

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B. 940
Apr 16, 2015
HOUSE PRINCIPAL CLERK

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HOUSE DRH10340-LRxf-32G (01/28)

Short Title: 2015 Governor's Budget. (Public)

Sponsors: Representatives Dollar, L. Johnson, McGrady, and Lambeth (Primary Sponsors).

Referred to:

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

5 The General Assembly of North Carolina enacts:

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

8
9 **TITLE**

10 **SECTION 1.1.** This act shall be known as the "Current Operations and Capital
11 Improvements Appropriations Act of 2015."

12
13 **INTRODUCTION**

14 **SECTION 1.2.** The appropriations made in this act are for maximum amounts
15 necessary to provide the services and accomplish the purposes described in the budget. Savings
16 shall be effected where the total amounts appropriated are not required to perform these
17 services and accomplish these purposes and, except as allowed by the State Budget Act or this
18 act, the savings shall revert to the appropriate fund at the end of each fiscal year.

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

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

23 **SECTION 2.1.** Appropriations from the General Fund of the State for the
24 maintenance of the State's departments, institutions, and agencies and for other purposes as
25 enumerated are made for the biennium ending June 30, 2017, according to the following
26 schedule:

27

28 State Agency or Division	FY 2015-2016	FY 2016-2017
29 HEALTH AND HUMAN SERVICES		
30 Central Administration	\$ 100,170,110	\$ 123,856,856
31 Aging	42,845,788	42,845,788
32 Child Development	234,612,307	235,311,997
33 Public Health	132,633,150	137,500,419
34 Social Services	180,508,263	184,688,053
35 Medical Assistance	3,795,972,753	3,988,691,366

36



General Assembly of North Carolina**Session 2015**

1	NC Health Choice	47,307,387	48,014,850
2	Services for the Blind	8,101,025	8,101,025
3	Mental Health/DD/SAS	710,202,991	708,014,330
4	Health Service Regulation	16,022,641	16,022,641
5	Vocational Rehabilitation	37,752,132	37,752,132
6	Total Health and Human Services	\$ 5,306,128,547	\$ 5,530,799,457
7			
8	NATURAL AND ECONOMIC RESOURCES		
9	Agriculture & Consumer Services	\$114,281,712	\$114,281,712
10	Commerce 69,131,155	71,131,155	
11	Commerce – State Aid to Non-State Entities	11,704,240	11,704,240
12	Environment and Natural Resources	87,919,431	87,412,431
13	Wildlife Resources Commission	13,090,990	13,090,990
14	Labor	15,786,217	15,786,217
15	Total Natural and Economic Resources	\$ 311,913,745	\$ 313,406,745
16			
17	JUSTICE AND PUBLIC SAFETY		
18	Department of Public Safety	\$1,759,243,877	\$1,822,499,162
19	Judicial	474,710,450	478,357,482
20	Judicial – Indigent Defense	115,332,174	117,892,118
21	Justice	50,168,727	51,609,874
22	Total Justice and Public Safety	\$ 2,399,455,228	\$ 2,470,358,636
23			
24	GENERAL GOVERNMENT		
25	Administration	\$ 49,386,885	\$ 47,735,142
26	Advocacy Services	11,070,324	11,070,324
27	State Auditor	11,506,244	11,506,244
28	Cultural Resources	134,673,330	130,758,930
29	Cultural Resources – Roanoke Island	1,008,384	1,008,384
30	General Assembly	52,865,521	52,865,521
31	Governor's Office	5,687,113	5,687,113
32	Governor's Office – Special Project	2,000,000	2,000,000
33	Insurance	38,296,364	38,296,364
34	Lieutenant Governor	676,874	676,874
35	Military & Veterans Affairs	10,015,189	9,942,573
36	Office of Administrative Hearings	4,891,138	4,891,138
37	Revenue	79,558,052	79,596,203
38	NC Housing Finance	9,118,739	20,118,739
39	Secretary of State	11,726,506	11,726,506
40	State Board of Elections	6,503,497	6,503,497
41	State Budget and Management (OSBM)	9,030,290	8,480,290
42	OSBM – Special Appropriations	6,750,000	9,000,000
43	Office of State Controller	22,699,750	22,699,750
44	State Treasurer	9,728,150	9,722,150
45	State Treasurer – Retirement/Benefits	20,664,274	20,664,274
46	Total General Government	\$ 497,856,624	\$ 504,950,016
47			
48	EDUCATION		
49	Public Schools	\$ 8,397,294,193	\$ 8,408,873,828
50	Community Colleges	1,034,888,877	1,040,888,877
51	University of North Carolina		

1	Appalachian State University	127,579,675	127,579,675
2	East Carolina University		
3	Academic Affairs	210,407,112	210,407,112
4	Health Affairs	65,527,686	65,527,686
5	Elizabeth City State University	30,759,228	30,759,228
6	Fayetteville State University	48,741,530	48,741,530
7	North Carolina Agricultural and	90,898,021	90,898,021
8	Technical State University		
9	North Carolina Central University	82,132,848	82,132,848
10	North Carolina State University		
11	Academic Affairs	392,219,411	392,219,411
12	Agricultural Extension	38,595,927	38,595,927
13	Agricultural Research	53,099,332	53,099,332
14	University of North Carolina at Asheville	37,592,283	37,592,283
15	University of North Carolina at Chapel Hill		
16	Academic Affairs	252,003,091	252,003,091
17	Health Affairs	186,779,905	186,779,905
18	Area Health Education Centers	41,282,678	41,282,678
19	University of North Carolina at Charlotte	198,971,605	198,971,605
20	University of North Carolina at Greensboro	143,459,427	143,459,427
21	University of North Carolina at Pembroke	53,184,870	53,192,105
22	University of North Carolina at Wilmington	101,144,930	101,144,930
23	University of North Carolina School of the Arts	28,669,298	28,669,298
24	Western Carolina University	85,805,817	85,805,817
25	Winston-Salem State University	64,619,124	64,619,124
26	General Administration	37,256,706	37,256,706
27	University Institutional Programs	32,849,838	36,251,978
28	Related Educational Programs (Financial Aid)	89,861,707	97,968,501
29	Aid to Private Colleges	108,169,754	108,169,754
30	North Carolina School of Science and Mathematics	19,727,381	19,728,581
31	Total University of North Carolina	2,621,339,184	2,632,856,553
32	Total Education	\$ 12,053,522,254	\$ 12,082,619,258
33			
34	Total Budget	\$ 20,568,876,398	\$ 20,902,134,112
35			
36	DEBT SERVICE		
37	General Debt Service	\$ 719,974,837	\$ 719,974,837
38	Federal Reimbursement	1,616,380	1,616,380
39	Total Debt Service	\$ 721,591,217	\$ 721,591,217
40			
41	RESERVES & ADJUSTMENTS		
42	Contingency and Emergency Reserve	5,000,000	5,000,000
43	Job Development Investment Grants	84,045,357	87,545,357
44	Compensation Adj. Reserve-State Employees	34,000,000	101,867,946
45	Salary Adjustment Reserve	17,500,000	79,500,000
46	GF-Reserve for One NC Fund	8,000,000	11,500,000
47	IT Initiative	62,396,613	63,012,238
48	Retirement Rate Adjustment Reserve	(33,500,000)	0
49	GF-Reserve Pending Legislation	4,500,000	4,500,000
50	GF-Voter Information Verification Act	1,000,000	1,000,000
51	Medicaid Risk Reserve	50,000,000	125,000,000

1	NC Gov. Efficiency and Reform Project (NC GEAR)	(5,716,000)	(30,972,333)
2	GF-Reserve ERP	2,609,094	22,614,490
3	GF-Reserve IT Rates	5,000,000	8,000,000
4	GF-Reserve IT Restructuring	(9,104,010)	(20,104,010)
5	GF- Reserve For Enrollment	0	137,895,860
6	Total Reserves & Adjustments	\$ 225,731,054	\$ 596,359,548
7			
8	CAPITAL		
9	Capital Improvements	5,701,000	10,170,500
10	Total Capital	\$ 5,701,000	\$ 10,170,500
11			
12	Total General Fund Budget	21,521,899,669	\$ 22,230,255,377

GENERAL FUND AVAILABILITY STATEMENT

16 **SECTION 2.2.** The General Fund availability used in developing the 2015-2017
 17 budget is shown below:

18		FY 2015-2016	FY 2016-2017
19	Description	(In Millions)	(In Millions)
20	Beginning Availability		
21	Unappropriated Balance from Prior Fiscal Year	\$ 2,033,330	\$ 480,832
22	Anticipated Over (Under) Collections	(271,000,000)	0
23	Anticipated Reversions	270,000,000	0
24	Additional Reversions from Unappropriated	186,372,673	0
25	Medicaid Risk Reserve		
26	Less: Credit to Savings Reserve Account	(46,851,501)	0
27	Less: Credit to Repairs and Renovations Reserve Account	(46,851,501)	0
28	Beginning Unreserved Credit Balance	\$ 93,703,002	\$ 480,832
29			
30	Revenues Based on Existing Tax Structure	\$ 20,438,700,000	\$ 21,325,700,000
31			
32	Nontax Revenues		
33	Investment Income	\$ 15,700,000	\$ 15,900,000
34	Judicial Fees	228,900,000	226,600,000
35	Disproportionate Share	129,000,000	129,000,000
36	Insurance	76,200,000	77,200,000
37	Master Settlement Agreement	137,500,000	137,500,000
38	Other Nontax Revenues	168,000,000	168,800,000
39	Highway Trust Fund Transfer	0	0
40	Highway Fund Transfer	215,900,000	215,900,000
41	Subtotal Nontax Revenue	\$ 971,200,000	\$ 970,900,000
42			
43	Total General Fund Availability	\$ 21,503,603,002	\$ 22,297,080,832
44			
45	Adjustments to Availability: 2015 Session		
46	FICA Transfer	\$ 3,000,000	\$ 0
47	Expand Treasury Offset Program	9,453,499	17,016,299
48	Additional DSH Nontax Revenue	10,000,000	10,000,000
49	DOJ Tobacco Settlement	2,194,000	0
50	Renewable Energy Credit for Non-Solar Projects	0	(7,000,000)
51	Historic Preservation Tax Credit	(1,700,000)	(10,500,000)

1	R&D Credit	0	(58,000,000)
2	Datacenter Machinery & Equipment Purchases	(3,000,000)	(4,000,000)
3	Interstate Air Carrier Fuel Purchases	0	(7,500,000)
4	Motorsports Parts and Fuel	(1,170,000)	(2,450,000)
5	Subtotal Adjustments to Availability	\$ 18,777,499	\$ (62,433,701)
6			
7	Total Availability	\$ 21,522,380,501	\$ 22,234,647,130
8			
9	Less: Total General Fund Appropriations	\$ 21,521,899,669	\$ 22,230,255,377
10			
11	Unappropriated Balance Remaining	\$ 480,832	\$ 4,391,753
12			

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

SECTION 3.1. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2017, according to the following schedule:

21	Current Operations – Highway Fund	FY 2015-2016	FY 2016-2017
22	Department of Transportation		
23	General Administration	\$ 112,527,308	\$ 90,147,308
24			
25	Division of Highways		
26	Administration	33,467,959	33,467,959
27	Construction	46,859,878	46,859,878
28	Maintenance	1,072,645,301	1,147,250,767
29	OSHA Program	358,030	358,030
30			
31	Ferry Operations	40,450,395	39,750,395
32			
33	State Aid to Municipalities	144,081,600	138,923,200
34			
35	Intermodal Divisions		
36	Public Transportation	88,173,419	88,173,419
37	Aviation	21,260,952	21,260,952
38	Rail	23,651,674	23,651,674
39	Bicycle and Pedestrian	726,895	726,895
40			
41	Governor's Highway Safety	251,241	251,241
42	Division of Motor Vehicles	120,402,414	113,949,915
43			
44	Other State Agencies, Reserves, Transfers	229,035,534	232,909,067
45			
46	Capital Improvements	18,007,400	18,019,300
47			
48	Total Highway Fund Appropriation	\$ 1,951,900,000	\$ 1,995,700,000
49			

HIGHWAY FUND AVAILABILITY STATEMENT

1 **SECTION 3.2.** The Highway Fund availability used in developing the 2015-2017
2 biennial budget is shown below:

3			
4	Highway Fund Availability Statement	2015-2016	2016-2017
5			
6	Tax Revenue	\$ 1,349,600,000	\$ 1,382,100,000
7	Non-Tax Revenue	597,400,000	608,600,000
8	Investment Income	1,000,000	1,000,000
9	NC Railroad Company Dividend Payment	3,900,000	4,000,000
10			
11	Total Highway Fund Availability	\$ 1,951,900,000	\$ 1,995,700,000

12
13 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

14
15 **HIGHWAY TRUST FUND APPROPRIATIONS**

16 **SECTION 4.1.** Appropriations from the Highway Trust Fund are made for the
17 biennium ending June 30, 2017, according to the following schedule:

18			
19	Highway Trust Fund	FY 2015-2016	FY 2016-2017
20			
21	Department of Transportation:		
22	Program Administration	\$ 35,094,813	\$ 35,164,813
23			
24	Construction:		
25	Strategic Prioritization Program	1,075,985,486	1,095,122,958
26			
27	Bonds:		
28	Bond Redemption	35,766,656	47,919,160
29	Bond Interest	12,853,045	13,093,069
30	NC Turnpike Authority	49,000,000	49,000,000
31	Reserve for Visitor Centers	400,000	400,000
32			
33	Total Highway Trust Fund Appropriations	\$ 1,209,100,000	\$ 1,240,700,000

34
35 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

36 **SECTION 4.2.** The Highway Trust Fund availability used in developing the
37 2015-2017 biennial budget is shown below:

38			
39	Highway Trust Fund Availability Statement	FY 2015-2016	FY 2016-2017
40			
41	Beginning Credit Balance	-	-
42	Tax Revenue	\$ 1,100,900,000	\$ 1,128,800,000
43	Non-Tax Revenue	106,200,000	109,900,000
44	Investment Income	2,000,000	2,000,000
45			
46	Total Highway Trust Fund Availability	\$ 1,209,100,000	\$ 1,240,700,000

47
48 **PART V. OTHER AVAILABILITY AND APPROPRIATIONS**

49
50 **CIVIL PENALTY AND FORFEITURE FUND**

1 **SECTION 5.1.(a)** Appropriations is made from the Civil Penalty and Forfeiture
 2 Fund for the fiscal biennium ending June 30, 2015, as follows:

	FY 2015-2016	FY 2016-2017
3		
4 School Technology Fund	\$ 18,000,000	\$ 18,000,000
5 State Public School Fund	\$124,362,790	\$124,362,790
6 Total Appropriation	\$142,362,790	\$142,362,790

7 **SECTION 5.1.(b)** Excess receipts realized in the Civil Penalty and Forfeiture Fund
 8 in the 2014-2015 fiscal year are hereby appropriated to the State Public School Fund for the
 9 2015-2016 fiscal year.

10 **SECTION 5.1.(c)** Excess receipts realized in the Civil Penalty and Forfeiture Fund
 11 in the 2015-2016 fiscal year shall be allocated to the School Technology Fund for the
 12 2016-2017 fiscal year.

13
 14 **INDIAN GAMING EDUCATION REVENUE FUND**

15 **SECTION 5.2.(a)** There is appropriated from the Indian Gaming Education
 16 Revenue Fund to the Department of Public Instruction, School Technology Fund, the sum of
 17 six million dollars (\$6,000,000) for the 2015-2016 fiscal year and the sum of six million dollars
 18 (\$6,000,000) for the 2016-2017 fiscal year.

19 **SECTION 5.2.(b)** G.S. 143C-9-7 does not apply to the use of these funds for the
 20 2015-2017 fiscal biennium.

21
 22 **EDUCATION LOTTERY FUNDS**

23 **SECTION 5.3.(a)** The appropriations made from the Education Lottery Fund for
 24 the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
25		
26 Classroom Teachers	\$ 254,586,185	\$ 254,586,185
27 Teacher Assistants	\$ 49,279,252	\$ 49,279,252
28 Prekindergarten Program	78,252,110	86,415,380
29 Public School Building Capital Fund	100,000,000	100,000,000
30 Scholarships for Needy Students	30,450,000	30,450,000
31 UNC Need-Based Financial Aid	10,744,733	10,744,733
32 TOTAL APPROPRIATION	\$ 523,312,280	\$ 531,475,550

33
 34 **SECTION 5.3.(b)** Notwithstanding G.S. 18C-164, the Office of State Budget and
 35 Management shall not transfer funds to the Education Lottery Reserve Fund for the 2015-2016
 36 fiscal year.

37
 38 **MODIFY CASH MANAGEMENT STATUTE**

39 **SECTION 5.4.** G.S. 147-86.11(e) reads as rewritten:

40 "(e) Elements of Plan. – For moneys received or to be received, the statewide cash
 41 management plan shall provide at a minimum that:

- 42 ...
- 43 (4) Unpaid billings due to a State agency other than amounts owed by patients
 44 to the University of North Carolina Health Care System, East Carolina
 45 University's Division of Health Sciences, ~~or by~~ customers of the North
 46 Carolina Turnpike ~~Authority~~ Authority, or North Carolina Department of
 47 Transportation shall be turned over to the Attorney General for collection no
 48 more than 90 days after the due date of the billing, except that a State agency
 49 need not turn over to the Attorney General unpaid billings of less than five
 50 hundred dollars (\$500.00), or (for institutions where applicable) amounts
 51 owed by all patients which are less than the federally established deductible

1 applicable to Part A of the Medicare program, and instead may handle these
2 unpaid bills pursuant to agency debt collection procedures.

3 (4a) The University of North Carolina Health Care System and East Carolina
4 University's Division of Health Sciences may turn over to the Attorney
5 General for collection accounts owed by patients.

6 (4b) The North Carolina Turnpike Authority and the North Carolina Department
7 of Transportation may turn over to the Attorney General for collection
8 amounts owed to the North Carolina Turnpike Authority or the North
9 Carolina Department of Transportation.

10"

11 12 **PART VI. GENERAL PROVISIONS**

13 14 **TRANSFER DPS FUNDS TO ERP RESERVE**

15 **SECTION 6.1.(a)** The nine million dollars (\$9,000,000) in nonrecurring funds
16 appropriated and placed in a special information technology fund in FY 2013-2014 to be used
17 by the Department of Public Safety for an Enterprise Resource Planning System shall be
18 carried forward on June 30, 2015, and transferred to the Statewide Reserve, in the Office of
19 State Budget and Management, designated for implementation of the Statewide Enterprise
20 Resource Planning System.

21 22 **PAY FOR SUCCESS CONTRACTS**

23 **SECTION 6.2.(a)** The Office of State Budget and Management (OSBM) shall
24 work with the Office of the Governor, the Department of Health and Human Services (DHHS),
25 and the Department of Administration's Division of Purchase and Contract to pursue the use of
26 a Pay for Success (PFS) model to support high-quality, data-proven early childhood programs
27 in the 2016 Regular Session of the 2015 General Assembly.

28 These agencies shall identify an outcome to target for a Pay for Success Contract
29 where interventions, investors, and providers are available. The Office of State Budget and
30 Management shall submit a Request for Information (RFI) by September 1, 2015, and develop
31 a Pay for Success Contract plan by March 15, 2016, that could be implemented by September
32 1, 2016.

33 **SECTION 6.2.(b) Definitions. –**

- 34 (1) Pay for Success Contract. – A contract between State government and a
35 private organization to provide services for a set period of time with private
36 investment and receive government payment if the service meets
37 benchmarks for outcomes, usually involving cost-savings and social benefit.
- 38 (2) External organization. – A private entity that coordinates investors,
39 providers, and other parties to implement a Pay for Success Contract.
40 Sometimes is the investor. Sometimes is the service provider.
- 41 (3) Service provider. – A private entity that carries out the service specified in
42 the Pay for Success Contract agreement. There may be more than one
43 service provider.
- 44 (4) Investor. – A private entity that provides early funding for a program,
45 usually with expectation of a monetary return on investment.
- 46 (5) Evaluator. – A private entity that establishes benchmarks of success and
47 verifies if a program has met those benchmarks.

48 **SECTION 6.2.(c)** The RFI shall identify programs that would have a high
49 likelihood of success based on outcomes that reduce government spending in an identified area
50 to continue the program. Submissions include descriptions of the external organization, service
51 providers, investors, and at least two potential evaluators.

1 **SECTION 6.2.(d)** OSBM, the Office of the Governor, and DHHS shall identify
2 desired outcomes and the resources necessary to initiate and maintain a Pay for Success
3 Contract. Among them:

- 4 (1) Identify expertise and personnel to oversee the project within the
5 Department of Health and Human Services.
- 6 (2) Identify the most the agency would pay if results exceed expectations.
- 7 (3) Identify a funding source for payment to the external organization, if the
8 project is successful.
- 9 (4) Identify a funding source for continuation, if the project is successful.
- 10 (5) Identify items that need to be in a final agreement, such as dispute resolution
11 and contract termination conditions.

12 13 **STATEWIDE GRANTS OVERSIGHT**

14 **SECTION 6.3.** There is established within the Office of State Budget and
15 Management a central grants management function for the purpose of improving administration
16 of federal and private grants. This grants management function will, among other activities,
17 provide oversight on a statewide basis. Oversight will be phased in, beginning with a review of
18 grant applications of select agencies to be determined by the Office of State Budget and
19 Management. In order to align new funding with State priorities, new grant applications,
20 renewal applications or other applications for funding in excess of funding authorized in this
21 act for the selected agencies shall be coordinated through the Office of State Budget and
22 Management.

23 24 **DISPOSITION OF STANDARD AND POOR'S SETTLEMENT FUNDING**

25 **SECTION 6.4** Notwithstanding G.S. 143C-1-2, funds received pursuant to the
26 State's settlement with Standard and Poor's pertaining to the misrating of mortgage-back
27 securities are appropriated for the 2015-2016 fiscal year and allocated to the following:

- 28 (1) One million five hundred forty-one thousand two hundred sixty-one dollars
29 (\$1,541,261) to the Housing Finance Agency's HOME Match Program.
- 30 (2) One million dollars (\$1,000,000) to the Housing Trust Fund.
- 31 (3) Nine million dollars (\$9,000,000) to the Workforce Housing Loan Program.
- 32 (4) Seven million eight hundred forty thousand eight hundred eighty-two dollars
33 (\$7,840,882) to the Department of Health and Human Services' Transition to
34 Community Living efforts pursuant to its agreement with the U.S.
35 Department of Justice.

36 37 **BUDGET ADJUSTMENTS AUTHORIZED**

38 **SECTION 6.5.** G.S. 143C-6-4(b) is amended by adding a new subdivision to read:

- 39 "(4) Funding realignments. – A program or purpose if the overexpenditure of the
40 program or purpose is due to the realignment of salaries and benefits funds
41 in order to fund recurring obligations."

42 43 **PART VII. INFORMATION TECHNOLOGY SERVICES**

44 45 **OUTLINE BUDGET POLICY FOR DIT**

46 **SECTION 7.1.(a)** If House Bill 208 or Senate Bill 268 of the 2015 Regular
47 Session of the 2015 General Assembly creating the Department of Information Technology
48 becomes law, the Department of Information Technology, along with the Office of State
49 Budget and Management and the State Controller, shall develop and implement a plan to
50 manage all information technology funding to the principal departments in G.S. 143B-6,
51 including State and other receipts, as soon as practicable. As part of the plan and

1 implementation, funding for information technology resources, projects, and contracts shall be
2 managed by the Department of Information Technology.

3 **SECTION 7.1.(b)** For fiscal year 2015-2016 and fiscal year 2016-2017, all
4 information technology change budget increases/decreases for existing information technology
5 projects will be appropriated in agency budgets. These funds can only be obligated or expended
6 upon approval by the Secretary of the Department of Information Technology.

7 **SECTION 7.1.(c)** All base budget and change budgeted funds associated with
8 Office of Information Technology Services budget code 24667 (Information Technology Fund
9 & Information Technology Reserve Fund) will be realigned to the Department of Information
10 Technology.

11 **SECTION 7.1.(d)** No later than July 1, 2016, with guidance from the State
12 Controller, the Office of State Budget and Management and the Secretary of Information
13 Technology, State agencies identified as principal departments in G.S. 143B-6 shall segregate
14 all budgets, expenditures, and encumbrances for information technology.

15 **SECTION 7.1.(e)** For fiscal year 2015-2016, funds appropriated to State agencies
16 identified as principal departments in G.S. 143B-6 for information technology costs or
17 expenses, and all direct or indirect monies allocated for information technology assets or
18 resources shall be maintained by such State agencies for further delivery to the Department of
19 Information Technology for the shared services, costs, or expenses provided or incurred
20 pursuant to the authority of the Secretary of Information Technology and the Department of
21 Information Technology.

22 **SECTION 7.1.(f)** Funds appropriated to State agencies identified as principal
23 departments in G.S. 143B-6 for information technology projects during the 2014-2015 fiscal
24 year, together with prior fiscal year appropriations which are not reverted to the General Fund
25 or allocated to new budget codes within the Department of Information Technology, shall
26 remain in respective agency budgets. Provided, however, that such funds as described herein
27 shall be expended only:

28 (a) Pursuant to an obligation of the agency or State associated with an
29 information technology project;

30 (b) For services provided by or through the Department of Information
31 Technology; or

32 (c) Upon approval of the Secretary of Information Technology.

33 **INTERNAL SERVICES FUND RATES RESERVE**

34 **SECTION 7.2.(a)** The appropriations set forth in Section 2.1 of this act include
35 appropriations for an Information Technology Internal Services Fund Rates Reserve. The
36 Office of State Budget and Management shall ensure that those funds are used only for
37 Information Technology Internal Services Fund Rates purposes.

38 **SECTION 7.2.(b)** If the Director of the Budget determines that funds appropriated
39 to a State agency for Information Technology Shared Services purposes exceed the amount
40 required by that agency for that purpose, the Director may reallocate those funds, in addition to
41 the appropriations set forth in Section 2.1 of this act, to other State agencies that received
42 insufficient funds for Information Technology Shared Services.
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45 **INFORMATION TECHNOLOGY RESTRUCTURING**

46 **SECTION 7.3.(a)** If House Bill 208 of the 2015 Regular Session of the 2015
47 General Assembly creating the Department of Information Technology becomes law, the
48 Department of Information Technology, in order to ensure a smooth, efficient, and timely
49 transfer of State information technology functions, operations, management, and resources to
50 the Department of Information Technology (DIT), all State agencies identified as principal
51 departments in G.S. 143B-6 shall fully cooperate and coordinate with DIT and OSBM and

1 further timely provide to DIT and OSBM all requested data and information for any IT
2 restructure-related activities.

3 **SECTION 7.3.(b)** In order to ensure a smooth, efficient, and timely transfer of
4 State information technology functions, operations, management, and resources under the
5 Department of Information Technology (DIT) and to ensure contract optimization, all
6 information technology contracts currently aligned/managed with any State agency identified
7 as a principal department in G.S. 143B-6 shall be realigned under DIT effective July 1, 2015.

8 **SECTION 7.3.(c)** All State agencies identified as principal departments in
9 G.S. 143B-6 shall become direct members of and use the Enterprise Active Directory to
10 increase economies of scale, improve IT capabilities, and reduce costs associated with the
11 Enterprise Active Directory. Any agency identified herein not currently a member of the
12 Enterprise Active Directory shall join as a direct member no later than July 1, 2016. Any State
13 agency may apply in writing to the Secretary (DIT) for authority to deviate from the Enterprise
14 Active Directory requirements herein. If granted, any deviation or exception shall be consistent
15 with available funding and shall be subject to such terms and conditions as may be specified by
16 the Secretary.

17 **SECTION 7.3.(d)** All employees and all positions in State agencies identified as
18 principal departments in G.S. 143B-6 who serve in the position of, or exercise responsibilities
19 for, information technology described in this act are hereby transferred to the Department of
20 Information Technology effective July 1, 2015. Transfers of employees shall not affect any
21 individual employee's current compensation or benefits. Such employees and positions shall
22 remain in their current locations within the respective agencies until such time as the
23 Department of Information Technology, the Office of State Human Resources, and the State
24 agency implement a plan to redeploy such employees.

25 **SECTION 7.3.(e)** As efficiencies in IT are realized, all appropriated savings (less
26 receipts) identified and defined through cost reduction, avoidance or other means, by the
27 Department of Information Technology in cooperation with the Office of State Budget and
28 Management, Office of Information Technology Services, or principal departments as outlined
29 in House Bill 208, will be used to fulfill the financial obligation associated with the negative
30 reserve for IT restructuring established in Statewide Reserves. If identified savings exceed
31 reserve funds, such funds may be used on a nonrecurring basis to fulfill information technology
32 deficiencies with approval of the Secretary of DIT in consultation with the Office of State
33 Budget and Management.

34 **INFORMATION TECHNOLOGY OPERATIONS**

35 **SECTION 7.4.** Unless an exception is granted in writing by the State Chief
36 Information Office, all information technology equipment used or purchased by State agencies
37 shall be installed in Office of Information Technology Services data centers. Office of
38 Information Technology Services data centers are identified as the Eastern Data Center (EDC)
39 and the Western Data Center (WDC). Any State agency may apply in writing to the Secretary
40 (DIT) for authority to deviate from the data center housing requirements herein. If granted, any
41 deviation or exemption shall be consistent with available funding and shall be subject to such
42 terms and conditions as may be specified by the Secretary.

43 **ENTERPRISE RESOURCE PLANNING**

44 **SECTION 7.5.** In order to ensure an effective implementation of a statewide
45 Enterprise Resource Planning (ERP) system, all State agencies shall fully cooperate, and
46 coordinate with the ERP Provisional Oversight Committee which is comprised of the State
47 Chief Information Officer, State Controller, and State Budget Director. All State agencies shall
48 also fully cooperate and coordinate with any future ERP governance bodies, the Department of
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1 Information Technology, and the Office of State Budget and Management and provide data for
2 all statewide ERP-related activities.

3 4 **PART VIII. PUBLIC SCHOOLS**

5 6 **FUNDS FOR CHILDREN WITH DISABILITIES**

7 **SECTION 8.1.** The State Board of Education shall allocate additional funds for
8 children with disabilities on the basis of three thousand nine hundred twenty-six dollars and
9 ninety-seven cents (\$3,926.97) per child. Each local school administrative unit shall receive
10 funds for the lesser of (i) all children who are identified as children with disabilities or (ii)
11 twelve and one-half percent (12.5%) of its 2015-2016 allocated average daily membership in
12 the local school administrative unit. The dollar amounts allocated under this section for
13 children with disabilities shall also adjust in accordance with legislative salary increments,
14 retirement rate adjustments, and health benefit adjustments for personnel who serve children
15 with disabilities.

16 17 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

18 **SECTION 8.2.** The State Board of Education shall allocate additional funds for
19 academically or intellectually gifted children on the basis of one thousand two hundred eighty
20 dollars and seventy cents (\$1,280.70) per child for fiscal year 2015-2016 and 2016-2017. A
21 local school administrative unit shall receive funds for a maximum of four percent (4%) of its
22 2015-2016 allocated average daily membership, regardless of the number of children identified
23 as academically or intellectually gifted in the unit. The dollar amounts allocated under this
24 section for academically or intellectually gifted children shall also adjust in accordance with
25 legislative salary increments, retirement rate adjustments, and health benefit adjustments for
26 personnel who serve academically or intellectually gifted children.

27 28 **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

29 **SECTION 8.3.(a)** Use of Funds for Supplemental Funding. – All funds received
30 pursuant to this section shall be used only (i) to provide instructional positions, instructional
31 support positions, teacher assistant positions, clerical positions, school computer technicians,
32 instructional supplies and equipment, staff development, and textbooks and (ii) for salary
33 supplements for instructional personnel and instructional support personnel. Local boards of
34 education are encouraged to use at least twenty-five percent (25%) of the funds received
35 pursuant to this section to improve the academic performance of children who are performing
36 at Level I or II on either reading or mathematics end-of-grade tests in grades three through
37 eight.

38 **SECTION 8.3.(b)** Definitions. – As used in this section, the following definitions
39 apply:

- 40 (1) "Anticipated county property tax revenue availability" means the
41 county-adjusted property tax base multiplied by the effective State average
42 tax rate.
- 43 (2) "Anticipated total county revenue availability" means the sum of the
44 following:
 - 45 a. Anticipated county property tax revenue availability.
 - 46 b. Local sales and use taxes received by the county that are levied under
47 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
48 Chapter 105 of the General Statutes.
 - 49 c. Sales tax hold harmless reimbursement received by the county under
50 G.S. 105-521.

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

1 the audit report filed with the Secretary of the Local Government
2 Commission pursuant to G.S. 115C-447.

3 (12) "Per capita income" means the average for the most recent three years for
4 which data are available of the per capita income according to the most
5 recent report of the United States Department of Commerce, Bureau of
6 Economic Analysis, including any reported modifications for prior years as
7 outlined in the most recent report.

8 (13) "Sales assessment ratio studies" means sales assessment ratio studies
9 performed by the Department of Revenue under G.S. 105-289(h).

10 (14) "State average current expense appropriations per student" means the most
11 recent State total of county current expense appropriations to public schools,
12 as reported by local boards of education in the audit report filed with the
13 Secretary of the Local Government Commission pursuant to G.S. 115C-447.

14 (15) "State average adjusted property tax base per square mile" means the sum of
15 the county-adjusted property tax bases for all counties divided by the
16 number of square miles of land area in the State.

17 (16) "Supplant" means to decrease local per student current expense
18 appropriations from one fiscal year to the next fiscal year.

19 (17) "Weighted average of the three most recent annual sales assessment ratio
20 studies" means the weighted average of the three most recent annual sales
21 assessment ratio studies in the most recent years for which county current
22 expense appropriations and adjusted property tax valuations are available. If
23 real property in a county has been revalued one year prior to the most recent
24 sales assessment ratio study, a weighted average of the two most recent sales
25 assessment ratios shall be used. If property has been revalued the year of the
26 most recent sales assessment ratio study, the sales assessment ratio for the
27 year of revaluation shall be used.

28 **SECTION 8.3.(c) Eligibility for Funds.** – Except as provided in subsection (g) of
29 this section, the State Board of Education shall allocate these funds to local school
30 administrative units located in whole or in part in counties in which the county wealth as a
31 percentage of the State average wealth is less than one hundred percent (100%).

32 **SECTION 8.3.(d) Allocation of Funds.** – Except as provided in subsection (f) of
33 this section, the amount received per average daily membership for a county shall be the
34 difference between the State average current expense appropriations per student and the current
35 expense appropriations per student that the county could provide given the county's wealth and
36 an average effort to fund public schools. (To derive the current expense appropriations per
37 student that the county could be able to provide given the county's wealth and an average effort
38 to fund public schools, multiply the county's wealth as a percentage of State average wealth by
39 the State average current expense appropriations per student.) The funds for the local school
40 administrative units located in whole or in part in the county shall be allocated to each local
41 school administrative unit located in whole or in part in the county based on the average daily
42 membership of the county's students in the school units. If the funds appropriated for
43 supplemental funding are not adequate to fund the formula fully, each local school
44 administrative unit shall receive a pro rata share of the funds appropriated for supplemental
45 funding.

46 **SECTION 8.3.(e) Formula for Distribution of Supplemental Funding Pursuant to**
47 **This Section Only.** – The formula in this section is solely a basis for distribution of
48 supplemental funding for low-wealth counties and is not intended to reflect any measure of the
49 adequacy of the educational program or funding for public schools. The formula is also not
50 intended to reflect any commitment by the General Assembly to appropriate any additional
51 supplemental funds for low-wealth counties.

1 **SECTION 8.3.(f)** Minimum Effort Required. – A county that (i) maintains an
2 effective county tax rate that is at least one hundred percent (100%) of the effective State
3 average tax rate in the most recent year for which data are available or (ii) maintains a county
4 appropriation per student to the school local current expense fund of at least one hundred
5 percent (100%) of the current expense appropriations per student to the school local current
6 expense fund that the county could provide given the county's wealth and an average effort to
7 fund public schools shall receive full funding under this section. A county that maintains a
8 county appropriation per student to the school local current expense fund of less than one
9 hundred percent (100%) of the current expense appropriations per student to the school local
10 current expense fund that the county could provide given the county's wealth and an average
11 effort to fund public schools shall receive funding under this section at the same percentage that
12 the county's appropriation per student to the school local current expense fund is of the current
13 expense appropriations per student to the school local current expense fund that the county
14 could provide given the county's wealth and an average effort to fund public schools.

15 **SECTION 8.3.(g)** Nonsupplant Requirement. – A county in which a local school
16 administrative unit receives funds under this section shall use the funds to supplement local
17 current expense funds and shall not supplant local current expense funds. For the 2015-2017
18 fiscal biennium, the State Board of Education shall not allocate funds under this section to a
19 county found to have used these funds to supplant local per student current expense funds. The
20 State Board of Education shall make a finding that a county has used these funds to supplant
21 local current expense funds in the prior year, or the year for which the most recent data are
22 available, if all of the following criteria apply:

- 23 (1) The current expense appropriation per student of the county for the current
24 year is less than ninety-five percent (95%) of the average of local
25 expenditures per student for the three prior fiscal years.
- 26 (2) The county cannot show (i) that it has remedied the deficiency in funding or
27 (ii) that extraordinary circumstances caused the county to supplant local
28 current expense funds with funds allocated under this section.

29 The State Board of Education shall adopt rules to implement the requirements of this
30 subsection.

31 **SECTION 8.3.(h)** Counties Containing a Base of the Armed Forces. –
32 Notwithstanding any other provision of this section, for the 2015-2017 fiscal biennium,
33 counties containing a base of the Armed Forces of the United States that have an average daily
34 membership of more than 23,000 students shall receive the same amount of supplemental
35 funding for low-wealth counties as received in the 2012-2013 fiscal year.

36 **SECTION 8.3.(i)** Funds for EVAAS Data. – Notwithstanding the requirements of
37 subsection (a) of this section, local school administrative units may utilize funds allocated
38 under this section to purchase services that allow for extraction of data from the Education
39 Value-Added Assessment System (EVAAS).

40 **SECTION 8.3.(j)** Reports. – For the 2015-2017 fiscal biennium, the State Board of
41 Education shall report to the Fiscal Research Division prior to May 1 of each year if it
42 determines that counties have supplanted funds.

43 **SECTION 8.3.(k)** Department of Revenue Reports. – The Department of Revenue
44 shall provide to the Department of Public Instruction a preliminary report for the current fiscal
45 year of the assessed value of the property tax base for each county prior to March 1 of each
46 year and a final report prior to May 1 of each year. The reports shall include for each county the
47 annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of
48 total real property represented by the present-use value of agricultural land, horticultural land,
49 and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies
50 determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv)
51 personal property.

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 8.4.(a) Funds appropriated for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

- (1) Provide instructional positions or instructional support positions and/or professional development;
- (2) Provide intensive in-school and/or after-school remediation;
- (3) Purchase diagnostic software and progress-monitoring tools; and
- (4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

SECTION 8.4.(b) Funds appropriated to a local school administrative unit for disadvantaged student supplemental funding (DSSF) shall be allotted based on (i) the unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- (1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.
- (2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- (3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
- (4) For local school administrative units receiving DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this act.

SECTION 8.4.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

FUNDS FOR SMALL COUNTY SCHOOL ADMINISTRATIVE UNITS

SECTION 8.5.(a) Allotment Formula Schedule for the 2015-2016 Fiscal Year. – Except as otherwise provided in subsections (b) and (c) of this section, for the 2015-2016 fiscal year, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

Allotted ADM	Small County Allotment
0-600	\$ 1,710,000
601-1,300	\$ 1,820,000
1,301-1,700	\$ 1,548,700
1,701-2,000	\$ 1,600,000
2,001-2,300	\$ 1,560,000
2,301-2,600	\$ 1,470,000

1	2,601-2,800	\$ 1,498,000
2	2,801-3,200	\$ 1,548,000

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SECTION 8.5.(b) Phase-Out Provisions for the 2015-2016 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (d) of this section in the 2014-2015 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

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Allotments for eligible local school administrative units shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2015-2016 in any fiscal year.

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SECTION 8.5.(c) Nonsupplant Requirement for the 2015-2017 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2015-2017 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

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(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local expenditures current expense appropriations per student for the three prior fiscal years.

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The State Board of Education shall adopt rules to implement the requirements of this subsection.

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BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION

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SECTION 8.6.(a) Notwithstanding G.S. 143C-6-4, the State Board of Education may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize the Department of Public Instruction, if necessary, to implement the budget reductions for the 2015-2017 fiscal biennium. Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The State Board shall provide a current organization chart for the Department of Public Instruction in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

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SECTION 8.6.(b) In implementing budget reductions for the 2015-2017 biennium, the State Board of Education shall make no reduction to funding or positions for (i) the North Carolina Center for Advancement of Teaching and (ii) the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School, except that the State Board may, in its discretion, reduce positions that have been vacant for more than 12 months.

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The State Board shall also make no reduction in funding to any of the following entities:

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(1) Communities in Schools of North Carolina, Inc.

(2) Teach for America, Inc.

(3) Beginnings For Parents of Children Who Are Deaf or Hard of Hearing, Inc.

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2 **EXCELLENT PUBLIC SCHOOLS ACT-CLARIFY CARRYFORWARD FOR**
3 **READING CAMPS**

4 **SECTION 8.7.(a)** Funds appropriated for the 2015-2017 fiscal biennium and
5 subsequent fiscal years for reading camps as defined in G.S. 115C-83.3(9) shall not revert at
6 the end of each fiscal year but shall remain available until October 31 of the subsequent fiscal
7 year.

8 **SECTION 8.7.(b)** This section becomes effective June 30, 2015.
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10 **CARRYFORWARD FOR PANIC ALARM GRANTS**

11 **SECTION 8.8.(a)** Funds appropriated for the award of panic alarm system grants
12 shall not revert at the end of the fiscal year but shall remain available for expenditure until the
13 end of the subsequent fiscal year.

14 **SECTION 8.8.(b)** This section becomes effective June 30, 2015.
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16 **LITIGATION RESERVE FUNDS**

17 **SECTION 8.9.** The State Board of Education may expend up to five hundred
18 thousand dollars (\$500,000) each year for the 2015-2016 and 2016-2017 fiscal years from
19 unexpended funds for licensed employees' salaries to pay expenses related to litigation.
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21 **UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS**

22 **SECTION 8.10.(a)** Funds appropriated for the Uniform Education Reporting
23 System (UERS) shall not revert at the end of the 2014-2015 fiscal year. Funds appropriated for
24 UERS for the 2015-2017 fiscal biennium shall not revert at the end of each fiscal year but shall
25 remain available until expended.

26 **SECTION 8.10.(b)** This section becomes effective June 30, 2015.
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28 **DIFFERENTIATED PAY FOR ADVANCED TEACHER ROLES**

29 **SECTION 8.11.(a)** Funds appropriated to the North Carolina Endowment Fund
30 shall be used to support the pilot implementation of the Performance Plus initiative. The
31 purpose of this initiative is to provide local school administrative units with funds to prototype
32 advanced teaching roles and pay supplements to teachers based on teachers' demonstrated
33 effectiveness and the assumption of additional responsibilities.

34 **SECTION 8.11.(b)** A teacher, for the purpose of this pilot, is a certified teacher
35 who works in the classroom to provide instruction and who is not instructional support
36 personnel.

37 **SECTION 8.11.(c)** Supplements paid for the purpose of this initiative are in
38 addition to salary earned according to the North Carolina School Personnel salary schedule and
39 other applicable local and State supplements.

40 **SECTION 8.11.(d)** Management. – The State Board of Education shall administer
41 and have complete governance over the program, working in cooperation with the North
42 Carolina Department of Public Instruction, North Carolina universities engaged in teacher
43 preparation, elected officials, business leaders, other organizations and entities supporting
44 educational excellence, superintendents, and principals and teachers in affected schools. The
45 State Board of Education may allocate up to five percent (5%) of an approved individual grant
46 for technical assistance, to the local school administrative unit for the purposes of
47 implementing the local pilot.

48 **SECTION 8.11.(e)** No later than June 1, 2015, the State Board of Education shall
49 issue a Request for Proposals (RFP) for local boards of education to develop advanced teaching
50 roles. In the RFP the State Board of Education shall establish minimum requirements for
51 advanced roles for classroom teachers. Local boards of education shall submit a letter of intent

1 no later than August 31, 2015, that shall focus on the capacity and commitment of the local
2 school administrative unit and the local board of education to develop advanced teaching roles
3 that meet the requirements of Section 8.11(f) of this act, as demonstrated by prior local efforts
4 to advance teaching excellence such as on-the-job development for teachers, teacher leadership,
5 or innovation in school design; and by indication of willingness to reallocate funds to pay at
6 least the minimum supplements as described in Section 8.11(h) of this act. Draft plans shall be
7 submitted to the State Board of Education no later than January 20, 2016. The State Board of
8 Education shall approve plans as soon as is practicable for implementation in the 2016-2017
9 school year.

10 **SECTION 8.11.(f)** Requirements for Advanced Roles – Advanced teaching role
11 plans developed by participating districts must meet, at a minimum, the following criteria:

12 (1) Advanced teacher role eligibility and duties.

13 a. Enable eligible classroom teachers to progress within their careers by
14 assuming advanced roles that:

- 15 1. Include accountability for student growth as the teacher of
16 record of all students served by a team of teachers; or
- 17 2. Include accountability for student growth as the teacher of
18 record for more students.

19 **SECTION 8.11.(g)** Recipient local school administrative units shall ensure that
20 implementation includes:

21 (1) Provide information in a form readily accessible to both teachers and the
22 public on the criteria and procedures for the selection of teachers for
23 advanced roles.

24 (2) Require that supplement recipients are highly effective classroom teachers.
25 A highly effective classroom teacher is a teacher who receives, on the North
26 Carolina Teacher Evaluation instrument, a rating of at least Accomplished
27 on each of the teacher evaluation standards. In addition, teachers who exceed
28 expected student growth on the NC Educator Evaluation instrument for two
29 of the previous three years of teacher evaluation data, or the equivalent on an
30 out-of-state teacher's state or district evaluation are considered highly
31 effective. Teachers without three years of student growth data shall be
32 considered highly effective if their rating on the NC Educator Evaluation
33 instrument rating is at least Accomplished on each of the teacher evaluation
34 standards.

35 (3) Ensure adequate time during the school day for an advanced-role teacher,
36 and that teachers' teaching team if applicable, to plan, collaborate, and
37 participate in on-the-job development or leadership of others.

38 (4) Establish equally stringent eligibility requirements for a teacher to remain in
39 an advanced role as those required to initially attain that role.

40 (5) Establish a procedure for determining whether an advanced-role teacher is
41 successfully performing the additional duties associated with the advanced
42 role.

43 (7) Ensure that advanced-role teachers may opt out of the plan by voluntarily
44 relinquishing additional duties associated with the advanced role. Voluntary
45 relinquishment of duties associated with the advanced role shall not be
46 considered a demotion under Part 3 or Part 3A of Article 22 of Chapter 115C
47 of the General Statutes.

48 **SECTION 8.11.(h)** Advanced Teaching Roles and Supplements. - Local school
49 administrative units shall design and implement pilots to ensure:

1 (1) Supplements for highly effective teachers who are extended reach teachers
2 receive a supplement when there is an increase in their class size of at least
3 thirty-three percent (33%).

4 (2) Supplements for team leads for two or more teachers or teachers who are the
5 teacher of record for all students served by the teaching team, are limited to
6 thirty percent (30%) of teachers in a school.

7 **SECTION 8.11.(i)** The Department of Public Instruction shall ensure the
8 advanced-role supplements paid are not included in the statewide average salary calculation
9 used for budgeting state allotments.

10 **SECTION 8.11.(j)** Methods. – Local school administrative units may use one of
11 two supplement payment methods for the purposes of this initiative:

12 (1) Pay specified supplements only for teachers in each designated advanced
13 role directly from funds allocated to the local school administrative unit not
14 to exceed the balance of funds allocated to it for this purpose after deducting
15 funds allocated to it for technical assistance; or

16 (2) Allow teacher salary conversions at the beginning salary of the A teacher
17 salary schedule only to pay supplements for each designated advanced role,
18 not to exceed the funds allocated to the local school administrative unit for
19 this purpose after deducting funds allocated to it for technical assistance.

20 **SECTION 8.11.(k)** Pilot Cohorts. – By October 15, 2015, The State Board of
21 Education shall review the letters of intent submitted by local boards of education in
22 accordance with subsection (b) of this section and shall select for the first cohort of the
23 prototype development program seven local school administrative units or consortia of local
24 school administrative units that meet the following criteria:

25 (1) One to three school districts (or consortia of districts) each with an average
26 daily membership (ADM) equal to or less than 4,000.

27 (2) One to three school districts (or consortia of districts) each with an ADM of
28 4,001 to 10,000.

29 (3) One to three school districts (or consortia of districts) each with an ADM of
30 10,001 to 30,000.

31 (4) One to three school districts (or consortia of districts) each with an ADM of
32 30,001 or more.

33 **SECTION 8.11.(l)** Cohort 2. – The State Board of Education shall follow the time
34 line and procedures outlined to enable a second cohort of local school administrative units to
35 indicate intent, plan, and participate in the pilot beginning with the 2017-2018 school year.

36 **SECTION 8.11.(m)** Implementation Requirements. – Recipient local school
37 administrative units shall fully implement the pilot in a minimum of twenty-five percent (25%)
38 of schools within the local school administrative unit by the 2017-2018 school year, and fifty
39 percent (50%) of school by 2018-2019.

40 Participating local school administrative units shall submit a plan to the State Board
41 of Education by June 30, 2016, that includes a schedule for full implementation in a minimum
42 of ninety percent (90%) of the schools in the local school administrative unit by the 2021-2022
43 school year.

44 **SECTION 8.11.(n)** Evaluation. – The local board of education of participating
45 local school administrative units shall report no later than August 15, 2017, and by that date
46 each subsequent year on the following:

47 (1) The extent to which the advanced roles plan and implementation meets each
48 requirement of section (b) of this section. If the State Board of Education
49 determines that a local school administrative unit's plan does not meet the
50 requirements of section (b) of this section, it shall require the unit to make
51 needed changes in return for continued participation in the program and

- 1 receipt of transition funds provided pursuant to subdivision (b)(3) of this
2 section.
- 3 (2) The percentage of students with a highly effective teacher as their teacher of
4 record for English Language Arts, math, social studies, and science.
- 5 (3) The Educator Effectiveness ratings of each teacher in advanced roles and the
6 Educator Effectiveness ratings of each member of teams led by teachers in
7 advanced roles.
- 8 (4) The extent to which the advanced teaching roles program has increased the
9 attractiveness of the teaching profession in the district, as measured by the
10 number of applicants per advanced role job posting compared with the
11 typical number of applicants per teaching job posting in the district; and the
12 retention rates of advanced role teachers and members of their teams
13 compared with typical retention rates in the district.
- 14 (5) The use of local or other non-State funds used to support this initiative.
- 15 (6) Documented future sustainability of pilot within State and local resources in
16 the absence of pilot grant funds.
- 17 (7) Other measures determined relevant by the State Board of Education to the
18 purposes of this legislation and to assessing the benefit to the State.

19 **SECTION 8.11.(o) Reporting.** – The State Board of Education shall provide
20 reporting forms and tools to participating local school administrative units to ensure
21 consistency of data gathering.

22 The State Board shall report on implementation status in participating local school
23 administrative units including successes and obstacles annually beginning December 15, 2018,
24 to the President Pro Tempore of the Senate and the Speaker of the House of Representatives,
25 the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations,
26 the Senate Appropriations Committee on Education/Higher Education, the House
27 Appropriations Subcommittee on Education, the Fiscal Research Division, the Joint Legislative
28 Education Oversight Committee, the Governor, the Lieutenant Governor, and the Office of
29 State Budget and Management.

30 **FUNDS FOR ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE**

31 **SECTION 8.12.** The State Board of Education shall use funds to do all of the
32 following:

- 33 (1) Provide funds to local school administrative units and charter schools to pay
34 testing fees for advanced courses for all students.
- 35 (2) Provide funds to the North Carolina Advanced Placement Partnership for
36 professional development for teachers of Advanced Placement courses.
37

38 **DEPARTMENT OF PUBLIC INSTRUCTION COSTING METHODOLOGY**

39 **SECTION 8.13.** All cost estimates produced by the Department of Public
40 Instruction for the purposes of public schools salary costing shall be based on a methodology
41 that is formally documented and communicated prior to the development of both the executive
42 and legislative branch budgets.
43

44 **VIRTUAL CHARTER SCHOOL PILOT ENROLLMENT FUNDING**

45 **SECTION 8.14.(a)** Recurring funds appropriated to the Department of Public
46 Instruction in the average daily membership appropriation for each fiscal year of the 2015-2017
47 biennium in the amount of three million seven hundred thousand dollars (\$3,700,000) shall be
48 used to support eligible enrollment per Section 8.35(b)(1) of S.L. 2014-100.
49

1 **SECTION 8.14.(b)** If the funds appropriated for the 2015-2016 fiscal year are
2 insufficient, the Department of Public Instruction may use other funds within the State Public
3 School Fund for this purpose.
4

5 **COOPERATIVE INNOVATIVE HIGH SCHOOLS**

6 **SECTION 8.15.(a)** G.S. 115C-238.51A(c) reads as rewritten:

7 "(c) Additional Funds. – For applications which have requested additional funds, the
8 State Board of Education and the applicable governing Board may approve cooperative
9 innovative high schools contingent upon appropriation of the additional funds by the General
10 Assembly. Contingent approval shall be made by April 1 of each year. The contingent approval
11 shall expire if no appropriation is made by the General Assembly for the additional funds
12 within one calendar year. No cooperative innovative high school shall open prior to the
13 appropriation by the General Assembly of the full amount of the additional funds as requested
14 in the application for that school under G.S. 115C-238.51 for the upcoming fiscal year or fiscal
15 biennium, as appropriate. If no appropriation is made by the General Assembly, a revised
16 application may be submitted under subsection (b) of this section. Funds appropriated for the
17 cooperative innovative high schools are not subject to any legislative increase without explicit
18 approval by the General Assembly."

19 **SECTION 8.15.(b)** This section becomes effective June 30, 2015.
20

21 **TRANSFER FUNDS TO THE NORTH CAROLINA STATE EDUCATION** 22 **ASSISTANCE AUTHORITY (NCSEAA)**

23 **SECTION 8.16.** The Department of Public Instruction is directed to transfer funds
24 in the amount of two million one hundred twenty-four thousand nine hundred thirty-four
25 dollars (\$2,124,934) in 2015-2016 and 2016-2017 to the North Carolina State Education
26 Assistance Authority for scholarships for children with disabilities. Funds shall be used by
27 NCSEAA to meet the current scholarship demand for eligible students.
28

29 **CREDIT FOR ADDITIONAL YEARS OF EXPERIENCE FOR TEACHERS IN HIGH** 30 **TURNOVER DISTRICTS**

31 **SECTION 8.17.(a)** Notwithstanding Section 9.1(a) of this act, a teacher who
32 teaches in a hard-to-staff school beginning in the 2016-2017 school year and subsequent school
33 years, shall after one full year of teaching experience in the hard-to-staff school be awarded two
34 years of teaching experience on the North Carolina Public School Salary Schedule for every
35 one school year taught in the hard-to-staff school.

36 **SECTION 8.17.(b)** When a teacher no longer teaches in a hard-to-staff school, the
37 teacher (i) will be placed at the level of the salary schedule as if the teacher had been
38 continuously receiving one year of experience for one year taught; and (ii) shall resume earning
39 one year of experience for one full year of teaching in a non-hard-to-staff school.

40 **SECTION 8.17.(c)** The Department of Public Instruction shall establish a
41 methodology for identifying hard-to-staff schools based on high turnover and other factors as
42 deemed appropriate, and provide the methodology and a list of the schools identified as
43 high-turnover or otherwise hard-to-staff, and the attrition and vacancy rates for those schools
44 for the past five years to the Office of State Budget and Management and to the Fiscal Research
45 Division no later than April 15, 2016.

46 Categories of hard-to-staff schools shall be identified by applying the attrition rates,
47 vacancy rates including vacancy duration, and other appropriate factors which shall be defined
48 by the Department of Public Instruction. The Department of Public Instruction shall propose a
49 range of threshold based upon hard-to-staff factors used in the methodology. Each threshold
50 shall be labeled with a percentage that a specific threshold represents of total schools statewide.

1 In addition, a calculated short-term and long-term fiscal impact and description shall
2 accompany each threshold.

3 **SECTION 8.17.(d)** The Department of Public Instruction shall (i) expedite
4 transfers to fill vacancies in hard-to-staff schools for the 2016-2017 school years, and (ii)
5 prioritize requested transfers to hard-to-staff schools for those teachers who are rated proficient
6 or above on each of the Teacher Evaluation Standards 1-5.

7 **SECTION 8.17.(e)** Nothing in this section provides any additional credit toward
8 retirement beyond what is defined in G.S. 135-4 or any of the North Carolina General Statutes.

9 10 **CONTINUE NORTHAMPTON STEM SUMMER PROGRAM**

11 **SECTION 8.18.** The Department of Public Instruction is directed to allocate no
12 fewer dollars in the 2015-2016 fiscal year than previously allocated to support the Summer
13 STEM Program in the Northampton Public School District.

14 15 **MASTERS PAY ONLY TO TEACHERS IN HIGH-NEED FIELDS**

16 **SECTION 8.19.(a)** Effective July 1, 2015, only the following personnel shall be
17 paid on the "M" salary schedule or receive a salary supplement for academic preparation at the
18 six-year degree level or at the doctoral degree level for the 2015-2016 school year and
19 subsequent school years:

- 20 (1) Teachers who teach in a high-need STEM (Science, Technology,
21 Engineering and Math) field in grades six through 12, or exceptional
22 children field, who have completed graduate preparation in the high-need
23 field being taught, and who have a STEM or Exceptional Children
24 designation on their teaching license.
- 25 (2) Certified school nurses and instructional support personnel in positions for
26 which a masters degree is required for licensure.
- 27 (3) Teachers and instructional support personnel who were paid on that salary
28 schedule or received that salary supplement prior to the 2014-2015 school
29 year.
- 30 (4) Teachers and instructional support personnel who (i) complete a degree at
31 the masters, six-year, or doctoral degree level for which they completed at
32 least one course prior to August 1, 2013, and (ii) would have qualified for
33 the salary supplement pursuant to State Board of Education policy
34 TCP-A-006, as it was in effect on June 30, 2013.

35 **SECTION 8.19.(b)** High-need fields are defined as follows:

- 36 (1) Middle Grades math, science, and health occupations.
- 37 (2) High School math, science, and technology.
- 38 (3) Career Technical Education courses that include math, science, health
39 occupations, and technology, including network administrator, and computer
40 and network engineering.
- 41 (4) Exceptional Children.

42 **SECTION 8.19.(c)** Payment on the "M" salary schedule will cease if teachers
43 discontinue teaching in the high-need field with applicable graduate preparation.

44 45 **TEXTBOOK FUND NAME, DEFINITION, AND FUNDING**

46 **SECTION 8.20.(a)** G.S. 115C-85 is rewritten to read:

47 "Part 3. Textbooks.

48 **"§ 115C-85. ~~Textbook needs~~ Instructional Resource needs are determined by course of**
49 **study.**

50 When the State Board of Education has adopted, upon the recommendation of the
51 Superintendent of Public Instruction, a standard course of study at each instructional level in

1 the elementary school and the secondary school, setting forth what subjects shall be taught at
2 each level, it shall proceed to select and adopt textbooks.

3 As used in this part, "~~textbook~~""instructional resource" means all classroom supplies and
4 systematically organized instructional material comprehensive enough to cover the primary
5 objectives outlined in the standard course of study for a grade or course. Local school
6 administrative units may use funds to access the optional services of the Instructional
7 Improvement System (IIS), including lesson plans, instructional content, and instructional
8 activities and tools that aid in differentiated instruction. Formats for ~~textbooks~~instructional
9 resources may be print or nonprint, including hardbound books, softbound books,
10 activity-oriented programs, classroom kits, and technology-based programs that require the use
11 of ~~electronic equipment~~digital equipment, and digital equipment for student use in order to be
12 ~~used in~~the learning process.

13 Textbooks adopted in accordance with the provisions of this Part shall be used by the public
14 schools of the State except as provided in G.S. 115C-98(b1).

15 "~~§ 115C-85. Textbook needs~~ Instructional Resource needs are determined by course of
16 study.

17 When the State Board of Education has adopted, upon the recommendation of the
18 Superintendent of Public Instruction, a standard course of study at each instructional level in
19 the elementary school and the secondary school, setting forth what subjects shall be taught at
20 each level, it shall proceed to select and adopt textbooks.

21 As used in this part, "~~textbook~~""instructional resource" means all classroom supplies and
22 systematically organized instructional materials comprehensive enough to cover the primary
23 objectives outlined in the standard course of study for a grade or course. Local school
24 administrative units may use funds to access the optional services of the Instructional
25 Improvement System (IIS), including lesson plans, instructional content, and instructional
26 activities and tools that aid in differentiated instruction. Formats for ~~textbooks~~instructional
27 resources may be print or nonprint, including hardbound books, softbound books,
28 activity-oriented programs, classroom kits, and technology-based software programs that
29 require the use of ~~electronic~~digital equipment, and digital equipment for student use in order to
30 ~~be used in~~the learning process.

31 Textbooks adopted in accordance with the provisions of this Part shall be used by the public
32 schools of the State except as provided in G.S. 115C-98.(b1)."

33 **SECTION 8.20.(b)** The Instructional Supplies and Equipment allotment is
34 discontinued as a separate allotment category. Funds appropriated to the Instructional
35 Resources Fund and funds from the Instructional Supplies and Equipment Allotment category
36 shall be combined with and deposited in the Instructional Resources Fund, formerly the
37 Textbook Fund, to be used in conjunction with existing textbook funds. Funds in the
38 Instructional Resources Fund shall be allotted to each local school administrative unit on a per
39 average daily membership (ADM).

40 **SECTION 8.20.(c)** Local school administrative units may use allotted Instructional
41 Resources funds to purchase digital equipment for student use only after State Board of
42 Education has approved the purchase based on documentation that the local school
43 administrative unit has, at a minimum, the following in place:

- 44 (1) Sufficient classroom Wi-Fi to support student learning;
- 45 (2) Instructional plan to use the digital equipment;
- 46 (3) Documentation that instructional personnel have participated in sufficient
47 professional development to proficiently deliver digital-based instruction;
- 48 (4) Documentation of sufficient security to protect students;
- 49 (5) Documentation of a plan for lending/retrieving student digital equipment;
50 and
- 51 (6) Documentation of a plan for maintaining student digital equipment.

1 **SECTION 8.20.(d)** The Department of Public Instruction shall report how allotted
2 dollars from the Instructional Resources Fund are expended by local school administrative
3 units. This report shall be made to the Office of State Budget and Management, the Fiscal
4 Research Division of the North Carolina General Assembly, and the Joint Legislative
5 Education Oversight Committee.

6 **SECTION 8.20.(e)** For each optional service within the Instructional Improvement
7 System, the Department of Public Instruction shall report on the (i) usage, (ii) client
8 satisfaction, (iii) System performance, (iv) extent to which local school administrative units and
9 charter schools are using other services in place of the System, and (v) information and analysis
10 on why other services are being used in place of the System. This report shall be made to the
11 Office of State Budget and Management, the Fiscal Research Division of the North Carolina
12 General Assembly, the Joint Legislative Education Oversight Committee, and the State Board
13 of Education by February 1, 2015.

14 **SECTION 8.20.(f)** If local school administrative unit participation in home-base
15 optional services is not adequate to generate a four-dollar (\$4.00) per ADM cost, the State
16 Board of Education may use funds appropriated to the Department of Public Instruction or
17 State Aid for Public Schools to achieve the four-dollar (\$4.00) per ADM cost for participating
18 local school administrative units.

19 **SCHOOL CONNECTIVITY INITIATIVE FUNDS NONREVERT**

20 **SECTION 8.21.(a)** Funds appropriated in Fund 1821 of the State Public School
21 Fund for the School Connectivity Initiative for the 2014-2015 fiscal year shall not revert. These
22 funds appropriated for the 2015-2017 biennium shall not revert, but shall remain available until
23 expended.

24 **SECTION 8.21.(b)** This section is effective June 30, 2015.

25 **NONPROFIT MONITORING AND REPORTING REQUIREMENTS**

26 **SECTION 8.22.** G.S.143-6-23 and 09 NCAC 03M shall apply to entities that
27 receive direct appropriations through the Department of Public Instruction's budget.

28 **COURSE ACCESS PROGRAM ACT**

29 **SECTION 8.23.(a)** The Department of Public Instruction shall conduct a
30 student/parent survey reaching all K-12 students currently enrolled in the North Carolina Public
31 Schools to determine if students have access, through the public school curriculum, including
32 charter schools, the North Carolina Virtual Public School, North Carolina School of Science
33 and Math, and community college courses, that meet the individual needs of the student, meet
34 rigor standards, and contribute to successful articulation and graduation.

35 **SECTION 8.23.(b)** The Department shall identify those courses or subjects
36 identified by students/parents that are needed to meet the student's individual learning needs,
37 and that are not currently available in the curricula identified in subsection (a) of this section.

38 **SECTION 8.23.(c)** The Department of Public Instruction shall report the results of
39 the survey no later than May 15, 2016, to the Office of State Budget and Management and the
40 Fiscal Research Division.

41 **STREAMLINE TEACHER LICENSURE**

42 **SECTION 8.24.** G.S. 115C-296 is amended by adding a new subsection to read:

43 "**(b3)** The State Board of Education shall approve criteria and procedures for allowing
44 individuals with a math, science, or engineering degree from an accredited university or college
45 to become high school teachers with 21-27 credit hours of study. Pursuant to the policies and
46 procedures developed by the State Board of Education, the Department of Public Instruction
47
48
49
50

1 shall provide candidates with licenses upon completion of the following preservice training or
2 demonstration of competence:

- 3 (1) Classroom management, including organizational and disciplinary strategies,
4 positive behavior reinforcement;
- 5 (2) Educational/Instructional Technology;
- 6 (3) Human Growth and Development: Understanding the Learner;
- 7 (4) Learning Theory; Learning Styles; Motivation;
- 8 (5) Special Learning Needs; Exceptionalities;
- 9 (6) Literacy/Reading Methods;
- 10 (7) Instructional Methods.

11 Preservice training may be combined in one three credit course or experience. The State Board
12 of Education shall approve criteria or procedures by which candidates may earn credit for
13 competency displayed on the job. In collaboration with The University of North Carolina
14 General Administration, the State Board of Education shall report to the General Assembly on
15 how student academic growth in classrooms staffed by teachers licensed pursuant to this
16 subsection compares with those of other licensed teachers."

17 18 **COMPETENCY-BASED INNOVATION PILOT - WAIVER TO SCHOOLS FOR** 19 **MASTERY LEARNING PILOT**

20 **SECTION 8.25.(a)** Notwithstanding other provisions of law regarding school
21 calendar and student promotion, the State Board of Education shall establish a pilot program to
22 assess the implementation of a mastery learning pilot.

23 **SECTION 8.25.(b)** Mastery learning is defined as providing appropriate level of
24 instruction and amount of time for a student to acquire and demonstrate competence in subject
25 matter skills necessary to be prepared for the next level of instruction. Mastery can be in one or
26 multiple subjects, and shall provide the opportunity to extended instruction or allow for
27 advancement based on individual student need.

28 **SECTION 8.25.(c)** In their application, a school must address the implementation
29 details of the pilot to include available hours of instruction, revised staffing patterns, innovative
30 instructional resources, and strategies designed to contribute to the success of the pilot.

31 **SECTION 8.25.(d)** Waiver applications must be received from a school by January
32 1, 2016.

33 34 **CHARTER SCHOOL ENROLLMENT PROJECTIONS**

35 **SECTION 8.26.(a)** The Department of Public Instruction and the Office of State
36 Budget and Management shall jointly develop a new methodology for projecting enrollment for
37 new charter schools.

38 **SECTION 8.26.(b)** The new methodology shall consider the following:

- 39 (1) Enrollment projections received from the new charter school.
- 40 (2) Historical data that include a comparison of initial enrollment projections
41 and initial actual enrollment for all new charter schools.
- 42 (3) For those charter schools that are replicating existing charter school models
43 in North Carolina, the new methodology shall also include a comparison of
44 historical first-year enrollment projections and actual enrollment data for
45 those replicated models.
- 46 (4) Any pertinent demographic data for the new charter schools.

47 **SECTION 8.26.(c)** The jointly revised methodology shall be reported to the Office
48 of State Budget and Management, the Fiscal Research Division, and the State Board of
49 Education no later than November 15, 2015. The revised methodology shall be implemented in
50 calculating charter school enrollment for the 2016-2017 school year.

1 **SECTION 8.26.(d)** The projected enrollment for new charter schools shall be
2 included, but not be duplicated in, the Average Daily Membership (ADM) projection.

3 4 **LEA BUDGETARY FLEXIBILITY**

5 **SECTION 8.27.(a)** Notwithstanding G.S. 115C-105.259(b)(5b), local school
6 administrative units may convert positions allocated for classroom teachers to dollar
7 equivalents and transfer funds into the teacher assistant allotment at the statewide average
8 salary for classroom teachers; provided, however, for each local school administrative unit, the
9 sum of the amount allotted for teacher assistants for the 2015-2016 fiscal year and the amount
10 transferred under this subsection shall not exceed the amount expended from the local school
11 administrative unit's teacher assistant allotment in the 2014-2015 fiscal year.

12 **SECTION 8.27.(b)** Local school administrative units may convert additional
13 positions allocated for classroom teachers to dollar equivalents and transfer the funds into the
14 teacher assistant allotment in accordance with G.S. 115C-105.25(b)(5b).

15 **SECTION 8.27.(c)** All cost estimates produced by the Department of Public
16 Instruction for the purposes of public schools salary costing shall be based on a methodology
17 that is formally documented and communicated prior to the development of both the executive
18 and legislative branch budgets.

19 20 **DRIVER EDUCATION PROVISION**

21 **SECTION 8.28.(a)** G.S. 115C-215 reads as rewritten:

22 ~~"§ 115C-215. Administration of driver education program by the Department of Public~~
23 ~~Instruction.~~

24 ~~(a) In accordance with criteria and standards approved by the State Board of Education,~~
25 ~~the State Superintendent of Public Instruction shall organize and administer a standardized~~
26 ~~program of driver education to be offered at the public high schools of this State for all~~
27 ~~physically and mentally qualified persons who (i) are older than 14 years and six months, (ii)~~
28 ~~are approved by the principal of the school, pursuant to rules adopted by the State Board of~~
29 ~~Education, (iii) are enrolled in a public or private high school within the State or are receiving~~
30 ~~instruction through a home school as provided by Part 3 of Article 39 of Chapter 115C of the~~
31 ~~General Statutes, and (iv) have not previously enrolled in the program. The State Board of~~
32 ~~Education shall use for this purpose all funds appropriated to it for this purpose and may use all~~
33 ~~other funds that become available for its use for this purpose.~~

34 ~~(b) The driver education curriculum shall include the following:~~

35 ~~(1) Instruction on the rights and privileges of the handicapped and the signs and~~
36 ~~symbols used to assist the handicapped relative to motor vehicles, including~~
37 ~~the "international symbol of accessibility" and other symbols and devices as~~
38 ~~provided in Article 2A of Chapter 20 of the General Statutes.~~

39 ~~(2) At least six hours of instruction on the offense of driving while impaired and~~
40 ~~related subjects.~~

41 ~~(3) At least six hours of actual driving experience. To the extent practicable, this~~
42 ~~experience may include at least one hour of instruction on the techniques of~~
43 ~~defensive driving.~~

44 ~~(4) At least one hour of motorcycle safety awareness training.~~

45 ~~(c) The State Board of Education shall establish and implement a strategic plan for the~~
46 ~~driver education program. At a minimum, the strategic plan shall consist of goals and~~
47 ~~performance indicators, including the number of program participants as compared to the~~
48 ~~number of persons projected to be eligible to participate in the program, the implementation of~~
49 ~~a standard curriculum for the program, expenditures for the program, and the success rate of~~
50 ~~program participants in receiving a drivers license as reported by the Division of Motor~~
51 ~~Vehicles. The strategic plan shall also outline specific roles and duties of an advisory~~

1 ~~committee consisting of employees of the Division of Motor Vehicles and the Department of~~
2 ~~Public Instruction and other stakeholders in driver education.~~

3 ~~(d) The State Board of Education shall adopt a salary range for the delivery of driver~~
4 ~~education courses by driver education instructors who are public school employees. The salary~~
5 ~~range shall be based on the driver education instructor's qualifications, certification, and~~
6 ~~licensure specific to driver education.~~

7 ~~(e) The State Board of Education shall adopt rules to permit local boards of education~~
8 ~~to enter contracts with public or private entities to provide a program of driver education at~~
9 ~~public high schools. All driver education instructors shall meet the requirements established by~~
10 ~~the State Board of Education; provided, however, driver education instructors shall not be~~
11 ~~required to hold teacher certificates."~~

12 **SECTION 8.28.(b)** G.S. 115C-216 reads as rewritten:

13 **"§ 115C-216. Boards of education ~~required~~allowed to provide courses in operation of**
14 **motor vehicles.**

15 (a) Course of Training and Instruction ~~Required~~Allowed in Public High Schools. –
16 Local boards of education ~~shall~~may offer noncredit driver education courses in high schools
17 using the standardized curriculum provided by the Department of Public Instruction.

18 (b) Inclusion of Expense in Budget. – The local boards of education ~~shall include as an~~
19 ~~item of instructional service and as a part of the current expense fund of the budget of the high~~
20 ~~schools under their supervision,~~may use local or other non-State funds to pay the expense
21 necessary if the local board elects to offer the driver education course.

22 (c) through (f) Repealed by Session Laws 1991, c. 689, s. 32(c).

23 (g) Fee for Instruction. – The local boards of education ~~shall~~may fund driver education
24 courses from local or other non-State funds available to them and may charge each student
25 participating in a driver education course a fee of up to sixty-five dollars (\$65.00) to offset the
26 costs of providing the training and instruction. Local school administrative units may provide
27 expenditure data to the State Board of Education to document actual per student cost."

28 **SECTION 8.28.(c)** If a local board of education elects to offer a driver education
29 course to students, the curriculum shall include the following:

- 30 (1) Instruction on the rights and privileges of the handicapped and the signs and
31 symbols used to assist the handicapped relative to motor vehicles, including
32 the "international symbol of accessibility" and other symbols and devices as
33 provided in Article 2A of Chapter 20 of the General Statutes.
- 34 (2) At least six hours of instruction on the offense of driving while impaired and
35 related subjects.
- 36 (3) At least six hours of actual driving experience. To the extent practicable, this
37 experience may include at least one hour of instruction on the techniques of
38 defensive driving.
- 39 (4) At least one hour of motorcycle safety awareness training.

40 Local community college boards of trustees are allowed to offer noncredit driver education
41 instruction through the local community college to students eligible under G.S. 20-11. The
42 driver education course shall comply with the curriculum requirements in this section.

43 44 **COMPETITIVE GRANTS TO IMPROVE AFTER-SCHOOL SERVICES**

45 **SECTION 8.29.(a)** Of the funds appropriated by this act for the At-Risk Student
46 Services Alternative School Allotment for the 2015-2017 biennium, the State Board of
47 Education shall use five million dollars (\$5,000,000) for the After-School Quality Improvement
48 Grant Program administered by the Department of Public Instruction. It is the intent of the
49 General Assembly to appropriate five million dollars (\$5,000,000) for this purpose in each year
50 of the 2015-2017 fiscal biennium. Of the funds appropriated for the program, the Department

1 of Public Instruction may use up to two hundred thousand dollars (\$200,000) for each fiscal
2 year to administer the program.

3 **SECTION 8.29.(b)** The purpose of the After-School Quality Improvement Grant
4 Program is to pilot after-school learning programs for at-risk students that raise standards for
5 student academic outcomes by focusing on the following:

- 6 (1) Use of an evidence-based model with a proven track record of success.
- 7 (2) Inclusion of rigorous, quantitative performance measures to confirm their
8 effectiveness during the grant cycle and at the end-of-grant cycle.
- 9 (3) Alignment with State performance measures, student academic goals, and
10 the North Carolina Standard Course of Study.
- 11 (4) Prioritization in programs to integrate clear academic content, in particular,
12 science, technology, engineering, and mathematics (STEM) learning
13 opportunities or reading development and proficiency instruction.
- 14 (5) Emphasis on minimizing student class size when providing instruction.
- 15 (6) Expansion of student access to learning activities and academic support that
16 strengthen student engagement and leverage community-based resources,
17 which may include organizations that provide mentoring services and
18 private-sector employer involvement.
- 19 (7) Prioritize programs that serve students from families who are
20 income-eligible for child care subsidy services or free school lunch.

21 **SECTION 8.29.(c)** Local school administrative units and nonprofits working in
22 collaboration with local school administrative units may participate in the program, as set forth
23 in this section, and are eligible to receive two-year grants of up to five hundred thousand
24 dollars (\$500,000) a year, based on the proposed number of students served, with an option for
25 a third year of funding.

26 **SECTION 8.29.(d)** In those local school districts where the local school
27 administrative unit elects not to participate in this initiative, a nonprofit after-school program
28 may apply to participate and if selected, can receive funds for this program directly from the
29 Department of Public Instruction. The after-school program must coordinate with the local
30 school administrative unit when providing the after-school services and must comply with all
31 requirements described in this section.

32 The Department of Public Instruction shall contract first with those local school
33 administrative units that partner with after-school programs; then with a nonprofit after school
34 program directly where the local school administrative unit declines to participate. The
35 Department shall monitor all contracts with selected participants to ensure compliance with
36 program requirements and adherence to the purpose of the After-School Quality Improvement
37 Program.

38 At least seventy percent (70%) of students served by the program must qualify for
39 free or reduced-price meals.

40 Grants shall be matched on the basis of three dollars (\$3.00) in grant funds for every
41 one dollar (\$1.00) in nongrant funds. Matching funds shall not include other State funds.
42 Matching funds may include in-kind contributions.

43 **SECTION 8.29.(e)** Grant recipients shall report to the Department of Public
44 Instruction after the first year of funding on the progress of the grant, including alignment with
45 State academic standards, data collection for reporting student progress, and other measures,
46 before receiving funding for the next fiscal year. Grant recipients shall report after the second
47 year of funding on key performance data, including statewide test results, attendance rates, and
48 promotion rates. Grant allocations for the third year shall be based on student performance data.

49 **SECTION 8.29.(f)** The Department of Public Instruction shall provide interim
50 reports on the grant program to the Joint Legislative Education Oversight Committee by
51 September 15, 2015, and September 15, 2016, with a final report on the program by September

15, 2017. The final report shall include the final results of the program and recommendations regarding effective after-school program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities and academic support, and the experience of the grant recipients.

SECTION 8.29.(g) At-Risk funds appropriated in S.L. 2014-100 for this purpose shall not revert at the end of the fiscal year but shall remain available for expenditure.

SECTION 8.29.(h) This section becomes effective June 30, 2015.

ALLOCATION OF NETWORK CONNECTIVITY FUNDS

SECTION 8.30.(a) Funds appropriated in this act to support classroom wireless network connectivity shall be allocated to local school administrative units only for those school classrooms prioritized for funding by a plan approved by the State Board of Education.

SECTION 8.30.(b) The plan shall be approved for implementation and shall be reported to the Office of State Budget and Management, the Fiscal Research Division of the North Carolina General Assembly, and the Joint Legislative Education Oversight Committee no later than November 1, 2015.

SECTION 8.30.(c) Unexpended funds appropriated for this purpose shall not revert at the end of the 2015-2016 fiscal year but shall remain available for expenditure in the 2016-2017 fiscal year.

PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

SECTION 9.1.(a) The following monthly teacher salary schedule shall apply for the 2015-2016 fiscal year to licensed personnel of the public schools who are classified as teachers. The schedule contains steps within each step corresponding to one year of teaching experience.

2015-2016 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0-4	\$ 3,500
5-9	3,650
10-14	4,000
15-19	4,350
20-24	4,650
25+	5,000

SECTION 9.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure 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 supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure 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 supplement provided to them as "M" teachers.

(5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

SECTION 9.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the masters degree level or higher, and (iii) school audiologists who are licensed as audiologists at the masters degree level or higher shall be equivalent to Step 5 of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 9.1.(d) A teacher compensated in accordance with this salary schedule shall receive an amount equal to the greater of (i) the applicable amount on the salary schedule or (ii) the sum of the teacher's salary plus the annual longevity payment that was effective for the 2013-2014 school year.

In addition, educators receiving compensation equal to the sum of the teacher's salary plus the annual longevity payment that was effective for the 2013-2014 school year shall receive an annual nonrecurring bonus of one thousand dollars (\$1,000) for each year of the 2015-2017 biennium, payable monthly

SECTION 9.1.(e) As used in this section, the term "teacher" shall also include instructional support personnel.

SCHOOL-BASED ADMINISTRATOR SALARY

SECTION 9.2.(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 2015-2016 fiscal year commencing July 1, 2015.

2015-2016 Principal and Assistant Principal Salary Schedules

Classification	Assistant	Prin I	Prin II	Prin III	Prin IV
Years of Exp	(0-10)	(11-21)	(22-32)	(33-43)	
Principal					
0-9	\$3,828	—	—	—	—
10	\$3,977	—	—	—	—
11	\$4,123	—	—	—	—
12	\$4,240	—	—	—	—
13	\$4,323	\$4,323	—	—	—
14	\$4,377	\$4,377	—	—	—
15	\$4,434	\$4,434	\$4,489	—	—
16	\$4,489	\$4,489	\$4,547	—	—
17	\$4,547	\$4,547	\$4,606	\$4,665	—
18	\$4,606	\$4,606	\$4,665	\$4,726	\$4,788
19	\$4,665	\$4,665	\$4,726	\$4,788	\$4,851
20	\$4,726	\$4,726	\$4,788	\$4,851	\$4,918
21	\$4,788	\$4,788	\$4,851	\$4,918	\$4,983
22	\$4,851	\$4,851	\$4,918	\$4,983	\$5,050
23	\$4,918	\$4,918	\$4,983	\$5,050	\$5,119
24	\$4,983	\$4,983	\$5,050	\$5,119	\$5,188
25	\$5,050	\$5,050	\$5,119	\$5,188	\$5,263
26	\$5,119	\$5,119	\$5,188	\$5,263	\$5,335
27	\$5,188	\$5,188	\$5,263	\$5,335	\$5,409
28	\$5,263	\$5,263	\$5,335	\$5,409	\$5,483
29	\$5,335	\$5,335	\$5,409	\$5,483	\$5,561
30	\$5,409	\$5,409	\$5,483	\$5,561	\$5,641

1	31	\$5,483	\$5,483	\$5,561	\$5,641	\$5,722
2	32	\$5,561	\$5,561	\$5,641	\$5,722	\$5,794
3	33	\$5,641	\$5,641	\$5,722	\$5,794	\$5,909
4	34	\$5,722	\$5,722	\$5,794	\$5,909	\$6,027
5	35	\$5,794	\$5,794	\$5,909	\$6,027	\$6,148
6	36	\$5,909	\$5,909	\$6,027	\$6,148	\$6,271
7	37	–	\$6,027	\$6,148	\$6,271	\$6,396
8	38	–	–	\$6,271	\$6,396	\$6,524
9	39	–	–	\$6,396	\$6,524	\$6,654
10	40	–	–	–	\$6,654	\$6,787
11	41	–	–	–	\$6,787	\$6,923
12	42	–	–	–	–	\$7,061

2015-2016 Principal and Assistant Principal Salary Schedules
Classification

16	Years of Exp	Prin V	Prin VI	Prin VII	Prin VIII
17	(44-54)	(55-65)	(66-100)	(101+)	
18	0-19	4,918	–	–	–
19	20	\$4,983	–	–	–
20	21	\$5,050	\$5,119	–	–
21	22	\$5,119	\$5,188	\$5,335	–
22	23	\$5,188	\$5,263	\$5,409	\$5,483
23	24	\$5,263	\$5,335	\$5,483	\$5,561
24	25	\$5,335	\$5,409	\$5,561	\$5,641
25	26	\$5,409	\$5,483	\$5,641	\$5,722
26	27	\$5,483	\$5,561	\$5,722	\$5,794
27	28	\$5,561	\$5,641	\$5,794	\$5,909
28	29	\$5,641	\$5,722	\$5,909	\$6,027
29	30	\$5,722	\$5,794	\$6,027	\$6,148
30	31	\$5,794	\$5,909	\$6,148	\$6,271
31	32	\$5,909	\$6,027	\$6,271	\$6,396
32	33	\$6,027	\$6,148	\$6,396	\$6,524
33	34	\$6,148	\$6,271	\$6,524	\$6,654
34	35	\$6,271	\$6,396	\$6,654	\$6,787
35	36	\$6,396	\$6,524	\$6,787	\$6,923
36	37	\$6,524	\$6,654	\$6,923	\$7,061
37	38	\$6,654	\$6,787	\$7,061	\$7,202
38	39	\$6,787	\$6,923	\$7,202	\$7,346
39	40	\$6,923	\$7,061	\$7,346	\$7,493
40	41	\$7,061	\$7,202	\$7,493	\$7,643
41	42	\$7,202	\$7,346	\$7,643	\$7,796
42	43	\$7,346	\$7,493	\$7,796	\$7,952
43	44	–	\$7,643	\$7,952	\$8,111
44	45	–	\$7,796	\$8,111	\$8,273
45	46+	–	–	\$8,273	\$8,438

46 **SECTION 9.2.(b)** The appropriate classification for placement of principals and
 47 assistant principals on the salary schedule, except for principals in alternative schools and in
 48 cooperative innovative high schools, shall be determined in accordance with the following
 49 schedule:

50	Classification	Number of Teachers Supervised
51	Assistant Principal	

1	Principal I	Fewer than 11 Teachers
2	Principal II	11-21 Teachers
3	Principal III	22-32 Teachers
4	Principal IV	33-43 Teachers
5	Principal V	44-54 Teachers
6	Principal VI	55-65 Teachers
7	Principal VII	66-100 Teachers
8	Principal VIII	More than 100 Teachers

9 The number of teachers supervised includes teachers and assistant principals paid
10 from State funds only; it does not include teachers or assistant principals paid from non-State
11 funds or the principal or teacher assistants.

12 The beginning classification for principals in alternative schools and in cooperative
13 innovative high school programs shall be the Principal III level. Principals in alternative
14 schools who supervise 33 or more teachers shall be classified according to the number of
15 teachers supervised.

16 **SECTION 9.2.(c)** A principal shall be placed on the step on the salary schedule
17 that reflects total number of years of experience as a certified employee of the public schools
18 and an additional step for every three years of experience serving as a principal on or before
19 June 30, 2009. A principal or assistant principal shall also continue to receive any additional
20 State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school
21 years for improvement in student performance or maintaining a safe and orderly school.

22 **SECTION 9.2.(d)** Principals and assistant principals with certification based on
23 academic preparation at the six-year degree level shall be paid a salary supplement of one
24 hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a
25 salary supplement of two hundred fifty-three dollars (\$253.00) per month.

26 **SECTION 9.2.(e)** Longevity pay for principals and assistant principals shall be as
27 provided for State employees under the North Carolina Human Resources Act.

28 **SECTION 9.2.(f)** If a principal is reassigned to a higher job classification because
29 the principal is transferred to a school within a local school administrative unit with a larger
30 number of State-allotted teachers, the principal shall be placed on the salary schedule as if the
31 principal had served the principal's entire career as a principal at the higher job classification.

32 If a principal is reassigned to a lower job classification because the principal is
33 transferred to a school within a local school administrative unit with a smaller number of
34 State-allotted teachers, the principal shall be placed on the salary schedule as if the principal
35 had served the principal's entire career as a principal at the lower job classification.

36 This subsection applies to all transfers on or after the effective date of this section,
37 except transfers in school systems that have been created, or will be created, by merging two or
38 more school systems. Transfers in these merged systems are exempt from the provisions of this
39 subsection for one calendar year following the date of the merger.

40 **SECTION 9.2.(g)** Participants in an approved full-time masters in-school
41 administration program shall receive up to a 10-month stipend at the beginning salary of an
42 assistant principal during the internship period of the masters program. The stipend shall not
43 exceed the difference between the beginning salary of an assistant principal plus the cost of
44 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
45 including awards of the Principal Fellows Program. The Principal Fellows Program or the
46 school of education where the intern participates in a full-time masters in-school administration
47 program shall supply the Department of Public Instruction with certification of eligible
48 full-time interns.

49 **SECTION 9.2.(h)** During the 2015-2017 fiscal biennium, the placement on the
50 salary schedule of an administrator with a one-year provisional assistant principal's certificate

1 shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher
2 salary schedule, whichever is higher.

3 **SECTION 9.2.(i)** Effective July 1, 2015, any person paid on the State Salary
4 Schedule in the 2014-2015 school year and employed on July 1, 2015, who does not receive a
5 salary increase on this salary schedule shall receive a nonrecurring salary bonus of eight
6 hundred nine dollars (\$809.00).

7
8 **CENTRAL OFFICE SALARIES**

9 **SECTION 9.3.(a)** The monthly salary ranges that follow, which apply to assistant
10 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
11 officers, are as follows:

12

13 School Administrator I	\$3,391	\$6,323
14 School Administrator II	\$3,592	\$6,704
15 School Administrator III	\$3,811	\$7,110
16 School Administrator IV	\$3,962	\$7,391
17 School Administrator V	\$4,120	\$7,689
18 School Administrator VI	\$4,368	\$8,151
19 School Administrator VII	\$4,542	\$8,478

20
21 The local board of education shall determine the appropriate category and
22 placement for each assistant superintendent, associate superintendent, director/coordinator,
23 supervisor, or finance officer within the salary ranges and within funds appropriated by the
24 General Assembly for central office administrators and superintendents. The category in which
25 an employee is placed shall be included in the contract of any employee.

26 The monthly salary ranges that follow, which apply to public school
27 superintendents, shall remain unchanged for the 2015-2017 fiscal biennium, beginning July 1,
28 2015.

29

30 Superintendent I	\$4,819	\$8,991
31 Superintendent II	\$5,113	\$9,532
32 Superintendent III	\$5,422	\$10,109
33 Superintendent IV	\$5,752	\$10,721
34 Superintendent V	\$6,102	\$11,372

35
36 The local board of education shall determine the appropriate category and
37 placement for the superintendent based on the average daily membership of the local school
38 administrative unit and within funds appropriated by the General Assembly for central office
39 administrators and superintendents.

40 **SECTION 9.3.(b)** Longevity pay for superintendents, assistant superintendents,
41 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
42 provided for State employees under the State Personnel Act.

43 **SECTION 9.3.(c)** Superintendents, assistant superintendents, associate
44 superintendents, directors/coordinators, supervisors, and finance officers with certification
45 based on academic preparation at the six-year degree level shall receive a salary supplement of
46 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
47 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
48 directors/coordinators, supervisors, and finance officers with certification based on academic
49 preparation at the doctoral degree level shall receive a salary supplement of two hundred
50 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
51 section.

1 **SECTION 9.3.(d)** The State Board of Education shall not permit local school
2 administrative units to transfer State funds from other funding categories for salaries for public
3 school central office administrators.

4 **SECTION 9.3.(e)** The annual salaries of all permanent, full-time personnel paid
5 from the Central Office Allotment shall remain unchanged for the 2015-2017 fiscal biennium.

6 7 **NONCERTIFIED PERSONNEL SALARIES**

8 **SECTION 9.4.** The annual salary for permanent, full-time and part-time
9 noncertified public school employees whose salaries are supported from the State's General
10 Fund shall be remain unchanged for the 2015-2017 fiscal biennium.

11 12 **EARLY INTERVENTION STRATEGY**

13 **SECTION 9.5.(a)** The North Carolina Early Childhood Advisory Council and the
14 Education Cabinet shall jointly develop a strategic plan that focuses on early childhood
15 interventions to address school success and dropout prevention.

16 **SECTION 9.5.(b)** The final plan shall be reported to the Office of State Budget
17 and Management and the Fiscal Research Division of the General Assembly no later than
18 February 1, 2016.

19 20 **TRANSFER TO TEACHER ASSISTANT ALLOTMENT**

21 **SECTION 9.6.** Of the funds appropriated by this act to the Department of Public
22 Instruction to fund movement along the teacher salary scale, the sum of twenty five million
23 dollars (\$25,000,000) for the 2015-2016 fiscal year and the sum of twenty five million dollars
24 (\$25,000,000) for the 2016-2017 fiscal year are transferred, due to updated projections, to the
25 Teacher Assistant Allotment, with the appropriate totals adjusted accordingly.

26 27 **PART X. COMMUNITY COLLEGES**

28 29 **CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS**

30 **SECTION 10.1.** Of the funds appropriated to the Community Colleges System
31 Office for the 2015-2017 fiscal biennium for the College Information System, up to one million
32 two hundred fifty thousand dollars (\$1,250,000) shall not revert at the end of each fiscal year
33 but shall remain available until expended. These funds may be used only to purchase periodic
34 system upgrades.

35 36 **NCCCS TO PROVIDE REMEDIATION AND CAREER READINESS COURSES TO** 37 **HS SENIORS**

38 **SECTION 10.2.(a)** The State Board of Community Colleges and the State Board
39 of Education shall develop a joint plan for providing remediation and career and college
40 readiness courses for high school seniors. The plan shall identify models for community college
41 and public school partnerships and shall recommend minimum eligibility standards for high
42 school students. The State Board of Community Colleges and the State Board of Education
43 shall estimate these partnerships' potential costs and shall recommend the allocation of
44 necessary funding.

45 **SECTION 10.2.(b)** On or before March 1, 2016, the State Board of Community
46 Colleges and the State Board of Education shall jointly present the plan, including any
47 recommendations for proposed legislative changes, to the Joint Legislative Education
48 Oversight Committee and the Office of State Budget and Management. The jointly developed
49 plan shall be implemented by the fall of the 2016-2017 school year.

50 51 **ENSURE ACCOUNTABILITY FUNCTION**

1 **SECTION 10.3.(a)** Section 10.15(a) of S.L. 2013-360 is repealed.

2 **SECTION 10.3.(b)** G.S. 115D-5(m) reads as rewritten:

3 "(m) The State Board of Community Colleges shall maintain an ~~education program~~
4 ~~auditing accountability~~ function that conducts ~~an annual audit~~ periodic reviews of each
5 community college operating under the provisions of this Chapter. The purpose of the annual
6 ~~audit compliance review~~ shall be to ensure that ~~college programs and related fiscal operations~~
7 ~~comply with State law, State regulations, State Board policies, and System Office~~
8 ~~guidance.~~ data used to allocate State funds among colleges is reported accurately to the System
9 Office and that colleges are charging and waiving tuition and registration fees consistent with
10 law. The State Board of Community Colleges shall require ~~auditors of community college~~
11 ~~programs to use~~ the use of a statistically valid sample size in performing program
12 ~~audits compliance reviews~~ of community colleges. All ~~education program audit compliance~~
13 ~~review findings that are material~~ shall be forwarded to the college president, local college board
14 of trustees, the State Board of Community Colleges, and the State Auditor. The State Board
15 shall adopt rules governing the frequency, scope, and standard of materiality for compliance
16 reviews."

17 **SECTION 10.3.(c)** The State Board of Community Colleges shall make public, to
18 the extent possible, the results of these audits.

19 **BASIC SKILLS PLUS**

20 **SECTION 10.4.(a)** G.S. 115D-5(b) is amended by adding a new subdivision to
21 read:

22 "(15) If a community college provides employability skills, job-specific
23 occupational or technical skills, or developmental education instruction to
24 students concurrently enrolled in an eligible community college literacy
25 course, the college may waive the tuition and registration fees pursuant to
26 rules adopted by the State Board of Community Colleges."

27 **SECTION 10.4.(b)** G.S. 115D-31(b1) reads as rewritten:

28 "(b1) A local community college may use all State funds allocated to it, except for
29 Literacy funds and Customized Training funds, for any authorized purpose that is consistent
30 with the college's Institutional Effectiveness Plan. Notwithstanding any other provision of law,
31 the State Board of Community Colleges may authorize a local community college to use up to
32 twenty percent (20%) of the Literacy Funds allocated to the community college to provide
33 employability skills, job-specific occupational and technical skills, and developmental
34 education instruction to students concurrently enrolled in an eligible community college
35 literacy course. Each local community college shall include in its Institutional Effectiveness
36 Plan a section on how funding flexibility allows the college to meet the demands of the local
37 community and to maintain a presence in all previously funded categorical programs."
38

39 **YEAR-ROUND FUNDING FOR CURRICULUM CLASSES**

40 **SECTION 10.5.(a)** G.S. 115D-5(v) reads as rewritten:

41 "(v) Community colleges may teach ~~technical education, health care, developmental~~
42 ~~education, and STEM-related~~ curriculum courses at any time during the year, including the
43 summer term. Student membership hours from these courses shall be counted when computing
44 full-time equivalent students (FTE) for use in budget funding formulas at the State level."
45

46 **SECTION 10.5.(b)** Subsection (a) of this section is effective beginning with the
47 summer 2015 term.

48 **EXPAND AGRICULTURAL AND TRANSPORTATION CLASSES TO FRESHMEN** 49 **AND SOPHOMORES**

50 **SECTION 10.6.** G.S. 115D-20(4)a.2. reads as rewritten:
51

1 "§ 115D-20. Powers and duties of trustees.

2 ...

- 3 a. Subject to the approval of the State Board of Community Colleges,
4 local community colleges may collaborate with local school
5 administrative units to offer courses through the following programs:

6 ...

- 7 2. Academic transition pathways for qualified junior and senior
8 high school students that lead to a career technical education
9 certificate or diploma and academic transition pathways for
10 qualified freshmen and sophomore high school students that
11 lead to a career technical education certificate or diploma in
12 industrial and engineering ~~technologies~~technologies,
13 agriculture and natural resources, or transportation
14 technology."

15
16 **PART XI. UNIVERSITIES**

17
18 **USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID**
19 **PROGRAMS/STUDY SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS**
20 **PROGRAM**

21 **SECTION 11.1.(a)** There is appropriated from the Escheat Fund income to the
22 Board of Governors of The University of North Carolina the sum of fifty-five million three
23 hundred ninety-four thousand thirty-six dollars (\$55,394,036) for the 2015-2016 fiscal year and
24 the sum of forty-seven million two hundred eighty-seven thousand two hundred forty-two
25 dollars (\$47,287,242) in the 2016-2017 fiscal year to be used for The University of North
26 Carolina Need-Based Financial Aid Program.

27 **SECTION 11.1.(b)** There is appropriated from the Escheat Fund income to the
28 State Board of Community Colleges the sum of sixteen million three hundred thirty-five
29 thousand dollars (\$16,335,000) for the 2015-2016 and 2016-2017 fiscal years to be used for
30 community college grants.

31 **SECTION 11.1.(c)** There is appropriated from the Escheat Fund income to the
32 Department of Administration, Division of Veterans Affairs, the sum of six million five
33 hundred twenty thousand nine hundred sixty-four dollars (\$6,520,964) for the 2015-2016 and
34 2016-2017 fiscal years to be used for need-based student financial aid.

35 **SECTION 11.1.(d)** The funds appropriated by subsections (a) and (b) of this
36 section shall be allocated by the State Education Assistance Authority (SEAA) for need-based
37 student financial aid in accordance with G.S. 116B-7. The funds appropriated by subsections
38 (c) of this section shall be transferred to the Department of Administration to partially fund the
39 Scholarships for Children of War Veterans Program in accordance with G.S. 116B-7. If the
40 interest income generated from the Escheat Fund is less than the amounts referenced in this
41 section, the difference may be taken from the Escheat Fund principal to reach the
42 appropriations referenced in this section; however, under no circumstances shall the Escheat
43 Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated
44 under this section remain uncommitted for need-based financial aid as of the end of a fiscal
45 year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed
46 the amount of the Escheat Fund income for that fiscal year.

47 **SECTION 11.1.(e)** The State Education Assistance Authority shall perform all of
48 the administrative functions necessary to implement the programs of financial aid in
49 subsections (a) and (b) of this section. The SEAA shall conduct periodic evaluations of
50 expenditures of the scholarship programs to determine if allocations are utilized to ensure
51 access to institutions of higher learning and to meet the goals of the respective programs.

1 SEAA may make recommendations for redistribution of funds to The University of North
2 Carolina and the President of the Community College System regarding their respective
3 scholarship programs, who then may authorize redistribution of unutilized funds for a particular
4 fiscal year.

6 **PROVIDE IN-STATE TUITION FOR NONRESIDENT MILITARY VETERANS**

7 **SECTION 11.2.(a)** The State of North Carolina intends to ensure military veterans
8 can receive the full benefit of the educational assistance programs in which they are enrolled.
9 To permit a veteran's full use of benefits requires North Carolina to comply with the provisions
10 of PL 113-146, the Veterans Access, Choice and Accountability Act of 2014 ("the Act"). The
11 Act requires the United States Department of Veterans Affairs to disapprove programs of
12 education if a public institution of higher education charges out-of-State tuition and fees to
13 individuals covered by the Montgomery and Post-9/11 GI Bills, provided those individuals live
14 in the state where the public institution is located.

15 **SECTION 11.2.(b)** Article 14 of Chapter 116 of the General Statutes is amended
16 by adding a new section to read:

17 **"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other**
18 **individuals entitled to federal education benefits under 38 U.S.C. Chapter 30,**
19 **38 U.S.C. Chapter 33, 38 U.S.C. Chapter 31, 38 U.S.C. Chapter 35, 10 U.S.C.**
20 **Chapter 1606, or 10 U.S.C. Chapter 1607.**

21 (a) Definitions. – The following definitions apply in this section:

22 (1) Abode. – The place where a person actually lives, whether temporarily or
23 permanently; the term "abide" shall mean to live in a given place, as defined
24 in G.S. 116-143.3(a)(1).

25 (2) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine
26 Corps, and Navy; the North Carolina National Guard; and any reserve
27 component of the foregoing, as defined in G.S. 116-143.3(a)(2).

28 (3) Veteran. – A person who served active duty for not fewer than 90 days in the
29 Armed Forces or in the commissioned corps of the Public Health Service or
30 National Oceanic and Atmospheric Administration and who was discharged
31 or released from the Armed Forces under conditions other than dishonorable.

32 (b) Waiver of 12-Month Residency Requirement for Veteran. – Any veteran who
33 qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3)
34 is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment
35 without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the
36 veteran meets all of the following criteria:

37 (1) The veteran applies for admission to the institution of higher education and
38 enrolls within three years of the veteran's discharge or release from the
39 Armed Forces, or release from the Armed Forces, the commissioned corps
40 of the Public Health Service, or the National Oceanic and Atmospheric
41 Administration

42 (2) The veteran qualifies for and uses educational benefits under 38 U.S.C.
43 Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance
44 Program), 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), 38
45 U.S.C. Chapter 31 (Service-Connected Disability), 38 U.S.C. Chapter 35
46 (Dependents Educational Assistance), 10 U.S.C. Chapter 1606, or 10 U.S.C.
47 Chapter 1607, administered by the U.S. Department of Veterans Affairs.

48 (3) The veteran's abode is in North Carolina.

49 (c) Eligibility of Other Individuals Entitled to Federal Education Benefits Under 38
50 U.S.C. Chapter 30, 38 U.S.C. Chapter 33, 38 U.S.C. Chapter 31, 38 U.S.C. Chapter 35, 10
51 U.S.C. Chapter 1606, or 10 U.S.C. Chapter 1607. – Any person who is entitled to federal

1 education benefits under 38 U.S.C. Chapter 30, 38 U.S.C. Chapter 33, 38 U.S.C. Chapter 31,
2 38 U.S.C. Chapter 35, 10 U.S.C. Chapter 1606, or 10 U.S.C. Chapter 1607 is also eligible to be
3 charged the in-State tuition rate and applicable mandatory fees for enrollment without
4 satisfying the 12-month residency requirement under G.S. 116-143.1, if the person meets all of
5 the following criteria:

6 (1) The person qualifies for admission to the institution of higher education as
7 defined in G.S. 116-143.1(a)(3) and enrolls within three years of the
8 veteran's discharge or release from the Armed Forces, or release from the
9 Armed Forces, the commissioned corps of the Public Health Service, or the
10 National Oceanic and Atmospheric Administration.

11 (2) The person is the recipient of educational benefits under 38 U.S.C. Chapter
12 30 (Montgomery G.I. Bill Active Duty Education Assistance Program), 38
13 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), 38 U.S.C. Chapter 31
14 (Service-Connected Disability), 38 U.S.C. Chapter 35 (Dependents
15 Educational Assistance), 10 U.S.C. Chapter 1606, or 10 U.S.C. Chapter
16 1607, administered by the U.S. Department of Veterans Affairs.

17 (3) The person's abode is in North Carolina.

18 (d) A person for which the 12-month residency requirement is waived pursuant to this
19 section shall make every effort practicable to obtain the status of legal resident as defined in
20 G.S. 116-143.1 within 12 months of enrollment at an institution of higher education."

21 **SECTION 11.2.(c)** Subsection (b) of this section becomes effective July 1, 2015,
22 and applies to qualifying veterans and other individuals entitled to federal education benefits
23 under 38 U.S.C. Chapter 30, 38 U.S.C. Chapter 33, 38 U.S.C. Chapter 31, 38 U.S.C. Chapter
24 35, 10 U.S.C. Chapter 1606, or 10 U.S.C. Chapter 1607 who are enrolled or who enroll in
25 institutions of higher education for any academic quarter, term, or semester that begins on or
26 after that date.

27 **SECTION 11.2.(d)** The funds appropriated to the Board of Governors of The
28 University of North Carolina for the 2014-2015 fiscal year for the Yellow Ribbon Reserve shall
29 not revert at the end of the fiscal year but shall remain available until expended.

30 **SECTION 11.2.(e)** The funds appropriated to the State Board of Community
31 Colleges for the 2014-2015 fiscal year for the Yellow Ribbon Reserve shall not revert at the
32 end of the fiscal year but shall remain available until expended.

33 **SECTION 11.2.(f)** Subsections (d) and (e) of this section become effective June
34 29, 2015.

35 **SECTION 11.2.(g)** G.S. 116-143.8 is repealed. Funds appropriated pursuant to ,
36 Section 11.12(b) of S.L. 2014-100 for the Yellow Ribbon Reserve shall be reallocated as part
37 of subsection (h) of this section.

38 **SECTION 11.2.(h)** There is appropriated from the General Fund to the Board of
39 Governors of The University of North Carolina the sum of four million eight hundred
40 sixty-three thousand two hundred seventy-six dollars (\$4,863,276) for the 2015-2016 fiscal
41 year and nine million three hundred thousand seven hundred and sixty-one dollars (\$9,300,761)
42 for the 2016-2017 fiscal year to implement subsection (b) of the section.

43 **SECTION 11.2.(i)** There is appropriated from the General Fund to the State Board
44 of Community Colleges the sum of one million dollars (\$1,000,000) for the 2015-2016 fiscal
45 year and two million dollars (\$2,000,000) for the 2016-2017 fiscal year to implement
46 subsection (b) of this section.

47 **SECTION 11.2.(j)** The University of North Carolina shall not revise its enrollment
48 growth funding model to request appropriations as an offset for tuition lost by waiving
49 nonresident tuition pursuant to this section.

50
51 **UNC MANAGEMENT FLEXIBILITY TO ACHIEVE EFFICIENCIES**

1 **SECTION 11.3.(a)** The management flexibility reduction for The University of
2 North Carolina in the amount of forty-nine million nine hundred thirteen thousand two hundred
3 forty-four dollars (\$49,913,244) shall not be allocated by the Board of Governors to the
4 constituent institutions and affiliated entities using an across-the-board method but shall be
5 done in a manner that recognizes the importance of the academic missions and differences
6 among The University of North Carolina entities.

7 Before taking reductions in instructional budgets, the Board of Governors and the
8 campuses of the constituent institutions shall consider all of the following:

- 9 (1) Reducing the number of senior and middle management positions.
- 10 (2) Identifying new opportunities for shared services.
- 11 (3) Faculty workload adjustments.
- 12 (4) Eliminating low-performing, redundant, or low-enrollment programs.
- 13 (5) Restructuring of research activities.
- 14 (6) Reducing State funding for centers and institutes, speaker series, and other
15 nonacademic activities.
- 16 (7) Using alternative funding sources.
- 17 (8) Protecting direct classroom services.

18 The Board of Governors and the campuses of the constituent institutions also shall
19 review the institutional trust funds and the special funds held by or on behalf of The University
20 of North Carolina and its constituent institutions to determine whether there are monies
21 available in those funds that can be used to assist with operating costs. In addition, the
22 campuses of the constituent institutions also shall require their faculty to have a teaching
23 workload equal to the national average in their Carnegie classification.

24 **SECTION 11.3.(b)** In allocating the management flexibility reduction, no
25 reduction in State funds shall be allocated in either fiscal year of the 2015-2017 biennium to
26 any of the following:

- 27 (1) UNC Need-Based Financial Aid.
- 28 (2) North Carolina Need-Based Scholarship.
- 29 (3) Elizabeth City State University.
- 30 (4) Fayetteville State University.
- 31 (5) NC School of Science and Mathematics.
- 32 (6) University of North Carolina at Asheville.
- 33 (7) University of North Carolina School of the Arts.

34 **SECTION 11.3.(c)** The University of North Carolina shall report on the
35 implementation of the management flexibility reduction in subsection (a) of this section to the
36 Office of State Budget and Management and the Fiscal Research Division no later than
37 November 1, 2015. This report shall identify both of the following by campus:

- 38 (1) The total number of positions eliminated by type (faculty/nonfaculty and
39 vacant/filled).
- 40 (2) The low-performing, redundant, and low-enrollment programs that were
41 eliminated.

42 43 **INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR HISTORICALLY** 44 **BLACK COLLEGES AND UNIVERSITIES (HBCU) STUDENTS**

45 **SECTION 11.4.(a)** For fiscal year 2015-2016 and subsequent years, funds first
46 appropriated in S.L. 2014-100 by the General Assembly for internships and career-based
47 opportunities for HBCU students in Budget Code 16011 are not limited to four HBCUs and are
48 not required to be allocated to Elizabeth City State University.

49 **SECTION 11.4.(b)** The Board of Governors of The University of North Carolina
50 shall allocate funds referenced in this section after conducting a competitive process to select
51 participating HBCU institutions. Funds may be allocated only to constituent institutions of the

1 University of North Carolina designated as a HBCU and private colleges and universities
2 located in North Carolina which are designated as a HBCU.

3 **SECTION 11.4.(c)** Of the funds referenced in this section, The University of North
4 Carolina may use up to five percent (5%) for costs associated with administering this program.
5

6 **ECU BUDGET REALIGNMENT APPROVED BY CHANCELLOR**

7 **SECTION 11.5.** In the 2015-2016 fiscal year only, East Carolina University may
8 transfer one million five hundred sixty-eight thousand seven hundred eighty-seven dollars
9 (\$1,568,787) from Budget Code 16066 (Health Affairs) to Budget Code 16065 (Academic
10 Affairs). These funds may be transferred to align the campus budget with the internal
11 reorganizations approved by the Chancellor during fiscal year 2014-2015. This transfer shall
12 provide more transparency in the expenditures of East Carolina University.
13

14 **COMPETITIVE TECHNOLOGY IMPROVEMENTS FOR ECSU REPORTS**

15 **SECTION 11.6.** The University of North Carolina shall report to the Office of
16 State Budget and Management and the Fiscal Research Division of the General Assembly on
17 the status of funds appropriated for competitive technology improvements at Elizabeth City
18 State University no later than October 1, 2015, and quarterly thereafter. The reports shall
19 provide detailed descriptions of the scope of work that has been completed to date, anticipated
20 activities for the next quarter, and a plan with time line to complete the full scope of work. The
21 reports shall also include evidence of improved services and outcomes achieved from
22 technology improvements implemented using these funds.
23

24 **LIMIT USE OF STATE FUNDS FOR ADVANCEMENT PROGRAMS**

25 **SECTION 11.7.** For the 2015-2016 fiscal year and subsequent years, a constituent
26 institution as defined in G.S. 116-2 shall not expend more than one million dollars (\$1,000,000)
27 of State funds annually on advancement programs. Constituent institutions shall take
28 reasonable actions to increase the reliance of advancement programs on funds generated from
29 fund-raising activities.
30

31 **PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

32 **SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT**

33 **FUNDING FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES** 34 **THROUGH TECHNOLOGY (NC FAST); REPORT ON ELIGIBILITY** 35 **DETERMINATIONS FOR THE EXCHANGE**

36 **SECTION 12A.1.(a)** Funds appropriated in this act in the amount of five million
37 eight hundred three thousand dollars (\$5,803,000) for State fiscal year 2015-2016 and thirteen
38 million fifty-two thousand dollars (\$13,052,000) in 2016-2017 along with prior year earned
39 revenue in the amount of nine million four hundred thousand dollars (\$9,400,000) and the cash
40 balance in Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services
41 through Technology (NC FAST) program shall be used to match federal funds in fiscal years
42 2015-2016 and 2016-2017 to expedite the development and implementation of Child Care,
43 Low Income Energy Assistance, Crisis Intervention Programs, Child Services and NC FAST
44 Federally-Facilitated Marketplace (FFM) Interoperability components of the NC FAST
45 program.
46
47
48

49 **FUNDS FOR MEDICAID MANAGEMENT INFORMATION SYSTEM (NCTRACKS)**

50 **SECTION 12A.2.** Funds appropriated in this act in the amount of two million three
51 hundred thousand dollars (\$2,300,000) for State fiscal year 2015-2016 and nine hundred forty

1 thousand dollars (\$940,000) for State fiscal year 2016-2017 are to be used for the further
2 development of the Medicaid Management Information System. This expansion request is to
3 cover the additional development work for NCTRACKS to meet ICD-10 federal compliance
4 and to allow health care providers to share information online, and provide more efficient
5 licensure and certification processes, including license renewals.

6 7 **HEALTH INFORMATION TECHNOLOGY**

8 **SECTION 12A.3.(a)** The Department of Health and Human Services, in
9 cooperation with the State Chief Information Officer, shall coordinate health information
10 technology (HIT) policies and programs within the State of North Carolina. The Department's
11 goal in coordinating State HIT policy and programs shall be to avoid duplication of efforts and
12 to ensure that each State agency, public entity, and private entity that undertakes health
13 information technology activities does so within the area of its greatest expertise and technical
14 capability and in a manner that supports coordinated State and national goals, which shall
15 include at least all of the following:

- 16 (1) Ensuring that patient health information is secure and protected, in
17 accordance with applicable law.
- 18 (2) Improving health care quality, reducing medical errors, reducing health
19 disparities, and advancing the delivery of patient-centered medical care.
- 20 (3) Providing appropriate information to guide medical decisions at the time and
21 place of care.
- 22 (4) Ensuring meaningful public input into HIT infrastructure development.
- 23 (5) Improving the coordination of information among hospitals, laboratories,
24 physicians' offices, and other entities through an effective infrastructure for
25 the secure and authorized exchange of health care information.
- 26 (6) Improving public health services and facilitating early identification and
27 rapid response to public health threats and emergencies, including
28 bioterrorist events and infectious disease outbreaks.
- 29 (7) Facilitating health and clinical research.
- 30 (8) Promoting early detection, prevention, and management of chronic diseases.

31 **SECTION 12A.3.(b)** The Department of Health and Human Services shall
32 establish and direct an HIT management structure that is efficient and transparent and that is
33 compatible with the Office of the National Health Coordinator for Information Technology
34 (National Coordinator) governance mechanism. The HIT management structure shall be
35 responsible for all of the following:

- 36 (1) Developing a State plan for implementing and ensuring compliance with
37 national HIT standards and for the most efficient, effective, and widespread
38 adoption of HIT.
- 39 (2) Ensuring that (i) specific populations are effectively integrated into the State
40 plan, including aging populations, populations requiring mental health
41 services, and populations utilizing the public health system, and (ii) unserved
42 and underserved populations receive priority consideration for HIT support.
- 43 (3) Identifying all HIT stakeholders and soliciting feedback and participation
44 from each stakeholder in the development of the State plan.
- 45 (4) Ensuring that existing HIT capabilities are considered and incorporated into
46 the State plan.
- 47 (5) Identifying and eliminating conflicting HIT efforts where necessary.
- 48 (6) Identifying available resources for the implementation, operation, and
49 maintenance of health information technology, including identifying
50 resources and available opportunities for North Carolina institutions of
51 higher education.

- 1 (7) Ensuring that potential State plan participants are aware of HIT policies and
2 programs and the opportunity for improved health information technology.
- 3 (8) Monitoring HIT efforts and initiatives in other states and replicating
4 successful efforts and initiatives in North Carolina.
- 5 (9) Monitoring the development of the National Coordinator's strategic plan and
6 ensuring that all stakeholders are aware of and in compliance with its
7 requirements.
- 8 (10) Monitoring the progress and recommendations of the HIT Policy and
9 Standards Committee and ensuring that all stakeholders remain informed of
10 the Committee's recommendations.
- 11 (11) Monitoring all studies and reports provided to the United States Congress
12 and reporting to the Joint Legislative Oversight Committee on Information
13 Technology and the Fiscal Research Division on the impact of report
14 recommendations on State efforts to implement coordinated HIT.

15 **SECTION 12A.3.(c)** By no later than January 15, 2016, the Department of Health
16 and Human Services shall provide a written report on the status of HIT efforts to the Joint
17 Legislative Oversight Committee on Health and Human Services, the Fiscal Research Division
18 and the Office of State Budget and Management. The report shall be comprehensive and shall
19 include all of the following:

- 20 (1) Current status of federal HIT initiatives.
- 21 (2) Current status of State HIT efforts and initiatives among both public and
22 private entities.
- 23 (3) A breakdown of current public and private funding sources and dollar
24 amounts for State HIT initiatives.
- 25 (4) Department efforts to coordinate HIT initiatives within the State and any
26 obstacles or impediments to coordination.
- 27 (5) HIT research efforts being conducted within the State and sources of funding
28 for research efforts.
- 29 (6) Opportunities for stakeholders to participate in HIT funding and other efforts
30 and initiatives during the next quarter.
- 31 (7) Issues associated with the implementation of HIT in North Carolina and
32 recommended solutions to these issues.

33 **ANNUAL REPORT OF LAPSED SALARY FUNDS**

34 **SECTION 12A.4.** Beginning no later than November 1, 2015, the Department of
35 Health and Human Services shall submit quarterly reports to the Joint Legislative Oversight
36 Committee on Health and Human Services, the House Appropriations Subcommittee on Health
37 and Human Services, the Senate Appropriations Committee on Health and Human Services, the
38 Fiscal Research Division, and the Office of State Budget and Management on the use of lapsed
39 salary funds by each Division within the Department. For each Division, the report shall
40 include the following information about the preceding quarter:

- 41 (1) The total amount of lapsed salary funds.
- 42 (2) The number of full-time equivalent positions comprising the lapsed salary
43 funds.
- 44 (3) The Fund Code for each full-time equivalent position included in the number
45 reported pursuant to subdivision (2) of this section.
- 46 (4) The purposes for which the Department expended lapsed salary funds.

47 **FUNDING FOR NONPROFIT ORGANIZATIONS/ESTABLISH COMPETITIVE** 48 **GRANTS PROCESS** 49 50

1 **SECTION 12A.5.(a)** Of the funds appropriated in this act to the Department of
2 Health and Human Services, Division of Central Management and Support, the sum of nine
3 million one hundred three thousand nine hundred eleven dollars (\$9,103,911) and the sum of
4 three million eight hundred fifty-two thousand five hundred dollars (\$3,852,500) appropriated
5 in Section 12J.1 of this act in Social Services Block Grant funds for each year of the 2015-2017
6 fiscal biennium shall be used to allocate funds for nonprofit organizations.

7 **SECTION 12A.5.(b)** The Department shall continue administering a competitive
8 grants process for nonprofit funding. The Department shall administer a plan that, at a
9 minimum, includes each of the following:

- 10 (1) A request for application (RFA) process to allow nonprofits to apply for and
11 receive State funds on a competitive basis.
- 12 (2) A requirement that nonprofits match a minimum of ten percent (10%) of the
13 total amount of the grant award.
- 14 (3) A requirement that the Secretary prioritize grant awards to those nonprofits
15 that are able to leverage non-State funds in addition to the grant award.
- 16 (4) A process that awards grants to nonprofits that have the capacity to provide
17 services on a statewide basis and that support any of the following State
18 health and wellness initiatives:
 - 19 a. A program targeting advocacy, support, education, or residential
20 services for persons diagnosed with autism.
 - 21 b. A system of residential supports for those afflicted with substance
22 abuse addiction.
 - 23 c. A program of advocacy and supports for individuals with intellectual
24 and developmental disabilities or severe and persistent mental illness,
25 substance abusers, or the elderly.
 - 26 d. Supports and services to children and adults with developmental
27 disabilities or mental health diagnoses.
 - 28 e. A food distribution system for needy individuals.
 - 29 f. The provision and coordination of services for the homeless.
 - 30 g. The provision of services for individuals aging out of foster care.
 - 31 h. Programs promoting wellness, physical activity, and health education
32 programming for North Carolinians.
 - 33 i. A program focused on enhancing vision screening through the State's
34 public school system.
 - 35 j. Provision for the delivery of after-school services for apprenticeships
36 or mentoring at-risk youth.
 - 37 k. The provision of direct services for amyotrophic lateral sclerosis
38 (ALS) and those diagnosed with the disease.
 - 39 l. The provision of assistive information technology services for blind
40 and disabled persons.
 - 41 m. A comprehensive smoking prevention and cessation program that
42 screens and treats tobacco use in pregnant women and postpartum
43 mothers.
- 44 (5) Ensures that funds received by the Department to implement the plan
45 supplement and do not supplant existing funds for health and wellness
46 programs and initiatives.

47 **SECTION 12A.5.(c)** No later than December 1 of each fiscal year, each nonprofit
48 organization receiving funding pursuant to subsection (b) of this section shall submit to the
49 Division of Central Management and Support a written report of all activities funded by State
50 appropriations. The report shall include the following information about the fiscal year
51 preceding the year in which the report is due:

- 1 (1) The entity's mission, purpose, and governance structure.
- 2 (2) A description of the types of programs, services, and activities funded by
- 3 State appropriations.
- 4 (3) Statistical and demographical information on the number of persons served
- 5 by these programs, services, and activities, including the counties in which
- 6 services are provided.
- 7 (4) Outcome measures that demonstrate the impact and effectiveness of the
- 8 programs, services, and activities.
- 9 (5) A detailed program budget and list of expenditures, including all positions
- 10 funded, matching expenditures and funding sources.

11 **SECTION 12A.5.(d)** No later than July 1 of each fiscal year, the Secretary shall
12 announce the recipients of the competitive grant awards and allocate funds to the grant
13 recipients for the respective fiscal year pursuant to the amounts designated under subsection (a)
14 of this section. After awards have been granted, the Secretary shall submit a report to the Joint
15 Legislative Oversight Committee on Health and Human Services on the grant awards that
16 includes at least all of the following:

- 17 (1) The identity and a brief description of each grantee and each program or
- 18 initiative offered by the grantee.
- 19 (2) The amount of funding awarded to each grantee.
- 20 (3) The number of persons served by each grantee, broken down by program or
- 21 initiative.

22

23 **FUNDS FOR STATEWIDE HEALTH INFORMATION EXCHANGE**

24 **SECTION 12A.6.** It is the intent of the State:

- 25 (1) To provide funds for the ongoing administration and support of the statewide
- 26 health information exchange network (HIE Network).
- 27 (2) To maximize receipt of federal funds for these expenses where possible.

28 From the two million dollars (\$2,000,000) appropriated to the Department of Health
29 and Human Services, Division of Central Management and Support, for the HIE Network for
30 the 2015-2017 fiscal biennium, the Department shall allocate to the North Carolina Health
31 Information Exchange (NC HIE), or to any other organization designated as the entity
32 responsible for overseeing and administering the HIE Network in accordance with Article 29A
33 of Chapter 90 of the General Statutes, the North Carolina Health Information Exchange Act, an
34 amount reasonably necessary to support the administration of the HIE Network. Where such
35 costs are eligible for federal matching funds, the Department of Health and Human Services
36 shall maximize support of the HIE Network by drawing down available matching funds.

37

38 **COMMUNITY HEALTH GRANT PROGRAM CHANGES**

39 **SECTION 12A.7.** The Department of Health and Human Services, Office of Rural
40 Health and Community Care, shall repurpose two million two hundred fifty thousand dollars
41 (\$2,250,000) in Health Net appropriations to the Community Health Grant Program. The new
42 appropriation for this program is seven million six hundred eighty-seven thousand one hundred
43 sixty-nine dollars (\$7,687,169) in recurring funds. To ensure continuity of care, safety-net
44 agencies receiving Health Net funds at the end of State Fiscal Year (SFY) 2015 shall be eligible
45 to apply for and receive Community Health Grant funds at their current level of funding for
46 SFYs 2016 and 2017. After SFY 2017, these agencies must submit an application for funding
47 through the competitive Community Health Grant process. The Community Health Grant
48 Program is available to rural health centers, free clinics, public health departments,
49 school-based health centers, federally qualified health centers, and other nonprofit
50 organizations that provide primary care and preventive health services to low-income

1 populations, including uninsured, underinsured, Medicaid, and Medicare residents across the
2 State.

3 4 **RURAL HEALTH LOAN REPAYMENTS**

5 **SECTION 12A.8.** The Department of Health and Human Services, Office of Rural
6 Health and Community Care, shall use funds appropriated in this act for loan repayment to
7 medical, dental, and psychiatric providers in communities and State hospitals to combine all
8 loan repayment programs in order to achieve efficient and effective management of the
9 programs. The loan repayment programs to be combined under this section are (i) the Physician
10 Loan Repayment Program, (ii) the Psychiatric Loan Repayment Program, and (iii) the Loan
11 Repayment Initiative at State Facilities.

12 In addition, these funds may be used for the following purposes:

- 13 (1) Continue to fund the State Loan Repayment Program for primary care
14 providers and expand state incentives to general surgeons practicing in
15 Critical Access Hospitals (CAHs) located across the State.
- 16 (2) Expand the State Loan Repayment Program to include eligible providers
17 residing in North Carolina who use telemedicine in rural and underserved
18 areas.

19 20 **SUBPART XII-B. DIVISION OF AGING AND ADULT SERVICES**

21 22 **STATE-COUNTY SPECIAL ASSISTANCE**

23 **SECTION 12B.1.(a)** For each year of the 2015-2017 fiscal biennium, the
24 maximum monthly rate for residents in adult care home facilities shall be one thousand one
25 hundred eighty-two dollars (\$1,182) per month per resident.

26 **SECTION 12B.1.(b)** For each year of the 2015-2017 fiscal biennium, the
27 maximum monthly rate for residents in Alzheimer's/dementia special care units shall be one
28 thousand five hundred fifteen dollars (\$1,515) per month per resident.

29 30 **SUBPART XII-C. DIVISION OF CHILD DEVELOPMENT AND EARLY** 31 **EDUCATION**

32 33 **NC PRE-K AND STANDARDS FOR FOUR- AND FIVE-STAR-RATED FACILITIES**

34 **SECTION 12C.1.(a)** Eligibility. – The Department of Health and Human Services,
35 Division of Child Development and Early Education, shall continue implementing the
36 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four
37 years of age on or before August 31 of the program year. In determining eligibility, the
38 Division shall establish income eligibility requirements for the program not to exceed
39 seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children
40 enrolled may have family incomes in excess of seventy-five percent (75%) of median income if
41 those children have other designated risk factors. Furthermore, any age-eligible child who is a
42 child of either of the following shall be eligible for the program: (i) an active duty member of
43 the Armed Forces of the United States, including the North Carolina National Guard, State
44 military forces, or a reserve component of the Armed Forces who was ordered to active duty by
45 the proper authority within the last 18 months or is expected to be ordered within the next 18
46 months or (ii) a member of the Armed Forces of the United States, including the North
47 Carolina National Guard, State military forces, or a reserve component of the Armed Forces
48 who was injured or killed while serving on active duty. Eligibility determinations for
49 pre-kindergarten participants may continue through local education agencies and local North
50 Carolina Partnership for Children, Inc., partnerships.

1 Other than developmental disabilities or other chronic health issues, the Division
2 shall not consider the health of a child as a factor in determining eligibility for participation in
3 the NC Pre-K program.

4 **SECTION 12C.1.(b)** Multiyear Contracts. – The Division of Child Development
5 and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for
6 licensed private child care centers providing NC Pre-K classrooms.

7 **SECTION 12C.1.(c)** Programmatic Standards. – All entities operating
8 prekindergarten classrooms shall adhere to all of the policies prescribed by the Division of
9 Child Development and Early Education regarding programmatic standards and classroom
10 requirements.

11 **SECTION 12C.1.(d)** NC Pre-K Committees. – The Division of Child
12 Development and Early Education shall establish a standard decision-making process to be
13 used by local NC Pre-K committees in awarding prekindergarten classroom slots and student
14 selection.

15 **SECTION 12C.1.(e)** Reporting. – The Division of Child Development and Early
16 Education shall submit an annual report no later than March 15 of each year to the Joint
17 Legislative Commission on Governmental Operations, the Joint Legislative Oversight
18 Committee on Health and Human Services, the Office of State Budget and Management, and
19 the Fiscal Research Division. The report shall include the following:

- 20 (1) The number of children participating in the NC Pre-K program by county.
- 21 (2) The number of children participating in the NC Pre-K program who have
22 never been served in other early education programs such as child care,
23 public or private preschool, Head Start, Early Head Start, or early
24 intervention programs.
- 25 (3) The expected NC Pre-K expenditures for the programs and the source of the
26 local contributions.
- 27 (4) The results of an annual evaluation of the NC Pre-K program.

28 **SECTION 12C.1.(f)** The administration of the NC Pre-K program by local
29 partnerships shall be subject to the financial and compliance audits authorized under
30 G.S. 143B-168.14(b).

31 32 **CHILD CARE SUBSIDY RATES/REVISE CO-PAYMENTS AND ELIGIBILITY** 33 **CRITERIA**

34 **SECTION 12C.2.(a)** The maximum gross annual income for initial eligibility,
35 adjusted biennially, for subsidized child care services shall be determined based on a
36 percentage of the federal poverty level as follows:

37 38 **AGE INCOME PERCENTAGE LEVEL**

39	0-5	200%
40	6-12	133%

41
42 The eligibility for any child with special needs, including a child who is 13 years of
43 age or older, shall be two hundred percent (200%) of the federal poverty level.

44 **SECTION 12C.2.(b)** A child receiving child care subsidy based on seventy-five
45 percent (75%) of the State median income shall continue to receive subsidy based on
46 seventy-five percent (75%) of the State median income until the child's next eligibility
47 redetermination by the Department, and at that redetermination, the child's income eligibility
48 shall be based on the eligibility criteria set forth in subsection (a) of this section.

49 **SECTION 12C.2.(c)** Effective July 1, 2015, the Department of Health and Human
50 Services, Division of Child Development and Early Education, shall revise its child care
51 subsidy policy to remove in the policy's definition of "income unit" the following:

- 1 (1) A nonparent relative caretaker, and the caretaker's spouse and child, if
2 applicable, when the parent of the child receiving child care subsidy does not
3 live in the home with the child.

4 **SECTION 12C.2.(d)** Beginning October 1, 2015, fees for families who are
5 required to share in the cost of care shall be established based on ten percent (10%) of gross
6 family income. Co-payments shall not be prorated for part-time care.

7 **SECTION 12C.2.(e)** Payments for the purchase of child care services for
8 low-income children shall be in accordance with the following requirements:

- 9 (1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106
10 and licensed child care centers and homes that meet the minimum licensing
11 standards that are participating in the subsidized child care program shall be
12 paid the one-star county market rate or the rate they charge privately paying
13 parents, whichever is lower, unless prohibited by subsection (f) of this
14 section.
- 15 (2) Licensed child care centers and homes with two or more stars shall receive
16 the market rate for that rated license level for that age group or the rate they
17 charge privately paying parents, whichever is lower, unless prohibited by
18 subsection (f) of this section.
- 19 (3) Nonlicensed homes shall receive fifty percent (50%) of the county market
20 rate or the rate they charge privately paying parents, whichever is lower.
- 21 (4) No payments shall be made for transportation services or registration fees
22 charged by child care facilities.
- 23 (5) Payments for subsidized child care services for postsecondary education
24 shall be limited to a maximum of 20 months of enrollment.
- 25 (6) The Department of Health and Human Services shall implement necessary
26 rule changes to restructure services, including, but not limited to, targeting
27 benefits to employment.

28 **SECTION 12C.2.(f)** Provisions of payment rates for child care providers in
29 counties that do not have at least 50 children in each age group for center-based and
30 home-based care are as follows:

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

39 **SECTION 12C.2.(g)** A market rate shall be calculated for child care centers and
40 homes at each rated license level for each county and for each age group or age category of
41 enrollees and shall be representative of fees charged to parents for each age group of enrollees
42 within the county. The Division of Child Development and Early Education shall also calculate
43 a statewide rate and regional market rate for each rated license level for each age category.

44 **SECTION 12C.2.(h)** The Division of Child Development and Early Education
45 shall continue implementing policies that improve the quality of child care for subsidized
46 children, including a policy in which child care subsidies are paid, to the extent possible, for
47 child care in the higher-quality centers and homes only. The Division shall define
48 higher-quality, and subsidy funds shall not be paid for one- or two-star-rated facilities. For
49 those counties with an inadequate number of four- and five-star-rated facilities, the Division
50 shall continue a transition period that allows the facilities to continue to receive subsidy funds
51 while the facilities work on the increased star ratings. The Division may allow exemptions in

1 counties where there is an inadequate number of four- and five-star-rated facilities for
2 non-star-rated programs, such as religious programs.

3 **SECTION 12C.2.(i)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
4 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the
5 program that provides for the purchase of care in child care facilities for minor children of
6 needy families. Except as authorized by subsection (g) of this section, no separate licensing
7 requirements shall be used to select facilities to participate. In addition, child care facilities
8 shall be required to meet any additional applicable requirements of federal law or regulations.
9 Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of
10 the General Statutes shall meet the requirements established by other State law and by the
11 Social Services Commission.

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

15 **SECTION 12C.2.(j)** Payment for subsidized child care services provided with
16 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
17 and policies issued by the Division of Child Development for the subsidized child care
18 program.

19 **SECTION 12C.2.(k)** Noncitizen families who reside in this State legally shall be
20 eligible for child care subsidies if all other conditions of eligibility are met. If all other
21 conditions of eligibility are met, noncitizen families who reside in this State illegally shall be
22 eligible for child care subsidies only if at least one of the following conditions is met:

- 23 (1) The child for whom a child care subsidy is sought is receiving child
24 protective services or foster care services.
- 25 (2) The child for whom a child care subsidy is sought is developmentally
26 delayed or at risk of being developmentally delayed.
- 27 (3) The child for whom a child care subsidy is sought is a citizen of the United
28 States.

30 **REVISE CHILD CARE ALLOCATION FORMULA**

31 **SECTION 12C.3.(a)** The Department of Health and Human Services shall allocate
32 child care subsidy voucher funds to pay the costs of necessary child care for minor children of
33 needy families. The mandatory thirty-percent (30%) North Carolina Partnership for Children,
34 Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each
35 county's child care subsidy allocation. The Department of Health and Human Services shall use
36 the following method when allocating federal and State child care funds, not including the
37 aggregate mandatory thirty-percent (30%) North Carolina Partnership for Children, Inc.,
38 subsidy allocation:

- 39 (1) Funds shall be allocated to a county based upon the projected cost of serving
40 children under age 11 in families with all parents working who earn less than
41 the applicable federal poverty level percentage set forth in Section 12C.2(a)
42 of this act.
- 43 (2) No county's allocation shall be less than ninety percent (90%) of its State
44 fiscal year 2001-2002 initial child care subsidy allocation.
- 45 (3) The Department of Health and Human Services shall allocate to counties all
46 State funds appropriated for child care subsidy and shall not withhold funds
47 during the 2015-2016 and 2016-2017 fiscal years.

48 **SECTION 12C.3.(b)** The Department of Health and Human Services may
49 reallocate unused child care subsidy voucher funds in order to meet the child care needs of
50 low-income families. Any reallocation of funds shall be based upon the expenditures of all

1 child care subsidy voucher funding, including North Carolina Partnership for Children, Inc.,
2 funds within a county.

3 **SECTION 12C.3.(c)** When implementing the formula under subsection (a) of this
4 section, the Department of Health and Human Services, Division of Child Development and
5 Early Education, shall include the market rate increase in the formula process, rather than
6 calculating the increases outside of the formula process. Additionally, the Department shall do
7 the following:

- 8 (1) Beginning fiscal year 2014-2015, implement (i) one-third of the change in a
9 county's allocation based on the new Census data; (ii) an additional one-third
10 of the change in a county's allocation beginning fiscal year 2016-2017; and
11 (iii) the final one-third change in a county's allocation beginning fiscal year
12 2018-2019. However, the following applies regarding increases to a county's
13 allocation:
- 14 a. For the 2015-2016 fiscal year allocations, a county that did not have
15 a child care subsidy waiting list during the 2014-2015 fiscal year
16 shall not receive an increase in its allocation due to the new
17 allocation formula directed in this subdivision.
- 18 b. Beginning fiscal year 2015-2016, a county whose spending
19 coefficient is below ninety-five percent (95%) in the previous fiscal
20 year shall not receive an increase in its allocation in the following
21 fiscal year. The Division may waive this requirement and allow an
22 increase if the spending coefficient is below ninety-five percent
23 (95%) due to extraordinary circumstances, such as a State or federal
24 disaster declaration in the affected county. By October 1 of each
25 year, the Division shall report to the Joint Legislative Oversight
26 Committee on Health and Human Services and the Fiscal Research
27 Division the counties that received a waiver pursuant to this
28 sub-subdivision and the reasons for the waiver.
- 29 (2) Effective immediately following the next new Census data release,
30 implement (i) one-third of the change in a county's allocation in the year
31 following the data release; (ii) an additional one-third of the change in a
32 county's allocation beginning two years after the initial change under this
33 subdivision; and (iii) the final one-third change in a county's allocation
34 beginning the following two years thereafter.
35

36 CHILD CARE FUNDS MATCHING REQUIREMENTS

37 **SECTION 12C.4.** No local matching funds may be required by the Department of
38 Health and Human Services as a condition of any locality's receiving its initial allocation of
39 child care funds appropriated by this act unless federal law requires a match. If the Department
40 reallocates additional funds above twenty-five thousand dollars (\$25,000) to local purchasing
41 agencies beyond their initial allocation, local purchasing agencies must provide a
42 twenty-percent (20%) local match to receive the reallocated funds. Matching requirements shall
43 not apply when funds are allocated because of a disaster as defined in G.S. 166A-19.3(6).
44

45 CHILD CARE REVOLVING LOAN

46 **SECTION 12C.5.** Notwithstanding any law to the contrary, funds budgeted for the
47 Child Care Revolving Loan Fund may be transferred to and invested by the financial institution
48 contracted to operate the Fund. The principal and any income to the Fund may be used to make
49 loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's
50 cost of operating the Fund, or pay the Department's cost of administering the program.
51

1 **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL**
2 **SERVICES/USE OF SUBSIDY FUNDS FOR FRAUD DETECTION**

3 **SECTION 12C.6.(a)** The Department of Health and Human Services, Division of
4 Child Development and Early Education, shall fund the allowance that county departments of
5 social services may use for administrative costs at four percent (4%) of the county's total child
6 care subsidy funds allocated in the Child Care and Development Fund Block Grant plan or
7 eighty thousand dollars (\$80,000), whichever is greater.

8 **SECTION 12C.6.(b)** Each county department of social services may use up to two
9 percent (2%) of child care subsidy funds allocated to the county for fraud detection and
10 investigation initiatives

11 **SECTION 12C.6.(c)** The Division of Child Development and Early Education
12 may adjust the allocations in the Child Care and Development Fund Block Grant under Section
13 12I.1(a) of this act according to (i) the final allocations for local departments of social services
14 under subsection (a) of this section and (ii) the funds allocated for fraud detection and
15 investigation initiatives under subsection (b) of this section. The Division shall submit a report
16 on the final adjustments to the allocations of the four percent (4%) administrative costs to the
17 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
18 Division no later than September 30, of each year.

19
20 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**
21 **ENHANCEMENTS/SALARY SCHEDULE/MATCH REQUIREMENT**
22 **ADJUSTMENTS**

23 **SECTION 12C.7.(a)** Policies. – The North Carolina Partnership for Children, Inc.,
24 and its Board shall establish policies that focus the North Carolina Partnership for Children,
25 Inc.'s mission on improving child care quality in North Carolina for children from birth to five
26 years of age. North Carolina Partnership for Children, Inc.-funded activities shall include
27 assisting child care facilities with (i) improving quality, including helping one-, two-, and
28 three-star rated facilities increase their star ratings and (ii) implementing prekindergarten
29 programs. State funding for local partnerships shall also be used for evidence-based or
30 evidence-informed programs for children from birth to five years of age that do the following:

- 31 (1) Increase children's literacy.
- 32 (2) Increase the parents' ability to raise healthy, successful children.
- 33 (3) Improve children's health.
- 34 (4) Assist four- and five-star rated facilities in improving and maintaining
35 quality.

36 **SECTION 12C.7.(b)** Administration. – Administrative costs shall be equivalent to,
37 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the
38 total statewide allocation to all local partnerships. For purposes of this subsection,
39 administrative costs shall include costs associated with partnership oversight, business and
40 financial management, general accounting, human resources, budgeting, purchasing,
41 contracting, and information systems management. The North Carolina Partnership for
42 Children, Inc., shall develop a single statewide contract management system that incorporates
43 features of the required standard fiscal accountability plan described in
44 G.S. 143B-168.12(a)(4). All local partnerships shall be required to participate in the contract
45 management system and shall be directed by the North Carolina Partnership for Children, Inc.,
46 to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency
47 and effectiveness.

48 **SECTION 12C.7.(c)** Salaries. – The salary schedule developed and implemented
49 by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State
50 funds that may be used for the salary of the Executive Director of the North Carolina

1 Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina
2 Partnership for Children, Inc., shall base the schedule on the following criteria:

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

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

13 **SECTION 12C.7.(d) Match Requirements.** – The North Carolina Partnership for
14 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one
15 hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the
16 2015-2017 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the
17 local partnerships are required to match, contributions of cash shall be equal to at least eleven
18 percent (11%), and in-kind donated resources shall be equal to no more than four percent (4%)
19 for a total match requirement of fifteen percent (15%) for the 2015-2016 and 2016-2017 fiscal
20 years. The North Carolina Partnership for Children, Inc., may carry forward any amount in
21 excess of the required match for a fiscal year in order to meet the match requirement of the
22 succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the
23 in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the
24 purpose of the match requirement of this subsection. Volunteer services that qualify as
25 professional services shall be valued at the fair market value of those services. All other
26 volunteer service hours shall be valued at the statewide average wage rate as calculated from
27 data compiled by the Employment Security Commission in the Employment and Wages in
28 North Carolina Annual Report for the most recent period for which data are available.
29 Expenses, including both those paid by cash and in-kind contributions, incurred by other
30 participating non-State entities contracting with the North Carolina Partnership for Children,
31 Inc., or the local partnerships, also may be considered resources available to meet the required
32 private match. In order to qualify to meet the required private match, the expenses shall:

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

47 Failure to obtain a fifteen-percent (15%) match by June 30 of the 2015-2016 and
48 2016-2017 fiscal years shall result in a dollar-for-dollar reduction in the appropriation for the
49 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall
50 be responsible for compiling information on the private cash and in-kind contributions into a
51 report that is submitted to the Joint Legislative Commission on Governmental Operations in a

1 format that allows verification by the Department of Revenue. The same match requirements
2 shall apply to any expansion funds appropriated by the General Assembly.

3 **SECTION 12C.7.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,
4 and all local partnerships shall use competitive bidding practices in contracting for goods and
5 services on contract amounts as follows:

- 6 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures
7 specified by a written policy to be developed by the Board of Directors of
8 the North Carolina Partnership for Children, Inc.
- 9 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen
10 thousand dollars (\$15,000), three written quotes.
- 11 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than
12 forty thousand dollars (\$40,000), a request for proposal process.
- 13 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
14 proposal process and advertising in a major newspaper.

15 **SECTION 12C.7.(f)** Allocations. – The North Carolina Partnership for Children,
16 Inc., shall not reduce the allocation for counties with less than 35,000 in population below the
17 2012-2013 funding level.

18 **SECTION 12C.7.(g)** Performance-Based Evaluation. – The Department of Health
19 and Human Services shall continue to implement the performance-based evaluation system.

20 **SECTION 12C.7.(h)** Expenditure Restrictions. – The Department of Health and
21 Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the
22 allocation of funds for Early Childhood Education and Development Initiatives for State fiscal
23 years 2015-2016 and 2016-2017 shall be administered and distributed in the following manner:

- 24 (1) Capital expenditures are prohibited for fiscal years 2015-2016 and
25 2016-2017. For the purposes of this section, "capital expenditures" means
26 expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).
- 27 (2) Expenditures of State funds for advertising and promotional activities are
28 prohibited for fiscal years 2015-2016 and 2016-2017.

29 For fiscal years 2015-2016 and 2016-2017, local partnerships shall not spend any State funds
30 on marketing campaigns, advertising, or any associated materials. Local partnerships may
31 spend any private funds the local partnerships receive on those activities.

32 **SECTION 12C.7.(i)** The North Carolina Partnership for Children, Inc.,
33 (Partnership) shall implement a plan to increase local capacity to raise private funds to support
34 early childhood activities. The plan shall include the following:

- 35 (1) Providing training and technical assistance on fund-raising for local
36 partnerships and boards.
- 37 (2) Building the capacity and composition of local boards to enhance fund
38 development and long-term sustainability.
- 39 (3) Partnering with State and local businesses and organizations to create
40 fund-raising events.
- 41 (4) Identifying grant opportunities at the State and local level.

42 43 **SUBPART XII-D. DIVISION OF PUBLIC HEALTH**

44 45 **REGULATION OF FOOD AND LODGING ESTABLISHMENTS**

46 **SECTION 12D.1.** G.S. 130A-248(c) reads as rewritten:

47 "(c) If ownership of an establishment is transferred or the establishment is leased, the
48 new owner or lessee shall apply for a new permit. The new owner or lessee may also apply for
49 a transitional permit. A transitional permit may be issued upon the transfer of ownership or
50 lease of an establishment to allow the correction of construction and equipment problems that
51 do not represent an immediate threat to the public health. Upon issuance of a new permit or a

1 transitional permit for ~~an~~the same establishment, any previously issued permit for an
2 establishment in that location becomes void. This paragraph does not prohibit issuing more
3 than one establishment permit in a location if the rules adopted by the Commission governing
4 food and lodging establishments can be met."

6 AIDS DRUG ASSISTANCE PROGRAM

7 **SECTION 12D.2.** The Department of Health and Human Services shall work with
8 the Department of Public Safety (DPS) to use DPS funds to purchase pharmaceuticals for the
9 treatment of individuals in the custody of DPS who have been diagnosed with Human
10 Immunodeficiency Virus or Acquired Immune Deficiency Syndrome (HIV/AIDS) in a manner
11 that allows these funds to be accounted for as State matching funds in the Department of Health
12 and Human Services drawdown of federal Ryan White funds earmarked for the AIDS Drug
13 Assistance Program (ADAP).

15 INCREASE NORTH CAROLINA MEDICAL EXAMINER AUTOPSY FEES

16 **SECTION 12D.3.(a)** G.S. 130A-389(a) reads as rewritten:

17 "(a) If, in the opinion of the medical examiner investigating the case or of the Chief
18 Medical Examiner, it is advisable and in the public interest that an autopsy or other study be
19 made; or, if an autopsy or other study is requested by the district attorney of the county or by
20 any superior court judge, an autopsy or other study shall be made by the Chief Medical
21 Examiner or by a competent pathologist designated by the Chief Medical Examiner. A
22 complete autopsy report of findings and interpretations, prepared on forms designated for the
23 purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the limitations
24 of G.S. 130A-389.1 relating to photographs and video or audio recordings of an autopsy, a
25 copy of the report shall be furnished to any person upon request. A fee for the autopsy or other
26 study shall be paid by the State. However, if the deceased is a resident of the county in which
27 the death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~one thousand~~
28 ~~two hundred fifty dollars (\$1,250).~~one thousand seven hundred fifty dollars (\$1,750) in SFY
29 2015-2016 and two thousand two hundred fifty dollars (\$2,250) in SFY 2016-2017."

30 **SECTION 12D.3.(b)** The Department of Health and Human Services, Division of
31 Public Health, shall study and evaluate the method of autopsy financing and the cost-sharing of
32 the service between the state and counties. The department may make recommendations for
33 changes in cost-sharing of this service for consideration in FY 2016.

34 **SECTION 12D.3.(c)** This section becomes effective August 1, 2015, and applies to
35 fees imposed for autopsies on or after that date.

37 INCREASE LOCAL MEDICAL EXAMINER FEES AND MODIFY ENTITY 38 RESPONSIBLE FOR PAYMENT

40 INCREASE MEDICAL EXAMINER FEES

41 **SECTION 12D.4.(a)** G.S. 130A-387 reads as rewritten:

42 "For each investigation and prompt filing of the required report, the medical examiner shall
43 receive a fee paid by the State. However, if the deceased is a resident of the county in which the
44 death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~one hundred~~
45 ~~dollars (\$100.00).~~two hundred fifty dollars (\$250.00)."

46 **SECTION 12D.4.(b)** This section becomes effective August 1, 2015.

48 MANDATORY MEDICAL EXAMINER TRAINING

49 **SECTION 12D.5.(a)** G.S. 130A-382 reads as rewritten:

50 "§ 130A-382. **County medical examiners; appointment; term of office;**
51 **vacancies; vacancies, training requirements; revocation for cause.**

1 (a) The Chief Medical Examiner shall appoint one or more county medical examiners
2 for each county for a three-year term. In appointing medical examiners for each county, the
3 Chief Medical Examiner shall give preference to physicians licensed to practice medicine in
4 this State but may also appoint licensed physician assistants, nurse practitioners, nurses,
5 ~~examiners~~, or emergency medical technician paramedics. A medical examiner may serve more
6 than one county. The Chief Medical Examiner may take jurisdiction in any case or appoint
7 another medical examiner to do so.

8 (b) County medical examiners shall complete annual continuing education training as
9 directed by the Office of the Chief Medical Examiner and based on established and published
10 guidelines. Guidelines shall be published and annually updated on the Web site of the Office of
11 the Chief Medical Examiner. Newly appointed county medical examiners shall complete
12 mandatory orientation training as directed by the Office of the Chief Medical Examiner within
13 90 days of their appointment.

14 (c) The Chief Medical Examiner may revoke a county medical examiner's appointment
15 for failure to adequately perform the duties of the office after giving written notice of the basis
16 for the revocation and opportunity to respond."

17 **SECTION 12D.5.(b)** This section becomes effective January 1, 2016.

18 19 **COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE**

20 **SECTION 12D.6.(a)** Funds appropriated in this act to the Department of Health
21 and Human Services, Division of Public Health, for the Community-Focused Eliminating
22 Health Disparities Initiative (CFEHDI) shall be used to provide a maximum of 12 grants-in-aid
23 to close the gap in the health status of African-Americans, Hispanics/Latinos, and American
24 Indians as compared to the health status of white persons. These grants-in-aid shall focus on the
25 use of measures to eliminate or reduce health disparities among minority populations in this
26 State with respect to heart disease, stroke, diabetes, obesity, asthma, HIV/AIDS, cancer, and
27 infant mortality. The Office of Minority Health shall coordinate and implement the
28 grants-in-aid program authorized by this section.

29 **SECTION 12D.6.(b)** In implementing the grants-in-aid program authorized by
30 subsection (a) of this section, the Department shall ensure all of the following:

- 31 (1) The amount of any grant-in-aid is limited to three hundred thousand dollars
32 (\$300,000).
- 33 (2) Only community-based organizations, faith-based organizations, local health
34 departments, hospitals, and CCNC networks located in urban and rural areas
35 of the western, eastern, and Piedmont areas of this State are eligible to apply
36 for these grants-in-aid. No more than four grants-in-aid shall be awarded to
37 applicants located in any one of the three areas specified in this subdivision.
- 38 (3) Each eligible applicant shall be required to demonstrate substantial
39 participation and involvement with all other categories of eligible applicants,
40 in order to ensure an evidence-based medical home model that will affect
41 change in health and geographic disparities.
- 42 (4) Eligible applicants shall select one or more of the following chronic illnesses
43 or conditions specific to the applicant's geographic area as the basis for
44 applying for a grant-in-aid under this section to affect change in the health
45 status of African-Americans, Hispanics/Latinos, or American Indians:
 - 46 a. Heart Disease.
 - 47 b. Stroke.
 - 48 c. Diabetes.
 - 49 d. Obesity.
 - 50 e. Asthma.
 - 51 f. HIV/AIDS.

1 g. Cancer.

2 h. Infant Mortality.

3 (5) The minimum duration of the grant period for any grant-in-aid is one year.

4 (6) The maximum duration of the grant period for any grant-in-aid is two years.

5 (7) If approved for a grant-in-aid, the grantee (i) shall not use more than eight
6 percent (8%) of the grant funds for overhead costs and (ii) shall be required
7 at the end of the grant period to demonstrate significant gains in addressing
8 one or more of the health disparity focus areas identified in subsection (a) of
9 this section.

10 (8) An independent panel with expertise in the delivery of services to minority
11 populations, health disparities, chronic illnesses and conditions, and
12 HIV/AIDS shall conduct the review of applications for grants-in-aid. The
13 Department shall establish the independent panel required by this section.

14 (9) A portion of the funds appropriated in this act (up to \$50,000) may be used
15 to contract with a third-party evaluator to assess the effectiveness and
16 outcomes of CFEHDI and other programs in the Department's Office of
17 Minority Health and Health Disparities during state fiscal years 2012-2013,
18 2013-2014, and 2014-2015. The evaluation should assess the programs'
19 effectiveness relative to national standards and best practices for state offices
20 of minority health.

21 **SECTION 12D.6.(c)** The grants-in-aid awarded under this section shall be
22 awarded in honor of the memory of the following deceased members of the General Assembly:
23 Bernard Allen, Pete Cunningham, John Hall, Robert Holloman, Howard Hunter, Ed Jones,
24 Jeanne Lucas, Vernon Malone, William Martin, and William Wainwright. These funds shall be
25 used for concerted efforts to address large gaps in health status among North Carolinians who
26 are African-American, as well as disparities among other minority populations in North
27 Carolina.

28 **SECTION 12D.6.(d)** By April 1, 2016, the Department shall submit a report to the
29 House of Representatives Appropriations Subcommittee on Health and Human Services, the
30 Senate Appropriations Committee on Health and Human Services, the Joint Legislative
31 Oversight Committee on Health and Human Services, and the Fiscal Research Division on the
32 results of its third-party evaluation of CFEHDI and other programs in its Office of Minority
33 Health and Health Disparities. This report shall include assessment of the effectiveness of
34 CFEHDI and other programs, (including their effectiveness relative to national standards and
35 best practices of State offices of minority health), and shall include recommendations for
36 improving their effectiveness in closing the gap in health status of minority populations as
37 compared to the health status of white persons.

38 39 **SUBPART XII-E. DIVISION OF SOCIAL SERVICES**

40 41 **TANF BENEFIT IMPLEMENTATION**

42 **SECTION 12E.1.(a)** The General Assembly approves the plan titled "North
43 Carolina Temporary Assistance for Needy Families State Plan FY 2013-2016," prepared by the
44 Department of Health and Human Services and presented to the General Assembly. The North
45 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1,
46 2013, through September 30, 2016. The Department shall submit the State Plan, as revised in
47 accordance with subsection (b) of this section, to the United States Department of Health and
48 Human Services.

49 **SECTION 12E.1.(b)** The counties approved as Electing Counties in the North
50 Carolina Temporary Assistance for Needy Families State Plan FY 2013-2016, as approved by
51 this section are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

1 **SECTION 12E.1.(c)** Counties that submitted the letter of intent to remain as an
2 Electing County or to be redesignated as an Electing County and the accompanying county plan
3 for fiscal year 2013-2016, pursuant to G.S. 108A-27(e), shall operate under the Electing
4 County budget requirements effective July 1, 2015. For programmatic purposes, all counties
5 referred to in this subsection shall remain under their current county designation through
6 September 30, 2016.

7 **SECTION 12E.1.(d)** For the 2013-2016 fiscal year, Electing Counties shall be
8 held harmless to their Work First Family Assistance allocations for the 2013-2016 fiscal year,
9 provided that remaining funds allocated for Work First Family Assistance and Work First
10 Diversion Assistance are sufficient for payments made by the Department on behalf of
11 Standard Counties pursuant to G.S. 108A-27.11(b).

12 **SECTION 12E.1.(e)** In the event that departmental projections of Work First
13 Family Assistance and Work First Diversion Assistance for the 2014-2015 fiscal year, or the
14 2015-2016 fiscal year indicate that remaining funds are insufficient for Work First Family
15 Assistance and Work First Diversion Assistance payments to be made on behalf of Standard
16 Counties, the Department is authorized to deallocate funds, of those allocated to Electing
17 Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11,
18 up to the requisite amount for payments in Standard Counties. Prior to deallocation, the
19 Department shall obtain approval by the Office of State Budget and Management. If the
20 Department adjusts the allocation set forth in subsection (d) of this section, then a report shall
21 be made to the Joint Legislative Commission on Governmental Operations, the House of
22 Representatives Appropriations Subcommittee on Health and Human Services, the Senate
23 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.
24

25 **CHILD PROTECTIVE SERVICES IMPROVEMENT INITIATIVE**

26 **SECTION 12E.2.(a)** Findings and Intent. – The General Assembly makes the
27 following findings:

- 28 (1) Child Protective Services' policy from the Department of Health and Human
29 Services, Division of Social Services, recommends that the average child
30 protective services caseload be no greater than 10 families at any time for
31 workers performing child protective services assessments and 10 families at
32 any time for staff providing in-home services. However, data suggests that in
33 43 of the counties in this State, 21 have a caseload size of more than 15
34 cases per worker; and further, in nine of those 21 counties, there is an
35 average caseload size of more than 20 cases per worker.
- 36 (2) During the 2013-2014 fiscal year, county departments of social services lost
37 federal funding for child protective services under the Temporary Assistance
38 for Needy Families (TANF) Block Grant and Title IV-E funding. However,
39 the number of Child Protective Services investigations has grown by twenty
40 percent (20%) from fiscal year 2002 to fiscal year 2012.
- 41 (3) There is no current, statewide data available on the performance of county
42 departments of social services regarding child protective services.
- 43 (4) There exists the potential for a conflict of interest to arise when a county
44 department of social services has been appointed as guardian for both (i) a
45 child who is the subject of a report of abuse, neglect, or dependency that
46 would be investigated by Child Protective Services and (ii) for the parent or
47 legal guardian of the child.

48 It is the intent of the General Assembly to (i) reduce caseload size for Child Protective Services'
49 workers to the recommended standard, (ii) provide adequate resources for county departments
50 of social services to provide child protective services for abused, neglected, and dependent
51 children, (iii) provide for a comprehensive evaluation of various functions and funding

1 regarding child protective services, and (iv) study ways to reduce conflicts of interest regarding
2 guardianship and child protective services. To that end, the General Assembly supports the
3 initiatives and the allocation of funds for child welfare services as described in this section.

4 **SECTION 12E.2.(b)** Pilot Program. – Funds appropriated in Section 12C.1(c) of
5 S.L. 2014-100 to the Department of Health and Human Services, Division of Social Services,
6 that are not expended by June 30, 2015, to establish and implement a child protective services
7 pilot program shall not revert at the end of the fiscal year but shall remain available until
8 expended.

9 The funds shall be used to enhance coordination of services and information among
10 county departments of social services, local law enforcement agencies, the court system,
11 guardian ad litem programs, and other agencies as deemed appropriate by the Department. The
12 Department shall determine the number of sites that may participate in the pilot program and
13 include regions that are geographically diverse.

14 The Division shall make a final report of its findings and recommendations on the
15 pilot program implementation to be coordinated with the Government Data Analytics Center
16 (GDAC) to the Joint Legislative Oversight Committee on Health and Human Services by the
17 start of the 2016 Regular Session of the 2015 General Assembly.

18 **SECTION 12E.2.(c)** Statewide Evaluation. – Funds appropriated in Section 12C.1
19 of S.L. 2014-100 to the Department of Health and Human Services, Division of Social
20 Services, to provide for a comprehensive, statewide evaluation of the State's child protective
21 services system that are not expended by June 30, 2015, shall not revert at the end of the fiscal
22 year but shall remain available until expended. The Division of Social Services shall contract
23 for an independent evaluation of the system, which evaluation shall include developing
24 recommendations on the following:

- 25 (1) The performance of county departments of social services as related to child
26 protective services.
- 27 (2) Caseload sizes.
- 28 (3) The administrative structure of the child protective services system in the
29 State.
- 30 (4) Adequacy of funding.
- 31 (5) Child protective services' worker turnover.
- 32 (6) Monitoring and oversight of county departments of social services.

33 The Division shall report the findings and recommendations from the evaluation to
34 the Joint Legislative Oversight Committee on Health and Human Services no later than the
35 convening of the 2016 Regular Session of the 2015 General Assembly.

36 37 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND** 38 **PERFORMANCE ENHANCEMENTS**

39 **SECTION 12E.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
40 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
41 children and families in cases of abuse, neglect, and dependency where a child is at imminent
42 risk of removal from the home and to children and families in cases of abuse where a child is
43 not at imminent risk of removal. The Program shall be developed and implemented statewide
44 on a regional basis. The IFPS shall ensure the application of standardized assessment criteria
45 for determining imminent risk and clear criteria for determining out-of-home placement.

46 **SECTION 12E.3.(b)** The Department of Health and Human Services shall require
47 that any program or entity that receives State, federal, or other funding for the purpose of IFPS
48 shall provide information and data that allows for the following:

- 49 (1) An established follow-up system with a minimum of six months of
50 follow-up services.

- 1 (2) Detailed information on the specific interventions applied, including
2 utilization indicators and performance measurement.
3 (3) Cost-benefit data.
4 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
5 by tracking families through the intervention process.
6 (5) The number of families remaining intact and the associated interventions
7 while in IFPS and 12 months thereafter.
8 (6) The number and percentage, by race, of children who received IFPS
9 compared to the ratio of their distribution in the general population involved
10 with Child Protective Services.

11 **SECTION 12E.3.(c)** The Department shall establish a performance-based funding
12 protocol and shall only provide funding to those programs and entities providing the required
13 information specified in subsection (b) of this section. The amount of funding shall be based on
14 the individual performance of each program.
15

16 **CHILD CARING INSTITUTIONS**

17 **SECTION 12E.4.** Until the Social Services Commission adopts rules setting
18 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
19 maximum reimbursement for child caring institutions shall not exceed the rate established for
20 the specific child caring institution by the Department of Health and Human Services, Office of
21 the Controller. In determining the maximum reimbursement, the State shall include county and
22 IV-E reimbursements.
23

24 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

25 **SECTION 12E.5.** Of the funds available for the provision of foster care services,
26 the Department of Health and Human Services, Division of Social Services, may provide for
27 the financial support of children who are deemed to be (i) in a permanent family placement
28 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.
29 The Division of Social Services shall design the Guardianship Assistance Program (GAP) in
30 such a manner that no additional expenses are incurred beyond the funds budgeted for foster
31 care. The Guardianship Assistance Program rates shall reimburse the legal guardian for room
32 and board and be set at the same rate as the foster care room and board rates in accordance with
33 rates established under G.S. 108A-49.1. The Social Services Board shall adopt rules
34 establishing a Guardianship Assistance Program to implement this section, including defining
35 the phrase "legal guardian" as used in this section.
36

37 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

38 **SECTION 12E.6.(a)** Funds appropriated from the General Fund to the Department
39 of Health and Human Services for the child welfare postsecondary support program shall be
40 used to continue providing assistance with the "cost of attendance" as that term is defined in 20
41 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system
42 and special needs children adopted from foster care after age 12. These funds shall be allocated
43 by the State Education Assistance Authority.
44

45 **SECTION 12E.6.(b)** Of the funds appropriated from the General Fund to the
46 Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for the
47 2015-2016 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 2016-2017 fiscal
48 year shall be allocated to the North Carolina State Education Assistance Authority (SEAA).
49 The SEAA shall use these funds only to perform administrative functions necessary to manage
50 and distribute scholarship funds under the child welfare postsecondary support program.

51 **SECTION 12E.6.(c)** Of the funds appropriated from the General Fund to the
Department of Health and Human Services, the sum of three hundred thirty-nine thousand four

1 hundred ninety-three dollars (\$339,493) for the 2015-2016 fiscal year and the sum of three
2 hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for the 2016-2017
3 fiscal year shall be used to contract with an entity to administer the child welfare postsecondary
4 support program described under subsection (a) of this section, which administration shall
5 include the performance of case management services.

6 **SECTION 12E.6.(d)** Funds appropriated to the Department of Health and Human
7 Services for the child welfare postsecondary support program shall be used only for students
8 attending public institutions of higher education in this State.

9 10 **CHILD SUPPORT FEDERAL INCENTIVE FUNDS**

11 **SECTION 12E.7.(a)** Federal incentives are paid to State IV-D Child Support
12 Enforcement programs to improve collections through efficient establishment and enforcement
13 techniques. Incentives payments are linked to performance and shall be reinvested into the
14 Child Support Enforcement program, supplementing rather than supplanting to meet
15 performance. Funds received by the North Carolina Child Support Enforcement Program are
16 appropriated to target areas for program improvement and to maximize the North Carolina's
17 share of federal incentive dollars.

18 Beginning July 1, 2015, and annually thereafter, the State Child Support
19 Enforcement program shall retain fifteen percent (15%) of federal incentive payments to
20 reinvest into the Child Support Enforcement Services to improve program effectiveness,
21 efficiency and performance. This may be accomplished through Information Technology (IT)
22 system modernization and as well as State-level Child Support Enforcement operations. Such
23 IT modernization projects include, but are not limited to:

- 24 (1) Modernize Automated Collection and Tracking System (ACTS).
- 25 (2) Update Child Support-specific software, including locate tools, enforcement
26 strategies, and data analytics, designed to increase child support collections
27 and improve performance on federal Child Support outcome measures
28 (paternity establishment, order establishment, current support payments,
29 arrears support payment and cost effectiveness).
- 30 (3) Update Web-based operations and services, such as eChildSupport and the
31 customer service tracking system, designed to increase child support
32 collections and improve performance on federal Child Support outcomes
33 measurers (paternity establishment, order establishment, current support
34 payments, arrears support payments and cost effectiveness).
- 35 (4) Automate and streamline Child Support business processes, including
36 document generation and archiving solutions.

37 **SECTION 12E.7.(b)** The remaining eighty-five percent (85%) of federal incentive
38 funding received by the Department of Health and Human Services shall be distributed to the
39 local Child Support Enforcement agencies to reinvest into Child Support Services to improve
40 program effectiveness, efficiency, and performance.

41 **SECTION 12E.7.(c)** The Department shall establish proper budgeting and
42 accounting to meet all federal and State accountability for the distribution of funds. The
43 Department shall report on the amount and use of payments by the State and local Child
44 Support Enforcement programs, and how such payments and funded activities are linked to
45 performance. The report shall include an accounting of how funds are reinvested into the Child
46 Support Enforcement program, supplementing rather than supplanting other funds. The
47 Department shall report this information to the Governor and the General Assembly by
48 November 1 each year.

49 50 **CHILD ADVOCACY CENTER FUNDS**

1 **SECTION 12E.8.** There is appropriated from the federal Social Services Block
2 Grant funds to the Department of Health and Human Services the sum of three hundred
3 seventy-five thousand dollars (\$375,000) for the 2015-2015 and 2016-2017 fiscal year for the
4 child advocacy centers. In addition, of the State General Fund appropriations to the Department
5 of Health and Human Services, Division of Social Services:

- 6 (1) Fifty thousand dollars (\$50,000) shall be allocated to the Children's
7 Advocacy Center of North Carolina, Inc., to hire a quality improvement and
8 development coordinator; and
- 9 (2) Three hundred seventy-five thousand dollars (\$375,000) may be used to
10 augment funds to the 30 fully certified child advocacy centers in the State.

11 12 **SUBPART XII-F. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)**

13 14 **AMEND STATE PLAN AMENDMENT PROCEDURES**

15 **SECTION 12F.1.** G.S. 108A-54.1A reads as rewritten:

16 **"§ 108A-54.1A. Amendments to Medicaid State Plan and Medicaid Waivers.**

17 ~~(a) No provision in the Medicaid State Plan or in a Medicaid Waiver may expand or~~
18 ~~otherwise alter the scope or purpose of the Medicaid program from that authorized by law~~
19 ~~enacted by the General Assembly. For purposes of this section, the term "amendments to the~~
20 ~~State Plan" includes State Plan amendments, Waivers, and Waiver amendments.~~

21 (b) The Department may submit amendments to the State Plan only as required under
22 any of the following circumstances:

- 23 (1) A law enacted by the General Assembly directs the Department to submit an
24 amendment to the State Plan.
- 25 (2) A law enacted by the General Assembly makes a change to the Medicaid
26 Program that requires approval by the federal government.
- 27 (3) A change in federal law, including regulatory law, or a change in the
28 interpretation of federal law by the federal government requires an
29 amendment to the State Plan.
- 30 (4) A change made by the Department to the Medicaid Program requires an
31 amendment to the State Plan, if the change was within the authority granted
32 to the Department by State law.
- 33 (5) An amendment to the State Plan is required in response to an order of a court
34 of competent jurisdiction.
- 35 (6) An amendment to the State Plan is required to ensure continued federal
36 financial participation.
- 37 (7) An amendment to the State Plan is required to align Medicaid payment rules
38 with Medicare payment rules as long as such alignment maintains budget
39 neutrality or results in cost-savings.

40 (c) Amendments to the State Plan submitted to the federal government for approval
41 shall contain only those changes that are allowed by the authority for submitting an amendment
42 to the State Plan in subsection (b) of this section.

43 ~~(d) No fewer than 10 days prior to submitting an~~Upon submittal to the federal
44 government of an amendment to the State ~~Plan to the federal government,~~Plan, the Department
45 shall post the amendment on its Web site and notify the members of the Joint Legislative
46 Oversight Committee on Health and Human ~~Services~~Services, the Office of State Budget and
47 Management, and the Fiscal Research Division that the amendment has been posted. This
48 requirement shall not apply to draft or proposed amendments submitted to the federal
49 government for comments but not submitted for approval. The amendment shall remain posted
50 on the Department's Web site at least until the plan has been approved, rejected, or withdrawn.
51 If the authority for submitting the amendment to the State Plan is pursuant to subdivision (3),

(4), (5), ~~or (6)~~ (6), or (7) of subsection (b) of this section, then, prior to submitting an amendment to the federal government, the Department shall submit to the General Assembly members receiving notice under this subsection and to the Fiscal Research Division an explanation of the amendment, the need for the amendment, and the federal time limits required for implementation of the amendment.

(e) The Department shall submit an amendment to the State Plan to the federal government by a date sufficient to provide the federal government adequate time to review and approve the amendment so the amendment may be effective by the date required by the directing authority in subsection (b) of this section. Additionally, if a change is made to the Medicaid program by the General Assembly and that change requires an amendment to the State Plan, then the amendment shall be submitted at least 90 days prior to the effective date of the change as provided in the legislation.

(f) Any public notice required under 42 C.F.R. 447.205 shall, in addition to any other posting requirements under federal law, be posted on the Department's Web site. Upon posting such a public notice, the Department shall notify the members of the Joint Legislative Oversight Committee on Health and Human Services, ~~Services~~, the Office of State Budget and Management, and the Fiscal Research Division that the public notice has been posted. Public notices shall remain posted on the Department's Web site."

PROVIDER APPLICATION AND RECREDENTIALING FEE

SECTION 12F.2. The Department of Health and Human Services, Division of Medical Assistance, shall charge an application fee of one hundred dollars (\$100.00), and the amount federally required, to each provider enrolling in the Medicaid Program for the first time. The fee shall be charged to all providers at recredentialing every five years.

MEDICAID ELIGIBILITY; ADJUSTMENT TO HEALTH CHOICE ELIGIBILITY

SECTION 12F.3.(a) Families and children who are categorically and medically needy are eligible for Medicaid, subject to the following annual income levels:

Family Size	Categorically Needy Income Level	Medically Needy Income Level
1	\$ 4,344	\$ 2,900
2	5,664	3,800
3	6,528	4,400
4	7,128	4,800
5	7,776	5,200
6	8,376	5,600
7	8,952	6,000
8	9,256	6,300

The Department of Health and Human Services shall provide Medicaid coverage to 19- and 20-year-olds under this subsection in accordance with federal rules and regulations. Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 12F.3.(b) For the following Medicaid eligibility classifications for which the federal poverty guidelines are used as income limits for eligibility determinations, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines. The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to the following:

- (1) All elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines.

- 1 (2) Pregnant women with incomes equal to or less than one hundred eighty-five
2 percent (185%) of the federal poverty guidelines and without regard to
3 resources. Services to pregnant women eligible under this subsection
4 continue throughout the pregnancy but include only those related to
5 pregnancy and to those other conditions determined by the Department as
6 conditions that may complicate pregnancy.
- 7 (3) Infants under the age of one with family incomes equal to or less than two
8 hundred percent (200%) of the federal poverty guidelines and without regard
9 to resources.
- 10 (4) Children aged one through five with family incomes equal to or less than
11 two hundred percent (200%) of the federal poverty guidelines and without
12 regard to resources.
- 13 (5) Children aged six through 18 with family incomes equal to or less than one
14 hundred thirty-three percent (133%) of the federal poverty guidelines and
15 without regard to resources.
- 16 (6) Workers with disabilities described in G.S. 108A-66A with unearned income
17 equal to or less than one hundred fifty percent (150%) of the federal poverty
18 guidelines.

19 The Department of Health and Human Services, Division of Medical Assistance, shall also
20 provide family planning services to men and women of childbearing age with family incomes
21 equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines
22 and without regard to resources.

23 **SECTION 12F.3.(c)** The Department of Health and Human Services, Division of
24 Medical Assistance, shall provide Medicaid coverage to adoptive children with special or
25 rehabilitative needs, regardless of the adoptive family's income.

26 **SECTION 12F.3.(d)** The Department of Health and Human Services, Division of
27 Medical Assistance, shall provide Medicaid coverage to "independent foster care adolescents,"
28 ages 18, 19, and 20, as defined in section 1905(w)(1) of the Social Security Act (42 U.S.C. §
29 1396d(w)(1)), without regard to the adolescent's assets, resources, or income levels.

30 **SECTION 12F.3.(e)** The Department of Health and Human Services, Division of
31 Medical Assistance, shall provide Medicaid coverage to women who need treatment for breast
32 or cervical cancer and who are defined in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).

33 34 **MODIFICATIONS TO EXISTING COVERED SERVICES AND PAYMENT FOR** 35 **SERVICES**

36 **SECTION 12F.4.(a)** Except as otherwise provided in this act, the allowable State
37 plan services, co-pays, reimbursement rates, and fees shall remain the same as those effective
38 June 30, 2015. Except as otherwise provided in this act and to the extent allowable under
39 federal law, the adjustments made in this section apply to both the Medicaid Program and the
40 NC Health Choice program.

41 **SECTION 12F.4.(b)** Effective July 1, 2015, any rate methodologies that contain an
42 automatic inflationary or increase factor shall not increase above the rate in effect on June 30,
43 2015, unless the rate is otherwise increased by the General Assembly. Interim hospital
44 outpatient services' percentage of cost used for payment shall be adjusted to compensate for
45 expected inflation that hospitals would be eligible for, and cost settlement will only be up to the
46 percentage in subsection (e) of this section. The following rates are excluded from this
47 subsection: Federally Qualified Health Centers, Rural Health Centers, critical access hospitals,
48 State-Operated services, Hospice, Part B and D Premiums, third-party and HMO premiums,
49 drugs, and MCO capitation payments.

1 **SECTION 12F.4.(c)** Effective November 1, 2015, nominal co-pays for Medicaid
2 are increased to the maximum amount allowed by the Centers for Medicare and Medicaid
3 Services (CMS) as of June 30, 2015.

4 **SECTION 12F.4.(d)** Effective July 1, 2015, the following changes are made to
5 allowable State plan services:

6 (1) Of the 22 visits allowed per recipient per fiscal year for professional services
7 provided by physicians, nurse practitioners, nurse-midwives, physician
8 assistants, clinics, and health departments, prior authorization is required for
9 visits in excess of 10 within a year. This limitation and prior authorization
10 requirement does not apply to chronic conditions.

11 (2) Adult rehabilitation home visits for set-up and training are limited to three
12 within a 12-month period.

13 **SECTION 12F.4.(e)** Effective July 1, 2015, the percentage of allowable costs for
14 hospital outpatients is reduced from eighty percent (80%) to seventy percent (70%).

15 **SECTION 12F.4.(f)** In order to achieve cost-savings and improve health outcomes,
16 the Department of Health and Human Services, Division of Medical Assistance, may impose
17 prior authorization requirements and other restrictions on medications prescribed to Medicaid
18 and NC Health Choice recipients for the treatment of mental illness, including, but not limited
19 to, prior authorization requirements and restrictions on (i) medications on the Preferred Drug
20 List (PDL) that are prescribed for the treatment of mental illness and (ii) medications for
21 attention deficit hyperactivity disorder (ADHD) or attention deficit disorder (ADD) that are
22 prescribed to juveniles for off-label uses.

23 24 **ADMINISTRATIVE HEARINGS FUNDING**

25 **SECTION 12F.5.** The Department of Health and Human Services (Department)
26 shall transfer the sum of one million dollars (\$1,000,000) for the 2015-2016 fiscal year and the
27 sum of one million dollars (\$1,000,000) for the 2016-2017 fiscal year to the Office of
28 Administrative Hearings (OAH). These funds shall be allocated by the OAH for mediation
29 services provided for Medicaid applicant and recipient appeals and to contract for other
30 services necessary to conduct the appeals process. OAH shall continue the Memorandum of
31 Agreement (MOA) with the Department for mediation services provided for Medicaid recipient
32 appeals and contracted services necessary to conduct the appeals process. The MOA will
33 facilitate the Department's ability to draw down federal Medicaid funds to support this
34 administrative function. Upon receipt of invoices from OAH for covered services rendered in
35 accordance with the MOA, the Department shall transfer the federal share of Medicaid funds
36 drawn down for this purpose.

37 38 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

39 **SECTION 12F.6.(a)** Receivables reserved at the end of the 2015-2016 and
40 2016-2017 fiscal years shall, when received, be accounted for as nontax revenue for each of
41 those fiscal years.

42 **SECTION 12F.6.(b)** For the 2015-2016 fiscal year, the Department of Health and
43 Human Services shall deposit from its revenues one hundred thirty-nine million dollars
44 (\$139,000,000) with the Department of State Treasurer to be accounted for as nontax revenue.
45 For the 2016-2017 fiscal year, the Department of Health and Human Services shall deposit
46 from its revenues one hundred thirty-nine million dollars (\$139,000,000) with the Department
47 of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the
48 return of General Fund appropriations, nonfederal revenue, fund balances, or other resources
49 from State-owned and State-operated hospitals which are used to provide indigent and
50 nonindigent care services. The return from State-owned and State-operated hospitals to DHHS
51 will be made from nonfederal resources in an amount equal to the amount of the payments from

1 the Division of Medical Assistance for uncompensated care. The treatment of any revenue
2 derived from federal programs shall be in accordance with the requirements specified in the
3 Code of Federal Regulations, Title 2, Part 225.

4 5 **MEDICAID SPECIAL FUND TRANSFER**

6 **SECTION 12F.7.** Of the funds transferred to the Department of Health and Human
7 Services for Medicaid programs pursuant to G.S. 143C-9-1, there is appropriated from the
8 Medicaid Special Fund to the Department of Health and Human Services the sum of forty-three
9 million dollars (\$43,000,000) for the 2015-2016 fiscal year and the sum of forty-three million
10 dollars (\$43,000,000) for the 2016-2017 fiscal year. These funds shall be allocated as
11 prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in
12 G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall
13 replace the reduction in general revenue funding effected in this act.

14 15 **MEDICAID COST CONTAINMENT ACTIVITIES**

16 **SECTION 12F.8.(a)** The Department of Health and Human Services may use up
17 to five million dollars (\$5,000,000) in the 2015-2016 fiscal year and up to five million dollars
18 (\$5,000,000) in the 2016-2017 fiscal year in Medicaid funds budgeted for program services to
19 support the cost of administrative activities when cost-effectiveness and savings are
20 demonstrated. The funds shall be used to support activities that will contain the cost of the
21 Medicaid Program, including contracting for services, hiring additional staff, funding pilot
22 programs, Health Information Exchange and Health Information Technology (HIE/HIT)
23 administrative activities, or providing grants through the Office of Rural Health and
24 Community Care to plan, develop, and implement cost-containment programs.

25 Medicaid cost-containment activities may include prospective reimbursement
26 methods, incentive-based reimbursement methods, service limits, prior authorization of
27 services, periodic medical necessity reviews, revised medical necessity criteria, service
28 provision in the least costly settings, plastic magnetic-stripped Medicaid identification cards for
29 issuance to Medicaid enrollees, fraud detection software or other fraud detection activities,
30 technology that improves clinical decision making, credit balance recovery and data mining
31 services, and other cost-containment activities. Funds may be expended under this section only
32 after the Office of State Budget and Management has approved a proposal for the expenditure
33 submitted by the Department. Proposals for expenditure of funds under this section shall
34 include the cost of implementing the cost-containment activity and documentation of the
35 amount of savings expected to be realized from the cost-containment activity.

36 **SECTION 12F.8.(b)** The Department shall report annually on the expenditures
37 under this section to the House of Representatives Appropriations Subcommittee on Health and
38 Human Services, the Senate Appropriations Committee on Health and Human Services, and the
39 Fiscal Research Division. The report shall include the methods used to achieve savings and the
40 amount saved by these methods. The report is due to the House of Representatives
41 Appropriations Subcommittee on Health and Human Services, the Senate Appropriations
42 Committee on Health and Human Services, and the Fiscal Research Division not later than
43 December 1 of each year for the activities of the previous State fiscal year.

44 45 **MISCELLANEOUS MEDICAID PROVISIONS**

46 **SECTION 12F.9.(a)** Volume Purchase Plans and Single Source Procurement. –
47 The Department of Health and Human Services, Division of Medical Assistance, may, subject
48 to the approval of a change in the State Medicaid Plan, contract for services, medical
49 equipment, supplies, and appliances by implementation of volume purchase plans, single
50 source procurement, or other contracting processes in order to improve cost containment.

1 **SECTION 12F.9.(b)** Cost Containment Programs. – The Department of Health and
2 Human Services, Division of Medical Assistance, may undertake cost containment programs,
3 including contracting for services, preadmissions to hospitals, and prior approval for certain
4 outpatient surgeries before they may be performed in an inpatient setting.

5 **SECTION 12F.9.(c)** Posting of Notices on Web Site. – For any public notice of
6 change required pursuant to the provisions of 42 C.F.R. § 447.205, the Department shall, no
7 later than seven business days after the date of publication, publish the same notice on its Web
8 site on the same Web page as it publishes State Plan amendments, and the notice shall remain
9 on the Web site continuously for 90 days.

10 **SECTION 12F.9.(d)** Medicaid Identification Cards. – The Department shall issue
11 Medicaid identification cards to recipients on an annual basis with updates as needed.

12 **REINSTATE MEDICAID ANNUAL REPORT**

13 **SECTION 12F.10.** The Department of Health and Human Services, Division of
14 Medical Assistance, shall publish the Medicaid Annual Report and accompanying tables, which
15 was discontinued after 2008. The Division shall publish the report and tables on its Web site
16 and shall not publish copies in print.

17 **DRUG REIMBURSEMENT USING AVERAGE ACQUISITION COST**

18 **SECTION 12F.11.(a)** The Department of Health and Human Services, Division of
19 Medical Assistance, shall adopt an average acquisition cost methodology for brand and generic
20 drug ingredient pricing to be effective beginning on July 1, 2015. The drug ingredient pricing
21 methodology shall be consistent with new federal requirements or, if the new federal
22 requirements have not yet been finalized by April 1, 2015, consistent with the draft federal
23 requirements. In adopting a new drug ingredient pricing methodology, the Department shall
24 also do all of the following:
25

- 26 (1) Raise dispensing fees so that the average acquisition cost ingredient pricing
27 plus the dispensing fees, net of any drug rebates, generates nine hundred
28 seventy-five thousand dollars (\$975,000) in savings in General Fund
29 appropriations.
- 30 (2) Maintain a distinction between the dispensing fees for preferred and brand
31 drugs.
- 32 (3) Ensure that ingredient prices are updated at least monthly.

33 **SECTION 12F.11.(b)** The Department of Health and Human Services, Division of
34 Medical Assistance, shall follow the procedures in G.S. 108A-54.1A in submitting the State
35 Plan Amendment required to implement this section.
36

37 **SUBSTITUTION OF GENERIC DRUGS FOR UNAVAILABLE PREFERRED DRUGS**

38 **SECTION 12F.12.** If the Department of Health and Human Services, Division of
39 Medical Assistance, finds that there are net General Fund savings to the Medicaid program
40 from doing so, then the Division may allow a pharmacist to substitute and dispense a generic
41 drug in place of a preferred drug without prior authorization, subject to all of the following
42 being true:
43

- 44 (1) The Division normally requires the dispensing of the preferred drug over the
45 equivalent generic drug.
- 46 (2) The pharmacist has not been able to acquire the preferred drug from at least
47 two separate wholesalers within the two weeks prior to dispensing the
48 generic substitute.
- 49 (3) The pharmacist maintains records of the failed attempts to acquire the
50 preferred drug. Such records shall be open to inspection and audit by the
51 Division.

- 1 (4) The prescriber has not indicated that the preferred drug is "medically
2 necessary."
3 (5) The pharmacist notifies the prescriber of the substitution and receives
4 approval from the prescriber for the substitution.
5 (6) The pharmacist notifies the patient of the substitution and gives the patient
6 the opportunity to accept or refuse the substitution.

7 For purposes of this section, "savings to the Medicaid program" shall not be limited
8 to savings within the prescription drug service area but shall also include savings in other areas
9 of the program, such as savings associated with eliminating the prior authorization process or
10 savings from instances where missed doses may lead to negative and costly patient outcomes.

11 12 **MENTAL HEALTH DRUG MANAGEMENT**

13 **SECTION 12F.13.(a)** Effective January 1, 2015, the Department of Health and
14 Human Services, Division of Medical Assistance, shall make adjustments to the preferred drug
15 list to maximize supplemental rebates, and is authorized to impose controls, including prior
16 authorization, utilization review criteria, and other restrictions.

17 **SECTION 12F.13.(b)** No later than October 1, 2015, the Department of Health
18 and Human Services, Division of Medical Assistance, shall report to the Joint Legislative
19 Oversight Committee on Health and Human Services on the Department's fiscal year
20 2014-2015 savings from making the changes required by S.L. 2014-100, Section 12H.9(b).

21 22 **ADULT CARE HOME COST REPORTING**

23 **SECTION 12F.14.** The Department of Health and Human Services shall require
24 compliance with the adult care home cost reporting requirements set forth in G.S. 131D-4.2.
25 The Department shall make available the data collected from the cost reporting in a
26 character-separated values (CSV) plain text format or other file format that may easily be
27 imported into software used for spreadsheets, databases, and data analytics.

28 29 **MAINTAIN CASE WEIGHTING FACTORS IN EFFECT ON JUNE 30, 2015**

30 **SECTION 12F.15.** The Department of Health and Human Services shall maintain
31 the diagnosis-related group (DRG) case weighting factors that are in effect on June 30, 2015,
32 for all DRGs for inpatient services payments rendered to Medicaid and NC Health Choice
33 recipients on or after July 1, 2015.

34 35 **PUBLISH MEDICAID PAYMENTS TO PROVIDERS**

36 **SECTION 12F.16.(a)** For payments made in the 2015-2017 biennium and for
37 subsequent fiscal years, the Department of Health and Human Services, Division of Medical
38 Assistance, shall publish on its Web site comprehensive information on Medicaid payments
39 made to providers. The information shall be updated annually within three months of the close
40 of a State fiscal year to include payments for that fiscal year. The information published shall
41 include all of the following for each individual providing Medicaid services:

- 42 (1) Name of the individual providing the service.
43 (2) Location of service provider's principal place of business.
44 (3) Location of provided services, listed with both municipality and county. If
45 an individual provides services in multiple locations, then those shall be
46 specified, and the items in subdivisions (6) through (10) of this subsection
47 shall be provided for each location.
48 (4) Practice name, hospital name, or other business name with which the
49 individual providing service is affiliated.
50 (5) Type of service provider and practice area.
51 (6) Number of Medicaid patients seen.

- 1 (7) Number of visits with Medicaid patients.
- 2 (8) Number of procedures performed or items furnished for Medicaid patients.
- 3 (9) Amount of Medicaid service payments received.
- 4 (10) Amount of Medicaid supplemental payments received.
- 5 (11) Amount of Medicaid settlement payments received.
- 6 (12) Amount of Medicaid recoupments.

7 The information shall be published in a character-separated values (CSV) plain text format or
8 other file format that may easily be imported into software used for spreadsheets, databases,
9 and data analytics. The Department shall ensure that no protected patient information be
10 published.

11 **SECTION 12F.16.(b)** The Department of Health and Human Services, Division of
12 Medical Assistance, shall continue discussions with the UNC School of Public Health or any
13 other appropriate party of an educational or nonprofit nature to perform analytics on the
14 information or to generate an interactive Web site to access the information contained within
15 the data required to be reported under subsection (a) of this section. Such a Web site should be
16 designed to exceed the functionality of South Carolina's HealthViz Medicaid statistics Web
17 site.

18 **MEDICAID DENTAL SERVICE COST SETTLEMENT**

19 **SECTION 12F.17.(a)** The Department of Health and Human Services, Division of
20 Medical Assistance, shall submit a State Plan Amendment request to the Centers for Medicare
21 and Medicaid to assure that all State-operated dental schools receive the same reimbursement
22 for dental services provided to North Carolina Medicaid beneficiaries.

23 **SECTION 12F.17.(b)** The State Plan Amendment submitted in subsection (a)
24 above shall not amend methodology for cost settlement of State-operated dental schools in
25 effect on June 30, 2015.

26 **ASSESSMENTS**

27 **SECTION 12F.18** G.S. 108A-122 reads as rewritten:

28 **"§ 108A-122. Assessment.**

29 (a) Assessment Imposed. – Except as provided in this section, the assessments
30 authorized under this Article are imposed as a percentage of total hospital costs on all licensed
31 North Carolina hospitals. The assessments are due quarterly in the time and manner prescribed
32 by the Secretary. Payment of an assessment is considered delinquent if not paid within seven
33 days of the due date. With respect to any past-due assessment, the Department may withhold
34 the unpaid amount from Medicaid payments otherwise due or impose a late-payment penalty.
35 The Secretary may waive a penalty for good cause shown.

36 (b) Allowable Cost. – An assessment paid under this Article may be included as
37 allowable costs of a hospital for purposes of any applicable Medicaid reimbursement
38 ~~formula.~~ formula; assessments paid under this Article shall be excluded from cost settlement.
39 An assessment imposed under this Article may not be added as a surtax or assessment on a
40 patient's bill.

41 (c) Full Exemption. – The following hospitals are exempt from both the equity
42 assessment and the UPL assessment:

- 43 (1) State-owned and State-operated hospitals.
- 44 (2) The primary affiliated teaching hospital for each University of North
45 Carolina medical school.
- 46 (3) Critical access hospitals.
- 47 (4) Long-term care hospitals.
- 48 (5) Freestanding psychiatric hospitals.
- 49 (6) Freestanding rehabilitation hospitals.

1 (d) Partial Exemption. – A public hospital is exempt from the equity assessment."
2

3 MISCELLANEOUS HEALTH CHOICE PROVISIONS

4 SECTION 12F.19.(a) G.S. 108A-70.20 reads as rewritten:

5 "§ 108A-70.20. Program established.

6 The Health Insurance Program for Children is established. The Program shall be known as
7 North Carolina Health Choice for Children, and it shall be administered by the Department of
8 Health and Human Services in accordance with this Part and as required under Title XXI and
9 related federal rules and regulations. Administration of ~~Program benefits and claims processing~~
10 shall be as ~~provided under Part 5 of Article 3 of Chapter 135 of the General Statutes described~~
11 in 42 C.F.R. § 447.45(d)(1)."

12 SECTION 12F.19.(b) G.S. 108A-70.21 reads as rewritten:

13 "§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing; 14 coverage from private plans; purchase of extended coverage.

15 ...

16 (i) ~~No Lifetime Maximum Benefit Limit.~~—Benefits provided to an enrollee in the
17 Program ~~shall not be subject to a maximum lifetime limit~~ may be subject to lifetime maximum
18 limits set forth in Medicaid and Health Choice medical coverage policies promulgated under
19 G.S. 108A-54.2."

20 SECTION 12F.19.(c) G.S. 108A-70.27 reads as rewritten:

21 "§ 108A-70.27. Data collection; reporting.

22 (a) The Department shall ensure that the following data are collected, analyzed, and
23 reported in a manner that will most effectively and expeditiously enable the State to evaluate
24 Program goals, objectives, operations, and health outcomes for children:

- 25 (1) Number of applicants for coverage under the Program;
- 26 (2) Number of Program applicants deemed eligible for Medicaid;
- 27 (3) Number of applicants deemed eligible for the Program, by income level, age,
28 and family size;
- 29 (4) Number of applicants deemed ineligible for the Program and the basis for
30 ineligibility;
- 31 (5) Number of applications made at county departments of social services,
32 public health departments, and by mail;
- 33 (6) Total number of children enrolled in the Program to date and for the
34 immediately preceding fiscal year;
- 35 (7) Total number of children enrolled in Medicaid through the Program
36 application process;
- 37 (8) Trends showing the Program's impact on hospital utilization, immunization
38 rates, and other indicators of quality of care, and cost-effectiveness and
39 efficiency;
- 40 (9) Trends relating to the health status of children;
- 41 (10) Other data that would be useful in carrying out the purposes of this Part.

42 (b) Repealed by Session Laws 2013-360, s. 12A.8(e), effective July 1, 2013.

43 (c) The Division of Medical Assistance shall provide to the Department data required
44 under this section that are collected by ~~the Plan-DMA~~. Data shall be reported by ~~the Plan-DMA~~
45 in sufficient detail to meet federal reporting requirements under Title XXI. ~~The Plan shall~~
46 ~~report periodically to the Joint Legislative Oversight Committee on Health and Human Services~~
47 ~~claims processing data for the Program and any other information the Plan or the Committee~~
48 ~~deems appropriate and relevant to assist the Committee in its review of the Program."~~

49 SECTION 12F.19(d) G.S. 108A-70.21(g) and (h) are repealed.

50 HEALTH CHOICE AND TECHNICAL CHANGES

1 **SECTION 12F.20.(a)** G.S. 108A-70.18 reads as rewritten:

2 **"§ 108A-70.18. Definitions.**

3 As used in this Part, unless the context clearly requires otherwise, the term:

- 4 (1) "Comprehensive health coverage" means creditable health coverage as
5 defined under Title XXI.
- 6 (2) "Family income" has the same meaning as used in determining eligibility for
7 the Medical Assistance Program.
- 8 (3) "FPL" or "federal poverty level" means the federal poverty guidelines
9 established by the United States Department of Health and Human Services,
10 as revised each April 1.
- 11 (4) "Medical Assistance Program" means the State Medical Assistance Program
12 established under Part 6 of Article 2 of Chapter 108A of the General
13 Statutes.
- 14 ~~(4a) "Predecessor Plan" means the North Carolina Teachers' and State
15 Employees' Comprehensive Major Medical Plan in effect prior to July 1,
16 2008.~~
- 17 (5) "Program" means The Health Insurance Program for Children established in
18 this Part.
- 19 (6) "State Plan" means the State Child Health Plan for the State Children's
20 Health Insurance Program established under Title XXI.
- 21 (7) "Title XXI" means Title XXI of the Social Security Act, as added by Pub. L.
22 105-33, 111 Stat. 552, codified in scattered sections of 42 U.S.C. (1997).
- 23 (8) "Uninsured" means the applicant for Program benefits is not covered under
24 any private or employer-sponsored comprehensive health insurance plan on
25 the date of enrollment."
- 26

27 **SUBROGATION**

28 **SECTION 12F.21.(a)** G.S. 108A-57 reads as rewritten:

29 **"§ 108A-57. Subrogation rights; withholding of information a misdemeanor.**

30 (a) Notwithstanding any other provisions of the law, to the extent of payments under
31 this Part, the State shall be subrogated to all rights of recovery, contractual or otherwise, of the
32 beneficiary of this assistance, or of the beneficiary's personal representative, heirs, or the
33 administrator or executor of the estate, against any person. A personal injury or wrongful death
34 claim brought by a medical assistance beneficiary against a third party shall include a claim for
35 all medical assistance payments for health care items or services furnished to the medical
36 assistance beneficiary as a result of the injury, hereinafter referred to as the "Medicaid claim."
37 Any personal injury or wrongful death claim brought by a medical assistance beneficiary
38 against a third party that does not state the Medicaid claim shall be deemed to include the
39 Medicaid claim.

40 ~~(a1) If the amount of the Medicaid claim does not exceed one third of the medical
41 assistance beneficiary's gross recovery, it is presumed that the gross recovery includes
42 compensation for the full amount of the Medicaid claim. If the amount of the Medicaid claim
43 exceeds one third of the medical assistance beneficiary's gross recovery, it is presumed that
44 one third of the gross recovery represents compensation for the Medicaid claim.~~

45 ~~(a2) A medical assistance beneficiary may dispute the presumptions established in
46 subsection (a1) of this section by applying to the court in which the medical assistance
47 beneficiary's claim against the third party is pending, or if there is none, then to a court of
48 competent jurisdiction, for a determination of the portion of the beneficiary's gross recovery
49 that represents compensation for the Medicaid claim. An application under this subsection shall
50 be filed with the court and served on the Department pursuant to the Rules of Civil Procedure
51 no later than 30 days after the date that the settlement agreement is executed by all parties and,~~

1 if required, approved by the court, or in cases in which judgment has been entered, no later than
2 30 days after the date of entry of judgment. The court shall hold an evidentiary hearing no
3 sooner than 30 days after the date the action was filed. All of the following shall apply to the
4 court's determination under this subsection:

- 5 (1) The medical assistance beneficiary has the burden of proving by clear and
6 convincing evidence that the portion of the beneficiary's gross recovery that
7 represents compensation for the Medicaid claim is less than the portion
8 presumed under subsection (a1) of this section.
- 9 (2) The presumption arising under subsection (a1) of this section is not rebutted
10 solely by the fact that the medical assistance beneficiary was not able to
11 recover the full amount of all claims.
- 12 (3) If the beneficiary meets its burden of rebutting the presumption arising under
13 subsection (a1) of this section, then the court shall determine the portion of
14 the recovery that represents compensation for the Medicaid claim and shall
15 order the beneficiary to pay the amount so determined to the Department in
16 accordance with subsection (a5) of this section. In making this
17 determination, the court may consider any factors that it deems just and
18 reasonable.
- 19 (4) If the beneficiary fails to rebut the presumption arising under subsection (a1)
20 of this section, then the court shall order the beneficiary to pay the amount
21 presumed pursuant to subsection (a1) of this section to the Department in
22 accordance with subsection (a5) of this section.

23 (a3) Notwithstanding the presumption arising pursuant to subsection (a1) of this section,
24 the medical assistance beneficiary and the Department may reach an agreement on the portion
25 of the recovery that represents compensation for the Medicaid claim. If such an agreement is
26 reached after an application has been filed pursuant to subsection (a2) of this section, a
27 stipulation of dismissal of the application signed by both parties shall be filed with the court.

28 (a4) Within 30 days of receipt of the proceeds of a settlement or judgment related to a
29 claim described in subsection (a) of this section, the medical assistance beneficiary or any
30 attorney retained by the beneficiary shall notify the Department of the receipt of the proceeds.

31 (a5) The medical assistance beneficiary or any attorney retained by the beneficiary shall,
32 out of the proceeds obtained by or on behalf of the beneficiary by settlement with, judgment
33 against, or otherwise from a third party by reason of injury or death, distribute to the
34 Department the amount due pursuant to this section as follows: Department, within 30 days of
35 receipt of the proceeds, the amount of assistance paid by the Department on behalf of or to the
36 beneficiary, but the amount paid to the Department shall not exceed one-third of the gross
37 amount obtained or recovered.

- 38 (1) If, upon the expiration of the time for filing an application pursuant
39 subsection (a2) of this section, no application has been filed, then the amount
40 presumed pursuant to subsection (a1) of this section, as prorated with the
41 claims of all others having medical subrogation rights or medical liens
42 against the amount received or recovered, shall be paid to the Department
43 within 30 days of the beneficiary's receipt of the proceeds, in the absence of
44 an agreement pursuant to subsection (a3) of this section.
- 45 (2) If an application has been filed pursuant to subsection (a2) of this section
46 and no agreement has been reached pursuant to subsection (a3) of this
47 section, then the Department shall be paid as follows:
 - 48 a. If the beneficiary rebuts the presumption arising under subsection
49 (a1) of this section, then the amount determined by the court pursuant
50 to subsection (a2) of this section, as prorated with the claims of all
51 others having medical subrogation rights or medical liens against the

1 amount received or recovered, shall be paid to the Department within
2 30 days of the entry of the court's order.

3 b. ~~If the beneficiary fails to rebut the presumption arising under~~
4 ~~subsection (a1) of this section, then the amount presumed pursuant to~~
5 ~~subsection (a1) of this section, as prorated with the claims of all~~
6 ~~others having medical subrogation rights or medical liens against the~~
7 ~~amount received or recovered, shall be paid to the Department within~~
8 ~~30 days of the entry of the court's order.~~

9 (3) ~~If an agreement has been reached pursuant to subsection (a3) of this section,~~
10 ~~then the agreed amount, as prorated with the claims of all others having~~
11 ~~medical subrogation rights or medical liens against the amount received or~~
12 ~~recovered, shall be paid to the Department within 30 days of the execution of~~
13 ~~the agreement by the medical assistance beneficiary and the Department.~~

14 (a6) The United States and the State of North Carolina shall be entitled to shares in each
15 net recovery by the Department under this section. Their shares shall be promptly paid under
16 this section and their proportionate parts of such sum shall be determined in accordance with
17 the matching formulas in use during the period for which assistance was paid to the recipient.

18 (b) It is a Class 1 misdemeanor for any person seeking or having obtained assistance
19 under this Part for himself or another to willfully fail to disclose to the county department of
20 social services or its attorney and to the Department the identity of any person or organization
21 against whom the recipient of assistance has a right of recovery, contractual or otherwise.

22 (c) This section applies to the administration of and claims payments made by the
23 Department of Health and Human Services under the NC Health Choice Program established
24 under Part 8 of this Article.

25 (d) As required to ensure compliance with this section, the Department may apply to the
26 court in which the medical assistance beneficiary's claim against the third party is pending, or if
27 there is none, then to a court of competent jurisdiction for enforcement of this section."

28 **SECTION 12F.21.(b)** Section 12F.21(a) of this act becomes effective on October
29 1, 2016, and applies to any proceeds received by the beneficiary or the beneficiary's attorney on
30 or after that date.

31 32 **PREPAYMENT CLAIMS REVIEW**

33 **SECTION 12F.22** G.S. 108C-7 reads as rewritten:

34 **"§ 108C-7. Prepayment claims review.**

35 (a) In order to ensure that claims presented by a provider for payment by the
36 Department meet the requirements of federal and State laws and regulations and medical
37 necessity criteria, a provider may be required to undergo prepayment claims review by the
38 Department. Grounds for being placed on prepayment claims review shall include, but shall not
39 be limited to, receipt by the Department of credible allegations of fraud, identification of
40 aberrant billing practices as a result of investigations or data analysis performed by the
41 ~~Department~~Department, the failure of the provider to timely respond to a request for records
42 made by the Department or one of its contractors, or other grounds as defined by the
43 Department in rule.

44 (b) Providers shall not be entitled to payment prior to claims review by the Department.
45 The Department shall notify the provider in writing of the decision and the process for
46 submitting claims for prepayment claims review ~~no less than 20 calendar days prior to~~
47 instituting prepayment claims review by the placing of the notice in an official depository of
48 the United States Postal Service wrapped in a wrapper addressed to the person at the latest
49 address given by the person to the Department. The prepayment claims review shall be
50 instituted no less than 20 calendar days from the date of the written notification. The notice
51 shall contain the following:

- 1 (1) An explanation of the Department's decision to place the provider on
2 prepayment claims review.
- 3 (2) A description of the review process and claims processing times.
- 4 (3) A description of the claims subject to prepayment claims review.
- 5 (4) A specific list of all supporting documentation that the provider will need to
6 submit ~~contemporaneously with the~~ to the prepayment review contractor for
7 all claims that will be ~~are~~ subject to the prepayment claims review.
- 8 (5) The process for submitting claims and supporting documentation.
- 9 (6) The standard of evaluation used by the Department to determine when a
10 provider's claims will no longer be subject to prepayment claims review.
- 11 (c) For any claims in which the Department has given prior authorization, prepayment
12 review shall not include review of the medical necessity for the approved services.
- 13 (d) The Department shall process all clean claims submitted for prepayment review
14 within 20 calendar days of ~~submission by the provider.~~ receipt of the supporting documentation
15 for each claim by the prepayment review contractor. If the provider failed to provide any of the
16 specifically requested supporting documentation necessary to process a claim pursuant to this
17 section, the Department shall send to the provider written notification of the lacking or
18 deficient documentation within 15 calendar days of receipt of such claim. The Department shall
19 have an additional 20 days to process a claim upon receipt of the documentation.
- 20 (e) The provider shall remain subject to the prepayment claims review process until the
21 provider achieves three consecutive months with a minimum seventy percent (70%) clean
22 claims ~~rate~~ rate (claim accuracy rate). If the provider does not meet this standard within six
23 months of being placed on prepayment claims review, the Department may implement
24 sanctions, including termination of the applicable Medicaid Administrative Participation
25 Agreement, ~~or continuation of prepayment review for an additional six month period.~~ The
26 Department shall ~~give adequate advance notice of any modification, suspension, or termination~~
27 ~~of the Medicaid Administrative Participation Agreement.~~ In no instance shall prepayment
28 claims review continue longer than 12 months. Agreement. Prepayment claims review shall not
29 continue longer than 12 months continuously, unless the Department has initiated the
30 termination or other sanction of the provider, which the provider has appealed. In that instance,
31 the provider shall remain on prepayment review until a final disposition of the Department's
32 termination or other sanction of said provider.
- 33 (f) Failure of a provider to meet the requirement of at least a seventy percent (70%)
34 clean claims rate (claim accuracy rate) may result in a termination action. Such action shall
35 result in the provider being on the Exclusions Listing from future participation for six months
36 from the date that the termination action becomes final. Should a provider fail prepayment
37 claims review and subsequently request a voluntary termination, termination action will be
38 reflective of this failure to pass prepayment claims review and will exclude the provider from
39 future participation in the North Carolina Medicaid program.
- 40 (g) In the event of a provider being taken off prepayment review for any reason,
41 including but not limited to: attaining a seventy percent (70%) clean claims rate for three
42 consecutive months; the expiration of the 12-month time limit; or the termination of said
43 provider, any claims for services performed or incurred during the period of prepayment review
44 shall still be subject to prepayment review no matter when said claims are submitted.
- 45 ~~(h)~~ (h) The decision to place or maintain a provider on prepayment claims review does not
46 constitute a contested case under Chapter 150B of the General Statutes. A provider may not
47 appeal or otherwise contest a decision of the Department to place a provider on prepayment
48 review.
- 49 (i) Should the provider elect to appeal the Department's decision to impose sanctions as
50 a result of the prepayment review to the Office of Administrative Hearings, the provider shall
51 have 45 days from the date that the appeal is filed to submit any documentation, records, etc.,

1 which address or challenge the findings of the prepayment review. Documentation which was
2 not submitted at the time of the initial review shall not be considered for the purpose of
3 overturning a prior denial, as the clean claims rate is calculated at the time of the review of said
4 records. In order for prior denial to be overturned, the provider must prove that the
5 documentation was provided at the time the claim was submitted; was available for review by
6 the prepayment review contractor; and demonstrates that the particular claim should have been
7 passed. The Department shall not review, and the Office of Administrative Hearings shall not
8 admit into evidence, any materials submitted after the 45-day deadline.

9 (j) Provider Participation Requirements for Prepayment Claims Review:

10 (1) Should a provider choose to not submit any claims following placement on
11 Prepayment Claims Review, this will result in a claims accuracy rating of
12 zero percent (0%) for each month where no billing occurs.

13 (2) Documentation submitted to the Department as part of Prepayment Claims
14 Review is required to be complete and legible in order to be considered
15 during the review process. Before presenting a claim for payment, a provider
16 has an affirmative duty to supervise the provision of, be responsible for
17 services, products, or procedures claims to have been provided, supervise
18 and be responsible for preparation and submission of the claim, and to
19 present a true and accurate claim and supporting documentation for services,
20 products, or procedures that have actually been furnished to the beneficiary
21 by the provider prior to submitting the claim.

22 (3) Providers are required to demonstrate competency with medical coverage
23 policy as defined in G.S. 108A-54.2(b), administrative rules, and billing
24 instructions within DMA medical coverage policies while on Prepayment
25 Claims Review. Providers may receive training on DMA medical coverage
26 policies, administrative rules, and billing guidelines by contacting the
27 Department."

28
29 **MEDICAID REFORM**

30 **SECTION 12F.23(a)** Effective July 1, 2015, the Department of Health and Human
31 Services shall reform the State's Medicaid program from a fee-for-service system into a
32 patient-centered, provider-led capitation model that provides budget predictability for the
33 taxpayers of this State while ensuring quality care to those in need.

34 The new Medicaid program shall be designed to achieve the following goals:

- 35 (1) Provide budget predictability.
36 (2) Slow the rate of cost growth.
37 (3) Achieve cost-savings through efficient reductions in programmatic costs.
38 (4) Create more efficient administrative structures.
39 (5) Improve health outcomes for the State's Medicaid population.
40 (6) Require provider accountability for budget and program outcomes.

41 (b) To fulfill the implementation of Medicaid Reform in subsection (a), the
42 Department is authorized:

- 43 (1) Waivers and SPAs. The Department of Health and Human Services shall
44 apply to the Centers for Medicare & Medicaid Services (CMS) for any
45 waivers, or State plan amendments as may be necessary to implement and
46 secure federal financial participation in the Medicaid transformation required
47 by this act.
48 (2) Create and adopt administrative rules regulating the participation, payments,
49 penalties, and other related aspects of Medicaid reform, subject to the
50 requirements outlined in Chapter 150B of the General Statutes.
51

MEDICAID RESERVE FUND

SECTION 12F.24. There is established in the General Fund a nonreverting Medicaid Reserve Fund. The Office of the State Controller shall reserve from funds available in the General Fund the sum of fifty million dollars (\$50,000,000) for 2015-2016 and one hundred twenty-five million dollars (\$125,000,000) for 2016-2017 in recurring funds to the Medicaid Reserve Fund. The funds in the Medicaid Reserve shall be used only for budget shortfalls in the Medicaid and/or Health Choice Programs. These funds shall be distributed to the Department upon request to the Office of State Budget and Management and the approval of the State Budget Director.

RETROACTIVE CMS CERTIFICATION OF NCTRACKS

SECTION 12F.25. Any additional receipts earned from NCTRACKS operations for the period of July 1, 2013, through June 30, 2015, that are realized as a result of Centers for Medicare and Medicaid certification of the NCTRACKS system prior to June 30, 2015, shall not revert and be budgeted in the Division of Medical Assistance fiscal year 2015-2016 budget.

OPTION TO CANCEL CONTRACTS

SECTION 12F.26.(a) During the 2015-2017 biennium, the Department of Health and Human Services and the Division of Medical Assistance shall ensure that any Medicaid-related or NC Health Choice-related State contract entered into after the effective date of this section contains a clause that allows the Department or the Division to terminate the contract without cause upon 30 days' notice. Any contract subject to this section that is entered into on or after the effective date of this section but that lacks such a termination clause shall, nonetheless, be deemed to include such a termination clause and shall be cancellable without cause upon 30 days' notice.

SECTION 12F.26.(b) This section is effective when it becomes law.

SUBPART XII-G. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES**REVISES MENTAL HEALTH TRUST FUND**

SECTION 12G.1. G.S. 143C-9-2 reads as rewritten:

"§ 143C-9-2. Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services.

(a) The Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services ~~and Bridge Funding Needs~~ is established as an interest-bearing, nonreverting special trust fund in the Office of State Budget and Management. Moneys in the Trust Fund shall be held in trust and used solely to increase community-based services ~~that meet the mental health, developmental disabilities, and substance abuse services needs of the State for individuals with mental illness, developmental disabilities, substance use disorders and traumatic brain injury~~ and enhance the ability of the State to provide a continuum of high-quality services for such individuals. The Trust Fund shall be used to supplement and not to supplant or replace existing ~~State~~federal, State, and local funding available to meet the mental health, developmental disabilities, and substance abuse services needs of the State.

The State Treasurer shall hold the Trust Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall be the custodian of the Trust Fund and shall invest its assets in accordance with G.S. 147-69.2 and G.S. 147-69.3. Investment earnings credited to the assets of the Trust Fund shall become part of the Trust Fund. Any balance remaining in the Trust Fund at the end of any fiscal year shall be carried forward in the Trust Fund for the next succeeding fiscal year.

1 Moneys in the Trust Fund shall be expended only in accordance with subsection (b) of this
2 section and in accordance with limitations and directions enacted by the General Assembly.

3 (b) The Department of Health and Human Services shall establish a process that assures
4 Trust Fund money is allocated to provide the most benefit in the most efficient manner.
5 Moneys in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse
6 Services and ~~Bridge Funding Needs~~ shall be allocated to area programs to be used only ~~to~~ for
7 the following:

- 8 (1) Provide start-up funds and operating support for programs and services that
9 provide more appropriate and cost-effective community treatment
10 alternatives for individuals ~~currently residing in the State's mental health,~~
11 ~~developmental disabilities, and substance abuse services institutions~~
12 transitioning from institutional settings to community settings.
- 13 (2) Repealed by Session Laws 2007-323, s. 10.49(w1), effective July 1, 2007.
- 14 (3) ~~Facilitate reform of the mental health, developmental disabilities, and~~
15 ~~substance abuse services system and expand and enhance treatment and~~
16 ~~prevention services in these program areas to remove waiting lists and~~
17 ~~provide appropriate and safe services for clients.~~ Community crisis services,
18 including responses to emergent behavioral health or developmental
19 disability conditions.
- 20 (4) ~~Provide bridge funding to maintain appropriate client services during~~
21 ~~transitional periods as a result of facility closings, including departmental~~
22 ~~restructuring of services.~~ Integrated care models.
- 23 (5) Repealed by Session Laws 2007-323, s. 10.49(w1), effective July 1, 2007.
- 24 (6) Use of technology in provision of consumer services and supports.
- 25 (7) Supported employment services.

26 (c) Notwithstanding G.S. 143C-1-2, any nonrecurring savings in State appropriations
27 realized from the closure of any State psychiatric hospitals that are in excess of the cost of
28 operating and maintaining a new State psychiatric hospital shall not revert to the General Fund
29 but shall be placed in the Trust Fund and shall be used for the purposes authorized in this
30 section. Notwithstanding G.S. 143C-1-2, recurring savings realized from the closure of any
31 State psychiatric hospitals shall not revert to the General Fund but shall be credited to the
32 Department of Health and Human Services ~~to~~ and shall be used only for the purposes of
33 ~~subsections (b)(1) and (b)(3)~~ authorized in this section.

34 (d) Beginning July 1, 2007, the Secretary of the Department of Health and Human
35 Services shall report annually to the Fiscal Research Division on the expenditures made during
36 the preceding fiscal year from the Trust Fund. ~~The report shall identify each expenditure by~~
37 ~~recipient and purpose and shall indicate the authority under subsection (b) of this section for the~~
38 ~~expenditure."~~

40 **PROCEEDS FROM THE SALE OF THE DOROTHEA DIX HOSPITAL PROPERTY**

41 **SECTION 12G.2.(a)** The proceeds from the sale of the Dorothea Dix Property
42 shall be used to reimburse the General Fund in an amount equal to funding needed to make
43 operational the new Broughton Hospital (sixteen million five hundred ninety-eight thousand
44 five hundred eighty-nine dollars – \$16,598,589). The remaining proceeds shall be deposited in
45 the Mental Health Trust Fund to be used for the purposes authorized in G.S. 143C-9-2.
46 Additionally, proceeds may be used for the 2015-2016 fiscal year to initiate community-based
47 mental health, developmental disabilities, and substance abuse services expansion requests as
48 provided in the Governor's Recommended Budget for the 2015-2017 biennium where limited
49 General Fund availability delays funding until the 2016-2017 fiscal year.

50 **SECTION 12G.2.(b)** If it is determined that the proceeds from the sale of the
51 Dorothea Dix property shall not be available by March 1, 2016, the Division of Mental Health,

1 Developmental Disabilities, and Substance Abuse Services may unallocated community
2 services funding in an amount sufficient to initiate NC START so that it would be fully
3 operational by July 1, 2016.

4 5 **BEHAVIORAL HEALTH CLINICAL INTEGRATION AND PERFORMANCE** 6 **MONITORING**

7 **SECTION 12G.3.(a)** The Department of Health and Human Services shall require
8 local management entities, including local management entities that have been approved to
9 operate the 1915(b)/(c) Medicaid Waiver (LME/MCOs), to implement clinical integration
10 activities with Community Care of North Carolina (CCNC) through Total Care, a collaborative
11 initiative designed to improve and minimize the cost of care for patients who suffer from
12 comorbid mental health or substance abuse and primary care or other chronic conditions.

13 **SECTION 12G.3.(b)** The Department shall ensure that all LME/MCOs submit
14 Medicaid claims data, including to the extent practical, retrospective claims data to the CCNC
15 Informatics Center and to the Medicaid Management Information System. Upon receipt of this
16 claims data, CCNC shall provide access to clinical data and care management information
17 within the CCNC Informatics Center to LME/MCOs and authorized behavioral health
18 providers to support (i) treatment, quality assessment, and improvement activities or (ii)
19 coordination of appropriate and effective patient care, treatment, or habilitation.

20 **SECTION 12G.3.(c)** The Department shall develop quality and performance
21 statistics on the status of mental health, developmental disabilities, and substance abuse
22 services, including, but not limited to, variations in total cost of care, clinical outcomes, and
23 access to and utilization of services. The Department shall consult with the LME/MCOs and
24 CCNC on matters related to integration of primary care and behavioral health measures.

25 **SECTION 12G.3.(d)** The Department shall, within available appropriations and as
26 deemed necessary by the Department, expand or alter existing contracts by mutual agreement
27 of all parties to the contract in order to implement the provisions of this section.

28 **SECTION 12G.3.(e)** The Department shall submit semiannually a report to the
29 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
30 Division on the progress, outcomes, and savings associated with the implementation of clinical
31 integration activities with CCNC pursuant to this section.

32 33 **FUNDS FOR THE NORTH CAROLINA CHILD TREATMENT PROGRAM**

34 **SECTION 12G.4.** Recurring funds appropriated to the Department of Health and
35 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
36 Services, for the 2015-2017 fiscal biennium for the North Carolina Child Treatment Program
37 (NC CTP) shall be used for the following purposes:

- 38 (1) To provide clinical training and coaching to licensed clinicians on an array
39 of evidence-based treatments and to provide a statewide platform to assure
40 accountability and outcomes.
- 41 (2) To maintain and manage a public roster of program graduates, linking
42 high-quality clinicians with children, families, and professionals.
- 43 (3) To partner with State, LME/MCO, and private sector leadership to bring
44 effective mental health treatment to children in juvenile justice and mental
45 health facilities.

46 47 **LME/MCO FUNDS FOR SUBSTANCE ABUSE SERVICES**

48 **SECTION 12G.5.(a)** LME/MCOs shall use a portion of their allocated funds for
49 substance abuse treatment services to support prevention and education activities at a level at
50 least equivalent to the 2012-2013 fiscal year.

1 **SECTION 12G.5.(b)** In providing treatment and services for adult offenders and
2 increasing the number of Treatment Accountability for Safer Communities (TASC) case
3 managers, local management entities shall consult with TASC to improve offender access to
4 substance abuse treatment and match evidence-based interventions to individual needs at each
5 stage of substance abuse treatment. Special emphasis should be placed on intermediate
6 punishment offenders, community punishment offenders at risk for revocation, and Department
7 of Correction releases who have completed substance abuse treatment while in custody.

8 The Department shall continue to allocate up to three hundred thousand dollars
9 (\$300,000) of the funds appropriated in this act to the Department of Health and Human
10 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
11 Services, to provide substance abuse services for adult offenders and to increase the number of
12 TASC case managers. These funds shall be allocated to TASC before funds are allocated to
13 LMEs for mental health services, substance abuse services, and crisis services. The Department
14 shall allocate an additional one million eight hundred sixty thousand dollars (\$1,860,000) to the
15 TASC program from expansion funds appropriated for this purpose in both years of the
16 2015-2016 and 2016-2017 biennium.

17 18 **TRAUMATIC BRAIN INJURY**

19 **SECTION 12G.6.** Of the funds appropriated to the Department of Health and
20 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
21 Services, for the 2015-2017 fiscal years, the sum of two million three hundred seventy-three
22 thousand eighty-six dollars (\$2,373,086) shall be used exclusively to support traumatic brain
23 injury (TBI) services as follows:

- 24 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars
25 (\$359,218) shall be used to fund contracts with the Brain Injury Association
26 of North Carolina, Carolinas Rehabilitation, or other appropriate service
27 providers.
- 28 (2) The sum of seven hundred ninety-six thousand nine hundred thirty-four
29 dollars (\$796,934) shall be used to support residential programs across the
30 State that are specifically designed to serve individuals with TBI.
- 31 (3) The sum of one million two hundred sixteen thousand nine hundred
32 thirty-four dollars (\$1,216,934) shall be used to support requests submitted
33 by individual consumers for assistance with residential support services,
34 home modifications, transportation, and other requests deemed necessary by
35 the consumer's local management entity and primary care physician.

36 37 **SINGLE STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

38 **SECTION 12G.7.(a)** For the purpose of mitigating cash flow problems that many
39 LME/MCOs experience at the beginning of each fiscal year relative to single stream funding,
40 the Department of Health and Human Services, Division of Mental Health, Developmental
41 Disabilities, and Substance Abuse Services, shall distribute not less than one-twelfth of each
42 LME/MCO's continuation allocation at the beginning of the fiscal year and subtract the amount
43 of that distribution from the LME/MCO's total reimbursements for the fiscal year.

44 **SECTION 12G.7.(b)** The Department of Health and Human Services, Division of
45 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall periodically
46 review and, as deemed necessary by the Department, update the set of standardized covered
47 benefits developed and implemented by the Department pursuant to Section 10.11(b) of S.L.
48 2011-145 for recipients of LME/MCO community service funds; provided, however, the
49 Department shall not implement any updates that increase the overall cost of these standardized
50 covered benefits.

1 **FUNDS APPROPRIATED TO IMPLEMENT RECOMMENDATIONS OF THE JOINT**
2 **LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES**
3 **REGARDING BEHAVIORAL HEALTH CRISIS SERVICES**

4 **SECTION 12G.8.(a)** The following definitions apply in this section:

- 5 (1) Facility-based crisis center. – A 24-hour residential facility licensed under
6 10A NCAC 27G .5000 to provide facility-based crisis service as described in
7 10A NCAC 27G .5001.
8 (2) Secretary. – The Secretary of the North Carolina Department of Health and
9 Human Services.
10 (3) Behavioral health urgent care center. – An outpatient facility that provides
11 walk-in crisis assessment, referral, and treatment by licensed behavioral
12 health professionals with prescriptive authority to individuals with an urgent
13 or emergent need for mental health, intellectual or developmental
14 disabilities, or substance abuse services.

15 **SECTION 12G.8.(b)** New expansion funding appropriated in this act to the
16 Department of Health and Human Services, Division of Mental Health, Developmental
17 Disabilities, and Substance Abuse Services, for community services for the 2015-2017 fiscal
18 years, the Division shall use two million dollars (\$2,000,000) in recurring funds to accomplish
19 the following:

- 20 (1) To add two sites for co-located or operationally linked behavioral health
21 urgent care centers and facility-based crisis centers.
22 (2) To increase the number of facility-based crisis centers designated by the
23 Secretary as facilities for the custody and treatment of involuntary clients
24 pursuant to G.S. 122C-252 and 10A NCAC 26C .0101. The Department
25 shall give priority to areas of the State experiencing a shortage of these types
26 of facilities.
27 (3) To provide training for Emergency Department personnel on crisis
28 intervention strategies and connection to community resources and a
29 statewide marketing campaign will be essential in order to shift users to the
30 newly developed resources.
31 (4) To provide reimbursement for services provided by facility-based crisis
32 centers.
33 (5) To establish facility-based crisis centers for children and adolescents.
34

35 **FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

36 **SECTION 12G.9.(a)** Use of Funds. – Of the funds appropriated in this act to the
37 Department of Health and Human Services, Division of Mental Health, Developmental
38 Disabilities, and Substance Abuse Services, for crisis services, the sum of forty-seven million
39 nine hundred seventy-six thousand six hundred forty-four dollars (\$47,976,644) for the
40 2016-2017 fiscal year shall be used to purchase additional local inpatient psychiatric beds or
41 bed days not currently funded by or through LME/MCOs. An additional nonrecurring amount of
42 two hundred fifty thousand dollars (\$250,000) is added to the first year of the biennium for the
43 purpose of funding infrastructure improvements in hospitals which, once improved, may offer
44 increased psychiatric bed capacity in the community. The Department shall continue to
45 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds
46 or bed days based on acuity level, with an enhanced rate of payment for inpatient psychiatric
47 beds or bed days for individuals with higher acuity levels, as defined by the Department. The
48 enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher
49 acuity levels shall not exceed the lowest average cost per patient bed day among the State
50 psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human
51 Services, existing funds allocated to LME/MCOs for community-based mental health,

1 developmental disabilities, and substance abuse services may be used to purchase additional
2 local inpatient psychiatric beds or bed days. Funds designated in this subsection for the
3 purchase of local inpatient psychiatric beds or bed days shall not be used to supplant other
4 funds appropriated or otherwise available to the Department for the purchase of inpatient
5 psychiatric services through contracts with local hospitals.

6 **SECTION 12G.9.(b)** Distribution and Management of Beds or Bed Days. – The
7 Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased
8 in accordance with this section are distributed across the State in LME/MCO catchment areas
9 and according to need as determined by the Department. The Department shall ensure that beds
10 or bed days for individuals with higher acuity levels are distributed across the State in LME
11 catchment areas, including any catchment areas served by managed care organizations, and
12 according to greatest need based on hospital bed utilization data. The Department shall enter
13 into contracts with LME/MCOs and local hospitals for the management of these beds or bed
14 days. The Department shall work to ensure that these contracts are awarded equitably around
15 all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric
16 beds or bed days, including the determination of the specific local hospital or State psychiatric
17 hospital to which an individual should be admitted pursuant to an involuntary commitment
18 order.

19 **SECTION 12G.9.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated
20 to the Department for the purchase of local inpatient psychiatric beds or bed days shall not be
21 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental
22 Health, Developmental Disabilities, and Substance Abuse Services to pay for services
23 authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs.
24 LME/MCOs shall remit claims for payment to the Department within 15 working days after
25 receipt of a clean claim from the hospital and shall pay the hospital within 30 working days
26 after receipt of payment from the Department.

27 **SECTION 12G.9.(d)** Ineffective LME/MCO Management of Beds or Bed Days. –
28 If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed
29 days for which it has responsibility, as evidenced by beds or bed days in the local hospital not
30 being utilized while demand for services at the State psychiatric hospitals has not reduced, or
31 (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c)
32 of this section, the Department may contract with another LME/MCO to manage the beds or
33 bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital
34 directly.

35 36 **SUBPART XII-H. DIVISION OF HEALTH SERVICES REGULATION**

37 38 **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

39 **SECTION 12H.1.** For the period beginning July 31, 2013 and ending June 30,
40 2016, the Department of Health and Human Services, Division of Health Service Regulation
41 (Department), shall not issue any licenses for special care units as defined in G.S. 131D-4.6 and
42 G.S. 131E-114. This prohibition shall not restrict the Department from doing any of the
43 following:

- 44 (1) Issuing a license to a facility that is acquiring an existing special care unit.
- 45 (2) Issuing a license for a special care unit in any area of the State upon a
46 determination by the Secretary of the Department of Health and Human
47 Services that increased access to this type of care is necessary in that area
48 during the three-year moratorium imposed by this section.
- 49 (3) Processing all completed applications for special care unit licenses received
50 by the Division of Health Service Regulation along with the applicable
51 license fee prior to June 1, 2013.

- 1 (4) Issuing a license to a facility that was in possession of a certificate of need as
2 of July 31, 2013, that included authorization to operate special care unit
3 beds.
4

5 HEALTH CARE COST REDUCTION AND TRANSPARENCY ACT REVISIONS

6 SECTION 12H.2. G.S. 131E-214.13 reads as rewritten:

7 "§ 131E-214.13. Disclosure of prices for most frequently reported DRGs, CPTs, and 8 HCPCSs.

9 (a) The following definitions apply in this Article:

- 10 (1) Ambulatory surgical facility. – A facility licensed under Part 4 of Article 6
11 of this Chapter.
12 (2) Commission. – The North Carolina Medical Care Commission.
13 (3) Health insurer. – An entity that writes a health benefit plan and is one of the
14 following:
15 a. An insurance company under Article 3 of Chapter 58 of the General
16 Statutes.
17 b. A service corporation under Article 65 of Chapter 58 of the General
18 Statutes.
19 c. A health maintenance organization under Article 67 of Chapter 58 of
20 the General Statutes.
21 d. A third-party administrator of one or more group health plans, as
22 defined in section 607(1) of the Employee Retirement Income
23 Security Act of 1974 (29 U.S.C. § 1167(1)).
24 (4) Hospital. – A medical care facility licensed under Article 5 of this Chapter or
25 under Article 2 of Chapter 122C of the General Statutes.
26 (5) Public or private third party. – Includes the State, the federal government,
27 employers, health insurers, third-party administrators, and managed care
28 organizations.

29 (b) Beginning with ~~the quarter ending June 30, 2014, the reporting period ending~~
30 September 30, 2015, and quarterly thereafter, each hospital shall provide to the
31 Department of Health and Human Services, utilizing electronic health records software, the
32 following information about the 100 most frequently reported admissions by DRG for
33 inpatients as established by the Department:

- 34 (1) The amount that will be charged to a patient for each DRG if all charges are
35 paid in full without a public or private third party paying for any portion of
36 the charges.
37 (2) The average negotiated settlement on the amount that will be charged to a
38 patient required to be provided in subdivision (1) of this subsection.
39 (3) The amount of Medicaid reimbursement for each DRG, including claims and
40 pro rata supplemental payments.
41 (4) The amount of Medicare reimbursement for each DRG.
42 (5) For each of the five largest health insurers providing payment to the hospital
43 on behalf of insureds and teachers and State employees, the range and the
44 average of the amount of payment made for each DRG. Prior to providing
45 this information to the Department, each hospital shall redact the names of
46 the health insurers and any other information that would otherwise identify
47 the health insurers.

48 A hospital shall not be required to report the information required by this subsection for any
49 of the 100 most frequently reported admissions where the reporting of that information
50 reasonably could lead to the identification of the person or persons admitted to the hospital in

1 violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA)
2 or other federal law.

3 (c) The Commission shall adopt rules on or before ~~January 1, 2015~~, March 1, 2016, to
4 ensure that subsection (b) of this section is properly implemented and that hospitals report this
5 information to the Department in a uniform manner. The rules shall include all of the
6 following:

7 (1) The method by which the Department shall determine the 100 most
8 frequently reported DRGs for inpatients for which hospitals must provide the
9 data set out in subsection (b) of this section.

10 (2) Specific categories by which hospitals shall be grouped for the purpose of
11 disclosing this information to the public on the Department's Internet Web
12 site.

13 (d) Beginning with the ~~quarter ending September 30, 2014~~, reporting period ending
14 September 30, 2015, and ~~quarterly~~ annually thereafter, each hospital and ambulatory surgical
15 facility shall provide to the Department, utilizing electronic health records software,
16 information on the total costs for the 20 most common surgical procedures and the 20 most
17 common imaging procedures, by volume, performed in hospital outpatient settings or in
18 ambulatory surgical facilities, along with the related CPT and HCPCS codes. Hospitals and
19 ambulatory surgical facilities shall report this information in the same manner as required by
20 subdivisions (b)(1) through (5) of this section, provided that hospitals and ambulatory surgical
21 facilities shall not be required to report the information required by this subsection where the
22 reporting of that information reasonably could lead to the identification of the person or persons
23 admitted to the hospital in violation of the federal Health Insurance Portability and
24 Accountability Act of 1996 (HIPAA) or other federal law.

25 (e) The Commission shall adopt rules on or before ~~January 1, 2015~~, March 1, 2016, to
26 ensure that subsection (d) of this section is properly implemented and that hospitals and
27 ambulatory surgical facilities report this information to the Department in a uniform manner.
28 The rules shall include the method by which the Department shall determine the 20 most
29 common surgical procedures and the 20 most common imaging procedures for which the
30 hospitals and ambulatory surgical facilities must provide the data set out in subsection (d) of
31 this section.

32 (e1) The Commission shall adopt rules to establish and define no fewer than 10 quality
33 measures for licensed hospitals and licensed ambulatory surgical facilities, facilities identical to
34 those established by the Joint Commission for each of the following:

35 a. ~~Primary cesarean section rate, uncomplicated (TJC PC-02)~~

36 b. ~~Early elective delivery rate (TJC PC-01)~~

37 c. ~~C. difficile infection SIR (NHSN)~~

38 d. ~~Multidrug resistant organisms (NHSN)~~

39 e. ~~Surgical site infection SRI for colon surgeries (NSHN)~~

40 f. ~~Post op sepsis rate (PSI13)~~

41 g. ~~Thrombolytic therapy for acute ischemic stroke patients (STK-4)~~

42 h. ~~Stroke education (STK-8)~~

43 i. ~~Venous thrombolism prophylaxis (VTE-1)~~

44 j. ~~Venous thrombolism discharge instructions (VTE-5)~~

45 (f) Upon request of a patient for a particular DRG, imaging procedure, or surgery
46 procedure reported in this section, a hospital or ambulatory surgical facility shall provide the
47 information required by subsection (b) or subsection (d) of this section to the patient in writing,
48 either electronically or by mail, within three business days after receiving the request.

49 (g) G.S. 150B-21.3 does not apply to rules adopted under subsections (c) and (e) of this
50 section. A rule adopted under subsections (c) and (e) of this section becomes effective on the

last day of the month following the month in which the rule is approved by the Rules Review Commission.

(h) The Commission shall determine criteria for licensed hospitals and licensed ambulatory surgical facilities that may be exempted from the reporting requirements of subsections (b) and (d) of this section.

(i) A fine of five hundred dollars (\$500.00) shall be imposed on the licensed hospital or licensed ambulatory surgical facility for each instance of failure to report as required."

SUBPART XII-I. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 12I.1.(a) Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2017, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS	FY 2015-2016	FY 2016-2017
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Local Program Expenditures

Division of Social Services

01.	Work First Family Assistance	\$ 57,167,454	\$ 57,167,454
02.	Work First County Block Grants	80,093,566	78,073,437
03.	Work First Electing Counties	2,378,213	2,378,213
04.	Adoption Services – Special Children Adoption Fund	2,026,877	2,026,877
05.	Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391
06.	Child Welfare Collaborative	632,416	632,416

Division of Child Development

07.	Subsidized Child Care Program	33,312,340	33,312,340
08.	Swap Child Care Subsidy	6,352,644	6,352,644
09.	Pre –K Swap	16,891,442	16,891,442

Division of Public Health

10.	Teen Pregnancy Initiatives	2,500,000	2,500,000
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DHHS Administration

11.	Division of Social Services	2,482,260	2,482,260
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1			
2	12.	Office of the Secretary	34,042
3			34,042
4	13.	Eligibility Systems – Operations and	2,738,926
5		Maintenance	4,206,640
6			
7	14.	NC FAST Development	1,313,384
8			1,865,799
9			
10	Transfers to Other Block Grants		
11			
12		Division of Child Development	
13			
14	15.	Transfer to the Child Care and	
15		Development Fund	71,773,001
16			71,773,001
17		Division of Social Services	
18			
19	16.	Transfer to Social Services Block	
20		Grant for Child Protective Services –	
21		Child Welfare Training in Counties	1,300,000
22			1,300,000
23	17.	Transfer to Social Services Block	
24		Grant for Child Protective Services	5,040,000
25			5,040,000
26	18.	Transfer to Social Services Block	
27		Grant for County Departments of	
28		Social Services for Children's Services	4,148,001
29			4,148,001
30	19.	Transfer to SSBG – Foster Care	1,385,152
31		Services	1,385,152
32			
33	TOTAL TEMPORARY ASSISTANCE TO		
34	NEEDY FAMILIES (TANF) FUNDS		
35			
36			
37	TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)		
38	EMERGENCY CONTINGENCY FUNDS		
39			
40	Local Program Expenditures		
41			
42		Division of Child Development and	
43		Early Education	
44			
45	01.	Subsidized Child Care	28,600,000
46			28,600,000
47	TOTAL TEMPORARY ASSISTANCE TO		
48	NEEDY FAMILIES (TANF) EMERGENCY		
49	CONTINGENCY FUNDS		
50			
51			

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01.	County Departments of Social Services (Transfer from TANF \$4,148,001)	\$ 27,335,315	\$ 27,108,324
02.	Child Protective Services (Transfer from TANF)	5,040,000	5,040,000
03.	State In-Home Services Fund	1,943,950	1,943,950
04.	Adult Protective Services	1,245,363	1,245,363
05.	State Adult Day Care Fund	1,994,084	1,994,084
06.	Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	563,868	563,868
07.	Special Children Adoption Incentive Fund	462,600	462,600
08.	Child Protective Services – Child Welfare Training for Counties (Transfer from TANF)	1,300,000	1,300,000
09.	Home and Community Care Block Grant (HCCBG)	1,696,888	1,696,888
10.	Child Advocacy Centers	375,000	375,000
11.	Guardianship	3,978,360	3,978,360
12.	UNC Cares Contract	57,344	57,344
13.	Foster Care Services (Transfer from TANF)	1,385,152	1,385,152

Division of Central Management and Support

14.	DHHS Competitive Block Grants for Nonprofits	3,852,500	3,852,500
15.	NC FAST – Operations and Maintenance	712,324	939,315

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

16.	Mental Health Services – Adult and Child/Developmental Disabilities Program/		
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1	Substance Abuse Services – Adult	4,030,730	4,030,730
2			
3	DHHS Program Expenditures		
4			
5	Division of Services for the Blind		
6			
7	17. Independent Living Program	3,361,323	3,361,323
8			
9	Division of Health Service Regulation		
10			
11	18. Adult Care Licensure Program	381,087	381,087
12			
13	19. Mental Health Licensure and		
14	Certification Program	190,284	190,284
15			
16	DHHS Administration		
17			
18	20. Division of Aging and Adult Services	577,745	577,745
19			
20	21. Division of Social Services	559,109	559,109
21			
22	22. Office of the Secretary/Controller's Office	127,731	127,731
23			
24	23. Division of Child Development	13,878	13,878
25			
26	24. Division of Mental Health, Developmental		
27	Disabilities, and Substance Abuse Services	27,446	27,446
28			
29	25. Division of Health Service Regulation	118,946	118,946
30			
31	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 61,331,027	\$ 61,331,027
32			
33	LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		
34			
35	Local Program Expenditures		
36			
37	Division of Social Services		
38			
39	01. Low-Income Energy Assistance		
40	Program (LIEAP)	\$ 40,244,534	\$ 39,303,674
41			
42	02. Crisis Intervention Program (CIP)	40,244,534	39,303,674
43			
44	Local Administration		
45			
46	Division of Social Services		
47			
48	03. County DSS Administration	6,454,961	6,454,961
49			
50	DHHS Administration		
51			

1	04.	Office of the Secretary/DIRM	412,488	412,488
2				
3	05.	Office of the Secretary/Controller's Office	18,378	18,378
4				
5	06.	NC FAST Development	1,075,319	3,381,373
6				
7				
8	Transfers to Other State Agencies			
9				
10	Department of Environment and Natural			
11	Resources (DENR)			
12				
13	07.	Weatherization Program	11,847,017	11,570,050
14				
15	08.	Heating Air Repair and Replacement		
16		Program (HARRP)	6,303,514	6,156,147
17				
18	09.	Local Residential Energy Efficiency Service		
19		Providers – Weatherization	475,046	475,046
20				
21	10.	Local Residential Energy Efficiency Service		
22		Providers – HARRP	252,761	252,761
23				
24	11.	DENR Administration – Weatherization	475,046	475,046
25				
26	12.	DENR Administration – HARRP	252,760	252,760
27				
28	Department of Administration			
29				
30	13.	N.C. Commission on Indian Affairs	87,736	87,736
31				
32	TOTAL LOW-INCOME HOME ENERGY			
33	ASSISTANCE BLOCK GRANT			
34			\$ 108,144,094	\$ 108,144,094
35				
36	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT			
37				
38	Local Program Expenditures			
39				
40	Division of Child Development			
41				
42	01.	Child Care Services		
43		(Smart Start \$7,000,000)	\$ 152,370,856	\$ 152,370,856
44				
45	02.	Electronic Tracking System	801,240	401,492
46				
47	03.	Transfer from TANF Block Grant		
48		for Child Care Subsidies	71,773,001	71,773,001
49				
50	04.	Quality and Availability Initiatives		
51		(TEACH Program \$3,800,000)	26,019,987	26,019,987

DHHS Administration

Division of Child Development

05.	DCDEE Administrative Expenses	9,049,505	9,049,505
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Division of Social Services

06.	Local Subsidized Child Care Services Support	15,930,279	15,930,279
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Division of Central Administration

07.	NC Fast Development	186,404	586,152
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08.	DHHS Central Administration – DIRM Technical Services	775,000	775,000
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09.	Central Regional Maintenance	202,000	202,000
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Division of Public Health

10.	Child Care Health Consultation Contracts	62,205	62,205
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TOTAL CHILD CARE AND DEVELOPMENT

FUND BLOCK GRANT		\$ 277,170,477	\$ 277,170,477
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MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01.	Mental Health Services – Adult/Child	\$ 11,755,152	\$ 11,755,152
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02.	Mental Health Services – Child	3,619,833	3,619,833
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03.	Crisis Solutions Initiative – Critical Time Interventions	750,000	750,000
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04.	Mental Health Services – First Psychotic Symptom Treatment	643,491	643,491
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05.	Administration	200,000	200,000
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TOTAL MENTAL HEALTH SERVICES

BLOCK GRANT		\$ 16,968,476	\$ 16,968,476
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SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

1
2 Local Program Expenditures3
4 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services5
6 01. Substance Abuse Services – Adult/Child \$ 29,519,883 \$ 29,519,883
7 Treatment8
9 02. Substance Abuse Prevention 8,669,284 8,669,28410
11 03. Substance Abuse – HIV and IV Drug 3,919,723 3,919,72312
13 04. Crisis Solutions Initiatives – Walk-In 420,000 420,000
14 Crisis Centers15
16 05. Crisis Solutions Initiatives – Collegiate 1,085,000 1,085,000
17 Wellness/Addiction Recovery18
19 06. Crisis Solutions Initiatives – Community 60,000 60,000
20 Paramedic Mobile Crisis Management21
22 07. Crisis Solutions Initiatives – Innovative 41,000 41,000
23 Technologies24
25 08. Crisis Solutions Initiatives – Veterans' 250,000 250,000
26 Crisis27
28 09. Administration 454,000 454,00029
30 Division of Public Health

31 10. HIV Testing for Individuals in Substance 765,949 765,949

32
33
34 **TOTAL SUBSTANCE ABUSE PREVENTION \$45,184,839 \$45,184,839**
35 **AND TREATMENT BLOCK GRANT**36
37
38 **PREVENTIVE HEALTH SERVICES BLOCK GRANT**39
40 Local Program Expenditures41
42 01. Physical Activity and Prevention \$ 6,856,130 \$ 3,250,58243 02. Injury and Violence Prevention
44 (Services to Rape Victims – Set-Aside) 173,476 173,47645
46 DHHS Program Expenditures47
48 Division of Public Health49
50 03. HIV/STD Prevention and
51 Community Planning 145,819 145,819

1				
2	04.	Oral Health Preventive Services	46,302	46,302
3				
4	05.	Laboratory Services – Testing,		
5		Training, and Consultation	21,012	21,012
6				
7	06.	Injury and Violence Prevention		
8		(Services to Rape Victims – Set-Aside)	192,315	192,315
9				
10	07.	State Laboratory Services – Testing, Training,	199,634	199,634
11				
12		And Consultation		
13				
14	08.	Performance Improvement and Accountability	565,964	565,964
15				
16	09.	Physical Activity and Nutrition	68,073	68,073
17				
18	10.	State Center for Health Statistics	107,291	107,291
19				
20		DHHS Administration		
21				
22	11.	Division of Public Health	172,820	172,820
23				
24		TOTAL PREVENTIVE HEALTH		
25		SERVICES BLOCK GRANT	\$ 8,548,836	\$ 4,943,388
26				
27		COMMUNITY SERVICES BLOCK GRANT		
28				
29		Local Program Expenditures		
30				
31		Office of Economic Opportunity		
32				
33	01.	Community Action Agencies	\$ 24,047,065	\$ 24,047,065
34				
35	02.	Limited Purpose Agencies	1,335,948	1,335,948
36				
37		DHHS Administration		
38				
39	03.	Office of Economic Opportunity	1,335,948	1,335,948
40				
41		TOTAL COMMUNITY SERVICES		
42		BLOCK GRANT	\$ 26,718,961	\$ 26,718,961
43				
44		MATERNAL AND CHILD HEALTH BLOCK GRANT		
45				
46		Local Program Expenditures		
47				
48		Division of Public Health		
49				
50	01.	Children's Health Services		
51		(Safe Sleep Campaign		

1		\$45,000; Prevent Blindness \$560,837)	\$ 7,574,703	\$ 7,574,703
2				
3	02.	Women's Health		
4		(March of Dimes \$350,000; Teen Pregnancy		
5		Prevention Initiatives \$650,000; Perinatal		
6		Quality Collaborative \$350,000;		
7		17P Project \$52,000; Carolina Pregnancy		
8		Care Fellowship \$300,000;		
9		Nurse-Family Partnership \$509,018)	8,095,148	8,095,148
10				
11	03.	Oral Health	44,901	44,901
12				
13	DHHS Program Expenditures			
14				
15	Division of Public Health			
16				
17	04.	Children's Health Services	1,342,928	1,342,928
18				
19	05.	Women's Health – Maternal Health	107,714	107,714
20				
21	06.	State Center for Health Statistics	158,583	158,583
22				
23	07.	Health Promotion – Injury and		
24		Violence Prevention	87,271	87,271
25				
26	DHHS Administration			
27				
28	Division of Public Health			
29				
30	08.	Division of Public Health Administration	552,571	552,571
31				
32	TOTAL MATERNAL AND CHILD			
33	HEALTH BLOCK GRANT		\$ 17,963,819	\$ 17,963,819
34				

GENERAL PROVISIONS

SECTION 12I.1.(b) Information to be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

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

SECTION 12I.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency

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

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

12 Notwithstanding the provisions of this subsection, for fiscal years 2015-2016 and
13 2016-2017, increases in the federal fund availability for the Temporary Assistance to Needy
14 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy
15 program to pay for child care in four- or five-star rated facilities for four-year-old children and
16 shall not be used to supplant State funds.

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

22 **SECTION 12L.1.(d)** Except as otherwise provided, appropriations from federal
23 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2017,
24 according to the schedule enacted for State fiscal years 2015-2016 and 2016-2017 or until a
25 new schedule is enacted by the General Assembly.

26 **SECTION 12L.1.(e)** All changes to the budgeted allocations to the Block Grants or
27 contingency funds and other grants related to existing Block Grants administered by the
28 Department of Health and Human Services that are not specifically addressed in this section
29 shall be approved by the Office of State Budget and Management, and the Office of State
30 Budget and Management shall consult with the Joint Legislative Commission on Governmental
31 Operations for review prior to implementing the changes. The report shall include an itemized
32 listing of affected programs, including associated changes in budgeted allocations. All changes
33 to the budgeted allocations to the Block Grants shall be reported immediately to the Joint
34 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
35 Division. This subsection does not apply to Block Grant changes caused by legislative salary
36 increases and benefit adjustments.

37 **SECTION 12L.1.(e1)** Except as otherwise provided, the Department of Health and
38 Human Services shall have flexibility to transfer funding between the Temporary Assistance to
39 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block
40 Grant so long as the total allocation for the line items within those block grants remains the
41 same.

42 43 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

44 **SECTION 12L.1.(f)** The sum of eighty million ninety-three thousand five hundred
45 sixty-six dollars (\$80,093,566) for fiscal year 2015-2016 and seventy-eight million
46 seventy-three thousand four hundred thirty-seven dollars (\$78,073,437) for fiscal year
47 2016-2017 are appropriated in this section in TANF funds to the Department of Health and
48 Human Services, Division of Social Services shall be used for Work First County Block
49 Grants. The Division shall certify these funds in the appropriate State-level services based on
50 prior year actual expenditures. The Division has the authority to realign the authorized budget
51 for these funds among the State-level services based on current year actual expenditures.

1 **SECTION 12I.1.(g)** The sum of two million four hundred eighty-two thousand two
2 hundred sixty dollars (\$2,482,260) appropriated in this section in TANF funds to the
3 Department of Health and Human Services, Division of Social Services, for each year of the
4 2015-2017 fiscal biennium shall be used to support administration of TANF-funded programs.

5 **SECTION 12I.1.(h)** The sum of nine million four hundred twelve thousand three
6 hundred ninety-one dollars (\$9,412,391) appropriated in this section to the Department of
7 Health and Human Services, Division of Social Services, in TANF funds for each year of the
8 2015-2017 fiscal biennium for child welfare improvements shall be allocated to the county
9 departments of social services for hiring or contracting staff to investigate and provide services
10 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
11 license, and support prospective foster and adoptive families; and to provide interstate and
12 post-adoption services for eligible families.

13 Counties shall maintain their level of expenditures in local funds for Child
14 Protective Services workers. Of the Block Grant funds appropriated for Child Protective
15 Services workers, the total expenditures from State and local funds for fiscal years 2015-2016
16 and 2016-2017 shall not be less than the total expended from State and local funds for the
17 2014-2015 fiscal year.

18 **SECTION 12I.1.(i)** The sum of two million twenty-six thousand eight hundred
19 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the
20 Department of Health and Human Services, Special Children Adoption Fund, for each year of
21 the 2015-2017 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division
22 of Social Services, in consultation with the North Carolina Association of County Directors of
23 Social Services and representatives of licensed private adoption agencies, shall develop
24 guidelines for the awarding of funds to licensed public and private adoption agencies upon the
25 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the
26 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance
27 the adoption services program. No local match shall be required as a condition for receipt of
28 these funds.

29 **SECTION 12I.1.(j)** The sum of six hundred thirty-two thousand four hundred
30 sixteen dollars (\$632,416) appropriated in this section to the Department of Health and Human
31 Services in TANF funds for each year of the 2015-2017 fiscal biennium shall be used to
32 continue support for the Child Welfare Collaborative.

33 34 **SOCIAL SERVICES BLOCK GRANT**

35 **SECTION 12I.1.(k)** The sum of twenty-seven million three hundred thirty-five
36 thousand three hundred fifteen dollars (\$27,335,315) appropriated in this section in the Social
37 Services Block Grant to the Department of Health and Human Services, Division of Social
38 Services, for the 2015-2016 fiscal year and the sum of twenty-seven million one hundred eight
39 thousand three hundred twenty-four dollars (\$27,108,324) appropriated in this section in the
40 Social Services Block Grant for the 2016-2017 fiscal year shall be used for county block grants.
41 The Division shall certify these funds in the appropriate State-level services based on prior year
42 actual expenditures. The Division has the authority to realign the authorized budget for these
43 funds among the State-level services based on current year actual expenditures.

44 **SECTION 12I.1.(l)** The sum of one million three hundred thousand dollars
45 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department
46 of Health and Human Services, Division of Social Services, for each year of the 2015-2017
47 fiscal biennium shall be used to support various child welfare training projects as follows:

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

1 **SECTION 12I.1.(m)** The Department of Health and Human Services is authorized,
2 subject to the approval of the Office of State Budget and Management, to transfer Social
3 Services Block Grant funding allocated for departmental administration between divisions that
4 have received administrative allocations from the Social Services Block Grant.

5 **SECTION 12I.1.(n)** Social Services Block Grant funds appropriated for the
6 Special Children Adoption Incentive Fund will require a fifty percent (50%) local match.

7 **SECTION 12I.1.(o)** The sum of five million forty thousand dollars (\$5,040,000)
8 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017
9 fiscal biennium shall be allocated to the Department of Health and Human Services, Division
10 of Social Services. The Division shall allocate these funds to local departments of social
11 services to replace the loss of Child Protective Services State funds that are currently used by
12 county government to pay for Child Protective Services staff at the local level. These funds
13 shall be used to maintain the number of Child Protective Services workers throughout the State.
14 These Social Services Block Grant funds shall be used to pay for salaries and related expenses
15 only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five
16 percent (25%).

17 **SECTION 12I.1.(p)** The sum of three million eight hundred fifty-two thousand
18 five hundred dollars (\$3,852,500) appropriated in this section in the Social Services Block
19 Grant to the Department of Health and Human Services, Division of Central Management and
20 Support, shall be used for DHHS competitive block grants pursuant to Section 12A.2 of this act
21 for each year of the 2015-2017 fiscal biennium. These funds are exempt from the provisions of
22 10A NCAC 71R .0201(3).

23 **SECTION 12I.1.(q)** The sum of three hundred seventy-five thousand dollars
24 (\$375,000) appropriated in this section in the Social Services Block Grant for each year of the
25 2015-2017 fiscal biennium to the Department of Health and Human Services, Division of
26 Social Services, shall be used to continue support for the Child Advocacy Centers and are
27 exempt from the provisions of 10A NCAC 71R .0201(3).

28 **SECTION 12I.1.(r)** The sum of three million nine hundred seventy-eight thousand
29 three hundred sixty dollars (\$3,978,360) appropriated in this section in the Social Services
30 Block Grant for each year of the 2015-2017 fiscal biennium to the Department of Health and
31 Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for
32 guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
33 expend funds appropriated in this section to support (i) existing corporate guardianship
34 contracts during the 2015-2016 and 2016-2017 fiscal years and (ii) guardianship contracts
35 transferred to the State from local management entities or managed care organizations during
36 the 2015-2016 and 2016-2017 fiscal years.

37 38 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

39 **SECTION 12I.1.(s)** Additional emergency contingency funds received may be
40 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
41 consultation with the Joint Legislative Commission on Governmental Operations. Additional
42 funds received shall be reported to the Joint Legislative Commission on Governmental
43 Operations and the Fiscal Research Division upon notification of the award. The Department of
44 Health and Human Services shall not allocate funds for any activities, including increasing
45 administration, other than assistance payments, without prior consultation with the Joint
46 Legislative Commission on Governmental Operations.

47 **SECTION 12I.1.(t)** The amount appropriated for the Low-Income Energy
48 Assistance Program (LIEAP) for the 2015-2017 fiscal biennium to the Department of Health
49 and Human Services, Division of Social Services, shall be used for energy assistance payments
50 for the households of (i) elderly persons age 60 and above with income up to one hundred thirty

1 percent (130%) of the federal poverty level and (ii) disabled persons eligible for services
2 funded through the Division of Aging and Adult Services.

3 County departments of social services shall submit to the Division of Social
4 Services an outreach plan for targeting households with 60-year-old household members no
5 later than August 1 of each year. The outreach plan shall comply with the following:

- 6 (1) Ensure that eligible households are made aware of the available assistance
7 with particular attention paid to the elderly population age 60 and above and
8 disabled persons receiving services through the Division of Aging and Adult
9 Services.
- 10 (2) Include efforts by the county department of social services to contact other
11 State and local governmental entities and community-based organizations to
12 (i) offer the opportunity to provide outreach and (ii) receive applications for
13 energy assistance.
- 14 (3) Be approved by the local board of social services or human services board
15 prior to submission.

16 **SECTION 12L.1.(u)** Service funds obligated with a documented encumbrance on
17 or before the last day of a State fiscal year and consistent with the approved block grant
18 allocations to the Department of Environment and Natural Resources (NCDENR) may be
19 rebudgeted in the next State fiscal year, without prior consultation with the Joint Legislative
20 Oversight Committee on Health and Human Services. The obligations must be liquidated and a
21 final invoice for these expenditures must be received by the Department of Health and Human
22 Services Division of Social Services by August 30 of the same calendar year. The Department
23 of Health and Human Services will report to the Joint Legislative Oversight Committee on
24 Health and Human Services a report by December 1 of each year on any actions taken under
25 this section.

26 27 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

28 **SECTION 12L.1.(v)** Payment for subsidized child care services, shall make a
29 report to the Joint Legislative Oversight Committee on Health and Human Services by
30 December 1 of each year on any actions taken under this section.

31 **SECTION 12L.1.(w)** If funds appropriated through the Child Care and
32 Development Fund Block Grant for any program cannot be obligated or spent in that program
33 within the obligation or liquidation periods allowed by the federal grants, the Department may
34 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the
35 grant, in order to use the federal funds fully. The Department may realign the estimated
36 amounts budgeted for local subsidized child care services support and child care services based
37 upon final availability of subsidized child care funding when allocating funding to counties.

38 39 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

40 **SECTION 12L.1.(x)** The sum of two hundred fifty thousand dollars (\$250,000)
41 appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to
42 the Department of Health and Human Services, Division of Mental Health, Developmental
43 Disabilities, and Substance Abuse Services, for the 2015-2016 and 2016-2017 fiscal years shall
44 be allocated to the Department of Administration, Division of Veterans Affairs, to establish a
45 call-in center to assist veterans in locating service benefits and crisis services. The call-in center
46 shall be staffed by certified veteran peers within the Division of Veterans Affairs and trained by
47 the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

48 49 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

50 **SECTION 12L.1.(y)** If federal funds are received under the Maternal and Child
51 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193

(42 U.S.C. § 710), for the 2015-2016 fiscal year or the 2016-2017 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 12L.1.(z) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

ANIMAL WELFARE PROGRAM AND SPAY AND NEUTER PROGRAM

SECTION 13.1. The Animal Welfare Program and the Spay and Neuter Program shall remain in the Department of Agriculture and Consumer Services. The budget totals outlined in the Governor's Recommended Budget Bill titled the "Current Operations and Capital Improvements Appropriations Act of 2015," Section 2.1, Current Operations and Expansion/General Fund, shall be adjusted accordingly for the Department of Agriculture and Consumer Services and the Department of Public Safety.

PART XIV. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SEDIMENTATION FEES

SECTION 14.1. G.S. 113A-54.2(a) reads as rewritten:

"§ 113A-54.2. Approval Fees.

(a) An application and compliance fee of sixty-five dollars (\$65.00) ninety dollars (\$90.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project shall be charged for the review of an erosion and sedimentation control plan and compliance activities under this ~~Article~~. Article, effective immediately upon enactment of this section. The fee shall subsequently increase the following year to an amount determined by the Department based upon program need but not to exceed one hundred seventy dollars (\$170.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project. Effective on the third anniversary of the enactment of this section, the fee shall be set at one hundred seventy dollars (\$170.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project to be charged for the review of an erosion and sedimentation control plan and compliance activities under this Article.

...."

COAL ASH UTILITY REGULATORY FEE

SECTION 14.2.(a) G.S. 62-302.1(b) reads as rewritten:

"(b) Rate. – The combustion residuals surface impoundment fee shall be ~~three-hundredths of one percent (0.03%)~~ thirty-five thousandths of one percent (0.035%) of the North Carolina jurisdictional revenues of each public utility with a coal combustion residuals surface impoundment. For the purposes of this section, the term "North Carolina jurisdictional revenues" has the same meaning as in G.S. 62-302."

SECTION 14.2.(b) Up to 25 receipt-supported positions are created in the Department of Environment and Natural Resources to carry out the duties in Part 2I of Article 9 of Chapter 130A of the General Statutes. There is appropriated from the Coal Combustion Residuals Management Fund the sum of two million one hundred forty-seven thousand dollars

1 (\$2,147,000) to the Department of Environment and Natural Resources to support the positions
2 for the 2015-2016 fiscal year.

3 **SECTION 14.2.(c)** Subsection (a) of this section becomes effective July 1, 2015,
4 and expires April 1, 2030, and applies to jurisdictional revenues earned on or after July 1, 2015,
5 and before April 1, 2030.

6
7 **IMPROVE FINANCIAL MANAGEMENT OF ENVIRONMENTAL STEWARDSHIP**
8 **FUNDS THROUGH CONSERVATION GRANT FUND**

9 **SECTION 14.3.** G.S. 147-69.2(d) reads as rewritten:

10 "(d) The State Treasurer may invest funds deposited pursuant to ~~subdivision (a)(17i)~~
11 subdivisions (a)(17i) and (a)(17j) of this section in any of the investments authorized under
12 subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The State
13 Treasurer may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and
14 may assess a reasonable fee, not to exceed 15 basis points, as a condition of participation
15 pursuant to this subsection. Funds deposited pursuant to this subsection shall remain the funds
16 of the North Carolina Conservation Easement Endowment Fund or the Conservation Grant
17 Fund, and interest or other investment income earned thereon shall be prorated and credited to
18 the North Carolina Conservation Easement Endowment Fund or the Conservation Grant Fund
19 on the basis of the amounts thereof contributed, figured according to sound accounting
20 principles."

21
22 **ALLOW REVENUE GENERATED FROM TIMBER SALE TO BE RETAINED IN A**
23 **NONREVERTING ACCOUNT FOR A PERIOD OF FIVE YEARS**

24 **SECTION 14.4.** The DENR Stewardship Program will retain revenue generated
25 from a timber harvest on the Great Coharie property for the purpose of restoration and
26 stewardship of that property. This revenue will be placed in the Conservation Grant
27 Endowment Interest Fund (6705) and any unused portion of that specific revenue will revert
28 back to the general fund at the end of fiscal year 2019-2020.

29
30 **PART XV. DEPARTMENT OF COMMERCE**

31
32 **BASE REALIGNMENT AND CLOSURE (BRAC)**

33 **SECTION 15.1.** Funds appropriated to the North Carolina Department of
34 Commerce for the 2013-2014 fiscal year that are unexpended and unencumbered as of June 30,
35 2015, shall not revert to the General Fund on June 30, 2015, but shall remain available to the
36 newly created Department of Military and Veterans Affairs in the State's preparation for
37 Department of Defense BRAC activities.

38
39 **EMPLOYMENT SECURITY RESERVE FUND**

40 **SECTION 15.2.** There is appropriated from the Employment Security Reserve
41 Fund to the Department of Commerce, Division of Employment Security, the amount needed
42 for the 2015-2016 fiscal year to fund the interest payment due to the federal government for the
43 debt owed to the U.S. Treasury for unemployment benefits.

44
45 **ONE NORTH CAROLINA FUND**

46 **SECTION 15.3.** Of the funds appropriated in this act to the One North Carolina
47 Fund for the 2015-2017 biennium, the Department of Commerce may use up to two hundred
48 fifty thousand dollars (\$250,000) in each year of the biennium to cover its expenses in
49 administering the One North Carolina Fund and other economic development incentive grant
50 programs. The Department of Commerce shall not use more than two hundred fifty thousand
51 dollars (\$250,000) for administrative costs in any one fiscal year.

1
2 **CHALLENGE GRANT FOR STUDY OF FUTURE USE OF BROUGHTON HOSPITAL**
3 **SECTION 15.4.** Funds appropriated to the North Carolina Department of
4 Commerce in Section 15.20(a) of S.L 2014-100 for the 2014-2015 fiscal year that are
5 unexpended and unencumbered as of June 30, 2015, shall not revert to the General Fund on
6 June 30, 2015, but shall remain available to the department to be used for the State's study of
7 the future use of Broughton Hospital facilities.

8
9 **ECONOMIC DEVELOPMENT PARTNERSHIP OF NORTH CAROLINA (EDPNC)**

10 **SECTION 15.5.** G.S. 143B-431.01(b) reads as rewritten:

11 "(b) Contract. – The Department of Commerce is authorized to contract with a North
12 Carolina nonprofit corporation to perform one or more of the Department's functions, powers,
13 duties, and obligations set forth in G.S. 143B-431, except as provided in this subsection. The
14 contract entered into pursuant to this section between the Department and the Economic
15 Development Partnership of North Carolina is exempt from Articles 3 and 3C of Chapter 143
16 of the General Statutes. ~~Statutes and Part 3 of Article 6 of Chapter 143C of the General~~
17 Statutes. If the Department contracts with a North Carolina nonprofit corporation to promote
18 and grow the travel and tourism industries, then all funds appropriated to the Department for
19 tourism marketing purposes shall be used for a research-based, comprehensive marketing
20 program directed toward consumers in key markets most likely to travel to North Carolina and
21 not for ancillary activities, such as statewide branding and business development marketing.
22 The Department may not contract with a North Carolina nonprofit corporation regarding any of
23 the following:

- 24 (1) The obligation or commitment of funds under this Article, such as the One
25 North Carolina Fund, the Job Development Investment Grant Program, the
26 Industrial Development Fund, or the Job Maintenance and Capital
27 Development Fund.
28 (2) The Division of Employment Security, including the administration of
29 unemployment insurance.
30 (3) The functions set forth in G.S. 143B-431(a)(2).
31 (4) The administration of funds or grants received from the federal government
32 or its agencies."
33

34 **NER BLOCK GRANTS/2016 AND 2017 PROGRAM YEARS**

35 **SECTION 15.6.(a)** Appropriations from federal Block Grant funds are made for
36 the fiscal years ending June 30, 2016, and June 30, 2017, according to the following schedule:
37

38 **COMMUNITY DEVELOPMENT BLOCK GRANT**

- 39 01. State Administration \$ 1,375,000
40 02. Economic Development \$15,948,525
41 03. Infrastructure \$26,176,475
42

43 **TOTAL COMMUNITY DEVELOPMENT**

44 **BLOCK GRANT – 2016 Program Year \$ 43,500,000**
45 **2017 Program Year \$ 43,500,000**
46

47 **SECTION 15.6.(b)** Decreases in Federal Fund Availability. – If federal funds are
48 reduced below the amounts specified above after the effective date of this act, then every
49 program in each of these federal block grants shall be reduced by the same percentage as the
50 reduction in federal funds.

1 **SECTION 15.6.(c)** Increases in Federal Fund Availability for Community
2 Development Block Grant. – Any block grant funds appropriated by the Congress of the United
3 States in addition to the funds specified in this section shall be expended as follows: each
4 program category under the Community Development Block Grant shall be increased by the
5 same percentage as the increase in federal funds.

6 **SECTION 15.6.(d)** Limitations on Community Development Block Grant Funds. –
7 Of 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 three
9 hundred seventy-five thousand dollars (\$1,375,000) may be used for State Administration; up
10 to fifteen million nine hundred forty-eight thousand five hundred twenty-five dollars
11 (\$15,948,525) may be used for Economic Development; and up to twenty-six million one
12 hundred seventy-six thousand four hundred seventy-five dollars (\$26,176,475) may be used for
13 Infrastructure. If federal block grant funds are reduced or increased by the Congress of the
14 United States after the effective date of this act, then these reductions or increases shall be
15 allocated in accordance with subsection (b) or (c) of this section, as applicable.

16 **SECTION 15.6.(e)** The Department of Commerce shall consult with the Joint
17 Legislative Commission on Governmental Operations prior to reallocating Community
18 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever
19 the Director of the Budget finds that:

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

34 **SECTION 15.6.(f)** By September 1, 2015, and September 1, 2016, the Economic
35 Analysis and Planning Unit, Rural Economic Development Division, Department of
36 Commerce, shall report to the Joint Legislative Commission on Governmental Operations and
37 the Fiscal Research Division on the use of Community Development Block Grant Funds
38 appropriated in the prior fiscal year. The report shall include the following:

- 39 (1) A discussion of each of the categories of funding and how the categories
40 were selected, including information on how a determination was made that
41 there was a statewide need in each of the categories.
- 42 (2) Information on the number of applications that were received in each
43 category and the total dollar amount requested in each category.
- 44 (3) A list of grantees, including the grantee's name, county, category under
45 which the grant was funded, the amount awarded, and a narrative description
46 of the project.

47 **SECTION 15.6.(g)** For purposes of this section, eligible activities under the
48 category of Infrastructure in subsection (a) of this section shall be defined as provided in the
49 HUD State Administered Community Development Block Grant definition of the term
50 "infrastructure."

1 Notwithstanding any State law or rule, eligible activities as defined in this
2 subsection are limited only by applicable HUD regulations and federal law.

3
4 **USE OF DEOBLIGATED COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**
5 **AND SURPLUS FEDERAL ADMINISTRATIVE FUNDS**

6 **SECTION 15.7.** The CDBG program generates deobligated funds from various
7 funding categories and program years throughout each year. Deobligated funds are generated
8 when projects come in under budget, when projects are cancelled completely and when projects
9 are required to repay funds. Surplus administrative funds may vary from year to year based
10 upon the amount of State appropriated funds allocated and the amount of eligible in-kind funds
11 identified. The Department of Commerce recommends the following strategy with regard to the
12 allocation of deobligated funds and any surplus federal administrative funds:

- 13 (1) All surplus administrative funds shall be equally divided between the
14 Department of Commerce and DENR, to be used in accordance with the
15 provisions below.
- 16 (2) All deobligated funds under the administration of the Department of
17 Commerce, as well as any surplus administrative funds pursuant to
18 subdivision (1), above, may be used by the Department of Commerce as
19 follows:
- 20 a. To issue grants in the economic development program category;
 - 21 b. For existing CDBG programs that encounter cost overruns;
 - 22 c. For providing training and guidance to local governments relative to
23 the CDBG program, its management, and administrative
24 requirements; and
 - 25 d. For any other purpose consistent with its administration of the CDBG
26 program as long as an equal amount of State matching funds are
27 available.
- 28 (3) All deobligated funds allocated to DENR, as well as any surplus
29 administrative funds pursuant to subdivision (1), above, may be used by
30 DENR as follows:
- 31 a. To issue grants in the infrastructure program category;
 - 32 b. For existing CDBG programs that encounter cost overruns; and
 - 33 c. For any other purpose consistent with its administration of the CDBG
34 program as long as an equal amount of State matching funds are
35 available.

36 The implementation of the strategy above will enable Commerce and DENR to quickly deploy
37 deobligated and surplus federal administrative funds as they are identified throughout the
38 program year.

39
40 **CHANGES TO WORKFORCE DEVELOPMENT BOARD**

41 **SECTION 15.8.(a)** G.S. 143B-438.10 reads as rewritten:

42 **"§ 143B-438.10. ~~Commission on Workforce Development.~~NCWorks Commission.**

43 (a) Creation and Duties. – There is created within the Department of Commerce the
44 ~~North Carolina Commission on Workforce Development.~~NCWorks Commission. The
45 Commission shall have the following powers and duties:

- 46 (1) To develop strategies to produce a skilled, competitive workforce that meets
47 the needs of the State's changing economy.
- 48 (2) To advise the Governor, the General Assembly, State and local agencies, and
49 the business sector regarding policies and programs to enhance the State's
50 workforce by submitting annually a comprehensive report on workforce
51 development initiatives in the State.

- 1 (3) To coordinate and develop strategies for cooperation between the academic,
2 governmental, and business sectors.
- 3 (4) To establish, develop, and provide ongoing oversight of the "One-Stop
4 Delivery System" for employment and training services in the State.
- 5 (5) To develop a unified State plan for workforce training and development.
- 6 (6) To review and evaluate the plans and programs of agencies, boards, and
7 organizations operating federally funded or State-funded workforce
8 development programs for effectiveness, duplication, fiscal accountability,
9 and coordination.
- 10 (7) To develop and continuously improve performance measures to assess the
11 effectiveness of workforce training and employment in the State. The
12 Commission shall assess and report on the performance of workforce
13 development programs administered by the Department of Commerce, the
14 Department of Health and Human Services, the Community Colleges
15 System Office, the Department of Administration, and the Department of
16 Public Instruction in a manner that addresses at least all of the following:
17 a. Actual performance and costs of State and local workforce
18 development programs.
19 b. Expected performance levels for State and local workforce
20 development programs based on attainment of program goals and
21 objectives.
22 c. Program outcomes, levels of employer participation, and satisfaction
23 with employment and training services.
24 d. Information already tracked through the common follow-up
25 information management system created pursuant to G.S. 96-32,
26 such as demographics, program enrollment, and program completion.
- 27 (7a) To issue annual reports that, at a minimum, include the information listed in
28 sub-subdivisions a. through d. of subdivision (7) of this section on the
29 performance of workforce development programs administered by the
30 entities listed in that subdivision. The first annual report shall be delivered to
31 the General Assembly by January 15, 2014.
- 32 (8) To submit to the Governor and to the General Assembly by April 1, 2000,
33 and biennially thereafter, a comprehensive Workforce Development Plan
34 that shall include at least the following:
35 a. Goals and objectives for the biennium.
36 b. An assessment of current workforce programs and policies.
37 c. An assessment of the delivery of employment and training services to
38 special populations, such as youth and dislocated workers.
39 d. Recommendations for policy, program, or funding changes.
- 40 (9) To serve as the State's Workforce Investment Board for purposes of the
41 federal ~~Workforce Investment Act of 1998.~~ Workforce Innovation and
42 Opportunity Act of 2014.
- 43 (10) To take the lead role in developing the memorandum of understanding for
44 workforce development programs with the Department of Commerce, the
45 Department of Health and Human Services, the Community Colleges
46 System Office, and the Department of Administration. The memorandum of
47 understanding must be reviewed at least every five years.
- 48 (11) To coordinate the activities of workforce development work groups formed
49 under this Part.
- 50 (12) To collaborate with the Department of Commerce on the common follow-up
51 information management system.

- 1 (13) To develop performance accountability measures for local workforce
2 development boards consistent with the requirements of section 116 of the
3 Workforce Innovation and Opportunity Act of 2014, and to recommend to
4 the Governor sanctions against local workforce development boards that fail
5 to meet such performance accountability measures.
- 6 (14) To develop fiscal control and fund accounting procedures for local
7 workforce development boards consistent with the requirements of section
8 184 of the Workforce Innovation and Opportunity Act of 2014, and to
9 recommend to the Governor sanctions against local workforce development
10 boards that fail to meet such fiscal control and fund accounting procedures.
- 11 (b) ~~Membership; Terms.— Effective January 1, 2013, the~~ Membership. – The
12 ~~Commission on Workforce Development shall consist of 25–29 members appointed as follows:~~
13 (1) ~~By virtue of their offices, the following department and agency heads or~~
14 ~~their respective designees~~ individuals shall serve on the Commission: the
15 ~~Secretary of the Department of Administration, the Secretary of the~~
16 ~~Department of Health and Human Services, the Superintendent of Public~~
17 ~~Instruction, the President of the Community Colleges System Office, the~~
18 ~~Commissioner of the Department of Labor, and the Secretary of the~~
19 ~~Department of Commerce.~~
20 a. The Governor;
21 b. The Secretary of the Department of Administration;
22 c. The Secretary of the Department of Commerce;
23 d. The Secretary of the Department of Health and Human Services;
24 e. The Superintendent of Public Instruction;
25 f. The President of the Community Colleges System Office; and
26 g. The President of the UNC System.
- 27 (2) ~~The~~ In accordance with section 101 of the Workforce Innovation and
28 ~~Opportunity Act of 2014, the~~ Governor shall appoint 19–22 members as
29 ~~follows:~~
30 a. ~~Two members representing public, postsecondary, and vocational~~
31 ~~education.~~ Sixteen members representing business and industry; and
32 b. ~~One member representing community-based organizations.~~ Six
33 ~~members representing the labor and workforce in the State.~~
34 e. ~~Three members representing labor.~~
35 d. ~~Thirteen members representing business and industry.~~
- 36 (3) ~~The terms of the members appointed by the Governor shall be for four years.~~
37 (b1) Terms. – The members shall serve staggered terms of office of four years. At the
38 ~~expiration of each member's term, the appointing authority shall reappoint or replace the~~
39 ~~member with a new member of like qualification as specified in subsection (b) of this section.~~
40 (b2) Vacancies. – In the event of a vacancy arising otherwise than by expiration of term,
41 ~~the appointing authority shall appoint a successor of like qualification as specified in subsection~~
42 ~~(b) of this section who shall then serve the remainder of the predecessor's term.~~
- 43 (c) Appointment of Chair; Meetings. – The Governor shall appoint the Chair of the
44 ~~Commission from among the business and industry members, and that person shall serve at the~~
45 ~~pleasure of the Governor. The Commission shall meet at least quarterly upon the call of the~~
46 ~~Chair.~~
- 47 (d) Staff; Funding. – The clerical and professional staff to the Commission shall be
48 ~~provided by the Department of Commerce. Funding for the Commission shall derive from State~~
49 ~~and federal resources as allowable and from the partner agencies to the Commission. Members~~
50 ~~of the Commission shall receive necessary travel and subsistence in accordance with State law.~~

1 (e) Agency Cooperation; Reporting. – Each State agency, department, institution, local
2 political subdivision of the State, and any other State-supported entity identified by or subject
3 to review by the Commission in carrying out its duties under subdivision (6) of subsection (a)
4 of this section must participate fully in the development of performance measures for
5 workforce development programs and shall provide to the Commission all data and information
6 available to or within the agency or entity's possession that is requested by the Commission for
7 its review. Further, each agency or entity required to report information and data to the
8 Commission under this section shall maintain true and accurate records of the information and
9 data requested by the Commission. The records shall be open to the Commission's inspection
10 and copying at reasonable times and as often as necessary.

11 (f) Confidentiality. – At the request of the Commission, each agency or entity subject
12 to this section shall provide it with sworn or unsworn reports with respect to persons employed
13 or trained by the agency or entity, as deemed necessary by the Commission to carry out its
14 duties pursuant to this section. The information obtained from an agency or entity pursuant to
15 this subsection (i) is not a public record subject to the provisions of Chapter 132 of the General
16 Statutes and (ii) shall be held by the Commission as confidential, unless it is released in a
17 manner that protects the identity and privacy of individual persons and employers referenced in
18 the information.

19 (g) Advisory Work Group. – The Commission shall appoint an Advisory Work Group
20 composed of representatives from the State and local entities engaged in workforce
21 development activities to assist the Commission with the development of performance
22 measures."

23 **SECTION 15.8.(b)** Transition of Membership of the Commission. –

24 (a) Except as otherwise provided in this section, the terms of all members of the
25 Commission shall expire when this act becomes law. A new Commission of 29 members shall
26 be appointed in the manner provided by G.S. 143B-438.10(b), as enacted by Section 1 of this
27 act and this section. Members appointed in the manner provided by G.S. 143B-438.10(b), as
28 enacted by Section 1 of this act, shall be appointed no later than June 30, 2015.

29 (b) Five of the members of the Commission whose qualifications are described
30 by sub-subdivision (2)a. of G.S. 143B-438.10(b), and two of the members of the Commission
31 whose qualifications are described by sub-subdivision (2)b. of G.S. 143B-438.10(b), as enacted
32 by Section 1 of this act, shall be appointed for an initial term of one year and subsequent
33 appointments shall be for four-year terms thereafter. Five of the members of the Commission
34 whose qualifications are described by sub-subdivision (2)a. of G.S. 143B-438.10(b), and two of
35 the members of the Commission whose qualifications are described by sub-subdivision (2)b. of
36 G.S. 143B-438.10(b), as enacted by Section 1 of this act, shall be appointed for an initial term
37 of two years and subsequent appointments shall be for four-year terms thereafter. Six of the
38 members of the Commission whose qualifications are described by sub-subdivision (2)a. of
39 G.S. 143B-438.10(b), and two of the members of the Commission whose qualifications are
40 described by sub-subdivision (2)b. of G.S. 143B-438.10(b), as enacted by Section 1 of this act,
41 shall be appointed for an initial term of one year and subsequent appointments shall be for
42 four-year terms thereafter. Members of the Commission whose qualifications are described by
43 subdivision (1) of G.S. 143B-438.10(b), as enacted by Section 1 of this act, shall be appointed
44 for initial terms of four years. Initial terms shall expire on June 30 of the year of expiration.

45 **SECTION 15.8.(c)** G.S. 143B-438.11 reads as rewritten:

46 **"§ 143B-438.11. Local Workforce Development Boards.**

47 (a) Duties. – Local Workforce Development Boards shall have the following powers
48 and duties:

- 49 (1) To develop policy and act as the governing body for local workforce
50 development.

- 1 (2) To provide planning, oversight, and evaluation of local workforce
2 development programs, including the local One-Stop Delivery System.
- 3 (3) To provide advice regarding workforce policy and programs to local elected
4 officials, employers, education and employment training agencies, and
5 citizens.
- 6 (4) To develop a local plan in coordination with the appropriate community
7 partners to address the workforce development needs of the service area.
- 8 (5) To develop linkages with economic development efforts and activities in the
9 service area and promote cooperation and coordination among public
10 organizations, education agencies, and private businesses.
- 11 (6) To review local agency plans and grant applications for workforce
12 development programs for coordination and achievement of local goals and
13 needs.
- 14 (7) To serve as the Workforce Investment Board for the designated substate area
15 for the purpose of the federal ~~Workforce Investment Act of 1998.~~Workforce
16 Innovation and Opportunity Act of 2014.
- 17 (7a) To designate through a competitive selection process, by no later than July 1,
18 2014, the providers of adult and dislocated worker services authorized in the
19 ~~Workforce Investment Act of 1998.~~Workforce Innovation and Opportunity
20 Act of 2014.
- 21 (8) To provide the appropriate guidance and information to ~~Workforce~~
22 ~~Investment Act~~Workforce Innovation and Opportunity Act consumers to
23 ensure that they are prepared and positioned to make informed choices in
24 selecting a training provider. Each local Workforce Development Board
25 shall ensure that consumer choice is properly maintained in the one-stop
26 centers and that consumers are provided the full array of public and private
27 training provider information.
- 28 (9) To provide coordinated regional workforce development planning and labor
29 market data sharing.
- 30 (10) To comply with the performance accountability measures established by the
31 NCWorks Commission in accordance with section 116 of the Workforce
32 Innovation and Opportunity Act of 2014.
- 33 (11) To comply with the fiscal control and fund accounting procedures
34 established by the NCWorks Commission in accordance with section 184 of
35 the Workforce Innovation and Opportunity Act of 2014.

36 (b) Members. – Members of local Workforce Development Boards shall be appointed
37 by local elected officials in accordance with criteria established by the Governor and with
38 provisions of the federal ~~Workforce Investment Act.~~Workforce Innovation and Opportunity
39 Act. The local Workforce Development Boards shall have a majority of business members and
40 shall also include representation of workforce and education providers, labor organizations,
41 community-based organizations, and economic development boards as determined by local
42 elected officials. The Chairs of the local Workforce Development Boards shall be selected from
43 among the business members.

44 (c) Assistance. – The North Carolina Commission on Workforce Development and the
45 Department of Commerce shall provide programmatic, technical, and other assistance to any
46 local Workforce Development Board that realigns its service area with the boundaries of a local
47 regional council of governments established pursuant to G.S. 160A-470."

48 **SECTION 15.8.(d)** Modification of References. – The Revisor of Statutes shall
49 delete any references in the General Statutes to the "North Carolina Commission on Workforce
50 Development" (or any derivatives thereof) and substitute references to the "NCWorks

1 Commission" (or the appropriate derivative thereof) to effectuate the renaming set forth in this
2 section wherever conforming changes are necessary.

3 **SECTION 15.8.(e)** Modification of References. – The Revisor of Statutes shall
4 delete any references in the General Statutes to the "Department of Commerce, Division of
5 Employment and Training" (or any derivatives thereof) and substitute references to the
6 "Department of Commerce, Division of Workforce Solutions" (or the appropriate derivative
7 thereof) to effectuate the renaming set forth in this section wherever conforming changes are
8 necessary.

9 **SECTION 15.8.(f)** Modification of References. – The Revisor of Statutes shall
10 delete any references in the General Statutes to the "Workforce Investment Act" or "WIA" (or
11 any derivatives thereof) and substitute references to the "Workforce Innovation and
12 Opportunity Act" or "WIOA" (or the appropriate derivative thereof) to effectuate the renaming
13 set forth in this section wherever conforming changes are necessary.

14 **SECTION 15.8.(g)** This section is effective when this act becomes law.

15 16 **INDUSTRIAL COMMISSION USE OF IT FUNDS**

17 **SECTION 15.9.** For the 2015-2016 fiscal year and the 2016-2017 fiscal year, the
18 Industrial Commission, in consultation with the State Chief Information Officer, may use
19 available funds in Budget Code 24611 (fund 2200) to maintain its Consolidated Case
20 Management System (CCMS), including, but not limited to, related service contracts and
21 information technology personnel.

22 23 **PART XV-A. DEPARTMENT OF MILITARY AFFAIRS ESTABLISHED**

24 25 **ESTABLISH DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS**

26 **SECTION 15A.1.(a)** G.S. 143B-6 reads as rewritten:

27 **"§ 143B-6. Principal departments.**

28 In addition to the principal departments enumerated in the Executive Organization Act of
29 1971, all executive and administrative powers, duties, and functions not including those of the
30 General Assembly and its agencies, the General Court of Justice and the administrative
31 agencies created pursuant to Article IV of the Constitution of North Carolina, and higher
32 education previously vested by law in the several State agencies, are vested in the following
33 principal departments:

- 34 (1) Department of Cultural Resources.
- 35 (2) Department of Health and Human Services.
- 36 (3) Department of Revenue.
- 37 (4) Department of Public Safety.
- 38 (5) Repealed by Session Laws 2012-83, s. 48, effective June 26, 2012.
- 39 (6) Department of Environment and Natural Resources.
- 40 (7) Department of Transportation.
- 41 (8) Department of Administration.
- 42 (9) Department of Commerce.
- 43 (10) Community Colleges System Office.
- 44 (11) Repealed by Session Laws 2012-83, s. 48, effective June 26, 2012.
- 45 (12) Department of Military and Veterans' Affairs."

46 **SECTION 15A.1.(b)** G.S. 126-5 reads as rewritten:

47 **"§ 126-5. Employees subject to Chapter; exemptions.**

48 ...

- 49 (d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this
50 Chapter, which is known as the North Carolina Human Resources Act, the

1 Governor may designate a total of 1,500 exempt positions throughout the
2 following departments and offices:

- 3 a. Department of Administration.
- 4 b. Department of Commerce.
- 5 c. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012,
6 and by Session Laws 2012-142, s. 25.2E(a), effective January 1,
7 2013.
- 8 d. Department of Public Safety.
- 9 e. Department of Cultural Resources.
- 10 f. Department of Health and Human Services.
- 11 g. Department of Environment and Natural Resources.
- 12 h. Department of Revenue.
- 13 i. Department of Transportation.
- 14 j. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012,
15 and by Session Laws 2012-142, s. 25.2E(a), effective January 1,
16 2013.
- 17 k. Office of Information Technology Services.
- 18 l. Office of State Budget and Management.
- 19 m. Office of State Human Resources.
- 20 n. Department of Military and Veterans' Affairs."

21 **SECTION 15A.1.(c)** Chapter 143B of the General Statutes is amended by adding
22 new Article to read:

23 "Article 5A.

24 "Department of Military and Veterans' Affairs.

25 **"§ 143B-256.1. Organization.**

26 (a) There is established the Department of Military and Veterans' Affairs. The head of
27 the Department of Military and Veterans' Affairs is the Secretary of Military and Veterans'
28 Affairs, who shall be known as the Secretary.

29 (b) The powers and duties of the deputy secretaries, directors, and the division of the
30 Department shall be subject to the direction and control of the Secretary of Military and
31 Veterans' Affairs.

32 (c) The Department of Administration will provide business operations and
33 administrative support to the Department of Military and Veterans' Affairs in the areas of
34 human resources, budget and fiscal management, and purchasing and procurement.

35 (d) The State Chief Information Officer and Office of Information Technology Services
36 shall provide information technology support to the Department of Military and Veterans'
37 Affairs.

38 (e) Notwithstanding G.S. 143C-6-4, the Department may be staffed through the transfer
39 of funds, functions, positions or employees from other agencies that were previously
40 conducting military- or veteran-related services.

41 **"§ 143B-256.2. Powers and Duties of the Department of Military and Veterans' Affairs.**

42 It shall be the duty of the Department of Military and Veterans' Affairs to do all of the
43 following:

- 44 (1) Provide active outreach to the U.S. Department of Defense and the U.S.
45 Department of Homeland Security and their associated establishments in
46 North Carolina in order to support the military installations and activities in
47 the State and to continue to enhance their ability to train, deploy, and
48 improve the quality of life for their service members.
- 49 (2) Promote the industrial and economic development of localities included in or
50 adjacent to U.S. government military and national defense activities and
51 those of the State.

- 1 (3) Provide technical assistance and coordination between the State, its political
2 subdivisions, and the U.S. military and national defense activities within the
3 State of North Carolina.
- 4 (4) Award grants to local governments, State and federal agencies, and private
5 entities at the direction of the Secretary. The number of grants awarded and
6 the level of funding of each grant for each fiscal year shall be contingent
7 upon and determined by funds appropriated for that purpose by the General
8 Assembly.
- 9 (5) Provide active outreach to the U.S. Department of Veterans Affairs, the
10 veterans service organizations and the veterans community in North
11 Carolina to support and assist North Carolina's veterans in identifying and
12 obtaining the services, assistance, and support to which they are entitled.
- 13 (6) Monitor and enhance efforts to provide assistance and support for veterans
14 living in North Carolina and members of the North Carolina National Guard
15 and North Carolina residents in the Armed Forces Reserves not in active
16 federal service in the areas of (i) medical care, (ii) mental health and
17 rehabilitative services, (iii) housing, (iv) homelessness prevention, (v) job
18 creation, and (vi) education.
- 19 (7) Seek and receive monies from any source, including federal funds, gifts,
20 grants and devises which shall be expended for the purposes designated in
21 this Article.
- 22 (8) Monitor efforts to provide services to veterans, newly separating service
23 members and their immediate family members, to include the dissemination
24 of relevant materials and the rendering of technical or other advice.
- 25 (9) Provide active outreach, coordination, formal training and standards, and
26 official certification to localities of the State and veterans support
27 organizations in the development, implementation, and review of local
28 veterans services programs as part of the State program.
- 29 (10) Work with veterans services organizations and counterparts in other states to
30 monitor and encourage the timely and accurate processing of veterans'
31 benefit requests by the U.S. Department of Veterans Affairs, including
32 requests for service connected to health care, mental health care, and
33 disability payments.
- 34 (11) Manage and maintain the State's veterans nursing homes and cemeteries and
35 their associated assets to the standard befitting those who have worn the
36 uniform of the military services according to federal guidelines. Plan for
37 expansion and grow the capacity of these facilities and or new facilities as
38 required pending the availability of designated funds.
- 39 (12) Manage and maintain the State's Scholarships for Children of Wartime
40 Veterans in accordance with Article 4 of Chapter 165 of the General Statutes
41 and in support of the Veterans Affairs Commission.
- 42 (13) Provide administrative, organizational and funding support to the NC
43 Military Affairs Commission and the Governor's Working Group for
44 Veterans.

45 **§ 143B-256.3. Powers and Duties of the Secretary.**

46 The Secretary of Military and Veterans' Affairs shall have the powers and duties as are
47 conferred on the Secretary by this Article, delegated to the Secretary by the Governor, and
48 conferred on the Secretary by the Constitution and laws of this State. These powers and duties
49 include the following:

- 50 (1) Serve as the Governor's liaison and provide active outreach to the U.S.
51 Department of Defense and the U.S. Department of Homeland Security and

1 their associated establishments in North Carolina to support the installations
2 and activities in North Carolina in order to enhance North Carolina's current
3 military-friendly environment and foster and promote business, technology,
4 transportation, education, economic development and other efforts in support
5 of the mission, execution, and transformation of the U.S. government
6 military and national defense activities located in the State.

7 (2) Promote the industrial and economic development of localities included in or
8 adjacent to United States government military and national defense activities
9 and those of the state of North Carolina because the success of such
10 activities depends on cooperation between the localities, the State, and the
11 U.S. military and national defense activities.

12 (3) Appoint all employees, including consultants and legal counsel, necessary to
13 carry out the powers and duties of the office. These employees shall be
14 subject to the North Carolina Human Resources Act, except that employees
15 in positions designated as exempt under G.S. 126-5(d)(1) are not subject to
16 the Act, in accordance with the provisions of that section.

17 (4) Accept gifts, bequests, devises, grants, matching funds, and other
18 considerations from private or governmental sources for use in promoting
19 the work of the Department of Military and Veterans' Affairs.

20 (5) Provide the necessary supervision and organization in awarding grants to
21 local governments, State and federal agencies, and private entities.

22 (6) Serve as the Governor's liaison for veterans affairs to the U.S. Department of
23 Veterans Affairs, the veterans service organizations and the veterans
24 community in North Carolina in order to support and assist North Carolina's
25 veterans in identifying and obtaining the services, assistance and support to
26 which they are entitled. Support the development, implementation and
27 review of local veterans services programs as part of the State program.

28 (7) Work with veterans services organizations and counterparts in other states to
29 monitor and encourage the timely and accurate processing of veterans
30 benefit requests by the U.S. Department of Veterans Affairs, including
31 requests for services connected to health care, mental health care, and
32 disability payments.

33 (8) Work with federal officials to obtain additional federal resources and
34 coordinate veterans policy development and information exchange.

35 (9) Work with the appropriate heads of the principal departments to coordinate
36 working relationships between State agencies and take all actions necessary
37 to ensure that available federal and State resources are directed toward
38 assisting veterans and addressing all issues of mutual concern to the State
39 and the Armed Forces of the United States, including, but not limited to,
40 quality of life issues unique to North Carolina's military personnel and their
41 families, the quality of educational opportunities for military children, the
42 future of federal impact aid, preparedness, public safety and security
43 concerns, transportation needs, alcoholic beverage law enforcement,
44 substance abuse, social service needs, possible expansion and growth of
45 military facilities in the State and intergovernmental support agreements
46 with state and local governments.

47 (10) Educate the public on veterans and defense issues in coordination with
48 applicable State agencies.

49 (11) Rule making. – The Secretary is authorized to adopt rules and procedures for
50 the implementation of this section."

1 **SECTION 15A.1.(d)** The Veterans' Affairs Commission of the Department of
2 Administration is hereby transferred to the Department of Military and Veterans' Affairs. This
3 transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

4 **SECTION 15A.1.(e)** The Governor's Jobs for Veterans Committee of the
5 Department of Administration is hereby transferred to the Department of Military and Veterans'
6 Affairs. This transfer shall have all of the elements of a Type I transfer, as described in
7 G.S. 143A-6.

8 **SECTION 15A.1.(f)** The North Carolina Department of Administration, Division
9 of Veterans Affairs, is hereby transferred to the Department of Military and Veterans' Affairs.
10 This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

11 **SECTION 15A.1.(g)** The North Carolina Military Affairs Commission established
12 within the Office of the Governor is hereby transferred to the Department of Military and
13 Veterans' Affairs. This transfer shall have all the elements of a Type I transfer, as described in
14 G.S. 143A-6.

15 **SECTION 15A.1.(h).** G.S. 127C-2(h) reads as rewritten:

16 **"§ 127C-2(h). Membership.**

17 The initial meeting of the Commission shall be within 30 days of the effective date of this
18 act at a time and place to be determined by the Secretary of ~~Commerce~~the Department of
19 Military and Veterans' Affairs. The first order of business at the initial meeting of the
20 Commission shall be the adoption of bylaws and establishment of committees, after which the
21 Commission shall meet upon the call of the Chairman or the ~~Military Advisor within the Office~~
22 ~~of the Governor.~~Secretary of the Department of Military and Veterans' Affairs. The members
23 shall receive no compensation for attendance at meetings, except a per diem expense
24 reimbursement. Members of the Commission who are not officers or employees of the State
25 shall receive reimbursement for subsistence and travel expenses at rates set out in G.S. 138-5
26 from funds made available to the Commission. Members of the Commission who are officers
27 or employees of the State shall be reimbursed for travel and subsistence at the rates set out in
28 G.S. 138-6 from NC General Statutes – Chapter 127C-5 funds made available to the
29 Commission. The Department of ~~Commerce~~Military and Veterans' Affairs use funds within its
30 budget for the per diem, subsistence, and travel expenses authorized by this subsection."

31 **SECTION 15A.1.(i)** G.S. 127C-3 reads as rewritten:

32 **"§ 127C-3. ~~Military Advisor~~Secretary of the Department of Military and Veterans'**
33 **Affairs.**

34 The ~~Military Advisor within the Office of the Governor~~Secretary of the Department of
35 Military and Veterans' Affairs shall serve as the administrative head of the Commission and be
36 responsible for the operations and normal business activities of the Commission, with oversight
37 by the Commission."

38 **SECTION 15A.1.(j)** G.S. 165-20(3) reads as rewritten:

39 **"§ 165-20. Definitions.**

40 As used in this Article the terms defined in this section shall have the following meaning:

41 ...

- 42 (3) "Child" means a person: (i) under 25 years of age at the time of application
43 for a scholarship, (ii) who is a domiciliary of North Carolina and is a
44 resident of North Carolina when applying for a scholarship, (iii) who has
45 completed high school or its equivalent prior to receipt of a scholarship
46 awarded under this Article, (iv) who has complied with the requirements of
47 the Selective Service System, if applicable, and (v) who further meets one of
48 the following requirements:

- 49 a. A person whose veteran parent was a legal resident of North Carolina
50 at the time of said veteran's entrance into that period of service in the

1 Armed Forces during which eligibility is established under
2 G.S. 165-22.

- 3 b. A veteran's child who was born in North Carolina and has been a
4 resident of North Carolina continuously since birth. Provided, that
5 the requirement in the preceding sentence as to birth in North
6 Carolina may be waived by the Department of ~~Administration~~
7 Military and Veterans' Affairs if it is shown to the satisfaction of the
8 Department that the child's mother was a native-born resident of
9 North Carolina and was such resident at the time of her marriage to
10 the veteran and was outside the State temporarily at the time of the
11 child's birth, following which the child was returned to North
12 Carolina within a reasonable period of time where said child has
13 since lived continuously.
- 14 c. A person meeting either of the requirements set forth in subdivision
15 (3) a or b above, and who was legally adopted by the veteran prior to
16 said person's reaching the age of 15 years."

17 **SECTION 15A.1.(k)** G.S. 165-22(2) reads as rewritten:

18 "(2) Class I-B: Under this class a limited scholarship providing only those
19 benefits set forth in G.S. 165-21(1)a and d and 165-21(2) of this Article,
20 shall be awarded to any child whose veteran parent, at the time the benefits
21 pursuant to this Article are sought to be availed of, is or was at the time of
22 his death receiving compensation for a wartime service-connected disability
23 of one hundred percent (100%) as rated by the United States Department of
24 Veterans Affairs. Provided, that if the veteran parent of a recipient under this
25 class should die of his wartime service-connected condition before the
26 recipient shall have utilized all of his scholarship eligibility time, then the
27 North Carolina Department of Administration shall amend the recipient's
28 award from Class I-B to Class I-A for the remainder of the recipient's
29 eligibility time. The effective date of such an amended award shall be
30 determined by the Department of ~~Administration~~, Military and Veterans'
31 Affairs, but, in no event shall it predate the date of the veteran parent's
32 death."

33 **SECTION 15A.1.(l)** G.S. 165-22.1 reads as rewritten:

34 **"§ 165-22.1. Administration and funding.**

35 (a) The administration of the scholarship program shall be vested in the Department of
36 ~~Administration~~, Military and Veterans' Affairs, and the disbursing and accounting activities
37 required shall be a responsibility of the Department of ~~Administration~~, Military and Veterans'
38 Affairs. The Veterans Affairs Commission shall determine the eligibility of applicants, select
39 the scholarship recipients, establish the effective date of scholarships, and may suspend or
40 revoke scholarships if the said Veterans Affairs Commission finds that the recipient does not
41 comply with the registration requirements of the Selective Service System or does not maintain
42 an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the
43 seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the
44 peace or unlawful assemblies. The Department of ~~Administration~~, Military and Veterans'
45 Affairs shall maintain the primary and necessary records, and the Veterans Affairs Commission
46 shall promulgate such rules and regulations not inconsistent with the other provisions of this
47 Article as it deems necessary for the orderly administration of the program. It may require of
48 State or private educational institutions, as defined in this Article, such reports and other
49 information as it may need to carry out the provisions of this Article. The Department of
50 ~~Administration~~, Military and Veterans' Affairs shall disburse scholarship payments for

1 recipients certified eligible by the Department of ~~Administration~~ Military and Veterans' Affairs
2 upon certification of enrollment by the enrolling institution.

3 (b) Funds for the support of this program shall be appropriated to the Department of
4 ~~Administration~~ Military and Veterans' Affairs as a reserve for payment of the allocable costs
5 for room, board, tuition, and other charges, and shall be placed in a separate budget code from
6 which disbursements shall be made. Funds to support the program shall be supported by
7 receipts from the Escheat Fund, as provided by G.S. 116B-7, but those funds may be used only
8 for worthy and needy residents of this State who are enrolled in public institutions of higher
9 education of this State. In the event the said appropriation for any year is insufficient to pay the
10 full amounts allocable under the provisions of this Article, such supplemental sums as may be
11 necessary shall be allocated from the Contingency and Emergency Fund. The method of
12 disbursing and accounting for funds allocated for payments under the provisions of this section
13 shall be in accordance with those standards and procedures prescribed by the Director of the
14 Budget, pursuant to the Executive Budget Act.

15 (c) Allowances for room and board in State educational institutions shall be at such rate
16 as established by the Secretary of the Department of ~~Administration~~ Military and Veterans'
17 Affairs.

18 (d) Scholarship recipients electing to attend a private educational institution shall be
19 granted a monetary allowance for each term or other academic period attended under their
20 respective scholarship awards. All recipients under Class I-B scholarship shall receive an
21 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II,
22 III and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of
23 course or institution. The amount of said allowances shall be determined by the Director of the
24 Budget and made known prior to the beginning of each fall quarter or semester; provided that
25 the Director of the Budget may change the allowances at intermediate periods when in his
26 judgment such changes are necessary. Disbursements by the State shall be to the private
27 institution concerned, for credit to the account of each recipient attending said institution. The
28 manner of payment to any private institution shall be as prescribed by the Department of
29 ~~Administration~~ Military and Veterans' Affairs. The participation by any private institution in
30 the program shall be subject to the applicable provisions of this Article and to examination by
31 State auditors of the accounts of scholarship recipients attending or having attended private
32 institutions. The Veterans Affairs Commission may defer making an award or may suspend an
33 award in any private institution which does not comply with the provisions of this Article
34 relating to said institutions.

35 (e) Irrespective of other provisions of this Article, the Veterans Affairs Commission
36 may prescribe special procedures for adjusting the accounts of scholarship recipients who for
37 reasons of illness, physical inability to attend class or for other valid reason satisfactory to the
38 Veterans Affairs Commission may withdraw from State or private educational institutions prior
39 to the completion of the term, semester, quarter or other academic period being attended at the
40 time of withdrawal. Such procedures may include, but shall not be limited to, paying the
41 recipient the dollar value of his unused entitlements for the academic period being attended,
42 with a corresponding deduction of this period from his remaining scholarship eligibility time."
43

44 **LAND CONSERVATION PROTECTING THE MILITARY MISSION IN NORTH** 45 **CAROLINA**

46 **SECTION 15A.2.(a)** There is established a grant program dedicated to conserve
47 land around military installations, or military training and related areas. The grant program will
48 be administered by the Department of Military and Veterans Affairs.

49 **SECTION 15A.2.(b)** A Committee comprised of the Director of the Office of State
50 Budget and Management, Executive Director of the Clean Water Management Trust Fund,
51 Director NC Agricultural Development & Farmland Preservation Trust Fund, Chair of the NC

1 Military Affairs Commission, and Secretary of the Department of Military and Veterans Affairs
2 will review and approve grants associated with the funds appropriated to the Department under
3 this program.

4 **SECTION 15A.2.(c).** This section becomes effective July 1, 2015.
5

6 **PART XVI. DEPARTMENT OF PUBLIC SAFETY**

7 8 **SUBPART XVI-A. GENERAL PROVISIONS**

9 10 **WORKERS' COMPENSATION REGULAR SALARY DEFINITION**

11 **SECTION 16A.1.** G.S. 143-166.14 reads as rewritten:

12 **"§ 143-166.14. Payment of salary notwithstanding incapacity; Workers' Compensation**
13 **Act applicable after two years; duration of payment.**

14 The salary of any eligible person shall be paid as long as the person's employment in that
15 position continues, notwithstanding the person's total or partial incapacity to perform any duties
16 to which the person may be lawfully assigned, if that incapacity is the result of an injury or
17 injuries ~~proximately caused by the heightened risk and special hazards directly related to the~~
18 ~~violent nature of~~ resulting from or arising out of an episode of violence, resistance, or due to
19 other special hazards which occur while the eligible person's person is performing official
20 duties, except if that incapacity continues for more than two years from its inception, the person
21 shall, during the further continuance of that incapacity, be subject to the provisions of Chapter
22 97 of the General Statutes pertaining to workers' compensation. The time period for which an
23 eligible person receives benefits pursuant to this section shall be deducted from the eligible
24 person's total eligibility for benefits pursuant to G.S. 97-29 and G.S. 97-30. For purposes of this
25 section, the term salary shall be defined as the "total base pay" of the person reflected on the
26 person's salary statement and shall not include overtime pay, shift differential pay, holiday pay
27 or other additional earnings to which the person may have been entitled prior to such
28 incapacity. Salary paid to an eligible person pursuant to this Article shall cease upon the
29 resumption of the person's regularly assigned duties, retirement, resignation, or death,
30 whichever first occurs, except that temporary return to duty shall not prohibit payment of salary
31 for a subsequent period of incapacity which can be shown to be directly related to the original
32 injury."
33

34 **VETERANS' COURTS**

35 **SECTION 16A.2.** The Governor's Crime Commission is directed to proactively
36 engage local officials to support development of additional veterans' courts during the FY
37 2015-2017 biennium. The Commission shall also ensure that existing and new veterans' courts
38 are operating efficiently and effectively by encouraging collaboration among existing courts
39 regarding best practices and providing technical assistance to communities that establish new
40 veterans' courts.
41

42 **GRANT MATCHING FUNDS**

43 **SECTION 16A.3.** Notwithstanding the provisions of G.S. 143C-6-9, the
44 Department of Public Safety may use up to the sum of one million two hundred thousand
45 dollars (\$1,200,000) during the 2015-2016 fiscal year and up to the sum of one million two
46 hundred thousand dollars (\$1,200,000) during the 2016-2017 fiscal year from funds available to
47 the Department to provide the State match needed in order to receive grant funds. Prior to using
48 funds for this purpose, the Department shall report to the Chairs of the House of
49 Representatives Subcommittee on Justice and Public Safety, the Chairs of the Senate
50 Appropriations Committee on Justice and Public Safety, and the Joint Legislative Commission
51 on Governmental Operations on the grants to be matched using these funds.

USE OF CLOSED FACILITIES

SECTION 16A.4. In conjunction with the closing of prison facilities, youth detention centers, and youth development centers, the Department of Public Safety shall obtain an appraisal on each property and submit the appraisals to OSBM, consult with the county or municipality in which the facility is located, with the elected State and local officials, and with State and federal agencies about the possibility of converting that facility to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the facility to other use. In developing a proposal for future use of each facility, the Department shall give priority to converting the facility to other criminal justice use. Consistent with existing law and the future needs of the Department of Public Safety, the State may provide for the transfer or the lease of any of these facilities to counties, municipalities, State agencies, federal agencies, or private firms wishing to convert them to other use. The Department of Public Safety may also consider converting some of the facilities recommended for closing from one security custody level to another, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

In addition, the Department of Public Safety may use available funds to reopen and convert closed facilities for use as treatment and behavior modification facilities for offenders serving a period of confinement in response to violation pursuant to G.S. 15A-1344(d2).

SUBPART XVI-B. DIVISION OF LAW ENFORCEMENT**SBI/ALE REGIONAL OFFICE CONSOLIDATION**

SECTION 16B.1. S.L. 2014-100 reads as rewritten:

"SECTION 17.1.(aaaa) The Department of Public Safety shall consolidate ALE and SBI Regions and Regional Offices. The Asheville Regional Office shall be operational ~~July 1, 2015,~~ upon completion of new facility. All other Regional Offices shall be operational by October 1, 2014."

SBI SAFIS REPLACEMENT

SECTION 16B.2. G.S. 15A-502 is amended by adding a new subsection to read:

"(f) The Statewide Automated Fingerprint Identification System (SAFIS) Maintenance and Operation Fund is established within the State Bureau of Investigation as a special revenue interest-bearing fund. The Fund shall be used to defray the expenses of any project or activity intended for the perpetual maintenance, improvement, and operation of the Statewide Automated Fingerprint Identification System (SAFIS). The source of funds deposited into the SAFIS Maintenance and Operation Fund originates from the following:

- (1) Fees generated by the State Bureau of Investigation for processing legislatively authorized background checks;
- (2) Fees generated by the State Bureau of Investigation for processing concealed handgun permits referred to in G.S. 14-415.19."

CLARIFY HAZARDOUS MATERIALS FEES

SECTION 16B.3. G.S. 166A-29.1 reads as rewritten:

"§ 166A-29.1. Hazardous materials facility fee.

- (a) Definitions. – The following definitions apply in this section:

- 1 (1) EPCRA. – The federal Emergency Planning and Community Right-to-Know
2 Act, P.L. No. 99-499 et. seq.
- 3 (2) Hazardous chemical. – As defined in 29 C.F.R. 1910.1200(c), except that the
4 term does not include any of the following:
- 5 a. Any food, food additive, color additive, drug, or cosmetic regulated
6 by the Food and Drug Administration.
- 7 b. Any substance present as a solid in any manufactured item to the
8 extent exposure to the substance does not occur under normal
9 conditions of use.
- 10 c. Any substance to the extent that it is used for personal, family, or
11 household purposes or is present in the same form and concentration
12 as a product packaged for distribution and use by the public.
- 13 d. Any substance to the extent that it is used in a research laboratory or
14 a hospital or other medical facility under the direct supervision of a
15 technically qualified individual.
- 16 e. Any substance to the extent that it is used in routine agricultural
17 operations or is a fertilizer held for sale by a retailer to the ultimate
18 consumer.
- 19 (3) Extremely hazardous substance. – Any substance, regardless of its state, set
20 forth in 40 C.F.R. Part 355, Appendix A or B.
- 21 (b) Annual Fee Shall Be Charged. – ~~A~~Any person or business as required under Section
22 302 or 312 of EPCRA to submit a notification or an annual inventory form to the Division shall
23 be required to pay to the Department an annual fee in the amount set forth in subsection (c) of
24 this section.
- 25 (c) Amount of Fee. – The amount of the annual fee charged pursuant to subsection (b)
26 of this section shall be calculated in accordance with the following, up to a maximum annual
27 amount of five thousand dollars ~~(\$5,000):~~(\$5,000) per reporting site:
- 28 (1) A fee of fifty dollars (\$50.00) shall be assessed for each substance at each
29 site reported by ~~facility~~a person or business that is classified as a hazardous
30 chemical.
- 31 (2) A fee of ninety dollars (\$90.00) shall be assessed for each substance at each
32 site reported by ~~facility~~a person or business that is classified as an extremely
33 hazardous substance.
- 34 (d) Late Fees. – The Division may impose a late fee against the person or business for
35 failure to submit a report or filing that substantially complies with the requirements of EPCRA
36 by the federal filing deadline or for failure to pay any fee, including a late fee. This fee shall be
37 ~~in addition to the fee imposed pursuant to subsection (c) of this section.~~ in addition to the fee
38 imposed pursuant to subsection (c) of this section. Prior to imposing a late fee, the Division
39 shall provide the person or business who will be assessed the late fee with written notice that
40 identifies the specific requirements that have not been met and informs the person or business
41 of its intent to assess a late fee. The assessment of a late fee shall be subject to the following
42 limitations:
- 43 (1) If the report filing or fee is submitted within 30 days after receipt of the
44 Division's notice that it intends to assess a late fee, no late fee shall be
45 assessed.
- 46 (2) If the report filing or fee has not been submitted by the end of the period set
47 forth in subdivision (1) of this subsection, the Division may impose a late fee
48 in an amount equal to the amount of the fee charged pursuant to subsection
49 (c) of this section.
- 50 (e) Exemptions. – No fee shall be charged under this section to any of the following:

- 1 (1) An owner or operator of a family farm enterprise, a facility owned by a State
2 or local government, or a nonprofit corporation.
- 3 (2) An owner or operator of a facility where motor vehicle fuels are stored and
4 from which such fuels are offered for retail sale. However, hazardous
5 chemicals or extremely hazardous substances at such a facility, other than
6 motor vehicle fuels for retail sale, shall not be subject to this exemption.
- 7 (3) A motor vehicle dealer, as that term is defined in G.S. 20-286(11).
- 8 (f) ~~Use of Fee Proceeds.—Hazardous Materials Facility Fund. – The proceeds of fees~~
9 ~~received shall be credited in a nonreverting, special fund in the Department of Public Safety~~
10 ~~and managed by the Division. The proceeds of fees shall assessed pursuant to this section be~~
11 ~~used for the following:~~
- 12 (1) To offset Division costs that directly support hazardous materials emergency
13 preparedness and response.
- 14 (2) To payoffset costs associated with the establishment and maintenance of a
15 hazardous materials database, database, and a hazardous materials response
16 application.
- 17 (3) To supportoffset costs associated with the operations of the regional
18 response program for hazardous materials emergencies and terrorist
19 incidents.
- 20 (4) To provide grants to counties for hazardous materials emergency response
21 planning, training, and related exercises."
22

23 USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO DOJ OR DPS

24 **SECTION 16B.4.(a)** Assets transferred to the Department of Justice or to the
25 Department of Public Safety during the 2015-2017 fiscal biennium pursuant to applicable
26 federal law shall be credited to the budgets of the respective departments and shall result in an
27 increase of law enforcement resources for those departments. The Departments of Justice and
28 Public Safety shall report to the Joint Legislative Commission on Governmental Operations the
29 Chairs of the House of Representatives Appropriations Subcommittee on Justice and Public
30 Safety, and the Chairs of the Senate Appropriations Committee on Justice and Public Safety
31 upon receipt of the assets and, before using the assets, shall report on the intended use of the
32 assets and the departmental priorities on which the assets may be expended.

33 **SECTION 16B.4.(b)** Nothing in this section prohibits North Carolina law
34 enforcement agencies from receiving funds from the United States Department of Justice, the
35 United States Department of the Treasury, the United States Department of Homeland Security,
36 and the United States Department of Health and Human Services.
37

38 SUBPART XVI-C. DIVISION OF ADULT CORRECTION AND JUVENILE JUSTICE

39 CREATE JUSTICE REINVESTMENT COUNCIL

40 **SECTION 16C.1.(a)** G.S. 143B-1157 is repealed.

41 **SECTION 16C.1.(b)** G.S. 143B-1158 is repealed.

42 **SECTION 16C.1.(c)** Article 13 of Chapter 143 is amended by adding a new
43 section to read:
44

45 "§ 143-1161. Justice Reinvestment Council.

46 (a) The Council shall act as an advisory body to the Commissioner of Adult Correction
47 and Juvenile Justice with regard to this Subpart. The Council shall consist of 12 members as
48 follows, to be appointed as provided in subsection (b) of this section:

49 (1) Two members of the Senate.

50 (2) Two members of the House of Representatives.

51 (3) A judge of the superior court.

- 1 (4) A judge of the district court.
- 2 (5) A district attorney.
- 3 (6) A criminal defense attorney.
- 4 (7) A county sheriff.
- 5 (8) A chief of a city police department.
- 6 (9) A victim service provider.
- 7 (10) A member selected to represent behavioral health services.

8 (b) The membership of the Council shall be selected as follows:

- 9 (1) The Governor shall appoint the following members: the county sheriff, the
10 chief of a city police department, and the member representing behavioral
11 health services.
- 12 (2) The Lieutenant Governor shall appoint the following members: the victim
13 service provider.
- 14 (3) The Chief Justice of the North Carolina Supreme Court shall appoint the
15 following members: the superior court judge, the district court judge, the
16 district attorney, and the criminal defense attorney.
- 17 (4) The President Pro Tempore of the Senate shall appoint the following
18 members: two members of the Senate.
- 19 (5) The Speaker of the House of Representatives shall appoint the following
20 members: two members of the House of Representatives.

21 In appointing the members of the Council, the appointing authorities shall make every effort to
22 ensure fair geographic representation of the Council membership and to ensure that minority
23 persons and women are fairly represented.

24 (c) The initial members shall serve staggered terms; one-third shall be appointed for a
25 term of one year, one-third shall be appointed for a term of two years, and one-third shall be
26 appointed for a term of three years. The members identified in subdivisions (1) through (5) of
27 subsection (a) of this section shall be appointed initially for a term of one year. The members
28 identified in subdivisions (6) through (10) in subsection (a) of this section shall be appointed
29 initially for a term of two years. The terms of office of the initial members appointed under this
30 section commence effective October 1, 2015.

31 At the end of their respective terms of office their successors shall be appointed for terms of
32 three years effective July 1. A vacancy occurring before the expiration of the term of office
33 shall be filled in the same manner as original appointments for the remainder of the term.
34 Members may be reappointed without limitation.

35 (d) The purpose of the Justice Reinvestment Council in conjunction with the
36 Department of Public Safety, Division of Adult Correction and Juvenile Justice is to (i)
37 recommend policy enhancements to the Justice Reinvestment Act of 2011; (ii) assist in the
38 continued education of criminal justice system stakeholders; (iii) support implementation of the
39 Justice Reinvestment Act of 2011; and (iv) identify new initiatives that further implementation
40 of the Justice Reinvestment Act of 2011 and the Community Corrections Recidivism Reduction
41 Plan."

43 **INTERSTATE COMPACT FEES TO SUPPORT OPERATING NEEDS**

44 **SECTION 16C.2.** G.S. 148-65.7 reads as rewritten:

45 "**§ 148-65.7. Fees.**

46 (a) Persons convicted in this State who make a request for transfer to another state
47 pursuant to the compact shall pay a transfer application of two hundred fifty dollars (\$250.00)
48 for each transfer application submitted. The transfer application fee shall be paid to the
49 Compact Commissioner upon submission of the transfer application. The Commissioner or the
50 Commissioner's designee may waive the application fee if either the Commissioner or the

1 Commissioner's designee finds that payment of the fee will constitute an undue economic
2 burden on the offender.

3 All fees collected pursuant to this section shall be deposited in the Interstate Compact Fund
4 and shall be used ~~only~~ to support administration of the Interstate ~~Compact~~. Compact and
5 operational costs for the Division of Adult Correction Section of Community Corrections.

6 The Interstate Compact Fund is established within the Division of Adult Correction and
7 Juvenile Justice of the Department of Public Safety as a nonreverting, interest-bearing special
8 revenue account. Accordingly, revenue in the Fund at the end of a fiscal year does not revert,
9 and interest and other investment income earned by the Fund shall be credited to it. All moneys
10 collected by the Division of Adult Correction of the Department of Public Safety pursuant to
11 this subsection shall be remitted to the State Treasurer to be deposited and held in this Fund.
12 Moneys in the Fund shall be used to supplement funds otherwise available to the Division of
13 Adult Correction of the Department of Public Safety for the administration of the Interstate
14 ~~Compact~~. Compact and operational costs for the Section of Community Corrections.

15 (b) Persons supervised in this State pursuant to this compact shall pay the supervision
16 fee specified in G.S. 15A-1374(c). The fee shall be paid to the clerk of court in the county in
17 which the person initially receives supervision services in this State. The Commissioner or the
18 Commissioner's designee may waive the fee if either the Commissioner or the Commissioner's
19 designee finds that payment of the fee will constitute an undue economic burden on the
20 offender."

21 22 **JAIL BACKLOG**

23 **SECTION 16C.3.** Notwithstanding G.S. 143C-6-9, the Department of Public
24 Safety may use funds available to the Department for the 2015-2017 fiscal biennium to pay the
25 sum of forty dollars (\$40.00) per day as reimbursement to counties for the cost of housing
26 convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison
27 system, as provided in G.S. 148-29. The Department shall report quarterly to the Chairs of the
28 Joint Legislative Oversight Committee on Justice and Public Safety and the Chairs of the
29 House of Representatives Appropriations Subcommittee on Justice and Public Safety and
30 Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to
31 reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail
32 backlog.

33 34 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

35 **SECTION 16C.4.** The Department of Public Safety may continue to contract with
36 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison
37 beds for minimum security female inmates during the 2015-2017 fiscal biennium. The Center
38 for Community Transitions, Inc., shall report by February 1 of each year to the Chairs of the
39 House of Representatives Appropriations Subcommittee on Justice and Public Safety and the
40 Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate
41 and the average daily inmate population compared to bed capacity using the same methodology
42 as that used by the Department of Public Safety.

43 44 **ADULT AND JUVENILE INMATE MEDICAL COSTS**

45 **SECTION 16C.5.(a)** The Department of Public Safety shall reimburse those
46 providers and facilities providing approved inmate medical services outside the correctional or
47 juvenile facility the lesser amount of either a rate of seventy percent (70%) of the provider's
48 then-current prevailing charge or two times the then-current Medicaid rate for any given
49 service. The Department shall have the right to audit any given provider to determine the actual
50 prevailing charge to ensure compliance with this provision.

1 This section does apply to vendors providing services that are not billed on a
2 fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the
3 Department from contracting with a provider for services at rates that provide greater
4 documentable cost avoidance for the State than do the rates contained in this section or at rates
5 that are less favorable to the State but that will ensure the continued access to care.

6 **SECTION 16C.5.(b)** Section 19.6(c) of S.L. 2010-31 reads as rewritten:

7 "**SECTION 19.6.(c)** The ~~Department of Correction~~Department of Public Safety shall
8 consult with the Division of Medical Assistance in the Department of Health and Human
9 Services to develop protocols for prisoners and juveniles committed to the Department who
10 would be eligible for Medicaid if they were not incarcerated to access Medicaid while in
11 ~~eustody or under extended limits of confinement.~~ custody, under extended limits of
12 confinement, or committed to the Department. The Department shall seek reimbursement from
13 Medicaid for those health care costs incurred by the Department in those instances when ~~an~~
14 ~~inmate's~~ the Medicaid eligibility of an inmate or of a juvenile held in secure custody or
15 committed to the Department has been temporarily reinstated due to a hospitalization. ~~The~~
16 ~~Department of Correction shall also work with the Division of Medical Assistance to determine~~
17 ~~the feasibility of applying for a Medicaid waiver to cover the inmate population."~~

18 **PRISONS BEHAVIORAL HEALTH POSITIONS**

19 **SECTION 16C.6.** Notwithstanding any other provision of law, positions in the
20 Section of Prisons that are created or authorized to be created by this act related to behavior
21 health treatment may be posted and advertised prior to the effective date of the positions'
22 creation.
23

24 **SUBSTANCE ABUSE TREATMENT FUNDS**

25 **SECTION 16C.7.** Any unexpended funds from the two million dollars
26 (\$2,000,000) in nonrecurring funds appropriated for FY 2014-2015 for Substance Abuse
27 Treatment for High-Risk Offenders shall not revert and shall be carried forward to the FY
28 2015-2017 biennium and remain available for expenditure for their original purpose. These
29 funds shall be restricted to substance abuse treatment services for offenders assessed as
30 moderate to high risk for recidivism and high need for substance abuse services. Funds
31 distributed under this provision shall be given to evidence-based programs to enhance, increase,
32 or expand existing substance abuse treatment programs for offenders being supervised by the
33 Department.
34

35 **PART XVII. DEPARTMENT OF JUSTICE**

36 **TOXICOLOGY OUTSOURCING FUNDS**

37 **SECTION 17.1.** Funds appropriated for toxicology outsourcing to the Department
38 of Justice in the FY 2015-2017 biennium shall not revert and shall remain available for use to
39 reduce the backlog of pending toxicology cases by the State Crime Laboratory.
40

41 **PART XVIII. DEPARTMENT OF ADMINISTRATION**

42 **TRANSITION TO RENT-BASED MODEL FOR DOA-OWNED FACILITIES**

43 **SECTION 18.1.** All departmental functions supporting the management and
44 maintenance of State-owned facilities shall be made receipt-supported. The Office of State
45 Budget and Management, in consultation with the Department, shall transfer a portion of funds
46 appropriated to the Department to each agency for the purpose of paying rent to the
47 Department. The amount of funds transferred shall be a ratio of total Department funds for
48 facility management, maintenance, and related costs based on the ratio of square feet of
49
50
51

1 DOA-administered space the agency uses as a share of all DOA-administered space. The
2 Department shall conduct a study to determine appropriate rental rates based on comparable
3 market rates to be provided to the Office of State Budget and Management by October 1, 2015,
4 to inform adjustments to rental rates for the FY 2016-2017 budget.

5 6 **STOP FRAUD AND ABUSE OF TAXPAYER DOLLARS**

7 **SECTION 18.2.(a)** Article 79 of Chapter 143 of the General Statutes is amended
8 by adding a new section to read:

9 **"§ 143-750. Reporting requirements.**

10 If any internal audit by or on behalf of any State agency results in a written finding that any
11 nongovernmental person or entity, not subject to G.S. 143-6-23, has received public funds as a
12 result of fraud, misrepresentation, or other deceptive acts or practices while doing business with
13 State agencies or local governments, then a report of such finding shall be submitted to the
14 State Purchasing Officer and may contain a recommendation that the persons or entities
15 identified be debarred. The submission to the State Purchasing Officer shall include such
16 necessary detail and documentation to support the findings made."

17 **SECTION 18.2.(b)** G.S. 147.64.6 is amended by adding a new subsection (e) to
18 read:

19 "(e) If the State Auditor's work results in a written finding that any nongovernmental
20 person or entity, not subject to G.S. 143-6-23, has received public funds as a result of fraud,
21 misrepresentation or other deceptive acts or practices while doing business with State agencies
22 or local governments, then a report of such finding shall be submitted to the State Purchasing
23 Officer and may contain a recommendation that the persons or entities identified be debarred.
24 The submission to the State Purchasing Officer shall include such necessary detail and
25 documentation to support the findings made."

26 **SECTION 18.2.(c)** The Secretary of the Department of Administration shall
27 develop rules and procedures to implement debarment of any nongovernmental person or
28 entity, not subject to G.S. 143-6-23, that has received public funds as a result of fraud,
29 misrepresentation or other deceptive acts or practices while doing business with State agencies
30 or local governments consistent with G.S. 143-750 and Article 5A of Chapter 147-64.6.

31 32 **TRANSFER YOUTH ADVISORY COUNCIL TO OSHR**

33 **SECTION 18.3.(a)** The Youth Advocacy and Involvement Office is hereby
34 transferred from the Department of Administration to the Office of State Human Resources.
35 This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

36 **SECTION** G.S. 143B-417 reads as rewritten:

37 **"§ 143B-417. North Carolina Internship Council – creation; powers and duties.**

38 There is hereby created the North Carolina Internship Council of the Department of
39 Administration—Council. The Council is established within the Office of State Human
40 Resources. The North Carolina Internship Council shall have the following functions and
41 duties:

42"

43 **SECTION 18.3.(b)** G.S. 143B-418 reads as rewritten:

44 **"§ 143B-418. North Carolina Internship Council – members; selection; quorum;** 45 **compensation; clerical, etc., services.**

46 The North Carolina Internship Council shall consist of 17 members, including the Secretary
47 of Administration or his designee, Director of the Office of State Human Resources or that
48 officer's designee, one member to be designated by and to serve at the pleasure of the President
49 Pro Tempore of the Senate, one member to be designated by and to serve at the pleasure of the
50 Speaker of the House of Representatives and the following 14 members to be appointed by the
51 Governor to a two-year term commencing on July 1 of odd-numbered years: two

1 representatives of community colleges; four representatives of The University of North
2 Carolina system; two representatives of private colleges or universities; three representatives of
3 colleges or universities with an enrollment of less than 5,000 students; and three former interns.

4 At the end of the respective terms of office of the 14 members of the Council appointed by
5 the Governor, the appointment of their successors shall be for terms of two years and until their
6 successors are appointed and qualify. The Governor may remove any member appointed by the
7 Governor.

8 Any appointment to fill a vacancy on the Council created by the resignation, dismissal,
9 death, or disability of a member shall be for the balance of the unexpired term.

10 The Council shall meet at the call of the chairman or upon written request of at least five
11 members.

12 The Governor shall designate a member of the Council as chairman to serve at the pleasure
13 of the Governor.

14 Members of the Council shall receive per diem and necessary travel and subsistence
15 expenses in accordance with the provisions of G.S. 138-5.

16 A majority of the Council shall constitute a quorum for the transaction of business.

17 All clerical and other services required by the Council shall be supplied by the ~~Secretary of~~
18 ~~Administration-Office of State Human Resources.~~"

19 **SECTION 18.3.(c)** G.S. 143B-385 reads as rewritten:

20 "**§ 143B-385. State Youth Advisory Council – creation; powers and duties.**

21 There is hereby created the State Youth Advisory ~~Council of the Department of~~
22 ~~Administration-Council.~~ The State Youth Advisory Council shall have the following functions
23 and duties:

- 24 (1) To advise the youth councils of North Carolina;
- 25 (2) To encourage State and local councils to take active part in governmental
26 and civic affairs, promote and participate in leadership and citizenship
27 programs, and cooperate with other youth-oriented groups;
- 28 (3) To receive on behalf of the ~~Department of Administration-Office of State~~
29 Human Resources and to recommend expenditure of gifts and grants from
30 public and private donors;
- 31 (4) To establish procedures for the election of its youth representatives by the
32 State Youth Council; and
- 33 (5) To advise the ~~Secretary of Administration-Director of the Office of State~~
34 Human Resources upon any matter the ~~Secretary-Director~~ may refer to it."

35 **SECTION 18.3.(d)** G.S. 143B-386 reads as rewritten:

36 "**§ 143B-386. State Youth Advisory Council – members; selection; quorum;**
37 **compensation.**

38 The State Youth Advisory Council ~~of the Department of Administration~~ shall consist of 20
39 members. The composition and appointment of the Council shall be as follows:

40 Ten youths to be elected by the procedure adopted by the Youth Advisory Council, which
41 shall include a requirement that four of the members represent youth organizations; and 10
42 adults to be appointed by the Governor at least four of whom shall be individuals working on
43 youth programs through youth organizations. Provided that no person shall serve on the Board
44 for more than two complete consecutive terms.

45 The initial members of the Council shall be the appointed members of the Youth Advisory
46 Board who shall serve for a period equal to the remainder of their current terms on the Youth
47 Advisory Board. The current terms of the youth members expire July 1, 1976, the current terms
48 of four of the adult members expire April 7, 1976, and the remaining four adult members' terms
49 expire May 1, 1978. At the end of the respective terms of office of the initial members of the
50 Council, the appointment of their successors shall be as follows:

1 (1) Eight youth members to serve for terms beginning on July 1, 1976, and
2 expiring on June 30, 1977, and two additional youth members to serve for
3 terms beginning on July 1, 1977, and expiring on June 30, 1978. At the end
4 of the terms of office of these youth members of the Council, the
5 appointment of their successors shall be for terms of two years and until
6 their successors are appointed and qualify.

7 (2) Four adult members to serve for terms beginning on April 8, 1976, and
8 expiring on June 30, 1979; four adult members to serve for terms beginning
9 on May 1, 1978, and expiring on June 30, 1980; one additional adult
10 member to serve for a term beginning July 1, 1977, and expiring June 30,
11 1978; and one additional adult member to serve for a term beginning July 1,
12 1977, and expiring June 30, 1979. At the end of the respective terms of
13 office of these adult members of the Council, the appointment of their
14 successors shall be for terms of two years and until their successors are
15 appointed and qualify. At least one adult member shall be an advisor of a
16 local youth council at appointment and for the duration of the term. The total
17 membership shall reasonably reflect the socioeconomic, ethnic, sexual and
18 sectional composition of the State.

19 Any appointment to fill a vacancy on the Council created by the resignation, dismissal,
20 death, or disability of a member shall be for the balance of the unexpired term.

21 The Governor shall have the power to remove any member of the Council from office in
22 accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

23 The Governor shall designate an adult member of the Council to serve as chairman at the
24 pleasure of the Governor. The Council shall elect a youth member to serve as vice-chairman for
25 a one-year term.

26 A majority of the Council shall constitute a quorum for the transaction of business.

27 Members of the Council who are not officers or employees of the State shall receive per
28 diem and necessary travel and subsistence expenses in accordance with provisions of
29 G.S. 138-5.

30 All clerical and other services required by the Council shall be supplied by the ~~Secretary of~~
31 ~~Administration~~. Office of State Human Resources."

32 **ALLOW FOR ELECTRONIC ADVERTISEMENT OF LEASE PROPOSALS**

33 **SECTION 18.4** G.S. 146-25.1(a) reads as rewritten:

34 **"§ 146-25.1. Proposals to be secured for leases.**

35 (a) If pursuant to G.S. 146-25, the Department of Administration determines that it is in
36 the best interest of the State to lease or rent land and the rental is estimated to exceed
37 twenty-five thousand dollars (\$25,000) per year or the term will exceed three years, the
38 Department shall require the State agency desiring to rent land to prepare and submit for its
39 approval a set of specifications for its needs. Upon approval of specifications, the Department
40 shall prepare a public advertisement. The State agency shall place such advertisement in a
41 newspaper of general circulation in the county for proposals from prospective lessors of said
42 land ~~and shall make such other distribution thereof as the Department directs or through~~
43 ~~electronic means, or both, as determined by the Department to be most advantageous.~~ The
44 advertisement shall be run for at least five consecutive days, and shall provide that proposals
45 shall be received for at least seven days from the date of the last advertisement in the State
46 Property Office of the Department. The provisions of this section do not apply to property
47 owned by governmental agencies and leased to other governmental agencies."
48
49

50 **PART XIX. DEPARTMENT OF CULTURAL RESOURCES**

TRANSFERS ATTRACTIONS TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 19.1.(a) G.S. 143B-50 reads as written:

"§ 143B-50. Duties of the Department.

(a) It shall be the duty of the Department to provide the necessary management, development of policy and establishment and enforcement of standards for the furtherance of resources, services and programs involving the arts and the historical and cultural aspects of the lives of the citizens of North Carolina.

(b) The Secretary of Cultural Resources may establish and set admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees for state historic sites, museums, state parks and recreation facilities, aquariums, piers, the North Carolina Zoological Park, and other attractions."

SECTION 19.1.(b) The Secretary of Cultural Resources shall establish admission fees and related activity fees using a dynamic pricing strategy. Dynamic pricing is the adjustment of fees for admission and related activities from time to time to reflect marketing forces, including seasonal variations and special event interests, with the intent and effect to maximize revenues from use of these State resources to the extent practicable to offset appropriations from the General Assembly. Any rule currently in the Administrative Code related to fees covered by Section 1 of this act are ineffective and repealed upon the effective date of new admission fees and related activity fees adopted by the Department under the authority set out in Section 1 of this act. Notice of the initial adoption of new admission fees and related activity fees under Section 1 of this act shall be given by the Department to the Codifier of Rules, who, upon receipt of notice of the initial adoption of new admission fees and related activity fees by the Department, shall note the repeal of these rules in the Administrative Code.

SECTION 19.1.(c) The Division of North Carolina Aquariums created in the Department of Environment and Natural Resources is hereby transferred to the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(d) G.S. 143B-289.41 reads as rewritten:

"§ 143B-289.41. Division of North Carolina Aquariums – organization; powers and duties.

(a) The Division of North Carolina Aquariums shall be organized as prescribed by the Secretary of ~~Environment and Natural~~Cultural Resources and shall exercise the following powers and duties:

(1) Repealed by Session Laws 1991, c. 320, s. 3.

(1a) Establish and maintain the North Carolina Aquariums.

(1b) Administer the operations of the North Carolina Aquariums, such administrative duties to include, but not be limited to the following:

a. Adopt goals and objectives for the Aquariums and review and revise these goals and objectives periodically.

b. Review and approve requests for use of the Aquarium facilities and advise the Secretary of ~~Environment and Natural~~Cultural Resources on the most appropriate use consistent with the goals and objectives of the Aquariums.

c. Continually review and evaluate the types of projects and programs being carried out in the Aquarium facilities and determine if the operation of the facilities is in compliance with the established goals and objectives.

d. Recommend to the Secretary of ~~Environment and Natural~~Cultural Resources any policies and procedures needed to assure effective

- 1 staff performance and proper liaison among Aquarium facilities in
 2 carrying out the overall purposes of the Aquarium programs.
- 3 e. Review Aquarium budget submissions to the Secretary of
 4 ~~Environment and Natural~~Cultural Resources.
- 5 f. Recruit and recommend to the Secretary of ~~Environment and~~
 6 ~~Natural~~Cultural Resources candidates for the positions of directors of
 7 the Aquariums.
- 8 g. Create local advisory committees in accordance with the provisions
 9 of G.S. 143B-289.43.
- 10 (1c) Notwithstanding Article 3A of Chapter 143 of the General Statutes, and
 11 G.S. 143-49(4), dispose of any exhibit, exhibit component, or object from
 12 the collections of the North Carolina Aquariums by sale, lease, or trade. A
 13 sale, lease, or trade under this subdivision shall be conducted in accordance
 14 with generally accepted practices for zoos and aquariums that are accredited
 15 by the American Association of Zoos and Aquariums. After deducting the
 16 expenses attributable to the sale or lease, the net proceeds of any sale or
 17 lease shall be credited to the North Carolina Aquariums Fund.
- 18 (2), (3) Repealed by Session Laws 1993, c. 321, s. 28(e).
 19 (4) through (6) Repealed by Session Laws 1991, c. 320, s. 3.
 20 (7) Assume any other powers and duties assigned to it by the Secretary.
- 21 ~~(b) The Secretary may adopt any rules and procedures necessary to implement this~~
 22 ~~section."~~

23 **SECTION 19.1.(e)** G.S. 143B-289.44 reads as rewritten:

24 "**§ 143B-289.44. North Carolina Aquariums; fees; fund.**

25 (a) Fees. – The Secretary of ~~Environment and Natural~~Cultural Resources may ~~adopt a~~
 26 ~~schedule of fees for the aquariums and piers operated by the North Carolina Aquariums,~~
 27 including establish and set fees as provided in G.S. 143B-50(b).

- 28 ~~(1) Gate admission fees.~~
 29 ~~(2) Facility rental fees.~~
 30 ~~(3) Educational programs.~~

31 (b) Fund. – The North Carolina Aquariums Fund is hereby created as a ~~special~~special,
 32 interest-bearing, and nonreverting fund. The North Carolina Aquariums Fund shall be used for
 33 repair, renovation, expansion, maintenance, educational exhibit construction, and for the
 34 marketing and operational expenses at existing aquariums, aquarium facilities, to pay the debt
 35 service and lease payments related to the financing of expansions of aquariums, and to match
 36 private funds that are raised for these purposes.

37 (c) Disposition of Fees.— Fees, Receipt of Monetary Gifts, and Non-Appropriated
 38 Revenue Generated at the North Carolina Aquariums. – All entrance-fee receipts and all
 39 non-appropriated revenue generated at the North Carolina Aquariums, shall be credited to the
 40 North Carolina Aquariums Fund. Receipts so credited that are necessary to support the
 41 personnel and operational expenses of the aquariums shall be transferred to the aquariums'
 42 General Fund operating budget on a monthly basis. The North Carolina Aquariums may credit
 43 its receipt of monetary gifts to the North Carolina Aquariums Fund.

44 (c1) The Secretary may adopt rules necessary to carry out the provisions of this section.
 45 The Department is exempt from the requirements of Chapter 150B of the General Statutes and
 46 G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and fees as
 47 provided in G.S. 143B-50(b). The Department shall submit a report to the Joint Legislative
 48 Commission on Governmental Operations on the amount and purpose of a fee change within 30
 49 days following its effective date.

50 (c2) The Secretary shall approve the use of the North Carolina Aquariums Fund for
 51 capital improvements, as defined in G.S. 143C-1-1 excluding repairs and in excess of five

1 hundred thousand dollars (\$500,000), upon a demonstration by the Division that repair and
2 maintenance requirements at existing North Carolina Aquarium facilities are adequately funded
3 to the satisfaction of the Secretary. This demonstration and approval shall be in addition to the
4 Department's compliance with any other requirements established by law.

5 (d) The Division of North Carolina Aquariums shall submit to the Joint Legislative
6 Commission on Governmental Operations, the House and Senate Appropriations
7 Subcommittees on Natural and Economic Resources, and the Fiscal Research Division by
8 September 30 of each year a report on the North Carolina Aquariums Fund that shall include
9 the source and amounts of all funds credited to the Fund and the purpose and amount of all
10 expenditures from the Fund during the prior fiscal year."

11 **SECTION 19.1.(f)** The North Carolina Museum of Natural Sciences is hereby
12 transferred from the Department of Environment and Natural Resources to the Department of
13 Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as
14 described in G.S. 143A-6.

15 **SECTION 19.1.(g)** G.S. 143B-344.18 reads as rewritten:

16 **"§ 143B-344.18. Commission created; membership.**

17 There is created an Advisory Commission for the North Carolina State Museum of Natural
18 Sciences which shall determine its own organization. It shall consist of at least nine members,
19 which shall include the Director of the North Carolina State Museum of Natural Sciences, the
20 Commissioner of Agriculture, the State Geologist and Secretary of ~~Environment and Natural~~
21 Cultural Resources, the Director of the Institute of Fisheries Research of the University of
22 North Carolina, the Director of the Wildlife Resources Commission, the Superintendent of
23 Public Instruction, or qualified representative of any or all of the above-named members, and at
24 least three persons representing the East, the Piedmont, and the Western areas of the State.
25 Members appointed by the Governor shall serve for four-year staggered terms. Terms shall
26 begin on 1 September. Members appointed by the Governor shall not serve more than three
27 consecutive four-year terms. Any member may be removed by the Governor for cause."

28 **SECTION 19.1.(h)** G.S. 143B-344.22 reads as rewritten:

29 **"§ 143B-344.22. Museum of Natural Sciences; disposition of objects.**

30 Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4), or any
31 other law pertaining to surplus State property, the Department of ~~Environment and~~
32 Natural Cultural Resources may sell or exchange any object from the collection of the Museum
33 of Natural Sciences when it would be in the best interest of the Museum to do so. Sales or
34 exchanges shall be conducted in accordance with generally accepted practices for accredited
35 museums. If an object is sold, the net proceeds of the sale shall be deposited in the State
36 treasury to the credit of a special fund to be used for the improvement of the Museum's
37 collections or exhibits."

38 **SECTION 19.1.(i)** Part 29 of Article 7 of Chapter 143B of the General Statutes is
39 amended by adding a new section to read:

40 **"§ 143B-344.24. Museum of Natural Sciences; fees; fund.**

41 (a) Fees. – The Secretary of Cultural Resources may establish and set fees, as provided
42 in G.S. 143B-50(b).

43 (b) Fund. – The North Carolina Museum of Natural Sciences Fund is hereby created as
44 a special, interest-bearing, and nonreverting fund. The North Carolina Museum of Natural
45 Sciences Fund shall be used for repair, renovation, expansion, maintenance, educational exhibit
46 construction, and for the marketing and operational expenses at North Carolina Museum of
47 Natural Sciences facilities and to match private funds that are raised for these purposes.

48 (c) Disposition of Fees, Receipt of Monetary Gifts, and Non-Appropriated Revenue
49 Generated at the North Carolina Museum of Natural Sciences. – All fee receipts, and all
50 non-appropriated revenue generated at the North Carolina Museum of Natural Sciences, shall
51 be credited to the North Carolina Museum of Natural Sciences Fund. The North Carolina

1 Museum of Natural Sciences may credit its receipt of monetary gifts to the North Carolina
2 Museum of Natural Sciences Fund.

3 (d) The Department is exempt from the requirements of Chapter 150B of the General
4 Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and
5 fees as provided in G.S. 143B-50(b) at the North Carolina Museum of Natural Sciences. The
6 Department shall submit a report to the Joint Legislative Commission on Governmental
7 Operations on the amount and purpose of a fee change within 30 days following its effective
8 date.

9 (e) The Secretary shall approve the use of the North Carolina Museum of Natural
10 Sciences Fund for capital improvements, as defined in G.S. 143C-1-1, excluding repairs and in
11 excess of five hundred thousand dollars (\$500,000), upon a demonstration by the North
12 Carolina Museum of Natural Sciences that repair and maintenance requirements at existing
13 North Carolina Museum of Natural Sciences facilities are adequately funded to the satisfaction
14 of the Secretary. This demonstration and approval shall be in addition to the Department's
15 compliance with any other requirements established by law."

16 **SECTION 19.1.(j)** The North Carolina Museum of Forestry in Columbus County
17 is hereby transferred from the Department of Environment and Natural Resources to the
18 Department of Cultural Resources as a satellite museum of the North Carolina Museum of
19 Natural Sciences. This transfer shall have all of the elements of a Type I transfer, as described
20 in G.S. 143A-6.

21 **SECTION 19.1.(k)** The North Carolina State Park System, including Mount
22 Mitchell State Park, is hereby transferred from the Department of Environment and Natural
23 Resources to the Department of Cultural Resources. This transfer shall have all of the elements
24 of a Type I transfer, as described in G.S. 143A-6.

25 **SECTION 19.1.(l).** G.S. 113-28.1 reads as rewritten:

26 **"§ 113-28.1. Designated employees commissioned special peace officers by Governor.**

27 Upon application by the Secretary of ~~Environment and Natural~~Cultural Resources, the
28 Governor is hereby authorized and empowered to commission as special peace officers such of
29 the employees of the Department of ~~Environment and Natural~~Cultural Resources as the
30 Secretary may designate for the purpose of enforcing the laws and rules enacted or adopted for
31 the protection, preservation and government of State parks, lakes, reservations and other lands
32 or waters under the control or supervision of the Department of ~~Environment and~~
33 NaturalCultural Resources."

34 **SECTION 19.1.(m)** G.S. 113-28.2 reads as rewritten:

35 **"§ 113-28.2. Powers of arrest.**

36 Any employee of the Department of ~~Environment and Natural~~Cultural Resources
37 commissioned as a special peace officer shall have the right to arrest with warrant any person
38 violating any law or rule on or relating to the State parks, lakes, reservations and other lands or
39 waters under the control or supervision of the Department of ~~Environment and Natural~~Cultural
40 Resources, and shall have the power to pursue and arrest without warrant any person violating
41 in his presence any law or rule on or relating to said parks, lakes, reservations and other lands
42 or waters under the control or supervision of the Department of ~~Environment and Natural~~
43 Cultural Resources."

44 **SECTION 19.1.(n)** G.S. 113-28.2A reads as rewritten:

45 **"§ 113-28.2A. Cooperation between law enforcement agencies.**

46 Special peace officers employed by the Department of Environment and Natural Resources
47 and by the Department of Cultural Resources are officers of a "law enforcement agency" for
48 purposes of G.S. 160A-288, and the Department shall have the same authority as a city or
49 county governing body to approve cooperation between law enforcement agencies under that
50 section."

51 **SECTION 19.1.(o)** G.S. 113-28.4 reads as rewritten:

1 **"§ 113-28.4. Oaths required.**

2 Before any employee of the Department of Environment and Natural Resources and the
3 Department of Cultural Resources commissioned as a special peace officer shall exercise any
4 power of arrest under this Article he shall take the oaths required of public officers before an
5 officer authorized to administer oaths."

6 **SECTION 19.1.(p)** G.S. 113-29 reads as rewritten:

7 **"§ 113-29. Definitions.**

8 (a) In this Article, unless the context requires otherwise, "Department" means the
9 Department of Environment and Natural Resources; ~~Resources and the Department of Cultural~~
10 ~~Resources;~~ and "Secretary" means the Secretary of Environment and Natural
11 ~~Resources.~~Resources and the Department of Cultural Resources.

12 (b) Repealed by Session Laws 2011-145, s. 13.25(n), effective July 1, 2011."

13 **SECTION 19.1.(q)** G.S. 113-34.1 reads as rewritten:

14 **"§ 113-34.1. Power to acquire conservation lands not included in the State Parks System.**

15 The Department of Administration may acquire and allocate to the Department of
16 ~~Environment and Natural~~Cultural Resources for management by the Division of Parks and
17 Recreation lands that the Department of ~~Environment and Natural~~Cultural Resources finds are
18 important for conservation purposes but which are not included in the State Parks System.
19 Lands acquired pursuant to this section are not subject to Article 2C of Chapter 113 of the
20 General Statutes and may be traded or transferred as necessary to protect, develop, and manage
21 the Mountains to Sea State Park Trail, other State parks, or other conservation lands. This
22 section does not expand the power granted to the Department of ~~Environment and~~
23 ~~Natural~~Cultural Resources under G.S. 113-34(a) to acquire land by condemnation."

24 **SECTION 19.1.(r)** G.S. 113-35(b) reads as rewritten:

25 **"§ 113-35. Control over State parks; operation of public service facilities; concessions to**
26 **private concerns; authority to charge fees and adopt rules.**

27 ...

28 (b) Fees. – The Secretary of Cultural Resources may establish and set fees as provided
29 in G.S. 143B-50(b). The Department may construct, operate, and maintain within the State
30 parks, State lakes, and other areas under its charge suitable public service facilities and
31 conveniences, and may charge and collect reasonable fees for the use of these facilities and
32 conveniences. The Department may also charge and collect reasonable fees for each of the
33 following:

- 34 (1) The erection, maintenance, and use of docks, piers, and any other structures
35 permitted in or on State lakes under rules adopted by the Department.
- 36 (2) Fishing privileges in State parks and State lakes, provided that these
37 privileges shall be extended only to holders of State hunting and fishing
38 licenses who comply with all State game and fish laws.
- 39 (3) Vehicle access for off-road driving at the beach at Fort Fisher State
40 Recreation Area.
- 41 (4) The erection, maintenance, and use of a marina at Carolina Beach."

42 **SECTION 19.1.(s)** G.S. 113-44.9 reads as rewritten:

43 **"§ 113-44.9. Definitions.**

44 As used in this Article, unless the context requires otherwise:

- 45 (1) "Department" means the Department of ~~Environment and Natural~~Cultural
46 Resources.
- 47 (2) "Park" means any tract of land or body of water comprising part of the State
48 Parks System under this Article, including existing State parks, State natural
49 areas, State recreation areas, State trails, State rivers, and State lakes.
- 50 (3) "Plan" means State Parks System Plan.

1 (4) "Secretary" means the Secretary of ~~Environment and Natural~~Cultural
2 Resources.

3 (5) "State Parks System" or "system" mean all those lands and waters which
4 comprise the parks system of the State as established under this Article."

5 **SECTION 19.1.(t)** Article 2C of Chapter 113 of the General Statutes is amended
6 by adding a new section to read:

7 **"§ 113-44.16. State Parks Fund.**

8 (a) Fund. – The State Parks Fund is hereby created as a special, interest-bearing and
9 nonreverting fund. The State Parks Fund shall be used for repair, renovation, expansion,
10 maintenance, exhibit construction, and for the marketing and operational expenses at the
11 Division of Parks and Recreation properties and facilities and to match private funds that are
12 raised for these purposes.

13 (b) Disposition of Fees, Receipt of Monetary Gifts, and Non-Appropriated Revenue
14 Generated at the North Carolina Parks. – All fee receipts, and all non-appropriated revenue
15 generated at the North Carolina Parks, shall be credited to the State Parks Fund, including fee
16 receipts authorized pursuant to G.S. 113-35 and G.S. 143B-313.1. The North Carolina Division
17 of Parks and Recreation may credit its receipt of monetary gifts to the State Parks Fund.

18 (c) The Secretary may adopt rules necessary to carry out the provisions of this section.
19 The Department is exempt from the requirements of Chapter 150B of the General Statutes and
20 G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and fees as
21 provided in G.S. 143B-50(b) at the Division of Parks and Recreation. The Department shall
22 submit a report to the Joint Legislative Commission on Governmental Operations on the
23 amount and purpose of a fee change within 30 days following its effective date.

24 (d) The Secretary shall approve the use of the State Parks Fund for capital
25 improvements, as defined in G.S. 143C-1-1 excluding repairs and in excess of five hundred
26 thousand dollars (\$500,000), upon a demonstration by the Division that repair and maintenance
27 requirements at existing North Carolina State Park facilities are adequately funded to the
28 satisfaction of the Secretary. This demonstration and approval shall be in addition to the
29 Department's compliance with any other requirements established by law."

30 **SECTION 19.1.(u)** G.S. 143B-313.1 reads as rewritten:

31 **"§ 143B-313.1. North Carolina Parks and Recreation Authority; creation; powers and**
32 **duties.**

33 The North Carolina Parks and Recreation Authority is created, to be administered by the
34 Department of ~~Environment and Natural~~Cultural Resources. The North Carolina Parks and
35 Recreation Authority shall have at least the following powers and duties:

- 36 (1) To receive public and private donations, appropriations, grants, and revenues
37 for deposit into the Parks and Recreation Trust Fund.
- 38 (2) To allocate funds for land acquisition from the Parks and Recreation Trust
39 Fund.
- 40 (3) To allocate funds for repairs, renovations, improvements, construction, and
41 other capital projects from the Parks and Recreation Trust Fund.
- 42 (4) To solicit financial and material support from public and private sources.
- 43 (5) To develop effective public and private support for the programs and
44 operations of the parks and recreation areas.
- 45 (6) To consider and to advise the Secretary of ~~Environment and Natural~~Cultural
46 Resources on any matter the Secretary may refer to the North Carolina Parks
47 and Recreation Authority.
- 48 (7) To advise the Secretary on establishing and setting fees to be approved by
49 the Secretary of Cultural Resources, as provided in G.S. 113-35 and
50 G.S. 113-44.16."

1 **SECTION 19.1.(v)** The North Carolina Parks and Recreational Authority,
2 administered by the Department of Environment and Natural Resources, shall transfer to and be
3 administered by the Department of Cultural Resources. This transfer shall have all of the
4 elements of a Type I transfer, as described in G.S. 143A-6.

5 **SECTION 19.1.(w)** The Western North Carolina Public Lands Council created
6 within the Department of Environment and Natural Resources is hereby transferred to the
7 Department of Cultural Resources. This transfer shall have all of the elements of a Type I
8 transfer, as described in G.S. 143A-6.

9 **SECTION 19.1.(x)** The Parks and Recreational Division of the Department of
10 Environment and Natural Resources is hereby transferred to the Department of Cultural
11 Resources. This transfer shall have all of the elements of a Type I transfer, as described in
12 G.S. 143A-6.

13 **SECTION 19.1.(y)** G.S. 143-116.8 reads as rewritten:

14 **"§ 143-116.8. Motor vehicle laws applicable to State parks and forests road system.**

15 (a) Except as otherwise provided in this section, all the provisions of Chapter 20 of the
16 General Statutes relating to the use of highways and public vehicular areas of the State and the
17 operation of vehicles thereon are made applicable to the State parks and forests road system.
18 For the purposes of this section, the term "State parks and forests road system" shall mean the
19 streets, alleys, roads, public vehicular areas and driveways of the State parks, State forests,
20 State recreation areas, State lakes, and all other lands administered by the Department of
21 ~~Environment and Natural~~Cultural Resources or the Department of Agriculture and Consumer
22 Services. This term shall not be construed, however, to include streets that are a part of the
23 State highway system. Any person violating any of the provisions of Chapter 20 of the General
24 Statutes hereby made applicable in the State parks and forests road system shall, upon
25 conviction, be punished in accordance with Chapter 20 of the General Statutes. Nothing herein
26 contained shall be construed as in any way interfering with the ownership and control of the
27 State parks road system by the Department of ~~Environment and Natural~~Cultural Resources and
28 the forests road system by the Department of Agriculture and Consumer Services.

29 (b) (1) It shall be unlawful for a person to operate a vehicle in the State parks road
30 system at a speed in excess of twenty-five miles per hour (25 mph). When
31 the Secretary of ~~Environment and Natural~~Cultural Resources determines that
32 this speed is greater than reasonable and safe under the conditions found to
33 exist in the State parks road system, the Secretary may establish a lower
34 reasonable and safe speed limit. No speed limit established by the Secretary
35 pursuant to this provision shall be effective until posted in the part of the
36 system where the limit is intended to apply.

37 (1a) It shall be unlawful for a person to operate a vehicle in the State forests road
38 system at a speed in excess of 25 miles per hour. When the Commissioner of
39 Agriculture determines that this speed is greater than reasonable and safe
40 under the conditions found to exist in the State forests road system, the
41 Commissioner may establish a lower reasonable and safe speed limit. No
42 speed limit established by the Commissioner pursuant to this provision shall
43 be effective until posted in the part of the system where the limit is intended
44 to apply.

45 (2) Any person convicted of violating this subsection by operating a vehicle on
46 the State parks and forests road system while fleeing or attempting to elude
47 arrest or apprehension by a law enforcement officer with authority to enforce
48 the motor vehicle laws, shall be punished as provided in G.S. 20-141.5.

49 (3) For the purposes of enforcement and administration of Chapter 20, the speed
50 limits stated and authorized to be adopted by this section are speed limits
51 under Chapter 20.

1 (4) The Secretary may designate any part of the State parks road system and the
2 Commissioner may designate any part of the State forests road system for
3 one-way traffic and shall erect appropriate signs giving notice thereof. It
4 shall be a violation of G.S. 20-165.1 for any person to willfully drive or
5 operate any vehicle on any part of the State parks and forests road system so
6 designated except in the direction indicated.

7 (5) The Secretary shall have power, equal to the power of local authorities under
8 G.S. 20-158 and G.S. 20-158.1, to place vehicle control signs and signals
9 and yield-right-of-way signs in the State parks road system; the Secretary
10 also shall have power to post such other signs and markers and mark the
11 roads in accordance with Chapter 20 of the General Statutes as the Secretary
12 may determine appropriate for highway safety and traffic control. The
13 failure of any vehicle driver to obey any vehicle control sign or signal, or
14 any yield-right-of-way sign placed under the authority of this section in the
15 State parks road system shall be an infraction and shall be punished as
16 provided in G.S. 20-176.

17 (5a) The Commissioner shall have power, equal to the power of local authorities
18 under G.S. 20-158 and G.S. 20-158.1, to place vehicle control signs and
19 signals and yield right-of-way signs in the State forests road system. The
20 Commissioner also shall have power to post such other signs and markers
21 and mark the roads in accordance with Chapter 20 of the General Statutes as
22 the Commissioner may determine appropriate for highway safety and traffic
23 control. The failure of any vehicle driver to obey any vehicle control sign or
24 signal or any yield right-of-way sign placed under the authority of this
25 section in the State forests road system shall be an infraction and shall be
26 punished as provided in G.S. 20-176.

27 (c) The Secretary of ~~Environment and Natural~~Cultural Resources may, by rule, regulate
28 parking and establish parking areas, and provide for the removal of illegally parked motor
29 vehicles on the State parks road system, and the Commissioner of Agriculture may, by rule,
30 regulate and establish parking areas and provide for the removal of illegally parked motor
31 vehicles on the State forests road system. Any rule of the Secretary or the Commissioner shall
32 be consistent with the provisions of G.S. 20-161, 20-161.1, and 20-162. Any removal of
33 illegally parked motor vehicles shall be in compliance with Article 7A of Chapter 20 of the
34 General Statutes.

35 (d) A violation of the rules issued by the Secretary of ~~Environment and Natural~~Cultural
36 Resources or the Commissioner of Agriculture under subsection (c) of this section is an
37 infraction pursuant to G.S. 20-162.1, and shall be punished as therein provided. These rules
38 may be enforced by the Commissioner of Motor Vehicles, the Highway Patrol, forest law
39 enforcement officers, or other law enforcement officers of the State, counties, cities or other
40 municipalities having authority under Chapter 20 of the General Statutes to enforce laws or
41 rules on travel or use or operation of vehicles or the use or protection of the highways of the
42 State.

43 (e) The provisions of Chapter 20 of the General Statutes are applicable at all times to
44 the State parks and forests road system, including closing hours, regardless of the fact that
45 during closing hours the State parks and forests road system is not open to the public as a
46 matter of right.

47 (f) Notwithstanding any other provision of this section, a person may petition the
48 Department of ~~Environment and Natural~~Cultural Resources for a waiver authorizing the person
49 to operate a vehicle in the State parks road system at a speed in excess of 25 miles per hour in
50 connection with a special event. The Secretary may impose any conditions on a waiver that the
51 Secretary determines to be necessary to protect public health, safety, welfare, and the natural

1 resources of the State park. These conditions shall include a requirement that the person
2 receiving the waiver execute an indemnification agreement with the Department and obtain
3 general liability insurance in an amount not to exceed three million dollars (\$3,000,000)
4 covering personal injury and property damage that may result from driving in excess of 25
5 miles per hour in the State parks road system subject to the conditions determined by the
6 Secretary.

7 (g) Notwithstanding any other provision of this section, a person may petition the
8 Department of Agriculture and Consumer Services for a waiver authorizing the person to
9 operate a vehicle in the State forests road system at a speed in excess of 25 miles per hour in
10 connection with a special event. The Commissioner may impose any conditions on a waiver
11 that the Commissioner determines to be necessary to protect public health, safety, welfare, and
12 the natural resources of the State forest. These conditions shall include a requirement that the
13 person receiving the waiver execute an indemnification agreement with the Department and
14 obtain general liability insurance in an amount not to exceed three million dollars (\$3,000,000)
15 covering personal injury and property damage that may result from driving in excess of 25
16 miles per hour in the State forests road system subject to the conditions determined by the
17 Commissioner."

18 **SECTION 19.1.(z)** The North Carolina Zoological Park is hereby transferred from
19 the Department of Environment and Natural Resources to the Department of Cultural
20 Resources. This transfer shall have all of the elements of a Type I transfer, as described in
21 G.S. 143A-6.

22 **SECTION 19.1.(aa)** The North Carolina Zoological Park Council of the
23 Department of Environment and Natural Resources is hereby transferred to the Department of
24 Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as
25 described in G.S. 143A-6.

26 **SECTION 19.1.(bb)** G.S. 143B-335 reads as rewritten:

27 **"§ 143B-335. North Carolina Zoological Park Council – creation; powers and duties.**

28 There is hereby created the North Carolina Zoological Park Council of the Department of
29 ~~Environment and Natural~~Cultural Resources. The North Carolina Zoological Park Council shall
30 have the following functions and duties:

- 31 (1) To advise the Secretary on the basic concepts of and for the Zoological Park,
32 approve conceptual plans for the Zoological Park and its buildings;
- 33 (2) To advise on the construction, furnishings, equipment and operations of the
34 North Carolina Zoological Park;
- 35 (2a) ~~To establish and set admission fees with the approval of~~advise the Secretary
36 on establishing and setting fees, to be approved by the Secretary of
37 ~~Environment and Natural~~Cultural Resources, as provided in
38 ~~G.S. 143-177.3(b);~~G.S. 143-177.3 and G.S. 143B-336.1;
- 39 (3) To recommend programs to promote public appreciation of the North
40 Carolina Zoological Park;
- 41 (4) To disseminate information on animals and the park as deemed necessary;
- 42 (5) To develop effective public support of the North Carolina Zoological Park
43 through whatever means are desirable and necessary;
- 44 (6) To solicit financial and material support from various private sources within
45 and without the State of North Carolina; and
- 46 (7) To advise the Secretary of ~~Environment and Natural Resources~~Cultural
47 Resources upon any matter the Secretary may refer to it."

48 **SECTION 19.1.(cc)** G.S. 143B-336.1 reads as rewritten:

49 **"§ 143B-336.1. Special Zoo Fund.**

50 (a) ~~A special continuing and nonreverting fund, to be called the Fund. – The Special~~
51 ~~Zoo Fund,~~Fund is created. The North Carolina Zoological Park shall retain unbudgeted receipts

1 at the end of each fiscal year, beginning June 30, 1989, and deposit these receipts into this
2 Fund. This Fund shall be used for maintenance, repairs, and renovations of exhibits in existing
3 habitat clusters and visitor services facilities, construction of visitor services facilities and
4 support facilities such as greenhouses and temporary animal holding areas, for the replacement
5 of tram equipment as required to maintain adequate service to the public, and for marketing the
6 Zoological Park. The Special Zoo Fund may also be used to match private funds that are raised
7 for these purposes. Funds may be expended for these purposes by the Department of
8 Environment and Natural Resources on the advice of the North Carolina Zoological Park
9 Council and with the approval of the Office of State Budget and Management. The Department
10 of Environment and Natural Resources shall provide a report on or before October 1 of each
11 year to the Office of State Budget and Management, the Fiscal Research Division of the
12 General Assembly, and to the Joint Legislative Commission on Governmental Operations on
13 the use of fees collected pursuant to this section hereby created as a special, interest-bearing,
14 and nonreverting fund. The Special Zoo Fund shall be used for repair, renovation, expansion,
15 maintenance, educational exhibit construction, renovations of exhibits in habitat clusters and
16 visitor services facilities, construction of visitor services facilities and support facilities,
17 including greenhouses and temporary animal holding areas, for the acquisition, maintenance, or
18 replacement of tram equipment as required to maintain adequate service to the public, and for
19 the marketing and operational expenses at the North Carolina Zoological Park and to match
20 private funds that are raised for these purposes. Funds may be expended for these purposes by
21 the Department of Cultural Resources on the advice of the North Carolina Zoological Park
22 Council.

23 (b) Disposition of Fees, Receipt of Monetary Gifts, and Non-Appropriated Revenue
24 Generated at the North Carolina Zoological Park. – All fee receipts, and all non-appropriated
25 revenue generated at the North Carolina Zoological Park, shall be credited to the Special Zoo
26 Fund. The North Carolina Zoological Park may credit its receipt of monetary gifts to the
27 Special Zoo Fund.

28 (c) The Secretary shall approve the use of the Special Zoo Fund for capital
29 improvements, as defined in G.S. 143C-1-1, excluding repairs and in excess of five hundred
30 thousand dollars (\$500,000), upon a demonstration by the Zoological Park Council that repair
31 and maintenance requirements at existing North Carolina Zoological Park facilities are
32 adequately funded to the satisfaction of the Secretary. This demonstration and approval shall be
33 in addition to the Department's compliance with any other requirements established by law."

34 **SECTION 19.1.(dd)** G.S. 143-177.3 reads as rewritten:

35 "**§ 143-177.3. Sources of funds.**

36 (a) It is the intent of this Article that the funds for the creation, establishment,
37 construction, operation and maintenance of the North Carolina Zoological Park shall be
38 obtained primarily from private sources; however, the Council under the supervision and
39 approval and with the assistance of the Secretary of Environment and Natural Resources
40 Secretary of Cultural Resources, in consultation with the Council, is hereby authorized to
41 receive and expend such funds as may from time to time become available by appropriation or
42 otherwise from the State of North Carolina; provided, that the North Carolina Zoological Park
43 Council shall not in any manner pledge the faith and credit of the State of North Carolina for
44 any of its purposes.

45 (b) Fees. – ~~The Council with the approval of the Secretary of Environment and Natural~~
46 ~~Resources is authorized to~~ Cultural Resources may establish and set admission fees, which are
47 reasonable and consistent with the purpose and function of the North Carolina Zoological Park.
48 fees as provided in G.S. 143B-50(b).

49 (c) The Secretary may adopt rules necessary to carry out the provisions of this section.
50 The Department is exempt from the requirements of Chapter 150B of the General Statutes and
51 G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and fees as

1 provided in G.S. 143B-50(b) at the North Carolina Zoological Park. The Department shall
2 submit a report to the Joint Legislative Commission on Governmental Operations on the
3 amount and purpose of a fee change within 30 days following its effective date."

4 **SECTION 19.1(ee)** G.S. 113A-74 reads as rewritten:

5 **"§ 113A-74. Appalachian Trails System; connecting or side trails; coordination with the**
6 **National Trails System Act.**

7 Connecting or side trails may be established, designated and marked as components of the
8 Appalachian Trail System by the Department of ~~Environment and Natural~~Cultural Resources in
9 consultation with the federal agencies charged with the responsibility for the administration and
10 management of the Appalachian Trail in North Carolina. Criteria and standards of
11 establishment will coincide with those set forth in the National Trails System Act (P.L.
12 90-543)."

13 **SECTION 19.1(ff)** G.S. 113A-75 reads as rewritten:

14 **"§ 113A-75. Assistance under this Article with the National Trails System Act (PL**
15 **90-543).**

16 (a) The Department of Administration in cooperation with other appropriate State
17 departments shall consult with the federal agencies charged with the administration of the
18 Appalachian Trail in North Carolina and develop a mutually agreeable plan for the orderly and
19 coordinated acquisition of Appalachian Trail right-of-way and the associated tracts, as needed,
20 to provide a suitable environment for the Appalachian Trail in North Carolina.

21 (b) The Department of ~~Environment and Natural~~Cultural Resources and the federal
22 agencies charged with the responsibility of the administration of the Appalachian Trail in North
23 Carolina shall give due consideration to the conservation of the environment of the
24 Appalachian Trail and, in accordance with the National Trails System Act, may obtain advice
25 and assistance from local governments, Carolina Mountain Club, Nantahala Hiking Club,
26 Piedmont Appalachian Trail Hikers, Appalachian Trail Conference, other interested
27 organizations and individuals, landowners and land users concerned.

28 (c) The Board of Transportation shall cooperate and assist in carrying out the purposes
29 of this Article and the National Trails System Act where their highway projects cross or may be
30 adjacent to any component of the Appalachian Trail System.

31 (d) Lands acquired by the State of North Carolina within the 200-foot right-of-way of
32 the Appalachian Trail and within the exterior boundaries of the Pisgah or Nantahala National
33 Forests, will be conveyed to the United States Forest Service as the federal agency charged
34 with the responsibility for the administration and management of the Appalachian Trail within
35 these specific areas.

36 (e) Lands acquired by the State of North Carolina outside of the boundaries of the
37 Appalachian Trail right-of-way will be administered by the appropriate State department in
38 such a manner as to preserve and enhance the environment of the Appalachian Trail.

39 (f) In consultation with the Department of ~~Environment and Natural~~Cultural Resources,
40 the federal agency charged with the responsibility of the administration of the Appalachian
41 Trail in North Carolina shall establish use regulations in accordance with the National Trails
42 System Act.

43 (g) The use of motor vehicles on the trails of the North Carolina Appalachian Trail
44 System may be authorized when such use is necessary to meet emergencies or to enable
45 adjacent landowners to have reasonable access to their lands and timber rights provided that the
46 granting of this access is in accordance with limitations and conditions of such use set forth in
47 the National Trails System Act."

48 **SECTION 19.1(gg)** G.S. 143B-334 reads as rewritten:

49 **"§ 143B-334. North Carolina Trails Committee – members; selection; removal;**
50 **compensation.**

1 The North Carolina Trails Committee shall consist of seven members appointed by the
2 Secretary of ~~Environment and Natural~~Cultural Resources. Two members shall be from the
3 mountain section, two from the Piedmont section, two from the coastal plain, and one at large.
4 They shall as much as possible represent various trail users.

5 The initial members of the North Carolina Trails Committee shall be the members of the
6 current North Carolina Trails Committee who shall serve for a period equal to the remainder of
7 their current term on the North Carolina Trails Committee. At the end of the respective terms of
8 office of the initial members of the Committee, the appointment of their successors shall be for
9 staggered terms of four years and until their successors are appointed and qualify. Any
10 appointment to fill a vacancy on the Committee created by the resignation, dismissal, death or
11 disability of a member shall be for the balance of the unexpired term.

12 The Governor shall have the power to remove any member of the Committee from office in
13 accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

14 The Secretary of ~~Environment and Natural~~Cultural Resources shall designate a member of
15 the Committee to serve as chairman at the pleasure of the Governor.

16 Members of the Committee shall receive per diem and necessary travel and subsistence
17 expenses in accordance with the provisions of G.S. 138-5 and G.S. 143B-15 of the Executive
18 Organization Act of 1973."

19 **SECTION 19.1.(hh)** G.S. 113A-85 reads as rewritten:

20 "**§ 113A-85. Definitions.**

21 Except as otherwise required by context, the following terms when used in this Article shall
22 be construed respectively to mean:

- 23 (1) "Department" means the North Carolina Department of ~~Environment and~~
24 ~~Natural~~Cultural Resources.
25 (2) "Political subdivision" means any county, any incorporated city or town, or
26 other political subdivision.
27 (3) "Scenic easement" means a perpetual easement in land which
28 a. Is held for the benefit of the people of North Carolina,
29 b. Is specifically enforceable by its holder or beneficiary, and
30 c. Limits or obligates the holder of the servient estate, his heirs, and
31 assigns with respect to their use and management of land and
32 activities conducted thereon, the object of such limitations and
33 obligations being the maintenance or enhancement of the natural
34 beauty of the land in question or of areas affected by it.
35 (4) "Secretary" means the Secretary of ~~Environment and Natural~~Cultural
36 Resources, except as otherwise specified in this Article.

37 "...."

38 **SECTION 19.1.(ii)** Pursuant to the transfer of the North Carolina State Park
39 System, NC Zoological Park, Division of North Carolina Aquariums, Museum of Natural
40 Science, and Appalachian Trail System, in addition to the administrative positions within each
41 of the divisions, a total of 18 central administrative support positions and one million four
42 hundred five thousand five hundred twenty-seven dollars (\$1,405,527) are hereby transferred to
43 the Department of Cultural Resources. This transfer shall have all of the elements of a Type I
44 transfer, as described in G.S. 143A-6.

45 Notwithstanding G.S. 143C-6-4, The Department of Environment and Natural
46 Resources and the Department of Cultural Resources shall continue to work together to
47 determine and transfer any additional support staff and related changes that may be required as
48 a result of this transfer not currently reflected in the recommended budget changes related to
49 this transfer outlined in The Governor's Recommended Budget for 2015-2017.

50 **SECTION 19.1.(jj)** G.S. 150B-1(d) is amended by adding the following new
51 subdivisions to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

- ...
 - (27) The Department of Cultural Resources' Division of North Carolina Aquariums with respect to operating hours and admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees pursuant to G.S. 143B-289.44.
 - (28) The Department of Cultural Resources' Division of Parks and Recreation with respect to operating hours and admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees pursuant to G.S. 143B-313.1, 113-35, and 113-44.16.
 - (29) The Department of Cultural Resources' North Carolina Zoological Park with respect to operating hours and admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees pursuant to G.S. 143-177.3, 143B-335, and 143B-336.1.
 - (30) The Department of Cultural Resources' North Carolina Museum of Natural Sciences Division with respect to operating hours and admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees pursuant to G.S. 143B-344.24."

SECTION 19.1.(kk) G.S. 12-3.1(c) is amended by adding the following new subdivision to read:

"(5) Admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees at the Department of Cultural Resources' historic sites, museums, parks and recreation, aquariums, piers, and the zoological park."

SECTION 19.1.(ll) G.S. 143B-279.2 reads as rewritten:

"§ 143B-279.2. Department of Environment and Natural Resources – duties.

It shall be the duty of the Department:

- (1) To provide for the protection of the environment;
- (1a) To administer the State Outer Continental Shelf (OCS) Task Force and coordinate State participation activities in the federal outer continental shelf resource recovery programs as provided under the OCS Lands Act Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS Lands Act Amendments of 1986 (43 USC §§ 1331 et seq.).
- (1b) To provide for the protection of the environment and public health through the regulation of solid waste and hazardous waste management and the administration of environmental health programs.
- (2) Repealed by Session Laws 1997-443, s. 11A.5, effective August 28, 1997.
- ~~(2a) To provide and keep a museum or collection of the natural history of the State and to maintain the North Carolina Biological Survey; and~~
- (3) To provide for the management of the State's natural resources.
- (4) Repealed by Session Laws 2011-145, s. 13.11, effective July 1, 2011."

EXEMPTION FOR CERTAIN ACTIVITIES

SECTION 19.2. G.S. 66-58(b)(9b) reads as rewritten:

"(9b) The Department of Cultural Resources for the sale of food pursuant to G.S. 111-47.2 and the sale of books, crafts, gifts, and other tourism-related items and revenues from public and private special events, activities, and programming at historic sites and museumssites, museums, parks and recreation, the aquariums and piers, and the zoological park administered by

1 the Department, provided that the resulting profits are used to support the
2 operation of historic sites or museums. Department operations.
3

4 **MODIFY EXEMPTION FOR HISTORIC SITES**

5 **SECTION 19.3.(a)** G.S. 121-7.3 reads as rewritten:

6 "**§ 121-7.3. Admission and related activity fees and operating hours.**

7 The Department of Cultural Resources may charge a reasonable admission and related
8 activity fee to any historic site or museum administered by the Department. Admission and
9 related activity fees collected under this section are receipts of the Department and shall be
10 deposited in the appropriate special fund. The revenue collected pursuant to this section shall
11 be used only for the individual historic site or museum where the receipts were generated. The
12 Secretary may adopt rules necessary to carry out the provisions of this section. The Department
13 is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when
14 adopting, amending, or repealing rules for operating hours and ~~admission fees or related~~
15 ~~activity fees~~ as provided in G.S. 143B-50(b) at historic sites and museums. The Department
16 shall submit a report to the Joint Legislative Commission on Governmental Operations on the
17 amount and purpose of a fee change within 30 days following its effective date."

18 **SECTION 19.3.(b)** G.S. 143B-71 reads as rewritten:

19 "**§ 143B-71. Tryon Palace Commission – creation, powers and duties.**

20 There is hereby created the Tryon Palace Commission of the Department of Cultural
21 Resources with the power and duty to adopt, amend and rescind rules and regulations
22 concerning the restoration and maintenance of the Tryon Palace complex, and other powers and
23 duties as provided in Article 2 of Chapter 121 of the General Statutes of North Carolina,
24 including the authority to charge reasonable admission and related activity fees. The
25 Commission is exempt from the requirements of Chapter 150B of the General Statutes and
26 G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and ~~admission~~
27 ~~fees or related activity fees~~ as provided in G.S. 143B-50(b) at Tryon Palace Historic Sites and
28 Gardens. The Commission shall submit a report to the Joint Legislative Commission on
29 Governmental Operations on the amount and purpose of a fee change within 30 days following
30 its effective date."

31 **SECTION 19.3.(c)** G.S. 143B-73 reads as rewritten:

32 "**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers and duties.**

33 There is hereby created the U.S.S. North Carolina Battleship Commission of the
34 Department of Cultural Resources with the power and duty to adopt, amend, and rescind rules
35 and regulations under and not inconsistent with the laws of this State necessary in carrying out
36 the provisions and purposes of this Part.

37 ...

38 (3) The Commission shall adopt rules and regulations consistent with the
39 provisions of this Chapter. The Commission is exempt from the
40 requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when
41 adopting, amending, or repealing rules for operating hours and ~~admission~~
42 ~~fees or related activity fees~~ as provided in G.S. 143B-50(b) at the U.S.S.
43 North Carolina Battleship. The Commission shall submit a report to the Joint
44 Legislative Commission on Governmental Operations on the amount and
45 purpose of a fee change within 30 days following its effective date."
46

47 **EXEMPT DEPARTMENT OF CULTURAL RESOURCES FROM E-PROCUREMENT**

48 **SECTION 19.4.** G.S. 143-48.3 is amended by adding a new subsection to read:

49 "(g) State-operated retail stores at historic sites, museums, parks and recreation,
50 aquariums and piers, and the zoological park within the Department of Cultural Resources shall
51 be exempt from participating in the North Carolina E-Procurement Service."

INTEGRATION OF PARKS PASS WITH VEHICLE REGISTRATION

SECTION 19.5. The Parks and Recreational Division is authorized to offer a vehicle pass to support the operations and centennial celebration of State Parks. The Division and the Department of Transportation are authorized to provide and accept payment for such a pass with vehicle registration, in addition to other sources. The Division shall report by September 15, 2015, on the feasibility and timing of such a system and develop a memorandum of understanding concerning administration of that system.

ROANOKE ISLAND COMMISSION

SECTION 19.6. G.S. 143B-131.7 is repealed.

PART XIX-A STATE TREASURER**NORTH CAROLINA VENTURE MULTIPLIER FUND**

SECTION 19A.1.(a) G.S. 147-69.2(b) reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds. The State Treasurer may invest the funds as provided in this subsection. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the State Treasurer to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values, ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter.

...

(12) It is the intent of the General Assembly that the Escheat Fund provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution. Accordingly, the following provisions apply:

a. With respect to assets of the Escheat Fund, in addition to those investments authorized by subdivisions (1) through (6) of this subsection, up to twenty percent (20%) of such assets may be invested in the investments authorized under subdivisions ~~(7)~~(6c) through ~~(9)~~(9a) of this subsection, notwithstanding the percentage limitations imposed on the Retirement Systems' investments under those subdivisions.

b. The State Treasurer shall engage a third-party professional actuary or consultant to conduct a valuation and projection of the financial status of the Escheat Fund. The associated costs for the services may be directly charged to the Escheat Fund. The State Treasurer shall communicate the valuation of the actuary or consultant in an annual report to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the chairs of the respective appropriations and appropriate substantive committees of each chamber. The annual report shall evaluate claims by owners upon the Escheat Fund, current and projected investment returns, and projected contributions to the Escheat Fund. In the report, the State Treasurer shall assess the status of utilizing the Escheat Fund as an endowment fund and shall recommend an annual amount available

1 for the funding of scholarships, loans, and grants from the Fund. The
2 annual report shall be presented no later than December 31 of each
3 year.

4 c. The State Treasurer shall invest, in addition to those investments
5 authorized by subdivision (12) of this subsection, ten percent (10%)
6 of the net assets of the Escheat Fund as authorized under G.S.
7 147-69.2A."

8 **SECTION 19A.1.(b)** Article 6 of Chapter 147 of the General Statutes is amended
9 by adding a new section to read:

10 **"§ 147-69.2A. Contracting authorized of investments for special funds held by the State**
11 **Treasurer.**

12 (a) Purpose. – The purpose of this section is to establish a framework whereby the State
13 Treasurer may contract with a North Carolina nonprofit corporation to invest in long-term
14 illiquid investments, including those with a North Carolina nexus, in order to grow the amount
15 of earnings available for scholarships over the long-term.

16 (b) Contract. – The State Treasurer may contract with a North Carolina nonprofit
17 corporation to perform the duties set forth in G.S. 147-69.2(b)(12).

18 (c) Limitations. – Prior to contracting with a North Carolina nonprofit corporation
19 pursuant to this section, and in order for the North Carolina nonprofit corporation to receive
20 State funds, all of the following conditions shall be met:

21 (1) The nonprofit corporation adheres to the following governance provisions
22 related to its governing board:

23 a. The board shall be appointed by the Governor and composed of 9
24 voting members as follows. The chair and members of the board
25 shall each have with experience in one or more of the following
26 areas: (i) venture capital investment, (ii) innovation-based small
27 businesses, (iii) business ownership or management, (iv)
28 entrepreneurial activities, (v) early stage investment, (vi) investment
29 via fund-of-funds.

30 b. No State officer or employee may serve on the board.

31 (2) The nonprofit corporation shall contract with a qualified third party as
32 appropriate to carry out the functions authorized in this section.

33 (3) The nonprofit shall manage and invest these funds and any other private
34 funds made available.

35 (d) Report. – By September 30 of each year, and more frequently as requested, the State
36 Treasurer shall submit a report to the Governor, the Office of State Budget and Management,
37 the Joint Legislative Commission on Governmental Operations, and the Fiscal Research
38 Division on the performance for which the State Treasurer has contracted pursuant to this
39 section.

40 (e) Public Funds. – A North Carolina nonprofit corporation with which the State
41 Treasurer contracts pursuant to this section shall, in addition to any other requirements of this
42 section, comply with all of the following regarding the use of State funds:

43 (1) Funds deposited pursuant to this section shall remain the funds of the North
44 Carolina Escheat Fund.

45 (2) Interest or other investment income earned on funds deposited shall be
46 prorated and credited to the North Carolina Escheat Fund on the basis of the
47 amounts thereof contributed, figured according to sound accounting
48 principles."

49
50 **PART XX. OFFICE OF THE GOVERNOR**
51

1 TRANSFERS ADVOCACY PROGRAMS FROM DEPARTMENT OF
2 ADMINISTRATION

3 SECTION 20.1.(a) Article 9 of Chapter 143B of the General Statutes is amended
4 by adding a new Part to read:

5 "Part 14B. Office of Community Services.

6 "**§ 147-13.2. Office of Community Services.**

7 There is hereby established the Office of Community Services located administratively in
8 the Office of the Governor. The Office of State Human Resources shall be responsible for
9 human resources support. The Office of State Budget and Management shall be responsible for
10 budgetary support."

11 SECTION 20.1.(b) The North Carolina Commission of Indian Affairs is hereby
12 transferred from the Department of Administration to the Office of Community Services. This
13 transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

14 SECTION 20.1.(c) G.S. 143B-404 reads as rewritten:

15 "Part 15. North Carolina State Commission of Indian Affairs.

16 "**§ 143B-404. North Carolina State Commission of Indian Affairs – creation; name.**

17 There is hereby created and established the North Carolina State Commission of Indian
18 Affairs. The Commission shall be administered under the direction and supervision of the
19 ~~Department of Administration pursuant to G.S. 143A-6(b) and (e).~~ Office of the Governor."

20 SECTION 20.1.(d) G.S. 143B-410 reads as rewritten:

21 "**§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**
22 **staff.**

23 Fiscal records shall be kept by the ~~Secretary of Office of Fiscal Management of the~~
24 ~~Department of Administration.~~ The audit report will become a part of the annual report and will
25 be submitted in accordance with the regulations governing preparation and submission of the
26 annual report."

27 SECTION 20.1.(e) The North Carolina Council for Women is hereby transferred
28 from the Department of Administration to the Office of Community Services. This transfer
29 shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

30 SECTION 20.1.(f) G.S. 143B-393 reads as rewritten:

31 "**§ 143B-393. North Carolina Council for Women – creation; powers and duties.**

32 There is hereby created the North Carolina Council for ~~Women of the Department of~~
33 ~~Administration-Women.~~ The North Carolina Council of Women is established in the Office of
34 Community Services. The North Carolina Council for Women shall have the following
35 functions and duties:

36 (1) To advise the Governor, the principal State departments, and the State
37 legislature concerning the education and employment of women in the State
38 of North Carolina.

39 (2) To advise ~~the Secretary of Administration-Governor~~ upon any matter the
40 ~~Secretary-Governor~~ may refer to the Council.

41 (3) Repealed by Session Laws 2013-360, s. 30.2(b), effective July 1, 2013."

42 SECTION 20.1.(g) G.S. 143B-394 reads as rewritten:

43 "**§ 143B-394. North Carolina Council for Women – members; selection; quorum;**
44 **compensation.**

45 The North Carolina Council for ~~Women of the Department of Administration-Women~~ shall
46 consist of 20 members appointed by the Governor. The initial members of the Council shall be
47 the appointed members of the North Carolina Council for Women, three of whose
48 appointments expire June 30, 1977, and four of whose appointments expire June 30, 1978.
49 Thirteen additional members shall be appointed in 1977, six of whom shall serve terms
50 expiring June 30, 1978, and seven of whom shall serve terms expiring June 30, 1979. At the
51 ends of the respective terms of office of the initial members of the Council and of the 13

1 members added in 1977, the appointment of their successors shall be for terms of two years and
2 until their successors are appointed and qualify. Any appointment to fill a vacancy on the
3 Council created by the resignation, dismissal, death, or disability of a member shall be for the
4 balance of the unexpired term. Members of the Council shall be representative of age, sex,
5 ethnic and geographic backgrounds.

6 The Governor shall have the power to remove any member of the Council from office in
7 accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

8 The Governor shall designate a member of the Council to serve as chairman at the pleasure
9 of the Governor.

10 Members of the Council shall receive per diem and necessary travel and subsistence
11 expenses in accordance with the provisions of G.S. 138-5.

12 A majority of the Council shall constitute a quorum for the transaction of business.

13 All clerical and other services required by the Council shall be supplied by the ~~Secretary of~~
14 ~~Administration.~~ Office of Community Services."

15 **SECTION 20.1.(h)** The Office of Coordinator of Services for Victims of Sexual
16 Assault is hereby transferred from the Department of Administration to the Office of
17 Community Services. This transfer shall have all of the elements of a Type I transfer, as
18 described in G.S. 143A-6.

19 **SECTION 20.1.(i)** G.S. 143B-394.21(a) reads as rewritten:

20 "(a) The Sexual Assault and Rape Crisis Center Fund is established within the State
21 Treasury. The fund shall be administered by the Office of Fiscal Management of the
22 Department of Administration, North Carolina Council for Women, and shall be used to make
23 grants to centers for victims of sexual assault or rape crisis and to the North Carolina Coalition
24 Against Sexual Assault, Inc. This fund shall be administered in accordance with the provisions
25 of the State Budget Act under Chapter 143C of the General Statutes. The Department of
26 Administration shall make quarterly grants to each eligible sexual assault or rape crisis center
27 and to the North Carolina Coalition Against Sexual Assault, Inc. To be eligible to receive funds
28 under this section, a sexual assault or rape crisis center shall meet the following requirements:

29 "...."

30 **SECTION 20.1.(j)** G.S. 143B-394.2(a) reads as rewritten:

31 "(a) The office of Coordinator of Services for Victims of Sexual Assault is hereby
32 created in the ~~Department of Administration.~~ Office of Community Services. The office shall be
33 under the direction and supervision of a full-time salaried State employee who shall be
34 designated as the State Coordinator. The State Coordinator shall be appointed by the ~~Secretary~~
35 ~~of the Department of Administration.~~ Governor and shall receive a salary commensurate with
36 State government pay schedules for the duties of this office, or such salary to be set by the State
37 Human Resources Commission pursuant to G.S. 126-4. Necessary travel allowance or
38 reimbursement for expenses shall be authorized for the State Coordinator in accordance with
39 G.S. 138-6. Sufficient clerical staff shall be provided under the direction of the ~~Secretary of the~~
40 ~~Department of Administration.~~ Office of Community Services."

41 **SECTION 20.1.(k)** The North Carolina Human Relations Commission is hereby
42 transferred from the Department of Administration to the Office of Community Services. This
43 transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

44 **SECTION 20.1.(l)** G.S. 143B-391 reads as rewritten:

45 "**§ 143B-391. North Carolina Human Relations Commission – Creation; powers and**
46 **duties.**

47 There is hereby created the North Carolina Human Relations ~~Commission of the~~
48 ~~Department of Administration.~~ Commission. The Commission is established within the Office
49 of Community Services. The North Carolina Human Relations Commission shall have the
50 following functions and duties:

51 "...."

1 **SECTION 20.1.(m)** G.S. 143B-392(d) reads as rewritten:

2 "(d) All clerical and support services required by the Commission shall be supplied by
3 the ~~Secretary of the Department of Administration~~ Office of Community Services."

4 **SECTION 20.1.(n)** The Domestic Violence Commission is hereby transferred from
5 the Department of Administration to the Office of Community Services. This transfer shall
6 have all of the elements of a Type I transfer, as described in G.S. 143A-6.

7 **SECTION 20.1.(o)** G.S. 143B-394.15 reads as rewritten:

8 "**§ 143B-394.15. Commission established; purpose; membership; transaction of business.**

9 (a) Establishment. – There is established the Domestic Violence Commission. The
10 Commission shall be located within the ~~Department of Administration~~ Office of Community
11 Services for organizational, budgetary, and administrative purposes.

12 ...
13 (l) Staffing. – The ~~Secretary of the Department of Administration~~ Office of Community
14 Services shall be responsible for staffing the Commission."

15 **SECTION 20.1.(p)** The Martin Luther King, Jr. Commission is hereby transferred
16 from the Department of Administration to the Office of Community Services. This transfer
17 shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

18 **SECTION 20.1.(q)** G.S. 143B-426.34A reads as rewritten:

19 "**§ 143B-426.34A. Martin Luther King, Jr. Commission – creation; powers and duties.**

20 There is hereby created the Martin Luther King, Jr. ~~Commission of the Department of~~
21 ~~Administration~~ Commission. The Commission is established within the Office of Community
22 Services. The Martin Luther King, Jr. Commission shall have the following functions and
23 duties:

- 24 (1) To encourage appropriate ceremonies and activities throughout the State
25 relating to the observance of the legal holiday honoring Martin Luther King,
26 Jr.'s birthday;
- 27 (2) To provide advice and assistance to local governments and private
28 organizations across the State with respect to the observance of such
29 holiday; and
- 30 (3) To promote among the people of North Carolina an awareness and
31 appreciation of the life and work of Martin Luther King, Jr."

32 **SECTION 20.1.(r)** G.S. 143B-426.34B reads as rewritten:

33 "**§ 143B-426.34B. Martin Luther King, Jr. Commission – members; selection; quorum;**
34 **compensation.**

35 (a) The Martin Luther King, Jr. Commission ~~of the Department of Administration~~ shall
36 consist of 16 members. The Governor shall appoint 12 members, one of whom he shall
37 designate as the chair of the Commission. The Governor shall make reasonable efforts to assure
38 that his appointees are equally distributed geographically throughout the State. The President
39 Pro Tempore of the Senate shall appoint two members and the Speaker of the House of
40 Representatives shall appoint two members. The terms of four of the members appointed by the
41 Governor shall expire June 30, 1997. The terms of four of the members appointed by the
42 Governor shall expire June 30, 1996. The terms of four of the members appointed by the
43 Governor shall expire June 30, 1994. The terms of the members appointed by the President Pro
44 Tempore of the Senate and the Speaker of the House of Representatives shall expire June 30,
45 1995. At the end of the respective terms of office of the initial members of the Commission, the
46 appointment of their successors shall be for terms of four years. No member of the Commission
47 shall serve more than two consecutive terms. A member having served two consecutive terms
48 shall be eligible for reappointment one year after the expiration of the second term. A member
49 who fails to attend any three meetings of the Commission shall be dismissed automatically
50 from the Commission upon failure to attend the third such meeting. Provided, however, that the
51 Commission may, by majority vote, reinstate any such dismissed member for the remainder of

1 the unexpired term for good cause shown for failing to attend the meetings. Vacancies shall be
2 filled by the appointing officer for the unexpired term.

3 (b) A majority of the Commission shall constitute a quorum for the transaction of
4 business.

5 (c) Members of the Commission shall be compensated for their services as authorized
6 by G.S. 138-5. Members of the Commission who are State officials or employees shall be
7 reimbursed as authorized by G.S. 138-6.

8 (d) ~~The Department of Administration~~ Office of Community Services shall provide
9 necessary clerical and administrative support services to the Commission."

10 **SECTION 20.1.(s)** The Office for Historically Underutilized Businesses is hereby
11 transferred from the Department of Administration to the Office of Community Services. This
12 transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

13 **SECTION 20.1.(t)** G.S. 143-48.4 reads as rewritten:

14 "**§ 143-48.4. Statewide uniform certification of historically small and underutilized**
15 **businesses.**

16 (a) ~~In addition to the powers and duties provided in G.S. 143-49, the Secretary of~~
17 ~~Administration~~ The Governor shall have the power, authority, and duty to:

18 (1) Develop and administer a statewide uniform program for: (i) the certification
19 of a historically underutilized business, as defined in G.S. 143-128.4, for use
20 by State departments, agencies, and institutions, and political subdivisions of
21 the State; and (ii) the creation and maintenance of a database of the
22 businesses certified as historically underutilized businesses.

23 (2) ~~Adopt rules and procedures for statewide uniform certification of historically~~
24 ~~underutilized businesses.~~ Develop and administer a statewide uniform
25 program for (i) the certification of a small business, as defined in
26 G.S. 143-128.5, for use by State agencies, departments, and institutions, and
27 political subdivisions of the State; and (ii) the creation and maintenance of a
28 database of the business certified as small businesses.

29 (3) Provide for the certification of all businesses designated as small and
30 historically underutilized businesses to be used by State departments,
31 agencies, and institutions, and political subdivisions of the State.

32 (b) ~~The Secretary of Administration~~ Governor shall seek input from State departments,
33 agencies, and institutions, political subdivisions of the State, and any other entity deemed
34 appropriate to determine the qualifications and criteria for statewide uniform certification of
35 small businesses or historically underutilized businesses.

36 (c) Only businesses certified in accordance with this section shall be considered by
37 State departments, agencies, and institutions, and political subdivisions of the State as small or
38 historically underutilized businesses for small business or minority business participation
39 purposes under this Chapter.

40 (d) The Office of Small and Historically Underutilized Businesses may adopt rules and
41 procedures for statewide uniform certification of small or historically underutilized businesses."

42 **SECTION 20.1.(u)** G.S. 143-128.2 reads as rewritten:

43 "**§ 143-128.2. Minority business participation goals.**

44 (a) The State shall have a verifiable ten percent (10%) goal for participation by
45 minority businesses in the total value of work for each State building project, including
46 building projects done by a private entity on a facility to be leased or purchased by the State. A
47 local government unit or other public or private entity that receives State appropriations for a
48 building project or other State grant funds for a building project, including a building project
49 done by a private entity on a facility to be leased or purchased by the local government unit,
50 where the project cost is one hundred thousand dollars (\$100,000) or more, shall have a
51 verifiable ten percent (10%) goal for participation by minority businesses in the total value of

1 the work; provided, however, a local government unit may apply a different verifiable goal that
2 was adopted prior to December 1, 2001, if the local government unit had and continues to have
3 a sufficiently strong basis in evidence to justify the use of that goal. On State building projects
4 and building projects subject to the State goal requirement, the ~~Secretary~~ Office of Small and
5 Historically Underutilized Businesses shall after consulting with the Secretary of the
6 Department of Administration identify the appropriate percentage goal, based on adequate data,
7 for each category of minority business as defined in G.S. 143-128.2(g)(1) based on the specific
8 contract type.

9 Except as otherwise provided for in this subsection, each city, county, or other local public
10 entity shall adopt, after a notice and public hearing, an appropriate verifiable percentage goal
11 for participation by minority businesses in the total value of work for building projects.

12 Each entity required to have verifiable percentage goals under this subsection shall make a
13 good faith effort to recruit minority participation in accordance with this section or
14 G.S. 143-131(b), as applicable.

15 ...
16 (f) A public entity shall require bidders to undertake the following good faith efforts to
17 the extent required by the ~~Secretary~~ Office of Small and Historically Underutilized Businesses
18 on projects subject to this section. The Secretary shall adopt rules establishing points to be
19 awarded for taking each effort and the minimum number of points required, depending on
20 project size, cost, type, and other factors considered relevant by the Secretary. In establishing
21 the point system, the ~~Secretary~~ Office of Small and Historically Underutilized Businesses may
22 not require a contractor to earn more than fifty (50) points, and the ~~Secretary~~ Office of Small
23 and Historically Underutilized Businesses must assign each of the efforts listed in subdivisions
24 (1) through (10) of this subsection at least 10 points. The public entity may require that
25 additional good faith efforts be taken, as indicated in its bid specifications. Good faith efforts
26 include:

27 ...
28 (4) Working with minority trade, community, or contractor organizations
29 identified by the Office of Small and Historically Underutilized Businesses
30 and included in the bid documents that provide assistance in recruitment of
31 minority businesses.

32"
33 **SECTION 20.1.(v)** G.S. 143-128.3 reads as rewritten:
34 "**§ 143-128.3. Minority business participation administration.**

35 (a) All public entities subject to G.S. 143-128.2 shall report to the ~~Department of~~
36 ~~Administration~~, Office of Small and Historically Underutilized Business, Businesses (Office)
37 the following with respect to each building project:

38 (1) The verifiable percentage goal.
39 (2) The type and total dollar value of the project, minority business utilization
40 by minority business category, trade, total dollar value of contracts awarded
41 to each minority group for each project, the applicable good faith effort
42 guidelines or rules used to recruit minority business participation, and good
43 faith documentation accepted by the public entity from the successful bidder.
44 (3) The utilization of minority businesses under the various construction
45 methods under G.S. 143-128(a1).

46 The reports shall be in the format and contain the data prescribed by the ~~Secretary of~~
47 ~~Administration~~, Office of Small and Historically Underutilized Businesses. The University of
48 North Carolina and the State Board of Community Colleges shall report quarterly and all other
49 public entities shall report semiannually. The ~~Secretary~~ Office of Small and Historically
50 Underutilized Businesses of the Department of Administration shall make reports every six

1 months to the Joint Legislative Committee on Governmental Operations on information
2 reported pursuant to this subsection.

3 (b) A public entity that has been notified by the ~~Secretary~~Office of Small and
4 Historically Underutilized Businesses of its failure to comply with G.S. 143-128.2 on a project
5 shall develop a plan of compliance that addresses the deficiencies identified by the ~~Secretary~~
6 Office of Small and Historically Underutilized Businesses. The corrective plan shall apply to
7 the current project or to subsequent projects under G.S. 143-128, as appropriate, provided that
8 the plan must be implemented, at a minimum, on the current project to the extent feasible. If the
9 public entity, after notification from the ~~Secretary~~Office of Small and Historically
10 Underutilized Businesses fails to file a corrective plan, or if the public entity does not
11 implement the corrective plan in accordance with its terms, the ~~Secretary~~Office shall require
12 one or both of the following:

- 13 (1) That the public entity consult with the ~~Department of Administration~~Office
14 of Small and Historically Underutilized Businesses on the development of a
15 new corrective plan, subject to the approval of the ~~Department~~Office and
16 the Attorney General. The public entity may designate a representative to
17 appear on its behalf, provided that the representative has managerial
18 responsibility for the construction project.
- 19 (2) That the public entity not bid another contract under G.S. 143-128 without
20 prior review by the ~~Department~~Office and the Attorney General of a good
21 faith compliance plan developed pursuant to subdivision (1) of this
22 subsection. The public entity shall be subject to the review and approval of
23 its good faith compliance plan under this subdivision with respect to any
24 projects bid pursuant to G.S. 143-128 during a period of time determined by
25 the ~~Secretary~~Office, not to exceed one year.

26 A public entity aggrieved by the decision of the Secretary may file a contested case
27 proceeding under Chapter 150B of the General Statutes.

28 (c) The ~~Secretary~~Office of Small and Historically Underutilized Businesses shall study
29 and recommend to the General Assembly and other State agencies ways to improve the
30 effectiveness and efficiency of the State capital facilities development, minority business
31 participation program and good faith efforts in utilizing minority businesses as set forth in
32 G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased
33 utilization of minority businesses.

34 (d) The ~~Secretary~~Office of Small and Historically Underutilized Businesses shall
35 appoint an advisory board to develop recommendations to improve the recruitment and
36 utilization of minority businesses. The ~~Secretary~~Office of Small and Historically
37 Underutilized Businesses, with the input of its advisory board, shall review the State's programs
38 for promoting the recruitment and utilization of minority businesses involved in State capital
39 projects and shall recommend to the General Assembly, the State Construction Office, The
40 University of North Carolina, and the community colleges system changes in the terms and
41 conditions of State laws, rules, and policies that will enhance opportunities for utilization of
42 minority businesses on these projects. The Secretary shall provide guidance to these agencies
43 on identifying types of projects likely to attract increased participation by minority businesses
44 and breaking down or combining elements of work into economically feasible units to facilitate
45 minority business participation.

46 (e) The ~~Secretary~~Office of Small and Historically Underutilized Businesses shall adopt
47 rules for State entities, The University of North Carolina, and community colleges and shall
48 adopt guidelines for local government units to implement the provisions of G.S. 143-128.2.

49 (e1) Repealed by Session Laws 2007-392, s. 3, effective October 1, 2007.

50 (f) The ~~Secretary~~Office of Small and Historically Underutilized Businesses shall
51 provide the following information to the Attorney General:

- 1 (1) Failure by a public entity to report data to the Secretary in accordance with
2 this section.
- 3 (2) Upon the request of the Attorney General, any data or other information
4 collected under this section.
- 5 (3) False statements knowingly provided in any affidavit or documentation
6 under G.S. 143-128.2 to the State or other public entity. Public entities shall
7 provide to the ~~Secretary Office~~ information concerning any false information
8 knowingly provided to the public entity pursuant to G.S. 143-128.2.
- 9 (g) The ~~Secretary Office of Small and Historically Underutilized Businesses~~ shall report
10 findings and recommendations as required under this section to the Joint Legislative Committee
11 on Governmental Operations annually on or before June 1, beginning June 1, 2002."

12 **SECTION 20.1.(w)** G.S. 143-128.4 reads as rewritten:

13 **"§ 143-128.4. Historically underutilized business defined; statewide uniform certification.**

14 (a) As used in this Chapter, the term "historically underutilized business" means a
15 business that meets all of the following conditions:

- 16 (1) At least fifty-one percent (51%) of the business is owned by one or more
17 persons who are members of at least one of the groups set forth in subsection
18 (b) of this section, or in the case of a corporation, at least fifty-one percent
19 (51%) of the stock is owned by one or more persons who are members of at
20 least one of the groups set forth in subsection (b) of this section.
- 21 (2) The management and daily business operations are controlled by one or
22 more owners of the business who are members of at least one of the groups
23 set forth in subsection (b) of this section.
- 24 (3) The business is certified as a small business pursuant to G.S. 143-128.5.

25 (a1) As used in this Chapter, the term "minority business" means a historically
26 underutilized business.

27 (b) To qualify as a historically underutilized business under this section, a business
28 must be owned and controlled as set forth in subsection (a) of this section by one or more
29 citizens or lawful permanent residents of the United States who are members of one or more of
30 the following groups:

- 31 (1) Black. – A person having origins in any of the black racial groups of Africa.
- 32 (2) Hispanic. – A person of Spanish or Portuguese culture having origins in
33 Mexico, South or Central America, or the Caribbean islands, regardless of
34 race.
- 35 (3) Asian American. – A person having origins in any of the original peoples of
36 the Far East, Southeast Asia, Asia, Indian continent, or Pacific islands.
- 37 (4) American Indian. – A person having origins in any of the original Indian
38 peoples of North America.
- 39 (5) Female.
- 40 (6) Disabled. – A person with a disability as defined in G.S. 168-1 or
41 G.S. 168A-3.
- 42 (7) Disadvantaged. – A person who is socially and economically disadvantaged
43 as defined in 15 U.S.C. § 637.

44 (c) ~~In addition to the powers and duties provided in G.S. 143-49, the Secretary of~~
45 ~~Administration~~ The Governor shall have the power, authority, and duty to:

- 46 (1) Develop and administer a statewide uniform program for: (i) the certification
47 of a historically underutilized business, as defined in this section, for use by
48 State departments, agencies, and institutions, and political subdivisions of
49 the State; and (ii) the creation and maintenance of a database of the
50 businesses certified as historically underutilized businesses.

1 (2) ~~Adopt rules and procedures for the statewide uniform certification of~~
2 ~~historically underutilized businesses.~~

3 (3) Provide for the certification of all businesses designated as historically
4 underutilized businesses to be used by State departments, agencies, and
5 institutions, and political subdivisions of the State.

6 (d) ~~The Secretary of Administration~~ Governor shall seek input from State departments,
7 agencies, and institutions, political subdivisions of the State, and any other entity deemed
8 appropriate to determine the qualifications and criteria for statewide uniform certification of
9 historically underutilized businesses.

10 (e) Only businesses certified in accordance with this section shall be considered by
11 State departments, agencies, and institutions, and political subdivisions of the State as
12 historically underutilized businesses for minority business participation purposes under this
13 Chapter.

14 (f) The Office of Small and Historically Underutilized Businesses may adopt rules and
15 procedures for statewide uniform certification of small or historically underutilized businesses."

16 **SECTION 20.1.(x)** Article 8 of Chapter 143 of the General Statutes is amended by
17 adding a new section to read:

18 **"§ 143-128.5. Small business defined; statewide uniform certification.**

19 (a) As used in this section, the term "small business" means a business that meets all of
20 the following conditions:

21 (1) The gross annual income of the business for State tax purposes for any one
22 of the previous three fiscal years has not exceeded the industry threshold
23 established by the Office of Small and Historically Underutilized
24 Businesses.

25 (2) The business must be solely owned and operated by one or more natural
26 citizens or lawful permanent residents all of whom are domiciled in the State
27 of North Carolina.

28 (3) The business may not employ more full-time or part-time employees than
29 the industry threshold established by the Office of Small and Historically
30 Underutilized Businesses.

31 (4) The business may not be a subsidiary of any other business or entity.

32 (5) The business must have its principal place of business in the State of North
33 Carolina.

34 (b) The Governor shall have the power, authority, and duty to do the following:

35 (1) Develop and administer a statewide uniform program for (i) the certification
36 of a small business, as defined in this section, for use by State departments,
37 agencies, and institutions, and political subdivisions of the State and (ii) the
38 creation and maintenance of a database of the businesses certified as small
39 businesses.

40 (2) Provide for the certification of all businesses designated as small businesses
41 to be used by State departments, agencies, and institutions, and political
42 subdivisions of the State.

43 (c) The Governor shall seek input from State departments, agencies, and institutions,
44 political subdivisions of the State, and any other entity deemed appropriate to determine the
45 qualifications and criteria for statewide uniform certification of small businesses.

46 (e) Only businesses certified in accordance with this section shall be considered by
47 State departments, agencies, and institutions, and political subdivisions of the State as small
48 businesses for small business participation purposes under this section.

49 (g) The entity seeking certification as a small business under this section shall maintain
50 and make available for inspection by the Office of Small and Historically Underutilized
51 Businesses any records the Office of Small and Historically Underutilized Businesses considers

1 necessary to determine and verify that the conditions of set forth herein have and continue to be
2 met by the business entity. The burden of proving eligibility for the small business certification
3 rests upon the business entity seeking certification."

4 **SECTION 20.1.(y)** The Division of Nonpublic Education within the Department of
5 Administration is hereby transferred to the Office of the Governor by a Type I transfer, as
6 described in G.S. 143A-6.

7 **SECTION 20.1.(z)** G.S. 115C-548 reads as rewritten:

8 **"§ 115C-548. Attendance; health and safety regulations.**

9 Each private church school or school of religious charter shall make, and maintain annual
10 attendance and disease immunization records for each pupil enrolled and regularly attending
11 classes. Attendance by a child at any school to which this Part relates and which complies with
12 this Part shall satisfy the requirements of compulsory school attendance so long as the school
13 operates on a regular schedule, excluding reasonable holidays and vacations, during at least
14 nine calendar months of the year. Each school shall be subject to reasonable fire, health and
15 safety inspections by State, county and municipal authorities as required by law.

16 The Division of Nonpublic ~~Education, Department of Administration, Education in the~~
17 Office of the Governor shall ensure that materials are provided to these schools so that they can
18 provide parents and guardians with information about meningococcal meningitis and influenza
19 and their vaccines at the beginning of every school year. This information may be provided
20 electronically or on the Division's Web page. This information shall include the causes,
21 symptoms, and how meningococcal meningitis and influenza are spread and the places where
22 parents and guardians may obtain additional information and vaccinations for their children.

23 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
24 ensure that materials are provided to these schools so that they can provide parents and
25 guardians with information about cervical cancer, cervical dysplasia, human papillomavirus,
26 and the vaccines available to prevent these diseases. This information may be provided
27 electronically or on the Division's Web page. This information shall include the causes and
28 symptoms of these diseases, how they are transmitted, how they may be prevented by
29 vaccination, including the benefits and possible side effects of vaccination, and the places
30 where parents and guardians may obtain additional information and vaccinations for their
31 children.

32 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
33 ensure that information is available to these schools so that they can provide information
34 annually on the preventable risks for preterm birth in subsequent pregnancies, including
35 induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate
36 prenatal care.

37 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
38 ensure that information is available to these schools so that they can provide information on the
39 manner in which a parent may lawfully abandon a newborn baby with a responsible person, in
40 accordance with G.S. 7B-500."

41 **SECTION 20.1.(aa)** G.S. 115C-556 reads as rewritten:

42 **"§ 115C-556. Attendance; health and safety regulations.**

43 Each qualified nonpublic school shall make, and maintain annual attendance and disease
44 immunization records for each pupil enrolled and regularly attending classes. Attendance by a
45 child at any school to which this Part relates and which complies with this Part shall satisfy the
46 requirements of compulsory school attendance so long as the school operates on a regular
47 schedule, excluding reasonable holidays and vacations, during at least nine calendar months of
48 the year. Each school shall be subject to reasonable fire, health and safety inspections by State,
49 county and municipal authorities as required by law.

50 The Division of Nonpublic ~~Education, Department of Administration, Education in the~~
51 Office of the Governor shall ensure that materials are provided to each qualified nonpublic

1 school so that the school can provide parents and guardians with information about
2 meningococcal meningitis and influenza and their vaccines at the beginning of every school
3 year. This information may be provided electronically or on the Division's Web page. This
4 information shall include the causes, symptoms, and how meningococcal meningitis and
5 influenza are spread and the places where parents and guardians may obtain additional
6 information and vaccinations for their children.

7 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
8 ensure that materials are provided to each qualified nonpublic school so that the school can
9 provide parents and guardians with information about cervical cancer, cervical dysplasia,
10 human papillomavirus, and the vaccines available to prevent these diseases. This information
11 may be provided electronically or on the Division's Web page. This information shall include
12 the causes and symptoms of these diseases, how they are transmitted, how they may be
13 prevented by vaccination, including the benefits and possible side effects of vaccination, and
14 the places where parents and guardians may obtain additional information and vaccinations for
15 their children.

16 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
17 ensure that information is available to each qualified nonpublic school so that the school can
18 provide information annually on the preventable risks for preterm birth in subsequent
19 pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs,
20 and inadequate prenatal care.

21 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
22 ensure that information is available to each qualified nonpublic school so that the school can
23 provide information on the manner in which a parent may lawfully abandon a newborn baby
24 with a responsible person, in accordance with G.S. 7B-500."

25 **SECTION 20.1(bb)** G.S. 115C-562.1(2) reads as rewritten:

26 **"§ 115C-562.1. Definitions.**

27 The following definitions apply in this Part:

28 ...

29 (2) Division. – The Division of Nonpublic ~~Education, Department of~~
30 ~~Administration, Education in the Office of the Governor.~~"

31 **SECTION 20.1(cc)** G.S. 115C-563 reads as rewritten:

32 **"§ 115C-563. Definitions.**

33 As used in this Part or Parts 1 and 2 of this Article:

34 (a) "Home school" means a nonpublic school consisting of the children of not more
35 than two families or households, where the parents or legal guardians or members of either
36 household determine the scope and sequence of academic instruction, provide academic
37 instruction, and determine additional sources of academic instruction.

38 (b) "Duly authorized representative of the State" means the ~~Director, Division of~~
39 ~~Nonpublic Education, or his staff, Governor's designee.~~"

40 **SECTION 20.1(dd)** G.S. 115-565 reads as rewritten:

41 **"§ 115C-565. Requirements exclusive.**

42 No school which complies with this Part shall be subject to any other provision of law
43 relating to education except requirements of law respecting immunization. The Division of
44 Nonpublic ~~Education, Department of Administration, Education in the Office of the Governor~~
45 shall provide to home schools information about meningococcal meningitis and influenza and
46 their vaccines. This information may be provided electronically or on the Division's Web page.
47 The information shall include the causes, symptoms, and how meningococcal meningitis and
48 influenza are spread and the places where parents and guardians may obtain additional
49 information and vaccinations for their children.

50 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
51 provide to home schools information about cervical cancer, cervical dysplasia, human

1 papillomavirus, and the vaccines available to prevent these diseases. This information may be
2 provided electronically or on the Division's Web page. This information shall include the
3 causes and symptoms of these diseases, how they are transmitted, how they may be prevented
4 by vaccination, including the benefits and possible side effects of vaccination, and the places
5 where parents and guardians may obtain additional information and vaccinations for their
6 children.

7 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
8 provide to home schools information on the preventable risks for preterm birth in subsequent
9 pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs,
10 and inadequate prenatal care. This information may be provided electronically or on the
11 Division's Web page.

12 The Division of Nonpublic ~~Education, Department of Administration, Education~~ shall also
13 provide to home schools information on the manner in which a parent may lawfully abandon a
14 newborn baby with a responsible person, in accordance with G.S. 7B-500. This information
15 may be provided electronically or on the Division's Web page."

16 **SECTION 20.1.(ee)** G.S. 115C-566 reads as rewritten:

17 **"§ 115C-566. Driving eligibility certificates; requirements.**

18 (a) The ~~Secretary of Administration, upon consideration of the advice of the~~ Division of
19 Nonpublic Education in the ~~Department of Administration and Office of the Governor, upon~~
20 the consideration of advice of representatives of nonpublic schools, shall adopt rules for the
21 procedures a person who is or was enrolled in a home school, in a nonpublic school that is not
22 accredited by the State Board of Education, or in an educational program found by a court,
23 prior to July 1, 1998, to comply with the compulsory attendance law, must follow and the
24 requirements that person must meet to obtain a driving eligibility certificate. The procedures
25 shall provide that the person who is required under G.S. 20-11(n) to sign the driving eligibility
26 certificate must provide the certificate if he or she determines that one of the following
27 requirements is met:

- 28 (1) The person seeking the certificate is eligible for the certificate under
29 G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).
- 30 (2) The person seeking the certificate is eligible for the certificate under
31 G.S. 20-11(n)(1) and G.S. 20-11(n1).

32 The rules shall define exemplary student behavior, define what constitutes the successful
33 completion of a drug or alcohol treatment counseling program, and provide for an appeal to an
34 appropriate educational entity by a person who is denied a driving eligibility certificate. The
35 Division of Nonpublic Education also shall develop policies as to when it is appropriate to
36 notify the Division of Motor Vehicles that a person who is or was enrolled in a home school or
37 in a nonpublic school that is not accredited by the State Board of Education no longer meets the
38 requirements for a driving eligibility certificate.

39 (b) The ~~Secretary of Administration~~ Division of Nonpublic Education shall develop a
40 form for parents, guardians, or emancipated juveniles, as appropriate, to provide their written,
41 irrevocable consent for a school to disclose to the Division of Motor Vehicles that the student
42 no longer meets the conditions for a driving eligibility certificate under G.S. 20-11(n)(1) or
43 G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to comply with
44 G.S. 20-11 or G.S. 20-13.2. Other than identifying under which statutory subsection the student
45 is no longer eligible, no other details or information concerning the student's school record shall
46 be released pursuant to this consent. This form shall be used for students enrolled in home
47 schools or nonpublic schools.

48 (c) In accordance with rules adopted by the ~~Secretary~~ Division of Nonpublic Education
49 under this section, persons who are required to sign driving eligibility certificates that meet the
50 conditions established in G.S. 20-11 shall obtain the necessary written, irrevocable consent
51 from parents, guardians, or emancipated juveniles, as appropriate, in order to disclose

1 information to the Division of Motor Vehicles and shall notify the Division of Motor Vehicles
2 when a student who holds a driving eligibility certificate no longer meets the conditions under
3 G.S. 20-11(n)(1) or G.S. 20-11(n1)."
4

5 **UNIVERSITY INNOVATION COMMERCIALIZATION GRANT PROGRAM**

6 **SECTION 20.2.(a)** Purpose. – In order to increase the number of high-tech start-up
7 companies and enhance job creation resulting from research conducted by North Carolina's
8 universities and research-focused nonprofit corporations, the University Innovation
9 Commercialization Grant Program is established.

10 **SECTION 20.2.(b)** Funding. – The sum of two million five hundred thousand
11 dollars (\$2,500,000) for fiscal year 2015-2016 and five million dollars (\$5,000,000) for fiscal
12 year 2016-2017 and subsequent years is appropriated to a reserve in the Office of State Budget
13 and Management for the University Innovation Commercialization Grant Program.

14 **SECTION 20.2.(c)** Grants. – The Office of Science, Technology, and Innovation
15 in the Department of Commerce shall establish a competitive award process to provide funding
16 to develop and implement processes for technology proof of concept, validation, IP protection
17 and early/mid-stage product development/production, commercialization and translation for
18 technologies developed by North Carolina Universities.

19 **SECTION 20.2.(d)** Eligibility. – Upon recommendation and guidance from a
20 nonprofit corporation contracted pursuant to this section, the Department of Commerce may
21 make grant awards from the funds provided in subsection (b) of this section only to a:

- 22 (1) Constituent institution of The University of North Carolina.
- 23 (2) Private college or university located in North Carolina.

24 **SECTION 20.2.(e)** Administration. – The Department of Commerce may use up to
25 ten percent (10%) of funds provided in this section to contract with one or more nonprofit
26 corporations to assist with the following:

- 27 (1) Select university technologies for development based on commercial
28 potential;
- 29 (2) Create a development plan of key activities to make the technologies more
30 attractive to investors;
- 31 (3) Guide implementation of these activities to assure efficient deployment of
32 funds and commercial-quality results.

33 Each nonprofit organization must demonstrate expertise in either life science
34 technologies including medical, biological, agricultural or non-life sciences technologies
35 including information technology, materials and cyber security.

36 **SECTION 20.2.(f)** Reports. – The Office of Science, Technology, and Innovation
37 in the Department of Commerce and nonprofit corporation selected in subsection (c) of this
38 section shall provide an annual report to the Office of State Budget and Management and Fiscal
39 Research Division of the General Assembly no later than January 1 of each fiscal year. The
40 report shall detail expenditures and grants made from these funds and provide evidence of
41 return on investment, including, but not limited to, (i) the number of technologies brought to
42 market; (ii) the number of new companies founded; and (iii) data on jobs created, including
43 occupational classifications and salary ranges.

44 **SECTION 20.2.(g)** Oversight. – The Department of Commerce, in consultation
45 with the Office of State Budget and Management, shall provide monitoring and oversight of the
46 performance of a contract entered into pursuant to this section with a North Carolina nonprofit
47 corporation, and of the funds granted to institutes of higher education.

48 **SECTION 20.2.(h)** Public Funds. – A North Carolina nonprofit corporation or
49 institute of higher education with which the Department contracts or grants funds pursuant to
50 this section shall use interest earned on State funds after receipt of the funds by the nonprofit
51 corporation only for the same purposes identified in subsection (c) of this section.

PART XXI. NC HOUSING FINANCE AGENCY**COMMUNITY LIVING HOUSING FUND**

SECTION 21.1.(a) The North Carolina Housing Finance Agency shall have the authority to expend funds in the Community Living Housing Fund in the amount of two million eight hundred ninety-three thousand four hundred nine dollars (\$2,893,409). These Department of Justice settlement funds were carried forward by the Department of Health and Human Services from FY 2013-2014 to FY 2014-2015 and then transferred to the North Carolina Housing Finance Agency's Community Living Housing Fund in FY 2014-2015 as authorized by Section 8 of S.L. 2013-397.

SECTION 21.1.(b) G.S. 122E-3.1(c) reads as rewritten:

"(c) Use of Funds – The North Carolina Housing Finance Agency, in consultation with the Department of Health and Human Services, shall be responsible for administering the Community Living Housing Fund. The monies in the Fund shall be available for expenditure ~~only upon an act of appropriation by the General Assembly and~~ only for the following purposes:

- (1) To provide permanent community-based housing in integrated settings appropriate for individuals with severe mental illness and severe and persistent mental illness.
- (2) To support an increase in the number of targeted units for individuals with disabilities located in housing projects funded by the Housing Finance Agency from ten percent (10%) to fifteen percent (15%). The additional targeted units funded shall be made available to the Department of Health and Human Services for use in the North Carolina Supportive Housing Program under Article 1B of Chapter 122C of the General Statutes. Priority for funding of the additional targeted units shall be given to units to be located in catchment areas identified by the Department of Health and Human Services, in consultation with the North Carolina Housing Finance Agency and LME/MCOs, as having the greatest need for targeted units."

PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**SHARED SAVINGS PILOT**

SECTION 22.1. For the 2015-2017 fiscal biennium, notwithstanding any provision of law to the contrary and subject to the availability of funds, the Director of the Budget may authorize that up to fifty percent (50%) of any unspent credit balance remaining in a budget code at the end of each fiscal year may be carried forward to the next fiscal year in that same budget code for one-time expenditures and shall be appropriated for that purpose; provided, however, the expenditures shall not impose additional recurring financial obligations on the State and shall not be used to support positions. The amount carried forward in each budget code under this section shall not exceed two and one-half percent (2.5%) of the General Fund appropriation for that budget code.

BUDGETING SALARY

SECTION 22.2. G.S. 143C-6-9 reads as rewritten:

"§ 143C-6-9. Use of lapsed salary savings.

"Lapsed salary savings may be expended only for nonrecurring purposes or line items. items, except for savings from anticipated turnover and vacancy, which may be expended for recurring purposes or line items upon approval of the Director of the Budget."

WORKERS' COMPENSATION EXPENDITURES IN CERTIFIED BUDGET

SECTION 22.3. The Office of State Budget and Management, in conjunction with the Office of State Human Resources, shall develop a plan to establish specific line-item budget amounts in the certified budget for workers' compensation claims. The plan shall identify the funding sources for the budget amounts.

SYMPHONY CHALLENGE GRANT

SECTION 22.4.(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) in nonrecurring funds for the 2015-2016 fiscal year and the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2016-2017 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least eight million dollars (\$8,000,000) in non-State funds for the 2015-2016 fiscal year and at least eight million dollars (\$8,000,000) in non-State funds for the 2016-2017 fiscal year. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this section.

SECTION 22.4.(b) For the 2015-2016 fiscal year, the North Carolina 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 North Carolina 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 North Carolina Symphony shall receive the sum of five hundred thousand dollars (\$500,000).
- (3) Upon raising an additional sum of two million (\$2,000,000) in non-State funding for a total amount of eight million dollars (\$8,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of five hundred thousand dollars (\$500,000) in the 2015-2016 fiscal year.

SECTION 22.4.(c) For the 2016-2017 fiscal year, the North Carolina 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 North Carolina 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 North Carolina Symphony shall receive the sum of five hundred thousand dollars (\$500,000).
- (3) Upon raising an additional sum of two million (\$2,000,000) in non-State funding for a total amount of eight million dollars (\$8,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of five hundred thousand dollars (\$500,000) in the 2016-2017 fiscal year.

GRANTS OVERSIGHT

SECTION 22.5. G.S. 143C-6-23 reads as rewritten:

"§ 143C-6-23. State assistance and grant funds: administration; oversight and reporting requirements.

- (a) Definitions. – The following definitions apply in this section:

- 1 (1) Contractor. – an entity subject to the contractor requirements, as well as any
2 entity that would be subject to the contractor requirements but for a specific
3 statute or rule exempting that entity from the contractor requirements.
- 4 (1a) Contractor requirements. – Article 3, 3C, 3D, 3E, 3G or 8 of the Chapter 143
5 of the General Statutes and related Administrative Code Rules.
- 6 ~~(1)(1b) Grant or grant funds. – State assistance. – State funds disbursed as a grant by~~
7 ~~a State agency; however, the terms do not include any payment made by the~~
8 ~~Medicaid program, the State Health Plan for Teachers and State Employees,~~
9 ~~or other similar medical programs. agency as a grant, cooperative agreement,~~
10 ~~non-cash contribution, food commodities, direct appropriation or other~~
11 ~~transfer of funds to a grantee as defined in subdivision (2) of this subsection.~~
- 12 (2) Grantee. – A non-State entity that receives State funds as a grant from a
13 State agency but does not include any non-State entity subject to the audit
14 and other reporting requirements of the Local Government
15 Commission. entity, not subject to the audit and other reporting requirements
16 of the Local Government Commission, that receives or holds State
17 assistance funds and does not meet the definition of Contractor as defined in
18 subdivision (1) of this subsection.
- 19 (3) Encumbrance. – A financial obligation created by a purchase order, contract,
20 salary commitment, unearned or prepaid collections for services provided, or
21 other legally binding agreement. A financial obligation is not an
22 encumbrance for purposes of this section unless it (i) is in writing and has
23 been signed by a person or entity who has authority to legally bind the
24 grantee or subgrantee to spend the funds or (ii) was created by the provision
25 of goods or services to the grantee or subgrantee by a third party under
26 circumstances that create a legally binding obligation to pay for the goods or
27 services.
- 28 (4) Subgrantee. – A non-State entity that receives State funds as a grant from a
29 grantee or from another subgrantee but does not include any non-State entity
30 subject to the audit and other reporting requirements of the Local
31 Government Commission. meets the definition of a "grantee" as defined in
32 subdivision (2) of this subsection that receives or holds State assistance
33 funds from a grantee or other subgrantee and not directly from the State.
- 34 (b) Conflict of Interest Policy. – Every grantee shall file with the State agency
35 disbursing funds to the grantee a copy of that grantee's policy addressing conflicts of interest
36 that may arise involving the grantee's management employees and the members of its board of
37 directors or other governing body. The policy shall address situations in which any of these
38 individuals may directly or indirectly benefit, except as the grantee's employees or members of
39 its board or other governing body, from the grantee's disbursing of State funds, and shall
40 include actions to be taken by the grantee or the individual, or both, to avoid conflicts of
41 interest and the appearance of impropriety. The policy shall be filed before the disbursing State
42 agency may disburse the State assistance funds.
- 43 (c) No Overdue Tax Debts. – Every grantee shall file with the State agency or
44 department disbursing funds to the grantee a written statement completed by that grantee's
45 board of directors or other governing body stating that the grantee does not have any overdue
46 tax debts, as defined by G.S. 105-243.1, at the federal, State, or local level. The written
47 statement shall be made under oath and shall be filed before the disbursing State agency or
48 department may disburse the State assistance funds. A person who makes a false statement in
49 violation of this subsection is guilty of a criminal offense punishable as provided by
50 G.S. 143C-10-1.

1 (d) Office of State Budget Rules Must Require Uniform Administration of State Grants.
2 —and Management. — The Office of State Budget and Management shall adopt ~~rules~~policies
3 and procedures to ensure the uniform administration of State assistance funds by all grantor
4 State agencies and grantees or subgrantees. ~~The Office of State Budget and Management shall~~
5 ~~consult with the Office of the State Auditor and the Attorney General in establishing the rules~~
6 ~~required by this subsection.~~ The rules ~~shall establish~~ policies and procedures shall provide for
7 disbursements of State assistance funds and for State agency oversight, monitoring, and
8 evaluation of grantees and subgrantees. The policies and procedures shall:

- 9 (1) Ensure that the purpose and reporting requirements of the State assistance
10 funds are specified to the grantee.
- 11 (2) Ensure that grantees specify the purpose and reporting requirements for State
12 assistance funds made to subgrantees.
- 13 ~~(3) Ensure that State funds are spent in accordance with the purposes for which~~
14 ~~they were granted.~~
- 15 ~~(4) Hold the grantees and subgrantees accountable for the legal and appropriate~~
16 ~~expenditure of grant funds.~~
- 17 ~~(5) Provide for adequate oversight and monitoring to prevent the misuse of grant~~
18 ~~funds. These policies shall require~~ Require each grantee and subgrantee to
19 ensure that, for accounting purposes, State funds and interest earned on those
20 funds remain separate and apart from other funds in the possession or control
21 of the grantee or subgrantee.
- 22 (6) Establish ~~mandatory~~minimum periodic reporting requirements to be
23 established by State agencies for grantees and subgrantees, including
24 methods of reporting, to provide separate accounting of all State funds, a
25 separate accounting of funds used for administration, and other financial and
26 program performance information. ~~The mandatory periodic reporting~~
27 ~~requirements shall require grantees and subgrantees to file with the State~~
28 ~~Auditor copies of reports and statements that are filed with State agencies~~
29 ~~pursuant to this subsection. Compliance with the mandatory periodic~~
30 ~~reporting requirements of this subdivision shall not require grantees and~~
31 ~~subgrantees to file with the State Auditor the information described in~~
32 ~~subsections (b) and (c) of this section.~~
- 33 (7) Require grantees and subgrantees to maintain reports, records, and other
34 information to properly account for the expenditure of all State assistance
35 funds and to make such reports, records, and other information available to
36 the grantor State agency for oversight, monitoring, and evaluation purposes.
- 37 ~~(8) Require grantees and subgrantees to ensure that work papers in the~~
38 ~~possession of their auditors are available to the State Auditor for the~~
39 ~~purposes set out in subsection (i) of this section.~~
- 40 ~~(9) Require grantees to be responsible for managing and monitoring each~~
41 ~~project, program, or activity supported by grant funds and each subgrantee~~
42 ~~project, program, or activity supported by grant funds.~~
- 43 (9a) Require a State agency that oversees a State assistance program to develop a
44 monitoring plan for that program and to submit the plan and any additional
45 information regarding the plan to the Office of State Budget and
46 Management.
- 47 (10) Provide procedures for the suspension of further disbursements or use of
48 State assistance funds for noncompliance with these ~~rules~~policies and
49 procedures or other inappropriate use of the funds.

1 (11) Provide procedures for use in appropriate circumstances for reinstatement of
2 disbursements that have been suspended for noncompliance with these
3 policies and procedures or other inappropriate use of State assistance funds.

4 (12) Provide procedures for the recovery and return to the grantor State agency of
5 unexpended State assistance funds from a grantee or subgrantee (i) in
6 accordance with subsection (f1) of this section or (ii) in the event that the
7 grantee or subgrantee is unable to fulfill the purposes of the State assistance
8 for a reason not set forth in that subsection.

9 (d1) Required State Assistance Terms. – The terms of each agreement governing the use
10 of the State assistance shall include all of the following, which shall be deemed a part of the
11 award of State assistance:

12 (1) The limitation contained in G.S. 143C-6-8 concerning the availability of
13 appropriated funds.

14 (2) The relevant provisions of any legislation authorizing or governing the
15 administration of the State assistance funds.

16 (3) The terms of this section.

17 (e) ~~Rules Are Subject to the Administrative Procedure Act. Notwithstanding the~~
18 ~~provisions of G.S. 150B-2(8a)b. rules adopted pursuant to subsection (d) of this section are~~
19 ~~subject to the provisions of Chapter 150B of the General Statutes.~~ Policies and Procedures Are
20 Not Subject to the Administrative Procedure Act. – Policies and procedures adopted pursuant to
21 subsection (d) of this section are not subject to the provisions of Chapter 150B of the General
22 Statutes.

23 (f) ~~Suspension and Recovery of Funds to State Assistance Recipients for~~
24 ~~Noncompliance. – The Office of State Budget and Management, after consultation with the~~
25 ~~administering State agency, shall have the power to suspend disbursement of grant funds to~~
26 ~~grantees or subgrantees, to prevent further use of grant funds already disbursed, and to recover~~
27 ~~grant funds already disbursed for noncompliance with rules adopted pursuant to subsection (d)~~
28 ~~of this section. If the grant funds are a pass-through of funds granted by an agency of the~~
29 ~~United States, then the Office of State Budget and Management must consult with the granting~~
30 ~~agency of the United States and the State agency that is the recipient of the pass-through funds~~
31 ~~prior to taking the actions authorized by this subsection. Where a grantee or subgrantee is~~
32 ~~noncompliant with this Part or the policies and procedures adopted pursuant to subsection (d)~~
33 ~~of this section, or where a grantee or subgrantee is unable to fulfill the obligations or purposes~~
34 ~~of the State assistance, has inappropriately used State assistance funds or is non-compliant with~~
35 ~~relevant reporting or other requirements, the Office of State Budget and Management may take~~
36 ~~the actions set forth below in this subsection. If the State assistance funds are a pass-through of~~
37 ~~funds granted by an agency of the United States, then the Office of State Budget and~~
38 ~~Management must consult with the granting agency of the United States and the State agency~~
39 ~~that is the recipient of the pass-through funds prior to taking the actions authorized by this~~
40 ~~subsection. The authorized actions are as follows:~~

41 (1) With respect to a grantee or a subgrantee, and after consultation with the
42 administering State agency, suspend disbursement of State assistance funds,
43 prevent further use of State assistance funds already disbursed, and recover
44 State assistance funds already disbursed.

45 (2) With respect to an administering State agency, and after 90 days' notice to
46 give the administering State agency an opportunity to correct the
47 noncompliance, suspend disbursement of State assistance funds.

48 (f1) Return of State Assistance Funds. – Except as otherwise required by federal law, a
49 grantee or subgrantee shall return to the State all affected State assistance funds and interest
50 earned on those funds if any of the following occurs:

1 (1) The funds are in the possession or control of a grantee and are not expended,
2 made subject to an encumbrance, or disbursed to a subgrantee by August 31
3 immediately following the fiscal year in which the funds are appropriated by
4 the General Assembly, or a different period set forth in the terms of the
5 applicable appropriation or federal grant.

6 (2) The funds remain unexpended at the time that the grantee or subgrantee
7 dissolves, ceases operations, or otherwise indicates that it does not intend to
8 spend the funds.

9 (3) The Office of State Budget and Management seeks to recover the funds
10 pursuant to subsection (f) of this act.

11 (f2) Use of Returned State Assistance Funds. – Encumbered funds returned to the State
12 pursuant to subsection (f1) of this section by a grantee or subgrantee shall upon appropriation
13 by the General Assembly be spent in accordance with the terms of the encumbrance. All other
14 funds returned to the State by a grantee or subgrantee pursuant to subsection (f1) of this section
15 shall be credited to the fund from which they were appropriated and shall remain unexpended
16 and unencumbered until appropriated by the General Assembly. Nothing in this section shall be
17 construed to authorize an expenditure pursuant to an unlawful encumbrance or in a manner that
18 would violate the terms of the appropriation of the State assistance funds at issue.

19 (g) Audit Oversight. – The State Auditor has audit oversight, with respect to State
20 assistance funds received by the grantee or subgrantee, pursuant to Article 5A of Chapter 147
21 of the General Statutes, of every grantee or subgrantee that receives, uses, or expends State
22 assistance funds. A grantee or subgrantee must, upon request, furnish to the State Auditor for
23 audit all books, records, and other information necessary for the State Auditor to account fully
24 for the use and expenditure of State assistance funds received by the grantee or subgrantee. The
25 grantee or subgrantee must furnish any additional financial or budgetary information requested
26 by the State Auditor, including audit work papers in the possession of any auditor of a grantee
27 or subgrantee directly related to the use and expenditure of State assistance funds.

28 (h) ~~Report on Grant Recipients That Failed to Comply. – Not later than May 1, 2007,~~
29 ~~and by May 1 of every succeeding year, the Noncompliance Reports. – The~~ Office of State
30 Budget and Management shall ~~report to the Joint Legislative Commission on Governmental~~
31 ~~Operations and the Fiscal Research Division on~~ maintain a list that is publicly available of all
32 grantees or subgrantees that failed to comply with this section with respect to State assistance
33 funds received in the prior fiscal year.

34 (i) ~~State Agencies to Submit Grant List to Auditor. – No later than October 1 of each~~
35 ~~year, each State agency shall submit a list to the State Auditor, in the format prescribed by the~~
36 ~~State Auditor, of every grantee to which the agency disbursed grant funds in the prior fiscal~~
37 ~~year. The list shall include the amount disbursed to each grantee and other information as~~
38 ~~required by the State Auditor to comply with the requirements of this section.~~

39 (j) Use of Interest Earned on State Assistance Funds. – Except as otherwise required by
40 federal law or the terms of a federal grant, interest earned on State assistance funds after receipt
41 of the funds by a grantee or subgrantee shall be credited to the grantee or subgrantee and shall
42 be used for the same purposes for which the State assistance or sub-award was made.

43 (k) Reporting by Grantees and Subgrantees That Cease Operations. – A grantee or
44 subgrantee that intends to dissolve or cease operations shall report that decision in writing to
45 the Office of State Budget and Management and to the Fiscal Research Division at least 30
46 days prior to taking that action.

47 (l) This section does not apply to financial assistance to students or to public assistance
48 payments to or on behalf of enrolled individuals.

49 (m) Contractors are not subject to this section."

50
51 **RALLYING INVESTORS AND SKILLED ENTREPRENEURS OF NC (RISE NC)**

1 **SECTION 22.6.(a)** Purpose. – In order to increase the number of high-tech start-up
2 companies and enhance job creation, RISE NC creates a statewide network that develops and
3 leverages existing North Carolina entrepreneurial management talent, and recruits world-class
4 investors, skilled entrepreneurs, and managers to North Carolina.

5 **SECTION 22.6.(b)** Funding. – The sum of two million five hundred thousand
6 dollars (\$2,500,000) nonrecurring for fiscal year 2015-2016 and two million five hundred
7 thousand dollars (\$2,500,000) for fiscal year 2016-2017 and subsequent years is appropriated to
8 a reserve in the Office of State Budget and Management for the Rallying Investors and Skilled
9 Entrepreneurs of NC (RISE NC) program.

10 **SECTION 22.6.(c)** Grant. – The Office of Science, Technology, and Innovation in
11 the Department of Commerce shall establish a competitive award process to provide funding to
12 one or more North Carolina nonprofit corporations to perform the following:

13 (1) The development of a statewide entrepreneurial network to connect serial
14 entrepreneurs to university start-ups;

15 (2) The development of an entrepreneurship fellowship program;

16 Grant funds shall be matched on the basis of two dollars (\$1.00) in grant funds for
17 every two dollars (\$2.00) nongrant funds. Matching funds shall not include other State funds.

18 **SECTION 22.6.(d)** Reports. – The Office of Science, Technology, and Innovation
19 in the Department of Commerce and nonprofit corporation selected in subsection (c) of this
20 section shall provide an annual report to the Office of State Budget and Management and Fiscal
21 Research Division of the General Assembly no later than January 1 of each fiscal year. The
22 report shall detail expenditures and grants made from these funds and provide evidence of
23 return on investment, including, but not limited to, (i) the number of new companies founded
24 and (ii) data on jobs created, including occupational classifications and salary ranges.

25 **SECTION 22.6.(e)** Oversight – The Department of Commerce, in consultation
26 with the Office of State Budget and Management, shall provide monitoring and oversight of the
27 performance of a contract entered into pursuant to this section with a North Carolina nonprofit
28 corporation.

29 **SECTION 22.6.(f)** Public Funds – A North Carolina nonprofit corporation with
30 which the Department contracts pursuant to this section shall use interest earned on State funds
31 after receipt of the funds by the nonprofit corporation only for the same purposes identified in
32 subsection (c) of this section.

33 **PART XXIII. OFFICE OF STATE HUMAN RESOURCES**

34 **SALARY DETERMINATIONS FOR CERTAIN LICENSED PROFESSIONALS**

35
36 **SECTION 23.1.(a)** State agencies, departments, and institutions shall have salary
37 administration flexibility for licensed physicians, dentists, nurses, physicians assistants,
38 pharmacists, and other allied health professionals and may exercise the flexibility within
39 existing resources. No salary determination made under this section may exceed the maximum
40 of the applicable salary range established by the Office of State Human Resources under
41 Chapter 126 of the General Statutes.

42 **SECTION 23.1.(b)** Beginning September 1, 2015, and then annually thereafter, the
43 Office of State Human Resources shall report to the Joint Legislative Commission on
44 Governmental Operations and to the Fiscal Research Division on the salary actions taken under
45 this section.
46

47 **WORKERS' COMPENSATION RESERVE**

48 **SECTION 23.4.** The Director of the Budget shall establish a statewide reserve in
49 the amount of five million dollars (\$5,000,000) for closure of workers' compensation claims.
50 The Office of State Budget and Management shall distribute funds from the reserve to the
51

1 Office of State Human Resources to pay the settlement cost of workers' compensation claims in
2 agencies.

3
4 **EMPLOYEE APPEALS OF GRIEVANCES AND DISCIPLINARY ACTION**

5 **SECTION 23.5.** Article 8 of Chapter 126 of the General Statutes reads as
6 rewritten:

7 **"Chapter 126.**

8 **"State Human Resources System.**

9 **"Article 8.**

10 **"Employee Appeals Of Grievances And Disciplinary Action**

11 **"§ 126-34. Repealed by Session Laws 2013-382, s. 6.1, effective August 21, 2013, and**
12 **applicable to grievances filed on or after that date.**

13 **"§ 126-34.01. Grievance; resolution.**

14 Any State employee having a grievance arising out of or due to the employee's employment
15 shall first discuss the problem or grievance with the employee's supervisor, unless the problem
16 or grievance is with the supervisor. Then the employee shall follow the grievance procedure
17 approved by the State Human Resources Commission. The proposed agency final decision
18 shall not be issued nor become final until reviewed and approved by the Office of State Human
19 Resources. The agency grievance procedure and Office of State Human Resources review shall
20 be completed within 90 days from the date the grievance is filed. The final agency decision that
21 is reviewed under G.S. 126-34.02 shall be the decision approved by the Office of State Human
22 Resources."

23 **"§ 126-34.02. Grievance appeal process; grounds.**

24 (a) Once a final agency decision has been issued in accordance with G.S. 126-34.01, an
25 applicant for State employment, a State employee, or former State employee may file a
26 ~~contested case in the Office of Administrative Hearings under Article 3 of Chapter 150B of the~~
27 ~~General Statutes; an appeal to the State Human Resources Commission. The Commission shall~~
28 ~~appoint a hearing officer to make a complete record in the appeal. The ~~contested case~~ appeal to~~
29 ~~the State Human Resources Commission~~ must be filed within 30 days of receipt of the final
30 agency decision. Except for cases of extraordinary cause shown, ~~the Office of Administrative~~
31 ~~Hearings~~ the hearing officer shall hear and issue a final decision ~~in accordance with~~
32 ~~G.S. 150B-34~~ within 180 days from the commencement of the ~~case~~ appeal. In deciding cases
33 under this section, ~~the Office of Administrative Hearings~~ State Human Resources Commission
34 may grant the following relief:

35 "...."

36
37 **STATE EMPLOYEES WORKPLACE REQUIREMENTS PROGRAM FOR SAFETY,**
38 **HEALTH AND WORKERS' COMPENSATION**

39 **SECTION 23.6.** Article 63 of Chapter 143 of the General Statutes reads as
40 rewritten:

41 **"Article 63.**

42 **"State Employees Workplace Requirements Program for ~~Safety and Health~~ Safety, Health, and**
43 **Workers' Compensation.**

44 **"Part 1. Executive Branch Programs.**

45 **"§ 143-580. Definition.**

46 As used in this Article, "State agency" means any department, commission, division, board,
47 or institution of the State within the executive branch of ~~government~~ government, including
48 The University of North Carolina System, and the Office of Administrative Hearings.

49 **"§ 143-581. Program goals.**

50 ~~Each State agency~~ The Office of State Human Resources shall establish a written program
51 for State employee workplace ~~safety and health~~ safety, health, and workers' compensation. The

1 program shall promote safe and healthful working conditions and shall be based on clearly
2 stated goals and objectives for meeting the goals. The program shall provide managers,
3 supervisors, and employees with a clear and firm understanding of the State's concern for
4 protecting employees from job-related injuries and health impairment; preventing accidents and
5 fires; planning for emergencies and emergency medical procedures; identifying and controlling
6 physical, chemical, and biological hazards in the workplace; communicating potential hazards
7 to employees; and assuring adequate housekeeping and sanitation.

8 **"§ 143-582. Program requirements.**

9 The written program required under this Article shall describe at a minimum:

- 10 (1) The methods to be used to identify, analyze, and control new or existing
11 hazards, conditions, and operations.
- 12 (2) How managers, supervisors, and employees are responsible for
13 implementing the program, controlling accident-related expenditures, and
14 how continued participation of management and employees will be
15 established, measured, and maintained.
- 16 (3) How the plan will be communicated to all affected employees so that they
17 are informed of work-related physical, chemical, or biological hazards, and
18 controls necessary to prevent injury or illness.
- 19 (4) How managers, supervisors, and employees will receive training in
20 avoidance of job-related injuries and health impairment.
- 21 (5) How workplace accidents will be reported and investigated and how
22 corrective actions will be implemented.
- 23 (6) How safe work practices and rules will be communicated and enforced.
- 24 (7) The safety and health training program that will be made available to
25 employees.
- 26 (8) How employees can make complaints concerning safety and health problems
27 without fear of retaliation.
- 28 (9) How employees will receive medical attention following a work-related
29 injury or illness.

30 **"§ 143-583. Model program; technical assistance; reports.**

31 (a) ~~The State Human Resources Commission, through the Office of State Human~~
32 ~~Resources, shall:~~

- 33 (1) Maintain a model program of safety and health requirements to guide State
34 agencies in the development of their individual programs and in complying
35 with the provisions of G.S. 95-148 and this Article.
- 36 (2) Establish guidelines for the creation and operation of State agency safety and
37 health committees.
- 38 (3) Adopt policies which shall govern the administration of the Workers'
39 Compensation program, and monitor compliance with Chapter 97 of the
40 General Statutes.
- 41 (4) Establish guidelines for the delegation of certain administrative functions as
42 necessary for the administration of the Workers' Compensation program to
43 State agencies, as defined in this section.

44 (b) ~~The Office of State Human Resources shall:~~

- 45 (1) ~~Provide consultative and technical services to assist State agencies in~~
46 ~~establishing and administering their workplace safety and health programs~~
47 ~~and to address specific technical problems.~~
- 48 (2) ~~Monitor compliance with this Article.~~

49 (c) ~~The Office of State Human Resources Commission shall report annually to the Joint~~
50 ~~Legislative Commission on Governmental Operations on the safety and health safety, health,~~

1 and workers' compensation activities of State agencies, compliance with this Article, and the
2 fines levied against State agencies pursuant to Article 16 of Chapter 95 of the General Statutes.

3 **"§ 143-584. State agency safety and health committees.**

4 ~~Each State agency~~ The Office of State Human Resources shall create, pursuant to
5 guidelines adopted under subsection (a) of G.S. 143-583, ~~safety and health~~ committees to
6 perform workplace inspections, review injury and illness records, make advisory
7 recommendations to the agency's managers, and perform other functions determined by the
8 Office of State Human Resources Commission to be necessary for the effective implementation
9 of the State Employees Workplace Requirements Program for Safety and ~~Health~~. the Workers'
10 Compensation program.

11 **"§§ 143-585 through 143-588. Reserved for future codification purposes.**

12 "Part 2. Legislative and Judicial Branch Programs.

13 **"§ 143-589. Legislative and judicial branch safety and health programs.**

14 The Legislative Services Commission and the Administrative Office of the Courts are
15 authorized to separately establish safety and health programs for their employees."
16

17 **ALLOW THE OFFICE OF STATE HUMAN RESOURCES TO OFFER STATEWIDE**
18 **POST-TAX BENEFIT PROGRAMS OR PLANS TO STATE EMPLOYEES**

19 **SECTION 23.7.** G.S. 126-95 reads as rewritten:

20 **"§ 126-95. Flexible compensation ~~plan~~ and other benefit programs or plans.**

21 (a) The Director of the Budget may provide eligible officers and employees of State
22 departments, institutions, and agencies not covered by the provisions of G.S. 116-17.2 a
23 program of dependent care assistance as available under section 129 and related sections of the
24 Internal Revenue Code of 1986, as amended. The Director of the Budget may authorize State
25 departments, institutions, and agencies to enter into annual agreements with employees who
26 elect to participate in the program to provide for a reduction in salary. With the approval of the
27 Director of the Budget, savings in the employer's share of contributions under the Federal
28 Insurance Contributions Act on account of the reduction in salary may be used to pay some or
29 all of the administrative expenses of the ~~program~~ program, as well as other expenses of other
30 human resources programs, including other post-tax benefit programs or plans. Should the
31 Director of the Budget decide to contract with a third party to administer the terms and
32 conditions of a program of dependent care assistance, the Director of the Budget may select a
33 contractor only upon a thorough and completely competitive procurement process.

34 (b) Notwithstanding any other provisions of law relating to the salaries of officers and
35 employees of departments, institutions, and agencies of State government, the Director of the
36 Budget may provide a plan of flexible compensation to eligible officers and employees of State
37 departments, institutions, and agencies not covered by the provisions of G.S. 116-17.2 for
38 benefits available under section 125 and related sections of the Internal Revenue Code of 1986,
39 as amended. This plan shall not replace, substitute for, or duplicate any benefits provided to
40 employees and officers under Article 1A of Chapter 120 of the General Statutes and Articles 1,
41 3B, 4, and 6 of Chapter 135 of the General Statutes. The plan may, however, include offerings
42 for products and benefits that are supplemental or additional to these statutory ~~benefits~~ benefits,
43 on a pre-tax or post-tax basis. If a plan of flexible compensation is offered, then a TRICARE
44 supplement shall be offered. In providing a plan of flexible compensation, the Director of the
45 Budget may authorize State departments, institutions, and agencies to enter into agreements
46 with their employees for reductions in the salaries of employees electing to participate in the
47 plan of flexible compensation provided by this section. With the approval of the Director of the
48 Budget, savings in the employer's share of contributions under the Federal Insurance
49 Contributions Act on account of the reduction in salary may be used to pay ~~some or all of the~~
50 administrative expenses of the ~~program~~ program, as well as other expenses of other human
51 resources programs. Should the Director of the Budget decide to contract with a third party to

1 administer the terms and conditions of a plan of flexible compensation as provided by this
 2 ~~section, section or any other post-tax benefit programs or plans,~~ it may select such a contractor
 3 only upon a thorough and completely advertised competitive procurement process.

4 (c) As used in this section, the term "eligible officers and employees" means any officer
 5 or employee authorized to participate in the Teachers' and State Employees' Retirement System
 6 and the State Health Plan."
 7

8 **CONSOLIDATE THE INDIVIDUAL AGENCY AND UNIVERSITY EMPLOYEE**
 9 **INSURANCE COMMITTEES INTO A SINGLE EMPLOYEE INSURANCE**
 10 **COMMITTEE**

11 **SECTION 23.8.** G.S. 58-31-60 reads as rewritten:

12 **"§ 58-31-60. Competitive selection of payroll deduction insurance products paid for by**
 13 **State employees.**

14 (a) Employee Insurance Committee. – The head of each State government ~~employee~~
 15 ~~payroll unit~~agency or university offering payroll deduction insurance products to employees
 16 ~~shall may~~ appoint a representative to an Employee Insurance Committee for Committee. ~~The~~
 17 ~~Committee shall have the following purposes:~~

- 18 (1) To review insurance products currently offered through payroll deduction to
 19 the State employees in the ~~Employee Insurance Committee's payroll~~
 20 ~~unit~~representatives' agencies and universities to determine if those products
 21 meet the needs and desires of employees ~~in the Employee Insurance~~
 22 ~~Committee's payroll unit~~of the agency or university; and
 23 (2) To select for recommendation the types of insurance products that reflect the
 24 needs and desires of employees ~~in the Employee Insurance Committee's~~
 25 ~~payroll unit~~of the agency or university; and
 26 (3) To ~~competitively select~~ make recommendations to the Employee Insurance
 27 Selection Committee, which shall be composed of the Director of the Office
 28 of State Human Resources, the President of The University of North
 29 Carolina, and the Director of the Office of State Budget and Management, or
 30 their designees, as to which insurance products are the best insurance
 31 products of the types determined by the Employee Insurance Committee to
 32 reflect the needs and desires of the employees of that payroll unitthe
 33 agencies and universities.

34 As used in this section, "insurance product" includes a prepaid legal services plan registered
 35 under G.S. 84-23.1.

36 (b) Appointment of Employee Insurance Committee Members. – The members of the
 37 Employee Insurance Committee shall be appointed by the ~~head of the payroll unit~~heads of the
 38 agencies and universities offering payroll deduction insurance products to employees. The
 39 Committee shall consist of ~~not less than five or more than nine individuals a majority of whom~~
 40 one member from each agency and university offering payroll deduction insurance products to
 41 employees. The agency or university representative shall have been employed in the payroll
 42 unitagency or university for at least one yeartwo years. The committee members shall, except
 43 where necessary initially to establish the rotation herein prescribed, serve three-year terms with
 44 approximately one-third of the terms expiring annually. Committee membership make-up shall
 45 fairly represent the work force in the ~~payroll unit~~agencies and universities and be selected
 46 without regard to any political or other affiliations. It shall be the duty of the ~~payroll unit~~agency
 47 or university head to assure that the Employee Insurance Committee representative is
 48 completely autonomous in ~~its selection~~ his or her recommendation of insurance products and
 49 insurance companies and that ~~no member of the Employee Insurance Committee~~the
 50 representative has any no conflict of interest in serving on the Committee. ~~A committee on~~
 51 ~~employee benefits elected or appointed by the faculty representative body of a constituent~~

1 ~~institution of The University of North Carolina shall be deemed constituted and functioning as~~
2 ~~an employee insurance committee in accordance with this section. Any decision~~
3 recommendation rendered by the Employee Insurance Committee where the autonomy of the
4 Committee or a conflict of interest is questioned shall be subject to appeal ~~pursuant to the~~
5 ~~Administrative Procedure Act, or in the case of departments, boards and commissions which~~
6 ~~are specifically exempt from the Administrative Procedure Act, pursuant to the appeals~~
7 ~~procedure prescribed for such department, board or commission.~~ an appeals process adopted by
8 the State Human Resources Commission and the decision of the State Human Resources
9 Commission shall be final. The Office of State Human Resources shall adopt policies regarding
10 the operations of the Employee Insurance Committee.

11 (c) Payroll Deduction Slots. ~~Each payroll unit shall be entitled to not less than four~~
12 ~~payroll deduction.~~ The Employee Insurance Selection Committee shall select the number of
13 payroll deduction slots to be used for payment of insurance premiums for products selected by
14 the Employee Insurance Selection Committee and offered to the employees of the ~~payroll~~
15 ~~unit.~~ agency or university The Employee Insurance Selection Committee shall select only one
16 company per payroll deduction slot. The Company selected by the Employee Insurance
17 Selection Committee shall be permitted to sell through payroll deduction only the products
18 specifically approved by the Employee Insurance Selection Committee. The assignment by the
19 Employee Insurance Selection Committee of a payroll deduction slot shall be for a period of
20 not less than two years unless the insurance company shall be in violation of the terms of the
21 written agreement specified in this subsection. The insurance company awarded a payroll
22 deduction slot shall, pursuant to a written agreement setting out the rights and duties of the
23 insurance company, be afforded an adequate opportunity to solicit employees of the ~~payroll~~
24 ~~unit.~~ agencies and universities by making such employees aware that a representative of the
25 company will be available at a specified time and at a specified location convenient to the
26 ~~employees.~~ employees and management.

27 Notwithstanding any other provision of the General Statutes, once ~~an employee~~ the
28 Employee Insurance Selection Committee has selected an insurance product for payroll
29 deduction, that product may not be removed from payroll deduction ~~for that employee~~ without
30 ~~his or her specific written consent.~~ consent from the Employee Insurance Selection Committee.

31 When an employee retires from State employment and payroll deduction under this section
32 is no longer available, the insurance company may not terminate life insurance products
33 purchased under the payroll deduction plan without the retiree's specific written consent solely
34 because the premium is no longer deducted from payroll.

35 (c1) Procedure for Selection of Insurance Product Proposals. – All insurance product
36 proposals shall be sealed. The Employee Insurance Selection Committee shall open all
37 proposals in public and record them in the minutes of the Employee Insurance Selection
38 Committee, at which time the proposals become public records open to public inspection.

39 After the public opening, the Employee Insurance Selection Committee shall review the
40 proposals, examining the cost and quality of the products, the reputation and capabilities of the
41 insurance companies submitting the proposals, and other appropriate criteria. The Employee
42 Insurance Selection Committee shall determine which proposal, if any, would meet the needs
43 and desires of the employees of ~~that Committee's payroll unit~~ the agencies and universities and
44 shall award a payroll deduction slot to the company submitting the proposal that meets those
45 needs and desires. The Employee Insurance Selection Committee may reject any or all
46 proposals.

47 A company may seek to modify or withdraw a proposal only after the public opening and
48 only on the basis that the proposal contains an unintentional clerical error as opposed to an
49 error in judgment. A company seeking to modify or withdraw a proposal shall submit to the
50 Employee Insurance Selection Committee a written request, with facts and evidence in support
51 of its position, prior to the award of the payroll deduction slot, but not later than two days after

1 the public opening of the proposals. The Employee Insurance Selection Committee shall
2 promptly review the request, examine the nature of the error, and determine whether to permit
3 or deny the request.

4 (d) Criminal Penalty. – It shall be a Class 3 misdemeanor for any State employee, who
5 has supervisory authority over any member of the Employee Insurance Committee, to attempt
6 to influence the autonomy of any Employee Insurance Committee either in the appointment of
7 members to such Committee or in the operation of such Committee; or for anyone to open a
8 sealed insurance product proposal or disclose or exhibit the contents of a sealed insurance
9 product proposal, prior to the public opening of the proposal. The Commissioner of Insurance
10 shall have the authority to investigate complaints alleging acts subject to the criminal penalty
11 and shall report his findings to the Attorney General of North Carolina."
12

13 **PART XXIV. DEPARTMENT OF REVENUE**

14 **POSTAGE FOR TAX COLLECTION**

15 **SECTION 24.1.** G.S. 105-243.1(e)(4) reads as rewritten:

16 "(e) Use. – The fee is a receipt of the Department and must be applied to the costs of
17 collecting overdue tax debts. The proceeds of the fee must be credited to a special account
18 within the Department and may be expended only as provided in this subsection. The proceeds
19 of the fee may not be used for any purpose that is not directly and primarily related to
20 collecting overdue tax debts. The Department may apply the proceeds of the fee for the
21 purposes listed in this subsection. The remaining proceeds of the fee may be spent only
22 pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain
23 in the special account until spent for the costs of collecting overdue tax debts. The Department
24 and the Office of State Budget and Management must account for all expenditures using
25 accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts
26 from costs allocable to other purposes and must demonstrate that none of the fee proceeds are
27 used for any purpose other than collecting overdue tax debts.
28

29 The Department may apply the fee proceeds for the following purposes:

30 ...

- 31 (4) To pay for postage or other delivery charges for correspondence directly and
32 primarily relating to collecting overdue tax debts, not to exceed ~~five hundred~~
33 ~~thousand dollars (\$500,000)~~ nine hundred thousand dollars (\$900,000)
34 a year."
35

36 **MODIFY COLLECTION ASSISTANCE FEE RULES**

37 **SECTION 24.2.** G.S. 105-243.1(e) is amended by adding a new subdivision to
38 read:

39 "(e) Use. – The fee is a receipt of the Department and must be applied to the costs of
40 collecting overdue tax debts. The proceeds of the fee must be credited to a special account
41 within the Department and may be expended only as provided in this subsection. The proceeds
42 of the fee may not be used for any purpose that is not directly and primarily related to
43 collecting overdue tax debts. The Department may apply the proceeds of the fee for the
44 purposes listed in this subsection. The remaining proceeds of the fee may be spent only
45 pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain
46 in the special account until spent for the costs of collecting overdue tax debts. The Department
47 and the Office of State Budget and Management must account for all expenditures using
48 accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts
49 from costs allocable to other purposes and must demonstrate that none of the fee proceeds are
50 used for any purpose other than collecting overdue tax debts.
51

The Department may apply the fee proceeds for the following purposes:

- 1 (7) To pay the direct and indirect expenses of information technology upgrades
 2 to the Department of Revenue computer systems that are intended to:
 3 a. Improve system-wide security to protect the interests of all taxpayers
 4 and the information technology infrastructure of the Department;
 5 b. Allow the Department to achieve ongoing compliance with IRS
 6 requirements for the safeguarding of Federal Tax Information
 7 entrusted to the Department;
 8 c. Upgrade Department of Revenue capabilities to allow for electronic
 9 filing of returns by taxpayers and the electronic issuance of refunds
 10 by the Department for all remaining tax schedules;
 11 d. Accomplish other mission-critical IT tasks of the Department as
 12 approved by the Office of State Budget and Management in
 13 consultation with the State CIO."
 14

15 SETOFF DEBT COLLECTION ACT

16 **SECTION 24.3.** Article 1 of Chapter 105A of the General Statutes reads as
 17 rewritten:

18 **"Chapter 105A.**
 19 **"Setoff Debt Collection Act.**
 20 "Article 1.
 21 "In General.

22 "§ 105A-1. Purposes.

23 The purpose of this Chapter is to establish as policy that all claimant agencies and the
 24 Department of Revenue shall cooperate in identifying debtors who owe money to the State or
 25 to a local government through their various agencies and who qualify for refunds from the
 26 Department of Revenue. It is also the intent of this Chapter that procedures be established for
 27 setting off against any refund the sum of any debt owed to the State or to a local government.
 28 Furthermore, it is the legislative intent that this Chapter be liberally construed so as to
 29 effectuate these purposes as far as legally and practically possible.

30 The Department is authorized to enter into an agreement with the Secretary of the Treasury
 31 to participate in the state reciprocal offset program (SRP) pursuant to 31 U.S.C. § 3716 for the
 32 collection of any debts owed to the State or to State agencies from federal payments to vendors,
 33 contractors and taxpayers. The agreement may provide for the United States to submit non-tax
 34 debts owed to federal agencies for offset against State payments otherwise due and owing to
 35 taxpayers, vendors and contractors providing goods or services to the State, its departments,
 36 agencies, or institutions.

37 "§ 105A-2. Definitions.

38 The following definitions apply in this Chapter:

- 39 (1) Claimant agency. – Either of the following:
 40 a. A State agency.
 41 b. A local agency acting through a clearinghouse or an organization
 42 pursuant to G.S. 105A-3(b1).
 43 c. A federal agency.
 44 (2) ~~Any of the following, except as limited in sub-subdivision (f.) of this~~
 45 ~~subdivision:~~ Debt. – Any of the following:
 46 a. A sum owed to a claimant agency that has accrued through contract,
 47 subrogation, tort, operation of law, or any other legal theory
 48 regardless of whether there is an outstanding judgment for the sum.
 49 b. A sum a claimant agency is authorized or required by law to collect,
 50 such as child support payments collectible under Title IV, Part D of
 51 the Social Security Act.

- 1 c. A sum owed as a result of an intentional program violation or a
2 violation due to inadvertent household error under the Food and
3 Nutrition Services Program enabled by Part 5 of Article 2 of Chapter
4 108A of the General Statutes.
- 5 d. Reserved for future codification purposes.
- 6 e. A sum owed as a result of having obtained public assistance
7 payments under any of the following programs through an intentional
8 false statement, intentional misrepresentation, intentional failure to
9 disclose a material fact, or inadvertent household error:
- 10 1. The Work First Program provided in Article 2 of Chapter
11 108A of the General Statutes.
- 12 2. The State-County Special Assistance Program enabled by
13 Part 3 of Article 2 of Chapter 108A of the General Statutes.
- 14 3. A successor program of one of these programs.
- 15 4. A sum owed to the United States government or its federal
16 agencies.
- 17 (3) Debtor. – A person who owes a debt.
- 18 (3a) Person – An individual, vendor, contractor, partnership, society, association,
19 joint stock company, limited liability company, corporation, estate, receiver,
20 trustee, or assignee acting in a fiduciary or representative capacity whether
21 appointed by a court or otherwise, or any combination of the foregoing.
- 22 (4) Department. – The Department of Revenue.
- 23 (5) Reserved.
- 24 (6) Local agency. – Any of the following:
- 25 a. A county, to the extent it is not considered a State agency.
- 26 b. A municipality.
- 27 c. A water and sewer authority created under Article 1 of Chapter 162A
28 of the General Statutes.
- 29 d. A regional joint agency created by interlocal agreement under Article
30 20 of Chapter 160A of the General Statutes between two or more
31 counties, cities, or both.
- 32 e. A public health authority created under Part 1B of Article 2 of
33 Chapter 130A of the General Statutes or other authorizing legislation.
- 34 f. A metropolitan sewerage district created under Article 5 of Chapter
35 162A of the General Statutes.
- 36 g. A sanitary district created under Part 2 of Article 2 of Chapter 130A
37 of the General Statutes.
- 38 h. A housing authority created under Chapter 157 of the General
39 Statutes, provided that the debt owed to a housing authority has been
40 reduced to a final judgment in favor of the housing authority.
- 41 i. A regional solid waste management authority created under Article
42 22 of Chapter 153A of the General Statutes.
- 43 (6a) Federal official. – A unit or official of the federal government charged with
44 the collection of non-tax liabilities payable to the federal government
45 pursuant to 31 U.S.C. § 3716.
- 46 (7) Net proceeds collected. – Gross proceeds collected through setoff against a
47 debtor's ~~refund~~ tax refund or non-tax payment minus the collection
48 assistance fees provided in G.S. 105A-13.
- 49 (8) ~~Refund.~~ Tax refund payment. – A debtor's North Carolina tax refund.
- 50 (8a) Non-tax payment. – Any of the following:

- 1 a. Any payment, other than a State tax refund, made by the State to any
2 person.
- 3 b. Includes any expense reimbursement to an employee of the State.
4 c. Does not include a person's salary, wages, or pension.
- 5 (9) State agency. – Any of the following:
- 6 a. A unit of the executive, legislative, or judicial branch of State
7 ~~government.~~ government, except for the following:
- 8 1. Any school of medicine, clinical program, facility, or practice
9 affiliated with one of the constituent institutions of The
10 University of North Carolina that provides medical care to the
11 general public.
- 12 2. The University of North Carolina Health Care System and
13 other persons or entities affiliated with or under the control of
14 The University of North Carolina Health Care System.
- 15 b. A local agency, to the extent it administers a program supervised by
16 the Department of Health and Human Services or it operates a Child
17 Support Enforcement Program, enabled by Chapter 110, Article 9,
18 and Title IV, Part D of the Social Security Act.
- 19 c. A community college.

20 **"§ 105A-3. Remedy additional; mandatory State usage; optional local usage; obtaining**
21 **identifying information; registration.**

22 (a) Remedy Additional. – The collection remedy under this Chapter is in addition to
23 and not in substitution for any other remedy available by law.

24 (b) Mandatory State Usage. – A State agency must submit a debt owed to it for
25 collection under this Chapter unless the State Controller has waived this requirement or the
26 State agency has determined that the validity of the debt is legitimately in dispute, an
27 alternative means of collection is pending and believed to be adequate, or such a collection
28 attempt would result in a loss of federal funds. The State Controller may waive the requirement
29 for a State agency, other than the Department of Health and Human Services or a county acting
30 on behalf of that Department, to submit a debt owed to it for collection under this Chapter if the
31 State Controller finds that collection by this means would not be practical or cost effective. A
32 waiver may apply to all debts owed a State agency or a type of debt owed a State agency.

33 (b1) Optional Local Usage. – A local agency may submit a debt owed to it for collection
34 under this Chapter. A local agency that decides to submit a debt owed to it for collection under
35 this Chapter must establish the debt by following the procedure set in G.S. 105A-5 and must
36 submit the debt through one of the following:

- 37 (1) A clearinghouse that is established pursuant to an interlocal agreement
38 adopted under Article 20 of Chapter 160A of the General Statutes and has
39 agreed to submit debts on behalf of any requesting local agency.
- 40 (2) The North Carolina League of Municipalities.
- 41 (3) The North Carolina Association of County Commissioners.

42 (c) Identifying Information. – All claimant agencies shall whenever possible obtain the
43 full name, social security number or federal identification number, address, and any other
44 identifying information required by the Department from any person for whom the agencies
45 provide any service or transact any business and who the claimant agencies can foresee may
46 become a debtor under this Chapter.

47 (d) Registration and Reports. – A State agency must register with the Department and
48 with the State Controller. Every State agency must report annually to the State Controller the
49 amount of debts owed to the agency for which the agency did not submit a claim for setoff and
50 the reason for not submitting the claim.

1 A clearinghouse or an organization that submits debts on behalf of a local agency must
2 register with the Department. Once a clearinghouse registers with the Department under this
3 subsection, no other clearinghouse may register to submit debts for collection under this
4 Chapter.

5 **"§ 105A-4. Minimum debt and ~~refund-tax refund or non-tax payment.~~**

6 This Chapter applies only to a debt that is at least fifty dollars (\$50.00) and to a ~~refund-tax~~
7 refund or non-tax payment that is at least this same amount.

8 **"§ 105A-5. Local agency notice, hearing, and decision.**

9 (a) Prerequisite. – A local agency may not submit a debt for collection under this
10 Chapter until it has given the notice required by this section and the claim has been finally
11 determined as provided in this section.

12 (b) Notice. – A local agency must send written notice to a debtor that the agency
13 intends to submit the debt owed by the debtor for collection by setoff. The notice must explain
14 the basis for the agency's claim to the debt, that the agency intends to apply the debtor's
15 refund-tax refund or non-tax payment against the debt, and that a collection assistance fee of
16 ~~fifteen dollars (\$15.00)~~ as provided in G.S. 105A-13 will be added to the debt if it is submitted
17 for setoff. The notice must also inform the debtor that the debtor has the right to contest the
18 matter by filing a request for a hearing with the local agency, must state the time limits and
19 procedure for requesting the hearing, and must state that failure to request a hearing within the
20 required time will result in setoff of the debt.

21 (c) Administrative Review. – A debtor who decides to contest a proposed setoff must
22 file a written request for a hearing with the local agency within 30 days after the date the local
23 agency mails a notice of the proposed action to the debtor. A request for a hearing is considered
24 to be filed when it is delivered for mailing with postage prepaid and properly addressed. The
25 governing body of the local agency or a person designated by the governing body must hold the
26 hearing.

27 If the debtor disagrees with the decision of the governing body or the person designated by
28 the governing body, the debtor may file a petition for a contested case under Article 3 of
29 Chapter 150B of the General Statutes. The petition must be filed within 30 days after the debtor
30 receives a copy of the local decision. Notwithstanding the provisions of G.S. 105-241.21, a
31 local agency is considered an agency for purposes of contested cases and appeals under this
32 Chapter.

33 In a hearing under this section, an issue that has previously been litigated in a court
34 proceeding cannot be considered.

35 (d) Decision. – A decision made after a hearing under this section must determine
36 whether a debt is owed to the local agency and the amount of the debt.

37 (e) Return of Amount Set Off. – If a local agency submits a debt for collection under
38 this Chapter without sending the notice required by subsection (b) of this section, the agency
39 must send the taxpayer the entire amount set off plus the collection assistance fees provided in
40 G.S. 105A-13. Similarly, if a local agency submits a debt for collection under this Chapter after
41 sending the required notice but before final determination of the debt and a decision finds that
42 the local agency is not entitled to any part of the amount set off, the agency must send the
43 taxpayer the entire amount set off plus the collection assistance fees provided in G.S. 105A-13.
44 That portion of the amount returned that reflects the collection assistance fees must be paid
45 from the local agency's funds.

46 If a local agency submits a debt for collection under this Chapter after sending the required
47 notice and the net proceeds collected that are credited to the local agency for the debt exceed
48 the amount of the debt, the local agency must send the balance to the debtor. No part of the
49 collection assistance fees provided in G.S. 105A-13 may be returned when a notice was sent
50 and a debt is owed but the debt is less than the amount set off.

1 Interest accrues on the amount of a refund returned to a taxpayer under this subsection in
2 accordance with G.S. 105-241.21. A local agency that returns a refund to a taxpayer under this
3 subsection must pay from the local agency's funds any interest that has accrued since the fifth
4 day after the Department mailed the notice of setoff to the taxpayer.

5 **"§ 105A-6. Procedure Department to follow in making setoff.**

6 (a) Notice to Department. – A claimant agency seeking to attempt collection of a debt
7 through setoff must notify the Department in writing and supply information necessary to
8 identify the debtor whose ~~refund-tax refund or non-tax payment~~ is sought to be set off. The
9 claimant agency may include with the notification the date, if any, that the debt is expected to
10 expire. The agency must notify the Department in writing when a debt has been paid or is no
11 longer owed the agency.

12 (b) Setoff by Department. – The Department, upon receipt of notification, must
13 determine each year whether the debtor to the claimant agency is entitled to a ~~refund-tax refund~~
14 or non-tax payment of at least fifty dollars (\$50.00) from the Department. Upon determination
15 by the Department that a debtor specified by a claimant agency qualifies for such a ~~refund-tax~~
16 refund or non-tax payment, the Department must set off the debt against the ~~refund-tax refund~~
17 or non-tax payment to which the debtor would otherwise be entitled and must refund any
18 remaining balance to the debtor. The Department must mail the debtor written notice that the
19 setoff has occurred and must credit the net proceeds collected to the claimant agency. If the
20 claimant agency is a State agency, that agency must credit the amount received to a
21 nonreverting trust account and must follow the procedure set in G.S. 105A-8.

22 **"§ 105A-6.1. Procedure Department to follow in making setoff for the U.S. Treasury**
23 **State Reciprocal Program.**

24 (a) Pursuant to the agreement authorized herein, a federal official may:

25 (1) Certify to the Department the existence of a person's delinquent, non-tax
26 debt owed by the person to the federal government by providing:

27 a. The name of the person.

28 b. The social security number or federal tax identification number.

29 c. The amount of the non-tax debt.

30 d. Any other information pursuant to the agreement authorized herein.

31 (2) Request the Department to withhold any State payment to which the person
32 is entitled.

33 (3) Retain a portion of the proceeds of any federal administrative setoff pursuant
34 to 31 C.F.R. § 285.6.

35 (b) As required or permitted by State law, federal law or the offset agreement, the
36 Department may:

37 (1) Determine if a person for whom a certification is received is due a tax refund
38 or non-tax payment;

39 (2) Shall withhold a tax refund or non-tax payment that is due a person whose
40 name has been certified by a federal official;

41 (3) Shall notify the person of the amount withheld in accordance with the offset
42 agreement;

43 (4) Shall pay to the federal official the lesser of:

44 a. The entire State payment or

45 b. The amount certified, and

46 c. Pay any tax refund or non-tax payment in excess of the certified
47 amount to the person less any collection assistance fee pursuant to
48 G.S. 105A-14;

49 (5) May certify to a federal official a person's delinquent debt owed to the State
50 by providing the federal official:

51 a. The name of the person.

- 1 b. The social security number or tax identification number.
2 c. The amount of the debt due the State.
3 d. Any other information required by the offset agreement.
4 e. May request that the federal official withhold any federal vendor or
5 other federal payment pursuant to the offset agreement to which the
6 person is entitled.

7 ...
8 **"§ 105A-8. State agency notice, hearing, decision, and refund of setoff.**

9 (a) Notice. – Within 10 days after a State agency receives a ~~refund~~tax refund or non-tax
10 payment of a debtor, the agency must send the debtor written notice that the agency has
11 received the debtor's refund. The notice must explain the debt that is the basis for the agency's
12 claim to the debtor's ~~refund~~tax refund or non-tax payment and that the agency intends to apply
13 the ~~refund~~tax refund or non-tax payment against the debt. The notice must also inform the
14 debtor that the debtor has the right to contest the matter by filing a request for a hearing, must
15 state the time limits and procedure for requesting the hearing, and must state that failure to
16 request a hearing within the required time will result in setoff of the debt. A State agency that
17 does not send a debtor a notice within the time required by this subsection must refund the
18 amount set off plus the collection assistance fee, in accordance with subsection (d) of this
19 section.

20 ...
21 **"§ 105A-12. Priorities in claims to setoff.**

22 The Department has priority over all other claimant agencies for collection by setoff
23 whenever it is a competing agency for a ~~refund~~tax refund or non-tax payment. State agencies
24 have priority over federal or local agencies for collection by setoff. When there are multiple
25 claims by State agencies other than the Department, the claims have priority based on the date
26 each agency registered with the Department under G.S. 105A-3. When there are multiple
27 claims by two or more organizations submitting debts on behalf of federal or local agencies, the
28 claims have priority based on the date each organization registered with the Department under
29 G.S. 105A-3. When there are multiple claims among federal or local agencies whose debts are
30 submitted by the same organization, the claims have priority based on the date each federal or
31 local agency requested the organization to submit debts on its behalf.

32 **"§ 105A-13. Collection assistance fees.**

33 (a) State Setoff. – To recover the costs incurred by the Department in collecting debts
34 under this Chapter, a collection assistance fee of five dollars (\$5.00) is imposed on each debt
35 collected through setoff. The Department must collect this fee as part of the debt and retain it.
36 The collection assistance fee shall not be added to child support debts or collected as part of
37 child support debts. Instead, the Department shall retain from collections under Division II of
38 Article 4 of Chapter 105 of the General Statutes the cost of collecting child support debts under
39 this Chapter.

40 (a1) Federal Setoff. – A collection assistance fee equal to the fee charged by the federal
41 government is imposed on each debt collected through setoff.

42 (b) Repealed by Session Laws 2001-380, s. 3, effective November 1, 2001.

43 (c) Local Debts. – To recover the costs incurred by local agencies in submitting debts
44 for collection under this Chapter, a local collection assistance fee of fifteen dollars (\$15.00) is
45 imposed on each local agency debt submitted under G.S. 105A-3(b1) and collected through
46 setoff. The Department must collect this fee as part of the debt and remit it to the clearinghouse
47 that submitted the debt. The local collection assistance fee does not apply to child support
48 debts.

49 (d) Priority. – If the Department is able to collect only part of a debt through setoff, the
50 collection assistance fee provided in subsection (a) of this section has priority over the local

1 collection assistance fee and over the remainder of the debt. The local collection assistance fee
2 has priority over the remainder of the debt.

3 **"§ 105A-14. Accounting to the claimant agency; credit to debtor's obligation.**

4 (a) Simultaneously with the transmittal of the net proceeds collected to a claimant
5 agency, the Department must provide the agency with an accounting of the setoffs for which
6 payment is being made. The accounting must whenever possible include the full names of the
7 debtors, the debtors' social security numbers or federal identification numbers, the gross
8 proceeds collected per setoff, the net proceeds collected per setoff, and the collection assistance
9 fee added to the debt and collected per setoff.

10 (b) Upon receipt by a claimant agency of net proceeds collected on the claimant
11 agency's behalf by the Department, a final determination of the claim if it is a State agency
12 claim, and an accounting of the proceeds as specified under this section, the claimant agency
13 must credit the debtor's obligation with the net proceeds collected.

14"

15
16 **REQUIRE ADDITIONAL DOCUMENTATION WITH NONPROFIT SALES AND USE**
17 **TAX REFUND REQUESTS**

18 **SECTION 24.4.(a)** G.S. 105-164.14 is amended by adding two new subsections to
19 read:

20 "(b1) Documentation. – A nonprofit entity submitting a refund request in excess of five
21 hundred thousand dollars (\$500,000) shall provide the following information with each refund
22 request:

23 (1) The annual compensation of all current officers, directors, trustees, and key
24 employees, and the five current highest-compensated employees with
25 reportable compensation of at least one hundred thousand dollars (\$100,000)
26 from the organization and related organizations who are not officers,
27 directors, trustees, or key employees of the organization, as disclosed on Part
28 VII of the entity's most recent Form 990 filed with the Internal Revenue
29 Service.

30 (2) The amount of sales and use tax paid indirectly on building materials,
31 supplies, fixtures, and equipment that become a part of or annexed to any
32 building or structure that is owned or leased by the nonprofit entity and is
33 being erected, altered, or repaired for use by the nonprofit entity for carrying
34 on its nonprofit activities.

35 Nonprofit entities classified as a hospital, community health system,
36 general hospital, or specialty hospital under the National Taxonomy of
37 Exempt Entities shall also provide the following information with each
38 refund request in excess of five hundred thousand dollars (\$500,000):

39 (3) The Medicaid inpatient utilization rate, as defined by U.S.C. § 1923(b)(2) of
40 the Social Security Act, in the calendar year prior to the refund request.

41 (4) The low-income utilization rate, as defined by U.S.C. § 1923(b)(3) of the
42 Social Security Act, in the calendar year prior to the refund request.

43 (b2) Report. – The Department must include in the economic incentives report required
44 by G.S. 105-256 the following information itemized by each nonprofit entity making at least
45 one refund request in excess of five hundred thousand dollars (\$500,000) in the fiscal year
46 preceding the publication date of the report:

47 (1) The total refund amount requested by the nonprofit entity.

48 (2) The sales and use tax paid indirectly on building materials, supplies, fixtures,
49 and equipment that become a part of or annexed to any building or structure
50 that is owned or leased by the nonprofit entity and is being erected, altered,

1 or repaired for use by the nonprofit entity for carrying on its nonprofit
2 activities.

3 (3) The total annual compensation of the five current highest-compensated
4 individuals among all officers, directors, trustees, and employees whose
5 compensation is reported pursuant to subsection (b1) of this section.

6 (4) For entities classified as a hospital, community health system, general
7 hospital, or specialty hospital, the Medicaid utilization rate and the
8 low-income utilization rate in the calendar year prior to the refund request."

9 **SECTION 24.4.(b)** This section is effective for all refund requests submitted on or
10 after June 30, 2015.

11
12 **EXTEND PASSENGER AIR CARRIER AND MOTORSPORTS SALES TAX**
13 **REFUNDS**

14 **SECTION 24.5.(a)** G.S. 105-164.14A reads as rewritten:

15 "**§ 105-164.14A. Economic incentive refunds.**

16 (a) Refund. – The following taxpayers are allowed an annual refund of sales and use
17 taxes paid under this Article:

18 (1) Passenger air carrier. – An interstate passenger air carrier is allowed a refund
19 of the sales and use tax paid by it on fuel in excess of two million five
20 hundred thousand dollars (\$2,500,000). The amount of sales and use tax paid
21 does not include a refund allowed to the interstate passenger air carrier under
22 G.S. 105-164.14(a). This subdivision is repealed for purchases made on or
23 after ~~January 1, 2016~~ January 1, 2020.

24 (2) Major recycling facility. – An owner of a major recycling facility is allowed
25 a refund of the sales and use tax paid by it on building materials, building
26 supplies, fixtures, and equipment that become a part of the real property of
27 the recycling facility. Liability incurred indirectly by the owner for sales and
28 use taxes on these items is considered tax paid by the owner.

29 (3) Business in low-tier area. – A taxpayer that is engaged primarily in one of
30 the businesses listed in G.S. 105-129.83(a) in a development tier one area
31 and that places machinery and equipment in service in that area is allowed a
32 refund of the sales and use tax paid by it on the machinery and equipment.
33 For purposes of this subdivision, "machinery and equipment" includes
34 engines, machinery, equipment, tools, and implements used or designed to
35 be used in one of the businesses listed in G.S. 105-129.83, capitalized for tax
36 purposes under the Code, and not leased to another party. Liability incurred
37 indirectly by the taxpayer for sales and use taxes on these items is
38 considered tax paid by the taxpayer. The sunset for Article 3J of Chapter 105
39 of the General Statutes for development tier one areas applies to this
40 subdivision.

41 (4) Motorsports team or sanctioning body. – A professional motorsports racing
42 team, a motorsports sanctioning body, or a related member of such a team or
43 body is allowed a refund of the sales and use tax paid by it in this State on
44 aviation fuel that is used to travel to or from a motorsports event in this
45 State, to travel to a motorsports event in another state from a location in this
46 State, or to travel to this State from a motorsports event in another state. For
47 purposes of this subdivision, a "motorsports event" includes a motorsports
48 race, a motorsports sponsor event, and motorsports testing. This subdivision
49 is repealed for purchases made on or after ~~January 1, 2016~~ January 1, 2020.

50 (5) Professional motorsports team. – A professional motorsports racing team or
51 a related member of a team is allowed a refund of fifty percent (50%) of the

1 sales and use tax paid by it in this State on tangible personal property, other
 2 than tires or accessories, that comprises any part of a professional
 3 motorsports vehicle. For purposes of this subdivision, "motorsports
 4 accessories" includes instrumentation, telemetry, consumables, and paint.
 5 This subdivision is repealed for purchases made on or after ~~January 1,~~
 6 ~~2016~~January 1, 2020.

7 (6) Analytical services business. – A taxpayer engaged in analytical services in
 8 this State is allowed a refund of sales and use tax paid by it. This subdivision
 9 is repealed for purchases made on or after January 1, 2014. The amount of
 10 the refund is the greater of the following:

11 a. Fifty percent (50%) of the eligible amount of sales and use tax paid
 12 by it on tangible personal property that is consumed or transformed
 13 in analytical service activities. The eligible amount of sales and use
 14 tax paid by the taxpayer in this State is the amount by which sales
 15 and use tax paid by the taxpayer in this State in the fiscal year exceed
 16 the amount paid by the taxpayer in this State in the 2006-2007 State
 17 fiscal year.

18 b. Fifty percent (50%) of the amount of sales and use tax paid by it in
 19 the fiscal year on medical reagents.

20 (7) Railroad intermodal facility. – The owner or lessee of an eligible railroad
 21 intermodal facility is allowed a refund of sales and use tax paid by it under
 22 this Article on building materials, building supplies, fixtures, and equipment
 23 that become a part of the real property of the facility. Liability incurred
 24 indirectly by the owner or lessee of the facility for sales and use taxes on
 25 these items is considered tax paid by the owner or lessee. This subdivision is
 26 repealed for purchases made on or after January 1, 2038.

27"

28 **SECTION 24.5.(b)** This Part is effective when it becomes law. For purposes of
 29 analytical services business, this Part applies to purchases made on or after that date.

30 **EXTEND RESEARCH AND DEVELOPMENT TAX CREDIT**

31 **SECTION 24.6.** G.S. 105-129.51 reads as rewritten:

32 **"§ 105-129.51. Taxpayer standards and sunset.**

33 (a) A taxpayer is eligible for a credit allowed in this Article if it satisfies the
 34 requirements of G.S. 105-129.83(c), (d), (e), (f), and (g) relating to wage standard, health
 35 insurance, environmental impact, safety and health programs, and overdue tax debts,
 36 respectively.
 37

38 (b) This Article is repealed for taxable years beginning on or after ~~January 1,~~
 39 ~~2016~~January 1, 2020.

40 (c) Repealed by Session Laws 2004-124, s. 32D.4, effective for taxable years beginning
 41 on or after January 1, 2006."
 42

43 **EXTEND TAX IMPOSED ON DATACENTER MACHINERY AND EQUIPMENT**

44 **SECTION 24.7.** G.S. 105-187.51C reads as rewritten:

45 "(a) Tax. – A privilege tax is imposed on the owner of a datacenter that meets the
 46 requirements of subsection (a1) of this section and that purchases machinery or equipment to be
 47 located and used at the datacenter that is capitalized for tax purposes under the Code and is
 48 used either:
 49

50 ...

51 (d) Sunset. – This section expires for sales occurring on or after ~~July 1, 2015~~July 1,
2020."

MODIFY RENEWABLE ENERGY PROPERTY TAX CREDIT

SECTION 24.8.(a) G.S. 105-129.15 reads as rewritten:

"§ 105-129.15. Definitions.

The following definitions apply in this Article:

...

(7) Renewable energy property. – Any of the following machinery and equipment or real property:

- a. Biomass equipment that uses renewable biomass resources for biofuel production of ethanol, methanol, and biodiesel; anaerobic biogas production of methane utilizing agricultural and animal waste or garbage; or commercial thermal or electrical generation. The term also includes related devices for converting, conditioning, and storing the liquid fuels, gas, and electricity produced with biomass equipment.
- b. Combined heat and power system property. – Defined in section 48 of the Code.
- c. Geothermal equipment that meets either of the following descriptions:
 1. It is a heat pump that uses the ground or groundwater as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure.
 2. It uses the internal heat of the earth as a substitute for traditional energy for water heating or active space heating or cooling.
- d. Hydroelectric generators located at existing dams or in free-flowing waterways, and related devices for water supply and control, and converting, conditioning, and storing the electricity generated.
- e. ~~Solar energy equipment that uses solar radiation as a substitute for traditional energy for water heating, active space heating and cooling, passive heating, daylighting, generating electricity, distillation, desalination, detoxification, or the production of industrial or commercial process heat. The term also includes related devices necessary for collecting, storing, exchanging, conditioning, or converting solar energy to other useful forms of energy.~~
- f.e. Wind equipment required to capture and convert wind energy into electricity or mechanical power, and related devices for converting, conditioning, and storing the electricity produced or relaying the electricity by cable from the turbine motor to the power grid.

...."

SECTION 24.8.(b) G.S. 105-129.16A(e) reads as rewritten:

"§ 105-129.16A. Credit for investing in renewable energy property.

(e) Sunset. – This section is repealed effective for renewable energy property placed into service on or after ~~January 1, 2016~~ January 1, 2020."

SECTION 24.8.(c) This Part is effective for renewable energy property placed into service on or after January 1, 2016.

HISTORIC PRESERVATION TAX CREDIT

SECTION 24.10(a) Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 3L.

"Historic Rehabilitation Tax Credits Investment Program.

"§ 105-129.100. Credit for rehabilitating income-producing historic structure.

(a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of the Code for making qualified rehabilitation expenditures for a certified historic structure located in this State is allowed a credit equal to the sum of the following:

(1) Base amount. – The percentage of qualified rehabilitation expenditures at the levels provided in the table below:

<u>Expenses</u>	<u>Up To</u>	<u>Rate</u>
<u>0</u>	<u>\$10 million</u>	<u>15.00%</u>
<u>\$10 million</u>	<u>\$20 million</u>	<u>10.00%</u>

(2) Development tier bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure is located in a development tier one or two area.

(3) Targeted investment bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure is located on an eligible targeted investment site.

(b) Pass-Through Entity. – Notwithstanding the provisions of G.S. 105-131.8 and G.S. 105-269.15, a pass-through entity that qualifies for the credit provided in this section may allocate the credit among any of its owners in its discretion as long as an owner's adjusted basis in the pass-through entity, as determined under the Code, at the end of the taxable year in which the certified historic structure is placed in service, is at least forty percent (40%) of the amount of credit allocated to that owner. Owners to whom a credit is allocated are allowed the credit as if they had qualified for the credit directly. A pass-through entity and its owners must include with their tax returns for every taxable year in which an allocated credit is claimed a statement of the allocation made by the pass-through entity and the allocation that would have been required under G.S. 105-131.8 or G.S. 105-269.15.

(c) Definitions. – The following definitions apply in this section:

(1) Certified historic structure. – Defined in section 47 of the Code.

(2) Development tier area. – Defined in G.S. 143B-437.08.

(3) Eligibility certification. – A certification obtained from the State Historic Preservation Officer that the site comprises an eligible targeted investment site.

(4) Eligible targeted investment site. – A site located in this State that satisfies all of the following conditions:

a. It was used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility.

b. It is a certified historic structure.

c. It has been at least sixty-five percent (65%) vacant for a period of at least two years immediately preceding the date the eligibility certification is made.

(5) Pass-through entity. – Defined in G.S. 105-228.90.

(6) Qualified rehabilitation expenditures. – Defined in section 47 of the Code.

(7) State Historic Preservation Officer. – The Deputy Secretary of the Office of Archives and History of the North Carolina Department of Cultural Resources, or the Deputy Secretary's designee, who acts to administer the historic preservation programs within the State.

(8) Targeted investment. – Qualified rehabilitation expenditures on a certified historic structure that is located on an eligible targeted investment site.

1 (d) Limitations. – The amount of credit allowed under this section with respect to
2 qualified rehabilitation expenditures for an income-producing certified historic structure may
3 not exceed four million five hundred thousand dollars (\$4,500,000).

4 **"§ 105-129.101. Credit for rehabilitating non-income-producing historic structure.**

5 (a) Credit. – A taxpayer who is not allowed a federal income tax credit under section 47
6 of the Code and who has rehabilitation expenses of at least ten thousand dollars (\$10,000) for a
7 State-certified historic structure located in this State is allowed a credit equal to fifteen percent
8 (15%) of the rehabilitation expenses.

9 (b) Limitations. – The amount of credit allowed under this section with respect to
10 rehabilitation expenses for a non-income-producing certified historic structure may not exceed
11 twenty-two thousand five hundred dollars (\$22,500) per discrete property parcel. In the event
12 that the taxpayer is the transferee of a State-certified historic structure for which rehabilitation
13 expenses were made, the taxpayer as transferee is allowed a credit under this section only if the
14 transfer takes place before the structure is placed in service. In this event, no other taxpayer
15 may claim such credit. A taxpayer is allowed to claim a credit under this section no more than
16 once in any five-year period, carryovers notwithstanding.

17 (c) Definitions. – The following definitions apply in this section:

18 (1) Certified rehabilitation. – Repairs or alterations consistent with the Secretary
19 of the Interior's Standards for Rehabilitation and certified as such by the
20 State Historic Preservation Officer.

21 (2) Discrete property parcel. – A lot or tract described by metes and bounds, a
22 deed or plat of which has been recorded in the deed records of the county in
23 which the property is located, and on which a State-certified historic
24 structure is located, or a single condominium unit in a State-certified historic
25 structure.

26 (3) Placed in service. – The later of the date on which the rehabilitation is
27 completed or the date on which the property is used for its intended purpose.

28 (4) Rehabilitation expenses. – Expenses incurred in the certified rehabilitation of
29 a certified historic structure and added to the property's basis. The expenses
30 must be incurred within any 24-month period per discrete property parcel.
31 The term does not include the cost of acquiring the property, the cost
32 attributable to the enlargement of an existing building, the cost of site work
33 expenditures, or the cost of personal property.

34 (5) State-certified historic structure. – A structure that is individually listed in
35 the National Register of Historic Places or is certified by the State Historic
36 Preservation Officer as contributing to the historic significance of a National
37 Register Historic District or a locally designated historic district certified by
38 the United States Department of the Interior.

39 (6) State Historic Preservation Officer. – Defined in G.S. 105-129.100(c)(7).

40 **"§ 105-129.102. Rules; fees.**

41 (a) Rules. – The North Carolina Historical Commission, in consultation with the State
42 Historic Preservation Officer, may adopt rules needed to administer any certification process
43 required by this Article.

44 (b) Fees. – The North Carolina Historical Commission, in consultation with the State
45 Historic Preservation Officer, may adopt a schedule of fees for providing any certifications
46 required by this Article, or Article 3D or 3H as they provided as of December 31, 2014. In
47 establishing the fee schedule, the Commission shall consider the administrative and personnel
48 costs incurred by the Department of Cultural Resources. An application fee may not exceed one
49 percent (1%) of the completed qualifying rehabilitation expenditures. The proceeds of the fees
50 are receipts of the Department of Cultural Resources and must be used for performing its duties
51 under this Article.

1 **"§ 105-129.103. Tax credited; credit limitations.**

2 (a) Tax Credited. – The credits provided in this Article are allowed against the franchise
3 tax imposed in Article 3 of this Chapter, the income taxes levied in Article 4 of this Chapter, or
4 the gross premiums tax imposed in Article 8B of this Chapter. The taxpayer may take a credit
5 allowed by this Article against only one of the taxes against which it is allowed. The taxpayer
6 must elect the tax against which a credit will be claimed when filing the return on which it is
7 claimed, and this election is binding. Any carryforwards of a credit must be claimed against the
8 same tax.

9 (b) Return. – A taxpayer may claim a credit allowed by this Article on a return filed for
10 the taxable year in which the certified historic structure was placed into service. When an
11 income-producing certified historic structure as defined in G.S. 105-129.100 is placed into
12 service in two or more phases in different years, the amount of credit that may be claimed in a
13 year is the amount based on the qualified rehabilitation expenditures associated with the phase
14 placed into service during that year.

15 (c) Cap. – A credit allowed under this Article may not exceed the amount of the tax
16 against which it is claimed for the taxable year reduced by the sum of all credits allowed,
17 except payments of tax made by or on behalf of the taxpayer. Any unused portion of the credit
18 may be carried forward for the succeeding nine years.

19 (d) Forfeiture for Disposition. – A taxpayer who is required under section 50 of the
20 Code to recapture all or part of the federal credit for rehabilitating an income-producing historic
21 structure located in this State forfeits the corresponding part of the State credit allowed under
22 G.S. 105-129.100 with respect to that historic structure. If the credit was allocated among the
23 owners of a pass-through entity, the forfeiture applies to the owners in the same proportion that
24 the credit was allocated.

25 (e) Forfeiture for Change in Ownership. – If an owner of a pass-through entity that has
26 qualified for the credit allowed under G.S. 105-129.100 disposes of all or a portion of the
27 owner's interest in the pass-through entity within five years from the date the rehabilitated
28 historic structure is placed in service and the owner's interest in the pass-through entity is
29 reduced to less than two-thirds of the owner's interest in the pass-through entity at the time the
30 historic structure was placed in service, the owner forfeits a portion of the credit. The amount
31 forfeited is determined by multiplying the amount of credit by the percentage reduction in
32 ownership and then multiplying that product by the forfeiture percentage. The forfeiture
33 percentage equals the recapture percentage found in the table in section 50(a)(1)(B) of the
34 Code.

35 (f) Exceptions to Forfeiture. – Forfeiture as provided in subsection (e) of this section is
36 not required if the change in ownership is the result of any of the following:

37 (1) The death of the owner.

38 (2) A merger, consolidation, or similar transaction requiring approval by the
39 shareholders, partners, or members of the taxpayer under applicable State
40 law, to the extent the taxpayer does not receive cash or tangible property in
41 the merger, consolidation, or other similar transaction.

42 (g) Liability From Forfeiture. – A taxpayer or an owner of a pass-through entity that
43 forfeits a credit under this section is liable for all past taxes avoided as a result of the credit plus
44 interest at the rate established under G.S. 105-241.21, computed from the date the taxes would
45 have been due if the credit had not been allowed. The past taxes and interest are due 30 days
46 after the date the credit is forfeited. A taxpayer or owner of a pass-through entity that fails to
47 pay the taxes and interest by the due date is subject to the penalties provided in G.S. 105-236.

48 (h) Substantiation. – To claim a credit allowed by this Article, the taxpayer must
49 provide any information required by the Secretary of Revenue, including a copy of the
50 certification obtained from the State Historic Preservation Office verifying that the historic
51 structure has been rehabilitated in accordance with the requirements set out in this Article, and

1 a copy of the eligibility certification if the historic structure is located in an eligible targeted
2 investment site and the target investment bonus is claimed. Every taxpayer claiming a credit
3 under this Article must maintain and make available for inspection by the Secretary of Revenue
4 any records the Secretary considers necessary to determine and verify the amount of the credit
5 to which the taxpayer is entitled. The burden of proving eligibility for the credit and the amount
6 of the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer that fails to
7 maintain adequate records or to make them available for inspection.

8 (i) No Double Credit. – A taxpayer that claims a credit under this Article may not also
9 claim a credit under Article 3D or Article 3H of this Chapter with respect to the same activity.

10 **"§ 105-129.104. Report; tracking.**

11 (a) The Department must include in the economic incentives report required by
12 G.S. 105-256 the following information itemized by taxpayer:

13 (1) The number of taxpayers that took the credits allowed in this Article.

14 (2) The amount of rehabilitation expenses and qualified rehabilitation
15 expenditures with respect to which credits were taken.

16 (3) The total cost to the General Fund of the credits taken.

17 (b) The Department shall include in the economic incentives report required by
18 G.S. 105-256 the following information:

19 (1) The total amount of tax credits claimed and the total amount of tax credits
20 taken against current taxes, by type of tax, during the relevant tax year.

21 (2) The total amount of tax credits carried forward, by type of tax.

22 **"§ 105-129.105. Sunset.**

23 This Article expires for qualified rehabilitation expenditures and rehabilitation expenses
24 incurred on or after January 1, 2021."

25 **SECTION 24.10.(b)** G.S. 105-129.75 reads as rewritten:

26 **"§ 105-129.75. Sunset.**

27 This Article expires January 1, 2015, for rehabilitation projects for which an application for
28 an eligibility certification is submitted on or after that date. Eligibility certifications under this
29 Article expire January 1, 2023."

30 **SECTION 24.10.(c)** Subsection (a) of this section becomes effective January 1,
31 2015, and applies to qualified rehabilitation expenditures and rehabilitation expenses incurred
32 on or after that date. The remainder of this section is effective when it becomes law.

33
34 **PART XXV. BOND AUTHORIZATION**

35 **SECTION 25.1.(a)** Short Title. – This section shall be known as the "Critical
36 Highway and Infrastructure Needs Bond Act of 2015."

37 **SECTION 25.1.(b)** Purpose. – It is the intent of the General Assembly by this
38 section to provide for the issuance of general obligation bonds of the State and to provide that
39 the proceeds realized from the sale of the bonds shall be allocated as follows:

40 (1) Highway bonds. – One billion five hundred million dollars (\$1,500,000,000)
41 to provide funds, together with any other available funds, to the Department
42 of Transportation for the construction, improvement and relocation of
43 highways, roads, bridges and any related infrastructure of the State.

44 (2) Infrastructure bonds. – One billion five hundred million dollars
45 (\$1,500,000,000) to provide funds, together with any other available funds,
46 to the North Carolina National Guard, The University of North Carolina,
47 various State agencies, and community colleges for capital improvements for
48 the State, including, without limitation: the construction and furnishing of
49 new facilities; renovation and rehabilitation of existing facilities; and
50 expansion and improvement of the State's technology infrastructure.

1 **SECTION 25.1.(c)** Definitions. – Unless the context otherwise requires, the
2 following definitions apply in this section:

- 3 (1) Bonds. – Bonds issued under this section.
- 4 (2) Cost. – Without intending thereby to limit or restrict any proper definition of
5 this term in financing the cost of facilities or purposes authorized by this
6 section, any amount listed in this subdivision. Allocations in this section of
7 proceeds of bonds to the costs of a project or undertaking in each case may
8 include allocations to pay the costs set forth in sub-subdivisions c. through g.
9 of this subdivision in connection with the issuance of bonds for the project
10 or undertaking.
- 11 a. The cost of constructing, reconstructing, enlarging, acquiring, and
12 improving facilities, and acquiring equipment and land therefor.
- 13 b. The cost of engineering, architectural, and other consulting services
14 as may be required.
- 15 c. Administrative expenses and charges.
- 16 d. Finance charges and interest prior to and during construction and, if
17 deemed advisable by the State Treasurer, for a period not exceeding
18 three years after the estimated date of completion of construction.
- 19 e. The cost of bond insurance, investment contracts, credit enhancement
20 and liquidity facilities, interest-rate swap agreements or other
21 derivative products, financial and legal consultants, and related costs
22 of bond and note issuance, to the extent and as determined by the
23 State Treasurer.
- 24 f. The cost of reimbursing the State for any payments made for any cost
25 described in this subdivision.
- 26 g. Any other costs and expenses necessary or incidental to the purposes
27 of this section.
- 28 (3) Credit facility agreement. – An agreement entered into by the State
29 Treasurer on behalf of the State with a bank, savings and loan association, or
30 other banking institution, an insurance company, reinsurance company,
31 surety company, or other insurance institution, a corporation, investment
32 banking firm, or other investment institution, or any financial institution or
33 other similar provider of a credit facility agreement, which provider may be
34 located within or without the United States of America, such agreement
35 providing for prompt payment of all or any part of the principal or purchase
36 price (whether at maturity, presentment or tender for purchase, redemption,
37 or acceleration), redemption premium, if any, and interest on any bonds or
38 notes payable on demand or tender by the owner, in consideration of the
39 State agreeing to repay the provider of the credit facility agreement in
40 accordance with the terms and provisions of such agreement.
- 41 (4) Notes. – Notes issued under this section.
- 42 (5) Par formula. – Any provision or formula adopted by the State to provide for
43 the adjustment, from time to time, of the interest rate or rates borne by any
44 bonds or notes, including:
- 45 a. A provision providing for such adjustment so that the purchase price
46 of such bonds or notes in the open market would be as close to par as
47 possible;
- 48 b. A provision providing for such adjustment based upon a percentage
49 or percentages of a LIBOR rate, a prime rate or base rate, which
50 percentage or percentages may vary or be applied for different
51 periods of time; or

1 c. Such other provision as the State Treasurer may determine to be
2 consistent with this section and will not materially and adversely
3 affect the financial position of the State and the marketing of bonds
4 or notes at a reasonable interest cost to the State.

5 (6) State. – The State of North Carolina.

6 **SECTION 25.1.(d)** Authorization of Bonds and Notes. –

7 (1) Highway bonds. – Subject to a favorable vote of a majority of the qualified
8 voters of the State who vote on the question of issuing highway bonds in the
9 election called and held as provided in this section, the State Treasurer is
10 hereby authorized, by and with the consent of the Council of State, to issue
11 and sell, at one time or from time to time, general obligation bonds of the
12 State to be designated "State of North Carolina Highway Bonds," with any
13 additional designations as may be determined to indicate the issuance of
14 bonds from time to time, or notes of the State as provided in this section, in
15 an aggregate principal amount not exceeding one billion five hundred
16 million dollars (\$1,500,000,000) for the purpose of providing funds, with
17 any other available funds, for the purposes authorized in this section.
18 Although the highway bonds authorized by this section will constitute
19 general obligation bonds, secured by the faith and credit and taxing power of
20 the State, and although the funds deposited to the Highway Trust Fund are
21 not specifically pledged to pay debt service on the bonds, it is the intent of
22 the General Assembly that the debt service on the bonds authorized by this
23 section will be provided from amounts deposited to the Highway Trust Fund.

24 (2) Infrastructure bonds. – Subject to a favorable vote of a majority of the
25 qualified voters of the State who vote on the question of issuing
26 infrastructure bonds in the election called and held as provided in this
27 section, the State Treasurer is hereby authorized, by and with the consent of
28 the Council of State, to issue and sell, at one time or from time to time,
29 general obligation bonds of the State to be designated "State of North
30 Carolina Infrastructure Bonds," with any additional designations as may be
31 determined to indicate the issuance of bonds from time to time, or notes of
32 the State as provided in this section, in an aggregate principal amount not
33 exceeding one billion five hundred million dollars (\$1,500,000,000) for the
34 purpose of providing funds, with any other available funds, for the purposes
35 authorized in this section.

36 **SECTION 25.1.(e)** Use of Highway Bond and Note Proceeds. –

37 (1) The proceeds of Highway Bonds and notes, including premium thereon, if
38 any, shall be used for the projects in the general amounts set forth in
39 Attachment A in Section 30.5 of this act.

40 (2) Reallocation. – The General Assembly may at this session or at any
41 subsequent session increase or decrease the allocations of the proceeds of the
42 highway bonds set forth in subsection (1) of this section or reallocate any
43 amounts among projects, including projects not listed in this subsection but
44 listed as the next highest scoring Strategic Mobility-funded category project
45 under G.S. 136-189.11 that is shovel-ready, so long as the aggregate amount
46 of the allocations does not exceed one billion five hundred million dollars
47 (\$1,500,000,000).

48 **SECTION 25.1.(f)** Use of Infrastructure Bonds and Note Proceeds. –

49 (1) The proceeds of infrastructure bonds and notes, including premium thereon,
50 if any, shall be used for infrastructure improvements in the general amounts
51 for the projects set forth in Attachment B in Section 30.5 of this act.

- 1 (2) Reallocation. – The General Assembly may at this session or at any
2 subsequent session increase or decrease the allocations of the proceeds of the
3 infrastructure bonds set forth in subdivision (1) of this subsection or
4 reallocate any amounts among agencies or projects, including projects not
5 listed in this subsection but listed in the six-year capital improvement plan
6 developed pursuant to G.S. 143C-8-5, so long as the aggregate amount of the
7 allocations does not exceed one billion five hundred million dollars
8 (\$1,500,000,000).

9 **SECTION 25.1.(g)** Allocation and Tracking of Proceeds. –

- 10 (1) Highway Bonds. – The proceeds of highway bonds and notes, including
11 premium thereon, if any, except the proceeds of bonds the issuance of which
12 has been anticipated by bond anticipation notes or the proceeds of refunding
13 bonds or notes, shall be placed by the State Treasurer in a special fund to be
14 designated "Highway Bonds Fund," which may include such appropriate
15 special accounts therein as may be determined by the State Treasurer and
16 shall be disbursed as provided in this section. Monies in the Highway Bonds
17 Fund shall be allocated and expended as provided in this section.

18 Any additional monies which may be received by means of a grant or
19 grants from the United States of America or any agency or department
20 thereof or from any other source for deposit to the Highway Bonds Fund
21 may be placed in the Highway Bonds Fund or in a separate account or fund
22 and shall be disbursed, to the extent permitted by the terms of the grant or
23 grants, without regard to any limitations imposed by this section.

24 Monies in the Highway Bonds Fund or any separate account established
25 under this section may be invested from time to time by the State Treasurer
26 in the same manner permitted for investment of monies belonging to the
27 State or held in the State treasury, except with respect to grant money to the
28 extent otherwise directed by the terms of the grant. Investment earnings,
29 except investment earnings with respect to grant monies to the extent
30 otherwise directed or restricted by the terms of the grant, may be (i) credited
31 to the Highway Bonds Fund, (ii) used to pay debt service on the bonds
32 authorized by this section, (iii) used to satisfy compliance with applicable
33 requirements of the federal tax law, or (iv) transferred to the General Fund of
34 the State.

35 The proceeds of bonds and notes may be used with any other monies
36 made available by the General Assembly for funding the projects authorized
37 by this section, including the proceeds of any other State bond issues,
38 whether heretofore made available or which may be made available at the
39 session of the General Assembly at which this section is ratified or any
40 subsequent sessions. The proceeds of bonds and notes shall be expended and
41 disbursed under the direction and supervision of the Director of the Budget.
42 The funds provided by this section shall be disbursed for the purposes
43 provided in this section upon warrants drawn on the State Treasurer by the
44 State Controller, which warrants shall not be drawn until requisition has
45 been approved by the Director of the Budget and which requisition shall be
46 approved only after full compliance with the Executive Budget Act, Article
47 1 of Chapter 143 of the General Statutes.

- 48 (2) Infrastructure bonds. – The proceeds of infrastructure bonds and notes,
49 including premium thereon, if any, except the proceeds of bonds the
50 issuance of which has been anticipated by bond anticipation notes or the
51 proceeds of refunding bonds or notes, shall be placed by the State Treasurer

1 in a special fund to be designated "Infrastructure Bonds Fund," which may
2 include such appropriate special accounts therein as may be determined by
3 the State Treasurer and shall be disbursed as provided in this section. Monies
4 in the Infrastructure Bonds Fund shall be allocated and expended as
5 provided in this section.

6 Any additional monies which may be received by means of a grant or
7 grants from the United States of America or any agency or department
8 thereof or from any other source for deposit to the Infrastructure Bonds Fund
9 may be placed in the Infrastructure Bonds Fund or in a separate account or
10 fund and shall be disbursed, to the extent permitted by the terms of the grant
11 or grants, without regard to any limitations imposed by this section. Monies
12 in the Infrastructure Bonds Fund or any separate account established under
13 this section may be invested from time to time by the State Treasurer in the
14 same manner permitted for investment of monies belonging to the State or
15 held in the State treasury, except with respect to grant money to the extent
16 otherwise directed by the terms of the grant. Investment earnings, except
17 investment earnings with respect to grant monies to the extent otherwise
18 directed or restricted by the terms of the grant, may be (i) credited to the
19 Infrastructure Bonds Fund, (ii) used to pay debt service on the bonds
20 authorized by this section, (iii) used to satisfy compliance with applicable
21 requirements of the federal tax law, or (iv) transferred to the General Fund of
22 the State.

23 The proceeds of bonds and notes may be used with any other monies
24 made available by the General Assembly for funding the projects authorized
25 by this section, including the proceeds of any other State bond issues,
26 whether heretofore made available or which may be made available at the
27 session of the General Assembly at which this section is ratified or any
28 subsequent sessions. The proceeds of bonds and notes shall be expended and
29 disbursed under the direction and supervision of the Director of the Budget.
30 The funds provided by this section shall be disbursed for the purposes
31 provided in this section upon warrants drawn on the State Treasurer by the
32 State Controller, which warrants shall not be drawn until requisition has
33 been approved by the Director of the Budget and which requisition shall be
34 approved only after full compliance with the Executive Budget Act, Article
35 1 of Chapter 143 of the General Statutes.

36 (3) Tracking of bond proceeds. – The State Treasurer or his or her designee is
37 hereby authorized and directed to set up a comprehensive system of tracking
38 the proceeds of the highway bonds and the infrastructure bonds to the extent
39 necessary to enable the State Treasurer or his or her designee to properly
40 account for the use of such proceeds for compliance with applicable
41 requirements of the federal tax law or otherwise. All recipients of such
42 proceeds shall comply with any tracking system implemented by the State
43 Treasurer or his or her designee for this purpose. The State Treasurer may
44 withhold bond proceeds from any State agency or department not complying
45 with this subdivision.

46 (4) Costs. – Allocations to the costs of a capital improvement or undertaking in
47 each case may include allocations to pay the costs set forth in
48 sub-subdivisions c. through g. of subdivision (2) of subsection (c) of this
49 section in connection with the issuance of bonds for that capital
50 improvement or undertaking.

1 **SECTION 25.(h)** Election. – The questions of the issuance of the bonds authorized
2 by this section shall be submitted to the qualified voters of the State at an election to be held in
3 October or November of 2015. Any other primary, election, or referendum validly called or
4 scheduled by law at the time the election on the bond question provided for in this subsection is
5 held may be held as called or scheduled. Notice of the election shall be given in the manner and
6 at the times required by G.S. 163-33(8). The election and the registration of voters therefor
7 shall be held under and in accordance with the general laws of the State. Absentee ballots shall
8 be authorized in the election.

9 The State Board of Elections shall reimburse the counties of the State for all
10 necessary expenses incurred in holding the election that are in addition to those that would have
11 otherwise been incurred, the same to be paid out of the Contingency and Emergency Fund or
12 other funds available to the State Board of Elections.

13 Ballots, voting systems authorized by Article 14A of Chapter 163 of the General
14 Statutes, or both, may be used in accordance with rules prescribed by the State Board of
15 Elections. The bond questions to be used in the ballots or voting systems shall be in
16 substantially the following form:

17 " FOR AGAINST

18 The issuance of one billion five hundred million dollars (\$1,500,000,000) State of
19 North Carolina Highway Bonds constituting general obligation bonds of the State secured by a
20 pledge of the faith and credit and taxing power of the State for the purpose of providing funds,
21 with any other available funds, to fund the construction, improvement, and relocation of
22 highways, roads, bridges, and any related infrastructure of the State."

23 " FOR AGAINST

24 The issuance of one billion five hundred million dollars (\$1,500,000,000) State of
25 North Carolina Infrastructure Bonds constituting general obligation bonds of the State secured
26 by a pledge of the faith and credit and taxing power of the State for the purpose of providing
27 funds, with any other available funds, to fund capital improvements and new facilities for the
28 State, including, without limitation: the construction and furnishing of new facilities;
29 renovation and rehabilitation of existing facilities; and expansion and improvement of the
30 State's technology infrastructure for the State, various State agencies, the North Carolina
31 National Guard, The University of North Carolina System, and the community college system."

32 If a majority of those voting on a bond question in the election vote in favor of the
33 issuance of the bonds described in the question, those bonds may be issued as provided in this
34 section. If a majority of those voting on a bond question in the election vote against the
35 issuance of the bonds described in the question, those bonds shall not be issued.

36 The results of the election shall be canvassed and declared as provided by law for
37 elections for State officers; the results of the election shall be certified by the State Board of
38 Elections to the Secretary of State, in the manner and at the time provided by the general
39 election laws of the State.

40 **SECTION 25.1.(i)** Issuance of Bonds and Notes. –

- 41 (1) Terms and conditions. – Bonds or notes may bear such date or dates, may be
42 serial or term bonds or notes, or any combination thereof, may mature in
43 such amounts and at such time or times, not exceeding 40 years from their
44 date or dates, may be payable at such place or places, either within or
45 without the United States of America, in such coin or currency of the United
46 States of America as at the time of payment is legal tender for payment of
47 public and private debts, may bear interest at such rate or rates, which may
48 vary from time to time, and may be made redeemable before maturity, at the
49 option of the State or otherwise as may be provided by the State, at such
50 price or prices, including a price less than the face amount of the bonds or

1 notes, and under such terms and conditions, all as may be determined by the
2 State Treasurer, by and with the consent of the Council of State.

3 (2) Signatures; form and denomination; registration. – Bonds or notes may be
4 issued as certificated or uncertificated obligations. If issued as certificated
5 obligations, bonds or notes shall be signed on behalf of the State by the
6 Governor or shall bear his or her facsimile signature, shall be signed by the
7 State Treasurer or shall bear his or her facsimile signature, and shall bear the
8 Great Seal of the State of North Carolina or a facsimile thereof shall be
9 impressed or imprinted thereon. If bonds or notes bear the facsimile
10 signatures of the Governor and the State Treasurer, the bonds or notes shall
11 also bear a manual signature, which may be that of a bond registrar, trustee,
12 paying agent, or designated assistant of the State Treasurer. Should any
13 officer whose signature or facsimile signature appears on bonds or notes
14 cease to be such officer before the delivery of the bonds or notes, the
15 signature or facsimile signature shall nevertheless have the same validity for
16 all purposes as if the officer had remained in office until delivery, and bonds
17 or notes may bear the facsimile signatures of persons who at the actual time
18 of the execution of the bonds or notes shall be the proper officers to sign any
19 bond or note, although at the date of the bond or note such persons may not
20 have been such officers. The form and denomination of bonds or notes,
21 including the provisions with respect to registration of the bonds or notes
22 and any system for their registration, shall be as the State Treasurer may
23 determine in conformity with this section; provided, however, that nothing in
24 this section shall prohibit the State Treasurer from proceeding, with respect
25 to the issuance and form of the bonds or notes, under the provisions of
26 Chapter 159E of the General Statutes, the Registered Public Obligations Act,
27 as well as under this section.

28 (3) Manner of sale; expenses. – Subject to the consent of the Council of State,
29 the State Treasurer shall determine the manner in which bonds or notes shall
30 be offered for sale, whether at public or private sale, whether within or
31 without the United States of America, and whether by publishing notices in
32 certain newspapers and financial journals, mailing notices, inviting bids by
33 correspondence, negotiating contracts of purchase, or otherwise, and the
34 State Treasurer is authorized to sell bonds or notes at one time or from time
35 to time at such rate or rates of interest, which may vary from time to time,
36 and at such price or prices, including a price less than the face amount of the
37 bonds or the notes, as the State Treasurer may determine. All expenses
38 incurred in preparation, sale, and issuance of bonds or notes shall be paid by
39 the State Treasurer from the proceeds of bonds or notes or other available
40 monies.

41 (4) Notes; repayment. –

42 a. Subject to the consent of the Council of State, the State Treasurer is
43 hereby authorized to borrow money and to execute and issue notes of
44 the State for the same, but only in the following circumstances and
45 under the following conditions:

46 1. For anticipating the sale of bonds to the issuance of which the
47 Council of State shall have given consent, if the State
48 Treasurer shall deem it advisable to postpone the issuance of
49 the bonds.

50 2. For the payment of interest on or any installment of principal
51 of any bonds then outstanding, if there shall not be sufficient

- 1 funds in the State treasury with which to pay the interest or
2 installment of principal as they respectively become due.
- 3 3. For the renewal of any loan evidenced by notes herein
4 authorized.
- 5 4. For the purposes authorized in this section.
- 6 5. For refunding bonds or notes as herein authorized.
- 7 b. Funds derived from the sale of bonds or notes may be used in the
8 payment of any bond anticipation notes issued under this section.
9 Funds provided by the General Assembly for the payment of interest
10 on or principal of bonds shall be used in paying the interest on or
11 principal of any notes and any renewals thereof, the proceeds of
12 which shall have been used in paying interest on or principal of the
13 bonds.
- 14 (5) Refunding bonds and notes. – By and with the consent of the Council of
15 State, the State Treasurer is authorized to issue and sell refunding bonds and
16 notes pursuant to the provisions of the State Refunding Bond Act for the
17 purpose of refunding bonds or notes issued pursuant to this section. The
18 refunding bonds and notes may be combined with any other issues of State
19 bonds and notes similarly secured.
- 20 (6) Tax exemption. – Bonds and notes shall be exempt from all State, county,
21 and municipal taxation or assessment, direct or indirect, general or special,
22 whether imposed for the purpose of general revenue or otherwise, excluding
23 inheritance and gift taxes, income taxes on the gain from the transfer of
24 bonds and notes, and franchise taxes. The interest on bonds and notes shall
25 not be subject to taxation as to income.
- 26 (7) Investment eligibility. – Bonds and notes are hereby made securities in
27 which all public officers, agencies, and public bodies of the State and its
28 political subdivisions, all insurance companies, trust companies, investment
29 companies, banks, savings banks, savings and loan associations, credit
30 unions, pension or retirement funds, other financial institutions engaged in
31 business in the State, executors, administrators, trustees, and other
32 fiduciaries may properly and legally invest funds, including capital in their
33 control or belonging to them. Bonds and notes are hereby made securities
34 which may properly and legally be deposited with and received by any
35 officer or agency of the State or political subdivision of the State for any
36 purpose for which the deposit of bonds, notes, or obligations of the State or
37 any political subdivision of the State is now or may hereafter be authorized
38 by law.
- 39 (8) Faith and credit. – The faith and credit and taxing power of the State are
40 hereby pledged for the payment of the principal of and the interest on bonds
41 and notes. In addition to the State's right to amend any provision of this
42 section to the extent it does not impair any contractual right of a bond owner,
43 the State expressly reserves the right to amend any provision of this section
44 with respect to the making and repayment of loans, the disposition of any
45 repayments of loans, and any intercept provisions relating to the failure of a
46 local government unit to repay a loan, the bonds not being secured in any
47 respect by loans, any repayments thereof, or any intercept provisions with
48 respect thereto.

49 **SECTION 25.1(j)** Variable Interest Rates. – In fixing the details of bonds and
50 notes, the State Treasurer may provide that any of the bonds or notes may:

- 1 (1) Be made payable from time to time on demand or tender for purchase by the
- 2 owner thereof, provided a credit facility agreement supports the bonds or
- 3 notes, unless the State Treasurer specifically determines that a credit facility
- 4 agreement is not required, upon a finding and determination by the State
- 5 Treasurer, that the absence of a credit facility agreement will not materially
- 6 or adversely affect the financial position of the State and the marketing of
- 7 the bonds or notes at a reasonable interest cost to the State;
- 8 (2) Be additionally supported by a credit facility agreement;
- 9 (3) Be made subject to redemption or a mandatory tender for purchase prior to
- 10 maturity;
- 11 (4) Bear interest at a rate or rates that may vary for such period or periods of
- 12 time, all as may be provided in the proceedings providing for the issuance of
- 13 the bonds or notes, including, without limitation, such variations as may be
- 14 permitted pursuant to a par formula; and
- 15 (5) Be made the subject of a remarketing agreement whereby an attempt is made
- 16 to remarket bonds or notes to new purchasers prior to their presentment for
- 17 payment to the provider of the credit facility agreement or to the State.

18 If the aggregate principal amount repayable by the State under a credit facility
 19 agreement is in excess of the aggregate principal amount of bonds or notes secured by the
 20 credit facility agreement, whether as a result of the inclusion in the credit facility agreement of
 21 a provision for the payment of interest for a limited period of time or the payment of a
 22 redemption premium or for any other reason, then the amount of authorized but unissued bonds
 23 or notes during the term of such credit facility agreement shall not be less than the amount of
 24 such excess, unless the payment of such excess is otherwise provided for by agreement of the
 25 State executed by the State Treasurer.

26 **SECTION 25.1.(k)** Interpretation of Section. –

- 27 (1) Additional method. – The foregoing subsections of this section shall be
- 28 deemed to provide an additional and alternative method for the doing of the
- 29 things authorized thereby and shall be regarded as supplemental and
- 30 additional to powers conferred by other laws, and shall not be regarded as in
- 31 derogation of any powers now existing.
- 32 (2) Statutory references. – References in this section to specific sections or
- 33 Chapters of the General Statutes or to specific acts are intended to be
- 34 references to these sections, Chapters, or acts as they may be amended from
- 35 time to time by the General Assembly.
- 36 (3) Broad construction. – This section, being necessary for the health and
- 37 welfare of the people of the State, shall be broadly construed to affect the
- 38 purposes thereof.
- 39 (4) Inconsistent provisions. – Insofar as the provisions of this section are
- 40 inconsistent with the provisions of any general laws, or parts thereof, the
- 41 provisions of this section shall be controlling.
- 42 (5) Severability. – If any provision of this section or the application thereof to
- 43 any person or circumstance is held invalid, such invalidity shall not affect
- 44 other provisions or applications of the section which can be given effect
- 45 without the invalid provision or application, and to this end the provisions of
- 46 this section are declared to be severable.

47 **SECTION 25.1.(l)** This section is effective when it becomes law.

48
 49 **PART XXVI. DEPARTMENT OF TRANSPORTATION**

50
 51 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATION**

1 **SECTION 26.1.(a)** The General Assembly authorizes and certifies anticipated
 2 revenues for the Highway Fund as follows:
 3 For Fiscal Year 2017-2018 \$1,928 million
 4 For Fiscal Year 2018-2019 \$1,954 million
 5 For Fiscal Year 2019-2020 \$2,038 million
 6 For Fiscal Year 2020-2021 \$2,122 million

7 **SECTION 26.1.(b)** The General Assembly authorizes and certifies anticipated
 8 revenues for the Highway Trust Fund as follows:
 9 For Fiscal Year 2017-2018 \$1,203 million
 10 For Fiscal Year 2018-2019 \$1,232 million
 11 For Fiscal Year 2019-2020 \$1,260 million
 12 For Fiscal Year 2020-2021 \$1,296 million

13
14 **DEPARTMENT OF TRANSPORTATION OUT-OF-STATE TRAVEL**

15 **SECTION 26.2.** Expenditures for out-of-state travel, excluding expenditures
 16 charged to federal projects and expenditures reimbursed by non-State agencies, by the
 17 Department of Transportation for the 2015-2016 fiscal year and all subsequent fiscal years shall
 18 not exceed eight hundred fifty thousand dollars (\$850,000). For purposes of this section,
 19 "expenditures for out-of-state travel" includes transportation, conference, registration, and
 20 education expenses, lodging, and meals for Department of Transportation employees traveling
 21 outside of the State and not charged to a federal project or reimbursed by non-State agencies.

22
23 **CLARIFY DOT PRIVATE DEVELOPER REPORTING**

24 **SECTION 26.3.** G.S. 136-28.6 reads as rewritten:

25 **"§ 136-28.6. Participation by the Department of Transportation with private developers.**

26 ...
 27 (h) The Secretary shall report in writing, on an ~~quarterly~~annual basis, to the Joint
 28 Legislative Commission on Governmental Operations on all agreements entered into between a
 29 private developer and the Department of Transportation for participation in private engineering
 30 and construction contracts under this section, as well as (i) agreements by counties and
 31 municipalities to participate in private engineering and construction contracts under subsection
 32 (i) of this section and (ii) pass-through funding from private developers to counties or
 33 municipalities for State transportation projects.

34 (i) Counties and municipalities may participate financially in private engineering, land
 35 acquisition, and construction contracts for transportation projects which meet the requirements
 36 of subsection (b) of this section within their jurisdiction.

37 "

38
39 **HIGHWAY FUND CREDIT RESERVE**

40 **SECTION 26.4.(a)** G.S. 136-44.2 reads as rewritten:

41 **"§ 136-44.2. Budget and appropriations.**

42 ...
 43 (f1) The credit reserve for the Highway Fund consists of the following:
 44 (1) The unreserved credit balance in the Highway Fund on the last day of the
 45 fiscal year to the extent the balances exceed the amount estimated for that
 46 date in the Current Operations Appropriations Act for the following fiscal
 47 year.
 48 (2) The unallotted ~~and unnumbered~~ balances on the last day of the fiscal year
 49 for the following:
 50 a. Funds appropriated from the Highway Fund for the multimodal
 51 programs of the Department, consisting of funds for bicycle and

1 pedestrian, ferry, railroad, aviation, and public transportation
2 programs, excluding funds deposited in the Freight Rail & Rail
3 Crossing Safety Improvement Fund.

4 b. Funds appropriated from the Highway Fund for the construction
5 programs of the Department, consisting of funds for secondary
6 construction, access and public service roads, spot safety
7 improvement, contingency, small urban construction, and economic
8 development programs.

9 (3) The unencumbered and unexpended balances on the last day of the fiscal
10 year for the following:

11 a. Central and program administration.

12 b. Transfers to other State agencies or departments not used or returned.

13 ~~(4) The remaining balance for (i) any open project that has been inactive for two~~
14 ~~or more years after construction of the project has been completed or (ii) any~~
15 ~~project that is not obligated during the first two fiscal years in which funds~~
16 ~~are appropriated."~~

17 18 **DIVISION OF MOTOR VEHICLES POSITION FUNDING**

19 **SECTION 26.5.** Notwithstanding any other provision of law, the Department of
20 Transportation may use funds appropriated from the Highway Trust Fund to continue funding
21 positions within the Division of Motor Vehicles that were funded by the Highway Trust Fund
22 during the 2013-2014 fiscal year. Title Fee revenue, Highway Use Tax and some miscellaneous
23 Registration Fees are appropriated in the Highway Trust Fund. DMV positions inspect and
24 process title work, registration transactions and collect necessary fees. These positions also
25 resolve title and registration transaction issues.

26 27 **DOT LEGAL SERVICES**

28 **SECTION 26.6.(a)** The Department of Transportation may engage the services of
29 private counsel with the pertinent expertise to provide legal services to the Department. The
30 Department shall supervise and manage the private counsel engaged under this section and
31 shall not be required to obtain written permission or approval from the Attorney General under
32 G.S. 114-2.3.

33 34 **RENAME SYSTEM PRESERVATION PROGRAM**

35 **SECTION 26.7.** The Department of Transportation shall rename the "system
36 preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this
37 program shall be used for improvements to structurally deficient bridges, functionally obsolete
38 bridges, and preservation to structurally sound bridges. All projects funded under this program,
39 with the exception of inspection, pre-engineering, contract preparation, contract administration
40 and oversight, and planning activities, shall be outsourced to private contractors.

41 42 **REDIRECT TAX PROCEEDS**

43 **SECTION 26.8.** If there is not a modification of the Motor Fuel Tax Rate, the
44 Highway Fund and the Highway Trust Fund base budget should be reduced to match
45 anticipated revenue. The maintenance reserves in the Highway Fund and the Strategic
46 Prioritization Program in the Highway Trust Fund should be reduced in order to match the
47 consensus revenue forecast.

48 49 **PART XXVII. SALARIES AND BENEFITS**

50 51 **GOVERNOR AND COUNCIL OF STATE**

1 **SECTION 27.1.(a)** The salary of the Governor as provided by G.S. 147-11(a) shall
2 remain unchanged for the 2015-2017 fiscal biennium.

3 **SECTION 27.1.(b)** The annual salaries for members of the Council of State,
4 payable monthly, shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$125,676
Attorney General	125,676
Secretary of State	125,676
State Treasurer	125,676
State Auditor	125,676
Superintendent of Public Instruction	125,676
Agriculture Commissioner	125,676
Insurance Commissioner	125,676
Labor Commissioner	125,676"

16 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

17 **SECTION 27.2.** The annual salaries, payable monthly, for the following executive
18 branch officials shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$111,868
State Controller	156,159
Commissioner of Banks	125,676
Chair, Board of Review, Division of Employment Security	123,255
Members, Board of Review, Division of Employment Security	121,737
Chairman, Parole Commission	102,235
Members of the Parole Commission	94,464
Chairman, Utilities Commission	139,849
Members of the Utilities Commission	125,676
Executive Director, North Carolina Agricultural Finance Authority	108,915"

32 **JUDICIAL BRANCH**

33 **SECTION 27.3.(a)** The annual salaries, payable monthly, for specified judicial
34 branch officials shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$143,623
Associate Justice, Supreme Court	139,896
Chief Judge, Court of Appeals	137,682
Judge, Court of Appeals	134,109
Judge, Senior Regular Resident Superior Court	130,492
Judge, Superior Court	126,875
Chief Judge, District Court	115,301
Judge, District Court	111,684
District Attorney	121,737
Administrative Officer of the Courts	129,259
Assistant Administrative Officer of the Courts	118,152
Public Defender	121,737
Director of Indigent Defense Services	125,498

50 **LEGISLATIVE BRANCH**

1 **SECTION 27.4.** For the 2015-2017 fiscal biennium, the salaries of members and
 2 officers of the General Assembly shall remain unchanged at the amounts set under G.S. 120-3,
 3 as provided in 1994 by the 1993 General Assembly.
 4

5 **MOST STATE EMPLOYEES**

6 **SECTION 27.5.** For the 2015-2017 fiscal biennium, the salaries in effect June 30,
 7 2015, for the following employees shall remain unchanged, effective July 1, 2015:

- 8 (1) Permanent full-time State officials and persons whose salaries are set in
 9 accordance with the State Human Resources Act.
- 10 (2) Permanent full-time State officials and persons in positions exempt from the
 11 State Human Resources Act.
- 12 (3) Permanent part-time State employees.
- 13 (4) Temporary and permanent hourly State employees.

14
 15 **MAINTAIN COMMUNITY COLLEGE MINIMUM SALARIES**

16 **SECTION 27.6.** The minimum salaries for nine-month, full-time curriculum
 17 community college faculty shall remain unchanged as follows:

18 Education Level	Minimum Salary
19 Vocational Diploma/Certificate or Less	\$35,314
20 Associate Degree or Equivalent	35,819
21 Bachelor's Degree	38,009
22 Masters Degree or Education Specialist	39,952
23 Doctoral Degree	42,753

24 No full-time faculty member shall earn less than the minimum salary for his or her
 25 education level.

26 The pro rata hourly rate of the minimum salary for each education level shall be
 27 used to determine the minimum salary for part-time faculty members.
 28

29 **SALARY ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES/AUTHORIZED**
 30 **SALARY EXCEPTION FUND ACTIONS NOT PROHIBITED**

31 **SECTION 27.7.(a)** The annual compensation of all employees subject to or
 32 exempt from the State Human Resources Act, including employees of local boards of
 33 education, community colleges, and The University of North Carolina, for the 2015-2017 fiscal
 34 biennium shall remain unchanged from that authorized on June 30, 2015, or the last date in pay
 35 status during the 2013-2015 fiscal biennium, if earlier, unless an increase is authorized by this
 36 section or under the Salary Exception Fund established by this act.

37 **SECTION 27.7.(b)** Salary increases may be awarded during the 2015-2017 fiscal
 38 biennium under this section only for the following special circumstances:

- 39 (1) For all State employees regardless of funding source, and for employees of
 40 the North Carolina Community College System and local school boards who
 41 are paid from State funds, salaries may be increased for reallocations or
 42 promotions, in-range adjustments for job change, career progression
 43 adjustments for demonstrated competencies, or any other adjustment related
 44 to an increase in job duties or responsibilities, none of which are subject to
 45 the salary freeze otherwise provided by this Part. All other salary increases
 46 are prohibited.
- 47 (1a) For employees of the North Carolina Community College System,
 48 notwithstanding subdivision (1) of this subsection, salaries may be increased
 49 if the increase is (i) funded from local funding sources or (ii) for the
 50 purposes of retention or equity.

- 1 (2) For The University of North Carolina, (i) faculty using funds from the
2 Faculty Recruiting and Retention Fund, the Distinguished Professors
3 Endowment Fund, or the University Cancer Research Fund in the case of
4 faculty involved in cancer research supported by that fund; (ii) faculty,
5 nonfaculty, and other employee adjustments, including retention
6 adjustments, funded from non-State funding sources; (iii) faculty,
7 nonfaculty, and other employees for the purposes of retention or equity.
- 8 (3) For employees of the judicial branch, for local supplementation as
9 authorized by G.S. 7A-300.1.

10 The cumulative salary adjustment allowed under this subsection for each fiscal year
11 during the 2015-2017 fiscal biennium may exceed ten percent (10%) of annual salary only if
12 the adjustment is approved in advance by the Office of State Budget and Management, The
13 University of North Carolina Board of Governors, the State Board of Community Colleges, the
14 local board of community college trustees, the Legislative Services Commission, the local
15 board of education, or other authorized body, as appropriate.

16 17 **ESTABLISH SALARY EXCEPTION FUND**

18 **SECTION 27.8.(a)** The Salary Exception Fund is established to appropriate funds
19 to implement a new market-aligned salary structure for State agencies and to adjust salaries in
20 State job classifications where employee pay is below market value and not competitive in the
21 marketplace and where the State is having difficulty recruiting and retaining employees. These
22 salary adjustments will be based on relativity to market or performance. The Office of State
23 Human Resources will establish priorities based on market, turnover, and recruitment.

24 Funds may only be used for salary adjustments for the stated purposes that are in
25 compliance with State Human Resources Commission policies and other provisions of the Act.
26 For the executive branch, funding shall be approved by the State Human Resources
27 Commission or Office of State Human Resources and shall not be used for any other purposes.

28 **SECTION 27.8.(b)** Employees of The University of North Carolina System, local
29 school boards, and community colleges are not eligible for funding authorized in this section.

30 **SECTION 27.8.(c)** The Director of the Budget may transfer to General Fund
31 budget codes from the Salary Exception Fund amounts required to support salary adjustments
32 authorized by this section.

33 **SECTION 27.8.(d)** Notwithstanding any provision of law to the contrary, the
34 Chief Justice of the North Carolina Supreme Court shall have the authority to make salary
35 exceptions for employees of the Judicial Department subject to funds available.

36 37 **TRANSFERS TO SALARY EXCEPTION FUND**

38 **SECTION 27.9.(a)** Of the funds appropriated by this act to the Department of
39 Public Instruction to fund movement along the teacher salary scale, the sum of ten million
40 dollars (\$10,000,000) for the 2015-2016 fiscal year and the sum of ten million dollars
41 (\$10,000,000) for the 2016-2017 fiscal year are transferred, due to updated projections, to the
42 Salary Exception Fund created by this Part, with the appropriate totals adjusted accordingly.

43 **SECTION 27.9.(b)** Of the funds appropriated by this act to the JDIG Reserve
44 Fund, the sum of twenty-six million dollars (\$26,000,000) for the 2015-2016 fiscal year and the
45 sum of twenty-four million five hundred thousand dollars (\$24,500,000) for the 2016-2017
46 fiscal year are transferred, due to updated projections, to the Salary Exception Fund created by
47 this Part, with the appropriate totals adjusted accordingly.

48 49 **REDUCTION THROUGH REORGANIZATION AUTHORIZATION**

50 **SECTION 27.10.(a)** Section 8.3 of S.L. 2013-382 reads as rewritten:

"SECTION 8.3. This Part is effective when it becomes law and expires June 30, 2014.~~2017.~~ The Office of State ~~Personnel~~Human Resources and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations ~~on January 31, 2014, April 30, 2014, and September 1, 2014.~~annually on this program."

SECTION 27.10.(b) Severance and any other payments made pursuant to the implementation of the RTR program shall be made from the severance reserve and any remaining balance at June 30, 2015, for all cabinet agencies, shall not revert and shall be carried forward.

PART XXVIII. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 28.1. There is appropriated from the General Fund for the 2015-2017 fiscal biennium the following amounts for capital improvements:

Capital Improvements – General Fund	2015-2016	2016-2017
Department of Environment and Natural Resources		
Water Resources Development Projects	\$7,903,000	5,083,000
Department of Public Safety		
National Guard Major Renovation	618,000	5,087,500
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$ 8,521,000	\$10,170,500

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 28.2.(a) The Department of Environment and Natural Resources shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated ten million four hundred seventy thousand dollars (\$10,470,000) in federal funds.

Name of Project	2015-2016
(1) B. Everett Jordan Lake Water Supply	200,000
(2) Carolina Beach Coastal Storm Damage Reduction	673,000
(3) Kure Beach Coastal Storm Damage Reduction	642,000
(4) Wrightsville Beach Coastal Storm Damage Reduction	81,000
(5) Ocean Isle Beach Coastal Storm Damage Reduction	81,000
(6) Water Resources Planning in Support of SL 2010-143	75,000
(7) State/Local Water Resources Development Grants	1,000,000
(8) Cape Fear Lock & Dam #2 Fish Ramp – Phase 1	250,000
(9) North Topsail Beach Shoreline Protection Project – Phase 2	500,000
(10) Western Stream Initiative NRCS	1,000,000
(11) Linville River Restoration Phase 3	250,000
(12) High Hazards Dams – Breath Path	250,000
(13) Carolina Beach 15year Study	81,000
(14) Wilmington Harbor Maintenance	0.00
(15) Morehead City Harbor Maintenance	0.00

1 **TOTALS** **\$ 5,083,000**

2

3 **SECTION 28.2.(b)** It is the intent of the General Assembly that funds carried
 4 forward from previous fiscal years be used to supplement seven million nine hundred three
 5 thousand dollars (\$7,903,000) appropriated for water resources development projects in Section
 6 36.2(a) of SL 2014-100, as amended by Section 28.1 of this act. Therefore, the following funds
 7 carried forward from previous fiscal years shall be used for the following projects:

8

9 Name of Project	10 Amount Carried Forward
11 (1) Wilmington Harbor Improvements Feasibility Study	\$ 225,000
12 (2) Surf City/North Topsail Coastal Storm Damage Reduction	135,000
13 (3) West Onslow Beach Coastal Storm Damage Reduction	135,000
14 (4) Planning Assistant to Communities	25,000
15 (5) Wilmington Harbor Deepening Project	600,000
16 (6) Bogue Banks CSDR	165,000
17 (7) Carolina Beach CSDR	727,000
18 (8) Carolina Beach Area South (Kure Beach) CSDR	808,000

18

19 **TOTALS** **\$ 2,820,000**

20

21 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

22

23 **SECTION 28.3.** The General Assembly authorizes the following capital projects to
 24 be funded with receipts or from other non-General Fund sources available to the appropriate
 25 department:

25

26

27

28 Name of Project	29 Amount of Non-General Fund Funding Authorized for FY 2015-2016
30 Department of Environment and Natural Resources	
31 AQM – Fort Fisher Saltwater Well	\$ 590,000
32 Department of Transportation	
33 DMV HQ Design and Construction	4,844,000
34 Anson County Blacksmith Shop	195,000
35 Nash County Equipment Sub-Shop	194,200
36 Gaston County Equipment Sub-Shop	2,409,000
37 Greenville DMV/SHP Office and SHP Garage	5,344,700
38 Wildlife Resources Commission	
39 Land Acquisition	3,750,000
40 Boating Access Areas – New Construction	900,000
41 Jordan Lake Depot	500,000

42

43 **TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL**
 44 **PROJECTS AUTHORIZED** **\$18,726,900**

45

46

47 **PROPERTY APPRAISALS**

48

49 **SECTION 28.4.** Article 7 of Chapter 19A of the General Statutes reads as
 50 rewritten:

51

"Article 7.
 "Dispositions.

1 **"§ 146-27. The role of the Department of Administration in sales, leases, and rentals.**

2 (a) General. – Every sale, lease, rental, or gift of land owned by the State or by any
3 State agency shall be made by the Department of Administration and approved by the Governor
4 and Council of State. A lease or rental of land owned by the State may not exceed a period of
5 99 years. The Department of Administration may initiate proceedings for sales, leases, rentals,
6 and gifts of land owned by the State or by any State agency. At the discretion of the Director of
7 the Budget, the Office of State Budget and Management may contract with a real estate
8 appraiser licensed or certified by the State, in order to obtain an appraisal of State-owned real
9 estate or an interest in State-owned real estate.

10 (b) Large Disposition. – If a proposed disposition is a sale or gift of land with an
11 appraised value of at least twenty-five thousand dollars (\$25,000), the sale or gift shall not be
12 made until after consultation with the Joint Legislative Commission on Governmental
13 Operations.

14 (c) Expired effective September 1, 2007."
15

16 **USS NORTH CAROLINA BATTLESHIP HULL REPAIRS**

17 **SECTION 28.5.** Section 36.10 of S.L. 2014-100 reads as rewritten:

18 **"SECTION 36.10.** The General Assembly authorizes USS North Carolina Battleship hull
19 and cofferdam repairs to be funded at a maximum cost of thirteen million dollars (\$13,000,000)
20 in accordance with this section. The sum of three million dollars (\$3,000,000) of the proceeds
21 of bonds issued pursuant to Section 36.12(f)(7) of this act shall be used for this project. The
22 remainder of the project shall be funded with receipts or from other non-General Fund sources
23 available to the Department of Cultural Resources, and those funds are hereby appropriated for
24 that purpose."
25

26
27 **PART XXIX. OCCUPATIONAL LICENSING BOARDS**

28
29 **BARBER EXAMINER**

30 **SECTION 29.1.(a)** G.S. 86A-6 reads as rewritten:

31 **"§ 86A-6. Office; seal; officers and executive director; funds.**

32 The Board shall maintain a suitable office in Raleigh, and shall adopt and use a common
33 seal for the authentication of its orders and records. The Board shall annually elect its own
34 officers, and in addition, may elect or appoint a full-time executive director who shall not be a
35 member of the Board, and whose salary shall be fixed by the Board. ~~The executive director~~
36 ~~shall turn over to the State Treasurer to be credited to the State Board of Barber Examiners all~~
37 ~~funds collected or received under this Chapter, the funds to be held and expended under the~~
38 ~~supervision of the Director of the Budget, exclusively for the enforcement and administration~~
39 ~~of the provisions of this Chapter. Nothing herein shall be construed to authorize any~~
40 ~~expenditure in excess of the amount available from time to time in the hands of the State~~
41 ~~Treasurer derived from fees collected under the provisions of this Chapter and received by the~~
42 ~~State Treasurer pursuant to the provisions of this section."~~

43 **SECTION 29.1.(b)** G.S. 86A-7 reads as rewritten:

44 **"§ 86A-7. Salary and expenses; employees; audits; annual reports to the Governor.**

45 (a) Each member of the Board of Barber Examiners shall be reimbursed for his actual
46 expenses and shall receive compensation and travel allowance according to G.S. 93B-5 for the
47 distance traveled in performance of his duties. The expenses, compensation and all other
48 salaries and expenses in connection with the administration of this Chapter, shall be paid ~~upon~~
49 ~~warrant drawn on the State Treasurer,~~ solely from the funds derived from fees collected and
50 received under this Chapter.

51 (b) The Board shall employ such agents, assistants and attorneys as it deems necessary.

- 1 (c) Repealed by Session Laws 1981, c. 884, s. 6.
2 (d) Repealed by Session Laws 1983, c. 913, s. 8.
3 (e) The Board shall report annually to the Governor, a full statement of its receipts and
4 expenditures, and also a full statement of its work during the year, together with such
5 recommendations as it may deem expedient."
6

7 COSMETIC ARTS

8 **SECTION 29.2.** G.S. 88B-6 reads as rewritten:

9 **"§ 88B-6. Board office, employees, funds, budget requirements.**

- 10 (a) The Board shall maintain its office in Raleigh, North Carolina.
11 (b) The Board shall employ an executive director who shall not be a member of the
12 Board. The executive director shall keep all records of the Board, issue all necessary notices,
13 and perform any other duties required by the Board.
14 (c) ~~With the approval of the Director of the Budget and the Office of State Human~~
15 ~~Resources, the~~ Board may employ as many inspectors, investigators, and other staff as
16 necessary to perform inspections and other duties prescribed by the Board. Inspectors and
17 investigators shall be experienced in all parts of cosmetic art and shall have authority to
18 examine cosmetic art shops and cosmetic art schools during business hours to determine
19 compliance with this Chapter.
20 (d) ~~The salaries of all employees of the Board, excluding the executive director, shall be~~
21 ~~subject to the North Carolina Human Resources Act.~~ The executive director shall serve at the
22 pleasure of the Board.
23 (e) ~~The executive director may collect in the Board's name and on its behalf the fees~~
24 ~~prescribed in this Chapter and shall turn these and any other monies paid to the Board over to~~
25 ~~the State Treasurer. These funds shall be credited to the Board and shall be held and expended~~
26 ~~under the supervision of the Director of the Budget only for the administration and enforcement~~
27 ~~of this Chapter. Nothing in this Chapter shall authorize any expenditure in excess of the amount~~
28 ~~credited to the Board and held by the State Treasurer as provided in this subsection.~~
29 (f) ~~The Executive Budget Act and the North Carolina Human Resources Act apply to~~
30 ~~the administration of this Chapter."~~

31 OPTICIANS

32 **SECTION 29.3.(a)** G.S. 90-245 reads as rewritten:

33 **"§ 90-245. Collection of fees.**

34 The secretary to the Board is hereby authorized and empowered to collect in the name and
35 on behalf of this Board the fees prescribed by this Article. ~~and shall turn over to the State~~
36 ~~Treasurer all funds collected or received under this Article, which funds shall be credited to the~~
37 ~~North Carolina State Board of Opticians, and said Article. The funds shall be held and expended~~
38 ~~under the supervision of the Director of the Budget of the State of North Carolina exclusively~~
39 ~~for the administration and enforcement of the provisions of this Article. Nothing in this Article~~
40 ~~shall be construed to authorize any expenditure in excess of the amount available from time to~~
41 ~~time in the hands of the State Treasurer derived from the fees collected under the provisions of~~
42 ~~this Article and received by the State Treasurer in the manner aforesaid."~~

43 **SECTION 29.3.(b)** G.S. 90-270.18(a) is repealed.
44
45

46 AUCTIONEER

47 **SECTION 29.4.(a).** G.S. 85B-4.1 reads as rewritten:

48 **"§ 85B-4.1. Auctioneer Recovery Fund.**

49 (a) In addition to license fees, upon application for a license or renewal of a license, the
50 Commission may charge the applicant or licensee up to fifty dollars (\$50.00) per year to be
51 included in the Fund.

1 (b) The Commission shall maintain at least two hundred thousand dollars (\$200,000) in
2 the Fund for use as provided in this Chapter. The Fund may be invested ~~by the State Treasurer~~
3 in interest bearing accounts, and any interest accrued shall be added to the Fund. Sufficient
4 liquidity shall be maintained to insure that funds will be available to satisfy claims processed
5 through the Board. ~~The Fund may be disbursed by a warrant drawn against the State Treasurer~~
6 ~~or by other method at the discretion of the State Treasurer."~~

7 **SECTION 29.4.(b)** G.S. 85B-6 reads as rewritten:

8 "**§ 85B-6. Fees; local governments not to charge fees or require licenses.**

9 (a) The Commission shall collect ~~and remit to the State Treasurer~~ fees in an amount not
10 to exceed the following:

11"

12 ELECTROLYSIS

13 **SECTION 29.5.** G.S. 88A-7 reads as rewritten:

14 "**§ 88A-7. Applicability of Executive Budget Act; audit Audit oversight.**

15 ~~The Treasurer or the Executive Director shall deposit all fees payable to the Board with the~~
16 ~~State Treasurer, to be credited to the account of the Board. These funds shall be held and~~
17 ~~expended under the supervision of the Director of the Budget. The provisions of the Executive~~
18 ~~Budget Act apply to this Chapter. The Board is subject to the oversight of the State Auditor~~
19 ~~under Article 5A of Chapter 147 of the General Statutes."~~

20 PSYCHOLOGY

21 **SECTION 29.6.** G.S. 90-270.18. reads as rewritten:

22 "**§ 90-270.18. Disposition and schedule of fees.**

23 (a) ~~Except for fees paid directly to the vendor as provided in subdivision (b)(2) of this~~
24 ~~section, all fees derived from the operation of this Article shall be deposited with the State~~
25 ~~Treasurer to the credit of a revolving fund for the use of the Board in carrying out its functions.~~
26 ~~All fees derived from the operation of this Article shall be non-refundable.~~

27 ~~(b)(a)~~ Fees for activities specified by this Article are as follows:

- 28 (1) Application fees for licensed psychologists and licensed psychological
29 associates per G.S. 90-270.11(a) and (b)(1), or G.S. 90-270.13, shall not
30 exceed one hundred dollars (\$100.00).
- 31 (2) Fees for the national written examination shall be the cost of the examination
32 as set by the vendor plus an additional fee not to exceed fifty dollars
33 (\$50.00). The Board may require applicants to pay the fee directly to the
34 vendor.
- 35 (3) Fees for additional examinations shall be as prescribed by the Board.
- 36 (4) Fees for the renewal of licenses, per G.S. 90-270.14(a)(1), shall not exceed
37 two hundred fifty dollars (\$250.00) per biennium. This fee may not be
38 prorated.
- 39 (5) Late fees for license renewal, per G.S. 90-270.14(a)(1), shall be twenty-five
40 dollars (\$25.00).
- 41 (6) Fees for the reinstatement of a license, per G.S. 90-270.15(f), shall not
42 exceed one hundred dollars (\$100.00).
- 43 (7) Fees for a duplicate license, per G.S. 90-270.14(b), shall be twenty-five
44 dollars (\$25.00).
- 45 (8) Fees for a temporary license, per G.S. 90-270.5(f) and 90-270.5(g), shall be
46 thirty-five dollars (\$35.00).
- 47 (9) Application fees for a health services provider certificate, per
48 G.S. 90-270.20, shall be fifty dollars (\$50.00).

(c) The Board may specify reasonable charges for duplication services, materials, and returned bank items in its rules."

PART XXX. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 30.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

MOST TEXT APPLIES ONLY TO THE 2015-2017 FISCAL BIENNIUM

SECTION 30.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2015-2017 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2015-2017 fiscal biennium.

EFFECT OF HEADINGS

SECTION 30.3. The headings to the Parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

SEVERABILITY CLAUSE

SECTION 30.4. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

ATTACHMENTS

SECTION 30.5.

ATTACHMENT A

<u>STIP</u>	<u>DIV</u>	<u>COUNTY</u>	<u>ROUTE</u>	<u>DESCRIPTION</u>	<u>FUNDED CATEGORY</u>	<u>REMAINING COST</u>
R-2584C	1	NORTHAMPTON	US 158	US 158 FROM EAST OF SR 1365 TO THE MURFREESBORO BYPASS.	DIV	\$ 15,505,000
R-2511	1&2	BEAUFORT/ MARTIN	US 17	US 17 FROM WASHINGTON BYPASS NORTH OF NC 171 TO MULTI-LANES SOUTH OF WILLIAMSTON.	REG	\$ 72,100,000
U-5606	2	PITT	SR 1598	SR 1598 (DICKINSON AVENUE) FROM NC 11 TO SR 1610 (READE CIRCLE) IN GREENVILLE.	DIV	\$ 12,115,000
R-4463A	2	CRAVEN	SR1304	NC 43 CONNECTOR FROM US 17 TO SOUTH OF US 70	REG	\$ 11,375,000
R-2303E	3	SAMPSON	NC 24	NC 24 FROM US 421-701/SR 1296 (SUNSET AVENUE) TO WEST OF SR1920 (MOLTONVILLE RD)	DIV	\$ 34,204,000
R-2814C	5	WAKE/ FRANKLIN	US 401	US 401 FROM NC 96 TO SR 1103	DIV	\$ 35,054,000

U-4437	5	WAKE	NC 54	RALEIGH – NC 54 (HILLSBOROUGH STREET) AND SR 1664-3074 (BLUE RIDGE ROAD) NEAR CSX TRANSPORTATION SYSTEM AND SOUTHERN RAILROAD AND SR 3042 (BERYL ROAD)	REG	\$ 26,630,000
U-2519AA	6	CUMBERLAND/ ROBESON	I-295	FAYETTEVILLE OUTER LOOP, I-95 IN ROBESON COUNTY TO SOUTH OF SR 1118 (PARKTON ROAD) IN CUMBERLAND COUNTY	REG	\$ 54,500,000
U-4414	6	CUMBERLAND	SR1007	FAYETTEVILLE – SR 1007 (ALL-AMERICAN FREEWAY) FROM SR 1151 (OWEN DRIVE) TO NORTH OF SR 1437 (SANTA FE DRIVE)	DIV	\$ 47,903,000
U-2412A	7	GUILFORD	SR 1486/ SR 4121	US 311 BYPASS TO SR 4228 (VICKREY CHAPEL ROAD).	DIV	\$ 48,100,000
U-3109B	7	ALAMANCE	NC119	MEBANE – NC 119 RELOCATION FROM NORTH OF US 70 TO SOUTH OF SR 1918 (MRS. WHITE ROAD)	REG	\$ 17,813,000
R-2501C	8	RICHMOND	US 1	US 1 FROM 2 KM NORTH OF SR 1606 (FOX RD) TO SOUTH OF SR 1001 (MARSTON ROAD)	REG	\$ 16,800,000
R-2527	8	MONTGOMERY	NC 24-27	NC 24-27 FROM NC 73 TO TROY BYPASS (COST INCLUDES B-4974)	REG	\$ 44,650,000
R-2247EA	9	FORSYTH	W-S BELTWAY / I-74	WINSTON-SALEM NORTHERN BELTWAY FROM NC 67 TO SOUTH OF US 52 PLANNING DOCUMENT INCLUDES U-2579	DIV	\$ 38,800,000
R-2247EB	9	FORSYTH	W-S BELTWAY / I-74	SOUTH OF US 52 TO EAST OF US 52	SW	\$142,800,000
U-2579D	9	FORSYTH	W-S BELTWAY / I-74	US 311 TO SR 2211 (BAUX MOUNTAIN ROAD)	SW	\$100,900,000
U-2579E	9	FORSYTH	W-S BELTWAY / I-74	WSNB-E, SR 2211 TO NC 8	SW	\$ 81,910,000
U-2579F	9	FORSYTH	W-S BELTWAY / I-74	WSNB-E, NC 8 TO US 52	SW	\$ 83,690,000
I-0911A	9	FORSYTH/ DAVIE	I-40	WEST OF NC 801 IN DAVIE COUNTY TO EAST OF SR 1101 IN FORSYTH COUNTY	REG	\$ 48,850,000
R-211EC	10	MECKLENBURG	SR 3468	I-485/SR 3468 (WEDDINGTON ROAD) INTERCHANGE.	DIV	\$ 20,103,000
R-2246A	10	CABARRUS	GEORGE LILES PARKWAY	NC 49 TO SR 1304 (ROBERTA ROAD).	DIV	\$ 17,000,000
I-3819B	12	IREDELL	I-40	STATESVILLE – I-40/I-77 INTERCHANGE; I-40 FROM SR 2003 (INDIAN RIDGE RD) TO SR 2158 (OLD MOCKSVILLE RD); I-77 FROM SR 2171 (SOWERS RD) TO SR 2321 (E BROAD ST)	SW	\$168,445,000

R-2707E	12	CLEVELAND	US074	US 74 BYPASS FROM EXISTING US 74 WEST OF SR 2238 TO WEST OF SR 1001 (STONE POINT ROAD). GRADING, STRUCTURES, PAVING.	DIV	\$ 41,700,000
R-2707D	12	CLEVELAND	US074	US 74 BYPASS FROM WEST OF NC 150 TO EXISTING US 74 WEST OF SR 2238 (LONGBRANCH ROAD). GRADING AND STRUCTURES.	REG	\$ 34,550,000
R-2707H	12	CLEVELAND	US074	US 74 BYPASS FROM WEST OF NC 150 TO EXISTING US 74 WEST OF SR 2238 (LONGBRANCH ROAD). PAVING.	REG	\$ 15,800,000
R-204E	13	MCDOWELL	US 221	US 221 FROM I-40 TO SR 1153	DIV	\$ 46,760,000
R-204D	13	MCDOWELL	US 221	US 221 FROM NC 226 INTERSECTION SOUTH OF MARION TO I-40	REG	\$ 42,180,000
STATEWIDE PAVING IMPROVEMENTS						\$ 50,000,000

ATTACHMENT B

REQUESTING ENTITY	PROJECT TITLE	LOCATION	ESTIMATED TOTAL PROJECT COST
<u>Administrative Office of the Courts</u>			
AOC	Infrastructure	Statewide	\$15,000,000
AOC Total			\$15,000,000
<u>Department of Administration</u>			
Department of Administration	Chilled Water Loop – Flow Meters at Buildings	Wake	\$380,000
Department of Administration	Crime Lab – Replace Domestic Water Heater	Wake	\$151,000
Department of Administration	Demolish Vacant Buildings – Old Heating Plant and McGee House	Wake	\$191,000
Department of Administration	Halifax Mall – Install Drainage System	Wake	\$121,000
Department of Administration	New Revenue – Exterior Waterproofing Repairs	Wake	\$50,000
Department of Administration	Old Revenue – ADA Improvements – Toilet Rooms	Wake	\$52,000
Department of Administration	State Capitol – Site Electrical Improvements	Wake	\$64,000
Department of Administration	State Capitol – Window Replacement – Supplement	Wake	\$784,000
Department of Administration	Steam Plant – Boiler III – Replace Heat Exchanger	Wake	\$90,000
Department of Administration	Blount Street Rehabilitation Project	Wake	\$3,156,000

Department of Administration Total \$5,039,000

**Department of Agriculture
and Consumer Services**

Department of Agriculture and Consumer Services	Agricultural Chemical Handling Facilities at 11 Research Stations	Various	\$1,000,000
Department of Agriculture and Consumer Services	Funds to Address Department Wide Code Issues	Statewide	\$1,000,000
Department of Agriculture and Consumer Services	NC State Fair – Dorton Arena Roof and Renovation	Wake	\$3,000,000
Department of Agriculture and Consumer Services	NCDA&CS Dam Repairs and Maintenance	Various	\$1,000,000
Department of Agriculture and Consumer Services	NCFS Replace Duplin County Headquarters	Duplin	\$1,000,000
Department of Agriculture and Consumer Services	NCFS Replace Jones County Headquarters	Jones	\$1,000,000
Department of Agriculture and Consumer Services	NCFS Replace Madison County Headquarters	Madison	\$1,000,000
Department of Agriculture and Consumer Services	Repairs at Four Veterinary Diagnostic Laboratory System Facilities	Various	\$1,000,000
Department of Agriculture and Consumer Services	WNC Agricultural Center Restroom and Site Improvements	Henderson	\$1,000,000
Department of Agriculture and Consumer Services Total			\$11,000,000

Department of Cultural Resources

Department of Cultural Resources	Brunswick Town Ft. Anderson Historic Site – Shoreline protection measures	Brunswick	\$3,500,000
Department of Cultural Resources	Graveyard of the Atlantic Museum – New Permanent Exhibits	Dare	\$3,500,000
Department of Cultural Resources	NC Transportation Museum	Rowan	\$15,000,000
Department of Cultural Resources	Reed Gold Mine State Historic Site	Cabarrus	\$7,000,000
Department of Cultural Resources	Statewide Building Mechanical and Electrical System Repairs	Statewide	\$24,000,000
Department of Cultural Resources	Statewide Building Roof Repairs	Statewide	\$11,000,000
Department of Cultural Resources	USS NC Battleship – New Visitor's Center	New Hanover	\$11,500,000
Department of Cultural Resources Total			\$75,500,000

Department of Environment and Natural Resources

DENR	Africa Plains Safari	Randolph	\$250,000
DENR	Australasia Exhibit Complex Replace Africa Pavilion	Randolph	\$9,000,000
DENR	Australasia Exhibit Complex	Randolph	\$15,000,000

DENR	Chimney Rock	Rutherford, Polk, Buncombe and Henderson	\$2,000,000
DENR	Crowders Mountain	Gaston	\$1,000,000
DENR	Dismal Swamp	Camden	\$1,321,000
DENR	Falls Lake	Wake and Durham	\$1,053,000
DENR	Goose Creek	Beaufort	\$1,970,000
DENR	Gorges State	Transylvania	\$3,341,000
DENR	Grandfather Mountain	Avery, Watauga and Caldwell	\$2,002,000
DENR	Hammocks Beach	Onslow	\$1,500,000
DENR	Hanging Rock	Stokes	\$2,800,000
DENR	Jordan Lake	Chatham	\$4,000,000
DENR	Kerr Lake	Vance and Warren	\$5,000,000
DENR	Lake James	McDowell and Burke	\$4,028,000
DENR	Lake Norman	Iredell	\$3,076,000
DENR	Lake Waccamaw	Columbus	\$2,008,000
DENR	Lumber River	Scotland, Hoke, Robeson and Columbus	\$3,505,000
DENR	Mayo River	Rockingham	\$1,000,000
DENR	Medoc Mountain	Halifax	\$1,845,000
DENR	Merchants Millpond	Gates	\$1,161,000
DENR	Morrow Mountain	Stanly	\$2,050,000
DENR	Mount Jefferson	Ashe	\$2,000,000
DENR	Mount Mitchell	Yancey	\$800,000
DENR	Pettigrew	Tyrrell and Washington	\$3,774,000
DENR	Pilot Mountain	Surry and Yadkin	\$5,975,800
DENR	Raven Rock	Harnett	\$1,500,000
DENR	Service Support and Utility Upgrades	Randolph	\$20,750,000
DENR	Singletary Lake	Bladen	\$767,000
DENR	South Mountain	Burke	\$3,000,000
DENR	Stone Mountain	Alleghany and Wilkes	\$1,784,000
DENR	Yellow Mountain	Mitchell and Avery	\$3,000,000
DENR Total			\$112,260,800

**Department of Health and
Human Services**

Department of Health and	Caswell Developmental Center –	Lenoir	\$1,231,000
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Human Services	Building Abatement and Demolition		
Department of Health and Human Services	Cherry Hospital – Building Abatement and Demolition	Wayne	\$7,015,100
Department of Health and Human Services	John Umstead Hospital – Building Abatement and Demolition	Granville	\$601,000
Department of Health and Human Services	New Broughton Hospital – New Maintenance Building	Burke	\$3,750,000
Department of Health and Human Services	New Medical Examiner's Office – Buncombe County/Asheville	Buncombe	\$12,976,000
Department of Health and Human Services	New Medical Examiner's Office – Greenville	Pitt	\$12,128,000
Department of Health and Human Services	New Medical Examiner's Office -Forsyth County	Forsyth	\$12,976,000
Department of Health and Human Services Total			\$50,677,100

Department of Public Safety

Department of Public Safety	Conversion of Samarcand for Training Academy	Moore	\$28,000,000
Department of Public Safety	EM – Badin Warehouse Lot Expansion	Stanly	\$130,000
Department of Public Safety	JFHQ Heli-Pads	Wake	\$746,000
Department of Public Safety	NG – Durham Special Operations Center Major Renovation	Durham	\$250,000
Department of Public Safety	NG – High Point Armory Major Renovations	Guilford	\$625,000
Department of Public Safety	NG – Wilmington Armory Major Renovations	New Hanover	\$250,000
Department of Public Safety	SBI – Garner Road Bldg. 16 A & B Major Renovation	Wake	\$6,126,500
Department of Public Safety	SHP – Training Academy	Wake	\$25,556,000
Department of Public Safety	SHP – Vehicle Paint Booths	Pitt, Guilford, Rowan, Catawba and Buncombe	\$796,000
Department of Public Safety Total			\$62,479,500

Department of Transportation

Department of Transportation	Non-highway transportation projects	Statewide	\$50,000,000
Department of Transportation	Port of Morehead Infrastructure	Carteret	\$125,000,000
Department of Transportation	Port of Wilmington Infrastructure	New Hanover	\$75,000,000
Department of Transportation	Rail Transportation	Various	\$50,000,000
Department of Transportation Total			\$300,000,000

Military Affairs

Military Affairs	Camp Butner Buffer Zones	Durham and	\$500,000
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Commission		Granville	
Military Affairs	Camp LeJeune/Jacksonville Water	Onslow	\$1,000,000
Commission	Aquifer		
Military Affairs	Cherry Point MCAS Security	Craven	\$11,200,000
Commission	Fence		
Military Affairs	Enhance Bombing and EW Ranges	Various	\$15,000,000
Commission			
Military Affairs	FRC East Expansion	Craven	\$5,000,000
Commission			
Military Affairs	FT. Bragg/Camp Lejeune Road	Cumberland	\$11,000,000
Commission	Improvements	and Onslow	
Military Affairs	Hanger for ALC at Elizabeth City	Pasquotank	\$10,000,000
Commission	US Coast Guard		
Military Affairs	NC National Guard Regional	Various	\$18,000,000
Commission	Armories (5)		
Military Affairs	New River Storm Water Treatment	Onslow	\$2,500,000
Commission	System		
Military Affairs	Readiness & Environmental	Various	\$12,000,000
Commission	Protection Integration		
Military Affairs	Veterans Programs	Various	\$1,000,000
Commission			
Military Affairs Total			\$87,200,000

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NC Community College**System**

NC Community College	System wide	Statewide	\$200,000,000
System			
NC Community College System Total			\$200,000,000

Office of Information Technology Services

Office of Information	Eastern Data Center Replacement	Wake	\$31,100,000
Technology Services			
Office of Information Technology Services Total			\$31,100,000

The University of North**Carolina**

ASU	College of Nursing and Health Sciences	Watauga	\$70,781,681
UNC – Charlotte	Science Building	Mecklenburg	\$60,000,000
UNC Pembroke	West Hall Rehabilitation	Robeson	\$10,000,000
UNC-Elizabeth City State Univ	Campuswide Repairs and Renovations	Pasquotank	\$4,000,000
UNC-Fayetteville State Univ	Lyons Science Bldg Renovation	Cumberland	\$10,616,000
UNC-NC Central Univ	School of Business	Durham	\$4,000,000
UNC-North Carolina A & T State University	New College of Engineering Facility	Guilford	\$99,155,300
UNC-North Carolina State University	Engineering Building-Oval	Wake	\$77,000,000
UNC-Western Carolina University	Science/STEM Facility	Jackson	\$114,932,235

UNC-Winston Salem State	Sciences Building	Forsyth	\$53,853,400
Univ			
UNC Total			\$504,338,616
Grand Total			\$1,454,595,016

1 **EFFECTIVE DATE**

2 **SECTION 30.6.** Except as otherwise provided, this act becomes effective July 1,
3 2015.