

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013**

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**HOUSE BILL 336  
PROPOSED SENATE COMMITTEE SUBSTITUTE H336-PCS80397-LE-19**

Short Title: Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

March 20, 2013

A BILL TO BE ENTITLED  
AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE  
EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT A PERCENTAGE  
OF THE LEVEL IN EFFECT ON JUNE 30, 2013.

The General Assembly of North Carolina enacts:

**BUDGET CONTINUATION**

**SECTION 1.** The Director of the Budget may continue to allocate funds for expenditure for current operations by State departments, institutions, and agencies at a level not to exceed ninety-five percent (95%) of the level at which these operations were authorized in S.L. 2012-142, as amended. The Director of the Budget shall implement the budget reductions set out in Senate Bill 402, 3rd edition, and Senate Bill 402, 5th edition, that are not in controversy. The Director of the Budget shall not implement any transfers set out in Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both.

To the extent necessary to implement this authorization, there is appropriated from the appropriate State funds and cash balances, federal receipts, and departmental receipts for 2013-2014 fiscal year funds necessary to carry out this section, except that cash balances subject to proposed transfer in Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both shall not be expended.

Vacant positions subject to proposed budget reductions in Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both shall not be filled after June 30, 2013.

State employees employed in positions subject to elimination in both Senate Bill 402, 3rd edition, and Senate Bill 402, 5th edition, because of a reduction, in total or in part, in the funds used to support the job or its responsibilities shall, as soon as practicable and in accordance with Reduction in Force policies, be provided written notification of termination of employment 30 days prior to the effective date of the termination.

State agencies shall not make grant awards with funds that are subject to proposed budget reductions in Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both.

Except as otherwise provided by this act, the limitations and directions for the 2012-2013 fiscal year in S.L. 2011-145, as amended, and in S.L. 2012-142, as amended, that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this section.

**EMPLOYEE SALARIES**

**SECTION 2.** The salary schedules and specific salaries established for the 2012-2013 fiscal year by or under S.L. 2012-142 and in effect on June 30, 2013, for offices and



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1 positions shall remain in effect until the effective date of the Current Operations and Capital  
2 Improvements Appropriations Act of 2013.

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

6 State employees, including those exempt from the classification and compensation  
7 rules established by the State Personnel Commission, shall not receive any automatic step  
8 increases, annual, performance, merit, bonuses, or other increments until authorized by the  
9 General Assembly.

10 Public school employees paid on the teacher salary schedule or school-based  
11 administrator salary schedule and other employees shall not move up on salary schedules or  
12 receive automatic step increases, annual, performance, merit, or other increments until  
13 authorized by the General Assembly.  
14

### 15 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

16 **SECTION 3.(a)** The State's employer contribution rates budgeted for retirement  
17 and related benefits for the 2013-2014 fiscal year shall be as provided for in Section 29.22(f) of  
18 S.L. 2011-145 and Section 25.10 of S.L. 2012-142.

19 **SECTION 3.(b)** The State's employer contribution rates established by this section  
20 are effective until the Current Operations and Capital Improvements Appropriations Act of  
21 2013 becomes law and are subject to revision in that act. If the Current Operations and Capital  
22 Improvements Appropriations Act of 2013 modifies these rates, the Director of the Budget  
23 shall further modify the rates set in that act for the remainder of the 2013-2014 fiscal year so as  
24 to compensate for the different amount contributed between July 1, 2013, and the date the  
25 Current Operations and Capital Improvements Appropriations Act of 2013 becomes law so that  
26 the effective rates for the entire year reflect the rates set in the Current Operations and Capital  
27 Improvements Appropriations Act of 2013.  
28

### 29 **FUNDS SHALL NOT REVERT**

30 **SECTION 4.(a)** If the provisions of either Senate Bill 402, 3rd edition, Senate Bill  
31 402, 5th edition, or both direct that funds shall not revert, the funds shall not revert on June 30,  
32 2013. Unless these funds are encumbered on or before June 30, 2013, these funds shall not be  
33 expended after June 30, 2013, except as provided by a law enacted after June 30, 2013.

34 **SECTION 4.(b)** This section becomes effective June 30, 2013.  
35

### 36 **CORRECTION TO 2013-2014 BUDGET BILL REPEALED**

37 **SECTION 5.** Subdivisions (2) through (4) of subsection (d) of Section 5.1 of S.L.  
38 2011-145, as enacted by Section 5.1 of S.L. 2012-142, are repealed. This subsection becomes  
39 effective on June 30, 2013.  
40

### 41 **STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30**

42 **SECTION 6.(a)** Notwithstanding G.S. 143C-4-3, for the 2012-2013 fiscal year  
43 only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the  
44 State Controller shall not transfer funds from the unreserved credit balance to the Repairs and  
45 Renovation Reserve Account on June 30, 2013.

46 **SECTION 6.(b)** Notwithstanding G.S. 143C-4-2, for the 2012-2013 fiscal year  
47 only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall  
48 not transfer funds from the unreserved credit balance to the Savings Reserve Account on June  
49 30, 2013.

50 **SECTION 6.(c)** This section becomes effective June 30, 2013.  
51

**FEDERAL BLOCK GRANTS**

**SECTION 7.(a)** Except as provided by subsection (b) of this section, the Director of the Budget shall continue to allocate DHHS federal block grant funds at the levels provided in Section 10.25 of S.L. 2012-142, and as otherwise provided by law, and appropriations from DHHS federal block grants are hereby made. Further, the Quality and Availability Initiatives item under Local Program Expenditures of the Child Care and Development Block Grant shall be funded at ninety percent (90%) of the 2012-2013 fiscal year funding level. However, the Women's Health and Oral Health items under Local Program Expenditures and the Health Promotion item under the Department of Health and Human Services Program Expenditures of the Maternal and Child Health Block Grant shall not be funded.

**SECTION 7.(b)** Subject to the provisions of subsection (a) of this section, the Director of the Budget shall allocate DHHS federal block grant funds at the levels provided in Senate Bill 402, 3rd edition, and Senate Bill 402, 5th edition, for the following block grants that are not in controversy:

- (1) Temporary Assistance for Needy Families (TANF) Funds.
- (2) Temporary Assistance for Needy Families (TANF) Emergency Contingency Funds.
- (3) Substance Abuse Prevention and Treatment Block Grant.

**SECTION 7.(c)** Notwithstanding any other provision of this section, if funds appropriated for an item in Section 10.25 of S.L. 2012-142, and as otherwise provided by law, are not appropriated for that item in Senate Bill 402, 3rd edition, or Senate Bill 402, 5th edition, that item shall not be funded.

**SECTION 7.(d)** Appropriations from NER federal Block Grant funds are made for the fiscal year ending June 30, 2014, according to the schedules enacted for State fiscal year 2012-2013, or until a new schedule is enacted by the General Assembly. The schedule of NER federal Block Grants and governing provisions are specified in Section 13.1 of S.L. 2012-142.

**MEDICAID STATE PLAN AMENDMENTS**

**SECTION 8.(a)** To achieve the proposed budget reductions for the 2013-2015 fiscal biennium, the Department of Health and Human Services shall do all of the following:

- (1) Prepare the necessary State Plan amendments to the Centers for Medicare and Medicaid Services that reflect the Medicaid reduction items in Senate Bill 402, 3rd edition, or Senate Bill 402, 5th edition.
- (2) Submit the necessary State Plan amendments to the Centers for Medicare and Medicaid Services that reflect the Medicaid reduction items where the amount of the reduction is identical in both Senate Bill 402, 3rd edition, and Senate Bill 402, 5th edition.

**SECTION 8.(b)** The Department shall amend or withdraw any unnecessary State Plan amendments when reductions enacted in the Current Operations and Capital Improvements Appropriations Act of 2013 become law.

**PUBLIC SCHOOLS**

**SECTION 9.** Effective July 1, 2013, there is appropriated from the General Fund to the Department of Public Instruction the sum of ten million six hundred fifty-one thousand three hundred twenty-nine dollars (\$10,651,329) for the 2013-2014 fiscal year to fully fund increases in average daily membership in public schools, subject to adjustment by the General Assembly.

**COMMUNITY COLLEGE TUITION INCREASE**

1           **SECTION 10.(a)** The in-State tuition rate for community college students shall be  
2 seventy-one dollars and fifty cents (\$71.50) per credit hour. The out-of-State tuition rate shall  
3 be two hundred sixty-three dollars and fifty cents (\$263.50) per credit hour.

4           **SECTION 10.(b)** The fees charged for community college continuing education  
5 courses shall be based on the number of hours of class time. The fees shall be as follows:

- 6           (1)     Classes 1-24 hours – \$70.00.
- 7           (2)     Classes 25-50 hours – \$125.00.
- 8           (3)     Classes 51+ hours – \$180.00.

#### 9 10 **EXCESS LOTTERY RECEIPTS**

11           **SECTION 11.(a)** Excess lottery receipts realized in the 2012-2013 fiscal year shall  
12 not be transferred out of the Education Lottery Fund in accordance with G.S. 18C-164(f) or any  
13 other provision of law. These excess funds shall remain in the Education Lottery Fund until  
14 appropriated by the General Assembly.

15           **SECTION 11.(b)** This section becomes effective June 30, 2013.

#### 16 17 **CERTAIN INFORMATION TECHNOLOGY FUNDS SHALL REMAIN IN THE** 18 **OFFICE OF INFORMATION TECHNOLOGY SERVICES**

19           **SECTION 12.(a)** Section 6A.5(c1) of S.L. 2012-142 reads as rewritten:

20           "**SECTION 6A.5.(c1)** To offset the transfer in this act of fourteen million dollars  
21 (\$14,000,000) from the Information Technology Internal Service Fund to the State Controller,  
22 the sum of two million eight hundred thousand dollars (\$2,800,000) shall ~~be transferred to~~  
23 ~~agencies utilizing federal funding for IT Internal Service Fund payments remain at the Office of~~  
24 Information Technology Services until required to provide the appropriate refunds to the  
25 federal government. Information Technology Services shall be allowed to retain this amount in  
26 excess of its allowed defined contingency balance."

27           **SECTION 12.(b)** This section becomes effective June 30, 2013.

#### 28 29 **ADDITIONAL FUNDS TO COVER MEDICAID SHORTFALL**

30           **SECTION 13.(a)** Section 1 of S.L. 2013-56 reads as rewritten:

31           "**SECTION 1.** Notwithstanding G.S. 143C-6-4 or any other provision of law, in order to  
32 ensure that there is adequate funding in the Medicaid budget for the 2012-2013 fiscal year, the  
33 General Assembly directs the Director of the Budget, in conjunction with the State Controller  
34 and other necessary State officials, to effectuate the budget adjustments authorized in Section 2  
35 of this act in an amount not to exceed ~~four hundred fifty one million dollars (\$451,000,000)~~  
36 four hundred ninety-six million dollars (\$496,000,000) to cover a projected budget  
37 shortfall ~~shortfall of three hundred thirty three million dollars (\$333,000,000)~~ and the  
38 ~~repayment of Medicaid federal drug rebates in the amount of one hundred eighteen million~~  
39 ~~dollars (\$118,000,000).~~ No other budget adjustments shall be made pursuant to G.S. 143C-6-4  
40 or any other provision of law to cover a projected Medicaid budget shortfall for the 2012-2013  
41 fiscal year."

42           **SECTION 13.(b)** Section 2 of S.L. 2013-56 reads as rewritten:

43           "**SECTION 2.** The Director of the Budget shall make the following adjustments to  
44 increase the budget of the Division of Medical Assistance. These adjustments are set forth in  
45 priority order, and no adjustment shall be made until the preceding adjustment has been  
46 completely exhausted in the permissible amount:

- 47           (1)     Use the sum of seventy-four million dollars (\$74,000,000) from drug rebate  
48           refunds within the Division of Medical Assistance. These funds are hereby  
49           appropriated.

- 1 (2) Transfer the sum of twenty million nine hundred thousand dollars  
2 (\$20,900,000) from State appropriations not expended pursuant to Section  
3 10.9G of S.L. 2012-142.
- 4 (3) Transfer a minimum of ~~forty-eight million dollars (\$48,000,000)~~ eighty-four  
5 million five hundred thirty-nine thousand nine hundred dollars  
6 (\$84,539,900) from projected reversions within the Department of Health  
7 and Human Services, including any unspent or unobligated State  
8 appropriations from the Transitions to Community Living Fund. However,  
9 before these projected reversions may be expended, all payments required  
10 under Section 10.23A(f) of S.L. 2012-142 and S.L. 2013-5 must be made.
- 11 (4) Use the sum of two hundred thirteen million four hundred thirty-two  
12 thousand eight hundred seventy-eight dollars (\$213,432,878) from the June  
13 30, 2012, unreserved fund balance. These funds are hereby appropriated.
- 14 (5) Transfer of projected revenue overcollections for the 2012-2013 fiscal year  
15 in the amount of up to ninety-four million six hundred sixty-seven thousand  
16 one hundred twenty-two dollars (\$94,667,122). These funds are hereby  
17 appropriated.
- 18 (6) Use eight million four hundred sixty thousand one hundred dollars  
19 (\$8,460,100) in federal Block Grant funds. The sum of six million five  
20 hundred thousand dollars (\$6,500,000) is hereby appropriated from available  
21 Temporary Assistance for Needy Families Emergency Contingency Funds  
22 and the sum of one million nine hundred sixty thousand one hundred dollars  
23 (\$1,960,100) is hereby appropriated from Temporary Assistance for Needy  
24 Families Funds."

25 **SECTION 13.(c)** This section is effective when it becomes law.

26  
27 **EFFECTIVE DATE**

28 **SECTION 14.** Except as otherwise provided, this act becomes effective July 1,  
29 2013, and expires July 31, 2013, at 11:59 P.M.