

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 1030
Committee Substitute Favorable 5/17/16
PROPOSED COMMITTEE SUBSTITUTE H1030-PCS30501-LUX-6

Short Title: 2016 Appropriations Act.

(Public)

Sponsors:

Referred to:

May 5, 2016

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2015 AND TO MAKE OTHER CHANGES IN THE BUDGET
OPERATIONS OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

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

TITLE OF ACT

SECTION 1.2. This act shall be known as the "Current Operations and Capital Improvements Appropriations Act of 2016."

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2017, according to the following schedule:

Current Operations - General Fund

FY 2016-17

EDUCATION

Community Colleges System Office

36,899,293

Department of Public Instruction

377,559,450



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1		
2	University of North Carolina - Board of Governors	
3	Appalachian State University	
4	East Carolina University	
5	Academic Affairs	
6	Health Affairs	
7	Elizabeth City State University	
8	Fayetteville State University	
9	NC A&T State University	
10	NC Central University	
11	NC State University	
12	Academic Affairs	
13	Agricultural Extension	
14	Agricultural Research	
15	UNC-Asheville	
16	UNC-Chapel Hill	
17	Academic Affairs	
18	Health Affairs	
19	AHEC	
20	UNC-Charlotte	
21	UNC-Greensboro	
22	UNC-Pembroke	
23	UNC-School of the Arts	
24	UNC-Wilmington	
25	Western Carolina University	
26	Winston-Salem State University	
27	General Administration	
28	University Institutional Programs	128,963,081
29	Related Educational Programs	2,000,000
30	NC School of Science & Math	
31	Aid to Private Institutions	11,300,000
32	Total University of North Carolina - Board of Governors	142,263,081
33		
34	HEALTH AND HUMAN SERVICES	
35		
36	Department of Health and Human Services	
37	Division of Central Management and Support	3,676,096
38	Division of Aging and Adult Services	839,433
39	Divisions of Services to the Blind, Deaf, and Hard of Hearing	143,550
40	Division of Child Development and Early Education	3,274,153
41	Division of Health Service Regulation	708,207
42	Division of Medical Assistance	(307,360,849)
43	Division of Mental Health, Developmental Disabilities,	
44	and Substance Abuse Services	73,363,515
45	NC Health Choice	352,285
46	Division of Public Health	16,531,176
47	Division of Social Services	17,270,554
48	Division of Vocational Rehabilitation	660,441
49	Total Health and Human Services	(190,541,439)
50		
51	AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES	

1		
2	Department of Agriculture and Consumer Services	9,446,012
3		
4	Department of Commerce	
5	Commerce	6,618,547
6	Commerce State-Aid	100,000
7		
8	Wildlife Resources Commission	327,719
9		
10	Department of Environmental Quality	4,435,383
11		
12	Department of Labor	497,438
13		
14	Department of Natural and Cultural Resources	10,220,875
15	Department of Natural and Cultural Resources - Roanoke Island	0
16		
17	JUSTICE AND PUBLIC SAFETY	
18		
19	Department of Public Safety	74,144,282
20		
21	Judicial Department	21,897,447
22		
23	Judicial Department - Indigent Defense	2,358,175
24		
25	Department of Justice	5,768,863
26		
27	GENERAL GOVERNMENT	
28		
29	Department of Administration	2,470,762
30		
31	Office of Administrative Hearings	150,332
32		
33	Department of State Auditor	580,567
34		
35	Office of State Controller	522,440
36		
37	State Board of Elections	178,203
38		
39	General Assembly	2,597,332
40		
41	Office of the Governor	157,601
42		
43	Office of the Governor - Special Appropriations	422
44		
45	Office of State Budget and Management	
46	Office of State Budget and Management	229,037
47	OSBM -- Reserve for Special Appropriations	0
48		
49	Housing Finance Agency	0
50		
51	Department of Insurance	1,998,034

1		
2	Office of Lieutenant Governor	32,057
3		
4	Department of Military and Veterans Affairs	175,556
5		
6	Department of Revenue	2,731,297
7		
8	Department of Secretary of State	401,386
9		
10	Department of State Treasurer	
11	State Treasurer	338,828
12	Fire Rescue National Guard Pensions & LDD Benefits	5,197,982
13		
14	TRANSPORTATION	
15	Department of Transportation	
16		
17	Department of Information Technology	43,282,187
18		
19	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
20	Contingency and Emergency Fund	0
21	Salary Adjustment Reserve	0
22	OSHR Minimum of Market Adjustment	(12,000,000)
23	Reserve for Future Benefit Needs	(71,000,000)
24	Workers' Compensation Reserve	0
25	Information Technology Reserve	(21,320,843)
26	Information Technology Fund	(21,681,854)
27	One North Carolina Fund	(417,883)
28	Job Development Investment Grants (JDIG)	(10,000,000)
29	Film and Entertainment Grant Fund	0
30	Pending Legislation Reserve	2,775,063
31	Reserve Connect NC Bond Administration	1,142,267
32	Public Schools Average Daily Membership (ADM)	(107,000,000)
33	UNC System Enrollment Growth Reserve	(31,000,000)
34		
35	Debt Service	
36	General Debt Service	1,253,023
37	Federal Reimbursement	2,723,000
38		
39	TOTAL CURRENT OPERATIONS - GENERAL FUND	296,511,922
40		

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability statement set out in Section 2.2(a) of S.L. 2015-241 applies to the 2015-2016 fiscal year only. The General Fund availability used in adjusting the 2016-2017 budget is shown below:

45		
46		FY 2016-17
47	Unappropriated Balance	175,488,544
48	Over Collections FY 2015-16	330,200,000
49	Reversions FY 2015-16	323,339,524
50	Earmarkings of Year End Fund Balance:	
51	Savings Reserve	(300,000,000)

1	Repairs and Renovations	(164,023,000)
2	Beginning Unreserved Fund Balance	365,005,068
3		
4	Revenues Based on Existing Tax Structure	21,417,800,000
5		
6	Non-tax Revenues	
7	Investment Income	37,500,000
8	Judicial Fees	242,600,000
9	Disproportionate Share	147,000,000
10	Insurance	77,000,000
11	Master Settlement Agreement	127,400,000
12	Other Non-Tax Revenues	178,700,000
13	Subtotal Non-tax Revenues	810,200,000
14		
15	Adjustment for Medicaid Transformation Fund (S.L. 2015-241)	(150,000,000)
16		
17	Total General Fund Availability	22,443,005,068
18		
19	Adjustments to Availability: 2016 Session	
20		
21	Increase the Individual Income Tax Standard Deduction	(25,000,000)
22	Finance Reserve	(15,500,000)
23	Repeal Mill Machinery (1%/\$80) Tax, exempt purchases from the Sales Tax	(51,500,000)
24	Adjustment of Transfer from Treasurer's Office	537,692
25	Adjustment of Transfer from Insurance Regulatory Fund	1,998,034
26		
27	Subtotal Adjustments to Availability: 2016 Session	(89,464,274)
28		
29	Revised General Fund Availability	22,353,540,794
30		
31	Less General Fund Appropriations	(22,225,000,000)
32		
33	Unappropriated Balance Remaining	128,540,794
34		

35 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3(a), the State
36 Controller shall transfer a total of one hundred sixty-four million twenty-three thousand dollars
37 (\$164,023,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June
38 30, 2016. This subsection becomes effective June 30, 2016.

39 **SECTION 2.2.(c)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer
40 a total of three hundred million dollars (\$300,000,000) from the unreserved fund balance to the
41 Savings Reserve Account on June 30, 2016. This transfer is not an "appropriation made by law,"
42 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This
43 subsection becomes effective June 30, 2016.

44 **SECTION 2.2.(d)** There is appropriated from the General Fund to the Office of
45 Indigent Defense Services the sum of five million one hundred thousand dollars (\$5,100,000) for
46 the 2015-2016 fiscal year to compensate private assigned counsel who have represented indigent
47 defendants. Any of these funds that are not needed to pay private assigned counsel bills received
48 by the Office of Indigent Defense Services by June 30, 2016, shall revert to the General Fund.
49 This subsection becomes effective June 30, 2016.

50
51 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2017, according to the following schedule. Amounts set out in parentheses are reductions from Highway Fund Appropriations for the 2016-2017 fiscal year.

Current Operations – Highway Fund	2016-2017
Department of Transportation	
Administration	\$ 0
Division of Highways	
Administration	0
Construction	0
Maintenance	22,223,340
Planning and Research	0
OSHA Program	0
State Aid to Municipalities	0
Intermodal Divisions	
Ferry	13,010,090
Public Transportation	4,000,000
Aviation	8,700,000
Rail	0
Bicycle and Pedestrian	0
Governor's Highway Safety	0
Division of Motor Vehicles	6,021,906
Other State Agencies, Reserves, Transfers	5,133,515
Capital Improvements	0
Total Highway Fund Appropriations	\$ 2,048,690,000

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. Section 3.2 of S.L. 2015-241 is repealed. The Highway Fund availability used in adjusting the 2016-2017 fiscal year budget is shown below:

Highway Fund Availability Statement	2016-2017
Unreserved Fund Balance	\$ 0
Estimated Revenue	2,048,910,000
Adjustment to Revenue Availability:	
Vehicle Registration Fees (Permanent Plates)	(220,000)
Total Highway Fund Availability	\$ 2,048,690,000

1 **Unappropriated Balance** \$ **0**

2
3 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

4
5 **CURRENT OPERATIONS/HIGHWAY TRUST FUND**

6 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the
7 maintenance and operation of the Department of Transportation and for other purposes as
8 enumerated are adjusted for the fiscal year ending June 30, 2017, according to the following
9 schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations
10 for the 2016-2017 fiscal year.

11
12 **Current Operations – Highway Trust Fund** **2016-2017**

13		
14	Program Administration	\$ 0
15	Turnpike Authority	0
16	Transfer to Highway Fund	0
17	Debt Service	0
18	Strategic Prioritization Funding Plan for Transportation Investments	32,045,000
19		
20	Total Highway Trust Fund Appropriations	\$ 1,371,280,000

21
22 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

23 **SECTION 4.2.** Section 4.2 of S.L. 2015-241 is repealed. The Highway Trust Fund
24 availability used in adjusting the 2016-2017 fiscal year budget is shown below:

25
26 **Highway Trust Fund Availability Statement** **2016-2017**

27		
28	Unreserved Fund Balance	\$ 0
29	Estimated Revenue	1,370,080,000
30	Adjustment to Revenue Availability:	
31	Title Fees (Mercury Switch Removal)	1,200,000
32		
33	Total Highway Trust Fund Availability	\$ 1,371,280,000
34		
35	Unappropriated Balance	\$ 0

36
37 **PART V. OTHER APPROPRIATIONS**

38
39 **EDUCATION LOTTERY FUNDS/UNCLAIMED PRIZES**

40 **SECTION 5.1.(a)** Section 5.2 of S.L. 2015-241 reads as rewritten:

41 **"SECTION 5.2.(a)** The appropriations made from the Education Lottery Fund for the
42 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
43		
44	Noninstructional Support Personnel	\$ 310,455,157 \$ 314,950,482 <u>\$ 372,266,860</u>
45	Prekindergarten Program	78,252,110 <u>78,252,110</u>
46	Public School Building Capital Fund	100,000,000 <u>100,000,000</u>
47	Scholarships for Needy Students	30,450,000 <u>30,450,000</u>
48	UNC Need-Based Financial Aid	10,744,733 <u>10,744,733</u>
49	TOTAL	\$ 529,902,000 \$ 534,397,325 <u>\$ 591,713,703</u>

1 "SECTION 5.2.(b) Notwithstanding ~~G.S. 18C-164, the Office of State Budget and~~
 2 ~~Management shall not transfer funds to the Education Lottery Reserve Fund for either year of the~~
 3 ~~2015-2017 fiscal biennium.~~ G.S. 18C-164(b), the net revenues deposited in the Education Lottery
 4 Fund from the 2015-2016 fiscal year that are in excess of the amounts appropriated in subsection
 5 (a) of this section for the 2015-2016 fiscal year shall be transferred to the Lottery Reserve Fund.

6"

7 SECTION 5.1.(b) G.S. 18C-162(c) reads as rewritten:

8 "(c) Unclaimed prize money shall be held separate and apart from the other revenues and
 9 allocated as follows:

- 10 (1) ~~Fifty percent (50%) to enhance prizes under subdivision (a)(1) of this section.~~
- 11 (2) ~~Fifty percent (50%) to the Education Lottery Fund to be allocated in accordance~~
 12 ~~with G.S. 18C-164(c)."~~

13
 14 **CIVIL PENALTY AND FORFEITURE FUND/REVISIONS**

15 SECTION 5.2. Section 5.3 of S.L. 2015-241 reads as rewritten:

16 "SECTION 5.3.(a) Appropriations are made from the Civil Penalty and Forfeiture Fund for
 17 the fiscal biennium ending June 30, 2017, as follows:

	FY 2015-2016	FY 2016-2017
19 School Technology Fund	\$18,000,000	\$18,000,000
20 Drivers Education	0	27,393,768
21 State Public School Fund	132,320,490	128,341,640
		<u>129,099,877</u>
22		
23		
24		
25 Total Appropriation	\$150,320,490	\$173,735,408
26		<u>\$174,493,645</u>

27
 28 "SECTION 5.3.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in each
 29 year of the 2015-2017 fiscal biennium shall be allocated to the School Technology Fund.

30 "SECTION 5.3.(c) The clear proceeds of the newly established motor vehicle registration late
 31 fee charged pursuant to G.S. 20-88.03, as enacted by this act, shall be used to provide a dedicated
 32 source of revenue for the drivers education program administered by the Department of Public
 33 Instruction in accordance with G.S. 115C-215 and shall be appropriated by the General Assembly
 34 for this purpose for the 2016-2017 ~~and 2017-2018 fiscal years.~~ fiscal year and subsequent fiscal
 35 years thereafter."

36
 37 **PART VI. GENERAL PROVISIONS**

38
 39 **ESTABLISHING OR INCREASING FEES**

40 SECTION 6.1.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult
 41 with the Joint Legislative Commission on Governmental Operations prior to establishing or
 42 increasing a fee to the level authorized or anticipated in this act.

43 SECTION 6.1.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
 44 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by
 45 this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of
 46 the General Statutes.

47
 48 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

49 SECTION 6.2. All funds appropriated by this act into reserves may be expended only
 50 for the purposes for which the reserves were established.

PART VII. DEPARTMENT OF INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND

SECTION 7.1. Section 7.1 of S.L. 2015-241 reads as rewritten:

"SECTION 7.1. The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2015-2016	FY 2016-2017
General Fund Appropriation for IT Fund	\$21,755,191	\$21,681,854 <u>\$21,975,001</u>

Appropriations are made from the Information Technology Fund for the 2015-2017 fiscal biennium as follows:

Criminal Justice Information Network	\$193,085	\$193,085
Center for Geographic Information and Analysis	\$503,810	\$503,810
Enterprise Security Risk Management	\$871,497	\$871,497 <u>\$1,021,497</u>
Staffing and Strategic Projects	\$7,873,903	\$7,873,903 <u>\$7,846,385</u>
First Net (State Match)	\$140,000	\$140,000
Enterprise Project Management Office	\$1,501,234	\$1,501,234
IT Strategy and Standards	\$865,326	\$865,326
State Portal	\$233,510	\$233,510
Process Management	\$398,234	\$398,234
IT Consolidation	-	-
Government Data Analytics Center	\$9,101,255	\$9,101,255 <u>\$9,771,920</u>
Compensation Reserve	\$73,337	

Unless a change is approved by the State Chief Information Officer after consultation with the Office of State Budget and Management, funds appropriated to the Information Technology Fund shall be spent only as specified in this section. Changes shall not result in any degradation to the information technology operations or projects listed in this section for which the funds were originally appropriated.

Any changes to the specified uses shall be reported in writing to the chairs of the Joint Legislative Oversight Committee on Information Technology, the chair and cochair of the House Appropriations Committee on Information Technology, and the Fiscal Research Division."

INFORMATION TECHNOLOGY RESERVE

SECTION 7.2. Section 7.3(a) of S.L. 2015-241, as amended by Section 2.1 of S.L. 2015-268, reads as rewritten:

"SECTION 7.3.(a) The appropriations for the Information Technology Reserve Fund for the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
Government Data Analytics Center	\$8,100,000	\$8,100,000
Improve Efficiency and Customer Service through IT Modernization	\$8,127,991	\$8,061,512 <u>\$8,061,512</u>
IT Restructuring	\$2,775,184	\$2,978,812 <u>\$2,563,334</u>
Economic Modeling Initiative	\$500,000	\$500,000
Maintenance Management System Replacement	\$173,180	\$129,901
NC Connect	\$593,899	\$788,503 <u>\$736,899</u>
E-Forms/Digital Signatures	\$762,115	\$762,115 <u>\$436,050</u>

1 Law Enforcement Information Exchange \$288,474 0"

2
3 **ESTABLISH GENERAL FUND BUDGET**

4 **SECTION 7.3.(a)** Notwithstanding G.S. 143C-6-4, the Office of State Budget and
5 Management shall transfer the IT Fund fund codes (27xx) from budget code 24667 to budget code
6 14660 in order to establish the Department of Information Technology's operating budget. The
7 Office of State Budget and Management shall also establish a reserve in budget code 14660 for the
8 transfer of IT Reserve appropriation to budget code 24667. The changes authorized by this section
9 shall be completed by September 30, 2016, but are effective from July 1, 2016, and shall be
10 reflected in the base budget for the 2017-2019 fiscal biennium.

11 **SECTION 7.3.(b)** It is the intent of the General Assembly to appropriate funds during
12 the 2017 Regular Session for Department of Information Technology internal service fund
13 overhead costs upon removal of agency costs from the service rate structure, thereby eliminating
14 the use of a subscription fee to agencies.

15
16 **IT REPORTING CHANGES**

17 **SECTION 7.4.(a)** G.S. 105-259(b)(43), 120-123(81), 143B-1321(a)(31),
18 143B-1322(c)(21), and Chapter 116E of the General Statutes are repealed.

19 **SECTION 7.4.(b)** G.S. 143B-1355(c) reads as rewritten:

20 "**§ 143B-1355. Award review.**

21 ...

22 (c) The State CIO shall provide a report of all contract awards approved through the
23 Statewide Procurement Office as indicated below. The report shall include the amount of the
24 award, the contract term, the award recipient, the using agency, and a short description of the
25 nature of the award, as follows:

- 26 (1) For contract awards greater than twenty-five thousand dollars (\$25,000), to the
27 cochairs of the Joint Legislative Oversight Committee on Information
28 Technology and the Fiscal Research Division ~~on a monthly basis as requested.~~
29 (2) For all contract awards outside the established purchasing system, to the
30 Department of Administration, Joint Legislative Oversight Committee on
31 Information Technology, and the Fiscal Research Division ~~on a quarterly~~
32 ~~basis.~~ March 1 and September 1 of each year."

33 **SECTION 7.4.(c)** G.S. 143B-1360 reads as rewritten:

34 "**§ 143B-1360. Data on reliability and other issues; report.**

35 The Department of Information Technology shall maintain data on equipment reliability,
36 potential cost savings, and any issues associated with the refurbished computer equipment
37 initiative and shall report the results of the initiative to the Joint Legislative Oversight Committee
38 on Information Technology and the Fiscal Research Division by March 1, 2016, and then
39 ~~quarterly~~ annually thereafter."

40 **SECTION 7.4.(d)** G.S. 143B-1344 reads as rewritten:

41 "**§ 143B-1344. Legacy applications.**

42 Participating agency legacy applications shall be moved to the Department once a detailed
43 plan is coordinated and in place for the successful transition of a specific application to the
44 Department. The Department shall identify situations where multiple agencies are using legacy
45 systems with similar capabilities and shall prepare plans to consolidate these systems. ~~Initial~~
46 ~~identification of similar capabilities shall be reported to the Joint Legislative Oversight Committee~~
47 ~~on Information Technology and the Fiscal Research Division by March 1, 2016. The initial report~~
48 ~~shall include a schedule for the consolidation. The report shall also include the costs for operating~~
49 ~~and maintaining the current systems, the estimated costs for an enterprise replacement system, and~~
50 ~~the operations and maintenance costs associated with an enterprise system."~~

51 **SECTION 7.4.(e)** G.S. 143B-1333 reads as rewritten:

"§ 143B-1333. Internal Service Fund.

1
2 ...
3 (b) ~~Receipts shall be used solely for the purpose for which they were collected. Any uses~~
4 ~~of the Information Technology Internal Service Fund not specifically related to providing~~
5 ~~receipt supported services to State agencies shall immediately be reported to the Joint Legislative~~
6 ~~Oversight Committee on Information Technology and the Fiscal Research Division.~~

7 (c) Receipts shall be used solely for the purpose for which they were collected. In
8 coordination with the Office of the State Controller and the Office of State Budget Management,
9 the State CIO shall ensure processes are established to manage federal receipts, maximize those
10 receipts, and ensure that federal receipts are correctly utilized. ~~By September 1 of each year, the~~
11 ~~State CIO shall certify that federal receipts for participating agency information technology~~
12 ~~programs have been properly used during the previous State fiscal year."~~

13 **SECTION 7.4.(f)** G.S. 143B-1334 is repealed.

14 **SECTION 7.4.(g)** Section 7.22(c) of S.L. 2015-241 reads as rewritten:

15 "SECTION 7.22.(c) Beginning January 1, 2016, and ~~quarterly~~ semiannually thereafter, the
16 DIT, in conjunction with OSC and OSBM, shall report to the Joint Legislative Oversight
17 Committee on Information Technology and the Fiscal Research Division on the status of the
18 program. The report shall include all of the following:

19"

20 **SECTION 7.4.(h)** Section 7.24(b) of S.L. 2015-241 reads as rewritten:

21 "SECTION 7.24.(b) On or before March 1, 2016, the State CIO shall provide the completed
22 plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal
23 Research Division. On or before March 1, 2016, and then at least ~~semiannually~~ annually each
24 January 1 for the duration of the 2015-2017 fiscal biennium, the State CIO shall provide progress
25 reports regarding the establishment and use of the business Internet Web site to the Joint
26 Legislative Oversight Committee on Information Technology and the Fiscal Research Division."

27 **SECTION 7.4.(i)** G.S. 143B-1330(a)(2) reads as rewritten:

"§ 143B-1330. Planning and financing State information technology resources.

29 (a) The State CIO shall develop policies for agency information technology planning and
30 financing. Agencies shall prepare and submit such plans as required in this section, as follows:

31 ...

32 (2) The State CIO shall develop a biennial State Information Technology Plan
33 ~~(Plan)-(Plan), including, but not limited to, the use of cloud-based utility~~
34 computing for use by State agencies."
35

USE OF CASH BALANCE FOR IT RATE CREDITS

37 **SECTION 7.5.** The Department of Information Technology shall use funds available
38 in cash balance available in fund code 24667 as a credit to the following agencies for subscription
39 fees, telephone rates, and computer rates billed to the agency for the Internal Service Fund for the
40 2016-2017 fiscal year:

41 (1) North Carolina Community Colleges System Office – \$102,023

42 (2) Department of Public Instruction – \$1,534,623

43 (3) The University of North Carolina System – \$97,483

44 (4) The Department of Administration – \$190,187

45 (5) The Department of Insurance – \$26,504

46 (6) The Department of Revenue – \$972,197

47 (7) General Assembly – \$14,432

48 (8) Office of State Budget and Management – \$176,700

49 (9) Office of Lieutenant Governor – \$6,474

50 (10) Office of Administrative Hearings – \$38,405

51 (11) Department of State Auditor – \$20,832

- 1 (12) Office of State Controller – \$619,802
2 (13) Department of Secretary of State – \$4,346
3 (14) State Board of Elections – \$43,880
4 (15) Department of State Treasurer – \$6,491
5 (16) Department of Health and Human Services – \$559,461
6 (17) Administrative Office of the Courts – \$101,812
7 (18) Department of Public Safety – \$693,292
8 (19) Department of Agriculture – \$30,556
9 (20) Department of Environmental Quality – \$910,564
10 (21) Department of Natural and Cultural Resources – \$665,262
11

12 INFORMATION TECHNOLOGY SPENDING TRANSPARENCY

13 **SECTION 7.6.** The Office of State Budget and Management shall prepare a plan for
14 realigning State agency information technology budgets within existing programs and divisions to
15 provide transparency for information technology budgeting. The Office of State Budget and
16 Management shall submit the plan on or before February 1, 2017, to the Joint Legislative
17 Commission on Governmental Operations, the Joint Legislative Oversight Committee on
18 Information Technology, and the Fiscal Research Division.
19

20 APPRENTICESHIPS AND CAREER-BASED OPPORTUNITIES IN CYBERSECURITY 21 FOR DISABLED VETERANS

22 **SECTION 7.7.(a)** The Department of Information Technology shall create a
23 cybersecurity apprenticeship program to provide training, apprenticeships, and career-based
24 opportunities for disabled veterans within the State. Opportunities may be offered to qualifying
25 veterans who have at least a ten percent (10%) disability rating as established by the Veterans
26 Administration.

27 **SECTION 7.7.(b)** The State Chief Information Officer shall conduct a competitive
28 process to select disabled veterans to participate in the cybersecurity apprenticeship program.
29 Participants will have the opportunity to apply concepts, protocols, and tools acquired through the
30 program by working side by side with experts in cybersecurity within the State of North Carolina.

31 **SECTION 7.7.(c)** Of the funds appropriated by this act for the support of the
32 cybersecurity apprenticeship program, the Department of Information Technology shall select up
33 to five disabled veterans to participate in the program.
34

35 ADJUST IT BUDGETS AS NECESSARY DUE TO TRANSFER OF FUNCTIONS

36 **SECTION 7.8.(a)** Notwithstanding G.S. 143C-6-4, the Office of State Budget and
37 Management, after coordination with the Department of Information Technology, the Department
38 of Environmental Quality, the Department of Natural and Cultural Resources, and the Fiscal
39 Research Division, may adjust information technology budgets, as appropriate, within the
40 Department of Natural and Cultural Resources and the Department of Environmental Quality.

41 **SECTION 7.8.(b)** All information technology budget adjustments authorized by this
42 section shall be completed by December 1, 2016, and shall be reflected in the base budget for the
43 2017-2019 fiscal biennium. Adjustments may be made only for the information technology
44 budgets of the Department of Environmental Quality and the Department of Natural and Cultural
45 Resources for the purposes stated in this section.

46 **SECTION 7.8.(c)** The Office of State Budget and Management shall report any
47 adjustments made pursuant to this section to the Joint Legislative Oversight Committee on
48 Information Technology, the Joint Legislative Oversight Committee on Agriculture and Natural
49 and Economic Resources, and the Fiscal Research Division on or before January 15, 2017.
50

51 DATA CENTER CONSOLIDATION EXEMPTION FOR CLOUD-BASED SOLUTIONS

1 **SECTION 7.9.** Section 7.9(b) of S.L. 2015-241 reads as rewritten:

2 **"SECTION 7.9.(b)** State agencies shall use the State infrastructure to host their projects,
3 services, data, and applications, except that the State Chief Information Officer may grant an
4 exception if the State agency demonstrates any of the following:

- 5 (1) Using an outside contractor would be more cost effective for the State.
- 6 (2) The Department of Information Technology does not have the technical
7 capabilities required to host the application.
- 8 (3) Valid security requirements preclude the use of State infrastructure, and a
9 vendor can provide a more secure environment.

10 Applications that are natively or commercially sold and delivered as cloud-based solutions are
11 not subject to the requirements of this subsection."

12 **ENTERPRISE RESOURCE PLANNING DESIGN AND IMPLEMENTATION**

13 **SECTION 7.10.(a)** The Department of Information Technology, in coordination with
14 the Office of the State Controller and the Office of State Budget and Management, shall conduct
15 the planning and design of an enterprise resource planning system (ERP) for State agencies by
16 utilizing business process reengineering to identify and organize processes and workflow in order
17 to prioritize and link work activities to realize efficiencies and organize around outcomes. The
18 ERP system shall address, at a minimum, core financial management, grants, assets and inventory,
19 fleet management, and human resource management. A request for proposal for a replacement
20 system implementation shall be prepared for release no later than July 1, 2017. If the funding
21 needs exceed the funds allocated for the planning and request for proposal development efforts,
22 the Department of Information Technology may use savings generated through efficiencies gained
23 through overall Department operations, including procurement, to supplement the project;
24 provided, that the total amount expended for the project does not exceed five hundred thousand
25 dollars (\$500,000).

26 **SECTION 7.10.(b)** The North Carolina Community Colleges System Office, in
27 consultation with the Department of Information Technology, shall begin planning and design of
28 an ERP for the State's 58 community colleges. The ERP system shall address, at a minimum,
29 student information system, core financial management, grants, human resource management, and
30 payroll. A request for proposal for a replacement system implementation shall be prepared for
31 release no later than October 1, 2017. The North Carolina Community Colleges System Office
32 may use funds from the North Carolina Community College IT Systems budget code 26802 to
33 support planning and request for proposal development efforts; provided, that the total amount
34 expended for the project does not exceed one million dollars (\$1,000,000).

35 **SECTION 7.10.(c)** The Department of Information Technology shall submit a report
36 to the Joint Legislative Oversight Committee on Information Technology on or before January 15,
37 2017. The report shall identify results from the business process reengineering efforts for State
38 agencies and shall include at least all of the following:

- 39 (1) Proposed sequence of functional and site implementation.
- 40 (2) A phased-in contracting plan with checkpoints to facilitate budgeting and
41 program management.
- 42 (3) The feasibility of a cloud-based component.
- 43 (4) Cost estimate for full implementation.

44 **EXEMPT SBI & DPS FROM DIT OVERSIGHT**

45 **SECTION 7.11.(a)** Article 15 of Chapter 143B of the General Statutes is amended by
46 adding a new section to read:

47 "§ 143B-1320.1. Designation of separate agencies.

48 The following entities are designated as separate agencies pursuant to this Article:

- 49 (1) The Department of Public Safety.

1 (2) The State Bureau of Investigation."

2 **SECTION 7.11.(b)** G.S. 143B-1325(d) reads as rewritten:

3 "(d) Report on Transition Planning. – ~~The Department of Public Safety, the~~ The Community
4 College System ~~Office, Office~~ and the State Board of Elections shall work with the State CIO to
5 plan their transition to the Department. By October 1, 2018, these agencies, in conjunction with
6 the State CIO, shall report to the Joint Legislative Oversight Committee on Information
7 Technology and the Fiscal Research Division on their respective transition plans."
8

9 **EXEMPT SBI & DPS FROM ENTERPRISE ACTIVE DIRECTORY PARTICIPATION**

10 **SECTION 7.12.** Section 7.25 of S.L. 2015-241 reads as rewritten:

11 **"AGENCY USE OF ENTERPRISE ACTIVE DIRECTORY**

12 **"SECTION 7.25.(a)** On or before July 1, 2016, unless exempted by the Governor, all State
13 agencies identified as principal departments under G.S. 143B-6 shall become direct members of
14 and shall use the Enterprise Active Directory. A principal department may submit to the State
15 Chief Information Officer a written request to deviate from certain requirements of the Enterprise
16 Active Directory, provided that any deviation shall be consistent with available funding and shall
17 be subject to any terms and conditions specified by the State Chief Information Officer.

18 **"SECTION 7.25.(b)** Subsection (a) of this section shall not apply to the State Bureau of
19 Investigation or to the Department of Public Safety."
20

21 **CRASH REPORTING PROGRAM MAINTENANCE**

22 **SECTION 7.13.(a)** Establishment. – The Department of Transportation, Division of
23 Motor Vehicles (Division), shall, through an open request for proposal process, seek to procure a
24 contract with a private vendor for the statewide maintenance of the Crash Reporting Program. The
25 Crash Reporting Program shall include at least all of the following components:

- 26 (1) A comprehensive data repository for collision data.
- 27 (2) A document repository for all collision reports in the State.
- 28 (3) The capability to process paper reports, including scanning, data entry,
29 validation of data against business edits, quality control application for
30 reviewing reports, the ability to return or reject reports, and the ability to
31 reprocess corrected reports.
- 32 (4) The creation of an electronic submission application that incorporates all State
33 validation rules to ensure that submitted reports are complete, accurate, and
34 error-free.
- 35 (5) A database capable of sharing statewide collision data with state and federal
36 traffic safety partners, State law enforcement agencies, and the public.
- 37 (6) A Web portal capability allowing authorized users to perform search functions
38 and data extraction, obtain statistical traffic safety reports, map collision result
39 sets, review configurable collision data dashboards, and perform data analysis
40 against statewide collision data.
- 41 (7) Compatibility with all data file formats and submission requirements for state
42 and federal entities that require access to State collision data.

43 The request for proposal should seek to identify a vendor with a demonstrated history
44 of providing substantially similar statewide services in at least three other states. The Division
45 shall enter into a contract with a qualified vendor on or before October 31, 2016.

46 **SECTION 7.13.(b)** Reports. – The Division shall provide the following reports:

- 47 (1) By April 30, 2017, a report to the Office of State Budget and Management and
48 chairs of the House of Representatives Committee on Transportation
49 Appropriations and the Senate Appropriations Committee on Department of
50 Transportation on (i) the completion of the RFP process, including the name
51 and qualifications of the firm awarded the contract, (ii) progress on the

- 1 transition of the maintenance of the Program, and (iii) any other findings of
2 interest determined by the Division.
- 3 (2) By April 30, 2018, a report to the Office of State Budget and Management and
4 chairs of the House of Representatives Committee on Transportation
5 Appropriations and the Senate Appropriations Committee on Department of
6 Transportation on (i) the number of accident reports purchased through the
7 e-commerce site, (ii) the revenue generated to the Division through the contract
8 with the vendor, and (iii) any savings realized by the Division from
9 implementation of the Program.

10 11 **PART VIII. PUBLIC SCHOOLS**

12 13 **FUNDS FOR CHILDREN WITH DISABILITIES**

14 **SECTION 8.1.** The State Board of Education shall allocate additional funds for
15 children with disabilities on the basis of three thousand nine hundred eighty-five dollars and
16 fifty-three cents (\$3,985.53) per child. Each local school administrative unit shall receive funds for
17 the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and
18 one-half percent (12.5%) of its 2016-2017 allocated average daily membership in the local school
19 administrative unit. The dollar amounts allocated under this section for children with disabilities
20 shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments,
21 and health benefit adjustments for personnel who serve children with disabilities.

22 23 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

24 **SECTION 8.2.** Section 8.2 of S.L. 2015-241 reads as rewritten:

25 **"SECTION 8.2.** The State Board of Education shall allocate additional funds for academically
26 or intellectually gifted children on the basis of one thousand two hundred eighty dollars and
27 seventy cents (\$1,280.70) per child for fiscal ~~years-year~~ 2015-2016 and one thousand two hundred
28 ninety-five dollars and twenty-seven cents (\$1,295.27) per child for fiscal year 2016-2017. A local
29 school administrative unit shall receive funds for a maximum of four percent (4%) of its
30 2015-2016 allocated average daily ~~membership, membership~~ for the 2015-2016 fiscal year and a
31 maximum of four percent (4%) of its 2016-2017 allocated average daily membership for the
32 2016-2017 fiscal year, regardless of the number of children identified as academically or
33 intellectually gifted in the unit. The dollar amounts allocated under this section for academically or
34 intellectually gifted children shall also be adjusted in accordance with legislative salary
35 increments, retirement rate adjustments, and health benefit adjustments for personnel who serve
36 academically or intellectually gifted children."
37

38 **LITIGATION RESERVE FUNDS**

39 **SECTION 8.3.** The State Board of Education may expend up to five hundred
40 thousand dollars (\$500,000) for the 2016-2017 fiscal year from unexpended funds for licensed
41 employees' salaries to pay expenses related to litigation.
42

43 **SMALL COUNTY SUPPLEMENTAL FUNDS ELIGIBILITY**

44 **SECTION 8.4.** Section 8.4 of S.L. 2015-241 reads as rewritten:

45 **"SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

46 ...

47 **"SECTION 8.4.(b)** Phase-Out Provision for the 2015-2016 Fiscal Year. – If a local school
48 administrative unit becomes ineligible for funding under the schedule in subsection (a) of this
49 section in the 2015-2016 fiscal year, funding for that unit shall be phased out over a five-year
50 period. Funding for such local school administrative units shall be reduced in equal increments in

1 each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
2 fiscal year after the local school administrative unit becomes ineligible.

3 Allotments for eligible local school administrative units under this subsection shall not be
4 reduced by more than twenty percent (20%) of the amount received in fiscal year 2014-2015 in
5 any fiscal year. A local school administrative unit shall not become ineligible for funding if either
6 the higher of the first two months total projected average daily membership for the current year or
7 the higher of the first two months total prior year average daily membership would otherwise have
8 made the unit eligible for funds under the schedule in subsection (a) of this section.

9 "SECTION 8.4.(c) Phase-Out Provision for the 2016-2017 Fiscal Year. – If a local school
10 administrative unit becomes ineligible for funding under the schedule in subsection (a) of this
11 section in the 2016-2017 fiscal year, funding for that unit shall be phased out over a five-year
12 period. Funding for such local school administrative units shall be reduced in equal increments in
13 each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
14 fiscal year after the local administrative unit becomes ineligible.

15 Allotments for eligible local school administrative units under this subsection shall not be
16 reduced by more than twenty percent (20%) of the amount received in fiscal year 2015-2016 in
17 any fiscal year. A local school administrative unit shall not become ineligible for funding if either
18 the higher of the first two months total projected average daily membership for the current year or
19 the higher of the first two months total prior year average daily membership would otherwise have
20 made the unit eligible for funds under the schedule in subsection (a) of this section.

21"

22 23 DRIVERS EDUCATION PROGRAM FUNDS

24 SECTION 8.5. Section 8.39(h) of S.L. 2015-241 reads as rewritten:

25 "SECTION 8.39.(h) Subsections (a), (b), and (c) of this section are effective July 1, 2016,
26 and apply beginning with the 2016-2017 school year. ~~Subsections (a), (b), and (c) of this section~~
27 ~~are repealed effective December 31, 2017.~~ The remainder of this section is effective when this act
28 becomes law."
29

30 LITERACY COACHES TO SUPPORT READ TO ACHIEVE IN LOW-PERFORMING 31 ELEMENTARY SCHOOLS

32 SECTION 8.6.(a) G.S. 115C-83.6 is amended by adding the following new
33 subsections to read:

34 "(d) To the extent State funds are allocated to a local school administrative unit for the
35 placement of literacy coaches in elementary schools, those funds shall be used by local boards of
36 education to employ literacy coaches who meet the requirements of subsection (d1) of this section
37 to primarily assist teachers who teach kindergarten through third grade to further the purpose of
38 this Part in ensuring that every student read at or above grade level by the end of third grade. To
39 the extent practicable, literacy coaches may also assist teachers who teach fourth and fifth grade.
40 A literacy coach shall assist teachers in the following ways: (i) provide a resource for professional
41 development throughout an elementary school to build master teachers of reading schoolwide to
42 improve student reading achievement, (ii) assist in the administration and analysis of formative,
43 diagnostic and summative reading assessments, and (iii) provide differentiated reading instruction
44 and intensive intervention based on student needs. The State Board shall allocate State funds for
45 literacy coach positions for schools identified by the State Board as the lowest twenty percent
46 (20%) of elementary schools. For a local school administrative unit with more than one school
47 identified as eligible for State funds under this subsection, the State Board may allocate funds for
48 one literacy coach position to serve more than one school in the unit if the schools have less than
49 five full-time teachers employed in each grade level. The State Board may use up to five percent
50 (5%) of the State funds appropriated for the purposes under this subsection to provide professional
51 development to literacy coaches.

1 (d1) The State Board shall adopt rules regarding the employment of a literacy coach
2 supported by State funds under subsection (d) of this section, including any required training or
3 professional development, qualifications, and the duties and responsibilities of the literacy coach.
4 Local school administrative units shall not require a literacy coach to perform administrative
5 functions of teachers and shall monitor the implementation and effectiveness of literacy coaches
6 working in schools. The rules adopted by the State Board on the qualifications of literacy coaches
7 shall include at least the following:

8 (1) Literacy coaches shall have experience and expertise in the following:

9 a. Demonstrated success as a classroom teacher.

10 b. Knowledge of scientifically based reading practices.

11 c. Expertise in intensive reading instruction to meet the needs of individual
12 students.

13 d. Ability to support teachers with the use of assessment data to inform
14 instruction according to student needs.

15 e. Knowledge base in working with adult learners who are elementary
16 school teachers.

17 f. Expertise in communication with outstanding presentation,
18 interpersonal, and time management skills.

19 (2) A minimum of a bachelor's degree in elementary education.

20 (3) Advanced coursework or professional development in reading."

21 **SECTION 8.6.(b)** G.S. 115C-105.25(b) is amended by adding a new subdivision to
22 read:

23 "(b) Subject to the following limitations, local boards of education may transfer and may
24 approve transfers of funds between funding allotment categories:

25 ...

26 (12) Funds available for employing literacy coaches in elementary schools pursuant
27 to G.S. 115C-83.6(d) shall not be transferred."

29 **TEACHER COMPENSATION MODELS AND ADVANCED TEACHING ROLES**

30 **SECTION 8.7.(a)** Purpose. – The State Board of Education shall establish a
31 three-year Pilot Program (Pilot) to develop advanced teaching roles and organizational models that
32 link teacher performance and professional growth to salary increases in selected local school
33 administrative units for classroom teachers. For the purposes of this section, a classroom teacher is
34 a teacher who works in the classroom providing instruction at least seventy percent (70%) of the
35 instructional day and who is not instructional support personnel. The purpose of the Pilot shall be
36 to do the following:

37 (1) To allow highly effective classroom teachers to teach an increased number of
38 students by assuming accountability for additional students, by becoming a lead
39 classroom teacher accountable for the student performance of all of the students
40 taught by teachers on that lead classroom teacher's team, or by leading a larger
41 effort in the school to implement new instructional models to improve
42 school-wide performance.

43 (2) Enable local school administrative units to provide salary supplements to
44 classroom teachers in advanced teaching roles. Selection of an advanced
45 teaching role classroom teacher and award of related salary supplements shall
46 be made on the basis of demonstrated effectiveness and additional
47 responsibilities.

48 (3) Enable local school administrative units to create innovative compensation
49 models that focus on classroom teacher professional growth and student
50 outcomes.

- 1 (4) Utilize local plans to establish organizational changes related to compensation
2 in order to sustain evidenced-based teaching practices that have the capacity to
3 be replicated throughout the State.

4 **SECTION 8.7.(b)** Request for Proposals. – By September 15, 2016, the State Board
5 of Education shall issue a Request for Proposal (RFP) for the Pilot. Local boards of education
6 shall submit their proposals by October 15, 2016. The RFP shall require that proposals include the
7 following information at a minimum:

- 8 (1) Description of the program structure, including the process for teacher
9 advancement based on performance, professional growth, or the specific
10 teacher roles assumed by the teacher.
- 11 (2) Descriptions of the advanced teaching roles, including minimum qualifications
12 for the positions that must include at least one of the following:
- 13 a. Advanced certifications, such as National Board of Professional
14 Teaching Standards Certification, or a masters degree in the area in
15 which the classroom teacher is licensed and teaching.
- 16 b. A rating of at least accomplished on each of the Teacher Evaluation
17 Standards 1-5 on the North Carolina Teacher Evaluation instrument or
18 equivalent on an out-of-state evaluation system.
- 19 c. Exceeding expected student growth based on three years of teacher
20 evaluation data as calculated by the State Board of Education.
- 21 d. Equivalent demonstrated mastery of teaching skills as required by the
22 new local compensation model.
- 23 (3) Job responsibilities that include at least one of the following:
- 24 a. Teaching an increased number of students and being accountable for
25 their performance as teacher of record for those students.
- 26 b. Becoming a lead classroom teacher among a group of teachers and
27 being the teacher of record for all students taught by that group of
28 teachers.
- 29 c. Leading a school-wide effort to implement data-driven instructional
30 models that include blended learning environments, utilizing digital
31 learning and resources, and focusing on methods of improvement for
32 school-wide performance issues.
- 33 d. Complete training that certifies the teacher as an in-house provider of
34 professional development, function as an instructional content area
35 coach, or other professional development area.
- 36 (4) Description of how the local school administrative unit will inform all
37 employees and the public on the criteria and selection for the advanced teaching
38 roles; the continued eligibility requirements for the advanced teaching roles;
39 and how the individuals selected for the advanced teaching roles will be
40 evaluated.
- 41 (5) Description of how the local school administrative unit will inform all
42 employees and the public on the criteria for movement on the proposed new
43 local compensation model.
- 44 (6) The process for the voluntary relinquishment of an advanced teaching role,
45 including the associated additional duties. Voluntary relinquishment of the
46 advanced teaching role shall not be considered a demotion under Part 3 or Part
47 3A of Article 22 of Chapter 115C of the General Statutes.
- 48 (7) Salary supplement information including the following:
- 49 a. The amount of the salary supplements that will be provided to those
50 selected for the advanced teaching roles. The supplements may be up to
51 thirty percent (30%) of the State teacher salary schedule.

- 1 b. A statement by the local school administrative unit that the salary
2 supplements will be paid as a supplement to the classroom teacher's
3 regular salary and not be included in the average salary calculation used
4 for budgeting State allotments.
- 5 c. A statement by the local school administrative unit that if a classroom
6 teacher in an advanced teaching role (i) fails to maintain the minimum
7 criteria established for the position, (ii) is not successfully performing
8 the additional duties associated with the advanced teaching role, or (iii)
9 voluntarily relinquishes the advanced teaching role, the teacher shall
10 only be paid the salary applicable to that individual on the State salary
11 schedule and any other local supplements that would otherwise apply to
12 the classroom teacher's compensation.
- 13 d. The amount of the salary supplements at all levels of the proposed new
14 local school administrative unit compensation model in relation to the
15 State salary schedule.

16 (8) The implementation plan, including the number of schools in the local school
17 administrative unit that will have advanced teaching roles and any new
18 proposed compensation model; the number of advanced teaching roles at each
19 of those schools; the number of students whose teacher of record will be a
20 teacher in an advanced teaching role; and the number of teachers overall who
21 would be eligible for the proposed new local school administrative unit
22 compensation model.

23 (9) Plans for financial sustainability once the Pilot grant money is no longer
24 available.

25 **SECTION 8.7.(c)** Selection by State Board of Education. – By December 15, 2016,
26 the State Board of Education shall review the proposals submitted by local boards of education
27 and shall select up to 10 local school administrative units as follows:

28 (1) Up to five local school administrative units with an average daily membership
29 (ADM) equal to or less than 4,000.

30 (2) Up to three local school administrative units with an ADM of 4,001 to 20,000.

31 (3) Up to two local school administrative units with an ADM of 20,001 or more.

32 **SECTION 8.7.(d)** Pilot Implementation. – The selected local school administrative
33 units shall implement their approved pilots beginning with the 2017-2018 school year and ending
34 with the 2019-2020 school year. The local board of education for each selected pilot local school
35 administrative unit shall provide any requested information and access to the independent research
36 organization selected by the State Board of Education to evaluate the pilots.

37 **SECTION 8.7.(e)** Use of Grant Funds. – Funds awarded to local school
38 administrative units shall be used for any of the following:

39 (1) Salary supplements for advanced teaching roles.

40 (2) Development of advanced teaching role plans.

41 (3) Development of professional development courses.

42 (4) Transition costs associated with designing and implementing advanced teaching
43 role models in schools within the local school administrative unit. Transition
44 costs may include employing staff members or contractors to assist with design
45 and implementation of the pilot plan.

46 (5) Development of the design and implementation of compensation plans that
47 focus on teacher professional growth and student outcomes and the transition
48 costs associated with designing and implementing new compensation plans,
49 including employing staff members or contractors to assist with design and
50 implementation of the pilot plan.

1 **SECTION 8.7.(f)** Pilot Evaluation. – The State Board of Education shall contract with
2 an independent research organization to evaluate how the advanced teaching roles and new
3 compensation plan pilots have accomplished, at a minimum, the following:

- 4 (1) Improvement in the quality of classroom instruction and increases in
5 school-wide growth.
- 6 (2) An increase in the attractiveness of teaching.
- 7 (3) Recognition, impact, and retention of high-quality classroom teachers.
- 8 (4) Assistance to and retention of beginning classroom teachers.
- 9 (5) Improvement in and expansion of use of technology and digital learning.

10 The independent research organization shall report annually beginning October 15,
11 2017, until the conclusion of the pilot to the State Board of Education on all aspects of the
12 implementation and evaluation of the pilot. The independent research organization shall also
13 evaluate, as part of the annual report, the existing Project LIFT, Inc., program in the
14 Charlotte-Mecklenburg Schools, and the proposed Project Advance in the Chapel Hill-Carrboro
15 City Schools, if that project is implemented. The State Board of Education shall provide the
16 annual report to the offices of the President Pro Tempore of the Senate and the Speaker of the
17 House of Representatives, the Senate Appropriations/Base Budget Committee, the House
18 Committee on Appropriations, the Senate Appropriations Committee on Education/Higher
19 Education, the House Appropriations Committee on Education, the Fiscal Research Division, and
20 the Joint Legislative Education Oversight Committee.

21 **SECTION 8.7.(g)** Of the funds appropriated to the Department of Public Instruction
22 by this act for the 2016-2017 fiscal year to support teacher compensation models and advanced
23 teaching roles, the Department may use up to two hundred thousand dollars (\$200,000) for the
24 State Board of Education to contract with an independent research organization for the pilot
25 evaluations. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal
26 year for the Pilot shall not revert at the end of the fiscal year but shall remain available until
27 expended.

28 **SECTION 8.7.(h)** It is the intent of the General Assembly to appropriate from the
29 General Fund to the Department of Public Instruction for the 2017-2018 fiscal year the sum of
30 nine million eight hundred thousand dollars (\$9,800,000) for the State Board of Education to
31 select up to 10 local school administrative units to award funds for the pilot program in accordance
32 with this section. Funds awarded to the local school administrative units shall be awarded in
33 proportion to the current expenditure of the pilot local school administrative unit on teacher
34 salaries.

35 **SECTION 8.7.(i)** Flexibility for local school administrative units. – Notwithstanding
36 G.S. 115C-301, local school administrative units receiving grants under this program may exceed
37 the maximum class size requirements for kindergarten through third grade.

38 39 **ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE TEACHER** 40 **BONUSES**

41 **SECTION 8.8.(a)** G.S. 115C-174.26(a) reads as rewritten:

42 "(a) It is the intent of the State to enhance accessibility and encourage students to enroll in
43 and successfully complete more rigorous advanced courses to enable success in postsecondary
44 education for all students. For the purposes of this section, an advanced course is an Advanced
45 Placement or International Baccalaureate Diploma Programme course. To attain this goal, to the
46 extent funds are made available for this purpose, the following shall be provided:

- 47 (1) ~~students~~ Students enrolled in public schools shall be exempt from paying any
48 fees for administration of examinations for advanced courses and registration
49 fees for advanced courses in which the student is enrolled regardless of the
50 score the student achieves on an examination.

- 1 (2) Bonuses shall be awarded to teachers of advanced courses according to the
2 following:
3 a. A bonus in the amount of fifty dollars (\$50.00) for each student taught
4 by an advanced course teacher in each advanced course who receives
5 the following score:
6 1. For Advanced Placement courses, a score of three or higher on
7 the College Board Advanced Placement Examination.
8 2. For International Baccalaureate Diploma Programme courses, a
9 score of four or higher on the International Baccalaureate course
10 examination.
11 b. No teacher shall be awarded a bonus pursuant to this subdivision that
12 exceeds two thousand dollars (\$2,000) in any given school year. The
13 bonus awarded to a teacher pursuant to this subdivision shall be in
14 addition to any regular wage or other bonus the teacher receives or is
15 scheduled to receive."

16 **SECTION 8.8.(b)** This section applies beginning with the 2016-2017 school year.

17 **BONUSES FOR INDUSTRY CERTIFICATIONS AND CREDENTIALS PROGRAM**

18 **SECTION 8.9.(a)** G.S. 115C-156.2(a) reads as rewritten:

19 "(a) It is the intent of the State to encourage students to enroll in and successfully complete
20 rigorous coursework and credentialing processes in career and technical education to enable
21 success in the workplace. To attain this goal, to the extent funds are made available for this
22 purpose, students shall be supported to earn approved industry certifications and
23 ~~credentials~~ credentials and teachers shall receive bonuses for each student who earns an approved
24 industry certification or credential as follows:
25

- 26 (1) Students enrolled in public schools and in career and technical education
27 courses shall be exempt from paying any fees for one administration of
28 examinations leading to industry certifications and credentials pursuant to rules
29 adopted by the State Board of Education.
30 (2) Each school year, at such time as agreed to by the Department of Commerce
31 and the State Board of Education, the Department of Commerce shall provide
32 the State Board of Education with a list of those occupations in high need of
33 additional skilled employees. If the occupations identified in such list are not
34 substantially the same as those occupations identified in the list from the prior
35 year, reasonable notice of such changes shall be provided to local school
36 administrative units.
37 (3) Local school administrative units shall consult with their local industries,
38 employers, and workforce development boards to identify industry certification
39 and credentials that the local school administrative unit may offer to best meet
40 State and local workforce needs.
41 (4) Bonuses shall be awarded to teachers of students earning approved industry
42 certifications or credentials, pursuant to rules adopted by the State Board of
43 Education. No teacher shall be awarded a bonus pursuant to this subdivision
44 that exceeds two thousand dollars (\$2,000) in any given school year. Direct
45 instruction teacher bonuses shall be provided in the following amounts:
46 a. A bonus in the amount of twenty-five dollars (\$25.00) for each student
47 taught by a teacher who provided instruction in a course that led to the
48 attainment of an industry certification with a twenty-five-dollar (\$25.00)
49 value ranking.
50 b. A bonus in the amount of fifty dollars (\$50.00) for each student taught
51 by a teacher who provided instruction in a course that led to the

1 attainment of an industry certification with a fifty-dollar (\$50.00) value
 2 ranking.

3 (5) The Department of Commerce, in consultation with the State Board of
 4 Education, shall assign a value ranking for each industry certification based on
 5 academic rigor and employment value in accordance with this subdivision.
 6 Fifty percent (50%) of the ranking shall be based on academic rigor and the
 7 remaining fifty percent (50%) on employment value. Academic rigor and
 8 employment value shall be based on the following elements:

9 a. Academic rigor shall be based on the number of instructional hours,
 10 including work experience or internship hours, required to earn the
 11 industry certification or credential, with a bonus given for coursework
 12 that also provides community college credit.

13 b. Employment value shall be based on the entry wage, growth rate in
 14 employment for each occupational category, and average annual
 15 openings for the primary occupation linked with the industry
 16 certification or credential."

17 **SECTION 8.9.(b)** This section applies beginning with the 2016-2017 school year.

18
 19 **NBPTS SUPPLEMENT FOR ALL INSTRUCTIONAL COACHES**

20 **SECTION 8.10.** G.S. 115C-296.2(b)(2)d. reads as rewritten:

21 "d. Spends at least seventy percent (70%) of his or her work time:

- 22 1. In classroom instruction, if the employee is employed as a
 23 teacher. Most of the teacher's remaining time shall be spent in
 24 one or more of the following: mentoring teachers, doing
 25 demonstration lessons for teachers, writing curricula, developing
 26 and leading staff development programs for teachers;
- 27 2. In work within the employee's area of certification or licensure,
 28 if the employee is employed in an area of NBPTS certification
 29 other than direct classroom instruction; or
- 30 3. As an instructional coach, as classified by the Department of
 31 Public Instruction, ~~in a Title I school. As used in this~~
 32 ~~sub-sub-subdivision, a Title I school is a school identified under~~
 33 ~~Part A of Title I of the Elementary and Secondary Education Act~~
 34 ~~of 1965, as amended.~~Instruction."

35
 36 **CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS**

37 **SECTION 8.11.** Beginning with the 2016-2017 school year and for subsequent school
 38 years thereafter, notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54, Cabarrus Early
 39 College of Technology, Johnston County Career and Technical Academy, Stanly County School
 40 of Engineering and Design, City of Medicine Cooperative Innovative High School, and Hillside
 41 New Tech Cooperative Innovative High School shall be permitted to operate in accordance with
 42 G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under
 43 G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.

44
 45 **REPORT FOR SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING**
 46 **IMPAIRMENTS/FOREIGN EXCHANGE STUDENTS**

47 **SECTION 8.12.(a)** Article 9C of Chapter 115C of the General Statutes is amended by
 48 adding a new section to read:

49 **"§ 115C-150.15. Local superintendent to report deaf and blind children.**

50 It shall be the duty of local superintendents to report by October 15 of each year the names and
 51 addresses of parents, guardians, or custodians of any hearing impaired or visually impaired

1 children residing within their respective local school administrative units to the directors of the
2 Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the
3 North Carolina School for the Deaf. The report shall include the type of disability of each child,
4 including whether the hearing and visual impairments range from partial to total disability, and if
5 the child has multiple disabilities with the visual or hearing impairment not identified as the
6 primary disability of the student. The report shall also be made to the Department of Public
7 Instruction."

8 **SECTION 8.12.(b)** G.S. 115C-150.14 reads as rewritten:

9 **"§ 115C-150.14. Tuition and room and board.**

10 (a) Only children who are residents of North Carolina are entitled to free tuition and room
11 and board at a school governed by this Article.

12 (b) A school governed by this Article may enroll a foreign exchange student and shall
13 charge the student the full, unsubsidized per capita cost of providing education at the school for
14 the period of the student's attendance. For the purposes of this section, a foreign exchange student
15 is a student who is domiciled in a foreign country and has come to the United States on a valid,
16 eligible student visa.

17 (c) Notwithstanding subsection (b) of this section, foreign exchange students who have
18 obtained the status of nonimmigrants pursuant to the Immigration and Nationality Act, 8 U.S.C. §
19 1101(a)(15)(F) may only be enrolled in a school governed by this Article in grades nine through
20 12 for a maximum of 12 months at the school."

21 **SECTION 8.12.(c)** This section applies beginning with the 2016-2017 school year.
22 Local superintendents shall make the first report required under subsection (a) of this section no
23 later than October 15, 2016.

24 25 **VIRTUAL CHARTER SCHOOL CHANGES**

26 **SECTION 8.13.(a)** Section 8.35(c) of S.L. 2014-100 reads as rewritten:

27 **"SECTION 8.35.(c)** In addition to the operating requirements applicable to a virtual charter
28 school participating in the pilot program pursuant to Part 6A of Article 16 of Chapter 115C of the
29 General Statutes, the following requirements shall apply to a participating virtual charter school:

30 (1) The school shall maintain an administrative office within North Carolina. In
31 addition, the school shall maintain at least one testing center or meeting place
32 within each of the eight State Board of Education districts where the
33 participating students reside, to allow educators and administrators from the
34 school to meet students and parents. When utilizing the testing center or
35 meeting place for test administration, the school is permitted to do the
36 following:

37 a. Administer tests to multiple grade levels at the same time and location.

38 b. Contract with a test administrator who is not employed by the board of
39 directors of the school and meets the following criteria:

40 1. Holds a valid, North Carolina educator license.

41 2. Passes a criminal history check as defined in
42 G.S. 115C-332(a)(1) performed by the school.

43 3. Is trained on test administration in accordance with the North
44 Carolina Testing Program.

45 (2) If the school contracts with a third party for the provision of administrative
46 staff, such staff fulfilling the equivalent positions of superintendent, principal,
47 or business officer shall be residents of North Carolina.

48 (3) All teaching staff shall carry the appropriate State certification to instruct any
49 course and shall receive professional development in virtual instruction
50 pursuant to the school's application to the State Board of Education to
51 participate in the pilot program within 30 days of the employee's date of hire.

- 1 At least ~~ninety percent (90%)~~eighty percent (80%) of the teaching staff shall
 2 reside within North Carolina.
- 3 (4) The school shall have a withdrawal rate below ~~twenty-five percent~~
 4 ~~(25%)~~thirty-five percent (35%) each school year. A student who meets any of
 5 the following criteria shall not be counted in measuring the school's withdrawal
 6 rate:
- 7 a. A student enrolled in a school with the intent expressed prior to
 8 enrollment of only being enrolled for a finite period of time within the
 9 school ~~year shall not be counted in the measured withdrawal rate year.~~
 10 The school shall keep a written record of a student's stated intent for
 11 finite enrollment.
- 12 b. A student who is withdrawn from the school pursuant to subdivision (3)
 13 of subsection (b) of this section.
- 14 c. A student who is no longer qualified under the laws of this State for
 15 admission to a public school in North Carolina, including due to the
 16 student relocating to another state.
- 17 d. A student who (i) withdraws from the school for a family, personal, or
 18 medical reason and (ii) notifies the school of the reason for withdrawal.
 19 The school shall keep a written record of a student's stated reason for
 20 withdrawal under this sub-subdivision.
- 21 e. A student who withdraws from the school within the first 30 days
 22 following the date of the student's enrollment.
- 23 (4a) A count of school attendance shall be taken at least once during each semester
 24 for funding purposes.
- 25 (5) The school shall ensure that each student is assigned a learning coach. The
 26 learning coach shall provide (i) daily support and supervision of students, (ii)
 27 ensure student participation in online lessons, and (iii) coordinate teacher-led
 28 instructional sessions and State assessments."

29 **SECTION 8.13.(b)** This section applies beginning with the 2016-2017 school year.
 30

31 **NATIONALLY RECOGNIZED COLLEGE ENTRANCE EXAMS**

32 **SECTION 8.14.(a)** G.S. 115C-174.11(c)(4) reads as rewritten:

- 33 "(4) To the extent funds are made available, the State Board of Education shall ~~plan~~
 34 ~~for and require the administration of the ACT test for use a competitive bid~~
 35 process to adopt two or more nationally recognized college entrance exams to
 36 make available to local school administrative units to administer to all students
 37 in the eleventh grade unless the student has already taken a comparable test and
 38 scored at or above a level set by the State Board.~~Board~~ in accordance with the
 39 following:
- 40 a. From the nationally recognized college entrance exams adopted by the
 41 State Board, each local board of education shall select one exam to be
 42 used in the local school administrative unit. Upon request by one or
 43 more local boards of education, the State Board shall enter into a
 44 contract for a statewide service or contracts for regional services to offer
 45 the nationally recognized college entrance exams in multiple local
 46 school administrative units. These contracts shall be let in accordance
 47 with the provisions of Article 3 of Chapter 143 of the General Statutes.
- 48 b. The State Board of Education shall require the administration of an
 49 alternate to the ~~ACT~~selected nationally recognized college entrance
 50 exam or an alternate to the ~~PLAN~~precursor test to the ACT to a student
 51 who (i) exhibits severe and pervasive delays in all areas of conceptual,

1 linguistic, and academic development and in adaptive behaviors,
2 including communication, daily living skills, and self-care, (ii) is
3 following the extended content standards of the Standard Course of
4 Study as provided in G.S. 115C-81, or is following a course of study
5 that, upon completing high school, may not lead to admission into a
6 college-level course of study resulting in a college degree, and (iii) has a
7 written parental request for an alternate assessment.

8 c. The State Board of Education shall ensure that parents of students
9 enrolled in all public schools, including charter and regional schools,
10 have the necessary information to make informed decisions regarding
11 participation in the ~~ACT and the PLAN precursor test to the ACT,~~
12 nationally recognized college entrance exams and precursor tests.

13 d. ~~Alternate assessment and ACT assessment results~~ Nationally recognized
14 college entrance exams and alternate assessment results of students with
15 disabilities shall be included in school accountability reports, including
16 charter and regional schools, provided by the State Board of Education."

17 **SECTION 8.14.(b)** G.S. 115C-174.22 reads as rewritten:

18 **"§ 115C-174.22. Tools for student learning.**

19 To the extent funds are made available for this purpose, and except as otherwise provided in
20 G.S. 115C-174.11(c)(4), the State Board shall plan for and require the administration of diagnostic
21 tests in the eighth and tenth grades that align to the ~~ACT test in order~~ nationally recognized
22 college entrance exams that are adopted through the competitive bid process and selected by local
23 boards of education under G.S. 115C-174.11(c)(4). The results of the tests shall be used to help
24 diagnose student learning and provide for students an indication of whether they are on track to be
25 remediation-free at a community college or university."

26 **SECTION 8.14.(c)** The State Board of Education shall solicit bids through a
27 competitive bid process to adopt two or more nationally recognized college entrance exams and
28 precursor tests, as required by G.S. 115C-174.11(c)(4), as amended by this section, and
29 G.S. 115C-174.22, as amended by this section. The State Board of Education shall report on the
30 results of the competitive bid process to the Joint Legislative Education Oversight Committee and
31 the Fiscal Research Division no later than November 15, 2016.

32 **SECTION 8.14.(d)** Subsections (a) and (b) of this section apply beginning with the
33 2017-2018 school year.

34 **SCHOOL BUSINESS SYSTEM MODERNIZATION**

35 **SECTION 8.15.(a)** The State Board of Education shall collaborate with the Friday
36 Institute for Educational Innovation at North Carolina State University (Friday Institute) to
37 develop a plan to modernize the systems used by the Department of Public Instruction, Financial
38 and Business Services Division, to manage and deliver funds and technical support services to
39 local school administrative units and charter schools. This process shall include modernization of
40 the Division's systems for student information management, financial and payroll information, and
41 human resources information.

42 **SECTION 8.15.(b)** By January 1, 2017, as a part of developing the plan, the
43 Department of Public Instruction, in collaboration with the Friday Institute, shall issue a Request
44 for Information to outside vendors and entities to determine the scope of work necessary, estimate
45 the costs of modernization of the systems, and prepare a schedule for implementation.

46 **SECTION 8.15.(c)** By April 30, 2017, the State Board of Education shall report to the
47 Joint Legislative Education Oversight Committee on the plan developed in accordance with this
48 section for modernization of the systems used by the Financial and Business Services Division.

49 **INTERNATIONAL EXCHANGE TEACHER FUNDS**

1 **SECTION 8.16.** G.S. 115C-105.25(b)(5a) reads as rewritten:

2 "(5a) Positions allocated for classroom teachers may be converted to dollar
3 equivalents to contract for visiting international exchange ~~teachers-teachers~~
4 through a visiting international exchange teacher program approved by the
5 State. These positions shall be converted at the statewide average salary for
6 classroom teachers, including benefits. The converted funds shall be used only
7 to provide visiting international exchange teachers a salary commensurate with
8 the teacher's experience level, to provide any State-approved bonuses, and to
9 cover the costs associated with bringing visiting international exchange teachers
10 to the local school administrative unit through a State-approved visiting
11 international exchange teacher program and supporting the visiting exchange
12 teachers-program, including cultural activities, background checks, medical
13 coverage, and other program administration services in accordance with the
14 federal regulations for the Exchange Visitor Program, 22 CFR Part 62."
15

16 **K-12 CYBERSECURITY STUDY**

17 **SECTION 8.17.** The Department of Public Instruction shall conduct a study on
18 cybersecurity in North Carolina public schools, including charter schools. As part of the study, the
19 Department may request local school administrative units and charter schools to submit a
20 summary of their current policies and procedures on cybersecurity practices and procedures to
21 protect student and employee personally identifiable data. By December 15, 2016, the Department
22 shall report to the General Assembly in accordance with G.S. 120-29.5.
23

24 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS (NCVPS) REVENUES**

25 **SECTION 8.18.** G.S. 66-58 reads as rewritten:

26 "**§ 66-58. Sale of merchandise or services by governmental units.**

27 (a) Except as may be provided in this section, it shall be unlawful for any unit, department
28 or agency of the State government, or any division or subdivision of the unit, department or
29 agency, or any individual employee or employees of the unit, department or agency in his, or her,
30 or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of
31 goods, wares or merchandise in competition with citizens of the State, or to engage in the
32 operation of restaurants, cafeterias or other eating places in any building owned by or leased in the
33 name of the State, or to maintain service establishments for the rendering of services to the public
34 ordinarily and customarily rendered by private enterprises, or to provide transportation services, or
35 to contract with any person, firm or corporation for the operation or rendering of the businesses or
36 services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm
37 or corporation any article of merchandise in competition with private enterprise. The leasing or
38 subleasing of space in any building owned, leased or operated by any unit, department or agency
39 or division or subdivision thereof of the State for the purpose of operating or rendering of any of
40 the businesses or services herein referred to is hereby prohibited.

41 (b) The provisions of subsection (a) of this section shall not apply to:

- 42 (1) Counties and municipalities.
- 43 (2) The Department of Health and Human Services or the Department of
44 Agriculture and Consumer Services for the sale of serums, vaccines, and other
45 like products.
- 46 (3) The Department of Administration, except that the agency shall not exceed the
47 authority granted in the act creating the agency.
- 48 (4) The State hospitals for the mentally ill.
- 49 (5) The Department of Health and Human Services.
- 50 (6) The North Carolina School for the Blind at Raleigh.
- 51 (6a) The Division of Juvenile Justice of the Department of Public Safety.

- 1 (7) The North Carolina Schools for the Deaf.
 2 (7a) The North Carolina Virtual Public School.
 3 ...
 4 (c) The provisions of subsection (a) shall not prohibit:
 5 ...
 6 ~~(20) The sale by the State Board of Education of NCVPS courses to home schools,~~
 7 ~~private schools, and out-of-state educational entities.~~
 8"
 9

10 MODIFY SCHOOL PERFORMANCE GRADES

11 **SECTION 8.19.** G.S. 115C-83.15(d) reads as rewritten:

12 "(d) Calculation of the School Performance Scores and Grades. – The State Board of
 13 Education shall use EVAAS to calculate the school performance score by adding the school
 14 achievement score, as provided in subsection (b) of this section, and the school growth score, as
 15 provided in subsection (c) of this section, earned by a school. The school achievement score shall
 16 account for ~~eighty percent (80%),~~ fifty percent (50%), and the school growth score shall account
 17 for ~~twenty percent (20%)~~ fifty percent (50%) of the total sum. If a school has met expected growth
 18 and inclusion of the school's growth score reduces the school's performance score and grade, a
 19 school may choose to use the school achievement score solely to calculate the performance score
 20 and grade. For all schools, the total school performance score shall be converted to a 100-point
 21 scale and used to determine a school performance grade based on the following scale:

- 22 (1) A school performance score of at least ~~90~~85 is equivalent to an overall school
 23 performance grade of A.
 24 (2) A school performance score of at least ~~80~~70 is equivalent to an overall school
 25 performance grade of B.
 26 (3) A school performance score of at least ~~70~~55 is equivalent to an overall school
 27 performance grade of C.
 28 (4) A school performance score of at least ~~60~~40 is equivalent to an overall school
 29 performance grade of D.
 30 (5) A school performance score of less than ~~60~~40 points is equivalent to an overall
 31 school performance grade of F."
 32

33 JOINT LEGISLATIVE STUDY ON CIHS

34 **SECTION 8.20.(a)** There is established the Joint Legislative Study Committee on
 35 Cooperative Innovative High Schools (Committee). The Committee shall consist of three
 36 members of the Senate appointed by the President Pro Tempore of the Senate and three members
 37 of the House of Representatives appointed by the Speaker of the House of Representatives. The
 38 President Pro Tempore and the Speaker of the House of Representatives shall each appoint a
 39 cochair of the Committee from among its membership. The Committee and the terms of the
 40 members shall expire when the Committee submits a final report to the General Assembly.
 41 Members shall serve at the pleasure of the appointing officer.

42 **SECTION 8.20.(b)** The Committee shall study and make recommendations on the
 43 following issues:

- 44 (1) Identifying the policy goals of the Cooperative Innovative High Schools
 45 program under Part 9 of Article 16 of Chapter 115C of the General Statutes and
 46 whether revisions are necessary for establishing policy goals.
 47 (2) Examining the current statutes to determine whether they support policy goals
 48 and, if not, whether revisions to the statutes are necessary to reflect those goals.
 49 (3) Identifying the current funding models for the Cooperative Innovative High
 50 Schools program and whether revisions are necessary to accomplish the policy
 51 goals and to ensure financial sustainability of the program.

1 **SECTION 8.20.(c)** The Committee shall meet upon the call of its cochairs. A quorum
2 of the Committee is a majority of its members. No action may be taken except by a majority vote
3 at a meeting at which a quorum is present. The Committee, while in the discharge of its official
4 duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of
5 the General Statutes. The Committee may contract for professional, clerical, or consultant
6 services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem,
7 subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee
8 shall be considered expenses incurred for the joint operation of the General Assembly.

9 **SECTION 8.20.(d)** The Legislative Services Officer shall assign professional and
10 clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the
11 House of Representatives and the Director of Legislative Assistants of the Senate shall assign
12 clerical support staff to the Committee.

13 **SECTION 8.20.(e)** The Committee shall submit a final report on the results of its
14 study, including any proposed legislation, to the members of the Senate and the House of
15 Representatives on or before December 31, 2016, by filing a copy of the report with the Office of
16 the President Pro Tempore of the Senate, the Office of the Speaker of the House of
17 Representatives, the Joint Legislative Education Oversight Committee, and the Legislative
18 Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final
19 report, whichever occurs first.
20

21 **PILOT PROGRAM TO RAISE THE HIGH SCHOOL DROPOUT AGE FROM SIXTEEN** 22 **TO EIGHTEEN**

23 **SECTION 8.21.(a)** Notwithstanding any provisions in Part 1 of Article 26 of Chapter
24 115C of the General Statutes, G.S. 7B-1501(27), 115C-238.66(3), 116-235(b)(2), and
25 143B-805(20) to the contrary, the State Board of Education shall authorize the Hickory Public
26 Schools, the Newton-Conover City Schools, and the Rutherford County Schools to establish and
27 implement a five-year pilot program pursuant to this section to increase the high school dropout
28 age from 16 years of age to the completion of the school year coinciding with the calendar year in
29 which a student reaches 18 years of age, unless the student has previously graduated from high
30 school. The pilot program may be implemented beginning with the 2016-2017 school year and
31 shall end in the 2020-2021 school year.

32 **SECTION 8.21.(b)** For the purposes of implementing the pilot program authorized by
33 this section, a local school administrative unit that is participating in the pilot program shall have
34 the authority to provide that, if the principal or the principal's designee determines that a student's
35 parent, guardian, or custodian, or a student who is 18 years of age, has not made a good-faith
36 effort to comply with the compulsory attendance requirements of the pilot program, the principal
37 shall notify the district attorney and, if the student is less than 18 years of age, the director of
38 social services of the county where the student resides. If the principal or the principal's designee
39 determines that a parent, guardian, or custodian of a student less than 18 years of age has made a
40 good-faith effort to comply with the law, the principal may file a complaint with the juvenile court
41 counselor pursuant to Chapter 7B of the General Statutes that the student is habitually absent from
42 school without a valid excuse. Upon receiving notification by the principal or the principal's
43 designee, the director of social services shall determine whether to undertake an investigation
44 under G.S. 7B-302.

45 **SECTION 8.21.(c)** The local boards of education of the participating local school
46 administrative units shall prescribe specific rules to address under what circumstances a student
47 who is 18 years of age who is required to attend school as part of the pilot program shall be
48 excused from attendance, including if the student has attained a high school equivalency certificate
49 or a student has enlisted as a member of the Armed Forces.

50 **SECTION 8.21.(d)** For the purposes of implementing the pilot program authorized by
51 this section, any (i) parent, guardian, or other person having charge or control of a student enrolled

1 in a school located within a participating local school administrative unit and (ii) student who is 18
2 years of age enrolled in a school located within a participating local school administrative unit
3 who violates the compulsory attendance provisions of the pilot program without a lawful
4 exception recognized under Part 1 of Article 26 of Chapter 115C of the General Statutes or the
5 provisions of this section shall be guilty of a Class 1 misdemeanor.

6 **SECTION 8.21.(e)** If an affidavit is made by the student, parent of the student, or by
7 any other person that any student who is required to attend school under the requirements of the
8 pilot program is not able to attend school by reason of necessity to work or labor for the support of
9 himself or herself or the support of the family, then the school social worker of the applicable
10 school located within the participating school administrative unit shall diligently inquire into the
11 matter and bring it to the attention of an appropriate court, depending on the age of the student.
12 The court shall proceed to find whether as a matter of fact the student is unable to attend the
13 school or such parents, or persons standing in loco parentis, are unable to send the student to
14 school for the term of compulsory attendance for the reasons given. If the court finds, after careful
15 investigation, that the student or the parents have made or are making a bona fide effort to comply
16 with the compulsory attendance law, and by reason of illness, lack of earning capacity, or any
17 other cause which the court may deem valid and sufficient, the student is unable to attend school,
18 then the court shall find and state what help is needed for the student or family to enable
19 compliance with the attendance requirements under the pilot program.

20 **SECTION 8.21.(f)** Each local school administrative unit may use any funds available
21 to it to implement the pilot program in accordance with this section to (i) employ up to three
22 additional teachers and (ii) fund additional student-related costs, such as transportation and
23 technology costs, including additional computers, to serve a greater number of students as a result
24 of the pilot program. Each local school administrative unit may also use any funds available to it
25 to operate a night school program for students at risk of dropping out of high school. For Hickory
26 Public Schools and Newton-Conover City Schools, to the extent possible, the local school
27 administrative units shall partner with Catawba Valley Community College in administering the
28 pilot program. For Rutherford County Schools, to the extent possible, the local school
29 administrative unit shall partner with Isothermal Community College in administering the pilot
30 program.

31 **SECTION 8.21.(g)** The local school administrative units, in collaboration with the
32 State Board of Education, shall report to the Joint Legislative Education Oversight Committee, the
33 House Appropriations Subcommittee on Education, and the Senate Appropriations Committee on
34 Education/Higher Education with an interim report on or before January 15, 2018, and a final
35 report on or before January 15, 2021. The report shall include at least all of the following
36 information:

- 37 (1) An analysis of the graduation rate in each local school administrative unit and
38 the impact of the pilot program on the graduation rate.
- 39 (2) The teen crime statistics for Catawba County and for Rutherford County.
- 40 (3) The number of reported cases of violations of compulsory attendance laws in
41 Catawba County and Rutherford County and the disposition of those cases.
- 42 (4) Implementation of enforcement mechanisms for violations of the compulsory
43 attendance requirements of the pilot program, including the imposition of
44 criminal penalties.
- 45 (5) The number of at-risk students served in any night programs established as part
46 of the pilot program and student graduation and performance outcomes for
47 those students.
- 48 (6) All relevant data to assist in determining the effectiveness of the program and
49 specific legislative recommendations, including the continuation, modification,
50 or expansion of the program statewide.

1 **SECTION 8.21.(h)** The State Board of Education shall not authorize a pilot program
2 under subsection (a) of this section in Catawba County except upon receipt of a copy of a joint
3 resolution adopted by the boards of education for the Hickory Public Schools and the
4 Newton-Conover City Schools setting forth a date to begin establishment and implementation of
5 the pilot program. The State Board of Education shall not authorize a pilot program under
6 subsection (a) of this section in Rutherford County except upon receipt of a copy of a resolution
7 adopted by the board of education for the Rutherford County Schools setting forth a date to begin
8 establishment and implementation of the pilot program.
9

10 **READING ASSESSMENTS/READ TO ACHIEVE**

11 **SECTION 8.22.(a)** G.S. 115C-174.11 reads as rewritten:

12 **"§ 115C-174.11. Components of the testing program.**

13 (a) Assessment Instruments for Kindergarten, First, Second, and Third Grades. – The State
14 Board of Education shall develop, adopt, and provide to the local school administrative units
15 developmentally appropriate individualized assessment instruments consistent with the Basic
16 Education Program and Part 1A of Article 8 of this Chapter for the kindergarten, first, second, and
17 third grades. The State Board shall approve three valid, reliable, formative, and diagnostic reading
18 assessment instruments for selection by local school administrative units in accordance with the
19 following:

20 (1) Each approved assessment instrument shall provide a minimum of four
21 benchmark assessments, interim formative assessments, and progress
22 monitoring capabilities.

23 (2) In determining which instruments to approve for use by local school
24 administrative units, the State Board shall also consider at least the following
25 factors:

26 a. The time required to conduct formative and benchmark assessments
27 with the intention of minimizing the impact on instructional time.

28 b. The level of integration of assessment results with instructional support
29 for teachers and students.

30 c. The timeliness in reporting assessment results to teachers and
31 administrators.

32 d. The ability to provide timely assessment results to parents and
33 guardians.

34 (3) In no case shall an assessment instrument be approved for use by local school
35 administrative units if the cost of the assessment instrument, including related
36 instructional content, materials, and resources for teachers and students,
37 exceeds the funds appropriated for this purpose divided by the projected
38 enrollment of students in kindergarten, first, second, and third grades.

39 (a1) Each local school administrative unit shall select one valid, reliable, formative, and
40 diagnostic reading assessment from the three assessment instruments approved by the State Board
41 under subsection (a) of this section. Local school administrative units shall use ~~these~~the
42 assessment instruments provided to them by the State Board for kindergarten, first, second, and
43 third grade students to assess progress, diagnose difficulties, and inform instruction and
44 remediation needs. Local school administrative units shall not use standardized tests for
45 summative assessment of kindergarten, first, and second grade students except as required as a
46 condition of receiving federal grants.

47 "

48 **SECTION 8.22.(b)** This section applies beginning with the 2017-2018 school year.
49

50 **DIGITAL LEARNING PLAN FUNDS**

1 **SECTION 8.23.** The State Board of Education shall collaborate with the Friday
 2 Institute for Educational Innovation at North Carolina State University to continue the progress in
 3 implementing the Digital Learning Plan in North Carolina public schools by doing at least the
 4 following:

- 5 (1) Coordinate the implementation of professional learning programs that support
 6 teachers and school administrators in transitioning to digital-age learning.
- 7 (2) Manage statewide cooperative purchasing of content, including statewide
 8 shared resources for teachers to use for lesson planning and formative student
 9 assessments.
- 10 (3) Develop infrastructure maintenance and support protocols.
- 11 (4) Modify and update State policies to provide the support and flexibility
 12 necessary for local digital learning innovation.
- 13 (5) Develop and maintain a continuous improvement process.
- 14 (6) Create assessments for technological and pedagogic skills and identify best
 15 practices from those assessments.

16
 17 **STUDY ON SCHOOL START AND RELEASE TIMES**

18 **SECTION 8.24.** The State Board of Education shall study school start and release
 19 times for schools in each local school administrative unit. The State Board may require a report by
 20 local boards of education for each school in the local school administrative units on the start and
 21 release times. The State Board shall report the results of the study to the Joint Legislative
 22 Education Oversight Committee by December 15, 2017.

23
 24 **AFTER SCHOOL QUALITY IMPROVEMENT COMPETITIVE GRANT FUNDS FOR**
 25 **THIRD YEAR FOR CERTAIN RECIPIENTS**

26 **SECTION 8.25.** Section 8.29(a) of S.L. 2015-241 reads as rewritten:

27 **"SECTION 8.29.(a)** Of the funds appropriated by this act for the At-Risk Student Services
 28 Alternative School Allotment for the 2015-2017 fiscal biennium, the State Board of Education
 29 shall use up to six million dollars (\$6,000,000) for the 2015-2016 fiscal year and up to six million
 30 dollars (\$6,000,000) for the 2016-2017 fiscal year for the After-School Quality Improvement
 31 Grant Program administered by the Department of Public Instruction. ~~The~~Notwithstanding any
 32 other provision of this section, the Department may use these funds to provide a second-year or a
 33 third-year grant to grant recipients approved under the After-School Quality Improvement Grant
 34 Program pursuant to Section 8.19 of S.L. 2014-100. Of the funds appropriated for the program, the
 35 Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for each
 36 fiscal year to administer the program."
 37

38 **PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

39
 40 **TEACHER SALARY SCHEDULE**

41 **SECTION 9.1.(a)** The following monthly teacher salary schedule shall apply for the
 42 2016-2017 fiscal year to licensed personnel of the public schools who are classified as teachers.
 43 The salary schedule is based on years of teaching experience.

44 **2016-2017 Teacher Monthly Salary Schedule**

45 Years of Experience	45 "A" Teachers
46 0-4	\$3,500
47 5-9	3,800
48 10-14	4,200
49 15-19	4,500
50 20-24	4,800
51 25+	5,100

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 master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to sixth step 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) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 9.1.(e) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 9.1.(f) A teacher compensated in accordance with this salary schedule for the 2016-2017 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
 - a. The teacher's salary provided in S.L. 2013-360, Section 35.11.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in S.L. 2013-360, Section 35.11, based on the teacher's current years of service.
 - c. The annual bonus provided in S.L. 2014-100, Section 9.1(e).
- (3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the teacher's salary and annual bonus provided in S.L. 2014-100, Section 9.1.

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

SECTION 9.1.(h) Teachers paid on the first through fifth step on the salary schedule and teachers paid on or above the twenty-sixth step on the salary schedule shall receive an annual bonus of one thousand dollars (\$1,000), payable monthly. The bonuses awarded in this subsection

1 shall be treated as compensation under Article 1 of Chapter 135 of the General Statutes, the
 2 Teachers' and State Employees' Retirement System.

3 **SECTION 9.1.(i)** Section 9.1 of S.L. 2015-241 is repealed.
 4

5 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

6 **SECTION 9.2.(a)** The following base salary schedule for school-based administrators
 7 shall apply only to principals and assistant principals. This base salary schedule shall apply for the
 8 2016-2017 fiscal year commencing July 1, 2016.

9 **2016-2017 Principal and Assistant Principal Salary Schedules**

10 **Classification**

11	Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
13	0-9	\$3,987	-	-	-	-
14	10	\$4,057	-	-	-	-
15	11	\$4,205	-	-	-	-
16	12	\$4,325	-	-	-	-
17	13	\$4,409	\$4,409	-	-	-
18	14	\$4,465	\$4,465	-	-	-
19	15	\$4,523	\$4,523	\$4,579	-	-
20	16	\$4,579	\$4,579	\$4,638	-	-
21	17	\$4,638	\$4,638	\$4,698	\$4,758	-
22	18	\$4,698	\$4,698	\$4,758	\$4,821	\$4,884
23	19	\$4,758	\$4,758	\$4,821	\$4,884	\$4,948
24	20	\$4,821	\$4,821	\$4,884	\$4,948	\$5,016
25	21	\$4,884	\$4,884	\$4,948	\$5,016	\$5,083
26	22	\$4,948	\$4,948	\$5,016	\$5,083	\$5,151
27	23	\$5,016	\$5,016	\$5,083	\$5,151	\$5,221
28	24	\$5,083	\$5,083	\$5,151	\$5,221	\$5,292
29	25	\$5,151	\$5,151	\$5,221	\$5,292	\$5,368
30	26	\$5,221	\$5,221	\$5,292	\$5,368	\$5,442
31	27	\$5,292	\$5,292	\$5,368	\$5,442	\$5,517
32	28	\$5,368	\$5,368	\$5,442	\$5,517	\$5,593
33	29	\$5,442	\$5,442	\$5,517	\$5,593	\$5,672
34	30	\$5,517	\$5,517	\$5,593	\$5,672	\$5,754
35	31	\$5,593	\$5,593	\$5,672	\$5,754	\$5,836
36	32	\$5,672	\$5,672	\$5,754	\$5,836	\$5,910
37	33	\$5,754	\$5,754	\$5,836	\$5,910	\$6,027
38	34	\$5,836	\$5,836	\$5,910	\$6,027	\$6,148
39	35	\$5,910	\$5,910	\$6,027	\$6,148	\$6,271
40	36	\$6,027	\$6,027	\$6,148	\$6,271	\$6,396
41	37	-	\$6,148	\$6,271	\$6,396	\$6,524
42	38	-	-	\$6,396	\$6,524	\$6,654
43	39	-	-	\$6,524	\$6,654	\$6,787
44	40	-	-	-	\$6,787	\$6,923
45	41	-	-	-	\$6,923	\$7,061
46	42	-	-	-	-	\$7,202

47 **2016-2017 Principal and Assistant Principal Salary Schedules**

48 **Classification**

49	Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
51	0-19	\$5,016	-	-	-

1	20	\$5,083	-	-	-
2	21	\$5,151	\$5,221	-	-
3	22	\$5,221	\$5,292	\$5,442	-
4	23	\$5,292	\$5,368	\$5,517	\$5,593
5	24	\$5,368	\$5,442	\$5,593	\$5,672
6	25	\$5,442	\$5,517	\$5,672	\$5,754
7	26	\$5,517	\$5,593	\$5,754	\$5,836
8	27	\$5,593	\$5,672	\$5,836	\$5,910
9	28	\$5,672	\$5,754	\$5,910	\$6,027
10	29	\$5,754	\$5,836	\$6,027	\$6,148
11	30	\$5,836	\$5,910	\$6,148	\$6,271
12	31	\$5,910	\$6,027	\$6,271	\$6,396
13	32	\$6,027	\$6,148	\$6,396	\$6,524
14	33	\$6,148	\$6,271	\$6,524	\$6,654
15	34	\$6,271	\$6,396	\$6,654	\$6,787
16	35	\$6,396	\$6,524	\$6,787	\$6,923
17	36	\$6,524	\$6,654	\$6,923	\$7,061
18	37	\$6,654	\$6,787	\$7,061	\$7,202
19	38	\$6,787	\$6,923	\$7,202	\$7,346
20	39	\$6,923	\$7,061	\$7,346	\$7,493
21	40	\$7,061	\$7,202	\$7,493	\$7,643
22	41	\$7,202	\$7,346	\$7,643	\$7,796
23	42	\$7,346	\$7,493	\$7,796	\$7,952
24	43	\$7,493	\$7,643	\$7,952	\$8,111
25	44	-	\$7,796	\$8,111	\$8,273
26	45	-	\$7,952	\$8,273	\$8,438
27	46+	-	-	\$8,438	\$8,607

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

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

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

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

SECTION 9.2.(c) A principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools and an additional step for every three years of experience serving as a principal on or before June 30,

1 2009. A principal or assistant principal shall also continue to receive any additional State-funded
2 percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for
3 improvement in student performance or maintaining a safe and orderly school.

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

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

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

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

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

22 **SECTION 9.2.(g)** Participants in an approved full-time master's in-school
23 administration program shall receive up to a 10-month stipend at the beginning salary of an
24 assistant principal during the internship period of the master's program. The stipend shall not
25 exceed the difference between the beginning salary of an assistant principal plus the cost of
26 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
27 including awards of the Principal Fellows Program. The Principal Fellows Program or the school
28 of education where the intern participates in a full-time master's in-school administration program
29 shall supply the Department of Public Instruction with certification of eligible full-time interns.

30 **SECTION 9.2.(h)** During the 2016-2017 fiscal year, the placement on the salary
31 schedule of an administrator with a one-year provisional assistant principal's certificate shall be at
32 the entry-level salary for an assistant principal or the appropriate step on the teacher salary
33 schedule, whichever is higher.

34 **SECTION 9.2.(i)** Any person paid on the School-Based Administrator Salary
35 Schedule and employed on September 1, 2016, who does not receive a step increase on the
36 School-Based Administrator Salary Schedule, shall receive a nonrecurring salary bonus of five
37 hundred dollars (\$500.00), payable in the month of November 2016.

38 Notwithstanding G.S. 135-1(7a), the compensation bonus awarded by this section is
39 not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State
40 Employees' Retirement System.

41 **SECTION 9.2.(j)** Section 9.3 of S.L. 2015-241 is repealed.

42 43 **NO PAY LOSS FOR BREAK IN SERVICE OR FOR TEACHERS WHO BECOME** 44 **PRINCIPALS**

45 **SECTION 9.3.(a)** G.S. 115C-285(a) reads as rewritten:

46 **"§ 115C-285. Salary.**

47 (a) Principals and supervisors shall be paid promptly when their salaries are due provided
48 the legal requirements for their employment and service have been met. All principals and
49 supervisors employed by any local school administrative unit who are to be paid from local funds
50 shall be paid promptly as provided by law and as state-allotted principals and supervisors are paid.

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

- 1 ...
2 (8) A teacher who becomes an assistant principal ~~without a break in service~~ shall
3 be paid, on a monthly basis, at least as much as he or she would earn as a
4 teacher employed by that local school administrative unit.
5 (8a) A teacher who becomes a principal shall be paid on a monthly basis, at least as
6 much as he or she would earn as a teacher employed by that local school
7 administrative unit.
8 (9) An assistant principal who becomes a principal ~~without a break in service~~ shall
9 be paid, on a monthly basis, at least as much as he or she would earn as an
10 assistant principal employed by that local school administrative unit."

11 **SECTION 9.3.(b)** Subsection (a) of this section shall not be construed to modify the
12 compensation of persons initially employed as principals or assistant principals prior to July 1,
13 2016, for work performed prior to July 1, 2016.
14

15 **JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR** 16 **PAY**

17 **SECTION 9.4.(a)** There is established the Joint Legislative Study Committee on
18 School-Based Administrator Pay (Committee). The Committee shall consist of three members of
19 the Senate appointed by the President Pro Tempore of the Senate and three members of the House
20 of Representatives appointed by the Speaker of the House of Representatives. The President Pro
21 Tempore and the Speaker of the House of Representatives shall each appoint a cochair of the
22 Committee from among its membership. The Committee and the terms of the members shall
23 expire when the Committee submits a final report to the General Assembly. Members shall serve
24 at the pleasure of the appointing officer.

25 **SECTION 9.4.(b)** The Committee shall study and make recommendations on the
26 following:

- 27 (1) The feasibility of revising the school-based administrator salary schedule,
28 including principal and assistant principal pay, and whether revisions are
29 needed.
- 30 (2) The process of recruiting and retaining principals in North Carolina as
31 compared with the process of recruiting and retaining executives in other
32 professions.
- 33 (3) Strategies for recruiting and retaining the most qualified principals in
34 low-performing and hard-to-staff schools.
- 35 (4) Any other issue the Committee considers relevant to this study.

36 **SECTION 9.4.(c)** The Committee shall meet upon the call of its cochairs. A quorum
37 of the Committee is a majority of its members. No action may be taken except by a majority vote
38 at a meeting at which a quorum is present. The Committee, while in the discharge of its official
39 duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of
40 the General Statutes. The Committee may contract for professional, clerical, or consultant
41 services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem,
42 subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee
43 shall be considered expenses incurred for the joint operation of the General Assembly.

44 **SECTION 9.4.(d)** The Legislative Services Officer shall assign professional and
45 clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the
46 House of Representatives and the Director of Legislative Assistants of the Senate shall assign
47 clerical support staff to the Committee.

48 **SECTION 9.4.(e)** The Committee shall submit a final report on the results of its
49 study, including any proposed legislation, to the members of the Senate and the House of
50 Representatives on or before December 31, 2016, by filing a copy of the report with the Office of
51 the President Pro Tempore of the Senate, the Office of the Speaker of the House of

1 Representatives, the Joint Legislative Education Oversight Committee, and the Legislative
2 Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final
3 report, whichever occurs first.

4 5 **CENTRAL OFFICE SALARIES**

6 **SECTION 9.5.(a)** The monthly salary ranges that follow apply to assistant
7 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
8 officers for the 2016-2017 fiscal year, beginning July 1, 2016, and shall be increased by two
9 percent (2%) annually as follows:

10	School Administrator I	\$ 3,459	\$ 6,449
11	School Administrator II	\$ 3,664	\$ 6,838
12	School Administrator III	\$ 3,887	\$ 7,252
13	School Administrator IV	\$ 4,041	\$ 7,539
14	School Administrator V	\$ 4,202	\$ 7,843
15	School Administrator VI	\$ 4,455	\$ 8,314
16	School Administrator VII	\$ 4,633	\$ 8,648

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

22 **SECTION 9.5.(b)** The monthly salary ranges that follow apply to public school
23 superintendents for the 2016-2017 fiscal year, beginning July 1, 2016, and shall be increased by
24 two percent (2%) annually as follows:

25	Superintendent I	\$ 4,915	\$ 9,171
26	Superintendent II	\$ 5,215	\$ 9,723
27	Superintendent III	\$ 5,530	\$ 10,311
28	Superintendent IV	\$ 5,867	\$ 10,935
29	Superintendent V	\$ 6,224	\$ 11,599

30 The local board of education shall determine the appropriate category and placement
31 for the superintendent based on the average daily membership of the local school administrative
32 unit and within funds appropriated by the General Assembly for central office administrators and
33 superintendents.

34 **SECTION 9.5.(c)** Longevity pay for superintendents, assistant superintendents,
35 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
36 provided for State employees under the State Personnel Act.

37 **SECTION 9.5.(d)** Superintendents, assistant superintendents, associate
38 superintendents, directors/coordinators, supervisors, and finance officers with certification based
39 on academic preparation at the six-year degree level shall receive a salary supplement of one
40 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided pursuant
41 to this section. Superintendents, assistant superintendents, associate superintendents,
42 directors/coordinators, supervisors, and finance officers with certification based on academic
43 preparation at the doctoral degree level shall receive a salary supplement of two hundred
44 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
45 section.

46 **SECTION 9.5.(e)** The State Board of Education shall not permit local school
47 administrative units to transfer State funds from other funding categories for salaries for public
48 school central office administrators.

49 **SECTION 9.5.(f)** Section 9.3 of S.L. 2015-241 is repealed.

50 51 **NONCERTIFIED PERSONNEL SALARIES**

1 **SECTION 9.6.(a)** The annual salary increase for permanent, full-time noncertified
2 public school employees whose salaries are supported from the State's General Fund shall be two
3 percent (2%), commencing July 1, 2016.

4 **SECTION 9.6.(b)** Local boards of education shall increase the rates of pay for such
5 employees who were employed for all or part of fiscal year 2015-2016 and who continue their
6 employment for fiscal year 2016-2017 by providing an annual salary increase for employees of
7 two percent (2%).

8 For part-time employees, the pay increase shall be pro rata based on the number of
9 hours worked.

10 **SECTION 9.6.(c)** The State Board of Education may adopt salary ranges for
11 noncertified personnel to support increases of two percent (2%) for the 2016-2017 fiscal year.

12 **SECTION 9.6.(d)** Section 9.4 of S.L. 2015-241 is repealed.

13 14 **PART X. COMMUNITY COLLEGES**

15 16 **UPDATE PERFORMANCE MEASURES**

17 **SECTION 10.1.** G.S. 115D-31.3 reads as rewritten:

18 **"§ 115D-31.3. Institutional performance accountability.**

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

22 (1) Progress of basic skills students.

23 ~~(2) Attainment of adult high school equivalency diplomas by students.~~

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

25 ~~(3a) Success rate of students in credit-bearing English courses.~~

26 ~~(3b) Success rate of students in credit-bearing Math courses.~~

27 ~~(4) Success of developmental students in subsequent college-level English courses.~~

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

29 (5a) Progress of first-year curriculum students.

30 (6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.

31 (7) Curriculum student retention and graduation.

32 (8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.

33 (9) Attainment of licensure and certifications by students.

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

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

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

40 (g) Recognition of Successful Institutional Performance. – For the purpose of recognition
41 of successful institutional performance, the State Board of Community Colleges shall evaluate
42 each college on the ~~eight~~ performance measures set out in subsection (e) of this section. Subject to
43 the availability of funds, the State Board may allocate funds among colleges based on the
44 evaluation of each institution's performance, including at least the following components:

45 (1) Program quality evaluated by determining a college's rate of student success on
46 each measure as compared to a systemwide performance baseline and goal.

47 (2) Program impact on student outcomes evaluated by the number of students
48 succeeding on each measure.

49 "

50 51 **CLARIFY USE OF CAREER COACH FUNDS**

1 **SECTION 10.2.** Section 10.14(c) of S.L. 2015-241 reads as rewritten:

2 **"SECTION 10.14.(c)** The funds appropriated under this act to the Community Colleges
3 System Office for the 2015-2017 fiscal biennium to match non-State funds to implement the NC
4 Works Career Coach Program shall only be used for salary and benefits ~~for~~of career coaches and
5 for direct operating costs related to supporting NC Works Career Coaches."
6

7 **PART XI. UNIVERSITIES**

8 9 **EXPAND INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS** 10 **ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU).**

11 **SECTION 11.1.** Section 11.12(b) of S.L. 2015-241, Appropriations Act of 2015,
12 reads as rewritten:

13 **"SECTION 11.12.(b)** ~~The~~For the 2016-2017 fiscal year, the Board of Governors shall
14 conduct a competitive process to select institutions of higher education that are Historically Black
15 Colleges and Universities to participate in the internship program which links ~~to~~a minimum of 95
16 students attending Historically Black Colleges and Universities with North Carolina-based
17 companies. The Board of Governors shall determine the number of institutions that may
18 participate in the program; however, at least two of the institutions shall be private institutions.
19 Funds appropriated by this act for this internship program shall be allocated only to constituent
20 institutions of The University of North Carolina that are designated as an HBCU and private
21 colleges and universities located in North Carolina that are designated as an HBCU."
22

23 **MODIFY NC GUARANTEED ADMISSION PROGRAM (NCGAP)**

24 **SECTION 11.2.(a)** Section 11.7(b) of S.L. 2015-241 reads as rewritten:

25 **"SECTION 11.7.(b)** The Board of Governors of The University of North Carolina and the
26 State Board of Community Colleges shall jointly study and evaluate how a deferred admission
27 program, to be known as the North Carolina Guaranteed Admission Program (NCGAP), for
28 students identified as academically at risk and designed pursuant to subsection (c) of this section,
29 would address the issues and help achieve the goals set out in subsection (a) of this section. In its
30 study the Board of Governors and State Board of Community Colleges shall also consider the best
31 procedure for implementing NCGAP and the fiscal impact it may have with respect to enrollment.
32 The Board of Governors and State Board of Community Colleges shall evaluate other measures
33 currently in place designed to improve completion rates and consider any potential overlap with
34 NCGAP."

35 **SECTION 11.2.(b)** Section 11.7(d) of S.L. 2015-241 reads as rewritten:

36 **"SECTION 11.7.(d)** The Board of Governors of The University of North Carolina and the
37 State Board of Community Colleges shall report their initial finding and recommendations to the
38 Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of
39 State Budget and Management by March 1, ~~2016~~2016, and their finding and recommendations
40 by January 1, 2017. The report shall include an analysis of the fiscal impact NCGAP may have
41 with regard to enrollment at constituent institutions of The University of North Carolina and at
42 community colleges, the number of students who may participate in NCGAP, and its effect on
43 FTEs."
44

45 **SECTION 11.2.(c)** Section 11.7(e) of S.L. 2015-241 reads as rewritten:

46 **"SECTION 11.7.(e)** Based on the analysis conducted by the Board of Governors and the
47 State Board of Community Colleges pursuant to subsection (b) of this section and the
48 recommendations made pursuant to subsection (d) of this section, each constituent institution shall
49 design a deferred admission program as part of NCGAP for implementation at the institution. The
50 institution shall design the program so that it may be implemented at the institution beginning with
51 the ~~2016-2017~~2017-2018 fiscal year and applied to the institution's admission process for the
~~2017-2018~~2018-2019 academic year and each subsequent academic year."

1 **SECTION 11.2.(d)** Section 11.7(g) of S.L. 2015-241 reads as rewritten:
2 **"SECTION 11.7.(g)** NCGAP shall be implemented at all constituent institutions and all
3 community colleges beginning with the ~~2016-2017~~2017-2018 fiscal year and shall apply to
4 admissions policies at each constituent institution and community college beginning with the
5 ~~2017-2018~~2018-2019 academic year and each subsequent academic year."
6

7 **UNC PART-WAY HOME STRATEGY/REPORT**

8 **SECTION 11.3.** Beginning September 1, 2017, and annually thereafter, the President
9 of The University of North Carolina shall report to the Joint Legislative Education Oversight
10 Committee regarding the expenditure of State funds used to recruit, retain, and graduate "part-way
11 home" and other nontraditional students who have completed some college but have not earned a
12 degree and to cover other costs of implementing the strategy to reenroll "part-way home" students.
13 The report shall include line item expenditures, descriptions of program activities and
14 accomplishments, and data on outcome measures used to assess program effectiveness.
15

16 **SUBPART XI-A. UNIVERSITIES/SEAA**

18 **NC SCHOLARSHIP FOR TEACHER ADVANCEMENT AND RETENTION (NCSTAR)**

19 **SECTION 11A.1.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
20 adding a new Part to read:

21 "Part 3. North Carolina Scholarship for Teacher Advancement and Retention Program.

22 "§ 116-209.60. Definitions.

23 The following definitions apply in this Part:

- 24 (1) Commission. – The North Carolina Scholarship for Teacher Advancement and
25 Retention Commission.
- 26 (2) Director. – The Director of the North Carolina Scholarship for Teacher
27 Advancement and Retention Program.
- 28 (3) Fund. – The North Carolina Scholarship for Teacher Advancement and
29 Retention Fund.
- 30 (4) Program. – The North Carolina Scholarship for Teacher Advancement and
31 Retention Program.
- 32 (5) Scholarship loan. – A forgivable scholarship loan made under the Program.

33 "§ 116-209.61. North Carolina Scholarship for Teacher Advancement and Retention 34 Commission established; membership.

35 (a) Commission Established. – There is established the North Carolina Scholarship for
36 Teacher Advancement and Retention Commission. The Director of the North Carolina
37 Scholarship for Teacher Advancement and Retention Program shall staff the Commission. The
38 Authority shall be responsible for implementing scholarship loan agreements, monitoring,
39 cancelling through service, collecting, and otherwise enforcing the agreements for the Program
40 and scholarship loans established in accordance with this Part.

41 (b) Membership. – The Commission shall consist of 11 members appointed or shall serve
42 ex officio as follows:

- 43 (1) One dean of an approved school of education at a postsecondary constituent
44 institution of The University of North Carolina, appointed by the President of
45 The University of North Carolina, and one dean of an approved school of
46 education at a private postsecondary institution operating in the State, appointed
47 by the President of the North Carolina Independent Colleges and Universities,
48 Inc.
- 49 (2) The North Carolina Teacher of the Year, ex officio.
- 50 (3) A teacher who graduated from an approved teacher preparation program located
51 in the State within three years of appointment to serve on the Commission,

1 appointed by the General Assembly upon the recommendation of the Speaker
2 of the House of Representatives.

3 (4) The North Carolina Principal of the Year, ex officio.

4 (5) A principal, appointed by the General Assembly upon the recommendation of
5 the President Pro Tempore of the Senate.

6 (6) The North Carolina Superintendent of the Year, ex officio.

7 (7) One member to represent business and industry appointed by the Governor.

8 (8) One local school board member appointed by the chair of the State Board of
9 Education.

10 (9) The chairperson of the Board of the State Education Assistance Authority, ex
11 officio.

12 (10) The Director of the North Carolina Scholarship for Teacher Advancement and
13 Retention Program, ex officio. The Director shall chair the Commission.

14 (c) Terms of Office. – Appointments to the Commission shall be for two-year terms,
15 expiring on July 1 in odd-numbered years. Members serving ex officio, other than the chairperson
16 of the Board of the State Education Assistance Authority and Director of the North Carolina
17 Scholarship for Teacher Advancement and Retention Program, who have otherwise completed
18 their term of service, shall continue to serve on the Commission until July 1, annually.

19 (d) Vacancies. – Except as otherwise provided, if a vacancy occurs in the membership, the
20 appointing authority shall appoint another person to serve for the balance of the unexpired term.

21 (e) Expenses. – Commission members shall receive per diem, subsistence, and travel
22 allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

23 (f) Meetings. – The Commission shall meet regularly at times and places deemed
24 necessary by the chair.

25 **"§ 116-209.62. North Carolina Scholarship for Teacher Advancement and Retention**
26 **Program established; administration.**

27 (a) Program. – There is established the North Carolina Scholarship for Teacher
28 Advancement and Retention Program to be administered by the General Administration of The
29 University of North Carolina, in collaboration with the Authority and the Commission. The
30 purpose of the Program is to recruit, prepare, and support North Carolina residents for preparation
31 as highly effective teachers serving in hard-to-staff licensure areas and hard-to-staff public
32 schools. The Program shall be used to provide a scholarship loan to individuals interested in
33 preparing to teach in the public schools of the State in hard-to-staff licensure areas and
34 hard-to-staff schools.

35 (b) Fund. – There is established the North Carolina Scholarship for Teacher Advancement
36 and Retention Program Fund to be administered by the Authority, in collaboration with the
37 General Administration of The University of North Carolina. All funds appropriated to, or
38 otherwise received by, the Program for scholarships, all funds received as repayment of
39 scholarship loans, and all interest earned on these funds shall be placed in the Fund. The purpose
40 of the Fund is to provide financial assistance to qualified students for completion of teacher
41 education and licensure programs to fill hard-to-staff licensure areas and hard-to-staff schools in
42 the State.

43 (c) Uses of Monies in the Fund. – The monies in the Fund may be used only for
44 scholarship loans granted under the Program, administrative costs associated with the Program,
45 including recruitment and recovery of funds advanced under the Program, and extracurricular
46 enhancement activities of the Program. The Authority may use up to two hundred thousand dollars
47 (\$200,000) from the Fund in each fiscal year for its administrative costs, the salary of the Director
48 of the Program, and expenses of the Commission. The Commission may use up to four hundred
49 thousand dollars (\$400,000) each fiscal year for the extracurricular enhancement activities of the
50 Program.

1 (d) Director. – The General Administration of The University of North Carolina shall
2 appoint a Director of the Program. The Director shall chair and staff the Commission and shall be
3 responsible for recruitment and coordination of the Program, including proactive, aggressive, and
4 strategic recruitment of potential recipients, including targeting regions of the State with the
5 highest teacher attrition rates and teacher recruitment challenges, active engagement with
6 educators, business leaders, experts in human resources, elected officials, and other community
7 leaders throughout the State, and attracting candidates in hard-to-staff licensure areas. The
8 Authority shall provide office space and clerical support staff for the Program.

9 (e) Student Selection Criteria for Scholarship Loans. – The Commission shall determine
10 selection criteria, methods of selection, and shall select recipients to receive scholarship loans. The
11 Commission shall adopt stringent standards for awarding these scholarship loans based on
12 multiple measures to ensure that only the strongest applicants receive them, including, but not
13 limited to, the following:

14 (1) Grade point averages.

15 (2) Performance on relevant career and college readiness assessments.

16 (3) Experience, accomplishments, and other criteria demonstrating qualities
17 positively correlated with highly effective teachers, including excellent verbal
18 and communication skills.

19 (4) Stated commitments to either serving in a hard-to-staff school or licensure in a
20 hard-to-staff licensure area for a minimum of four years.

21 (f) Program Selection Criteria. – The Authority shall administer the Program in
22 cooperation with institutions of higher education with educator preparation programs selected by
23 the Commission, including North Carolina community colleges, postsecondary constituent
24 institutions of The University of North Carolina, and private postsecondary institutions operating
25 in the State. The Commission shall adopt stringent standards for selection of only the most
26 effective educator preparation programs, including, but not limited to, the following:

27 (1) Demonstrates high rates of educator effectiveness on value-added models and
28 teacher evaluations, including using performance-based, subject-specific
29 assessment and support systems, such as edTPA or other metric of evaluating
30 candidate effectiveness that has predictive validity.

31 (2) Demonstrates measurable impact of prior graduates on student learning,
32 including impact of graduates teaching in hard-to-staff schools and graduates
33 teaching in hard-to-staff licensure areas.

34 (3) Provides curricular and co-curricular enhancements in leadership, the
35 facilitation of learning for diverse learners, community engagement, classroom
36 management, and reflection and assessment.

37 (4) Requires at least a minor concentration of study in the subject area that the
38 candidate may teach.

39 (5) Provides early and frequent internship or practical experiences, including the
40 opportunity for participants to perform practicums in hard-to-staff schools.

41 (6) Is approved by the State Board of Education as an educator preparation
42 program.

43 (g) Awards of Scholarship Loans. – The Program shall provide scholarship loans to
44 selected students to be used at selected institutions for completion of a program leading to teacher
45 licensure as follows:

46 (1) North Carolina high school seniors. – Scholarship loans of up to eight thousand
47 two hundred fifty dollars (\$8,250) per year for up to four years.

48 (2) Community college students and private, nonprofit two-year college students
49 applying for transfer to a selected educator preparation program at an institution
50 of higher education. – Scholarship loans of up to eight thousand two hundred
51 fifty dollars (\$8,250) per year for up to two years.

1 (3) Individuals currently holding a bachelor's degree seeking preparation for
2 teacher licensure. – Scholarship loans of up to eight thousand two hundred fifty
3 dollars (\$8,250) per year for up to two years.

4 (4) Students matriculating at institutions of higher education who are changing to
5 enrollment in a selected educator preparation program. – Scholarship loans of
6 up to eight thousand two hundred fifty dollars (\$8,250) per year for up to two
7 years.

8 Scholarship loans may be used for tuition, fees, and the cost of books.

9 (h) Identification of Hard-to-Staff Licensure Areas and Hard-to-Staff Schools. – The State
10 Board of Education shall annually identify and provide to the Commission and the Authority a list
11 of hard-to-staff areas of licensure and a list of hard-to-staff schools by local school administrative
12 unit using, at a minimum, the following criteria to identify those lists:

13 (1) Hard-to-staff licensure areas. – The number of available positions in a licensure
14 area relative to the number of current and anticipated teachers in that area of
15 licensure.

16 (2) Hard-to-staff school. – Annual teacher turnover rates, number and percentage of
17 teaching positions unfilled for more than half of the school year, number and
18 percentage of teachers with entry professional educator licenses intended for
19 teachers with three or less years of teaching experience, percentage of students
20 at school failing to meet expected growth, percentage of students at school
21 scoring below grade level on standardized assessments, and school performance
22 grade on the annual school report card.

23 The Commission shall make the list readily available to applicants. A student awarded a
24 scholarship loan who enrolls in a program leading to a hard-to-staff licensure area shall continue
25 to receive the scholarship and be permitted to fulfill the requirements of the scholarship loan even
26 if that licensure area does not remain on the list following the student's year of enrollment. A
27 student awarded a scholarship loan who, upon graduation, is employed by a local board of
28 education to teach in a hard-to-staff school shall be permitted to fulfill the requirements of the
29 scholarship loan, even if that school does not remain on the list following the student's year of
30 initial employment.

31 (i) Administration of Scholarship Loan Awards. – Upon the naming of recipients of the
32 scholarship loans by the Commission, the Commission shall transfer to the Authority its decisions.
33 The Authority, in coordination with the Director, shall perform all of the administrative functions
34 necessary to implement this Part, which functions shall include rule making, dissemination of
35 information, disbursement, receipt, liaison with participating constituent institutions,
36 determination of the acceptability of service repayment agreements, and all other functions
37 necessary for the execution, payment, and enforcement of promissory notes required under this
38 Part.

39 (j) Annual Report. – The Commission, in coordination with the Authority, shall report no
40 later than January 1, 2017, and annually thereafter, to the Joint Legislative Education Oversight
41 Committee regarding the following:

42 (1) Loans awarded from the Fund, including the following:

43 a. Demographic information regarding recipients.

44 b. Number of recipients by institution of higher education and program.

45 c. Information on number of recipients by anticipated program licensure
46 area.

47 (2) Placement and repayment rates, including the following:

48 a. Number of graduates who have been employed in a hard-to-staff school
49 and number of graduates who have been employed in a hard-to-staff
50 area within two years of program completion.

- 1 b. Number of graduates who have begun loan repayment and their years of
2 service, if any, prior to beginning loan repayment and information on
3 the number of graduates repaying a loan under the designation of
4 hard-to-staff school or hard-to-staff licensure area.
- 5 c. Number of graduates who have fulfilled service requirements through
6 employment in a hard-to-staff school and number of graduates who
7 have fulfilled service requirements through employment in a
8 hard-to-staff licensure area.
- 9 d. Number of graduates employed in a hard-to-staff school or hard-to-staff
10 licensure area who have received an overall rating of at least
11 accomplished and have met expected growth on applicable standards of
12 the teacher evaluation instrument.
- 13 e. Aggregate information on student growth and proficiency in courses
14 taught by graduates who have fulfilled service requirements through
15 employment in a hard-to-staff school and in a hard-to-staff licensure
16 area.
- 17 (3) Selected school outcomes by program, including the following:
- 18 a. Turnover rate for scholarship loan graduates.
- 19 b. Aggregate information on student growth and proficiency in courses
20 taught by scholarship loan graduates.
- 21 c. Fulfillment rate of scholarship loan graduates.

22 **"§ 116-209.63. Terms of loans; receipt and disbursement of funds.**

23 (a) Notes. – All scholarship loans shall be evidenced by notes made payable to the
24 Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the
25 Authority and beginning 90 days after completion of the program leading to teacher licensure, or
26 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may
27 be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the
28 standards set by the Commission.

29 (b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the
30 loan if, within seven years after graduation from a program leading to teacher licensure, exclusive
31 of any authorized deferment for extenuating circumstances, the recipient serves for four years as a
32 teacher at a North Carolina public school identified as hard-to-staff or at a North Carolina public
33 school in an identified hard-to-staff area of licensure, as provided in G.S. 116-209.61(h). The
34 Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for
35 four years, within seven years after completion of the program leading to teacher licensure at a
36 North Carolina public school because of the death or permanent disability of the recipient. If the
37 recipient repays the scholarship loan by cash payments, all indebtedness shall be repaid within
38 eight years after completion of the program leading to teacher licensure supported by the
39 scholarship loan. If the recipient completes a program leading to teacher licensure, payment of
40 principal and interest shall begin no later than 27 months after the completion of the program.
41 Should a recipient present extenuating circumstances, the Authority may extend the period to
42 repay the loan in cash to no more than a total of 12 years."

43 **SECTION 11A.1.(b)** Notwithstanding the requirements established in
44 G.S. 116-209.61, as enacted by this section, initial appointments to the Commission shall be made
45 no later than August 15, 2016. Initial appointment to the Commission shall expire July 1, 2018.

46 **SECTION 11A.1.(c)** The Commission shall establish initial selection criteria for
47 recipients and institutions of higher education no later than November 15, 2016, and shall make
48 available applications to prospective students no later than December 31, 2016.

49 **SECTION 11A.1.(d)** The State Board of Education shall establish criteria and
50 identify hard-to-staff areas of licensure and hard-to-staff schools by local school administrative

1 unit and provide that information to the Commission and Authority no later than November 1,
2 2016.

3 **SECTION 11A.1.(e)** The Commission shall select recipients and award the initial
4 scholarship loans for the 2017-2018 school year no later than April 1, 2017.

5
6 **MODIFICATIONS TO THE SPECIAL EDUCATION SCHOLARSHIP GRANT**
7 **PROGRAM FOR CHILDREN WITH DISABILITIES**

8 **SECTION 11A.2.(a)** G.S. 115C-112.5(2) reads as rewritten:

9 "(2) Eligible student. – A child under the age of 22 who resides in North Carolina
10 and meets all of the following criteria:

- 11 a. Is a child with a disability.
12 b. Is eligible to attend a North Carolina public school pursuant to
13 G.S. 115C-366.
14 c. Has not been placed in a nonpublic school or facility by a public agency
15 at public expense.
16 d. Has not been enrolled in a postsecondary institution as a full-time
17 student taking at least 12 hours of academic credit.
18 e. Has not received a high school diploma.
19 f. Meets at least one of the following requirements:
20 1. Was enrolled in a North Carolina public school or a Department
21 of Defense Elementary and Secondary School, established
22 pursuant to 10 U.S.C. § 2164 and located in North Carolina,
23 during the previous semester.
24 2. Received special education or related services through the North
25 Carolina public schools as a preschool child with a disability
26 during the previous semester.
27 3. Was approved for a scholarship for the previous semester.
28 4. Is a child who is identified as a child with a disability prior to the
29 end of the year of initial enrollment in kindergarten or first
30 grade. An award by the Authority based on eligibility under this
31 sub-sub-subdivision shall be conditional. If documentation is not
32 provided to the Authority that the child is a child with a
33 disability prior to the end of the year of initial enrollment, (i) no
34 reimbursement shall be awarded and (ii) the child shall not
35 qualify the following year as an eligible student under
36 sub-sub-subdivision 3. of this section.
37 5. Is a child whose parent or legal guardian is on full-time duty
38 status in the active uniformed service of the United States,
39 including members of the National Guard and Reserve on active
40 duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10
41 U.S.C. § 12401, et seq.
42 6. Is a child who has been domiciled in the State for at least six
43 months."

44 **SECTION 11A.2.(b)** G.S. 115C-112.6 reads as rewritten:

45 **"§ 115C-112.6. Scholarships.**

46 (a) Scholarship Applications. – The Authority shall make available no later than May 1
47 annually applications to eligible students for the award of scholarships. Information about
48 scholarships and the application process shall be made available on the Authority's Web site. ~~The~~
49 ~~Authority shall give priority in awarding scholarships to eligible students who received a~~
50 ~~scholarship during the previous semester. Except as otherwise provided by the Authority for prior~~

1 scholarship recipients, scholarships shall be awarded to eligible students in the order in which the
2 applications are received.

3 (a1) Web Site Availability. – Information about scholarships and the application process
4 shall be made available on the Authority's Web site. The Authority shall also include information
5 on the Web site notifying parents that federal regulations adopted under IDEA provide that no
6 parentally placed private school child with a disability has an individual right to receive some or
7 all of the special education and related services that the child would receive if enrolled in a public
8 school.

9 (a2) Priority of Awards. – The Authority shall award scholarships according to the
10 following criteria for applications received by June 15 each year:

11 (1) First priority shall be given to eligible students who received a scholarship
12 during the previous semester.

13 (2) After scholarships have been awarded under subdivision (1) of this subsection,
14 scholarships shall be awarded to students who meet any of the criteria listed in
15 G.S. 115C-112.5(2)f.1., 2., 4., and 5.

16 (3) After scholarships have been awarded under subdivision (2) of this subsection,
17 scholarships shall be awarded to students who meet the criteria found in
18 G.S. 115C-112.5(2)f.6.

19 Scholarships shall be awarded to eligible students in each subdivision of this subsection in the
20 order in which the applications are received.

21 (b) Scholarship Awards. – Scholarships awarded to eligible students shall be for amounts
22 of not more than four thousand dollars (\$4,000) per semester per eligible student. Eligible students
23 awarded scholarships may not be enrolled in a public school to which that student has been
24 assigned as provided in G.S. 115C-366. Scholarships shall be awarded only for tuition and for the
25 reimbursement of special education, related services, and educational technology, as provided in
26 subsection (b1) of this section. The Authority shall notify parents in writing of their eligibility to
27 receive scholarships for costs that will be incurred during the spring semester of the following year
28 by December 1 and for costs incurred during the fall semester of that year by July 1.

29 (b1) Disbursement of Scholarship Funds. – The Authority shall disburse scholarship funds
30 for tuition and for the reimbursement of costs incurred by the parent of an eligible student as
31 follows:

32 (1) ~~Scholarship Tuition endorsement for tuition and reimbursement. — The~~
33 ~~Authority shall remit, at least two times each school year, scholarship funds~~
34 ~~awarded to eligible students for endorsement by at least one of the student's~~
35 ~~parents or guardians for tuition to attend (i) a North Carolina public school~~
36 ~~other than the public school to which that student has been assigned as provided~~
37 ~~in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of Part~~
38 ~~1 or Part 2 of Article 39 of this Chapter as identified by the Department of~~
39 ~~Administration, Division of Nonpublic Education. The Authority shall disburse~~
40 ~~scholarship funds awarded to eligible students for tuition at a nonpublic school~~
41 ~~based upon the method selected by the nonpublic school. A nonpublic school~~
42 ~~may elect to participate in the scholarship endorsement for tuition option or the~~
43 ~~reimbursement for tuition option as set forth in this subdivision. Scholarship~~
44 ~~funds shall not be provided for tuition for home schooled students. If the~~
45 ~~student is attending a nonpublic school, the school must be deemed eligible by~~
46 ~~the Division of Nonpublic Education, pursuant to G.S. 115C-562.4, and the~~
47 ~~school shall be subject to the requirements of G.S. 115C-562.5. The parent or~~
48 ~~guardian shall restrictively endorse the scholarship funds awarded to the~~
49 ~~eligible student to the school for deposit into the account of the school. The~~
50 ~~parent or guardian shall not designate any entity or individual associated with~~
51 ~~the school as the parent's attorney in fact to endorse the scholarship funds but~~

1 shall endorse the scholarship funds in person at the site of the school. A parent's
2 or guardian's failure to comply with this section shall result in forfeiture of the
3 scholarship funds. A scholarship forfeited for failure to comply with this
4 section shall be returned to the Authority to be awarded to another
5 student. Scholarship funds for tuition shall be disbursed as follows:

6 a. Scholarship endorsement for tuition. – The Authority shall remit, at
7 least two times each school year, scholarship funds awarded to eligible
8 students for endorsement by at least one of the student's parents or
9 guardians for tuition to attend a nonpublic school that meets the
10 requirements of Part 1 or Part 2 of Article 39 of this Chapter as
11 identified by the Department of Administration, Division of Nonpublic
12 Education, is deemed eligible by the Division, and is subject to the
13 requirements of G.S. 115C-562.5. The parent or guardian shall
14 restrictively endorse the scholarship funds awarded to the eligible
15 student to the school for deposit into the account of the school. The
16 parent or guardian shall not designate any entity or individual associated
17 with the school as the parent's attorney-in-fact to endorse the
18 scholarship funds but shall endorse the scholarship funds in person at
19 the site of the school. A parent's or guardian's failure to comply with this
20 section shall result in forfeiture of the scholarship funds. A scholarship
21 forfeited for failure to comply with this section shall be returned to the
22 Authority to be awarded to another student.

23 b. Reimbursement for tuition. – The parent or guardian of an eligible
24 student who enrolls in a school that is (i) a North Carolina public school
25 other than the public school to which that student has been assigned as
26 provided in G.S. 115C-366 or (ii) a nonpublic school that meets the
27 requirements of Part 1 or Part 2 of Article 39 of this Chapter as
28 identified by the Department of Administration, Division of Nonpublic
29 Education, is deemed eligible by the Division, and is not subject to
30 G.S. 115C-562.5, shall pay tuition directly to the school. The Authority
31 shall reimburse the parent or guardian no sooner than the midpoint of
32 each semester. A parent or guardian may receive reimbursement for
33 tuition if the parent or guardian provides documentation that the student
34 was enrolled in a school under this sub-subdivision.

35 (2) Scholarship reimbursements for costs. – Scholarship reimbursement for costs
36 incurred shall be provided as follows:

37 a. Preapproval process. – Prior to the start of each school semester, the
38 parent of an eligible student may submit documentation of the special
39 education, related services, or educational technology the parent
40 anticipates incurring costs on in that semester for preapproval by the
41 Authority.

42 b. Reimbursement submissions. – Following the conclusion of each school
43 semester, the parent of an eligible student shall submit to the Authority
44 any receipts or other documentation approved by the Authority to
45 demonstrate the costs incurred during the semester. In addition, parents
46 shall provide documentation of the following to seek reimbursement:

47 1. Special education reimbursement. – Parents may only receive
48 reimbursement for special education if the parent provides
49 documentation that the student received special education for no
50 less than 75 days of the semester for which the parent seeks
51 reimbursement. Special education reimbursement shall not be

- 1 provided for special education instruction provided to a home
 2 schooled student by a member of the household of a home
 3 school, as defined in G.S. 115C-563(a).
 4 2. Related services reimbursement. – Parents may only receive
 5 reimbursement for related services if the parent provides
 6 documentation that the student also received special education
 7 for no less than 75 days of the semester for which the parent
 8 seeks reimbursement for the related services. Related services
 9 reimbursement shall not be provided for related services
 10 provided to a home schooled student by a member of the
 11 household of a home school, as defined in G.S. 115C-563(a).
 12 3. Educational technology reimbursement. – Parents may only
 13 receive reimbursement for educational technology if the parent
 14 provides documentation that the student used the educational
 15 technology for no less than 75 days of the semester for which the
 16 parent seeks reimbursement.
 17 c. Scholarship award. – The Authority shall award a scholarship in the
 18 amount of costs demonstrated by the parent up to the maximum amount.
 19 If the costs incurred by the parent do not meet the maximum
 20 ~~amount,~~ amount for the fall semester, the Authority shall use the
 21 remainder of those funds for the award of scholarships to eligible
 22 students for the following ~~semester,~~ spring semester. The Authority shall
 23 award scholarships to the parents of eligible students at least
 24 semiannually.
 25 d. Carryforward of funds for reimbursements. – Any unexpended
 26 scholarship funds at the end of each fiscal year shall revert to the
 27 General Fund, except that the Authority may carry forward for the next
 28 fiscal year an amount necessary to ensure that any outstanding,
 29 allowable reimbursements can be disbursed in accordance with this
 30 section. Any funds carried forward for the purpose of meeting
 31 anticipated reimbursement obligations from the prior fiscal year that are
 32 not expended shall not be used to award additional scholarships to
 33 eligible students but shall revert to the General Fund at the end of the
 34 that fiscal year.
 35 (c) Student Continuing Eligibility. – After an eligible student's initial receipt of a
 36 scholarship, the Authority shall ensure that the student's continuing eligibility is assessed at least
 37 every three years by one of the following:
 38 (1) The local educational agency. – The local school educational agency shall
 39 assess if the child continues to be a child with a disability and verify the
 40 outcome on a form to be provided to the Authority.
 41 (2) A licensed psychologist with a school psychology ~~focus,~~ focus or a psychiatrist.
 42 – The psychologist or psychiatrist shall assess, after review of appropriate
 43 medical and educational records, if the education and related services received
 44 by the student in the nonpublic school setting have improved the child's
 45 educational performance and if the student would continue to benefit from
 46 placement in the nonpublic school setting. The psychologist or psychiatrist shall
 47 verify the outcome of the assessment on a form to be provided to the Authority.
 48"
 49 **SECTION 11A.2.(c)** G.S. 115C-112.8(b) reads as rewritten:
 50 "(b) The annual report shall include all of the following information:
 51 (1) Total number, age, and grade level of eligible students receiving scholarships.

- 1 (2) Total amount of scholarship funding awarded.
2 (3) Nonpublic schools in which scholarship recipients are enrolled and the number
3 of scholarship students at that school.
4 (4) The type of special education or related services for which scholarships were
5 awarded.
6 (5) Total number of applicants by eligibility type, as listed in G.S. 115C-112.5(2)f.,
7 and the total number of scholarships awarded by priority type, as listed in
8 G.S. 115C-112.6(a2)."

9 **SECTION 11A.2.(d)** Notwithstanding G.S. 115C-112.5(2)f.1., for the 2016-2017
10 school year only, a child shall be deemed to have met the eligibility requirement of enrollment in a
11 North Carolina public school during the previous semester under G.S. 115C-112.5(2)f.1. if (i) the
12 child's parent or guardian submitted an application and was eligible to receive a scholarship grant
13 under Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2015-2016 school year
14 and was enrolled in a public school for at least 75 days during the spring semester of the
15 2014-2015 school year or (ii) the child was enrolled for at least 75 days during the spring semester
16 of the 2015-2016 school year.

17 **SECTION 11A.2.(e)** Except as otherwise provided in this section, this section applies
18 beginning with the 2016-2017 school year.
19

20 MODIFICATIONS TO THE OPPORTUNITY SCHOLARSHIP PROGRAM

21 **SECTION 11A.3.(a)** G.S. 115C-562.1(3) reads as rewritten:

22 "(3) Eligible students. – A student residing in North Carolina who has not yet
23 received a high school diploma and who meets all of the following
24 requirements:

25 a. Meets one of the following criteria:

- 26 1. Was a full-time student (i) assigned to and attending a public
27 school pursuant to G.S. 115C-366 or (ii) enrolled in a
28 Department of Defense Elementary and Secondary School,
29 established pursuant to 10 U.S.C. § 2164 and located in North
30 Carolina, during the previous semester.
31 2. Received a scholarship grant during the previous school year.
32 3. Is entering either kindergarten or the first grade.
33 4. Is a child in foster care as defined in G.S. 131D-10.2(9).
34 5. Is a child whose adoption decree was entered not more than one
35 year prior to submission of the scholarship grant application.
36 6. Is a child whose parent or legal guardian is on full-time duty
37 status in the active uniformed service of the United States,
38 including members of the National Guard and Reserve on active
39 duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10
40 U.S.C. § 12401, et seq.

41 a1. Has not enrolled in a postsecondary institution in a matriculated status
42 eligible for enrollment for 12 hours of academic credit.

43 b. Resides in a household with an income level not in excess of one
44 hundred thirty-three percent (133%) of the amount required for the
45 student to qualify for the federal free or reduced-price lunch program."

46 **SECTION 11A.3.(b)** G.S. 115C-562.2(a)(2) reads as rewritten:

47 "(2) After scholarship grants have been awarded to prior recipients as provided in
48 subdivision (1) of this subsection, scholarships shall be awarded with remaining
49 funds as follows:

50 a. At least fifty percent (50%) of the remaining funds shall be used to
51 award scholarship grants to eligible students residing in households with

1 an income level not in excess of the amount required for the student to
2 qualify for the federal free or reduced-price lunch program.

3 b. No more than ~~thirty-five percent (35%)~~forty percent (40%) of the
4 remaining funds shall be used to award scholarship grants to eligible
5 students entering either kindergarten or first grade.

6 c. Any remaining funds shall be used to award scholarship grants to all
7 other eligible students."

8 **SECTION 11A.3.(c)** This section applies beginning with the 2016-2017 school year.
9

10 **TRANSFORMING PRINCIPAL PREPARATION/CLARIFY RFP GRANTS**

11 **SECTION 11A.4.** Subsection 11.9(f) of S.L. 2015-241 reads as rewritten:

12 **"SECTION 11.9.(f)** Application Requirements. – The nonprofit corporation entering into a
13 contract with the Authority under subsection (d) of this section shall issue an initial RFP with
14 guidelines and criteria for the grants no later than March 1, 2016. The nonprofit corporation may
15 issue additional RFPs for grant applicants as it may deem necessary, subject to available funds. An
16 eligible entity that seeks a grant under the program authorized by this section shall submit to the
17 nonprofit corporation an application at such time, in such manner, and accompanied by such
18 information as the nonprofit may require. An applicant shall include at least the following
19 information in its response to the RFP for consideration by the nonprofit corporation:

20 (1) The extent to which the entity has a demonstrated record of preparing school
21 leaders who implement school leadership practices linked to increased student
22 achievement.

23 (2) The extent to which the entity has a rigorous school leader preparation program
24 design that includes the following research-based programmatic elements:

25 a. A proactive, aggressive, and intentional recruitment strategy.

26 b. Rigorous selection criteria based on competencies that are predictive of
27 success as a school leader, including, but not limited to, evidence of
28 significant positive effect on student learning growth in the classroom,
29 at the school-level, and the local school administrative unit-level,
30 professional recommendations, evidence of problem solving and critical
31 thinking skills, achievement drive, and leadership of adults.

32 c. Alignment to high-quality national standards for school leadership
33 development.

34 d. Rigorous coursework that effectively links theory with practice through
35 the use of field experiences and problem-based learning.

36 e. Full-time clinical practice of at least five months in duration in an
37 authentic setting, including substantial leadership responsibilities where
38 candidates are evaluated on leadership skills and effect on student
39 outcomes as part of program completion.

40 f. Multiple opportunities for school leader candidates to be observed and
41 coached by program faculty and staff.

42 g. Clear expectations for and firm commitment from school leaders who
43 will oversee the clinical practice of candidates.

44 h. Evaluation of school leader candidates during and at the end of the
45 clinical practice based on the North Carolina School Executive
46 Evaluation Rubric.

47 i. A process for continuous review and program improvement based on
48 feedback from partnering local school administrative units and data
49 from program completers, including student achievement data.

- 1 j. Established relationship and feedback loop with affiliated local school
2 administrative units that is used to inform and improve programmatic
3 elements from year to year based on units' needs."
4

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

6
7 **SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT**

8
9 **FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH**
10 **TECHNOLOGY (NC FAST)**

11 **SECTION 12A.1.** Section 12A.7 of S.L. 2015-241 reads as rewritten:

12 **"SECTION 12A.7.(a)** Funds appropriated in this act in the amount of five million eight
13 hundred three thousand dollars (\$5,803,000) for the 2015-2016 fiscal year and thirteen million
14 fifty-two thousand dollars (\$13,052,000) for the 2016-2017 fiscal year along with prior year
15 earned revenue in the amount of nine million four hundred thousand dollars (\$9,400,000) for the
16 2015-2016 fiscal year and ten million nine hundred eighty-nine thousand seventeen dollars
17 (\$10,989,017) for the 2016-2017 fiscal year; and for each of those fiscal years, the cash balance in
18 Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services through
19 Technology (NC FAST) project shall be used to match federal funds ~~in the 2015-2016 and~~
20 ~~2016-2017 fiscal years~~ to expedite the development and implementation of Child Care, Low
21 Income Energy Assistance, Crisis Intervention Programs, Child Services, ~~and~~ NC FAST
22 Federally-Facilitated Marketplace (FFM) ~~Interoperability~~ Interoperability, and Additional
23 Medicaid Eligibility Requirements and Enterprise Program Integrity components of the NC FAST
24 program. The Department shall report any changes in approved federal funding or federal match
25 rates within 30 days after the change to the Joint Legislative Oversight Committees on Health and
26 Human Services and Information Technology and the Fiscal Research Division.

27 **"SECTION 12A.7.(b)** Departmental receipts appropriated in this act in the amount of nine
28 million eight hundred seventy-one thousand fifty-nine dollars (\$9,871,059) for the 2015-2016
29 fiscal year and ~~thirteen million two hundred twenty thousand six hundred sixty-five dollars~~
30 ~~(\$13,220,665)~~ twenty-five million eight hundred fifty-eight thousand one hundred eighty-seven
31 dollars (\$25,858,187) for the 2016-2017 fiscal year shall be used to provide ongoing maintenance
32 and operations for the NC FAST system, including the creation of three full-time equivalent
33 technology support analyst positions."
34

35 **ELIMINATION OF NC TRACKS ICD-10 IMPLEMENTATION REPORT**

36 **SECTION 12A.2.** Section 12A.6(b) of S.L. 2015-241 is repealed.
37

38 **FINAL REPORT ON COMMUNITY PARAMEDICINE PILOT PROGRAM**

39 **SECTION 12A.3.** Section 12A.12(e) of S.L. 2015-241 reads as rewritten:

40 **"SECTION 12A.12.(e)** The Department of Health and Human Services shall submit a final
41 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
42 Research Division by ~~November 1, 2016~~ March 1, 2017. At a minimum, the final report shall
43 include all of the following:

- 44 (1) An updated version of the evaluation plan required by subsection (d) of this
45 section.
46 (2) An estimate of the cost to expand the program incrementally and statewide.
47 (3) An estimate of any potential savings of State funds associated with expansion
48 of the program.
49 (4) If expansion of the program is recommended, a time line for expanding the
50 program."
51

CONTRACTING SPECIALIST TRAINING PROGRAM

SECTION 12A.4.(a) The School of Government at the University of North Carolina at Chapel Hill (SOG), in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal for the design of a contracting specialist training program for management level personnel within the Department that is based on both national standards and the Certified Local Government Purchasing Officer Program administered by the SOG. By August 1, 2016, the SOG and the Department shall submit the proposal prepared pursuant to this subsection to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 12A.4.(b) The SOG, in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal for the implementation and administration of the contracting specialist training program for management level personnel within the Department. The proposal shall include budget estimates for program implementation and administration based on the requirements of the program design. The SOG and the Department shall submit the proposal prepared pursuant to this subsection, including budget estimates for program implementation and administration, to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division for consideration during the 2017 Regular Session.

SECTION 12A.4.(c) This section is effective when it becomes law.

REVISE LIST OF INITIATIVES/COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS

SECTION 12A.5. Section 12A.8 of S.L. 2015-241 reads as rewritten:

"...

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

...

- (4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:
- a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
 - b. A system of residential supports for those afflicted with substance abuse addiction.
 - c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
 - d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
 - e. ~~A food distribution system for needy individuals.~~
 - f. The provision and coordination of services for the homeless.
 - g. The provision of services for individuals aging out of foster care.
 - h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
 - i. ~~The provision of services and screening for blindness.~~
 - j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.
 - k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.

- 1 l. A comprehensive smoking prevention and cessation program that
2 screens and treats tobacco use in pregnant women and postpartum
3 mothers.
4 m. A program providing short-term ~~or long-term~~ residential substance
5 abuse services. ~~For purposes of this sub-subdivision, "long term" means~~
6 ~~a minimum of 12 months."~~

7 ...

8 **"SECTION 12A.8.(e)** ~~For the 2015-2017 fiscal biennium only, from~~From the funds identified
9 in subsection (a) of this section, the Department shall make allocations as follows:

- 10 (1) ~~The~~For the 2015-2017 fiscal biennium only, the sum of two million four
11 hundred twenty-seven thousand nine hundred seventy-five dollars (\$2,427,975)
12 in each year of the 2015-2017 fiscal biennium to provide grants to Boys and
13 Girls Clubs across the State to implement (i) programs that improve the
14 motivation, performance, and self-esteem of youth and (ii) other initiatives that
15 would be expected to reduce gang participation, school dropout, and teen
16 pregnancy rates. Boys and Girls Clubs shall be required to seek future funding
17 through the competitive grants process in accordance with subsection (b) of this
18 section.
19 (2) ~~The~~For the 2015-2016 fiscal year only, the sum of one million six hundred
20 twenty-five thousand dollars (\$1,625,000) ~~in each year of the 2015-2017 fiscal~~
21 ~~biennium~~ to Triangle Residential Options for Substance Abusers, Inc.,
22 (TROSA) for the purpose of assisting individuals with substance abuse
23 addiction. ~~TROSA shall be required to seek future funding through the~~
24 ~~competitive grants process in accordance with subsection (b) of this section."~~

25 **REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT APPROPRIATIONS**

26 **SECTION 12A.6.(a)** The Department of Health and Human Services shall require the
27 following non-State entities to match ten percent (10%) of the total amount of State appropriations
28 received each fiscal year. In addition, the Department shall direct these entities to submit a written
29 report annually, beginning November 1, 2017, of all activities funded by State appropriations to
30 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
31 Division:
32

- 33 (1) Food Bank of Central and Eastern North Carolina, Inc.
34 (2) Food Bank of the Albemarle.
35 (3) Manna Food Bank.
36 (4) Second Harvest Food Bank of Metrolina, Inc.
37 (5) Second Harvest Food Bank of Northwest North Carolina, Inc.
38 (6) Second Harvest Food Bank of Southeast North Carolina.
39 (7) North Carolina Association of Feeding America Food Banks.
40 (8) Prevent Blindness NC.
41 (9) ARC of North Carolina.
42 (10) Triangle Residential Options for Substance Abusers, Inc. (TROSA).

43 **SECTION 12A.6.(b)** The report required by subsection (a) of this section shall
44 include the following information about the fiscal year preceding the year in which the report is
45 due:

- 46 (1) The entity's mission, purpose, and governance structure.
47 (2) A description of the types of programs, services, and activities funded by State
48 appropriations.
49 (3) Statistical and demographical information on the number of persons served by
50 these programs, services, and activities, including the counties in which
51 services are provided.

- 1 (4) Outcome measures that demonstrate the impact and effectiveness of the
- 2 programs, services, and activities.
- 3 (5) A detailed program budget and list of expenditures, including all positions
- 4 funded and funding sources.
- 5 (6) The source and amount of any matching funds received by the entity.
- 6

7 FUNDS FOR CONTINUED DEVELOPMENT OF HEALTH ANALYTICS PILOT 8 PROGRAM

9 SECTION 12A.7. Section 12A.17 of S.L. 2015-241 reads as rewritten:

10 "SECTION 12A.17.(a) Of the funds appropriated in this act to the Department of Health and
11 Human Services, Division of Central Management and Support, the sum of seven hundred fifty
12 thousand dollars (\$750,000) in nonrecurring funds for the 2015-2016 fiscal ~~year and year~~; the sum
13 of two hundred fifty thousand dollars (\$250,000) in recurring funds for each year of the
14 2015-2016 fiscal year2015-2017 fiscal biennium; and the sum of one million two hundred fifty
15 thousand dollars (\$1,250,000) in nonrecurring funds for the 2016-2017 fiscal year shall be used
16 for the ~~development and implementation~~ phased development, implementation, and operation of a
17 pilot program for Medicaid claims analytics and population health management.

18 "SECTION 12A.17.(b) The Department shall coordinate with the Government Data
19 Analytics Center (GDAC) to develop the pilot program and to provide access to needed data
20 sources, including Medicaid claims data, Medicaid beneficiary files, and local management
21 entity/managed care organization (LME/MCO) encounter data for the pilot program. The pilot
22 program shall utilize the subject matter expertise and technology available through existing
23 GDAC public-private partnerships in order to apply analytics in a manner that would maximize
24 health care savings and efficiencies to the State and optimize positive impacts on health outcomes.

25 "SECTION 12A.17.(b1) During the 2016-2017 fiscal year, the scope of the pilot program
26 shall be expanded to include all of the following:

- 27 (1) The integration of new data sources, such as patient level Healthcare
28 Effectiveness Data and Information Set (HEDIS) quality measures, as
29 prioritized by the Department and GDAC.
- 30 (2) Customized reporting and analytics capabilities.
- 31 (3) A tool to construct and analyze claims as clinical episodes of care in order to
32 assist North Carolina in its transition to capitated managed care and value-based
33 purchasing arrangements.
- 34 (4) Operationalization of the pilot program, including an ongoing feed of the data
35 sources described in subsection (b) of this section and any other data sources
36 mutually agreed upon by the Department and GDAC.

37 "SECTION 12A.17.(c) By November 30, 2015, the Department shall execute all contractual
38 agreements and interagency data-sharing agreements necessary for development and
39 implementation of the pilot program authorized by this section.

40 "SECTION 12A.17.(d) The Department and GDAC shall make the following reports on the
41 pilot program authorized by this section:

- 42 (1) By January 15, 2016, the Department and GDAC shall provide a progress
43 report on the pilot program authorized by this section to the Senate
44 Appropriations Committee on Health and Human Services, the House of
45 Representatives Appropriations Committee on Health and Human Services, and
46 the Fiscal Research Division.
- 47 (2) By May 31, 2016, the Department and GDAC shall make ~~a final~~ an interim
48 report of their findings and recommendations on the pilot program authorized
49 by this section to the Joint Legislative Oversight Committee on Health and
50 Human Services, the Joint Legislative Oversight Committee on Information
51 Technology, and the Fiscal Research Division.

1 (3) By May 31, 2017, the Department and GDAC shall make a final report of their
2 findings and recommendations on the pilot program authorized by this section
3 to the Joint Legislative Oversight Committee on Health and Human Services,
4 the Joint Legislative Oversight Committee on Information Technology, and the
5 Fiscal Research Division."
6

7 **SUBPART XII-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION**

8 **NC PRE-K/CLARIFY BUILDING STANDARDS**

9 **SECTION 12B.1.(a)** Section 12B.1 of S.L. 2015-241 is amended by adding a new
10 subsection to read:

11 **"SECTION 12B.1.(b1)** Building Standards. – Notwithstanding G.S. 110-91, private child
12 care facilities and public schools operating prekindergarten classrooms shall meet the building
13 standards for preschool students as provided in G.S. 115C-521.1."
14

15 **SECTION 12B.1.(b)** Section 12B.1(c) of S.L. 2015-241 reads as rewritten:

16 **"SECTION 12B.1.(c)** Programmatic Standards. – All Except as provided in subsection (b1)
17 of this section, entities operating prekindergarten classrooms shall adhere to all of the policies
18 prescribed by the Division of Child Development and Early Education regarding programmatic
19 standards and classroom requirements."
20

21 **STUDY CHILD CARE SUBSIDY RATE SETTING**

22 **SECTION 12B.2.** The Department of Health and Human Services, Division of Child
23 Development and Early Education, shall study how rates are set for child care subsidy. In
24 conducting the study, the Division shall, at a minimum, review market rate studies and other
25 methodologies for establishing rates, including any cost estimation models, along with the pros
26 and cons of each method reviewed. The Division shall report to the House Appropriations
27 Committee on Health and Human Services, the Senate Appropriations Committee on Health and
28 Human Services, and the Fiscal Research Division by March 1, 2017, on any recommendations,
29 including the suggested methodology to be used for setting rates, as well as time frames for
30 implementing the methodology.
31

32 **ADDITIONAL CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE** 33 **GROUPS AND COUNTIES**

34 **SECTION 12B.3.** Section 12B.2A of S.L. 2015-241 reads as rewritten:

35 **"SECTION 12B.2A.(a)** Beginning January 1, 2016, the Department of Health and Human
36 Services, Division of Child Development and Early Education, shall increase the child care
37 subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from
38 birth through two years of age in three-, four-, and five-star-rated child care centers and homes in
39 tier one and tier two counties. For purposes of this section, tier one and tier two counties shall
40 have the same designations as those established by the N.C. Department of Commerce's 2015
41 County Tier Designations.

42 **"SECTION 12B.2A.(b)** Beginning October 1, 2016, the Division shall increase the child care
43 subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from
44 age three through five years in three-, four-, and five-star-rated child care centers and homes in tier
45 one and tier two counties."
46

47 **MAINTAIN SMART START MATCH REQUIREMENTS AT FY2015-16 LEVEL**

48 **SECTION 12B.4.** Section 12B.7(d) of S.L. 2015-241 reads as rewritten:

49 **"SECTION 12B.7.(d)** Match Requirements. – The North Carolina Partnership for Children,
50 Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent
51 (100%) of the total amount budgeted for the program in each fiscal year of the 2015-2017

1 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local
2 partnerships are required to match, contributions of cash shall be equal to at least twelve percent
3 (12%) and in-kind donated resources shall be equal to no more than five percent (5%) for a total
4 match requirement of seventeen percent (17%) for ~~the 2015-2016 fiscal year; and contributions of~~
5 ~~cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal~~
6 ~~to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for the~~
7 2016-2017 fiscal year each year of the 2015-2017 fiscal biennium. The North Carolina Partnership
8 for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year
9 in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions
10 that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be
11 treated as an in-kind contribution for the purpose of the match requirement of this subsection.
12 Volunteer services that qualify as professional services shall be valued at the fair market value of
13 those services. All other volunteer service hours shall be valued at the statewide average wage rate
14 as calculated from data compiled by the Division of Employment Security of the Department of
15 Commerce in the Employment and Wages in North Carolina Annual Report for the most recent
16 period for which data are available. Expenses, including both those paid by cash and in-kind
17 contributions, incurred by other participating non-State entities contracting with the North
18 Carolina Partnership for Children, Inc., or the local partnerships, also may be considered resources
19 available to meet the required private match. In order to qualify to meet the required private
20 match, the expenses shall:

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

35 Failure to obtain a seventeen-percent (17%) match by June 30 of ~~the 2015-2016 fiscal year and~~
36 ~~a nineteen percent (19%) match by June 30 of the 2016-2017 fiscal year~~ each year of the 2015-
37 2017 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the
38 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
39 responsible for compiling information on the private cash and in-kind contributions into a report
40 that is submitted to the Joint Legislative Oversight Committee on Health and Human Services in a
41 format that allows verification by the Department of Revenue. The same match requirements shall
42 apply to any expansion funds appropriated by the General Assembly."
43

44 **SUBPART XII-C. DIVISION OF SOCIAL SERVICES**

45 **CHILD WELFARE SYSTEM CHANGES**

46 **SECTION 12C.1.(a)** Federal Improvement Plan Implementation. – The Department
47 of Health and Human Services, Division of Social Services, shall implement the requirements of
48 the federal Program Improvement Plan to bring our State into compliance with national standards
49 for child welfare policy and practices. The Division shall report on the implementation and
50 outcomes of the Program Improvement Plan to the Joint Legislative Oversight Committee on
51

1 Health and Human Services. The report shall be submitted semiannually on February 1 and
2 August 1 of each year, with the first report submitted on August 1, 2016, and the final report on
3 February 1, 2019.

4 **SECTION 12C.1.(b)** Statewide Strategic Plan. – The Division of Social Services shall
5 develop a statewide strategic plan for Child Protective Services that complements the required
6 federal Program Improvement Plan. The statewide strategic plan shall, at a minimum, address the
7 findings of the North Carolina Statewide Child Protective Services Evaluation, which was
8 conducted as required by Section 12C.1(f) of S.L. 2014-100, in the areas of county performance,
9 caseload sizes, administrative structure, adequacy of funding, social worker turnover, and
10 monitoring and oversight. The Division shall submit the plan to the Joint Legislative Oversight
11 Committee on Health and Human Services by December 1, 2016, for consideration by the 2017
12 General Assembly.

13 **SECTION 12C.1.(c)** Child Welfare/NC FAST. – The Department of Health and
14 Human Services, Division of Social Services, shall continue toward completion of the child
15 welfare component of the North Carolina Families Accessing Services Through Technology (NC
16 FAST) system to (i) bring the State into compliance with the Statewide Information System
17 systematic factor of the Child and Family Services Review (CFSR) and (ii) ensure that data
18 quality meets federal standards and adequate information is collected and available to counties to
19 assist in tracking children and outcomes across counties.

20 The Department of Health and Human Services, Division of Social Services, shall
21 report on the development, implementation, and outcomes of the child welfare component of the
22 NC FAST system to the Joint Legislative Oversight Committee on Health and Human Services
23 quarterly beginning October 1, 2016, and ending with a final report on October 1, 2018. The
24 report shall include, at a minimum, each of the following:

- 25 (1) The current time line for development and implementation of the child welfare
26 component to NC FAST.
- 27 (2) Any adjustments and justifications for adjustments to the time line.
- 28 (3) Progress on the development and implementation of the system.
- 29 (4) Address any identified issues in developing or implementing the child welfare
30 component to NC FAST and solutions to address those issues.
- 31 (5) The level of county participation and involvement in each phase of the project.
- 32 (6) Any budget and expenditure reports, including overall project budget and
33 expenditures, and current fiscal year budget and expenditures.

34 **REVISE REPORT DATE/EBCI ASSUMPTION OF SERVICES**

35 **SECTION 12C.2.** Section 12C.10 of S.L. 2015-241 reads as rewritten:

36 "...
37

38 **"SECTION 12C.10.(d)** Approval for the Eastern Band of Cherokee Indians to administer the
39 eligibility process for Medicaid and NC Health Choice is contingent upon federal approval of
40 State Plan amendments and Medicaid waivers by the Centers for Medicare & Medicaid Services
41 (CMS). The Department of Health and Human Services, Division of Medical Assistance (DMA),
42 shall submit any State Plan amendments and Medicaid waivers necessary for the delegation of
43 authority and administrative transfer of function to the Eastern Band of Cherokee Indians or to
44 effectuate the changes required by this section and Section 12C.3 of S.L. 2014-100. All State Plan
45 amendments and Medicaid waivers submitted as allowed under this subsection shall have an
46 effective date of ~~October 1, 2016~~ April 1, 2017. DMA shall submit the State Plan amendments and
47 waivers allowed under this subsection and any related responses to CMS requests for additional
48 information to the Eastern Band of Cherokee Indians for review prior to submission to CMS. If
49 CMS does not approve the State Plan amendments and Medicaid waivers allowed by this
50 subsection, the counties shall continue serving individuals living on the federal lands held in trust
51 by the United States.

1 ~~"SECTION 12C.10.(e) Within 30 days of CMS approval of the State Plan amendments and~~
2 ~~Medicaid waivers submitted as allowed under subsection (d) of this section, the~~The Department of
3 Health and Human Services shall submit an Advanced Planning Document Update (APDU) to
4 CMS, the United States Department of Agriculture (USDA), and the Administration for Children
5 and Families (ACF). If CMS, USDA, and ACF do not approve the APDU, the counties shall
6 continue serving individuals living on the federal lands held in trust by the United States.

7 **"SECTION 12C.10.(e1)** Section 12C.3(b) of S.L. 2014-100 reads as rewritten:

8 **"SECTION 12C.3.(b)** Beginning October 1, 2014, or upon federal approval, the Eastern
9 Band of Cherokee Indians may begin assuming the responsibility for the Supplemental Nutrition
10 Assistance Program (SNAP). When the Eastern Band of Cherokee Indians assumes responsibility
11 for SNAP, then any State statutes, portions of statutes, or rules relating to the provision of social
12 services regarding SNAP services by a county department of social services for members of the
13 Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
14 administration, and funding requirements relating to those social services are thereby delegated to
15 the Eastern Band of Cherokee Indians.

16 No later than ~~October 1, 2016,~~April 1, 2017, and with the exception of services related to
17 special assistance, childcare, and adult care homes, the Eastern Band of Cherokee Indians may
18 assume responsibility for other programs as described under G.S. 108A-25(e), enacted in
19 subsection (c) of this section. When the Eastern Band of Cherokee Indians assumes responsibility
20 for any of those other programs, then any State statutes, portions of statutes, or rules relating to the
21 provision of services for those programs by a county department of social services for members of
22 the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
23 administration, and funding requirements relating to those programs are thereby delegated to the
24 Eastern Band of Cherokee Indians.

25 ...

26 **"SECTION 12C.10.(f1)** The Department, in collaboration with the Eastern Band of Cherokee
27 Indians, shall draft a project plan to meet the ~~October 1, 2016,~~April 1, 2017, effective date
28 required by subsection (d) of this section. The Department shall report on the project plan to the
29 Joint Legislative Oversight Committee on Health and Human Services on or before January 1,
30 2016."

31 32 **PILOT PROGRAM/INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL** 33 **ELIGIBLE SENIORS**

34 **SECTION 12C.3.(a)** The Department of Health and Human Services, Division of
35 Social Services (Division), shall establish an evidence-based pilot program to increase access to
36 public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to
37 (i) improve the health and independence of seniors and (ii) reduce health care costs. On or before
38 January 1, 2017, the Division may partner with a not-for-profit firm for the purposes of engaging
39 in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare
40 and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated
41 experience in assisting with these types of services and the partnership shall accomplish each of
42 the following:

- 43 (1) Identify through data sharing, dual eligible seniors aged 65 and older who
44 qualify for the Supplemental Nutrition and Assistance Program (SNAP) but are
45 not currently enrolled.
- 46 (2) Conduct an outreach program towards those seniors for the purpose of enrolling
47 them into SNAP.
- 48 (3) Provide comprehensive application assistance through outreach specialists to
49 complete public benefits application processes.
- 50 (4) Evaluate project effectiveness and explore how data can be utilized to achieve
51 optimal outcomes.

- 1 (5) Make recommendations regarding policy options available to the State to
2 streamline access to benefits.

3 **SECTION 12C.3.(b)** The Division of Social Services shall report to the Office of the
4 Governor and the Joint Legislative Oversight Committee on Health and Human Services on its
5 progress in the pilot program by February 1 following each year the pilot program is in place. The
6 report shall, at a minimum, include the following:

- 7 (1) The number of seniors age 65 and older who are dual eligibles but are not
8 enrolled in SNAP.
9 (2) The number of those identified that would be included in the sample
10 population.
11 (3) Methods of outreach toward those seniors in the sample population.
12 (4) Number of to date enrollments in SNAP as a direct result of outreach during the
13 pilot program.
14 (5) Participation rate to date in SNAP of those seniors in the sample population.
15 (6) Any other findings the Division deems relevant.

16 **SECTION 12C.3.(c)** If funding and capacity exist, the Division of Social Services
17 may expand the pilot program to include other public benefits programs.
18

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

20 **STATE-COUNTY SPECIAL ASSISTANCE RATE CHANGE**

21 **SECTION 12D.1.** Section 12D.1 of S.L. 2015-241 reads as rewritten:

22 **"SECTION 12D.1.(a)** ~~For each year of the 2015-2017 fiscal biennium, the~~ From July 1,
23 2015, through September 30, 2016, the maximum monthly rate for residents in adult care home
24 facilities shall be one thousand one hundred eighty-two dollars (\$1,182) per month per resident.
25 Beginning October 1, 2016, through the remainder of the 2016-2017 fiscal year, the maximum
26 monthly rate for residents in adult care home facilities shall be one thousand two hundred sixteen
27 dollars (\$1,216) per month per resident.
28

29 **"SECTION 12D.1.(b)** For each year of the 2015-2017 fiscal biennium, the maximum
30 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five
31 hundred fifteen dollars (\$1,515) per month per resident."
32

33 **SUBPART XII-E. DIVISION OF PUBLIC HEALTH**

34 **USE OF AIDS DRUG ASSISTANCE PROGRAM (ADAP) FUNDS TO PURCHASE** 35 **HEALTH INSURANCE**

36 **SECTION 12E.1.(a)** The Department of Health and Human Services, Division of
37 Public Health, shall create within the North Carolina AIDS Drug Assistance Program (ADAP) a
38 health insurance premium assistance program that utilizes federal funds from Part B of the Ryan
39 White HIV/AIDS Program and ADAP funds to provide eligible beneficiaries with premium and
40 cost-sharing assistance for the purchase or maintenance of private health insurance coverage,
41 including premiums, co-payments, and deductibles. In creating this program, the Department shall
42 ensure full compliance with federal Health Resource and Services Administration (HRSA)
43 guidance, including the methodology used to do all of the following:
44

- 45 (1) Assess and compare the cost of providing prescription drugs to eligible
46 beneficiaries through the health insurance premium assistance program created
47 pursuant to this section versus the existing ADAP program.
48 (2) Ensure that insurance premium assistance program funds are used solely to pay
49 for premium and cost-sharing assistance for the purchase or maintenance of
50 private health insurance coverage that provides, at a minimum, prescription

1 coverage equivalent to the formulary available under Part B of the Ryan White
2 HIV/AIDS Program.

- 3 (3) Limit the total annual amount of funds expended for the health insurance
4 premium assistance program authorized by this section to no more than the total
5 annual cost of maintaining the same individuals on the existing ADAP
6 Program.

7 **SECTION 12E.1.(b)** By March 1, 2017, the Department shall submit a report to the
8 House Appropriations Committee on Health and Human Services, the Senate Appropriations
9 Committee on Health and Human Services, and the Fiscal Research Division on the operation of
10 the program authorized by subsection (a) of this section, including any obstacles to
11 implementation.

12 **HEALTHY OUT-OF-SCHOOL TIME (HOST) RECOGNITION PROGRAM**

13 **SECTION 12E.2.(a)** Program Established.—There is created the "Healthy
14 Out-of-School Time (HOST) Recognition Program" to be administered by the Department of
15 Health and Human Services, Division of Public Health, in collaboration with the North Carolina
16 Center for Afterschool Programs based in the Public School Forum.

17 **SECTION 12E.2.(b)** Definitions. – The following definitions shall apply in this
18 section:

- 19 (1) Department. – The Department of Health and Human Services, Division of
20 Public Health.
21 (2) HEPA Standards. – The National Institute on Out-of-School Time Healthy
22 Eating and Physical Activity Standards.
23 (3) Out-of-school time program. – Any nonlicensed program provided to children
24 and youth ages 17 and under that is currently exempt from G.S. 110-91 or any
25 other qualified out-of-school time programs that serve school-age children
26 outside of regular school hours, including before school and on weekends.
27 (4) Program attendee. – A person enrolled in an exempt out-of-school time
28 program.
29 (5) Screen time. – Time spent viewing or working on television, videos, computers,
30 or handheld devices, with or without Internet access.

31 **SECTION 12E.2.(c)** Program Development. – The Department shall develop a
32 process, to be administered on its Internet Web site, for an out-of-school time program to be
33 recognized as a program that meets the HEPA Standards as outlined in this section. The Web site
34 shall include all resources and links that an out-of-school time program may use to meet the
35 requirements of this section. Programs being recognized shall demonstrate consistency and
36 implementation of HEPA standards.

37 The Department shall develop and implement a process for providing minimal
38 verification of self-assessments submitted by out-of-school time programs applying for
39 recognition, which may include a site visit or other form of review. At a minimum, the
40 Department shall review a random sample of program self-assessments within 30 to 60 days of
41 receipt of the assessments.

42 Periodically, or at least once every five years, the Department shall review, and if
43 necessary, revise and update the program standards to reflect advancements in nutrition science,
44 dietary data, and physical activity standards to ensure consistency with nationally recognized
45 guidelines for out-of-school time programs.

46 **SECTION 12E.2.(d)** Certificate; Program Information. – The Department shall
47 provide a certificate to out-of-school time programs that demonstrate that the program meets
48 HEPA standards. If the out-of-school time program is located on a school site, the out-of-school
49 time program shall communicate with the school regarding nutrition education and physical
50 activity, as appropriate, to provide the program attendees with a complete educational experience.
51

1 All activities shall also adhere to the local school administrative unit's wellness policy, as
2 appropriate.

3 The Department shall have information about the program available for review by a
4 parent at both the physical location of the out-of-school time program and on the program's
5 Internet Web site, if applicable. The Department shall require that the out-of-school time program
6 maintain in its records a document signed by all parents acknowledging that they are aware of the
7 HOST Recognition Program requirements and policies to institute and reinforce these specific
8 healthy behaviors for all children served in the out-of-school time program.

9 **SECTION 12E.2.(e) Certificate Renewal.** – A certificate issued under this section
10 shall be valid for one calendar year. An out-of-school time program that wishes to create a new
11 certificate for the subsequent year shall, by January 1 of the following year and thereafter, verify
12 with the Department that the out-of-school time program continues to follow the HOST
13 Recognition Program criteria established in accordance with subsection (d) of this section.

14 **SECTION 12E.2.(f) List of Programs.** – The Department shall maintain and update a
15 list of out-of-school time programs that qualify under the provisions of this section and shall post
16 that list on its Internet Web site, including the date of qualification for each program.

17 **SECTION 12E.2.(g) Availability of Funds.** – The provisions of the Healthy
18 Out-of-School Time (HOST) Recognition Program enacted under this section are subject to the
19 availability of funds for that purpose.

20 21 **DISCONTINUATION OF COMMUNITY-FOCUSED ELIMINATING HEALTH** 22 **DISPARITIES INITIATIVE GRANTS AND REPURPOSING OF FUNDS**

23 **SECTION 12E.3.(a)** The Department of Health and Human Services, Division of
24 Public Health, shall not award any new Community-Focused Eliminating Health Disparities
25 Initiative grants under Section 12E.3 of S.L. 2015-241 after June 30, 2016.

26 **SECTION 12E.3.(b)** By September 30, 2016, the Department shall terminate all
27 existing grants awarded pursuant to Section 12E.3 of S.L. 2015-241.

28 **SECTION 12E.3.(c)** Section 12E.3 of S.L. 2015-241 is repealed effective October 1,
29 2016.

30 **SECTION 12E.3.(d)** Funds appropriated to the Department of Health and Human
31 Services, Division of Public Health, for the 2016-2017 fiscal year for the Community-Focused
32 Eliminating Health Disparities Initiative shall be transferred to The Chronic Disease and Injury
33 Section to establish an evidenced-based Diabetes Prevention Program (DPP) modeled after the
34 program recommended by the National Institute of Diabetes and Digestive and Kidney Diseases
35 (NIDDK), targeting African-Americans, Hispanics/Latinos, and American Indians.

36 37 **VECTOR SURVEILLANCE PROGRAM**

38 **SECTION 12E.4.(a)** As used in this section, the term vector means a living
39 transporter and transmitter of the causative agent of a disease.

40 **SECTION 12E.4.(b)** The Department of Health and Human Services, Division of
41 Public Health, shall establish and administer a vector surveillance program to protect the public
42 health. In conducting the program, the Department shall do all of the following:

- 43 (1) Conduct vector surveillance.
- 44 (2) Characterize vector-borne disease risk.
- 45 (3) Recommend appropriate vector control measures.
- 46 (4) Evaluate the effectiveness of vector control measures.
- 47 (5) Provide comprehensive vector-borne disease consultation, communication, and
48 education.

49 **SECTION 12E.4.(c)** The Commission for Public Health is authorized to adopt rules
50 necessary to implement the vector surveillance program established pursuant to this section.

1 **SUBPART XII-F. DIVISION OF MH/DD/SAS AND STATE OPERATED HEALTHCARE**
2 **FACILITIES**

3
4 **MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT PROGRAM**

5 **SECTION 12F.1.(a)** Definitions. – As used in this section, the following terms have
6 the following meanings:

- 7 (1) Department. – The North Carolina Department of Health and Human Services.
8 (2) FQHC. – A federally qualified health center located in this State.
9 (3) Prescriber. – Anyone authorized to prescribe drugs pursuant to the laws of this
10 State.
11 (4) Program participant. – An individual who (i) has been clinically assessed and
12 diagnosed with opioid addiction, (ii) is selected by an FQHC to participate in
13 the pilot program authorized by this section, and (iii) as part of the pilot
14 program, receives the nonnarcotic, nonaddictive, extended-release, injectable
15 formulation of opioid antagonist approved by the United States Food and Drug
16 Administration for the prevention of relapse to opioid dependence.
17 (5) Randomized control group member. – An individual who (i) has been clinically
18 assessed and diagnosed with opioid addiction, (ii) is selected by a FQHC to
19 participate in the pilot program authorized by this section, and (iii) as part of the
20 pilot program, does not receive the nonnarcotic, nonaddictive, extended-release,
21 injectable formulation of opioid antagonist approved by the United States Food
22 and Drug Administration for the prevention of relapse to opioid dependence.

23 **SECTION 12F.1.(b)** Pilot Program. – The Department shall oversee the
24 administration of a three-year pilot program to be conducted by designated FQHCs to address
25 North Carolina's growing opioid addiction and overdose crisis. The goal of the pilot program is to
26 study the effectiveness of combining behavioral therapy with the utilization of a nonnarcotic,
27 nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the
28 United States Food and Drug Administration for the prevention of relapse to opioid dependence.
29 In conducting the pilot program, selected FQHCs may collaborate with the Department, the
30 School of Government at the University of North Carolina at Chapel Hill (UNC School of
31 Government), and any other State agency that may be of assistance in accomplishing the
32 objectives of the pilot program. Prior to the initiation of this pilot program, the Department shall,
33 in collaboration with UNC School of Government, determine the number of program participants
34 and randomized control group members needed to participate in the pilot program in order to
35 ensure sufficient statistical significance to support any conclusions about the effectiveness of the
36 pilot program.

37 **SECTION 12F.1.(c)** Selection of Participating FQHCs. – Not later than 30 days after
38 the effective date of this section, the Department shall select a minimum of three and not more
39 than five FQHCs located in different areas of the State to participate in the pilot program
40 authorized by this section, giving first priority to FQHCs that have been awarded grants by the
41 federal Substance Abuse and Mental Health Services Administration to address opioid substance
42 use disorder.

43 **SECTION 12F.1.(d)** Selection of Program Participants. – Not later than 60 days after
44 the effective date of this section, the Department shall develop, in collaboration with UNC School
45 of Government, a methodology for selecting program participants and randomized control group
46 members at each FQHC. Only individuals who have been clinically assessed and diagnosed with
47 opioid addiction may be selected and treated as program participants and randomized control
48 group members. Individuals who have been referred from local criminal justice agencies may be
49 selected as program participants and randomized control group members.

50 **SECTION 12F.1.(e)** Treatment Standards. – As a condition of participating in the
51 pilot program authorized by this section, each FQHC shall sign a written participation agreement

1 provided by the Department that requires the FQHC to adhere to at least all of the following
2 treatment standards for the duration of its participation in the pilot program:

- 3 (1) Treatment may be provided to program participants and randomized control
4 group members only by a treatment provider who is affiliated with a
5 participating FQHC.
- 6 (2) Only individuals who have been clinically assessed and diagnosed with opioid
7 addiction may be selected and treated as program participants and randomized
8 control group members.
- 9 (3) Treatment providers at participating FQHCs shall do all of the following:
 - 10 a. Provide treatment based on an integrated service delivery model that
11 consists of the coordination of care between a prescriber and an
12 addiction services provider.
 - 13 b. Conduct any necessary additional professional, comprehensive
14 substance use disorder and mental health diagnostic assessments of
15 individuals under consideration for selection as pilot program
16 participants to determine if they would benefit from substance use
17 disorder treatment and monitoring.
 - 18 c. Determine, based on the assessments described in sub-subdivision b. of
19 this subdivision, the treatment needs of the program participants served
20 by the treatment provider.
 - 21 d. Develop individualized treatment goals and objectives for each program
22 participant.
 - 23 e. Provide program participants with access to medication-assisted
24 treatment utilizing a nonnarcotic, nonaddictive, extended-release,
25 injectable formulation of opioid antagonist.
 - 26 f. In addition to medication-assisted treatment, provide program
27 participants with other types of therapies, including behavioral
28 therapies, outpatient programs, and community support, for opioid use
29 disorder and any other disorders that are determined by the treatment
30 provider to be co-occurring disorders.
 - 31 g. In the case of medication-assisted treatment provided under the pilot
32 program, a drug may be used only if it has been approved by the United
33 States Food and Drug Administration for use in combination with
34 behavioral therapy for the prevention of relapse to opioid dependence.
 - 35 h. Comply with all applicable federal opioid treatment standards.
 - 36 i. Monitor the progress of program participants and randomized control
37 group members through the use of regular drug testing, including
38 urinalysis.

39 **SECTION 12F.1.(f) FQHC Reports.** – No later than 60 days after the effective date of
40 this section, the Department shall, in collaboration with the UNC School of Government, develop
41 a standardized methodology for the collection of information on program participants and
42 randomized control group members at each FQHC. As a condition of participating in the pilot
43 program authorized by this section, each selected FQHC must agree to follow this standardized
44 methodology for (i) collecting information on program participants and randomized control group
45 members and (ii) annually reporting that information to the Department, in the format prescribed
46 by the Department. The annual report shall include at least all of the following information, in the
47 format prescribed by the Department:

- 48 (1) For each program participant and randomized control group member, that
49 individual's age, sex, and length of treatment. This information shall be reported
50 to the Department in a manner that does not disclose personally identifying

- 1 information about program participants and randomized control group
2 members.
- 3 (2) The total number of program participants and the total number of randomized
4 control group members who successfully transitioned to opioid abstinence for a
5 minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.
- 6 (3) A comparison of program participants to the randomized control group
7 members.
- 8 (4) The amount of State appropriations expended on a per program participant
9 basis at each participating FQHC.

10 **SECTION 12F.1.(g)** Evaluation of Pilot Program. – By November 1, 2020, the
11 Department shall conduct and submit to the Joint Legislative Oversight Committee on Health and
12 Human Services a comprehensive evaluation of the effectiveness of this pilot program in
13 addressing North Carolina's growing opioid addiction and overdose crisis. The Department may
14 contract with an institution of higher education or other qualified entity with expertise in
15 evaluating programs similar to the pilot program authorized by this section. The comprehensive
16 evaluation shall include whether this pilot program was successful as measured by at least all of
17 the following:

- 18 (1) The total number of program participants who successfully transitioned to
19 opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12
20 months, and 18 months.
- 21 (2) A comparison of the program participants to the randomized control group
22 members.
- 23 (3) A cost-benefit analysis of the pilot program.

24 **SECTION 12F.1.(h)** Expiration. – The pilot program conducted at each selected
25 FQHC shall expire no later than three years after the date of its commencement at that particular
26 FQHC.

27 **SECTION 12F.1.(i)** Funds in the amount of five hundred thousand dollars (\$500,000)
28 from the federal Substance Abuse Prevention and Treatment Block Grant shall be allocated to the
29 Department of Health and Human Services, Division of Mental Health, Developmental
30 Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be
31 allocated to the FQHCs selected to participate in the pilot program authorized by this section on a
32 per program participant basis to offset the cost of the following services:

- 33 (1) Medication dispensed to program participants.
- 34 (2) Provider fees for services rendered to program participants.
- 35 (3) Up to 14 days of detoxification services.
- 36 (4) Behavioral therapy for program participants.
- 37 (5) Drug testing and monitoring of program participants.

38 **SECTION 12F.1.(j)** Subsection (i) of this section becomes effective July 1, 2016. The
39 remainder of this section is effective when it becomes law.

40 **SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

41 **SECTION 12F.2.(a)** Section 12F.2(b) of S.L. 2015-241, as amended by Section 4.8
42 of S.L. 2015-268, reads as rewritten:

43 **"SECTION 12F.2.(b)** The DMH/DD/SAS is directed to reduce its allocation for single
44 stream funding by one hundred ten million eight hundred eight thousand seven hundred fifty-two
45 dollars (\$110,808,752) in nonrecurring funds for the 2015-2016 fiscal year and by one hundred
46 ~~fifty two~~ ~~twenty-two~~ million eight hundred fifty thousand one hundred thirty-three dollars
47 ~~(\$152,850,133)~~ ~~(\$122,850,133)~~ in nonrecurring funds for the 2016-2017 fiscal year. The
48 DMH/DD/SAS is directed to allocate this reduction among the LME/MCOs based on the
49 individual LME/MCO's percentage of the total cash on hand of all of the LME/MCOs in the State.
50 Cash on hand means the sum of the "Total Cash and Investments" plus the "Short-Term
51

1 Investments" reported on Schedule "A" of the financial reporting package submitted by the
2 LME/MCOs to the Division of Medical Assistance (DMA) on June 30, 2015. The individual
3 LME/MCO's percentage of the total cash on hand equals the individual LME/MCO's cash on hand
4 divided by the aggregate amount of cash on hand of all of the LME/MCOs in the State. During
5 each year of the 2015-2017 fiscal biennium, each LME/MCO shall provide at least the same level
6 of services paid for by single stream funding during the 2014-2015 fiscal year across the
7 LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to
8 authorize or maintain the same level of services for any specific individual whose services were
9 paid for with single-stream funding. Further, this requirement shall not be construed to create a
10 private right of action for any person or entity against the State of North Carolina or the
11 Department of Health and Human Services or any of its divisions, agents, or contractors, and shall
12 not be used as authority in any contested case brought pursuant to Chapters 108C or 108D of the
13 General Statutes."

14 **SECTION 12F.2.(b)** Section 12F.2(d) of S.L. 2015-241 reads as rewritten:

15 ~~"SECTION 12F.2.(d) If, on or after June 1, 2016, the Office of State Budget and~~
16 ~~Management (OSBM) certifies a Medicaid budget surplus in funds 1310 and 1311 and sufficient~~
17 ~~cash in Budget Code 14445 to meet total obligations for fiscal year 2015-2016, then the DMA~~
18 ~~may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty~~
19 ~~million dollars (\$30,000,000), whichever is less, Of the funds appropriated to the DMA for fiscal~~
20 ~~year 2015-2016, the DMA shall transfer the sum of thirty million dollars (\$30,000,000) to the~~
21 ~~DMH/DD/SAS to offset the reduction in single stream funding required by this section. If, on or~~
22 ~~after June 1, 2017, the OSBM certifies a Medicaid budget surplus in funds 1310 and 1311 and~~
23 ~~sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2016-2017, then the~~
24 ~~DMA may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus~~
25 ~~or thirty million dollars (\$30,000,000), whichever is less, to offset the reduction in single stream~~
26 ~~funding required by this section. The DMH/DD/SAS shall allocate funds transferred pursuant to~~
27 ~~this subsection among the LME/MCOs based on the individual LME/MCO's percentage of the~~
28 ~~total cash on hand of all the LME/MCOs in the State, calculated in accordance with subsection (b)~~
29 ~~of this section. These funds shall be allocated as prescribed by June 30 of each State fiscal year."~~
30

31 **RESERVE FUND FOR GOVERNOR'S MENTAL HEALTH AND SUBSTANCE USE** 32 **TASK FORCE RECOMMENDATIONS**

33 **SECTION 12F.3.(a)** Funds appropriated in this act to the Department of Health and
34 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
35 Services, for the 2016-2017 fiscal year to implement the recommendations of the Governor's Task
36 Force on Mental Health and Substance Use established pursuant to Executive Order No. 76
37 (Governor's Task Force) shall be deposited into the reserve fund established pursuant to subsection
38 (b) of this section.

39 **SECTION 12F.3.(b)** The Mental Health and Substance Use Task Force Reserve Fund
40 is hereby established as a fund within the General Fund. Notwithstanding any provision of law to
41 the contrary, monies in the Reserve Fund shall not revert at the end of the fiscal year but shall
42 remain available until expended. Monies in the Fund may only be expended to implement the
43 recommendations of the Governor's Task Force; provided, however, that no funds shall be
44 expended without both of the following:

- 45 (1) Prior consultation with the Joint Legislative Oversight Committee on Health
46 and Human Services on the specific amounts and uses of these funds. The
47 consultation required by this subdivision includes a detailed implementation
48 plan that includes key milestones and due dates, along with a detailed budget
49 specifying how all funds allocated from the Reserve Fund will be used. If the
50 Committee fails to meet within 90 calendar days of a request by the Governor

1 for its consultation, the consultation required by this subdivision shall be
2 deemed to have been met.

- 3 (2) Prior approval from the Office of State Budget and Management on the specific
4 amounts and uses of these funds.
5

6 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS**

7 **SECTION 12F.4.(a)** It is the intent of the General Assembly to increase inpatient bed
8 capacity for short-term care of individuals experiencing an acute mental health, substance abuse,
9 or developmental disability crisis. Toward that end, the sum of up to twenty-five million dollars
10 (\$25,000,000) is hereby appropriated from the Dorothea Dix Hospital Property Fund established
11 under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental
12 Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year
13 to pay for any renovation or building costs associated with (i) constructing new, licensed,
14 short-term, inpatient behavioral health beds, (ii) converting existing acute care beds into licensed,
15 short-term, inpatient behavioral health beds, or (iii) both, all of which must be designated for
16 voluntarily and involuntarily committed patients in the rural hospitals selected to participate in the
17 pilot program authorized under subsection (b) of this section. The Department shall not use these
18 funds for any purpose other than as provided in this subsection and shall not use these funds to
19 supplement or supplant other State, local, or federal funds appropriated or allocated to the
20 Department.

21 **SECTION 12F.4.(b)** The Department of Health and Human Services (Department)
22 shall conduct a three-year pilot program to assist rural hospitals in the (i) construction of new,
23 short-term inpatient behavioral health beds, or (ii) conversion of existing, unused acute care beds
24 into licensed, short-term inpatient behavioral health beds. The Secretary shall select rural hospitals
25 located in three different regions of the State that are currently participating in the statewide
26 telepsychiatry program established under G.S. 143B-139.4B to participate in the pilot program.
27 The maximum number of beds that may be newly constructed as, or converted into, short-term
28 inpatient behavioral health beds in each region is 50. At least one of the regions selected to
29 participate in the pilot program shall be located in a rural area surrounding Wake County.
30 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General
31 Statutes, or any other provision of law to the contrary, each selected rural hospital shall be allowed
32 to construct new, or convert unused acute care beds into, licensed, inpatient psychiatric or
33 substance abuse beds without undergoing certificate of need review by the Division of Health
34 Service Regulation. All newly constructed or converted beds shall be subject to existing licensure
35 laws and requirements. As a condition of participating in the pilot program, each selected rural
36 hospital shall reserve at least fifty percent (50%) of the beds constructed or converted under the
37 pilot program for (i) purchase by the Department under the State-administered three-way contract
38 and (ii) referrals by local management entities/managed care organizations (LME/MCOs) of
39 individuals who are indigent or Medicaid recipients.

40 **SECTION 12F.4.(c)** At least once every six months, the Department shall conduct
41 monitoring visits of the rural hospitals participating in the pilot program and shall also be
42 responsible for investigating all complaints related to the pilot program. Each rural hospital
43 participating in the pilot program shall provide a monthly report to the Department on the number
44 of individuals receiving short-term, inpatient psychiatric, substance abuse, or developmental
45 disability services under the pilot program and the average length of stay of individuals receiving
46 these behavioral health services under the pilot program. The Department shall have the authority
47 to suspend or terminate the pilot program at any time due to noncompliance with applicable
48 regulatory requirements that has resulted in serious harm to individuals receiving behavioral health
49 services under the pilot program or when there is a substantial risk that serious harm will occur to
50 individuals receiving behavioral health services under the pilot program.

1 **SECTION 12F.4.(d)** The Department shall report on the status of the pilot program
2 authorized by subsection (b) of this section at least once each year to the Joint Legislative
3 Oversight Committee on Health and Human Services and the Fiscal Research Division. The report
4 shall include at a minimum all of the following:

- 5 (1) For each region and broken down by hospital:
 - 6 a. The number of newly constructed licensed, short-term inpatient
7 behavioral health beds.
 - 8 b. The number of existing acute care beds converted into licensed,
9 short-term inpatient behavioral health beds.
- 10 (2) The number of beds or bed days purchased at each participating hospital by the
11 Department under the State-administered three-way contract.
- 12 (3) The number of referrals to participating hospitals by the LME/MCOs.
- 13 (4) The number and age of the individuals receiving short-term, inpatient
14 psychiatric, substance abuse, or developmental disability services under the
15 pilot program.
- 16 (5) Objective, measurable outcomes of the individuals served through this pilot
17 program.

18 **SECTION 12F.4.(e)** By November 1, 2020, the Department shall submit a final report
19 of its findings and recommendations on the pilot program authorized by subsection (b) of this
20 section to the Joint Legislative Oversight Committee on Health and Human Services and the
21 Fiscal Research Division.

22 **SECTION 12F.4.(f)** The pilot program authorized under subsection (b) of this section
23 expires three years from the date on which it commences.

24 **SECTION 12F.4.(g)** It is the intent of the General Assembly to ensure that a
25 comprehensive array of outpatient treatment and crisis prevention and intervention services are
26 available and accessible to children, adolescents, and adults in every LME/MCO catchment area
27 for the purpose of reducing the emergency department utilization rate for these types of crises.
28 Toward that end, the sum of two million dollars (\$2,000,000) is hereby appropriated from the
29 Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of
30 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
31 Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be allocated to local
32 management entities/managed care organizations (LME/MCOs) to increase the number of
33 facility-based crisis centers in catchment areas with the highest need, giving special priority to
34 facility-based crisis centers for children and adolescents in high-need areas of the State.
35

36 **TRAUMATIC BRAIN INJURY FUNDING**

37 **SECTION 12F.5.** Section 12F.6 of S.L. 2015-241 reads as rewritten:

38 **"SECTION 12F.6.** Of the funds appropriated in this act to the Department of Health and
39 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
40 Services, ~~for the 2015-2016 fiscal year, each year of the 2015-2017 fiscal biennium,~~ the sum of two
41 million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) shall be used
42 exclusively to support traumatic brain injury (TBI) services as follows:

- 43 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars
44 (\$359,218) shall be used to fund contracts with the Brain Injury Association of
45 North Carolina, Carolinas Rehabilitation, or other appropriate service providers.
- 46 (2) The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars
47 (\$796,934) shall be used to support residential programs across the State that
48 are specifically designed to serve individuals with TBI.
- 49 (3) The sum of one million two hundred sixteen thousand nine hundred thirty-four
50 dollars (\$1,216,934) shall be used to support requests submitted by individual
51 consumers for assistance with residential support services, home modifications,

1 transportation, and other requests deemed necessary by the consumer's local
2 management entity and primary care physician."
3

4 **IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM ACCESS AND** 5 **UTILIZATION**

6 **SECTION 12F.6.** G.S. 90-113.74, as amended by Section 12F.16 of S.L. 2015-241,
7 reads as rewritten:

8 **"§ 90-113.74. Confidentiality.**

9 ...

10 (f) The Department ~~shall~~ shall, on a quarterly basis, purge from the controlled substances
11 reporting system database all information more than six years old. The Department shall maintain
12 in a separate database all information purged from the controlled substances reporting system
13 database pursuant to this subsection and may release data from that separate database only as
14 provided in subsection (d) of this section.

15"

16 17 **SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION**

18 19 **MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE** 20 **SERVICES**

21 **SECTION 12G.1.(a)** Section 12G.4(a) of S.L. 2014-100 reads as rewritten:

22 **"SECTION 12G.4.(a)** For the period commencing on the effective date of this section, and
23 ending ~~June 30, 2016, June 30, 2017,~~ and notwithstanding the provisions of the Home Care
24 Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes or
25 any rules adopted pursuant to that Part, the Department of Health and Human Services shall not
26 issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer
27 in-home aide services. This prohibition does not apply to companion and sitter services and shall
28 not restrict the Department from doing any of the following:

- 29 (1) Issuing a license to a certified home health agency as defined in
30 G.S. 131E-176(12) that intends to offer in-home aide services.
- 31 (2) Issuing a license to an agency that needs a new license for an existing home
32 care agency being acquired.
- 33 (3) Issuing a license for a new home care agency in any area of the State upon a
34 determination by the Secretary of the Department of Health and Human
35 Services that increased access to care is necessary in that area."

36 **SECTION 12G.1.(b)** This section is effective when it becomes law.

37 38 **ADULT CARE HOME COST REPORTING**

39 **SECTION 12G.2.** G.S. 131D-4.2 reads as rewritten:

40 **"§ 131D-4.2. Adult care homes; family care homes; ~~annual~~ cost reports; exemptions;**
41 **enforcement.**

42 (a) Except for family care homes, adult care homes with a licensed capacity of seven to
43 twenty beds, which are licensed pursuant to this Chapter, to Chapter 122C of the General Statutes,
44 and to Chapter 131E of the General Statutes, shall submit audited reports of actual costs to the
45 Department at least every two years in accordance with rules adopted by the Department under
46 G.S. 143B-10. ~~For years in which an audited report of actual costs is not required, an annual cost~~
47 ~~report shall be submitted to the Department in accordance with rules adopted by the Department~~
48 ~~under G.S. 143B-10.~~ Adult care homes licensed under Chapter 131D of the General Statutes that
49 have special care units shall include in reports required under this subsection cost reports specific
50 to the special care unit and shall not average special care costs with other costs of the adult care
51 home.

1 (b) Except for family care homes, adult care homes with a licensed capacity of twenty-one
2 beds or more, which are licensed pursuant to this Chapter, to Chapter 122C of the General
3 Statutes, and to Chapter 131E of the General Statutes, shall submit ~~annual~~-audited reports of actual
4 costs at least every two years to the Department of Health and Human Services, in accordance
5 with rules adopted by the Department under G.S. 143B-10. Adult care homes licensed under
6 Chapter 131D of the General Statutes that have special care units shall include in the reports
7 required under this subsection cost reports specific to the special care unit and shall not average
8 special care costs with other costs of the adult care home.

9 (c) Repealed by Session Laws 1999-334, s. 3.1.

10 (d) Facilities that do not receive State/County Special Assistance or Medicaid personal
11 care are exempt from the reporting requirements of this section.

12 ~~(e) Except as otherwise provided in this subsection, the annual reporting period for~~
13 ~~facilities licensed pursuant to this Chapter or Chapter 131E of the General Statutes shall be~~
14 ~~October 1 through September 30, with the annual report due by the following December 31, unless~~
15 ~~the Department determines there is good cause for delay. The annual report for combination~~
16 ~~facilities and free-standing adult care home facilities owned and operated by a hospital shall be~~
17 ~~due 15 days after the hospital's Medicare cost report is due. The annual report for combination~~
18 ~~facilities not owned and operated by a hospital shall be due 15 days after the nursing facility's~~
19 ~~Medicaid cost report is due. The annual reporting period for facilities licensed pursuant to Chapter~~
20 ~~122C of the General Statutes shall be July 1 through June 30, with the annual report due by the~~
21 ~~following December 31, unless the Department determines there is good cause for delay. Under~~
22 ~~this subsection, good cause is an action that is uncontrollable by the provider. The Department~~
23 ~~shall establish specific reporting deadlines for each type of facility required to report under this~~
24 ~~section. If the Department finds good cause for delay, it may extend the deadline for filing a report~~
25 ~~for up to an additional 30 days.~~

26 (f) The Department shall have the authority to conduct audits and review audits submitted
27 pursuant to subsections ~~(a), (b), and (c) above~~-(a) and (b) of this section.

28 (g) The Department shall suspend admissions to facilities that fail to submit annual reports
29 ~~by December 31, or by the applicable reporting deadline or~~ by the date established by the
30 Department when good cause for delay is found pursuant to G.S. 131D-4.2(e). Suspension of
31 admissions shall remain in effect until reports are submitted or licenses are suspended or revoked
32 under subdivision (2) of this subsection. The Department may take either or both of the following
33 actions to enforce compliance by a facility with this section, or to punish noncompliance:

34 (1) Seek a court order to enforce compliance;

35 (2) Suspend or revoke the facility's license, subject to the provisions of Chapter
36 150B of the General Statutes.

37 (h) The report documentation shall be used to adjust the adult care home rate ~~annually, at~~
38 least every two years, an adjustment that is in addition to the annual standard adjustment for
39 inflation as determined by the Office of State Budget and Management. Rates for family care
40 homes shall be based on market rate data. The Secretary of Health and Human Services shall
41 adopt rules for the rate-setting methodology and audited cost reports in accordance with
42 G.S. 143B-10."

43 44 **SUBPART XII-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)**

45 46 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

47 **SECTION 12H.1.** Section 12H.10(b) of S.L. 2015-241 reads as rewritten:

48 **"SECTION 12H.10.(b)** For the 2015-2016 fiscal year, the Department of Health and Human
49 Services shall deposit from its revenues one hundred thirty-nine million dollars (\$139,000,000)
50 with the Department of State Treasurer to be accounted for as nontax revenue. For the 2016-2017
51 fiscal year, the Department of Health and Human Services shall deposit from its revenues one

1 hundred ~~thirty-nine~~ forty-seven million dollars ~~(\$139,000,000)~~ (\$147,000,000) with the
 2 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall
 3 represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other
 4 resources from State-owned and State-operated hospitals which are used to provide indigent and
 5 nonindigent care services. The return from State-owned and State-operated hospitals to DHHS
 6 will be made from nonfederal resources in an amount equal to the amount of the payments from
 7 the Division of Medical Assistance for uncompensated care. The treatment of any revenue derived
 8 from federal programs shall be in accordance with the requirements specified in the Code of
 9 Federal Regulations, Title 2, Part 225."

11 **MEDICAID RECOVERY AND ABLE ACCOUNTS**

12 **SECTION 12H.2.(a)** G.S. 147-86.73 is amended by adding a new subsection to read:

13 "(g1) Notice for Designated Beneficiary Receiving Medicaid. – The ABLE Account
 14 application form approved in accordance with G.S. 147-86.71(b)(1) shall include notice of the
 15 State's right under subsection (e) of this section to file a claim for payment from a designated
 16 beneficiary's ABLE account following the death of a beneficiary who received medical assistance
 17 benefits."

18 **SECTION 12H.2.(b)** G.S. 147-86.73(g) is repealed.

20 **MEDICAID AND HEALTH CHOICE PROVIDER SCREENING**

21 **SECTION 12H.3.** G.S. 108C-3 reads as rewritten:

22 **"§ 108C-3. Medicaid and Health Choice provider screening.**

23 ...

24 (g) High Categorical Risk Provider Types. – The following provider types are hereby
 25 designated as "high" categorical risk:

26 ...

27 (10) Providers that were excluded, or whose owners, operators, or managing
 28 employees were excluded, by the U.S. Department of Health and Human
 29 Services Office of Inspector ~~General-General~~, the Medicare program, or another
 30 state's Medicaid ~~program~~ or Children's Health Insurance Program within the
 31 previous 10 years.

32 ...

33 (j) For out-of-state providers, the Department may rely on the results of the provider
 34 screening performed by the Medicaid agencies or Children's Health Insurance Program ~~for~~
 35 ~~Children~~ agencies of other states."

37 **CLARIFY DHHS AUTHORITY TO ADMINISTER MEDICAID AND NC HEALTH** 38 **CHOICE PROGRAMS**

39 **SECTION 12H.4.** G.S. 108A-54(e) reads as rewritten:

40 "(e) The Secretary of the Department of Health and Human ~~Services, through the Division~~
 41 ~~of Health Benefits, Services~~ shall have the following powers and duties:

42 (1) Administer and operate the Medicaid and NC Health Choice programs,
 43 provided that the total expenditures, net of agency receipts, do not exceed the
 44 authorized budget for ~~each program~~ the Medicaid program and NC Health
 45 Choice program. None of the powers and duties enumerated in the other
 46 subdivisions of this subsection shall be construed to limit the broad grant of
 47 authority to administer and operate the Medicaid and NC Health Choice
 48 programs.

49"

1 **EXPAND SUPPORT FOR PATIENTS WITH ALZHEIMER'S DISEASE AND THEIR**
2 **FAMILIES THROUGH COMMUNITY ALTERNATIVES PROGRAM FOR**
3 **DISABLED ADULTS WAIVER SLOTS**

4 **SECTION 12H.5.(a)** The Department of Health and Human Services, Division of
5 Medical Assistance, shall amend the North Carolina Community Alternatives Program for
6 Disabled Adults (CAP/DA) waiver to increase number of slots available under the waiver by a
7 maximum of 320 slots. These additional slots shall be made available on January 1, 2017.

8 **SECTION 12H.5.(b)** Of the funds appropriated to the Department of Health and
9 Human Services, Division of Medical Assistance, one million five hundred thousand dollars
10 (\$1,500,000) for fiscal year 2016-2017 shall be used to fund these additional slots.

11
12 **INCREASE NURSING RATES FOR COMMUNITY ALTERNATIVES PROGRAM FOR**
13 **CHILDREN**

14 **SECTION 12H.6.** The Department of Health and Human Services, Division of
15 Medical Assistance, shall increase by ten percent (10%) the rate paid to registered nurses and
16 licensed practical nurses for the provision of nursing services covered by the Community
17 Alternatives Program for Children.

18
19 **REMOVE SUNSET ON MEDICAID ELIGIBILITY/COLA DISREGARD**

20 **SECTION 12H.7.** Section 10.6(c) of S.L. 2012-142 reads as rewritten:

21 "**SECTION 10.6.(c)** Subsection (a) of this section becomes effective January 1, 2013. The
22 remainder of this section is effective when it becomes law. ~~G.S. 108A-54.4, as enacted by~~
23 ~~subsection (a) of this section, expires on December 31, 2017."~~

24
25 **STUDY 1% FMAP INCREASE FOR ADULT PREVENTATIVE SERVICES**

26 **SECTION 12H.8.** The Department of Health and Human Services, Division of
27 Medical Assistance (Department), shall study the impact of covering, without cost-sharing, all of
28 the adult preventive services recommended by the U.S. Preventive Services Task Force (USPSTF)
29 and Centers for Disease Control and Prevention's Advisory Committee on Immunization Practices
30 (ACIP) in order to qualify for a one percentage point increase in the federal Medicaid assistance
31 percentage for preventative services. The Department shall submit a report to the Joint Legislative
32 Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division by
33 November 1, 2016. At a minimum, the report shall include the following:

- 34 (1) A list of all of the adult preventive services recommended by USPSTF and
35 ACIP.
- 36 (2) Identification of the adult preventive services recommended by USPSTF and
37 ACIP that are currently not provided as part of the Medicaid program and to
38 which eligibility group the service coverage applies.
- 39 (3) For the adult preventive services currently covered, whether any cost-sharing is
40 required.
- 41 (4) The cost of adding any of the adult preventive services without cost-sharing
42 identified in subdivision (2) of this section.
- 43 (5) The cost of the elimination of any cost-sharing requirements identified in
44 subdivision (3) of this section.
- 45 (6) The benefit to the State of receiving a one percentage point increase in the
46 federal Medicaid assistance percentage for the adult preventive services
47 recommended by USPSTF and ACIP.
- 48 (7) If the Department plans to submit a waiver to implement the changes required
49 to obtain a one percentage point increase in the federal Medicaid assistance
50 percentage for preventive services, a detailed description of the plans that
51 includes a time line for waiver submission.

STUDY MEDICAID COVERAGE FOR SCHOOL-BASED HEALTH SERVICES

SECTION 12H.9. The Department of Health and Human Services, Division of Medical Assistance (Department), shall conduct a study to identify all school-based health services that are eligible for Medicaid federal matching funds pursuant to federal Medicaid law and regulations but which currently are not reimbursable under North Carolina's Medicaid State Plan. No later than November 1, 2016, the Department shall submit to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division a report containing the following information related to each school-based health service identified:

- (1) An analysis of the fiscal impact both to the Department and to all local education agencies of adding Medicaid coverage for the school-based health service.
- (2) A description of any plans for adding coverage for the school-based health service, including the anticipated time line for submission of any State Plan Amendments to the Centers for Medicare and Medicaid Services.

STUDY MEDICAID RESIDENTIAL TREATMENT RATES

SECTION 12H.10.(a) The Department of Health and Human Services, Division of Medical Assistance (Department), shall study the adequacy of existing Medicaid rates paid for residential treatment services considering data collected in concert with residential treatment providers within the past two years and any other information available to the Department related to the following:

- (1) Current rates for the following services described in Subchapter G of Chapter 27 of Title 10A of the North Carolina Administrative Code:
 - a. Residential treatment for children or adolescents provided in accordance with Section .1300 of that Subchapter.
 - b. Residential treatment staff secure for children or adolescents provided in accordance with Section .1700 of that Subchapter.
 - c. Intensive residential treatment for children or adolescents provided in accordance with Section .1800 of that Subchapter.
 - d. Psychiatric residential treatment for children or adolescents provided in accordance with Section .1900 of that Subchapter.
 - e. Community respite services for individuals of all disability groups provided in accordance with Section .5100 of that Subchapter.
 - f. Supervised living for individuals of all disability groups provided in accordance with Section .5600 of that Subchapter.
- (2) Current rates for services delivered in a psychiatric residential treatment facility to children under the age of 21 and covered by Medicaid and NC Health Choice pursuant to Clinical Coverage Policy 8D-1.
- (3) Current rates for services delivered in a residential treatment facility to children under the age of 21 and covered by Medicaid and NC Health Choice pursuant to Clinical Coverage Policy 8D-2.
- (4) Current rates for services covered by Medicaid and NC Health Choice pursuant to Clinical Coverage Policy 8P that may be reimbursed when delivered in a residential treatment facility.
- (5) Current rates for other publicly funded services or programs that compliment residential treatment services including, at a minimum, the following:
 - a. State-County Special Assistance.
 - b. Room and board for children, adolescent, and adult residential treatment services of all disability groups.
 - c. Respite services for all disability groups.

- d. Therapeutic leave for all disability groups.
 - e. State-funded supports.
 - f. Transportation.
- (6) The increase in cost to residential treatment programs as a result of recent changes to the Home and Community-Based Support waiver requirements.

SECTION 12H.10.(b) No later than October 1, 2016, the Department shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division describing the information that was considered in conducting the study required by this section and the Department's findings and conclusions resulting from the study.

STUDY INNOVATIONS WAIVER TO ADDRESS THE WAITLIST AND FEDERAL CHANGES

SECTION 12H.11. The Joint Legislative Oversight Committee on Medicaid and NC Health Choice shall study policy issues pertaining to the delivery of services for people with intellectual and developmental disabilities. The study shall, at a minimum, include all of the following:

- (1) The causes and potential solutions for the growing waitlist for NC Innovations Waiver slots. Potential solutions to be studied include the following:
 - a. Increasing the funding for the 1915(c) Innovations Waiver to result in more individuals served.
 - b. Creating new support waiver slots as recommended in the March 2015 "Study Additional 1915(c) Waiver from the Department of Health and Human Services, Division of Medical Assistance to the Joint Legislative Oversight Committee for Health and Human Services.
 - c. Utilizing a 1915(i) waiver option, and exploring how the 1115 waiver required for Medicaid transformation may assist in addressing current waitlist for services.
- (2) Issues surrounding single-stream funding and how single-stream funding is used to support services for people with intellectual and developmental disabilities.
- (3) Multiple federal mandates that will directly impact current services and supports for people with intellectual and developmental disabilities, including Home and Community-Based Services changes, the Work Force Innovations and Opportunities Act, and changes under section 14(c) of the federal Fair Labor Standards Act.
- (4) The coverage of services for the treatment of autism, including any State Plan amendment needed to address guidance issued by the Centers for Medicare and Medicaid Services.

The Committee shall report its findings and any legislative proposals pertaining to services for individuals with intellectual and developmental disabilities to the General Assembly on or before January 1, 2017.

MEDICAID GRADUATE MEDICAL EDUCATION PAYMENTS

SECTION 12H.12. It is the intent of the General Assembly to explore all possible funding options to maintain reimbursement for Graduate Medical Education (GME) as an add-on to the DRG Unit Value (Base) rate under the Medicaid DRG payment rate methodology.

SUBPART XII-I. MISCELLANEOUS [RESERVED]

SUBPART XII-J. VRBDH [RESERVED]

1	11. Division of Social Services	2,482,260	2,482,260
2			
3	12. Office of the Secretary	34,042	34,042
4			
5	13. Eligibility Systems – Operations and		
6	Maintenance	2,738,926	4,206,640
7			
8	14. NC FAST Implementation	1,313,384	1,865,799
9			
10	Transfers to Other Block Grants		
11			
12	Division of Child Development and Early Education		
13			
14	15. Transfer to the Child Care and		
15	Development Fund	71,773,001	71,773,001
16			
17	Division of Social Services		
18			
19	16. Transfer to Social Services Block		
20	Grant for Child Protective Services –		
21	Training	1,300,000	1,300,000
22			
23	17. Transfer to Social Services Block		
24	Grant for Child Protective Services	5,040,000	5,040,000
25			
26	18. Transfer to Social Services Block		
27	Grant for County Departments of		
28	Social Services for Children's Services	4,148,001	4,148,001
29			<u>4,500,000</u>
30			
31	19. Transfer to Social Services Block		
32	Grant – Foster Care Services	1,385,152	1,385,152
33			
34	TOTAL TEMPORARY ASSISTANCE FOR		
35	NEEDY FAMILIES (TANF) FUNDS	\$303,306,543	\$300,982,109
36			<u>\$309,614,155</u>
37			
38	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
39	EMERGENCY CONTINGENCY FUNDS		
40			
41	Local Program Expenditures		
42			
43	Division of Child Development and Early Education		
44			
45	01. Subsidized Child Care	29,033,340	28,600,000
46			
47	02. Subsidized Child Care Swap Out	4,547,023	0
48			
49	<u>Division of Social Services</u>		
50			
51	<u>03. County Child Welfare Program</u>		

1	<u>Improvement Resources</u>	<u>0</u>	<u>603,580</u>
2			
3	<u>DHHS Administration</u>		
4			
5	<u>04. DSS State Child Welfare Program</u>		
6	<u>Improvement Resources</u>	<u>0</u>	<u>400,000</u>
7			
8	TOTAL TEMPORARY ASSISTANCE FOR		
9	NEEDY FAMILIES (TANF) EMERGENCY		
10	CONTINGENCY FUNDS	\$33,580,363	<u>\$28,600,000</u>
11			<u>\$29,603,580</u>
12	SOCIAL SERVICES BLOCK GRANT		
13			
14	Local Program Expenditures		
15			
16	Divisions of Social Services and Aging and Adult Services		
17			
18	01. County Departments of Social Services		
19	(Transfer From TANF \$4,148,001)	\$27,335,458	\$27,108,324
20			<u>\$27,215,583</u>
21			
22	<u>01A. EBCI Tribal Public Health and</u>		
23	<u>Human Services</u>	<u>0</u>	<u>244,740</u>
24			
25	02. Child Protective Services		
26	(Transfer From TANF)	5,040,000	5,040,000
27			
28	03. State In-Home Services Fund	2,209,023	1,943,950
29			
30	04. Adult Protective Services	1,245,363	1,245,363
31			
32	05. State Adult Day Care Fund	2,039,647	1,994,084
33			
34	06. Child Protective Services/CPS		
35	Investigative Services – Child Medical		
36	Evaluation Program	563,868	563,868
37			
38	07. Special Children Adoption Incentive Fund	462,600	462,600
39			
40	08. Child Protective Services – Child		
41	Welfare Training for Counties		
42	(Transfer From TANF)	1,300,000	1,300,000
43			
44	<u>08A. Child Protective Services – Child</u>		
45	<u>Welfare Training for Counties/Mobile Training</u>	<u>0</u>	<u>737,067</u>
46			
47	09. Home and Community Care Block		
48	Grant (HCCBG)	1,788,157	1,696,888
49			
50	10. Child Advocacy Centers	375,000	375,000
51			

1	11. Guardianship	4,107,032	4,035,704
2			
3	12. Foster Care Services		
4	(Transfer From TANF)	1,385,152	1,385,152
5			
6	Division of Central Management and Support		
7			
8	13. DHHS Competitive Block Grants		
9	for Nonprofits	3,852,500	3,852,500
10			
11	14. NC FAST – Operations and		
12	Maintenance	712,324	939,315
13			
14	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
15			
16	15. Mental Health Services – Adult and		
17	Child/Developmental Disabilities Program/		
18	Substance Abuse Services – Adult	4,030,730	4,030,730
19			
20	DHHS Program Expenditures		
21			
22	Division of Services for the Blind		
23			
24	16. Independent Living Program	3,361,323	3,361,323
25			
26	Division of Health Service Regulation		
27			
28	17. Adult Care Licensure Program	381,087	381,087
29			
30	18. Mental Health Licensure and		
31	Certification Program	190,284	190,284
32			
33	DHHS Administration		
34			
35	19. Division of Aging and Adult Services	577,745	577,745
36			
37	20. Division of Social Services	559,109	559,109
38			
39	21. Office of the Secretary/Controller's Office	127,731	127,731
40			
41	22. Division of Child Development and		
42	Early Education	13,878	13,878
43			
44	23. Division of Mental Health, Developmental		
45	Disabilities, and Substance Abuse Services	27,446	27,446
46			
47	24. Division of Health Service Regulation	118,946	118,946
48			
49	TOTAL SOCIAL SERVICES BLOCK GRANT	\$61,804,403	\$61,331,027
50			<u>\$62,420,093</u>
51			

1	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
2			
3	Local Program Expenditures		
4			
5	Division of Social Services		
6			
7	01. Low-Income Energy Assistance		
8	Program (LIEAP)	\$40,244,534	\$39,303,674
9			<u>37,156,492</u>
10			
11	02. Crisis Intervention Program (CIP)	40,244,534	39,303,674
12			<u>37,156,492</u>
13			
14	Local Administration		
15			
16	Division of Social Services		
17			
18	03. County DSS Administration	6,454,961	6,454,961
19			<u>6,102,324</u>
20			
21	DHHS Administration		
22			
23	04. Office of the Secretary/DIRM	412,488	412,488
24			
25	05. Office of the Secretary/Controller's Office	18,378	18,378
26			
27	06. NC FAST Development	1,075,319	3,381,373
28			
29	Transfers to Other State Agencies		
30			
31	Department of Environment and Natural		
32	Resources (DENR) <u>Environmental Quality (DEQ)</u>		
33			
34	07. Weatherization Program	11,847,017	11,570,050
35			<u>10,937,968</u>
36			
37	08. Heating Air Repair and Replacement		
38	Program (HARRP)	6,303,514	6,156,147
39			<u>5,819,833</u>
40			
41	09. Local Residential Energy Efficiency Service		
42	Providers – Weatherization	475,046	475,046
43			<u>449,094</u>
44			
45	10. Local Residential Energy Efficiency Service		
46	Providers – HARRP	252,761	252,761
47			<u>238,953</u>
48			
49	11. DENR-DEQ – Weatherization Administration	475,046	475,046
50			<u>449,094</u>
51			

1	12. DENR-DEQ – HARRP Administration	252,760	<u>252,760</u>
2			<u>238,952</u>
3			
4	Department of Administration		
5			
6	13. N.C. Commission on Indian Affairs	87,736	87,736
7			
8	TOTAL LOW-INCOME ENERGY		
9	ASSISTANCE BLOCK GRANT	\$108,144,094	\$108,144,094
10			<u>\$102,449,177</u>
11			
12	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
13			
14	Local Program Expenditures		
15			
16	Division of Child Development and Early Education		
17			
18	01. Child Care Services		
19	(Smart Start \$7,000,000)	\$154,278,008	\$152,370,856
20			<u>\$154,741,297</u>
21			
22	02. Electronic Tracking System	1,201,240	401,492
23			<u>1,601,834</u>
24			
25	03. Transfer from TANF Block Grant		
26	for Child Care Subsidies	71,773,001	71,773,001
27			
28	04. Quality and Availability Initiatives		
29	(TEACH Program \$3,800,000)	26,514,964	26,019,987
30			<u>35,878,600</u>
31			
32	DHHS Administration		
33			
34	Division of Child Development and Early Education		
35			
36	05. DCDEE Administrative Expenses	9,049,505	9,049,505
37			<u>9,042,159</u>
38			
39	Division of Social Services		
40			
41	06. Local Subsidized Child Care		
42	Services Support	15,930,279	15,930,279
43			<u>16,078,301</u>
44			
45	<u>06A. Direct Deposit for Child Care Payments</u>	<u>0</u>	<u>969,610</u>
46			
47	07. NC FAST Development	186,404	586,152
48			
49	Division of Central Administration		
50			
51	08. DHHS Central Administration – DIRM		

1	Technical Services	775,000	775,000
2			
3	09. Central Regional Maintenance	202,000	202,000
4			
5	<u>09A. DHHS Central Administration</u>	<u>0</u>	<u>7,346</u>
6			
7	10. Child Care Health Consultation Contracts	62,205	62,205
8			
9	TOTAL CHILD CARE AND DEVELOPMENT		
10	FUND BLOCK GRANT	\$279,972,606	<u>\$277,170,477</u>
11			<u>291,717,505</u>
12			
13	MENTAL HEALTH SERVICES BLOCK GRANT		
14			
15	Local Program Expenditures		
16			
17	01. Mental Health Services – Child	\$3,619,833	\$3,619,833
18			
19	02. Administration	200,000	200,000
20			
21	03. Mental Health Services – Adult/Child	11,755,152	<u>11,755,152</u>
22			<u>10,904,077</u>
23			
24	04. Crisis Solutions Initiative – Critical		
25	Time Intervention	750,000	750,000
26			
27	05. Mental Health Services – First		
28	Psychotic Symptom Treatment	643,491	<u>643,491</u>
29			<u>1,430,851</u>
30			
31	<u>DHHS Administration</u>		
32			
33	<u>Division of Mental Health</u>		
34			
35	<u>06. Administration</u>	<u>200,000</u>	<u>200,000</u>
36			
37	TOTAL MENTAL HEALTH SERVICES		
38	BLOCK GRANT	\$16,968,476	<u>\$16,968,476</u>
39			<u>\$16,904,761</u>
40			
41	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
42			
43	Local Program Expenditures		
44			
45	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
46			
47	01. Substance Abuse – HIV and IV Drug	\$3,919,723	\$3,919,723
48			
49	02. Substance Abuse Prevention	8,669,284	8,669,284
50			
51	03. Substance Abuse Services – Treatment for		

1	Children/Adults <u>(Medication-Assisted</u>		
2	<u>Treatment Pilot \$500,000)</u>	29,519,883	<u>29,519,883</u>
3			<u>30,178,039</u>
4			
5	04. Crisis Solutions Initiatives – Walk-In		
6	Crisis Centers	420,000	420,000
7			
8	05. Crisis Solutions Initiatives – Collegiate		
9	Wellness/Addiction Recovery	1,085,000	1,085,000
10			
11	06. Crisis Solutions Initiatives – Community		
12	Paramedic Mobile Crisis Management	60,000	60,000
13			
14	07. Crisis Solutions Initiatives – Innovative		
15	Technologies	41,000	41,000
16			
17	08. Crisis Solutions Initiatives – Veteran's Crisis	250,000	250,000
18			
19	<u>DHHS Administration</u>		
20			
21	<u>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</u>		
22			
23	09. <u>DMH Administration</u>	454,000	454,000
24			
25	Division of Public Health		
26			
27	10. HIV Testing for Individuals in Substance		
28	Abuse Treatment	765,949	765,949
29			
30	TOTAL SUBSTANCE ABUSE PREVENTION		
31	AND TREATMENT BLOCK GRANT	\$45,184,839	<u>\$45,184,839</u>
32			<u>\$45,842,995</u>
33			
34	MATERNAL AND CHILD HEALTH BLOCK GRANT		
35			
36	Local Program Expenditures		
37			
38	Division of Public Health		
39			
40	01. Children's Health Services		
41	(Safe Sleep Campaign		
42	\$45,000; Prevent Blindness \$560,837;		
43	Community-Based		
44	Sickle Cell Centers \$100,000)	\$7,574,703	<u>\$7,574,703</u>
45			<u>\$7,674,703</u>
46			
47	02. Women's Health		
48	(March of Dimes \$350,000; Teen Pregnancy		
49	Prevention Initiatives \$650,000 [<u>Public Health Division</u>		
50	<u>\$400,000 & SHIFT NC \$250,000]</u> ;		
51	17P Project \$52,000; Nurse-Family		

1	Partnership \$509,018; Carolina Pregnancy		
2	Care Fellowship \$300,000)	6,520,148	6,520,148
3			<u>6,920,148</u>
4			
5	03. Oral Health	44,901	44,901
6			
7	04. Evidence-Based Programs in Counties		
8	With Highest Infant Mortality Rates	1,575,000	1,575,000
9			
10	DHHS Program Expenditures		
11			
12	Division of Public Health		
13			
14	05. Children's Health Services	1,342,928	1,342,928
15			<u>1,427,323</u>
16			
17	06. Women's Health – Maternal Health	107,714	107,714
18			<u>169,864</u>
19			
20	07. State Center for Health Statistics	158,583	158,583
21			
22	08. Health Promotion – Injury and		
23	Violence Prevention	87,271	87,271
24			
25	DHHS Administration		
26			
27	Division of Public Health		
28			
29	09. Division of Public Health Administration	552,571	552,571
30			
31	TOTAL MATERNAL AND CHILD		
32	HEALTH BLOCK GRANT	\$17,963,819	\$17,963,819
33			<u>\$18,610,364</u>
34			
35	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
36			
37	Local Program Expenditures		
38			
39	01. Physical Activity and Prevention	\$2,444,718	\$2,642,322
40			
41	02. Injury and Violence Prevention		
42	(Services to Rape Victims – Set-Aside)	173,476	173,476
43			<u>237,707</u>
44			
45	03. Community-Focused Eliminating Health		
46	Disparities Initiative Grants	2,756,855	0
47			
48	DHHS Program Expenditures		
49			
50	Division of Public Health		
51			

1	04. HIV/STD Prevention and		
2	Community Planning	145,819	145,819
3			
4	05. Oral Health Preventive Services	320,074	451,809
5			
6	06. Laboratory Services – Testing,		
7	Training, and Consultation	21,012	21,012
8			
9	07. Injury and Violence Prevention		
10	(Services to Rape Victims – Set-Aside)	192,315	192,315
11			<u>172,561</u>
12			
13	08. State Laboratory Services – Testing,		
14	Training, and Consultation	199,634	199,634
15			
16	09. Performance Improvement and		
17	Accountability	702,850	768,717
18			
19	10. State Center for Health Statistics	107,291	107,291
20			
21	DHHS Administration		
22			
23	Division of Public Health		
24			
25	11. Division of Public Health	172,820	172,820
26			
27	12. Division of Public Health –		
28	Physical Activity and Nutrition Branch	1,311,972	68,073
29			
30	TOTAL PREVENTIVE HEALTH		
31	SERVICES BLOCK GRANT	\$8,548,836	\$4,943,288
32			<u>\$4,987,765</u>
33			
34	COMMUNITY SERVICES BLOCK GRANT		
35			
36	Local Program Expenditures		
37			
38	Office of Economic Opportunity		
39			
40	01. Community Action Agencies	\$24,047,065	\$24,047,065
41			<u>\$21,428,074</u>
42			
43	02. Limited Purpose Agencies	1,335,948	1,335,948
44			<u>1,190,448</u>
45			
46	DHHS Administration		
47			
48	03. Office of Economic Opportunity	1,335,948	1,335,948
49			<u>1,190,448</u>
50			
51	TOTAL COMMUNITY SERVICES		

BLOCK GRANT

\$26,718,961

\$26,718,961

\$23,808,970

"GENERAL PROVISIONS

"SECTION 12L.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 12L.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 funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section.

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

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

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

"SECTION 12L.1.(d) 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 schedule enacted for State fiscal years 2015-2016 and 2016-2017 or until a new schedule is enacted by the General Assembly.

"SECTION 12L.1.(e) All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and the Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing the changes. The report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the

1 budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative
2 Oversight Committee on Health and Human Services and the Fiscal Research Division. This
3 subsection does not apply to Block Grant changes caused by legislative salary increases and
4 benefit adjustments.

5 **"SECTION 12I.1.(f)** Except as otherwise provided, the Department of Health and Human
6 Services shall have flexibility to transfer funding between the Temporary Assistance for Needy
7 Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long
8 as the total allocation for the line items within those block grants remains the same.
9

10 **"TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

11 **"SECTION 12I.1.(g)** The sum of eighty million ninety-three thousand five hundred sixty-six
12 dollars (\$80,093,566) for the 2015-2016 fiscal year and the sum of ~~seventy-eight million~~
13 ~~seventy-three thousand four hundred thirty-seven dollars (\$78,073,437)~~ eighty million ninety-three
14 thousand five hundred sixty-six dollars (\$80,093,566) for the 2016-2017 fiscal year appropriated
15 in this section in TANF funds to the Department of Health and Human Services, Division of
16 Social Services, shall be used for Work First County Block Grants. The Division shall certify
17 these funds in the appropriate State-level services based on prior year actual expenditures. The
18 Division has the authority to realign the authorized budget for these funds among the State-level
19 services based on current year actual expenditures. The Division shall also have the authority to
20 realign appropriated funds from Work First Family Assistance for electing counties to the Work
21 First County Block Grant for electing counties based on current year expenditures so long as the
22 electing counties meet Maintenance of Effort requirements.

23 **"SECTION 12I.1.(g1)** The sum of three million six hundred thousand dollars (\$3,600,000)
24 for the 2016-2017 fiscal year appropriated in this section in TANF funds to the Department of
25 Health and Human Services, Division of Social Services, shall be used to support counties in
26 connecting Work First recipients and low income parents in job placements through subsidized
27 employment and targeted support services. The Division shall report on the use of these funds to
28 the Joint Legislative Oversight Committee on Health and Human Services by October 1, 2017.

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

37 Counties shall maintain their level of expenditures in local funds for Child Protective Services
38 workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total
39 expenditures from State and local funds for fiscal years 2015-2016 and 2016-2017 shall not be less
40 than the total expended from State and local funds for the 2012-2013 fiscal year.

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

1 "SECTION 12I.1.(i) The sum of one million four hundred thousand dollars (\$1,400,000)
2 appropriated in this section in TANF funds to the Department of Health and Human Services,
3 Division of Social Services, for the 2016-2017 fiscal year shall be used for child welfare initiatives
4 to (i) enhance the skills of social workers to improve the outcomes for families and children
5 involved in child welfare, and (ii) enhance the provision of services to families in their home in the
6 least restrictive setting.

7
8 **"SOCIAL SERVICES BLOCK GRANT**

9 **"SECTION 12I.1.(j)** The sum of twenty-seven million three hundred thirty-five thousand
10 four hundred fifty-eight dollars (\$27,335,458) for the 2015-2016 fiscal year and the sum of
11 ~~twenty seven million one hundred eight thousand three hundred twenty four dollars~~
12 ~~(\$27,108,324)~~twenty-seven million two hundred fifteen thousand five hundred eighty-three dollars
13 (\$27,215,583) for the 2016-2017 fiscal year appropriated in this section in the Social Services
14 Block Grant to the Department of Health and Human Services, Division of Social Services, shall
15 be used for county block grants. The Division shall certify these funds in the appropriate
16 State-level services based on prior year actual expenditures. The Division has the authority to
17 realign the authorized budget for these funds, as well as State Social Services Block Grant funds,
18 among the State-level services based on current year actual expenditures.

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

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

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

30 **"SECTION 12I.1.(m)** Social Services Block Grant funds appropriated for the Special
31 Children Adoption Incentive Fund will require a fifty-percent (50%) local match.

32 **"SECTION 12I.1.(n)** The sum of five million forty thousand dollars (\$5,040,000)
33 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017
34 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
35 Social Services. The Division shall allocate these funds to local departments of social services to
36 replace the loss of Child Protective Services State funds that are currently used by county
37 governments to pay for Child Protective Services staff at the local level. These funds shall be used
38 to maintain the number of Child Protective Services workers throughout the State. These Social
39 Services Block Grant funds shall be used to pay for salaries and related expenses only and are
40 exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

41 **"SECTION 12I.1.(o)** The sum of three million eight hundred fifty-two thousand five hundred
42 dollars (\$3,852,500) appropriated in this section in the Social Services Block Grant to the
43 Department of Health and Human Services, Division of Central Management and Support, shall
44 be used for DHHS competitive block grants pursuant to Section 12A.8 of this act for each year of
45 the 2015-2017 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R
46 .0201(3).

47 **SECTION 12I.1.(p)** The sum of three hundred seventy-five thousand dollars (\$375,000)
48 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017
49 fiscal biennium to the Department of Health and Human Services, Division of Social Services,
50 shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from
51 the provisions of 10A NCAC 71R .0201(3).

1 **"SECTION 12I.1.(q)** The sum of four million one hundred seven thousand thirty-two dollars
2 (\$4,107,032) for the 2015-2016 fiscal year and the sum of four million thirty-five thousand seven
3 hundred four dollars (\$4,035,704) for the 2016-2017 fiscal year appropriated in this section in the
4 Social Services Block Grant to the Department of Health and Human Services, Divisions of Social
5 Services and Aging and Adult Services, shall be used for guardianship services pursuant to
6 Chapter 35A of the General Statutes. The Department may expend funds appropriated in this
7 section to support (i) existing corporate guardianship contracts during the 2015-2016 and
8 2016-2017 fiscal years and (ii) guardianship contracts transferred to the State from local
9 management entities or managed care organizations during the 2015-2016 and 2016-2017 fiscal
10 years.

11 **"SECTION 12I.1.(q1)** The sum of seven hundred thirty-seven thousand sixty-seven dollars
12 (\$737,067) appropriated in this section in the Social Services Block Grant for the 2016-2017 fiscal
13 year shall be allocated to the Department of Health and Human Services, Division of Social
14 Services. These funds shall be used to assist with training needs for county child welfare training
15 staff and shall not be used to supplant any other source of funding for staff. County departments of
16 social services are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five
17 percent (25%).

18 **"LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

19 **"SECTION 12I.1.(r)** Additional emergency contingency funds received may be allocated for
20 Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the
21 Joint Legislative Oversight Committee on Health and Human Services. Additional funds received
22 shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and
23 the Fiscal Research Division upon notification of the award. The Department of Health and
24 Human Services shall not allocate funds for any activities, including increasing administration,
25 other than assistance payments, without prior consultation with the Joint Legislative Oversight
26 Committee on Health and Human Services.

27 **"SECTION 12I.1.(s)** The sum of forty million two hundred forty-four thousand five hundred
28 thirty-four dollars (\$40,244,534) for the 2015-2016 fiscal year and the sum of ~~thirty-nine million~~
29 ~~three hundred three thousand six hundred seventy four dollars (\$39,303,674)~~ thirty-seven million
30 one hundred fifty-six thousand four hundred ninety-two dollars (\$37,156,492) for the 2016-2017
31 fiscal year appropriated in this section in the Low-Income Energy Assistance Block Grant to the
32 Department of Health and Human Services, Division of Social Services, shall be used for Energy
33 Assistance Payments for the households of (i) elderly persons age 60 and above with income up to
34 one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible
35 for services funded through the Division of Aging and Adult Services.

36 County departments of social services shall submit to the Division of Social Services an
37 outreach plan for targeting households with 60-year-old household members no later than August
38 1 of each year. The outreach plan shall comply with the following:

- 39 (1) Ensure that eligible households are made aware of the available assistance, with
40 particular attention paid to the elderly population age 60 and above and
41 disabled persons receiving services through the Division of Aging and Adult
42 Services.
- 43 (2) Include efforts by the county department of social services to contact other
44 State and local governmental entities and community-based organizations to (i)
45 offer the opportunity to provide outreach and (ii) receive applications for
46 energy assistance.
- 47 (3) Be approved by the local board of social services or human services board prior
48 to submission.
- 49
- 50

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

1 "SECTION 12I.1.(t) Payment for subsidized child care services provided with federal TANF
2 funds shall comply with all regulations and policies issued by the Division of Child Development
3 and Early Education for the subsidized child care program.

4 "SECTION 12I.1.(u) If funds appropriated through the Child Care and Development Fund
5 Block Grant for any program cannot be obligated or spent in that program within the obligation or
6 liquidation periods allowed by the federal grants, the Department may move funds to child care
7 subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the
8 federal funds fully.

9 10 "MENTAL HEALTH SERVICES BLOCK GRANT

11 "SECTION 12I.1.(v) The sum of six hundred forty-three thousand four hundred ninety-one
12 dollars (\$643,491) appropriated in this section in the Mental Health Services Block Grant to the
13 Department of Health and Human Services, Division of Mental Health, Developmental
14 Disabilities, and Substance Abuse Services, for ~~each year of the 2015-2017 fiscal biennium~~
15 the 2015-2016 fiscal year and the sum of one million four hundred thirty thousand eight hundred
16 fifty-one dollars (\$1,430,851) for the 2016-2017 fiscal year is allocated for Mental Health Services
17 – First Psychotic Symptom Treatment. The Division shall report on (i) the specific evidence-based
18 treatment and services provided, (ii) the number of persons treated, and (iii) the measured
19 outcomes or impact on the participants served. The Division shall report to the House of
20 Representatives Appropriations Committee on Health and Human Services, the Senate
21 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no
22 later than December 31, 2016.

23 24 "SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

25 "SECTION 12I.1.(w) The sum of two hundred fifty thousand dollars (\$250,000) appropriated
26 in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of
27 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
28 Substance Abuse Services, for each year of the 2015-2017 fiscal biennium shall be allocated to the
29 Department of ~~Administration, Division of~~ Military and Veterans Affairs, to establish a call-in
30 center to assist veterans in locating service benefits and crisis services. The call-in center shall be
31 staffed by certified veteran peers within the ~~Division of~~ Department of Military and Veterans
32 Affairs and trained by the Division of Mental Health, Developmental Disabilities, and Substance
33 Abuse Services.

34 "SECTION 12I.1.(w1) The sum of five hundred thousand dollars (\$500,000) allocated in this
35 section in the Substance Abuse Prevention and Treatment Block Grant to the Department of
36 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
37 Substance Abuse Services, for the 2016-2017 fiscal year shall be used for a medication-assisted
38 opioid use disorder treatment pilot program.

39 40 "MATERNAL AND CHILD HEALTH BLOCK GRANT

41 "SECTION 12I.1.(x) If federal funds are received under the Maternal and Child Health Block
42 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710),
43 for the 2015-2016 fiscal year or the 2016-2017 fiscal year, then those funds shall be transferred to
44 the State Board of Education to be administered by the Department of Public Instruction. The
45 Department of Public Instruction shall use the funds to establish an abstinence until marriage
46 education program and shall delegate to one or more persons the responsibility of implementing
47 the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall
48 carefully and strictly follow federal guidelines in implementing and administering the abstinence
49 education grant funds.

50 "SECTION 12I.1.(y) The Department of Health and Human Services shall ensure that there
51 will be follow-up testing in the Newborn Screening Program.

1 "SECTION 12L.1.(z) The sum of one million five hundred seventy-five thousand dollars
2 (\$1,575,000) appropriated in this section in the Maternal and Child Health Block Grant to the
3 Department of Health and Human Services, Division of Public Health, for each year of the
4 2015-2017 fiscal biennium shall be used for evidence-based programs in counties with the highest
5 infant mortality rates. The Division shall report on (i) the counties selected to receive the
6 allocation, (ii) the specific evidenced-based services provided, (iii) the number of women served,
7 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to
8 the House of Representatives Appropriations Committee on Health and Human Services, the
9 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
10 Division no later than December 31, 2016.

11 "SECTION 12L.1.(aa) The sum of one hundred thousand dollars (\$100,000) allocated in this
12 section in the Maternal and Child Health Block Grant to the Department of Health and Human
13 Services, Division of Public Health, for each year of the 2015-2017 fiscal biennium for
14 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

15 "SECTION 12L.1.(bb) No more than fifteen percent (15%) of the funds provided in this
16 section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care Fellowship
17 shall be used for administrative purposes. The balance of those funds shall be used for direct
18 services."
19

20 PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

21 SPAY/NEUTER PROGRAM ELIGIBILITY

22 SECTION 13.1.(a) G.S. 19A-63(a)(1) reads as rewritten:

23 "(1) The county or city offers one or more of the following programs to low-income
24 persons on a year-round basis for the purpose of reducing the cost of spaying
25 and neutering procedures for dogs and cats:

- 26 a. A spay/neuter clinic operated by the county or city.
- 27 b. A spay/neuter clinic operated by a non-profit organization under
28 contract or other arrangement with the county or ~~city, provided that the~~
29 ~~non-profit organization contracts with a local veterinarian to perform the~~
30 ~~spay/neuter procedures.~~city.
- 31 c. A contract or contracts with one or more veterinarians, whether or not
32 located within the county, to provide reduced-cost spaying and
33 neutering procedures.
- 34 d. Subvention of the spaying and neutering costs incurred by low-income
35 pet owners through the use of vouchers or other procedure that provides
36 a discount of the cost of the spaying or neutering procedure fixed by a
37 participating ~~veterinarian.~~veterinarian or other provider.
- 38 e. Subvention of the spaying and neutering costs incurred by persons who
39 adopt a pet from an animal shelter operated by or under contract with
40 the county or city."
41

42 SECTION 13.1.(b) G.S. 19A-63(b)(2) reads as rewritten:

43 "(2) Low-income person. – An individual who qualifies for one or more of the
44 programs of public assistance administered by the Department of Health and
45 Human Services pursuant to Chapter 108A of the General Statutes or whose
46 annual household income is lower than one hundred percent (100%) of the
47 federal poverty level guidelines published by the United States Department of
48 Health and Human Services."
49

50 NEW MARKET OPPORTUNITIES FOR FARMERS

1 **SECTION 13.2.** The funds available in the Swine Waste Fund (Fund Code
2 23704-2730) shall be repurposed to identify new market opportunities for agricultural and
3 silvicultural producers related to products that producers currently hold, produce or are capable of
4 producing. The funds are available for activities including identifying new markets and barriers to
5 market entry, catalyzing efforts to accelerate and ease market participation, educating local
6 extension officers, and creating mechanisms to ensure quality assurance for products and service
7 providers.
8

9 **PART XIV. DEPARTMENT OF ENVIRONMENTAL QUALITY**

10 **MERCURY SWITCH SUNSET MODIFICATION**

11 **SECTION 14.1.(a)** Section 9 of S.L. 2007-142 reads as rewritten:

12 "**SECTION 9.** Sections 1, 2, 6, 7, and 9 of this act become effective when this act becomes
13 law. Sections 3, 4, and 8 of this act become effective 1 July 2007. Section 5 of this act becomes
14 effective 1 July 2007 and applies to violations that occur on or after that date. The Department
15 shall submit the first annual report required by G.S. 130A-310.57, as enacted by Section 7 of this
16 act, on or before 1 October 2008. ~~This act expires on 31 December 2017.~~ Effective June 30, 2017,
17 Part 6 of Article 9 of Chapter 130A of the General Statutes, as amended by this act, is repealed."
18

19 **SECTION 14.1.(b)** Section 13.10B of S.L. 2011-145 is repealed.

20 **SECTION 14.1.(c)** Subsection (b) of this section becomes effective June 30, 2017.
21 Funds remaining in the Mercury Pollution Prevention Fund (Fund Code 24300-2119) on that date
22 shall be transferred to the Division of Waste Management (Fund Code 14300-1760).
23

24 **MOTOR VEHICLE EMISSIONS INSPECTIONS**

25 **SECTION 14.2.(a)** G.S. 143-215.107A reads as rewritten:

26 "**§ 143-215.107A. Motor vehicle emissions testing and maintenance program.**

27 (a) General Provisions. –

28 (1) G.S. 143-215.107(a)(6) shall be implemented as provided in this section.

29 (2) Motor vehicle emissions inspections shall be performed by a person who holds
30 an emissions inspection mechanic license issued as provided in
31 G.S. 20-183.4A(c) at a station that holds an emissions inspection station license
32 issued under G.S. 20-183.4A(a) or at a place of business that holds an
33 emissions self-inspector license issued as provided in G.S. 20-183.4A(d). Motor
34 vehicle emissions inspections may be performed by a decentralized network of
35 test-and-repair stations as described in 40 Code of Federal Regulations § 51.353
36 (1 July 1998 Edition). The Commission may not require that motor vehicle
37 emissions inspections be performed by a network of centralized or
38 decentralized test-only stations.

39 (b) Repealed by Session Laws 2000-134, s. 2, effective July 14, 2000.

40 (c) Counties Covered. – Motor vehicle emissions inspections shall be performed in the
41 following counties: Alamance, ~~Brunswick~~, ~~Buncombe~~, ~~Burke~~, ~~Cabarrus~~, ~~Caldwell~~, ~~Carteret~~,
42 ~~Catawba~~, ~~Chatham~~, ~~Cleveland~~, ~~Craven~~, ~~Cumberland~~, ~~Davidson~~, ~~Durham~~, ~~Edgecombe~~, ~~Forsyth~~,
43 ~~Franklin~~, ~~Gaston~~, ~~Granville~~, ~~Guilford~~, ~~Harnett~~, ~~Haywood~~, ~~Henderson~~, ~~Iredell~~, ~~Johnston~~, ~~Lee~~,
44 ~~Lenoir~~, ~~Lincoln~~, ~~Mecklenburg~~, ~~Moore~~, ~~Nash~~, ~~New Hanover~~, ~~Onslow~~, ~~Orange~~, ~~Pitt~~, ~~Randolph~~,
45 ~~Robeson~~, ~~Rockingham~~, ~~Rowan~~, ~~Rutherford~~, ~~Stanly~~, ~~Stokes~~, ~~Surry~~, ~~Union~~, ~~Wake~~, ~~Wayne~~, ~~Wilkes~~
46 ~~and Wilson and Wake.~~

47 "

48 **SECTION 14.2.(b)** G.S. 20-183.2(b) reads as rewritten:

49 "(b) Emissions. – A motor vehicle is subject to an emissions inspection in accordance with
50 this Part if it meets all of the following requirements:

- (1) It is subject to registration with the Division under Article 3 of this Chapter, except for motor vehicles operated on a federal installation as provided in sub-subdivision e. of subdivision (5) of this subsection.
- (2) It is not a trailer whose gross weight is less than 4,000 pounds, a house trailer, or a motorcycle.
- (3) It is (i) ~~a 1996 or later model vehicle with a model year within 20 years of the current year~~ and older than the three most recent model years or (ii) ~~a 1996 or later model~~ a vehicle with a model year within 20 years of the current year and has 70,000 miles or more on its odometer.

...."

SECTION 14.2.(c) No later than December 31, 2016, the Department of Environmental Quality shall prepare and submit to the United States Environmental Protection Agency for approval by that agency a proposed North Carolina State Implementation Plan amendment based on the change to the motor vehicle emissions testing program provided in subsection (a) of this section.

SECTION 14.2.(d) Subsection (a) of this section becomes effective July 1, 2017. Subsection (b) of this section becomes effective on the later of the following dates and applies to motor vehicles inspected, or due to be inspected, on or after that effective date:

- (1) January 1, 2019.
- (2) The first day of a month that is 60 days after the Secretary of the Department of Environmental Quality certifies to the Revisor of Statutes that the United States Environmental Protection Agency has approved an amendment to the North Carolina State Implementation Plan submitted in support of the change in subsection (b) of this section. The Secretary shall provide this notice along with the effective date of this act on its Web site and by written or electronic notice to emissions inspection mechanic license holders, emissions inspection station licensees, and self-inspector licensees in the counties where motor vehicle emissions inspection requirements are removed by this section.

AIR AND WATER QUALITY ACCOUNT FUNDING

SECTION 14.3. G.S. 105-449.125, as amended by Section 4.11(a) of S.L. 2016-5, reads as rewritten:

"§ 105-449.125. Distribution of tax revenue among various funds and accounts.

(a) Distribution to Funds. – The Secretary shall allocate the amount of revenue collected under this Article from an excise tax of one-half cent (1/2¢) a gallon to the following funds and accounts in the fraction indicated:

Fund or Account	Amount
Commercial Leaking Petroleum	
Underground Storage Tank Cleanup Fund	Nineteen thirty seconds <u>Sixty-two and one-half percent (62.5%)</u>
Water and Air Quality Account	Five sixteenths <u>Twenty-eight and one-tenth percent (28.1%).</u>

(b) Distribution of Remaining Revenue. – The Secretary shall allocate the remaining excise tax revenue collected under this Article, including any revenue that is allocated but not distributed under subsection (a) of this section, as follows:

- (1) Seventy-one percent (71%) to the Highway Fund.
- (2) Twenty-nine percent (29%) to the Highway Trust Fund.

(c) Accounting. – The Secretary shall charge a proportionate share of a refund allowed under this Article to each fund or account to which revenue collected under this Article is credited. The Secretary shall credit revenue or charge refunds to the appropriate funds or accounts on a monthly basis."

AUDITOR RECLASSIFICATION

SECTION 14.4. The Department of Environmental Quality may reclassify an existing vacant position to establish an internal auditor position.

RISK-BASED MANAGEMENT ACTIONS PREAPPROVAL

SECTION 14.5. G.S. 143-215.94E(e5) is amended by adding a new subdivision to read:

"(10) Each fiscal year, the Department may preapprove and authorize tasks, the cost of which is to be paid or reimbursed from the Commercial Fund and the sum total of which shall not exceed five hundred thousand dollars (\$500,000), that have not been authorized pursuant to subdivisions (5) and (6) of this subsection for the purpose of completing risk-based management actions leading to no further action or closure. A claim for payment or reimbursement of costs for tasks that are authorized under this subdivision shall be paid or reimbursed on the same basis as tasks that are authorized under subdivisions (5) and (6) of this subsection."

EXPEDITE CLOSURE OF LOW-RISK PRE-1983 LANDFILLS

SECTION 14.6. Of the funds appropriated to the Inactive Hazardous Sites Cleanup Fund (Fund Code 65304-6379), the sum of five million dollars (\$5,000,000) may be used by the Department of Environmental Quality in the 2016-2017 fiscal year to expedite closure of lower risk pre-regulatory landfills by funding the assessment and remedial activities needed to achieve a risk-based closure. The Department's activities under this section may proceed notwithstanding the site's relative priority for action established under G.S. 130A-310.6(c), provided that the Department shall only proceed with remediation and expend funds for cleanup of a site pursuant to this section if the cleanup method proposed is determined to be the most cost-effective cleanup for the site, except if cleanup to a more protective standard is necessary to make the site suitable for a proposed economic development opportunity at the site. The Department shall issue written findings of fact to demonstrate that a cleanup method for a site to be remediated pursuant to this section is the most cost-effective cleanup method and, if applicable, a description of a proposed economic development opportunity for a site that would support a cleanup to a more protective standard. For purposes of this section, the term "cost-effective cleanup" means a cleanup method that meets the following criteria: (i) addresses imminent threats to human health or the environment and (ii) is the least expensive cleanup based on total cost.

OYSTER BROOD STOCK FUNDING MODIFICATION

SECTION 14.7. Notwithstanding any other provision of law, funds provided to the Division of Marine Fisheries of the Department of Environmental Quality for contracting with the University of North Carolina Wilmington to develop oyster brood stock to provide seed for aquaculture shall be transferred to, and not through a contractual arrangement with, the University of North Carolina Wilmington for that purpose.

COASTAL RECREATIONAL FISHING LICENSES CONFORMING CHANGE

SECTION 14.8. G.S. 113-174.1(f) reads as rewritten:

"§ 113-174.1. License required; general provisions governing licenses.

...

(f) Cancellation of Fraudulent License; Penalties. – The Wildlife Resources Commission may cancel a license issued by the Commission under this Article or Article 25A of this Chapter if the license was issued on the basis of false information supplied by the license applicant. The Division may cancel a For Hire Blanket ~~CRFL~~-License issued under G.S. 113-174.3 ~~or an Ocean~~

1 ~~Fishing Pier Blanket CRFL issued under G.S. 113-174.4~~ if the license was issued on the basis of
2 false information supplied by the license applicant. A cancelled license is void from the date of
3 issuance. It is a Class 1 misdemeanor for an individual to knowingly do any of the following:

4"

5 6 **MARINE PATROL/SHELLFISH SANITATION EQUIPMENT SALES**

7 **SECTION 14.9.(a)** The Division of Marine Fisheries of the Department of
8 Environmental Quality may sell the following aircraft and water vessels from its fleet as
9 expeditiously as possible in order to modernize the fleet:

10 (1) 1999 48' Sea Ark – patrol vessel "Roanoke".

11 (2) 1995 Husky airplane.

12 (3) 1998 25' Parker boat hull with trailer.

13 (4) 1993 18' Parker boat with engine and trailer.

14 Proceeds from these sales shall be credited to the Advance License Sales fund (Fund
15 Code 24300-2392) within Marine Fisheries for future appropriation by the General Assembly.

16 **SECTION 14.9.(b)** The Division shall report to the Joint Legislative Oversight
17 Committee on Agriculture and Natural and Economic Resources on the proceeds of the
18 dispositions authorized by this section and the Division's plans for use of the proceeds for future
19 equipment acquisitions to (i) support the enforcement efforts of the Marine Patrol and (ii) to
20 support the Shellfish Sanitation and Recreational Water Quality Program.

21 22 **CULTCH MATERIAL PURCHASING**

23 **SECTION 14.10.** For the purpose of purchasing materials and entering contracts for
24 shellfish rehabilitation projects, the Division of Marine Fisheries of the Department of
25 Environmental Quality shall be permitted to carry forward from the 2015-2016 fiscal year to the
26 2016-2017 fiscal year up to five hundred thousand dollars (\$500,000) of State funds appropriated
27 for cultch planting.

28 29 **SHELLFISH LEASING REFORMS**

30 **SECTION 14.11.(a)** G.S. 113-202(j) reads as rewritten:

31 "(j) Initial leases begin upon the issuance of the lease by the Secretary and expire at noon
32 on the first day of July following the tenth anniversary of the granting of the lease. Renewal leases
33 are issued for a period of 10 years from the time of expiration of the previous lease. At the time of
34 making application for renewal of a lease, the applicant must pay a filing fee of one hundred
35 dollars (\$100.00). The rental for initial leases is one dollar (\$1.00) per acre until noon on the first
36 day of July following the first anniversary of the lease. Thereafter, for initial leases and from the
37 beginning for renewals of leases entered into after that date, the rental is ten dollars (\$10.00) per
38 acre per year. Rental must be paid annually in advance prior to the first day of ~~April~~July each
39 year. Upon initial granting of a lease, the pro rata amount for the portion of the year left until the
40 first day of July must be paid in advance at the rate of one dollar (\$1.00) per acre per year; then,
41 on or before the first day of ~~April~~July next, the lessee must pay the rental for the next full year."

42 **SECTION 14.11.(b)** G.S. 113-202.1 reads as rewritten:

43 **"§ 113-202.1. Water column leases for aquaculture.**

44 (a) To increase the productivity of leases for shellfish culture issued under G.S. 113-202,
45 the Secretary may amend shellfish cultivation leases to authorize use of the water column
46 superjacent to the leased bottom under the terms of this section when he determines the public
47 interest will benefit from amendment of the leases. Leases with water column amendments must
48 produce shellfish in commercial quantities at four times the minimum production rate of leases
49 issued under G.S. 113-202, or any higher quantity required by the Marine Fisheries Commission
50 through duly adopted rules.

51 ...

1 (f) Amendments of shellfish cultivation leases to authorize use of the water column ~~are not~~
2 ~~transferrable except when the Secretary approves the transfer after public notice and hearing~~
3 ~~consistent with subsection (e) of this section.~~ may be transferred with a bottom lease for the
4 remainder of the term of the amendment at the same rental rate and term as set forth in subsection
5 (d) of this section, and so long as notice of the transfer is provided to the Secretary as required by
6 G.S. 113-202(k).

7 ...

8 (i) To the extent required by demonstration or research aquaculture development projects,
9 the Secretary may amend existing leases and issue leases that authorize use of the bottom and the
10 water column. Demonstration or research aquaculture development projects may be authorized for
11 ~~two five~~ years with no more than one renewal and when the project is proposed or formally
12 sponsored by an educational institution which conducts research or demonstration of aquaculture.
13 Production of shellfish with a sales value in excess of ~~one thousand dollars (\$1,000)~~ five thousand
14 dollars (\$5,000) per acre per year shall constitute commercial production. Demonstration or
15 research aquaculture development projects shall be exempt for the rental rate in subsection (d) of
16 this section unless commercial production occurs as a result of the project."

17 **SECTION 14.11.(c)** G.S. 113-202.2 reads as rewritten:

18 "**§ 113-202.2. Water column leases for aquaculture for perpetual franchises.**

19 (a) To increase the productivity of shellfish grants and perpetual franchises for shellfish
20 culture recognized under G.S. 113-206, the Secretary may lease the water column superjacent to
21 such grants or perpetual franchises (hereinafter "perpetual franchises") under the terms of this
22 section when it determines the public interest will benefit from the lease. Perpetual franchises with
23 water column leases must produce shellfish in commercial quantities at four times the minimum
24 production rate of leases issued under G.S. 113-202, or any higher quantity required by the Marine
25 Fisheries Commission by rule.

26 ...

27 (d) Water column leases to perpetual franchises shall be issued for a period of ~~five 10~~
28 years and may be renewed pursuant to subsection (g) of this section. The rental for an initial water
29 column lease issued under this section is the same as the rental set in G.S. 113-202.1 for an initial
30 water column amendment issued under that section, and the rental for a renewed water column
31 lease issued under this section is the same as the rental set in G.S. 113-202.1 for a renewed water
32 column amendment issued under that section.

33 ...

34 (f) Water column leases to perpetual franchises ~~are not transferrable except when the~~
35 ~~Secretary approves the transfer after public notice and hearing consistent with G.S. 113-202(f) and~~
36 ~~(g).~~ may be transferred with a perpetual franchise for the remainder of the term of the lease at the
37 same rental rate and term as set forth in subsection (d) of this section, and so long as notice of the
38 transfer is provided to the Secretary as required by G.S. 113-202(k).

39 ...

40 (i) Demonstration or research aquaculture development projects may be authorized for
41 ~~two five~~ years with no more than one renewal and when the project is proposed or formally
42 sponsored by an educational institution which conducts aquaculture research or demonstration
43 projects. Production of shellfish with a sales value in excess of ~~one thousand dollars (\$1,000)~~ five
44 thousand dollars (\$5,000) per acre per year shall constitute commercial production. Demonstration
45 or research aquaculture development projects shall be exempt from the rental rate in subsection (d)
46 of this section unless commercial production occurs as a result of the project."

47

48 **CLARIFY AQUATIC WEED CONTROL FUNDING ELIGIBILITY**

49 **SECTION 14.12.(a)** Part 8B of Article 21 of Chapter 143 of the General Statutes
50 reads as rewritten:

51 "Part 8B. Shallow Draft Navigation Channel and ~~Lake Dredging~~ Aquatic Weed Fund.

1 "§ 143-215.73F. ~~Shallow Draft Navigation Channel Dredging and Lake Maintenance~~
2 Aquatic Weed Fund.

3 (a) Fund Established. – The Shallow Draft Navigation Channel Dredging and ~~Lake~~
4 ~~Maintenance-Aquatic Weed Fund~~ is established as a special revenue fund. The Fund consists of
5 fees credited to it under G.S. 75A-3 and G.S. 75A-38, taxes credited to it under G.S. 105-449.126,
6 and funds contributed by non-State entities.

7 (b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

8 (1) To provide the State's share of the costs associated with any dredging project
9 designed to keep shallow draft navigation channels located in State waters or
10 waters of the state located within lakes navigable and safe.

11 (2) For aquatic weed control projects in waters of the State ~~located within lakes~~
12 under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic
13 weed control projects is limited to five hundred thousand dollars (\$500,000) in
14 each fiscal year.

15 (c) Cost-Share. – Any project funded by revenue from the Fund must be cost-shared with
16 non-State dollars as follows:

17 ...

18 (3) The cost-share for ~~a lake maintenance~~ an aquatic weed control project shall be
19 at least one non-State dollar for every dollar from the Fund. The cost-share for a
20 ~~lake~~ an aquatic weed control project located within a component of the State
21 Parks System shall be provided by the Division of Parks and Recreation of the
22 Department of Natural and Cultural Resources. The Division of Parks and
23 Recreation may use funds allocated to the State Parks System for capital
24 projects under G.S. 143B-135.56 for the cost-share.

25"

26 **SECTION 14.12.(b)** G.S. 75A-3(c) reads as rewritten:

27 "(c) The Boating Account is established within the Wildlife Resources Fund created under
28 G.S. 143-250. Interest and other investment income earned by the Account accrues to the Account.
29 All moneys collected pursuant to the numbering and titling provisions of this Chapter shall be
30 credited to this Account. Motor fuel excise tax revenue is credited to the Account under
31 G.S. 105-449.126. The Commission shall use revenue in the Account, subject to the Executive
32 Budget Act and the Personnel Act, for the administration and enforcement of this Chapter; for
33 activities relating to boating and water safety including education and waterway marking and
34 improvement; and for boating access area acquisition, development, and maintenance. The
35 Commission shall use at least three dollars (\$3.00) of each one-year certificate of number fee and
36 at least nine dollars (\$9.00) of each three-year certificate of number fee collected under the
37 numbering provisions of G.S. 75A-5 for boating access area acquisition, development, and
38 maintenance. The Commission shall transfer on a quarterly basis fifty percent (50%) of each
39 one-year certificate of number fee and fifty percent (50%) of each three-year certificate of number
40 fee collected under the numbering provisions of G.S. 75A-5 to the Shallow Draft Navigation
41 Channel Dredging and ~~Lake Maintenance-Aquatic Weed Fund~~ established by G.S. 143-215.73F."

42 **SECTION 14.12.(c)** G.S. 75A-38(b) reads as rewritten:

43 "(b) The Commission shall charge a fee of thirty dollars (\$30.00) to issue a new or transfer
44 certificate of title. The Commission shall transfer on a quarterly basis at least ten dollars (\$10.00)
45 of each new or transfer certificate of title to the Shallow Draft Navigation Channel Dredging and
46 ~~Lake Maintenance-Aquatic Weed Fund~~ established by G.S. 143-215.73F. The Commission shall
47 charge a fee of ten dollars (\$10.00) for each duplicate title it issues and for the recording of a
48 supplemental lien."

49 **SECTION 14.12.(d)** G.S. 105-449.126 reads as rewritten:

1 "**§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund**
2 **and Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~-Aquatic**
3 **Weed Fund.**

4 ...

5 (b) The Secretary shall credit to the Shallow Draft Navigation Channel Dredging and ~~Lake~~
6 ~~Maintenance~~Aquatic Weed Fund one percent (1%) of the amount that is allocated to the Highway
7 Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the
8 Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~-Aquatic Weed Fund under
9 this section may be used only for the dredging activities described in G.S. 143-215.73F. The
10 Secretary shall credit revenue to the Shallow Draft Navigation Channel Dredging and ~~Lake~~
11 ~~Maintenance~~-Aquatic Weed Fund on a quarterly basis. The Secretary must make the distribution
12 within 45 days of the end of each quarter."
13

14 **ENVIRONMENTAL MANAGEMENT OF IMPAIRED WATER BODIES**

15 **SECTION 14.13.(a)** Section 14.5(a) of S.L. 2015-241 reads as rewritten:

16 "**SECTION 14.5.(a)** Of the funds appropriated in this act to the Clean Water Management
17 Trust Fund for the 2015-2017 biennium, the Department of ~~Environment and Natural Resources~~
18 ~~shall~~Environmental Quality may use up to one million five hundred thousand dollars (\$1,500,000)
19 to continue the demonstration project authorized by Section 14.3A of S.L. 2013-360. No later than
20 December 1, 2015, the Department shall extend or modify existing contracts related to in situ
21 water quality remediation strategies for a term ending on or after October 15, 2018, and also may
22 enter into new purchase or lease agreements for equipment, goods, or contractor services needed
23 to continue the demonstration project as set forth in this subsection. If the Department of
24 Environmental Quality chooses to terminate the demonstration project contract prior to the end of
25 the contract term, then the remaining funds shall be used by the Clean Water Management Trust
26 Fund for any other lawful purpose."

27 **SECTION 14.13.(b)** This section becomes effective on the earlier of July 1, 2016, or
28 the date of termination of a contract related to in situ water quality remediation strategies that was
29 extended pursuant to Section 14.5 of S.L. 2015-241.
30

31 **MATTAMUSKEET LODGE ADVANCED PLANNING**

32 **SECTION 14.14.** The Wildlife Resources Commission shall undertake advanced
33 planning for the completion of renovations of the Lake Mattamuskeet Lodge and explore
34 opportunities for a public-private partnership for the future operation of the Lodge to optimize the
35 sustainability and benefit of the Lodge to the community. In order to conduct these activities, the
36 Commission may use up to two hundred thousand dollars (\$200,000) of the funds appropriated to
37 it for the 2016-2017 fiscal year. The Commission shall report to the Joint Legislative Oversight
38 Committee on Agriculture and Natural and Economic Resources no later than January 15, 2017,
39 regarding its implementation of the requirements of this section.
40

41 **PART XV. DEPARTMENT OF COMMERCE**

42
43 **USE OF DEOBLIGATED CDBG AND FEDERAL FUNDS**

44 **SECTION 15.1.(a)** Section 15.6(b) of S.L. 2015-241 reads as rewritten:

45 "**SECTION 15.6.(b)** To allow the Department of Commerce and the Department of
46 Environment and Natural Resources to quickly deploy deobligated CDBG funds and surplus
47 federal administrative funds as they are identified throughout each program year, the following
48 shall apply to the use of deobligated CDBG funds and surplus federal administrative funds, unless
49 otherwise expressly provided by law:
50

...

- 1 (2) In the 2015-2017 fiscal biennium, the Department of Commerce shall use the
 2 sum of ~~five million nine hundred eight thousand four hundred ninety seven~~
 3 ~~dollars (\$5,908,497)~~ ten million six hundred forty-eight thousand one hundred
 4 eighty-nine dollars (\$10,648,189) in deobligated CDBG funds as follows:
- 5 a. ~~Four~~ Three million six hundred fifty-eight thousand four hundred
 6 ninety-seven dollars (~~\$4,658,497~~) ~~for~~ (\$3,658,497) for providing
 7 ~~1.~~ Providing public services and public facilities. The category of
 8 public services includes providing substance abuse services and
 9 employment services, including job training, to homeless and
 10 at-risk veterans in the State.
- 11 2. ~~If House Bill 108, 2015 Regular Session, becomes law,~~
 12 ~~providing up to one million dollars (\$1,000,000) in the~~
 13 ~~2016-2017 fiscal year to be used to fund a loan fund for site,~~
 14 ~~infrastructure, and building development. Program income~~
 15 ~~generated from awards made from the loan fund shall be~~
 16 ~~captured in the existing CDBG revolving loan fund.~~
- 17 b. Five hundred thousand dollars (\$500,000) for existing CDBG programs
 18 that encounter cost overruns.
- 19 c. Up to seven hundred fifty thousand dollars (\$750,000) for providing
 20 training and guidance to local governments relative to the CDBG
 21 program, its management, and administration requirements.
- 22 d. Four million dollars (\$4,000,000) to be transferred to the Department of
 23 Environmental Quality for water and sewer projects for public schools.
- 24 e. Three hundred thousand dollars (\$300,000) to be used by the
 25 Department to provide a source of funding and assistance for small food
 26 retailers operating in the State in low-income areas to improve access to
 27 healthy foods.
- 28 f. One million two hundred fifty thousand dollars (\$1,250,000) to the
 29 Department of Commerce for the State Broadband Plan.
- 30 (3) ~~All deobligated CDBG funds that arise in a category that the Department of~~
 31 ~~Commerce is responsible for administering after the provisions of subdivision~~
 32 ~~(2) of this subsection have been met, and any~~ Any surplus federal
 33 administrative funds, as provided for in subdivision (1) of this subsection, may
 34 be used by the Department for all of the following:
- 35 a. ~~To issue grants in the CDBG economic development program category.~~
 36 b. ~~For providing training and guidance to local governments relative to the~~
 37 ~~CDBG program, its management, and administrative requirements.~~
 38 e. ~~For any other purpose consistent with the Department's administration~~
 39 ~~of the CDBG program if an equal amount of State matching funds is~~
 40 ~~available.~~

41 "

42 **SECTION 15.1.(b)** The Department shall report on its proposed broadband initiative
 43 and its proposed use of deobligated CDBG funds to support that initiative. The report shall include
 44 details about how the initiative complies with the State broadband plan and the State's CDBG
 45 requirements. The report shall also include details about (i) the type of sites it intends to serve, (ii)
 46 a time line for proposed projects, (iii) the constituents it intends to serve, and (iv) any other
 47 expected outcomes. The Department shall submit the report to the chairs of the Economic
 48 Development and Global Engagement Committee and the chairs of the Joint Oversight Committee
 49 on Agriculture and Natural and Economic Resources on or before February 1, 2017.

1 **MODIFY DISBURSEMENT PROCESS FROM ECONOMIC DEVELOPMENT**
2 **RESERVES**

3 **SECTION 15.2.(a)** G.S. 143B-437.63 reads as rewritten:

4 **"§ 143B-437.63. JDIG Program cash flow requirements.**

5 Notwithstanding any other provision of law, grants made through the Job Development
6 Investment Grant Program, including amounts transferred pursuant to G.S. 143B-437.61, shall be
7 budgeted and funded on a cash flow basis. ~~The Office of State Budget and~~
8 ~~Management~~Department of Commerce shall ~~periodically transfer funds from the JDIG Reserve~~
9 ~~established pursuant to G.S. 143C-9-6 to the Department of Commerce~~ disburse funds in an
10 amount sufficient to satisfy grant obligations and amounts to be transferred pursuant to
11 G.S. 143B-437.61 to be paid during the fiscal year. It is the intent of the General Assembly to
12 appropriate funds annually to the JDIG Program established in this Part in amounts sufficient to
13 meet the anticipated cash requirements for each fiscal year."

14 **SECTION 15.2.(b)** G.S. 143B-437.75 reads as rewritten:

15 **"§ 143B-437.75. Cash flow requirements.**

16 Notwithstanding any other provision of law, moneys allocated from the One North Carolina
17 Fund shall be budgeted and funded on a cash flow basis. ~~The Office of State Budget and~~
18 ~~Management~~Department of Commerce shall ~~periodically transfer funds from the One North~~
19 ~~Carolina Fund established pursuant to G.S. 143B-437.71 to the Department of Commerce~~ disburse
20 funds in an amount sufficient to satisfy Fund allocations to be transferred pursuant to
21 G.S. 143B-437.72 to be paid during the fiscal year. It is the intent of the General Assembly to
22 appropriate funds annually to the One North Carolina Fund established in this Part in amounts
23 sufficient to meet the anticipated cash requirements for each fiscal year."

24 **SECTION 15.2.(c)** Funds remaining as of June 30, 2016, in JDIG Reserve established
25 pursuant to G.S. 143C-9-6 are transferred to the Department of Commerce for the JDIG Program
26 established pursuant to Part 2G of Article 10 of Chapter 143B of the General Statutes.

27 **SECTION 15.2.(d)** Funds remaining as of June 30, 2016, in One North Carolina Fund
28 Reserve established pursuant to G.S. 143C-9-8 are transferred to the Department of Commerce for
29 the One North Carolina Fund established pursuant to Part 2H of Article 10 of Chapter 143B of the
30 General Statutes.

31 **SECTION 15.2.(e)** G.S. 143C-9-6 and G.S. 143C-9-8 are repealed.

32 **SECTION 15.2.(f)** Funds appropriated to the JDIG and One North Carolina Fund
33 Reserves for the 2016-2017 fiscal year shall be transferred to the Department of Commerce
34 (Budget Code 14600).

35 **SECTION 15.2.(g)** The Office of State Budget and Management shall incorporate the
36 recurring JDIG and One NC Fund appropriations in the base budget of the Department of
37 Commerce.

38 **SECTION 15.2.(h)** This section becomes effective July 1, 2016.

39
40 **TRANSFER FUNDS TO DPS FOR VETERANS LIFE CENTER**

41 **SECTION 15.3.** Of the funds appropriated in the 2016-2017 fiscal year to the
42 Department of Commerce for rural economic development grants, the sum of one million dollars
43 (\$1,000,000) shall be transferred to the Department of Public Safety and shall be used to provide
44 nonrecurring funding for program development and implementation of the Veterans Life Center.

45
46 **PART XVI. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES**

47
48 **QUEEN ANNE'S REVENGE CARRYFORWARD**

49 **SECTION 16.1.** Funds appropriated in the 2015-2017 biennium to continue
50 archaeological work related to the Queen Anne's Revenge marine archaeology site shall not revert
51 but shall remain available until expended.

SALVAGE OF ABANDONED SHIPWRECKS CLARIFICATION**SECTION 16.2.** G.S. 121-25 reads as rewritten:**"§ 121-25. License to conduct exploration, recovery or salvage operations.**

...

(b) All photographs, video recordings, or other documentary materials of a derelict vessel or shipwreck or its contents, relics, artifacts, or historic materials in the custody of any agency of North Carolina government or its subdivisions shall be a public record pursuant to G.S. 132-4. ~~There shall be no limitation on the use of or no requirement to alter any such photograph, video recordings, or other documentary material, and any such provision in any agreement, permit, or license shall be void and unenforceable as a matter of public policy.~~ Chapter 132 of the General Statutes."

UMSTEAD ACT CONFORMING CHANGES**SECTION 16.3.** G.S. 66-58 reads as rewritten:**"§ 66-58. Sale of merchandise or services by governmental units.**

(a) Except as may be provided in this section, it shall be unlawful for any unit, department or agency of the State government, or any division or subdivision of the unit, department or agency, or any individual employee or employees of the unit, department or agency in his, or her, or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of goods, wares or merchandise in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias or other eating places in any building owned by or leased in the name of the State, or to maintain service establishments for the rendering of services to the public ordinarily and customarily rendered by private enterprises, or to provide transportation services, or to contract with any person, firm or corporation for the operation or rendering of the businesses or services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm or corporation any article of merchandise in competition with private enterprise. The leasing or subleasing of space in any building owned, leased or operated by any unit, department or agency or division or subdivision thereof of the State for the purpose of operating or rendering of any of the businesses or services herein referred to is hereby prohibited.

(b) The provisions of subsection (a) of this section shall not apply to:

...

(9) ~~The Department of Environmental Quality.~~ The North Carolina Wildlife Resources Commission may sell for the sale of wildlife memorabilia as a service to members of the public interested in wildlife conservation.

(9a) The North Carolina Forest Service.

(9b) The Department of Natural and 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 State parks, State aquariums, historic sites and museums administered by the Department, provided that the resulting profits are used to support the operation of historic sites or museums ~~those facilities~~ and provided further that the Department shall not construct, maintain, operate, or lease a hotel or tourist inn in any park site or facility over which it has ~~jurisdiction.~~ jurisdiction, other than the State parks.

...

...."

CLARIFY VENDING FACILITIES EXEMPTION**SECTION 16.4.(a)** G.S. 111-47.2 reads as rewritten:

1 "§ 111-47.2. Food service at State parks, museums and historic sites operated by the
2 Department of Natural and Cultural Resources.

3 Notwithstanding this Article, the North Carolina Department of Natural and Cultural
4 Resources may operate or contract for the operation of food or vending services at State parks,
5 museums and historic sites operated by the Department. Notwithstanding G.S. 111-43, the net
6 proceeds of revenue generated by food and vending services ~~provided at museums and historic~~
7 ~~sites~~ operated by the Department or a vendor with whom the Department has contracted shall be
8 credited to the appropriate fund of the ~~museum or historic site~~ Department where the funds were
9 generated and shall be used for the operation of that State park, museum or historic site."

10 **SECTION 16.4.(b)** This section shall not apply to any existing contract for food or
11 vending services at any attraction managed by the Department of Natural and Cultural Resources
12 entered into prior to July 1, 2016.

13 GRASSROOTS SCIENCE AMENDMENTS

14 **SECTION 16.5.** G.S. 143B-135.227 reads as rewritten:

15 "**§ 143B-135.227.** ~~Grassroots science competitive~~ North Carolina science museums grant
16 program.

17 (a) The North Carolina State Museum of Natural Sciences (hereinafter "Museum of
18 Natural Sciences") shall administer the ~~Grassroots Science~~ North Carolina Science Museums Grant
19 Program as a competitive grant program. Any museum in the State may apply for a grant under
20 the program, including a museum that has previously received a grant-in-aid from the Program
21 or as a grassroots science museum in prior fiscal years, but grant funds shall be awarded only if the
22 museum meets the criteria established in subsection (d) of this section. No museum shall be
23 guaranteed a grant under the competitive grant program.

24 (b) For the 2016-2017 fiscal year, the Museum of Natural Sciences shall reserve seven
25 hundred fifty thousand dollars (\$750,000) for the purpose of awarding grants to museums located
26 in development tier one counties and six hundred thousand dollars (\$600,000) for museums
27 located in development tier two counties. The development tier designation of a county shall be
28 determined as provided in G.S. 143B-437.08. If, after the initial awarding of grants to all museum
29 applicants who meet the eligibility criteria provided for in subsection (d) of this section, there are
30 funds remaining in any development tier category, the Museum of Natural Sciences may reallocate
31 those funds to another development tier category. The maximum amount of each grant awarded in
32 the 2016-2017 fiscal year shall be (i) seventy-five thousand dollars (\$75,000) for a museum in a
33 development tier one county; (ii) sixty thousand dollars (\$60,000) for a museum in a development
34 tier two county; and (iii) fifty thousand dollars (\$50,000) for a museum in a development tier three
35 county. During the 2016-2017 fiscal year, it is the intent of the General Assembly that the
36 Museum of Natural Sciences shall award grants under this program for a three-year period.

37 (c) Beginning July 1, 2017, it is the intent of the General Assembly that the Museum of
38 Natural Sciences shall award grants under this program for a two-year period. For each two-year
39 grant cycle, the Museum of Natural Sciences shall reserve the amounts for development tier one
40 and tier two counties and shall award the maximum grant amounts for each year of the grant cycle
41 as provided in subsection (b) of this section. All other provisions of subsections (b), (d), and (e) of
42 this section shall apply to the two-year grants. If there are funds remaining after the awarding of
43 grants to all museum applicants meeting the eligibility criteria set forth in subsection (d) of this
44 section in any grant cycle, the remaining balance of funds shall be distributed equally to all
45 museum applicants awarded funds during that grant cycle without regard to the maximum grant
46 amounts established in subsection (b) of this section.

47 (d) To be eligible to receive a grant under the competitive grant program, a museum shall
48 demonstrate:

- 49 (1) That it is a science center or museum or a children's museum that is physically
50 located in the State.
51

- 1 (2) That it has been open, operating, and exhibiting science or science, technology,
2 engineering, and math (STEM) education objects to the general public at least
3 120 days of each year for the past two or more years.
- 4 (3) That it is either (i) a nonprofit organization that is exempt from federal income
5 taxes pursuant to section 501(c)(3) of the Internal Revenue Code. ~~Code.~~ or (ii) an
6 organization that received funding in fiscal year 2015-2016 from the Grassroots
7 Science Program.
- 8 (4) That it has on its staff at least one full-time professional person.
- 9 (5) That its governing body has adopted a mission statement that includes language
10 that shows the museum has a concentration on science or STEM ~~education and~~
11 ~~that the adopted mission statement has been in effect for the past two or more~~
12 ~~years.~~ education.
- 13 (6) In its application, in a format to be determined by the Museum of Natural
14 Sciences, a detailed plan for (i) the proposed use of the funds and (ii)
15 measurements to demonstrate at the end of the grant cycle that the use of the
16 funds has had the projected results.
- 17 (e) The Museum of Natural Sciences shall, in awarding grants under this section, give
18 priority to museums that:
- 19 (1) When compared to other museum applicants:
20 a. Are located in counties that are more economically distressed according
21 to the annual rankings prepared by the Department of Commerce
22 pursuant to G.S. 143B-437.08(c).
23 b. Generate a larger portion of their operating funds from non-State
24 revenue.
25 c. Have a higher attendance-to-population ratio.
- 26 (2) Partner with other museums in the State to share exhibits, programs, or other
27 activities.
- 28 (3) Are not located in close proximity to other science or STEM education
29 museums."
30

31 MODIFY ZOO AND AQUARIUM SPECIAL FUNDS

32 SECTION 16.6.(a) G.S. 143B-135.209 reads as rewritten:

33 "§ 143B-135.209. North Carolina Zoo Fund.

34 ...

35 (b) Disposition of ~~Fees.Receipts.~~ – All ~~fee~~ receipts derived from the collection of
36 admissions charges and other fees and the lease or rental of property or facilities shall be credited
37 to the North Carolina Zoological Park's General Fund operating budget. At the end of each fiscal
38 year, the Secretary may transfer from the North Carolina Zoological Park's General Fund
39 operating budget to the North Carolina Zoo Fund an amount not to exceed ~~one million dollars~~
40 ~~(\$1,000,000).~~ the sum of one million five hundred thousand dollars (\$1,500,000) and any private
41 donations received by the North Carolina Zoological Park.

42 (c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for
43 repair and renovation projects at the North Carolina Zoological Park recommended by the Council
44 that comply with the following:

- 45 (1) The total project cost is less than three hundred thousand dollars (\$300,000).
46 (2) The project meets the requirements of G.S. 143C-4-3(b).
47 (3) The project does not obligate the State to provide increased recurring funding
48 for operations.

49 Funding for eligible projects under this subsection is appropriated for that purpose.

50"

51 SECTION 16.6.(b) G.S. 143B-135.188 reads as rewritten:

"§ 143B-135.188. North Carolina Aquariums; fees; fund.

...
(c) Disposition of ~~Fees-Receipts~~. – All ~~fee~~–receipts derived from the collection of admissions charges and other fees and the lease or rental of property or facilities shall be credited to the aquariums' General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the North Carolina aquariums' General Fund operating budget to the North Carolina Aquariums Fund an amount not to exceed the sum of the following:

(1) ~~One million dollars (\$1,000,000).~~One million five hundred thousand dollars (\$1,500,000).

(2) The amount needed to cover the expenses described by subdivision (2) of subsection (b) this section.

(3) Any private donations received by the North Carolina aquariums.

(d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund for repair and renovation projects at the aquariums-related facilities that comply with the following:

(1) The total project cost is less than three hundred thousand dollars (\$300,000).

(2) The project meets the requirements of G.S. 143C-4-3(b).

(3) The project does not obligate the State to provide increased recurring funding for operations.

Funding for eligible projects under this subsection is appropriated for that purpose.

...."

PARKS AND RECREATION TRUST FUND ELIGIBILITY

SECTION 16.7. G.S. 143B-135.56(b)(1) reads as rewritten:

"(1) Sixty-five percent (65%) for the State Parks System or a State recreational forest for capital projects, repairs and renovations of park facilities, and land acquisition."

PART XVII. DEPARTMENT OF PUBLIC SAFETY**SUBPART XVII-A. GENERAL PROVISIONS****REPEAL POSITION RECLASSIFICATION AUTHORITY**

SECTION 17A.1. Section 16A.3 of S.L. 2015-241 is repealed.

NO TRANSFER OF POSITIONS TO THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

SECTION 17A.2.(a) Notwithstanding any other provision of law, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to the Department of Military and Veterans Affairs during the 2015-2017 fiscal biennium.

SECTION 17A.2.(b) This section becomes effective July 1, 2015. If any transfers that violate this section are made prior to this section becoming effective, those transfers shall be undone within 15 days of this section becoming effective.

SUBPART XVII-B. DIVISION OF LAW ENFORCEMENT**REQUIRE QUARTERLY VIPER REPORT**

SECTION 17B.1. Section 16B.2 of S.L. 2015-241 reads as rewritten:

"VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER) SYSTEM

1 "SECTION 16B.2. The Department of Public Safety shall report ~~annually~~ no later than
2 March 1 and quarterly thereafter to the chairs of the Joint Legislative Oversight Committee on
3 Justice and Public Safety on the progress of the State's VIPER system."
4

5 CHANGE DOMESTIC VIOLENCE HOMICIDE REPORT DUE DATE

6 SECTION 17B.2. G.S. 143B-901 reads as rewritten:

7 "§ 143B-901. Reporting system and database on certain domestic-violence-related
8 homicides; reports by law enforcement agencies required; annual report to the
9 General Assembly.

10 The Department of Public Safety, in consultation with the North Carolina Council for
11 Women/Domestic Violence Commission, the North Carolina Sheriffs' Association, and the North
12 Carolina Association of Chiefs of Police, shall develop a reporting system and database that
13 reflects the number of homicides in the State where the offender and the victim had a personal
14 relationship, as defined by G.S. 50B-1(b). The information in the database shall also include the
15 type of personal relationship that existed between the offender and the victim, whether the victim
16 had obtained an order pursuant to G.S. 50B-3, and whether there was a pending charge for which
17 the offender was on pretrial release pursuant to G.S. 15A-534.1. All State and local law
18 enforcement agencies shall report information to the Department of Public Safety upon making a
19 determination that a homicide meets the reporting system's criteria. The report shall be made in the
20 format adopted by the Department of Public Safety. The Department of Public Safety shall report
21 to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, no later
22 than ~~February~~ April 1 of each year, with the data collected for the previous calendar year."
23

24 SUBPART XVII-C. DIVISION OF ADULT CORRECTION

25 MISDEMEANANT CONFINEMENT FUND

26 SECTION 17C.1. Funds appropriated for the Statewide Misdemeanant Confinement
27 Program shall not be transferred to a special fund.
28
29

30 INMATE GRIEVANCE RESOLUTION BOARD REPORT CHANGES

31 SECTION 17C.2. Section 16C.13B(b) of S.L. 2015-241 reads as rewritten:

32 "SECTION 16C.13B.(b) The Department of Public Safety and the Inmate Grievance
33 Resolution Board shall report by October 1 of each year to the chairs of the House of
34 Representatives and Senate Appropriations Committees on Justice and Public Safety and the Joint
35 Legislative Oversight Committee on Justice and Public Safety on the Inmate Grievance Resolution
36 Board. The annual report shall include the following with respect to the prior fiscal year:

- 37 (1) Brief summary of the inmate grievance process.
- 38 (2) Number of ~~grievances submitted to~~ grievance appeals received by the Board.
- 39 (3) Number of ~~grievances~~ grievance appeals resolved by the Board.
- 40 (4) Type of grievance by category.
- 41 (5) Number of orders ~~filed~~ written by examiners."
42

43 STUDY WHETHER PROBATION AND PAROLE OFFICERS SHOULD TAKE STATE 44 VEHICLES HOME

45 SECTION 17C.3. The Department of Public Safety in consultation with the Division
46 of Adult Correction shall study whether probation and parole officers should be allowed to take
47 their State vehicles home with them and the possible tax implications of doing so and report their
48 findings and recommendations to the chairs of the Joint Legislative Oversight Committee on
49 Justice and Public Safety by March 1, 2017.
50

1 **REVISION TO TREATMENT FOR EFFECTIVE COMMUNITY SUPERVISION**
2 **REPORT**

3 **SECTION 17C.4.** G.S. 143B-1155(c) reads as rewritten:

4 "(c) ~~The Division of Adult Correction~~ The Department of Public Safety, Community
5 Corrections Section, shall report by March 1 of each year to the Chairs of the Senate and House of
6 Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint
7 Legislative Oversight Committee on Justice and Public Safety on the status of the programs
8 funded through the Treatment for Effective Community Supervision Program. The report shall
9 include the following ~~information:~~ information from each of the following components:

10 (1) ~~The dollar amount and purpose of funds provided on a contractual basis to~~
11 ~~service providers for the previous fiscal year and the amount of any funds~~
12 ~~carried over from the previous fiscal year.~~ Recidivism Reduction Services:

- 13 a. The method by which offenders are referred to the program.
14 b. The target population.
15 c. The amount of services contracted for and the amount of funding
16 expended in each fiscal year.
17 d. The supervision type.
18 e. The risk level of the offenders served.
19 f. The number of successful and unsuccessful core service exits with a
20 breakdown of reasons for unsuccessful exits.
21 g. The demographics of the population served.
22 h. The number and kind of mandatory and optional services received by
23 offenders in this program.
24 i. Employment status at entry and exit.
25 j. Supervision outcomes, including completion, revocation, and
26 termination.

27 (2) ~~An analysis of offender participation data received, including the~~
28 ~~following:~~ Community Intervention Centers (CIC):

- 29 a. ~~The number of people on probation and post-release supervision that are~~
30 ~~in the priority population that received services.~~ The target population.
31 b. ~~The number of people on probation and post-release supervision that are~~
32 ~~in the priority population that did not receive services.~~ The amount of
33 funds contracted for and expended each fiscal year.
34 c. ~~The number of people on probation and post-release supervision outside~~
35 ~~of the priority population that received services.~~ The supervision type.
36 d. ~~The type of services provided to these populations, including data on~~
37 ~~each program's utilization, capacity, and completion rates.~~ The risk level
38 of the offenders served.
39 e. ~~The rate of revocations and the educational progress and employment~~
40 ~~status of people who received services.~~ The number of successful and
41 unsuccessful core service exits with a breakdown of reasons for
42 unsuccessful exits.
43 f. ~~Other measures as determined appropriate.~~ The demographics of the
44 population served.
45 g. Supervision outcomes, including completion, revocation, and
46 termination.

47 (3) ~~The dollar amount needed to provide additional services to meet the needs of~~
48 ~~the priority population in the upcoming budget year.~~ Transitional and
49 Temporary Housing:

- 50 a. The target population.
51 b. The amount of funds contracted for and expended each fiscal year.

- 1 c. The supervision type.
2 d. The risk level of the offenders served.
3 e. The number of successful and unsuccessful core service exits with a
4 breakdown of reasons for unsuccessful exits.
5 f. The demographics of the population served.
6 g. The employment status at entry and exit.
7 h. Supervision outcomes, including completion, revocation, and
8 termination.
9 (4) ~~Details of personnel, travel, contractual, operating, and equipment expenditures~~
10 ~~for each program type.~~ Local Reentry Councils (LRC):
11 a. The target population.
12 b. The amount of funds contracted for and expended each fiscal year.
13 c. The supervision type.
14 d. The risk level of the offenders served.
15 e. The number of successful and unsuccessful core service exits with a
16 breakdown of reasons for unsuccessful exits.
17 f. The demographics of the population served.
18 g. The employment status at entry and exit including, wherever possible,
19 the average wage received at entry and exit.
20 h. Supervision outcomes, including completion, revocation, and
21 termination.
22 (5) Intensive Outpatient Services. – If the Department enters into a contract for
23 Intensive Outpatient Services, the Department of Public Safety shall report in
24 the next fiscal year on this service including the following:
25 a. The target population.
26 b. The amount of funds contracted for and expended each fiscal year.
27 c. The supervision type.
28 d. The risk level of the offenders served.
29 e. The number of successful and unsuccessful core service exits with a
30 breakdown of reasons for unsuccessful exits.
31 f. The demographics of the population served.
32 g. Supervision outcomes, including completion, revocation, and
33 termination."

PART XVIII. DEPARTMENT OF JUSTICE

CREATION OF SOCIAL MEDIA TRAINING FOR LAW ENFORCEMENT

SECTION 18.1. The North Carolina Justice Academy shall develop and make available to law enforcement officers in this State an online training course on the use of social media. The course shall include methods individual law enforcement officers can take to protect their personal information.

LAW ENFORCEMENT CERTIFICATION AND TRAINING CLARIFICATIONS

SECTION 18.2.(a) Article 4 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-188.1 Specialized instructor training.

Notwithstanding any other provision of law, the State Highway Patrol may conduct specialized instructor training as deemed necessary to enhance the efficacy and overall effectiveness of the State Highway Patrol. That training shall be consistent with Chapter 17C of the General Statutes and such rules as may be promulgated by the North Carolina Criminal Justice Education and Training Standards Commission. Topical training areas may include:

- 1 (1) Specialized driver instructor training.
- 2 (2) Specialized firearms instructor training.
- 3 (3) Specialized subject control arrest techniques instructor training.
- 4 (4) Specialized physical fitness instructor training.
- 5 (5) Any other specialized instructor training as mandated by the North Carolina
- 6 Education and Training Standards Commission or the North Carolina Sheriffs'
- 7 Education and Training Standards Commission."

8 **SECTION 18.2.(b)** G.S. 17C-6(a)(7) reads as rewritten:

- 9 "(7) Certify and recertify, suspend, revoke, or deny, pursuant to the standards that it
- 10 has established for the purpose, criminal justice instructors and school directors
- 11 who participate in programs or courses of instruction that are required by this
- 12 ~~Chapter.~~Chapter or are required and approved by their respective criminal
- 13 justice agency to include those certified under Chapter 17E or an educational
- 14 institution accredited by the Commission."

15

16 **PART XIX. JUDICIAL DEPARTMENT**

17

18 **SUBPART XIX-A. OFFICE OF INDIGENT DEFENSE SERVICES**

19

20 **CLARIFICATION OF IDS BUDGET AUTHORITY**

21 **SECTION 19A.1.** G.S. 7A-498.2(e) reads as rewritten:

22 "(e) The Director of the Administrative Office of the Courts may modify the budget of the

23 Office of Indigent Defense Services and may use funds appropriated to the Office ~~without the~~

24 ~~approval of the Commission or the Office of Indigent Defense Services.~~only after direct

25 consultation with a quorum of the Commission."

26

27 **DIRECT IDS TO STUDY THE NEED FOR SATELLITE OFFICES FOR CAPITAL**

28 **DEFENDERS**

29 **SECTION 19A.2.(a)** The Office of Indigent Defense Services may use appropriated

30 funds during the 2016-2017 fiscal year for the expansion of existing offices currently providing

31 legal services to the indigent population under the oversight of the Office of Indigent Defense

32 Services, considering cost-effectiveness and other needs. Funds may be used for the creation of

33 new positions or offices within existing public defender programs including satellite offices of the

34 Office of Capital Defender, for the establishment of regional public defender programs, or for

35 positions related to the contract system of providing legal services. Notwithstanding the defender

36 districts established by G.S. 7A-498.7, the Office of Indigent Defense Services may use a portion

37 of these funds to create positions within existing public defender programs to handle cases in

38 adjacent counties or districts. These funds may be used for the salaries, benefits, equipment, and

39 related expenses for up to eight attorney positions and four nonattorney positions during the fiscal

40 year with the total annualized cost of these positions to be no more than one million two hundred

41 fifty thousand dollars (\$1,250,000). Prior to using funds for this purpose, the Office of Indigent

42 Defense Services shall report to the chairs of the House of Representatives and the Senate

43 Appropriations Committees on Justice and Public Safety on the proposed expansion by March 1,

44 2017.

45 **SECTION 19A.2.(b)** The Office of Indigent Defense Services shall study the need for

46 new satellite offices to handle potentially capital cases at the trial level which shall be staffed by

47 full-time assistant capital defenders and appropriate support staff in areas in which the use of

48 salaried attorneys will ensure that effective representation is provided in a cost-effective manner.

49 The Office of Indigent Defense Services shall consider the addition of capital defenders to existing

50 public defender offices before making a recommendation as to the creation of separate satellite

51 offices. If it is determined that such offices should be established, the Office of Indigent Defense

1 Services shall provide data regarding (i) the determination to create new satellite offices, (ii) the
2 counties to be serviced by the offices, (iii) the number of attorney appointments made in the
3 counties served, (iv) the number of attorney appointments made in the counties served in the past
4 three fiscal years, and (v) the current number of eligible private counsel and local public defenders
5 who are available in those counties. The Office of Indigent Defense Services shall report its
6 findings and recommendations to the chairs of the Joint Legislative Oversight Committee on
7 Justice and Public Safety by March 1, 2017.

8 9 **STUDY CAPITAL CASE PROSECUTION**

10 **SECTION 19A.3.** The Office of Indigent Defense Services in consultation with the
11 Conference of District Attorneys shall study what changes can be made to the current system of
12 identifying, from the pool of cases in which a defendant is charged with first-degree or
13 undesignated murder, (i) those that merit the cost of a capital prosecution and defense and (ii)
14 what steps can be taken to facilitate the appointment of local counsel in most cases. The Office of
15 Indigent Defense Services shall report its findings and make any recommendations to the chairs of
16 the Joint Legislative Oversight Committee on Justice and Public Safety by October 1, 2016.

17 18 **SUBPART XIX-B. ADMINISTRATIVE OFFICE OF THE COURTS**

19 20 **GRANT FUNDS**

21 **SECTION 19B.1.** Section 18A.4 of S.L. 2015-241 reads as rewritten:

22 "SECTION 18A.4. Notwithstanding G.S. 143C-6-9, the Administrative Office of the Courts
23 may use up to the sum of one million five hundred thousand dollars (\$1,500,000) in each year of
24 the fiscal biennium from funds available to the Department to provide the State match needed in
25 order to receive grant funds. Prior to using funds for this purpose, the Department shall report to
26 the Chairs of the House of Representatives and Senate Appropriations Committees on Justice and
27 Public Safety on the grants to be matched using these funds."

28 29 **COLLECTION OF WORTHLESS CHECK FUNDS**

30 **SECTION 19B.2.** Section 18A.5(a) of S.L. 2015-241 reads as rewritten

31 "SECTION 18A.5.(a) Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
32 Department may use any balance remaining in the Collection of Worthless Checks Fund on June
33 30, 2015, for the purchase or repair of office or information technology equipment during the
34 2015-2016 fiscal year and may use any balance remaining in the Collection of Worthless
35 Checks Fund on June 30, 2016, for the purchase or repair of office or information technology
36 equipment during the 2016-2017 fiscal year. Prior to using any funds under this section, the
37 Judicial Department shall report to the chairs of the House of Representatives and Senate
38 Appropriations Committees on Justice and Public Safety and the Office of State Budget and
39 Management on the equipment to be purchased or repaired and the reasons for the purchases."

40 41 **PART XX. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

42 43 **RENAME BLACK MOUNTAIN VETERANS HOME**

44 **SECTION 20.1.** The North Carolina State Veterans Home in Black Mountain shall be
45 renamed the "Zebulon Doyle Alley State Veterans Home".

46 47 **PART XXI. OFFICE OF ADMINISTRATIVE HEARINGS [RESERVED]**

48 49 **PART XXII. TREASURER**

LINE OF DUTY DEATH BENEFITS TO INCLUDE CANCER AS OCCUPATIONAL DISEASE

SECTION 22.1.(a) G.S. 143-166.2(c) reads as rewritten:

"(c) The term "killed in the line of duty" shall apply to any law-enforcement officer, firefighter, rescue squad worker who is killed or dies as a result of bodily injuries sustained or of extreme exercise or extreme activity experienced in the course and scope of his official duties while in the discharge of his official duty or duties. When applied to a senior member of the Civil Air Patrol as defined in this Article, "killed in the line of duty" shall mean any such senior member of the North Carolina Wing-Civil Air Patrol who is killed or dies as a result of bodily injuries sustained or of extreme exercise or extreme activity experienced in the course and scope of his official duties while engaged in a State requested and approved mission pursuant to Article 13 of Chapter 143B of the General Statutes. For purposes of this Article, when a law enforcement officer, firefighter, rescue squad worker, or senior Civil Air Patrol member dies as the direct and proximate result of a myocardial infarction suffered while on duty or within 24 hours after participating in a training exercise or responding to an emergency situation, the law enforcement officer, firefighter, rescue squad worker, or senior Civil Air Patrol member is presumed to have been killed in the line of duty. For the purposes of this Article, when a firefighter dies as a direct and proximate result of any of the following cancers that are occupationally related to firefighting, that firefighter is presumed to have been killed in the line of duty:

(1) Mesothelioma.

(2) Testicular cancer.

(3) Intestinal cancer."

SECTION 22.1.(b) This section becomes effective October 1, 2016, and applies to deaths occurring on or after that date.

PART XXIII. DEPARTMENT OF INSURANCE**INSURANCE REGULATORY CHARGE**

SECTION 23.1. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2017 calendar year.

PART XXIV. STATE BOARD OF ELECTIONS**STATE BOARD OF ELECTIONS/ACCESS TO DMV RECORDS**

SECTION 24.1. G.S. 20-43(a) reads as rewritten:

"(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office hours in accordance with G.S. 20-43.1. A signature recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the State Chief Information Officer for purposes of G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes. A photographic image recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the State Chief Information Officer for the purposes of ~~G.S. 143B-1385.~~ G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes."

PART XXV.GENERAL ASSEMBLY [RESERVED]**PART XXVI. OFFICE OF THE GOVERNOR [RESERVED]**

PART XXVII. OFFICE OF STATE BUDGET AND MANAGEMENT**IMPROVE BUDGETING TRANSPARENCY/OFFICE OF STATE TREASURER**

SECTION 27.1.(a) The Office of State Budget and Management shall study the feasibility of converting the following Funds within Budget Code 13410, Department of the State Treasurer, from receipt-supported to General Fund-supported: 1110 General Administration, 1130 Escheat Fund, 1150 Information Services, 1210 Investment Management Division, 1310 Local Government, 1410 Retirement Operations Division Fund, and 1510 Financial Operations Division. The Office of State Budget and Management shall develop a proposed plan and schedule to adjust the Base Budget as follows:

- (1) Show that receipts from the Funds listed in this subsection are used to offset General Fund appropriations.
- (2) Reflect that receipts generated from the Investment Management Division, the Escheat Fund, and the Local Government Operations Division Fund and any interest earnings be deposited as nontax revenue.
- (3) Eliminate all transfers used to pay for administration in Funds 1110, 1150, and 1510 from Funds 1130, 1210, 1310, and 1410.
- (4) Identify any amendments to current law needed to implement the proposed plan.
- (5) Require the Department of the State Treasurer's expenditures be recorded in the North Carolina Accounting System in the appropriate budget code, fund code, and account code and not be charged directly to the Investment Asset Classes.

SECTION 27.1.(b) The Office of State Budget and Management shall present its proposed plan and recommendations to the December 2016 meeting of the Joint Legislative Oversight Committee on General Government. The Office of State Budget and Management shall not make any changes to the presentation of the Treasurer's budget until the General Assembly enacts changes.

SYMPHONY CHALLENGE GRANT

SECTION 27.2. Section 23.1(a) of S.L. 2015-241 reads as rewritten:

"SECTION 23.1.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of ~~one two million five hundred thousand~~ dollars ~~(\$1,500,000)~~ ~~(\$2,000,000)~~ in recurring funds for ~~each year of the 2015-2017~~ the 2016-2017 fiscal ~~biennium and the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for each year of the 2015-2017 fiscal biennium 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 nine million dollars (\$9,000,000) in non-State funds each year of the 2015-2017 fiscal biennium. 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."

PART XXVIII. STATE AUDITOR [RESERVED]**PART XXIX. HOUSING FINANCE AGENCY [RESERVED]****PART XXX. DEPARTMENT OF THE SECRETARY OF STATE [RESERVED]****PART XXXI. OFFICE OF LT. GOVERNOR [RESERVED]****PART XXXII. DEPARTMENT OF ADMINISTRATION**

STUDY E-PROCUREMENT SERVICE

SECTION 32.1. The Joint Legislative Oversight Committee on General Government shall study the management of North Carolina's E-Procurement Service, including the amount of the vendor transaction fee charged to suppliers and the delay in implementation of an e-bidding module within the system. The Committee shall report its findings, including any recommendations for proposed legislation, to the 2017 General Assembly.

DOA/SPECIAL FUND FOR ELECTRONIC APPLICATION DEVELOPMENT FUNDS

SECTION 32.3. Article 1 of Chapter 138A of the General Statutes is amended by adding a new section to read as follows:

"§ 138A-5. Electronic Application Development Fund.

The Electronic Application Development Fund is established as a special fund in the Department of Administration. The Fund consists of appropriations by the General Assembly. Monies in the Fund shall be used by the State Ethics Commission to fund the development and implementation of a new electronic application system to allow individuals to file and amend statements of economic interest electronically and to provide relevant updates to the ethics training modules. Any appropriated and unencumbered monies remaining in the Fund at the end of each fiscal year shall not revert to the General Fund."

PART XXXIII. DEPARTMENT OF REVENUE [RESERVED]**PART XXXIV. OFFICE OF STATE CONTROLLER [RESERVED]****PART XXXV. DEPARTMENT OF TRANSPORTATION****STABILIZATION OF FUNDING FOR THE FERRY SYSTEM**

SECTION 35.1.(a) G.S. 136-82 reads as rewritten:

"§ 136-82. Department of Transportation to establish and maintain ferries.

(a) Powers of Department. – The Department of Transportation is vested with authority to provide for the establishment and maintenance of ferries connecting the parts of the State highway system, whenever in its discretion the public good may require, ~~and shall prescribe and collect tolls on the ferry routes as established by the Board of Transportation following the procedures set forth in this section.~~ require. To accomplish the purpose of this section, the Department is authorized to acquire, own, lease, charter, or otherwise control all necessary vessels, boats, terminals, or other facilities required for the proper operation of the ferries or to enter into contracts with persons, firms, or corporations for the operation thereof and to pay the reasonable sums that in the opinion of the Department represent the fair value of the public service rendered.

(b) Establishment of Tolling. ~~The Board of Transportation may establish tolls on any untolled ferry route as set forth in this subsection. Prior to establishing tolls on an untolled ferry route, the Board of Transportation must receive a resolution approved by the Transportation Advisory Committee of each affected local transportation planning organization requesting tolls on that route. No later than March 1, 2014, the Department shall hold a separate public hearing in the geographic area of each untolled ferry route and invite each affected local transportation planning organization. At the public hearing, the Department shall present an explanation of the toll setting methodology, the impact of tolling on the availability of funding for other local transportation priorities, and the minimum and maximum toll rates. After the public hearing, an affected local transportation planning organization may consider and adopt a ferry tolling resolution. The Board of Transportation shall adopt the toll at its next regularly scheduled meeting after receipt of the ferry tolling resolutions required by this subsection. The Department shall collect the toll as soon as is feasible following its adoption, but in no case more than 180 days after adoption of the toll. The establishment of tolls by the Board of Transportation pursuant to the~~

1 authority granted in this section shall be exempt from the provisions of Chapter 150B of the
2 General Statutes. For purposes of this section, "affected local transportation planning
3 organization" means any Metropolitan Planning Organization or Rural Transportation Planning
4 Organization with geographic jurisdiction over any part of an untolled ferry route, and "untolled
5 ferry route" means any ferry route for which no tolls were in effect as of June 30, 2013.

6 (c) ~~Revisions of Tolls.~~—The Department of Transportation shall report to the Fiscal
7 Research Division, the Joint Legislative Transportation Oversight Committee, and all affected
8 local transportation planning organizations 30 days prior to any change in toll rates or change in
9 the toll setting methodology by the Board of Transportation.

10 (d) ~~Use of Toll Proceeds.~~—The Department of Transportation shall credit the proceeds
11 from tolls collected on North Carolina Ferry System routes and certain receipts generated under
12 subsection (f) of this section to reserve accounts within the Highway Fund for each of the
13 Highway Divisions in which system terminals are located and fares are earned. For the purposes of
14 this subsection, fares are earned based on the terminals from which a passenger trip originates and
15 terminates. Commuter pass receipts shall be credited proportionately to each reserve account
16 based on the distribution of trips originating and terminating in each Highway Division. The
17 proceeds credited to each reserve account shall be used exclusively for prioritized North Carolina
18 Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds
19 are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or
20 supplement funds allocated for ferry passenger vessel replacement projects approved in the
21 Transportation Improvement Program.

22 (e) ~~Powers of Department.~~—To accomplish the purpose of this section, the Department of
23 Transportation is authorized to acquire, own, lease, charter or otherwise control all necessary
24 vessels, boats, terminals or other facilities required for the proper operation of the ferries or to
25 enter into contracts with persons, firms or corporations for the operation thereof and to pay the
26 reasonable sums that in the opinion of the Department of Transportation represent the fair value of
27 the public service rendered.

28 (f) ~~Authority to Generate Certain Receipts.~~ — The Department—of
29 ~~Transportation, Department,~~ notwithstanding any other provision of law, may operate or contract
30 for the following receipt-generating activities and, except as otherwise provided in subsection
31 ~~(f1)(f2)~~ of this section, use credit the proceeds for ferry passenger vessel replacement projects in
32 the manner set forth in subsection (d) of this section: to a reserve account within the Highway Fund
33 for the State Ferry System:

- 34 (1) Operation of, concessions on the ferries and at ferry facilities to provide to
35 passengers on the ferries food, drink, and other refreshments, personal comfort
36 items, Internet access, and souvenirs publicizing the ferry system.
- 37 (2) Sponsorships, including, but not limited to, the sale of naming rights to any
38 ferry vessel, ferry route, or ferry facility.
- 39 (3) Advertising on or within any ferry vessel or at any ferry facility, including, but
40 not limited to, display advertising and advertising delivered to passengers
41 through the use of video monitors, public address systems installed in passenger
42 areas, and other electronic media.
- 43 (4) Any other receipt-generating activity not otherwise forbidden by applicable law
44 pertaining to public health or safety.

45 ~~The Department may issue rules to implement this subsection.~~

46 (f1) Use of Funds. — Proceeds and other funds credited to the reserve account described in
47 subsection (f) of this section shall be used exclusively for improvements to the State Ferry System,
48 which includes the following:

- 49 (1) The acquisition, construction, and rehabilitation of marine vessels used for
50 support and the transport of persons or vehicles between Ferry System

1 terminals. For purposes of this subdivision, the term "marine vessels" means
2 tugs, barges, dredges, and ferries other than passenger-only vessels.

3 (2) Replacement and rehabilitation of infrastructure allowing connection to Ferry
4 System terminals, including ramps, gantries, and bulkheads.

5 ~~(f1)(f2)Use of Receipts Generated From Shipyard. – The Department of Transportation shall~~
6 ~~credit the proceeds from receipts generated under subsection (f) of this section from activities~~
7 ~~performed by the North Carolina State Shipyard to a reserve account within the Highway Fund to~~
8 ~~be used exclusively for improvements to the Shipyard, including equipment and associated~~
9 ~~infrastructure. Notwithstanding the restrictions on the use of proceeds set forth in subsections (d)~~
10 ~~and (f) of this section, the Department may use a proportional amount of the proceeds credited to~~
11 ~~each reserve account described in subsection (d) of this section to replace or repair equipment in~~
12 ~~accordance with this subsection if there is an insufficient amount of funds in the reserve account~~
13 ~~within the Highway Fund for the Shipyard.~~

14 (f3) Disposition of Marine Vessels. – It is the intent of the General Assembly to modernize
15 the Ferry System fleet of marine vessels. Once a marine vessel reaches the end of its useful life, as
16 determined by the Department, the Department shall dispose of the vessel in a timely fashion.
17 Notwithstanding any provision of law to the contrary, any proceeds received from the disposition
18 of a marine vessel under this subsection shall be credited to the reserve account described in
19 subsection (f) of this section.

20 (g) Confidentiality of Personal Information. – Identifying information obtained by the
21 Department related to operation of the ferry system is not a public record under Chapter 132 of the
22 General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721 of the federal
23 Driver's Privacy Protection Act. The Department shall maintain the confidentiality of all
24 information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial
25 information, transaction history, and information related to the collection of a toll or user fee from
26 a person, including, but not limited to, photographs or other recorded images or automatic vehicle
27 identification or driver account information generated by radio-frequency identification or other
28 electronic means. The Department may use identifying information only for purposes of collecting
29 and enforcing tolls-user fees. Nothing in this section is intended to limit the right of any person to
30 examine that person's own account information, or the right of any party, by authority of a proper
31 court order, to inspect and examine identifying information.

32 (h) Report Prior to Acquisition or Construction of Marine Vessel. – Prior to the acquisition
33 or construction of a marine vessel pursuant to subsection (f1) of this section, the Department shall
34 report to the chairs of the House of Representatives Committee on Transportation Appropriations
35 and the Senate Appropriations Committee on Department of Transportation. The report shall
36 provide an estimate of the capital costs of acquiring or constructing the vessel, the costs of
37 operating the vessel, the vessel that will be decommissioned, the timing of the disposition of the
38 decommissioned vessel, and an estimate of the net proceeds that will be received from the
39 disposition. If the General Assembly is not in session at the time the report is to be submitted, the
40 Department shall instead report to the Joint Legislative Transportation Oversight Committee.

41 (i) Quarterly Report. – Beginning October 1, 2016, the Ferry Division of the Department
42 of Transportation shall provide a quarterly report to the following on any updates to its capital
43 improvement plan, any actions taken in deviation from its current capital improvement plan, the
44 status of authorized projects, and any obligations and expenses for the reserve accounts described
45 in subsections (f) and (f2) of this section:

46 (1) When the General Assembly is in session, to the chairs of the House of
47 Representatives Committee on Transportation Appropriations and the Senate
48 Appropriations Committee on Department of Transportation.

49 (2) When the General Assembly is not in session, to the chairs of the Joint
50 Legislative Transportation Oversight Committee.

51 (3) To the Fiscal Research Division of the General Assembly."

1 **SECTION 35.1.(b)** G.S. 143B-350(f2) reads as rewritten:
2 "(f2) Approval of aircraft ~~and ferry~~ purposes. – Before approving the purchase of an aircraft
3 from the Equipment Fund ~~or a ferry in a Transportation Improvement Program Fund~~, the Board of
4 Transportation shall prepare an estimate of the operational costs and capital costs associated with
5 the addition of the aircraft ~~or ferry~~ and shall report those additional costs to the General Assembly
6 pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on Governmental
7 Operations."

8 **SECTION 35.1.(c)** G.S. 7A-312(a) reads as rewritten:
9 "(a) A juror in the General Court of Justice including a petit juror, or a coroner's juror, but
10 excluding a grand juror, shall receive twelve dollars (\$12.00) for the first day of service and
11 twenty dollars (\$20.00) per day afterwards, except that if any person serves as a juror for more
12 than five days in any 24-month period, the juror shall receive forty dollars (\$40.00) per day for
13 each day of service in excess of five days. A grand juror shall receive twenty dollars (\$20.00) per
14 day. A juror required to remain overnight at the site of the trial shall be furnished adequate
15 accommodations and subsistence. If required by the presiding judge to remain in a body during the
16 trial of a case, meals shall be furnished the jurors during the period of sequestration. Jurors from
17 out of the county summoned to sit on a special venire shall receive mileage at the same rate as
18 State employees. ~~Persons summoned as jurors shall be exempt during their period of service from~~
19 ~~paying a ferry toll required under G.S. 136-82 to travel to and from their homes and the site of that~~
20 ~~service."~~

21 **SECTION 35.1.(d)** G.S. 136-189.11(b)(8) is repealed.

22 **SECTION 35.1.(e)** G.S. 136-189.10(2)h. is repealed.

23 **SECTION 35.1.(f)** The Board of Transportation shall cease collecting ferry tolls on
24 the effective date of this section and shall take action as expeditiously as possible to repeal its
25 regulations implementing ferry tolls. Prepaid tolls or commuter pass payments received by the
26 Department of Transportation for ferry trips on or after the effective date of this section shall be
27 refunded or, in the case of prepaid commuter passes, partially refunded based on the proportion of
28 the time period covered by the commuter pass for which tolls were in effect. Any funds remaining
29 in the reserve accounts described in G.S. 136-82(d) as of the effective date of this section shall be
30 used for any costs associated with the initiation of passenger-only ferry service on the
31 Hatteras-Ocracoke ferry route.

32 **SECTION 35.1.(g)** Notwithstanding G.S. 150B-21.1(a), the Department of
33 Transportation may adopt temporary rules to administer this section.

34 **SECTION 35.1.(h)** G.S. 136-82(f3), as enacted by subsection (a) of this section,
35 becomes effective July 1, 2016, and applies to dispositions on or after that date. The remainder of
36 this section becomes effective July 1, 2016.
37

38 CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

39 **SECTION 35.2.(a)** Subsections (a) and (b) of Section 29.1 of S.L. 2015-241 are
40 repealed.

41 **SECTION 35.2.(b)** The General Assembly authorizes and certifies anticipated
42 revenues for the Highway Fund as follows:

43	For Fiscal Year 2017-2018	\$2,027.8 million
44	For Fiscal Year 2018-2019	\$2,077.8 million
45	For Fiscal Year 2019-2020	\$2,121.9 million
46	For Fiscal Year 2020-2021	\$2,170.2 million

47 **SECTION 35.2.(c)** The General Assembly authorizes and certifies anticipated
48 revenues for the Highway Trust Fund as follows:

49	For Fiscal Year 2017-2018	\$1,393.0 million
50	For Fiscal Year 2018-2019	\$1,423.8 million
51	For Fiscal Year 2019-2020	\$1,441.9 million

1 For Fiscal Year 2020-2021

\$1,463.3 million

2
3 **ELIMINATE PORTION OF DMV TRANSACTION FEES SET ASIDE FOR MERCURY**
4 **SWITCH REMOVAL ACCOUNT**

5 **SECTION 35.3.** G.S. 20-85(a1) reads as rewritten:

6 "(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under
7 subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the
8 North Carolina Highway Fund. The Division shall use the fees derived from transactions with
9 commission contract agents for the payment of compensation to commission contract agents. ~~An~~
10 ~~additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision~~
11 ~~(a)(1) of this section shall be credited to the Mercury Switch Removal Account in the Department~~
12 ~~of Environmental Quality."~~

13
14 **PROMOTE NORTH CAROLINA HISTORICAL SITES**

15 **SECTION 35.4.** G.S. 136-42.3 reads as rewritten:

16 **"§ 136-42.3. Historical marker program.**

17 The Department of Transportation may spend up to ~~forty~~sixty thousand dollars
18 ~~(\$40,000)~~(\$60,000) a year to purchase historical markers prepared and delivered to it by the
19 Department of Natural and Cultural Resources. The Department of Transportation shall erect the
20 markers on sites selected by the Department of Natural and Cultural Resources. This expenditure
21 is hereby declared to be a valid expenditure of State highway maintenance funds. No provision in
22 this section shall be construed to prevent the expenditure of any federal highway funds that may be
23 available for this purpose."
24

25 **INCREASE DOT BID THRESHOLD & REPORT**

26 **SECTION 35.5.(a)** G.S. 136-28.1 reads as rewritten:

27 **"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

28 (a) All contracts over ~~two~~five million ~~five hundred thousand~~
29 ~~(\$2,500,000)~~(\$5,000,000) that the Department of Transportation may let for construction,
30 maintenance, operations, or repair necessary to carry out the provisions of this ~~Chapter~~Chapter,
31 shall be let to a responsible bidder after public advertising under rules and regulations to be made
32 and published by the Department of Transportation. The right to reject any and all bids shall be
33 reserved to the Board of Transportation. Contracts for construction or repair for federal aid
34 projects entered into pursuant to this section shall not contain the standardized contract clauses
35 prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.109 for differing site conditions,
36 suspensions of work ordered by the engineer or significant changes in the character of the work.
37 For those federal aid projects, the Department of Transportation shall use only the contract
38 provisions for differing site conditions, suspensions of work ordered by the engineer, or significant
39 changes in the character of the work developed by the North Carolina Department of
40 Transportation and approved by the Board of Transportation.

41 (b) For contracts let to carry out the provisions of this Chapter in which the amount of
42 work to be let to contract for transportation infrastructure construction or repair is ~~two~~five million
43 ~~five hundred thousand~~(\$2,500,000)(\$5,000,000) or less, and for transportation
44 infrastructure maintenance, excluding resurfacing, that is ~~two~~five million ~~five hundred thousand~~
45 ~~dollars (\$2,500,000)~~(\$5,000,000) per year or less, at least three informal bids shall be solicited.
46 The term "informal bids" is defined as bids in writing, received pursuant to a written request,
47 without public advertising. All such contracts shall be awarded to the lowest responsible bidder.
48 The Secretary of Transportation shall keep a record of all bids submitted, which record shall be
49 subject to public inspection at any time after the bids are opened.

50 ...

1 (f) Notwithstanding any other provision of law, the Department of Transportation may
2 solicit proposals under rules and regulations adopted by the Department of Transportation for all
3 contracts for professional engineering services and other kinds of professional or specialized
4 services necessary in connection with the planning, operations, design, maintenance, repair, and
5 construction of transportation infrastructure. In order to promote engineering and design quality
6 and ensure maximum competition by professional firms of all sizes, the Department may establish
7 fiscal guidelines and limitations necessary to promote cost-efficiencies in overhead, salary, and
8 expense reimbursement rates. The right to reject any and all proposals is reserved to the Board of
9 Transportation.

10"

11 **SECTION 35.5.(b)** The Department of Transportation shall provide an annual report
12 by May 1 to the chairs of the House of Representatives Committee on Transportation
13 Appropriations and the Senate Appropriations Committee on Department of Transportation on the
14 impact of the implementation of this section, specifically the impact of the implementation of this
15 section on small businesses.

16 **SECTION 35.5.(c)** This section becomes effective July 1, 2016, and applies to bids
17 solicited on or after that date.

18 **REVISE DOT BIDDING PROCESS**

19 **SECTION 35.6.(a)** G.S. 136-28.1, as amended by Section 35.5 of this act, reads as
20 rewritten:

21 **"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

22 ...

23 (b) For contracts let to carry out the provisions of this Chapter in which the amount of
24 work to be let to contract for transportation infrastructure construction or repair is five million
25 dollars (\$5,000,000) or less, and for transportation infrastructure maintenance, excluding
26 resurfacing, that is five million dollars (\$5,000,000) per year or less, at least three informal bids
27 shall be solicited. The term "informal bids" is defined as bids in writing, received pursuant to a
28 written request, without public advertising. All such contracts shall be awarded to the lowest
29 responsible bidder. Where public advertising is used for a contract subject to this subsection, the
30 Highway Division shall post the advertisement at least 14 calendar days prior to the letting date of
31 the contract. The Secretary of Transportation shall keep a record of all bids submitted, which
32 record shall be subject to public inspection at any time after the bids are opened. The Highway
33 Divisions shall publish the results of a bidding process no later than three business days after the
34 contract bid upon is awarded.

35 (b1) Notwithstanding any provision of G.S. 136-28.5 to the contrary, and except as
36 prohibited by other State or federal law, the Department of Transportation shall, at the time and
37 place bids solicited for a contract subject to this section are opened, make public all cost estimates
38 prepared by the Department for the purpose of comparing the bids.

39"

40 **SECTION 35.6.(b)** This section becomes effective July 1, 2016, and applies to bids
41 solicited on or after that date.

42 **ADJUST UNPAVED ROADS FUNDING EXPENDITURES**

43 **SECTION 35.7.(a)** G.S. 136-44.2D reads as rewritten:

44 **"§ 136-44.2D. Secondary unpaved road paving program.**

45 The Department of Transportation shall expend fifty percent (50%) of the funds allocated to
46 the paving of unpaved secondary roads for the paving of unpaved secondary roads based on a
47 statewide prioritization. The Department shall expend the remainder of the funds equally among
48 the 14 Highway Divisions for the paving of unpaved secondary roads within each Highway
49 Division based on the same statewide prioritization. The Department shall pave the eligible
50 Division based on the same statewide prioritization. The Department shall pave the eligible
51 Division based on the same statewide prioritization.

1 unpaved secondary roads that receive the highest priority ranking within this statewide
2 prioritization. Nothing in this subsection shall be interpreted to require the Department to pave any
3 unpaved secondary roads that do not meet secondary road system addition standards as set forth in
4 G.S. 136-44.10 and G.S. 136-102.6. The Highway Trust Fund shall not be used to fund the paving
5 of unpaved secondary roads."

6 **SECTION 35.7.(b)** This section becomes effective July 1, 2016, and applies to funds
7 allocated on or after that date.

8 9 **SECONDARY ROAD MAINTENANCE AND IMPROVEMENT FUND/USE PORTION** 10 **OF FUNDS FOR LITTER REMOVAL**

11 **SECTION 35.8.** Of the funds appropriated in this act to the Department of
12 Transportation and allocated to the Secondary Road Maintenance and Improvement Fund, the
13 Department may use up to the sum of ten million dollars (\$10,000,000) in nonrecurring funds for
14 the 2016-2017 fiscal year to cover costs associated with the removal of litter alongside
15 State-maintained roads.

16 17 **STUDY/OFF-HIGHWAY PARKING FOR TRACTOR-TRAILERS & SEMI-TRAILERS**

18 **SECTION 35.9.(a)** Study. – The Department of Transportation, in collaboration with
19 the Department of Public Safety, shall study ways to provide additional off-highway parking and
20 rest areas for tractor-trailers and semi-trailers. Included within the study shall be the feasibility and
21 cost of converting abandoned highway rest stops into parking and rest areas for tractor-trailers and
22 semi-trailers.

23 **SECTION 35.9.(b)** Report. – By February 1, 2017, the Departments shall jointly
24 report their findings and recommendations, including any legislative proposals, to the chairs of the
25 House of Representatives Committee on Transportation Appropriations and the Senate
26 Appropriations Committee on Department of Transportation.

27 28 **CLARIFY THAT DOT MAY PERFORM WORK IMPROVING CULVERTS**

29 **SECTION 35.10.** Section 34.18(a) of S.L. 2014-100, as amended by Section 29.6 of
30 S.L. 2015-241, reads as rewritten:

31 "**SECTION 34.18.(a)** The Department of Transportation shall rename the "system
32 preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this
33 program shall be used for improvements to culverts associated with a component of the State
34 highway system and improvements to structurally deficient and functionally obsolete bridges. All
35 projects funded under this program, with the exception of inspection, pre-engineering, contract
36 preparation, contract administration and oversight, and planning activities, shall be outsourced to
37 private contractors. No more than ten percent (10%) of the funds allocated to this program shall be
38 used for improvements to culverts associated with a component of the State highway system, ~~and~~
39 the funds shall only be used for culverts that are 54 inches or greater in size and rated by the
40 Department as in poor ~~condition~~ condition, and the Department may perform the work to improve
41 the culverts."

42 43 **DOT/REPORT ON RECOMMENDATIONS FOR REVISING METHOD FOR** 44 **MEASURING OUTSOURCING OF PRECONSTRUCTION ACTIVITIES**

45 **SECTION 35.11.** Section 34.13(d) of S.L. 2014-100, as amended by Section 29.13(b)
46 of S.L. 2015-241, reads as rewritten:

47 "**SECTION 34.13.(d)** The Department shall report no later than October 1, 2015, and
48 quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal
49 Research Division regarding its implementation of this section, including any reductions in force
50 used to meet privatization requirements. In addition, the Department shall report by March 1,
51 2017, to the chairs of the House of Representatives Committee on Transportation Appropriations

1 and the Senate Appropriations Committee on Department of Transportation on the Department's
2 recommendations for revising, based on the study and review required under Section 29.14(d) of
3 S.L. 2015-241, the method used for measuring the outsourcing of preconstruction activities subject
4 to subsection (a) of this section."
5

6 **REPEAL LIGHT RAIL FUNDING CAP**

7 **SECTION 35.12.** Subsection (e1) of G.S. 136-189.11 is repealed.
8

9 **REPEAL SUNSET ON LATE FEE FOR MOTOR VEHICLE REGISTRATIONS**

10 **SECTION 35.13.** Subsection (u) of Section 29.30 of S.L. 2015-241 reads as rewritten:
11 **"SECTION 29.30.(u)** Subsections (a) and (u) of this section become effective October 1,
12 2015. Subsections (s) and (t) of this section become effective July 1, 2020. Subsection (m) of this
13 section becomes effective July 1, 2016, and applies to renewal motor vehicle registrations on or
14 after that date. ~~Subsection (m) of this section expires December 31, 2017.~~ The remainder of this
15 section becomes effective January 1, 2016, and applies to issuances, renewals, restorations, and
16 requests on or after that date."
17

18 **DMV/FUNDING FOR CONTRACTUAL DRIVER LICENSE EXAMINER STAFFING**

19 **SECTION 35.14.** Of the funds appropriated in this act to the Department of
20 Transportation, the sum of two million nine hundred one thousand six hundred fifty-six dollars
21 (\$2,901,656) in recurring funds for the 2016-2017 fiscal year shall be allocated to the Division of
22 Motor Vehicles to be used for contractual driver license examiner staffing to provide additional
23 support, improve customer service, and decrease wait times in high-volume Division office
24 locations. Nothing in this section shall be construed as authorizing the Division to hire permanent
25 or temporary employees to serve as additional driver license examiner staffing.
26

27 **MAKE TIME-LIMITED POSITIONS IN SUPPORT OF THE COMBINED MOTOR** 28 **VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM** 29 **PERMANENT**

30 **SECTION 35.15.(a)** Section 24.10(a) of S.L. 2012-142, as amended by Section 29.37
31 of S.L. 2015-241, reads as rewritten:

32 **"SECTION 24.10.(a)** Upon request from the Department of Transportation and
33 notwithstanding any other provision of law to the contrary, the Office of State Budget and
34 Management may authorize the creation of ~~time-limited, permanent,~~ full-time ~~equivalent~~ positions
35 within the Department of Transportation and its Division of Motor Vehicles in excess of the
36 positions authorized by this act for the ~~sole~~ purposes of implementing and administering the
37 combined motor vehicle registration and property tax collection ~~system~~ system and providing
38 other support as determined necessary by the Commissioner of the Division of Motor Vehicles.
39 Positions created under this authorization shall be funded with receipts from the fee assessed under
40 ~~G.S. 105-330.5(b) and shall terminate no later than June 30, 2016.~~ G.S. 105-330.5(b)."

41 **SECTION 35.15.(b)** Nothing in subsection (a) of this section shall be construed as
42 authorizing the creation of any positions in addition to the 45 remaining positions authorized
43 under Section 24.10(a) of S.L. 2012-142.

44 **SECTION 35.15.(c)** This section becomes effective June 30, 2016.
45

46 **PERMANENT REGISTRATION PLATES FOR CERTAIN TRANSIT PROVIDERS**

47 **SECTION 35.16.** Subsection (b) of G.S. 20-84 is amended by adding a new
48 subdivision to read:

49 "(b) Permanent Registration Plates. – The Division may issue permanent plates for the
50 following motor vehicles:
51 ...

(20) A motor vehicle owned by a public transportation service provider that is a designated recipient or direct recipient of Federal Transit Administration formula grant funds pursuant to 49 U.S.C. § 5311 or 49 U.S.C. § 5307."

**DIVISION OF AVIATION/MEMORANDUM OF UNDERSTANDING WITH THE STATE
BUREAU OF INVESTIGATION**

SECTION 35.17. The Division of Aviation shall enter into a memorandum of understanding with the State Bureau of Investigation setting forth the terms and conditions governing the State Bureau of Investigation's use of the airplane acquired or constructed from funds appropriated in this act.

DOT/DISPOSE OF MURPHY BRANCH RAIL LINE

SECTION 35.18.(a) Disposition. – In accordance with the procedures set forth in Article 7 of Chapter 146 of the General Statutes, the Department of Administration shall dispose of by sale the Murphy Branch rail line, including any appurtenance thereto, that runs from Andrews, North Carolina, to Murphy, North Carolina. Nothing in this subsection shall be construed as (i) authorizing the Department to dispose of any property not owned by the State or (ii) superseding or altering the terms of any written agreement, deed, or other form of conveyance setting forth a different process for disposing of the Murphy Branch rail line.

SECTION 35.18.(b) Fair Market Value. – Notwithstanding G.S. 146-29.1 and any other provision of Article 7 of Chapter 146 of the General Statutes to the contrary, the Department shall not dispose of the Murphy Branch rail line for less than fair market value.

SECTION 35.18.(c) Use of Proceeds. – Notwithstanding G.S. 146-30, the Department shall deposit the net proceeds from the disposition of the Murphy Branch rail line into the Freight Rail & Rail Crossing Safety Improvement Fund of the Highway Fund.

PART XXXVI. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE

SECTION 36.1. Section 30.1 of S.L. 2015-241 reads as rewritten:

"**SECTION 30.1.(a)** The salary of the Governor as provided by G.S. 147-11(a) shall remain unchanged for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year."

"**SECTION 30.1.(a1)** Effective July 1, 2016, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred forty-two thousand two hundred sixty-five dollars (\$142,265)~~ one hundred forty-five thousand one hundred ten dollars (\$145,110) annually, payable monthly."

"**SECTION 30.1.(b)** The annual salaries for members of the Council of State, payable monthly, shall remain unchanged for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, 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

"**SECTION 30.1.(b1)** Effective July 1, 2016, the annual salaries for members of the Council of State, payable monthly, are increased by two percent (2%), as follows:

1	<u>Council of State</u>	<u>Annual Salary</u>
2	<u>Lieutenant Governor</u>	<u>\$128,190</u>
3	<u>Attorney General</u>	<u>128,190</u>
4	<u>Secretary of State</u>	<u>128,190</u>
5	<u>State Treasurer</u>	<u>128,190</u>
6	<u>State Auditor</u>	<u>128,190</u>
7	<u>Superintendent of Public Instruction</u>	<u>128,190</u>
8	<u>Agriculture Commissioner</u>	<u>128,190</u>
9	<u>Insurance Commissioner</u>	<u>128,190</u>
10	<u>Labor Commissioner</u>	<u>128,190</u>
11"	

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 36.2. Section 30.2 of S.L. 2015-241 reads as rewritten:

"**SECTION 30.2.(a)** The annual salaries, payable monthly, for the following executive branch officials shall remain unchanged for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, as follows:

18	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
19	Chairman, Alcoholic Beverage Control Commission	\$111,868
20	State Controller	156,159
21	Commissioner of Banks	125,676
22	Chair, Board of Review, Division of Employment Security	123,255
23	Members, Board of Review, Division of Employment Security	121,737
24	Chairman, Parole Commission	123,255
25	Members of the Parole Commission	113,887
26	Chairman, Utilities Commission	139,849
27	Members of the Utilities Commission	125,676
28	Executive Director, North Carolina	
29	Agricultural Finance Authority	108,915

"**SECTION 30.2.(a1)** The annual salaries, payable monthly, for the following executive branch officials for the 2016-2017 fiscal year are increased by two percent (2%), as follows:

32	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
33	<u>Chairman, Alcoholic Beverage Control Commission</u>	<u>\$114,105</u>
34	<u>State Controller</u>	<u>159,282</u>
35	<u>Commissioner of Banks</u>	<u>128,190</u>
36	<u>Chair, Board of Review, Division of Employment Security</u>	<u>125,720</u>
37	<u>Members, Board of Review, Division of Employment Security</u>	<u>124,172</u>
38	<u>Chairman, Parole Commission</u>	<u>125,720</u>
39	<u>Members of the Parole Commission</u>	<u>116,165</u>
40	<u>Chairman, Utilities Commission</u>	<u>142,646</u>
41	<u>Members of the Utilities Commission</u>	<u>128,190</u>
42	<u>Executive Director, North Carolina</u>	
43	<u>Agricultural Finance Authority</u>	<u>111,093"</u>

JUDICIAL BRANCH SALARIES

SECTION 36.3. Section 30.3 of S.L. 2015-241 reads as rewritten:

"**SECTION 30.3.(a)** Effective July 1, 2015, the annual salaries, payable monthly, for specified judicial branch officials for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, are as follows:

50	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
51	Chief Justice, Supreme Court	\$143,623

1	Associate Justice, Supreme Court	139,896
2	Chief Judge, Court of Appeals	137,682
3	Judge, Court of Appeals	134,109
4	Judge, Senior Regular Resident Superior Court	130,492
5	Judge, Superior Court	126,875
6	Chief Judge, District Court	115,301
7	Judge, District Court	111,684
8	District Attorney	121,737
9	Assistant Administrative Officer of the Courts	118,152
10	Public Defender	121,737
11	Director of Indigent Defense Services	125,498

12 **"SECTION 30.3.(a1)** Effective July 1, 2016, the annual salaries, payable monthly, for
 13 specified judicial branch officials for the 2016-2017 fiscal year, are as follows:

14	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
15	<u>Chief Justice, Supreme Court</u>	<u>\$146,495</u>
16	<u>Associate Justice, Supreme Court</u>	<u>142,694</u>
17	<u>Chief Judge, Court of Appeals</u>	<u>140,436</u>
18	<u>Judge, Court of Appeals</u>	<u>136,791</u>
19	<u>Judge, Senior Regular Resident Superior Court</u>	<u>133,102</u>
20	<u>Judge, Superior Court</u>	<u>129,413</u>
21	<u>Chief Judge, District Court</u>	<u>117,607</u>
22	<u>Judge, District Court</u>	<u>113,918</u>
23	<u>District Attorney</u>	<u>124,172</u>
24	<u>Assistant Administrative Officer of the Courts</u>	<u>120,515</u>
25	<u>Public Defender</u>	<u>124,172</u>
26	<u>Director of Indigent Defense Services</u>	<u>128,008</u>

27 **"SECTION 30.3.(b)** The annual salaries of permanent full-time employees of the Judicial
 28 Department whose salaries are not itemized in this act shall not be legislatively increased for the
 29 ~~2015-2017 fiscal biennium,~~ 2015-2016 fiscal year, but may be increased as otherwise allowed by
 30 law.

31 **"SECTION 30.3.(c)** The district attorney or public defender of a judicial district, with the
 32 approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
 33 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
 34 defenders, respectively, in that district such that the average salaries of assistant district attorneys
 35 or assistant public defenders in that district do not exceed seventy-two thousand seven hundred
 36 ninety-seven dollars (\$72,797) and the minimum salary of any assistant district attorney or
 37 assistant public defender is at least thirty-eight thousand six hundred twenty-eight dollars
 38 (\$38,628), effective July 1, 2015.

39 **"SECTION 30.3.(c1)** The district attorney or public defender of a judicial district, with the
 40 approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
 41 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
 42 defenders, respectively, in that district such that the average salaries of assistant district attorneys
 43 or assistant public defenders in that district do not exceed seventy-six thousand four hundred
 44 thirty-seven dollars (\$76,437) and the minimum salary of any assistant district attorney or assistant
 45 public defender is at least forty thousand five hundred fifty-nine dollars (\$40,559), effective July
 46 1, 2016.

47"

49 CLERK OF SUPERIOR COURT

50 **SECTION 36.4.** Effective July 1, 2016, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	\$84,390 <u>\$86,078</u>
100,000 to 149,999	94,578 <u>96,470</u>
150,000 to 249,999	104,766 <u>106,861</u>
250,000 and above	114,958 <u>117,257</u>

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

ASSISTANT AND DEPUTY CLERKS OF COURT

SECTION 36.5. Effective July, 2016, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$32,609 <u>\$33,261</u>
Maximum	56,424 <u>57,552</u>
Deputy Clerks	Annual Salary
Minimum	\$28,223 <u>\$28,787</u>
Maximum	44,107 <u>44,989</u> ."

MAGISTRATES

SECTION 36.6. Effective July 1, 2016, G.S. 7A-171.1 reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$35,275 <u>\$35,981</u>
Step 1	37,950 <u>38,709</u>
Step 2	40,835 <u>41,652</u>
Step 3	43,890 <u>44,768</u>
Step 4	47,550 <u>48,501</u>
Step 5	51,960 <u>52,999</u>
Step 6	56,900 <u>58,038</u> .

...

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) ~~The minimum and maximum salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:~~

	Minimum	Maximum
Less than 1 year of service		\$27,846
1 or more but less than 3 years of service	28,027	– 29,027
3 or more but less than 5 years of service	30,405	– 31,405

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

(1) The minimum and maximum salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

	<u>Minimum</u>	<u>Maximum</u>
<u>Less than 1 year of service</u>		<u>\$28,403</u>
<u>1 or more but less than 3 years of service</u>	<u>28,588</u>	<u>– 29,608</u>
<u>3 or more but less than 5 years of service</u>	<u>31,013</u>	<u>– 32,033</u>

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a) of this section.

...."

LEGISLATIVE BRANCH SALARIES

SECTION 36.7. Section 30.4 of S.L. 2015-241 reads as rewritten:

"**SECTION 30.4.(a)** For the 2015-2017 fiscal biennium, the salaries of members and officers of the General Assembly shall remain unchanged at the amounts set under G.S. 120-3, as provided in 1994 by the 1993 General Assembly.

"**SECTION 30.4.(b)** The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2015, shall not be legislatively increased for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ but may be increased as otherwise allowed by law.

"**SECTION 30.4.(b1)** The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2016, are increased by two percent (2%).

"**SECTION 30.4.(c)** Legislative employees paid pursuant to subsection (b) of this section shall receive the compensation bonus awarded by this act."

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 36.8. Effective July 1, 2016, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred six thousand three hundred thirty three dollars (\$106,333), one hundred eight thousand four hundred sixty dollars (\$108,460),~~ payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANT-AT-ARMS AND READING CLERKS

SECTION 36.9. Effective July 1, 2016, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four hundred four dollars (\$404.00)~~ four hundred twelve dollars (\$412.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES PERSONNEL

SECTION 36.10. Section 30.5 of S.L. 2015-241 reads as rewritten:

"SECTION 30.5.(a) The minimum salaries for nine-month, full-time curriculum community college faculty for the ~~2015-2017 fiscal biennium~~ 2015-2016 fiscal year shall remain unchanged as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$35,314
Associate Degree or Equivalent	35,819
Bachelor's Degree	38,009
Master's Degree or Education Specialist	39,952
Doctoral Degree	42,753

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

"SECTION 30.5.(a1) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2016-2017 fiscal year are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
<u>Vocational Diploma/Certificate or Less</u>	<u>\$36,020</u>
<u>Associate Degree or Equivalent</u>	<u>36,535</u>
<u>Bachelor's Degree</u>	<u>38,769</u>
<u>Master's Degree or Education Specialist</u>	<u>40,751</u>
<u>Doctoral Degree</u>	<u>43,608</u>

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

"SECTION 30.5.(b) For the 2015-2017 fiscal biennium, the community college boards of trustees may provide personnel a salary increase pursuant to the policies adopted by the State Board of Community Colleges.

~~Funds~~ For the 2015-2016 fiscal year, funds for compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to policies adopted by the State Board of Community Colleges. The State Board of Community Colleges shall make a report on the use of these funds to the 2016 Regular Session of the 2015 General Assembly no later than March 1, 2016.

For the 2016-2017 fiscal year, the additional compensation funds appropriated in this act are allocated as follows:

- (1) The sum of at least eight million dollars (\$8,000,000) shall be used for compensation increases for faculty members.
- (2) The sum of up to two million dollars (\$2,000,000) may be used for compensation increases for other community college personnel.

1 These compensation increases may be used for one or more of the following purposes: (i) merit
2 pay, (ii) recruitment bonuses, (iii) retention increases, and (iv) any other compensation increase,
3 except for across-the-board increases, pursuant to policies adopted by the State Board of
4 Community Colleges. The State Board of Community Colleges shall make a report on the use of
5 these funds to the 2017 General Assembly no later than March 1, 2017.

6 "SECTION 30.5.(b1) Effective July 1, 2016, the annual compensation of community college
7 faculty and nonfaculty employees is increased by two percent (2%)."

9 UNIVERSITY OF NORTH CAROLINA SYSTEM

10 **SECTION 36.11.** Section 30.6 of S.L. 2015-241 reads as rewritten:

11 "SECTION 30.6.(a) Effective for the 2015-2017 fiscal biennium, 2015-2016 fiscal year, the
12 annual compensation of all full-time University of North Carolina SHRA and EHRA employees
13 shall not be legislatively increased for the 2015-2017 fiscal biennium, but may be increased as
14 otherwise allowed by law.

15 "SECTION 30.6.(a1) Effective for the 2016-2017 fiscal year, the annual compensation of all
16 full-time University of North Carolina SHRA and EHRA employees are increased by two percent
17 (2%)."

19 STATE AGENCY TEACHERS

20 **SECTION 36.12.** Employees of schools operated by the Department of Health and
21 Human Services, the Department of Public Safety, the State Board of Education, and employees of
22 the School of Science and Mathematics of The University of North Carolina, who are paid on the
23 Teacher Salary Schedule, shall receive any experience step increases authorized by Section 9.1 of
24 this act.

26 SBI/ALE/INCREASES

27 **SECTION 36.13.** By September 1, 2016, the Director of the State Bureau of
28 Investigation shall report to the Joint Legislative Oversight Committee on Justice and Public
29 Safety and the Fiscal Research Division regarding their plan to adjust the salaries of Alcohol Law
30 Enforcement agents and State Bureau of Investigation officers, respectively.

32 ALL STATE-SUPPORTED PERSONNEL

33 **SECTION 36.14.** Section 30.8 of S.L. 2015-241 reads as rewritten:

34 "SECTION 30.8.(a) For the 2015-2017 fiscal biennium, 2015-2016 fiscal year:

35 (1) Except as provided by Part 9, Section 30.5, Section 30.7, and Section 30.15 of
36 this act, the annual salaries of all employees subject to or exempt from the
37 North Carolina Human Resources Act shall not be legislatively increased, but
38 may be increased as otherwise provided by law.

39 (2) All eligible State-supported personnel shall receive a compensation bonus as
40 authorized by this Part.

41 "SECTION 30.8.(a1) For the 2016-2017 fiscal year:

42 (1) Unless otherwise specifically provided, the annual salaries of all employees
43 subject to or exempt from the North Carolina Human Resources Act are
44 increased by two percent (2%).

45 (2) All eligible State-supported personnel shall receive a compensation bonus as
46 authorized by this Part.

47 **"SECTION 30.8.(b) Salaries and Related Benefits for Positions That Are Funded. –**

48 (1) Partially from the General Fund or Highway Fund and partially from sources
49 other than the General Fund or Highway Fund shall be increased from the
50 General Fund or Highway Fund appropriation only to the extent of the
51 proportionate part of the salaries paid from the General Fund or Highway Fund.

- 1 (2) Fully from sources other than the General Fund or Highway Fund shall be
2 increased as provided by this act. The Director of the Budget may increase
3 expenditures of receipts from these sources by the amount necessary to provide
4 the legislative increase to receipt-supported personnel in the certified budget.

5 **"SECTION 30.8.(c)** ~~Except~~ For the 2015-2016 fiscal year, except as otherwise provided, the
6 salary increases provided in this act do not apply to persons separated from State service due to
7 resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to
8 July 1, 2015.

9 **"SECTION 30.8.(c1)** For the 2016-2017 fiscal year, except as otherwise provided, the salary
10 increases provided in this act do not apply to persons separated from State service due to
11 resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to
12 July 1, 2016.

13 **"SECTION 30.8.(d)** ~~Employees~~ For the 2015-2016 fiscal year, employees shall receive the
14 statutory increases provided by G.S. 20-187.3, 7A-102, and 7A-171.1. Notwithstanding
15 G.S. 20-187.3, the increases authorized by that statute for members of the State Highway Patrol
16 become effective January 1, 2016. Notwithstanding any provision of law to the contrary, the salary
17 increases authorized on the employee anniversary date by G.S. 7A-171.1 for magistrates and
18 G.S. 7A-102 for assistant and deputy clerks of superior court shall become effective January 1,
19 2016.

20 **"SECTION 30.8.(e)** ~~Payroll~~ For the 2015-2016 fiscal year, payroll checks issued to
21 employees after July 1, 2015, that represent payment of services provided prior to July 1, 2015,
22 shall not be eligible for salary increases provided for in this act. This subsection applies to all
23 employees paid from State funds, whether or not subject to or exempt from the North Carolina
24 Human Resources Act, including employees of public schools, community colleges, and The
25 University of North Carolina.

26 **"SECTION 30.8.(e1)** For the 2016-2017 fiscal year, payroll checks issued to employees after
27 July 1, 2016, that represent payment of services provided prior to July 1, 2016, shall not be
28 eligible for salary increases provided for in this act. This subsection applies to all employees paid
29 from State funds, whether or not subject to or exempt from the North Carolina Human Resources
30 Act, including employees of public schools, community colleges, and The University of North
31 Carolina.

32 **"SECTION 30.8.(f)** Nothing in this act authorizes the transfer of funds between the General
33 Fund and the Highway Fund for salary increases."
34

35 MOST STATE EMPLOYEES

36 **SECTION 36.15.** Section 30.9 of S.L. 2015-241 reads as rewritten:

37 **"SECTION 30.9.(a)** ~~For the 2015-2017 fiscal biennium, 2015-2016 fiscal year, except as~~
38 otherwise provided by this Part, the annual salaries in effect June 30, 2015, for the following
39 employees shall not be legislatively increased, but may be increased as otherwise allowed by law:

- 40 (1) Permanent full-time State officials and persons whose salaries are set in
41 accordance with the State Human Resources Act.
42 (2) Permanent full-time State officials and persons in positions exempt from the
43 State Human Resources Act.
44 (3) Permanent part-time State employees.
45 (4) Temporary and permanent hourly State employees.

46 **"SECTION 30.9.(a1)** For the 2016-2017 fiscal year, except as otherwise specifically
47 provided, the annual salaries in effect June 30, 2016, for the following employees are increased by
48 two percent (2%):

- 49 (1) Permanent full-time State officials and persons whose salaries are set in
50 accordance with the State Human Resources Act.

- 1 (2) Permanent full-time State officials and persons in positions exempt from the
2 State Human Resources Act.
3 (3) Permanent part-time State employees.
4 (4) Temporary and permanent hourly State employees."
5

6 **COMPENSATION BONUS AWARDED FOR FISCAL YEAR 2016-2017**

7 **SECTION 36.16.(a)** Any person (i) whose salary is set by this Part, pursuant to the
8 North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is
9 employed in a State-funded position on September 1, 2016, shall be awarded a one-time, lump
10 sum compensation bonus for the 2016-2017 fiscal year in the amount of five hundred dollars
11 (\$500.00) payable during the month of October 2016, except as provided by subsection (a1) of this
12 section.

13 **SECTION 36.16.(a1)** The following persons are not eligible to receive the bonus
14 awarded by subsection (a) of this section:

- 15 (1) Persons receiving step increases under G.S. 20-187.3, 7A-102, or 7A-171.1.
16 (2) Persons compensated under Section 30.3(c1) of S.L. 2015-241, as enacted by
17 this act.
18 (3) Teachers paid on the Salary Schedule in Section 9.1 of this act.
19 (4) School-based administrators paid on the Salary Schedule in Section 9.2 of this
20 act.

21 **SECTION 36.16.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonus
22 awarded by this section is not compensation under Article 1 of Chapter 135 of the General
23 Statutes, the Teachers' and State Employees' Retirement System.

24 **SECTION 36.16.(c)** The compensation bonus awarded by this section is not part of
25 annual salary and shall be paid out separately. The compensation bonus shall be awarded to
26 eligible permanent employees without regard to an employee's placement within the salary range,
27 including employees at the top of the salary range. The compensation bonus shall be adjusted pro
28 rata for permanent part-time employees.

29 **SECTION 36.16.(d)** Recipients of disability benefits under Article 6 of Chapter 135
30 of the General Statutes who have not terminated their employment and who otherwise meet the
31 conditions of this section are eligible to receive the bonus, which shall be paid by the employing
32 agency. The Disability Income Plan will neither pay the bonus nor reimburse the employer for
33 payment.

34 **SECTION 36.16.(e)** The funds available for the bonus authorized by this section shall
35 be paid to The University of North Carolina EHRA employees in accordance with policies
36 adopted by the Board of Governors of The University of North Carolina.

37 **SECTION 36.16.(f)** For part-time employees, the bonus shall be pro rata based on the
38 number of hours worked.
39

40 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED SALARY** 41 **INCREASES/COMPENSATION BONUSES/EMPLOYEE BENEFITS**

42 **SECTION 36.17.(a)** The appropriations set forth in Section 2.1 of this act include
43 appropriations for legislatively mandated salary increases and compensation bonuses in amounts
44 set forth in the committee report described in Section 39.2 of this act. The Office of State Budget
45 and Management shall ensure that those funds are used only for the purposes of legislatively
46 mandated salary increases, compensation bonuses, and employee benefits. Any funds remaining in
47 the compensation and benefits reserves shall be used to adjust the salaries of any positions that fall
48 below the minimum of the new salary grade assigned to those positions during the realignment of
49 salary grades pursuant to the Office of State Human Resources' Statewide Compensation System
50 Project. Any funds remaining following the adjustment to these positions shall revert in
51 accordance with G.S. 143C-1-2(b), unless otherwise provided by law.

1 **SECTION 36.17.(b)** If the Director of the Budget determines that funds appropriated
2 to a State agency for legislatively mandated salary increases, compensation bonuses, and
3 employee benefits exceed the amount required by that agency for those purposes, the Director may
4 reallocate those funds to other State agencies that received insufficient funds for legislatively
5 mandated salary increases, compensation bonuses, and employee benefits.

6 **SECTION 36.17.(c)** No later than March 1, 2017, the Office of State Budget and
7 Management shall report to the Joint Legislative Commission on Governmental Operations on the
8 expenditure of funds for legislatively mandated salary increases, compensation bonuses, and
9 employee benefits. This report shall include at least the following information for each State
10 agency for the 2016-2017 fiscal year:

- 11 (1) The total amount of funds that the agency received for legislatively mandated
12 salary increases, compensation bonuses, and employee benefits.
- 13 (2) The total amount of funds transferred from the agency to other State agencies
14 pursuant to subsection (b) of this section. This section of the report shall
15 identify the amounts transferred to each recipient State agency.
- 16 (3) The total amount of funds used by the agency for legislatively mandated salary
17 increases, compensation bonuses, and employee benefits.
- 18 (4) The use of any funds under subsection (a) of this section to adjust the salaries of
19 any positions that fall below the minimum of the new salary grade assigned to
20 those positions during the realignment of salary grades pursuant to the Office of
21 State Human Resources' Statewide Compensation System Project.
- 22 (5) The amount of funds expected to revert under subsection (a) of this section.

23 24 **STUDY SPECIAL BONUS LEAVE/INCENTIVES**

25 **SECTION 36.18.** The Office of State Budget and Management (OSBM) shall study
26 the development of a voluntary bonus leave incentive program to encourage State employees to
27 use or to cash in special bonus leave benefits that have accrued pursuant Section 28.3A of S.L.
28 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section
29 35.10A of S.L. 2014-100. OSBM shall consider how special leave could be liquidated, the funding
30 source to pay employees who cash in bonus leave, a method for collecting demographic
31 information on employees who chose to use or cash in special leave, and any other relevant fiscal
32 or contractual matters. OSBM shall report its findings and recommendations no later than
33 February 1, 2017, to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of
34 the House Appropriations Committee, and the Fiscal Research Division.

35 36 **EXTEND VOLUNTARY SHARED LEAVE TO COMMUNITY COLLEGES** 37 **EMPLOYEES**

38 **SECTION 36.19.** G.S. 115D-25.3 reads as rewritten:

39 **"§ 115D-25.3. Voluntary shared leave.**

40 (a) The State Board of Community Colleges, in cooperation with the State Board of
41 Education and the State Human Resources Commission, shall adopt rules and policies to allow
42 any employee at a community college to share leave voluntarily with an immediate family
43 member who is an employee of a community college, public school, or State agency; and with a
44 coworker's immediate family member who is an employee of a community college, public school,
45 or State agency. For the purposes of this section, the term "immediate family member" means a
46 spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half,
47 and in-law relationships. The term "coworker" means that the employee donating the leave is
48 employed by the same agency, department, institution, university, local school administrative unit,
49 or community college as the employee whose immediate family member is receiving the leave.

50 (b) The State Board of Community Colleges, in cooperation with the State Human
51 Resources Commission, shall adopt rules and policies consistent with policies of the Commission

1 to allow any employee at a community college to share sick leave voluntarily with a nonfamily
2 member who is an employee of a community college. A community college employee who
3 donates sick leave to a community college employee who is a nonfamily member shall not donate
4 more than five days of sick leave per year to any one nonfamily community college employee.
5 The combined total of sick leave donated to a community college employee from nonfamily
6 community college employee donors shall not exceed 20 days per year. Donated sick leave shall
7 not be used for retirement purposes and community college employees who donate sick leave shall
8 be notified in writing of the consequences of donating sick leave in regard to State retirement
9 system service credit."

10 **SALARY-RELATED CONTRIBUTIONS**

11 **SECTION 36.20.** Section 30.20 of S.L. 2015-241 reads as rewritten:

12 **"SALARY-RELATED CONTRIBUTIONS**

13 ...

14
15 **"SECTION 30.20.(b)** Effective July 1, 2015, the State's employer contribution rates budgeted
16 for retirement and related benefits as a percentage of covered salaries for the ~~2015-2017 fiscal~~
17 ~~biennium~~2015-2016 fiscal year are (i) fifteen and thirty-two hundredths percent (15.32%) –
18 Teachers and State Employees; (ii) twenty and thirty-two hundredths percent (20.32%) – State
19 Law Enforcement Officers; (iii) twelve and eighty-five hundredths percent (12.85%) – University
20 Employees' Optional Retirement Program; (iv) twelve and eighty-five hundredths percent
21 (12.85%) – Community College Optional Retirement Program; (v) thirty-two and eighty-one
22 hundredths percent (32.81%) – Consolidated Judicial Retirement System; and (vi) seven and forty
23 hundredths percent (7.40%) – Legislative Retirement System. Each of the foregoing contribution
24 rates includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The
25 rate for the Teachers and State Employees, State Law Enforcement Officers, University
26 Employees' Optional Retirement Program, and the Community College Optional Retirement
27 Program includes forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates
28 for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths
29 percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes
30 five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State
31 Employees and State Law Enforcement Officers includes one hundredth percent (0.01%) for the
32 Qualified Excess Benefit Arrangement.

33 **"SECTION 30.20.(b1)** Effective July 1, 2016, the State's employer contribution rates
34 budgeted for retirement and related benefits as a percentage of covered salaries for the 2016-2017
35 fiscal year are (i) sixteen and fifty-five hundredths percent (16.55%) – Teachers and State
36 Employees; (ii) twenty-one and fifty-five hundredths percent (21.55%) – State Law Enforcement
37 Officers; (iii) thirteen and three hundredths percent (13.03%) – University Employees' Optional
38 Retirement Program; (iv) thirteen and three hundredths percent (13.03%) – Community College
39 Optional Retirement Program; (v) thirty-five and fifty-three hundredths percent (35.53%) –
40 Consolidated Judicial Retirement System; and (vi) twenty-four and twenty-four hundredths
41 percent (24.24%) – Legislative Retirement System. Each of the foregoing contribution rates
42 includes five and eighty-one hundredths percent (5.81%) for hospital and medical benefits. The
43 rate for the Teachers and State Employees, State Law Enforcement Officers, University
44 Employees' Optional Retirement Program, and the Community College Optional Retirement
45 Program includes thirty-eight hundredths percent (0.38%) for the Disability Income Plan. The
46 rates for Teachers and State Employees and State Law Enforcement Officers include sixteen
47 hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement
48 Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers
49 and State Employees and State Law Enforcement Officers includes one hundredths percent
50 (0.01%) for the Qualified Excess Benefit Arrangement.

1 "SECTION 30.20.(c) Effective July 1, 2015, the maximum annual employer contributions,
2 payable monthly, by the State for each covered employee or retiree for the 2015-2016 fiscal year
3 to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and
4 retirees – four thousand two hundred fifty-one dollars (\$4,251) and (ii) non-Medicare-eligible
5 employees and retirees – five thousand four hundred seventy-one dollars (\$5,471).

6 "SECTION 30.20.(c1) Effective July 1, 2016, the maximum annual employer contributions,
7 payable monthly, by the State for each covered employee or retiree for the 2016-2017 fiscal year
8 to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and
9 retirees – four thousand three hundred ninety-seven dollars (\$4,397) and (ii) non-Medicare-eligible
10 employees and retirees – five thousand six hundred fifty-nine dollars (\$5,659)."

11
12 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND**
13 **STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT**
14 **SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

15 **SECTION 36.21.(a)** G.S. 135-5 is amended by adding a new subsection to read:

16 "(uuu) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries
17 whose retirement commenced on or before July 1, 2015, shall be increased by one and six-tenths
18 percent (1.6%) of the allowance payable on June 1, 2016, in accordance with G.S. 135-5(o).
19 Furthermore, from and after July 1, 2016, the retirement allowance to or on account of
20 beneficiaries whose retirement commenced after July 1, 2015, but before June 30, 2016, shall be
21 increased by a prorated amount of one and six-tenths percent (1.6%) of the allowance payable as
22 determined by the Board of Trustees based upon the number of months that a retirement allowance
23 was paid between July 1, 2015, and June 30, 2016."

24 **SECTION 36.21.(b)** G.S. 135-65 is amended by adding a new subsection to read:

25 "(ff) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries
26 whose retirement commenced on or before July 1, 2015, shall be increased by one and six-tenths
27 percent (1.6%) of the allowance payable on June 1, 2016. Furthermore, from and after July 1,
28 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced
29 after July 1, 2015, but before June 30, 2016, shall be increased by a prorated amount of one and
30 six-tenths percent (1.6%) of the allowance payable as determined by the Board of Trustees based
31 upon the number of months that a retirement allowance was paid between July 1, 2015, and June
32 30, 2016."

33 **SECTION 36.21.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

34 "(z) In accordance with subsection (a) of this section, from and after July 1, 2016, the
35 retirement allowance to or on account of beneficiaries whose retirement commenced on or before
36 January 1, 2016, shall be increased by one and six-tenths percent (1.6%) of the allowance payable
37 on June 1, 2016. Furthermore, from and after July 1, 2016, the retirement allowance to or on
38 account of beneficiaries whose retirement commenced after January 1, 2016, but before June 30,
39 2016, shall be increased by a prorated amount of one and six-tenths percent (1.6%) of the
40 allowance payable as determined by the Board of Trustees based upon the number of months that
41 a retirement allowance was paid between January 1, 2016, and June 30, 2016."

42
43 **ENHANCE THE BENEFITS OF PROBATION/PAROLE OFFICERS WHO ARE**
44 **MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT**
45 **SYSTEM**

46 **SECTION 36.22.(a)** G.S. 135-1 reads as rewritten:

47 "**§ 135-1. Definitions.**

48 The following words and phrases as used in this Chapter, unless a different meaning is plainly
49 required by the context, shall have the following meanings:

50 ...

1 (11c) "Law-Enforcement Officer" means a full-time paid employee of an employer
2 who is actively serving in a position with assigned primary duties and
3 responsibilities for prevention and detection of crime or the general
4 enforcement of the criminal laws of the State of North Carolina or serving civil
5 processes, and who possesses the power of arrest by virtue of an oath
6 administered under the authority of the State. "Law-Enforcement Officer" also
7 means a probation/parole officer as defined in this section with respect to any
8 service rendered on or after July 1, 2016.

9 ...
10 (17a) "Probation/Parole Officer" means a full-time paid employee of the Division of
11 Adult Correction of the Department of Public Safety whose duties include
12 supervising, evaluating, or otherwise instructing adult offenders who have been
13 placed on probation, parole, post-release supervision, or have been assigned to
14 any other community-based program operated by the Division of Adult
15 Correction.

16"

17 **SECTION 36.22.(b)** G.S. 143-166.41(b) reads as rewritten:

18 "(b) As used in this section, "creditable service" means the service for which credit is
19 allowed under the retirement system of which the officer is a member, provided that at least fifty
20 percent (50%) of the service is as a law enforcement officer as herein ~~defined~~ defined or as a
21 probation/parole officer as defined in G.S. 135-1(17a)."

22 **SECTION 36.22.(c)** This section becomes effective July 1, 2016, and applies to
23 persons retiring on or after that date.

24 **QUALIFIED EXCESS BENEFIT ARRANGEMENT**

25 **SECTION 36.23.(a)** G.S. 135-151(j) reads as rewritten:

26 "(j) Sunset of Eligibility to Participate in the QEBA. – No member of the Teachers' and
27 State Employees' Retirement System ~~retiring on or after August 1, 2016, who became a member of~~
28 the Retirement System on or after January 1, 2015, shall be eligible to participate in the QEBA,
29 and the Retirement System shall not pay any new ~~retiree-member~~ more retirement benefits than
30 allowed under the limitations of section 415(b) of the Internal Revenue Code."

31 **SECTION 36.23.(b)** G.S. 128-38.10(k) reads as rewritten:

32 "(k) Sunset of Eligibility to Participate in the QEBA. – No member of the North Carolina
33 Local Governmental Employees' Retirement System ~~retiring on or after August 1, 2016, who~~
34 became a member of the Retirement System on or after January 1, 2015, shall be eligible to
35 participate in the QEBA, and the Retirement System shall not pay any new ~~retiree-member~~
36 retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue
37 Code."
38

39 **STATE HEALTH PLAN COST CONTROLLING MEASURES**

40 **SECTION 36.24.(a)** The General Assembly finds that the State Treasurer and the
41 Board of Trustees of the State Health Plan for Teachers and State Employees (Board of Trustees)
42 have adopted sufficient measures for the 2017 calendar year to limit projected employer
43 contribution increases. The State Treasurer and the Board of Trustees shall adopt additional
44 measures applicable to the 2018 and 2019 calendar years to limit projected employer contribution
45 increases during the 2017-2019 fiscal biennium.

46 **SECTION 36.24.(b)** Section 30.26 of S.L. 2015-241 is repealed.

47 **DISTRIBUTION OF COMPENSATION INCREASE RESERVE**

48
49

1 **SECTION 36.25.(a)** The funds appropriated for salaries and benefits set forth in this
 2 act shall be distributed to the respective State agencies, departments, and institutions based on the
 3 provisions of Part 9 and Part 36 of this act.

4 **SECTION 36.25.(b)** In order to effectuate the salary and benefits increase authorized
 5 by this act in the Department of Transportation, funds appropriated for the Secondary Road
 6 Maintenance and Improvement Program are reduced by the sum of seven million eighty-six
 7 thousand seven hundred fifty-eight dollars (\$7,086,758) for the 2016-2017 fiscal year and funds
 8 appropriated to the Reserve for General Maintenance are reduced by the sum of seven million
 9 eighty-six thousand seven hundred fifty-eight dollars (\$7,086,758) for the 2016-2017 fiscal year.

10
 11 **PART XXXVII. CAPITAL APPROPRIATIONS**

12
 13 **CAPITAL APPROPRIATIONS/GENERAL FUND**

14 **SECTION 37.1.** Section 31.2 of S.L. 2015-241 reads as rewritten:

15 **"SECTION 31.2.** There is appropriated from the General Fund for the 2015-2017 fiscal
 16 biennium the following amounts for capital improvements:

18 Capital Improvements – General Fund	2015-2016	2016-2017
19 Department of Agriculture and Consumer Services		
20 Dorton Arena Roof Replacement	2,305,000	–
21 <u>DuPont Forest–Bathroom, Utility, and Parking</u>		
22 <u>Lot Improvements</u>		<u>\$3,000,000</u>
23		
24 Department of Cultural Resources		
25 USS North Carolina Hull Repair and Cofferdam	3,500,000	–
26		
27 Department of Environment and Natural Resources		
28 Water Resources Development	5,083,000	<u>5,020,000</u>
29		
30 Department of Health and Human Services		
31 <u>Chief Medical Examiner Office Planning</u>		<u>1,000,000</u>
32		
33 Department of Public Safety		
34 Armory and Facility Development Projects	868,000	5,087,500
35		
36 University of North Carolina		
37 North Carolina School of Science and		
38 Mathematics – Technology Upgrades and		
39 Building Repair	4,000,000	–
40		
41 NC State University Engineering Building		
42 Advance Planning	1,000,000	1,000,000
43		
44 TOTAL CAPITAL IMPROVEMENTS –		
45 GENERAL FUND	\$16,756,000	\$6,087,500 <u>\$15,107,500</u>

46
 47 **WATER RESOURCES DEVELOPMENT PROJECTS**

48 **SECTION 37.2.(a)** The Department of Environmental Quality shall allocate funds for
 49 water resources development projects in accordance with the schedule that follows. The amounts
 50 set forth in the schedule include funds appropriated in this act for water resources development
 51 projects and funds carried forward from previous fiscal years in accordance with subsection (b) of

1 this section. These funds will provide a State match for an estimated thirty-two million one
 2 hundred fifty thousand dollars (\$32,150,000) in federal funds.

3	4 Name of Project	5 2016-2017
6	(1) Neuse River – Goldsboro, Section 1135	\$ 150,000
7	(2) Carolina Beach Coastal Storm Damage Reduction	75,000
8	(3) Kure Beach Coastal Storm Damage Reduction	81,000
9	(4) Wrightsville Beach Coastal Storm Damage Reduction	561,000
10	(5) Ocean Isle Beach Coastal Storm Damage Reduction	1,535,000
11	(6) Eastern NC Stream Debris Removal	500,000
12	(7) State/Local Water Resources Development Grants	1,000,000
13	(8) Cape Fear Lock & Dam #2 Fish Ramp – Phase 1	500,000
14	(9) North Topsail Beach Shoreline Protection Project – Phase 2	500,000
15	(10) Environmental Quality Incentives Program- NRCS	2,000,000
16	(11) Town of Burgaw – Pender Hospital Drainage Improvements	347,000
17	(12) Ararat River, Surry County	500,000
18	(13) Town of Rutherfordton Stream Restoration	500,000
19	(14) Wilmington Harbor Maintenance	-
20	(15) Morehead City Harbor Maintenance	2,000,000
21	(16) Water Resources Planning Assistance to Communities	25,000
22	(17) Stream Database	250,000
23		
24	TOTALS	\$ 10,524,000

25
 26 **SECTION 37.2.(b)** It is the intent of the General Assembly that funds carried forward
 27 from previous fiscal years be used to supplement the five million twenty thousand dollars
 28 (\$5,020,000) appropriated for water resources development projects in Section 31.2 of S.L.
 29 2015-241, as amended by Section 37.1 of this act. Therefore, the following funds carried forward
 30 from previous fiscal years shall be used for the following projects:

31	32 Name of Project	33 Amount Carried Forward
33	(1) Morehead City Harbor Maintenance	\$ 2,000,000
34	(2) Ocean Isle Beach CSDR	1,029,000
35	(3) NRCS Equipment	2,000,000
36	(4) Planning Assistant to Communities	25,000
37	(5) Wrightsville Beach CSDR	200,000
38	(6) Stream Database	250,000
39		
40	TOTALS	\$ 5,504,000

41
 42 **SECTION 37.2.(c)** Where the actual costs are different from the estimated costs under
 43 subsection (a) of this section, the Department may adjust the allocations among projects as needed.
 44 If any projects funded under subsection (a) of this section are delayed and the budgeted State
 45 funds cannot be used during the 2016-2017 fiscal year or if the projects funded under subsection
 46 (a) of this section are accomplished at a lower cost, the Department may use the resulting fund
 47 availability to fund any of the following:

- 48 (1) U.S. Army Corps of Engineers project feasibility studies.
- 49 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
 50 require State-matching funds in the 2016-2017 fiscal year.
- 51 (3) State local water resources development projects.

Funds subject to this subsection that are not expended or encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the end of the 2017-2018 fiscal year.

SECTION 37.2.(d) The Department shall make semiannual reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects listed in this section.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project.

The semiannual reports also shall show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 37.2.(e) Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments participate. This subsection shall not apply to:

- (1) The NRCS EQIP project, also referred to as the NRCS EQIP (65/35) project or the Environmental Quality Incentives Program–NRCS project.
- (2) The Stream Database project.

SECTION 37.2.(f) Section 31.3(a) of S.L. 2015-241 reads as rewritten:

"SECTION 31.3.(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 forty-four million three hundred fifty-three thousand dollars (\$44,353,000) in federal funds.

Name of Project	2015-2016
...	
(20) Assistance to Counties—EAP Preparation <u>Stream Database</u>	250,000
...."	

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 37.3. Section 31.4(a) of S.L. 2015-241, as amended by Section 9.1 of S.L. 2015-268, reads as rewritten:

"SECTION 31.4.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized	
	FY 2015-2016	FY 2016-2017
Department of Agriculture and Consumer Services		

1	WNC Farmers Market Improvements/Robert		
2	G. Shaw Piedmont Triad Farmers Market		
3	Improvements	\$3,000,000	–
4	WNC Agricultural Center Events/Restroom Building	500,000	–
5	NC Forest Service Mountain Island Educational		
6	Forest-Visitor and Interpretive Center	4,000,000	–
7	Deer Fence on Research Stations	200,000	–
8	Aviary Egg Layer Research Building	1,750,000	–
9	State Fair Renovations/Infrastructure Improvements	2,500,000	–
10	State Fair Horse Complex	1,000,000	–
11	Animal Disease Diagnostic Laboratory Equipment	500,000	–
12			
13	Department of Environment and Natural Resources		
14	Fort Fisher Aquarium Salt Water Well	590,000	590,000
15	Gorilla Expansion	450,000	–
16			
17	Department of Public Safety		
18	National Guard – Wilmington Replacement	14,200,000	–
19	<u>Nash Print Plant Roof Replacement</u>		<u>1,508,000</u>
20	<u>Harnett Visitor Center</u>		<u>549,000</u>
21			
22	Wildlife Resources Commission		
23	Boating Access New Construction	3,750,000	3,750,000
24	Land Acquisition	900,000	900,000
25	Jordan Lake Depot	500,000	–
26	Fishing Access Construction	–	200,000
27			
28	TOTAL AMOUNT OF NON-GENERAL		
29	FUND CAPITAL PROJECTS		
30	AUTHORIZED	\$33,840,200	5,440,0007,497,000"

REPAIRS AND RENOVATIONS CHANGES

SECTION 37.4. Section 31.5 of S.L. 2015-241 reads as rewritten:

"**SECTION 31.5.(a)** Of the funds remaining in the Reserve for Repairs and Renovations for the 2015-2016 and the 2016-2017 fiscal years, years after the allocations required by subsection (f) of this section have been made, the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

- (1) One-third of the funds for the 2015-2016 fiscal year and one-half (1/2) of the funds for the 2016-2017 fiscal year shall be allocated to the Board of Governors of The University of North Carolina.
- (2) Two-thirds of the funds for the 2015-2016 fiscal year and one-half (1/2) of the funds for the 2016-2017 fiscal year shall be allocated to the Office of State Budget and Management.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-4-3(d).

"**SECTION 31.5.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used each fiscal year by the Board of Governors for the installation of fire sprinklers in University residence halls. This portion shall be in addition to funds otherwise appropriated in this

1 act for the same purpose. Such funds shall be allocated among the University's constituent
2 institutions by the President of The University of North Carolina, who shall consider the following
3 factors when allocating those funds:

- 4 (1) The safety and well-being of the residents of campus housing programs.
- 5 (2) The current level of housing rents charged to students and how that compares to
6 an institution's public peers and other UNC institutions.
- 7 (3) The level of previous authorizations to constituent institutions for the
8 construction or renovation of residence halls funded from the General Fund or
9 from bonds or certificates of participation supported by the General Fund since
10 1996.
- 11 (4) The financial status of each constituent institution's housing system, including
12 debt capacity, debt coverage ratios, credit rankings, required reserves, the
13 planned use of cash balances for other housing system improvements, and the
14 constituent institution's ability to pay for the installation of fire sprinklers in all
15 residence halls.
- 16 (5) The total cost of each proposed project, including the cost of installing fire
17 sprinklers and the cost of other construction, such as asbestos removal and
18 additional water supply needs.

19 The Board of Governors shall submit progress reports to the Joint Legislative Commission on
20 Governmental Operations. Reports shall include the status of completed, current, and planned
21 projects. Reports also shall include information on the financial status of each constituent
22 institution's housing system, the constituent institution's ability to pay for fire protection in
23 residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on
24 January 1 and July 1 until all residence halls have fire sprinklers.

25 "**SECTION 31.5.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board
26 of Governors of The University of North Carolina in subsection (a) of this section, a portion shall
27 be used each fiscal year by the Board of Governors for campus public safety improvements
28 allowable under G.S. 143C-4-3(b).

29 "**SECTION 31.5.(d)** In making campus allocations of funds allocated to the Board of
30 Governors of The University of North Carolina in subsection (a) of this section, the Board of
31 Governors ~~shall negatively weight the availability of non-State resources and carryforward funds~~
32 ~~available for repair and renovations and shall include information about the manner in which this~~
33 ~~subsection was compiled with in any report submitted pursuant to G.S. 143C-4-3(d); shall consider~~
34 all of and only the following:

- 35 (1) The amount of each campus's deficiencies documented pursuant to the
36 Facilities Condition Assessment Program.
- 37 (2) The availability of non-State resources and carryforward funds available for
38 repair and renovations at each campus, which shall be negatively weighted in
39 making allocation decisions.

40 "**SECTION 31.5.(d1)** The Board of Governors shall include information about the manner in
41 which subsection (d) of this section was compiled within any report submitted pursuant to
42 G.S. 143C-4-3(d).

43 "**SECTION 31.5.(e)** Of the funds allocated to the Office of State Budget and Management in
44 subsection (a) of this section, the sum of nine million five hundred thousand dollars (\$9,500,000)
45 shall be used for Legislative Building Roof Replacement and Asbestos Abatement.

46 "**SECTION 31.5.(f)** Notwithstanding G.S. 143C-4-3(d), of the funds in the Reserve for
47 Repairs and Renovations for the 2016-2017 fiscal year, the following sums shall be allocated for
48 the following projects:

- 49 (1) Six hundred thousand dollars (\$600,000) shall be allocated to renovate and
50 remodel portions of the State Library and Archives and History Building.

- 1 (2) Four million five hundred thousand dollars (\$4,500,000) shall be allocated for
2 repairs and renovations at the North Carolina Zoo.
3 (3) Nine hundred twenty-three thousand dollars (\$923,000) shall be allocated for
4 repairs and renovations of the North Carolina State Capitol.
5 (4) Three million dollars (\$3,000,000) shall be allocated for repairs and renovations
6 to the Western North Carolina Agricultural Center."
7

8 **ALLOW REPAIRS & RENOVATIONS FUNDS TO BE USED FOR BUILDING**
9 **DEMOLITION AND INSTALLATION OF ELECTRICAL, PLUMBING, AND**
10 **RELATED SYSTEMS**

11 **SECTION 37.5.** G.S. 143C-4-3(b) reads as rewritten:

12 "(b) Use of Funds. – The funds in the Repairs and Renovations Reserve shall be used only
13 for the repair and renovation of (i) State facilities and related infrastructure that are supported from
14 the General Fund or (ii) Department of Information Technology facilities and related
15 infrastructure. Funds from the Repairs and Renovations Reserve shall be used only for the
16 following types of projects:

- 17 (1) Roof repairs and replacements;
18 (2) Structural repairs;
19 (3) Repairs and renovations to meet federal and State standards;
20 (4) Repairs to or installation of new electrical, plumbing, and heating, ventilating,
21 and air-conditioning systems;
22 (5) Improvements to meet the requirements of the Americans with Disabilities Act,
23 42 U.S.C. § 12101, et seq., as amended;
24 (6) Improvements to meet fire safety needs;
25 (7) Improvements to existing facilities for energy efficiency;
26 (8) Improvements to remove asbestos, lead paint, and other contaminants,
27 including the removal and replacement of underground storage tanks;
28 (9) Improvements and renovations to improve use of existing space;
29 (10) Historical restoration;
30 (11) Improvements to roads, walks, drives, utilities infrastructure; and
31 (12) Drainage and landscape improvements.
32 (13) Building demolition.

33 Funds from the Repairs and Renovations Reserve shall not be used for new construction or the
34 expansion of the building area (sq. ft.) of an existing facility unless required in order to comply
35 with federal or State codes or standards."
36

37 **UNC DEBT AFFORDABILITY STUDY MODIFICATIONS**

38 **SECTION 37.6.** G.S. 116D-56(b) and (c) read as rewritten:

39 "(b) Board of Governors Reporting Required. – The Board shall report its findings and
40 recommendations to the Office of State Budget and Management, the Joint Legislative
41 Commission on Governmental Operations, the State Treasurer, and The University of North
42 Carolina General Administration by ~~February 1~~ April 1 of each year. The report shall be
43 accompanied by each of the reports provided to the Board pursuant to subsection (c) of this
44 section.

45 (c) Constituent Institution Reporting Required. – No later than ~~November 1~~ February 1 of
46 each year, each constituent institution shall report to the Board of Governors on its current and
47 anticipated debt levels. The report shall be made in a uniform format to be prescribed by the Board
48 of Governors. Each report shall include at least the following:

- 49 (1) The amount and type of outstanding debt of the institution.
50 (2) The sources of repayment of the debt.

- 1 (3) The amount of debt that the institution plans to issue or incur during the next
2 five years.
- 3 (4) A description of projects financed with the debt.
- 4 (5) The current bond rating of the institution and information about any changes to
5 that bond rating since the last report was submitted.
- 6 (6) Information about the constituent institution's debt management policies and
7 any recommendations for methods to maintain or improve the University's bond
8 rating.
- 9 (7) Debt burden comparisons to comparable peer institutions.
- 10 (8) Any other information requested by the Board of Governors."

11 ENHANCE OVERSIGHT OF CERTAIN CAPITAL PROJECTS

12 **SECTION 37.7.(a)** G.S. 146-25 reads as rewritten:

13 **"§ 146-25. Leases and rentals.**

14 (a) General Procedure. – If, after investigation, the Department of Administration
15 determines that it is in the best interest of the State that land be leased or rented for the use of the
16 State or of any State agency, the Department shall proceed to negotiate with the owners for the
17 lease or rental of such property. All lease and rental agreements entered into by the Department
18 shall be promptly submitted to the Governor and Council of State for approval or disapproval.

19 (b) Leases Exceeding 30-Year Terms. – The Department of Administration shall not enter
20 into a lease of real property for a period of more than 30 years, or a renewal of a lease of real
21 property if the renewal would make the total term of the lease exceed 30 years, unless specifically
22 authorized to do so by the General Assembly. The Department of Administration shall report to
23 the Joint Legislative Commission on Governmental Operations at least 30 days prior to entering or
24 renewing such a lease and shall include a copy of the legislation authorizing the lease or lease
25 renewal in the report. This subsection shall not apply to leases by a University endowment to a
26 University."

27 **SECTION 37.7.(b)** G.S. 146-29 reads as rewritten:

28 **"§ 146-29. Procedure for sale, lease, or rental.**

29 (a) General Procedure. – If, after investigation, the Department of Administration
30 determines that it is in the best interest of the State that land be sold, leased, or rented, the
31 Department shall proceed with its sale, lease, or rental, as the case may be, in accordance with
32 rules adopted by the Governor and approved by the Council of State. If an agreement of sale,
33 lease, or rental is reached, the proposed transaction shall then be submitted to the Governor and
34 Council of State for their approval or disapproval. Every conveyance in fee of land owned by the
35 State or by any State agency shall be made and executed in the manner prescribed in G.S. 146-74
36 through 146-78.

37 (b) Limitations on Certain Leases. – The Department of Administration shall not enter into
38 a lease or lease renewal of the following types unless specifically authorized to do so by the
39 General Assembly:

- 40 (1) A lease of real property for a period of more than 30 years, or a renewal of a
41 lease of real property if the renewal would make the total term of the lease
42 exceed 30 years.
 - 43 (2) A lease of real property, or a renewal of a lease of real property, for any term if
44 both of the following conditions are satisfied:
 - 45 a. State personnel or State functions would need to be relocated as a result
46 of the lease or renewal.
 - 47 b. The agency to which the property is currently allocated possesses
48 insufficient operating funds to cover the cost of both the relocation and
49 the ongoing provision of State functions affected by the relocation.
- 50

1 (c) Reporting Required. – The Department of Administration shall report to the Joint
2 Legislative Commission on Governmental Operations at least 30 days prior to entering or
3 renewing any lease described in subdivision (b)(1) of this section or any lease or renewal that will
4 require the relocation of State personnel or State functions. The report shall include all of the
5 following:

6 (1) If the lease or lease renewal will require State personnel or State functions to be
7 relocated, a statement of the legislation authorizing the lease or lease renewal or
8 a detailed statement of the operating funds that will be used to cover the cost of
9 both the relocation and the ongoing provision of State functions affected by the
10 relocation, as applicable.

11 (2) If the lease or lease renewal will have a term of more than 30 years, a statement
12 of the legislation authorizing the lease or lease renewal.

13 (d) Exemptions. – This section shall not apply to the following:

14 (1) Leases to a county, city, or other political subdivision of the State.

15 (2) The granting of utility easements, including the lease of interests in real
16 property pursuant to G.S. 146-29.2.

17 (3) Leases for student housing projects, including a ground lease to a University
18 endowment for the purpose of facilitating the construction of student housing.

19 (4) Leases made as part of the Voice Interoperability Plan for Emergency
20 Responders (VIPER) project being managed by the Department of Public
21 Safety."

22 **SECTION 37.7.(c)** G.S. 146-29.1 is amended by adding a new subsection to read:

23 "**(h)** Any lease or rental entered into pursuant to this section shall be subject to the
24 requirements and limitations of G.S. 146-29."

25 **SECTION 37.7.(d)** G.S. 146-29.2 is amended by adding a new subsection to read:

26 "**(g)** Any lease or rental entered into pursuant to this section shall be subject to the
27 requirements and limitations of G.S. 146-29."

28 **SECTION 37.7.(e)** G.S. 146-32 reads as rewritten:

29 "**§ 146-32. Exemptions as to leases, etc.**

30 (a) The Governor, acting with the approval of the Council of State, may adopt rules and
31 regulations:

32 (1) Exempting from any or all of the requirements of this Subchapter such classes
33 of lease, rental, easement, and right-of-way transactions as he deems advisable;
34 and

35 (2) Authorizing any State agency to enter into and/or approve those classes of
36 transactions exempted by such rules and regulations from the requirements of
37 this Chapter.

38 (3) No rule or regulation adopted under this section may exempt from the
39 provisions of G.S. 146-25.1 any class of lease or rental which has a duration of
40 more than 21 days, unless the class of lease or rental:

41 a. Is a lease or rental necessitated by a fire, flood, or other disaster that
42 forces the agency seeking the new lease or rental to cease use of real
43 property;

44 b. Is a lease or rental necessitated because an agency had intended to move
45 to new or renovated real property that was not completed when planned,
46 but a lease or rental exempted under this subparagraph may not be for a
47 period of more than six months; or

48 c. Is a lease or rental which requires a unique location or a location that
49 adjoins or is in close proximity to an existing rental location.

50 (b) No rule or regulation adopted pursuant to subsection (a) of this section may exempt
51 any lease from the provisions of G.S. 146-25(b) or G.S. 146-29(b) or (c)."

1 **SECTION 37.7.(f)** G.S. 143C-8-4 reads as rewritten:

2 "**§ 143C-8-4. Agency capital improvement needs estimates.**

3 ...

4 (c) Real Property and New Construction or Facility Rehabilitation Needs Estimate. – The
5 second part of the capital improvement needs estimates shall include only proposals for real
6 property acquisition and projects involving construction of new facilities or rehabilitation of
7 existing facilities to accommodate uses for which the existing facilities were not originally
8 designed. Each project included in this part shall be justified by reference to the needs evaluation
9 criteria established by the Office of State Budget and Management pursuant to
10 ~~G.S. 143C-8-3~~G.S. 143C-8-3 and shall include the information required by G.S. 143C-3-3(d)(5).

11 For capital projects of The University of North Carolina and its constituent institutions, the
12 Office of State Budget and Management shall utilize the needs evaluation information approved
13 by the Board of Governors of The University of North Carolina developed pursuant to ~~G.S.~~
14 ~~116-11(9)~~G.S. 116-11(9) and shall include the information required by G.S. 143C-3-3(d)(5)."

15 **SECTION 37.7.(g)** G.S. 143C-8-5 reads as rewritten:

16 "**§ 143C-8-5. Six-year capital improvements plan.**

17 ...

18 (c) Real Property Acquisition, New Construction, or Facility Rehabilitations. – The second
19 part of the capital improvement plan shall set forth an integrated schedule for real property
20 acquisition, new construction, or rehabilitation of existing facilities that, in the judgment of the
21 Director of the Budget, should be initiated within each year of the six-year planning period. The
22 plan shall contain for each project (i) estimates of real property acquisition, and construction or
23 rehabilitation ~~costs~~costs, (ii) a means of financing the ~~project, and project,~~
24 schedule for the completion of the project, and (iv) an estimate of maintenance and
25 operating costs, including personnel, for the project, covering the first five years of operation.
26 Where the means of financing would involve direct or indirect debt service obligations, a schedule
27 of those obligations shall be presented."

28 **SECTION 37.7.(h)** G.S. 143C-8-6 reads as rewritten:

29 "**§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**
30 **State Budget.**

31 ...

32 (e) Other Capital Projects in the Budget Support Document. – The Budget Support
33 Document shall contain for each capital project recommended in accordance with subsection (d)
34 of this section: (i) a detailed project description and justification, (ii) a detailed estimate of
35 acquisition, planning, design, site development, construction, contingency and other related costs,
36 (iii) an estimated schedule of cash flow requirements over the life of the project, (iv) an estimated
37 schedule for the completion of the project, ~~(v) an estimate of maintenance and operating costs,~~
38 ~~including personnel, for the project, covering the first five years of operation,~~ (v) an estimate
39 of revenues, if any, likely to be derived from the project, covering the first five years of operation,
40 and ~~(vii)~~(vi) an explanation of the means of financing.

41 (f) All Recommended Capital Projects. – The Director of the Budget shall ensure that
42 recommendations in the Recommended State Budget for repairs and renovations of existing
43 facilities, real property acquisition, new construction, or rehabilitation of existing facilities include
44 all of the following information:

45 (1) An estimate of maintenance and operating costs, including personnel, for the
46 project, covering the first five years of operation. If no increase in these
47 expenditures is anticipated because the recommended project would replace an
48 existing facility, then the level of expenditures for the previous five years of
49 operation shall be included instead.

50 (2) A recommended funding source for the operating costs identified pursuant to
51 subdivision (1) of this subsection."

1 **SECTION 37.7.(i)** No later than October 1, 2016, the Director of the Budget shall
 2 prepare and transmit to the General Assembly a preliminary six-year capital improvement plan
 3 that complies with the requirements of G.S. 143C-8-5, as amended by subsection (g) of this
 4 section, and G.S. 143C-8-3(b), as enacted by subsection (j) of this section. This plan shall be in
 5 addition to any other six-year capital improvement plan required by G.S. 143C-8-5.

6 **SECTION 37.7.(j)** G.S. 143C-8-3 reads as rewritten:

7 "**§ 143C-8-3. Capital improvement needs criteria.**

8 (a) Criteria. – The Office of State Budget and Management shall develop a weighted list of
 9 factors that may be used to evaluate the need for capital improvement projects. The list shall
 10 include all of the following:

- 11 (1) Preservation, adequacy and use of existing facilities.
- 12 (2) Health and safety considerations.
- 13 (3) Operational efficiencies.
- 14 (4) Projected demand for governmental services.

15 (b) Reporting. – The Office of State Budget and Management shall include the following
 16 in each six-year capital improvement plan submitted to the General Assembly pursuant to
 17 G.S. 143C-8-5:

- 18 (1) The list of factors developed pursuant to subsection (a) of this section.
- 19 (2) The most recent results of applying the factors developed pursuant to
 20 subsection (a) of this section to capital funds requests from State agencies."

21 **SECTION 37.7.(k)** This section is effective when it becomes law and applies to
 22 leases entered into or renewed, and to budgets recommended by the Director of the Budget, on or
 23 after that date.

24

25 **PART XXXVIII. FINANCE PROVISIONS**

26

27 **INCREASE ZERO TAX BRACKET**

28 **SECTION 38.1.(a)** Effective for taxable years beginning on or after January 1, 2017,
 29 G.S. 105-153.5(a)(1) reads as rewritten:

- 30 "(1) Standard deduction amount. – The standard deduction amount is zero for a
 31 person who is not eligible for a standard deduction under section 63 of the
 32 Code. For all other taxpayers, the standard deduction amount is equal to the
 33 amount listed in the table below based on the taxpayer's filing status:

34 Filing Status	Standard Deduction
35 Married, filing jointly	\$15,500 \$16,000
36 Head of Household	12,400 12,800
37 Single	7,750 8,000
38 Married, filing separately	7,750 8,000."

39 **SECTION 38.1.(b)** Effective for taxable years beginning on or after January 1, 2018,
 40 G.S. 105-153.5(a)(1), as amended by subsection (a) of this section, reads as rewritten:

- 41 "(1) Standard deduction amount. – The standard deduction amount is zero for a
 42 person who is not eligible for a standard deduction under section 63 of the
 43 Code. For all other taxpayers, the standard deduction amount is equal to the
 44 amount listed in the table below based on the taxpayer's filing status:

45 Filing Status	Standard Deduction
46 Married, filing jointly	\$16,000 \$16,500
47 Head of Household	12,800 13,200
48 Single	8,000 8,250
49 Married, filing separately	8,000 8,250."

50 **SECTION 38.1.(c)** Effective for taxable years beginning on or after January 1, 2019,
 51 G.S. 105-153.5(a)(1), as amended by subsection (b) of this section, reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$16,500\$17,000
Head of Household	13,20013,600
Single	8,2508,500
Married, filing separately	8,2508,500."

SECTION 38.1.(d) Effective for taxable years beginning on or after January 1, 2020, G.S. 105-153.5(a)(1), as amended by subsection (c) of this section, reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$17,000\$17,500
Head of Household	13,60014,000
Single	8,5008,750
Married, filing separately	8,5008,750."

SECTION 38.1.(e) Except as otherwise provided, this section is effective when it becomes law.

REDUCE TAXATION OF MILL MACHINERY

SECTION 38.2.(a) G.S. 105-187.51B reads as rewritten:

"§ 105-187.51B. Tax imposed on machinery, equipment, and other tangible personal property purchased by certain recyclers, research and development companies, industrial machinery refurbishing companies, and companies located at ports facilities.companies.

(a) Tax. – A privilege tax is imposed on the following:

(5) A company located at a ports facility for waterborne commerce that purchases specialized equipment to be used at the facility to unload or process bulk cargo to make it suitable for delivery to and use by manufacturing facilities.any of the following:

- a. Machinery and equipment that is used at the facility to unload or to facilitate the unloading or processing of bulk cargo to make it suitable for delivery to and use by manufacturing facilities.
- b. Parts, accessories, or attachments used to maintain, repair, replace, upgrade, improve, or otherwise modify such machinery and equipment.

(b) Rate. – The tax is one percent (1%) of the sales price of the equipment or other tangible personal property. The maximum tax is eighty dollars (\$80.00) per article."

SECTION 38.2.(b) G.S. 105-187.51B(a), as amended by subsection (a) of this section, is amended by adding the following new subdivision:

"(6) A company primarily engaged at the establishment in either (i) recycling if the company is a secondary metals recycler, as defined in G.S. 66-420, or (ii) processing tangible personal property for the purpose of extracting precious metals, as defined in G.S. 66-406, to determine the value for potential purchase for the purchase of equipment, or an attachment or repair part for equipment, that meets all of the requirements listed in this subdivision. This subdivision does not apply to equipment, including a motor vehicle, or an attachment or

1 repair part for equipment, used to transport converted products from the
2 establishment. The requirements are as follows:

3 a. The equipment is capitalized by the company for tax purposes under the
4 Code.

5 b. The equipment is primarily for use in a process by which ferrous metals,
6 nonferrous metals, or precious metals are gathered or obtained and
7 converted into products consisting of prepared grades and that have an
8 existing or potential economic value by methods including the
9 processing, sorting, cutting, classifying, cleaning, baling, wrapping,
10 shredding, shearing, or changing of the physical form or chemical
11 content of the metals, but not including the exclusive use of hand tools."

12 **SECTION 38.2.(c)** Subsection (a) of this section is effective when it becomes law,
13 applies retroactively to purchases made on or after July 1, 2013. Subsection (b) of this section is
14 effective when it becomes law, applies retroactively to purchases made on or after July 1, 2010.
15 Notwithstanding G.S. 105-241.6, a taxpayer that paid sales and use tax on items that are taxable
16 under G.S. 105-187.51B, as amended by this section, may apply to the Department of Revenue for
17 a refund of the excess tax paid to the extent the refund is the result of the change in the law
18 enacted by this section. Except as otherwise provided, this section is effective when it becomes
19 law.

20 **SECTION 38.3.(a)** Article 5F of Chapter 105 of the General Statutes and
21 G.S. 105-164.13(5a) are repealed.

22 **SECTION 38.3.(b)** G.S. 105-164.4I(b) reads as rewritten:

23 "(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or
24 the gross receipts derived from a service contract applicable to any of the following items:

25 ...

26 ~~(4) An item subject to tax under Article 5F of Chapter 105 of the General Statutes.~~

27 ..."

28 **SECTION 38.3.(c)** G.S. 105-164.13 is amended by adding the following new
29 subdivisions to read:

30 **"§ 105-164.13. Retail sales and use tax.**

31 ...

32 **(5e)** Sales of mill machinery or mill machinery parts or accessories to any of the
33 following:

34 a. A manufacturing industry or plant. A manufacturing industry or plant
35 does not include (i) a delicatessen, cafe, cafeteria, restaurant, or another
36 similar retailer that is principally engaged in the retail sale of foods
37 prepared by it for consumption on or off its premises; or (ii) a
38 production company.

39 b. A contractor or subcontractor if the purchase is for use in the
40 performance of a contract with a manufacturing industry or plant.

41 c. A subcontractor if the purchase is for use in the performance of a
42 contract with a general contractor that has a contract with a
43 manufacturing industry or plant.

44 **(5f)** Sales to a major recycling facility of any of the following tangible personal
45 property for use in connection with the facility:

46 a. Cranes, structural steel crane support systems, and foundations related
47 to the cranes and support systems.

48 b. Port and dock facilities.

49 c. Rail equipment.

50 d. Material handling equipment.

- 1 (5g) Sales of equipment, or an attachment or repair part for equipment, that meets all
2 of the following requirements:
3 a. Is sold to a company primarily engaged at the establishment in research
4 and development activities in the physical, engineering, and life
5 sciences included in industry group 54171 of NAICS.
6 b. Is capitalized by the company for tax purposes under the Code.
7 c. Is used by the company at the establishment in the research and
8 development of tangible personal property.
9 (5h) Sales of equipment, or an attachment or repair part for equipment, that meets all
10 of the following requirements:
11 a. Is sold to a company primarily engaged at the establishment in software
12 publishing activities included in industry group 5112 of NAICS.
13 b. Is capitalized by the company for tax purposes under the Code.
14 c. Is used by the company at the establishment in the research and
15 development of tangible personal property.
16 (5i) Sales of equipment, or an attachment or repair part for equipment, that meets all
17 of the following requirements:
18 a. Is sold to a company primarily engaged at the establishment in industrial
19 machinery refurbishing activities included in industry group 811310 of
20 NAICS.
21 b. Is capitalized by the company for tax purposes under the Code.
22 c. Is used by the company at the establishment in repairing or refurbishing
23 tangible personal property.
24 (5j) Sales of the following to a company located at a ports facility for waterborne
25 commerce:
26 a. Machinery and equipment used at the facility to unload or to facilitate
27 the unloading or processing of bulk cargo and to make it suitable for
28 delivery to and use by manufacturing facilities.
29 b. Parts, accessories, or attachments used to maintain, repair, replace,
30 upgrade, improve, or otherwise modify such machinery and equipment.
31 (5k) Sales of equipment, or an attachment or repair part for equipment, that meets all
32 of the following requirements:
33 a. Is sold to a company that is engaged in the fabrication of metal work
34 and that has annual gross receipts, including the gross receipts of all
35 related persons as defined in G.S. 105-163.010, from the fabrication of
36 metal work of at least eight million dollars (\$8,000,000).
37 b. Is capitalized by the company for tax purposes under the Code.
38 c. Is used by the company at the establishment to create metal products for
39 use by the company.
40 (5l) Sales of equipment, or an attachment or repair part for equipment, that meets all
41 of the requirements listed in this subdivision. This subdivision does not apply to
42 sales of equipment, including a motor vehicle, or an attachment or repair part
43 for equipment, that is used to transport converted products to or from the
44 establishment. The requirements are:
45 a. The equipment is sold to a company primarily engaged at the
46 establishment in either (i) recycling if the company is a secondary
47 metals recycler, as defined in G.S. 66-420, or (ii) processing tangible
48 personal property for the purpose of extracting precious metals, as
49 defined in G.S. 66-406, to determine the value for potential purchase.
50 b. The equipment is capitalized by the company for tax purposes under the
51 Code.

1 c. The equipment is primarily for use in a process by which ferrous metals,
2 nonferrous metals, or precious metals are gathered or obtained and
3 converted into products consisting of prepared grades and that have an
4 existing or potential economic value by methods including the
5 processing, sorting, cutting, classifying, cleaning, baling, wrapping,
6 shredding, shearing, or changing of the physical form or chemical
7 content of the metals, but not including the exclusive use of hand tools.

8 (5m) Sales of repair or replacement parts for a ready-mix concrete mill, regardless of
9 whether the mill is freestanding or affixed to a motor vehicle, to a company that
10 primarily sells ready-mix concrete.

11 ...

12 (57a) Fuel, piped natural gas, and electricity sold to a secondary metals recycler for
13 use in recycling at its facility at which the primary activity is recycling.

14 "

15 **SECTION 38.3.(d)** This section becomes effective July 1, 2016, and applies to sales
16 made on or after that date.

17

18 **PART XXXIX. MISCELLANEOUS PROVISIONS**

19

20 **STATE BUDGET ACT APPLIES**

21 **SECTION 39.1.** The provisions of the State Budget Act, Chapter 143C of the General
22 Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by
23 reference.

24

25 **COMMITTEE REPORT**

26 **SECTION 39.2.(a)** The N.C. House of Representatives Appropriations Committee
27 Report on the Base, Expansion and Capital Budgets for House Bill 1030, dated May 17, 2016,
28 which was distributed in the House of Representatives and used to explain this act, shall indicate
29 action by the General Assembly on this act and shall, therefore, be used to construe this act, as
30 provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for
31 these purposes shall be considered a part of this act and, as such, shall be printed as a part of the
32 Session Laws.

33 **SECTION 39.2.(b)** The budget enacted by the General Assembly is for the
34 maintenance of the various departments, institutions, and other spending agencies of the State for
35 the 2016-2017 budget as provided in G.S. 143C-3-5. This budget includes the appropriations of
36 State funds as defined in G.S. 143C-1-1(d)(25).

37 The Director of the Budget submitted recommended adjustments to the budget to the
38 General Assembly in April 2016 in the document "The Governor of North Carolina's
39 Recommended Budget Adjustments" for the 2016-2017 fiscal year for the various departments,
40 institutions, and other spending agencies of the State. The adjustments to these documents made
41 by the General Assembly are set out in the Committee Report.

42 **SECTION 39.2.(c)** The budget enacted by the General Assembly shall also be
43 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
44 appropriate legislation. In the event that there is a conflict between the line-item budget certified
45 by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted
46 by the General Assembly shall prevail.

47 **SECTION 39.2.(d)** Notwithstanding subsection (a) of this section, the following
48 portions of the Committee Report are for reference, and do not expand, limit, or define the text of
49 the Committee Report:

- 1 (1) Summary pages setting forth the enacted budget, legislative changes, the
2 revised budget, and related FTE information for a particular budget code and
3 containing no other substantive information.
4 (2) Summary pages setting forth the enacted budget, legislative changes, the
5 revised budget, and related FTE information for multiple fund codes within in a
6 single budget code and containing no other substantive information.
7

8 **REPORT BY FISCAL RESEARCH DIVISION**

9 **SECTION 39.3.** The Fiscal Research Division shall issue a report on budget actions
10 taken by the 2015 Regular Session of the General Assembly in 2016. The report shall be in the
11 form of a revision of the Committee Report adopted for House Bill 1030 pursuant to
12 G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued
13 pursuant to this section to the Director of the Budget. The report shall be published on the General
14 Assembly's Internet Web site for public access.
15

16 **MOST TEXT APPLIES ONLY TO THE 2016-2017 FISCAL YEAR**

17 **SECTION 39.4.** Except for statutory changes or other provisions that clearly indicate
18 an intention to have effects beyond the 2016-2017 fiscal year, the textual provisions of this act
19 apply only to funds appropriated for, and activities occurring during, the 2016-2017 fiscal year.
20

21 **EFFECT OF HEADINGS**

22 **SECTION 39.5.** The headings to the parts and sections of this act are a convenience
23 to the reader and are for reference only. The headings do not expand, limit, or define the text of
24 this act, except for effective dates referring to a part.
25

26 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

27 **SECTION 39.6.(a)** Except where expressly repealed or amended by this act, the
28 provisions of S.L. 2015-241 and S.L. 2015-268 remain in effect.

29 **SECTION 39.6.(b)** Notwithstanding any modifications by this act in the amounts
30 appropriated, except where expressly repealed or amended, the limitations and directions for the
31 2015-2017 fiscal year in S.L. 2015-241 and S.L. 2015-268 that applied to appropriations to
32 particular agencies or for particular purposes apply to the newly enacted appropriations and budget
33 reductions of this act for those same particular purposes.
34

35 **SEVERABILITY CLAUSE**

36 **SECTION 39.7.** If any section or provision of this act is declared unconstitutional or
37 invalid by the courts, it does not affect the validity of this act as a whole or any part other than the
38 part so declared to be unconstitutional or invalid.
39

40 **EFFECTIVE DATE**

41 **SECTION 39.8.** Except as otherwise provided, this act becomes effective July 1,
42 2016.