6.5.(c)** No State agency receiving money from the National Mortgage
33 Settlement may make expenditures for purposes not authorized by the General Assembly, nor
34 may a State agency spend an amount totaling more than that appropriated by the General
35 Assembly; however, a State agency may use the funds to offset 2012-2013 fiscal year
36 nonrecurring reductions. Any positions established by State agencies with funds appropriated
37 pursuant to this section shall be temporary or time-limited positions.

38 **SECTION 6.5.(d)** Nothing in this section is intended to be in conflict with the
39 mandatory provisions of the Consent Judgment.
40

41 STRATEGIC INVESTMENTS IN NORTH CAROLINA INITIATIVE

42 **SECTION 6.6.(a)** Findings. –

- 43 (1) The State's most valuable resources are its citizens and its extensive network
44 of small businesses across the State.
- 45 (2) The 2008 Great Recession had a devastating impact on the State's economy.
- 46 (3) The recession forced thousands of North Carolinians into long-term
47 unemployment, and the State's unemployment rate stands at nine and
48 four-tenths percent (9.4%) as of April 2012.
- 49 (4) The State's community colleges are best equipped to respond rapidly to the
50 specific job skills needed by North Carolina's businesses and best suited to
51 train the unemployed for reentry into the workforce.

- 1 (5) The State's current economic climate has made it difficult for small
2 businesses to access operating or expansion capital.
- 3 (6) The Rural Economic Development Center has a presence in all 100 counties
4 and is already working with 65 banks across the State to make capital
5 available through small business loans on a 10:1 basis.
- 6 (7) Therefore, the General Assembly is undertaking measures, collectively
7 known as the 2012 Strategic Investments in North Carolina Initiative, to
8 identify and assist small companies in order to create new jobs and to invest
9 in North Carolina's workforce to prepare them for those jobs.

10 **SECTION 6.6.(b)** Invest in the State's Workforce. – Of the funds appropriated in
11 this act to the Community Colleges System Office, the sum of ten million dollars (\$10,000,000)
12 shall be used for the North Carolina Back-to-Work Program, a retraining program to prepare
13 North Carolinians facing long-term unemployment for new careers. The program shall provide
14 students with job training and retraining; employability skills, including a Career Readiness
15 Certificate; and third-party, industry-recognized credentials. The Community Colleges System
16 Office and the Department of Commerce shall jointly recommend to the State Board of
17 Community Colleges up to 20 colleges to which to allocate available funds based on (i) the
18 number of long-term unemployed individuals in the college's service area, (ii) the percentage of
19 long-term unemployed individuals in the college's service area, (iii) the availability of jobs for
20 which the North Carolina Back-to-Work Program could prepare students, and (iv) the college's
21 demonstrated willingness and ability to successfully implement the program. The money may
22 only be used for the following activities: student instruction, student support and coaching, and
23 targeted financial assistance for students, including assistance with tuition, registration fees,
24 books, and certification costs.

25 **SECTION 6.6.(c)** Support and Grow Small Businesses. – Of the funds
26 appropriated in this act to the Rural Economic Development Center, the sum of four million
27 five hundred thousand dollars (\$4,500,000) shall be used to expand its efforts with banks to
28 make small business loans available through the Loan Participation Program, a program that
29 helps lenders make term loans of between one hundred thousand dollars (\$100,000) and two
30 million dollars (\$2,000,000) to small businesses of 100 or fewer employees.

31 **SECTION 6.6.(d)** JDIG Enhancement. – In order to provide increased flexibility to
32 the Department of Commerce to award grants to as many companies as are interested and
33 eligible to receive funds from the Job Development Investment Grant Program, the 25-project
34 cap is eliminated in Section 13.6 of this act.

35 **SECTION 6.6.(e)** One NC Fund Enhancement. – Of the funds appropriated in this
36 act to the One North Carolina Fund, the sum of nine million dollars (\$9,000,000) in recurring
37 funds shall be used to facilitate strategic planning and budgeting of the State's resources while
38 (i) freeing up one-time money for other job creation efforts and critical needs yet (ii)
39 maintaining the General Assembly's commitment to supporting economic development and job
40 creation across the State, as directed in Section 13.6 of this act.

41 **SECTION 6.6.(f)** Golden LEAF Investments. – The General Assembly strongly
42 encourages The Golden LEAF Foundation to consider taking steps to ensure that the
43 investment of its public funds generates new economic activity and job opportunities. In
44 addition to its financial return standards, The Golden LEAF Foundation shall adopt job creation
45 standards that focus on underwriting economic activity that creates jobs and supports the State's
46 valuable small businesses. The Golden LEAF Foundation shall include in its annual report to
47 the Joint Legislative Commission on Governmental Operations the standards adopted pursuant
48 to this section, jobs created as a result of the standards, and the investments made and the
49 amount of the investments made.

50 **SECTION 6.6.(g)** Continuing Economic Development Commitment. – The
51 General Assembly in Section 2.2 of this act has reserved the sum of eight hundred thousand

1 dollars (\$800,000) to extend the Work Opportunity Tax Credit, a credit based on wages paid to
2 North Carolinians who were hired despite facing barriers to employment, including TANF and
3 SNAP recipients, high-risk youth, and unemployed and disabled veterans. The General
4 Assembly is reaffirming, by extending the sunset on, other, long-established, productive tax
5 benefits that have increased employment in the State by luring jobs with high pay and good
6 benefits, including the following:

- 7 (1) Tax credits for renewable fuel facilities, biodiesel producers, and renewable
8 energy property facilities.
- 9 (2) Tax credits for growing businesses.
- 10 (3) Sales tax benefits ensuring North Carolina airports continue to be utilized as
11 hubs for major air companies.
- 12 (4) Sales tax benefits to promote private enterprise investment in low-wealth
13 counties.
- 14 (5) Sales tax benefits to encourage investment in industrial facilities and
15 analytical services within the State.

16 **SECTION 6.6.(h)** Travel and Tourism. – The General Assembly recognizes the
17 critical importance of the State's second largest industry, tourism. To that end, the General
18 Assembly is making further strategic investment in the marketing of the State as a tourist
19 destination.

20 **SECTION 6.6.(i)** Business Formation. – The General Assembly understands the
21 economic hurdles faced by individuals who are currently unemployed but who wish to engage
22 in entrepreneurial efforts and will seek to waive the filing fee for filing articles of organization
23 for limited liability companies with the Secretary of State for those individuals.

24 25 **EXECUTIVE ORDER NO. 115/HURRICANE IRENE DISASTER LOANS**

26 **SECTION 6.7.(a)** Notwithstanding Executive Order No. 115, Proclamation of a
27 State of Disaster for Pamlico and Tyrrell Counties, issued on February 21, 2012, or any other
28 law to the contrary, the Counties of Pamlico and Tyrrell, upon proof of flood insurance
29 coverage to the Department of Public Safety, Emergency Management Section, shall not be
30 held liable for that portion of funds borrowed under Executive Order No. 115 to cover damage
31 sustained to their county school buildings and county school structures as a result of Hurricane
32 Irene.

33 **SECTION 6.7.(b)** If Pamlico or Tyrrell County allows the flood insurance
34 coverage required in subsection (a) of this section to lapse at any time, that county shall be
35 liable for the full repayment of funds borrowed under Executive Order No. 115.

36 37 **TRANSITIONS TO COMMUNITY LIVING INITIATIVE**

38 **SECTION 6.8.(a)** The General Assembly finds that the State's long-term care
39 industry plays a vital role in ensuring that citizens are afforded opportunities for safe housing
40 and adequate client-centered supports in order to live as independently as possible in their
41 homes and communities across the State. This role is consistent with citizens of the State
42 having the opportunity to live in the most appropriate, integrated settings of their choice.

43 **SECTION 6.8.(b)** Blue Ribbon Commission on Transitions to Community Living.
44 – There is established the Blue Ribbon Commission on Transitions to Community Living
45 (Commission). The Commission shall (i) examine the State's system of community housing
46 and community supports for people with severe mental illness, severe and persistent mental
47 illness, and intellectual and developmental disabilities and (ii) develop a plan that continues to
48 advance the State's current system into a statewide system of person-centered, affordable
49 services and supports that emphasize an individual's dignity, choice, and independence. In the
50 execution of its duties, the Commission shall consider the following:

- 1 (1) Policies that alter the State's overreliance on institutionally based services to
2 community-based services delivered as close to an individual's home and
3 family as possible.
- 4 (2) Best practices in both the public and private sectors in managing and
5 administering long-term care to the disabled.
- 6 (3) An array of services and supports for people with severe mental illness and
7 severe and persistent mental illness, such as respite, community-based
8 supported housing and community-based mental health services, to include
9 evidence-based, person-centered recovery supports and crisis services and
10 supported employment.
- 11 (4) For adults with intellectual and other developmental disabilities, expansion
12 of community-based services and supports, housing options and supported
13 work. Maximize the use of habilitation services that may be available via the
14 Medicaid "I" option for those who do not meet the ICF-MR level of need.
- 15 (5) Methods to responsibly manage the growth in long-term care spending,
16 including use of Medicaid waivers.
- 17 (6) Options for repurposing existing resources while considering the diverse
18 economic challenges in communities across the State.
- 19 (7) Opportunities for systemic change and maximization of housing, and service
20 and supports funding streams including State/County Special Assistance and
21 the State's Medicaid Program.
- 22 (8) The appropriate role of adult care homes and other residential settings in the
23 State.
- 24 (9) Other resources that might be leveraged to enhance reform efforts.

25 **SECTION 6.8.(c)** The Commission shall be composed of 32 members as follows:

- 26 (1) Six members of the House of Representatives appointed by the Speaker of
27 the House of Representatives.
- 28 (2) Six members of the Senate appointed by the President Pro Tempore of the
29 Senate.
- 30 (3) Secretary of the Department of Health and Human Services or the
31 Secretary's designee.
- 32 (4) Director of the Housing Finance Agency or the Director's designee.
- 33 (5) Director of the Division of Mental Health, Developmental Disabilities and
34 Substance Abuse Services or the Director's designee.
- 35 (6) Two mental health consumers or their family's representatives.
- 36 (7) Two developmental disabilities consumers or their family representatives.
- 37 (8) Two persons in the field of banking or representing a financial institution
38 with housing finance expertise.
- 39 (9) Two representatives of local management entities or managed care
40 organization representatives.
- 41 (10) A county government representative.
- 42 (11) NC Long-Term Care Facilities Association representative.
- 43 (12) NC Assisted Living Association representative.
- 44 (13) Family care home representative.
- 45 (14) Developmentally disabled adult group home representative.
- 46 (15) Mental health group home representative.
- 47 (16) Two representatives of service providers with proven experience in
48 innovated housing and support services in the State.
- 49 (17) Director of the Division of Medical Assistance or an agency designee.

50 The Secretary of the Department of Health and Human Services shall ensure
51 adequate staff representation and support from the following: Division of Mental Health,

1 Developmental Disabilities and Substance Abuse Services, Division of Aging and Adult
2 Services, Division of Health Services Regulations, Division of Social Services and other areas
3 as needed.

4 The Commission shall appoint a Subcommittee on Housing composed of 15
5 members and a Subcommittee on Adult Care Homes.

6 The chairs shall jointly appoint members described in subdivisions (6) through (16)
7 of this subsection and shall fill vacancies in those positions. The Commission shall meet at the
8 call of the chairs. Members of the Commission shall receive per diem, subsistence, and travel
9 expenses as provided in G.S. 120-3.1, 138-5, or 138-6, as appropriate. The Commission may
10 contract for consultant services as provided in G.S. 120-32.02. Upon approval of the
11 Legislative Services Commission, the Legislative Services Officer shall assign professional
12 staff to assist the Commission in its work. Clerical staff shall be furnished to the Commission
13 through the offices of the House of Representatives and Senate Directors of Legislative
14 Assistants. The Commission may meet in the Legislative Building or the Legislative Office
15 Building. The Commission may exercise all of the powers provided under G.S. 120-19 through
16 G.S. 120-19.4 while in the discharge of its official duties. The funds needed to support the cost
17 of the Commission's work shall be transferred from the Department of Health and Human
18 Services upon request of the Legislative Services Director.

19 **SECTION 6.8.(d)** Transitions to Community Living Fund. – There is established
20 the Transitions to Community Living Fund (Fund) to facilitate implementation of the plan
21 required in subsection (b) of this section. Accordingly, the State Controller shall reserve the
22 sum of fifty million dollars (\$50,000,000) for transfer and appropriation into the Fund as
23 directed by this section. This is not an "appropriation made by law," as that phrase is used in
24 Section 7(1) of Article V of the North Carolina Constitution.

25 **SECTION 6.8.(e)** Of the total reserved in subsection (d) of this section for the
26 Fund, the sum of ten million three hundred thousand dollars (\$10,300,000) is appropriated to
27 support the Department of Health and Human Services (Department) in its plan for
28 transitioning individuals with severe mental illness and severe and persistent mental illness
29 into community living arrangements, including establishing a rental assistance program. If the
30 State executes an agreement with the U.S. Department of Justice (USDOJ) in response to
31 USDOJ findings dated July 28, 2011, these funds may be used to implement the requirements
32 of the agreement. The Department may issue temporary rules to implement the plan or
33 agreement referenced in this section.

34 **SECTION 6.8.(f)** Of the total reserved in subsection (d) of this section for the
35 Fund, the sum of thirty-nine million seven hundred thousand dollars (\$39,700,000) is
36 earmarked for implementation of the State's plan to provide short-term assistance to adult care
37 homes as they transition into a key component of the State's Transitions to Community Living
38 Initiative.

39 Notwithstanding any law to the contrary, upon consultation with the Joint
40 Legislative Oversight Commission on Health and Human Services on the planned uses of the
41 Fund, moneys may be transferred into the Department's budget and are hereby appropriated.

42 **SECTION 6.8.(g)** The Department shall report its progress in complying with
43 subsection (e) of this section to the House Appropriations Subcommittee on Health and Human
44 Services and the Senate Committee on Health and Human Services, and the Fiscal Research
45 Division no later than January 2, 2013, and a final report no later than April 1, 2013.

46 **SECTION 6.8.(h)** The Commission shall issue an interim report by October 1,
47 2012, and a final plan to the 2013 General Assembly no later than February 1, 2013, upon
48 which time the Commission shall expire.

50 PART VI-A. INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND/AVAILABILITY

SECTION 6A.1. Section 6A.1(a) of S.L. 2011-145 reads as rewritten:

"**SECTION 6A.1.(a)** The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2011-2012	FY 2012-2013
Appropriation from General Fund	\$4,458,142	\$ 6,158,142
Interest	\$ 25,000	\$ 25,000
IT Fund Balance June 30	\$ 792,000	<u>\$ 794,928</u>
<u>Transfer to General Fund</u>		<u>\$ (750,000)</u>
Total Funds Available	\$5,275,142	\$ 6,183,142
		<u>\$ 6,228,070</u>

Appropriations are made from the Information Technology Fund for the 2011-2013 fiscal biennium as follows:

	FY 2011-2012	FY 2012-2013
Information Technology Operations		
Center for Geographic Information and Analysis	\$ 599,347	\$ 599,347
Enterprise Security Risk Management	\$ 864,148	\$ 864,148
Enterprise Project Management Office	\$1,473,285	\$ 1,473,285
Architecture and Engineering	\$ 581,986	\$ 581,986
		<u>851,986</u>
Criminal Justice Information Network	\$ 166,422	\$ 166,422
Statewide IT Procurement	\$ 0	\$ 0
State Web site	\$ 100,000	\$ 0
ITS Overhead Reduction	\$ (91,486)	\$ (91,486)
Subtotal Information Technology Operations	\$3,693,702	\$ 3,593,702
		<u>3,863,702</u>
Information Technology Projects		
State Portal	\$ 0	\$ 0
IT Consolidation	\$ 776,440	\$ 784,440
		<u>\$ 534,440</u>
Transfer to OSC for E-Forms	\$ 500,000	\$ 500,000
Subtotal Information Technology Projects	\$1,276,440	\$ 1,284,440
		<u>\$ 1,034,440</u>
Data Integration License Funding Transfer to State Agencies	\$ 200,000	\$ 1,200,000
Position Transfer to Office of State Budget and Management	\$ 105,000	\$ 105,000
<u>Unreserved Fund Balance</u>		<u>\$ 24,928</u>
Total	\$5,275,142	\$ 6,183,142
		<u>\$ 6,228,070</u> ".

OFFICE OF INFORMATION TECHNOLOGY SERVICES/CENTER FOR GEOGRAPHIC INFORMATION AND ANALYSIS/GIS FUNCTIONS AND COST RECOVERY

SECTION 6A.2. G.S. 147-33.82(a) is amended by adding a new subdivision to read:

"(a) In addition to any other functions required by this Article, the Office of Information Technology Services shall:

1 ...

2 (10) Provide geographic information systems services through the Center for
3 Geographic Information and Analysis on a cost recovery basis. The Office of
4 Information Technology Services and the Center for Geographic Information
5 and Analysis may contract for funding from federal or other sources to
6 conduct or provide geographic information systems services for public
7 purposes."

8
9 **TAX INFORMATION MANAGEMENT SYSTEM/ADDITIONAL PUBLIC-PRIVATE**
10 **PARTNERSHIP AUTHORIZED**

11 **SECTION 6A.3.1.(a)** Additional Public-Private Partnership. – The Secretary of
12 Revenue may enter into an additional public-private arrangement in order to expand the
13 implementation of the Tax Information Management System (TIMS). All such arrangements
14 will terminate June 30, 2018. The public-private arrangement may include terms necessary to
15 implement additional revenue-increasing or cost-savings components if all of the following
16 conditions are met:

- 17 (1) The funding of the project under the arrangement comes from revenue
18 generated by or cost savings resulting from the project.
19 (2) The funding of the project is dependent on increased-revenue or cost-savings
20 streams that are different from the existing benefits stream for the
21 implementation of TIMS.
22 (3) The project involves additional identified initiatives that will be integrated
23 into the TIMS solution.

24 **SECTION 6A.3.1.(b)** Contracts. – Work under an additional public-private
25 arrangement that is authorized by this section may be contracted by requests for proposals,
26 modifications to the existing contracts, purchases using existing contracts, or other related
27 contract vehicles.

28 **SECTION 6A.3.1.(c)** Management/Performance Measurement. – The Secretary of
29 Revenue shall follow the existing model for public-private arrangement oversight and shall
30 establish a measurement process to determine the increased revenue or cost savings attributed
31 to the additional public-private arrangement authorized by this section. To accomplish this, the
32 Secretary shall consult subject matter experts in the Department of Revenue, in other
33 governmental units, and in the private sector, as necessary. At a minimum, the measurement
34 process shall include all of the following:

- 35 (1) Calculation of a revenue baseline against which the increased revenue
36 attributable to the project is measured and a cost-basis baseline against
37 which the cost savings resulting from the project are measured.
38 (2) Periodic evaluation to determine whether the baselines need to be modified
39 based on significant measurable changes in the economic environment.
40 (3) Monthly calculation of increased revenue and cost savings attributable to
41 contracts executed under this section.

42 **SECTION 6A.3.1.(d)** Funding. – Of funds generated from increased revenues or
43 cost savings as compared to the baselines established by subdivision (c)(1) of this section, in
44 the General Fund, the Highway Fund, and that State portion of the Unauthorized Substance
45 Tax collections of the Special Revenue Fund, the sum of up to a total of sixteen million dollars
46 (\$16,000,000) may be used by the Office of State Budget and Management to make purchases
47 related to the implementation of the additional public-private arrangement authorized by this
48 section, including payment for services from non-State entities.

49 **SECTION 6A.3.1.(e)** Internal Costs. – For the 2012-2013 fiscal year, in addition to
50 the funding authorized in subsection (d) of this section and Section 6A.5(a) of S.L. 2011-145,
51 the Department of Revenue may retain an additional sum of ten million two hundred

1 twenty-eight thousand dollars (\$10,228,000) from benefits generated for the General Fund
2 since the beginning of the public-private partnership described under Section 6A.5(a) of S.L.
3 2011-145. These funds shall be used as payment of internal costs for the fiscal biennium, and
4 such funds are hereby appropriated for this purpose.

5 **SECTION 6A.3.1.(f)** Expert Counsel Required. – Notwithstanding G.S. 114-2.3,
6 the Department of Revenue shall engage the services of private counsel with the pertinent
7 information technology and computer law expertise to negotiate and review contracts
8 associated with an additional public-private arrangement authorized under this section.

9 **SECTION 6A.3.1.(g)** Oversight Committee. – The Oversight Committee
10 established under Section 6A.5(c) of S.L. 2011-145 shall have the same responsibilities and
11 duties with respect to an additional public-private arrangement authorized by this section as it
12 does with respect to public-private arrangements to implement TIMS and the additional PDP
13 components.

14 **SECTION 6A.3.1.(h)** Reporting. – Beginning August 1, 2012, and quarterly
15 thereafter, the Department of Revenue shall submit detailed written reports to the Chairs of the
16 House of Representatives and Senate Committees on Appropriations, to the Joint Legislative
17 Oversight Committee on Information Technology, and to the Fiscal Research Division of the
18 General Assembly. The report shall include an explanation of all of the following:

- 19 (1) Details of each public-private contract.
- 20 (2) The benefits from each contract.
- 21 (3) A comprehensive forecast of the benefits of using public-private agreements
22 to implement TIMS, the additional PDP components, and additional
23 components authorized by this section, including cost savings and the
24 acceleration of the project time line.
- 25 (4) Any issues associated with the operation of the public-private partnership.

26 **SECTION 6A.3.1.(i)** Information Technology Project Oversight. – In addition to
27 the oversight provided by the Oversight Committee established in Section 6A.5(c) of S.L.
28 2011-145, the additional public-private arrangement authorized by this section shall be subject
29 to existing State information technology project oversight laws and statutes, and the project
30 management shall comply with all statutory requirements and other criteria established by the
31 State Chief Information Officer and the Office of State Budget and Management for
32 information technology projects. The State Chief Information Officer and the Office of State
33 Budget and Management shall immediately report any failure to do so to the Joint Legislative
34 Oversight Committee on Information Technology, the Chairs of the House of Representatives
35 and Senate Committees on Appropriations, and the Fiscal Research Division.

36 **SECTION 6A.3.2.** Extension. – Section 6A.5(c) of S.L. 2011-145 reads as
37 rewritten:

38 **"SECTION 6A.5.(c)** There is established within the Department of Revenue the Oversight
39 Committee for reviewing and approving the benefits measurement methodology and
40 calculation process. The Oversight Committee shall review and approve in writing all contracts,
41 including change orders, amendments to contracts, and addendums to contracts, before they are
42 executed under this section. This shall include (i) details of each public-private contract, (ii) the
43 benefits from each contract, and (iii) a comprehensive forecast of the benefits of using
44 public-private agreements to implement TIMS and the additional PDP components, including
45 the measurement process established for the Secretary of Revenue. The Oversight Committee
46 shall approve all of the fund transfers for this project. Within five days of entering into a
47 contract, the Department shall provide copies of each contract and all associated information to
48 the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House
49 of Representatives and Senate Committees on Appropriations, and the Fiscal Research
50 Division.

51 The members of the Committee shall include the following:

- 1 (1) The State Budget Director;
- 2 (2) The Secretary of the Department of Revenue;
- 3 (3) The State Chief Information Officer;
- 4 (4) Two persons appointed by the Governor;
- 5 (5) One member of the general public having expertise in information
- 6 technology appointed by the General Assembly upon the recommendation of
- 7 the Speaker of the House of Representatives; and
- 8 (6) One member of the general public having expertise in economic and revenue
- 9 forecasting appointed by the General Assembly upon recommendation of the
- 10 President Pro Tempore of the Senate.

11 The State Budget Director shall serve as chair of the Committee. The Committee shall set
12 its meeting schedule and adopt its rules of operation by majority vote. A majority of the
13 members constitutes a quorum. Vacancies shall be filled by the appointing authority.
14 Administrative support staff shall be provided by the Department of Revenue. Members of the
15 Committee shall receive reimbursements for subsistence and travel expenses as provided by
16 Chapter 138 of the General Statutes. The Committee shall terminate on ~~June 30, 2015.~~ June 30,
17 2018.

18 The Department shall provide copies of the minutes of each meeting and all associated
19 information to the Joint Legislative Oversight Committee on Information Technology, the
20 Chairs of the House of Representatives and Senate Committees on Appropriations, and the
21 Fiscal Research Division."

22 **SECTION 6A.3.3.** One-Time Payment. – To accelerate the implementation of the
23 Tax Information Management System, including any additional components authorized by
24 Section 6A-3.1.(a) of this act, the Office of State Budget and Management may authorize the
25 Secretary of Revenue to make a one-time payment of two million dollars (\$2,000,000) to the
26 vendor of TIMS for implementation of TIMS if all of the conditions of this section are
27 satisfied. The one-time payment shall be paid within 90 days of satisfaction of all conditions of
28 this section or when sufficient funds are available, whichever is later. The source of funds for
29 this payment is the same increased-revenue and cost-savings streams identified under Section 1
30 of this act. The payment authorized by this section is in addition to the payments authorized by
31 Section 1 of this act. The mandatory conditions of this subsection are as follows:

- 32 (1) Release 5 of the Enterprise Technology Management (ETM) project is
- 33 initially implemented on or before July 31, 2013.
- 34 (2) The post-implementation defect rate for Release 5 of the ETM project is
- 35 within standards agreed to by the Secretary and the vendor. For purposes of
- 36 this section, the post-implementation period is the period from the date of
- 37 initial implementation until 90 days after initial implementation.
- 38 (3) All defects identified as part of Release 5 of the ETM project before the end
- 39 of the post-implementation period are resolved within time frames agreed to
- 40 by the Secretary and the vendor.

41
42 **INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACTS/
43 REPORTING CHANGE**

44 **SECTION 6A.4.** Section 6A.6(c) of S.L. 2011-145 reads as rewritten:

45 **"SECTION 6A.6.(c)** Beginning ~~August 1, 2011,~~ August 1, 2012, and ~~monthly~~ quarterly
46 thereafter, each State agency, department, and institution employing information technology
47 personal services contractors, or contract personnel performing information technology
48 functions, shall provide a detailed report on those contracts to the Office of State Budget and
49 Management, the Office of State Personnel, the Office of Information Technology Services, the
50 Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research

1 Division of the General Assembly. Each State agency's report shall include at least the
2 following:

- 3 (1) For each contracted information technology position:
4 a. The title of the position, a brief synopsis of the essential functions of
5 the position, and how long the position has existed.
6 b. The name of the individual filling the position and the vendor
7 company, if any, that regularly employs that individual.
8 c. The type of contract, start date, and termination date.
9 d. The length of time that the individual filling the contracted position
10 has been employed by the State as a contractor in any position.
11 e. The contracted position salary or hourly rate, the number of hours per
12 year, and the total annualized cost of the contracted position.
13 f. The salary and benefits cost for a State employee performing the
14 same function.
15 g. The purchase order number for the position.
16 h. Whether the position can be converted to a State employee position.
17 This determination will be certified by the State Information
18 Technology Purchasing Office.
19 i. When the agency anticipates converting the position to a State
20 employee.
21 (2) The total annual cost for information technology contractors and the total
22 annual salary and benefits cost for filling the contract positions with State
23 employees.
24 (3) A determination of whether the information technology functions performed
25 by the contractor can be performed by State employees.
26 (4) All information required by this subsection related to information
27 technology contractors regardless of the contracting source."
28

29 **OFFICE OF INFORMATION TECHNOLOGY SERVICES/INTERNAL SERVICE**
30 **FUND RATE ESTABLISHED/CASH MANAGEMENT**

31 **SECTION 6A.5.(a)** Section 6A.8(a) of S.L. 2011-145 reads as rewritten:

32 **"ITS/INTERNAL SERVICE FUND RATE ESTABLISHMENT/CASH MANAGEMENT**

33 **"SECTION 6A.8.(a)** ~~For each year of the 2011-2013 fiscal biennium, the 2011-2012 fiscal~~
34 year, receipts for the Information Technology Internal Service Fund shall not exceed one
35 hundred ninety million dollars (\$190,000,000), excluding a 60-day balance for contingencies.
36 Notwithstanding G.S. 147-33.88, for the 2012-2013 fiscal year, all receipts, regardless of the
37 source, including agency allocations and fund-to-fund transfers, for the Information
38 Technology Internal Service shall not exceed one hundred seventy million dollars
39 (\$170,000,000). Rates established by the Office of State Budget and Management (OSBM) to
40 support the IT Internal Service Fund shall be based on this the required fund limit. Established
41 rates shall be adjusted within 30 days in the event the fund exceeds the prescribed limit. In the
42 event that an increase in receipts for the IT Internal Service Fund is required, the Office of
43 Information Technology Services State Chief Information Officer may implement the increase
44 only after consultation with the Joint Legislative Commission on Governmental Operations.
45 Overhead applied to IT Internal Service Fund rates shall not exceed ten percent (10%) of the
46 rate."

47 **SECTION 6A.5.(b)** Section 6A.8 of S.L. 2011-145 is amended by adding a new
48 subsection to read:

49 "(a1) The 60-day balance for contingencies shall be based on the maximum receipts
50 permitted for each fiscal year, and any balance in excess of the limit must be refunded within
51 30 days of the first day when the fund balance exceeded the limitation amount. The Office of

1 Information Technology Services shall limit collections each quarter to an amount not to
2 exceed twenty-five percent (25%) of the year's limit."

3 **SECTION 6A.5.(c)** The State Chief Information Officer shall consult with the
4 Joint Legislative Commission on Governmental Operations prior to:

- 5 (1) Eliminating any services currently provided by the Office of Information
6 Technology Services or the State Chief Information Officer.
- 7 (2) Transferring positions currently funded by the Information Technology Fund
8 to the IT Internal Service Fund.

9 Notwithstanding G.S. 120-76.1(b), the consultation requirement is not satisfied if the
10 Commission does not hold a meeting to hear the consultation within 90 days of receiving the
11 report from the State Chief Information Officer.

12 **SECTION 6A.5.(d)** Agency IT Expenses Cannot Exceed Appropriations. – During
13 the 2012-2013 fiscal year, no State agency shall be charged more for information technology
14 services provided by the Office of the State Chief Information Officer or the Office of
15 Information Technology Services than the amount specifically appropriated for that purpose to
16 that agency, unless the increase is agreed to in writing by the agency and the Office of the State
17 Chief Information Officer.

18 **SECTION 6A.5.(e)** Limitation on Charges for Alternate Services. – In the event
19 that the State Chief Information Officer discontinues or privatizes a service during the
20 2012-2013 fiscal year, the amount that State agencies are charged for alternate services,
21 inclusive of any service charge the State Chief Information Officer adds to the vendor charge,
22 shall not exceed IT Internal Service Fund charges for the same service.

23 **SECTION 6A.5.(f)** The State Chief Information Officer shall report on a monthly
24 basis to the Chairs of the House of Representatives and Senate Committees on Appropriations,
25 to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal
26 Research Division of the General Assembly. The reports required by this section shall include:

- 27 (1) How close the receipts of the Information Technology Internal Service are to
28 the limits set forth in Section 6A.8(a) of S.L. 2011-145.
- 29 (2) The rates established by the Office of State Budget and Management
30 (OSBM) to support the IT Internal Service Fund.
- 31 (3) The amount charged to date to each State agency for services provided by
32 the Office of the State Chief Information Officer or the Office of
33 Information Technology Services during the 2012-2013 fiscal year.
- 34 (4) The amount that State agencies are charged for alternate services in the event
35 that a service is discontinued or privatized during the 2012-2013 fiscal year,
36 inclusive of any service charge the State Chief Information Officer adds to
37 the vendor charge.

38 **INFORMATION TECHNOLOGY PRIVATIZATION**

39 **SECTION 6A.6.** Section 6A.9 of S.L. 2011-145 reads as rewritten:

40 **"SECTION 6A.9.(a)** Any privatization of any grouping of information technology
41 services, or "towers," identified in the Infrastructure Study and Assessment (INSA) or any
42 privatization to provide a new service or privatize an existing service shall require prior
43 approval from the General Assembly. Funding to support any outsourcing of any of these
44 towers or any privatization involving a new or existing service shall be specifically
45 appropriated by the General Assembly for that purpose, to include any use of Information
46 Technology Internal Service Fund receipts.

47 **"SECTION 6A.9.(b)** Before privatizing any ~~major information technology function~~ new or
48 existing information technology service during the 2011-2013 fiscal biennium, the State Chief
49 Information Officer shall do all of the following:
50

- 1 (1) Develop a detailed plan for implementing any privatization initiative to
2 include the following:
3 a. A governance and accountability structure for the privatization effort.
4 b. Detailed time line with milestones.
5 c. Any costs necessary to accomplish outsourcing with funding sources
6 identified.
7 d. Estimated monthly cost for each participating agency for the first five
8 years of privatization.
9 e. Risks associated with privatization, measures being taken to mitigate
10 those risks, and any costs associated with the mitigation measures.
11 f. Any security issues associated with outsourcing each application
12 impacted by the outsourcing, with a detailed plan to mitigate those
13 issues.
14 g. A list of State employees to be terminated with information on their
15 job description and how long they have been employed by the State,
16 a schedule of when the terminations are to occur, the cost of
17 terminating each employee, and plans to assist each terminated
18 employee.

19 The State Chief Information Officer shall consult the Joint Legislative
20 Commission on Governmental Operations and report to the Joint Legislative
21 Oversight Committee on Information Technology on the completed plan
22 prior to any implementation of privatization.

- 23 (2) Have a detailed plan in place, to include associated costs and sources of
24 funding, to return the function to State control in the event privatization fails
25 to provide anticipated cost-savings or required service levels.
26 (3) Privatize only those individual functions where verifiable market data
27 collected after January 1, 2012, by a disinterested third-party consultant
28 shows that privatization will result in cost-savings to the State and there is
29 no data identifying alternatives that generate greater savings, ensuring that
30 agencies receive at a minimum the same level of service and functionality as
31 the level prior to privatization.
32 (4) Document and certify any anticipated savings resulting from privatization by
33 individual function.
34 (5) Ensure full disclosure of any privatization decisions that combine multiple
35 services or towers into a single contract, including the costs associated with
36 each specific service or tower included in the contract.
37 (6) Ensure that any changes are made across the entire executive branch.
38 (7) Consult the Joint Legislative Commission on Governmental Operations and
39 report to the Joint Legislative Oversight Committee on Information
40 Technology regarding the plan for funding any requirements formerly
41 covered by the receipts from the privatized function.

42 "SECTION 6A.9.(b1) Agency Participation in Privatization Initiatives Is Voluntary. –
43 Notwithstanding any other provision of law, if a State-administered information technology
44 service is privatized, or a new service is provided through a private vendor, continued receipt of
45 or participation in the service by State agencies shall be voluntary.

46 "SECTION 6A.9.(b2) Agency Options in the Event of Privatization. – If a
47 State-administered information technology service is privatized, or a new privatized service is
48 offered, State agencies may do any of the following:

- 49 (1) Elect to discontinue receiving or participating in the service and to provide
50 the service within the agency. If an agency elects to provide the service
51 internally, any positions previously transferred to the Office of Information

1 Technology Services to support the service shall be transferred back to that
2 agency. The Office of the State Chief Information Officer and the Office of
3 Information Technology Services shall provide necessary support to
4 facilitate the transfers of positions.

5 (2) Submit their own requests for proposal and contract with a vendor to provide
6 the privatized service.

7 (3) Enter into agreements with other agencies to independently obtain
8 information technology services that have been privatized, either by
9 participating in the other agency's current service or by executing contracts
10 for services.

11 (4) Elect to receive or participate in a new or newly privatized service.

12 "SECTION 6A.9.(b3) Council of State Approval Required. – Notwithstanding any other
13 provision of law, both requests for proposal and contracts privatizing State-administered
14 information technology services must be approved by the Council of State.

15 "SECTION 6A.9.(c) After privatizing any major information technology function, the
16 State Chief Information Officer shall do all of the following:

17 (1) Report quarterly on the results of the privatization, including a detailed
18 comparison of projected savings to actual cost, data on whether or not the
19 vendor is meeting service level agreements, and an explanation of the
20 reasons for any deficiency or difference.

21 (2) Immediately notify the Joint Legislative Commission on Governmental
22 Operations of any outsourcing effort that does not meet projected savings or
23 required service levels for two quarters in a row or during any two quarters
24 of a fiscal year, and develop a corrective action plan.

25 (3) Terminate any contract where privatization fails to achieve projected savings
26 or meet service levels over a period of 12 months.

27 "SECTION 6A.9.(d) Reporting. – The State Chief Information Officer shall consult with
28 the Joint Legislative Commission on Governmental Operations prior to issuing a request for
29 proposal to privatize any State-administered information technology service.

30 "SECTION 6A.9.(e) Access by Private Vendors. – If the State Chief Information Officer
31 provides to a potential vendor any information or access to State facilities in connection with or
32 anticipation of the privatization of a State-administered information technology service, the
33 State Chief Information Officer shall provide the same information or access to all potential
34 vendors that request it. The State Chief Information Officer shall certify the Officer's
35 compliance with this subsection to the General Assembly."

36 37 **MOBILE ELECTRONIC DEVICE REPORTING CHANGE**

38 **SECTION 6A.7.** Section 6A.14(a) of S.L. 2011-145, as amended by Section
39 6A.14(a) of S.L. 2011-391, reads as rewritten:

40 **"SECTION 6A.14.(a)** Every executive branch agency within State government shall
41 develop a policy to limit the issuance and use of mobile electronic devices to the minimum
42 required to carry out the agency's mission. As used herein, mobile communication device
43 includes goods provided by commercial mobile radio service providers and services for mobile
44 telecommunications governed by Title 47 of the Code of Federal Regulations. By September 1,
45 2011, each agency shall provide a copy of its policy to the Chairs of the Appropriations
46 Committee and the Appropriations Subcommittee on General Government of the House of
47 Representatives, the Chairs of the Appropriations/Base Budget Committee and the
48 Appropriations Committee on General Government and Information Technology of the Senate,
49 the Chairs of the Joint Legislative Oversight Committee on Information Technology, the Fiscal
50 Research Division, and the Office of State Budget and Management.

1 State-issued mobile electronic devices shall be used only for State business. Agencies shall
2 limit the issuance of cell phones, smart phones, and any other mobile electronic devices to
3 employees for whom access to a mobile electronic device is a critical requirement for job
4 performance. The device issued and the plan selected shall be the minimum required to support
5 the employees' work requirements. This shall include considering the use of pagers in lieu of a
6 more sophisticated device. The requirement for each mobile electronic device issued shall be
7 documented in a written justification that shall be maintained by the agency and reviewed
8 annually. All State agency heads, in consultation with the Office of Information Technology
9 Services and the Office of State Budget and Management, shall document and review all
10 authorized cell phone, smart phone, and other mobile electronic communications device
11 procurement, and related phone, data, Internet, and other usage plans for and by their
12 employees. Agencies shall conduct periodic audits of mobile device usage to ensure that State
13 employees and contractors are complying with agency policies and State requirements for their
14 use.

15 Beginning ~~October 1, 2011, October 1, 2012,~~ each agency shall report ~~quarterly~~ annually to
16 the Chairs of the House of Representatives Committee on Appropriations and the House of
17 Representatives Subcommittee on General Government, the Chairs of the Senate Committee on
18 Appropriations and the Senate Appropriations Committee on General Government and
19 Information Technology, the Joint Legislative Oversight Committee on Information
20 Technology, the Fiscal Research Division, and the Office of State Budget and Management on
21 the following:

- 22 (1) Any changes to agency policies on the use of mobile devices.
- 23 (2) The number and types of new devices issued since the last report.
- 24 (3) The total number of mobile devices issued by the agency.
- 25 (4) The total cost of mobile devices issued by the agency.
- 26 (5) The number of each type of mobile device issued, with the total cost for each
27 type."

29 **PLAN TO ENHANCE ENTERPRISE LEVEL BUSINESS INTELLIGENCE TO** 30 **INCREASE EFFICIENCY IN STATE GOVERNMENT**

31 **SECTION 6A.8.(a) Creation of Plan. –**

- 32 (1) Creation of plan. – The State Controller shall create a plan (the plan) to
33 establish an initiative (the initiative) to support the effective and efficient
34 development of State agency business intelligence capability in a
35 coordinated manner and reduce unnecessary information silos and
36 technological barriers. The initiative shall not be intended to replace
37 transactional systems, but shall instead be intended to leverage the data from
38 those systems for enterprise-level State business intelligence.

39 The plan shall provide for a comprehensive evaluation of existing data
40 analytics projects and plans in order to identify data integration and business
41 intelligence opportunities that will generate greater efficiencies in, and
42 improved service delivery by, State agencies.

- 43 (2) Application to State governments. – The plan shall provide for the initiative
44 to include all State agencies, departments, and institutions, including The
45 University of North Carolina.
- 46 (3) Governance. – The plan shall provide for the State Controller to lead the
47 initiative and for the Chief Justice of the North Carolina Supreme Court and
48 the Legislative Services Commission to each designate an officer or agency
49 to advise and assist the State Controller with respect to implementation of
50 the initiative in their respective branches of government. The plan shall
51 require the judicial and legislative branches to fully cooperate in the

1 initiative mandated by this section in the same manner as is required of State
2 agencies.

3 **SECTION 6A.8.(b) Powers and Duties of State Controller.** – The plan shall
4 provide that the State Controller shall do all of the following:

- 5 (1) Continue and coordinate ongoing enterprise data integration efforts,
6 including:
7 a. The deployment, support, and technology improvements for
8 CJLEADS.
9 b. The pilot and subsequent phase initiative for NC FACTS.
10 c. Other capabilities developed as part of the initiative.
11 (2) Identify technologies currently used in North Carolina that have the
12 capability to support the initiative.
13 (3) Identify other technologies, especially those with unique capabilities, that
14 could support the State's business intelligence effort.
15 (4) Compare capabilities and costs across State agencies.
16 (5) Ensure implementation is properly supported across State agencies.
17 (6) Ensure that data integration and sharing is performed in a manner that
18 preserves data privacy and security in transferring, storing, and accessing
19 data, as appropriate.
20 (7) Identify any waivers and written agreements that may be required by State or
21 federal law to effectuate data sharing and to carry out the purposes of this
22 section.
23 (8) Plan coordination of data requirements and usage for State business
24 intelligence applications in a manner that (i) limits impacts on participating
25 State agencies as those agencies provide data and business knowledge
26 expertise and (ii) assists in defining business rules so the data can be
27 properly used.
28 (9) Recommend the most cost-effective and reliable long-term hosting solution
29 for enterprise-level State business intelligence as well as data integration,
30 notwithstanding Section 6A.2(f) of S.L. 2011-145.

31 **SECTION 6A.8.(c) Plan for Implementation of the Enterprise-Level Business**
32 **Intelligence Initiative.** –

- 33 (1) Phases of the initiative. – The plan shall provide for the initiative to be
34 phased in accordance with this subsection and for the initiative to cycle
35 through these phases on an ongoing basis:
36 a. Phase I requirements. – In the first phase, the State Controller shall
37 do the following:
38 1. Inventory existing State agency business intelligence projects,
39 both completed and under development.
40 2. Develop a plan of action that does all of the following:
41 I. Defines the program requirements, objectives, and end
42 state of the initiative.
43 II. Prioritizes projects and stages of implementation in a
44 detailed plan and benchmarked time line.
45 III. Includes the effective coordination of all of the State's
46 current data integration initiatives.
47 IV. Utilizes a common approach that establishes standards
48 for business intelligence initiatives for all State
49 agencies and prevents the development of projects
50 that do not meet the established standards.

- V. Determines costs associated with the development effort and identifies potential sources of funding.
 - VI. Includes a privacy framework for business intelligence consisting of adequate access controls and end user security requirements.
 - VII. Estimates expected savings.
3. Inventory existing external data sources that are purchased by State agencies to determine if consolidation of licenses is appropriate for the enterprise.
 4. Determine if current, ongoing projects support the enterprise level objectives.
 5. Determine if current applications are scalable, or are applicable for multiple State agencies, or both.
- b. Phase II requirements. – In the second phase, the State Controller shall do the following:
1. Identify redundancies and determine which projects should be discontinued.
 2. Determine where gaps exist in current or potential capabilities.
- (2) Commencement of projects. – The plan shall set forth a date by which the State Controller shall begin projects to carry out the purposes of this section, subject to the availability of funds, and subsequent to the submission of the written report referred to in subsection (e) of this section. The plan shall also identify mechanisms for the State Controller to expand existing data integration or business intelligence contracts with current data integration efforts, as appropriate, in order to implement the plan required by this section in accordance with the schedule established and the priorities developed during Phase I of the initiative, and to use public-private partnerships as appropriate to implement the plan.
- (3) State Controller's powers and duties with respect to projects. – With respect to any project that may be created, incorporated, consolidated, or eliminated as part of the initiative, the plan shall provide that the State Controller shall stand in the stead of the State Chief Information Officer and shall have all the powers and duties with respect to those projects that the State Chief Information Officer would otherwise enjoy, notwithstanding any other provision of law. The plan shall also provide that G.S. 147-33.72E shall not apply to any project created, incorporated, consolidated, or eliminated as part of the initiative.

SECTION 6A.8.(d) Use of Savings. – The plan shall provide that savings resulting from the cancellation of projects, software, and licensing, as well as any other savings from the initiative, be returned to the General Fund and remain unexpended and unencumbered until appropriated by the General Assembly in a subsequent fiscal year. The plan shall state that it is the intent of the General Assembly that expansion of the initiative in subsequent fiscal years be funded with these savings and that the General Assembly appropriate funds for projects in accordance with the priorities identified by Office of the State Controller in Phase I of the initiative.

SECTION 6A.8.(e) Reporting. – By no later than January 1, 2013, the Office of the State Controller shall submit and present a written report on the plan developed pursuant to this section to the Chairs of the House of Representatives Appropriations and Senate Base Budget/Appropriations Committees, to the Joint Legislative Oversight Committee on

1 Information Technology, and to the Fiscal Research Division of the General Assembly. The
2 report required by this subsection shall include any necessary changes to the General Statutes.

3 **SECTION 6A.8.(f) Duties of State Agencies.** – The plan shall require that the
4 head of each State agency do all of the following:

- 5 (1) Grant the Office of the State Controller access to all information required to
6 develop and support State business intelligence applications pursuant to this
7 section. The State Controller shall take all necessary action and precautions,
8 including training, certifications, background checks, and governance policy
9 and procedure to ensure the security, integrity, and privacy of the data in
10 accordance with State and federal law and as may be required by contract.
- 11 (2) Provide complete information on the State agency's information technology,
12 operational, and security requirements.
- 13 (3) Provide information on all of the State agency's information technology
14 activities relevant to State business intelligence effort.
- 15 (4) Forecast the State agency's projected future business intelligence information
16 technology needs and capabilities.
- 17 (5) Ensure that the State agency's future information technology initiatives
18 coordinate efforts with the State Controller to include planning and
19 development of data interfaces to incorporate data into the initiative and to
20 ensure the ability to leverage analytics capabilities.
- 21 (6) Provide technical and business resources to participate in the initiative by
22 providing, upon request and in a timely and responsive manner, complete
23 and accurate data, business rules and policies, and support.
- 24 (7) Identify potential resources for deploying business intelligence in their
25 respective State agencies and as part of the enterprise-level effort.
- 26 (8) Identify any waivers and written agreements that may be required by State or
27 federal law in order to effectuate data sharing and otherwise implement the
28 plan.

29 **SECTION 6A.8.(g) Miscellaneous Provisions.** –

- 30 (1) Status with respect to certain information. – The plan shall provide that the
31 State Controller shall be deemed to be all of the following for the purposes
32 of this section:
 - 33 a. With respect to criminal information, and to the extent allowed by
34 federal law, a criminal justice agency (CJA), as defined under
35 Criminal Justice Information Services (CJIS) Security Policy. The
36 State CJIS Systems Agency (CSA) shall ensure that CJLEADS
37 receives access to federal criminal information deemed to be
38 essential in managing CJLEADS to support criminal justice
39 professionals.
 - 40 b. With respect to health information covered under the Health
41 Insurance Portability and Accountability Act of 1996 (HIPAA), as
42 amended, and to the extent allowed by federal law:
 - 43 1. A business associate with access to protected health
44 information acting on behalf of the State's covered entities in
45 support of data integration, analysis, and business
46 intelligence.
 - 47 2. Authorized to access and view individually identifiable health
48 information, provided that the access is essential to the
49 enterprise fraud, waste, and improper payment detection
50 program or required for future initiatives having specific
51 definable need for the data.

- 1 c. Authorized to access all State and federal data, including revenue and
2 labor information, deemed to be essential to the enterprise fraud,
3 waste, and improper payment detection program or future initiatives
4 having specific definable need for the data.
- 5 d. Authorized to develop agreements with the federal government to
6 access data deemed to be essential to the enterprise fraud, waste, and
7 improper payment detection program or future initiatives having
8 specific definable need for such data.
- 9 (2) Release of information. – The plans shall include a provision that the
10 following limitations apply to (i) the release of information compiled as part
11 of the initiative, (ii) data from State agencies that is incorporated into the
12 initiative, and (iii) data released as part of the implementation of the
13 initiative:
- 14 a. Information compiled as part of the initiative. – Notwithstanding the
15 provisions of Chapter 132 of the General Statutes, information
16 compiled by the State Controller related to initiative may be released
17 as a public record only if the State Controller, in that officer's sole
18 discretion, finds that the release of information is in the best interest
19 of the general public and is not in violation of law or contract.
- 20 b. Data from State agencies. – Any data that is not classified as a public
21 record under G.S. 132-1 shall not be deemed a public record when
22 incorporated into the data resources comprising the initiative. To
23 maintain confidentiality requirements attached to the information
24 provided to the State Controller, each source agency providing data
25 shall be the sole custodian of the data for the purpose of any request
26 for inspection or copies of the data under Chapter 132 of the General
27 Statutes.
- 28 c. Data released as part of implementation. – Information released to
29 persons engaged in implementing the State's business intelligence
30 strategy under this section that is used for purposes other than official
31 State business is not a public record pursuant to Chapter 132 of the
32 General Statutes.

33 STATE PRIVATE CLOUD

34 **SECTION 6A.9.(a)** Findings. – The General Assembly finds that:

- 35 (1) The wide distribution of information technology facilities across multiple
36 locations causes infrastructure and operational inefficiencies.
- 37 (2) Infrastructure as a service, also known as cloud computing, has the potential
38 to increase efficiency and enhance operations by reducing information
39 technology costs and accelerating the provision of services.
- 40 (3) The creation of a secure and flexible State private cloud is in the best interest
41 of the people of this State.

42 **SECTION 6A.9.(b)** Plan Required. – The State Chief Information Officer shall
43 create a plan for the development and implementation of a State-owned, State-hosted
44 infrastructure as a service, or private cloud, project to be operated and managed by the State.

45 **SECTION 6A.9.(c)** Components of the Plan. – The State private cloud plan created
46 pursuant to this section shall include:

- 47 (1) Requirements for:
- 48 a. The State to have complete control and ownership of all components
49 of the private cloud, including hardware, software, network
50 infrastructure, security, and data.
51

- 1 b. All components of the private cloud to be maintained at State-owned,
2 State-operated facilities.
- 3 c. The private cloud to fully comply with all legislative, regulatory,
4 policy, and security requirements that apply to State agencies and
5 entities conducting business with the State.
- 6 d. The State's existing information technology infrastructure to be used
7 to support the private cloud.
- 8 e. Documentation of any redundancy built into the infrastructure to
9 support requirements for increased availability and disaster recovery.
- 10 f. A service-centric approach to computing resources. Users of
11 computing resources shall be able to efficiently access powerful,
12 predefined computing environments based on their requirements.
- 13 g. A self-service ability to provision and de-provision, as requested by
14 users, while maintaining high levels of security.
- 15 h. A fully functional, efficient, fair system to bill State agencies for
16 private cloud usage. This requirement includes mechanisms to
17 capture usage data and enable chargeback integration within the
18 billing system.
- 19 i. A plan to manage infrastructure resources that can be scaled in
20 response to State agency requirements.
- 21 (2) A detailed time line, documentation of agency requirements, identification
22 and resolution of security issues, and an assessment of the impact on any
23 ongoing projects or current applications.
- 24 (3) Identification of costs associated with developing the private cloud.
- 25 (4) Identification and documentation of private cloud management and
26 monitoring tools to facilitate the maintenance of complete control of private
27 cloud resources; automate provisioning, de-provisioning, scheduling; and
28 maintain system capacity.
- 29 (5) Identification of ways to improve the private cloud's supporting
30 infrastructure.
- 31 (6) Identification of potential sources of savings to support development,
32 implementation, and maintenance of the State private cloud.

33 **SECTION 6A.9.(d)** Funding and Implementation. – No funds from any source
34 shall be used for the development and implementation of a private cloud without specific
35 authorization by the General Assembly appropriating funds for this purpose.

36 **SECTION 6A.9.(e)** Report. – The State Chief Information Officer shall report the
37 plan created pursuant to this section to the Joint Legislative Oversight Committee on
38 Information Technology no later than January 1, 2013.

39 **SECTION 6A.9.(f)** Access by Private Vendors. – If the State Chief Information
40 Officer provides to a potential vendor any information or access to State facilities in connection
41 with or anticipation of the private cloud project described in this section, the State Chief
42 Information Officer shall provide the same information or access to all potential vendors that
43 request it. The State Chief Information Officer shall certify the Officer's compliance with this
44 subsection to the General Assembly.

45 STATE INFORMATION TECHNOLOGY CONSOLIDATION

46 **SECTION 6A.10.** Section 6A.7(b) of S.L. 2011-145 reads as rewritten:

47 "SECTION 6A.7.(b) Beginning July 1, 2011, the State CIO shall plan and implement an
48 enterprise level grants management system. Similar systems currently under development may
49 be suspended by the State CIO with funding reprogrammed to support development of the
50 enterprise level grants management system. The State Controller shall be the business owner of
51

1 the enterprise grants management system and shall coordinate service and technical support
2 with participating agencies.

3 In coordination with the State CIO, the Department of Health and Human Services
4 shall develop a plan to implement a single case management system throughout that
5 Department, beginning in the 2012-2013 fiscal year, and shall report to the Joint Legislative
6 Oversight Committee on Information Technology by February 1, 2012, on its initiatives to
7 implement the system. The report shall include a detailed time line for completion and an
8 explanation of the costs associated with case management consolidation."
9

10 **APPOINTMENT OF THE STATE CHIEF INFORMATION OFFICER**

11 **SECTION 6A.11.(a)** G.S. 147-33.76(a) reads as rewritten:

12 "(a) The Office of Information Technology Services shall be managed and administered
13 by the State Chief Information Officer ("State CIO"). The State Chief Information Officer shall
14 be qualified by education and experience for the office and shall be appointed by ~~and serve at~~
15 ~~the pleasure of the Governor.~~ the Governor subject to confirmation by joint resolution of the
16 General Assembly. The term of office of the State CIO shall be for five years; the first full term
17 shall begin July 1, 2013.

18 The Governor shall submit the name of the person to be appointed, for confirmation by the
19 General Assembly, to the President Pro Tempore of the Senate and the Speaker of the House of
20 Representatives by May 1 of the year in which the State CIO is to be appointed. If the
21 Governor does not submit the name by that date, the General Assembly shall appoint the State
22 CIO by passage of an act making the appointment.

23 In case of death, incapacity, resignation, removal by the Governor for cause, or vacancy for
24 any other reason in the office of the State CIO prior to the expiration of the term of office while
25 the General Assembly is in session, the Governor shall submit the name of a successor to the
26 President Pro Tempore of the Senate and the Speaker of the House of Representatives within
27 four weeks after the vacancy occurs. If the Governor does not do so, the General Assembly
28 shall appoint the successor by passage of an act making the appointment.

29 In case of death, incapacity, resignation, removal by the Governor for cause, or vacancy for
30 any other reason in the office of the State CIO prior to the expiration of the term of office while
31 the General Assembly is not in session, the Governor shall appoint a State CIO to serve on an
32 interim basis pending confirmation by the General Assembly."

33 **SECTION 6A.11.(b)** This section becomes effective February 1, 2013.
34

35 **PART VII. PUBLIC SCHOOLS**

36 **FUNDS FOR CHILDREN WITH DISABILITIES**

37 **SECTION 7.1.** The State Board of Education shall allocate additional funds for
38 children with disabilities on the basis of three thousand seven hundred nine dollars (\$3,709) per
39 child. Each local school administrative unit shall receive funds for the lesser of (i) all children
40 who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of
41 its 2012-2013 allocated average daily membership in the local school administrative unit. The
42 dollar amounts allocated under this section for children with disabilities shall also adjust in
43 accordance with legislative salary increments, retirement rate adjustments, and health benefit
44 adjustments for personnel who serve children with disabilities.
45
46

47 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

48 **SECTION 7.2.** The State Board of Education shall allocate additional funds for
49 academically or intellectually gifted children on the basis of one thousand two hundred
50 twenty-three dollars and ninety-nine cents (\$1,223.99) per child for fiscal year 2012-2013. A
51 local school administrative unit shall receive funds for a maximum of four percent (4%) of its

1 2012-2013 allocated average daily membership, regardless of the number of children identified
2 as academically or intellectually gifted in the unit. The dollar amounts allocated under this
3 section for academically or intellectually gifted children shall also adjust in accordance with
4 legislative salary increments, retirement rate adjustments, and health benefit adjustments for
5 personnel who serve academically or intellectually gifted children.
6

7 **SCHOOL IMPROVEMENT PLANS AT RESIDENTIAL SCHOOLS**

8 **SECTION 7.3.(a)** In order to improve student performance, the Eastern North
9 Carolina School for the Deaf, the Governor Morehead School for the Blind, and the North
10 Carolina School for the Deaf each shall develop a school improvement plan that takes into
11 consideration the annual performance goal for that school that is set by the State Board of
12 Education. The principal of each school, instructional personnel and residential life personnel
13 assigned to that school, and a minimum of five parents of children enrolled in the school shall
14 constitute a school improvement team to develop a school improvement plan to improve
15 student performance.

16 Representatives of the instructional and residential life personnel shall be elected by
17 their respective groups by secret ballot.

18 Parents shall be elected by parents of children enrolled in the school in an election
19 conducted by the parent and teacher organization of the school or, if none exists, by the largest
20 organization of parents formed for this purpose. To the extent possible, parents serving on
21 school improvement teams shall reflect the composition of the students enrolled in that school.
22 No more than two parents on the team may be employees of the school. Parental involvement is
23 a critical component of school success and positive student achievement; therefore, it is the
24 intent of the General Assembly that parents, along with instructional and residential life
25 personnel, have a substantial role in developing school improvement plans. To this end, school
26 improvement team meetings shall be held at a convenient time to assure substantial parent
27 participation. Parents who are elected to serve on school improvement teams and who are not
28 employees of the school shall receive travel and subsistence expenses in accordance with
29 G.S. 138-5 and, if appropriate, may receive a stipend.

30 All school improvement plans shall be, to the greatest extent possible, data driven.
31 School improvement teams shall use the Education Value Added Assessment System
32 (EVAAS), or a compatible and comparable system approved by the State Board of Education,
33 to analyze student data to identify root causes for problems and to determine actions to address
34 them. School improvement plans shall contain clear, unambiguous targets, explicit indicators
35 and actual measures, and expeditious time frames for meeting the measurement standards.

36 **SECTION 7.3.(b)** The strategies for improving student performance shall include
37 the following:

- 38 (1) A plan for the use of staff development funds that may be made available to
39 the school to implement the school improvement plan. The plan may provide
40 that a portion of these funds is used for mentor training and for release time
41 and substitute teachers while teachers are meeting with mentors.
- 42 (2) A plan for preparing students to read at grade level by the time they enter
43 second grade. The plan shall require kindergarten and first grade teachers to
44 notify parents or guardians when a child is not reading at grade level and is
45 at risk of not reading at grade level by the time the child enters second grade.
46 The plan may include the use of assessments to monitor students' progress in
47 learning to read and strategies for teachers and parents to implement that will
48 help students improve and expand their reading ability, as well as provide
49 for the recognition of teachers and strategies that appear to be effective at
50 preparing students to read at grade level.
- 51 (3) A comprehensive plan to encourage parent involvement.

1 (4) A plan designed to provide that the school is safe, secure, and orderly; that
2 there is a climate of respect in the school; and that appropriate personal
3 conduct is a priority for all students and all residential school personnel.

4 (5) A plan that specifies the effective instructional practices and methods to be
5 used to improve the academic performance of students identified as at risk of
6 academic failure or at risk of dropping out of school.

7 **SECTION 7.3.(c)** Support among affected staff members is essential to successful
8 implementation of a school improvement plan to address improved student performance at that
9 school. The principal of the school shall present the proposed school improvement plan to all of
10 the instructional personnel assigned to the school for their review and vote. The vote shall be
11 by secret ballot. The principal shall submit the school improvement plan to the State Board of
12 Education only if the proposed school improvement plan has the approval of a majority of the
13 instructional personnel who voted on the plan.

14 **SECTION 7.3.(d)** The State Board of Education shall accept or reject the school
15 improvement plan within 60 days after the submission plan. If the State Board rejects a school
16 improvement plan, the State Board shall state with specificity the reasons for rejecting the plan
17 to the principal and shall direct that the principal work with the school improvement team to
18 resolve the disagreements. The school improvement team may then prepare another plan,
19 present it to the instructional personnel assigned to the school for a vote, and submit it to the
20 State Board to accept or reject. If there is no resolution within 30 days, then the State Board
21 may develop a school improvement plan for the school; however, the General Assembly urges
22 the State Board to utilize the school's proposed school improvement plan to the maximum
23 extent possible when developing this plan.

24 **SECTION 7.3.(e)** A school improvement plan shall remain in effect for no more
25 than three years; however, the school improvement team may amend the plan as often as is
26 necessary or appropriate. If, at any time, any part of a school improvement plan becomes
27 unlawful or the State Board finds that a school improvement plan is impeding student
28 performance at a school, the State Board may vacate the relevant portion of the plan and may
29 direct the school to revise that portion. The procedures set out in this section shall apply to
30 amendments and revisions to school improvement plans.

31 **SECTION 7.3.(f)** Any funds the State Board makes available to a school to meet
32 the goals for that school under the ABCs Program and to implement the school improvement
33 plan at that school shall be used in accordance with those goals and the school improvement
34 plan.

35 **SECTION 7.3.(g)** The State Board shall develop a list of recommended strategies
36 that it determines to be effective, which building-level committees may use to establish parent
37 involvement programs designed to meet the specific needs of their schools.

38 **SECTION 7.3.(h)** Once the plan is developed, the principal shall ensure the plan is
39 available and accessible to parents and the school community.

40 **SCHOOL CALENDAR PILOT PROGRAM**

41 **SECTION 7.4.** The State Board of Education shall establish a school calendar pilot
42 program in the Wilkes County Schools, the Montgomery County Schools, and the Stanly
43 County Schools. The purpose of the pilot program is to determine whether and to what extent a
44 local school administrative unit can save money during this extreme fiscal crisis by
45 consolidating the school calendar.

46 Notwithstanding G.S. 115C-84.2(a)(1), the school calendar for the 2012-2013
47 calendar year for the pilot school systems shall include a minimum of 180 days or 1,000 hours
48 of instruction covering at least nine calendar months.

49 If the local board of education in a pilot school system adds instructional hours to
50 previously scheduled days under this section, the local school administrative unit is deemed to
51

1 have a minimum of 180 days of instruction, and teachers employed for a 10-month term are
2 deemed to have been employed for the days being made up and shall be compensated as if they
3 had worked the days being made up.

4 The State Board of Education shall report to the Joint Legislative Education
5 Oversight Committee by March 15, 2013, on the administration of the pilot program, cost
6 savings realized by it, and its impact on student achievement.

8 **RESTORE TEACHING FELLOWS PROGRAM**

9 **SECTION 7.5.** Section 1.38 of S.L. 2011-266 is repealed.

11 **REPEAL PROHIBITION ON TEACHER PREPAYMENT**

12 **SECTION 7.6.** Section 5 of S.L. 2011-379 is repealed.

14 **REPEAL INCREASE IN THE NUMBER OF INSTRUCTIONAL DAYS**

15 **SECTION 7.7.(a)** G.S. 115C-84.2 reads as rewritten:

16 **"§ 115C-84.2. School calendar.**

17 (a) School Calendar. – Each local board of education shall adopt a school calendar
18 consisting of 215 days all of which shall fall within the fiscal year. A school calendar shall
19 include the following:

20 (1) A minimum of ~~185~~180 days and ~~1,025~~1,000 hours of instruction covering at
21 least nine calendar months. The local board shall designate when the ~~185~~180
22 instructional days shall occur. The number of instructional hours in an
23 instructional day may vary according to local board policy and does not have
24 to be uniform among the schools in the administrative unit. Local boards
25 may approve school improvement plans that include days with varying
26 amounts of instructional time. If school is closed early due to inclement
27 weather, the day and the scheduled amount of instructional hours may count
28 towards the required minimum to the extent allowed by State Board policy.
29 The school calendar shall include a plan for making up days and
30 instructional hours missed when schools are not opened due to inclement
31 weather.

32 (1a) Repealed by Session Laws 2004-180, s. 1, effective August 9, 2004.

33 (2) A minimum of 10 annual vacation leave days.

34 (3) The same or an equivalent number of legal holidays occurring within the
35 school calendar as those designated by the State Personnel Commission for
36 State employees.

37 (4) Repealed by Session Laws 2011-145, s. 7.29(a), effective July 1, 2011.

38 (4a) Five days, as designated by the local board, for use as teacher workdays.
39 These days shall be protected to allow teachers to complete instructional and
40 classroom administrative duties. The local school administrative unit shall
41 not impose any additional tasks on these days. The local board shall
42 schedule one of these days at the beginning of the school year and one at the
43 end of each academic quarter.

44 (5) The remaining days scheduled by the local board in consultation with each
45 school's principal for use as teacher workdays, additional instructional days,
46 or other lawful purposes. Before consulting with the local board, each
47 principal shall work with the school improvement team to determine the
48 days to be scheduled and the purposes for which they should be scheduled.
49 Days may be scheduled and planned for different purposes for different
50 personnel and there is no requirement to schedule the same dates for all
51 personnel. In order to make up days for school closing because of inclement

1 weather, the local board may designate any of the days in this subdivision as
2 additional make-up days to be scheduled after the last day of student
3 attendance.

4 ~~If the State Board of Education finds that it will enhance student performance to do so, the~~
5 ~~State Board may grant a local board of education a waiver to use up to five of the instructional~~
6 ~~days required by subdivision (1) of this subsection as teacher workdays. For each instructional~~
7 ~~day waived, the State Board shall waive an equivalent number of instructional hours.~~

8 Local boards and individual schools are encouraged to use the calendar flexibility in order
9 to meet the annual performance standards set by the State Board. Local boards of education
10 shall consult with parents and the employed public school personnel in the development of the
11 school calendar.

12 Local boards shall designate at least ~~two~~ seven days scheduled under ~~subdivision~~
13 ~~(5) subdivisions (4a) and (5)~~ of this subsection as days on which teachers may take accumulated
14 vacation leave. Local boards may designate the remaining days scheduled in ~~subdivision~~
15 ~~(5) subdivisions (4a) and (5)~~ of this subsection as days on which teachers may take accumulated
16 vacation leave, but local boards shall give teachers at least 14 calendar days' notice before
17 requiring a teacher to work instead of taking vacation leave on any of these days. A teacher
18 may elect to waive this notice requirement for one or more of these days.

19 (b) Limitations. – The following limitations apply when developing the school
20 calendar:

- 21 (1) The total number of teacher workdays for teachers employed for a 10 month
22 term shall not exceed 195 days.
- 23 (2) The calendar shall include at least 42 consecutive days when teacher
24 attendance is not required unless: (i) the school is a year-round school; or (ii)
25 the teacher is employed for a term in excess of 10 months. At the request of
26 the local board of education or of the principal of a school, a teacher may
27 elect to work on one of the 42 days when teacher attendance is not required
28 in lieu of another scheduled workday.
- 29 (3) School shall not be held on Sundays.
- 30 (4) Veterans Day shall be a holiday for all public school personnel and for all
31 students enrolled in the public schools.

32 (c) Emergency Conditions. – During any period of emergency in any section of the
33 State where emergency conditions make it necessary, the State Board of Education may order
34 general, and if necessary, extended recesses or adjournment of the public schools.

35 (d) Opening and Closing Dates. – Local boards of education shall determine the dates
36 of opening and closing the public schools under subdivision (a)(1) of this section. Except for
37 year-round schools, the opening date for students shall not be before August 25, and the closing
38 date for students shall not be after June 10. On a showing of good cause, the State Board of
39 Education may waive this requirement to the extent that school calendars are able to provide
40 sufficient days to accommodate anticipated makeup days due to school closings. A local board
41 may revise the scheduled closing date if necessary in order to comply with the minimum
42 requirements for instructional days or instructional time. For purposes of this subsection, the
43 term "good cause" means either that:

- 44 (1) Schools in any local school administrative unit in a county have been closed
45 eight days per year during any four of the last 10 years because of severe
46 weather conditions, energy shortages, power failures, or other emergency
47 situations; or
- 48 (2) Schools in any local school administrative unit in a county have been closed
49 for all or part of eight days per year during any four of the last 10 years
50 because of severe weather conditions. For purposes of this subdivision, a

1 school shall be deemed to be closed for part of a day if it is closed for two or
2 more hours.

3 The State Board also may waive this requirement for an educational purpose. The term
4 "educational purpose" means a local school administrative unit establishes a need to adopt a
5 different calendar for (i) a specific school to accommodate a special program offered generally
6 to the student body of that school, (ii) a school that primarily serves a special population of
7 students, or (iii) a defined program within a school. The State Board may grant the waiver for
8 an educational purpose for that specific school or defined program to the extent that the State
9 Board finds that the educational purpose is reasonable, the accommodation is necessary to
10 accomplish the educational purpose, and the request is not an attempt to circumvent the
11 opening and closing dates set forth in this subsection. The waiver requests for educational
12 purposes shall not be used to accommodate system-wide class scheduling preferences.

13 The required opening and closing dates under this subsection shall not apply to any school
14 that a local board designated as having a modified calendar for the 2003-2004 school year or to
15 any school that was part of a planned program in the 2003-2004 school year for a system of
16 modified calendar schools, so long as the school operates under a modified calendar.

17 (e) Nothing in this section prohibits a local board of education from offering
18 supplemental or additional educational programs or activities outside the calendar adopted
19 under this section."

20 **SECTION 7.7.(b)** G.S. 115C-238.29F(d)(1) reads as rewritten:

21 "(1) The school shall provide instruction each year for at least ~~185~~180 days. ~~If the~~
22 ~~State Board of Education finds that it will enhance student performance to~~
23 ~~do so, the State Board may grant a charter school a waiver to use up to five~~
24 ~~of these instructional days as teacher workdays."~~

25 **SECTION 7.7.(c)** G.S. 115C-238.66(1)d. reads as rewritten:

26 "d. The board of directors shall adopt a school calendar consisting of a
27 minimum of ~~185~~180 days of instruction covering at least nine
28 calendar months."
29

30 RESIDENTIAL SCHOOLS

31 **SECTION 7.8.(a)** Section 7.25(a) of S.L. 2011-145 is repealed.

32 **SECTION 7.8.(b)** The Department of Public Instruction shall not transfer any
33 school-based personnel from the residential schools to central office administrative positions.

34 **SECTION 7.8.(c)** Notwithstanding G.S. 146-30, the Department of Public
35 Instruction shall retain all proceeds generated from the rental of building space on the
36 residential school campuses. The Department of Public Instruction shall use all receipts
37 generated from these leases to staff and operate the North Carolina School for the Deaf, the
38 Eastern North Carolina School for the Deaf, and the Governor Morehead School. These
39 receipts shall not be used to support administrative functions within the Department.
40

41 LIABILITY INSURANCE FOR PUBLIC SCHOOL PERSONNEL

42 **SECTION 7.9.(a)** Within 60 days of the effective date of this section, the local
43 school administrative units shall provide written notification to all public school employees
44 regarding the coverage provided by the State-funded liability insurance policy for North
45 Carolina public school employees. Notification shall include information regarding policy
46 coverage details, instructions on reporting claims, contact information for additional questions,
47 and instructions on obtaining a copy of the policy.

48 **SECTION 7.9.(b)** From the funds available for liability insurance for public school
49 personnel, the Department of Public Instruction shall distribute additional funds to local school
50 administrative units on the basis of average daily membership in order to implement the
51 requirements of subsection (a) of this section.

PILOT COOPERATIVE INNOVATIVE HIGH SCHOOL

SECTION 7.10. Notwithstanding G.S. 115C-238.51, the State Board of Education shall approve the establishment of a cooperative innovative high school pilot by the local boards of education of the Davidson County Schools, Thomasville City Schools, and Lexington City Schools and the local board of trustees of Davidson County Community College under Part 9 of Article 16 of Chapter 115C of the General Statutes. The pilot shall be known as the Yadkin Valley Regional Career Academy.

CLARIFYING COOPERATIVE INNOVATIVE HIGH SCHOOL STATUTES

SECTION 7.11.(a) G.S. 115C-238.50A reads as rewritten:

"§ 115C-238.50A. Definitions.

The following definitions apply in this Part:

- (1) Constituent institution. – A constituent institution as defined in G.S. 116-2(4).
- (1a) Cooperative innovative high school. – A high school that meets the following criteria:
 - a. It has no more than 100 students per grade level.
 - b. It partners with an institution of higher education to enable students to concurrently obtain a high school diploma and begin or complete an associate degree program, master a certificate or vocational program, or earn up to two years of college credit within five years.
 - c. It is located on the campus of the partner institution of higher education, unless the governing board-Board or the local board of trustees for a private North Carolina college specifically waives the requirement through adoption of a formal resolution.
- (1b) Cooperative innovative high school allotment. – Funds appropriated by the General Assembly to the Department of Public Instruction to provide additional resources to approved cooperative innovative high schools.
- (2) Education partner. – An education partner as provided in G.S. 115C-238.52.
- (3) Governing board-Board. – The State Board of Education, the State Board of Community Colleges, Colleges or the Board of Governors of The University of North Carolina, or the Board of the North Carolina Independent Colleges and Universities-Carolina.
- (3a) Local board of education. – A local board as defined in G.S. 115C-5(5) or a regional school board of directors as defined in G.S. 115C-238.61(5).
- (4) Local board of trustees. – The board of trustees of a community college, constituent institution of The University of North Carolina, or private college located in North Carolina.
- (5) Partner institution of higher education. – A community college, constituent institution of The University of North Carolina, or private college located in North Carolina."

SECTION 7.11.(b) G.S. 115C-238.51 reads as rewritten:

"§ 115C-238.51. Application process.

- (a) A local board of education and at least one local board of trustees shall jointly apply to establish a cooperative innovative high school program under this Part.
- (b) The application shall contain at least the following information:
 - (1) A description of a program that implements the purposes in G.S. 115C-238.50.

- 1 (2) A statement of how the program relates to the Economic Vision Plan
2 adopted for the economic development region in which the ~~program~~
3 cooperative innovative high school is to be located.
- 4 (3) The facilities to be used by the ~~program~~cooperative innovative high school
5 and the manner in which administrative services of the ~~programs~~school are to
6 be provided.
- 7 (4) A description of student academic and vocational achievement goals and the
8 method of demonstrating that students have attained the skills and
9 knowledge specified for those goals.
- 10 (5) A description of how the ~~program~~cooperative innovative high school will be
11 operated, including budgeting, curriculum, transportation, and operating
12 procedures.
- 13 (6) The process to be followed by the ~~program~~cooperative innovative high
14 school to ensure parental involvement.
- 15 (7) The process by which students will be selected for and admitted to the
16 ~~program~~cooperative innovative high school.
- 17 (8) A description of the funds that will be used and a proposed budget for the
18 first five years of the implementation of the ~~program~~cooperative innovative
19 high school. This description shall identify how the average daily
20 membership (ADM) and full-time equivalent (FTE) students are counted. If
21 additional funds are requested, a description of how those additional funds
22 will be used shall be submitted. Additional funds may include an allotment
23 for a principal position, the cooperative innovative high school allotment,
24 and tuition payments. For cooperative innovative high schools that have a
25 community college as their partner institution of higher education, the
26 proposed budget shall include the cost of including their students in
27 calculations of budget full-time equivalent students for the North Carolina
28 Community College System.
- 29 (9) The qualifications required for individuals employed in the
30 ~~program~~cooperative innovative high school.
- 31 (10) The number of students to be served.
- 32 (11) A description of how the ~~program's~~cooperative innovative high school's
33 effectiveness in meeting the purposes in G.S. 115C-238.50 will be measured.
- 34 (c) The application shall be submitted to the State Board of Education and the
35 applicable governing ~~Boards~~Board. If the partner institution of higher education is a private
36 North Carolina college, the application shall be submitted solely to the State Board of
37 Education. ~~The Boards shall appoint a joint advisory committee to review the applications and~~
38 ~~to recommend to the Boards those programs that meet the requirements of this Part and that~~
39 ~~achieve the purposes set out in G.S. 115C-238.50.~~
- 40 (d) ~~The Boards may approve programs recommended by the joint advisory committee~~
41 ~~or may approve other programs that were not recommended. The Boards shall approve all~~
42 ~~applications by June 30 of each year. No application shall be approved unless the State Board~~
43 ~~of Education and the applicable governing Board find that the application meets the~~
44 ~~requirements set out in this Part and that granting the application would achieve the purposes~~
45 ~~set out in G.S. 115C-238.50. Priority shall be given to applications that are most likely to~~
46 ~~further State education policies, to address the economic development needs of the economic~~
47 ~~development regions in which they are located, and to strengthen the educational programs~~
48 ~~offered in the local school administrative units in which they are located.~~
- 49 (e) ~~No additional State funds shall be provided to approved programs unless~~
50 ~~appropriated by the General Assembly."~~

1 SECTION 7.11.(c) Part 9 of Article 16 of Chapter 115C of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 115C-238.51A. Approval process.**

4 (a) Joint Advisory Committee. – The State Board of Education and the applicable
5 governing Board of the local board of trustees shall appoint a joint advisory committee to
6 review the applications and to recommend approval for those applications that meet the
7 requirements of this Part and achieve purposes set out in G.S. 115C-238.50. The
8 recommendation shall indicate whether additional funds were requested in the application.

9 (b) No Additional Funds. – For applications which have not requested additional funds,
10 the State Board of Education and the applicable governing Board may approve cooperative
11 innovative high schools. Approvals shall be made by June 30 of each year. No additional State
12 funds, position allotments, earning of budget full-time equivalent students, or payments of
13 tuition shall be provided to cooperative innovative high schools approved under this subsection.

14 (c) Additional Funds. – For applications which have requested additional funds, the
15 State Board of Education and the applicable governing Board may approve cooperative
16 innovative high schools contingent upon appropriation of the additional funds by the General
17 Assembly. Contingent approval shall be made by April 1 of each year. The contingent approval
18 shall expire if no appropriation is made by the General Assembly for the additional funds
19 within one calendar year. No cooperative innovative high school shall open prior to the
20 appropriation by the General Assembly of the full amount of the additional funds as requested
21 in the application for that school under G.S. 115C-238.51 for the upcoming fiscal year or fiscal
22 biennium, as appropriate."

23 SECTION 7.11.(d) G.S. 115C-238.52 reads as rewritten:

24 **"§ 115C-238.52. Participation by other education partners.**

25 (a) Any or all of the following education partners may participate in the development of
26 a cooperative innovative ~~program~~ high school under this Part that is targeted to high school
27 students who would benefit from accelerated academic instruction:

28 (1), (2) Repealed by Session Laws 2005-276, s. 7.33(a), effective July 1, 2005.

29 (3) A private business or organization.

30 (4) The county board of commissioners in the county in which the ~~program~~
31 cooperative innovative high school is located.

32 (b) Any or all of the education partners listed in subsection (a) of this section that
33 participate shall:

34 (1) Jointly apply with the local board of education and the local board of
35 trustees to establish a cooperative innovative ~~program~~ high school under this
36 Part.

37 (2) Be identified in the application.

38 (3) Sign the written agreement under G.S. 115C-238.53(b)."

39 SECTION 7.11.(e) G.S. 115C-238.53 reads as rewritten:

40 **"§ 115C-238.53. ~~Program operation.~~ Operation of cooperative innovative high schools.**

41 (a) A ~~program~~ cooperative innovative high school approved by the State is accountable
42 to the local board of education.

43 (b) A ~~program~~ cooperative innovative high school approved under this Part shall operate
44 under the terms of a written agreement signed by the local board of education, local board of
45 trustees, State Board of Education, and applicable governing Board. The agreement shall
46 incorporate the information provided in the application, as modified during the approval
47 process, and any terms and conditions imposed on the ~~program~~ school by the State Board of
48 Education and the applicable governing Board. The agreement may be for a term of no longer
49 than five school years.

1 (c) A ~~program~~cooperative innovative high school may be operated in a facility owned
2 or leased by the local board of education, the local board of trustees, or the education partner, if
3 any.

4 (d) A ~~program~~cooperative innovative high school approved under this Part shall provide
5 instruction each school year for at least ~~180~~185 days during nine calendar months, shall
6 comply with laws and policies relating to the education of students with disabilities, and shall
7 comply with Article 27 of this Chapter.

8 (e) A ~~program~~cooperative innovative high school approved under this Part may use
9 State, federal, and local funds allocated to the local school administrative unit, to the applicable
10 governing Board, and to the ~~college or university~~partner institution of higher education to
11 implement ~~theits~~program. If there is an education partner and if it is a public body, the
12 ~~program~~cooperative innovative high school may use State, federal, and local funds allocated to
13 that body.

14 (f) Except as provided in this Part and under the terms of the ~~agreement~~agreement,
15 cooperative innovative high schools:

- 16 (1) ~~A program shall~~Shall have the same exemptions from statutes and rules as
17 charter schools operating under Part 6A of this Article, other than those
18 pertaining to personnel.
- 19 (2) ~~A program may~~May be exempted by the State Board of Education or by the
20 applicable governing Board from laws and rules applicable to a local board
21 of education, a local school administrative unit, a community college, a
22 constituent institution, or a local board of trustees."

23 **SECTION 7.11.(f)** G.S. 115C-238.54 reads as rewritten:

24 **"§ 115C-238.54. Funds for ~~programs~~cooperative innovative high schools.**

25 (a) The Department of Public Instruction shall assign a school code for each
26 ~~program~~cooperative innovative high school that is approved under this Part. Notwithstanding
27 G.S. 115C-105.25, once the ~~program~~cooperative innovative high school has been assigned a
28 school code, the local board of education may use these funds for the ~~program~~school and may
29 transfer these funds between funding allotment categories.

30 (a1) Repealed by Session Laws 2011-145, s. 7.1A(j), effective January 1, 2012.

31 (b) The local board of trustees may allocate State and federal funds for a ~~program~~
32 cooperative innovative high school that is approved under this Part.

33 (c) An education partner under G.S. 115C-238.52 that is a public body may allocate
34 State, federal, and local funds for a ~~program~~cooperative innovative high school that is approved
35 under this Part.

36 (d) If not an education partner under G.S. 115C-238.52, a county board of
37 commissioners in a county where a ~~program~~cooperative innovative high school is located may
38 nevertheless appropriate funds to a ~~program~~the school approved under this Part.

39 (e) The local board of education and the local board of trustees are strongly encouraged
40 to seek funds from sources other than State, federal, and local appropriations. They are strongly
41 encouraged to seek funds the Education Cabinet identifies or obtains under G.S. 116C-4.

42 (f) Students in cooperative innovative high schools shall not be charged tuition for
43 courses taken through the partner institution of higher education.

44 (g) Students in cooperative innovative high schools that have a community college as
45 their partner institution of higher education and were approved under G.S. 115C-238.51A(c)
46 shall be included in calculations of budget full-time equivalent students for the North Carolina
47 Community College System. Students in cooperative innovative high schools that have a
48 community college as their partner institution of higher education and were approved under
49 G.S. 115C-238.51A(b) shall not be included in calculations of budget full-time equivalent
50 students for the North Carolina Community College System.

1 (h) The State Board of Education shall reimburse The University of North Carolina for
2 tuition for courses taken by students at cooperative innovative high schools that have a
3 constituent institution of The University of North Carolina as their partner institution of higher
4 education and were approved under G.S. 115C-238.51A(c). Tuition payments shall not exceed
5 the annual Board of Governors-approved undergraduate resident tuition rate calculated on a per
6 credit hour basis and shall not include fees. In addition, the cooperative innovative high school
7 students' credit hours shall be nonfundable under The University of North Carolina Semester
8 Credit Hour Enrollment Change Funding Model. The State Board of Education shall not
9 reimburse The University of North Carolina for tuition for courses taken by students at
10 cooperative innovative high schools that have a constituent institution of The University of
11 North Carolina as their partner institution of higher education approved under
12 G.S. 115C-238.51A(b).

13 (i) The State Board of Education shall reimburse private North Carolina colleges for
14 tuition for courses taken by students at cooperative innovative high schools that have a private
15 North Carolina college as their partner institution of higher education and were approved under
16 G.S. 115C-238.51A(c). Tuition payments shall not exceed the highest undergraduate resident
17 rate approved by the Board of Governors for the University of North Carolina constituent
18 institutions and shall not include fees. The State Board of Education shall not reimburse private
19 North Carolina colleges for tuition for courses taken by students at cooperative innovative high
20 schools that have a private North Carolina college as their partner institution of higher
21 education and were approved under G.S. 115C-238.51A(b)."

22 **SECTION 7.11.(g)** G.S. 115C-238.55 reads as rewritten:

23 **"§ 115C-238.55. Evaluation of ~~programs~~ cooperative innovative high schools.**

24 The State Board of Education and the governing Boards shall evaluate the success of
25 students in ~~programs~~ cooperative innovative high schools approved under this Part. Success
26 shall be measured by high school retention rates, high school completion rates, high school
27 dropout rates, certification and associate degree completion, admission to four-year institutions,
28 postgraduation employment in career or study-related fields, and employer satisfaction of
29 employees who participated in and graduated from the ~~programs~~ schools. The Boards shall
30 jointly report by January 15 of each year to the Joint Legislative Education Oversight
31 Committee on the evaluation of these ~~programs~~ schools."

32 **SECTION 7.11.(h)** Section 7.21(e) of S.L. 2010-31 is repealed.

33 **SECTION 7.11.(i)** This section is effective when it becomes law.

34 35 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS**

36 **SECTION 7.12.** Section 7.22(k) of S.L. 2011-145 reads as rewritten:

37 ~~"SECTION 7.22.(k) The State Board shall use only funds provided through the North~~
38 ~~Carolina Virtual Public Schools Allotment Formula and the NCVPS enrollment reserve as set~~
39 ~~forth in this section to fund instructional costs of NCVPS. The only funds that may be used for~~
40 ~~the instructional costs of NCVPS are the following:~~

41 (1) Funds provided through the North Carolina Virtual Public Schools
42 Allotment Formula.

43 (2) Funds provided through the NCVPS enrollment reserve as set forth in this
44 section.

45 (3) Local funds.

46 (4) Federal funds.

47 (5) Special State Reserve Funds for Children and Youth with Disabilities.

48 (6) ADM Contingency Reserve.

49 50 **REPEAL OBSOLETE REPORTS**

51 **SECTION 7.13.(a)** Section 7.19(d) of S.L. 2007-323 is repealed.

1 **SECTION 7.13.(b)** Section 7.21 of S.L. 2007-323 is repealed.
2 **SECTION 7.13.(c)** G.S. 115C-276(t) is repealed.
3 **SECTION 7.13.(d)** Subsections (c) and (g) of Section 7.5 of S.L. 2010-31 are
4 repealed.
5 **SECTION 7.13.(e)** Section 7.19(c) of S.L. 2010-31 is repealed.
6 **SECTION 7.13.(f)** G.S. 115C-12(26) is repealed.

7
8 **TEACHER/TEACHER ASSISTANT LEAVE ON INSTRUCTIONAL DAYS.**

9 **SECTION 7.14.(a)** G.S. 115C-302.1(c) reads as rewritten:
10 "(c) Vacation. – Included within the 10-month term shall be annual vacation leave at the
11 same rate provided for State employees, computed at one-twelfth of the annual rate for State
12 employees for each month of employment. Local boards shall provide at least 10 days of
13 annual vacation leave at a time when students are not scheduled to be in regular attendance.
14 However, instructional personnel who do not require a substitute may use annual vacation leave
15 on days that students are in attendance. Vocational and technical education teachers who are
16 employed for 11 or 12 months may, with prior approval of the principal, work on annual
17 vacation leave days designated in the school calendar and may use those annual vacation leave
18 days during the eleventh or twelfth month of employment. Local boards of education may
19 adopt policies permitting instructional personnel employed for 11 or 12 months in year-round
20 schools to, with the approval of the principal, take vacation leave at a time when students are in
21 attendance; local funds shall be used to cover the cost of substitute teachers.

22 On a day that pupils are not required to attend school due to inclement weather, but
23 employees are required to report for a workday, a teacher may elect not to report due to
24 hazardous travel conditions and to take an annual vacation day or to make up the day at a time
25 agreed upon by the teacher and the teacher's immediate supervisor or principal. On a day that
26 school is closed to employees and pupils due to inclement weather, a teacher shall work on the
27 scheduled makeup day.

28 All vacation leave taken by the teacher will be upon the authorization of the teacher's
29 immediate supervisor and under policies established by the local board of education. Annual
30 vacation leave shall not be used to extend the term of employment.

31 Notwithstanding any provisions of this subsection to the contrary, no person shall be
32 entitled to pay for any vacation day not earned by that person."

33 **SECTION 7.14.(b)** G.S. 115C-316(a)(3) reads as rewritten:
34 "(3) Notwithstanding any provisions of this section to the contrary no person
35 shall be entitled to pay for any vacation day not earned by that person. The
36 first 10 days of annual leave earned by a 10- or 11-month employee during
37 any fiscal year period shall be scheduled to be used in the school calendar
38 adopted by the respective local boards of education. Vacation days shall not
39 be used for extending the term of employment of individuals. Ten- or
40 11-month employees may accumulate annual vacation leave days as follows:
41 annual leave may be accumulated without any applicable maximum until
42 June 30 of each year. On June 30 of each year, any of these employees with
43 more than 30 days of accumulated leave shall have the excess accumulation
44 converted to sick leave so that only 30 days are carried forward to July 1 of
45 the same year. All vacation leave taken by these employees shall be upon the
46 authorization of their immediate supervisor and under policies established by
47 the local board of education. The policies may permit teacher assistants who
48 require a substitute and are employed for 11 or 12 months in year-round
49 schools to take vacation leave at a time when students are in attendance;
50 local funds shall be used to cover the cost of substitutes. Vacation leave for
51 instructional personnel who do not require a substitute shall not be restricted

1 to days that students are not in attendance. An employee shall be paid in a
2 lump sum for accumulated annual leave not to exceed a maximum of 240
3 hours or 30 days when separated from service due to resignation, dismissal,
4 reduction in force, death or service retirement. Upon separation from service
5 due to service retirement, any annual vacation leave over 30 days will
6 convert to sick leave and may be used for creditable service at retirement in
7 accordance with G.S. 135-4(e). If the last day of terminal leave falls on the
8 last workday in the month, payment shall be made for the remaining
9 nonworkdays in that month. Employees retiring on disability retirement may
10 exhaust annual leave rather than be paid in a lump sum. The provisions of
11 this subdivision shall be accomplished without additional State and local
12 funds being appropriated for this purpose. The State Board of Education
13 shall adopt rules and regulations for the administration of this subdivision."

14 **SECTION 7.14.(c)** This section applies beginning with the 2012-2013 school year.
15

16 **PART VIII. COMMUNITY COLLEGES**

17 **ACQUISITION OF REAL PROPERTY BY LEASE PURCHASE**

18 **SECTION 8.1.(a)** The catch line of G.S. 115D-58.15 reads as rewritten:

19 "**§ 115D-58.15. Lease purchase and installment purchase contracts for equipment, real**
20 **and personal property.**"

21 **SECTION 8.1.(b)** G.S. 115D-58.15(a) reads as rewritten:

22 "(a) Authority. – ~~The~~ Notwithstanding any provisions of law to the contrary, the board of
23 trustees of a community college may use lease purchase or installment purchase contracts to
24 purchase or finance the purchase of equipment, real and personal property as provided in this
25 section. A college shall not have more than five State-funded contracts in effect at any one
26 time."
27

28 **SECTION 8.1.(c)** G.S. 115D-20(11) reads as rewritten:

29 "(11) To enter into lease purchase and installment purchase contracts for
30 equipment, real and personal property under G.S. 115D-58.15."
31

32 **CARRYFORWARD FOR EQUIPMENT**

33 **SECTION 8.2.** In accordance with G.S. 115D-31, funds appropriated to the
34 Community Colleges System Office for equipment for the 2011-2012 fiscal year shall not
35 revert at the end of the fiscal year but shall be made available to the Community Colleges
36 System Office for equipment for the 2012-2013 fiscal year.
37

38 **REPEAL OBSOLETE REPORTS**

39 **SECTION 8.3.(a)** G.S. 115D-5(o) reads as rewritten:

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

48 All multicampus centers approved by the State Board of Community Colleges shall receive
49 funding under the same formula. The State Board of Community Colleges shall not approve
50 any additional multicampus centers without identified recurring sources of funding."
51

SECTION 8.3.(b) G.S. 116D-3(c) is repealed.

1 **SECTION 8.3.(c)** Section 9.11(e) of S.L. 1999-237 is repealed.

2 **SECTION 8.3.(d)** Section 4 of S.L. 2005-198, as amended by Section 35 of S.L.
3 2007-484, is repealed.

4
5 **REPEAL DUPLICATIVE AUDIT REQUIREMENT**

6 **SECTION 8.4.** G.S. 147-64.6A is repealed.

7
8 **UPDATE COLLEGE PERFORMANCE MEASURES**

9 **SECTION 8.5.** G.S. 115D-31.3 reads as rewritten:

10 **"§ 115D-31.3. Institutional performance accountability.**

11 (a) Creation of Accountability Measures and Performance Standards. – The State Board
12 of Community Colleges shall create new accountability measures and performance standards
13 for the Community College System. ~~Survey results shall be used as a performance standard~~
14 ~~only if the survey is statistically valid.~~ The State Board of Community Colleges shall review
15 annually the accountability measures and performance standards to ensure that they are
16 appropriate for use in recognition of successful institutional performance.

17 (b) through (d) Repealed by Session Laws 2000-67, s. 9.7, effective July 1, 2000.

18 (e) ~~Mandatory Performance Standards Measures.~~ – The State Board of Community
19 Colleges shall evaluate each college on the following eight performance ~~standards~~ measures:

20 (1) Progress of basic skills ~~students~~ students.

21 (2) Passing rate for ~~licensure and certification examinations~~ General Educational
22 Development (GED) diploma examinations.

23 (3) Performance of students who transfer to a four-year ~~institution~~ institution.

24 (4) ~~Passing~~ Success rates in of developmental ~~courses~~ students in subsequent
25 college-level English courses.

26 (5) Success rates of developmental students in subsequent college-level
27 ~~courses~~ math courses.

28 (5a) Progress of first-year curriculum students.

29 (6) ~~The level of satisfaction of students who complete programs and those who~~
30 ~~do not complete programs~~,

31 (7) Curriculum student retention and ~~graduation~~ and graduation.

32 (8) ~~Client satisfaction with customized training~~.

33 (9) Passing rate for licensure and certification examinations.

34 The State Board may also evaluate each college on additional performance ~~standards~~ measures.

35 (f) Publication of Performance Ratings. – Each college shall publish its performance on
36 the eight ~~standards~~ measures set out in subsection (e) of this section (i) annually in its electronic
37 catalog or on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

38 The Community Colleges System Office shall publish the performance of all colleges on all
39 eight ~~standards~~ measures.

40 (g) Recognition for Successful Institutional Performance. – For the purpose of
41 recognition for successful institutional performance, the State Board of Community Colleges
42 shall evaluate each college on the eight performance ~~standards~~ measures. For each of these
43 eight performance ~~standards~~ measures on which a college performs successfully, the college
44 may retain and carry forward into the next fiscal year one-fourth of one percent (¼ of 1%) of its
45 final fiscal year General Fund appropriations. ~~If a college demonstrates significant~~
46 ~~improvement on a standard that has been in use for three years or less, the college may also~~
47 ~~carry forward one fourth of one percent (¼ of 1%) of its final fiscal year General Fund~~
48 ~~appropriations for that standard~~.

49 (h) Recognition for Exceptional Institutional Performance. – Funds not allocated to
50 colleges in accordance with subsection (g) of this section shall be used to reward exceptional
51 institutional performance. A college is deemed to have achieved exceptional institutional

1 performance if it succeeds on all eight performance measures. After all State aid budget
2 obligations have been met, the State Board of Community Colleges shall distribute the
3 remainder of these funds ~~equally~~ to colleges that ~~perform successfully on eight performance~~
4 ~~standards and meet the following criteria:~~ achieve exceptional institutional performance status
5 based on the pro rata share of total full time equivalent (FTE) students served at each college.

- 6 (1) ~~The passing rate on all reported licensure and certification examinations for~~
7 ~~which the community colleges have authority over who sits for the~~
8 ~~examination must meet or exceed seventy percent (70%) for first time test~~
9 ~~takers; and~~
10 (2) ~~The percentage of college transfer students with a grade point average of at~~
11 ~~least 2.0 after two semesters at a four year institution must equal or exceed~~
12 ~~the performance of students who began college at that four year institution.~~

13 The State Board may withhold the portion of funds for which a college may qualify as an
14 exceptional institution while the college is under investigation by a State or federal agency or if
15 its performance does not meet the standards established by the Southern Association of
16 Colleges and Schools, the State Auditor's Office, or the State Board of Community Colleges.
17 The State Board may release the funds at such time as the investigations are complete and the
18 issues are resolved.

19 (i) Permissible Uses of Funds. – Funds retained by colleges or distributed to colleges
20 pursuant to this section shall be used for the purchase of equipment, initial program start-up
21 costs including faculty salaries for the first year of a program, and one-time faculty and staff
22 bonuses. These funds shall not be used for continuing salary increases or for other obligations
23 beyond the fiscal year into which they were carried forward. These funds shall be encumbered
24 within 12 months of the fiscal year into which they were carried forward.

25 (j) Use of funds in low-wealth counties. – Funds retained by colleges or distributed to
26 colleges pursuant to this section may be used to supplement local funding for maintenance of
27 plant if the college does not receive maintenance of plant funds pursuant to G.S. 115D-31.2,
28 and if the county in which the main campus of the community college is located meets all of
29 the following:

- 30 (1) Is designated as a Tier 1 county in accordance with G.S. 143B-437.08.
31 (2) Had an unemployment rate of at least two percent (2%) above the State
32 average or greater than seven percent (7%), whichever is higher, in the prior
33 calendar year.
34 (3) Is a county whose wealth, as calculated under the formula for distributing
35 supplemental funding for schools in low-wealth counties, is eighty percent
36 (80%) or less of the State average.

37 Funds may be used for this purpose only after all local funds appropriated for maintenance of
38 plant have been expended."
39

40 **MODIFY INSTITUTIONAL PERFORMANCE ACCOUNTABILITY FOR ONE YEAR**

41 **SECTION 8.6.** Effective for the 2011-2012 reporting year, and notwithstanding
42 G.S. 115D-31.3, the State Board of Community Colleges shall not require a college to report its
43 performance on the progress of basic skills students as one of the mandatory performance
44 standards prescribed by G.S. 115D-31.3(e). A college shall not be evaluated on the progress of
45 basic skills students for the purpose of recognizing successful institutional performance or
46 exceptional institutional performance. For each of the remaining seven performance standards
47 on which a college performs successfully, the college may retain and carry forward into the
48 2013-2014 fiscal year two-sevenths of one percent (2/7 of 1%) of its final fiscal year General
49 Fund appropriations.
50

1 **GATEWAY TO COLLEGE PILOT AT DURHAM TECHNICAL COMMUNITY**
2 **COLLEGE**

3 **SECTION 8.7.(a)** Notwithstanding Section 7.1A of S.L. 2011-145, as amended by
4 Section 13 of S.L. 2011-391, and any other provision of law, the State Board of Education and
5 the State Board of Community Colleges shall approve the Gateway to College program at
6 Durham Technical Community College as a Career and College pathway pilot program. This
7 program concurrently provides high school and college education to high school students who
8 have previously dropped out.

9 **SECTION 8.7.(b)** The State Board of Community Colleges shall include
10 curriculum coursework, including developmental course work, associated with this program
11 when computing the budget FTE for Durham Technical Community College in the 2012-2013
12 fiscal year.

13 **SECTION 8.7.(c)** Durham Technical Community College shall report to the
14 Education Appropriation Subcommittees of the House of Representatives and the Senate by
15 March 1, 2013, on student outcomes under the program and on the actual cost of the program,
16 including administrative expenses incurred by Durham Public Schools and Durham Technical
17 Community College.

18
19 **COMMUNITY COLLEGE TUITION WAIVER**

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

21 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
22 curricular courses and of noncurricular extension courses at convenient locations away from
23 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
24 portion of the established regular tuition rate charged a full-time student shall be charged a
25 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
26 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
27 registration fees, to be charged students enrolling in extension courses for which instruction is
28 financed primarily from State funds. The State Board of Community Colleges may provide by
29 general and uniform regulations for waiver of tuition and registration fees for the following:

- 30 (1) Persons not enrolled in elementary or secondary schools taking courses
31 leading to a high school diploma or equivalent certificate.
- 32 (2) Courses requested by the following entities that support the organizations'
33 training needs and are on a specialized course list approved by the State
34 Board of Community Colleges:
- 35 a. Volunteer fire departments.
 - 36 b. Municipal, county, or State fire departments.
 - 37 c. Volunteer EMS or rescue and lifesaving departments.
 - 38 d. Municipal, county, or State EMS or rescue and lifesaving
39 departments.
 - 40 d1. Law enforcement, fire, EMS or rescue and lifesaving entities serving
41 a lake authority that was created by a county board of commissioners
42 prior to July 1, 2012.
 - 43 e. Radio Emergency Associated Communications Teams (REACT)
44 under contract to a county as an emergency response agency.
 - 45 ~~(v) (vi) municipal county, or State law enforcement officers~~
 - 46 f. Municipal, county, or State law enforcement agencies.
 - 47 g. The Division of Adult Correction of the Department of Public Safety
48 for the training of full-time custodial employees and employees of
49 the Division's Section of Community Corrections of the Division of
50 Adult Correction required to be certified under Chapter 17C of the

- 1 General Statutes and the rules of the Criminal Justice and Training
2 Standards Commission.
- 3 h. The Division of Juvenile Justice of the Department of Public Safety
4 for the training of employees required to be certified under Chapter
5 17C of the General Statutes and the rules of the Criminal Justice and
6 Training Standards Commission.
- 7 i. The Eastern Band of Cherokee Indians law enforcement, fire, EMS
8 or rescue and lifesaving tribal government departments or programs.
- 9 (3) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.
- 10 (4) Trainees enrolled in courses conducted under the Customized Training
11 Program.
- 12 (5) through (9) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1,
13 2011.
- 14 (10) Elementary and secondary school employees enrolled in courses in first aid
15 or cardiopulmonary resuscitation (CPR).
- 16 (11) Up to six hours of credit instruction and one course of noncredit instruction
17 per academic semester for senior citizens age 65 or older who are qualified
18 as legal residents of North Carolina.
- 19 (12) All curriculum courses taken by high school students at community colleges,
20 in accordance with G.S. 115D-20(4) and this section.
- 21 (13) Human resources development courses for any individual who (i) is
22 unemployed; (ii) has received notification of a pending layoff; (iii) is
23 working and is eligible for the Federal Earned Income Tax Credit (FEITC);
24 or (iv) is working and earning wages at or below two hundred percent
25 (200%) of the federal poverty guidelines.
- 26 (14) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.

27 The State Board of Community Colleges shall not waive tuition and registration fees for
28 other individuals."
29

30 INCREASE MAXIMUM PARKING FINE

31 SECTION 8.9. G.S. 115D-21 reads as rewritten:

32 "§ 115D-21. Traffic regulations; fines and penalties.

33 (a) All of the provisions of Chapter 20 of the General Statutes relating to the use of
34 highways of the State of North Carolina and the operation of motor vehicles thereon shall apply
35 to the streets, roads, alleys and driveways on the campuses of all institutions in the North
36 Carolina Community College System. Any person violating any of the provisions of Chapter 20
37 of the General Statutes in or on the streets, roads, alleys and driveways on the campuses of
38 institutions in the North Carolina Community College System shall, upon conviction thereof,
39 be punished as prescribed in this section and as provided by Chapter 20 of the General Statutes
40 relating to motor vehicles. Nothing contained in this section shall be construed as in any way
41 interfering with the ownership and control of the streets, roads, alleys and driveways on the
42 campuses of institutions in the system as is now vested by law in the trustees of each individual
43 institution in the North Carolina Community College System.

44 (b) The trustees are authorized and empowered to make additional rules and regulations
45 and to adopt additional ordinances with respect to the use of the streets, roads, alleys and
46 driveways and to establish parking areas on or off the campuses not inconsistent with the
47 provisions of Chapter 20 of the General Statutes of North Carolina. Upon investigation, the
48 trustees may determine and fix speed limits on streets, roads, alleys, and driveways subject to
49 such rules, regulations, and ordinances, lower than those provided in G.S. 20-141. The trustees
50 may make reasonable provisions for the towing or removal of unattended vehicles found to be
51 in violation of rules, regulations and ordinances. All rules, regulations and ordinances adopted

1 pursuant to the authority of this section shall be recorded in the proceedings of the trustees;
2 shall be printed; and copies of such rules, regulations and ordinances shall be filed in the office
3 of the Secretary of State of North Carolina. Violation of any such rules, regulations, or
4 ordinances, is an infraction punishable by a penalty of not more than one hundred dollars
5 (\$100.00).

6 Regardless of whether an institution does its own removal and disposal of motor vehicles or
7 contracts with another person to do so, the institution shall provide a hearing procedure for the
8 owner. For purposes of this subsection, the definitions in G.S. 20-219.9 apply.

9 (1) If the institution operates in such a way that the person who tows the vehicle
10 is responsible for collecting towing fees, all provisions of Article 7A,
11 Chapter 20, apply.

12 (2) If the institution operates in such a way that it is responsible for collecting
13 towing fees, it shall:

14 a. Provide by contract or ordinance for a schedule of reasonable towing
15 fees,

16 b. Provide a procedure for a prompt fair hearing to contest the towing,

17 c. Provide for an appeal to district court from that hearing,

18 d. Authorize release of the vehicle at any time after towing by the
19 posting of a bond or paying of the fees due, and

20 e. If the institution chooses to enforce its authority by sale of the
21 vehicle, provide a sale procedure similar to that provided in
22 G.S. 44A-4, 44A-5, and 44A-6, except that no hearing in addition to
23 the probable cause hearing is required. If no one purchases the
24 vehicle at the sale and if the value of the vehicle is less than the
25 amount of the lien, the institution may destroy it.

26 (c) The trustees may by rules, regulations, or ordinances provide for a system of
27 registration of all motor vehicles where the owner or operator does park on the campus or keeps
28 said vehicle on the campus. The trustees shall cause to be posted at appropriate places on
29 campus notice to the public of applicable parking and traffic rules, regulations, and ordinances
30 governing the campus over which it has jurisdiction. The trustees may by rules, regulations, or
31 ordinances establish or cause to have established a system of citations that may be issued to
32 owners or operators of motor vehicles who violate established rules, regulations, or ordinances.
33 The trustees shall provide for the administration of said system of citations; establish or cause
34 to be established a system of fines to be levied for the violation of established rules, regulations
35 and ordinances; and enforce or cause to be enforced the collection of said fines. The fine for
36 each offense shall not exceed ~~five dollars (\$5.00), which funds shall be retained in the~~
37 ~~institution and expended in the discretion of the trustees.~~ twenty-five dollars (\$25.00). The
38 trustees shall be empowered to exercise the right to prohibit repeated violators of such rules,
39 regulations, or ordinances from parking on the campus.

40 (d) The clear proceeds of all civil penalties collected pursuant to this section shall be
41 remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."
42

43 GASTON MULTICAMPUS

44 **SECTION 8.10.** Notwithstanding G.S. 115D-5(o), the State Board of Community
45 Colleges shall approve the Kimbrell Campus multicampus site of Gaston College.
46

47 FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

48 **SECTION 8.11.(a)** Subsection (a) of Section 9.8 of S.L. 2011-145, as amended by
49 Section 2(b) of S.L. 2011-340, reads as rewritten:

50 "**SECTION 9.8.(a)** There is appropriated from the Escheat Fund income to the Board of
51 Governors of The University of North Carolina the sum of forty-nine million six hundred

1 twenty-two thousand two hundred forty-two dollars (\$49,622,242) for the 2011-2012 fiscal
2 year and the sum of ~~thirty-two million one hundred twenty-two thousand two hundred~~
3 ~~forty-two dollars (\$32,122,242)~~ thirty two million two hundred eighty-seven thousand two
4 hundred forty-two dollars (\$32,287,242) for the 2012-2013 fiscal year to be used for The
5 University of North Carolina Need-Based Financial Aid Program."

6 **SECTION 8.11.(b)** Subsection (c) of Section 9.8 of S.L. 2011-145 reads as
7 rewritten:

8 "SECTION 9.8.(c) There is appropriated from the Escheat Fund income to the State Board
9 of Community Colleges the sum of sixteen million five hundred thousand dollars (\$16,500,000)
10 for the 2011-2012 fiscal year and the sum of ~~sixteen million five hundred thousand dollars~~
11 ~~(\$16,500,000)~~ sixteen million three hundred thirty-five thousand dollars (\$16,335,000) for the
12 2012-2013 fiscal year to be used for community college grants."

13 **SECTION 8.11.(c)** Of the funds appropriated by this act for the 2012-2013 fiscal
14 year to the Board of Governors of The University of North Carolina, the sum of one hundred
15 sixty-five thousand dollars (\$165,000) shall be transferred to the State Board of Community
16 Colleges to be used for Community College grants. The General Assembly intends for this to
17 be a permanent transfer, and in future fiscal years it shall be reflected in the budget of the State
18 Board of Community Colleges.

19 **SECTION 8.11.(d)** G.S. 115D-40.1(c) reads as rewritten:

20 "(c) Administration of Program. – The State Board shall adopt rules and policies for the
21 disbursement of the financial assistance provided in subsections (a) and (b) of this section.
22 Degree, diploma, and certificate students must complete a Free Application for Federal Student
23 Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the
24 State Education Assistance Authority for administration of these financial assistance funds.
25 These funds shall not revert at the end of each fiscal year but shall remain available until
26 expended for need-based financial assistance. The interest earned on the funds provided in
27 subsections (a) and (b) of this section may be used to support the costs of administering the
28 Community College Grant Program. If the interest earnings are not adequate to support the
29 administrative costs, up to one percent (1%) of funds provided in subsection (a) of this section
30 may be used to support the costs of administering the Community College Grant Program."

31 PART IX. UNIVERSITIES

32 STUDY TUITION COST FOR VETERANS

33 **SECTION 9.1.** The Joint Legislative Education Oversight Committee shall study
34 the tuition costs for veterans who enroll in the State's community colleges or in any constituent
35 institution of The University of North Carolina. As part of the study, the Committee shall
36 consider the current criteria for determining whether a veteran qualifies for the resident tuition
37 rate and how those criteria affect veterans who qualify for post-9/11 GI Bill benefits, as well as
38 other veterans. The Committee shall also consider the potential educational costs to the State of
39 veterans who attend any of the State's public institutions of higher education at the resident
40 tuition rate and ways to limit those costs. The Committee may consider any other issues
41 relevant to the study.
42
43
44

45 FORGIVABLE EDUCATION LOANS FOR SERVICE PROGRAM AND 46 FUND/TECHNICAL CORRECTIONS

47 **SECTION 9.2.(a)** G.S. 116-209.45(b)(1) reads as rewritten:

48 "(b) Definitions. – The following definitions apply in this section:

- 49 (1) Eligible Institution. – Notwithstanding G.S. 116-201(b)(5) and
50 G.S. 116-201(b)(6) and for purposes of this section only, an institution of
51 higher education that is any of the following:

- 1 a. A postsecondary constituent institution of The University of North
2 Carolina as defined in G.S. 116-2(4).
3 b. A community college as defined in G.S. 115D-2(2).
4 ~~c. A nonprofit postsecondary institution as defined in G.S. 116-22(1) or~~
5 ~~G.S. 116-43.5.~~
6 ~~d. A postsecondary institution owned or operated by a hospital~~
7 ~~authority as defined in G.S. 131E-16(14).~~
8 ~~e. A school of nursing affiliated with a nonprofit postsecondary~~
9 ~~institution as defined in G.S. 116-22(1).~~
10 f. Another public or nonprofit postsecondary institution offering a
11 program of study not otherwise available in North Carolina that is
12 deemed to be eligible under rules promulgated by the Authority.
13 g. An eligible private postsecondary institution as defined in
14 G.S. 116-280(3)."

15 **SECTION 9.2.(b)** Section 9.18(d) of S.L. 2011-145 reads as rewritten:

16 "**SECTION 9.18.(d)** The State Education Assistance Authority shall report no later than
17 ~~June 1, 2013,~~September 1, 2013, to the Joint Legislative Education Oversight Committee
18 regarding the implementation of this section. The report shall contain, for the 2012-2013
19 academic year, the amount of scholarship and grant money disbursed, the number of students
20 eligible for the funds, the number of eligible students receiving the funds, and a breakdown of
21 the eligible private postsecondary institutions that received the funds."

22 **SECTION 9.2.(c)** Section 9.18(i) of S.L. 2011-145 reads as rewritten:

23 "**SECTION 9.18.(i)** Subsections (a), (d), and (i) of this section become effective July 1,
24 2011. Article 34 of Chapter 116 of the General Statutes, as enacted by subsection (a) of this
25 section, applies to the 2012-2013 academic year and each subsequent academic year, except
26 that the rule-making authority for the State Education Assistance Authority under
27 G.S. 116-283(a) becomes effective immediately on July 1, 2011. Subsections (b), (c), (e), (f),
28 (g), and (h) of this section become effective July 1, ~~2012-2012,~~ except that the State Education
29 Assistance Authority may continue to make payments pursuant to G.S. 116-43.5 until August
30 1, 2012, to students who attended certain private institutions of higher education in the
31 2011-2012 academic year."

32 33 **ELIMINATE IN-STATE TUITION STATUS FOR OUT-OF-STATE FULL** 34 **SCHOLARSHIP STUDENTS**

35 **SECTION 9.3.(a)** G.S. 116-143.6 is repealed.

36 **SECTION 9.3.(b)** This section applies to the 2012-2013 fall academic semester
37 and each subsequent academic semester.

38 39 **UNC/REPEAL OBSOLETE OR REDUNDANT REPORTING REQUIREMENTS**

40 **SECTION 9.4.(a)** G.S. 116-11(10a) reads as rewritten:

41 "(10a) The Board of Governors, the State Board of Community Colleges, and the
42 State Board of Education, in consultation with nonprofit postsecondary
43 educational institutions shall plan a system to provide an exchange of
44 information among the public schools and institutions of higher education to
45 be implemented no later than June 30, 1995. As used in this section,
46 "institutions of higher education" shall mean (i) public higher education
47 institutions defined in G.S. 116-143.1(a)(3), and (ii) those nonprofit
48 postsecondary educational institutions as described in G.S. 116-280 that
49 choose to participate in the information exchange. The information shall
50 include:

- 1 a. The number of high school graduates who apply to, are admitted to,
2 and enroll in institutions of higher education;
- 3 b. College performance of high school graduates for the year
4 immediately following high school graduation including each
5 student's: need for remedial coursework at the institution of higher
6 education that the student attends; performance in standard freshmen
7 courses; and continued enrollment in a subsequent year in the same
8 or another institution of higher education in the State;
- 9 c. The progress of students from one institution of higher education to
10 another; and
- 11 d. Consistent and uniform public school course information including
12 course code, name, and description.

13 The Department of Public Instruction shall generate and the local school
14 administrative units shall use standardized transcripts in an automated
15 format for applicants to higher education institutions. The standardized
16 transcript shall include grade point average, class rank, end-of-course test
17 scores, and uniform course information including course code, name, units
18 earned toward graduation, and credits earned for admission from an
19 institution of higher education. The grade point average and class rank shall
20 be calculated by a standard method to be devised by the institutions of
21 higher education.

22 ~~The Board of Governors shall coordinate a joint progress report on the~~
23 ~~implementation of the system to provide an exchange of information among~~
24 ~~the public and independent colleges and universities, the community~~
25 ~~colleges, and the public schools. The report shall be made to the Joint~~
26 ~~Legislative Education Oversight Committee no later than February 15, 1993,~~
27 ~~and annually thereafter."~~

28

29 **SECTION 9.4.(b)** G.S. 116-11(12a) reads as rewritten:

30 "(12a) The Board of Governors of The University of North Carolina shall
31 implement, administer, and revise programs for meaningful professional
32 development for professional public school employees based upon the
33 evaluations and recommendations made by the State Board of Education
34 under G.S. 115C-12(26). The programs shall be aligned with State education
35 goals and directed toward improving student academic achievement. ~~The~~
36 ~~Board of Governors shall submit to the State Board of Education an annual~~
37 ~~report evaluating the professional development programs administered by~~
38 ~~the Board of Governors."~~

39 **SECTION 9.4.(c)** G.S. 116D-3(a)(1) is repealed.

40 **SECTION 9.4.(d)** Section 7 of S.L. 1989-936, as amended by S.L. 1991-346, reads
41 as rewritten:

42 "Sec. 7. The Board of Governors of The University of North Carolina shall adopt standards
43 to create and enhance an organized program of public service and technical assistance to the
44 public schools. This program shall:

- 45 (1) Provide systematic access for public schools to consultation and advice
46 available from members of the faculties of the constituent institutions;
- 47 (2) Facilitate and encourage research in the public schools and the application of
48 the results of this research;
- 49 (3) Link the education faculties of the constituent institutions with public school
50 teachers and administrators through public service requirements for the
51 education faculties; and

- 1 (4) Create partnerships among all constituent institutions, their schools or
2 departments of education, and the maximum number of public schools that
3 could benefit from these partnerships.

4 ~~The Board of Governors shall report on an annual basis to the Joint Legislative~~
5 ~~Commission on Governmental Operations on its progress in implementing the provisions of~~
6 ~~this section."~~

7 **SECTION 9.4.(e)** Section 1.1 of S.L. 2000-3 reads as rewritten:

8 "Section 1.1. The General Assembly finds that although The University of North Carolina
9 is one of the State's most valuable assets, the current facilities of the University have been
10 allowed to deteriorate due to decades of neglect and have unfortunately fallen into a state of
11 disrepair because of inadequate attention to maintenance. It is the intent of the General
12 Assembly to reverse this trend and to provide a mechanism to assure that the University's
13 capital assets are adequately maintained. The General Assembly commits to responsible
14 stewardship of these assets to protect their value over the years, as follows:

- 15 (1) The Board of Governors of The University of North Carolina shall require
16 each constituent and affiliated institution to monitor the condition of its
17 facilities and their needs or repair and renovation, and to assure that all
18 necessary maintenance is carried out within funds available.
- 19 (2) ~~The Board of Governors shall report annually to the Joint Legislative~~
20 ~~Commission on Governmental Operations and the Joint Legislative~~
21 ~~Education Oversight Committee on the condition of the University's capital~~
22 ~~facilities, the repair, renovation, and maintenance projects being undertaken,~~
23 ~~and all needs for additional funding to maintain the facilities.~~
- 24 (3) It is the intent of the General Assembly to assure that adequate oversight,
25 funding, and accountability are continually provided so that the capital
26 facilities of the University are properly maintained to preserve the level of
27 excellence the citizens of this State deserve. To this end, the Joint
28 Legislative Education Oversight Committee shall report to the General
29 Assembly annually its recommendations for legislative changes to
30 implement this policy."

31 **SECTION 9.4.(f)** Section 6 of S.L. 2000-3 reads as rewritten:

32 "Section 6. Repair and Renovation Reports. – ~~The Board of Governors of The University of~~
33 ~~North Carolina shall report annually to the Joint Legislative Commission on Governmental~~
34 ~~Operations and the Joint Legislative Education Oversight Committee on the condition of all of~~
35 ~~the University's capital facilities, including a status report on all repair, renovation, and~~
36 ~~maintenance projects being undertaken and an assessment of needs for additional funding to~~
37 ~~repair, renovate, and maintain the facilities.~~

38 The Board of Governors of The University of North Carolina shall also study the repairs
39 and renovations formula currently utilized with respect to funding for the Repairs and
40 Renovations Reserve Account to determine whether it adequately takes into account all of the
41 appropriate maintenance needs of each constituent and affiliated institution, and shall
42 recommend to the Joint Legislative Commission on Governmental Operations and the Joint
43 Legislative Education Oversight Committee any changes necessary to improve the formula.
44 The Board shall make recommendations on the scope and adequacy of the methodology used to
45 calculate the funding for the repairs and renovations reserve as specified in G.S. 143-15.2."

46 **SECTION 9.4.(g)** Section 13 of S.L. 2001-496 is repealed.

47
48 **NC GRADUATES IN PRIMARY CARE CENTERS/CHANGE REPORT DATE**

49 **SECTION 9.5.** G.S. 143-613(d) reads as rewritten:

50 "(d) The progress of the private and State-operated medical schools and State-operated
51 health professional schools towards increasing the number and proportion of graduates entering

1 primary care shall be monitored annually by the Board of Governors of The University of
2 North Carolina. Monitoring data shall include (i) the entry of State-supported graduates into
3 primary care residencies and clinical training programs, and (ii) the specialty practices by a
4 physician and each midlevel provider who were State-supported graduates as of a date five
5 years after graduation. The Board of Governors shall certify data on graduates, their residencies
6 and clinical training programs, and subsequent careers by ~~October 1~~ November 15 of each
7 calendar year, beginning in ~~October of 1995~~ November of 2011, to the Fiscal Research
8 Division of the Legislative Services Office and to the Joint Legislative Education Oversight
9 Committee."

10 11 **UNC REPORT ON ENDOWMENT FUNDS**

12 **SECTION 9.6.** Article 1 of Chapter 116 of the General Statutes is amended by
13 adding a new section to read:

14 **"§ 116-36.7. Report on endowment funds of The University of North Carolina.**

15 The Board of Governors shall report to the Joint Legislative Committee on Governmental
16 Operations and to the Fiscal Research Division beginning November 1, 2011, and annually
17 thereafter, regarding the endowment funds held by each special responsibility constituent
18 institution, the University of North Carolina Health Care System, and any other entity of The
19 University, including those endowments held for the benefit of The University as a whole. The
20 report shall provide an accounting of the amounts, uses, and public purposes of each
21 endowment fund and shall also include all of the following information (disaggregated by types
22 of institution) for each endowment fund:

- 23 (1) The average and range of (i) the outstanding balance of each endowment and
24 (ii) the growth of each endowment over the last 20 years.
- 25 (2) The amount and percentage of endowment assets distributed on an annual
26 basis.
- 27 (3) The amount and percentage of endowment assets distributed on an annual
28 basis for financial aid or for the purpose of reducing the costs of tuition, fees,
29 textbooks, and room and board.
- 30 (4) The extent to which the funds in each endowment are restricted and the
31 restrictions placed upon such funds."

32 33 **PERMANENT TRANSFER OF FUNDING FOR MILITARY ONE-STOP & BRAC** 34 **OUTREACH**

35 **SECTION 9.7.** The Military One-Stop & BRAC Outreach program previously
36 vested in Fayetteville State University is transferred to The University of North Carolina
37 General Administration with all of the elements of a Type I transfer as defined in G.S. 143A-6.
38 The program transfer shall include the sum of two hundred fifty-one thousand five hundred
39 dollars (\$251,500).

40 41 **STUDY UNC TUITION SURCHARGE**

42 **SECTION 9.8.** The Fiscal Research Division, in cooperation with The University
43 of North Carolina, shall study the tuition surcharge mandated by G.S. 116-143.7. As part of
44 the study, the Fiscal Research Division shall examine the surcharge's effect, if any, on the
45 number of credit hours taken by students at constituent institutions of The University of North
46 Carolina and the resulting effect on the timely achievement of graduation; the number of
47 students subject to the surcharge in each of the last five academic years; and the revenue
48 generated by the surcharge. In its study, the Fiscal Research Division shall also examine the
49 methods that The University of North Carolina employs to provide notice to a student that the
50 student is approaching the credit hour limit and will be charged the tuition surcharge if the
51 student exceeds that limit.

1 The Fiscal Research Division shall report its findings and recommendations,
2 including any legislative recommendations, by January 1, 2013, to the Joint Legislative
3 Education Oversight Committee and to the Education Appropriation Subcommittees of the
4 House of Representatives and the Senate.

5 6 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

7 8 **NC PRE-K**

9 **SECTION 10.1.(a)** The Division of Child Development and Early Education shall
10 require the NC Pre-K contractor to issue multiple-year contracts for licensed private child care
11 centers providing NC Pre-K classrooms.

12 **SECTION 10.1.(b)** The Division of Child Development and Early Education
13 (Division) shall create a pilot program that provides funding for NC Pre-K classrooms on a per
14 classroom basis. The pilot program shall include three different NC Pre-K contractual regions
15 that are geographically diverse. The local NC Pre-K administrator shall contract with the
16 provider for operation of a classroom established pursuant to the pilot program. The Division
17 shall report to the House of Representatives Appropriations Subcommittee on Health and
18 Human Services, the Senate Appropriations/Base Budget Committee on Health and Human
19 Services, and the Fiscal Research Division on the pilot program no later than January 31, 2013.
20 The report shall include the following:

- 21 (1) The number of students served.
- 22 (2) The amount of funds paid for each classroom.
- 23 (3) The amount of funds paid per student.
- 24 (4) The attendance information on students in the pilot program as compared to
25 those students in a classroom having a traditional funding structure.
- 26 (5) Information on the number of students and students' families using the
27 Subsidized Early Education for Kids (SEEK) system.
- 28 (6) A cost comparison of the classroom pilots to the average cost per student
29 through the per student funding methodology.

30 **SECTION 10.1.(c)** The Division of Child Development and Early Education
31 (DCDEE) shall continue the implementation of the NC Pre-K program. The NC Pre-K shall
32 serve children who reach the age of four on or before August 31 of that school year and who
33 meet eligibility criteria.

34 **SECTION 10.1.(d)** Other than developmental disabilities or other chronic health
35 issues, the Division of Child Development and Early Education shall not consider the health of
36 a child as a factor in determining eligibility for participation in the NC Pre-K program.

37 **SECTION 10.1.(e)** All entities operating NC Pre-K classrooms shall adhere to all
38 of the policies prescribed by the Division of Child Development and Early Education regarding
39 programmatic standards and classroom requirements.

40 **SECTION 10.1.(f)** The Division of Child Development and Early Education shall
41 establish a standard decision-making process to be used by local NC Pre-K committees in
42 awarding NC Pre-K classroom slots and student selection.

43 **SECTION 10.1.(g)** The Division of Child Development and Early Education shall
44 submit an annual report no later than March 15 of each year to the Joint Legislative
45 Commission on Governmental Operations, the Joint Legislative Oversight Committee on
46 Health and Human Services, the Senate Appropriations Committee on Health and Human
47 Services, the House of Representatives Appropriations Subcommittee on Health and Human
48 Services, the Office of State Budget and Management, and the Fiscal Research Division. The
49 report shall include the following:

- 50 (1) The number of children participating in the NC Pre-K program.

- 1 (2) The number of children participating in the NC Pre-K program who have
 2 never been served in other early education programs, such as child care,
 3 public or private preschool, Head Start, Early Head Start, or early
 4 intervention programs.
 5 (3) The expected NC Pre-K expenditures for the programs and the source of the
 6 local contributions.
 7 (4) The results of an annual evaluation of the NC Pre-K program.
 8

9 REVISE CHILD CARE SUBSIDY RATES PROVISION

10 **SECTION 10.2.** Section 10.1 of S.L. 2011-145 is amended by adding the
 11 following new subsection to read:

12 "SECTION 10.1.(g1) The Department of Health and Human Services, Division of Child
 13 Development and Early Education, shall require all county departments of social services to
 14 include on any forms used to determine eligibility for child care subsidy whether the family
 15 waiting for subsidy is receiving assistance through the NC Pre-K program or Head Start."
 16

17 EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES

18 ENHANCEMENTS/SALARY SCHEDULE/MATCH REQUIREMENT

19 ADJUSTMENTS

20 **SECTION 10.3.(a)** Section 10.5(c) of S.L. 2011-145 is repealed.

21 **SECTION 10.3.(b)** Section 10.5 of S.L. 2011-145 is amended by adding the
 22 following new subsection to read:

23 "SECTION 10.5.(c1) The North Carolina Partnership for Children, Inc., shall develop and
 24 implement a salary schedule for the Executive Director of the North Carolina Partnership for
 25 Children, Inc., and the directors of local partnerships. The salary schedule shall set the
 26 maximum amount of State funds that may be used for the salary of the Executive Director of
 27 the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. In
 28 establishing a salary schedule, the North Carolina Partnership for Children, Inc., shall base the
 29 schedule on the following criteria:

- 30 (1) The population of the area serviced by a local partnership.
 31 (2) The amount of State funds administered by the North Carolina Partnership
 32 for Children, Inc.
 33 (3) The amount of total funds administered by the North Carolina Partnership
 34 for Children, Inc.
 35 (4) The professional experience of the individual to be compensated.
 36 (5) Any other relevant factors pertaining to salary, as determined by the North
 37 Carolina Partnership for Children, Inc.

38 The salary schedule shall be used only to determine the maximum amount of State funds that
 39 may be used for compensation. Nothing in this subsection shall be construed to prohibit a local
 40 partnership from using non-State funds to supplement an individual's salary in excess of the
 41 amount set by the salary schedule established under this subsection."

42 **SECTION 10.3.(c)** Section 10.5(e) of S.L. 2011-145, as amended by Section 21A
 43 of S.L. 2011-391, reads as rewritten:

44 **"SECTION 10.5.(e)** The North Carolina Partnership for Children, Inc., and all local
 45 partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the
 46 total amount budgeted for the program in each fiscal year of the biennium. Of the funds the
 47 North Carolina Partnership for Children, Inc., and the local partnerships are required to match,
 48 contributions of cash shall equal to at least ~~seven percent (7%)~~ ten percent (10%) and in-kind
 49 donated resources equal to no more than three percent (3%) for a total match requirement of ~~ten~~
 50 ~~percent (10%)~~ thirteen percent (13%) for each fiscal year. The North Carolina Partnership for
 51 Children, Inc., may carry forward any amount in excess of the required match for a fiscal year

1 in order to meet the match requirement of the succeeding fiscal year. Only in-kind
2 contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer
3 services may be treated as an in-kind contribution for the purpose of the match requirement of
4 this subsection. Volunteer services that qualify as professional services shall be valued at the
5 fair market value of those services. All other volunteer service hours shall be valued at the
6 statewide average wage rate as calculated from data compiled by the Employment Security
7 Commission in the Employment and Wages in North Carolina Annual Report for the most
8 recent period for which data are available. Expenses, including both those paid by cash and
9 in-kind contributions, incurred by other participating non-State entities contracting with the
10 North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered
11 resources available to meet the required private match. In order to qualify to meet the required
12 private match, the expenses shall:

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

27 Failure to obtain a ~~ten percent (10%)~~ thirteen percent (13%) match by June 30 of each fiscal
28 year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a
29 subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible
30 for compiling information on the private cash and in-kind contributions into a report that is
31 submitted to the Joint Legislative Commission on Governmental Operations in a format that
32 allows verification by the Department of Revenue. The same match requirements shall apply to
33 any expansion funds appropriated by the General Assembly."
34

35 **"READ NC" EARLY LITERACY INITIATIVE/DEVELOPMENT**
36 **OFFICERS/ASSISTANCE TO RURAL PARTNERSHIPS**

37 **SECTION 10.4.(a)** Of the funds appropriated to the Department of Health and
38 Human Services, Division of Child Development and Early Education, for the North Carolina
39 Partnership for Children, Inc., the sum of three million five hundred thousand dollars
40 (\$3,500,000) for the 2012-2013 fiscal year shall be used by the North Carolina Partnership for
41 Children, Inc., to develop and administer an early literacy initiative pilot program, to be known
42 as "Read NC," hire four North Carolina Partnership for Children, Inc., development officers,
43 and provide additional funds for rural partnerships. "Read NC" will focus on increasing the
44 early literacy skills of children who are most at risk for reading below grade level. The pilot
45 program shall be distributed geographically to ensure adequate representation of the diverse
46 areas of the State.

47 **SECTION 10.4.(b)** The focus of the pilot program will be to actively engage
48 parents, child care teachers, and communities to help young children build a firm foundation
49 for language acquisition and literacy skills. To that end, the pilot program shall do the
50 following:

- 51 (1) Educate parents in essential early literacy practices.

- 1 (2) Increase the quality of early literacy programming in child care.
- 2 (3) Increase early literacy opportunities for young children and families in
- 3 community settings by incorporating the following programs:
- 4 a. "Reach Out and Read," a program that supports doctors in their
- 5 efforts to "prescribe" reading to young children and families during
- 6 well-child visits through early literacy guidance and book sharing,
- 7 free books for children to keep, and literacy-rich waiting rooms.
- 8 b. "Raising a Reader" (RAR), a program that rotates bright red bags
- 9 filled with award-winning books into children's homes on a weekly
- 10 basis, exposing children on average to over 100 books per rotation
- 11 cycle, and pairs this book rotation with parent training and
- 12 information on how to effectively share books to promote family
- 13 literacy habits, language and literacy skills, and a love of learning.
- 14 c. "Motheread/Fatheread," a program that combines the teaching of
- 15 literacy skills with child development and family empowerment
- 16 issues.
- 17 d. "Dolly Parton Imagination Library," a program that provides a free,
- 18 age-appropriate book each month to children ages birth to five years.

19 **SECTION 10.4.(c)** The Division of Child Development and Early Education and

20 the North Carolina Partnership for Children, Inc., shall report by April 1, 2013, to the Joint

21 Legislative Commission on Governmental Operations, the Joint Legislative Committee on

22 Health and Human Services, the Senate Appropriations/Base Budget Committee on Health and

23 Human Services, and the House of Representatives Appropriations Subcommittee on Health

24 and Human Services on the progress in complying with this section.

25 **SECTION 10.4.(d)** The North Carolina Partnership for Children, Inc., shall include

26 in its assistance to local partnerships, training and assistance with fund-raising activities. Of the

27 funds designated under subsection (a) of this section, the North Carolina Partnership for

28 Children, Inc., shall hire a staff of four individuals who are qualified in the areas of grant

29 writing and fund-raising to assist local partnerships in raising the amount of non-State funds

30 required by law. The staff hired pursuant to this subsection shall be located regionally and be

31 accessible to participate in the various local partnerships' activities.

32 **SECTION 10.4.(e)** Of the funds designated under subsection (a) of this section, the

33 North Carolina Partnership for Children, Inc., shall provide assistance to local partnerships

34 located in rural areas of the State.

35 **MEDICAID THERAPIES LIMIT REVISED**

36 **SECTION 10.5.** Section 10.37(a)(2) of S.L. 2011-145 is repealed.

37 **MEDICAID ELIGIBILITY/COLA DISREGARD**

38 **SECTION 10.6.(a)** Article 2 of Chapter 108A of the General Statutes is amended

39 by adding a new section to read:

40 **"§ 108A-54.4 Income disregard for federal cost-of-living adjustments.**

41 An increase in a Medical Assistance Program recipient's income due solely to a

42 cost-of-living adjustment to federal Social Security and Railroad Retirement payments shall be

43 disregarded when determining income eligibility for the Medical Assistance Program. This

44 section shall not be deemed to render a recipient eligible for the Medical Assistance Program if

45 all other eligibility requirements are not met."

46 **SECTION 10.6.(b)** The Department of Health and Human Services shall apply to

47 the Center for Medicare and Medicaid Services for any necessary approvals to implement the

48 income disregard required in subsection (a) of this section.

1 **SECTION 10.6.(c)** Subsection (a) of this section is effective January 1, 2013. The
2 remainder of this section is effective when it becomes law.

4 **MEDICAID NONEMERGENCY MEDICAL TRANSPORTATION SERVICES**

5 **SECTION 10.7.(a)** The Department of Health and Human Services, Division of
6 Medical Assistance, in consultation with the Department of Transportation, Public
7 Transportation Division, shall develop and issue a Request for Proposal (RFP) for the
8 management of nonemergency medical transportation (NEMT) services for Medicaid
9 recipients.

10 **SECTION 10.7.(b)** The following information shall be considered when
11 developing the RFP required by subsection (a) of this section:

- 12 (1) An analysis of nonemergency transportation brokerage services
13 implemented in other states that examines:
 - 14 a. State-level governance and program performance evaluation.
 - 15 b. Assignment of geographic regions for operating and monitoring
16 purposes.
 - 17 c. Quality of transportation service delivery and recipient access.
 - 18 d. Accuracy of eligibility determinations.
 - 19 e. Pricing models.
 - 20 f. Contract structure, including terms and conditions.
 - 21 g. Cost of service.
- 22 (2) Assessment of the current coordination of human services transportation
23 within North Carolina and the potential impact of brokerage services on
24 transit system funding and operations.
- 25 (3) A cost-benefit analysis of implementing a statewide NEMT brokerage model
26 for Medicaid recipients.

27 **SECTION 10.7.(c)** The Division of Medical Assistance shall submit a written
28 report to the Joint Legislative Oversight Committee on Health and Human Services and the
29 Joint Legislative Oversight Committee on Transportation on the status of the RFP by
30 September 15, 2012.

31 **SECTION 10.7.(d)** The Division of Medical Assistance shall consider the
32 selection of a vendor or vendors generating a savings to the overall Medicaid transportation
33 budget.

34 **SECTION 10.7.(e)** The Department of Health and Human Services shall apply to
35 the Centers for Medicare and Medicaid Services for any approvals necessary to implement the
36 requirements of this section.

38 **MODIFY AND IMPROVE PHARMACY SERVICES**

39 **SECTION 10.8.** Section 10.48 of S.L. 2011-145 reads as rewritten:

40 **"SECTION 10.48.(a)** The Department of Health and Human Services shall revise its
41 pharmacy dispensing fees under the Medicaid Program in order to encourage a greater
42 proportion of prescriptions dispensed to be generic prescriptions and thereby achieve savings of
43 fifteen million dollars (\$15,000,000) in the 2011-2012 ~~fiscal year and twenty-four million~~
44 ~~dollars (\$24,000,000) in the 2012-2013-fiscal year.~~

45 **"SECTION 10.48.(a1)** For the 2012-2013 fiscal year, the Department shall modify and
46 improve pharmacy services under the Medicaid Program in a manner that achieves savings of
47 thirty million six hundred seventy-one thousand five hundred seven dollars (\$30,671,507)
48 through the implementation of a special pharmacy for hemophilia drugs and the expansion of
49 prior authorization requirements; provided, however, that an expansion of prior authorization
50 requirements shall be consistent with the limitations set forth in Section 10.31(d)(2)r.5A. of

1 S.L. 2011-145. In addition, the Department shall lower pharmacy dispensing fees to achieve
2 additional savings within the Medicaid Program.

3 "SECTION 10.48.(b) The Department shall report its progress in achieving the savings
4 required by subsection (a) of this section on November 1, 2011, January 1, 2012, and quarterly
5 thereafter to the House and Senate Appropriations Subcommittees on Health and Human
6 Services and to the Fiscal Research Division. If any report required by this subsection reveals
7 that those savings are not being achieved, the Department shall reduce prescription drug rates
8 by an amount sufficient to achieve the savings.

9 "SECTION 10.48.(b1) The Department shall report its progress in achieving the savings
10 required by subsection (a1) of this section on November 1, 2012, and quarterly thereafter, to the
11 House Appropriations Subcommittee on Health and Human Services, the Senate
12 Appropriations Committee on Health and Human Services, and the Fiscal Research Division."

13 14 SMART CARD PILOT PROGRAM

15 SECTION 10.9.(a) S.L. 2011-117 is repealed.

16 SECTION 10.9.(b) The Department of Health and Human Services shall
17 implement a smart card pilot program that involves enrollment, distribution, and use of smart
18 cards by designated vendors and recipients as replacements for currently used Medicaid
19 assistance cards. The Provider and Recipient Services Unit of the Division of Medical
20 Assistance (DMA) shall administer the pilot program. The Department may contract with a
21 third-party vendor or vendors to develop and execute the pilot program. If the Department
22 elects to use a third-party vendor or vendors to develop and execute the pilot program, the
23 Department shall select the vendor or vendors through a Request for Proposal process
24 conducted prior to implementation of the pilot program. In developing and implementing the
25 pilot program, the Department shall comply with all applicable information technology
26 procurement requirements. The smart card pilot program shall not expand beyond the areas
27 described in subsection (c) of this section unless the expansion is approved by an act of the
28 General Assembly.

29 SECTION 10.9.(c) The purpose of the pilot program is to evaluate the feasibility
30 of the smart card program in different geographical regions of the State. DMA shall select a
31 region of the State to participate in the pilot program that is served by Community Care of
32 North Carolina and meets all other requirements set forth in this section. The pilot program
33 shall be conducted in two urban areas and two rural areas with a representative group of
34 Medicaid recipients from each area.

35 SECTION 10.9.(d) The pilot program shall include and evaluate the use of at least
36 two different types of available technology that are designed to do all of the following:

- 37 (1) Authenticate recipients at the onset and completion of each point of
38 transaction in order to prevent card sharing and other forms of fraud.
- 39 (2) Deny ineligible persons at the point of transaction.
- 40 (3) Authenticate providers at the point of transaction to prevent phantom billing
41 and other forms of provider fraud.
- 42 (4) Secure and protect the personal identity and information of recipients.
- 43 (5) Reduce the total amount of medical assistance expenditures by reducing the
44 average cost per recipient.

45 SECTION 10.9.(e) The pilot program may include all of the following:

- 46 (1) A secure Web-based information system for recording and reporting
47 authenticated transactions.
- 48 (2) A secure Web-based information system that interfaces with the appropriate
49 State databases to determine eligibility of recipients.
- 50 (3) A system that gathers analytical information to be provided to business
51 intelligence companies in order to assist in business intelligence processes.

1 (4) A smart card with the ability to store multiple recipients' information on one
2 card.

3 (5) An image of the recipient stored on both the smart card and database.

4 **SECTION 10.9.(f)** The pilot program shall not include a requirement for
5 preenrollment of recipients.

6 **SECTION 10.9.(g)** In conducting the pilot program, the Department may do the
7 following:

8 (1) Incorporate additional or alternative methods of authentication of recipients.

9 (2) Enter and store billing codes, deductible amounts, and bill confirmations.

10 (3) Allow electronic prescribing services and prescription database integration
11 and tracking in order to prevent medical error through information sharing
12 and to reduce pharmaceutical abuse and lower health care costs.

13 (4) Implement quick-pay incentives for providers who use electronic prescribing
14 services, electronic health records, electronic patient records, or
15 computerized patient records that automatically synchronize with recipients'
16 smart cards and electronically submit a claim.

17 (5) Adapt smart cards, fingerprint scanners, and card readers, for use by other
18 State programs administered by the Department in order to reduce costs
19 associated with the necessity of multiple cards per recipient.

20 **SECTION 10.9.(h)** During the pilot program, the Department shall evaluate the
21 feasibility of expanding the pilot program, including the need to develop rules and policies
22 related to the following:

23 (1) Lost, forgotten, or stolen cards.

24 (2) Enrollment of all recipients, regardless of age, for participation in the
25 program.

26 (3) Distribution and activation of smart cards for designated recipients.

27 **SECTION 10.9.(i)** The Department shall work with the Division of Motor
28 Vehicles to ensure that State data, such as drivers license photos and other identification data, is
29 leveraged to reduce program cost.

30 **SECTION 10.9.(j)** By no later than March 1, 2013, the Department shall submit a
31 detailed written report to the Joint Legislative Oversight Committee on Health and Human
32 Services, the Joint Legislative Oversight Committee on Information Technology, the Senate
33 Committee on Health and Human Services, the House Appropriations Subcommittee on Health
34 and Human Services, and the Fiscal Research Division. The report shall include (i) detailed
35 results of the pilot in the four different geographic regions of the State, including cost-savings
36 achieved in each region; (ii) costs associated with implementation of the pilot program,
37 including payments to vendors; and (iii) an evaluation of the feasibility of, and issues
38 associated with, implementing the smart card program statewide.

39 **SECTION 10.9.(k)** Of the funds appropriated from the General Fund to the
40 Department of Health and Human Services for the 2012-2013 fiscal year, the sum of up to one
41 million dollars (\$1,000,000) may be used to implement the smart card pilot program authorized
42 by this section.

43 44 **FUNDS FOR INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

45 **SECTION 10.10.** Section 10.8(b) of S.L. 2011-145 reads as rewritten:

46 **"SECTION 10.8.(b)** Of the funds appropriated in this act to the Department of Health and
47 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
48 Services, the sum of twenty-nine million one hundred twenty-one thousand six hundred
49 forty-four dollars (\$29,121,644) for the 2011-2012 fiscal year and the sum of ~~twenty-nine~~
50 ~~million one hundred twenty one thousand six hundred forty four~~ dollars
51 ~~(\$29,121,644)~~ forty-seven million two hundred seventy-one thousand six hundred forty-four

1 dollars (\$47,271,644) for the 2012-2013 fiscal year shall be allocated for the purchase of local
2 inpatient psychiatric beds or bed days. In addition, at the discretion of the Secretary of Health
3 and Human Services, existing funds allocated to LMEs for community-based mental health,
4 developmental disabilities, and substance abuse services may be used to purchase additional
5 local inpatient psychiatric beds or bed days. These beds or bed days shall be distributed across
6 the State in LME catchment ~~areas~~areas, including any catchment areas served by managed care
7 organizations, and according to need as determined by the Department. The Department shall
8 enter into contracts with the LMEs and community hospitals for the management of these beds
9 or bed days. The Department shall work to ensure that these contracts are awarded equitably
10 around all regions of the State. Local inpatient psychiatric beds or bed days shall be managed
11 and controlled by the LME, including the determination of which local or State hospital the
12 individual should be admitted to pursuant to an involuntary commitment order. Funds shall not
13 be allocated to LMEs but shall be held in a statewide reserve at the Division of Mental Health,
14 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by
15 the LMEs and billed by the hospitals through the LMEs. LMEs shall remit claims for payment
16 to the Division within 15 working days of receipt of a clean claim from the hospital and shall
17 pay the hospital within 30 working days of receipt of payment from the Division. If the
18 Department determines (i) that an LME is not effectively managing the beds or bed days for
19 which it has responsibility, as evidenced by beds or bed days in the local hospital not being
20 utilized while demand for services at the State psychiatric hospitals has not reduced, or (ii) the
21 LME has failed to comply with the prompt payment provisions of this subsection, the
22 Department may contract with another LME to manage the beds or bed days, or,
23 notwithstanding any other provision of law to the contrary, may pay the hospital directly. The
24 Department shall develop reporting requirements for LMEs regarding the utilization of the beds
25 or bed days. Funds appropriated in this section for the purchase of local inpatient psychiatric
26 beds or bed days shall be used to purchase additional beds or bed days not currently funded by
27 or through LMEs and shall not be used to supplant other funds available or otherwise
28 appropriated for the purchase of psychiatric inpatient services under contract with community
29 hospitals, including beds or bed days being purchased through Hospital Utilization Pilot funds
30 appropriated in S.L. 2007-323. Not later than March 1, 2012, the Department shall report to the
31 House of Representatives Appropriations Subcommittee on Health and Human Services, the
32 Senate Appropriations Committee on Health and Human Services, the Joint Legislative
33 Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse
34 Services, and the Fiscal Research Division on a uniform system for beds or bed days purchased
35 (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization
36 Pilot, and (iv) purchased using funds appropriated under this subsection."
37

38 **EXAMINATION OF THE STATE'S DELIVERY OF MENTAL HEALTH SERVICES**

39 **SECTION 10.11.(a)** The Joint Legislative Oversight Committee on Health and
40 Human Services shall appoint a subcommittee to examine the State's delivery of mental health
41 services. As part of its examination, the subcommittee shall review all of the following:

- 42 (1) The State's progress in reforming the mental health system to deliver mental
43 health services to individuals in the most integrated setting appropriate,
44 without unnecessary institutionalization.
- 45 (2) The State's capacity to meet its growing mental health needs with
46 community-based supports.
- 47 (3) The process for determining the catchment areas served by the State's
48 psychiatric hospitals, with consideration of both of the following:
 - 49 a. Factors used in assigning the geographic groupings of local
50 management areas and managed care organizations into catchment
51 areas.

- 1 b. Alternatives to the current process for determining the catchment
2 areas served by the State's psychiatric hospitals, including a
3 determination of whether there is a more efficient and equitable
4 manner of assigning hospital catchment areas.

5 **SECTION 10.11.(b)** The subcommittee shall report its findings and
6 recommendations to the Joint Legislative Oversight Committee on Health and Human Services
7 on or before January 15, 2013, at which time it shall terminate.

8
9 **FUNDS FOR FAMILY PLANNING SERVICES BY LOCAL HEALTH**
10 **DEPARTMENTS**

11 **SECTION 10.12.** Of the funds appropriated in this act to the Department of Health
12 and Human Services for the 2012-2013 fiscal year, none shall be allocated to renewing,
13 extending, or entering into new contracts for the provision of family planning services and
14 pregnancy prevention activities with providers other than local health departments. Upon the
15 expiration of any contracts in effect during the 2011-2012 fiscal year between the Division of
16 Public Health and private providers of family planning services and pregnancy prevention
17 activities, the Department shall reallocate three hundred forty-three thousand dollars (\$343,000)
18 of these contract funds to local health departments. Local health departments receiving funds
19 under this section shall not contract with outside vendors for the provision of family planning
20 services or pregnancy prevention activities. These services shall be provided directly by local
21 health department recipients. This section does not apply to contracts administered by the
22 Department pursuant to G.S. 130A-131.15A.

23
24 **COMMUNITY HEALTH GRANT FUNDING**

25 **SECTION 10.13.(a)** By no later than January 1, 2013, the Department of Health
26 and Human Services shall enter into contracts obligating the entire amount of funds
27 appropriated in this act for community health centers for the 2012-2013 fiscal year. These
28 funds shall be used only for community health grants to nonprofit or public health care safety
29 nets that provide primary and preventive medical services to uninsured or medically indigent
30 patients, including free clinics, community health care centers, rural health centers,
31 school-based health centers, and local health departments. The Department shall not use these
32 funds to supplant any reduction in funding prescribed by the General Assembly for the
33 2012-2013 fiscal year.

34 **SECTION 10.13.(b)** By no later than March 1, 2013, the Department of Health and
35 Human Services shall submit a written report on community health grants awarded during the
36 2012-2013 fiscal year to the Joint Legislative Oversight Committee on Health and Human
37 Services, the Senate Appropriations Committee on Health and Human Services, the House
38 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
39 Division. The report shall include at least all of the following:

- 40 (1) The identity and a brief description of the community health activities
41 performed by each grantee.
42 (2) The amount of funding awarded to each grantee.
43 (3) The number of persons served by each grantee.

44
45 **FUNDS FOR COMMUNITY-BASED HEALTH AND WELLNESS INITIATIVES**

46 **SECTION 10.14.(a)** Funds appropriated in this act to the Department of Health
47 and Human Services for the 2012-2013 fiscal year for community-based health and wellness
48 programs and initiatives shall be used only for the following:

- 49 (1) Programs to prevent and reduce tobacco use by students in grades
50 kindergarten through 12. The Department shall not spend any funds
51 allocated to these programs for statewide marketing and media campaigns

1 for tobacco cessation and prevention. This subdivision shall not be construed
2 to prohibit the use of these funds for (i) local or community-based tobacco
3 cessation and prevention campaigns, (ii) tobacco cessation and prevention
4 campaigns conducted on the premises of North Carolina elementary schools,
5 middle schools, and high schools, or (iii) the North Carolina Tobacco Use
6 Quitline known as QuitlineNC.

7 (2) ChecKmeds.

8 (3) Medication Assistance Program.

9 (4) Roanoke Chowan Telehealth Network.

10 (5) County health department initiatives. County health departments shall use
11 these funds only for county community health and wellness initiatives to
12 promote healthy behaviors, including, but not limited to, tobacco cessation,
13 improved nutrition, increased physical activity, disease prevention, and
14 school nurse positions. Funds received by county health departments
15 pursuant to this section shall not supplant existing funds for health and
16 wellness programs or initiatives.

17 **SECTION 10.14.(b)** By December 1, 2013, the Department shall submit a written
18 report to the Joint Legislative Oversight Committee on Health and Human Services, the House
19 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate
20 Appropriations Committee on Health and Human Services, and the Fiscal Research Division on
21 the use of these funds. The report shall include the identity and a brief description of each
22 grantee and each program or initiative offered by the grantee; the amount of funding awarded
23 to each grantee; and the number of persons served by each grantee, broken down by program or
24 initiative.

25 **DELAY LOCAL RECEIPT OF LARGER PORTION OF FOOD & LODGING FEES**

26 **SECTION 10.15.** Section 31.11A(c) of S.L. 2011-145, as amended by Section 61A
27 of S.L. 2011-391, reads as rewritten:

28 "**SECTION 31.11A.(c)** Subsection (a) of this section becomes effective ~~July 1, 2012.~~
29 July 1, 2013."
30

31 **AIDS DRUG ASSISTANCE PROGRAM PILOT**

32 **SECTION 10.16.(a)** The Department of Health and Human Services, Division of
33 Public Health, shall develop and implement a pilot program to begin on January 1, 2013, and
34 terminate on December 31, 2013, to enroll individuals receiving services under the Aids Drug
35 Assistance Program (ADAP) in Inclusive Health North Carolina. The purposes of the pilot are
36 (i) to determine cost savings to ADAP through enrollment of ADAP recipients in a preexisting
37 conditions insurance program (PCIP) and (ii) to inform the Department of best practices in
38 transitioning ADAP recipients to Medicaid as they become eligible. The Department shall
39 select up to three HIV/AIDS care provider agencies with the highest number of ADAP
40 recipients to participate in the pilot. The Department shall ensure that the total number of
41 ADAP recipients participating in the pilot meets all of the following requirements:

42 (1) Participation does not exceed ten percent (10%) of the total number of
43 ADAP recipients receiving services at the selected HIV/AIDS care provider
44 agencies.

45 (2) ADAP recipients shall be enrolled only in Inclusive Health North Carolina
46 up to the point that enrollment remains cost-neutral or achieves cost savings
47 to ADAP, as determined by an actuary. The Department shall obtain
48 actuarial services to ensure the cost neutrality or cost savings of enrolling
49 ADAP recipients in Inclusive Health North Carolina prior to implementing
50 the pilot program. The Department shall not implement the pilot program if
51

1 the actuary determines implementation will not be cost-neutral or achieve
2 savings.

3 **SECTION 10.16.(b)** The Department may contract with an outside vendor to
4 evaluate the results of the pilot program. By no later than April 1, 2014, the Department shall
5 report to the Joint Legislative Oversight Committee on Health and Human Services, the Senate
6 Appropriations Committee on Health and Human Services, and the House Appropriations
7 Subcommittee on Health and Human Services on the results of the pilot program. The report
8 shall include all of the following:

- 9 (1) The number of pilot program participants.
- 10 (2) A cost analysis for the pilot program, including a cost comparison between
11 ADAP recipients who received services through Inclusive Health North
12 Carolina and ADAP recipients who received services only through ADAP.
- 13 (3) Feedback from pilot program participants.
- 14 (4) Best practices identified by the Department for transitioning ADAP
15 recipients to Medicaid as they become eligible.
- 16 (5) Improved health outcomes.

17 **SECTION 10.16.(c)** The Department shall use funds appropriated to it to develop
18 and implement the pilot program authorized by this section. The Division of Public Health shall
19 manage the number of ADAP recipients enrolled in Inclusive Health North Carolina as part of
20 the pilot program and the number of ADAP recipients receiving services only through ADAP
21 in order to ensure that pilot program expenditures do not exceed available funds.

22

23 **POSITION ELIMINATIONS FOR FISCAL YEAR 2012-2013**

24 **SECTION 10.17.** For fiscal year 2012-2013, the Department of Health and Human
25 Services shall eliminate an additional 50 full-time equivalent positions that have been
26 continuously vacant since July 1, 2010. To the extent possible, the Secretary shall not eliminate
27 positions assigned to the Division of State Operated Healthcare Facilities. This section shall
28 not be construed to give the Department flexibility in achieving the savings attributed to these
29 50 position eliminations by any other means. By October 1, 2012, the Secretary shall submit a
30 report to the Joint Legislative Oversight Committee on Health and Human Services, the House
31 Appropriations Subcommittee on Health and Human Services, the Senate Appropriations
32 Committee on Health and Human Services, and the Fiscal Research Division on the position
33 eliminations required by this section. The report shall include at least all of the following
34 information about each eliminated position:

- 35 (1) Division assignment.
- 36 (2) Title.
- 37 (3) Salary.
- 38 (4) Fringe benefits.
- 39 (5) The percentage and identity of any non-State funding sources.

40

41 **REDUCE FUNDING FOR NONPROFIT ORGANIZATIONS**

42 **SECTION 10.18.(a)** Section 10.18 of S.L. 2011-145 is repealed.

43 **SECTION 10.18.(b)** For fiscal year 2012-2013, the Department of Health and
44 Human Services shall reduce the amount of funds allocated to nonprofit organizations by five
45 million dollars (\$5,000,000) on a recurring basis. The Department shall not, under any
46 circumstances, use any funds, including State funds, federal funds, special revenue funds, or
47 departmental receipts, to supplement the reduced amount of funding to be allocated to nonprofit
48 organizations pursuant to this subsection. In achieving the reductions required by this
49 subsection, the Department (i) shall minimize reductions to funds allocated to nonprofit
50 organizations for the provision of direct services and (ii) shall not reduce funds allocated to
51 nonprofit organizations to pay for direct services to individuals with developmental disabilities.

1
2 **REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT STATE**
3 **APPROPRIATIONS**

4 **SECTION 10.19.(a)** The Department of Health and Human Services shall require
5 the following non-State entities to match ten percent (10%) of the total amount of State
6 appropriations received each fiscal year. In addition, the Department shall direct these entities
7 to submit a written report annually, beginning December 1, 2012, of all activities funded by
8 State appropriations to the Joint Legislative Oversight Committee on Health and Human
9 Services, the Senate Appropriations Committee on Health and Human Services, the House of
10 Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal
11 Research Division:

- 12 (1) North Carolina Senior Games, Inc.
- 13 (2) ARC of North Carolina.
- 14 (3) ARC of North Carolina – Wilmington.
- 15 (4) Autism Society of North Carolina.
- 16 (5) The Mariposa School for Children with Autism.
- 17 (6) Easter Seals UCP of North Carolina.
- 18 (7) Easter Seals UCP of North Carolina and Virginia.
- 19 (8) ABC of North Carolina Child Development Center.
- 20 (9) Residential Services, Inc.
- 21 (10) Oxford House, Inc.
- 22 (11) Brain Injury Association of North Carolina.
- 23 (12) Food Bank of Central and Eastern North Carolina, Inc.
- 24 (13) Food Bank of the Albemarle.
- 25 (14) Manna Food Bank.
- 26 (15) Second Harvest Food Bank of Metrolina, Inc.
- 27 (16) Second Harvest Food Bank of Northwest North Carolina, Inc.
- 28 (17) Second Harvest Food Bank of Southeast North Carolina
- 29 (18) Prevent Blindness NC.

30 **SECTION 10.19.(b)** The report required by subsection (a) of this section shall
31 include the following information about the fiscal year preceding the year in which the report is
32 due:

- 33 (1) The entity's mission, purpose, and governance structure.
- 34 (2) A description of the types of programs, services, and activities funded by
35 State appropriations.
- 36 (3) Statistical and demographical information on the number of persons served
37 by these programs, services, and activities, including the counties in which
38 services are provided.
- 39 (4) Outcome measures that demonstrate the impact and effectiveness of the
40 programs, services, and activities.
- 41 (5) A detailed program budget and list of expenditures, including all positions
42 funded and funding sources.
- 43 (6) The source and amount of any matching funds received by the entity.

44
45 **REPORT ON LAPSED SALARY FUNDS**

46 **SECTION 10.20.** Beginning no later than November 1, 2012, the Department of
47 Health and Human Services shall submit quarterly reports to the Joint Legislative Oversight
48 Committee on Health and Human Services, the House Appropriations Subcommittee on Health
49 and Human Services, the Senate Appropriations Committee on Health and Human Services,
50 and the Fiscal Research Division on the use of lapsed salary funds by each Division within the

1 Department. For each Division, the report shall include the following information about the
2 preceding calendar quarter:

- 3 (1) The total amount of lapsed salary funds.
- 4 (2) The number of full-time equivalent positions comprising the lapsed salary
5 funds.
- 6 (3) The Fund Code for each full-time equivalent position included in the number
7 reported pursuant to subdivision (2) of this section.
- 8 (4) The purposes for which the Department expended lapsed salary funds.

10 PREVENTIVE HEALTH INVENTORY AND CONSOLIDATION PLAN

11 **SECTION 10.21.(a)** The Department of Health and Human Services shall complete
12 an inventory of its preventive health services and activities, including those provided under the
13 North Carolina Partnership for Children, Inc. The inventory shall identify (i) services and
14 activities provided directly by the Department and (ii) services and activities provided by
15 grantees and outside vendors.

16 **SECTION 10.21.(b)** The Department shall conduct a comprehensive assessment of
17 all services and activities included in the inventory prepared pursuant to subsection (a) of this
18 section. The comprehensive assessment shall include at least all of the following for each
19 identified service or activity:

- 20 (1) A program name and a description of the services or activities.
- 21 (2) The number of persons served, if applicable.
- 22 (3) A breakdown of all funding sources.

23 **SECTION 10.21.(c)** By October 1, 2012, the Department shall report on the
24 information required by this section to the Joint Legislative Oversight Committee on Health
25 and Human Services, the Senate Appropriations Committee on Health and Human Services, the
26 House of Representatives Appropriations Subcommittee on Health and Human Services, and
27 the Fiscal Research Division.

28 **SECTION 10.21.(d)** The Department shall develop a plan to consolidate all
29 preventive health services and activities. By no later than March 1, 2013, the Department shall
30 submit this plan to the Joint Legislative Oversight Committee on Health and Human Services,
31 the Senate Appropriations Committee on Health and Human Services, the House of
32 Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal
33 Research Division. The Department shall not implement this plan without approval by the
34 General Assembly.

36 REVISE DATES/TANF BENEFIT IMPLEMENTATION

37 **SECTION 10.22.** Section 10.55 of S.L. 2011-145 reads as rewritten:

38 **"SECTION 10.55.(a)** The General Assembly approves the plan titled "North Carolina
39 Temporary Assistance for Needy Families State Plan FY ~~2010-2012~~, "2012-2014," prepared by
40 the Department of Health and Human Services and presented to the General Assembly. The
41 North Carolina Temporary Assistance for Needy Families State Plan covers the period October
42 1, 2010,2012, through September 30, 2012,2014. The Department shall submit the State Plan,
43 as revised in accordance with subsection (b) of this section, to the United States Department of
44 Health and Human Services, as amended by this act or any other act of the 2011 General
45 Assembly.

46 **"SECTION 10.55.(b)** The counties approved as Electing Counties in the North Carolina
47 Temporary Assistance for Needy Families State Plan FY ~~2010-2012,2012-2014~~, as approved
48 by this section are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

49 **"SECTION 10.55.(c)** Counties that submitted the letter of intent to remain as an Electing
50 County or to be redesignated as an Electing County and the accompanying county plan for
51 fiscal year ~~2011-2012~~ through 2012,2014, pursuant to G.S. 108A-27(e), shall operate under the

1 Electing County budget requirements effective July 1, ~~2009-2012~~. For programmatic purposes,
2 all counties referred to in this subsection shall remain under their current county designation
3 through September 30, ~~2012-2014~~.

4 "**SECTION 10.55.(d)** For the ~~2011-2012~~2012-2014 fiscal year, Electing Counties shall be
5 held harmless to their Work First Family Assistance allocations for the ~~2010-2011~~2012-2014
6 fiscal year, provided that remaining funds allocated for Work First Family Assistance and
7 Work First Diversion Assistance are sufficient for payments made by the Department on behalf
8 of Standard Counties pursuant to G.S. 108A-27.11(b).

9 "**SECTION 10.55.(e)** In the event that departmental projections of Work First Family
10 Assistance and Work First Diversion Assistance for the ~~2011-2012~~2012-2014 fiscal year
11 indicate that remaining funds are insufficient for Work First Family Assistance and Work First
12 Diversion Assistance payments to be made on behalf of Standard Counties, the Department is
13 authorized to deallocate funds, of those allocated to Electing Counties for Work First Family
14 Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for
15 payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by
16 the Office of State Budget and Management. If the Department adjusts the allocation set forth
17 in subsection (d) of this section, then a report shall be made to the Joint Legislative
18 Commission on Governmental Operations, the House of Representatives Appropriations
19 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
20 and Human Services, and the Fiscal Research Division."
21

22 REMOVE CAP ON SPECIAL ASSISTANCE IN-HOME PAYMENT RECIPIENTS

23 **SECTION 10.23.** G.S. 108A-47.1 reads as rewritten:

24 "**§ 108A-47.1. Special Assistance in-home payments.**

25 The Department of Health and Human Services may use funds from the existing
26 State-County Special Assistance budget to provide Special Assistance payments to eligible
27 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~
28 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~
29 The standard monthly payment to individuals enrolled in the Special Assistance in-home
30 program shall be seventy-five percent (75%) of the monthly payment the individual would
31 receive if the individual resided in an adult care home and qualified for Special Assistance,
32 except if a lesser payment amount is appropriate for the individual as determined by the local
33 case manager. The Department shall implement Special Assistance in-home eligibility policies
34 and procedures to assure that in-home program participants are those individuals who need and,
35 but for the in-home program, would seek placement in an adult care home facility. The
36 Department's policies and procedures shall include the use of a functional assessment. The
37 Department shall make this in-home option available to all counties on a voluntary basis. To
38 the maximum extent possible, the Department shall consider geographic balance in the
39 dispersion of payments to individuals across the State."
40

41 TELECOMMUNICATIONS RELAY SERVICE

42 **SECTION 10.24.(a)** G.S. 62-157(d1) reads as rewritten:

43 "(d1) The Department of Health and Human Services shall utilize revenues from the
44 wireless surcharge collected under subsection (i) of this section to ~~fund the Regional Resource~~
45 ~~Centers within support~~ the Division of Services for the Deaf and the Hard of Hearing, in
46 accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the General
47 Statutes."

48 **SECTION 10.24.(b)** G.S. 62-157(e) reads as rewritten:

49 "(e) Administration of Service. – The Department of Health and Human Services shall
50 administer the statewide telecommunications relay service program, including its
51 establishment, operation, and promotion. The Department may contract out the provision of

1 this service for four-year periods to one or more service providers, using the provisions of
 2 G.S. 143-129. The Department shall administer all programs and services, including the
 3 Regional Resource Centers within the Division of Services for the Deaf and the Hard of
 4 Hearing in accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the
 5 General Statutes."

6
 7 **DHHS BLOCK GRANTS**

8 **SECTION 10.25.(a)** Appropriations from federal block grant funds are made for
 9 the fiscal year ending June 30, 2013, according to the following schedule:

10
 11 **TEMPORARY ASSISTANCE TO NEEDY FAMILIES**
 12 **(TANF) FUNDS**

13
 14 Local Program Expenditures

15
 16 Division of Social Services

17	01.	Work First Family Assistance	\$ 61,671,297
18			
19	02.	Work First County Block Grants	83,386,330
20			
21	03.	Work First Electing Counties	2,378,213
22			
23	04.	Adoption Services – Special Children's Adoption Fund	2,026,877
24			
25	05.	Family Violence Prevention	2,200,000
26			
27	06.	Child Protective Services – Child Welfare Workers for Local DSS	15,893,996
28			
29	07.	Child Welfare Collaborative	754,115
30			

31
 32 Division of Child Development

33	08.	Subsidized Child Care Program	59,645,662
34			
35	09.	Swap Child Care Subsidy	6,352,644
36			

37
 38 Division of Public Health

39	10.	Teen Pregnancy Initiatives	2,500,000
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40
 41 DHHS Administration

42	11.	Division of Social Services	2,482,260
43			
44	12.	Office of the Secretary	34,042

45
 46 Transfers to Other Block Grants

47
 48 Division of Child Development

1			
2	13.	Transfer to the Child Care and Development Fund	75,773,001
3			
4	14.	Transfer to Social Services Block Grant for Child	
5		Protective Services – Child Welfare Training in	
6		Counties	1,300,000
7			
8	15.	Transfer to Social Services Block Grant for Child	
9		Protective Services	5,040,000
10			
11	16.	Transfer to Social Services Block Grant for County	
12		Departments of Social Services for Children's Services	4,148,001
13			
14	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
15	(TANF) FUNDS		\$ 325,586,438
16			
17	TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)		
18	EMERGENCY CONTINGENCY FUNDS		
19			
20	Local Program Expenditures		
21			
22	Division of Social Services		
23			
24	01.	Work First County Block Grants	\$ 11,066,985
25			
26	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)		
27	EMERGENCY CONTINGENCY FUNDS		\$ 11,066,985
28			
29	SOCIAL SERVICES BLOCK GRANT		
30			
31	Local Program Expenditures		
32			
33	Divisions of Social Services and Aging and Adult Services		
34			
35	01.	County Departments of Social Services	\$ 35,211,798
36		(Transfer from TANF \$4,148,001)	
37			
38	02.	Child Protective Services (Transfer from TANF)	5,040,000
39			
40	03.	State In-Home Services Fund	2,101,113
41			
42	04.	State Adult Day Care Fund	2,155,301
43			
44	05.	Child Protective Services/CPS Investigative	
45		Services-Child Medical Evaluation Program	609,455
46			
47	06.	Foster Care Services	1,497,138
48			
49	07.	Special Children Adoption Incentive Fund	500,000
50			
51	08.	Child Protective Services-Child Welfare Training	

1	for Counties (Transfer from TANF)	1,300,000
2		
3	09. Home and Community Care Block Grant (HCCBG)	1,834,077
4		
5	10. Maternity Homes	925,085
6		
7	11. Child Advocacy Centers	375,000
8		
9	12. Work First – Boys and Girls Clubs	2,452,500
10		
11	13. Food Banks	1,000,000
12		
13	14. Child Care Subsidy	2,452,500
14		
15	15. Developmental Disabilities Services Program	4,356,604
16		
17	Division of Public Health	
18		
19	16. HIV/STD Prevention and Community Planning	145,819
20		
21	17. Prevent Blindness	150,000
22		
23	Division of Vocational Rehabilitation	
24		
25	18. Vocational Rehabilitation Services – Easter Seal Society/UCP	
26	Community Health Program	188,263
27		
28	DHHS Program Expenditures	
29		
30	Division of Services for the Blind	
31		
32	19. Independent Living Program	3,633,077
33		
34	20. Accessible Electronic Information for Blind and Disabled Persons	75,000
35		
36	Division of Health Service Regulation	
37		
38	21. Adult Care Licensure Program	411,897
39		
40	22. Mental Health Licensure and Certification Program	205,668
41		
42	DHHS Administration	
43		
44	23. Division of Aging and Adult Services	624,454
45		
46	24. Division of Social Services	701,140
47		
48	25. Office of the Secretary/Controller's Office	138,058
49		
50	26. Division of Child Development	15,000
51		

1	27.	Division of Mental Health, Developmental	
2		Disabilities, and Substance Abuse Services	29,665
3			
4	28.	Division of Health Service Regulation	128,562
5			
6		TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 68,257,174
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)	\$ 15,000,000
15			
16	02.	Crisis Intervention Program (CIP)	33,255,130
17			
18		Local Administration	
19			
20		Division of Social Services	
21			
22	03.	County DSS Administration	4,444,717
23			
24		DHHS Administration	
25			
26	04.	Office of the Secretary/DIRM	219,490
27			
28	05.	Office of the Secretary/Controller's Office	9,779
29			
30		Transfers to Other State Agencies	
31			
32		Department of Commerce	
33			
34	06.	Weatherization Program	8,464,517
35			
36	07.	Heating Air Repair and Replacement	
37		Program (HARRP)	3,762,265
38			
39	08.	Local Residential Energy Efficiency Service	
40		Providers – Weatherization	19,825
41			
42	09.	Local Residential Energy Efficiency Service	
43		Providers – HARRP	180,041
44			
45	10.	Department of Commerce Administration –	
46		Weatherization	19,825
47			
48	11.	Department of Commerce Administration –	
49		HARRP	180,041
50			
51		Department of Administration	

1		
2	12. N.C. Commission on Indian Affairs	87,736
3		
4	TOTAL LOW-INCOME HOME ENERGY ASSISTANCE	
5	BLOCK GRANT	\$ 65,643,366
6		
7	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
8		
9	Local Program Expenditures	
10		
11	Division of Child Development	
12		
13	01. Subsidized Child Care Services (CCDF)	\$ 158,004,959
14		
15	02. Electronic Tracking System	3,336,345
16		
17	03. Subsidized Child Care Services	
18	(Transfer from TANF; Smart Start \$4,000,000)	75,773,001
19		
20	04. Quality and Availability Initiatives	
21	(TEACH Program \$3,800,000)	25,948,434
22		
23	Division of Social Services	
24		
25	05. Local Subsidized Child Care Services Support	16,471,587
26	(4% Administrative Allowance)	
27		
28	DHHS Administration	
29		
30	Division of Child Development	
31		
32	06. DCD Administrative Expenses	6,539,277
33		
34	Division of Central Administration	
35		
36	07. DHHS Central Administration – DIRM	
37	Technical Services	774,317
38		
39	TOTAL CHILD CARE AND DEVELOPMENT FUND	
40	BLOCK GRANT	\$ 286,847,920
41		
42	MENTAL HEALTH SERVICES BLOCK GRANT	
43		
44	Local Program Expenditures	
45		
46	01. Mental Health Services – Adult	\$ 8,870,595
47		
48	02. Mental Health Services – Child	5,121,991
49		
50	03. Administration	100,000
51		

1	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 14,092,586
2		
3	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	
4		
5	Local Program Expenditures	
6		
7	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
8		
9	01. Substance Abuse Services – Adult	\$ 15,328,802
10		
11	02. Substance Abuse Treatment Alternative for Women	6,050,300
12		
13	03. Substance Abuse – HIV and IV Drug	3,919,723
14		
15	04. Substance Abuse Prevention – Child	7,186,857
16		
17	05. Substance Abuse Services – Child	4,940,500
18		
19	06. Administration	454,000
20		
21	Division of Public Health	
22		
23	07. Risk Reduction Projects	575,654
24		
25	08. Aid-to-Counties	190,295
26		
27	TOTAL SUBSTANCE ABUSE PREVENTION	
28	AND TREATMENT BLOCK GRANT	\$ 38,646,131
29		
30	MATERNAL AND CHILD HEALTH BLOCK GRANT	
31		
32	Local Program Expenditures	
33		
34	Division of Public Health	
35		
36	01. Children's Health Services	
37	(Nurse-Family Partnership \$375,000)	\$ 8,528,156
38		
39	02. Women's Health	
40	(March of Dimes \$350,000; Teen Pregnancy	
41	Prevention Initiatives \$650,000; Perinatal	
42	Quality Collaborative \$250,000; 17P Project \$47,000)	8,510,783
43		
44	03. Oral Health	42,268
45		
46	DHHS Program Expenditures	
47		
48	Division of Public Health	
49		
50	04. Children's Health Services	1,417,087
51		

1	05. Women's Health	136,628
2		
3	06. State Center for Health Statistics	164,318
4		
5	07. Quality Improvement in Public Health	1,636
6		
7	08. Health Promotion	89,374
8		
9	DHHS Administration	
10		
11	Division of Public Health	
12		
13	09. Division of Public Health Administration	558,831
14		
15	TOTAL MATERNAL AND CHILD	
16	HEALTH BLOCK GRANT	\$ 19,449,081
17		

18 **COMMUNITY SERVICES BLOCK GRANT**

19		
20	Local Program Expenditures	
21		
22	Office of Economic Opportunity	
23		
24	01. Community Action Agencies	\$ 18,075,488
25		
26	02. Limited Purpose Agencies	1,004,194
27		
28	DHHS Administration	
29		
30	03. Office of Economic Opportunity	1,004,194
31		
32	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 20,083,876
33		

34 **GENERAL PROVISIONS**

35 **SECTION 10.25.(b)** Information to Be Included in Block Grant Plans. – The
36 Department of Health and Human Services shall submit a separate plan for each Block Grant
37 received and administered by the Department, and each plan shall include the following:

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

49 **SECTION 10.25.(c)** Changes in Federal Fund Availability. – If the Congress of the
50 United States increases the federal fund availability for any of the Block Grants or contingency
51 funds and other grants related to existing Block Grants administered by the Department of

1 Health and Human Services from the amounts appropriated in this section, the Department
2 shall allocate the increase proportionally across the program and activity appropriations
3 identified for that Block Grant in this section. In allocating an increase in federal fund
4 availability, the Office of State Budget and Management shall not approve funding for new
5 programs or activities not appropriated in this section.

6 If the Congress of the United States decreases the federal fund availability for any of
7 the Block Grants or contingency funds and other grants related to existing Block Grants
8 administered by the Department of Health and Human Services from the amounts appropriated
9 in this section, the Department shall develop a plan to adjust the block grants based on reduced
10 federal funding.

11 Notwithstanding the provisions of this subsection, for the 2012-2013 fiscal year,
12 increases in the federal fund availability for the Temporary Assistance to Needy Families
13 (TANF) Block Grant shall be used for the North Carolina Child Care Subsidy program to pay
14 for child care in four- or five-star rated facilities for four-year-old children.

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

21 **SECTION 10.25.(d)** Appropriations from federal Block Grant funds are made for
22 the fiscal year ending June 30, 2013, according to the schedule enacted for State fiscal year
23 2012-2013 or until a new schedule is enacted by the General Assembly.

24 **SECTION 10.25.(e)** All changes to the budgeted allocations to the Block Grants or
25 contingency funds and other grants related to existing Block Grants administered by the
26 Department of Health and Human Services that are not specifically addressed in this section
27 shall be approved by the Office of State Budget and Management, and the Office of State
28 Budget and Management shall consult with the Joint Legislative Commission on Governmental
29 Operations for review prior to implementing the changes. The report shall include an itemized
30 listing of affected programs, including associated changes in budgeted allocations. All changes
31 to the budgeted allocations to the Block Grants shall be reported immediately to the House of
32 Representatives Appropriations Subcommittee on Health and Human Services, the Senate
33 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.
34 This subsection does not apply to Block Grant changes caused by legislative salary increases
35 and benefit adjustments.

36 **SECTION 10.25.(f)** If the Preventive Health Services Block Grant is funded at the
37 federal level and the State receives a block grant for Preventive Health Services, the 2011-2012
38 allocation plan shall remain in effect for the 2012-2013 fiscal year.

40 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

41 **SECTION 10.25.(g)** The sum of eighty-three million three hundred eighty-six
42 thousand three hundred thirty dollars (\$83,386,330) appropriated in this section in TANF funds
43 to the Department of Health and Human Services, Division of Social Services, for the
44 2012-2013 fiscal year shall be used for Work First County Block Grants. The Division shall
45 certify these funds in the appropriate State-level services based on prior year actual
46 expenditures. The Division has the authority to realign the authorized budget for these funds
47 among the State-level services based on current year actual expenditures.

48 **SECTION 10.25.(h)** The sum of two million four hundred eighty-two thousand
49 two hundred sixty dollars (\$2,482,260) appropriated in this section in TANF funds to the
50 Department of Health and Human Services, Division of Social Services, for the 2012-2013
51 fiscal year shall be used to support administration of TANF-funded programs.

1 **SECTION 10.25.(i)** The sum of two million two hundred thousand dollars
2 (\$2,200,000) appropriated under this section in TANF funds to the Department of Health and
3 Human Services, Division of Social Services, for the 2012-2013 fiscal year shall be used to
4 provide domestic violence services to Work First recipients. These funds shall be used to
5 provide domestic violence counseling, support, and other direct services to clients. These funds
6 shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts.
7 The Division of Social Services may use up to seventy-five thousand dollars (\$75,000) in
8 TANF funds to support one administrative position within the Division of Social Services to
9 implement this subsection.

10 Each county department of social services and the local domestic violence shelter
11 program serving the county shall develop jointly a plan for utilizing these funds. The plan shall
12 include the services to be provided and the manner in which the services shall be delivered. The
13 county plan shall be signed by the county social services director or the director's designee and
14 the domestic violence program director or the director's designee and submitted to the Division
15 of Social Services by December 1, 2012. The Division of Social Services, in consultation with
16 the Council for Women, shall review the county plans and shall provide consultation and
17 technical assistance to the departments of social services and local domestic violence shelter
18 programs, if needed.

19 The Division of Social Services shall allocate these funds to county departments of
20 social services according to the following formula: (i) each county shall receive a base
21 allocation of five thousand dollars (\$5,000) and (ii) each county shall receive an allocation of
22 the remaining funds based on the county's proportion of the statewide total of the Work First
23 caseload as of July 1, 2012, and the county's proportion of the statewide total of the individuals
24 receiving domestic violence services from programs funded by the Council for Women as of
25 July 1, 2012. The Division of Social Services may reallocate unspent funds to counties that
26 submit a written request for additional funds.

27 **SECTION 10.25.(j)** The sum of fifteen million eight hundred ninety-three
28 thousand nine hundred ninety-six dollars (\$15,893,996) appropriated in this section to the
29 Department of Health and Human Services, Division of Social Services, in TANF funds for the
30 2012-2013 fiscal year for child welfare improvements shall be allocated to the county
31 departments of social services for hiring or contracting staff to investigate and provide services
32 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
33 license, and support prospective foster and adoptive families; and to provide interstate and
34 post-adoption services for eligible families.

35 Counties shall maintain their level of expenditures in local funds for Child
36 Protective Services' workers. Of the block grant funds appropriated for Child Protective
37 Services' workers, the total expenditures from State and local funds for the 2012-2013 fiscal
38 year shall not be less than the total expended from State and local funds for the 2011-2012
39 fiscal year.

40 **SECTION 10.25.(k)** The sum of two million twenty-six thousand eight hundred
41 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the
42 Department of Health and Human Services, Special Children Adoption Fund, for the
43 2012-2013 fiscal year shall be used in accordance with G.S. 108A-50.2, as enacted in Section
44 10.48 of S.L. 2009-451. The Division of Social Services, in consultation with the North
45 Carolina Association of County Directors of Social Services and representatives of licensed
46 private adoption agencies, shall develop guidelines for the awarding of funds to licensed public
47 and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in
48 foster care. Payments received from the Special Children Adoption Fund by participating
49 agencies shall be used exclusively to enhance the adoption services program. No local match
50 shall be required as a condition for receipt of these funds.

1 **SECTION 10.25.(l)** The sum of seven hundred fifty-four thousand one hundred
2 fifteen dollars (\$754,115) appropriated in this section to the Department of Health and Human
3 Services in TANF funds for the 2012-2013 fiscal year shall be used to continue support for the
4 Child Welfare Collaborative.

5
6 **SOCIAL SERVICES BLOCK GRANT**

7 **SECTION 10.25.(m)** The sum of thirty-five million two hundred eleven thousand
8 seven hundred ninety-eight dollars (\$35,211,798) appropriated in this section in the Social
9 Services Block Grant to the Department of Health and Human Services, Division of Social
10 Services, for the 2012-2013 fiscal year shall be used for County Block Grants. The Division
11 shall certify these funds in the appropriate State level services based on prior year actual
12 expenditures. The Division has the authority to realign the authorized budget for these funds
13 among the State-level services based on current year actual expenditures.

14 **SECTION 10.25.(n)** The sum of one million three hundred thousand dollars
15 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department
16 of Health and Human Services, Division of Social Services, for the 2012-2013 fiscal year shall
17 be used to support various child welfare training projects as follows:

- 18 (1) Provide a regional training center in southeastern North Carolina.
- 19 (2) Provide training for residential child caring facilities.
- 20 (3) Provide for various other child welfare training initiatives.

21 **SECTION 10.25.(o)** The sum of one million four hundred ninety-seven thousand
22 one hundred thirty-eight dollars (\$1,497,138) appropriated in this section in the Social Services
23 Block Grant for child caring agencies for the 2012-2013 fiscal year shall be allocated in support
24 of State foster home children.

25 **SECTION 10.25.(p)** The Department of Health and Human Services is authorized,
26 subject to the approval of the Office of State Budget and Management, to transfer Social
27 Services Block Grant funding allocated for departmental administration between divisions that
28 have received administrative allocations from the Social Services Block Grant.

29 **SECTION 10.25.(q)** Social Services Block Grant funds appropriated for the
30 Special Children's Adoption Incentive Fund will require a fifty percent (50%) local match.

31 **SECTION 10.25.(r)** The sum of five million forty thousand dollars (\$5,040,000)
32 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year
33 shall be allocated to the Department of Health and Human Services, Division of Social
34 Services. The Division shall allocate these funds to local departments of social services to
35 replace the loss of Child Protective Services State funds that are currently used by county
36 government to pay for Child Protective Services staff at the local level. These funds shall be
37 used to maintain the number of Child Protective Services workers throughout the State. These
38 Social Services Block Grant funds shall be used to pay for salaries and related expenses only
39 and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent
40 (25%).

41 **SECTION 10.25.(s)** The sum of two million four hundred fifty-two thousand five
42 hundred dollars (\$2,452,500) appropriated in this section to the Department of Social Services,
43 Division of Social Services, in the Social Services Block Grant for Boys and Girls Clubs for the
44 2012-2013 fiscal year shall be used to make grants for approved programs. The Department of
45 Health and Human Services, in accordance with federal regulations for the use of Social
46 Services Block Grant funds, shall administer a grant program to award funds to the Boys and
47 Girls Clubs across the State in order to implement programs that improve the motivation,
48 performance, and self-esteem of youths and to implement other initiatives that would be
49 expected to reduce gang participation, school dropout, and teen pregnancy rates. The
50 Department shall facilitate collaboration between the Boys and Girls Clubs and Support Our
51 Students, Communities in Schools, and similar programs and encourage them to submit joint

1 applications for the funds if appropriate. These funds are exempt from the provisions of 10A
2 NCAC 71R .0201(3).

3 **SECTION 10.25.(t)** The sum of nine hundred twenty-five thousand eighty-five
4 dollars (\$925,085) appropriated in this section in the Social Services Block Grant for the
5 2012-2013 fiscal year to the Department of Health and Human Services, Division of Social
6 Services, shall be used for maternity homes. These funds are exempt from the provisions of
7 10A NCAC 71R .0201(3).

8 **SECTION 10.25.(u)** The sum of one hundred fifty thousand dollars (\$150,000)
9 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year to
10 the Department of Health and Human Services, Division of Public Health, shall be allocated to
11 Prevent Blindness North Carolina to be used for direct service programs. These funds are
12 exempt from the provisions of 10A NCAC 71R .0201(3).

13 **SECTION 10.25.(v)** The sum of seventy-five thousand dollars (\$75,000)
14 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year to
15 the Department of Health and Human Services, Division of Services for the Blind, shall be
16 used to provide accessible electronic information for blind and disabled persons. These funds
17 are exempt from the provisions of 10A NCAC 71R .0201(3).

18 **SECTION 10.25.(w)** The sum of three hundred seventy-five thousand dollars
19 (\$375,000) appropriated in this section in the Social Services Block Grant for the 2012-2013
20 fiscal year to the Department of Health and Human Services, Division of Social Services, shall
21 be used to continue support for the Child Advocacy Centers and are exempt from the
22 provisions of 10A NCAC 71R .0201(3).

23 **SECTION 10.25.(x)** Social Services Block Grant funds allocated for the
24 2012-2013 fiscal year for child medical evaluations are exempt from the provisions of 10A
25 NCAC 71R .0201(3).

26 **SECTION 10.25.(y)** The sum of one million dollars (\$1,000,000) appropriated in
27 this section in the Social Services Block Grant for the 2012-2013 fiscal year to the Department
28 of Health and Human Services, Division of Social Services, shall be allocated to North
29 Carolina Food Bank agencies to be used to purchase and distribute food staples for emergency
30 food assistance. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

31 32 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

33 **SECTION 10.25.(z)** Additional emergency contingency funds received may be
34 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
35 consultation with the Joint Legislative Commission on Governmental Operations. Additional
36 funds received shall be reported to the Joint Legislative Commission on Governmental
37 Operations and the Fiscal Research Division upon notification of the award. The Department of
38 Health and Human Services shall not allocate funds for any activities, including increasing
39 administration, other than assistance payments, without prior consultation with the Joint
40 Legislative Commission on Governmental Operations.

41 **SECTION 10.25.(aa)** The sum of fifteen million dollars (\$15,000,000)
42 appropriated in this section in the Low-Income Home Energy Assistance Block Grant for the
43 2012-2013 fiscal year to the Department of Health and Human Services, Division of Social
44 Services, shall be used for energy assistance payments for the households of (i) elderly persons
45 age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty
46 level and (ii) disabled persons eligible for services funded through the Division of Aging and
47 Adult Services. County departments of social services shall submit to the Division of Social
48 Services an outreach plan for targeting households with 60-year-old household members no
49 later than August 1 of each year.

50 51 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

1 **SECTION 10.25.(bb)** Payment for subsidized child care services provided with
2 federal TANF funds shall comply with all regulations and policies issued by the Division of
3 Child Development for the subsidized child care program.

4 **SECTION 10.25.(cc)** If funds appropriated through the Child Care and
5 Development Fund Block Grant for any program cannot be obligated or spent in that program
6 within the obligation or liquidation periods allowed by the federal grants, the Department may
7 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the
8 grant, in order to use the federal funds fully.

9 10 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

11 **SECTION 10.25.(dd)** 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 2012-2013 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) and (4a). The Department of Public
18 Instruction shall carefully and strictly follow federal guidelines in implementing and
19 administering the abstinence education grant funds.

20 **SECTION 10.25.(ee)** The Department of Health and Human Services shall ensure
21 that there will be follow-up testing in the Newborn Screening Program.

22 23 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

24 25 **B.R.I.D.G.E. YOUTHFUL OFFENDERS/PRIORITY AND REPORTING**

26 **SECTION 11.1.(a)** The Division of Adult Correction of the Department of Public
27 Safety shall give priority to the B.R.I.D.G.E. Youthful Offenders Program operated in
28 cooperation with the North Carolina Forest Service when assigning youthful offenders from the
29 Western Youth Institution to work programs.

30 **SECTION 11.1.(b)** The North Carolina Forest Service shall submit an annual
31 report on the B.R.I.D.G.E. Youthful Offenders Program no later than October 1 of each year
32 beginning October 1, 2012, to the Fiscal Research Division, the Chairs of the House
33 Appropriations Subcommittee on Natural and Economic Resources and the Senate
34 Appropriations Committee on Natural and Economic Resources, the Chairs of the House
35 Appropriations Subcommittee on Justice and Public Safety and the Senate Appropriations
36 Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental
37 Operations, and the Joint Legislative Oversight Committee on Justice and Public Safety. The
38 report shall include the following information for the prior fiscal year:

- 39 (1) The number of youthful offenders within the custody of the Division of
40 Adult Correction eligible for B.R.I.D.G.E.
41 (2) The number of youthful offenders participating in B.R.I.D.G.E.
42 (3) The average daily participation in B.R.I.D.G.E.
43 (4) The average duration of participation in B.R.I.D.G.E.
44 (5) Summary of activities of B.R.I.D.G.E. participants.

45 46 **FOREST FIRES/ANNUAL REPORT**

47 **SECTION 11.2.** Article 75 of Chapter 106 of the General Statutes is amended by
48 adding a new section to read:

49 **"§ 106-911. Annual report on wildfires.**

50 No later than October 1 of each year, beginning October 1, 2012, the Commissioner shall
51 submit a written report on wildfires in the State to the chairs of the House Appropriations

1 Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee
2 on Natural and Economic Resources, the Joint Legislative Commission on Governmental
3 Operations, and the Fiscal Research Division of the General Assembly. The report shall include
4 the following information for all major or project wildfires during the prior fiscal year:

- 5 (1) The date, location, and impacts (property damage and any casualties) from
6 the wildfire.
- 7 (2) The following data for firefighters and related support personnel involved in
8 fighting the wildfire:
 - 9 a. Total overtime hours worked.
 - 10 b. Total compensation paid for overtime.
 - 11 c. The portion of compensation paid that was reimbursed to the State.
- 12 (3) The fiscal impact of the wildfire, including total costs, reimbursable costs,
13 and costs incurred by the State."

15 **SOUTHEASTERN NORTH CAROLINA AGRICULTURAL CENTER AND FARMERS** 16 **MARKET/STUDY OPTIONS**

17 **SECTION 11.3.(a)** The Department of Agriculture and Consumer Services shall
18 study the operating model of the Southeastern North Carolina Agricultural Center and Farmers
19 Market and recommend alternative operating models. The alternative operating models should
20 be evaluated based on a goal of limiting subsidies from State funds in support of facility
21 operations to no more than fifty percent (50%) of the facility's operating budget. At a
22 minimum, the Department should consider the following alternatives:

- 23 (1) Changing the services provided, with particular emphasis on options for the
24 retail farmers market.
- 25 (2) Pooling staff, resources, and profits between the Center and other similar
26 facilities operated by the Department.
- 27 (3) Contracting with a private entity to operate the Center or some portion of the
28 Center's operations.
- 29 (4) If there is no operating model under which continued operation of the Center
30 is viable with State subsidies limited to fifty percent (50%) or less of the
31 Center's operating budget, options for closure of the Center and alternative
32 uses of the property, including transfer of ownership of some or all of the
33 facilities of the Center to a unit of local government.

34 **SECTION 11.3.(b)** The Department shall report its findings and recommendations
35 to the House Appropriations Subcommittee on Natural and Economic Resources, the Senate
36 Appropriations Committee on Natural and Economic Resources, and the Fiscal Research
37 Division on or before February 1, 2013.

39 **RESEARCH STATIONS NONREVERTING FUND**

40 **SECTION 11.4.** Article 1 of Chapter 106 of the General Statutes is amended by
41 adding a new section to read:

42 **"§ 106-6.3. Create special revenue fund for research stations.**

43 The Research Stations Fund is established as a special revenue fund within the Department
44 of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist
45 of receipts from the sale of commodities produced on the Department's research stations and
46 any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall
47 be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall
48 not revert. The Department may use this Fund only to develop, improve, repair, maintain,
49 operate, or otherwise invest in research stations operated by the Department's Research Station
50 Division."

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**DENR POSITIONS TO STAFF FOSSIL FUEL OVERSIGHT BODY**

SECTION 12.1. Should the recommended legislation contained in the report of the Legislative Research Commission's Committee on Energy Policy Issues become law and require the Department of Environment and Natural Resources to provide staff to an Oil and Gas Board (or substantially similar fossil fuel oversight body), then the Department may fund the staff positions using savings from reclassifying and consolidating salaries, benefits, and associated operating costs from vacant positions and shall fill these reclassified and consolidated positions in a timely manner in order to provide support for implementation of the recommendations.

DENR TO CENTRALIZE OVERSIGHT OF ITS REGIONAL OFFICES

SECTION 12.2.(a) The Department of Environment and Natural Resources shall centralize and expand its oversight of the Department's regional offices by taking the following actions:

- (1) The Department shall create a mission statement for the regional offices.
- (2) In order to gather comparative data across the regional offices measuring their performance in carrying out their mission, the Department shall expand its existing performance measures pertinent to customer service delivery and process consistency. The expanded performance measures shall include time lines and milestones.
- (3) The Department shall implement a new customer survey during the 2012-2013 fiscal year and use the findings of the survey to craft future goals for addressing customer service concerns. In order to consistently track customer service data, the survey shall be repeated every other year.
- (4) The Department shall conduct a review of its regional offices and divisions to identify best practices for ensuring consistency across the Department and create a plan for implementing those best practices across regional offices and divisions.

SECTION 12.2.(b) The Department shall report no later than February 1, 2013, to the House Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division regarding (i) its progress, findings, and recommendations regarding the requirements of this section and (ii) its progress in establishing and implementing findings and recommendations regarding its operations from the public listening sessions conducted by the Department in 2011.

DRINKING WATER STATE REVOLVING FUND

SECTION 12.3. Notwithstanding G.S. 159G-22, the Department of Environment and Natural Resources may transfer State funds from the Drinking Water Reserve to the Drinking Water State Revolving Fund for the 2012-2013 fiscal year. The funds shall be used to match maximum available federal grant moneys authorized by section 1453 of the federal Safe Drinking Water Act of 1996, 42 U.S.C. § 300j-12, as amended.

TRANSFER GEODETIC SURVEY SECTION FROM DENR TO THE DIVISION OF EMERGENCY MANAGEMENT OF THE DEPARTMENT OF PUBLIC SAFETY

SECTION 12.4.(a) All functions, powers, duties, and obligations previously vested in the Geodetic Survey Section of the Division of Land Resources of the Department of Environment and Natural Resources are transferred to and vested in the Division of Emergency

1 Management of the Department of Public Safety by a Type I transfer, as defined in
2 G.S. 143A-6.

3 **SECTION 12.4.(b)** G.S. 102-1.1 reads as rewritten:

4 **"§ 102-1.1. Name and description in relation to 1983 North American Datum.**

5 From and after the date and time the North Carolina Geodetic Survey Section in the
6 ~~Division of Land Resources of the Department of Environment and Natural Resources~~ Division
7 of Emergency Management of the Department of Public Safety receives from the National
8 Geodetic Survey, official notice of a complete, published definition of the North American
9 Datum of 1983 including the State plane coordinate constants applicable to North Carolina, the
10 official survey base for North Carolina shall be a system of plane coordinates to be known as
11 the "North Carolina Coordinate System of 1983," said system being defined as a Lambert
12 conformal projection of the "Geodetic Reference System (GRS 80 Ellipsoid)" having a central
13 meridian of 79° – 00' west from Greenwich and standard parallels of latitude of 34° – 20' and
14 36° – 10' north of the equator, along which parallels the scale shall be exact. All coordinates of
15 the system are expressed in metres, the x coordinate being measured easterly along the grid and
16 the y coordinate being measured northerly along the grid. The U.S. Survey Foot, 1 meter =
17 39.37 inches or 3.2808333333 feet, shall be used as a conversion factor. The origin of the
18 coordinates is hereby established on the meridian 79° – 00' west from Greenwich at the
19 intersection of the parallels 33° – 45' north latitude, such origin being given the coordinates x =
20 609,601.22 metres, y = 0 metres. The precise position of said system shall be as marked on the
21 ground by triangulation or traverse stations or monuments established in conformity with the
22 standards adopted by the National Geodetic Survey for first- and second-order work, whose
23 geodetic positions have been rigidly adjusted on the North American Datum of 1983, and
24 whose plane coordinates have been computed on the system defined. Whenever plane
25 coordinates are used in the description or identification of surface area or location within this
26 State, the coordinates shall be identified as "NAD 83", indicating North American Datum of
27 1983, or as "NAD 27", indicating North American Datum of 1927."

28 **SECTION 12.4.(c)** G.S. 102-8 reads as rewritten:

29 **"§ 102-8. Administrative agency.**

30 The administrative agency of the North Carolina Coordinate System shall be the
31 ~~Department of Environment and Natural Resources~~ Department of Public Safety through its
32 appropriate division hereinafter called the "agency.""

33 **SECTION 12.4.(d)** G.S. 102-10 reads as rewritten:

34 **"§ 102-10. Prior work.**

35 The system of stations, monuments, traverses, computations, and other work which has
36 been done or is under way in North Carolina by the so-called North Carolina Geodetic Survey,
37 under the supervision of the United States Coast and Geodetic Survey, is, where consistent with
38 the provisions of this Chapter, hereby made a part of the North Carolina Coordinate System.
39 The surveys, notes, computations, monuments, stations, and all other work relating to the
40 coordinate system, which has been done by said North Carolina Geodetic Survey, under the
41 supervision of and in cooperation with the United States Coast and Geodetic Survey and federal
42 relief agencies, hereby are placed under the direction of, and shall become the property of, the
43 administrative agency. All persons or agencies having in their possession any surveys, notes,
44 computations, or other data pertaining to the aforementioned coordinate system, shall turn over
45 to the Department of ~~Environment and Natural Resources~~ Public Safety such data upon
46 request."

47 **SECTION 12.4.(e)** G.S. 102-12 reads as rewritten:

48 **"§ 102-12. Control system map.**

49 The agency shall prepare for publication and cause to be ~~published before July 1,~~
50 ~~1962,~~ published a map or maps setting forth the location of monuments for both horizontal and
51 vertical control, together with such other pertinent data as the agency may direct for

1 implementation of the North Carolina Coordinate System. The agency shall furnish such map
2 or maps to any person or may make such charge as will defray the expense of printing and
3 distribution. It shall be the responsibility of the agency to maintain this map, make revisions as
4 often as necessary to provide up-to-date information and furnish up-to-date copies to the
5 register of deeds of each county in the State."

6 **SECTION 12.4.(f)** G.S. 47-30(f) reads as rewritten:

7 "**§ 47-30. Plats and subdivisions; mapping requirements.**

8 ...

9 (f) Plat to Contain Specific Information. – Every plat shall contain the following
10 specific information:

11 ...

12 (9) Where the plat is the result of a survey, one or more corners shall, by a
13 system of azimuths or courses and distances, be accurately tied to and
14 coordinated with a horizontal control monument of some United States or
15 State Agency survey system, such as the North Carolina Geodetic Survey
16 where the monument is within 2,000 feet of the subject property. Where the
17 North Carolina Grid System coordinates of the monument are on file in the
18 North Carolina Geodetic Survey Section in the ~~Division of Land Resources~~
19 ~~of the Department of Environment and Natural Resources, Division of~~
20 Emergency Management of the Department of Public Safety, the coordinates
21 of both the referenced corner and the monuments used shall be shown in X
22 (easting) and Y (northing) coordinates on the plat. The coordinates shall be
23 identified as based on "NAD 83," indicating North American Datum of
24 1983, or as "NAD 27," indicating North American Datum of 1927. The tie
25 lines to the monuments shall also be sufficient to establish true north or grid
26 north bearings for the plat if the monuments exist in pairs. Within a
27 previously recorded subdivision that has been tied to grid control, control
28 monuments within the subdivision may be used in lieu of additional ties to
29 grid control. Within a previously recorded subdivision that has not been tied
30 to grid control, if horizontal control monuments are available within 2,000
31 feet, the above requirements shall be met; but in the interest of bearing
32 consistency with previously recorded plats, existing bearing control should
33 be used where practical. In the absence of grid control, other appropriate
34 natural monuments or landmarks shall be used. In all cases, the tie lines shall
35 be sufficient to accurately reproduce the subject lands from the control or
36 reference points used.

37"

38 **SECTION 12.4.(g)** Notwithstanding G.S. 147-33.83, the North Carolina Geodetic
39 Survey Section shall continue to provide free of charge to the Department of Environment and
40 Natural Resources the services provided by the Section to the Department on or prior to the
41 effective date of this act, including the following:

42 (1) Surveying assistance and expertise, including all of the following:

- 43 a. Review of survey plats related to development proposals,
44 remediation activities, and redevelopment of contaminated sites.
45 b. Establishment of oyster lease boundaries.
46 c. Surveys of submerged lands.
47 d. Survey activities required to establish the location of mean high
48 water.

49 (2) Providing surveying assistance and expertise to the Department of Justice
50 related to DENR cases, including expert testimony in administrative
51 contested cases or judicial proceedings.

- 1 (3) Providing technical training and assistance to DENR agencies in surveying
2 and in the use of GPS and GPS software.
3 (4) Reviewing proposed purchases of GPS equipment by DENR agencies.
4 (5) Surveying lands managed by or lands proposed for acquisition by DENR
5 agencies.

6 **SECTION 12.4.(h)** The Revisor of Statutes shall make the conforming statutory
7 changes necessary to reflect the transfer under this section. The Revisor of Statutes may, where
8 necessitated by this section, correct any reference in the General Statutes and make any other
9 conforming changes.

10 **SECTION 12.4.(i)** Any references in this act to the North Carolina Geodetic
11 Survey Section of the Division of Land Resources of the Department of Environment and
12 Natural Resources shall be construed to refer to the North Carolina Geodetic Survey Section of
13 the Division of Emergency Management of the Department of Public Safety.
14

15 PROHIBIT THE CONSTRUCTION OF NEW PIERS/SATELLITE AREAS

16 **SECTION 12.5.(a)** G.S. 143B-289.44(b) reads as rewritten:

17 "(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special and
18 nonreverting fund. The North Carolina Aquariums Fund shall be used for repair, renovation,
19 expansion, maintenance, educational exhibit construction, and operational expenses at existing
20 aquariums, to pay the debt service and lease payments related to the financing of expansions of
21 ~~aquariums, including other relevant satellite areas, aquariums,~~ and to match private funds that
22 are raised for these purposes."

23 **SECTION 12.5.(b)** Notwithstanding G.S. 143B-289.44(b), as rewritten by
24 subsection (a) of this section, the North Carolina Aquariums Fund may continue to be used for
25 the North Carolina Aquarium Pier at Nags Head.

26 **SECTION 12.5.(c)** Part 5C of Article 7 of Chapter 143B of the General Statutes is
27 amended by adding a new section to read:

28 **"§ 143B-289.45. Satellite areas prohibited absent General Assembly authorization.**

29 Notwithstanding any other provision of law, State funds shall not be used for any of the
30 following purposes unless specifically authorized by the General Assembly:

- 31 (1) Construction of any satellite area.
32 (2) Commencement of any capital project in connection with the construction or
33 acquisition of any satellite area.
34 (3) Operation of any satellite area.

35 For purposes of this section, the term "satellite area" means any property or facility that is
36 to be operated by the Division of North Carolina Aquariums that is located somewhere other
37 than on the site of the aquariums at Pine Knoll Shores, Roanoke Island, and Fort Fisher."

38 **SECTION 12.5.(d)** Notwithstanding G.S. 143B-289.45, as enacted by subsection
39 (c) of this section, the Division of North Carolina Aquariums may continue to operate the North
40 Carolina Aquarium Pier at Nags Head.

41 **SECTION 12.5.(e)** This section is effective when it becomes law.
42

43 WILDLIFE RESOURCES COMMISSION BUDGET

44 **SECTION 12.6.** The Office of State Budget and Management, the State Controller,
45 the Fiscal Research Division, and the Wildlife Resources Commission shall study the impacts
46 of using Budget Code 14350 for budgeting the expenditures and receipts of any Wildlife
47 Resources Commission programs that utilize General Fund appropriations. The Department
48 shall report on the study no later than October 1, 2012, to the House Appropriations
49 Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on
50 Natural and Economic Resources, and the Fiscal Research Division.
51

CLEAN WATER MANAGEMENT TRUST FUND

SECTION 12.7.(a) Notwithstanding the provisions of G.S. 113A-253(d), the sum of three million dollars (\$3,000,000) shall be used for the 2012-2013 fiscal year for the costs of administering the Clean Water Management Trust Fund, including costs to support the Board of Trustees of the Clean Water Management Trust Fund and its staff, the operating costs of the Board of Trustees of the Clean Water Management Trust Fund and its staff, and the costs of making debt payments to retire debt as provided under G.S. 113A-253(c).

SECTION 12.7.(b) The Board of Trustees of the Fund shall give priority consideration to any Clean Water Management Trust Fund application requesting State matching funds for infrastructure programs and for the Readiness and Environmental Protection Initiative or any other United States Department of Defense program that provides for military buffers and protects the overall military training mission.

AQUARIUM BUDGETING CLARIFICATION

SECTION 12.8. The Department of Environment and Natural Resources shall budget all line items related to daily operations of the State aquariums in Budget Code 14300. The Department may continue to use Budget Code 24300 for special events, activities, debt service, and other items not related to daily operations of the State aquariums.

PART XIII. DEPARTMENT OF COMMERCE

NER BLOCK GRANTS

SECTION 13.1. Section 14.1 of S.L. 2011-145 reads as rewritten:

"SECTION 14.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending ~~June 30, 2012~~, June 30, 2013, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$ 1,000,000
02. State Technical Assistance	450,000
03. Scattered Site Housing	8,000,000 <u>7,200,000</u>
04. Economic Development	7,210,000 <u>7,000,000</u>
05. Small Business/Entrepreneurship	3,000,000 <u>2,500,000</u>
06. NC Catalyst	5,000,000 <u>4,500,000</u>
07. Infrastructure	19,740,000 <u>20,300,000</u>
08. Capacity Building	600,000

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – ~~2012~~2013 Program Year \$ ~~45,000,000~~\$42,500,000

"SECTION 14.1.(b) Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

1 "SECTION 14.1.(c) Increases in Federal Fund Availability for Community Development
2 Block Grant. – Any block grant funds appropriated by the Congress of the United States in
3 addition to the funds specified in this section shall be expended as follows: each program
4 category under the Community Development Block Grant shall be increased by the same
5 percentage as the increase in federal funds.

6 "SECTION 14.1.(d) Limitations on Community Development Block Grant Funds. – Of
7 the funds appropriated in this section for the Community Development Block Grant, the
8 following shall be allocated in each category for each program year: up to one million dollars
9 (\$1,000,000) may be used for State Administration; ~~up to four hundred fifty thousand dollars~~
10 ~~(\$450,000) may be used for State Technical Assistance;~~ up to ~~eight million dollars~~
11 ~~(\$8,000,000)~~ seven million two hundred thousand dollars (\$7,200,000) may be used for
12 Scattered Site Housing; up to ~~seven million two hundred ten thousand dollars~~
13 ~~(\$7,210,000)~~ seven million dollars (\$7,000,000) may be used for Economic Development; up to
14 ~~three million dollars (\$3,000,000)~~ two million five hundred thousand dollars (\$2,500,000) may
15 be used for Small Business/Entrepreneurship; up to ~~five million dollars (\$5,000,000)~~ four
16 million five hundred thousand dollars (\$4,500,000) shall be used for NC Catalyst; up to
17 ~~nineteen million seven hundred forty thousand dollars (\$19,740,000)~~ twenty million three
18 hundred thousand dollars (\$20,300,000) may be used for ~~Infrastructure;~~ up to six hundred
19 thousand dollars (\$600,000) may be used for Capacity Building. ~~Infrastructure.~~ If federal block
20 grant funds are reduced or increased by the Congress of the United States after the effective
21 date of this act, then these reductions or increases shall be allocated in accordance with
22 subsection (b) or (c) of this section, as applicable.

23 "SECTION 14.1.(e) The Department of Commerce shall consult with the Joint Legislative
24 Commission on Governmental Operations prior to reallocating Community Development
25 Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director
26 of the Budget finds that:

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

41 "SECTION 14.1.(f) By ~~September 1, 2011,~~ September 1, 2012, the Division of
42 Community Assistance, Department of Commerce, shall report to the Joint Legislative
43 Commission on Governmental Operations and the Fiscal Research Division on the use of
44 Community Development Block Grant Funds appropriated in the prior fiscal year. The report
45 shall include the following:

- 46 (1) A discussion of each of the categories of funding and how the categories
47 were selected, including information on how a determination was made that
48 there was a statewide need in each of the categories.
- 49 (2) Information on the number of applications that were received in each
50 category and the total dollar amount requested in each category.

- (3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

"SECTION 14.1.(g) For purposes of this section, eligible activities under the category of Infrastructure in subsection (a) of this section are limited to the installation of public water or sewer lines and improvements to water or sewer treatment plants that have specific problems such as being under moratoriums or special orders of consent. Notwithstanding the provisions of subsection (e) of this section, funds allocated to the Infrastructure category in subsection (a) of this section shall not be reallocated to any other category."

DEPARTMENT OF COMMERCE/TRAVEL EXPENSES

SECTION 13.2. The Department of Commerce shall not provide per diem, subsistence, or travel allowances for any State employee who is not an employee of the Department. Nothing in this section shall prohibit a member of a State board or commission, State officer or employee, or member of the General Assembly who travels on official business with an employee of the Department of Commerce from receiving per diem, subsistence, and travel allowances from their respective board or commission, department, or agency at the rate set forth in G.S. 138-5, 138-6, and 120-3.1.

NC SMALL BUSINESS CONTRACTOR AUTHORITY/REPORTING REQUIREMENT

SECTION 13.3. G.S. 143B-472.102 reads as rewritten:

"§ 143B-472.102. Authority creation; powers.

- ...
- (j) Powers and Duties. – The Authority has the following powers and duties:

- ...
- (9) To report quarterly to the Joint Legislative Commission on Governmental Operations on the activities of the Authority, including the amount of rates, sureties, and bonds. The Authority shall comply with the provisions of this subdivision only in the fiscal years in which funds are appropriated by the State to the Authority to perform the powers and duties authorized in this Part.

...."

DEPARTMENT OF COMMERCE/CHANGES TO STATUTORY REPORTING REQUIREMENTS

SECTION 13.4.(a) G.S. 143B-434.01 reads as rewritten:

"§ 143B-434.01. Comprehensive Strategic Economic Development Plan.

- ...
- (e) Environmental Scan. – The first step in developing the Plan shall be to develop an environmental scan based on the input from economic development parties and the public and on information about the economic environment in North Carolina. To prepare the scan, the Board shall gather the following ~~information. Thereafter, the information shall be updated periodically.~~ information and ensure that the information is updated periodically. The updated information may be provided in whatever format and through whatever means is most efficient.

- ...
- (f) ~~Needs Assessment. – The Board, using data from the public input sessions and the environmental scan, shall prepare an assessment of economic development strengths, weaknesses, threats, and opportunities within the State by Region and by county. An assessment shall also be conducted of each county to determine distressed areas existing within~~

1 the county. The assessment will include the identification of key development issues within
2 each geographic area and options available to address each issue.

3 ...

4 (k) ~~Annual Report. Evaluation. – The Plan shall contain a section devoted to measuring~~
5 ~~results, to be called "An Annual Report on Economic Development for the State of North~~
6 ~~Carolina". The Annual Report shall contain a comparison of actual results with~~ The Board shall
7 annually evaluate the State's economic performance based upon the statistics listed in this
8 subsection and upon the Board's stated goals and objectives in its Plan. and significant and
9 meaningful statistics to allow policymakers to adjust strategy and tactics as necessary to
10 achieve the formulated goals. The statistics upon which the evaluation is made should be
11 available to policymakers. The information may be provided in whatever format and through
12 whatever means is most efficient.

13 ~~The Annual Report shall break down data by Regions and counties including:~~

14 ...

15 (9) ~~An evaluation of the State's economic performance as indicated by the above~~
16 ~~statistics with the goals and objectives outlined in the Plan.~~

17 (l) Accountability. – The Board shall make all data, plans, and reports available to the
18 General Assembly and Assembly, the Joint Legislative Commission on Governmental
19 Operations Operations, the Joint Legislative Economic Development and Global Engagement
20 Oversight Committee, the Senate Appropriations Committee on Natural and Economic
21 Resources, and the House of Representatives Appropriations Subcommittee on Natural and
22 Economic Resources at appropriate times and upon request. The Board shall prepare and make
23 available on an annual basis public reports on each of the major sections of the Plan and the
24 Annual Report indicating the degree of success in attaining each development objective."

25 **SECTION 13.4.(b)** G.S. 143B-435.1 reads as rewritten:

26 **"§ 143B-435.1. Clawbacks.**

27 ...

28 (d) ~~Report. – The~~ By April 1 and October 1 of each year, the Department of Commerce
29 shall report to the Revenue Laws Study Committee by April 1 and October 1 of each year
30 Committee, the Joint Legislative Commission on Governmental Operations, the Senate
31 Appropriations Committee on Natural and Economic Resources, the House of Representatives
32 Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research
33 Division of the General Assembly on all clawbacks that have been triggered under programs it
34 administers and its progress on obtaining repayments. The report must include the name of
35 each business, the event that triggered the clawback, and the amount forfeited or to be repaid."

36 **SECTION 13.4.(c)** G.S. 143B-437.01(c) is repealed.

37 **SECTION 13.4.(d)** G.S. 143B-437.07 reads as rewritten:

38 **"§ 143B-437.07. Economic development grant reporting.**

39 (a) ~~Report. – The Department of Commerce must publish on or before March-October 1~~
40 ~~of each year the information required by this subsection, itemized by business entity, for each~~
41 ~~business or joint private venture to which the State has, in whole or in part, granted one or more~~
42 ~~economic development incentives during the previous five calendar years. The Department~~
43 ~~must provide the General Assembly with updated supplemental information consistent with this~~
44 ~~subsection on a quarterly basis in the form and manner requested by the General~~
45 ~~Assembly.fiscal year. The information in the report must include all of the following:~~

46 ...

47 (b) ~~Online Posting. Posting/Written Submission. – The Department of Commerce must~~
48 ~~post on its Internet Web site a summary of the report compiled in subsection (a) of this section.~~
49 ~~The summary report must include the information required by subdivisions (2), (9), (11), and~~
50 ~~(12) of subsection (a) of this section. By October 1 of each year, the Department of Commerce~~
51 ~~must submit the written report required by subsection (a) of this section to the Joint Legislative~~

1 Commission on Governmental Operations, the Revenue Laws Study Committee, the Senate
2 Appropriations Committee on Natural and Economic Resources, the House of Representatives
3 Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research
4 Division of the General Assembly.

5 (c) Economic Development Incentive. – An economic development incentive includes
6 any grant ~~program administered by the Department of Commerce that disburses or awards~~
7 ~~monies to businesses. Examples of these grant programs include the~~ from the following
8 programs: Job Development Investment Grant Program, Program; the Job Maintenance and
9 Capital Development Fund, Fund; One North Carolina Fund, Fund; and the Industrial
10 Development Fund, including the Utility Account. The State also incents economic
11 development through the use of tax expenditures in the form of tax credits and refunds. The
12 Department of Revenue must report annually on these statutory economic development
13 incentives, as required under G.S. 105-256."

14 **SECTION 13.4.(e)** G.S. 143B-437.08 is amended by adding a new subsection to
15 read:

16 "**§ 143B-437.08. Development tier designation.**

17 ...

18 (k) Report. – By November 30 of each year, the Secretary of Commerce shall submit a
19 written report to the Joint Legislative Commission on Governmental Operations, the Senate
20 Appropriations Committee on Natural and Economic Resources, the House of Representatives
21 Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research
22 Division of the General Assembly on the tier rankings required by subsection (c) of this
23 section, including a map of the State whereupon the tier ranking of each county is designated."

24 **SECTION 13.4.(f)** G.S. 143B-437.55(d) is repealed.

25 **ONE NORTH CAROLINA FUND**

26 **SECTION 13.5.** Section 14.2(a) of S.L. 2011-145 reads as rewritten:

27 "SECTION 14.2.(a) Of the funds appropriated in this act to the One North Carolina Fund
28 for the ~~2011-2012~~ 2012-2013 fiscal year, the Department of Commerce may use up to two
29 hundred fifty thousand dollars (\$250,000) to cover its expenses in administering the One North
30 Carolina Fund and other economic development incentive grant programs during the
31 ~~2011-2012~~ 2012-2013 fiscal year. The Department of Commerce shall not use more than two
32 hundred fifty thousand dollars (\$250,000) for administrative costs in any one fiscal year."

33 **ALIGN ONE NORTH CAROLINA FUND WITH JDIG PROGRAM**

34 **SECTION 13.6.(a)** The General Assembly acknowledges the importance of
35 ongoing economic growth and development in this State. To that end, it is the intent of the
36 General Assembly to fully fund all of the commitments of the One North Carolina Fund, as
37 evidenced by the General Assembly's past and recurring appropriations to the Fund and as set
38 forth in this section, and to establish a funding structure that aligns with the funding structure
39 that is and has been used with the Job Development Investment Grant Program. The General
40 Assembly has continued this level of commitment while remaining fiscally responsible in
41 addressing the other critical, high-priority needs of the State.

42 **SECTION 13.6.(b)** G.S. 143B-437.71 is amended by adding a new subsection to
43 read:

44 "(b1) Awards. – The maximum amount of total annual liability for grants awarded in any
45 single calendar year under this Part is fourteen million dollars (\$14,000,000). No agreement
46 may be entered into that, when considered together with other existing agreements governing
47 grants awarded during a single calendar year, could cause the State's potential total annual
48 liability for grants awarded in a single calendar year to exceed this amount."
49
50

1 **SECTION 13.6.(c)** G.S. 143B-437.72(b) is amended by adding a new subdivision
2 to read:

3 "(b) Company Performance Agreements. – An agreement between a local government
4 and a grantee business must contain the following provisions:

- 5 (1) A commitment to create or retain a specified number of jobs within a
6 specified salary range at a specific location and commitments regarding the
7 time period in which the jobs will be created or retained and the minimum
8 time period for which the jobs must be maintained.
- 9 (2) A commitment to provide proof satisfactory to the local government and the
10 State of new jobs created or existing jobs retained and the salary level of
11 those jobs.
- 12 (3) A provision that funds received under the agreement may be used only for a
13 purpose specified in G.S. 143B-437.71(b).
- 14 (4) A provision allowing the State or the local government to inspect all records
15 of the business that may be used to confirm compliance with the agreement
16 or with the requirements of this Part.
- 17 (5) A provision establishing the method for determining compliance with the
18 agreement.
- 19 (6) A provision establishing a schedule for disbursement of funds under the
20 agreement that allows disbursement of funds only in proportion to the
21 amount of performance completed under the agreement.
- 22 (6a) A provision establishing that a business that has completed performance and
23 become entitled to a disbursement of funds under the agreement must timely
24 request, in writing to the local government, a disbursement of funds within
25 one year from the date of completed performance or forfeit the
26 disbursement.
- 27 (7) A provision requiring recapture of grant funds if a business subsequently
28 fails to comply with the terms of the agreement.
- 29 (8) Any other provision the State or the local government finds necessary to
30 ensure the proper use of State or local funds."

31 **SECTION 13.6.(d)** G.S. 143B-437.72(d) reads as rewritten:

32 "(d) Disbursement of Funds. – Funds may be disbursed from the One North Carolina
33 Fund to the local government only after (i) a business has completed performance and is
34 entitled to a disbursement of funds under the agreement and has requested, in writing to the
35 local government no later than February 1 following the year of completed performance, a
36 disbursement of funds and (ii) the local government has reported to the Secretary of Commerce
37 no later than March 1 following the year of completed performance the total amount of
38 disbursements that have been claimed by businesses in writing during the previous year and has
39 demonstrated that the business has complied with the terms of the company performance
40 agreement. The State shall disburse funds allocated under the One North Carolina Fund to a
41 local government in accordance with the disbursement schedule established in the local
42 government grant agreement no later than August 1 following the year of completed
43 performance in an amount equal to that which the local government reported as having been
44 claimed by businesses in writing during the previous year and demonstrated were due to be
45 disbursed as a result of compliance by the businesses with the terms of the company
46 performance agreements. Disbursements by the State to a local government from the One North
47 Carolina Fund shall be made in one annual payment."

48 **SECTION 13.6.(e)** G.S. 143B-437.74 reads as rewritten:

49 "**§ 143B-437.74. Reports.**~~Reports; study.~~

50 (a) Reports. – The Department of Commerce shall publish a report on the use of funds
51 in the One North Carolina Fund at the end of each fiscal quarter. The report shall contain

1 information on the commitment, disbursement, and use of funds allocated under the One North
2 Carolina Fund. The report is due no later than one month after the end of the fiscal quarter and
3 must be submitted to the following:

- 4 (1) The Joint Legislative Commission on Governmental Operations.
- 5 (2) The chairs of the House of Representatives and Senate Finance Committees.
- 6 (3) The chairs of the House of Representatives and Senate Appropriations
7 Committees.
- 8 (4) The Fiscal Research Division of the General Assembly.

9 (b) Study. – The Department of Commerce shall conduct a study to determine the
10 minimum funding level required to implement the One North Carolina Fund successfully. The
11 Department shall report the results of this study to the House of Representatives Finance
12 Committee, the Senate Finance Committee, the House of Representatives Appropriations
13 Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on
14 Natural and Economic Resources, and the Fiscal Research Division no later than April 1 of
15 each year."

16 **SECTION 13.6.(f)** Part 2H of Article 10 of Chapter 143B of the General Statutes
17 is amended by adding a new section to read:

18 **"§ 143B-437.75. Cash flow requirements.**

19 Notwithstanding any other provision of law, moneys allocated from the One North Carolina
20 Fund shall be budgeted and funded on a cash flow basis. The Office of State Budget and
21 Management shall periodically transfer funds from the One North Carolina Fund established
22 pursuant to G.S. 143B-437.71 to the Department of Commerce in an amount sufficient to
23 satisfy Fund allocations to be transferred pursuant to G.S. 143B-437.72 to be paid during the
24 fiscal year."

25 **SECTION 13.6.(g)** Article 9 of Chapter 143C of the General Statutes is amended
26 by adding a new section to read:

27 **"§ 143C-9-7. One North Carolina Fund Reserve.**

28 (a) The State Controller shall establish a reserve in the General Fund to be known as the
29 One North Carolina Fund Reserve. Funds from the One North Carolina Fund Reserve shall not
30 be expended or transferred except in accordance with G.S. 143B-437.75.

31 (b) It is the intent of the General Assembly to appropriate funds annually to the One
32 North Carolina Fund Reserve established in this section in amounts sufficient to meet the
33 anticipated cash requirements for each fiscal year of the One North Carolina Fund Program
34 established pursuant to G.S. 143B-437.71."

35 **SECTION 13.6.(h)** G.S. 143B-437.52 reads as rewritten:

36 **"§ 143B-437.52. Job Development Investment Grant Program.**

37 ...

38 (b) ~~Cap and Priority.~~ — ~~The maximum number of grants the Committee may award in~~
39 ~~each calendar year is 25.~~ In selecting between applicants, a project that is located in an
40 Eco-Industrial Park certified under G.S. 143B-437.08 has priority over a comparable project
41 that is not located in a certified Eco-Industrial Park.

42 (c) ~~Ceiling.~~—~~Awards.~~ — The maximum amount of total annual liability for grants
43 awarded in any single calendar year under this Part, including amounts transferred to the
44 Utility Account pursuant to G.S. 143B-437.61, may not exceed fifteen million dollars
45 (\$15,000,000). No agreement may be entered into that, when considered together with other
46 existing agreements governing grants awarded during a single calendar year, could cause the
47 State's potential total annual liability for grants awarded in a single calendar year to exceed this
48 amount.

49"

50 **SECTION 13.6.(i)** This section becomes effective July 1, 2012.

51

INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT

SECTION 13.7. Section 14.8 of S.L. 2011-145 reads as rewritten:

"SECTION 14.8. ~~The~~ For the 2012-2013 fiscal year, the North Carolina Industrial Commission ~~may~~shall retain the additional revenue generated as a result of an increase in the fee charged to parties for the filing of compromised settlements. These funds shall be used for the purpose of replacing existing computer hardware and software used for the operations of the Commission. These funds may also be used to prepare any assessment of hardware and software needs prior to purchase and to develop and administer the needed databases and new Electronic Case Management System, including the establishment of two time-limited positions for application development and support and mainframe migration. The Commission may not retain any fees under this section unless they are in excess of the former two-hundred-dollar (\$200.00) fee charged by the Commission for filing a compromised settlement."

EMPLOYMENT SECURITY RESERVE FUND

SECTION 13.8. Funds from the Employment Security Reserve Fund shall be used by the Department of Commerce, Division of Employment Security, only for the following purposes: (i) to pay the interest on the two billion eight hundred million dollars (\$2,800,000,000) in debt liability for unemployment insurance benefits currently owed to the federal government; and (ii) to pay down the principal amount of two billion eight hundred million dollars (\$2,800,000,000) in debt liability for unemployment insurance benefits currently owed to the federal government. The Department of Commerce, Division of Employment Security, shall not use funds from the Employment Security Reserve Fund for any purpose not explicitly authorized in this section.

WORKER TRAINING TRUST FUND

SECTION 13.9. Of the funds appropriated in this act to the Department of Commerce for the Worker Training Trust Fund, the sum of seventy-five thousand dollars (\$75,000) in nonrecurring funds for the 2012-2013 fiscal year is allocated to the North Carolina Rural Entrepreneurship through Action Learning (NC REAL) to support curriculum development, materials, and training for Small Business Centers.

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.10. Section 14.12A(a) of S.L. 2011-145 reads as rewritten:

"SECTION 14.12A.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of three hundred forty-three thousand one hundred eighty-seven dollars (\$343,187) for the 2011-2012 fiscal year and the sum of ~~three hundred forty-three thousand one hundred eighty-seven dollars (\$343,187)~~ three hundred thirty-eight thousand thirty-nine dollars (\$338,039) for the 2012-2013 fiscal year shall be used only as provided by this section. Each regional council of government or lead regional organization is allocated up to twenty-five thousand dollars (\$25,000) for the 2011-2012 and the 2012-2013 fiscal years."

GRASSROOTS SCIENCE PROGRAM

SECTION 13.11. Section 14.11(b) of S.L. 2011-145 reads as rewritten:

"SECTION 14.11.(b) Of the funds appropriated in this act to the Department of Commerce for State Aid, the sum of two million eight hundred ninety-nine thousand eight hundred eighty-five dollars (\$2,899,885) for the 2011-2012 fiscal year and the sum of ~~two million eight hundred ninety-nine thousand eight hundred eighty-five dollars (\$2,899,885)~~ two million eight hundred fifty-six thousand three hundred eighty-seven dollars (\$2,856,387) for the 2012-2013 fiscal year is allocated as grants-in-aid for each fiscal year as follows:

2011-2012

2012-2013

1	Aurora Fossil Museum	\$49,000	\$49,000
2	Cape Fear Museum	\$132,125	\$132,125 <u>\$129,877</u>
3	Carolina Raptor Center	\$92,050	\$92,050 <u>\$90,484</u>
4	Catawba Science Center	\$120,100	\$120,100 <u>\$118,057</u>
5	Colburn Earth Science Museum, Inc.	\$61,170	\$61,170 <u>\$60,129</u>
6	Core Sound Waterfowl Museum	\$49,000	\$49,000
7	Discovery Place	\$543,945	\$543,945 <u>\$534,691</u>
8	Eastern NC Regional Science Center	\$49,000	\$49,000
9	Fascinate-U	\$66,530	\$66,530 <u>\$65,398</u>
10	Granville County Museum Commission,		
11	Inc.–Harris Gallery	\$49,000	\$49,000
12	Greensboro Children's Museum	\$110,845	\$110,845 <u>\$108,959</u>
13	The Health Adventure Museum of Pack		
14	Place Education, Arts and		
15	Science Center, Inc.	\$127,695	\$127,695 <u>\$125,523</u>
16	Highlands Nature Center	\$65,050	\$65,050 <u>\$63,943</u>
17	Imagination Station	\$70,600	\$70,600 <u>\$69,399</u>
18	The Iredell Museums, Inc.	\$50,310	\$50,310 <u>\$49,454</u>
19	Kidsenses	\$66,700	\$66,700 <u>\$65,565</u>
20	Museum of Coastal Carolina	\$64,025	\$64,025 <u>\$62,936</u>
21	The Natural Science Center		
22	of Greensboro, Inc.	\$152,920	\$152,920 <u>\$150,319</u>
23	North Carolina Museum of Life		
24	and Science	\$311,685	\$311,685 <u>\$306,383</u>
25	Pisgah Astronomical Research Institute	\$49,000	\$49,000
26	Port Discover: Northeastern		
27	North Carolina's Center for		
28	Hands-On Science, Inc.	\$49,000	\$49,000
29	Rocky Mount Children's Museum	\$59,290	\$59,290 <u>\$58,281</u>
30	Schiele Museum of Natural History		
31	and Planetarium, Inc.	\$188,370	\$188,370 <u>\$185,166</u>
32	Sci Works Science Center and		
33	Environmental Park of Forsyth County	\$120,215	\$120,215 <u>\$118,170</u>
34	Sylvan Heights Waterfowl Park		
35	and Eco-Center	\$49,000	\$49,000
36	Western North Carolina Nature Center	\$92,630	\$92,630 <u>\$91,054</u>
37	Wilmington Children's Museum	\$60,630	\$60,630 <u>\$59,599</u>
38			
39	Total	\$2,899,885	\$2,899,885 <u>\$2,856,387.</u> "

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS

SECTION 13.12. Section 14.13 of S.L. 2011-145, as amended by Section 37 of S.L. 2011-391, reads as rewritten:

"REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS

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

1 "SECTION 14.13.(b) Funds appropriated pursuant to subsection (a) of this section shall be
2 allocated to each regional economic development commission as follows:

- 3 (1) First, the Department shall establish each commission's allocation by
4 determining the sum of allocations to each county that is a member of that
5 commission. Each county's allocation shall be determined by dividing the
6 county's development factor by the sum of the development factors for
7 eligible counties and multiplying the resulting percentage by the amount of
8 the appropriation. As used in this subdivision, the term "development factor"
9 means a county's development factor as calculated under G.S. 143B-437.08;
10 and
- 11 (2) Next, the Department shall subtract from funds allocated to the North
12 Carolina's Eastern Region Economic Development Partnership the sum of
13 ~~one hundred seventy-four thousand eight hundred ninety dollars (\$174,890)~~
14 one hundred sixty-one thousand eight hundred sixty-one dollars (\$161,861)
15 in the ~~2011-2012~~ 2012-2013 fiscal year, which sum represents (i) the total
16 interest earnings in the prior fiscal year on the estimated balance of the seven
17 million five hundred thousand dollars (\$7,500,000) appropriated to the
18 Global TransPark Development Zone in Section 6 of Chapter 561 of the
19 1993 Session Laws and (ii) the total interest earnings in the prior fiscal year
20 on loans made from the seven million five hundred thousand dollars
21 (\$7,500,000) appropriated to the Global TransPark Development Zone in
22 Section 6 of Chapter 561 of the 1993 Session Laws; and
- 23 (3) Next, the Department shall redistribute the sum of ~~one hundred seventy-four~~
24 ~~thousand eight hundred ninety dollars (\$174,890)~~ one hundred sixty-one
25 thousand eight hundred sixty-one dollars (\$161,861) in the ~~2011-2012~~
26 2012-2013 fiscal year to the seven regional economic development
27 commissions named in subsection (a) of this section. Each commission's
28 share of this redistribution shall be determined according to the development
29 factor formula set out in subdivision (1) of this subsection. This
30 redistribution shall be in addition to each commission's allocation
31 determined under subdivision (1) of this subsection.

32 "SECTION 14.13.(c) No more than one hundred twenty thousand dollars (\$120,000) in
33 State funds shall be used for the annual salary of any one employee of a regional economic
34 development commission.

35 "SECTION 14.13.(d) The General Assembly finds that successful economic development
36 requires the collaboration of the State, regions of the State, counties, and municipalities.
37 Therefore, the regional economic development commissions are encouraged to seek
38 supplemental funding from their county and municipal partners to continue and enhance their
39 efforts to attract and retain business in the State."
40

41 RURAL CENTER/RURAL JOBS FUND

42 SECTION 13.13. Section 14.20(d) of S.L. 2011-145 reads as rewritten:

43 "SECTION 14.20.(d) Rural Jobs Infrastructure Grants. – A Rural Jobs Infrastructure
44 Grant is available to supplement other funds to be applied to the construction or installation
45 costs of an eligible project. Other funds contributed to the project may include federal funds,
46 State funds, and local funds, including contributions from private sector enterprises that may
47 benefit from the proposed improvements. A Rural Jobs Infrastructure Grant is subject to the
48 following provisions:

- 49 (1) Eligibility. – A local government unit is eligible for a Rural Jobs
50 Infrastructure Grant if it is a rural county or is located in a rural county.

- 1 (2) Maximum grant amount. – Grant funds shall be available based upon the
2 number of private sector jobs to be created as a result of the investment from
3 the Rural Jobs Infrastructure Grant Fund. An applicant for a grant may
4 request up to five thousand dollars (\$5,000) per job to be created. An
5 applicant for a Rural Jobs Infrastructure Grant shall not receive more than
6 five hundred thousand dollars (\$500,000) for a proposed infrastructure
7 project. Notwithstanding the provisions of this subdivision, the Rural Center
8 may, if it deems it reasonable and appropriate based upon the number of
9 private sector jobs created and/or the anticipated benefits to the community,
10 award grant funds to a local government that exceed five thousand dollars
11 (\$5,000) per job to be created, provided that the average amount of the total
12 grant funds from the funds appropriated in subsection (a) of this section does
13 not exceed five thousand dollars (\$5,000) per job to be created.
14 (3) Matching funds. – A local government unit shall match a Rural Jobs
15 Infrastructure Grant on a dollar-for-dollar basis. As part of the matching
16 funds, recipients of grant funds under the provisions of this section shall
17 contribute a cash match for the grant that is equivalent to at least five percent
18 (5%) of the grant amount. The required applicant cash-matching contribution
19 shall come from local resources and may not be derived from other State or
20 federal grant funds or from funds provided by the Rural Center."
21

22 RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM

23 **SECTION 13.14.** Section 14.17(c) of S.L. 2011-145 reads as rewritten:

24 "**SECTION 14.17.(c)** ~~During each year of the 2011-2013 biennium,~~ For the 2012-2013
25 fiscal year, the Rural Center may use up to three hundred twenty nine thousand one hundred
26 seventy eight dollars (\$329,178) four percent (4%) of the funds appropriated in this act section
27 to cover its expenses in administering the North Carolina Economic Infrastructure Program."
28

29 PART XIV. DEPARTMENT OF PUBLIC SAFETY

30 DIVISION OF ADULT CORRECTION/RELEASE DATES

31 **SECTION 14.1.** Notwithstanding any other provision of law, the Division of Adult
32 Correction may establish more than two release dates per month for inmates leaving prison.
33
34

35 INMATE MEDICAL COSTS

36 **SECTION 14.2.(a)** Section 19.20 of S.L. 2009-451 is repealed.

37 **SECTION 14.2.(b)** Section 18.10(a) of S.L. 2011-145 reads as rewritten:

38 "**SECTION 18.10.(a)** ~~The~~ During the 2011-2013 fiscal biennium, the Department of
39 ~~Correction~~ Public Safety shall reimburse those providers and facilities providing approved
40 inmate medical services outside the correctional facility the lesser amount of either a rate of
41 seventy percent (70%) of the provider's then-current prevailing charge or two times the
42 then-current Medicaid rate for any given service. The Department shall have the right to audit
43 any given provider to determine the actual prevailing charge to ensure compliance with this
44 provision.
45

46 This section does apply to vendors providing services that are not billed on a fee-for-service
47 basis, such as temporary staffing. Nothing in this section shall preclude the Department from
48 contracting with a provider for services at rates that provide greater documentable cost
49 avoidance for the State than do the rates contained in this section or at rates that are less
50 favorable to the State but that will ensure the continued access to care."

SECTION 14.2.(c) Section 18.10(d) of S.L. 2011-145 reads as rewritten:

1 "**SECTION 18.10.(d)** ~~The Department of~~Division of Adult Correction shall report to the
2 Joint Legislative ~~Commission on Governmental Operations~~Oversight Committee on Justice and
3 Public Safety and the Chairs of the House and Senate Appropriations Subcommittees on Justice
4 and Public Safety no later than ~~November 1, 2011~~November 1, 2012, and quarterly thereafter
5 on:

- 6 (1) The volume of services provided by community medical providers that can
7 be scheduled in advance and, of that volume, the percentage of those
8 services that are provided by contracted ~~providers; and~~providers.
- 9 (2) The volume of services provided by community medical providers that
10 cannot be scheduled in advance and, of that volume, the percentage of those
11 services that are provided by contracted providers.
- 12 (3) The volume of services provided by community medical providers that are
13 emergent cases requiring hospital admissions and the emergent cases not
14 requiring hospital admissions.
- 15 (4) The volume of inpatient medical services provided to Medicaid-eligible
16 inmates, the cost of treatment, and the estimated savings of paying the
17 nonfederal portion of Medicaid for the services.
- 18 (5) The status of the Division's efforts to contract with hospitals to provide
19 secure wards in each of the State's five prison regions."

20 21 **TECHNICAL REVOCATION CENTER STUDY**

22 **SECTION 14.3.** The Division of Adult Correction of the Department of Public
23 Safety shall study the feasibility of creating a technical violation center to house probationers
24 ordered to serve a period of 90 days in confinement due to a technical violation of the condition
25 of their probation. The study would determine the feasibility and cost-effectiveness of using
26 such a center operated by the Community Corrections Section for confinements resulting from
27 technical corrections rather than placing the probationers in State prison facilities. The
28 Department shall report its findings and recommendations to the Office of State Budget and
29 Management and the House and Senate Appropriations Subcommittees on Justice and Public
30 Safety no later than January 1, 2013.

31 32 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

33 **SECTION 14.4.** Funds appropriated in this act to the Department of Public Safety
34 for the Division of Juvenile Justice for the 2012-2013 fiscal year may be used as matching
35 funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives
36 Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office
37 of State Budget and Management and the Governor's Crime Commission shall consult with the
38 Division of Juvenile Justice regarding the criteria for awarding federal funds. The Office of
39 State Budget and Management, the Governor's Crime Commission, and the Division of
40 Juvenile Justice shall report to the Chairs of the House of Representatives and Senate
41 Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative
42 Commission on Governmental Operations prior to allocation of the federal funds. The report
43 shall identify the amount of funds to be received for the 2012-2013 fiscal year and the
44 allocation of funds by program and purpose. Any Juvenile Accountability Incentive Block
45 Grant awarded to North Carolina is subject to the provisions of G.S. 143C-7-1 and shall not
46 obligate the State financially in future fiscal years.

47 48 **REPEAL REQUIREMENT REGARDING THE STAFFING TREATMENT MODEL** 49 **AT YOUTH DEVELOPMENT CENTERS**

50 **SECTION 14.5.** Section 17.7 of S.L. 2011-145 is repealed.
51

MULTIPURPOSE GROUP HOME FUNDS

SECTION 14.6. Of the funds appropriated in this act to the Department of Public Safety for the Division of Juvenile Justice, the sum of five hundred fifty thousand dollars (\$550,000) shall be used to continue operating a multipurpose group home in Craven County.

JUVENILE CRIME PREVENTION COUNCIL FUNDS

SECTION 14.7. Section 17.4(b) of S.L. 2011-145 reads as rewritten:

"SECTION 17.4.(b) Of the funds appropriated by this act for the ~~2011-2012~~2012-2013 fiscal year to the ~~Department of Juvenile Justice and Delinquency Prevention~~Department of Public Safety for Juvenile Crime Prevention Council grants, the sum of one hundred twenty-one thousand six hundred dollars (\$121,600) shall be transferred to Project Challenge North Carolina, Inc., to be used for the continued support of Project Challenge programs throughout the State."

STRATEGIC PLAN FOR FACILITY CLOSURE, CONSTRUCTION, AND REPAIR

SECTION 14.8. The Department of Public Safety shall study the population dynamics of detention and secure confinement at the Youth Development Centers operated by the Department and shall submit a strategic plan for facility closure, construction, and repair and renovation to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by February 1, 2013. The strategic plan required by this section shall include cost estimates for any proposed projects.

PART XV. DEPARTMENT OF JUSTICE**ITEMIZED BILLING FOR LEGAL SERVICES PROVIDED TO STATE AGENCIES**

SECTION 15.1. Article 1 of Chapter 114 of the General Statutes is amended by adding a new section to read:

"§ 114-8.5. Itemized billing for legal services provided to State agencies.

Whenever the Department of Justice charges a State agency, board, or commission for legal services rendered by the Department, the Department shall do so by providing the agency, board, or commission with an invoice that includes at least all of the following information for all charges:

- (1) The case for which the agency, board, or commission is being charged.
- (2) The name of each attorney who worked on each case and the number of hours worked by each attorney.
- (3) The hourly rate being charged by each attorney."

BIANNUAL REPORTING ON ATTORNEY ACTIVITY

SECTION 15.2. Beginning on February 1, 2013, and every six months thereafter, the Attorney General shall report on the work of Department of Justice attorneys during the previous two quarters. The reports required by this section shall be filed with the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety and with the Fiscal Research Division of the General Assembly as follows:

- (1) Agency-specific work. – A report on the work of Department of Justice attorneys for State agencies. This report shall include at least all of the following information:
 - a. The amount of time spent working for each State department and agency.
 - b. The amount of time spent on each case for each State department and agency.

- 1 c. The amount billed to each State agency for the legal services
2 provided.
3 (2) Other work. – A report on the work of Department of Justice attorneys that
4 is not on behalf of a particular State agency. The report required by this
5 subdivision shall include all of the information required by subdivision (1)
6 of this section. The report shall include at least all of the following
7 information:
8 a. The amount of time spent by each unit of the Department of Justice.
9 b. The amount of time spent on each particular matter for each unit of
10 the Department of Justice.
11

12 **CONSOLIDATE OFFICE OF MANAGED CARE PATIENT ASSISTANCE**
13 **PROGRAM BY TRANSFERRING THE DEPARTMENT OF JUSTICE, HEALTH**
14 **INSURANCE CONSUMER PROTECTION UNIT, TO THE DEPARTMENT OF**
15 **INSURANCE**

16 **SECTION 15.3.(a)** The Department of Justice, Health Insurance Consumer
17 Protection Unit, and any portion of the Managed Care Patient Assistance Program managed by
18 the Department of Justice is transferred to the Department of Insurance. This transfer shall have
19 all of the elements of a Type I transfer, as described in G.S. 143A-6.

20 **SECTION 15.3.(b)** G.S. 143-730(a) reads as rewritten:

21 "(a) The Office of Managed Care Patient Assistance Program is established in an
22 ~~existing State agency or department designated by the Governor. The Director of the Office of~~
23 ~~Managed Care Patient Assistance Program shall be appointed by the Governor. the Department~~
24 of Insurance."
25

26 **PART XVI. JUDICIAL DEPARTMENT**

27
28 **STUDY MANAGEMENT OF MAGISTRATE SCHEDULES**

29 **SECTION 16.1.** The Administrative Office of the Courts shall study the
30 management of magistrate schedules throughout the General Court of Justice and make
31 recommendations to (i) provide for more efficient use of the magistrates established for each
32 county; and (ii) ensure that each county has sufficient coverage to adequately respond to law
33 enforcement and the public. The Administrative Office of the Courts shall report its finding and
34 recommendations to the Chairs of the House and Senate Appropriations Subcommittees on
35 Justice and Public Safety by March 1, 2013.
36

37 **FAMILY COURT PROGRAMS**

38 **SECTION 16.2.** The Administrative Office of the Courts shall provide direction
39 and oversight to the existing family court programs in order to ensure that each district with a
40 family court program is utilizing best practices and is working effectively and efficiently in the
41 disposition of domestic and juvenile cases. The Administrative Office of the Courts shall
42 report on its efforts in this regard and the results of those efforts to the Chairs of the House and
43 Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2013.
44

45 **FOREIGN LANGUAGE INTERPRETERS FOR THE COURTS**

46 **SECTION 16.3.(a)** G.S. 7A-314(f) is repealed.

47 **SECTION 16.3.(b)** G.S. 7A-343 reads as rewritten:

48 "**§ 7A-343. Duties of Director.**

49 The Director is the Administrative Officer of the Courts, and the Director's duties include
50 all of the following:
51

...

(9c) Prescribe policies and procedures for the appointment and payment of foreign language ~~interpreters in those cases specified in G.S. 7A-314(f).~~ interpreters. These policies and procedures shall be applied uniformly throughout the General Court of Justice. After consultation with the Joint Legislative Commission on Governmental Operations, the Director may also convert contractual foreign language interpreter positions to permanent State positions when the Director determines that it is more cost-effective to do so.

...."

SECTION 16.3.(c) The Judicial Department may use funds appropriated and funds available to the Department to provide assistance to persons with limited proficiency in English to assist the court in the fair, efficient, and accurate transaction of business and provide more meaningful access to the courts.

EXTEND SUNSET ON PILOT PROJECT FOR ELECTRONIC FILING IN DOMESTIC VIOLENCE AND CIVIL NO-CONTACT CASES IN ALAMANCE COUNTY

SECTION 16.4.(a) Section 15.13(b) of S.L. 2010-31 reads as rewritten:

"**SECTION 15.13.(b)** This section expires ~~June 30, 2012.~~ June 30, 2014."

SECTION 16.4.(b) This section becomes effective June 30, 2012.

EXPAND USES FOR COURT INFORMATION TECHNOLOGY FUND

SECTION 16.5.(a) G.S. 7A-343.2 reads as rewritten:

"**§ 7A-343.2. Court Information Technology and Facilities Fund.**

(a) Fund. – The Court Information Technology and Facilities Fund is established within the Judicial Department as a special revenue fund. Interest and other investment income earned by the Fund accrues to it. The Fund consists of the following revenues:

- (1) All monies collected by the Director pursuant to G.S. 7A-109(d) and G.S. 7A-49.5.
- (2) State judicial facilities fees credited to the Fund under G.S. 7A-304 through G.S. 7A-307.

(b) Use. – Money in the Fund derived from State judicial facilities fees must be used to upgrade, maintain, and operate State judicial facilities and the judicial and county courthouse phone systems. All other monies in the Fund must be used to supplement funds otherwise available to the Judicial Department for court information technology and office automation needs.

(c) Report. – The Director must report by August 1 and February 1 of each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety. The report must include the following:

- (1) Amounts credited in the preceding six months to the Fund.
- (2) Amounts expended in the preceding six months from the Fund and the purposes of the expenditures.
- (3) Proposed expenditures of the monies in the Fund."

SECTION 16.5.(b) G.S. 7A-304 reads as rewritten:

"**§ 7A-304. Costs in criminal actions.**

(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. No costs may be assessed when a case is dismissed. Costs under this section may not be waived unless the judge makes a written finding of just cause to grant such a waiver.

...

1 (2a) For the upgrade, maintenance, and operation of State judicial facilities and
2 the judicial and county courthouse phone systems, the sum of four dollars
3 (\$4.00), to be credited to the Court Information Technology and Facilities
4 Fund.

5"

6 **SECTION 16.5.(c)** G.S. 7A-305 reads as rewritten:

7 **"§ 7A-305. Costs in civil actions.**

8 (a) In every civil action in the superior or district court, except for actions brought
9 under Chapter 50B of the General Statutes, shall be assessed:

10 ...

11 (1a) For the upgrade, maintenance, and operation of State judicial facilities and
12 the judicial and county courthouse phone systems, the sum of four dollars
13 (\$4.00), to be credited to the Court Information Technology and Facilities
14 Fund.

15 ...

16 (a5) In every civil action in the superior or district court wherein a party files a pleading
17 containing one or more counterclaims or cross-claims, except for counterclaim and cross-claim
18 actions brought under Chapter 50B of the General Statutes for which costs are assessed
19 pursuant to subsection (a1) of this section, the following shall be assessed:

20 ...

21 (2) For the upgrade, maintenance, and operation of State judicial facilities and
22 the judicial and county courthouse phone systems, the sum of four dollars
23 (\$4.00), to be credited to the Court Information Technology and Facilities
24 Fund.

25"

26 **SECTION 16.5.(d)** G.S. 7A-306 reads as rewritten:

27 **"§ 7A-306. Costs in special proceedings.**

28 (a) In every special proceeding in the superior court, the following costs shall be
29 assessed:

30 ...

31 (1a) For the upgrade, maintenance, and operation of State judicial facilities and
32 the judicial and county courthouse phone systems, the sum of four dollars
33 (\$4.00), to be credited to the Court Information Technology and Facilities
34 Fund.

35"

36 **SECTION 16.5.(e)** G.S. 7A-307 reads as rewritten:

37 **"§ 7A-307. Costs in administration of estates.**

38 (a) In the administration of the estates of decedents, minors, incompetents, of missing
39 persons, and of trusts under wills and under powers of attorney, in trust proceedings under
40 G.S. 36C-2-203, in estate proceedings under G.S. 28A-2-4, and in collections of personal
41 property by affidavit, the following costs shall be assessed:

42 ...

43 (1a) For the upgrade, maintenance, and operation of State judicial facilities and
44 the judicial and county courthouse phone systems, the sum of four dollars
45 (\$4.00), to be credited to the Court Information Technology and Facilities
46 Fund.

47"

48 **SECTION 16.5.(f)** G.S. 7A-49.5(d) reads as rewritten:

49 "(d) Any funds received by the Administrative Office of the Courts from the vendor
50 selected pursuant to subsection (c) of this section, other than applicable statutory court costs, as

1 a result of electronic filing, shall be deposited in the Court Information Technology and
2 Facilities Fund in accordance with G.S. 7A-343.2."

3 **SECTION 16.5.(g)** G.S. 7A-109(d) reads as rewritten:

4 "(d) In order to facilitate public access to court records, except where public access is
5 prohibited by law, the Director may enter into one or more nonexclusive contracts under
6 reasonable cost recovery terms with third parties to provide remote electronic access to the
7 records by the public. Costs recovered pursuant to this subsection shall be remitted to the State
8 Treasurer to be held in the Court Information Technology and Facilities Fund established in
9 G.S. 7A-343.2."

10 **SECTION 16.5.(h)** G.S. 7A-455.1(f) reads as rewritten:

11 "(f) Of each appointment fee collected under this section, the sum of fifty-five dollars
12 (\$55.00) shall be credited to the Indigent Persons' Attorney Fee Fund and the sum of five
13 dollars (\$5.00) shall be credited to the Court Information Technology and Facilities Fund under
14 G.S. 7A-343.2. These fees shall not revert."

15 **SECTION 16.5.(i)** This section is effective when it becomes law.

17 **WAIVER OF MEDIATION FEES TO REQUIRE FINDING OF JUST CAUSE**

18 **SECTION 16.6.(a)** G.S. 7A-38.7 reads as rewritten:

19 **"§ 7A-38.7. Dispute resolution fee for cases resolved in mediation.**

20 (a) In each criminal case filed in the General Court of Justice that is resolved through
21 referral to a community mediation center, a dispute resolution fee shall be assessed in the sum
22 of sixty dollars (\$60.00) per mediation to support the services provided by the community
23 mediation centers and the Mediation Network of North Carolina. Fees assessed under this
24 section shall be paid to the clerk of superior court in the county where the case was filed and
25 remitted by the clerk to the Mediation Network of North Carolina. The Mediation Network
26 may retain up to three dollars (\$3.00) of this amount as an allowance for its administrative
27 expenses. The Mediation Network must remit the remainder of this amount to the community
28 mediation center that mediated the case. The court may waive or reduce a fee assessed under
29 this section only upon entry of a written order, supported by findings of fact and conclusions of
30 law, determining there is just cause to grant the waiver or reduction.

31 (b) Before providing the district attorney with a dismissal form, the community
32 mediation center shall require proof that the defendant has paid the dispute resolution fee as
33 required by subsection (a) of this section and shall attach the receipt to the dismissal form."

34 **SECTION 16.6.(b)** G.S. 7A-304(a) reads as rewritten:

35 "(a) In every criminal case in the superior or district court, wherein the defendant is
36 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the
37 prosecuting witness, the following costs shall be assessed and collected. No costs may be
38 assessed when a case is dismissed. ~~Costs under this section may not be waived unless the judge~~
39 ~~makes a written finding of just cause to grant such a waiver.~~ Only upon entry of a written order,
40 supported by findings of fact and conclusions of law, determining that there is just cause, the
41 court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed
42 under subdivisions (7) or (8) of this section.

43 ...

44 (7) For the services of the North Carolina State Crime Laboratory facilities, the
45 district or superior court judge shall, upon conviction, order payment of the
46 sum of six hundred dollars (\$600.00) to be remitted to the Department of
47 Justice for support of the State Bureau of Investigation. This cost shall be
48 assessed only in cases in which, as part of the investigation leading to the
49 defendant's conviction, the laboratories have performed DNA analysis of the
50 crime, tests of bodily fluids of the defendant for the presence of alcohol or
51 controlled substances, or analysis of any controlled substance possessed by

1 the defendant or the defendant's agent. ~~The court may waive or reduce the~~
2 ~~amount of the payment required by this subdivision upon a finding of just~~
3 ~~cause to grant such a waiver or reduction.~~

- 4 (8) For the services of any crime laboratory facility operated by a local
5 government or group of local governments, the district or superior court
6 judge shall, upon conviction, order payment of the sum of six hundred
7 dollars (\$600.00) to be remitted to the general fund of the local
8 governmental unit that operates the laboratory to be used for law
9 enforcement purposes. The cost shall be assessed only in cases in which, as
10 part of the investigation leading to the defendant's conviction, the laboratory
11 has performed DNA analysis of the crime, test of bodily fluids of the
12 defendant for the presence of alcohol or controlled substances, or analysis of
13 any controlled substance possessed by the defendant or the defendant's
14 agent. The costs shall be assessed only if the court finds that the work
15 performed at the local government's laboratory is the equivalent of the same
16 kind of work performed by the State Bureau of Investigation under
17 subdivision (7) of this subsection. ~~The court may waive or reduce the~~
18 ~~amount of the payment required by this subdivision upon a finding of just~~
19 ~~cause to grant such a waiver or reduction.~~

- 20 (9) For the support and services of the State Bureau of Investigation DNA
21 Database and DNA Databank, the sum of two dollars (\$2.00). This amount
22 is annually appropriated to the Department of Justice for this purpose.
23 Notwithstanding the provisions of subsection (e) of this section, this cost
24 does not apply to infractions.

25"

26 **SECTION 16.6.(c)** This section becomes effective July 1, 2012, and applies to fees
27 waived on or after that date.

28 **COLLECTION OF WORTHLESS CHECK FUNDS**

29 **SECTION 16.7.** Section 15.4 of S.L. 2011-145 reads as rewritten:

30 **"SECTION 15.4.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
31 Department may use any balance remaining in the Collection of Worthless Checks Fund on
32 ~~June 30, 2011, June 30, 2012,~~ for the purchase or repair of office or information technology
33 ~~equipment during the 2011-2012 fiscal year. 2012-2013 fiscal year.~~ Prior to using any funds
34 under this section, the Judicial Department shall report to the Joint Legislative Commission on
35 ~~Governmental Operations and Operations,~~ the Chairs of the House of Representatives and
36 Senate Appropriations Subcommittees on Justice and Public ~~Safety-Safety,~~ and the Office of
37 State Budget and Management on the equipment to be purchased or repaired and the reasons
38 for the purchases."
39

40 **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS**

41 **SECTION 16.8.** Section 15.16(a) of S.L. 2011-145 reads as rewritten:

42 **"SECTION 15.16.(a)** The Judicial Department, Office of Indigent Defense Services, may
43 use up to the sum of two million one hundred fifty thousand dollars (\$2,150,000) in
44 appropriated funds during the 2011-2012 fiscal year for the expansion of existing offices
45 currently providing legal services to the indigent population under the oversight of the Office of
46 Indigent Defense Services, for the creation of new public defender offices within existing
47 public defender programs, or for the establishment of regional public defender programs.
48 Notwithstanding the defender districts established by G.S. 7A-498.7, the Office of Indigent
49 Defense Services may use a portion of these funds to create positions within existing public
50 defender programs to handle cases in adjacent counties or districts. These funds may be used to
51

1 create up to 50 new attorney positions and 25 new support staff positions during the ~~2011-2012~~
2 ~~fiscal year~~ 2011-2013 biennium and for the salaries, benefits, equipment, and related expenses
3 for these positions in both years of the biennium. Positions creation will be staggered across the
4 two years of the biennium. Prior to using funds for this purpose, the Office of Indigent Defense
5 Services shall report to the Chairs of the House of Representatives and the Senate
6 Appropriations Subcommittees on Justice and Public Safety on the proposed expansion."
7

8 **OFFICE OF INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS**

9 **SECTION 16.9.** Notwithstanding G.S. 143C-6-9, the Office of Indigent Defense
10 Services may use the sum of up to fifty thousand dollars (\$50,000) from funds available to
11 provide the State matching funds needed to receive grant funds. Prior to using funds for this
12 purpose, the Office shall report to the Chairs of the House of Representatives and Senate
13 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
14 Commission on Governmental Operations on the grants to be matched using these funds.
15

16 **PART XVII. OFFICE OF THE STATE AUDITOR**

17 18 **EXEMPT OCCUPATIONAL LICENSING BOARDS FROM PAYING FOR AUDITS** 19 **UNDER CERTAIN CIRCUMSTANCES**

20 **SECTION 17.1.** G.S. 93B-4 reads as rewritten:

21 **"§ 93B-4. Audit of Occupational Licensing Boards; payment of costs.**

22 (a) The State Auditor shall audit occupational licensing boards from time to time to
23 ensure their proper operation. The books, records, and operations of each occupational
24 licensing board shall be subject to the oversight of the State Auditor pursuant to Article 5A of
25 Chapter 147 of the General Statutes. In accordance with G.S. 147-64.7(b), the State Auditor
26 may contract with independent professionals to meet the requirements of this section.

27 ~~The cost of all audits shall be paid from funds of the occupational licensing board audited.~~

28 (b) Each occupational licensing board with a budget of at least fifty thousand dollars
29 (\$50,000) shall conduct an annual financial audit of its operations and provide a copy to the
30 State Auditor."
31

32 **SPECIAL RESPONSIBILITY CONSTITUENT INSTITUTIONS – AUDIT**

33 **SECTION 17.2.** G.S. 116-30.8 reads as rewritten:

34 **"§ 116-30.8. Special responsibility constituent institutions: annual audit by State Auditor**
35 **or certified public accountant.**

36 Each special responsibility constituent institution shall be audited annually. The Chancellor
37 of the special responsibility constituent institution may use State funds to contract with the
38 State Auditor or with a certified public accountant to perform the audit. The contract for audit
39 services may be for up to three years in duration. The audit shall be provided to the Chancellor
40 and Board of Trustees of the special responsibility institution, the Board of Governors of The
41 University of North Carolina, and the State Auditor. The audit shall also be included in the
42 State's Comprehensive Annual Financial Report (CAFR).

43 The Board of Governors of The University of North Carolina shall ensure that all special
44 responsibility constituent institutions are audited in accordance with this section."
45

46 **AUDITOR PUBLISH COST OF AUDITS**

47 **SECTION 17.3.** Article 5A of Chapter 147 of the General Statutes is amended by
48 adding a new section to read:

49 **"§ 147-64.6C. Cost of audit report published.**

1 Each audit report shall itemize the number of staff hours used in conducting the audit and in
2 preparation of the audit report and the total cost of conducting the audit and preparing the audit
3 report."
4

5 PART XVIII. DEPARTMENT OF CULTURAL RESOURCES

6 ROANOKE ISLAND COMMISSION REPORTING REQUIREMENT

7 SECTION 18.1. G.S. 143B-131.4 reads as rewritten:

8 "§ 143B-131.4. Commission reports.

9 Before July 1, 1995, the Commission shall submit to the General Assembly a
10 comprehensive report incorporating specific recommendations of the Commission for
11 development and promotion of the Elizabeth II State Historic Site and Visitor Center. After the
12 initial report, the Commission shall submit a quarterly report to the ~~General Assembly within~~
13 ~~30 days of the convening of each Regular Session of the General Assembly.~~ Chairs of the
14 House Appropriations Subcommittee on General Government and the Chairs of the Senate
15 Appropriations Committee on General Government and Information Technology and to the
16 Fiscal Research Division of the General Assembly. The report shall include:

- 17 (1) A summary of actions taken by the Commission consistent with the powers
18 and duties of the Commission set forth in G.S. 143B-131.2.
- 19 (2) Recommendations for legislation and administrative action to promote and
20 develop the Elizabeth II State Historic Site and Visitor Center.
- 21 (3) An accounting of funds received and expended."
22

23 MODIFY STATE HISTORIC SITES SPECIAL FUND TO INCLUDE STATE 24 HISTORY MUSEUMS

25 SECTION 18.2. G.S. 121-7.7 reads as rewritten:

26 "§ 121-7.7. State Historic Sites and Museums special fund.

27 (a) Fund. – The State Historic Sites and Museums Fund is created as a special,
28 interest-bearing revenue fund in the Division of State Historic ~~Sites~~.~~Sites and the Division of~~
29 State History Museums. The Fund consists of all receipts derived from the lease or rental of
30 property or facilities, disposition of structures or products of the land, private donations, and
31 admissions and fees collected at the State Historic ~~Sites~~.~~Sites,~~ State History Museums, and
32 Maritime Museums. The revenues in the Fund may be used only for the operation,
33 interpretation, maintenance, preservation, development, and expansion of the individual State
34 Historic ~~Site~~.~~Site,~~ State History Museum, and Maritime Museum where the receipts are
35 generated. The respective Division and the staff from each State Historic Site.~~Site,~~ State History
36 Museum, and Maritime Museum will determine how the funds will be used at that Historic
37 ~~Site~~.~~Site,~~ State History Museum, and Maritime Museum.

38 (b) Application. – This section applies to the individual State Historic Sites and State
39 History and Maritime Museums owned by or under the control of the Division of State Historic
40 ~~Sites~~.~~Sites and the Division of State History Museums,~~ with the exception of the Bentonville
41 Battlefield State Historic ~~Site~~.~~Site and the North Carolina Transportation Museum.~~ The
42 Bentonville Battlefield State Historic Site is subject to G.S. 121-7.5. The North Carolina
43 Transportation Museum is subject to G.S. 121-7.6.

44 (c) Reports. – The Department of Cultural Resources must submit to the Joint
45 Legislative Commission on Governmental Operations, the House of Representatives and
46 Senate Appropriations Subcommittees on General Government, and the Fiscal Research
47 Division by September 30 of each year a report on the Fund that includes the source and
48 amounts of all funds credited to the Fund and the purpose and amount of all expenditures from
49 the Fund during the prior fiscal year."
50

51

PART XIX. GENERAL ASSEMBLY**PROGRAM EVALUATION DIVISION TO STUDY THE DUTIES AND SERVICES OF THE NORTH CAROLINA HUMAN RELATIONS COMMISSION AND THE CIVIL RIGHTS DIVISION OF THE OFFICE OF ADMINISTRATIVE HEARINGS**

SECTION 19.1. Section 20.2 of S.L. 2011-145, as amended by Section 45(b) of S.L. 2011-391, reads as rewritten:

"SECTION 20.2.(a) ~~The Legislative Research Commission is authorized to~~Program Evaluation Division shall study the duties and services of the North Carolina Human Relations Commission and the Civil Rights Division of the Office of Administrative Hearings to determine whether there is unnecessary overlap and duplication of services and recommend the placement of the Commission and Division in the appropriate agency or agencies.

"SECTION 20.2.(b) ~~The Legislative Research Commission may make an interim report by May 1, 2012, to the Chairs of the House Appropriations Subcommittee on General Government and the Chairs of the Senate Appropriations Committee on General Government and Information Technology.~~Program Evaluation Division shall report its findings upon the convening of the 2013 General Assembly.

"SECTION 20.2.(c) This section is effective when it becomes law."

PART XX. DEPARTMENT OF INSURANCE**DOI TO STUDY FIRE PROTECTION GRANT FUND**

SECTION 20.1.(a) The Department of Insurance shall study how the fund distribution method for the State Fire Protection Grant Fund could more fully meet the requirement of G.S. 58-85A-1(b) that the distribution method be equitable and uniform. The study shall consider the following factors, as well as any other factors the Department finds relevant:

- (1) Whether the basis for determining the amount of compensation due a local fire district or political subdivision for providing local fire protection to State-owned buildings and their contents actually reflects the cost to the local fire district or political subdivision of providing the fire protection services.
- (2) How the division in funds among properties supported by the General Fund, properties supported by the Highway Fund, and properties supported by The University of North Carolina receipts required by G.S. 58-85A-1(c) should be revised to support fire protection services provided to State-owned properties not receiving support from those Funds or receipts.

SECTION 20.1.(b) The Department shall report its findings and any recommendations for revision of the fund distribution method to the House and Senate Appropriations Subcommittees on General Government and to the Fiscal Research Division on or before October 1, 2012.

INCREASE CONSUMER PROTECTION FUND RETAINED AMOUNT

SECTION 20.2. G.S. 58-2-215 reads as rewritten:

"§ 58-2-215. Consumer Protection Fund.

...

(c) Moneys appropriated by the General Assembly shall be deposited in the Fund and shall become a part of the continuation budget of the Department of Insurance. Such continuation budget amount shall equal the actual expenditures drawn from the Fund during the prior fiscal year plus the official inflation rate designated by the Director of the Budget in the preparation of the State Budget for each ensuing fiscal year; provided that if interest income on

1 the Fund exceeds the amount yielded by the application of the official inflation rate, such
2 continuation budget amount shall be the actual expenditures drawn from the Fund, ~~except that~~
3 ~~the appropriation for the 1995-96 fiscal year shall not exceed the sum of seven hundred fifty~~
4 ~~thousand dollars (\$750,000) and for the 1996-97 fiscal year shall not exceed the sum of two~~
5 ~~hundred fifty thousand dollars (\$250,000).~~ Fund. In the event the amount in the Fund exceeds
6 ~~two hundred fifty thousand dollars (\$250,000) five hundred thousand dollars (\$500,000)~~ at the
7 end of any fiscal year, ~~beginning with the 1995-96 fiscal year,~~ such excess shall revert to the
8 General Fund.

9"

10 11 **FUNDING OF BUILDING CODE REVIEWS FOR STATE BUILDINGS**

12 **SECTION 20.3.** Section 7 of Session Law 2009-474 reads as rewritten:

13 "SECTION 7. The Department of Insurance shall transfer to the Department of
14 Administration four building code review positions selected by the Department of
15 Administration for the purpose of assisting the Department of Administration in administering
16 G.S. 143-341(3) and G.S. 143-139(e). These positions shall be supported by the Insurance
17 Regulatory Fund at one hundred percent (100%) of the full budgeted amount for each position
18 ~~from fiscal year 2009-2010 through fiscal year 2011-2012. Beginning fiscal year 2012-2013,~~
19 ~~the State Treasurer, as custodian of the State Property Fire Insurance Fund, shall support those~~
20 ~~positions out of the State Property Fire Insurance Fund position."~~

21 22 **DOI TO ASSESS VOLUNTEER SAFETY WORKERS COMPENSATION FUND**

23 **SECTION 20.4.** The Department of Insurance, from funds available to it, shall
24 contract with an independent actuary to assess the Volunteer Safety Workers Compensation
25 Fund. The assessment shall include the following components:

- 26 (1) Recommendations as to the level of funding required to ensure that the Fund
27 can meet its financial obligations.
- 28 (2) The level and duration of funding required for the Fund to become
29 self-sufficient in the future.
- 30 (3) The nature of the claims paid by the Fund and any claims-related trends that
31 impact the health of the Fund.
- 32 (4) Recommendations as to the appropriate level of premiums to be paid by
33 members or their departments.
- 34 (5) A projection of revenues to the Fund from sources other than State funding.
- 35 (6) A comparison of the projected timing and risk of the cash flow from
36 investments with the cash flow needed to pay claims.

37 No later than October 1, 2012, the Department shall report the independent actuary's
38 assessment and findings and also provide a comparison of the premiums paid into the Fund and
39 premiums paid by municipal fire departments for their employees' workers compensation
40 insurance to the Chairs of the House of Representatives and Senate Appropriations
41 Committees, the Chairs of the House of Representatives and Senate Appropriations
42 Subcommittees on General Government, and the Fiscal Research Division.

43 44 **PART XXI. DEPARTMENT OF THE SECRETARY OF STATE**

45 46 **TREAT FEES COLLECTED BY CHARITABLE LICENSING DIVISION LIKE** 47 **OTHER FEES COLLECTED BY THE SECRETARY OF STATE**

48 **SECTION 21.1.** Fees collected under Chapter 131F of the General Statutes shall
49 be deposited into the General Fund.

50 51 **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

NC SYMPHONY FUNDING

SECTION 22.1. Section 25.2 of S.L. 2011-145 reads as rewritten:

"**SECTION 25.2.(a)** Of the funds appropriated in this act to the Office of State Budget and Management-Special Appropriations, the sum of ~~one million five hundred thousand dollars (\$1,500,000)~~ two million dollars (\$2,000,000) in nonrecurring funds for the ~~2011-2012~~2012-2013 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section.

"**SECTION 25.2.(b)** It is the intent of the General Assembly that the NC Symphony achieve its goal of raising the sum of ~~eight nine million dollars (\$8,000,000)~~\$9,000,000 in non-State funding to support the operations of the Symphony. To that end, upon demonstrating to the Office of State Budget and Management that the NC Symphony has reached fund-raising targets in the amounts set forth in this subsection, the NC Symphony shall receive allocations from the Office of State Budget and Management as follows:

- (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State funding, the NC Symphony shall receive the sum of five hundred thousand dollars (\$500,000).
- (2) Upon raising an additional sum of two million dollars (\$2,000,000) in non-State funding for a total amount of six million dollars (\$6,000,000) in non-State funds, the NC Symphony shall receive the sum of five hundred thousand dollars (\$500,000).
- (3) Upon raising an additional sum of two million dollars (\$2,000,000) in non-State funding for a total sum of eight million dollars (\$8,000,000) in non-State funds, the NC Symphony shall receive the ~~final~~ sum of five hundred thousand dollars ~~(\$500,000) for the 2011-2012 fiscal year.~~(\$500,000).
- (4) Upon raising an additional sum of one million dollars (\$1,000,000) in non-State funding, for a total sum of nine million dollars (\$9,000,000) in non-State funds, the NC Symphony shall receive the final sum of five hundred thousand dollars (\$500,000) for the 2012-2013 fiscal year.

"**SECTION 25.2.(c)** Funds allocated pursuant to this section are in addition to any other funds allocated to the NC Symphony in this act."

PART XXIII. STATE BOARD OF ELECTIONS**HAVA FUNDS/DISABILITY ACCESS**

SECTION 23.1.(a) The State Board of Elections shall not expend any Help America Vote Funds (HAVA) Title II Funds for the 2011-2012 fiscal year and, unless prohibited by federal law, shall retain those funds until Maintenance of Effort funds are appropriated, except that voting accessibility funds granted by the Secretary of Health and Human Services under Section 261 of HAVA may be applied for and expended by the State Board of Elections to improve voting accessibility for the disabled.

SECTION 23.1.(b) This section is effective when it becomes law.

HAVA FUNDS/STATE SUPPORT OF COUNTY BDS OF ELECTIONS

SECTION 23.2.(a) Effective July 1, 2013, G.S. 163-82.28 reads as rewritten:

"§ 163-82.28. The HAVA Election Fund.

There is established a special fund to be known as the Election Fund. All funds received for implementation of the Help America Vote Act of 2002, Public Law 107-252, shall be deposited in that fund. The State Board of Elections shall use funds in the Election Fund only to implement HAVA. No HAVA funds may be granted to or used by counties for the operation of

1 elections or for expenses which by this Chapter are borne by the counties, except that HAVA
2 funds may be used for local infrastructure of SEIMS (State Elections Information Management
3 System), which is necessary for the State to administer the elections. The State Board of
4 Elections shall annually report to the House and Senate Committees on Appropriations, to the
5 Fiscal Research Division, and to the Joint Legislative Commission on Governmental
6 Operations on implementation of this section."

7 **SECTION 23.2.(b)** Effective July 1, 2013, Article 4 of Chapter 163 of the General
8 Statutes is amended by adding a new section to read:

9 "**§ 163-37.1. No State funds for county election expenses.**

10 No State funds shall be appropriated to counties, or allocated to them by the State Board of
11 Elections, for expenses of the county boards of elections, except that State funds may be used
12 for local infrastructure of SEIMS (State Elections Information Management System), which is
13 necessary for the State to administer the elections. The State Board of Elections shall annually
14 report to the House and Senate Committees on Appropriations, to the Fiscal Research Division,
15 and to the Joint Legislative Commission on Governmental Operations on implementation of
16 this section."

17

18

19 PART XXIV. DEPARTMENT OF TRANSPORTATION

20

21 CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

22 **SECTION 24.1.(a)** Section 28.1 of S.L. 2011-145 is repealed.

23 **SECTION 24.1.(b)** For planning and programming purposes, the Department of
24 Transportation shall assume a maximum gas tax rate of thirty-five cents (35¢) a gallon for
25 fiscal years 2013-2014 through 2016-2017.

26 **SECTION 24.1.(c)** The General Assembly authorizes and certifies anticipated
27 revenues for the Highway Fund as follows:

28	For Fiscal Year 2013-2014	\$ 1,945.0 million
29	For Fiscal Year 2014-2015	\$ 1,974.1 million
30	For Fiscal Year 2015-2016	\$ 2,005.5 million
31	For Fiscal Year 2016-2017	\$ 2,027.5 million

32 **SECTION 24.1.(d)** The General Assembly authorizes and certifies anticipated
33 revenues for the Highway Trust Fund as follows:

34	For Fiscal Year 2013-2014	\$ 1,047.6 million
35	For Fiscal Year 2014-2015	\$ 1,092.9 million
36	For Fiscal Year 2015-2016	\$ 1,150.1 million
37	For Fiscal Year 2016-2017	\$ 1,171.5 million

38

39 FURTHER PRIVATIZATION OF PRE-CONSTRUCTION ACTIVITIES

40 **SECTION 24.2.** For fiscal year 2013-2014, the Department of Transportation shall
41 increase the outsourcing of preliminary engineering projects from fifty percent (50%) of the
42 total funds in the annual work plan, as required by Section 28.9.(3) of S.L. 2011-145, to sixty
43 percent (60%) of the total funds in the annual work plan.

44

45 FUNDS FROM INSPECTION PROGRAM ACCOUNT FOR OTHER HIGHWAY

46 FUND USES

47 **SECTION 24.3.** Notwithstanding G.S. 20-183.7(d), the sum of ten million dollars
48 (\$10,000,000) from the Inspection Program Account within the Highway Fund, as established
49 under G.S. 20-183.7(d), is appropriated and allocated as shown in this act.

50

51 REPEAL AUTOMATIC AVIATION DIVISION BUDGET ADJUSTMENT

1 **SECTION 24.4.** G.S. 136-16.4 is repealed.

2
3 **REENACT STATUTORY ALLOCATION TO THE L.U.S.T. FUND FROM THE**
4 **EXCESS PROCEEDS OF THE MOTOR FUEL INSPECTION TAX AND**
5 **TRANSFER FUNDS TO THE NONCOMMERCIAL L.U.S.T. FUND**

6 **SECTION 24.5.(a)** G.S. 119-18(b) reads as rewritten:

7 "(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied
8 first to the costs of administering this Article and Subchapter V of Chapter 105 of the General
9 Statutes. The remainder of the proceeds shall be credited on a monthly basis as follows:

10 (1) From the remainder of the proceeds, a credit shall be made to the Highway
11 Fund to be used for system preservation under the Department of
12 Transportation in the highway maintenance program. The amount of the
13 monthly credit under this subdivision shall be calculated so as to provide a
14 total of up to one million eight hundred six thousand four hundred forty-six
15 dollars (\$1,806,446) per year to the Highway Fund.

16 (2) After crediting funds under subdivision (1) of this subsection, any proceeds
17 remaining shall be credited to the Commercial Leaking Petroleum
18 Underground Storage Tank Cleanup Fund and the Noncommercial Leaking
19 Petroleum Underground Storage Tank Cleanup Fund, to be distributed as
20 follows:

21 a. If the amount of revenue in the Noncommercial Fund at the end of a
22 month is at least five million dollars (\$5,000,000), one-half of the
23 remainder of the proceeds shall be credited to the Noncommercial
24 Fund, and one-half of the remainder of the proceeds shall be credited
25 to the Commercial Fund.

26 b. If the amount of revenue in the Noncommercial Fund at the end of a
27 month is less than the threshold amount in subdivision (1) of this
28 subsection, all of the remainder of the proceeds shall be credited to
29 the Noncommercial Fund."

30 **SECTION 24.5.(b)** Notwithstanding any other provision of law to the contrary, the
31 sum of two million one hundred seventy-one thousand eight hundred ninety-eight dollars
32 (\$2,171,898) from the Highway Fund shall be transferred to the Noncommercial L.U.S.T. Fund
33 (Fund Code 64305, Budget Code 6371).

34
35 **CLARIFY USE OF CREDIT RESERVE BALANCE IN HIGHWAY FUND**

36 **SECTION 24.6.** G.S. 136-44.2 reads as rewritten:

37 "**§ 136-44.2. Budget and appropriations.**

38 (a) The Director of the Budget shall include in the "Current Operations Appropriations
39 Act" an enumeration of the purposes or objects of the proposed expenditures for each of the
40 construction and maintenance programs for that budget period for the State primary, secondary,
41 State parks road systems, and other transportation systems. The State primary system shall
42 include all portions of the State highway system located both inside and outside municipal
43 corporate limits that are designated by N.C., U.S. or Interstate numbers. The State secondary
44 system shall include all of the State highway system located both inside and outside municipal
45 corporate limits that is not a part of the State primary system. The State parks system shall
46 include all State parks roads and parking lots that are not also part of the State highway system.
47 The transportation systems shall include State-maintained, nonhighway modes of transportation
48 as well.

49 (b) All construction and maintenance programs for which appropriations are requested
50 shall be enumerated separately in the budget. Programs that are entirely State funded shall be
51 listed separately from those programs involving the use of federal-aid funds. Proposed

1 appropriations of State matching funds for each of the federal-aid construction programs shall
2 be enumerated separately as well as the federal-aid funds anticipated for each program in order
3 that the total construction requirements for each program may be provided for in the budget.
4 Also, proposed State matching funds for the highway planning and research program shall be
5 included separately along with the anticipated federal-aid funds for that purpose.

6 (c) Other program categories for which appropriations are requested, such as, but not
7 limited to, maintenance, channelization and traffic control, bridge maintenance, public service
8 and access road construction, transportation projects and systems, and ferry operations shall be
9 enumerated in the budget.

10 (d) The Department of Transportation shall have all powers necessary to comply fully
11 with provisions of present and future federal-aid acts. For purposes of this section, "federally
12 eligible construction project" means any construction project except secondary road projects
13 developed pursuant to G.S. 136-44.7 and 136-44.8 eligible for federal funds under any
14 federal-aid act, whether or not federal funds are actually available.

15 (e) The "Current Operations Appropriations Act" shall also contain the proposed
16 appropriations of State funds for use in each county for maintenance and construction of
17 secondary roads, to be allocated in accordance with G.S. 136-44.5 and 136-44.6. State funds
18 appropriated for secondary roads shall not be transferred nor used except for the construction
19 and maintenance of secondary roads in the county for which they are allocated pursuant to
20 G.S. 136-44.5 and 136-44.6.

21 (f) If the unreserved credit balance in the Highway Fund on the last day of a fiscal year
22 is greater than the amount estimated for that date in the Current Operations Appropriations Act
23 for the following fiscal year, the excess shall be used in accordance with this ~~paragraph-~~
24 subsection. The Director of the Budget ~~may~~shall ~~allocate part or all of the excess among~~
25 reserves to a reserve (i) for access and public roads, for unforeseen events requiring prompt
26 action, roads or (ii) for other urgent needs. The amount not allocated to any of these reserves by
27 the Director of the Budget shall be credited to a reserve for maintenance. The Board of
28 Transportation shall report monthly to the Joint Legislative Transportation Oversight
29 Committee and the Fiscal Research Division on the use of funds in the maintenance reserve.
30 The use of this reserve shall be subject to the following:

- 31 (1) Restrictions on use. – No more than two million dollars (\$2,000,000) from
32 this reserve may be spent on a single project. Funds from this reserve being
33 used for an "other urgent need" project cannot be used for administrative
34 costs, information technology costs, or economic development.
- 35 (2) Approval. – The Department of Transportation shall submit for approval to
36 the Director of the Budget all expenditures from the reserve established
37 under this subsection.
- 38 (3) Reporting. – At least five days, not including State holidays or weekend
39 days, prior to submitting an expenditure request to the Director of the
40 Budget under subdivision (2) of this subsection, the Department of
41 Transportation shall submit a report on the expenditure request to the Fiscal
42 Research Division and to the members of the House Appropriations
43 Subcommittee on Transportation and the Senate Appropriations Committee
44 on Department of Transportation. Such report shall be certified by the chief
45 financial officer of the Department of Transportation and shall contain (i) a
46 project description, (ii) whether the project is for access and public roads or
47 for other urgent needs, (iii) justification of the project, (iv) the total project
48 cost, (v) the amount of funding for the project coming from the reserve, and
49 (vi) other funding sources for the project.
- 50 (4) Carryforward. – If on the last day of the fiscal year the balance in the reserve
51 established by this subsection is greater than five million dollars

1 (\$5,000,000), then the Director of the Budget shall transfer the amount in
2 excess of that sum to the Reserve for General Maintenance in the Highway
3 Fund.

4 (g) The Department of Transportation may provide for costs incurred or accrued for
5 traffic control measures to be taken by the Department at major events which involve a high
6 degree of traffic concentration on State highways, and which cannot be funded from regular
7 budgeted items. This authorization applies only to events which are expected to generate
8 30,000 vehicles or more per day. The Department of Transportation shall provide for this
9 funding by allocating and reserving up to one hundred thousand dollars (\$100,000) before any
10 other allocations from the appropriations for State maintenance for primary, secondary, and
11 urban road systems are made, based upon the same proportion as is appropriated to each
12 system."

13 14 **TRANSFER UNEXPENDED MID-CURRITUCK GAP FUNDS BACK TO HIGHWAY** 15 **TRUST FUND**

16 **SECTION 24.7.** Any funds appropriated to the North Carolina Turnpike Authority
17 under G.S. 136-176(b2) to cover debt service or related financing costs for the Mid-Currituck
18 Bridge project and that remain unencumbered at the end of fiscal year 2011-2012 are hereby
19 transferred back to the Highway Trust Fund to be appropriated and allocated as shown in this
20 act.

21 22 **CODIFY MOBILITY FUND FORMULA DEVELOPED BY DEPARTMENT OF** 23 **TRANSPORTATION**

24 **SECTION 24.8.(a)** G.S. 136-188 reads as rewritten:

25 **"§ 136-188. Use of North Carolina Mobility Fund.**

26 (a) The Department of Transportation shall use the Mobility Fund to fund
27 transportation projects, selected by the Department, of statewide and regional significance that
28 relieve congestion and enhance mobility across all modes of transportation. ~~The Department of~~
29 ~~Transportation shall establish project selection criteria based on the provisions of this Article.~~

30 (b) ~~The~~ Notwithstanding subsections (c) and (d) of this section, the initial project
31 funded from the Mobility Fund shall be the widening and improvement of Interstate 85 north of
32 the Yadkin River Bridge.

33 (c) To be eligible for funding from the Mobility Fund, a project must meet the
34 following requirements:

35 (1) The project must be on statewide or Regional tier facilities.

36 (2) The project must be ready to have funds obligated for construction within
37 five years.

38 (3) The project must be (i) consistent with MPO/RPO transportation planning
39 efforts, (ii) included in an adopted transportation plan, and (iii) found to be
40 consistent with local land-use plans, where available. As used in this
41 subdivision, "MPO" means metropolitan planning organization and "RPO"
42 means rural planning organization.

43 (4) The project must be in a conforming transportation plan if the project is in a
44 non-attainment or maintenance area.

45 (5) Only the project's capital costs, including right-of-way acquisition and
46 construction, may be funded. Maintenance, operation, and planning costs
47 may not be funded from the Mobility Fund.

48 (6) There is no minimum project capital cost as a threshold for funding a
49 project.

1 (d) Eligible projects shall be scored and ranked, with the highest scored projects
2 receiving funding priority. Ranking scores shall be determined according to the following
3 formula:

4 (1) Mobility benefit-cost. – Eighty percent (80%) of the ranking score shall be
5 the estimated travel time savings in vehicle hours that the project will
6 provide over 30 years divided by the cost of the project to the Mobility
7 Fund.

8 (2) Multimodal/intermodal. – Twenty percent (20%) of the ranking score shall
9 be based on whether the project provides an improvement to more than one
10 mode of transportation and what types of other modes of transportation are
11 involved in the project. Using a scale from zero to 100, the Department of
12 Transportation shall provide for the assignment of points under this
13 subdivision. The Department's determination of a point system under this
14 subdivision shall not be subject to rulemaking under Chapter 150B of the
15 General Statutes."

16 **SECTION 24.8.(b)** Section 28.33(c) of S.L. 2011-145 is repealed.

17
18 **CIVIL PENALTIES TO BE TREATED AS RECEIPTS FOR TRANSFER TO CIVIL**
19 **PENALTY AND FORFEITURE FUND**

20 **SECTION 24.9.** The clear proceeds of all civil penalties, civil forfeitures, and civil
21 fines collected by the Department of Transportation for transfer to the Civil Penalty and
22 Forfeiture Fund and which are currently recorded as revenue in the Highway Fund (Budget
23 Code 84210) shall be eliminated from the Estimated Revenue for the Highway Fund. The
24 corresponding Highway Fund appropriation in Fund 150889 shall also be eliminated.

25 Rather than recording the proceeds as revenue, the clear proceeds of all civil penalties, civil
26 forfeitures, and civil fines collected by the Department of Transportation for transfer to the
27 Civil Penalty and Forfeiture Fund shall be recorded as receipts and budgeted in a totally
28 receipt-supported fund center (150889) in the Highway Fund (Budget Code 84210) for transfer
29 to the Civil Penalty and Forfeiture Fund.

30
31 **POSITIONS IN SUPPORT OF THE COMBINED MOTOR VEHICLE**
32 **REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM**

33 **SECTION 24.10.(a)** Upon request from the Department of Transportation and
34 notwithstanding any other provision of law to the contrary, the Office of State Budget and
35 Management may authorize the creation of time-limited, full-time equivalent positions within
36 the Department of Transportation and its Division of Motor Vehicles in excess of the positions
37 authorized by this act for the sole purposes of implementing and administering the combined
38 motor vehicle registration and property tax collection system, in accordance with the funding
39 authorizations in G.S. 105-330.5 and G.S. 105-330.10. Positions created under this
40 authorization shall terminate no later than June 30, 2014. Following the approval of a request,
41 the Office of State Budget and Management shall direct the transfer of funds from the
42 Combined Motor Vehicle and Registration Account, also known as the Division of Motor
43 Vehicles Taxation Interest Fund for Integrated Computer System, to support personnel and
44 related operating costs for the positions approved under this section.

45 **SECTION 24.10.(b)** Beginning October 1, 2012, the Office of State Budget and
46 Management shall report quarterly on all transfers of funds from the Combined Motor Vehicle
47 and Registration Account (Combined Account) and positions supported by the Combined
48 Account during the 2012-2013 fiscal year to the House Appropriations Subcommittee on
49 Transportation, the Senate Appropriations Committee on Department of Transportation, the
50 Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division. The
51 report shall include, at a minimum, the following:

- 1 (1) A summary of activities funded by the Combined Account to date.
- 2 (2) Amounts transferred from the Combined Account and expended per activity.
- 3 (3) A detailed listing of positions funded by receipts to the Combined Account,
- 4 identifying the position number, title, effective date and duration, cost,
- 5 functions performed, and organizational unit to which the position is
- 6 assigned.

7 **SECTION 24.10.(c)** No later than May 1, 2013, the Department of Revenue and
 8 the Department of Transportation shall jointly report on the status of the Memorandum of
 9 Understanding required by G.S. 105-330.11 to the Joint Legislative Transportation Oversight
 10 Committee and Joint Legislative Oversight Committee on Information Technology. The report
 11 shall identify the estimated recurring costs of system administration and proposed
 12 administrative fees to support the costs of combined notice generation and collection of
 13 registration fees and vehicle property taxes.

14
 15 **PART XXV. SALARIES AND BENEFITS**

16
 17 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

18 **SECTION 25.1.(a)** Section 29.3 of S.L. 2011-145 reads as rewritten:

19 **"SECTION 29.3.** Effective for the ~~2011-2013 fiscal biennium,~~ 2012-2013 fiscal year, the
 20 annual salaries, payable monthly, for the following executive branch officials shall remain
 21 unchanged as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$109,553
State Controller	153,319
Commissioner of Motor Vehicles	109,553
Commissioner of Banks	123,198
Chairman, Employment Security Commission	120,363
<u>Chair, Board of Review, Division of Employment Security</u>	<u>120,805</u>
<u>Members, Board of Review, Division of Employment Security</u>	<u>119,305</u>
State Personnel Director	120,363
Chairman, Parole Commission	100,035
<u>Full-time members of the Parole Commission</u>	<u>92,356</u>
Members <u>Part-time members</u> of the Parole Commission	46,178
Chairman, Utilities Commission	137,203
Members of the Utilities Commission	123,198
Executive Director, Agency for	
Public Telecommunications	92,356
Director, Museum of Art	112,256
Executive Director, North Carolina	
Agricultural Finance Authority	106,635
State Chief Information Officer	153,227."

37 **SECTION 25.1.(b)** Effective July 1, 2012, G.S. 143B-721 reads as rewritten:

38 **"§ 143B-721. Post-Release Supervision and Parole Commission – members; selection;**
 39 **removal; chairman; compensation; quorum; services.**

40 Effective August 1, 2005, the Post-Release Supervision and Parole Commission shall
 41 consist of one full-time member and two half-time members. The three members shall be
 42 appointed by the Governor from persons whose recognized ability, training, experience, and
 43 character qualify them for service on the Commission. The terms of office of any members
 44 serving on the Commission on June 30, 2005, shall expire on that date.

45 Effective July 1, 2012, (i) an additional full-time member shall be appointed by the
 46 Governor, (ii) the half-time member who was first appointed to the Commission in 2005 and

1 reappointed February 13, 2011, shall begin serving as a full-time member of the Commission,
2 and the Post-Release Supervision and Parole Commission shall consist of three full-time
3 members and one half-time member. The additional full-time member appointed July 1, 2012,
4 shall serve a term expiring February 28, 2013, and a successor shall be appointed as provided in
5 this section. The half-time member who begins serving as a full-time member effective July 1,
6 2012, shall serve a term expiring June 30, 2013, and a successor shall be appointed as provided
7 in this section.

8 Effective February 28, 2013, the term of the half-time member who was appointed to the
9 Commission on November 2, 2009, shall expire; a full-time member of the Commission shall
10 be appointed by the Governor to begin serving March 1, 2013; and the Post-Release
11 Supervision and Parole Commission shall consist of four full-time members. The full-time
12 member appointed March 1, 2013, shall serve a term expiring February 28, 2017, and a
13 successor shall be appointed as provided in this section.

14 The term of the member serving as chair of the Commission on July 1, 2012, shall expire
15 on June 30, 2013, and a successor shall be appointed as provided in this section.

16 All members of the Commission shall be appointed by the Governor from persons whose
17 recognized ability, training, experience, and character qualify them for service on the
18 Commission.

19 ~~The~~ Except as otherwise provided in this section, the terms of office of persons appointed
20 by the Governor as members of the Commission shall be for four years or until their successors
21 are appointed and qualify. Any appointment to fill a vacancy on the Commission created by the
22 resignation, removal, death or disability of a member shall be for the balance of the unexpired
23 term only.

24 The Governor shall have the authority to remove any member of the Commission from
25 office for misfeasance, malfeasance or nonfeasance, pursuant to the provisions of
26 G.S. 143B-13. The Governor shall designate a member of the Commission to serve as chair of
27 the Commission at the pleasure of the Governor.

28 The granting, denying, revoking, or rescinding of parole, the authorization of work-release
29 privileges to a prisoner, or any other matters of business coming before the Commission for
30 consideration and action shall be decided by majority vote of the full Commission.

31 The members of the Commission shall receive the salary fixed by the General Assembly in
32 the Current Operations Appropriations Act and shall receive necessary travel and subsistence
33 expenses in accordance with the provisions of G.S. 138-6. Notwithstanding any other provision
34 of law, the half-time members of the Commission shall not be subject to the provisions of
35 G.S. 135-3(8)(c).

36 All clerical and other services required by the Commission shall be supplied by the
37 Secretary of Public Safety."

39 **SALARY ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES ONLY/NO** 40 **AUTOMATIC INCREASES**

41 **SECTION 25.2.(a)** Section 29.8 of S.L. 2011-145, as amended by Section 59A of
42 S.L. 2011-391, reads as rewritten:

43 **"SECTION 29.8.(a)** The annual pay of all State employees for the 2011-2013 fiscal
44 biennium shall remain unchanged from that authorized on June 30, 2011, or the last date in pay
45 status during the 2010-2011 fiscal year, if earlier, except that an increase may be allowed
46 during fiscal year 2011-2012 under the following special circumstances:

- 47 (1) For all State employees regardless of funding source, and for employees of
48 the North Carolina Community College System and local school boards who
49 are paid from State funds, salaries may be increased for reallocations or
50 promotions, in-range adjustments for job change, career progression
51 adjustments for demonstrated competencies, or any other adjustment related

1 to an increase in job duties or responsibilities, none of which are subject to
2 the salary freeze otherwise provided by this Part. All other salary increases
3 are prohibited.

4 (1a) For employees of the North Carolina Community College System,
5 notwithstanding subdivision (1) of this subsection, salaries may be increased
6 if the increase is funded from local funding sources.

7 (2) For The University of North Carolina, (i) faculty using funds from the
8 Faculty Recruiting and Retention Fund, the Distinguished Professors
9 Endowment Fund, or the University Cancer Research Fund in the case of
10 faculty involved in cancer research supported by that fund and (ii) faculty,
11 nonfaculty, and other employee adjustments, including retention
12 adjustments, funded from non-State funding sources.

13 (3) For employees of the judicial branch, for local supplementation as
14 authorized by G.S. 7A-300.1.

15 The cumulative salary adjustment allowed under this subsection for the 2011-2012 fiscal year
16 may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance
17 by the Office of State Budget and Management, The University of North Carolina Board of
18 Governors, the Board of the North Carolina Community College System, the Legislative
19 Services Commission, the local board of education, or other authorized body as appropriate.

20 **"SECTION 29.8.(a1)** The annual pay of all State employees for the 2012-2013 fiscal year
21 shall remain unchanged from that authorized on June 30, 2012, or the last date in pay status
22 during the 2011-2012 fiscal year, if earlier, except that an increase may be allowed during
23 fiscal year 2012-2013 under the following special circumstances:

24 (1) For all State employees, regardless of funding source, and for employees of
25 the North Carolina Community College System and local school boards who
26 are paid from State funds, salaries may be increased as specifically
27 authorized by personnel policy established on or before April 30, 2012, for
28 (i) reallocations; (ii) promotions; (iii) in-range adjustments for job change,
29 equity, or labor market; (iv) career progression adjustments, or (v) any other
30 adjustment authorized under that personnel policy.

31 (2) For The University of North Carolina, (i) EPA faculty using funds from the
32 Faculty Recruiting and Retention Fund, the Distinguished Professors
33 Endowment Fund, or the University Cancer Research Fund in the case of
34 faculty involved in cancer research supported by that fund, (ii) EPA faculty
35 any adjustment specifically authorized under Board of Governors policy
36 established on or before April 30, 2012, (iii) EPA nonfaculty any adjustment
37 funded from non-State funding sources and specifically authorized under
38 Board of Governors policy established on or before April 30, 2012, and (iv)
39 SPA employees only as provided under subdivision (1) of this subsection.

40 (3) For employees of the judicial branch, for local supplementation as
41 authorized by G.S. 7A-300.1 or as otherwise authorized under personnel
42 policy established on or before April 30, 2012, excepting automatic step
43 increases for assistant and deputy clerks of court and magistrates that are
44 suspended under subsection (b) of this section.

45 The cumulative salary adjustment allowed under this subsection for the 2012-2013 fiscal year
46 may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance
47 by the Office of State Budget and Management, The University of North Carolina Board of
48 Governors, the Board of the North Carolina Community College System, the Legislative
49 Services Commission, the local board of education, or other authorized body as appropriate.

50 **"SECTION 29.8.(b)** The automatic salary step increases for assistant and deputy clerks of
51 superior court and magistrates are suspended for the 2011-2013 fiscal biennium.

1 "SECTION 29.8.(c) The salary increase provisions of G.S. 20-187.3 are suspended for the
2 2011-2013 fiscal biennium.

3 "SECTION 29.8.(d) Notwithstanding G.S. 53-96.1, and except as provided by subdivision
4 (1) of subsection ~~(a)~~-(a1) of this section, employees of the Office of the Commissioner of
5 Banks shall not be awarded compensation increases or bonuses during the 2011-2013 fiscal
6 biennium.

7 "SECTION 29.8.(e) Employees of the Lottery Commission shall not receive compensation
8 bonuses during the 2011-2013 fiscal biennium.

9 "SECTION 29.8.(f) No employee of any other State agency or constituent institution of
10 The University of North Carolina, excluding employees of the University of North Carolina
11 Health Care System and employees participating in a constituent institution's medical faculty
12 practice plan, shall receive compensation bonuses."

13 SECTION 25.2.(b) The provisions of Section 25.4 of this act apply to persons for
14 whom bonuses or compensation bonuses are prohibited by Sections 29.8.(d) through (f) of S.L.
15 2011-145.

16 17 UNIVERSITY FACULTY RECRUITING AND RETENTION FUND

18 SECTION 25.3. The Faculty Recruiting and Retention Fund under the Office of
19 the President of The University of North Carolina is reestablished for the 2012-2013 fiscal
20 year. Allocations from the fund shall be made for salary increases at the discretion of the
21 President of The University of North Carolina only for the purpose of recruiting and retaining
22 faculty members as necessary at constituent institutions. This section is subject to the
23 provisions of Section 29.8.(a1) of S.L. 2011-145 as added by this act.

24 25 COMPENSATION BONUS FOR FISCAL YEAR 2012-2013

26 SECTION 25.4.(a) Except as provided by subsection (b) of this section, any
27 person (i) whose salary is set pursuant to the State Personnel Act, State law, or under this Part,
28 (ii) who was employed in a State-funded position on April 30, 2012, and (iii) who is employed
29 in a State-funded position on October 1, 2012, shall be awarded a one-time, lump-sum
30 compensation bonus for the 2012-2013 fiscal year in the amount of two hundred fifty dollars
31 (\$250.00). The compensation bonus shall be adjusted pro rata for permanent part-time
32 employees.

33 SECTION 25.4.(b) The following persons shall not be eligible for the
34 compensation bonus authorized by this section:

35 (1) Any person whose salary is set under Section 29.1, Section 29.2, Section
36 29.3, or Section 29.4(a) of S.L. 2011-145.

37 (2) Any member of the General Assembly whose salary is set under Section
38 29.5(1) of S.L. 2011-145.

39 (3) Any person whose salary is set under Section 29.4(b)(2) of S.L. 2011-145.

40 SECTION 25.4.(c) The compensation bonus shall be awarded in accordance with
41 subsection (b) of this section to eligible employees without regard to an employee's placement
42 within the salary range, including employees at the top of the salary range. The compensation
43 bonus shall not be administered under G.S. 126-7.

44 SECTION 25.4.(d) The compensation bonus provided by this section is
45 compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State
46 Employees' Retirement System.

47 SECTION 25.4.(e) The compensation bonuses provided by this section shall be
48 paid in the employee's first payroll of October 2012, and are not awarded to any person who
49 separated from State service due to termination, resignation, dismissal, reduction in force,
50 death, or retirement prior to that date.

1 The Director of the Budget shall transfer all funds necessary for the compensation
 2 bonus provided by this section, including funds for the employer's retirement and social
 3 security contributions. Salaries and related benefits for positions that are funded partially from
 4 the General Fund or Highway Fund and partially from sources other than the General Fund or
 5 Highway Fund shall be increased from the General Fund or Highway Fund appropriation only
 6 to the extent of the proportionate part of the compensation bonus paid from the General Fund or
 7 Highway Fund.

8 The Director of the Budget may allocate out of special operating funds or from other
 9 sources of the employing agency, except tax revenues, sufficient funds to allow the
 10 compensation bonus in accordance with subsection (b) of this section, including funds for the
 11 employer's retirement and social security contributions, for the permanent full-time and
 12 part-time employees of the agency, provided the employing agency elects to make available the
 13 necessary funds.

14
 15 **SPECIAL ANNUAL LEAVE BONUS**

16 **SECTION 25.5.** Any person (i) who was on April 30, 2012, a full-time permanent
 17 employee of the State, a community college institution, or a local board of education, (ii) was
 18 either still employed in such status on July 1, 2012, or is under contract for the 2012-2013
 19 school year, and (iii) who is eligible to earn annual leave, shall have a one-time additional five
 20 days of annual leave credited on July 1, 2012. The additional leave shall be accounted for either
 21 separately or together with the leave provided by Section 28.3A of S.L. 2002-126, by Section
 22 30.12B(a) of S.L. 2003-284, and by Section 29.14A of S.L. 2005-276, and shall remain
 23 available until used, notwithstanding any other limitation on the total number of days of annual
 24 leave that may be carried forward. Part-time permanent employees shall receive a pro rata
 25 amount of the five days.

26
 27 **TEACHER SALARY SCHEDULES**

28 **SECTION 25.6.(a)** The following monthly salary schedules shall apply for the
 29 2012-2013 fiscal year to certified personnel of the public schools who are classified as teachers.
 30 The schedules contain 36 steps, with each step corresponding to one year of teaching
 31 experience. Public school employees paid according to this salary schedule and receiving
 32 NBPTS certification or obtaining a master's degree shall not be prohibited from receiving the
 33 appropriate increase in salary. Provided, however, teachers employed during the 2011-2012
 34 school year who did not work the required number of months to acquire an additional year of
 35 experience shall not receive a decrease in salary as otherwise would be required by the salary
 36 schedule below.

37
 38 2012-2013 Monthly Salary Schedule

"A" Teachers			
Years of Experience	"A" Teachers	NBPTS Certification	
0	\$3,043	N/A	
1	\$3,043	N/A	
2	\$3,043	N/A	
3	\$3,043	\$3,408	
4	\$3,043	\$3,408	
5	\$3,085	\$3,455	
6	\$3,129	\$3,504	
7	\$3,264	\$3,656	
8	\$3,404	\$3,812	
9	\$3,538	\$3,963	
10	\$3,667	\$4,107	

1	11	\$3,771	\$4,224
2	12	\$3,819	\$4,277
3	13	\$3,868	\$4,332
4	14	\$3,918	\$4,388
5	15	\$3,967	\$4,443
6	16	\$4,018	\$4,500
7	17	\$4,069	\$4,557
8	18	\$4,122	\$4,617
9	19	\$4,176	\$4,677
10	20	\$4,231	\$4,739
11	21	\$4,286	\$4,800
12	22	\$4,345	\$4,866
13	23	\$4,403	\$4,931
14	24	\$4,461	\$4,996
15	25	\$4,523	\$5,066
16	26	\$4,584	\$5,134
17	27	\$4,650	\$5,208
18	28	\$4,714	\$5,280
19	29	\$4,779	\$5,352
20	30	\$4,845	\$5,426
21	31	\$4,913	\$5,503
22	32	\$4,984	\$5,582
23	33	\$5,055	\$5,662
24	34	\$5,153	\$5,771
25	35+	\$5,255	\$5,886

2012-2013 Monthly Salary Schedule

"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	\$3,347	N/A
1	\$3,347	N/A
2	\$3,347	N/A
3	\$3,347	\$3,749
4	\$3,347	\$3,749
5	\$3,394	\$3,801
6	\$3,442	\$3,855
7	\$3,590	\$4,021
8	\$3,744	\$4,193
9	\$3,892	\$4,359
10	\$4,034	\$4,518
11	\$4,148	\$4,646
12	\$4,201	\$4,705
13	\$4,255	\$4,766
14	\$4,310	\$4,827
15	\$4,364	\$4,888
16	\$4,420	\$4,950
17	\$4,476	\$5,013
18	\$4,534	\$5,078
19	\$4,594	\$5,145
20	\$4,654	\$5,212
21	\$4,715	\$5,281

1	22	\$4,780	\$5,354
2	23	\$4,843	\$5,424
3	24	\$4,907	\$5,496
4	25	\$4,975	\$5,572
5	26	\$5,042	\$5,647
6	27	\$5,115	\$5,729
7	28	\$5,185	\$5,807
8	29	\$5,257	\$5,888
9	30	\$5,330	\$5,970
10	31	\$5,404	\$6,052
11	32	\$5,482	\$6,140
12	33	\$5,561	\$6,228
13	34	\$5,668	\$6,348
14	35+	\$5,781	\$6,475

SECTION 25.6.(b) Section 29.12(d) of S.L. 2011-145 reads as rewritten:

"SECTION 29.12.(d) The first step of the salary schedule for school psychologists shall be equivalent to ~~Step 5,~~ Step 9, corresponding to ~~five~~ nine years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified psychologists."

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 25.7.(a) The following base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2012-2013 fiscal year, commencing July 1, 2012. Provided, however, school-based administrators (i) employed during the 2011-2012 school year who did not work the required number of months to acquire an additional year of experience and (ii) employed during the 2012-2013 school year in the same classification shall not receive a decrease in salary as otherwise would be required by the salary schedule below.

2012-2013 Principal and Assistant Principal Salary Schedules
Classification

Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
42	0-8	\$3,781	-	-	-
43	9	\$3,931	-	-	-
44	10	\$4,074	-	-	-
45	11	\$4,189	-	-	-
46	12	\$4,243	\$4,243	-	-
47	13	\$4,298	\$4,298	-	-
48	14	\$4,353	\$4,353	\$4,408	-
49	15	\$4,408	\$4,408	\$4,464	-
50	16	\$4,464	\$4,464	\$4,521	\$4,579
51	17	\$4,521	\$4,521	\$4,579	\$4,640
				\$4,640	\$4,701

1	18	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762
2	19	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
3	20	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
4	21	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
5	22	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
6	23	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
7	24	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
8	25	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237
9	26	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
10	27	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
11	28	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458
12	29	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
13	30	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617
14	31	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
15	32	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
16	33	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
17	34	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
18	35	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
19	36	-	\$5,956	\$6,075	\$6,197	\$6,321
20	37	-	-	\$6,197	\$6,321	\$6,447
21	38	-	-	\$6,321	\$6,447	\$6,576
22	39	-	-	-	\$6,576	\$6,708
23	40	-	-	-	\$6,708	\$6,842
24	41	-	-	-	-	\$6,979

2012-2013 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+)
0-18	\$4,828	-	-	-
19	\$4,891	-	-	-
20	\$4,956	\$5,025	-	-
21	\$5,025	\$5,092	\$5,237	-
22	\$5,092	\$5,166	\$5,310	\$5,383
23	\$5,166	\$5,237	\$5,383	\$5,458
24	\$5,237	\$5,310	\$5,458	\$5,537
25	\$5,310	\$5,383	\$5,537	\$5,617
26	\$5,383	\$5,458	\$5,617	\$5,725
27	\$5,458	\$5,537	\$5,725	\$5,839
28	\$5,537	\$5,617	\$5,839	\$5,956
29	\$5,617	\$5,725	\$5,956	\$6,075
30	\$5,725	\$5,839	\$6,075	\$6,197
31	\$5,839	\$5,956	\$6,197	\$6,321
32	\$5,956	\$6,075	\$6,321	\$6,447
33	\$6,075	\$6,197	\$6,447	\$6,576
34	\$6,197	\$6,321	\$6,576	\$6,708
35	\$6,321	\$6,447	\$6,708	\$6,842
36	\$6,447	\$6,576	\$6,842	\$6,979
37	\$6,576	\$6,708	\$6,979	\$7,119
38	\$6,708	\$6,842	\$7,119	\$7,261
39	\$6,842	\$6,979	\$7,261	\$7,406

1	40	\$6,979	\$7,119	\$7,406	\$7,554
2	41	\$7,119	\$7,261	\$7,554	\$7,705
3	42	\$7,261	\$7,406	\$7,705	\$7,859
4	43	-	\$7,554	\$7,859	\$8,016
5	44	-	\$7,705	\$8,016	\$8,176
6	45	-	-	\$8,176	\$8,340

7
8 **SECTION 25.7.(b)** G.S. 29.13(h) of S.L. 2011-145 reads as rewritten:

9 "**SECTION 29.13.(h)** During the 2011-2012 fiscal year, year and the 2012-2013 fiscal
10 year, the placement on the salary schedule of an administrator with a one-year provisional
11 assistant principal's certificate shall be at the entry-level salary for an assistant principal or the
12 appropriate step on the teacher salary schedule, whichever is higher."
13

14 **SALARY STUDY OF SBI LAW ENFORCEMENT PERSONNEL**

15 **SECTION 25.8.(a)** The Office of State Personnel shall conduct a study of the
16 salary structure and promotion polices for law enforcement officer positions in the State Bureau
17 of Investigation division of the Department of Justice.

18 **SECTION 25.8.(b)** In conducting the study required by this section, the Office of
19 State Personnel shall examine the salary structures and promotion policies for law enforcement
20 officers in: (i) other State and local law enforcement agencies in this State; and (ii) law
21 enforcement agencies in other states.

22 **SECTION 25.8.(c)** No later than January 1, 2013, the Office of State Personnel
23 shall report its findings to the Chairs of the House and Senate Appropriations Subcommittees
24 on Justice and Public Safety and to the Chairs of the Joint Legislative Oversight Committee on
25 Justice and Public Safety.
26

27 **OFFICE OF STATE PERSONNEL TO PERFORM CLASSIFICATION STUDIES OF 28 CERTAIN POSITIONS**

29 **SECTION 25.9.** The Office of State Personnel shall conduct classification studies,
30 including labor market analyses, of Nursing Branch positions statewide and of the Health Care
31 Technician and Correctional Health Assistant occupational groups. If appropriate, the Office of
32 State Personnel shall recommend to the State Personnel Commission a Salary Range Revision
33 or establishment of a Special Minimum Rate, as those terms are defined in the State Personnel
34 Manual to ensure that current employees are compensated appropriately relative to market rates
35 for similar positions and to enhance the State's ability to recruit and retain qualified employees
36 in these occupational classes. The Office of State Personnel shall report its findings, any actions
37 of the State Personnel Commission, and any related salary increases or adjustments granted or
38 recommended based upon these studies to the Appropriations Committees of the House and
39 Senate no later than two weeks after the convening of the 2013 legislative session.
40

41 **SALARY-RELATED CONTRIBUTIONS**

42 **SECTION 25.10.** Section 29.22(d) of S.L. 2011-145 reads as rewritten:

43 "**SECTION 29.22.(d)** Effective July 1, 2012, the State's employer contribution rates
44 budgeted for retirement and related benefits as percentage of covered salaries for the 2012-2013
45 fiscal year are: (i) ~~fourteen and thirty one hundredths percent (14.31%)~~ thirteen and fifty-nine
46 hundredths percent (13.59%) – Teachers and State Employees; (ii) ~~nineteen and thirty one~~
47 ~~hundredths percent (19.31%)~~ eighteen and fifty-nine hundredths percent (18.59%) – State Law
48 Enforcement Officers; (iii) ~~twelve and sixty six hundredths percent (12.66%)~~ twelve and
49 fifty-eight hundredths percent (12.58%) – University Employees' Optional Retirement System;
50 (iv) ~~twelve and sixty six hundredths percent (12.66%)~~ twelve and fifty-eight hundredths
51 percent (12.58%) – Community College Optional Retirement Program; (v) thirty-one and

seventy hundredths percent (31.70%) – Consolidated Judicial Retirement System; and (vi) five and thirty hundredths percent (5.30%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and thirty hundredths percent (5.30%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes ~~fifty-two hundredths percent (0.52%)~~ forty-four hundredths percent (0.44%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

OPTIONAL RETIREMENT SYSTEM/FORFEITURE FUNDS

SECTION 25.11.(a) On or before August 1, 2012, The University of North Carolina General Administration shall forward from its General Fund appropriations, or other available funds, to the Teachers' and State Employees' Retirement System a lump sum amount equal to any unpaid funds owed pursuant to G.S. 135-5.1(b)(5) for the 2011 calendar year, notwithstanding any legal interpretation to the contrary as to whether such forfeited funds could be disbursed directly from a Section 401(a) plan.

SECTION 25.11.(b) G.S. 135-5.1(b)(5) reads as rewritten:

"(5) If any participant in the Optional Retirement Program having less than five years of total membership service under any combination of the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Consolidated Judicial Retirement System, or the Optional Retirement Program leaves the employ of The University of North Carolina and either retires or commences employment with an employer not having a retirement program with the same ~~company~~ underwriting the participant's annuity contract, company, regardless of ~~whether the annuity contract is held by the participant, a trust, or the Retirement System, the~~ how the participant's account is held, that participant's entire interest in the Optional Retirement Program attributable to contributions of The University of North Carolina shall be forfeited and shall either (i) be refunded to The University of North Carolina and ~~forthwith paid by it~~ held by The University of North Carolina, with an equivalent lump sum amount then forwarded to the Retirement System no later than three months after the end of the calendar year in which the forfeiture occurs and credited to the pension accumulation fund or (ii) be paid directly to the Retirement System and credited to the pension accumulation fund, at the election of The University of North Carolina."

PART XXVI. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 26.1. There is appropriated from the General Fund for the 2012-2013 fiscal year the following amounts for capital improvements:

Capital Improvements – General Fund	2012-2013
Department of Environment and Natural Resources	
Water Resources Development Projects	\$ 8,722,000

1	Department of Justice	
2	Western Regional Crime Lab	3,000,000
3		
4	Department of Public Safety	
5	Highway Patrol Training Academy – Site Work, Armory, & Cadet	
6	Dormitory	13,300,000
7		
8	TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$ 25,022,000

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 26.2.(a) The Department of Environment and Natural Resources shall use the following funds for water resources development projects, in accordance with the schedule that follows: (i) the funds appropriated in this act for water resources development projects and (ii) funds carried forward from previous fiscal years and designated to be used for water resources development projects. These funds will provide a State match for an estimated eighty-seven million eight hundred ninety-eight thousand dollars (\$87,898,000) in federal funds.

19	Name of Project	2012-2013
21	(1) B. Everett Jordan Lake Water Supply Storage	\$200,000
22	(2) Wilmington Harbor Maintenance	1,200,000
23	(3) Morehead City Harbor Maintenance	–
24	(4) Wilmington Harbor Deepening	6,000,000
25	(5) 2012 Corps Long Term MOA for Dredging	1,675,000
26	(6) Water Resources Planning in support of Session Law 2010-143	100,000
27	(7) Carolina Beach Renourishment Project	1,184,000
28	(8) Wilmington Harbor Improvements Feasibility	500,000
29	(9) John H. Kerr Dam and Reservoir Sec. 216	200,000
30	(10) Planning Assistance to Communities	50,000
31	(11) Aquatic Plant Control, Statewide and Lake Gaston	200,000
32	(12) Bogue Banks Coastal Storm Damage Reduction Study	112,000
33	(13) West Onslow Beach Storm Damage Reduction (Topsail Beach) – PED	33,000
34	(14) Surf City/NTB Coastal Storm Damage Reduction Study – PED	37,000
35	(15) Neuse River Basin – PED	150,000
36	(16) Currituck Sound Environmental Restoration Study	358,000
37	(17) Concord Streams, NC, Sect 206	500,000
38	(18) State-Local Projects	1,500,000
39	(19) Emerald Isle/Pine Knolls Shore Renourishment Project	2,000,000
40	(20) North Topsail Beach Renourishment Project	1,250,000
41		
42	TOTALS	\$ 17,249,000

SECTION 26.2.(b) It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the eight million seven hundred twenty-two thousand dollars (\$8,722,000) appropriated for water resources development projects in Section 26.1 of this act. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

50	Name of Project	Amount Carried Forward
----	-----------------	------------------------

1	(1)	B. Everett Jordan Lake Water Supply Storage	\$200,000
2	(2)	Wilmington Harbor Maintenance	1,200,000
3	(3)	2012 Corps MOA for Shallow Draft Inlet Dredging	1,675,000
4	(4)	Wilmington Harbor Deepening	3,000,000
5	(5)	Water Resources Planning in support of S.L. 2010-143	100,000
6	(6)	Wilmington Harbor Improvements Feasibility	250,000
7	(7)	Planning Assistance to Communities	40,000
8	(8)	Aquatic Plant Control, Statewide and Lake Gaston	100,000
9	(9)	Bogue Banks Coastal Storm Damage Reduction Study	50,000
10	(10)	West Onslow Beach Storm Damage Reduction (Topsail Beach) – PED	25,000
11	(11)	Surf City/NTB Coastal Storm Damage Reduction Study – PED	37,000
12	(12)	Neuse River Basin – PED	50,000
13	(13)	Currituck Sound Environmental Restoration Study	300,000
14	(14)	Concord Streams, NC, Sect 206	500,000
15	(15)	State-Local Projects	1,000,000
16			
17	TOTALS		\$ 8,527,000

19 **SECTION 26.2.(c)** Where the actual costs are different from the estimated costs
20 under subsection (a) of this section, the Department may adjust the allocations among projects
21 as needed. If any projects funded under subsection (a) of this section are delayed and the
22 budgeted State funds cannot be used during the 2012-2013 fiscal year, or if the projects funded
23 under subsection (a) of this section are accomplished at a lower cost, the Department may use
24 the resulting fund availability to fund any of the following:

- 25 (1) U.S. Army Corps of Engineers project feasibility studies.
- 26 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
27 require State-matching funds in fiscal year 2012-2013.
- 28 (3) State-local water resources development projects.

29 However, fund availability shall not be used to fund the North Carolina International Terminal
30 or any studies related thereto. Funds subject to this subsection that are not expended or
31 encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall
32 revert to the General Fund at the end of the 2013-2014 fiscal year.

33 **SECTION 26.2.(d)** The Department shall make semiannual reports on the use of
34 these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal
35 Research Division of the General Assembly, and the Office of State Budget and Management.
36 Each report shall include all of the following:

- 37 (1) All projects listed in this section.
- 38 (2) The estimated cost of each project.
- 39 (3) The date that work on each project began or is expected to begin.
- 40 (4) The date that work on each project was completed or is expected to be
41 completed.
- 42 (5) The actual cost of each project.

43 The semiannual reports also shall show those projects advanced in schedule, those
44 projects delayed in schedule, and an estimate of the amount of funds expected to revert to the
45 General Fund.

46 **SECTION 26.2.(e)** Notwithstanding any provision of law to the contrary, funds
47 appropriated for a water resources development project shall be used to provide no more than
48 fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to
49 funds appropriated in this act and to funds appropriated prior to the 2011-2013 fiscal biennium
50 that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds
51 for water resources development projects. The limitation on fund usage contained in this

1 subsection applies only to projects in which a local government or local governments
2 participate.

3 **SECTION 26.2.(f)** The 2012 Long Term Dredging Memorandum of Agreement
4 with the U.S. Army Corps of Engineers authorized by this section shall provide for all of the
5 following:

- 6 (1) Prioritization of projects through joint consultation with the State, applicable
7 units of local government, and the U.S. Army Corps of Engineers.
- 8 (2) Adherence to the requirements of subsection (e) of this section.
- 9 (3) Annual reporting by the Department on the use of funds provided to the U.S.
10 Army Corps of Engineers under the 2012 Long Term Dredging
11 Memorandum of Agreement. These reports shall be made to the Joint
12 Legislative Commission on Governmental Operations, the Fiscal Research
13 Division of the General Assembly, and the Office of State Budget and
14 Management and shall include all of the following:
 - 15 a. A list of all projects commenced.
 - 16 b. The estimated cost of each project.
 - 17 c. The date that work on each project commenced or is expected to
18 commence.
 - 19 d. The date that work on each project was completed or is expected to
20 be completed.
 - 21 e. The actual cost of each project.

22 23 **PROHIBIT EXPENDITURES OF STATE FUNDS FOR THE NORTH CAROLINA** 24 **INTERNATIONAL TERMINAL**

25 **SECTION 26.3.** Notwithstanding G.S. 136-253 and any other provision of law,
26 State funds, as that term is defined in G.S. 143C-1-1, shall not be used to fund the North
27 Carolina International Terminal of the North Carolina State Ports Authority.

28 29 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

30 **SECTION 26.4.(a)** Of the funds in the Reserve for Repairs and Renovations for
31 the 2012-2013 fiscal year, the following allocations shall be made to the following agencies for
32 repairs and renovations pursuant to G.S. 143C-4-3:

- 33 (1) Forty-six percent (46%) shall be allocated to the Board of Governors of The
34 University of North Carolina.
- 35 (2) Fifty-four percent (54%) shall be allocated to the Office of State Budget and
36 Management.

37 The Office of State Budget and Management shall consult with the Joint Legislative
38 Commission on Governmental Operations prior to the allocation or reallocation of these funds.
39 The Board of Governors shall report to the Joint Legislative Commission on Governmental
40 Operations in accordance with G.S. 143C-4-3(d).

41 **SECTION 26.4.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to
42 the Board of Governors of The University of North Carolina in subsection (a) of this section, a
43 portion shall be used by the Board of Governors for the installation of fire sprinklers in
44 university residence halls. This portion shall be in addition to funds otherwise appropriated in
45 this act for the same purpose. Such funds shall be allocated among the university's constituent
46 institutions by the President of The University of North Carolina, who shall consider the
47 following factors when allocating those funds:

- 48 (1) The safety and well-being of the residents of campus housing programs.
- 49 (2) The current level of housing rents charged to students and how that
50 compares to an institution's public peers and other UNC institutions.

- 1 (3) The level of previous authorizations to constituent institutions for the
2 construction or renovation of residence halls funded from the General Fund,
3 or from bonds or certificates of participation supported by the General Fund,
4 since 1996.
- 5 (4) The financial status of each constituent institution's housing system,
6 including debt capacity, debt coverage ratios, credit rankings, required
7 reserves, the planned use of cash balances for other housing system
8 improvements, and the constituent institution's ability to pay for the
9 installation of fire sprinklers in all residence halls.
- 10 (5) The total cost of each proposed project, including the cost of installing fire
11 sprinklers and the cost of other construction, such as asbestos removal and
12 additional water supply needs.

13 The Board of Governors shall submit progress reports to the Joint Legislative
14 Commission on Governmental Operations. Reports shall include the status of completed,
15 current, and planned projects. Reports also shall include information on the financial status of
16 each constituent institution's housing system, the constituent institution's ability to pay for fire
17 protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be
18 submitted on January 1 and July 1 until all residence halls have fire sprinklers.

19 **SECTION 26.4.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to
20 the Board of Governors of The University of North Carolina in subsection (a) of this section, a
21 portion shall be used by the Board of Governors for campus public safety improvements
22 allowable under G.S. 143C-4-3(b).

23 24 **REPORTING ON CAPITAL PROJECTS**

25 **SECTION 26.5.(a)** Definitions. – The following definitions apply in this section:

- 26 (1) Capital project. – Any capital improvement, as that term is defined in
27 G.S. 143C-1-1, that is not complete by the effective date of this section and
28 that is funded in whole or in part with either State funds or statutorily or
29 constitutionally authorized indebtedness of any kind.
- 30 (2) Construction phase. – The status of a particular capital project as described
31 using the terms customarily employed in the design and construction
32 industries.
- 33 (3) New capital project. – A capital project that is authorized in this act or
34 subsequent to the effective date of this act.

35 **SECTION 26.5.(b)** Reporting. – The following reports are required:

- 36 (1) By October 1, 2012, and every six months thereafter, each State agency shall
37 report on the status of agency capital projects to the Joint Legislative
38 Commission on Governmental Operations and to the Joint Legislative
39 Oversight Committee on Capital Improvements.
- 40 (2) By October 1, 2012, and quarterly thereafter, each State agency shall report
41 on the status of agency capital projects to the Fiscal Research Division of the
42 General Assembly and to the Office of State Budget and Management.

43 **SECTION 26.5.(c)** The reports required by this section shall include at least the
44 following information about every agency capital project:

- 45 (1) The current construction phase of the project.
- 46 (2) The anticipated time line from the current construction phase to project
47 completion.
- 48 (3) Information about expenditures that have been made in connection with the
49 project, regardless of source of the funds expended.
- 50 (4) Information about the adequacy of funding to complete the project,
51 including estimates of how final expenditures will relate to initial estimates

1 of expenditures, and whether or not scope reductions will be necessary in
2 order to complete the project within its budget.

- 3 (5) For new capital projects only, an estimate of the operating costs for the
4 project for the first five fiscal years of its operation.
5

6 **UNCW SOCIAL AND BEHAVIORAL SCIENCES BUILDING**

7 **SECTION 26.6.** Section 29.13(a) of S.L. 2007-323, as amended by Section 27.8(d)
8 of S.L. 2008-107 and Section 2(b) of S.L. 2009-209, reads as rewritten:

9 "SECTION 29.13.(a) The State, with the prior approval of the State Treasurer and the
10 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized
11 to issue or incur special indebtedness in order to provide funds to the State to be used, together
12 with other available funds, to pay the capital facility costs of the projects described in this
13 subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or
14 incurrence of special indebtedness:

- 15 ...
16 (9) In the maximum aggregate principal amount of thirty-two million eight
17 hundred ninety-nine thousand six hundred ninety-nine dollars (\$32,899,699)
18 to finance the capital facility costs of completing a new teaching laboratory
19 at the University of North Carolina at Wilmington and of renovating the
20 Social and Behavioral Science Building at the University of North Carolina
21 at Wilmington. No more than a maximum aggregate amount of two million
22 five hundred thousand dollars (\$2,500,000) of special indebtedness may be
23 issued or incurred under this subdivision prior to July 1, 2008. No more than
24 a maximum aggregate amount of eight million six hundred thirty-one
25 thousand two hundred fifty dollars (\$8,631,250) of special indebtedness may
26 be issued or incurred under this subdivision prior to July 1, 2009.

27"

28 **TRANSFER FOR PLANT CONSERVATION PROGRAM**

29 **SECTION 26.9.** From funds deposited with the State Treasurer in a capital
30 improvement account to the credit of the Department of Agriculture and Consumer Services
31 pursuant to G.S. 146-30, the sum of thirty thousand dollars (\$30,000) for the 2012-2013 fiscal
32 year shall be transferred to the Department of Agriculture and Consumer Services to be used,
33 notwithstanding G.S. 146-30, by the Department for its plant conservation program under
34 Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of
35 land, such as land appraisals, land surveys, title searches, and environmental studies, and for
36 the management of the plant conservation program preserves owned by the Department.
37
38

39 **PART XXVII. MISCELLANEOUS PROVISIONS**

40 **STATE BUDGET ACT APPLIES**

41 **SECTION 27.1.** The provisions of the State Budget Act, Chapter 143C of the
42 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
43 this act by reference.
44
45

46 **COMMITTEE REPORT**

47 **SECTION 27.2.(a)** The N.C. House of Representatives Appropriations Committee
48 Report on the Continuation, Expansion and Capital Budgets dated May 29, 2012, which was
49 distributed in the House of Representatives and used to explain this act, shall indicate action by
50 the General Assembly on this act and shall, therefore, be used to construe this act, as provided
51 in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these

1 purposes shall be considered a part of this act and, as such, shall be printed as a part of the
2 Session Laws.

3 **SECTION 27.2.(b)** The budget enacted by the General Assembly is for the
4 maintenance of the various departments, institutions, and other spending agencies of the State
5 for the 2012-2013 budget as provided in G.S.143C-3-5. This budget includes the
6 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

7 The Director of the Budget submitted recommended adjustments to the budget to
8 the General Assembly in May 2012 in the document "Investing in Our Future/Recommended
9 Adjustments 2012-2013 North Carolina State Budget" for the 2012-2013 fiscal year for the
10 various departments, institutions, and other spending agencies of the State. The adjustments to
11 these documents made by the General Assembly are set out in the Committee Report.

12 **SECTION 27.2.(c)** The budget enacted by the General Assembly shall also be
13 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
14 appropriate legislation.

15 In the event that there is a conflict between the line-item budget certified by the
16 Director of the Budget and the budget enacted by the General Assembly, the budget enacted by
17 the General Assembly shall prevail.

18 **REPORT BY FISCAL RESEARCH DIVISION ON CHANGES TO 2012-2013** 19 **BUDGET/PUBLICATION**

20 **SECTION 27.3.(a)** The Fiscal Research Division of the Legislative Services
21 Commission shall issue a report on budget actions taken by the 2011 Regular Session of the
22 General Assembly in 2012. The report shall be in the form of a revision of the Committee
23 Report adopted for House Bill 950 pursuant to G.S.143C-5-5, and shall include all
24 modifications made to the 2012-2013 budget prior to sine die adjournment of the 2011 Regular
25 Session.

26 **SECTION 27.3.(b)** The report issued pursuant to this section, and the Committee
27 Report issued pursuant to G.S.143C-5-5, shall be construed together with this act in
28 determining the intent of the General Assembly.

29 **SECTION 27.3.(c)** The Director of the Fiscal Research Division of the Legislative
30 Services Commission shall send a copy of the report issued pursuant to this section to the
31 Director of the Budget. The report shall be published on the General Assembly's Internet Web
32 site for public access.

33 **MOST TEXT APPLIES ONLY TO THE 2012-2013 FISCAL YEAR**

34 **SECTION 27.4.** Except for statutory changes or other provisions that clearly
35 indicate an intention to have effects beyond the 2012-2013 fiscal year, the textual provisions of
36 this act apply only to funds appropriated for, and activities occurring during, the 2012-2013
37 fiscal year.

38 **EFFECT OF HEADINGS**

39 **SECTION 27.5.** The headings to the parts and sections of this act are a
40 convenience to the reader and are for reference only. The headings do not expand, limit, or
41 define the text of this act, except for effective dates referring to a part.

42 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

43 **SECTION 27.6.(a)** Except where expressly repealed or amended by this act, the
44 provisions of S.L. 2011-145, S.L. 2011-315, S.L. 2011-373, S.L. 2011-391, S.L. 2011-419, and
45 S.L. 2012-2 remain in effect.

46 **SECTION 27.6.(b)** Notwithstanding any modifications by this act in the amounts
47 appropriated, except where expressly repealed or amended, the limitations and directions for
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49
50
51

1 the 2012-2013 fiscal year in S.L. 2011-145, S.L. 2011-315, S.L. 2011-373, S.L. 2011-391,
2 S.L. 2011-419, and S.L. 2012-2 that applied to appropriations to particular agencies or for
3 particular purposes apply to the newly enacted appropriations and budget reductions of this act
4 for those same particular purposes.

5

6 **SEVERABILITY**

7 **SECTION 27.7.** If any section or provision of this act is declared unconstitutional
8 or invalid by the courts, it does not affect the validity of this act as a whole or any part other
9 than the part so declared to be unconstitutional or invalid.

10

11 **EFFECTIVE DATE**

12 **SECTION 27.8.** Except as otherwise provided, this act becomes effective
13 July 1, 2012.