

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

FILED SENATE
May 19, 2016
S.B 885
PRINCIPAL CLERK

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SENATE BILL DRS45488-MMa-161 (05/11)

Short Title: 2016 Governor's Budget. (Public)

Sponsors: Senators Brown, Harrington, and B. Jackson (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF
STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER
PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations and Capital
Improvements Appropriations Act of 2016."

INTRODUCTION

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

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 made for the fiscal biennium ending June 30, 2017, according to the following
schedule:

Current Operations – General Fund **2016-2017**

EDUCATION

Community Colleges System Office \$ 32,800,746

Department of Public Instruction 545,098,969

University of North Carolina – Board of Governors

Appalachian State University 0



* D R S 4 5 4 8 8 - M M A - 1 6 1 *

1	East Carolina University	
2	Academic Affairs	0
3	Health Affairs	0
4	Elizabeth City State University	0
5	Fayetteville State University	0
6	North Carolina Agricultural and Technical State	
7	University	0
8	North Carolina Central University	0
9	North Carolina State University	
10	Academic Affairs	0
11	Agricultural Extension	0
12	Agricultural Research	0
13	University of North Carolina at Asheville	0
14	University of North Carolina at Chapel Hill	
15	Academic Affairs	0
16	Health Affairs	0
17	Area Health Education Centers	0
18	University of North Carolina at Charlotte	0
19	University of North Carolina at Greensboro	0
20	University of North Carolina at Pembroke	0
21	University of North Carolina School of the Arts	0
22	University of North Carolina at Wilmington	0
23	Western Carolina University	0
24	Winston-Salem State University	0
25	General Administration	0
26	University Institutional Programs	98,909,109
27	Related Educational Programs	2,000,000
28	North Carolina School of Science and Mathematics	0
29	Aid to Private Colleges	0
30		
31	Total University of North Carolina – Board of Governors	\$100,909,109
32		
33	HEALTH AND HUMAN SERVICES	
34		
35	Department of Health and Human Services	
36	Central Management and Support	\$ 14,819,907
37	Division of Aging and Adult Services	1,000,000
38	Division of Blind Services/Deaf/Hard of Hearing	0
39	Division of Child Development and Early Education	0
40	Health Service Regulation	0
41	Division of Medical Assistance	(307,925,901)
42	Division of Mental Health	31,940,274
43	NC Health Choice	348,062
44	Division of Public Health	27,050,000
45	Division of Social Services	8,866,699
46	Division of Vocation Rehabilitation	0
47		
48	Total Health and Human Services	(\$ 223,900,959)
49		
50	NATURAL AND ECONOMIC RESOURCES	
51		

1	Department of Agriculture and Consumer Services	\$ 4,374,876
2		
3	Department of Commerce	
4	Commerce	6,333,349
5	Commerce State-Aid	0
6		
7	Wildlife Resources Commission	229,328
8	Department of Environmental Quality	6,828,794
9		
10	Department of Labor	602,904
11		
12	Department of Natural and Cultural Resources	
13	Natural and Cultural Resources	4,162,536
14	Roanoke Island Commission	0
15	JUSTICE AND PUBLIC SAFETY	
16		
17	Department of Public Safety	57,310,302
18		
19	Judicial Department	19,124,375
20		
21	Judicial Department – Indigent Defense	5,763,410
22		
23	Department of Justice	4,794,909
24		
25	GENERAL GOVERNMENT	
26		
27	Department of Administration	3,344,306
28		
29	Office of Administrative Hearings	143,385
30		
31	Department of State Auditor	368,695
32		
33	Office of State Controller	742,185
34		
35	State Board of Elections	1,100,251
36		
37	General Assembly	1,319,275
38		
39	Office of the Governor	
40	Office of the Governor	114,904
41	Office of State Budget and Management	320,330
42	OSBM – Reserve for Special Appropriations	5,000,000
43		
44	Housing Finance Agency	0
45		
46	Department of Insurance	
47	Insurance	945,085
48		
49		
50	Office of Lieutenant Governor	21,197
51		

1	Department of Revenue	6,310,070
2		
3	Department of Secretary of State	900,264
4		
5	Department of State Treasurer	
6	State Treasurer	293,076
7	State Treasurer – Retirement for Fire and Rescue Squad	
8	Workers	0
9		
10	Department of Military & Veterans Affairs	514,717
11		
12	Department of Information Technology	8,220
13		
14	RESERVES, ADJUSTMENTS, AND DEBT SERVICE	
15		
16	Contingency and Emergency Fund	0
17		
18	Salary Adjustment Reserve	27,000,000
19		
20	State Health Plan Contribution	0
21	OSHR Minimum of Market Adjustment	0
22		
23	Reserve for Future Benefit Needs	(71,000,000)
24		
25	Workers' Compensation Reserve	0
26		
27	Information Technology Fund	0
28		
29	Information Technology Reserve Fund	11,434,239
30		
31	IT Reserve – Budget Transparency Project	0
32		
33	Connect NC Bonds and Capital Improvement Reserve	1,142,267
34		
35	One North Carolina Fund	(417,883)
36		
37	Job Development Investment Grants (JDIG)	(10,000,000)
38		
39	Film and Entertainment Grant Fund	0
40		
41	Public Schools Average Daily Membership (ADM)	(107,000,000)
42		
43	UNC System Enrollment Growth Reserve	(31,000,000)
44		
45	Debt Service	
46	General Debt Service	1,253,000
47	Federal Reimbursement	0
48		
49	TOTAL CURRENT OPERATIONS –	
50	ADJUSTMENTS TO THE GENERAL FUND	\$405,880,268
51		

1	CAPITAL	
2		
3	Capital Improvements	8,561,000
4		
5	TOTAL CAPITAL ADJUSTMENTS	\$ 8,561,000
6		
7	TOTAL GENERAL FUND ADJUSTED BUDGET	\$ 414,441,268
8		
9	TOTAL REVISED GENERAL FUND BUDGET	\$ 22,335,319,309
10		
11	GENERAL FUND AVAILABILITY STATEMENT	
12	SECTION 2.2. The General Fund availability used in developing the 2016-2017	
13	budget is shown below:	
14		FY 2016-2017
15	Description	(In Millions)
16	Beginning Availability	
17	Unappropriated Balance from Prior Fiscal Year	\$ 175,488,544
18	Anticipated Over Collections	330,200,000
19	Anticipated Reversions	358,439,524
20	FY 2015-2016 Savings from Deduction for Teachers' Classroom Expenses	(1,500,000)
21	Transfer to Medicaid Transformation Reserve	(150,000,000)
22	Less: Credit to Savings Reserve Account	(300,000,000)
23	Less: Credit to Repairs and Renovations Reserve Account	(178,157,017)
24	Beginning Unreserved Credit Balance	\$ 234,471,051
25		
26	Revenues Based on Existing Tax Structure	\$ 21,417,800,000
27		
28	Nontax Revenues	
29	Investment Income	\$ 31,300,000
30	Judicial Fees	242,600,000
31	Disproportionate Share	147,000,000
32	Insurance	77,000,000
33	Master Settlement Agreement	127,500,000
34	Other Nontax Revenues	178,700,000
35	Highway Trust Fund Transfer	0
36	Highway Fund Transfer	0
37	Subtotal Nontax Revenues	\$ 810,200,000
38		
39	Total General Fund Availability	\$ 22,462,471,051
40	Adjustments to Availability: 2016 Session	
41	Transfer to Highway Trust Fund Future Transportation Bond Reserve	(\$ 52,500,000)
42	Transfer to Highway Fund Economic Development Critical Infrastructure	(68,000,000)
43	Adjustment of Transfer from Insurance Regulatory Fund	146,887
44	Deduction for Teachers' Classroom Expenses	(1,500,000)
45	Subtotal Adjustments to Availability	(\$ 121,853,113)
46		
47	Total Availability	\$ 22,340,617,938
48		
49	Less: Total General Fund Appropriations for 2016-2017	\$ 22,335,319,309
50	Fiscal Year	
51		

1 **Unappropriated Balance Remaining** **\$ 5,298,629**

2

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

4

5 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

6

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

9

10 Current Operations – Highway Fund	FY 2016-2017
11 Department of Transportation	
12 General Administration	0
13	
14 Division of Highways	
15 Administration	0
16 Construction	2,800,000
17 Maintenance	27,476,344
18 OSHA Program	0
19	
20 Ferry Operations	0
21	
22 State Aid to Municipalities	0
23	
24 Intermodal Divisions	
25 Public Transportation	4,000,000
26 Aviation	34,500,000
27 Rail	0
28 Bicycle and Pedestrian	250,000
29	
30 Governor's Highway Safety	0
31 Division of Motor Vehicles	6,989,125
32	
33 Other State Agencies, Reserves, Transfers	51,148,382
34	
35 Capital Improvements	135,000
36	
37 Total Revised Adjustments to Highway Fund Appropriation	\$ 127,298,851
38	
39 Total Highway Fund Appropriations	\$2,116,900,000
40	

40

41 **HIGHWAY FUND/AVAILABILITY STATEMENT**

42

43 **SECTION 3.2.** The Highway Fund availability used in developing the 2016-2017
44 fiscal year budget is shown below:

44

45 **Highway Fund Availability Statement** **2016-2017**

46

47 Tax Revenue \$ 24,499,525

48 Non-Tax Revenue 34,799,326

49 Transfer from the General Fund 68,000,000

50

51 **Total Adjustment for Highway Fund Availability** **\$ 127,298,851**

1
2 **Total Revised Highway Fund Availability** **\$ 2,116,900,000**

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

5
6 **HIGHWAY TRUST FUND APPROPRIATIONS**

7 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the
8 maintenance and operation of the Department of Transportation and for other purposes as
9 enumerated are made for the fiscal biennium ending June 30, 2017, according to the following
10 schedule:

11
12 **Highway Trust Fund** **FY 2016-2017**

13
14 Department of Transportation:

15 Program Administration \$ 1,004,184

16
17 Construction:

18 Strategic Prioritization Program 29,860,816

19
20 Bonds:

21 Bond Redemption 52,500,000

22 Bond Interest 0

23 NC Turnpike Authority 0

24 Reserve for Visitor Centers 0

25 **Total Highway Trust Fund Appropriation Adjustments** **\$ 83,365,000**

26
27 **Total Revised Highway Trust Fund Appropriations** **\$1,422,600,000**

28
29 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

30 **SECTION 4.2.** Section 4.2 of Session Law 2015-241 only applies to fiscal year
31 2015-2016. The Highway Fund availability used in adjusting the 2016-17 fiscal year budget is
32 shown below:

33
34 **Highway Trust Fund Availability Statement** **FY 2016-2017**

35
36 Tax Revenue \$ 30,000,000

37 Non-Tax Revenue 865,000

38 Transfer from General Fund 52,500,000

39 **Total Highway Trust Fund Availability Adjustments** **\$ 83,365,000**

40
41 **Total Revised Highway Trust Fund Availability** **\$ 1,422,600,000**

42
43 **PART V. OTHER APPROPRIATIONS**

44
45 **EDUCATION LOTTERY FUNDS**

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

47 **"SECTION 5.2.(a)** The appropriations made from the Education Lottery Fund for the
48 2015-17 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
49 Noninstructional Support Personnel	\$310,455,157	\$314,950,482 \$316,352,729
50 Prekindergarten Program	78,252,110	78,252,110 82,252,110

1	Public School Building Capital Fund	100,000,000	100,000,000
2	Scholarships for Needy Students	30,450,000	30,450,000
3	UNC Need-Based Financial Aid	10,744,733	10,744,733
4	<u>Digital Learning Plan</u>		<u>29,000,000</u>
5	<u>School Facilities Needs Study</u>		<u>1,000,000</u>
6	<u>Instructional Supplies</u>		<u>10,000,000</u>
7	<u>K-12 Special Education Scholarships</u>		<u>5,800,000</u>
8	<u>UNC STEM and Health Merit Scholarships</u>		<u>5,000,000</u>
9	<u>UNC Technology to Improve Student Achievement</u>		<u>6,000,000</u>
10	TOTAL	\$529,902,000	\$534,397,325 <u>\$596,599,572</u> "

CIVIL PENALTY AND FORFEITURE FUND

SECTION 5.2. Section 5.3(a) of S.L. 2015-241 reads as rewritten:

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

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

PART VI. GENERAL PROVISIONS

RECURRING TRANSFER TO HIGHWAY TRUST FUND FOR DEBT SERVICE ON FUTURE TRANSPORTATION BONDS

SECTION 6.1A. There is established in the Highway Trust Fund, the Future Transportation Bond Reserve. The Office of the State Controller shall annually transfer from funds available in the General Fund the sum of fifty-two million five hundred thousand dollars (\$52,500,000) in recurring funds to the Future Transportation Bond Reserve established by this section in the Highway Trust Fund. Funds in the Future Transportation Bond Reserve shall be used only for debt service payments on future issuance of General Obligation bonds for critical transportation infrastructure. Unexpended funds shall not revert.

ONE-TIME TRANSFER TO HIGHWAY FUND FOR CRITICAL INFRASTRUCTURE FOR ECONOMIC DEVELOPMENT

SECTION 6.1B.(a) The State Controller shall transfer sixty-eight million dollars (\$68,000,000) from the unreserved fund balance to the Highway Fund on June 30, 2016. This section becomes effective June 30, 2016.

SECTION 6.1B.(b) Of the sixty-eight million dollars (\$68,000,000) transferred in subsection (a) of this section, thirty-five million dollars (\$35,000,000) is appropriated from the Highway Fund to a reserve fund for use by the North Carolina State Ports Authority for prioritized capital improvements to State Port infrastructure and facilities. Thirty-three million dollars (\$33,000,000) is appropriated from the Highway Fund to the Division of Aviation of the Department of Transportation for prioritized capital improvements to public airports and time-sensitive aviation capital improvement projects for economic development purposes.

UNIVERSITY INNOVATION COMMERCIALIZATION GRANT PROGRAM

SECTION 6.1.(a) Purpose. – In order to increase the number of high-tech, start-up companies and enhance job creation resulting from research conducted by North Carolina's universities, the University Innovation Commercialization Grant Program is established.

1 **SECTION 6.1.(b)** Funding. – The sum of two million five hundred thousand dollars
2 (\$2,500,000) for fiscal year 2016-2017 is appropriated to a reserve in the Office of State Budget
3 and Management for the University Innovation Commercialization Grant Program.

4 **SECTION 6.1.(c)** Grants. – The Office of Science, Technology, and Innovation in the
5 Department of Commerce shall establish a competitive award process to provide funding to
6 develop and implement processes for technology proof of concept, validation, IP protection and
7 early/mid-stage product development/production, commercialization, and translation for
8 technologies developed by North Carolina Universities.

9 **SECTION 6.1.(d)** Eligibility. – Upon recommendation and guidance from a nonprofit
10 corporation contracted pursuant to this section, the Department of Commerce may make grant
11 awards from the funds provided in subsection (b) of this section only to a:

12 (1) Constituent institution of The University of North Carolina.

13 (2) Private college or university located in North Carolina.

14 **SECTION 6.1.(e)** Administration. – The Department of Commerce may use up to ten
15 percent (10%) of funds provided in this section to contract with one or more nonprofit
16 corporations to assist with the following:

17 (1) Select university technologies for development based on commercial potential.

18 (2) Create a development plan of key activities to make the technologies more
19 attractive to investors.

20 (3) Guide implementation of these activities to assure efficient deployment of
21 funds and commercial-quality results.

22 Each nonprofit organization must demonstrate expertise in either life science
23 technologies including medical, biological, agricultural or nonlife sciences technologies, including
24 information technology, materials, and cyber security.

25 **SECTION 6.1.(f)** Reports. – The Office of Science, Technology, and Innovation in
26 the Department of Commerce and nonprofit corporation selected in subsection (c) of this section
27 shall provide an annual report to the Office of State Budget and Management and Fiscal Research
28 Division of the General Assembly no later than January 1 of each fiscal year. The report shall
29 detail expenditures and grants made from these funds and provide evidence of return on
30 investment, including, but not limited to, (i) the number of technologies brought to market; (ii) the
31 number of new companies founded; and (iii) data on jobs created, including occupational
32 classifications and salary ranges.

33 **SECTION 6.1.(g)** Oversight. – The Department of Commerce, in consultation with
34 the Office of State Budget and Management, shall provide monitoring and oversight of the
35 performance of a contract entered into pursuant to this section with a North Carolina nonprofit
36 corporation and of the funds granted to institutes of higher education.

37 **SECTION 6.1.(h)** Public Funds. – A North Carolina nonprofit corporation or institute
38 of higher education with which the Department contracts or grants funds pursuant to this section
39 shall use interest earned on State funds after receipt of the funds by the nonprofit corporation only
40 for the same purposes identified in subsection (c) of this section.

41 **RALLYING INVESTORS AND SKILLED ENTREPRENEURS OF NC (RISE NC)**

42 **SECTION 6.2.(a)** Purpose. – In order to increase the number of high-tech, start-up
43 companies and enhance job creation, RISE NC creates a statewide network that develops and
44 leverages existing North Carolina entrepreneurial management talent and recruits world-class
45 investors, skilled entrepreneurs, and managers to North Carolina.

46 **SECTION 6.2.(b)** Funding. – The sum of two million five hundred thousand dollars
47 (\$2,500,000) of nonrecurring funds for fiscal year 2016-2017 is appropriated to a reserve in the
48 Office of State Budget and Management for the Rallying Investors and Skilled Entrepreneurs of
49 NC (RISE NC) program.
50

1 **SECTION 6.2.(c)** Grant. – The Office of Science, Technology, and Innovation in the
2 Department of Commerce shall establish a competitive award process to provide funding to one or
3 more North Carolina nonprofit corporations to perform the following:

4 (1) The development of a statewide entrepreneurial network to connect serial
5 entrepreneurs to university start-ups.

6 (2) The development of an entrepreneurship fellowship program; Grant funds shall
7 be matched on the basis of one dollar (\$1.00) in grant funds for every two
8 dollars (\$2.00) nongrant funds. Matching funds shall not include other State
9 funds.

10 **SECTION 6.2.(d)** Administration. – The Department of Commerce may use up to
11 five percent (5%) of funds provided in this section to administer this program.

12 **SECTION 6.2.(e)** Reports. – The Office of Science, Technology, and Innovation in
13 the Department of Commerce and nonprofit corporation selected in subsection (c) of this section
14 shall provide an annual report to the Office of State Budget and Management and Fiscal Research
15 Division of the General Assembly no later than January 1 of each fiscal year. The report shall
16 detail expenditures and grants made from these funds and provide evidence of return on
17 investment, including, but not limited to, (i) the number of new companies founded and (ii) data
18 on jobs created, including occupational classifications and salary ranges.

19 **SECTION 6.2.(f)** Oversight. – The Department of Commerce, in consultation with
20 the Office of State Budget and Management, shall provide monitoring and oversight of the
21 performance of a contract entered into pursuant to this section with a North Carolina nonprofit
22 corporation.

23 **SECTION 6.2.(g)** Public Funds. – A North Carolina nonprofit corporation with which
24 the Department contracts pursuant to this section shall use interest earned on State funds after
25 receipt of the funds by the nonprofit corporation only for the same purposes identified in
26 subsection (c) of this section.

27 **SECTION 6.2.(h)** Funds appropriated for the 2016-2017 fiscal year shall not revert at
28 the end of the fiscal year but shall remain available until expended.

30 CONTINUING BUDGET AUTHORITY

31 **SECTION 6.3.** G.S. 143C-5-4 reads as rewritten:

32 "**§ 143C-5-4. Enactment ~~deadline~~; procedures to be followed when the Current**
33 **Operations Appropriations Act does not become law prior to the end of certain**
34 **fiscal years.**

35 (a) Enactment Deadline. – The General Assembly shall enact the Current Operations
36 Appropriations Act by June 15 of odd-numbered years and by June 30 of even-numbered years in
37 which a Current Operations Appropriations Act is enacted.

38 (b) If Appropriations Act Does Not Become Law Prior to End of Certain Fiscal Years. – If
39 a fiscal year begins for which no current operations appropriations act has become law, then the
40 following procedures shall be followed and the following limitations shall apply:

41 (1) Authority. – Unless otherwise provided by law, the Director of the Budget may
42 continue to allocate funds from all funds for expenditure by State departments,
43 institutions, and agencies at a level not to exceed the level of recurring
44 expenditures from those funds for the prior fiscal year. If the Director of the
45 Budget finds that projected revenues for the fiscal year will not support
46 expenditures at the level of recurring expenditures for the prior fiscal year, the
47 Director of the Budget shall allot funds at a lower level. In making these
48 allocations, the Director of the Budget shall ensure the prompt payment of the
49 principal and interest on bonds and notes of the State according to their terms.
50 Except as otherwise provided by this section, the limitations and directions on
51 the expenditure of funds for the prior fiscal biennium shall remain in effect.

- 1 (2) Appropriation of Funds Necessary to Implement. – There is appropriated from
2 the appropriate State funds, cash balances, federal receipts, and departmental
3 receipts sums sufficient to implement the authority described in this subsection
4 for the applicable fiscal year.
- 5 (3) Relation to Current Operations Appropriations Act. – The appropriations and
6 the authorizations to allocate and spend funds which are set out in this
7 subsection shall remain in effect until the Current Operations Appropriations
8 Act for the applicable biennium becomes law, at which time that act shall
9 become effective and shall govern appropriations and expenditures. When the
10 Current Operations Appropriations Act for that biennium becomes law, the
11 Director of the Budget shall adjust allotments to give effect to that act from July
12 1 of the fiscal year.
- 13 (4) State Employee Salaries. – The salary schedules and specific salaries
14 established for the prior fiscal year and in effect on June 30 of the prior fiscal
15 year for offices and positions shall remain in effect until the Current Operations
16 and Capital Improvements Appropriations Act for the current fiscal year
17 becomes law. State employees subject to G.S. 7A-102(c), 7A-171.1, or
18 20-187.3 shall not move up on salary schedules or receive automatic increases,
19 including automatic step increases, until authorized by the General Assembly.
- 20 (5) School Employee Salaries. – Public school employees paid on the teacher
21 salary schedule or the school-based administrator salary schedule shall not
22 move up on salary schedules or receive automatic step increases until
23 authorized by the General Assembly.
- 24 (6) State's Employer Contribution Rate. – The State's employer contribution rates
25 budgeted for retirement and related benefits for the current fiscal year shall
26 remain the same as they are on June 30 of the prior fiscal year. These rates are
27 effective until the Current Operations Appropriations Act for the current fiscal
28 year becomes law and are subject to revision in that act. If that act modifies
29 those rates, the Director of the Budget shall further modify the rates set in that
30 act for the remainder of the fiscal year so as to compensate for the different
31 amount contributed between July 1 and the date the Current Operations
32 Appropriations Act becomes law so that the effective rates for the entire year
33 reflect the rates set in the Current Operations Appropriations Act.
- 34 (7) Statutory Transfers to Reserves. – Notwithstanding G.S. 143C-4-2 and
35 G.S. 143C-4-3, funds shall not be reserved to the Savings Reserve Account or
36 the Repairs and Renovations Reserve Account, and the State Controller shall
37 not transfer funds from the unreserved credit balance to the those accounts on
38 June 30 of the prior fiscal year.
- 39 (8) Federal Block Grant Funds and Other Grant Funds. – Notwithstanding
40 G.S. 143C-6-4, State agencies may, with approval of the Director of the
41 Budget, spend funds received from grants awarded during the current fiscal
42 year, including federal block grants that are for less than two million five
43 hundred thousand dollars (\$2,500,000) that do not require State matching funds
44 and will not be used for a capital project. State agencies shall report to the Joint
45 Legislative Commission on Governmental Operations within 30 days of receipt
46 of such funds. State agencies may spend all other funds from grants awarded
47 during the current fiscal year, including federal block grants, only with approval
48 of the Director of the Budget and after consultation with the Joint Legislative
49 Commission on Governmental Operations. The Office of State Budget and
50 Management shall work with the recipient State agencies to budget grant
51 awards according to the annual program needs and within the parameters of the

1 respective granting entities. Depending on the nature of the award, additional
 2 State personnel may be employed on a time-limited basis. Funds received from
 3 such grants are hereby appropriated and shall be incorporated into the
 4 authorized budget of the recipient State agency. Notwithstanding the provisions
 5 of this subdivision, no State agency may accept a grant if acceptance of the
 6 grant would obligate the State to make future expenditures relating to the
 7 program receiving the grant or would otherwise result in a financial obligation
 8 as a consequence of accepting the grant funds."
 9

10 ENHANCE STATEWIDE GRANTS OVERSIGHT

11 SECTION 6.4. G.S. 143C-6-23 reads as rewritten:

12 "§ 143C-6-23. State assistance and grant funds: administration; oversight and reporting 13 requirements.

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

15 (1) Contractor. – An entity subject to the contractor requirements, as well as any
 16 entity that would be subject to the contractor requirements but for a specific
 17 statute or rule exempting that entity from the contractor requirements.

18 (1a) Contractor requirements. – Article 3, 3C, 3D, 3E, 3G, or 8 of Chapter 143 of
 19 the General Statutes and related Administrative Code Rules.

20 ~~(1)(1b) Grant or grant funds. – State financial assistance. – State funds disbursed as a~~
 21 ~~grant by a State agency; however, the terms do not include any payment made~~
 22 ~~by the Medicaid program, the State Health Plan for Teachers and State~~
 23 ~~Employees, or other similar medical programs.~~ agency as a grant, cooperative
 24 agreement, noncash contribution, food commodities, direct appropriation, or
 25 other transfer of funds to a recipient as defined in subdivision (2) of this
 26 subsection.

27 (2) ~~Grantee. – Recipient. – A non-State entity that receives State funds as a grant~~
 28 ~~from a State agency but does not include any non-State entity subject to the~~
 29 ~~audit and other reporting requirements of the Local Government~~
 30 ~~Commission.~~ financial assistance directly from a State agency to carry out part
 31 of a State program.

32 (3) Encumbrance. – A financial obligation created by a purchase order, contract,
 33 salary commitment, unearned or prepaid collections for services provided, or
 34 other legally binding agreement. A financial obligation is not an encumbrance
 35 for purposes of this section unless it (i) is in writing and has been signed by a
 36 person or entity who has authority to legally bind the grantee or subgrantee
 37 recipient or subrecipient to spend the funds or (ii) was created by the provision
 38 of goods or services to the grantee or subgrantee recipient or subrecipient by a
 39 third party under circumstances that create a legally binding obligation to pay
 40 for the goods or services.

41 (4) ~~Subgrantee. – Subrecipient. – A non-State entity that receives State funds as a~~
 42 ~~grant from a grantee or from another subgrantee but does not include any non-~~
 43 ~~State entity subject to the audit and other reporting requirements of the Local~~
 44 ~~Government Commission.~~ financial assistance from a recipient to carry out part
 45 of a State program but does not include an individual that is a beneficiary of
 46 such program.

47 (b) Conflict of Interest Policy. – Every grantee recipient shall file with the State agency
 48 disbursing funds to the grantee recipient a copy of that grantee's recipient's policy addressing
 49 conflicts of interest that may arise involving the grantee's recipient's management employees and
 50 the members of its board of directors or other governing body. The policy shall address situations
 51 in which any of these individuals may directly or indirectly benefit, except as the grantee's

1 recipient's employees or members of its board or other governing body, from the grantee's
2 recipient's disbursing of State funds, and shall include actions to be taken by the grantee-recipient
3 or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The
4 policy shall be filed before the disbursing State agency may disburse the State assistance funds.

5 (c) No Overdue Tax Debts. – Every grantee-recipient shall file with the State agency or
6 department disbursing funds to the grantee-recipient a written statement completed by that
7 grantee's-recipient's board of directors or other governing body stating that the grantee-recipient
8 does not have any overdue tax debts, as defined by G.S. 105-243.1, at the federal, State, or local
9 level. The written statement shall be made under oath and shall be filed before the disbursing State
10 agency or department may disburse the State assistance funds. A person who makes a false
11 statement in violation of this subsection is guilty of a criminal offense punishable as provided by
12 G.S. 143C-10-1.

13 (d) ~~Office of State Budget Rules Must Require Uniform Administration of State Grants—~~
14 ~~and Management. – The Office of State Budget and Management shall adopt rules-policies and~~
15 ~~procedures to ensure the uniform administration of State assistance funds by all grantor State~~
16 ~~agencies and grantees-recipients or subgrantees. The Office of State Budget and Management shall~~
17 ~~consult with the Office of the State Auditor and the Attorney General in establishing the rules~~
18 ~~required by this subsection. subrecipients. The rules shall establish policies and procedures shall~~
19 ~~provide~~ for disbursements of State assistance funds and for State agency oversight, monitoring,
20 and evaluation of grantees-recipients and subgrantees-subrecipients. The policies and procedures
21 shall:

- 22 (1) Ensure that the purpose and reporting requirements of the State assistance funds
23 are specified to the grantee-recipient.
- 24 (2) Ensure that grantees-recipients specify the purpose and reporting requirements
25 for State assistance funds made to subgrantees-subrecipients.
- 26 (3) ~~Ensure that State funds are spent in accordance with the purposes for which~~
27 ~~they were granted.~~
- 28 (4) ~~Hold the grantees and subgrantees accountable for the legal and appropriate~~
29 ~~expenditure of grant funds.~~
- 30 (5) ~~Provide for adequate oversight and monitoring to prevent the misuse of grant~~
31 ~~funds. These policies shall require~~ Require each grantee-recipient and
32 subgrantee-subrecipient to ensure that, for accounting purposes, State funds and
33 interest earned on those funds remain separate and apart from other funds in the
34 possession or control of the grantee-recipient and subgrantee-subrecipient.
- 35 (6) Establish ~~mandatory~~ minimum periodic reporting requirements to be
36 established by State agencies for grantees-recipients and subgrantees,
37 subrecipients, including methods of reporting, to provide separate accounting of
38 all State funds, a separate accounting of funds used for administration, and
39 other financial and program performance information. ~~The mandatory periodic~~
40 ~~reporting requirements shall require grantees and subgrantees to file with the~~
41 ~~State Auditor copies of reports and statements that are filed with State agencies~~
42 ~~pursuant to this subsection. Compliance with the mandatory periodic reporting~~
43 ~~requirements of this subdivision shall not require grantees and subgrantees to~~
44 ~~file with the State Auditor the information described in subsections (b) and (c)~~
45 ~~of this section.~~
- 46 (7) Require grantees-recipients and subgrantees-subrecipients to maintain reports,
47 records, and other information to properly account for the expenditure of all
48 State assistance funds and to make such reports, records, and other information
49 available to the grantor-awarding State agency for oversight, monitoring, and
50 evaluation purposes.

- 1 (8) ~~Require grantees and subgrantees to ensure that work papers in the possession~~
2 ~~of their auditors are available to the State Auditor for the purposes set out in~~
3 ~~subsection (i) of this section.~~
- 4 (9) ~~Require grantees to be responsible for managing and monitoring each project,~~
5 ~~program, or activity supported by grant funds and each subgrantee project,~~
6 ~~program, or activity supported by grant funds.~~
- 7 (9a) Require a State agency that oversees a State assistance program to develop a
8 monitoring plan for that program and to submit the plan and any additional
9 information regarding the plan to the Office of State Budget and Management.
- 10 (10) Provide procedures for the suspension of further disbursements or use of State
11 assistance funds for noncompliance with these ~~rules~~ policies and procedures or
12 other inappropriate use of the funds.
- 13 (11) Provide procedures for use in appropriate circumstances for reinstatement of
14 disbursements that have been suspended for noncompliance with these policies
15 and procedures or other inappropriate use of State assistance funds.
- 16 (12) Provide procedures for the recovery and return to the ~~grantor-awarding~~ State
17 agency of unexpended State assistance funds from a grantee or subgrantee
18 recipient or subrecipient (i) in accordance with subsection (f1) of this section or
19 (ii) in the event that the grantee or subgrantee recipient or subrecipient is unable
20 to fulfill the purposes of the State assistance for a reason not set forth in that
21 subsection.

22 (d1) Required State Assistance Terms. – The terms of each agreement governing the use of
23 the State assistance shall include all of the following, which shall be deemed a part of the award of
24 State assistance:

- 25 (1) The limitation contained in G.S. 143C-6-8 concerning the availability of
26 appropriated funds.
- 27 (2) The relevant provisions of any legislation authorizing or governing the
28 administration of the State assistance funds.
- 29 (3) The terms of this section.

30 (e) ~~Rules Are Subject to the Administrative Procedure Act. — Notwithstanding the~~
31 ~~provisions of G.S. 150B-2(8a)b. rules adopted pursuant to subsection (d) of this section are subject~~
32 ~~to the provisions of Chapter 150B of the General Statutes.~~ Policies and Procedures Are Not Subject
33 to the Administrative Procedure Act. – Policies and procedures adopted pursuant to subsection (d)
34 of this section are not subject to the provisions of Chapter 150B of the General Statutes.

35 (f) Suspension and Recovery of Funds to State Assistance Recipients for Noncompliance.
36 ~~– The Office of State Budget and Management, after consultation with the administering State~~
37 ~~agency, shall have the power to suspend disbursement of grant funds to grantees or subgrantees, to~~
38 ~~prevent further use of grant funds already disbursed, and to recover grant funds already disbursed~~
39 ~~for noncompliance with rules adopted pursuant to subsection (d) of this section. If the grant funds~~
40 ~~are a pass-through of funds granted by an agency of the United States, then the Office of State~~
41 ~~Budget and Management must consult with the granting agency of the United States and the State~~
42 ~~agency that is the recipient of the pass-through funds prior to taking the actions authorized by this~~
43 ~~subsection.~~ Where a recipient or subrecipient is noncompliant with this Part or the policies and
44 procedures adopted pursuant to subsection (d) of this section, or where a recipient or subrecipient
45 is unable to fulfill the obligations or purposes of the State assistance, has inappropriately used
46 State assistance funds or is noncompliant with relevant reporting or other requirements, the Office
47 of State Budget and Management may take the actions set forth below in this subsection. If the
48 State assistance funds are a pass-through of funds awarded by an agency of the United States, then
49 the Office of State Budget and Management must consult with the awarding agency of the United
50 States and the State agency that is the recipient of the pass-through funds prior to taking the
51 actions authorized by this subsection. The authorized actions are as follows:

1 (1) With respect to a recipient or a subrecipient, and after consultation with the
2 administering State agency, suspend disbursement of State assistance funds,
3 prevent further use of State assistance funds already disbursed, and recover
4 State assistance funds already disbursed.

5 (2) With respect to an administering State agency, and after 90 days' notice to give
6 the administering State agency an opportunity to correct the noncompliance,
7 suspend disbursement of State assistance funds.

8 (f1) Return of State Assistance Funds. – Except as otherwise required by federal law, a
9 ~~grantee or subgrantee~~ recipient or subrecipient shall return to the State all affected State assistance
10 funds and interest earned on those funds if any of the following occurs:

11 (1) The funds are in the possession or control of a ~~grantee~~ recipient and are not
12 expended, made subject to an encumbrance, or disbursed to a ~~subgrantee~~
13 subrecipient by August 31 immediately following the fiscal year in which the
14 funds are appropriated by the General Assembly, or a different period set forth
15 in the terms of the applicable appropriation or federal grant.

16 (2) The funds remain unexpended at the time that the ~~grantee or subgrantee~~
17 recipient or subrecipient dissolves, ceases operations, or otherwise indicates
18 that it does not intend to spend the funds.

19 (3) The Office of State Budget and Management seeks to recover the funds
20 pursuant to subsection (f) of this act.

21 (f2) Use of Returned State Assistance Funds. – Encumbered funds returned to the State
22 pursuant to subsection (f1) of this section by a ~~grantee or subgrantee~~ recipient or subrecipient shall
23 upon appropriation by the General Assembly be spent in accordance with the terms of the
24 encumbrance. All other funds returned to the State by a ~~grantee or subgrantee~~ recipient or
25 subrecipient pursuant to subsection (f1) of this section shall be credited to the fund from which
26 they were appropriated and shall remain unexpended and unencumbered until appropriated by the
27 General Assembly. Nothing in this section shall be construed to authorize an expenditure pursuant
28 to an unlawful encumbrance or in a manner that would violate the terms of the appropriation of the
29 State assistance funds at issue.

30 (g) Audit Oversight. – The State Auditor has audit oversight, with respect to State
31 assistance funds received by the ~~grantee or subgrantee,~~ recipient or subrecipient, pursuant to
32 Article 5A of Chapter 147 of the General Statutes, of every ~~grantee or subgrantee,~~ recipient or
33 subrecipient, that receives, uses, or expends State assistance funds. A ~~grantee or subgrantee~~
34 recipient or subrecipient must, upon request, furnish to the State Auditor for audit all books,
35 records, and other information necessary for the State Auditor to account fully for the use and
36 expenditure of State assistance funds received by the ~~grantee or subgrantee,~~ recipient or
37 subrecipient. The ~~grantee or subgrantee~~ recipient or subrecipient must furnish any additional
38 financial or budgetary information requested by the State Auditor, including audit work papers in
39 the possession of any auditor of a ~~grantee or subgrantee~~ recipient or subrecipient directly related to
40 the use and expenditure of State assistance funds.

41 (h) ~~Report on Grant Recipients That Failed to Comply. – Not later than May 1, 2007, and~~
42 ~~by May 1 of every succeeding year, the Noncompliance Reports. – The Office of State Budget and~~
43 ~~Management shall report to the Joint Legislative Commission on Governmental Operations and~~
44 ~~the Fiscal Research Division on~~ maintain a list that is publicly available of all ~~grantee or~~
45 ~~subgrantee~~ recipient or subrecipient that failed to comply with this section with respect to State
46 assistance funds received in the prior fiscal year.

47 (i) ~~State Agencies to Submit Grant List to Auditor. – No later than October 1 of each year,~~
48 ~~each State agency shall submit a list to the State Auditor, in the format prescribed by the State~~
49 ~~Auditor, of every grantee to which the agency disbursed grant funds in the prior fiscal year. The~~
50 ~~list shall include the amount disbursed to each grantee and other information as required by the~~
51 ~~State Auditor to comply with the requirements of this section.~~

1 (j) Use of Interest Earned on State Assistance Funds. – Except as otherwise required by
2 federal law or the terms of a federal grant, interest earned on State assistance funds after receipt of
3 the funds by a ~~grantee or subgrantee-recipient or subrecipient~~ shall be credited to the ~~grantee or~~
4 ~~subgrantee-recipient or subrecipient~~ and shall be used for the same purposes for which the State
5 assistance or sub-award was made.

6 (k) Reporting by ~~Grantees and Subgrantees-Recipient or Subrecipient~~ That Cease
7 Operations. – A ~~grantee or subgrantee-recipient or subrecipient~~ that intends to dissolve or cease
8 operations shall report that decision in writing to the Office of State Budget and Management and
9 to the Fiscal Research Division at least 30 days prior to taking that action.

10 (l) The reporting and audit requirements of this Subchapter do not apply to:

11 (1) Awards to non-State entities subject to the audit and other reporting
12 requirements of the Local Government Commission;

13 (2) Tuition assistance to students;

14 (3) Public assistance payments from Federal entitlement programs to or on behalf
15 of enrolled individuals; or

16 (4) State funds disbursed to a contractor as defined in this subchapter."
17

18 CONFORMING CHANGES TO BOARD OF BARBER EXAMINERS

19 SECTION 6.5.(a) G.S. 86A-6 reads as rewritten:

20 "**§ 86A-6. Office; seal; officers and executive director; funds.**

21 The Board shall maintain a suitable office in Raleigh, and shall adopt and use a common seal
22 for the authentication of its orders and records. The Board shall annually elect its own officers, and
23 in addition, may elect or appoint a full-time executive director who shall not be a member of the
24 Board, and whose salary shall be fixed by the Board. ~~The executive director shall turn over to the~~
25 ~~State Treasurer to be credited to the State Board of Barber Examiners all funds collected or~~
26 ~~received under this Chapter, the funds to be held and expended under the supervision of the~~
27 ~~Director of the Budget, exclusively for the enforcement and administration of the provisions of~~
28 ~~this Chapter. Nothing herein shall be construed to authorize any expenditure in excess of the~~
29 ~~amount available from time to time in the hands of the State Treasurer derived from fees collected~~
30 ~~under the provisions of this Chapter and received by the State Treasurer pursuant to the provisions~~
31 ~~of this section."~~

32 SECTION 6.5.(b) G.S. 86A-7 reads as rewritten:

33 "**§ 86A-7. Salary and expenses; employees; audits; annual reports to the Governor.**

34 (a) Each member of the Board of Barber Examiners shall be reimbursed for his actual
35 expenses and shall receive compensation and travel allowance according to G.S. 93B-5 for the
36 distance traveled in performance of his duties. The expenses, compensation and all other salaries
37 and expenses in connection with the administration of this Chapter, shall be paid ~~upon warrant~~
38 ~~drawn on the State Treasurer,~~ solely from the funds derived from fees collected and received under
39 this Chapter.

40 (b) The Board shall employ such agents, assistants and attorneys as it deems necessary.

41 (c) Repealed by Session Laws 1981, c. 884, s. 6.

42 (d) Repealed by Session Laws 1983, c. 913, s. 8.

43 (e) The Board shall report annually to the Governor, a full statement of its receipts and
44 expenditures, and also a full statement of its work during the year, together with such
45 recommendations as it may deem expedient."
46

47 CONFORMING CHANGES TO BOARD OF COSMETIC ARTS

48 SECTION 6.6. G.S. 88B-6 reads as rewritten:

49 "**§ 88B-6. Board office, employees, funds, budget requirements.**

50 (a) The Board shall maintain its office in Raleigh, North Carolina.

1 (b) The Board shall employ an executive director who shall not be a member of the Board.
2 The executive director shall keep all records of the Board, issue all necessary notices, and perform
3 any other duties required by the Board.

4 ~~(c) With the approval of the Director of the Budget and the Office of State Human~~
5 ~~Resources, the~~ Board may employ as many inspectors, investigators, and other staff as
6 necessary to perform inspections and other duties prescribed by the Board. Inspectors and
7 investigators shall be experienced in all parts of cosmetic art and shall have authority to examine
8 cosmetic art shops and cosmetic art schools during business hours to determine compliance with
9 this Chapter.

10 ~~(d) The salaries of all employees of the Board, excluding the executive director, shall be~~
11 ~~subject to the North Carolina Human Resources Act.~~ The executive director shall serve at the
12 pleasure of the Board.

13 ~~(e) The executive director may collect in the Board's name and on its behalf the fees~~
14 ~~prescribed in this Chapter and shall turn these and any other monies paid to the Board over to the~~
15 ~~State Treasurer. These funds shall be credited to the Board and shall be held and expended under~~
16 ~~the supervision of the Director of the Budget only for the administration and enforcement of this~~
17 ~~Chapter. Nothing in this Chapter shall authorize any expenditure in excess of the amount credited~~
18 ~~to the Board and held by the State Treasurer as provided in this subsection.~~

19 ~~(f) The Executive Budget Act and the North Carolina Human Resources Act apply to the~~
20 ~~administration of this Chapter."~~

21 22 **CONFORMING CHANGES TO BOARD OF OPTICIANS**

23 **SECTION 6.7.(a)** G.S. 90-245 reads as rewritten:

24 **"§ 90-245. Collection of fees.**

25 The secretary to the Board is hereby authorized and empowered to collect in the name and on
26 behalf of this Board the fees prescribed by this Article. ~~and shall turn over to the State Treasurer~~
27 ~~all funds collected or received under this Article, which funds shall be credited to the North~~
28 ~~Carolina State Board of Opticians, and said Article. The funds shall be held and expended under~~
29 ~~the supervision of the Director of the Budget of the State of North Carolina exclusively for the~~
30 ~~administration and enforcement of the provisions of this Article. Nothing in this Article shall be~~
31 ~~construed to authorize any expenditure in excess of the amount available from time to time in the~~
32 ~~hands of the State Treasurer derived from the fees collected under the provisions of this Article~~
33 ~~and received by the State Treasurer in the manner aforesaid."~~

34 **SECTION 6.7.(b)** G.S. 90-270.18(a) is repealed.

35 36 **CONFORMING CHANGES TO BOARD OF AUCTIONEERS**

37 **SECTION 6.8.(a)** G.S. 85B-4.1 reads as rewritten:

38 **"§ 85B-4.1. Auctioneer Recovery Fund.**

39 (a) In addition to license fees, upon application for a license or renewal of a license, the
40 Commission may charge the applicant or licensee up to fifty dollars (\$50.00) per year to be
41 included in the Fund.

42 (b) The Commission shall maintain at least two hundred thousand dollars (\$200,000) in the
43 Fund for use as provided in this Chapter. The Fund may be invested ~~by the State Treasurer in~~
44 interest bearing accounts, and any interest accrued shall be added to the Fund. Sufficient liquidity
45 shall be maintained to insure that funds will be available to satisfy claims processed through the
46 Board. ~~The Fund may be disbursed by a warrant drawn against the State Treasurer or by other~~
47 ~~method at the discretion of the State Treasurer."~~

48 **SECTION 6.8.(b)** G.S. 85B-6 reads as rewritten:

49 **"§ 85B-6. Fees; local governments not to charge fees or require licenses.**

50 (a) The Commission shall collect and remit to the State Treasurer fees in an amount not to
51 exceed the following:

1"

2
3 **CONFORMING CHANGES TO BOARD OF ELECTROLYSIS**

4 **SECTION 6.9.** G.S. 88A-7 reads as rewritten:

5 "**§ 88A-7. Applicability of Executive Budget Act; audit-Audit oversight.**

6 ~~The Treasurer or the Executive Director shall deposit all fees payable to the Board with the~~
7 ~~State Treasurer, to be credited to the account of the Board. These funds shall be held and expended~~
8 ~~under the supervision of the Director of the Budget. The provisions of the Executive Budget Act~~
9 ~~apply to this Chapter. The Board is subject to the oversight of the State Auditor under Article 5A~~
10 ~~of Chapter 147 of the General Statutes."~~

11
12 **CONFORMING CHANGES TO BOARD OF PSYCHOLOGY**

13 **SECTION 6.10.** G.S. 90-270.18(a) is repealed.

14
15 **STATEWIDE MISDEMEANANT CONFINEMENT FUND**

16 **SECTION 6.11.** G.S. 148-10.4(d) reads as rewritten:

17 "(d) Fund Uses. – Moneys in the Fund may be used for the following:

- 18 (1) Reimbursements by the Sheriffs' Association to counties for the costs of
19 housing misdemeanants under the Program, including the care, supervision, and
20 transportation of those misdemeanants.
- 21 (2) Reimbursements to the Division of Adult Correction for the cost of housing
22 misdemeanants transferred to the Division pursuant to G.S. 148-32.1(b3),
23 including the care, supervision, and transportation of those misdemeanants.
- 24 (3) To pay the Sheriffs' Association for administrative and operating expenses
25 pursuant to subsection (e) of this section.
- 26 (4) To pay the Division of Adult Correction for administrative and operating
27 expenses pursuant to subsection (e) of this section.
- 28 (5) Reimbursements to counties pursuant to Article IX, Section 7(a) of the North
29 Carolina Constitution. The Administrative Office of the Courts (AOC) shall
30 calculate the amount collected from each county and sent to the Fund from July
31 1, 2011, to September 18, 2015, as a result of the fifty dollars (\$50.00)
32 improper equipment fee established by Section 31.26(c) S.L. 2011-145. After
33 calculating the amounts, AOC shall report them to the Department of Public
34 Safety by June 25, 2016. Beginning on July 1, 2016, the Department of Public
35 Safety shall reimburse each county its respective amount from the Fund."

36
37 **USE OF PROCEEDS FROM SALE OR LEASE OF STATE-OWNED PROPERTY IN**
38 **WAKE COUNTY**

39 **SECTION 6.12.(a)** G.S. 146-30 is amended by adding a new subsection to read:

40 "(d) Notwithstanding subsection (a) of this section, the net proceeds of any disposition by
41 sale or lease of State-owned real property located in Wake County made in accordance with this
42 Subchapter shall be handled in accordance with the following priority: First, in accordance with
43 the provisions of any trust or other instrument of title whereby title to such real property was
44 heretofore acquired or is hereafter acquired; and second, any remaining net proceeds shall be
45 transferred to the State Government Facility Modernization Fund established by G.S. 146-26.2."

46 **SECTION 6.12.(b)** Article 6 of Chapter 146 of the General Statutes is amended by
47 adding a new section to read:

48 "**§ 146-26.2. State Government Facility Modernization Fund.**

49 The State Government Facility Modernization Fund is established as a special fund to be
50 administered by the Office of State Budget and Management. The Fund consists of the net
51 proceeds of real property dispositions transferred to it pursuant to G.S. 146-30(d) and any other

1 funds appropriated to it by the General Assembly. Moneys in the Fund may be used (i) to acquire
2 real property in Wake County to be used for State purposes; (ii) to fund improvements to
3 State-owned real property; and (iii) to engage in demolition activities in connection with the
4 acquisition or rehabilitation of State-owned real property. Any funds in the Fund are hereby
5 appropriated for these purposes. Acquisitions and projects funded with funds from this Fund shall
6 accord in all respects with the provisions of this Article."

7 **SECTION 6.12.(c)** G.S. 146-30(d) and G.S. 146-26.2, as enacted by this section, shall
8 not apply to the disposition of proceeds of any portion of the Dorothea Dix property.
9

10 **HEALTH CONTINGENCY RESERVE**

11 **SECTION 6.13.(a)** Section 12H.38(a) of S.L. 2014-100 reads as rewritten:

12 **"SECTION 12H.38.(a)** There is established in the General Fund the Medicaid Contingency
13 Reserve. The Office of the State Controller shall reserve from funds available in the General Fund
14 the sum of one hundred eighty-six million three hundred seventy-two thousand six hundred
15 seventy-three dollars (\$186,372,673) in recurring funds to the Medicaid Contingency Reserve.
16 Funds in the Medicaid Contingency Reserve shall be ~~used only for budget shortfalls in the~~
17 ~~Medicaid Program that occur during the 2014-2015 fiscal year. These funds shall be available for~~
18 ~~expenditure only upon an appropriation by act of the General Assembly.~~appropriated to a
19 statewide reserve for the following purposes:

20 (1) Seventy-one million dollars (\$71,000,000) for the State Health Plan for
21 Teachers and State Employees if the General Assembly deems that the State
22 Health Plan has met the requirements of Section 30.26 of S.L. 2015-241.

23 (2) Fifty million dollars (\$50,000,000) for the Division of Medical Assistance to
24 cover budget shortfalls in the Medicaid or Health Choice Programs that occur
25 during the 2015-2016 and 2016-2017 fiscal year. These funds shall be available
26 for expenditure only upon an appropriation by act of the General Assembly or
27 approval by the Director of the Budget.

28 a. It is the intent of the Director of the Budget to transfer cash out of
29 reserve, not to exceed fifty million dollars (\$50,000,000) during the
30 2016-2017 fiscal year only if:

31 1. The Director of the Budget, after the State Controller has
32 verified that receipts are being used appropriately, has found that
33 additional funds are needed to cover a shortfall in the Medicaid
34 budget for the State fiscal year.

35 2. The Director of the Budget has reported immediately to the
36 Fiscal Research Division on the amount of the shortfall found in
37 accordance with subdivision (1) of this subsection. This report
38 shall include an analysis of the causes of the shortfall such as, (i)
39 unanticipated enrollment and mix of enrollment, (ii)
40 unanticipated growth or utilization within particular service
41 areas, (iii) errors in the data or analysis used to project the
42 Medicaid budget, (iv) the failure of the program to achieve
43 budgeted savings, (v) other factors and market trends that have
44 impacted the price of or spending for services, (vi) variations in
45 receipts from prior years or from assumptions used to prepare
46 the Medicaid budget for the current fiscal year, or (vii) other
47 factors. The report shall also include data in an electronic format
48 that is adequate for the Fiscal Research Division to confirm the
49 amount of the shortfall and its causes."

50 **SECTION 6.13.(b)** Section 12H.38(b) of S.L. 2014-100 reads as rewritten:

"SECTION 12H.38.(b) It is the intent of the General Assembly to appropriate funds from the Medicaid Contingency Reserve only if: The sixty-five million three hundred seventy-two thousand six hundred seventy-three dollars (\$65,372,673) remaining in the reserve may only be used for budget shortfalls in the Medicaid Program that occur during the 2016-2017 fiscal year. These funds shall be available for expenditure only upon an appropriation by act of the General Assembly.

- (1) ~~The Director of the Budget, after the State Controller has verified that receipts are being used appropriately, has found that additional funds are needed to cover a shortfall in the Medicaid budget for the State fiscal year.~~
- (2) ~~The Department of Health and Human Services has submitted a State plan amendment to the Centers for Medicare and Medicaid Services to delink eligibility for Medicaid from eligibility for State County Special Assistance, to be effective 90 days after the date of submission of the State plan amendment. At least 45 days prior to submitting that State plan amendment, the Department of Health and Human Services must have submitted a draft of that plan to the Joint Legislative Oversight Committee on Health and Human Services and, if the General Assembly was not in session, must have consulted with the Committee on that draft.~~
- (3) ~~The Director of the Budget has reported immediately to the Fiscal Research Division on the amount of the shortfall found in accordance with subdivision (1) of this subsection. This report shall include an analysis of the causes of the shortfall, such as (i) unanticipated enrollment and mix of enrollment, (ii) unanticipated growth or utilization within particular service areas, (iii) errors in the data or analysis used to project the Medicaid budget, (iv) the failure of the program to achieve budgeted savings, (v) other factors and market trends that have impacted the price of or spending for services, (vi) variations in receipts from prior years or from assumptions used to prepare the Medicaid budget for the current fiscal year, or (vii) other factors. The report shall also include data in an electronic format that is adequate for the Fiscal Research Division to confirm the amount of the shortfall and its causes."~~

SECTION 6.13.(c) Nothing in this section shall be construed to limit the authority of the Governor to carry out his duties under the Constitution.

PART VII. INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND

SECTION 7.1.(a) 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>\$31,956,093</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>\$1,421,479</u>
Staffing and Strategic Projects	\$7,873,903	\$7,873,903 <u>\$17,273,903</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

1	Process Management	\$398,234	\$398,234
2	IT Consolidation	\$0	\$0
3	Government Data Analytics Center	\$9,101,255	\$9,101,255
4	Compensation Reserve	\$73,337	<u>\$0</u> \$324,239

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

10 Any changes to the specified uses shall be reported in writing to the chairs of the Joint
11 Legislative Oversight Committee on Information Technology, the chair and cochair of the House
12 Appropriations Committee on Information Technology, and the Fiscal Research Division."
13

14 INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

15 **SECTION 7.2.** Section 7.2 of S.L. 2015-241 reads as rewritten:

16 **"SECTION 7.2.(a)** IT Internal Service Fund. – For the 2015-2016 fiscal year, receipts for the
17 IT Internal Service Fund shall not exceed one hundred eighty-eight million dollars
18 (\$188,000,000). For fiscal year 2016-2017, receipts for the Internal Service Fund shall not exceed
19 ~~one hundred eighty-nine million dollars (\$189,000,000).~~ one hundred eighty million seven
20 hundred thousand dollars (\$180,700,000). For ~~each year of the 2015-2017 fiscal biennium, the~~
21 2015-2016 fiscal year, receipts may be increased for specific purposes to a maximum of one
22 hundred ninety-five million dollars (\$195,000,000). For the 2016-2017 fiscal year, receipts may be
23 increased to a maximum of one hundred eighty-six million seven hundred thousand dollars
24 (\$186,700,000) following consultation with the Joint Legislative Commission on Governmental
25 Operations each time a requirement for an increase is identified. Rates approved by the Office of
26 State Budget and Management (OSBM) to support the IT Internal Service Fund shall be based on
27 this fund limit.

28 **"SECTION 7.2.(b)** For the 2015-2016 fiscal year, receipts in excess of requirements,
29 including information technology equipment and fixtures, shall be maintained in a separate
30 account to be managed by the Office of State Budget and Management. The amounts received
31 shall be used for the following purposes:

- 32 (1) To offset agency budget shortfalls resulting from Department of Information
33 Technology rate increases.
- 34 (2) To offset Department of Information Technology Internal Service Fund budget
35 shortfalls, if approved by the Office of State Budget and Management. Any use
36 of excess receipts shall be reported to the Joint Legislative Oversight
37 Committee of Information Technology and the Fiscal Research Division.

38 **"SECTION 7.2.(c)** For the 2016-2017 fiscal year, budget requirements and associated rates
39 shall be developed based on actual service costs for fiscal year 2014-2015. These budget
40 requirements and associated rates shall be developed and reported to the Joint Legislative
41 Oversight Committee on Information Technology and the Fiscal Research Division by October 1,
42 2016.

43 **"SECTION 7.2.(d)** For the 2016-2017 fiscal year, receipts collected for IT Internal Service
44 Fund services shall only be used for the specific purposes for which they were collected and are
45 hereby appropriated for those purposes. Funds collected for information technology equipment
46 and fixtures shall be separately maintained and accounted for by the Department of Information
47 Technology, and such funds shall be used only for the replacement of the fixtures and equipment
48 for which the funds were collected. ~~By December 1, 2015,~~ December 1, 2016, the Department of
49 Information Technology shall report to the Joint Legislative Oversight Committee on Information
50 Technology and the Fiscal Research Division on the means and methods by which it is in
51 compliance with the requirements of this subsection.

"SECTION 7.2.(e) Agency Billing and Payments. – The State Chief Information Officer shall ensure that bills from the Department of Information Technology are easily understandable and fully transparent. If a State agency fails to pay its IT Internal Service Fund bill within 30 days of receipt, the Office of State Budget and Management may transfer funds from the agency to fully or partially cover the cost of the bill from that agency to the IT Internal Service Fund following notification of the affected agency."

INFORMATION TECHNOLOGY RESERVE

SECTION 7.3. Section 7.3 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 \$9,260,000
Improve Efficiency and Customer Service through IT Modernization	\$8,127,991	\$8,061,512
IT Restructuring	\$2,775,184	\$2,978,812
Economic Modeling Initiative	\$500,000	\$500,000
Maintenance Management System Replacement	\$173,180	\$129,901
NC Connect	\$593,899	\$788,503
E-Forms/Digital Signatures	\$762,115	\$762,115
Law Enforcement Information Exchange	\$288,474	0

"SECTION 7.3.(b) Of the funds appropriated for Information Technology Modernization, four hundred twenty-four thousand nine hundred seventy-four dollars (\$424,974) for fiscal year 2015-2016 and four hundred six thousand three hundred seventy-four dollars (\$406,374) for fiscal year 2016-2017 shall be transferred to the Department of Revenue to fund three security positions. The security positions shall include a Security Design Engineer, a Security Impact Analyst, and a Security Specialist.

"SECTION 7.3.(c) The funds appropriated for Maintenance Management System Replacement shall be transferred to the Department of Administration to support the acquisition of a cloud-based facilities management system. The system shall include core system functionality consisting of maintenance, inventory, and utility management systems. The system shall also include three additional modules for system failure alerts, automation of utility bills, and the extension of maintenance management to mobile devices.

"SECTION 7.3.(d) The funds appropriated for IT Restructuring shall be used solely for information technology restructuring planning and implementation.

"SECTION 7.3.(e) Funds appropriated to the Information Technology Reserve Fund shall be spent only as specified in this section unless a change is approved by the State Chief Information Officer after consultation with the Office of State Budget and Management. An authorized change may 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 for the funds shall be reported immediately, in writing, to the chairs of the Joint Legislative Oversight Committee on Information Technology, the chairs of the House Appropriations Committee on Information Technology, and the Fiscal Research Division.

"SECTION 7.3.(f) The Office of State Budget and Management shall establish a fund code for the Information Technology Reserve Fund and shall manage it separately from other funding for the Department of Information Technology and the State Chief Information Officer."

PERMIT REALLOCATION OF FUNDS APPROPRIATED FOR IT RATE INCREASES

SECTION 7.4. The Office of State Budget and Management may reallocate funds, appropriated in this act for the purpose of paying IT Internal Service Fund bills, as necessary

1 between agencies, to fund increases resulting from the new rate structure that was implemented by
2 the Department of Information Technology in the 2015-2016 fiscal year.

3 4 **ADJUST BUDGETS AS NECESSARY DUE TO TRANSFER OF FUNCTIONS**

5 **SECTION 7.4A.** The Office of State Budget and Management may, after coordination
6 with the Department of Information Technology, the Department of Environmental Quality, and
7 the Department of Natural and Cultural Resources, adjust IT budgets as appropriate to support the
8 programs, divisions, entities, commissions, boards, and councils transferred to the Department of
9 Natural and Cultural Resources under S.L. 2015-241.

10 11 **INFORMATION TECHNOLOGY SPENDING TRANSPARENCY**

12 **SECTION 7.5.(a)** In order to provide full transparency into IT spending, all State
13 Agencies identified as participating agencies in G.S. 143B-1305(c), together with all divisions,
14 boards, commissions, or other State entities for which the participating agencies have budgetary
15 authority, shall realign IT budgets and expenditures in a fund code (or codes) separate from the
16 remainder of the agency's budget. Changes shall be completed by September 30, 2016, and
17 effective July 1, 2016.

18 **SECTION 7.5.(b)** As outlined in G.S. 143B-1305(d), the Department of Public
19 Safety, the Community College System Office, and the State Board of Elections shall work with
20 the State CIO to plan their transition to the Department. In preparation for this transition, these
21 entities shall realign IT budgets and expenditures in a fund code (or codes) separate from the
22 remainder of the agency's budget by October 1, 2018.

23 **SECTION 7.5.(c)** It is the intent of this legislation that all remaining State agencies
24 together with all divisions, boards, commissions, or other State entities for which the agencies
25 have budgetary authority, shall realign IT budgets and expenditures in a fund code (or codes)
26 separate from the remainder of the agency's budget by the conclusion of the 2018-2019 fiscal year.
27 This section does not apply to the legislative or judicial branches of government or The University
28 of North Carolina and its constituent institutions, who are exempt under G.S. 143B-1300(b).

29 30 **APPRENTICESHIPS AND CAREER-BASED OPPORTUNITIES IN CYBERSECURITY** 31 **FOR DISABLED VETERANS**

32 **SECTION 7.6.(a)** The cybersecurity apprenticeship program created pursuant to this
33 act shall provide training, apprenticeships and career-based opportunities for disabled veterans
34 within the State of North Carolina. Opportunities may be offered to qualifying veterans with at
35 least a ten percent (10%) disability rating established by the Veterans Administration and at the
36 discretion of the State Chief Information Officer.

37 **SECTION 7.6.(b)** The State Chief Information Officer shall conduct a competitive
38 process to select disabled veterans to participate in the cybersecurity apprenticeship program.
39 Participants will have the opportunity to apply concepts, protocols, and tools acquired through the
40 program by working side-by-side with experts in cybersecurity within the State of North Carolina.

41 **SECTION 7.6.(c)** Of the funds appropriated by this act for the support of the
42 cybersecurity apprenticeship program, the Department of Information Technology may use up to
43 five percent (5%) for costs associated with administering this program.

44 45 **ESTABLISH GENERAL FUND BUDGET**

46 **SECTION 7.7.** Notwithstanding G.S. 143C-6-4, the Office of State Budget and
47 Management shall adjust the Department of Information Technology's certified and authorized
48 budget and expenditures by making transfers among purposes or programs for the purpose of
49 establishing the Department's General Fund appropriated operating budget within General Fund
50 budget code 14660 and thereby reducing the need to utilize the Statewide Reserve budget code
51 19044. Changes shall be completed by September 30, 2016, with an effective date of July 1, 2016.

1
2 **PART VIII. PUBLIC SCHOOLS**

3
4 **FUNDS FOR CHILDREN WITH DISABILITIES**

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

13
14 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

15 **SECTION 8.2.(a)** Section 8.2 of S.L. 2015-241 reads as rewritten:

16 **"SECTION 8.2.** The State Board of Education shall allocate additional funds for
17 academically or intellectually gifted children on the basis of one thousand two hundred eighty
18 dollars and seventy cents (\$1,280.70) per child for fiscal ~~years-year~~ 2015-2016 and one thousand
19 two hundred ninety-five dollars and twenty-seven cents (\$1,295.27) per child for fiscal year
20 2016-2017. A local school administrative unit shall receive funds for a maximum of four percent
21 (4%) of its 2015-2016 allocated average daily membership, regardless of the number of children
22 identified as academically or intellectually gifted in the unit. The dollar amounts allocated under
23 this section for academically or intellectually gifted children shall also be adjusted in accordance
24 with legislative salary increments, retirement rate adjustments, and health benefit adjustments for
25 personnel who serve academically or intellectually gifted children."

26
27 **LITIGATION RESERVE FUNDS**

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

31
32 **UMSTEAD ACT EXEMPTION FOR NC VIRTUAL PUBLIC SCHOOL**

33 **SECTION 8.4.(a)** G.S. 66-58(a) reads as rewritten:

34 **"§ 66-58. Sale of merchandise or services by governmental units.**

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

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

50 (1) Counties and municipalities.

- 1 (2) The Department of Health and Human Services or the Department of
2 Agriculture and Consumer Services for the sale of serums, vaccines, and other
3 like products.
4 (3) The Department of Administration, except that the agency shall not exceed the
5 authority granted in the act creating the agency.
6 (4) The State hospitals for the mentally ill.
7 (5) The Department of Health and Human Services.
8 (6) The North Carolina School for the Blind at Raleigh.
9 (6a) The Division of Juvenile Justice of the Department of Public Safety.
10 (7) The North Carolina Schools for the Deaf.
11 (7a) The North Carolina Virtual Public School.

12"

13 **SECTION 8.4.(b)** G.S. 66-58(c)(20) is repealed.
14

15 **DIGITAL LEARNING PLAN IMPLEMENTATION**

16 **SECTION 8.6.** Funds appropriated in this act for the State Board of Education to
17 implement the Digital Learning Plan shall be used to support local education agencies (LEAs) for
18 (i) delivering educator professional development focused on using digital and other instructional
19 technologies to provide high-quality, integrated digital teaching and learning to all students, (ii)
20 for the State Board of Education to contract with the Friday Institute at NCSU to manage
21 implementation of the NC Digital Learning Plan, and (iii) acquiring quality digital content to
22 enhance instruction. Up to six million dollars (\$6,000,000) may be used by the Department of
23 Public Instruction to (i) provide educational resources that remain current, are aligned with
24 curriculum, selected in collaboration with a task force of superintendents, are electronically
25 available to all local education agencies (LEAs), and are effective for all learners.
26

27 **DIFFERENTIATED PAY FOR ADVANCED TEACHER ROLES**

28 **SECTION 8.7.(a)** Funds appropriated to the North Carolina Endowment Fund shall
29 be used to support the pilot implementation of the Performance Plus initiative. The purpose of this
30 initiative is to provide local school administrative units with funds to prototype advanced teaching
31 roles and pay supplements to teachers based on teachers' demonstrated effectiveness and the
32 assumption of additional responsibilities.

33 **SECTION 8.7.(b)** A teacher, for the purpose of this pilot, is a certified teacher who
34 works in the classroom to provide instruction and who is not instructional support personnel.

35 **SECTION 8.7.(c)** Supplements paid for the purpose of this initiative are in addition to
36 salary earned according to the North Carolina School Personnel salary schedule and other
37 applicable local and State supplements.

38 **SECTION 8.7.(d)** Management. – The State Board of Education shall administer and
39 have complete governance over the program, working in cooperation with the North Carolina
40 Department of Public Instruction, North Carolina universities engaged in teacher preparation,
41 elected officials, business leaders, other organizations and entities supporting educational
42 excellence, superintendents, and principals and teachers in affected schools. The State Board of
43 Education may allocate up to five percent (5%) of an approved individual grant for technical
44 assistance, to the local school administrative unit for the purposes of implementing the local pilot.

45 **SECTION 8.7.(e)** No later than June 1, 2016, the State Board of Education shall issue
46 a Request for Proposals (RFP) for local boards of education to develop advanced teaching roles. In
47 the RFP the State Board of Education shall establish minimum requirements for advanced roles
48 for classroom teachers. Local boards of education shall submit a letter of intent no later than
49 August 31, 2016, that shall focus on the capacity and commitment of the local school
50 administrative unit and the local board of education to develop advanced teaching roles that meet
51 the requirements of subsection (f) of this section, as demonstrated by prior local efforts to advance

1 teaching excellence such as on-the-job development for teachers, teacher leadership, or innovation
2 in school design; and by indication of willingness to reallocate funds to pay at least the minimum
3 supplements as described in subsection (h) of this section. Draft plans shall be submitted to the
4 State Board of Education no later than January 20, 2017. The State Board of Education shall
5 approve plans as soon as is practicable for implementation in the 2017-2018 school year.

6 **SECTION 8.7.(f)** Requirements for Advanced Roles – Advanced teaching role plans
7 developed by participating districts must meet, at a minimum, the following criteria:

8 (1) Advanced teacher role eligibility and duties. –

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

- 11 1. Include accountability for student growth as the teacher of
12 record of all students served by a team of teachers; or
- 13 2. Include accountability for student growth as the teacher of
14 record for more students.

15 (2) Implementation. – Have been implemented previously for the 2015-2016
16 school year.

17 **SECTION 8.7.(g)** Recipient local school administrative units shall ensure that
18 implementation includes:

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

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

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

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

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

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

43 **SECTION 8.7.(h)** Advanced Teaching Roles and Supplements. – Local school
44 administrative units shall design and implement pilots to ensure:

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

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

1 **SECTION 8.7.(i)** The Department of Public Instruction shall ensure the advanced-role
2 supplements paid are not included in the statewide average salary calculation used for budgeting
3 state allotments.

4 **SECTION 8.7.(j)** Methods. – Local school administrative units may use one of two
5 supplement payment methods for the purposes of this initiative:

- 6 (1) Pay specified supplements only for teachers in each designated advanced role
7 directly from funds allocated to the local school administrative unit not to
8 exceed the balance of funds allocated to it for this purpose after deducting funds
9 allocated to it for technical assistance; or
- 10 (2) Allow teacher salary conversions at the beginning salary of the A teacher salary
11 schedule only to pay supplements for each designated advanced role, not to
12 exceed the funds allocated to the local school administrative unit for this
13 purpose after deducting funds allocated to it for technical assistance.

14 **SECTION 8.7.(k)** Pilot Cohorts. – By October 15, 2016, The State Board of
15 Education shall review the letters of intent submitted by local boards of education in accordance
16 with subsection (b) of this section and shall select for the first cohort of the prototype development
17 program seven local school administrative units or consortia of local school administrative units
18 that meet the following criteria:

- 19 (1) One to three school districts (or consortia of districts) each with an average
20 daily membership (ADM) equal to or less than 4,000.
- 21 (2) One to three school districts (or consortia of districts) each with an ADM of
22 4,001 to 10,000.
- 23 (3) One to three school districts (or consortia of districts) each with an ADM of
24 10,001 to 30,000.
- 25 (4) One to three school districts (or consortia of districts) each with an ADM of
26 30,001 or more.

27 **SECTION 8.7.(l)** Cohort 2. – The State Board of Education shall follow the time line
28 and procedures outlined to enable a second cohort of local school administrative units to indicate
29 intent, plan, and participate in the pilot beginning with the 2017-2018 school year.

30 **SECTION 8.7.(m)** Implementation Requirements. – Recipient local school
31 administrative units shall fully implement the pilot in a minimum of twenty-five percent (25%) of
32 schools within the local school administrative unit by the 2017-2018 school year, and fifty percent
33 (50%) of school by 2018-2019.

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

38 **SECTION 8.7.(n)** Evaluation. – The local board of education of participating local
39 school administrative units shall report no later than August 15, 2017, and by that date each
40 subsequent year on the following:

- 41 (1) The extent to which the advanced roles plan and implementation meets each
42 requirement of section (b) of this section. If the State Board of Education
43 determines that a local school administrative unit's plan does not meet the
44 requirements of section (b) of this section, it shall require the unit to make
45 needed changes in return for continued participation in the program and receipt
46 of transition funds provided pursuant to subdivision (b)(3) of this section.
- 47 (2) The percentage of students with a highly effective teacher as their teacher of
48 record for English Language Arts, math, social studies, and science.
- 49 (3) The Educator Effectiveness ratings of each teacher in advanced roles and the
50 Educator Effectiveness ratings of each member of teams led by teachers in
51 advanced roles.

- 1 (4) The extent to which the advanced teaching roles program has increased the
2 attractiveness of the teaching profession in the district, as measured by the
3 number of applicants per advanced role job posting compared with the typical
4 number of applicants per teaching job posting in the district; and the retention
5 rates of advanced role teachers and members of their teams compared with
6 typical retention rates in the district.
- 7 (5) The use of local or other non-State funds used to support this initiative.
- 8 (6) Documented future sustainability of pilot within State and local resources in the
9 absence of pilot grant funds.
- 10 (7) Other measures determined relevant by the State Board of Education to the
11 purposes of this legislation and to assessing the benefit to the State.

12 **SECTION 8.7.(o)** Reporting. – The State Board of Education shall provide reporting
13 forms and tools to participating local school administrative units to ensure consistency of data
14 gathering.

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

23

24 **SCHOOL PERFORMANCE GRADE SCALE**

25 **SECTION 8.9.** Notwithstanding G.S. 115C-83.15(d), for the 2016-2017 school year
26 only, for all schools, the total school performance score shall be converted to a 100-point scale and
27 used to determine a school performance grade based on the following scale:

- 28 (1) A school performance score of at least 85 is equivalent to an overall school
29 performance grade of A.
- 30 (2) A school performance score of at least 70 is equivalent to an overall school
31 performance grade of B.
- 32 (3) A school performance score of at least 55 is equivalent to an overall school
33 performance grade of C.
- 34 (4) A school performance score of at least 40 is equivalent to an overall school
35 performance grade of D.
- 36 (5) A school performance score of less than 40 is equivalent to an overall school
37 performance grade of F.

38

39 **REMOVE PANIC ALARM CARRY FORWARD LANGUAGE**

40 **SECTION 8.10.** Section 8.8 of S.L. 2013-360, as amended by S.L. 2014-100, is
41 repealed.

42

43 **DIRECT STATE BOARD OF EDUCATION TO ESTABLISH STATEWIDE STRATEGIC**

44 **PLAN FOR FINANCIAL LITERACY**

45 **SECTION 8.15.(a)** The State Board of Education shall develop a statewide strategic
46 plan for financial literacy. The State Board of Education will consult with Financial Literacy
47 Council on the strategic plan, including a review of the proposed Choice\$ Matter campaign.

48 **SECTION 8.15.(b)** The State Board of Education shall include in the strategic an
49 inventory of all financial literacy spending to ensure that efforts are aligned with ongoing
50 programs. This should include, but not limited to, programs within the Department of State

Treasurer, the State Board of Education, the Department of Public Instruction, and the Attorney General.

PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

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

2016-2017 Teacher Monthly Salary Schedule		
Years of Experience	"A" Teachers	
0		\$3,500
1		\$3,550
2		\$3,600
3		\$3,650
4		\$3,700
5		\$3,800
6		\$3,850
7		\$3,900
8		\$3,950
9		\$4,000
10		\$4,100
11		\$4,160
12		\$4,220
13		\$4,280
14		\$4,340
15		\$4,450
16		\$4,550
17		\$4,650
18		\$4,750
19		\$4,850
20		\$5,000
21		\$5,000
22		\$5,000
23		\$5,000
24		\$5,000
25+		\$5,000

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

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars

1 (\$253.00) per month in addition to the supplement provided to them as "M"
 2 teachers.

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

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

12 **SECTION 9.1.(d)** The twenty-first step and all subsequent steps of the salary
 13 schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech
 14 pathologists at the master's degree level of higher, and (iii) school audiologists who are licensed as
 15 audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%)
 16 higher than the salary received by these same employees on the twentieth step of the salary
 17 schedule.

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

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

- 24 (1) The applicable amount on the salary schedule for the applicable school year.
- 25 (2) For teachers who were eligible for longevity for the 2013-2014 school year, the
 26 sum of the following:
 - 27 a. The teacher's salary provided in Section 35.11 of S.L. 2013-360.
 - 28 b. The longevity that the teacher would have received under the longevity
 29 system in effect for the 2013-2014 school year provided in Section
 30 35.11 of S.L. 2013-360, based on the teacher's current years of service.
 - 31 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 32 (3) For teachers who were not eligible for longevity for the 2013-2014 school year,
 33 the sum of the teacher's salary and annual bonus provided in Section 9.1 of S.L.
 34 2014-100.

35 **SECTION 9.1.(g)** As used in this section, the term "teacher" shall also include
 36 instructional support personnel.
 37

38 **SCHOOL-BASED ADMINISTRATOR SALARY**

39 **SECTION 9.2.(a)** The following base salary schedule for school-based administrators
 40 shall apply only to principals and assistant principals. This base salary schedule shall apply for the
 41 2015-2016 fiscal year commencing July 1, 2015.
 42

43 **2015-2016 Principal and Assistant Principal Salary Schedules**

	Classification					
Years of Exp	Assistant Principal	Prin I (0-10)	PrinII (11-21)	Prin III (22-32)	Prin IV (33-43)	
47 0-9	\$3,909	-	-	-	-	
48 10	\$3,977	-	-	-	-	
49 11	\$4,123	-	-	-	-	
50 12	\$4,240	-	-	-	-	
51 13	\$4,323	\$4,323	-	-	-	

1	14	\$4,377	\$4,377	-	-	-
2	15	\$4,434	\$4,434	\$4,489	-	-
3	16	\$4,489	\$4,489	\$4,547	-	-
4	17	\$4,547	\$4,547	\$4,606	\$4,665	-
5	18	\$4,606	\$4,606	\$4,665	\$4,726	\$4,788
6	19	\$4,665	\$4,665	\$4,726	\$4,788	\$4,851
7	20	\$4,726	\$4,726	\$4,788	\$4,851	\$4,918
8	21	\$4,788	\$4,788	\$4,851	\$4,918	\$4,983
9	22	\$4,851	\$4,851	\$4,918	\$4,983	\$5,050
10	23	\$4,918	\$4,918	\$4,983	\$5,050	\$5,119
11	24	\$4,983	\$4,983	\$5,050	\$5,119	\$5,188
12	25	\$5,050	\$5,050	\$5,119	\$5,188	\$5,263
13	26	\$5,119	\$5,119	\$5,188	\$5,263	\$5,335
14	27	\$5,188	\$5,188	\$5,263	\$5,335	\$5,409
15	28	\$5,263	\$5,263	\$5,335	\$5,409	\$5,483
16	29	\$5,335	\$5,335	\$5,409	\$5,483	\$5,561
17	30	\$5,409	\$5,409	\$5,483	\$5,561	\$5,641
18	31	\$5,483	\$5,483	\$5,561	\$5,641	\$5,722
19	32	\$5,561	\$5,561	\$5,641	\$5,722	\$5,794
20	33	\$5,641	\$5,641	\$5,722	\$5,794	5,909
21	34	\$5,722	\$5,722	\$5,794	\$5,909	\$6,027
22	35	\$5,794	\$5,794	\$5,909	\$6,027	\$6,148
23	36	\$5,909	\$5,909	\$6,027	\$6,148	\$6,271
24	37	-	\$6,027	\$6,148	\$6,271	\$6,396
25	38	-	-	\$6,271	\$6,396	\$6,524
26	39	-	-	\$6,396	\$6,524	\$6,654
27	40	-	-	-	\$6,654	\$6,787
28	41	-	-	-	\$6,787	\$6,923
29	42	-	-	-	-	\$7,061

2015-2016 Principal and Assistant Principal Salary Schedules

Classification

Years of Exp	Prin V	Prin VI	Prin VII	Prin VIII
(44-54)	(55-65)	(66-100)	(101+)	
0-19	\$4,918	-	-	-
20	\$4,983	-	-	-
21	\$5,050	\$5,119	-	-
22	\$5,119	\$5,188	\$5,335	-
23	\$5,188	\$5,263	\$5,409	\$5,483
24	\$5,263	\$5,335	\$5,483	\$5,561
25	\$5,335	\$5,409	\$5,561	\$5,641
26	\$5,409	\$5,483	\$5,641	\$5,722
27	\$5,483	\$5,561	\$5,722	\$5,794
28	\$5,561	\$5,641	\$5,794	\$5,909
29	\$5,641	\$5,722	\$5,909	\$6,027
30	\$5,722	\$5,794	\$6,027	\$6,148
31	\$5,794	\$5,909	\$6,148	\$6,271
32	\$5,909	\$6,027	\$6,271	\$6,396
33	\$6,027	\$6,148	\$6,396	\$6,524
34	\$6,148	\$6,271	\$6,524	\$6,654
35	\$6,271	\$6,396	\$6,654	\$6,787

1	36	\$6,396	\$6,524	\$6,787	\$6,923
2	37	\$6,524	\$6,654	\$6,923	\$7,061
3	38	\$6,654	\$6,787	\$7,061	\$7,202
4	39	\$6,787	\$6,923	\$7,202	\$7,346
5	40	\$6,923	\$7,061	\$7,346	\$7,493
6	41	\$7,061	\$7,202	\$7,493	\$7,643
7	42	\$7,202	\$7,346	\$7,643	\$7,796
8	43	\$7,346	\$7,493	\$7,796	\$7,952
9	44	-	\$7,643	\$7,952	\$8,111
10	45	-	\$7,796	\$8,111	\$8,273
11	46	-	-	\$8,273	\$8,438

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

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

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

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

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of

1 State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had
2 served the principal's entire career as a principal at the lower job classification.

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

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

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

19 **SECTION 9.2.(i)** Effective July 1, 2016, any person paid on the State Salary Schedule
20 in the 2014-2015 school year and employed on July 1, 2016, who does not receive a salary
21 increase on this salary schedule shall receive a nonrecurring salary bonus of eight hundred nine
22 dollars (\$809.00).

23 (1) Any employee eligible for this bonus shall continue to receive this bonus in
24 subsequent years whereas the employee does not receive a salary increase on
25 subsequent salary schedules that exceeds the eight hundred nine dollar (\$809)
26 nonrecurring bonus.

27 (2) Should an employee receive a salary increase from a change to the salary
28 schedules, but the amount is less than eight hundred nine dollars (\$809), the
29 bonus shall be reduced by the amount of the increase from the salary schedule.
30

31 **REWARD DEPARTMENT OF PUBLIC INSTRUCTION STAFF WITH ONE-TIME** 32 **BONUS**

33 **SECTION 9.3.** One million four hundred nine thousand nine hundred sixty-three
34 dollars (\$1,409,963) of unreserved fund balance will be used to provide an average three percent
35 (3%) one-time bonus, up to a maximum of three thousand dollars (\$3,000), for Department of
36 Public Instruction staff. The State Board of Education, in consultation with the Office of State
37 Human Resources, will determine the distribution of the bonus. This bonus shall not be considered
38 part of an employee's annual salary or base rate of pay for retirement purposes.
39

40 **COMPENSATION BONUS AWARDED FOR FISCAL YEAR 2016-2017 FOR TEACHERS** 41 **AND OTHER CERTIFIED PERSONNEL**

42 **SECTION 9.4.(a)** Any teacher or other certified personnel (i) whose salary is set by
43 this Section, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in
44 this act and (ii) who is employed in a State-funded position on August 1, 2016, shall receive an
45 award of a one-time, lump-sum compensation bonus of five thousand dollars (\$5,000) if the
46 employee has twenty-five or more years of experience on the Teacher Salary Schedule, or one
47 thousand one hundred dollars (\$1,100) if the employee has twenty-four or fewer years of
48 experience on the Teacher Salary schedule, for the 2016-17 fiscal year, payable during the month
49 of September 2016.

1 **SECTION 9.4.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonus awarded
2 by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the
3 Teachers' and State Employees' Retirement System.

4 **SECTION 9.4.(c)** The compensation bonus awarded by this section is not part of
5 annual salary and shall be paid out separately. The compensation bonus shall be awarded to
6 eligible permanent employees without regard to an employee's placement within the salary range,
7 including employees at the top of the salary range. The compensation bonus shall be adjusted pro
8 rata for permanent part-time employees.

9
10 **COMPENSATION BONUS AWARDED FOR FISCAL YEAR 2016-2017 FOR**
11 **NONINSTRUCTIONAL SUPPORT STAFF AND CENTRAL OFFICE STAFF**

12 **SECTION 9.5.(a)** Any noninstructional support staff or central office staff (i) whose
13 salary is set by this Section, pursuant to the North Carolina Human Resources Act, or as otherwise
14 authorized in this act and (ii) who is employed in a State-funded position on August 1, 2016, is
15 eligible to be considered by each superintendent, or equivalent position for charter schools, for an
16 award of a one-time, lump-sum compensation bonus, up to a maximum of three thousand dollars
17 (\$3,000), for the 2016-2017 fiscal year, payable during the month of September 2016.

18 **SECTION 9.5.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonus awarded
19 by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the
20 Teachers' and State Employees' Retirement System.

21 **SECTION 9.5.(c)** The compensation bonus awarded by this section is not part of
22 annual salary and shall be paid out separately. The compensation bonus shall be awarded to
23 eligible permanent employees without regard to an employee's placement within the salary range,
24 including employees at the top of the salary range. The compensation bonus shall be adjusted pro
25 rata for permanent part-time employees.

26
27 **COMPENSATION BONUS AWARDED FOR FISCAL YEAR 2016-2017 FOR SCHOOL**
28 **BASED ADMINISTRATORS**

29 **SECTION 9.6.(a)** Any school based administrator (i) whose salary is set by this
30 Section, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this
31 act and (ii) who is employed in a State-funded position on August 1, 2016, is eligible to be
32 considered by each superintendent, or equivalent position for charter schools, for an award of a
33 one-time, lump-sum compensation bonus, up to a maximum of three thousand five hundred dollars
34 (\$3,500), for the 2016-2017 fiscal year, payable during the month of September 2016.

35 **SECTION 9.6.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonus awarded
36 by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the
37 Teachers' and State Employees' Retirement System.

38 **SECTION 9.6.(c)** The compensation bonus awarded by this section is not part of
39 annual salary and shall be paid out separately. The compensation bonus shall be awarded to
40 eligible permanent employees without regard to an employee's placement within the salary range,
41 including employees at the top of the salary range. The compensation bonus shall be adjusted pro
42 rata for permanent part-time employees.

43
44 **PART X. COMMUNITY COLLEGES**

45
46 **CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS**

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

SECTION 10.1.(b) Subsection (a) of this section becomes effective June 29, 2016.

CODIFY MANUFACTURING SOLUTIONS CENTER AUTHORIZATION

SECTION 10.2. Chapter 115D of the General Statutes is amended by adding a new Article to read:

"Article 5A.

"The Manufacturing Solutions Center at Catawba Valley Community College.

"§ 115D-67.5. Purpose.

The purpose of the Manufacturing Solutions Center is to create and maintain jobs in North Carolina through support of traditional and emerging industries. The Center's services include training, testing, market development, entrepreneur support, product sourcing, prototyping, applied research and managing a manufacturing business incubator.

"§ 115D-67.6. Director and other Center personnel.

The president of Catawba Valley Community College shall appoint an individual to serve as the executive director of the Manufacturing Solutions Center. The executive director shall select other staff members of the Center, subject to approval of the president of Catawba Valley Community College. The executive director and other staff members of the Center are employees of Catawba Valley Community College and are subject to the personnel policies of the college.

"§ 115D-67.7. Fees collected by the Center; purchases using Center funds.

Notwithstanding any other provision of law, all fees collected by the Manufacturing Solutions Center for services to industry shall be retained by the Center and used for the operations of the Center. Purchases made by the Center using these funds are not subject to the provisions of Article 3 of Chapter 143 of the General Statutes. The Center shall include in all agreements or contracts to be awarded by the Center under this section a standard clause which provides that the State Auditor and internal auditors of the Center may audit the records of the contractor during and after the term of the contract to verify accounts and data affecting fees and performance. The Center shall not award a cost-plus-percentage-of-cost agreement or contract for any purpose."

UPDATE PERFORMANCE MEASURES

SECTION 10.3. G.S. 115D-31.3 reads as rewritten:

"§ 115D-31.3. Institutional performance accountability.

...

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

- (1) Progress of basic skills students.
(2) Attainment of adult high school equivalency diplomas by students.
(3) Performance of students who transfer to a four-year institution.
(3a) Success rate of students in credit-bearing English courses.
(3b) Success rate of students in credit-bearing Math courses.
(4) Success of developmental students in subsequent college level English courses.
(5) Success of developmental students in subsequent college level math courses.
(5a) Progress of first-year curriculum students.
(6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
(7) Curriculum student retention and graduation.
(8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
(9) Attainment of licensure and certifications by students.

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

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

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

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

- 8 (1) Program quality evaluated by determining a college's rate of student success on
9 each measure as compared to a systemwide performance baseline and goal.
- 10 (2) Program impact on student outcomes evaluated by the number of students
11 succeeding on each measure."
12

13 INCENTIVIZE INSTITUTIONAL PERFORMANCE ACCOUNTABILITY

14 **SECTION 10.4.** G.S. 115D-31.3(g1) reads as rewritten:

15 "**§ 115D-31.3. Institutional performance accountability.**

16 ...

17 (g1) Carryforward of Funds Allocated Based on Performance.–A college that receives funds
18 under subsection (g) of this section may retain and carry forward an amount up to or equal to its
19 performance-based funding allocation for that year into the next fiscal year. Funds retained under
20 this subsection may be used for the purposes listed in G.S. 115D-31(a)(1) and (2) as well as
21 one-time faculty and staff bonuses."
22

23 EXTEND VOLUNTARY SHARED LEAVE TO COMMUNITY COLLEGE EMPLOYEES

24 **SECTION 10.5.** G.S. 115D-25.3 reads as rewritten:

25 "**§ 115D-25.3. Voluntary shared leave.**

26 (a) The State Board of Community Colleges, in cooperation with ~~the State Board of~~
27 ~~Education and~~ the State Human Resources Commission, shall adopt rules and policies to allow
28 any employee at a community college to share leave voluntarily with an immediate family
29 member who is an employee of a community college, public school, or State agency; and with a
30 coworker's immediate family member who is an employee of a community college, public school,
31 or State agency. For the purposes of this section, the term "immediate family member" means a
32 spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half,
33 and in-law relationships. The term "coworker" means that the employee donating the leave is
34 employed by the same agency, department, institution, university, local school administrative unit,
35 or community college as the employee whose immediate family member is receiving the leave.

36 (b) The State Board of Community Colleges, in cooperation with the State Human
37 Resources Commission, shall adopt rules and policies consistent with policies set forth in the State
38 Human Resources Manual to allow any employee at a community college to share sick leave
39 voluntarily with a non-family member who is an employee of a community college. A community
40 college employee who donates sick leave to a community college employee who is a nonfamily
41 member shall not donate more than five days of sick leave per year to any one nonfamily
42 community college employee. The combined total of sick leave donated to a community college
43 employee from nonfamily community college donors shall not exceed 20 days per year. Donated
44 sick leave shall not be used for retirement purposes, and community college employees who
45 donate sick leave shall be notified in writing of the State retirement credit consequences of
46 donating sick leave."
47

48 REPORT ON FUNDS REINVESTED FROM ENROLLMENT DECLINE INTO 49 STUDENT SUPPORTS

50 **SECTION 10.6.** The State Board of Community Colleges shall report, no later than
51 February 1, 2017, to the Joint Legislative Education Oversight Committee, the Fiscal Research

1 Division, and the Office of State Budget Management on the use of funds reinvested from the
2 enrollment decline into student support services that encourage students to complete degrees and
3 credentials. The report shall include the cost of each type of student support service, and the
4 amount expended by each community college.

5
6 **PART XI. UNIVERSITIES**

7
8 **EXPAND INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS**
9 **ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU)**

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

12 **"SECTION 11.12.(b)** The Board of Governors shall conduct a competitive process to select
13 institutions of higher education that are Historically Black Colleges and Universities to participate
14 in the internship program which links a minimum of 60 students attending Historically Black
15 Colleges and Universities with North Carolina-based companies. The Board of Governors shall
16 determine the number of institutions that may participate in the program; however, at least two of
17 the institutions shall be private institutions. Funds appropriated by this act for this internship
18 program shall be allocated only to constituent institutions of The University of North Carolina that
19 are designated as an HBCU and private colleges and universities located in North Carolina that are
20 designated as an HBCU."

21
22 **MODIFY NC GUARANTEED ADMISSION PROGRAM (NCGAP)**

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

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

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

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

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

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

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

1 "SECTION 11.7.(g) NCGAP shall be implemented at all constituent institutions and all
2 community colleges beginning with the ~~2016-2017-2017-2018~~ fiscal year and shall apply to
3 admissions policies at each constituent institution and community college beginning with the
4 ~~2017-2018-2018-2019~~ academic year and each subsequent academic year."
5

6 **REPORT ON USE OF LOTTERY FUNDS FOR LEVERAGING TECHNOLOGY FOR**
7 **PART-WAY HOME STUDENTS**

8 **SECTION 11.3.** Beginning September 1, 2017, and annually thereafter, the President
9 of the University of North Carolina shall report to the Office of State Budget and Management and
10 the Fiscal Research Division of the General Assembly on prior fiscal year expenditures of
11 Education Lottery funds for the purpose of leveraging technology to recruit, retain, and graduate
12 "part-way home" and other nontraditional students. The report shall include line item
13 expenditures, descriptions of program activities and accomplishments, and data on outcome
14 measures used assess program effectiveness.
15

16 **REPORT ON USE OF LOTTERY FUNDS FOR IMPROVING STUDENT SUCCESS**
17 **WITH DATA-CENTRIC SYSTEMS**

18 **SECTION 11.4.** Beginning September 1, 2017, and annually thereafter, the President
19 of the University of North Carolina shall report to the Office of State Budget and Management and
20 the Fiscal Research Division of the General Assembly on prior fiscal year expenditures of
21 Education Lottery funds for the purpose of improving student success and completion rates
22 through data-centric systems. The report shall include line item expenditures, descriptions of
23 program activities and accomplishments, and data on outcome measures used assess program
24 effectiveness.
25

26 **REPEAL LIMITATION OF STATE FUNDS FOR UNC ADVANCEMENT PROGRAMS**

27 **SECTION 11.5.(a)** Section 11.6 of S.L. 2015-241 is repealed.

28 **SECTION 11.5.(b)** The reduction associated with the advancement activities
29 limitation of sixteen million three hundred fifty-four thousand three hundred ninety-six dollars
30 (\$16,354,396) in recurring funds shall be eliminated for the 2016-2017 fiscal year.

31 **SECTION 11.5.(c)** The management flexibility reduction for the operating budget of
32 the University of North Carolina shall be increased by sixteen million three hundred fifty-four
33 thousand three hundred ninety-six dollars (\$16,354,396) in recurring funds for the 2016-2017
34 fiscal year so that the total management flexibility reduction for the 2016-2017 fiscal year shall be
35 fifty-nine million nine hundred forty-seven nine hundred sixty-three (\$59,947,963) in recurring
36 funds and three million dollars (\$3,000,000) in nonrecurring funds.
37

38 **MODIFICATIONS TO THE SPECIAL EDUCATION SCHOLARSHIP GRANT**
39 **PROGRAM FOR CHILDREN WITH DISABILITIES**

40 **SECTION 11.6.(a)** G.S. 115C-112.5(2) reads as rewritten:

41 "(2) Eligible student. – A child under the age of 22 who meets all of the following
42 criteria:

- 43 a. Is a child with a disability.
- 44 b. Is eligible to attend a North Carolina public school pursuant to
45 ~~G.S. 115C-366~~ G.S. 115C-366(a), including pursuant to
46 G.S. 115C-366(a1) through G.S. 115C-366(a8).
- 47 c. Has not been placed in a nonpublic school or facility by a public agency
48 at public expense.
- 49 d. Has not been enrolled in a postsecondary institution as a full-time
50 student taking at least 12 hours of academic credit.
- 51 e. Has not received a high school diploma.

- 1 f. Meets at least one of the following requirements:
- 2 1. Was enrolled in a North Carolina public school during the
- 3 previous semester.
- 4 2. Received special education or related services through the North
- 5 Carolina public schools as a preschool child with a disability
- 6 during the previous semester.
- 7 3. Was approved for a scholarship for the previous semester.
- 8 4. Is a child who is identified as a child with a disability prior to the
- 9 end of the year of initial enrollment in kindergarten or first
- 10 grade. An award by the Authority based on eligibility under this
- 11 sub-sub-subdivision shall be conditional. If documentation is not
- 12 provided to the Authority that the child is a child with a
- 13 disability prior to the end of the year of initial enrollment, (i) no
- 14 reimbursement shall be awarded and (ii) the child shall not
- 15 qualify the following year as an eligible student under
- 16 sub-sub-subdivision 3. of this section.
- 17 5. Is a child who (i) was enrolled during the previous semester in a
- 18 Department of Defense Elementary and Secondary School
- 19 established pursuant to 10 U.S.C. § 2164 and located within the
- 20 State of North Carolina and (ii) whose parent or legal guardian is
- 21 on full-time duty status in the active uniformed service of the
- 22 United States, including members of the National Guard and
- 23 Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et.
- 24 seq. and 10 U.S.C. § 12401, et seq."

25 **SECTION 11.6.(b)** G.S. 115C-112.6(b1)(1) reads as rewritten:

- 26 "(1) ~~Scholarship Tuition~~ endorsement for tuition. ~~The Authority shall remit, at least~~
- 27 ~~two times each school year, scholarship funds awarded to eligible students for~~
- 28 ~~endorsement by at least one of the student's parents or guardians for tuition to~~
- 29 ~~attend (i) a North Carolina public school other than the public school to which~~
- 30 ~~that student has been assigned as provided in G.S. 115C 366 or (ii) a nonpublic~~
- 31 ~~school that meets the requirements of Part 1 or Part 2 of Article 39 of this~~
- 32 ~~Chapter as identified by the Department of Administration, Division of~~
- 33 ~~Nonpublic Education and reimbursement. – The Authority shall disburse~~
- 34 ~~scholarship funds awarded to eligible students for tuition based upon whether or~~
- 35 ~~not the nonpublic school has elected to participate in the scholarship grant~~
- 36 ~~program authorized under Part 1H of this Article. Scholarship funds shall not be~~
- 37 ~~provided for tuition for home schooled students. If the student is attending a~~
- 38 ~~nonpublic school, the school must be deemed eligible by the Division of~~
- 39 ~~Nonpublic Education, pursuant to G.S. 115C-562.4, and the school shall be~~
- 40 ~~subject to the requirements of G.S. 115C 562.5. The parent or guardian shall~~
- 41 ~~restrictively endorse the scholarship funds awarded to the eligible student to the~~
- 42 ~~school for deposit into the account of the school. The parent or guardian shall~~
- 43 ~~not designate any entity or individual associated with the school as the parent's~~
- 44 ~~attorney in fact to endorse the scholarship funds but shall endorse the~~
- 45 ~~scholarship funds in person at the site of the school. A parent's or guardian's~~
- 46 ~~failure to comply with this section shall result in forfeiture of the scholarship~~
- 47 ~~funds. A scholarship forfeited for failure to comply with this section shall be~~
- 48 ~~returned to the Authority to be awarded to another student.~~
- 49 Scholarship funds
- 50 for tuition shall be disbursed as follows:
- 51 a. Scholarship endorsement for tuition. – The Authority shall remit, at
- least two times each school year, scholarship funds awarded to eligible

1 students for endorsement by at least one of the student's parents or
 2 guardians for tuition to attend a nonpublic school that meets the
 3 requirements of Part 1 or Part 2 of Article 39 of this Chapter as
 4 identified by the Department of Administration, Division of Nonpublic
 5 Education, is deemed eligible by the Division pursuant to
 6 G.S. 115C-562.4, and is subject to the requirements of G.S. 115C-562.5.
 7 The parent or guardian shall restrictively endorse the scholarship funds
 8 awarded to the eligible student to the school for deposit into the account
 9 of the school. The parent or guardian shall not designate any entity or
 10 individual associated with the school as the parent's attorney-in-fact to
 11 endorse the scholarship funds but shall endorse the scholarship funds in
 12 person at the site of the school. A parent's or guardian's failure to
 13 comply with this section shall result in forfeiture of the scholarship
 14 funds. A scholarship forfeited for failure to comply with this section
 15 shall be returned to the Authority to be awarded to another student.

16 b. Reimbursement for tuition. – The parent or guardian of an eligible
 17 student who enrolls in a school that is (i) a North Carolina public school
 18 other than the public school to which that student has been assigned as
 19 provided in G.S. 115C-366 or (ii) a nonpublic school that meets the
 20 requirements of Part 1 or Part 2 of Article 39 of this Chapter as
 21 identified by the Department of Administration, Division of Nonpublic
 22 Education, is deemed eligible by the Division pursuant to
 23 G.S. 115C-562.4, and is not subject to G.S. 115C-562.5, shall pay
 24 tuition directly to the school. The Authority shall reimburse the parent
 25 or guardian no sooner than the mid-point of each semester. A parent or
 26 guardian may receive reimbursement for tuition only after the parent or
 27 guardian provides documentation that the student was enrolled in a
 28 school under this sub-subdivision."

29 **SECTION 11.6.(c)** G.S. 115C-112.6 is amended by adding a new subsection to read:

30 "(f) Unexpended Scholarship Funds – Scholarship funds that are unexpended at the end of
 31 each fiscal year shall revert except that the State Education Assistance Authority may carry
 32 forward to the next fiscal year an amount necessary to ensure that all outstanding, allowable
 33 reimbursements can be paid in full. Funds carried forward from a prior fiscal year shall not be
 34 used to award or expand the number of scholarships in subsequent years."

35 **SECTION 11.6.(d)** Except as otherwise provided in this act, this section is effective
 36 when it becomes law and applies beginning with the 2016-2017 school year.
 37

38 **MODIFICATIONS TO THE OPPORTUNITY SCHOLARSHIP GRANT PROGRAM**

39 **SECTION 11.7.(a)** G.S. 115C-562.1(3) reads as rewritten:

40 "(3) Eligible students. – A student who has not yet received a high school diploma
 41 and who meets all of the following requirements:

42 a. Meets one of the following criteria:

- 43 1. Was a full-time student assigned to and attending a public school
 44 pursuant to G.S. 115C-366 during the previous semester.
- 45 2. Received a scholarship grant during the previous school year.
- 46 3. Is entering either kindergarten or the first grade.
- 47 4. Is a child in foster care as defined in G.S. 131D-10.2(9).
- 48 5. Is a child whose adoption decree was entered not more than one
 49 year prior to submission of the scholarship grant application.
- 50 6. Is a child who (i) was enrolled during the previous semester in a
 51 Department of Defense Elementary and Secondary School

1 established pursuant to 10 U.S.C. § 2164 and located within the
2 State of North Carolina and (ii) whose parent or legal guardian is
3 on full-time duty status in the active uniformed service of the
4 United States, including members of the National Guard and
5 Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et
6 seq. and 10 U.S.C. § 12401, et seq.

7 b. Is eligible to attend a North Carolina public school in accordance with
8 G.S. 115C-366(a), including pursuant to G.S. 115C-366(a1) through
9 G.S. 115C-366(a8).

10 c. Has not enrolled in a postsecondary institution in a matriculated status
11 eligible for 12 hours of academic credit.

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

15 **SECTION 11.7.(b)** G.S. 115C-562.2(a)(2) reads as rewritten:

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

19 a. At least fifty percent (50%) of the remaining funds shall be used to
20 award scholarship grants to eligible students residing in households with
21 an income level not in excess of the amount required for the student to
22 qualify for the federal free or reduced-price lunch program.

23 b. No more than thirty-five percent (35%) of the remaining funds shall be
24 used to award scholarship grants to eligible students entering either
25 kindergarten or first grade.

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

28 **SECTION 11.7.(c)** Except as otherwise provided in this act, this section is effective
29 when it becomes law and applies beginning with the 2016-2017 school year.
30

31 **UNC MERIT SCHOLARSHIP PROGRAM**

32 **SECTION 11.8.(a)** Merit Scholarships for Math, Science, and Health Degrees. – In
33 addition to the funds appropriated in Section 5.2(a) of S.L. 2015-241 for the 2015-2017 biennium,
34 an additional amount not to exceed five million dollars (\$5,000,000) is appropriated from the
35 Education Lottery Fund to the Board of Governors of The University of North Carolina for the
36 2016-2017 fiscal year and allocated to the State Education Assistance Authority (SEAA) for
37 scholarships to exemplary North Carolina students who, as entering freshman, qualified transfer
38 students, and continuing students, exhibit exceptional academic credentials and intend to pursue
39 undergraduate degrees in math, science or health-related programs of study at constituent
40 institutions of The University of North Carolina. Only students who are classified as residents for
41 tuition purposes and admitted to a constituent institution of higher education as a full-time student
42 are eligible for the merit scholarships. The Board of Governors shall establish guidelines for
43 awarding the scholarships on a campus basis not inconsistent with this section. Notwithstanding
44 the foregoing, no scholarship shall be awarded to a qualified student for enrollment commencing
45 prior to August 1, 2017.

46 **SECTION 11.8.(b)** Administration of Merit Scholarships. – The SEAA shall
47 administer the scholarships provided for in this section in consultation with the General
48 Administration of The University of North Carolina and pursuant to guidelines and procedures
49 established by the SEAA consistent with its practices for administering State-funded financial aid,
50 provided that such guidelines and procedures include an application process and schedule,
51 notification and disbursement procedures, standards for reporting, and standards for return of

1 scholarship funds when a student withdraws. The maximum amount of the scholarship for the
2 2017-2018 academic year shall be five thousand dollars (\$5,000) per semester. In no event,
3 however, shall the amount of the scholarship, when accounted for in combination with all other
4 grants, educational benefits, and any other financial aid available to the student, cause the total of
5 all such assistance to exceed the total cost of attendance at the in-State tuition rate at the
6 constituent institution as determined in accordance with Title IV of the Higher Education Act of
7 1965, as amended.

8 The Authority may use five percent (5%) of the funds appropriated for scholarships
9 under this section for administrative purposes.

10 **SECTION 11.8.(c) North Carolina Math, Science and Health Merit Scholarship Fund.**

11 – There is established the North Carolina Math, Science and Health Merit Scholarship Fund to be
12 administered by the SEAA. All funds appropriated to or otherwise received by the SEAA to
13 provide scholarships under this section, all returned scholarship monies, and all interest earned on
14 these funds shall be placed in the Fund. The Fund shall be used only for scholarships made
15 pursuant to this section and the administrative costs of the SEAA, provided that no more than five
16 percent (5%) of the funds appropriated for scholarships is expended for administrative purposes.
17

18 **STEM TEACHER RECRUITMENT SCHOLARSHIP PROGRAM (FORGIVABLE**
19 **LOAN)**

20 **SECTION 11.9.(a)** Part 1 of Article 23 of Chapter 116 of the General Statutes is
21 amended by adding a new section to read:

22 **"§ 116-209.45A. STEM Teacher Recruitment Program.**

23 (a) Policy. – The General Assembly finds that, in response to critical employment
24 shortages of licensed teachers in certain fields, it is in the public interest to target financial
25 assistance in the form of forgivable loans for service to exemplary students who are committed to
26 teaching in the fields of science, technology, engineering, or mathematics (STEM) in the North
27 Carolina public schools as part of the Forgivable Education Loans for Service Program.

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

29 (1) Eligible institution. – Notwithstanding G.S. 116-201(b)(5) and
30 G.S. 116-201(b)(6) and for purposes of this section only, an institution of
31 higher education that is either of the following:

32 a. A postsecondary constituent institution of The University of North
33 Carolina as defined in G.S. 116-2(4).

34 b. An eligible private postsecondary institution as defined in
35 G.S. 116-280(3).

36 (2) Fund. – Has the same meaning as G.S. 116-209.45(b)(2).

37 (3) Loan. – A forgivable loan made under the North Carolina STEM Teacher
38 Recruitment Program.

39 (4) Program. – The North Carolina STEM Teacher Recruitment Program.

40 (c) Establishment of the North Carolina STEM Teacher Recruitment Program. – There is
41 established the North Carolina STEM Teacher Recruitment Program to be administered by the
42 Authority as part of, yet distinct in its purpose, the Forgivable Education Loans for Service
43 Program. The purpose of the Program is to provide forgivable loans for service to exemplary
44 students who are committed to working as licensed teachers in the fields of science, technology,
45 engineering, or mathematics.

46 (d) The North Carolina STEM Teacher Recruitment Funds. – Funds appropriated for the
47 Program shall be allocated to the Forgivable Education Loans for Service Fund established under
48 G.S. 116-209.45(d) and administered by the Authority consistent with this section. All funds
49 appropriated to or otherwise received by the Authority to provide loans through the Program, all
50 funds received as repayment of loans, and all interest earned on these funds shall be placed in the

1 Fund. Such STEM Teacher Recruitment Funds shall be accounted for separately within the Fund
2 and used only for loans made pursuant to this section and the administrative costs of the Authority.

3 (e) Eligibility for Loans. – The Authority shall establish the criteria for initial and
4 continuing eligibility to participate in the Program. All loan recipients shall be residents of North
5 Carolina and shall attend an eligible institution. The Authority shall adopt very stringent standards,
6 including minimum grade point average and scholastic aptitude test scores, for awarding loans to
7 ensure that only highly qualified and committed students receive loans. A recipient of a loan shall
8 not be eligible to receive concurrently a loan under the Forgivable Education Loans for Service
9 Program pursuant to G.S. 116-209.45(c).

10 (f) Loan Terms and Conditions. – The terms and conditions applicable to loans made
11 under the Forgivable Education Loans for Service Program established under G.S. 116-209.45
12 shall apply to loans made under the Program except as follows:

13 (1) Loan amount. – The initial maximum loan amount shall be six thousand five
14 hundred dollars (\$6,500). The maximum loan amount may be adjusted by the
15 Authority for subsequent years of the Program based on funds available for the
16 Program.

17 (2) Repayment. – The Authority shall forgive the loan if, within six years after
18 graduation, the recipient teaches one academic year at a North Carolina public
19 school or at a school operated by the United States government in North
20 Carolina for each year of loan funding received. The Authority may provide an
21 accelerated repayment forgiveness option for any recipient who accepts
22 employment at a North Carolina public school that, at the time the recipient
23 accepts employment with the local school administrative unit in which the
24 school is located, is low-performing as identified by the State Board of
25 Education pursuant to G.S. 115C-105.37. The Authority, in exercise of its sole
26 discretion, shall have the authority to extend the period of time in which
27 repayment must be completed by one additional year due to extenuating
28 circumstances.

29 (3) Other. – The Authority may establish other terms and conditions that are
30 necessary or convenient to effectuate the purpose of the Program and align the
31 administration of the Program with that of the Forgivable Loans for Service
32 Program.

33 (g) Rule-Making Authority. – The Authority may adopt rules as necessary to implement,
34 administer, and enforce the provisions of this section.

35 (h) Report to the General Assembly. – The Authority shall report no later than December
36 1, 2018, and annually thereafter, to the Office of State Budget and Management and the Joint
37 Legislative Education Oversight Committee regarding loans awarded from the Fund for the
38 Program."

39 **SECTION 11.9.(b)** G.S. 116-209.45(h) reads as rewritten:

40 "(h) Use of Fund Monies. – All funds appropriated to or otherwise received by the
41 Authority to provide loans through the Program, all funds received as repayment of loans, and all
42 interest earned on these funds shall be placed in the Fund. The Fund shall be used only for loans
43 made pursuant to this section, loans made pursuant to G.S. 116-209.45A, and ~~for~~ administrative
44 costs of the Authority, including costs of administering the former Teaching Fellows Program
45 transferred to the Authority under G.S. 116-209.27.

46 **SECTION 11.9.(c)** There is appropriated from the General Fund to the Board of
47 Governors of The University of North Carolina the sum of two million one hundred fifty thousand
48 dollars (\$2,000,000) for the 2016-2017 fiscal year to be allocated to the Forgivable Education
49 Loans for Service Fund for the STEM Teacher Recruitment Program administered by the State
50 Education Assistance Authority in accordance with this section. Of these funds:

- 1 (1) Two million dollars (\$1,900,000) shall be used to provide loans under the
2 STEM Teacher Recruitment Program for enrollment in the 2017-18 academic
3 year; and
4 (2) One hundred fifty thousand dollars (\$100,000) shall be transferred to the State
5 Education Assistance Authority in the 2016-17 fiscal year for the
6 administration and implementation of the Program.
7

8 **MODIFY REQUIREMENT FOR NON-GENERAL FUND ADVANCED PLANNING**

9 **SECTION 11.10.** G.S. 143C-3-3 reads as rewritten:

10 **"§ 143C-3-3. Budget requests from State agencies in the executive branch.**

11 ...

12 (b) University of North Carolina System Request.—Notwithstanding the requirement in
13 G.S. 116-11 that the Board of Governors prepare a unified budget request for all of the constituent
14 institutions of The University of North Carolina., budget requests of the University shall be
15 subject to all of the following:

- 16 (1) Repairs and renovations requests, capital fund requests, and information
17 technology requests shall comply with subsections (c), (d), and (e) of this
18 section.
19 (2) The University of North Carolina shall not make a capital funds request
20 proposing to construct a new facility, expand the building area (square feet) of
21 an existing facility, or rehabilitate an existing facility to accommodate new or
22 expanded uses unless the University has completed advanced planning through
23 schematic design of the ~~project with funds other than General Fund~~
24 ~~appropriations.~~ project. 12F.7.(g)The Board of Governors shall establish and
25 implement requirements for constituent institutions to match a minimum of one
26 dollar (\$1.00) from funds other than General Fund appropriations for every one
27 dollar (\$1.00) of General Fund appropriations used to complete advance
28 planning of capital projects. The Board of Governors shall not establish the
29 minimum matching requirement in this subdivision for all consistent
30 institutions and shall require higher matching dollar amounts from funds other
31 than General Fund appropriations based on a constituent institution's financial
32 ability to generate and contribute funds other than General Fund appropriations.
33 For purposes of this subdivision, "funds other than General Fund
34 appropriations" includes funds carried forward from one fiscal year to another
35 pursuant to G.S. 116-30.3 and G.S. 116-30.3B."
36

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

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

39 **FUNDS FOR NCTRACKS, THE REPLACEMENT MULTIPAYER MEDICAID** 40 **MANAGEMENT INFORMATION SYSTEM**

41 **SECTION 12A.1.(b)** Beginning on November 15, 2015, and monthly thereafter, the
42 Department of Health and Human Services shall submit a report to the Joint Legislative Oversight
43 Committee on Health and Human Services and the Fiscal Research Division on the status of the
44 implementation of ICD-10. The Department shall continue to submit the report by the 15th of each
45 month until three consecutive months have passed in which the Department did not issue any
46 hardship advances. Thereafter, either the new Department of Information Technology (DIT),
47 created by this act, or the Department, as appropriate, shall submit this report upon request of the
48 Joint Legislative Oversight Committee on Health and Human Services. The report shall include all
49 of the following items:
50
51

- 1 (1) An analysis of claims payments prior to the implementation compared to post
2 implementation by major provider category that identifies any variations in
3 claims payment levels.
- 4 (2) For variations attributable to the implementation of ICD-10, the report shall
5 include corrective actions and communications that resulted from the
6 identification of the variation.
- 7 (3) An update on hardship advances made to providers for payment issues arising
8 for the implementation of ICD-10 that specifies the total amount advanced and
9 the total amount recovered to date listed by provider.

11 FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH 12 TECHNOLOGY (NC FAST)

13 **SECTION 12A.2.(a)** Funds appropriated in this act in the amount of five million eight
14 hundred three thousand dollars (\$5,803,000) for the 2015-2016 fiscal year and thirteen million
15 fifty-two thousand dollars (\$13,052,000) for the 2016-2017 fiscal year along with prior year
16 earned revenue in the amount of nine million four hundred thousand dollars (\$9,400,000) for the
17 2015-2016 fiscal year and ten million nine hundred eighty-nine thousand seventeen dollars
18 (\$10,989,017) for the 2016-2017 fiscal year; and the cash balance in Budget Code 24410 Fund
19 2411 for the North Carolina Families Accessing Services through Technology (NC FAST) project
20 shall be used to match federal funds in the 2015-2016 and 2016-2017 fiscal years. In the event the
21 Department does not receive prior year earned revenues in the amounts authorized by this section,
22 or funds are insufficient to advance the project, the Department may, with prior approval from the
23 Office of State Budget and Management (OSBM), utilize overrealized receipts and funds
24 appropriated to the Department to achieve the level of funding specified in this section for NC
25 FAST. The funds shall be utilized to expedite the development and implementation of Child Care,
26 Low Income Energy Assistance, Crisis Intervention Programs, Child Services, NC FAST
27 Federally-Facilitated Marketplace (FFM) Interoperability, and Additional Medicaid Eligibility
28 Requirements & Enterprise Program Integrity components of the NC FAST program. The
29 Department shall report any changes in approved federal funding or federal match rates within 30
30 days after the change to the Joint Legislative Oversight Committees on Health and Human
31 Services and Information Technology and the Fiscal Research Division.

33 FUNDS FOR COMMUNITY PARAMEDICINE PILOT PROGRAM

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

35 **"SECTION 12A.12.(a)** Of the funds appropriated in this act to the Department of Health and
36 Human Services, Division of Central Management and Support, for the 2015-2016 fiscal year, the
37 sum of three hundred fifty thousand dollars (\$350,000) shall be used to implement a community
38 paramedicine pilot program. The pilot program shall focus on expanding the role of paramedics to
39 allow for community-based initiatives that result in providing care that avoids nonemergency use
40 of emergency rooms and 911 services and avoids unnecessary admissions into health care
41 facilities.

42 **"SECTION 12A.12.(b)** The North Carolina Office of Emergency Medical Services
43 (NCOEMS) shall set the education standards and other requirements necessary to qualify as a
44 community paramedic eligible to participate in the pilot program established in subsection (a) of
45 this section. The Department shall consult with the NCOEMS to define the objectives, set
46 standards, and establish the required outcomes for the pilot program.

47 **"SECTION 12A.12.(c)** The Department of Health and Human Services shall establish up to
48 three program sites to implement the community paramedicine pilot program, one of which shall
49 be New Hanover Regional Emergency Medical Services. For the 2015-2016 fiscal year, the New
50 Hanover Regional Emergency Medical Services program site shall be awarded up to two hundred
51 ten thousand dollars (\$210,000), and each of the remaining program sites may be awarded up to

1 seventy thousand dollars (\$70,000). In selecting the remaining program sites, the Department may
2 give preference to counties that currently have an established community paramedic program.

3 **"SECTION 12A.12.(d)** The Department of Health and Human Services shall submit a report
4 to the Senate Appropriations Committee on Health and Human Services, the House of
5 Representatives Appropriations Committee on Health and Human Services, and the Fiscal
6 Research Division by June 1, 2016, on the progress of the pilot program and shall include an
7 evaluation plan based on the U.S. Department of Health and Human Services, Health Resources
8 and Services Administration Office of Rural Health Policy's Community Paramedicine Evaluation
9 Tool published in March 2012.

10 **"SECTION 12A.12.(e)** The Department of Health and Human Services shall submit a final
11 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
12 Research Division by ~~November 1, 2016.~~ March 31, 2017. At a minimum, the final report shall
13 include all of the following:

- 14 (1) An updated version of the evaluation plan required by subsection (d) of this
15 section.
- 16 (2) An estimate of the cost to expand the program incrementally and statewide.
- 17 (3) An estimate of any potential savings of State funds associated with expansion
18 of the program.
- 19 (4) If expansion of the program is recommended, a time line for expanding the
20 program."

21 **MEDICAID GRADUATE MEDICAL EDUCATION (GME) FUNDS**

22 **SECTION 12A.4.** The Department of Health and Human Services, Division of
23 Central Management and Support, Office of Rural Health, shall receive the sum of three million
24 five hundred thousand dollars (\$3,500,000) in appropriations for the 2016-2017 fiscal year. These
25 funds shall be used for Graduate Medical Education (GME) residency slots that focus on rural and
26 underserved areas and specialties needed to meet the health care needs of the State's population.
27

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

29 **CHILD CARE ALLOCATION FORMULA**

30 **SECTION 12B.1.(a)** For SFY 2016-2017, the Department of Health and Human
31 Services shall allocate one-time Temporary Assistance for Needy Families funds in the amount of
32 four million two hundred fifty-nine thousand nine hundred eighteen dollars (\$4,259,918) for the
33 purpose of increasing access to high-quality early care and education to children. These funds
34 shall not be allocated according to Section 12B.3(a) of this act, but shall be distributed by the
35 Department for the following purposes:
36

- 37 (1) For eligible four-year-old children who have never been served to receive NC
38 Pre-K services or subsidized child care in child care facilities with ratings of 4
39 or 5 stars.
- 40 (2) For children in vulnerable populations who are eligible for subsidized child
41 care, such as children receiving child welfare services, children experiencing
42 homelessness, children with special needs, etc., to receive subsidized child care
43 in child care facilities with ratings of 4 or 5 stars.
- 44 (3) For children currently receiving subsidized child care services who move to
45 another county within the State where there are insufficient subsidized child
46 care program funds to continue their services.
47

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

1 **REQUIRE TRANSFER OF CERTAIN SERVICES TO EASTERN BAND OF CHEROKEE**
2 **INDIANS**

3 **SECTION 12C.1.(a)** Approval for the Eastern Band of Cherokee Indians to
4 administer the eligibility process for Medicaid and NC Health Choice is contingent upon federal
5 approval of State Plan amendments and Medicaid waivers by the Centers for Medicare &
6 Medicaid Services (CMS). The Department of Health and Human Services, Division of Medical
7 Assistance (DMA), shall submit any State Plan amendments and Medicaid waivers necessary for
8 the delegation of authority and administrative transfer of function to the Eastern Band of Cherokee
9 Indians or to effectuate the changes required by this section and Section 12C.3 of S.L. 2014-100.
10 All State Plan amendments and Medicaid waivers submitted as allowed under this subsection shall
11 have an effective date of April 1, 2017. DMA shall submit the State Plan amendments and waivers
12 allowed under this subsection and any related responses to CMS requests for additional
13 information to the Eastern Band of Cherokee Indians for review prior to submission to CMS. If
14 CMS does not approve the State Plan amendments and Medicaid waivers allowed by this
15 subsection, the counties shall continue serving individuals living on the federal lands held in trust
16 by the United States.

17 **SECTION 12C.1.(b)** The Department of Health and Human Services shall submit an
18 Advanced Planning Document Update (APDU) to CMS, the United States Department of
19 Agriculture (USDA), and the Administration for Children and Families (ACF). If CMS, USDA,
20 and ACF do not approve the APDU, the counties shall continue serving individuals living on the
21 federal lands held in trust by the United States.

22 **SECTION 12C.1.(c)** Section 12C.3(b) of S.L. 2014-100 reads as rewritten:

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

31 No later than ~~October 1, 2016~~, April 1, 2017, and with the exception of services related to
32 special assistance, childcare, and adult care homes, the Eastern Band of Cherokee Indians may
33 assume responsibility for other programs as described under G.S. 108A-25(e), enacted in
34 subsection (c) of this section. When the Eastern Band of Cherokee Indians assumes responsibility
35 for any of those other programs, then any State statutes, portions of statutes, or rules relating to
36 the provision of services for those programs by a county department of social services for members of
37 the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
38 administration, and funding requirements relating to those programs are thereby delegated to the
39 Eastern Band of Cherokee Indians."
40

41 **ENHANCED CHILD SAFETY: FEDERAL IMPROVEMENT PLAN**
42 **IMPLEMENTATION**

43 **SECTION 12C.2.(a)** It is the intent of the Governor and the General Assembly to
44 fund eight million six hundred thousand dollars (\$8,600,000) in support of the State's federal
45 program improvement plan and other improvements for the Child Welfare System, including
46 Child Protective Services to prevent children from needing Foster Care Services and to provide
47 effective and efficient services to families who have a child served by the Foster Care program to
48 safely return the child(ren) to the family's care in their home. This multi-faceted approach includes
49 the following initiatives:

- 50 (1) Development of a comprehensive plan to provide initial and on-going training
51 and support to county staff providing Child Welfare Services. The plan shall

- 1 address (i) a system to assess the current capacity of a local agency staff, (ii)
 2 identification of a training and support action plan to address the areas
 3 identified in the assessment, and (iii) a local plan to maintain staff
 4 competencies. Further, to develop a competency and performance based Child
 5 Welfare workforce support system through contractual partnerships with public
 6 and private post-secondary schools of social work and community colleges.
 7 (2) Increase the availability and expansion of evidenced-based services to families
 8 in their own homes in order to reduce maltreatment and the likelihood of
 9 children entering care.

10 **SECTION 12C.2.(b)** The Department of Health and Human Services, Division of
 11 Social Services, shall develop a data analytics team under the direction of a project manager. The
 12 data analytics efforts will center on program and fiscal data to identify areas of strengths and
 13 opportunities for improvement in key indicators of Safety, Permanency, and Well-Being for
 14 children and families served by the Foster Care program or are at risk of entering the Foster Care
 15 program.

16
 17 **ENHANCED CHILD SAFETY: PROTECT VULNERABLE CHILDREN**

18 **SECTION 12C.3.(a)** G.S. 7B-101(3) reads as rewritten:

19 **"§ 7B-101. Definitions.**

20 As used in this Subchapter, unless the context clearly requires otherwise, the following words
 21 have the listed meanings:

- 22 ...
 23 (3) Caretaker. – Any person other than a parent, guardian, or custodian who has
 24 responsibility for the health and welfare of a juvenile in a residential setting. A
 25 person responsible for a juvenile's health and welfare means a stepparent, foster
 26 parent, an adult member of the juvenile's household, an adult relative entrusted
 27 with the juvenile's care, a potential adoptive parent during a visit or trial
 28 placement with a juvenile in the custody of a department, any person such as a
 29 house parent or cottage parent who has primary responsibility for supervising a
 30 juvenile's health and welfare in a residential child care facility or residential
 31 educational facility, or any employee or volunteer of a division, institution, or
 32 school operated by the Department of Health and Human Services. Nothing in
 33 this subdivision shall be construed to impose a legal duty of support under
 34 Chapter 50 or Chapter 110 of the General Statutes. The duty imposed upon a
 35 caretaker as defined in this subdivision shall be for the purpose of this
 36 Subchapter only."

37 **SECTION 12C.3.(b)** G.S. 7B-302(a1)(1) reads as rewritten:

38 **"§ 7B-302. Assessment by director; access to confidential information; notification of person**
 39 **making the report.**

40 ...
 41 (a1) All information received by the department of social services, including the identity of
 42 the reporter, shall be held in strictest confidence by the department, except under the following
 43 circumstances:

- 44 (1) The department shall disclose confidential information to any federal, State, or
 45 local government entity or its ~~agent~~-agent, or any private child placing or
 46 adoption agency licensed by the Department of Health and Human Services, in
 47 order to protect a juvenile from abuse or neglect. Any confidential information
 48 disclosed to any federal, State, or local government entity or its agent under this
 49 subsection shall remain confidential with the other ~~government~~ entity or its
 50 agent and shall only be redisclosed for purposes directly connected with
 51 carrying out that entity's mandated responsibilities."

1 **SECTION 12C.3.(c)** G.S. 7B-401.1(h) reads as rewritten:

2 "**§ 7B-401.1. Parties.**

3 ...

4 (h) Intervention. – Except as provided in G.S. 7B-1103(b), the court shall not allow
5 intervention by a person who is not the juvenile's parent, guardian, ~~eustodian, or caretaker or~~
6 custodian but may allow intervention by another county department of social services that has an
7 interest in the proceeding. This section shall not prohibit the court from consolidating a juvenile
8 proceeding with a civil action or claim for custody pursuant to G.S. 7B-200."

9
10 **ENHANCED CHILD SAFETY: JUDICIAL DISCRETION**

11 **SECTION 12C.4.** G.S. 7B-901(c) reads as rewritten:

12 "**§ 7B-901. Dispositional Initial dispositional hearing.**

13 ...

14 (c) If the disposition order places a juvenile in the custody of a county department of social
15 services, the court shall direct that reasonable efforts for reunification as defined in G.S. 7B-101
16 shall not be required if the court makes written findings of fact pertaining to any of the
17 following: following, unless the court concludes that there is compelling evidence warranting
18 continued reunification efforts:

19 (1) A court of competent jurisdiction has determined that the parent has committed
20 or encouraged the commission of, or allowed the continuation of, any of the
21 following upon the juvenile:

22 a. Sexual abuse.

23 b. Chronic physical or emotional abuse.

24 c. Torture.

25 d. Abandonment.

26 e. Chronic or toxic exposure to alcohol or controlled substances that
27 causes impairment of or addiction in the juvenile.

28 f. Any other act, practice, or conduct that increased the enormity or added
29 to the injurious consequences of the abuse or neglect.

30 (2) A court of competent jurisdiction has terminated involuntarily the parental
31 rights of the parent to another child of the parent.

32 (3) A court of competent jurisdiction has determined that (i) the parent has
33 committed murder or voluntary manslaughter of another child of the parent; (ii)
34 has aided, abetted, attempted, conspired, or solicited to commit murder or
35 voluntary manslaughter of the child or another child of the parent; (iii) has
36 committed a felony assault resulting in serious bodily injury to the child or
37 another child of the parent; (iv) has committed sexual abuse against the child or
38 another child of the parent; or (v) has been required to register as a sex offender
39 on any government-administered registry."

40
41 **ENHANCED CHILD SAFETY: CONCURRENT PLANNING ENDING**

42 **SECTION 12C.5.** G.S. 7B-906.2 is amended by adding a new subsection to read:

43 "(a1) Concurrent planning shall continue until a permanent plan has been achieved."

44
45 **SUBPART XII-D. DIVISION OF AGING AND ADULT SERVICES**

46
47 **INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE SENIORS**
48 **PILOT PROGRAM**

49 **SECTION 12D.1.(a)** It is the intent of the Governor and the General Assembly to fund
50 and support an evidence-based pilot that will increase access to public benefits for seniors aged 65

1 and older who are enrolled in Medicare and Medicaid to improve the health and independence of
2 seniors and to reduce health care costs.

3 **SECTION 12D.1.(b)** Of the funds appropriated to the Department of Health and
4 Human Services, up to one million two hundred thousand dollars (\$1,200,000) may be used each
5 year for the next three years starting in fiscal year 2016-2017 to establish this pilot program. The
6 Department may leverage any eligible federal funding sources towards this effort.

7 **SECTION 12D.1.(c)** By January 1, 2017, the Department may partner with a
8 not-for-profit firm for the purposing of engaging in a data-driven campaign to help seniors aged 65
9 and over enrolled in Medicare and Medicaid meet their basic social needs. This partner shall have
10 demonstrated experience in this area and the partnership shall accomplish the following:

- 11 (1) Identify through data sharing, dual eligible seniors aged 65 and older who
12 qualify for the Supplemental Nutrition Assistance Program (SNAP) but are not
13 currently enrolled;
- 14 (2) Conduct an outreach program towards those seniors for the purpose of enrolling
15 them into SNAP;
- 16 (3) Provide comprehensive application assistance through outreach specialists to
17 complete public benefits application process;
- 18 (4) Evaluate project-effectiveness and explore how data can be utilized to achieve
19 optimal outcomes; and
- 20 (5) Make recommendations regarding policy options available to the State to
21 streamline access to benefits.

22 **SECTION 12D.1.(d)** The Department shall report back to the Office of the Governor
23 and the Joint Legislative Oversight Committee on Health and Human Services on its progress in
24 the pilot program by February 1 following each year the pilot program is in place. The report
25 should include:

- 26 (1) The number of seniors age 65 and older who are dual eligible but are not
27 enrolled in SNAP;
- 28 (2) The number of those identified that would be included in the sample
29 population;
- 30 (3) Methods of outreach towards those seniors in the sample population;
- 31 (4) Number of to-date enrollments in SNAP as a direct result of outreach during the
32 pilot program;
- 33 (5) Participation rate to-date in SNAP of those seniors in the sample population;
34 and
- 35 (6) Any other findings of interest.

36 **SECTION 12D.1.(e)** If funding and capacity exist, the department may expand this
37 pilot program to include other public benefit programs.

38 **SECTION 12D.1.(f)** The Department shall submit a final report with findings to the
39 Office of the Governor and the Joint Legislative Oversight Committee on Health and Human
40 Services by February 1, 2020. The final report shall include:

- 41 (1) Number of seniors reached during the pilot program;
- 42 (2) Number of applications processed during the pilot program;
- 43 (3) Number of new enrollments as a result of the pilot program;
- 44 (4) Cost per application;
- 45 (5) Total amount of public benefit distributed to the beneficiaries enrolled as a
46 result of the pilot program; and
- 47 (6) Projected reduction in health care utilization costs to the State associated with
48 hospital stays and deferred nursing home placements.

49
50 **SUBPART XII-E. DIVISION OF PUBLIC HEALTH**
51

PUBLIC HEALTH VECTOR CONTROL PROGRAM

SECTION 12E.1. The Department of Health and Human Services, Division of Public Health, is authorized, through funds appropriated in this act, to establish a Vector Control Program (VCP) to be housed in the Communicable Disease Branch of the Epidemiology Section. The VCP will develop infrastructure to conduct vector surveillance, characterize vector-borne disease risk, recommend appropriate control measures, evaluate the effectiveness of those measures, and provide comprehensive vector-borne disease education.

CONVERSION TO MAGI (MODIFIED ADJUSTED GROSS INCOME) FOR AIDS DRUG ASSISTANCE PROGRAM (ADAP) ELIGIBILITY DETERMINATION

SECTION 12E.2.(a) Effective January 1, 2017, the Department shall initiate the use of the Modified Adjusted Gross Income (MAGI) formula in the calculation of income for the purpose of eligibility determination for the AIDS Drug Assistance Program (ADAP), to ensure consistency with the method of eligibility determination currently used by Medicaid, Medicare, and Qualified Health Plan Subsidies.

SECTION 12E.2.(b) The Department shall use existing State appropriations, federal Ryan White funds, and 340B rebates available to it to develop and implement the conversion to MAGI for determining ADAP financial eligibility.

STATEWIDE STANDING ORDER FOR OPIOID ANTAGONIST BY STATE HEALTH DIRECTOR

SECTION 12E.3. G.S. 90-106.2 reads as rewritten:

"§ 90-106.2. Treatment of overdose with opioid antagonist; immunity.

(a) As used in this section, "opioid antagonist" means naloxone hydrochloride that is approved by the federal Food and Drug Administration for the treatment of a drug overdose.

(b) A practitioner acting in good faith and exercising reasonable care may directly or by standing order prescribe an opioid antagonist to (i) a person at risk of experiencing an opiate-related overdose or (ii) a family member, friend, or other person in a position to assist a person at risk of experiencing an opiate-related overdose. As an indicator of good faith, the practitioner, prior to prescribing an opioid under this subsection, may require receipt of a written communication that provides a factual basis for a reasonable conclusion as to either of the following:

- (1) The person seeking the opioid antagonist is at risk of experiencing an opiate-related overdose.
- (2) The person other than the person who is at risk of experiencing an opiate-related overdose, and who is seeking the opioid antagonist, is in relation to the person at risk of experiencing an opiate-related overdose:
 - a. A family member, friend, or other person.
 - b. In the position to assist a person at risk of experiencing an opiate-related overdose.

(b1) The State Health Director may prescribe an opioid antagonist pursuant to subsection (b) of this section by means of a statewide standing order. A pharmacist may dispense an opioid antagonist to a person described in subsection (b) of this section pursuant to a prescription issued in accordance with subsection (b) of this section. For purposes of this section, the term "pharmacist" is as defined in G.S. 90-85.3.

(c) A person who receives an opioid antagonist that was prescribed pursuant to subsection (b) of this section may administer an opioid antagonist to another person if (i) the person has a good faith belief that the other person is experiencing a drug-related overdose and (ii) the person exercises reasonable care in administering the drug to the other person. Evidence of the use of reasonable care in administering the drug shall include the receipt of basic instruction and information on how to administer the opioid antagonist.

1 (d) All of the following individuals are immune from any civil or criminal liability for
2 actions authorized by this section:

3 (1) ~~Any~~ The State Health Director and any practitioner who prescribes an opioid
4 antagonist pursuant to subsection (b) of this section.

5 (1a) Any pharmacist who dispenses an opioid antagonist pursuant to subsection (b1)
6 of this section.

7 (2) Any person who administers an opioid antagonist pursuant to subsection (c) of
8 this section."
9

10 **SUBPART XII-F. DIVISION OF MH/DD/SAS AND STATE OPERATED HEALTH CARE** 11 **FACILITIES**

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

13 **SECTION 12F.1.(a)** Use of Funds. – Of the funds appropriated in Section 2.1 of this
14 act to the Department of Health and Human Services, Division of Mental Health, Developmental
15 Disabilities, and Substance Abuse Services, for crisis services, the sum of forty million five
16 hundred eighty-three thousand three hundred ninety-four dollars (\$40,583,394) for the 2015-2016
17 fiscal year and the sum of forty million five hundred eighty-three thousand three hundred
18 ninety-four dollars (\$40,583,394) for the 2016-2017 fiscal year shall be used to purchase
19 additional new or existing local inpatient psychiatric beds or bed days not currently funded by or
20 through LME/MCOs. The Department shall continue to implement a two-tiered system of payment
21 for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an
22 enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher
23 acuity levels, as defined by the Department. The enhanced rate of payment for inpatient
24 psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest
25 average cost per patient bed day among the State psychiatric hospitals. Funds designated in this
26 subsection for the purchase of local inpatient psychiatric beds or bed days shall not be used to
27 supplant other funds appropriated or otherwise available to the Department for the purchase of
28 inpatient psychiatric services through contracts with local hospitals. No more than ten percent
29 (10%) of current recurring three-way funds may be available for use for other services across the
30 crisis service continuum (Facility-Based Crisis and Non-Hospital Detox), to increase access to
31 post acute care medications to 30 days, and to provide peer transition supports to help facilitate
32 stabilization in the community for the first few months.

33 **SECTION 12F.1.(b)** Distribution and Management of Beds or Bed Days. – The
34 Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in
35 accordance with this section are utilized solely for individuals who are medically indigent, defined
36 as uninsured persons who (i) are financially unable to obtain private insurance coverage as
37 determined by the Department and (ii) are not eligible for government-funded health coverage
38 such as Medicare or Medicaid; and distributed across the State in LME/MCO catchment areas and
39 according to need as determined by the Department. The Department shall ensure that beds or bed
40 days for individuals with higher acuity levels are distributed across the State in LME catchment
41 areas, including any catchment areas served by managed care organizations, and according to
42 greatest need based on hospital bed utilization data. The Department shall enter into contracts with
43 LME/MCOs and local hospitals for the management of these beds or bed days. The Department
44 shall work to ensure that these contracts are awarded equitably around all regions of the State.
45 LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including
46 the determination of the specific local hospital or State psychiatric hospital to which an individual
47 should be admitted pursuant to an involuntary commitment order.

48 **SECTION 12F.1.(c)** Funds to Be Held in Statewide Reserve. – Funds appropriated to
49 the Department for the purchase of local inpatient psychiatric beds or bed days shall not be
50 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,
51

1 Developmental Disabilities, and Substance Abuse Services, to pay for services authorized by the
2 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims
3 for payment to the Department within 15 working days after receipt of a clean claim from the
4 hospital and shall pay the hospital within 30 working days after receipt of payment from the
5 Department.

6 **SECTION 12F.1.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If
7 the Department determines that (i) an LME/MCO is not effectively managing the beds or bed days
8 for which it has responsibility, as evidenced by beds or bed days in the local hospital not being
9 utilized while demand for services at the State psychiatric hospitals has not reduced or (ii) the
10 LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of this
11 section, the Department may contract with another LME/MCO to manage the beds or bed days or,
12 notwithstanding any other provision of law to the contrary, may pay the hospital directly.

13 **SECTION 12F.1.(e)** Reporting by LME/MCOs. – The Department shall establish
14 reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

15 **SECTION 12F.1.(f)** Reporting by Department. – By no later than December 1, 2016,
16 and by no later than December 1, 2017, the Department shall report to the Joint Legislative
17 Oversight Committee on Health and Human Services and the Fiscal Research Division on all of
18 the following:

- 19 (1) A uniform system for beds or bed days purchased during the preceding fiscal
20 year from (i) funds appropriated in this act that are designated for this purpose
21 in subsection (a) of this section, (ii) existing State appropriations, and (iii) local
22 funds.
- 23 (2) Other Department initiatives funded by State appropriations to reduce State
24 psychiatric hospital use.

25 **DOROTHEA DIX HOSPITAL PROPERTY FUND AND USE OF FUNDS**

26 **SECTION 12F.2.(a)** Notwithstanding G.S. 146-30 or any other provision of law, the
27 State Controller shall transfer a total of forty-nine million eight hundred ninety-nine thousand four
28 hundred fifty-six dollars (\$49,899,456) for the 2015-2016 fiscal year from the net proceeds of the
29 sale of the Dorothea Dix Hospital property into the Dorothea Dix Hospital Property Fund
30 established in G.S. 143C-9-2(b1), as enacted by subsection (b) of this section. These funds shall be
31 available for expenditure only upon an appropriation by act of the General Assembly and do not
32 constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of
33 the North Carolina Constitution.

34 **SECTION 12F.2.(b)** Section 12F.7(d), (e), and (f) are repealed.

35 **SECTION 12F.2.(c)** Section 12F.7 of S.L. 2015-241 is amended by adding a new
36 subsection to read:

37 **SECTION 12F.7.(g)** Funds appropriated by act of the General Assembly to the Dorothea
38 Dix Hospital Property Fund shall be available until the purposes are fulfilled as outlined below
39 and shall be used in support of increasing availability of short-term behavioral health inpatient
40 services and care of individuals experiencing an acute mental health, substance abuse, or
41 developmental disability crisis and to carry out one-time funding recommendations of the
42 Governor's Task Force on Mental Health and Substance Use as follows:

- 43 (1) Rural Beds: Twelve million dollars (\$12,000,000) is appropriated for the
44 purpose of expanding inpatient capacity, especially in rural areas near counties
45 with limited inpatient capacity relative to their needs through constructing new
46 beds or renovating existing beds to form new inpatient psychiatric units or new
47 facility-based crisis centers, prioritizing rural hospitals in the process.
- 48 (2) Child Facility-Based Crisis: Two million dollars (\$2,000,000) is appropriated to
49 DMHDDSAS for start-up costs (renovation or construction) to establish one- or
50 two-child facility-based crisis centers, at least one of which will be in the
51

south/east/central region. Funds will be awarded on a competitive basis and will be available across two years because construction and renovation tends to take longer than a year.

(3) Veterans Housing: Two hundred fifty thousand dollars (\$250,000) is appropriated on a one-time basis to expand the TCLI and Veterans Rapid Rehousing teams and support Rapid Rehousing teams in 10 new counties with the largest populations of homeless veterans, as well as improve outreach to 100,000 veterans.

(4) Broaden Workforce Serving Individuals Who are Deaf/Hard of Hearing: One hundred fifty thousand dollars (\$150,000) is appropriated to support six individuals who are proficient in American Sign Language to fund one behavioral health-related Master's Degree per individual that will result in licensure in the mental health and/or substance use field, and the individual will agree to provide services in North Carolina for at least three years. Scholarships will be provided on a competitive basis.

(5) Psychiatric Advanced Directives: Three hundred thousand dollars (\$300,000) is appropriated to DMHDDSAS to support training and dissemination of psychiatric advanced directives, which may increase the effectiveness and efficiency of crisis services, and in many cases, prevent crises.

(6) Mental Health First Aid: Two million five hundred thousand dollars (\$2,500,000) is appropriated to DMHDDSAS to expand Mental Health First Aid training for youth and adults.

(7) Local Efforts to Divert From Jail to Treatment: Three million dollars (\$3,000,000) is appropriated to DMHDDSAS to offer mini grants to local community behavioral health and justice system leaders to collaborate to address the community health and safety needs. To be eligible for funding, the county or groups of counties must have joined the Stepping Up Initiative, a national effort spearheaded by the National Association of Counties, to divert people with behavioral health disorders from jail to treatment (stepuptogether.org) and agree to use the Sequential Intercept Model as the framework for planning the interface between the justice and behavioral health systems. Using the model, a community can develop targeted strategies that evolve over time to increase diversion from the justice system and linkage to community treatment."

IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM ACCESS AND UTILIZATION

SECTION 12F.3.(d) G.S. 90-113.74(c) reads as rewritten:

"(c) The Department shall release data in the controlled substances reporting system to the following persons only:

...
 (8) Any county medical examiner appointed by the Chief Medical Examiner pursuant to G.S. 130A-382 and the Chief Medical Examiner, for the purpose of investigating the death of an individual.

(9) The federal Drug Enforcement Administration's Office of Diversion Control, through the area Greensboro Office, and who is assigned to investigate the diversion and illegal use of prescription medication or pharmaceutical products identified in Article 5 of this Chapter of the General Statutes as Schedule II through V controlled substances and who is engaged in a bona fide specific investigation related to the enforcement of laws governing licit drugs.

- 1 (10) The North Carolina Health Information Exchange Authority (NC HIE
2 Authority), established under Article 29B of this Chapter, through Web-service
3 calls."
4

5 **IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM CONTRACT**

6 **SECTION 12F.4.(a)** The Department of Health and Human Services (DHHS) shall
7 modify the contract for the Controlled Substances Reporting System (CSRS) to improve
8 performance, establish user access controls, establish data security protocols, and ensure
9 availability of data for advanced analytics. Specifically, the contract shall be modified to include
10 the following:

- 11 (1) A connection to the HIE Network administered by the North Carolina Health
12 Information Exchange Authority (NC HIE Authority).
13 (2) The establishment of interstate connectivity.
14 (3) Data security protocols that meet or exceed the Federal Information Processing
15 Standards (FIPS) established by the National Institute of Standards and
16 Technology (NIST).

17 **SECTION 12F.4.(b)** DHHS shall complete the contract modifications required by
18 subsection (f) of this section by December 31, 2015. DHHS shall report by November 15, 2015, to
19 the Joint Legislative Program Evaluation Oversight Committee and the Joint Legislative Oversight
20 Committee on Health and Human Services regarding the progress to modify the contract.

21 **SECTION 12F.4.(c)** DHHS shall apply for grant funding from the National
22 Association of Boards of Pharmacy to establish interstate connectivity. The Department shall
23 request forty thousand thirty-five dollars (\$40,035) to establish the initial interface for interstate
24 connection and thirty thousand dollars (\$30,000) for two years of ongoing service, maintenance,
25 and support for interstate connection in order to create interstate connectivity for the drug
26 monitoring program as required by subdivision (2) of subsection (a) of this section.

27 **SECTION 12F.4.(d)** Funds appropriated in this act to the Department of Health and
28 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
29 Services, for the CSRS shall be used as follows:

- 30 (1) For the 2015-2016 fiscal year, the sum of forty thousand thirty-five dollars
31 (\$40,035) shall be used to connect the CSRS and the HIE Network
32 administered by the NC HIE Authority, as required by subdivision (1) of
33 subsection (a) of this section.
34 (2) For the 2015-2016 fiscal year and for the 2016-2017 fiscal year, the sum of
35 fifteen thousand dollars (\$15,000) shall be used to maintain a connection
36 between the CSRS and the HIE Network administered by the NC HIE
37 Authority, as required by subdivision (1) of subsection (a) of this section.
38 (3) For the 2015-2016 fiscal year, the sum of forty thousand thirty-five dollars
39 (\$40,035) shall be used to establish the initial interface for interstate
40 connectivity, as required by subdivision (2) of subsection (a) of this section.
41 This amount shall be adjusted or eliminated if DHHS is successful in obtaining
42 grant awards or identifying other allowable receipts for this purpose. If receipts
43 are used for this purpose, this nonrecurring appropriation shall revert to the
44 General Fund.
45 (4) For the 2015-2016 fiscal year, the sum of fifteen thousand dollars (\$15,000)
46 shall be used for the cost of annual service fees for the interstate connection for
47 the drug monitoring program, as required by subdivision (2) of subsection (a) of
48 this section. This amount shall be adjusted or eliminated if DHHS is successful
49 in obtaining grant awards or identifying other allowable receipts for this
50 purpose. If receipts are used for this purpose, this nonrecurring appropriation
51 shall revert to the General Fund.

STATEWIDE STRATEGIC PLAN

SECTION 12F.5. Section 12F.16(m) of S.L. 2015-241 reads as rewritten:

"SECTION 12F.16.(m) There is hereby created the Prescription Drug Abuse Advisory Committee, to be housed in and staffed by the Department of Health and Human Services (DHHS). The Committee shall develop and, through its members, implement a statewide strategic plan to combat the problem of prescription drug abuse. The Committee shall include representatives from the following, as well as any other persons designated by the Secretary of Health and Human Services:

- (1) The Division of Medical Assistance, DHHS.
- (2) The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, DHHS.
- (3) The Division of Public Health, DHHS.
- (4) The Rural Health Section of the Division of Public Health, DHHS.
- (5) The State Bureau of Investigation.
- (6) The Attorney General's Office.
- (7) The following health care regulatory boards with oversight of prescribers and dispensers of prescription drugs:
 - a. North Carolina Board of Dental Examiners.
 - b. North Carolina Board of Nursing.
 - c. North Carolina Board of Podiatry Examiners.
 - d. North Carolina Medical Board.
 - e. North Carolina Board of Pharmacy.
- (8) The UNC Injury Prevention Research Center.
- (9) The substance abuse treatment community.
- (10) Governor's Institute on Substance Abuse, Inc.
- (11) The Department of Insurance's drug take-back program.
- (12) The Department of Public Safety (DPS), Division of Adult Correction.

After developing the strategic plan, the Committee shall be the State's steering committee to monitor achievement of strategic objectives and receive regular reports on progress made toward reducing prescription drug abuse in North Carolina."

IMPLEMENTATION OF MENTAL HEALTH AND SUBSTANCE USE TASK FORCE RECOMMENDATIONS

SECTION 12F.6.(a) Whereas the Governor's Task Force on Mental Health and Substance Use was established through Executive Order No. 76 with the purpose of submitting findings and strategic recommendations to the Governor for improving the lives of North Carolina children and adults with mental illness and substance use disorders and their families; the Governor and the General Assembly support the implementation of key recommendations that have been made by this Task Force as follows:

SECTION 12F.6.(b) The sum of thirty million dollars (\$30,000,000) is appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to address:

- (1) Emergency housing for adults diagnosed with a primary substance use disorder or serious mental illness who are transitioning out of emergency departments, correctional facilities, or institutions.
- (2) Improved connections for individuals with mental health and substance use issues by funding more proactive, regular, and often face-to-face contact and support through case management services. This case management model for adults will work closely with individuals during transition periods to create personalized plans and prevent hospitalization or interactions with the justice

1 system. For children, this type of case management will focus on those in foster
2 care, the juvenile justice system, and children with intellectual and
3 developmental disabilities.

4 (3) The State's heroin and prescription drug use epidemic by increasing access of
5 individuals and families to publicly supported Medication Assisted Treatment
6 (MAT) through the identification and implementation of comprehensive
7 strategies to improve access, quality, safety, and effectiveness in intervention,
8 treatment, and recovery services and implementation of the NC Strategic Plan
9 to Reduce Prescription Drug Abuse.

10 (4) Individuals entering the justice system whose needs are better addressed
11 through treatment by supporting therapeutic courts (mental health, substance
12 use disorder recovery, and veteran courts) and assure sustained funding of these
13 courts and their associated treatment. Further support for diversion from
14 criminal justice is provided through the LEAD program which is a pre-booking
15 jail diversion program that trains law enforcement officers to divert low level
16 drug offenders to services and treatment, rather than jail.

17 The Administrative Office of the Courts shall conduct or contract for a study to
18 develop the most effective program model, develop criteria and standards, and identify appropriate
19 judicial districts of establishing new specialty courts leveraging existing resources for such courts
20 currently operating.

21 22 **SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION**

23 24 **MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE** 25 **SERVICES**

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

27 "**SECTION 12G.4.(a)** For the period commencing on the effective date July 1, 2016, of this
28 section, and ending ~~June 30, 2016, June 30, 2017~~, and notwithstanding the provisions of the Home
29 Care Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes
30 or any rules adopted pursuant to that Part, the Department of Health and Human Services shall not
31 issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer
32 in-home aide services. This prohibition does not apply to companion, ~~and sitter services-sitter, and~~
33 ~~respite services~~ and shall not restrict the Department from doing any of the following:

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

41 **SECTION 12G.1.(b)** This section is effective when it becomes law.
42

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

44 45 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

46 **SECTION 12H.1.(a)** Receivables reserved at the end of the 2015-2016 and
47 2016-2017 fiscal years shall, when received, be accounted for as nontax revenue for each of those
48 fiscal years.

49 **SECTION 12H.1.(b)** For the 2015-2016 fiscal year, the Department of Health and
50 Human Services shall deposit from its revenues one hundred thirty-nine million dollars
51 (\$139,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. For

1 the 2016-2017 fiscal year, the Department of Health and Human Services shall deposit from its
2 revenues one hundred forty-seven million dollars (\$147,000,000) with the Department of State
3 Treasurer to be accounted for as nontax revenue. These deposits shall represent the total amount of
4 the return of General Fund appropriations, nonfederal revenue, fund balances, or other resources
5 from State-owned and State-operated hospitals which are used to provide indigent and nonindigent
6 care services. The return from State-owned and State-operated hospitals to DHHS will be made
7 from nonfederal resources in an amount equal to the amount of the payments from the Division of
8 Medical Assistance for uncompensated care. The treatment of any revenue derived from federal
9 programs shall be in accordance with the requirements specified in the Code of Federal
10 Regulations, Title 2, Part 225.

11 12 **AUTISM SPECTRUM DISORDER SERVICES FOR MEDICAID BENEFICIARIES**

13 **SECTION 12H.2.(a)** The Department of Health and Human Services shall issue clear
14 guidance to the local management entities/managed care organizations (LME/MCOs) to ensure
15 that children with Autism Spectrum Disorder receive consistent statewide services under Early and
16 Periodic Screening, Diagnostic, and Treatment program, immediately upon the effective date of
17 this act.

18 **SECTION 12H.2.(b)** The Department of Health and Human Services shall submit a
19 Medicaid State Plan Amendment to the CMS to include treatment of Autism Spectrum Disorder
20 for Medicaid beneficiaries as a covered service effective July 1, 2017.

21 **SECTION 12H.2.(c)** The State plan amendment submitted to implement this section
22 shall not be subject to the 90-day prior submission requirement of G.S. 108A-54.1A(d).

23 24 **EXPAND INNOVATIONS WAIVER SLOT AVAILABILITY**

25 **SECTION 12H.3.** In order to achieve cost-savings, improve health outcomes, and
26 allow individuals who meet the requirements for an Intermediate Care Facility for Individuals with
27 Intellectual Disabilities (ICF-IID) level of care to receive services in the least restrictive setting
28 possible, the Department of Health and Human Services, Division of Medical Assistance, shall
29 expand the Innovations Waiver by an additional 250 slots for State Fiscal Year 2016-2017.

30 31 **MEDICAID ESTATE RECOVERY AND ABLE ACCOUNTS**

32 **SECTION 12H.4.** G.S. 147-86.53(g) reads as rewritten:

33 "(g) ~~Notice for Designated Beneficiary Receiving Medicaid. —Notice of the State's right to~~
34 ~~file a claim against the estate following the death of a designated beneficiary who received~~
35 ~~medical assistance must be provided to the personal representative. The notice shall be on a form~~
36 ~~prescribed by the Department of Health and Human Services, Division of Medical Assistance, and~~
37 ~~shall explain the following:~~The ABLE account application form approved in accordance with
38 G.S. 147-86.51(b)(1) shall include notice of the State's right under subsection (e) of this section to
39 file a claim for payment from a designated beneficiary's ABLE account following the death of a
40 beneficiary who received medical assistance.

41 (1) ~~The types of Medicaid payments subject to a claim against the estate.~~

42 (2) ~~That a claim will not be made if the individual is survived by a legal spouse, a~~
43 ~~child or children under the age of 21, or a blind or disabled child or children of~~
44 ~~any age who became blind or disabled before age 21 and still live on the~~
45 ~~property of the deceased designated beneficiary.~~

46 (3) ~~That a claim against the estate is limited to specified conditions.~~

47 (4) ~~That a claim against the estate may be waived in the case of undue hardship and~~
48 ~~the procedure for claiming an undue hardship."~~

49 50 **MEDICAID AND HEALTH CHOICE PROVIDER SCREENING**

51 **SECTION 12H.5.** G.S. 108C-3 reads as rewritten:

1 **"§ 108C-3. Medicaid and Health Choice provider screening.**

2 ...
3 (g) High Categorical Risk Provider Types.—The following provider types are hereby
4 designated as "high" categorical risk:

5 ...
6 (10) Providers that were excluded, or whose owners, operators, or managing
7 employees were excluded, by the U.S. Department of Health and Human
8 Services Office of Inspector ~~General~~General, the Medicare program, or another
9 state's Medicaid or ~~program~~Children's Health Insurance Program within the
10 previous 10 years.

11 ...
12 (j) For out-of-state providers, the Department may rely on the results of the provider
13 screening performed by the Medicaid or Children's Health Insurance Program agencies ~~or Health~~
14 ~~Insurance Program for Children~~ agencies of other states."

15
16 **CRIMINAL HISTORY RECORD CHECKS FOR CERTAIN PROVIDERS**

17 **SECTION 12H.6.** G.S. 108C-4 reads as rewritten:

18 **"§ 108C-4. Criminal history record checks for certain providers.**

19 (a) The Department shall conduct criminal history records ~~checks—checks, including~~
20 fingerprinting, of provider applicants—applicants, and enrolled providers—providers, and individuals
21 with a five percent (5%) or more direct or indirect ownership interest in the providers who are
22 subject to G.S. 108C-3(g) in accordance with federal law and regulation.

23 (1) The Department shall notify providers subject to this subsection in writing.

24 (2) A provider or other individual subject to this subsection shall submit
25 documentation verifying fingerprinting to the Department or its designated
26 contractor within 30 calendar days of the date of the notice requiring the
27 documentation.

28 (3) The Department of Public Safety shall forward the provider's or other
29 individual's fingerprints to the State Bureau of Investigation for a search of the
30 State's criminal history record file, and the State Bureau of Investigation shall
31 forward a set of the fingerprints to the Federal Bureau of Investigation for a
32 national criminal history check. The State Bureau of Investigation shall submit
33 the results of the criminal history check to the Department or its designated
34 contractor. The Department shall keep all information pursuant to this
35 subsection privileged, in accordance with applicable State law and federal
36 guidelines, and the information shall be confidential and shall not be a public
37 record under Chapter 132 of the General Statutes.

38 (a1) The Division shall deny or terminate the enrollment of a provider who has been
39 convicted of a criminal offense related to that person's involvement with the Medicare, Medicaid,
40 or Children's Health Insurance Program in the last 10 years, unless the Division determines that
41 denial or termination of enrollment is not in the best interest of Medicaid, and the State Medicaid
42 agency documents that determination in writing. The Department shall honor civil and criminal
43 settlement agreements entered into with a provider or any person with a five percent (5%) or
44 greater direct or indirect ownership interest in the provider within 10 years of the effective date of
45 this act.

46 (b) The Division shall deny ~~enrollment~~—or terminate the enrollment of a provider where
47 any person with a five percent (5%) or greater direct or indirect ownership interest in the provider
48 has been convicted of a criminal offense related to that person's involvement with the Medicare,
49 Medicaid, or ~~Health Choice program~~Children's Health Insurance Program in the last 10 years,
50 unless the Division determines that denial or termination of enrollment is not in the best interests
51 of Medicaid and the State Medicaid agency documents that determination in writing. The

1 Department shall honor civil and criminal settlement agreements entered into with a provider or
2 any person with a five percent (5%) or greater direct or indirect ownership interest in the provider
3 within 10 years of the effective date of this act.

4 (c) The Division may deny enrollment or terminate the enrollment of a provider subject to
5 G.S. 108C-3(g) for any of the following offenses of the provider, an owner and/or operator, or
6 employee if, after review of the seriousness, age, and other circumstances involving the offense,
7 the Division determines it is in the best interest of the integrity of Medicaid or Health Choice to do
8 so: any criminal offenses as set forth in any of the following Articles of Chapter 14 of the General
9 Statutes: Article 5, Counterfeiting and Issuing Monetary Substitutes; Article 5A, Endangering
10 Executive, Legislative, and Court Officers; Article 6, Homicide; Article 7B, Rape and Other Sex
11 Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury
12 or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other
13 Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery;
14 Article 18, Embezzlement; Article 19, False Pretenses and Cheats; Article 19A, Obtaining
15 Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 19B,
16 Financial Transaction Card Crime Act; Article 20, Frauds; Article 21, Forgery; Article 26,
17 Offenses Against Public Morality and Decency; Article 26A, Adult Establishments; Article 27,
18 Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office;
19 Article 35, Offenses Against the Public Peace; Article 36A, Riots and Civil Disorders; Article 39,
20 Protection of Minors; Article 40, Protection of the Family; Article 59, Public Intoxication; and
21 Article 60, Computer-Related Crime. The crimes also include possession or sale of drugs in
22 violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General
23 Statutes, and alcohol-related offenses such as sale to underage persons in violation of
24 G.S. 18B-302, or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5."

25 26 **DELINQUENT PROVIDER ASSESSMENTS**

27 **SECTION 12H.8.** G.S. 108C-5 is amended by adding a new subsection to read:

28 "(u) The Department may collect payments for delinquent provider health care assessments
29 as defined in 42 C.F.R. § 433.55(a) in the same manner as set forth in G.S. 105-242 and
30 G.S. 105-242.1. The collection of delinquent assessments from a PIHP, MCO, or PLE for money
31 owed by a provider and on behalf of the provider to the State agency shall not constitute a
32 donation as defined in 42 C.F.R. § 433.52."

33 34 **TRANSFER OF MEDICAID POSITIONS**

35 **SECTION 12H.9.** Any new positions established by the Department of Health and
36 Human Services, Division of Medical Assistance, through this Act shall be subject to
37 G.S. 126-5(c1)(33) and (34). These positions shall transfer to the Division of Health Benefits
38 (DHB) when the DHB assumes operational responsibility for the State's Medicaid program.

39 40 **MEDICAID TRANSFORMATION**

41 **SECTION 12H.10.(a)** Section 3 of S.L. 2015-245 reads as rewritten:

42 "**SECTION 3.** Time Line for Medicaid Transformation. – The following milestones for
43 Medicaid transformation shall occur no later than the following dates:

44 (1) When this act becomes law. –

- 45 a. The Division of Health Benefits of the Department of Health and
46 Human Services (DHHS) is created pursuant to Section 10 of this act.
47 b. The Joint Legislative Oversight Committee on Medicaid and NC Health
48 Choice is created pursuant to Section 15 of this act to oversee the
49 Medicaid and NC Health Choice programs.
50 c. ~~The Division of Health Benefits~~ DHHS shall begin development of the
51 1115 waiver and any other State Plan amendments and waiver

- 1 amendments necessary to effectuate the Medicaid transformation
2 required by this act.
- 3 (2) March 1, 2016. – ~~The DHHS, through the Division of Health Benefits, DHHS~~
4 shall report its plans and progress on Medicaid transformation, including
5 recommended statutory changes, to the Joint Legislative Oversight Committee
6 on Medicaid and NC Health Choice, as required by subdivision (12) of Section
7 5 of this act.
- 8 (3) On or before June 1, 2016. – ~~The DHHS, through the Division of Health~~
9 ~~Benefits DHHS~~ shall submit the waivers and State Plan amendments required
10 by this act to the Centers for Medicare & Medicaid Services (CMS).
- 11 (4) Eighteen months after approval of all necessary waivers and State Plan
12 amendments by CMS. – Capitated contracts shall begin and initial recipient
13 enrollment shall be complete."

14 **SECTION 12H.10.(b)** Section 4 of S.L. 2015-245 reads as rewritten:

15 "SECTION 4. Structure of Delivery System. – The transformed Medicaid and NC Health
16 Choice programs described in Section 1 of this act shall be organized according to the following
17 principles and parameters:

- 18 (1) DHHS authority. – The Department of Health and Human Services (DHHS)
19 shall have full authority to manage the State's Medicaid and NC Health Choice
20 programs provided that the total expenditures, net of agency receipts, do not
21 exceed the authorized budget for each program, except the General Assembly
22 shall determine eligibility categories and income thresholds. DHHS ~~through the~~
23 ~~Division of Health Benefits, created in Section 10 of this act,~~ shall be
24 responsible for planning and implementing the Medicaid transformation
25 required by this act.
- 26 (2) Prepaid Health Plan. – For purposes of this act, a Prepaid Health Plan (PHP)
27 shall be defined as an entity, which may be a commercial plan or provider-led
28 entity, that operates or will operate a capitated contract for the delivery of
29 services pursuant to subdivision (3) of this section. For purposes of this act, the
30 terms "commercial plan" and "provider-led entity" are defined as follows:
- 31 a. Commercial plan or CP. – Any person, entity, or organization, profit or
32 nonprofit, that undertakes to provide or arrange for the delivery of
33 health care services to enrollees on a prepaid basis except for enrollee
34 responsibility for copayments and deductibles and holds a PHP license
35 issued by the Department of Insurance.
- 36 b. Provider-led entity or PLE. – An entity that meets all of the following
37 criteria:
- 38 1. A majority of the entity's ownership is held by an individual or
39 entity that has as its primary business purpose the ownership or
40 operation of one or more Medicaid and NC Health Choice
41 providers.
- 42 2. A majority of the entity's governing body is composed of
43 physicians, physician assistants, nurse practitioners, or
44 psychologists.
- 45 3. Holds a PHP license issued by the Department of Insurance.
- 46 (3) Capitated contracts. – The Division of Health Benefits, created in Section 10 of
47 this act, shall enter into capitated contracts with PHPs for the delivery of
48 Medicaid and NC Health Choice services as specified in this act. All capitated
49 contracts shall be the result of requests for proposals (RFPs) issued by the
50 Division of Health Benefits and the submission of competitive bids by PHPs,
51 pursuant to subdivision (6) of Section 5 of this act.

- 1 (4) Services covered by PHPs. – Capitated PHP contracts shall cover all Medicaid
 2 and NC Health Choice services, including physical health services, prescription
 3 drugs, long-term services and supports, and behavioral health services for NC
 4 Health Choice recipients, except as otherwise provided in this subdivision. The
 5 capitated contracts required by this subdivision shall not cover the following:
 6 a. Behavioral health services for Medicaid recipients currently covered by
 7 the local management entities/managed care organizations
 8 (LME/MCOs) shall be excluded from the capitated contracts until four
 9 years after the date capitated contracts begin.
 10 b. The capitated contracts required by this subdivision shall not cover
 11 dental-Dental services.
 12 c. Program of All-inclusive Care for The Elderly (PACE) services.
 13 d. Audiology, speech therapy, occupational therapy, physical therapy,
 14 nursing, and psychological services prescribed in an Individualized
 15 Education Program (IEP) and performed by schools or individuals
 16 contracted with Local Education Agencies.
 17 e. Services contracted with Children's Developmental Services Agencies.
 18 f. Services for Medicaid program applicants during the three month
 19 retroactive eligibility period authorized by 42 U.S.C. § 1902(a)(34).
 20 Services covered during a prospective, 12-month continuous enrollment
 21 period shall be covered by the capitated contracts.
- 22 (5) Populations covered by PHPs. – Capitated PHP contracts shall cover all
 23 Medicaid and NC Health Choice program aid categories except recipients who
 24 ~~are dually~~ are:
 25 a. Dually eligible for Medicaid and Medicare.
 26 b. Qualified aliens subject to the five-year bar for means-tested public
 27 assistance under 8 U.S.C. § 1613 who qualify for emergency services
 28 under 8 U.S.C. § 1611.
 29 c. Undocumented aliens who qualify for emergency services under 8
 30 U.S.C. § 1611.
 31 d. Medically needy Medicaid recipients.
 32 e. Members of federally recognized tribes. – Members of federally
 33 recognized tribes shall have the option to enroll voluntarily in PHPs.
 34 f. Presumptively eligible. – Individuals who submit a full Medicaid
 35 application and qualify for Medicaid program eligibility shall be
 36 covered by capitated contracts during a prospective, 12-month
 37 continuous enrollment period.
 38 g. North Carolina Health Insurance Premium Payment program (NC
 39 HIPP).
- 40 Recipients in the aged program aid category that are eligible for Medicare shall
 41 be considered recipients who are dually eligible for Medicaid and Medicare.
 42 The Division of Health Benefits shall develop a long-term strategy to cover
 43 dual eligibles through capitated PHP contracts, as required by subdivision (11)
 44 of Section 5 of this act.
- 45 (6) Number and nature of capitated PHP contracts. – The number and nature of the
 46 contracts required under subdivision (3) of this section shall be as follows:
 47 a. Three contracts between the Division of Health Benefits and PHPs to
 48 provide coverage to Medicaid and NC Health Choice recipients
 49 statewide (statewide contracts).
 50 b. Up to ~~10~~12 contracts between the Division of Health Benefits and PLEs
 51 for coverage of regions specified by the Division of Health Benefits

1 pursuant to subdivision (2) of Section 5 of this act (regional contracts).
 2 Regional contracts shall be in addition to the three statewide contracts
 3 required under sub-subdivision a. of this subdivision. Each regional
 4 contract shall provide coverage throughout the entire region for the
 5 Medicaid and NC Health Choice services required by subdivision (4) of
 6 this section. A PLE may bid for more than one regional contract,
 7 provided that the regions are contiguous.

8 c. Initial capitated PHP contracts may be awarded on staggered terms of
 9 three to five years in duration to ensure against gaps in coverage that
 10 may result from termination of a contract by the PHP or the State.

11 (6a) To the extent allowed by Medicaid federal law and regulations and consistent
 12 with the requirements of this act, PHPs shall comply with the requirements of
 13 Chapter 58 of the General Statutes. This requirement shall not be construed to
 14 require PHPs to cover services that are not covered by the Medicaid program
 15 pursuant to federal law and regulations. The Department of Health and Human
 16 Services, Division of Health Benefits, and the Department of Insurance shall
 17 jointly review the applicability of provisions of Chapter 58 of the General
 18 Statutes to PHPs, and report to the Joint Legislative Oversight Committee on
 19 Medicaid and NC Health Choice by March 1, 2016, on the following:

20 a. Proposed exceptions to the applicability of Chapter 58 of the General
 21 Statutes for PHPs.

22 b. Recommendations for resolving conflicts between Chapter 58 of the
 23 General Statutes and the requirements of Medicaid federal law and
 24 regulations.

25 c. Proposed statutory changes necessary to implement this subdivision.

26 (7) Defined measures and goals. – The new delivery system and capitated PHP
 27 contracts shall be built on defined measures and goals for risk-adjusted health
 28 outcomes, quality of care, patient satisfaction, access, and cost. Each
 29 component shall be subject to specific accountability measures, including
 30 penalties. The Division of Health Benefits may use organizations such as
 31 National Committee for Quality Assurance (NCQA), Physician Consortium for
 32 Performance Improvement (PCPI), or any others necessary to develop effective
 33 measures for outcomes and quality.

34 (8) Administrative functions. – PHPs shall be responsible for all administrative
 35 functions for recipients enrolled in their plan, including, but not limited to,
 36 claims processing, care and case management, grievances and appeals, and
 37 other necessary administrative services.

38 (9) LME/MCOs. – LME/MCOs shall continue to manage the behavioral health
 39 services currently covered for their enrollees under all existing waivers,
 40 including the 1915(b) and (c) waivers, for four years after the date capitated
 41 PHP contracts begin. During this four-year period, the Division of Health
 42 Benefits shall continue to negotiate actuarially sound capitation rates directly
 43 with the LME/MCOs in the same manner as currently utilized. Capitation
 44 payments under contracts between the Division of Health Benefits and the
 45 LME/MCOs shall be made directly to the LME/MCO by the Division of Health
 46 Benefits during the four-year period."

47 **SECTION 12H.10.(c)** Section 5 of S.L. 2015-245 reads as rewritten:

48 "**SECTION 5.** Role of DHHS. – The role and responsibility of ~~DHHS, through the Division~~
 49 ~~of Health Benefits, DHHS~~ during Medicaid transformation shall include the following activities
 50 and functions:

- 1 (1) Submit to CMS a demonstration waiver application pursuant to Section 1115 of
2 the Social Security Act and any other waivers and State Plan amendments
3 necessary to accomplish the requirements of this act within the required time
4 frames.
- 5 (2) Define six regions comprised of whole contiguous counties that reasonably
6 distribute covered populations across the State to ensure effective delivery of
7 health care and achievement of the goals of Medicaid transformation set forth in
8 Section 1 of this act. Every county in the State must be assigned to a region.
- 9 (3) Oversee, monitor, and enforce capitated PHP contract performance.
- 10 (4) Ensure sustainability of the transformed Medicaid and NC Health Choice
11 programs.
- 12 (5) Set rates, including the following:
 - 13 a. Capitation rates that are actuarially sound. Actuarial calculations must
14 include utilization assumptions consistent with industry and local
15 standards. Capitation rates shall be risk adjusted and shall include a
16 portion that is at risk for achievement of quality and outcome measures,
17 including value-based payments.
 - 18 b. Appropriate rate floors for in-network primary care physicians,
19 specialist physicians, and pharmacy dispensing fees to ensure the
20 achievement of transformation goals.
 - 21 c. Rates for services in the remaining fee-for-service programs.
- 22 (6) Enter into capitated PHP contracts for the delivery of the Medicaid and NC
23 Health Choice services described in subdivision (4) of Section 4 of this act. All
24 contracts shall be the result of requests for proposals (RFPs) issued by DHHS
25 and the submission of competitive bids by PHPs. ~~DHHS, through the Division~~
26 ~~of Health Benefits, DHHS~~ shall develop standardized contract terms, to include
27 at a minimum, the following:
 - 28 a. Risk-adjusted cost growth for its enrollees must be at least two
29 percentage (2%) points below national Medicaid spending growth as
30 documented and projected in the annual report prepared for CMS by the
31 Office of the Actuary for nonexpansion states.
 - 32 b. A requirement that PHP spending for prescribed drugs, net of rebates,
33 ensures the State realizes a net savings for the spending on prescription
34 drugs. All PHPs shall be required to use the same drug formulary, which
35 shall be established by ~~DHHS, through the Division of Health~~
36 ~~Benefits, DHHS.~~
 - 37 c. Until final federal regulations are promulgated governing medical loss
38 ratio, a minimum medical loss ratio of eighty-eight percent (88%) for
39 health care services, with the components of the numerator and
40 denominator to be defined by ~~DHHS, through the Division of Health~~
41 ~~Benefits, DHHS.~~
 - 42 d. A requirement that PHPs develop and maintain provider networks that
43 meet access to care requirements for their enrollees. PHPs may not
44 exclude providers from their networks except for failure to meet
45 objective quality standards or refusal to accept network rates.
46 Notwithstanding the previous sentence, PHPs must include all providers
47 in their geographical coverage area that are designated essential
48 providers by DHHS pursuant to subdivision (13) of this section, unless
49 DHHS approves an alternative arrangement for securing the types of
50 services offered by the essential providers.

- 1 e. A requirement that all PHPs assure that enrollees who do not elect a
2 primary care provider will be assigned to one.
- 3 (7) Prior to issuing the RFPs required by subdivision (6) of this section, consult, in
4 accordance with G.S. 12-3(15), with the Joint Legislative Oversight Committee
5 on Medicaid and NC Health Choice on the terms and conditions of the requests
6 for proposals (RFPs) for the solicitation of bids for statewide and regional
7 capitated PHP contracts.
- 8 (8) Develop and implement a process for recipient assignment to PHPs. Criteria for
9 assignment shall include at least the recipient's family unit, including foster
10 family and adoptive placement, quality measures, and primary care physician.
- 11 (9) Define methods to ensure program integrity against provider fraud, waste, and
12 abuse at all levels.
- 13 (10) Require all PHPs and Medicaid and NC Health Choice providers to submit data
14 through the Health Information Exchange Network, as required by Section
15 12A.5 of House Bill 97, 2015 Regular Session, in order to ensure effective
16 systems and connectivity to support clinical coordination of care, the exchange
17 of information, and the availability of data to DHHS and the Division of Health
18 Benefits to manage the Medicaid and NC Health Choice programs for the State.
- 19 (11) Develop a Dual Eligibles Advisory Committee, which must include at least a
20 reasonably representative sample of the populations receiving long-term
21 services and supports covered by Medicaid. ~~The Division of Health Benefits,~~
22 DHHS, upon the advice of the Dual Eligibles Advisory Committee, shall
23 develop a long-term strategy to cover dual eligibles through capitated PHP
24 contracts and report the strategy to the Joint Legislative Oversight Committee
25 on Medicaid and NC Health Choice by January 31, 2017.
- 26 (12) Report to the Joint Legislative Oversight Committee on Medicaid and NC
27 Health Choice by March 1, 2016. At a minimum, this report shall include:
- 28 a. The proposed waiver application.
- 29 b. The expected time frame for the submission of the proposed waiver to
30 CMS.
- 31 c. Proposed statutory changes required.
- 32 d. Status of staffing of the Division of Health Benefits, including a
33 description of staff's key competencies and expertise.
- 34 e. Anticipated distribution of regional capitated PHP contracts.
- 35 f. Plans for recipient enrollment.
- 36 g. Recipient access standards.
- 37 h. Performance measures.
- 38 i. A plan for the proposed inclusion of the following features as part of
39 Medicaid and NC Health Choice transformation:
- 40 1. Rate floors in addition to those required by subdivision (5) of
41 Section 5 of this act.
- 42 2. Antitrust policies.
- 43 3. Protections against the exclusion of certain provider types.
- 44 4. Prompt pay requirements.
- 45 5. Uniform credentialing requirements.
- 46 6. Good-faith negotiations.
- 47 j. Time line for issuance of RFP and solicitation of bids.
- 48 k. Measures for sustainability of the transformed system.
- 49 l. A plan for transition of features of the contract with the North Carolina
50 Community Care Network, Inc., (NCCCN) to the new delivery system,
51 including a plan for utilizing, at the appropriate time, the Health

- 1 Information Exchange Network to perform certain functions presently
 2 being performed by NCCCN's Informatics Center in conjunction with
 3 the primary care case management program.
- 4 m. A plan to stabilize the Division of Medical Assistance during the
 5 transition of the Medicaid and NC Health Choice programs to the
 6 Division of Health Benefits.
- 7 n. A plan that will ensure continuity of services for individuals in foster
 8 care and adoptive placements in the transformed Medicaid and NC
 9 Health Choice programs.
- 10 (13) Designate Medicaid and NC Health Choice providers as essential providers if
 11 the provider either offers services that are not available from any other provider
 12 within a reasonable access standard or provides a substantial share of the total
 13 units of a particular service utilized by Medicaid and NC Health Choice
 14 recipients within the region during the last three years, and the combined
 15 capacity of other service providers in the region is insufficient to meet the total
 16 needs of the Medicaid and NC Health Choice enrollees. DHHS shall not
 17 classify physicians and other practitioners as essential providers. At a
 18 minimum, providers in the following categories shall be designated essential
 19 providers:
- 20 a. Federally qualified health centers.
 21 b. Rural health centers.
 22 c. Free clinics.
 23 d. Local health departments.
 24 e. State Veterans Homes."

25 **SECTION 12H.10.(d)** Section 8 of S.L. 2015-245 reads as rewritten:

26 "**SECTION 8.** Innovations Center. – DHHS shall submit a program design and budget
 27 proposal no later than May 1, 2016, to the Joint Legislative Oversight Committee on Medicaid and
 28 NC Health Choice that will create a Medicaid and NC Health Choice Transformation Innovations
 29 Center ~~within the Division of Health Benefits~~ with the purpose of assisting Medicaid and NC
 30 Health Choice providers in achieving the ultimate goals of better health, better care, and lower
 31 costs for North Carolinians. The center should be designed to support providers through technical
 32 assistance and learning collaboratives that foster peer-to-peer sharing of best practices. DHHS
 33 shall use the Oregon Health Authority's Transformation Center as a design model and shall
 34 consider at least the following features:

- 35 (1) Learning collaboratives, peer-to-peer networks.
 36 (2) Clinical standards and supports.
 37 (3) Innovator agents.
 38 (4) Council of Clinical Innovators.
 39 (5) Community and stakeholder engagement.
 40 (6) Conferences and workshops.
 41 (7) Technical assistance.
 42 (8) Infrastructure support."

43 **SECTION 12H.10.(e)** Section 9 of S.L. 2015-245 reads as rewritten:

44 "**SECTION 9.** Maintain Funding Mechanisms. – In developing the waivers and State Plan
 45 amendments necessary to implement this act, ~~the Department of Health and Human Services,~~
 46 ~~through the Division of Health Benefits created in Section 10 of this act,~~ DHHS shall work with
 47 the Centers for Medicare & Medicaid Services (CMS) to attempt to preserve existing levels of
 48 funding generated from Medicaid-specific funding streams, such as assessments, to the extent that
 49 the levels of funding may be preserved. If such Medicaid-specific funding cannot be maintained as
 50 currently implemented, ~~then the Division of Health Benefits~~ DHHS shall advise the Joint
 51 Legislative Oversight Committee on Medicaid and NC Health Choice, created in Section 15 of

1 this act, of any modifications necessary to maintain as much revenue as possible within the
2 context of Medicaid transformation. If such Medicaid-specific funding streams cannot be
3 preserved through the transformation process or if revenue would decrease, it is the intent of the
4 Governor and the General Assembly to modify such funding streams so that any supplemental
5 payments to providers are more closely aligned to improving health outcomes and achieving
6 overall Medicaid goals."

7 **SECTION 12H.10.(f)** Section 10 of S.L. 2015-245 reads as rewritten:

8 "**SECTION 10.** Creation of the Division of Health Benefits. – The Division of Health
9 Benefits is established as a new division of the Department of Health and Human Services. ~~The~~
10 ~~Department of Health and Human Services, through the Division of Health Benefits, shall be~~
11 ~~responsible for implementing Medicaid transformation required by this act and shall administer~~
12 ~~and operate all functions, powers, duties, obligations, and services related to the transformed~~
13 ~~Medicaid and NC Health Choice programs.~~ The Division of Medical Assistance shall continue to
14 operate the current Medicaid and NC Health Choice programs until the Division of Medical
15 Assistance is eliminated. Upon the elimination of the Division of Medical Assistance, all
16 functions, powers, duties, obligations, and services vested in the Division of Medical Assistance of
17 the Department of Health and Human Services are vested in the Division of Health Benefits. The
18 Department of Health and Human Services shall remain the Medicaid single State ~~agency.~~agency
19 and shall be responsible for implementing Medicaid transformation required by this act and
20 administer and operate all functions, powers, duties, obligations, and services related to the
21 transformed Medicaid and NC Health Choice programs. Prior to the effective date of
22 G.S. 143B-216.85, the Secretary of DHHS may appoint a Director of the Division of Health
23 Benefits."

24 **SECTION 12H.10.(g)** G.S. 143B-216.80 reads as rewritten:

25 "**§ 143B-216.80. Division of Health Benefits – creation and organization.**

26 (a) There is hereby established the Division of Health Benefits of the Department of
27 Health and Human Services. The Director shall be the head of the Division of Health Benefits.
28 Upon the elimination of the Division of Medical Assistance, the Division of Health Benefits shall
29 be vested with all functions, powers, duties, obligations, and services previously vested in the
30 Division of Medical Assistance. The Department of Health and Human Services, through the
31 Division of Health Benefits, Services shall have the powers and duties described in
32 G.S. 108A-54(e). The Director shall be the head of the Division of Health
33 Benefits. G.S. 108A-54(e) in addition to the power and duties already vested in the Department.

34 (b) Although generally subject to the laws of this State, the following exemptions,
35 limitations, and modifications apply to the Department of Health and Human Services, Division of
36 Health Benefits, notwithstanding any other provision of law:

- 37 (1) Employees of the Division of Health Benefits shall not be subject to the North
38 Carolina Human Resources Act, except as provided in G.S. 126-5(c1)(31).
- 39 (2) The Secretary may retain private legal counsel and is not subject to
40 G.S. 114-2.3 or G.S. 147-17(a) through (c).
- 41 (3) The Division of Health Benefits' employment contracts offered pursuant to
42 G.S. 108A-54(e)(2) are not subject to review and approval by the Office of
43 State Human Resources.
- 44 (4) If the Secretary establishes alternative procedures for the review and approval
45 of contracts, then the Division of Health Benefits is exempt from State contract
46 review and approval requirements but may still choose to utilize the State
47 contract review and approval procedures for particular contracts."

48 **SECTION 12H.10.(h)** G.S. 108A-54 reads as rewritten:

49 "**§ 108A-54. Authorization of Medical Assistance Program; administration.**

50 ...

1 (e) The Department of Health and Human Services shall continue to administer and
2 operate the Medicaid and NC Health Choice programs through the Division of Medical Assistance
3 until the Division of Medical Assistance is eliminated at which time all functions, powers, duties,
4 obligations, and services vested in the Division of Medical Assistance are vested in the Division of
5 Health Benefits. Prior to and following the exchange of powers and duties from the Division of
6 Medical Assistance to the Division of Health Benefits, and in addition to the powers and duties
7 already vested in the Secretary of the Department of Health and Human Services, the Secretary of
8 the Department of Health and Human Services, through the Division of Health Benefits, Services
9 shall have the following powers and duties: duties in connection with any activity related to
10 obtaining, implementing, or operating a demonstration waiver pursuant to section 1115 of the
11 Social Security Act:

- 12 (1) Administer and operate the Medicaid and NC Health Choice programs,
13 provided that the total expenditures, net of agency receipts, do not exceed the
14 authorized budget for each program. None of the powers and duties enumerated
15 in the other subdivisions of this subsection shall be construed to limit the broad
16 grant of authority to administer and operate the Medicaid and NC Health
17 Choice programs.
- 18 (2) Employ clerical and professional staff of the Division of Health Benefits,
19 including consultants and legal counsel, necessary to carry out the powers and
20 duties of the division. In hiring staff for the Division of Health Benefits, the
21 Secretary may offer employment contracts for a term and set compensation for
22 the employees, which may include performance-based bonuses based on
23 meeting budget or other targets.
- 24 (3) Notwithstanding G.S. 143-64.20, enter into contracts for the administration of
25 the Medicaid and NC Health Choice programs, as well as manage such
26 contracts, including contracts of a consulting or advisory nature.
- 27 (4) Establish and adjust all program components, except for eligibility categories
28 and income thresholds, of the Medicaid and NC Health Choice programs within
29 the appropriated and allocated budget.
- 30 (5) Adopt rules related to the Medicaid and NC Health Choice programs.
- 31 (6) Develop midyear budget correction plans and strategies and then take midyear
32 budget corrective actions necessary to keep the Medicaid and NC Health
33 Choice programs within budget.
- 34 (7) Approve or disapprove and oversee all expenditures to be charged to or
35 allocated to the Medicaid and NC Health Choice programs by other State
36 departments or agencies.
- 37 (8) Develop and present to the Joint Legislative Oversight Committee on Medicaid
38 and NC Health Choice and the Office of State Budget and Management by
39 January 1 of each year, beginning in 2017, the following information for the
40 Medicaid and NC Health Choice programs:
 - 41 a. A detailed four-year forecast of expected changes to enrollment growth
42 and enrollment mix.
 - 43 b. What program changes will be made by the Department in order to stay
44 within the existing budget for the programs based on the next fiscal
45 year's forecasted enrollment growth and enrollment mix.
 - 46 c. The cost to maintain the current level of services based on the next
47 fiscal year's forecasted enrollment growth and enrollment mix.
- 48 (9) Publish on its Web site and update on at least a monthly basis, at a minimum,
49 the following information about the Medicaid and NC Health Choice programs:
 - 50 a. Enrollment by program aid category by county.
 - 51 b. Per member per month spending by category of service.

- 1 c. Spending and receipts by fund along with a detailed variance analysis.
 2 d. A comparison of the above figures to the amounts forecasted and
 3 budgeted for the corresponding time period.
- 4 (f) The General Assembly shall determine the eligibility categories and income thresholds
 5 for the Medicaid and NC Health Choice programs. The Department of Health and Human
 6 ~~Services, through the Division of Health Benefits, Services~~ is expressly authorized to adopt
 7 temporary and permanent rules regarding eligibility requirements and determinations, to the extent
 8 that they do not conflict with the parameters set by the General Assembly.
- 9 (g) ~~Although generally subject to the laws of this State, the following exemptions,
 10 limitations, and modifications apply to the Division of Health Benefits of the Department of
 11 Health and Human Services, notwithstanding any other provision of law:~~
- 12 (1) ~~Employees of the Division of Health Benefits shall not be subject to the North
 13 Carolina Human Resources Act, except as provided in G.S. 126-5(e1)(31).~~
 14 (2) ~~The Secretary may retain private legal counsel and is not subject to
 15 G.S. 114-2.3 or G.S. 147-17(a) through (c).~~
 16 (3) ~~The Division of Health Benefits' employment contracts offered pursuant to
 17 G.S. 108A-54(e)(2) are not subject to review and approval by the Office of
 18 State Human Resources.~~
 19 (4) ~~If the Secretary establishes alternative procedures for the review and approval
 20 of contracts, then the Division of Health Benefits is exempt from State contract
 21 review and approval requirements but may still choose to utilize the State
 22 contract review and approval procedures for particular contracts."~~

24 **SUBPART XII-I. DIVISION OF SERVICES FOR THE BLIND, DEAF, AND HARD OF** 25 **HEARING**

27 **DIVISION OF SERVICES FOR THE BLIND, DEAF, AND THE HARD OF HEARING** 28 **FUNDS TRANSFER**

29 **SECTION 12I.1.** The Department of Health and Human Services shall develop and
 30 implement a Data Collection and Service Management Information System to replace the current
 31 system in use by the Division of Services for the Deaf and Hard of Hearing. The project shall not
 32 proceed until the Business Case has been approved by the State Budget Director and State Chief
 33 Information Officer in the Enterprise Project Management Office's Touchdown System. With the
 34 approval of the Director of the Budget, funds available in Budget Code 67425, Fund Code 6726,
 35 may be budgeted for transfer to Budget Code 24410 for Information Technology projects in an
 36 amount not to exceed seven hundred fifty thousand dollars (\$750,000).

38 **TELECOMMUNICATIONS RELAY SERVICE**

39 **SECTION 12I.2.** G.S. 62-157 reads as rewritten:
 40 **"§ 62-157. Telecommunications relay service.**

41 ...

42 (a1) Definitions. – For purposes of this section:

- 43 (1) "Exchange access facility" means ~~the access a connection~~ from a particular
 44 telephone subscriber's premises to the telephone system of a ~~local exchange~~
 45 ~~telephone company, provider,~~ and includes ~~local exchange company-provided~~
 46 local access lines, private branch exchange trunks, and centrex network access
 47 registers, all as defined by tariffs of telephone companies as approved by the
 48 Commission registers.

49 ...

50 (d) Funds to Be Deposited in Special Account. – The local service providers shall collect
 51 the surcharge from their customers and deposit the moneys collected with the State Treasurer, who

1 shall maintain the funds in an interest-bearing, nonreverting account. After consulting with the
 2 State Treasurer, the Commission shall direct how and when the local service providers shall
 3 deposit these moneys. Revenues from this fund shall be available only to the Department of
 4 Health and Human Services to administer the statewide telecommunications relay service
 5 program, including its establishment, operation, and promotion. The Commission may allow the
 6 Department of Health and Human Services to use up to four cents (4¢) per exchange access line
 7 ~~per month~~ facility over a rolling 12-month period, of the surcharge for the purpose of providing
 8 telecommunications devices for hearing impaired or speech impaired persons, including those who
 9 also have vision impairment, through a distribution program. The Commission shall prepare such
 10 guidelines for the distribution program as it deems appropriate and in the public interest. Both the
 11 Commission and the Public Staff may audit all aspects of the telecommunications relay service
 12 program, including the distribution programs, as they do with any public utility subject to the
 13 provisions of this Chapter. Equipment paid for with surcharge revenues, as allowed by the
 14 Commission, may be distributed only by the Department of Health and Human Services.
 15"

17 **SUBPART XII-J. DHHS BLOCK GRANTS**

19 **REVISE DHHS BLOCK GRANTS**

20 **SECTION 12J.1.** Section 12I.1 of S.L. 2015-241 reads as rewritten:

21 **"DHHS BLOCK GRANTS**

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

26 TEMPORARY ASSISTANCE FOR NEEDY		REVISED
27 FAMILIES (TANF) FUNDS	FY 2016-2017	FY 2016-2017
28 Local Program Expenditures		
29		
30 Division of Social Services		
31		
32 01. Work First Family Assistance	\$57,167,454	\$54,167,454
33		
34 02. Work First County Block Grants	78,073,437	80,093,566
35		
36 <u>02A. Employment Services</u>		<u>3,600,000</u>
37		
38 03. Work First Electing Counties	2,378,213	2,378,213
39		
40 04. Adoption Services – Special Children		
41 Adoption Fund	2,026,877	2,026,877
42		
43 05. Child Protective Services – Child Welfare		
44 Workers for Local DSS	9,412,391	9,412,391
45		
46 06. Child Welfare Collaborative	632,416	632,416
47		
48 <u>06A. Child Welfare Initiatives</u>		<u>1,400,000</u>
49		
50 Division of Child Development and Early Education		
51		

1	07. Subsidized Child Care Program	37,419,801	37,419,801
2			
3	08. Swap Child Care Subsidy	6,352,644	6,352,644
4			
5	09. Pre-K Swap Out	12,333,981	12,333,981
6			
7	Division of Public Health		
8			
9	10. Teen Pregnancy Prevention Initiatives	2,950,000	2,950,000
10			
11	DHHS Administration		
12			
13	11. Division of Social Services	2,482,260	2,482,260
14			
15	12. Office of the Secretary	34,042	34,042
16			
17	13. Eligibility Systems – Operations and		
18	Maintenance	4,206,640	4,206,640
19			
20	14. NC FAST Implementation	1,865,799	1,865,799
21			
22	Transfers to Other Block Grants		
23			
24	Division of Child Development and Early Education		
25			
26	15. Transfer to the Child Care and		
27	Development Fund	71,773,001	76,032,919
28			
29	Division of Social Services		
30			
31	16. Transfer to Social Services Block		
32	Grant for Child Protective Services –		
33	Training	1,300,000	1,300,000
34			
35	17. Transfer to Social Services Block		
36	Grant for Child Protective Services	5,040,000	5,040,000
37			
38	18. Transfer to Social Services Block		
39	Grant for County Departments of		
40	Social Services for Children's Services	4,148,001	4,500,000
41			
42	19. Transfer to Social Services Block		
43	Grant – Foster Care Services	1,385,152	1,385,152
44			
45	TOTAL TEMPORARY ASSISTANCE FOR		
46	NEEDY FAMILIES (TANF) FUNDS	\$300,982,109	\$309,614,155
47			
48	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
49	EMERGENCY CONTINGENCY FUNDS		
50			
51	Local Program Expenditures		

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

1			
2	10. Child Advocacy Centers	375,000	375,000
3			
4	11. Guardianship	4,035,704	4,035,704
5			
6	12. Foster Care Services		
7	(Transfer From TANF)	1,385,152	1,385,152
8			
9	Division of Central Management and Support		
10			
11	13. DHHS Competitive Block Grants		
12	for Nonprofits	3,852,500	3,852,500
13			
14	14. NC FAST – Operations and		
15	Maintenance	939,315	939,315
16			
17	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
18			
19	15. Mental Health Services – Adult and		
20	Child/Developmental Disabilities Program/		
21	Substance Abuse Services – Adult	4,030,730	4,030,730
22			
23	DHHS Program Expenditures		
24			
25	Division of Services for the Blind		
26			
27	16. Independent Living Program	3,361,323	3,361,323
28			
29	Division of Health Service Regulation		
30			
31	17. Adult Care Licensure Program	381,087	381,087
32			
33	18. Mental Health Licensure and		
34	Certification Program	190,284	190,284
35			
36	DHHS Administration		
37			
38	19. Division of Aging and Adult Services	577,745	577,745
39			
40	20. Division of Social Services	559,109	559,109
41			
42	21. Office of the Secretary/Controller's Office	127,731	127,731
43			
44	22. Division of Child Development and		
45	Early Education	13,878	13,878
46			
47	23. Division of Mental Health, Developmental		
48	Disabilities, and Substance Abuse Services	27,446	27,446
49			
50	24. Division of Health Service Regulation	118,946	118,946
51			

1	TOTAL SOCIAL SERVICES BLOCK GRANT	\$61,337,027	\$62,420,093
2			
3	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
4			
5	Local Program Expenditures		
6			
7	Division of Social Services		
8			
9	01. Low-Income Energy Assistance		
10	Program (LIEAP)	\$39,303,674	\$37,156,492
11			
12	02. Crisis Intervention Program (CIP)	39,303,674	37,156,492
13			
14	Local Administration		
15			
16	Division of Social Services		
17			
18	03. County DSS Administration	6,454,961	6,102,324
19			
20	DHHS Administration		
21			
22	04. Office of the Secretary/DIRM	412,488	412,488
23			
24	05. Office of the Secretary/Controller's Office	18,378	18,378
25			
26	06. NC FAST Development	3,381,373	3,381,373
27			
28	Transfers to Other State Agencies		
29			
30	Department of Environment and Natural		
31	Resources (DENR)		
32			
33	07. Weatherization Program	11,570,050	10,937,968
34			
35	08. Heating Air Repair and Replacement		
36	Program (HARRP)	6,156,147	5,819,833
37			
38	09. Local Residential Energy Efficiency Service		
39	Providers – Weatherization	475,046	449,094
40			
41	10. Local Residential Energy Efficiency Service		
42	Providers – HARRP	252,761	238,953
43			
44	11. DENR – Weatherization Administration	475,046	449,094
45			
46	12. DENR – HARRP Administration	252,760	238,952
47			
48	Department of Administration		
49			
50	13. N.C. Commission on Indian Affairs	87,736	87,736
51			

1	TOTAL LOW-INCOME ENERGY		
2	ASSISTANCE BLOCK GRANT	\$108,144,094	\$102,449,177
3			
4	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
5			
6	Local Program Expenditures		
7			
8	Division of Child Development and Early Education		
9			
10	01. Child Care Services		
11	(Smart Start \$7,000,000)	\$152,370,856	\$154,577,717
12			
13	02. Electronic Tracking System	401,492	1,601,834
14			
15	03. Transfer from TANF Block Grant		
16	for Child Care Subsidies	71,773,001	76,032,919
17			
18	04. Quality and Availability Initiatives		
19	(TEACH Program \$3,800,000)	26,019,987	35,878,600
20			
21	DHHS Administration		
22			
23	Division of Child Development and Early Education		
24			
25	05. DCDEE Administrative Expenses	9,049,505	9,042,159
26			
27	Division of Social Services		
28			
29	06. Local Subsidized Child Care		
30	Services Support	15,930,279	15,930,279
31			
32	<u>06A. Direct Deposit for Child Care</u>		
33	<u>Payments</u>		<u>969,610</u>
34			
35	07. NC FAST Development	586,152	586,152
36			
37	Division of Central Administration		
38			
39	08. DHHS Central Administration – DIRM		
40	Technical Services	775,000	775,000
41			
42	09. Central Regional Maintenance	202,000	202,000
43			
44	<u>09A. DHHS Central Administration Indirect Cost</u>		<u>7,346</u>
45			
46	Division of Public Health		
47			
48	10. Child Care Health Consultation Contracts	62,205	62,205
49			
50	TOTAL CHILD CARE AND DEVELOPMENT		
51	FUND BLOCK GRANT	\$277,170,477	\$296,077,423

1
2 **MENTAL HEALTH SERVICES BLOCK GRANT**

3
4 Local Program Expenditures

5			
6	01. Mental Health Services – Child	\$3,619,833	\$3,619,833
7			
8	02. Administration	200,000	200,000
9			
10	03. Mental Health Services – Adult/Child	11,755,152	11,755,152
11			
12	04. Crisis Solutions Initiative – Critical		
13	Time Intervention	750,000	750,000
14			
15	05. Mental Health Services – First		
16	Psychotic Symptom Treatment	643,491	1,430,851
17			

18 **TOTAL MENTAL HEALTH SERVICES**
19 **BLOCK GRANT**

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\$16,968,476 \$16,904,761

21 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

22
23 Local Program Expenditures

24
25 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

26			
27	01. Substance Abuse – HIV and IV Drug	\$3,919,723	\$3,919,723
28			
29	02. Substance Abuse Prevention	8,669,284	8,669,284
30			
31	03. Substance Abuse Services – Treatment for		
32	Children/Adults	29,519,883	30,178,039
33			
34	04. Crisis Solutions Initiatives – Walk-In		
35	Crisis Centers	420,000	420,000
36			
37	05. Crisis Solutions Initiatives – Collegiate		
38	Wellness/Addiction Recovery	1,085,000	1,085,000
39			
40	06. Crisis Solutions Initiatives – Community		
41	Paramedic Mobile Crisis Management	60,000	60,000
42			
43	07. Crisis Solutions Initiatives – Innovative		
44	Technologies	41,000	41,000
45			
46	08. Crisis Solutions Initiatives – Veteran's Crisis	250,000	250,000
47			
48	09. Administration	454,000	454,000
49			

50 Division of Public Health
51

1	10. HIV Testing for Individuals in Substance		
2	Abuse Treatment	765,949	765,949
3			
4	TOTAL SUBSTANCE ABUSE PREVENTION		
5	AND TREATMENT BLOCK GRANT	\$45,184,839	\$45,842,995
6			
7	MATERNAL AND CHILD HEALTH BLOCK GRANT		
8			
9	Local Program Expenditures		
10			
11	Division of Public Health		
12			
13	01. Children's Health Services		
14	(Safe Sleep Campaign		
15	\$45,000; Prevent Blindness \$560,837;		
16	Community-Based		
17	Sickle Cell Centers \$100,000)	\$7,574,703	\$7,674,703
18			
19	02. Women's Health		
20	(March of Dimes \$350,000; Teen Pregnancy		
21	Prevention Initiatives \$650,000;		
22	17P Project \$52,000; Nurse-Family		
23	Partnership \$509,018; Carolina Pregnancy		
24	Care Fellowship \$300,000)	6,520,148	6,920,148
25			
26	03. Oral Health	44,901	44,901
27			
28	04. Evidence-Based Programs in Counties		
29	With Highest Infant Mortality Rates	1,575,000	1,575,000
30			
31	DHHS Program Expenditures		
32			
33	Division of Public Health		
34			
35	05. Children's Health Services	1,342,928	1,427,323
36			
37	06. Women's Health – Maternal Health	107,714	169,864
38			
39	07. State Center for Health Statistics	158,583	158,583
40			
41	08. Health Promotion – Injury and		
42	Violence Prevention	87,271	87,271
43			
44	DHHS Administration		
45			
46	Division of Public Health		
47			
48	09. Division of Public Health Administration	552,571	552,571
49			
50	TOTAL MATERNAL AND CHILD		
51	HEALTH BLOCK GRANT	\$17,963,819	\$18,610,364

1			
2	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
3			
4	Local Program Expenditures		
5			
6	01. Physical Activity and Prevention	\$2,642,322	\$2,642,322
7			
8	02. Injury and Violence Prevention		
9	(Services to Rape Victims – Set-Aside)	173,476	237,707
10			
11	03. Community-Focused Eliminating Health		
12	Disparities Initiative Grants	0	0
13			
14	DHHS Program Expenditures		
15			
16	Division of Public Health		
17			
18	04. HIV/STD Prevention and		
19	Community Planning	145,819	145,819
20			
21	05. Oral Health Preventive Services	451,809	451,809
22			
23	06. Laboratory Services – Testing,		
24	Training, and Consultation	21,012	21,012
25			
26	07. Injury and Violence Prevention		
27	(Services to Rape Victims – Set-Aside)	192,315	172,561
28			
29	08. State Laboratory Services – Testing,		
30	Training, and Consultation	199,634	199,634
31			
32	09. Performance Improvement and		
33	Accountability	768,717	768,717
34			
35	10. State Center for Health Statistics	107,291	107,291
36			
37	DHHS Administration		
38			
39	Division of Public Health		
40			
41	11. Division of Public Health	172,820	172,820
42			
43	12. Division of Public Health –		
44	Physical Activity and Nutrition Branch	68,073	68,073
45			
46	TOTAL PREVENTIVE HEALTH		
47	SERVICES BLOCK GRANT	\$4,943,288	\$4,987,765
48			
49	COMMUNITY SERVICES BLOCK GRANT		
50			
51	Local Program Expenditures		

1			
2	Office of Economic Opportunity		
3			
4	01. Community Action Agencies	\$24,047,065	\$24,428,074
5			
6	02. Limited Purpose Agencies	1,335,948	1,190,448
7			
8	DHHS Administration		
9			
10	03. Office of Economic Opportunity	1,335,948	1,190,448
11			
12	TOTAL COMMUNITY SERVICES		
13	BLOCK GRANT	\$26,718,961	\$23,808,970"
14			

GENERAL PROVISIONS

SECTION 12J.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 12J.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 2013-2014 and 2014-2015, 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

1 made to the Joint Legislative Oversight Committee on Health and Human Services, the Joint
2 Legislative Commission on Governmental Operations, and the Fiscal Research Division.

3 **SECTION 12J.1.(d)** Except as otherwise provided, appropriations from federal Block
4 Grant funds are made for each year of the fiscal biennium ending June 30, 2015, according to the
5 schedule enacted for State fiscal years 2013-2014 and 2014-2015 or until a new schedule is
6 enacted by the General Assembly.

7 **SECTION 12J.1.(e)** All changes to the budgeted allocations to the Block Grants or
8 contingency funds and other grants related to existing Block Grants administered by the
9 Department of Health and Human Services that are not specifically addressed in this section shall
10 be approved by the Office of State Budget and Management, and the Office of State Budget and
11 Management shall consult with the Joint Legislative Commission on Governmental Operations for
12 review prior to implementing the changes. The report shall include an itemized listing of affected
13 programs, including associated changes in budgeted allocations. All changes to the budgeted
14 allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight
15 Committee on Health and Human Services and the Fiscal Research Division. This subsection does
16 not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

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

21 22 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

23 **SECTION 12J.1.(f)** The sum of eighty-two million four hundred eighty-five thousand
24 four hundred ninety-five dollars (\$82,485,495) appropriated in this section in TANF funds to the
25 Department of Health and Human Services, Division of Social Services, for each year of the
26 2013-2015 fiscal biennium shall be used for Work First County Block Grants. The Division shall
27 certify these funds in the appropriate State-level services based on prior year actual expenditures.
28 The Division has the authority to realign the authorized budget for these funds among the
29 State-level services based on current year actual expenditures.

30 **SECTION 12J.1.(g)** The sum of two million four hundred eighty-two thousand two
31 hundred sixty dollars (\$2,482,260) appropriated in this section in TANF funds to the Department
32 of Health and Human Services, Division of Social Services, for each year of the 2013-2015 fiscal
33 biennium shall be used to support administration of TANF-funded programs.

34 **SECTION 12J.1.(h)** The sum of nine million four hundred twelve thousand three
35 hundred ninety-one dollars (\$9,412,391) appropriated in this section to the Department of Health
36 and Human Services, Division of Social Services, in TANF funds for each year of the 2013-2015
37 fiscal biennium for child welfare improvements shall be allocated to the county departments of
38 social services for hiring or contracting staff to investigate and provide services in Child Protective
39 Services cases; to provide foster care and support services; to recruit, train, license, and support
40 prospective foster and adoptive families; and to provide interstate and post-adoption services for
41 eligible families.

42 Counties shall maintain their level of expenditures in local funds for Child Protective
43 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,
44 the total expenditures from State and local funds for fiscal years 2014-20164 and 2014-2015 shall
45 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

46 **SECTION 12J.1.(i)** The sum of two million twenty-six thousand eight hundred
47 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the Department
48 of Health and Human Services, Special Children Adoption Fund, for each year of the 2013-2015
49 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services,
50 in consultation with the North Carolina Association of County Directors of Social Services and
51 representatives of licensed private adoption agencies, shall develop guidelines for the awarding of

1 funds to licensed public and private adoption agencies upon the adoption of children described in
2 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by
3 participating agencies shall be used exclusively to enhance the adoption services program. No
4 local match shall be required as a condition for receipt of these funds.

5 **SECTION 12J.1.(j)** The sum of six hundred thirty-two thousand four hundred sixteen
6 dollars (\$632,416) appropriated in this section to the Department of Health and Human Services in
7 TANF funds for each year of the 2013-2015 fiscal biennium shall be used to continue support for
8 the Child Welfare Collaborative.

9 10 **SOCIAL SERVICES BLOCK GRANT**

11 **SECTION 12J.1.(k)** The sum of twenty-nine million four hundred twenty-two
12 thousand one hundred thirty-seven dollars (\$29,422,137) appropriated in this section in the Social
13 Services Block Grant to the Department of Health and Human Services, Division of Social
14 Services, for the 2013-2014 fiscal year and the sum of twenty-seven million four hundred
15 twenty-seven thousand fifteen dollars (\$27,427,015) appropriated in this section in the Social
16 Services Block Grant for the 2014-2015 fiscal year shall be used for county block grants. The
17 Division shall certify these funds in the appropriate State-level services based on prior year actual
18 expenditures. The Division has the authority to realign the authorized budget for these funds
19 among the State-level services based on current year actual expenditures.

20 **SECTION 12J.1.(l)** The sum of one million three hundred thousand dollars
21 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department of
22 Health and Human Services, Division of Social Services, for each year of the 2013-2015 fiscal
23 biennium shall be used to support various child welfare training projects as follows:

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

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

31 **SECTION 12J.1.(n)** Social Services Block Grant funds appropriated for the Special
32 Children's Adoption Incentive Fund will require a fifty percent (50%) local match.

33 **SECTION 12J.1.(o)** The sum of five million forty thousand dollars (\$5,040,000)
34 appropriated in this section in the Social Services Block Grant for each year of the 2013-2015
35 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
36 Social Services. The Division shall allocate these funds to local departments of social services to
37 replace the loss of Child Protective Services State funds that are currently used by county
38 government to pay for Child Protective Services staff at the local level. These funds shall be used
39 to maintain the number of Child Protective Services workers throughout the State. These Social
40 Services Block Grant funds shall be used to pay for salaries and related expenses only and are
41 exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

42 **SECTION 12J.1.(p)** The sum of three million eight hundred fifty-two thousand five
43 hundred dollars (\$3,852,500) appropriated in this section in the Social Services Block Grant to the
44 Department of Health and Human Services, Division of Central Management and Support, shall
45 be used for DHHS competitive block grants pursuant to Section 12A.2 of this act for each year of
46 the 2013-2015 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R
47 .0201(3).

48 **SECTION 12J.1.(q)** The sum of three hundred seventy-five thousand dollars
49 (\$375,000) appropriated in this section in the Social Services Block Grant for each year of the
50 2013-2015 fiscal biennium to the Department of Health and Human Services, Division of Social

1 Services, shall be used to continue support for the Child Advocacy Centers and are exempt from
2 the provisions of 10A NCAC 71R .0201(3).

3 **SECTION 12J.1.(r)** The sum of three million nine hundred seventy-eight thousand
4 three hundred sixty dollars (\$3,978,360) appropriated in this section in the Social Services Block
5 Grant for each year of the 2013-2015 fiscal biennium to the Department of Health and Human
6 Services, Divisions of Social Services and Aging and Adult Services, shall be used for
7 guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
8 expend funds appropriated in this section to support (i) existing corporate guardianship contracts
9 during the 2013-2014 and 2014-2015 fiscal years and (ii) guardianship contracts transferred to the
10 State from local management entities or managed care organizations during the 2013-2014 and
11 2014-2015 fiscal years.

12 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

13 **SECTION 12J.1.(s)** Additional emergency contingency funds received may be
14 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
15 consultation with the Joint Legislative Commission on Governmental Operations. Additional
16 funds received shall be reported to the Joint Legislative Commission on Governmental Operations
17 and the Fiscal Research Division upon notification of the award. The Department of Health and
18 Human Services shall not allocate funds for any activities, including increasing administration,
19 other than assistance payments, without prior consultation with the Joint Legislative Commission
20 on Governmental Operations.

21 **SECTION 12J.1.(t)** The sum of fifty million eight hundred seventy-six thousand four
22 hundred forty dollars (\$50,876,440) appropriated in this section in the Low-Income Home Energy
23 Assistance Block Grant for each year of the 2013-2015 fiscal biennium to the Department of
24 Health and Human Services, Division of Social Services, shall be used for energy assistance
25 payments for the households of (i) elderly persons age 60 and above with income up to one
26 hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for
27 services funded through the Division of Aging and Adult Services.

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

- 31 (1) Ensure that eligible households are made aware of the available assistance with
32 particular attention paid to the elderly population age 60 and above and
33 disabled persons receiving services through the Division of Aging and Adult
34 Services.
- 35 (2) Include efforts by the county department of social services to contact other
36 State and local governmental entities and community-based organizations to (i)
37 offer the opportunity to provide outreach and (ii) receive applications for
38 energy assistance.
- 39 (3) Be approved by the local board of social services or human services board prior
40 to submission.

41 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

42 **SECTION 12J.1.(u)** Payment for subsidized child care services provided with federal
43 TANF funds shall comply with all regulations and policies issued by the Division of Child
44 Development for the subsidized child care program.

45 **SECTION 12J.1.(v)** If funds appropriated through the Child Care and Development
46 Fund Block Grant for any program cannot be obligated or spent in that program within the
47 obligation or liquidation periods allowed by the federal grants, the Department may move funds to
48 child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to
49 use the federal funds fully.
50
51

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 12J.1.(v1) The sum of two hundred fifty thousand dollars (\$250,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2014-2015 fiscal year shall be allocated to the Department of Administration, Division of Veterans Affairs, to establish a call-in center to assist veterans in locating service benefits and crisis services. The call-in center shall be staffed by certified veteran peers within the Division of Veterans Affairs and trained by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 12J.1.(w) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2013-2014 fiscal year or the 2014-2015 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

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

MENTAL HEALTH SERVICES BLOCK GRANT

SECTION 12J.1.(y) The sum of six hundred forty-three thousand four hundred ninety-one dollars (\$643,491) appropriated in this section in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for each year of the 2015-2017 fiscal biennium is allocated for Mental Health Services First Psychotic Symptom Treatment. The Division shall report on (i) the specific evidence-based treatment and services provided, (ii) the number of persons treated, and (iii) the measured outcomes or impact on the participants served. The Division shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31, 2016.

PART XIII. DEPARTMENT OF AGRICULTURE**AGWRAP CLARIFICATION**

SECTION 13.1. G.S. 139-60(b) reads as rewritten:

"(b) Program Administration. – The Agricultural Water Resources Assistance Program shall be implemented by the Soil and Water Conservation Commission through the soil and water conservation districts in the same manner as the Agriculture Cost Share Program for Nonpoint Source Pollution Control under Article 72 of Chapter 106 of the General Statutes. The Soil and Water Conservation Commission shall supervise and administer this Program as provided in this section and as provided in Article 72 of Chapter 106 of the General Statutes for the Agriculture Cost Share Program for Nonpoint Source Pollution Control. The Soil and Water Conservation Commission may use up to fifteen percent (15%) of these funds for the costs of the Division of Soil and Water Conservation and the costs of the Soil and Water Conservation Districts to provide engineering assistance, to provide technical assistance, and to administer the Agricultural Water Resources Assistance Program. At least once each calendar year, the Director of the Division of

1 Soil and Water Conservation of the Department of Agriculture and Consumer Services and the
2 Commissioner of Agriculture shall meet with stakeholders for the purpose of advising the Soil and
3 Water Conservation Commission on the development and administration of the Program,
4 including the development of annual goals for the Program."
5

6 **PART XIV. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES**

7 **ESTABLISH STATE PARKS FUND AS A SPECIAL REVENUE FUND**

8 **SECTION 14.1.** Article 2 of Chapter 143B of the General Statutes is amended by
9 adding a new section to read:

10 **"§ 143B-135.57. State Parks Fund.**

11 (a) Fund. – The State Parks Fund is created as a special revenue fund. The State Parks
12 Fund shall be used for the following types of projects for the Divisions of Parks and Recreation
13 and to match private funds raised for:

14 (1) Operations.

15 (2) Repair, renovation, expansion, maintenance, and construction.

16 (3) The acquisition, maintenance, or replacement of equipment as required to
17 maintain adequate service to the public.

18 (b) Disposition of Fees. – All fee receipts shall be credited to the Division of Parks and
19 Recreation's General Fund operating budget. At the end of each fiscal year, the Secretary may
20 transfer the remaining balance of funds from the Division of Parks and Recreation's General Fund
21 operating budget to the State Parks Fund.

22 (c) Approval. – The Secretary may approve the use of the State Parks Fund for repair and
23 renovation projects at the Parks and Recreation provided that:

24 (1) The total project cost is less than three hundred thousand dollars (\$300,000);
25 and

26 (2) The project meets the requirements of G.S. 143C-4-3(b).

27 (d) Report. – The Department shall submit to the House and Senate appropriations
28 committees with jurisdiction over natural and economic resources and the Fiscal Research
29 Division by September 30 of each year a report on the State Parks Fund that shall include the
30 source and amounts of all funds credited to the Fund and the purpose and amount of all
31 expenditures from the Fund during the prior fiscal year."
32

33 **QUEEN ANNE'S REVENGE CARRYFORWARD**

34 **SECTION 14.2.(a)** Funds appropriated in the 2015-2017 fiscal biennium for the
35 continued archaeological work for the Queen Anne's Revenge excavation project shall not revert
36 but shall remain available until expended.

37 **SECTION 14.2.(b)** Subsection (a) of this section becomes effective June 29, 2016.
38

39 **PROMOTE NORTH CAROLINA HISTORICAL SITES**

40 **SECTION 14.3.** G.S. 136-42.3 reads as rewritten:

41 **"§ 136-42.3. Historical marker program.**

42 The Department of Transportation may spend up to ~~forty thousand dollars (\$40,000)~~ sixty
43 thousand dollars (\$60,000) a year to purchase historical markers prepared and delivered to it by
44 the Department of Natural and Cultural Resources. The Department of Transportation shall erect
45 the markers on sites selected by the Department of Natural and Cultural Resources. This
46 expenditure is hereby declared to be a valid expenditure of State highway maintenance funds. No
47 provision in this section shall be construed to prevent the expenditure of any federal highway
48 funds that may be available for this purpose."
49

50 **MODIFY NORTH CAROLINA ZOO SPECIAL FUND**

1 **SECTION 14.4.** G.S. 143B-135.209(b) reads as rewritten:

2 "(b) Disposition of Fees. – All fee-receipts derived from the lease or rental of property or
3 facilities, disposition of structures or products of the land, private donations, and admissions and
4 fees collected shall be credited to the North Carolina Zoological Park's General Fund operating
5 budget. At the end of each fiscal year, the Secretary may transfer from the North Carolina
6 Zoological Park's General Fund operating budget to the North Carolina Zoo Fund an amount not
7 to exceed ~~one million dollars (\$1,000,000)~~ one million five hundred thousand dollars
8 (\$1,500,000)."

9
10 **MODIFY NORTH CAROLINA AQUARIUM SPECIAL FUND**

11 **SECTION 14.5.** G.S. 143B-135.188(c) reads as rewritten:

12 "(c) Disposition of Fees. – All ~~entrance-fee-receipts~~ derived from the lease or rental of
13 property or facilities, disposition of structures or products of the land, private donations, and
14 admissions and fees collected shall be credited to the aquariums' General Fund operating budget.
15 At the end of each fiscal year, the Secretary may transfer from the North Carolina aquariums'
16 General Fund operating budget to the North Carolina Aquariums Fund an amount not to exceed
17 the sum of the following:

- 18 (1) ~~One million dollars (\$1,000,000)~~ One million five hundred thousand dollars
19 (\$1,500,000).
20 (2) The amount needed to cover the expenses described by subdivision (2) of
21 subsection (b) this section."
22

23 **TECHNICAL CORRECTION TO G.S. 121-25**

24 **SECTION 14.6.** G.S. 121-25 reads as rewritten:

25 "(b) All photographs, video recordings, or other documentary materials of a derelict vessel
26 or shipwreck or its contents, relics, artifacts, or historic materials in the custody of any agency of
27 North Carolina government or its subdivisions shall be ~~a public record pursuant to G.S.~~
28 ~~132-1. There shall be no limitation on the use of or no requirement to alter any such photograph,~~
29 ~~video recordings, or other documentary material, and any such provision in any agreement, permit,~~
30 ~~or license shall be void and unenforceable as a matter of public policy.~~ G.S. 132-1, et seq."
31

32 **GRASSROOTS SCIENCE PROGRAM/COMPETITIVE GRANT PROGRAM**

33 **SECTION 14.7.(a)** Effective July 1, 2016, the Grassroots Science Program is
34 renamed the North Carolina Science Museum Grant Program. The Museum of Natural Sciences
35 may use no more than ten percent (10%) of the North Carolina Science Museum Grant funds to
36 cover the costs of administering the grant program.

37 **SECTION 14.7.(b)** G.S. 143B-135.227 reads as rewritten:

38 "(a) The North Carolina State Museum of Natural Sciences (hereinafter "Museum of
39 Natural Sciences") shall administer the ~~Grassroots Science Program~~ North Carolina Science
40 Museums Grant Program as a competitive grant program. Any museum in the State may apply for
41 a grant under the program, including a museum that has received a grant-in-aid as a grassroots
42 science museum or through the North Carolina Science Museums Grant Program in prior fiscal
43 years, but grant funds shall be awarded only if the museum meets the criteria established in
44 subsection (d) of this section. No museum shall be guaranteed a grant under the competitive grant
45 program.

46 (b) For the 2016-2017 fiscal year, the Museum of Natural Sciences shall reserve seven
47 hundred fifty thousand dollars (\$750,000) for the purpose of awarding grants to museums located
48 in development tier one counties and six hundred thousand dollars (\$600,000) for museums
49 located in development tier two counties. The development tier designation of a county shall be
50 determined as provided in G.S. 143B-437.08. If, after the initial awarding of grants to all museum
51 applicants who meet the eligibility criteria provided for in subsection (d) of this section, there are

1 funds remaining in any development tier category, the Museum of Natural Sciences may reallocate
2 those funds to another development tier category. The maximum amount of each grant awarded in
3 the 2016-2017 fiscal year shall be (i) seventy-five thousand dollars (\$75,000) for a museum in a
4 development tier one county; (ii) sixty thousand dollars (\$60,000) for a museum in a development
5 tier two county; and (iii) fifty thousand dollars (\$50,000) for a museum in a development tier three
6 county. If, after the awarding of grants to all museum applicants who meet the eligibility criteria
7 provided for in subsection (d) of this section, there are funds still remaining, the remaining balance
8 of funds shall be distributed equally to all museum applicant awardees regardless of award
9 maximums.

10 (c) Beginning July 1, 2017, it is the intent of the Governor and the General Assembly that
11 the Museum of Natural Sciences shall award grants under this program for a two-year period. For
12 each two-year grant cycle, the Museum of Natural Sciences shall reserve the amounts for
13 development tier one and tier two counties and shall award the maximum grant amounts for each
14 year of the grant cycle as provided in subsection (b) of this section. All other provisions of
15 subsections (b), (d), and (e) of this section shall apply to the two-year grants.

16 (d) To be eligible to receive a grant under the competitive grant program, a museum shall
17 demonstrate:

- 18 (1) That it is a science center or museum or a children's museum that is physically
19 located in the State.
- 20 (2) That it has been open, operating, and exhibiting science or science, technology,
21 engineering, and math (STEM) education objects to the general public at least
22 120 days of each year for the past two or more years.
- 23 (3) That it is a nonprofit organization that is exempt from federal income taxes
24 pursuant to section 501(c)(3) of the Internal Revenue ~~Code~~Code or is local
25 government-owned.
- 26 (4) That it has on its staff at least one full-time professional person.
- 27 (5) That its governing body has adopted a mission statement that includes language
28 that shows the museum has a concentration on science or STEM ~~education and~~
29 ~~that the adopted mission statement has been in effect for the past two or more~~
30 ~~years.~~education.

31 (e) The Museum of Natural Sciences shall, in awarding grants under this section, give
32 priority to museums that:

- 33 (1) When compared to other museum applicants:
 - 34 a. Are located in counties that are more economically distressed according
35 to the annual rankings prepared by the Department of Commerce
36 pursuant to G.S. 143B-437.08(c).
 - 37 b. Generate a larger portion of their operating funds from non-State
38 revenue.
 - 39 c. Have a higher attendance-to-population ratio.
- 40 (2) Partner with other museums in the State to share exhibits, programs, or other
41 activities.
- 42 (3) Are not located in close proximity to other science or STEM education
43 museums."
44

45 **SALE OF MERCHANDISE AND SERVICES AT DNCR LOCATIONS**

46 **SECTION 14.8.(a)** G.S. 66-58 reads as rewritten:

47 **"§ 66-58. Sale of merchandise or services by governmental units.**

48 ...

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

50 ...

(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 historic sites and museums administered by the Department, provided that the resulting profits are used to support the operation of historic sites or museums and provided further Resources, except 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, other than those in the Division of Parks and Recreation and the North Carolina Zoological Park.~~

(c) The provisions of subsection (a) shall not prohibit:

(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 historic sites and museums administered by the Department, provided that the resulting profits are used to support the operation of historic sites or museums Department's operations 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, other than those in the Division of Parks and Recreation and the North Carolina Zoological Park.~~

...."

SECTION 14.8.(b) G.S. 111-47.1 is repealed.

SECTION 14.8.(c) G.S. 111-47.2 reads as rewritten:

"§ 111-47.2. Food service at ~~museums and historic sites~~ locations operated by the Department of Natural and Cultural Resources.

(a) Notwithstanding this Article, the North Carolina Department of Natural and Cultural Resources may operate or contract for the operation of food or vending services at ~~museums and historic sites~~ any location operated by the Department. Notwithstanding G.S. 111-43, the net proceeds of revenue generated by food and vending services ~~provided at museums and historic sites operated~~ by the Department or a vendor with whom the Department has contracted shall be credited to the appropriate fund of the ~~museum or historic site~~ Department where the funds were generated and shall be used for the operation of that ~~museum or historic site~~ generated.

(b) This section shall not be construed to alter any contract for food or vending services at any location in the Department that is in force on July 1, 2016."

PUBLIC LIBRARIAN CERTIFICATION COMMISSION MEMBERSHIP

SECTION 14.9. G.S. 143B-68 reads as rewritten:

"§ 143B-68. Public Librarian Certification Commission—members; selection; quorum; compensation.

The Public Librarian Certification Commission of the Department of Natural and Cultural Resources shall consist of five members as follows: (i) ~~the chairman of the North Carolina Association of Library Trustees,~~ (ii) the chairman of the public libraries section of the North Carolina Library Association, ~~(iii) an individual~~ (ii) two individuals named by the Governor upon the nomination of the North Carolina Library Association, ~~(iv)~~ (iii) the dean of a State or regionally accredited graduate school of librarianship in North Carolina appointed by the ~~Governor~~ Governor, and ~~(v)~~ (iv) one member at large appointed by the Governor.

The members shall serve four-year terms or while holding the appropriate chairmanships. Any appointment to fill a vacancy created by the resignation, dismissal, death or disability of a member shall be for the balance of the unexpired term.

1 The Governor shall have the power to remove any member of the Commission from office for
2 misfeasance, malfeasance, and nonfeasance according to the provisions of G.S. 143B-13 of the
3 Executive Organization Act of 1973.

4 The members of the Commission shall receive per diem, and necessary travel expenses in
5 accordance with the provisions of G.S. 138-5.

6 A majority of the Commission shall constitute a quorum for the transaction of business.

7 All clerical and other services required by the Commission shall be supplied by the Secretary
8 of the Department through the regular staff of the Department."
9

10 CLARIFY ZOO RULE-MAKING AUTHORITY

11 SECTION 14.10. G.S. 143B-135.205 reads as rewritten:

12 "§ 143B-135.205. North Carolina Zoological Park Council—creation; powers and duties.

13 (a) There is hereby created the North Carolina Zoological Park Council of the Department
14 of Natural and Cultural Resources. The North Carolina Zoological Park Council shall have the
15 following functions and duties:

- 16 (1) To advise the Secretary on the basic concepts of and for the Zoological Park,
17 approve conceptual plans for the Zoological Park and its buildings.
- 18 (2) To advise on the construction, ~~furnishings, equipment property,~~ and operations
19 of the North Carolina Zoological Park. "Property" shall be construed to include
20 animals, lands, buildings, vehicles, equipment, markers, posted signs and other
21 notices, trees, plants, shrubs, artificial constructions, and all other real and
22 personal property owned, leased, controlled, or cooperatively managed by or on
23 behalf of the North Carolina Zoological Park.
- 24 (3) To establish and set admission fees with the approval of the Secretary of
25 Natural and Cultural Resources as provided in G.S. 143B-135.213.
- 26 (4) To recommend programs to promote public appreciation of the North Carolina
27 Zoological Park.
- 28 (5) To disseminate information on animals and the park as deemed necessary.
- 29 (6) To develop effective public support of the North Carolina Zoological Park
30 through whatever means are desirable and necessary.
- 31 (7) To solicit financial and material support from various private sources within
32 and without the State of North Carolina.
- 33 (8) To advise the Secretary of Natural and Cultural Resources upon any matter the
34 Secretary may refer to it.

35 (b) The Secretary may adopt any rules and procedures necessary to implement this
36 section."
37

38 ROANOKE ISLAND COMMISSION MEETINGS

39 SECTION 14.11. G.S. 143B-131.6(g) reads as rewritten:

40 "(g) The chair shall convene the Commission. Meetings shall be held as often as necessary,
41 but not less than ~~four~~two times a year."
42

43 TECHNICAL CORRECTIONS TO RECODIFIED CITATIONS

44 SECTION 14.12. The Revisor of Statutes may correct the recodified citations listed in
45 Sections 14.30(e) through (k2) of S.L. 2015-241 by renumbering the citations to ensure
46 consecutive numbering thereof.
47

48 PART XV. DEPARTMENT OF COMMERCE

49 50 INDUSTRIAL COMMISSION STUDY AND IMPLEMENTATION OF DRUG 51 FORMULARY

1 **SECTION 15.1.(a)** The Industrial Commission shall continue to study the
2 implementation of a drug formulary in workers' compensation claims as directed in Section
3 15.13A(a) of S.L. 2015-241. This continued study shall consider all insured and self-insured
4 claims within the Industrial Commission's jurisdiction. The Industrial Commission shall not adopt
5 a drug formulary prior to July 1, 2018.

6 **SECTION 15.1.(b)** The funds appropriated by this act to the Industrial Commission
7 for the purposes of conducting this study and implementing a drug formulary may be used for
8 retaining outside assistance with data gathering and data analysis, obtaining expert advice
9 regarding the implementation of a drug formulary, and obtaining any other assistance and
10 resources necessary for study and implementation of a drug formulary. These funds shall not
11 revert at the end of the 2016-2017 fiscal year but shall remain available until expended.
12

13 **USE OF DEOBLIGATED COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**
14 **AND SURPLUS FEDERAL ADMINISTRATIVE FUNDS**

15 **SECTION 15.2.(a)** Section 15.6(b) of S.L. 2015-241 reads as rewritten:

16 **"SECTION 15.6.(b)** To allow the Department of Commerce and the Department of
17 Environment and Natural Resources to quickly deploy deobligated CDBG funds and surplus
18 federal administrative funds as they are identified throughout each program year, the following
19 shall apply to the use of deobligated CDBG funds and surplus federal administrative funds, unless
20 otherwise expressly provided by law:

- 21 (1) All surplus federal administrative funds shall be divided equally between the
22 Department of Commerce and the Department of Environment and Natural
23 Resources and shall be used as provided in subdivisions (3) and (4) of this
24 subsection.
- 25 (2) In the 2015-2017 fiscal biennium, the Department of Commerce ~~shall~~ may use
26 the sum of ~~five million nine hundred eight thousand four hundred ninety seven~~
27 ~~dollars (\$5,908,497)~~ nine million five hundred ninety thousand six hundred
28 forty-eight dollars (\$9,590,648) in deobligated CDBG funds as follows:
- 29 a. Four million six hundred fifty eight thousand four hundred ninety seven
30 dollars (\$4,658,497) for:
- 31 1. Providing public services and public facilities. The category of
32 public services includes providing substance abuse services and
33 employment services, including job training, to homeless and at
34 risk veterans in the State.
- 35 2. If House Bill 108, 2015 Regular Session, becomes law,
36 providing up to one million dollars (\$1,000,000) in the 2016
37 2017 fiscal year to be used to fund a loan fund for site,
38 infrastructure, and building development. Program income
39 generated from awards made from the loan fund shall be
40 captured in the existing CDBG revolving loan fund.
- 41 b. Five hundred thousand dollars (\$500,000) for existing CDBG programs
42 that encounter cost overruns.
- 43 c. Up to seven hundred fifty thousand dollars (\$750,000) for providing
44 training and guidance to local governments relative to the CDBG
45 program, its management, and administration requirements.
- 46 d. Up to three million six hundred eighty-two thousand one hundred
47 fifty-one dollars (\$3,682,151) for activities related to an economic
48 development benefit regarding a broadband initiative. Broadband
49 infrastructure assisted with grant funds under this provision may be
50 privately owned to the extent allowed by federal law, regulation, and
51 policy.

- 1 (3) All deobligated CDBG funds that arise in a category that the Department of
2 Commerce is responsible for administering after the provisions of subdivision
3 (2) of this subsection have been met, and any surplus federal administrative
4 funds, as provided for in subdivision (1) of this subsection, may be used by the
5 Department for all of the following:
6 a. To issue grants in the CDBG economic development program category.
7 b. For providing training and guidance to local governments relative to the
8 CDBG program, its management, and administrative requirements.
9 c. For any other purpose consistent with the Department's administration
10 of the CDBG program if an equal amount of State matching funds is
11 available.
- 12 (4) All deobligated CDBG funds that arise in a category that the Department of
13 Environment and Natural Resources is responsible for administering and any
14 surplus federal administrative funds, as provided for in subdivision (1) of this
15 subsection, may be used by the Department for all of the following:
16 a. To issue grants in the CDBG infrastructure program category.
17 b. For any other purpose consistent with the Department's administration
18 of the CDBG program if an equal amount of State matching funds is
19 available."

20 **SECTION 15.2.(b)** Section 15.5(g) of S.L. 2015-241 reads as rewritten:

21 "**SECTION 15.5.(g)** For purposes of this section, eligible activities under the category of
22 Infrastructure in subsection (a) of this section ~~are limited to critical public water and wastewater~~
23 ~~projects and associated connections to the new lines located on private property of eligible~~
24 ~~homeowners, consistent with federal law. Notwithstanding any State law or rule, eligible activities~~
25 ~~as defined in this subsection are limited only by applicable HUD regulations and federal law.~~
26 ~~Notwithstanding the provisions of subsection (e) of this section, funds allocated to the~~
27 ~~Infrastructure category in subsection (a) of this section shall not be reallocated to any other~~
28 ~~category.~~ shall be defined as provided in the HUD State Administered Community Development
29 Block Grant definition of the term "infrastructure."
30

31 **PART XVI. DEPARTMENT OF ENVIRONMENTAL QUALITY**

32 **CULTCH MATERIAL PURCHASING**

33 **SECTION 16.1.** For the purpose of shellfish rehabilitation projects, the Division of
34 Marine Fisheries of the Department of Environmental Quality shall be permitted to carry forward
35 from one fiscal year to the next, up to five hundred thousand dollars (\$500,000) annually of the
36 State-appropriated Shellfish Rehabilitation budget to purchase material and contract with
37 contractors.
38

39 **MARINE PATROL/SHELLFISH SANITATION EQUIPMENT SALES**

40 **SECTION 16.2.** The Division of Marine Fisheries of the Department of
41 Environmental Quality shall sell the following aircraft and water vessel from its fleet as
42 expeditiously as possible in order to modernize the fleet:
43

- 44 (1) 1999 48' Sea Ark – patrol vessel "Roanoke."
45 (2) 1995 Husky airplane.
46 (3) 1998 25' Parker boat hull with trailer.
47 (4) 1993 18' Parker boat with engine and trailer.

48 Proceeds from these sales shall be credited to a nonreverting reserve within Marine
49 Fisheries to be used for future equipment acquisitions to (i) support the enforcement efforts of the
50 Marine Patrol and (ii) to support the Shellfish Sanitation and Recreational Water Quality Program.
51

NONREVERSION OF WATER TREATMENT FACILITY OPERATOR FEES

SECTION 16.3. G.S. 90A-27 reads as rewritten:

"§ 90A-27. Application fee.

(a) The Board may establish a schedule of fees for the issuance or renewal of a certificate to cover the costs of administering the certification programs. The fee for issuing or renewing a certificate may not exceed fifty dollars (\$50.00). The Board may impose a penalty not to exceed thirty dollars (\$30.00) for the late renewal of a certificate.

(b) The Water Treatment Facility Operator Account is established as a nonreverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article."

NON-REVERSION OF LABORATORY CERTIFICATION FEES

SECTION 16.4. G.S. 143-215.3A(a) reads as rewritten:

"(a) The Water and Air Quality Account is established as an account within the Department. Revenue in the Account shall be applied to the costs of administering the programs for which the fees were collected. Revenue credited to the Account pursuant to G.S. 105-449.43, G.S. 105-449.125, and G.S. 105-449.136 shall be used to administer the air quality program. ~~Any funds credited to the Account from fees collected for laboratory facility certifications under G.S. 143-215.3(a)(10) that are not expended at the end of each fiscal year for the purposes for which these fees may be used under G.S. 143-215.3(a)(10) shall revert. Any other funds credited to the Account that are not expended at the end of each fiscal year shall not revert. Except for the following fees, all application fees and permit administration fees collected by the State for permits issued under Articles 21, 21A, 21B, and 38 of this Chapter shall be credited to the Account:~~

- (1) Fees collected under Part 2 of Article 21A and credited to the Oil or Other Hazardous Substances Pollution Protection Fund.
- (2) Fees credited to the Title V Account.
- (3) Repealed by Session Laws 2005-454, s. 7, effective January 1, 2006.
- (4) Fees collected under G.S. 143-215.28A.
- (5) Fees collected under G.S. 143-215.94C shall be credited to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund.
- (6) Fees collected under G.S. 143-215.3(a)(10)."

NONREVERSION OF PUBLIC WATER SYSTEM OPERATING PERMIT FEES

SECTION 16.5. G.S. 130A-328 is amended by adding two new subsections to read:

(f) The Community Water System Permit Fees Account is established as a nonreverting account within the Department. Fees collected under subsection (b) of this section shall be credited to the account and applied to the costs of administering this Article.

(g) The Public Water System Plan Review Fee is established as a nonreverting account within the Department. Fees collected under subsection (c) of this section shall be credited to the account and applied to the costs of administering this Article."

ELIMINATE TRANSFER TO THE DEPARTMENT OF AGRICULTURE FOR UST

SECTION 16.6. Section 15(c) of S.L. 1995-377 is repealed.

LIMITED AUTHORIZATION OF COMMERCIAL FUND EXPENDITURES TO COMPLETE RISK-BASED MANAGEMENT ACTIONS

SECTION 16.7. G.S. 143-215.94E(e5) reads as rewritten:

"(e5) (1) As used in this subsection:

...

(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."

SHORELINE RIGHT-OF-WAY ENTRY

SECTION 16.8. G.S. 130A-17 reads as rewritten:

"§ 130A-17. Right of entry.

(a) The Secretary and a local health director shall each have the delegable right of entry upon the premises of any place where entry is necessary to enforce the provisions of this Chapter or the rules adopted by the Commission or a local board of health. If consent for entry is not obtained, an administrative search and inspection warrant shall be obtained pursuant to G.S. 15-27.2. However, if an imminent hazard exists, no warrant is required for entry upon the premises.

(b) The Secretary of ~~Environment and Natural Resources~~ Environmental Quality and a local health director shall each have the same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 9 and 10 of this ~~Chapter~~ Chapter and G.S. 113-221.2."

FRANCHISE WATER COLUMN TERM

SECTION 16.9. G.S. 113-202.2(d) reads as rewritten:

"(d) Water column leases to perpetual franchises shall be issued for a period of ~~five~~ 10 years and may be renewed pursuant to subsection (g) of this section. The rental for an initial water column lease issued under this section is the same as the rental set in G.S. 113-202.1 for an initial water column amendment issued under that section, and the rental for a renewed water column lease issued under this section is the same as the rental set in G.S. 113-202.1 for a renewed water column amendment issued under that section."

OCEAN FISHING PIER BLANKET COASTAL RECREATIONAL FISHING LICENSE

SECTION 16.10. G.S. 113-174.1(f) reads as rewritten:

"(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 § 113-174.3 ~~or an Ocean Fishing Pier Blanket CRFL issued under G.S. 113-174.4~~ if the license was issued on the basis of false information supplied by the license applicant."

CONFORMING CHANGES/COAL ASH

SECTION 16.11.(a) G.S. 130A-309.202 is repealed.

SECTION 16.11.(b) G.S. 62-302.1 reads as rewritten:

"§ 62-302.1. Regulatory fee for combustion residuals surface impoundments.

(a) Fee Imposed. – Each public utility with a coal combustion residuals surface impoundment shall pay a regulatory fee for the purpose of defraying the costs of oversight of coal combustion residuals. The fee is in addition to the fee imposed under G.S. 62-302. The fees collected under this section shall only be used to pay the expenses of ~~the Coal Ash Management Commission and~~ the Department of Environmental Quality in providing oversight of coal combustion residuals.

1 (b) Rate. – The combustion residuals surface impoundment fee shall be three-hundredths
2 of one percent (0.03%) of the North Carolina jurisdictional revenues of each public utility with a
3 coal combustion residuals surface impoundment. For the purposes of this section, the term "North
4 Carolina jurisdictional revenues" has the same meaning as in G.S. 62-302.

5 (c) When Due. – The fee shall be paid in quarterly installments. The fee is payable to the
6 ~~Coal Ash Management Commission~~ Department of Environmental Quality on or before the 15th
7 of the second month following the end of each quarter. Each public utility subject to this fee shall,
8 on or before the date the fee is due for each quarter, prepare and render a report on a form
9 prescribed by the ~~Coal Ash Management Commission~~ Department of Environmental Quality. The
10 report shall state the public utility's total North Carolina jurisdictional revenues for the preceding
11 quarter and shall be accompanied by any supporting documentation that the ~~Coal Ash~~
12 ~~Management Commission~~ Department of Environmental Quality may by rule require. Receipts
13 shall be reported on an accrual basis.

14 (d) Use of Proceeds. – A special fund in the Office of State Treasurer and the ~~Coal Ash~~
15 ~~Management Commission~~ Department of Environmental Quality is created. The fees collected
16 pursuant to this section and all other funds received by the ~~Coal Ash Management Commission~~
17 Department of Environmental Quality shall be deposited in the Coal Combustion Residuals
18 Management Fund. The Fund shall be placed in an interest-bearing account, and any interest or
19 other income derived from the Fund shall be credited to the Fund. Subject to appropriation by the
20 General Assembly, ~~twenty six and one half percent (26.5%) of the moneys in the Fund shall be~~
21 ~~used by the Coal Ash Management Commission and the remainder shall be used by the~~
22 Department of Environmental Quality. The ~~Coal Ash Management Commission~~ Department of
23 Environmental Quality shall be subject to the provisions of the State Budget Act, except that no
24 unexpended surplus of the Coal Combustion Residuals Management Fund shall revert to the
25 General Fund. All funds credited to the Fund shall be used only to pay the expenses of ~~the Coal~~
26 ~~Ash Management Commission and the~~ Department of Environmental Quality in providing
27 oversight of coal combustion residuals.

28 (e) Recovery of Fee. – The North Carolina Utilities Commission shall not allow an electric
29 public utility to recover this fee from the retail electric customers of the State."

30 **SECTION 16.11.(c)** G.S. 130A-309.201 reads as rewritten:

31 "**§ 130A-309.201. Definitions.**

32 Unless a different meaning is required by the context, the definitions of G.S. 130A-290 and the
33 following definitions apply throughout this Part:

34 ...
35 (7) "~~Commission~~" "Department" means the ~~Coal Ash Management~~
36 ~~Commission~~ Department of Environmental Quality.

37"

38 **SECTION 16.11.(d)** G.S. 130A-309.204(a) reads as rewritten:

39 "(a) The Department shall submit quarterly written reports to the Environmental Review
40 Commission and the ~~Coal Ash Management Commission~~ Department of Environmental Quality
41 on its operations, activities, programs, and progress with respect to its obligations under this Part
42 concerning all coal combustion residuals surface impoundments. At a minimum, the report shall
43 include information concerning the status of assessment, corrective action, prioritization, and
44 closure for each coal combustion residuals surface impoundment and information on costs
45 connected therewith. The report shall include an executive summary of each annual Groundwater
46 Protection and Restoration Report submitted to the Department by the operator of any coal
47 combustion residuals surface impoundments pursuant to G.S. 130A-309.211(d) and a summary of
48 all groundwater sampling, protection, and restoration activities related to the impoundment for the
49 preceding year. The report shall also include an executive summary of each annual Surface Water
50 Protection and Restoration Report submitted to the Department by the operator of any coal
51 combustion residuals surface impoundments pursuant to G.S. 130A-309.212(e) and a summary of

1 all surface water sampling, protection, and restoration activities related to the impoundment for the
2 preceding year, including the status of the identification, assessment, and correction of
3 unpermitted discharges from coal combustion residuals surface impoundments to the surface
4 waters of the State. The Department shall supplement the written reports required by this
5 subsection with additional written and oral reports as may be requested by the Environmental
6 Review Commission. The Department shall submit the written reports required by this subsection
7 whether or not the General Assembly is in session at the time the report is due."

8 **SECTION 16.11.(e)** G.S. 130A-309.211(d) reads as rewritten:

9 "(d) Reporting. – In addition to any other reporting required by the Department, the owner
10 of a coal combustion residuals surface impoundment shall submit an annual Groundwater
11 Protection and Restoration Report to the Department no later than January 31 of each year. The
12 Report shall include a summary of all groundwater monitoring, protection, and restoration
13 activities related to the impoundment for the preceding year, including the status of the
14 Groundwater Assessment Plan, the Groundwater Assessment Report, the Groundwater Corrective
15 Action Plan, the Drinking Water Supply Well Survey, and the replacement of any contaminated
16 drinking water supply wells. The owner of a coal combustion residuals surface impoundment shall
17 also submit all information required to be submitted to the Department pursuant to this section to
18 the ~~Coal Ash Management Commission~~Department of Environmental Quality."

19 **SECTION 16.11.(f)** G.S. 130A-309.212(e) reads as rewritten:

20 "(e) Reporting. – In addition to any other reporting required by the Department, the owner
21 of a coal combustion residuals surface impoundment shall submit an annual Surface Water
22 Protection and Restoration Report to the Department no later than January 31 of each year. The
23 Report shall include a summary of all surface water sampling, protection, and restoration activities
24 related to the impoundment for the preceding year, including the status of the identification,
25 assessment, and correction of unpermitted discharges from coal combustion residuals surface
26 impoundments to the surface waters of the State. The owner of a coal combustion residuals surface
27 impoundment shall also submit all information required to be submitted to the Department
28 pursuant to this section to the ~~Coal Ash Management Commission~~Department of Environmental
29 Quality."

30 **SECTION 16.11.(g)** G.S. 130A-309.213(c) reads as rewritten:

31 "~~(c) Within 30 days of the receipt of all written comment as required by subdivision (4) of~~
32 ~~subsection (b) of this section, the Department shall submit a proposed classification for a coal~~
33 ~~combustion residuals surface impoundment to the Coal Ash Management Commission established~~
34 ~~pursuant to G.S. 130A-309.202. The Commission shall evaluate all information submitted in~~
35 ~~accordance with this Part related to the proposed classification and any other information the~~
36 ~~Commission deems relevant. The Commission shall only approve the proposed classification if it~~
37 ~~determines that the classification was developed in accordance with this section and that the~~
38 ~~classification accurately reflects the level of risk posed by the coal combustion residuals surface~~
39 ~~impoundment. The Commission shall issue its determination in writing, including findings in~~
40 ~~support of its determination. If the Commission fails to act on a proposed classification within 60~~
41 ~~days of receipt of the proposed classification, the proposed classification shall be deemed~~
42 ~~approved. Parties aggrieved by a final decision of the Commission~~Department
43 ~~pursuant to this subsection may appeal the decision as provided under Article 3 of Chapter 150B of the General~~
44 ~~Statutes.~~"

45 **SECTION 16.11.(h)** G.S. 130A-309.215 reads as rewritten:

46 "**§ 130A-309.215. Variance authority.**

47 (a) In recognition of the complexity and magnitude of the issues surrounding the
48 management of coal combustion residuals and coal combustion residuals surface impoundments,
49 the General Assembly authorizes the ~~Commission~~Department to grant a variance to extend any
50 deadline for closure of an impoundment established under G.S. 130A-309.214 in conformance
51 with the requirements of this section. To request such a variance the owner of an impoundment

1 shall, no earlier than two years prior to the applicable deadline, submit an application in a form
2 acceptable to the Department which shall include, at a minimum, all of the following information:
3 identification of the site, applicable requirements, and applicable deadlines for which a variance is
4 sought, and the site-specific circumstances that support the need for the variance. The owner of the
5 impoundment shall also provide detailed information that demonstrates (i) the owner has
6 substantially complied with all other requirements and deadlines established by this Part; (ii) the
7 owner has made good faith efforts to comply with the applicable deadline for closure of the
8 impoundment; and (iii) that compliance with the deadline cannot be achieved by application of
9 best available technology found to be economically reasonable at the time and would produce
10 serious hardship without equal or greater benefits to the public. As soon as practicable, but no later
11 than 60 days from receipt of an application, the Secretary shall evaluate the information submitted
12 in conjunction with the application, and any other information the Secretary deems relevant, to
13 determine whether the information supports issuance of a variance. After such evaluation, if the
14 Secretary finds that the information supports issuance of a variance from the deadline, the
15 Secretary shall issue a proposed variance. Within 10 days after a proposed variance has been
16 issued, the Secretary shall issue a written declaration, including findings of fact, documenting the
17 proposed variance. The Department shall provide for public participation on the proposed variance
18 in the manner provided by G.S. 130A-309.214(b) and shall take the public input received through
19 the process into account in its decision concerning the proposed variance. ~~Within 30 days of the~~
20 ~~receipt of all public input received, the Department shall submit a proposed variance to the Coal~~
21 ~~Ash Management Commission. The Commission shall evaluate all information submitted in~~
22 ~~accordance with this section and any other information the Commission deems relevant. The~~
23 ~~Commission shall only approve a variance if it determines that compliance with the deadline~~
24 ~~cannot be achieved by application of best available technology found to be economically~~
25 ~~reasonable at the time and would produce serious hardship without equal or greater benefits to the~~
26 ~~public. The Commission shall issue its determination in writing, including findings in support of~~
27 ~~its determination. If the Commission fails to act on a variance request within 60 days of receipt,~~
28 ~~the variance shall be deemed denied. Parties aggrieved by a final decision of the Commission~~
29 The Department pursuant to this subsection may appeal the decision as provided under Article 3 of
30 Chapter 150B of the General Statutes.

31"

32 **PART XVII. DEPARTMENT OF PUBLIC SAFETY**

33 **SUBPART XVII-A. GENERAL PROVISIONS**

34 **AUTHORIZE THE NC GEODETIC SURVEY TO RATIFY RESULTS OF REQUESTED** 35 **COUNTY BOUNDARY RESURVEYS**

36 **SECTION 17A.1.** G.S. 153A-18 reads as rewritten:

37 **"§ 153A-18. Uncertain or disputed boundary.**

38 (a) If two or more counties are uncertain as to the exact location of the boundary between
39 them, the North Carolina Geodetic Survey (NCGS) on a cooperative basis shall assist counties in
40 defining and monumenting the location of the uncertain or disputed boundary as established in
41 accordance with law. Upon receiving written request from all counties adjacent to the uncertain or
42 disputed boundary, they may cause the boundary to be surveyed, marked, and mapped. The
43 counties may appoint special commissioners to supervise the surveying, marking, and mapping. A
44 commissioner so appointed or a person surveying or marking the boundary may enter upon private
45 property to view and survey the boundary or to erect boundary markers. Upon ratification of the
46 survey by the board of commissioners of each county, a map showing the surveyed boundary shall
47 be recorded in the office of the register of deeds of each county in the manner provided by law for
48 the recordation of maps or plats and in the Secretary of State's office. The map shall contain a
49
50
51

1 reference to the date of each resolution of ratification and to the page in the minutes of each board
 2 of commissioners where the resolution may be found. Upon recordation, the map is conclusive as
 3 to the location of the boundary. Upon reestablishing all or some portion of a county boundary, and
 4 if after NCGS submits the results of the survey to the requesting counties and the requesting
 5 counties have not ratified the reestablished boundary within one year of receiving the (map)
 6 survey plat denoting the location of the reestablished boundary, the survey plat will become
 7 conclusive as to the location of the boundary and will be recorded in the Register of Deeds in each
 8 affected county and in the Secretary of State's office.

9

10 (c) Two or more counties may establish the boundary between them pursuant to subsection
 11 (a), above, ~~by those boundaries defined by natural monuments such as rivers, streams, and~~
 12 ~~ridgeline~~ the use of base maps prepared from ~~orthophotography, orthophotography may be used if~~
 13 ~~said natural monuments are visible,~~ which base maps show the monuments of the United States
 14 Geological Survey and North Carolina State Plane Coordinate System established pursuant to
 15 Chapter 102 of the General Statutes. The Orthophotography shall be prepared in compliance with
 16 the States' adopted orthophotography standard. Upon ratification of the location of the boundary
 17 determined from orthophotography by the board of commissioners of each county, the map
 18 showing the boundary and the monuments of the United States Geological Survey and North
 19 Carolina State Plane Coordinate System shall be recorded in the Office of the Register of Deeds of
 20 each county and in the Secretary of State's office. The map shall contain a reference to the date of
 21 each resolution of ratification and to the page in the minutes of each board of commissioners
 22 where the resolution may be found. Upon recordation, the map is conclusive as to the location of
 23 the boundary.

24 (d) As used in this section, an "affected party" means the governing body of a county that
 25 the reestablished boundary denotes the extent of their jurisdiction."

27 ENHANCE SCHOOL SAFETY

28 **SECTION 17B.1.(a)** G.S. 115C-47(40) reads as rewritten:

29 "(40) Adopt School Risk Management Plans. – Each local ~~board of education shall,~~
 30 ~~in coordination with local law enforcement and emergency management~~
 31 ~~agencies, adopt school administrative unit shall ensure that the school under its~~
 32 ~~control shall construct a School Risk Management Plan (SRMP) relating to~~
 33 ~~hazardous incidents of including school violence for each school in its~~
 34 ~~jurisdiction. violence.~~ In constructing and maintaining these plans, ~~local boards~~
 35 ~~of education and local school administrative units shall utilize consult with its~~
 36 ~~local board of education, local law enforcement, and emergency management.~~
 37 Schools shall construct SRMPs utilizing the School Risk and Response
 38 Management System (SRRMS) established pursuant to G.S. 115C-105.49A.
 39 These plans are not a public record as the term "public record" is defined under
 40 G.S. 132-1 and shall not be subject to inspection and examination under
 41 G.S. 132-6."

42 **SECTION 17B.1.(b)** G.S. 115C-105.49 reads as rewritten:

43 **"§ 115C-105.49. School safety exercises.**

44 (a) At least once annually, each local school administrative unit shall ~~require each school~~
 45 ~~under its control hold a full school wide tabletop exercise and drill based on the procedures~~
 46 ~~documented in its School Risk Management Plan (SRMP). The drill shall include a practice school~~
 47 ~~lockdown due to an intruder on school grounds. Each school is encouraged to hold a tabletop~~
 48 ~~exercise and drill for multiple hazards included in its SRMP. Schools are strongly encouraged to~~
 49 ~~include local law enforcement agencies and emergency management agencies in their tabletop~~
 50 ~~exercises and drills. The purpose of the tabletop exercises and drills shall be to permit participants~~
 51 ~~to (i) conduct a coordinated school system-wide table top exercise for the purpose of enabling~~

1 schools to (i) view the curriculum and video provided statewide by the NC Center for Safer
2 Schools entitled Critical Incident Response for School Faculty and Staff, (ii) discuss simulated
3 emergency situations in a low-stress environment, ~~(ii)~~-(iii) clarify their roles and responsibilities
4 and the overall logistics of dealing with an emergency, and ~~(iii)~~-(iv) identify areas in which the
5 SRMP needs to be modified. The table top shall test documented procedures associated with, but
6 not limited to, a school lockdown due to an intruder on school grounds. During the table top, each
7 school system is encouraged to test procedures associated with other hazards included in its
8 SRMP. Participants of the table top should include local school unit administrators, school
9 principals, and/or their designees. Schools are strongly encouraged to include local law
10 enforcement and emergency management agencies in their tabletop exercises. Schools may utilize
11 digital conferencing technology to alleviate the need for travel by participants.

12 (b) At least once annually, each local school administrative unit shall ensure that each
13 school under its control shall conduct a drill on a lockdown due to an intruder on school grounds.
14 The purpose of this drill is to apply responses and practices learned from Critical Incident
15 Response for School Faculty and Staff Training that is supported and made available through the
16 NC Center for Safer Schools.

17 ~~(b)(c)~~ For the purposes of this section, a tabletop exercise is an exercise involving key
18 personnel conducting simulated scenarios related to emergency planning. table top is a school-wide
19 simulated emergency for purposes of emergency planning and coordination.

20 ~~(e)(d)~~ For the purposes of this section, a drill is a school-wide school-specific practice
21 exercise in which simulated scenarios related to emergency planning are conducted.

22 ~~(d)(e)~~ The Department of Public Safety, Division of Emergency Management, and the Center
23 for Safer Schools shall provide guidance and recommendations to local school administrative units
24 on the types of multiple hazards to plan and respond to, including intruders on school grounds."

25 **SECTION 17B.1.(c)** G.S. 115C-105.52 reads as rewritten:

26 **"§ 115C-105.52. School crisis kits.**

27 The Department of Public ~~Instruction, Safety~~ and the North Carolina Center for Safer Schools,
28 in consultation with the Department of Public Safety through the North Carolina Center for Safer
29 Schools, may develop and ~~Instruction, shall suggest that schools~~ adopt policies on the placement
30 of school crisis kits in schools and on the contents of those kits. The kits should include, at a
31 minimum, basic first-aid supplies, ~~communications devices, and other items recommended by the~~
32 International Association of Chiefs of Police, updated class lists or rosters, emergency evacuation
33 plans, and any other items that are recommended by the North Carolina Center for Safer Schools
34 in the Critical Incident Response for School Faculty and Staff Training Manual.

35 The principal of each school, in coordination with the law enforcement agencies that are part
36 of the local board of education's School Risk Management Plan, may place one or more crisis kits
37 at appropriate locations in the school."

38 **SECTION 17B.1.(d)** G.S. 115C-105.51 reads as rewritten:

39 **"§ 115C-105.51. Anonymous tip lines and monitoring and response applications.**

40 (a) Each local school administrative unit ~~is encouraged to develop and shall~~ operate an
41 anonymous tip line, in coordination with local law enforcement and social services agencies, to
42 receive anonymous information on internal or external risks to the school population, school
43 buildings, and school-related activities. The Department of Public Safety, in consultation with the
44 Department of Public Instruction, shall develop standards and guidelines for the development,
45 operation, and staffing of tip lines.

46 (b) The Department of Public Safety, ~~Division of Emergency Management, and the Center~~
47 for Safer Schools, and the Division of Emergency Management, in collaboration with the
48 Department of Public Instruction, shall implement and maintain an anonymous safety tip line
49 application for purposes of receiving anonymous student information on internal or external risks
50 to the school population, school buildings, and school-related activities.

51"

1 **SECTION 17B.1.(e)** Section 8.26(n) of S.L. 2015-295 reads as rewritten:
2 "**SECTION 8.26.(n)** By ~~July 1, 2016,~~ December 1, 2017, the Department of Public Safety
3 shall implement an anonymous safety tip line application and a statewide panic alarm system as
4 required under G.S. 115C-105.51, as amended by subsection (d) of this section."
5

6 **SUBPART XVII-C. DIVISION OF ADULT CORRECTION**

7 **INMATE MEDICAL OUTSOURCING CLAIMS PROCESSING**

8 **SECTION 17C.1.** The Department of Public Safety may use funds available,
9 including any savings generated from reorganization and restructuring through the elimination of
10 positions in its Controller's Office, to outsource the processing of inmate medical claims.
11

12 **PART XVIII. JUDICIAL DEPARTMENT**

13 **SUBPART XVIII-A. OFFICE OF INDIGENT DEFENSE SERVICES**

14 **OFFICE OF INDIGENT DEFENSE SERVICES POSITIONS**

15 **SECTION 18A.1.** The Office of Indigent Defense Services, may use appropriated
16 funds during Fiscal Year 2016-2017 for the expansion of existing offices currently providing legal
17 services to the indigent population under the oversight of the Office of Indigent Defense Services,
18 considering cost-effectiveness and other needs. Funds may be used for the creation of new
19 positions or offices within existing public defender programs, including satellite offices of the
20 Office of Capital Defender, for the establishment of regional public defender programs, or for
21 positions related to the contract system of providing legal services. Notwithstanding the defender
22 districts established by G.S. 7A-498.7, the Office of Indigent Defense Services may use a portion
23 of these funds to create positions within existing public defender programs to handle cases in
24 adjacent counties or districts. These funds may be used for the salaries, benefits, equipment, and
25 related expenses for up to eight attorney positions and 4 nonattorney positions during the fiscal
26 year with the total annualized cost of these positions no more than one million two hundred fifty
27 thousand dollars (\$1,250,000). Prior to using funds for this purpose, the Office of Indigent
28 Defense Services shall report to the chairs of the House of Representatives and the Senate
29 Appropriations Subcommittees on Justice and Public Safety on the proposed expansion.
30
31
32
33

34 **PART XIX. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

35 **TRANSFER POSITIONS TO DEPARTMENT OF MILITARY AND VETERANS** 36 **AFFAIRS**

37 **SECTION 19.1.** Within the funds appropriated for the Department of Public Safety,
38 four positions shall be transferred to support the operations of the Department of Military and
39 Veterans Affairs. Three positions with salary and benefits totaling two hundred ninety-nine
40 thousand two hundred forty-four dollars (\$299,244) shall be transferred to the Department of
41 Military and Veterans Affairs. One Budget Manager position with salary and benefits of
42 ninety-one thousand five hundred fifty dollars (\$91,550) shall be transferred to the Department of
43 Administration for support provided to the Department of Military and Veterans Affairs. This
44 transfer shall be reflected in the 2017-2019 Base Budget as a permanent transfer of appropriation.
45
46

47 **PART XX. OFFICE OF STATE BUDGET AND MANAGEMENT**

48 **LITIGATION FUNDING**

49 **SECTION 20.1.** The sum of two million dollars (\$2,000,000) shall be transferred
50 from Budget Code 21000 to Budget Code 19068. With the approval of the Director of the Budget,
51

1 the Office of State Budget and Management may distribute these funds to State agencies to hire
2 private counsel and for other litigation expenses for pending litigation.
3

4 **OSBM/DOA SCHOOL FACILITIES NEEDS STUDY**

5 **SECTION 20.2.(a)** Of the funds appropriated from the Education Lottery Fund for
6 2016-2017, the sum of one million dollars (\$1,000,000) shall be provided to the Department of
7 Administration to contract with an outside entity (i) to perform an independent assessment of
8 school construction needs in local school administrative units in the 50 counties determined under
9 the low-wealth school funding formula to have the lowest ability to pay for school facilities and
10 (ii) to determine which of those units have the highest facility needs in relation to their capacity to
11 raise revenue to meet those needs.

12 **SECTION 20.2.(b)** The Department of Administration shall consult with the Office of
13 State Budget and Management before conducting a competitive process to select a qualified
14 vendor who will perform the study required in subsection (a) of this section.

15 **SECTION 20.2.(c)** The Department of Administration shall report the results of this
16 study to the Joint Legislative Commission on Governmental Operations prior to May 1, 2017.
17

18 **CONNECT NC BOND IMPLEMENTATION**

19 **SECTION 20.3.(a)** The Office of State Budget and Management shall provide six
20 positions to the Department of Administration, three positions to the Office of State Budget and
21 Management, and two positions to the North Carolina Community College System from the
22 Connect NC Bond reserve.

23 **SECTION 20.3.(b)** One of the positions established within the North Carolina
24 Community College System Office shall be designated as a Small and Historically Underutilized
25 Business Coordinator and assigned the responsibility of providing support to local community
26 colleges in the identification of business opportunities, recruitment of underrepresented and
27 locally-owned businesses, and facilitate assistance in the implementation of federal and State
28 regulations and statutes related to enhancement of economic growth and viability of small and
29 historically underutilized businesses.

30 **SECTION 20.3.(c)** Every agency participating with Connect NC shall use the
31 Primavera cash flow and scheduling software for Connect NC Bond projects.
32

33 **PART XXI. STATE BOARD OF ELECTIONS**

34 **DMV RECORDS/STATE BOARD OF ELECTIONS**

35 **SECTION 21.1.** G.S. 20-43 reads as rewritten:

36 **"§ 20-43. Records of Division.**

37 (a) All records of the Division, other than those declared by law to be confidential for the
38 use of the Division, shall be open to public inspection during office hours in accordance with
39 G.S. 20-43.1. A signature recorded in any format by the Division for a drivers license or a special
40 identification card is confidential and shall not be released except for law enforcement ~~purposes.~~
41 purposes, to the State Chief Information Officer for the purposes of G.S. 143B-1385, or to the
42 State Board of Elections in connection with the agency's official duties. A photographic image
43 recorded in any format by the Division for a drivers license or a special identification card is
44 confidential and shall not be released except for law enforcement ~~purposes or purposes,~~
45 to the State Chief Information Officer for the purposes of G.S. 143B-1385. G.S. 143B-1385, or to the
46 State Board of Elections in connection with the agency's official duties.
47

48"
49

50 **PART XXII. DEPARTMENT OF ADMINISTRATION**

STATE LAND FUND APPROPRIATION

SECTION 22.1. Notwithstanding any provision of law, if General Fund reversions exceed the sum of three hundred fifty-eight million four hundred thirty-nine thousand five hundred twenty-four dollars (\$358,439,524), the amount of the excess up to two million (\$2,000,000) is appropriated to the State Land Fund.

IMPROVE TRANSPARENCY AND ACCOUNTABILITY IN ETHICS REQUIREMENTS

SECTION 22.2. Funds appropriated to improve transparency and accountability in ethics requirements for the 2016-2017 fiscal year shall not revert at the end of the fiscal year but shall remain available until expended.

TRANSFER FUNDING FOR AUTOCLAVE MAINTENANCE

SECTION 22.3. The Department of Health and Human Services shall transfer the sum of eighty-eight thousand dollars (\$88,000) in General Fund appropriation to the Department of Administration for the cost of the maintenance of the autoclave at the Public Health Lab. This transfer shall be reflected in the 2017-2019 Base Budget as a permanent transfer of appropriation.

MODIFY STATE EMPLOYEE SUGGESTION PROGRAM

SECTION 22.4.(a) G.S. 126-3(b)(10) is repealed.

SECTION 22.4.(b) G.S. 143-340(1) is repealed.

SECTION 22.4.(c) Article 36A of Chapter 143 of the General Statutes is repealed.

SECTION 22.4.(d) The Office of State Human Resources (OSHR) shall continue the mission of the NCThinks program by awarding State employees through the Governor's Awards for Excellence Program pursuant to G.S. 126-4(15) and 25 NCAC 01C .0900. The Governor's Awards for Excellence is the highest honor that an employee may receive for noteworthy service to State government and the citizens of North Carolina. Nominations may be made for an individual or a team in several categories that reflect the core values of NCThinks including, Efficiency and Innovation and Outstanding Government Service.

DOA/UMSTEAD ACT EXEMPTIONS

SECTION 22.5. G.S. 66-58(b)(14) reads as rewritten:

"(14) Nothing herein contained shall be construed to prohibit the engagement in any of the activities described in subsection (a) hereof ~~by a firm, corporation or person who or which is a lessee for the following:~~

a. A lease of space only of from the State of North Carolina or any of its departments or agencies; provided the leases shall be awarded by the Department of Administration to the highest bidder, as provided by law in the case of State contracts and which lease shall be for a term of not less than one year and not more than five years.

b. A lease of parking spaces, whether surface parking or in a State-owned parking structure, in accordance with the procedures set forth for leases in Chapter 146 of the General Statutes for only so long as such spaces are determined by the Department of Administration to be in excess of needs, in accordance with its powers under Chapter 143 of the General Statutes.

c. A ground lease of State owned land in accordance with the procedures set forth for leases in Chapter 146 of the General Statutes."

PART XXIII. DEPARTMENT OF INSURANCE**INSURANCE REGULATORY CHARGE**

1 **SECTION 23.1.** The percentage rate to be used in calculating the insurance regulatory
2 charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2017 calendar year.

3
4 **PART XXIII. DEPARTMENT OF STATE TREASURER**

5
6 **IMPROVE TRANSPARENCY IN INVESTMENT AND RETIREMENT FUND**
7 **EXPENDITURES**

8 **SECTION 23A.1.** Notwithstanding any other provision of law, the Office of State
9 Budget and Management shall adjust the 2017-2019 Base Budget for Budget Code 13410 to be
10 one hundred percent (100%) of the General Fund appropriation. Increase to appropriation that
11 replaces receipts from the Retirement System Division and State Health Plan Division shall be
12 offset by corresponding adjustments to the agency employer contribution rates and amounts.
13 Receipts that have been transferred from the Investment Management Division, the Escheat Fund,
14 and the Local Government Operations Division Fund shall be instead deposited in Nontax
15 Revenue to offset the increase in appropriations, in the amounts certified for fiscal year
16 2016-2017.

17 Adjustments shall be made in the retirement contribution rate and the State's General
18 Fund appropriations to the Retirement Fund for State employee salaries to make all budgeted
19 requirements in Retirement Operations Division Fund 1410 one hundred percent (100%)
20 appropriation-supported. Adjustments shall be made to the Nontax Revenue appropriation to
21 reflect that the Investment Management Division Fund 1210 and all budgeted requirements in that
22 fund are one hundred percent (100%) appropriation-supported. Interest earnings on the Escheat
23 Fund currently budgeted for the Escheat Fund Administration Division Fund 1130 shall be
24 reflected in Nontax Revenue and all budgeted requirements for Fund 1130 shall be made one
25 hundred percent (100%) appropriation-supported. Professional services receipts budgeted for the
26 Local Government Operations Division Fund 1310 shall be reflected in Nontax Revenue and all
27 budgeted requirements shall be made one hundred percent (100%) appropriation-supported. All
28 transfers from Funds 1130, 1210, 1310, and 1410 to pay for administration in Funds 1110, 1150,
29 and 1510 shall be eliminated. Funds 1110, 1150, and 1510 shall be made one hundred percent
30 (100%) appropriation-supported.

31 All expenditures of the Department of State Treasurer shall be recorded in the North
32 Carolina Accounting System in the appropriate Budget Code, Fund Code, and Account Code. No
33 expenditures of the Department of State Treasurer shall be charged directly to the Investment
34 Asset Classes.

35
36 **PART XXIV. DEPARTMENT OF TRANSPORTATION**

37
38 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATION**

39 **SECTION 24.1.(a)** Section 29.1(a) of S.L. 2015-241 reads as rewritten:

40 **"SECTION 29.1.(a)** The General Assembly authorizes and certifies anticipated revenues for
41 the Highway Fund as follows:

42 For Fiscal Year 2017-2018	\$2,024.7 <u>\$2,027.8</u> million
43 For Fiscal Year 2018-2019	\$2,056.7 <u>\$ 2,077.8</u> million
44 For Fiscal Year 2019-2020	\$2,088.8 <u>\$2,121.9</u> million
45 For Fiscal Year 2020-2021	\$2,206.9 <u>\$2,170.2</u> million"

46 **SECTION 24.1.(b)** Section 29.1(b) of S.L. 2015-241 reads as rewritten:

47 **"SECTION 29.1.(b)** The General Assembly authorizes and certifies anticipated revenues for
48 the Highway Trust Fund as follows:

49 For Fiscal Year 2017-2018	\$1,371.0 <u>\$1,393.0</u> million
50 For Fiscal Year 2018-2019	\$1,394.1 <u>\$1,423.8</u> million
51 For Fiscal Year 2019-2020	\$1,422.8 <u>\$ 1,441.9</u> million

1 For Fiscal Year 2020-2021

\$1,474.0 \$ 1,463.3 million"

2
3 **MEDICAL REVIEW CHANGES**

4 **SECTION 24.2.(a)** G.S. 20-7 reads as rewritten:

5 "**§ 20-7. Issuance and renewal of drivers licenses.**

6 ...
7 (e) Restrictions. – The Division may impose any restriction it finds advisable on a drivers
8 license. It is unlawful for the holder of a restricted license to operate a motor vehicle without
9 complying with the restriction and is the equivalent of operating a motor vehicle without a license.
10 If any applicant shall suffer from any ~~physical defect or disease~~ physical or mental disability or
11 disease which affects his or her operation of a motor vehicle, the Division may require to be filed
12 with it a certificate of such applicant's condition signed by some medical authority of the
13 applicant's community designated by the ~~Division~~ Division; the Division may, in its discretion,
14 require said certificate to be completed and submitted after a license or renewal has been issued
15 based on the applicant's performance during a road test. The certificate shall be reviewed in
16 accordance with the procedure outlined in G.S. 20-9(g)(3). This certificate shall in all cases be
17 treated as confidential. Nothing in this subsection shall be construed to prevent the Division from
18 refusing to issue a license, either restricted or unrestricted, to any person deemed to be incapable
19 of safely operating a motor ~~vehicle.~~ vehicle based on information from a variety of sources to
20 include, but not limited to, observations during a road test and information learned from medical
21 information supplied about the applicant. Any license issued to a licensee required to submit the
22 certificate continues in force until it expires or is cancelled or revoked so long as the licensee
23 submits the certificate to the Division at the intervals determined by the Division to be in the best
24 interest of public safety. Licensing decisions made on the basis of a physical or mental condition
25 are reviewable under G.S. 20-9(g)(4). This subsection does not prohibit deaf persons from
26 operating motor vehicles who in every other way meet the requirements of this section."

27 **SECTION 24.2.(b)** G.S. 20-9 reads as rewritten:

28 "**§ 20-9. What persons shall not be licensed.**

29 ...
30 (e) The Division shall not issue a driver's license to any person when in the opinion of the
31 Division such person is ~~afflicted with or suffering from such physical or mental disability or~~
32 ~~disease as will serve to prevent such person from exercising~~ unable to exercise reasonable and
33 ordinary control over a motor vehicle while operating the same upon the highways, nor shall a
34 license be issued to any person who is unable to understand highway warning or direction signs.

35 ...
36 (g) The Division may issue a driver's ~~license~~ license, restricted or unrestricted, to any
37 applicant ~~covered by subsection (e) of this section~~ suffering from a physical or mental disability or
38 disease which affects his or her ability to exercise reasonable and ordinary control of a motor
39 vehicle, who is otherwise eligible to obtain a license, under the following conditions:

40 (1) ~~The Division may issue a license to any person who is afflicted with or~~
41 ~~suffering from a physical or mental disability set out in subsection (e) of this~~
42 ~~section who is otherwise qualified to obtain a license, provided such person~~
43 applicant submits to the Division a certificate in the form prescribed in
44 subdivision ~~(2)~~ (2) of this subsection. Such certificate may be requested at the
45 initial application by the applicant or at any time following the issuance of the
46 license, if in the opinion of the Division, such license can be issued without a
47 certificate at the initial application. Until a license issued under this subdivision
48 expires or is cancelled or revoked, the license continues in force as long as the
49 licensee presents to the Division a certificate in the form prescribed in
50 subdivision (2) of this subsection at the intervals determined by the Division to
51 be in the best interests of public safety.

- 1 (2) The Division ~~shall not issue a license pursuant to this section unless the~~
2 ~~applicant has submitted to a physical examination by a physician or surgeon~~
3 ~~duly licensed to practice medicine in this State or in any other state of the~~
4 ~~United States and unless such examining physician or surgeon has completed~~
5 ~~and signed the certificate required by subdivision (1). may request a signed~~
6 ~~certificate from a health care provider duly licensed to practice medicine in this~~
7 ~~State or in any other state of the United States that the applicant or licensee has~~
8 ~~submitted to a physical examination by the health care provider. Such~~
9 ~~certificate shall be devised by the Commissioner with the advice of qualified~~
10 ~~experts in the field of diagnosing and treating physical and mental ~~disorders~~~~
11 ~~disabilities or diseases as he may select to assist him and shall be designed to~~
12 ~~elicit the maximum medical information necessary to aid in determining~~
13 ~~whether or not it would be a hazard to public safety to permit the applicant to~~
14 ~~operate a motor vehicle, including, if such is the fact, the examining ~~physician's~~~~
15 ~~provider's statement that the applicant or licensee is under medication and~~
16 ~~treatment and that such person's physical or mental disability or diseases is~~
17 ~~controlled. The certificate shall contain a waiver of privilege and the~~
18 ~~recommendation of the examining ~~physician-provider~~ to the Commissioner as~~
19 ~~to whether a license should be issued to the ~~applicant~~applicant and whether the~~
20 ~~person can safely operate a motor vehicle.~~
21 (3) The Commissioner is not bound by the recommendation of the examining
22 ~~physician-health care provider but shall give fair consideration to such~~
23 ~~recommendation in exercising his discretion ~~in acting upon the application, in~~~~
24 ~~making licensing decisions, the criterion being whether or not, upon all the~~
25 ~~evidence, it appears that it is safe to permit the applicant to operate a motor~~
26 ~~vehicle. The burden of proof of such fact is upon the ~~applicant~~applicant or~~
27 ~~licensee. In deciding whether to ~~issue~~issue, restrict, cancel, or deny a license,~~
28 ~~the Commissioner may be guided by the opinion of experts in the field of~~
29 ~~diagnosing and treating the specific physical or mental ~~disorder~~disability or~~
30 ~~disease suffered by an ~~applicant~~applicant, or licensee, and such experts may be~~
31 ~~compensated for their services on an equitable basis. The Commissioner may~~
32 ~~also take into consideration any other factors which bear on the issue of public~~
33 ~~safety.~~
34 (4) Whenever a license is restricted, cancelled, or denied by the ~~Commissioner,~~
35 ~~such denial on the basis of a physical or mental disability or disease, said action~~
36 ~~may be reviewed by a reviewing board upon written request of the applicant~~
37 ~~filed with the Division within 10 days after receipt of ~~such denial~~notice of said~~
38 ~~action as delineated under G.S. 20-48. The reviewing board shall consist of the~~
39 ~~Commissioner or his authorized representative and ~~four persons designated by~~~~
40 ~~~~the chairman of the Commission for Public Health~~. The persons designated by~~
41 ~~~~the chairman of the Commission for Public Health~~ shall be either members of~~
42 ~~~~the Commission for Public Health~~ or physicians duly licensed to practice~~
43 ~~~~medicine in this State~~. The members ~~so designated by the chairman of the~~~~
44 ~~~~Commission for Public Health~~ shall receive the same per diem and expenses as~~
45 ~~provided by law for members of the Commission for Public Health, which per~~
46 ~~diem and expenses shall be charged to the same appropriation as per diems and~~
47 ~~expenses for members of the Commission for Public Health. The Commissioner~~
48 ~~or his authorized representative, plus any two of the members designated by the~~
49 ~~chairman of the Commission for Public Health, ~~at least two medical~~~~
50 ~~professionals duly licensed by the appropriate licensing authority in the State of~~
51 ~~North Carolina, selected by the Commissioner of Motor Vehicles. The medical~~

1 professionals selected by the Commissioner may be compensated for their
2 services on an equitable basis to include reimbursement for ordinary and
3 necessary travel expenses. Two of the medical professionals selected by the
4 Commissioner shall constitute a quorum. The procedure for hearings authorized
5 by this section shall be as follows:

6 a. Applicants shall be afforded an opportunity for hearing, after reasonable
7 notice of not less than 10 days, before the review board established by
8 subdivision (4). The notice shall be in writing and shall be delivered to
9 the applicant in person or sent by certified mail, with return receipt
10 requested. The notice shall state the time, place, and subject of the
11 hearing. A request for a hearing shall stay any adverse action pending
12 against the applicant or licensee as a result of the review specified in
13 subdivision (3) of this subsection so long as the hearing is being
14 requested to contest driver license restrictions and there is no imminent
15 threat to public safety if continued driving is permitted. Adverse action
16 shall not be stayed if the hearing is being requested to contest the denial
17 or cancellation of driving privileges.

18 b. The review board may compel the attendance of witnesses and the
19 production of such books, records and papers as it desires at a hearing
20 authorized by the section. Upon request of an applicant, a subpoena to
21 compel the attendance of any witness or a subpoena duces tecum to
22 compel the production of any books, records, or papers shall be issued
23 by the board. Subpoenas shall be directed to the sheriff of the county
24 where the witness resides or is found and shall be served and returned in
25 the same manner as a subpoena in a criminal case. Fees of the sheriff
26 and witnesses shall be the same as that allowed in the district court in
27 cases before that court and shall be paid in the same manner as other
28 expenses of the Division of Motor Vehicles are paid. In any case of
29 disobedience or neglect of any subpoena served on any person, or the
30 refusal of any witness to testify to any matters regarding which he may
31 be lawfully interrogated, the district court or superior court where such
32 disobedience, neglect or refusal occurs, or any judge thereof, on
33 application by the board, shall compel obedience or punish as for
34 contempt.

35 c. A hearing may be continued upon motion of the applicant or licensee
36 for good cause shown with approval of the board or upon order of the
37 board.

38 d. The board shall pass upon the admissibility of evidence at a hearing but
39 the applicant affected may at the time object to the board's ruling, and, if
40 evidence offered by an applicant or licensee is rejected the party may
41 proffer the evidence, and such proffer shall be made a part of the record.
42 The board shall not be bound by common law or statutory rules of
43 evidence which prevail in courts of law or equity and may admit and
44 give probative value to evidence which possesses probative value
45 commonly accepted by reasonably prudent men in the conduct of their
46 affairs. They may exclude incompetent, immaterial, irrelevant and
47 unduly repetitious evidence. Uncontested facts may be stipulated by
48 agreement between an applicant or licensee and the board and evidence
49 relating thereto may be excluded. All evidence, including records and
50 documents in the possession of the Division of Motor Vehicles or the
51 board, of which the board desires to avail itself shall be made a part of

1 the record. Documentary evidence may be received in the form of
 2 copies or excerpts, or by incorporation by reference. The board shall
 3 prepare an official record, which shall include testimony and exhibits. A
 4 record of the testimony and other evidence submitted shall be taken, but
 5 it shall not be necessary to transcribe shorthand notes or electronic
 6 recordings unless requested for purposes of court review.

7 e. Every decision and order adverse to an applicant or licensee shall be in
 8 writing or stated in the record and shall be accompanied by findings of
 9 fact and conclusions of law. The findings of fact shall consist of a
 10 concise statement of the board's conclusions on each contested issue of
 11 fact. ~~Counsel for applicant, or applicant, if he has no counsel,~~ The
 12 applicant or licensee shall be notified of the board's decision in person
 13 or by ~~registered-certified~~ mail with return receipt requested. ~~A~~ In all
 14 other cases, a copy of the board's decision with accompanying findings
 15 and conclusions shall be delivered or mailed upon request to the
 16 applicant's or the licensee's attorney of record or to applicant, applicant
 17 or licensee, if he has no attorney.

18 f. Actions of the reviewing board are subject to judicial review as
 19 provided under Chapter 150B of the General Statutes.

20 g. Repealed by Session Laws 1977, c. 840.

21 h. All records and evidence collected and compiled by the Division and the
 22 reviewing board shall not be considered public records within the
 23 meaning of Chapter ~~[section] 132-1, and following,~~ 132 of the General
 24 Statutes of North Carolina and may be made available to the public only
 25 upon an order of a court of competent jurisdiction. An applicant or
 26 licensee may obtain a copy of the aforementioned records without a
 27 court order by submitting a written request to the Division, signing any
 28 required release forms, and remitting the required fee. All information
 29 furnished by, or about, or on behalf of an applicant under this section
 30 shall be without prejudice and shall be for the use of the Division, the
 31 reviewing board or the court in administering this section and shall not
 32 be used in any manner as evidence, or for any other purposes in any
 33 trial, civil or criminal. The foregoing prohibition against release and use
 34 applies without regard to who authored or produced the information for
 35 use by the Division under this section.

36"

37 **SECTION 24.2.(c)** G.S. 20-9.1(c) reads as rewritten:

38 "(c) A ~~physician or psychologist~~ physician, psychologist, or other medical provider
 39 disclosing or not disclosing information pursuant to this section or conducting evaluations and
 40 making recommendations to the Division regarding a person's ability to safely operate a motor
 41 vehicle is immune from any civil or criminal liability that might otherwise be incurred or imposed
 42 based on the disclosure or lack of disclosure provided that the physician or psychologist was
 43 acting in good faith and without malice. In any proceeding involving liability, good faith and lack
 44 of malice are presumed."

45 **SECTION 24.2.(d)** G.S. 20-15(a) reads as rewritten:

46 "(a) The Division shall have authority to cancel any driver's license upon determining any
 47 of the following:

48 (1) The licensee was not entitled to the issuance of the license under this Chapter.

49 ...

50 (4) The licensee has failed to submit the certificate required as a condition of
 51 licensure under G.S. 20-7(e) or G.S. 20-9(g).

(5) The licensee suffers from a physical or mental disability or disease that affects his or her ability to safely operate a commercial or noncommercial motor vehicle as determined by applicable State and federal statutes and regulations."

ELIMINATE SPECIAL REGISTRATION FEE FOR CERTAIN MILITARY LICENSE PLATES

SECTION 24.3. G.S. 20-79.7(a1) reads as rewritten:

"(a1) Fees. – All other special registration plates are subject to the regular motor vehicle registration fee in G.S. 20-87 or G.S. 20-88 plus an additional fee in the following amount:

<u>Special Plate</u>	<u>Additional Fee Amount</u>
American Red Cross	\$30.00
...	
Active Member of the National Guard	None
<u>Air Medal Recipient</u>	<u>None</u>
Bronze Star Combat Recipient	None
Bronze Star Recipient	None
Combat Veteran	None
100% Disabled Veteran	None
<u>Distinguished Flying Cross</u>	<u>None</u>
Ex-Prisoner of War	None
...."	

CONTINUATION REVIEW OF CERTAIN FUNDS/PROGRAMS/DIVISIONS

SECTION 24.5.(a) According to Section 6.20 of S.L. 2015-241, certain funding of select funds, agencies, divisions, and programs financed by State government were subject to the Continuation Review Program, which is intended to assist decision-makers in determining whether to continue, reduce, or eliminate funding for the funds, agencies, divisions, and programs subject to continuation review.

SECTION 24.5.(b) Section 6.20(b) of S.L. 2015-241 reads as rewritten:

"SECTION 6.20.(b) The Senate Appropriations/Base Budget Committee and the House of Representatives Appropriations Committee may review the funds, programs, divisions, and transfers from the Highway Fund listed in this section and shall determine whether to continue, reduce, or eliminate these funds, programs, divisions, and transfers from the Highway Fund, subject to the Continuation Review Program. The Fiscal Research Division may issue instructions to the State departments and agencies subject to continuation review regarding the expected content and format of the reports required by this section. The following funds, agencies, divisions, programs, and transfers from the Highway Fund are subject to continuation ~~review as provided in this section:~~ review, as well as recommended amounts of funding for fiscal year 2016-2017, are:

- (1) Funds, agencies, divisions, and programs financed by transfers from the Highway Fund:
 - a. ~~Department of Environment and Natural Resources—Environmental Quality –~~
 - 1. ~~Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund—\$20,600,000.~~
 - 2. ~~Division of Air Quality Inspection and Maintenance Fees—Fees—\$2,000,000.~~
 - 3. ~~Division of Air Quality Water and Air Quality Account—Account—\$7,299,805.~~
 - 4. ~~Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund.~~

- 1 5. Mercury Pollution Prevention ~~Account~~Account – Utilize
- 2 existing cash balance.
- 3 b. Department of Insurance –
- 4 1. Rescue Squad Workers' Relief ~~Fund~~Fund–\$1,456,931.
- 5 2. Volunteer Rescue/EMS Grant ~~Program~~Program–\$957,352.
- 6 3. State Fire ~~Protection~~Protection–\$158,000.
- 7 c. Department of Public Safety – Inmate Road Squads and Litter
- 8 ~~Crews~~Crews–\$9,040,000.
- 9 d. Office of the State Controller – Funding transferred for BEACON
- 10 ~~support~~support–\$496,578.
- 11 e. Wildlife Resources Commission – Boating ~~Account~~Account–
- 12 \$2,361,660.
- 13 (2) Other agencies, divisions, and programs:
- 14 a. North Carolina Human Relations Commission.
- 15 b. Department of Health and Human Services –
- 16 1. Office of Minority Health.
- 17 2. Maternal and Child Health Programs."

PART XV. SALARIES AND BENEFITS

JUDICIAL BRANCH SALARIES

SECTION 25.1.(a) Section 30.3(c) of S.L. 2015-241 reads as rewritten:

"**SECTION 30.3.(c)** The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed ~~seventy-two thousand seven hundred ninety-seven dollars (\$72,797)~~ seventy-six thousand four hundred thirty-seven dollars (\$76,437) and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-eight thousand six hundred twenty-eight dollars (\$38,628), effective July 1, ~~2015-2016.~~"

STATE AGENCY TEACHERS

SECTION 25.2. Section 30.7 of S.L. 2015-241 is amended by adding a new subsection to read:

"**SECTION 30.7.(a)** Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall receive any experience step increases authorized in Section 9.1 of this act.

"**SECTION 30.7.(b)** Teachers at the North Carolina School of Science and Mathematics and the North Carolina School of the Arts shall receive any pay and experience step increases as if they were paid in accordance with the Teacher Salary Schedule in Section 9.1 of this act."

ALL STATE-SUPPORTED PERSONNEL

SECTION 25.3. Section 30.8 of S.L. 2015-241 reads as rewritten:

"**SECTION 30.8.(a)** For the 2015-2017 fiscal biennium:

- (1) Except as provided by Part 9, Section 30.5, Section 30.7, and Section 30.15 of this act, the annual salaries of all employees subject to or exempt from the North Carolina Human Resources Act shall not be legislatively increased, but may be increased as otherwise provided by law.
- (2) All eligible State-supported personnel shall receive a compensation bonus as authorized by this Part.

1 **"SECTION 30.8.(b)** Salaries and Related Benefits for Positions That Are Funded. –

2 (1) Partially from the General Fund or Highway Fund and partially from sources
3 other than the General Fund or Highway Fund shall be increased from the
4 General Fund or Highway Fund appropriation only to the extent of the
5 proportionate part of the salaries paid from the General Fund or Highway Fund.

6 (2) Fully from sources other than the General Fund or Highway Fund shall be
7 increased as provided by this act. The Director of the Budget may increase
8 expenditures of receipts from these sources by the amount necessary to provide
9 the legislative increase to receipt-supported personnel in the certified budget.

10 **"SECTION 30.8.(c)** Except as otherwise provided, the salary increases provided in this act do
11 not apply to persons separated from State service due to resignation, dismissal, reduction in force,
12 death, or retirement, or whose last workday is prior to July 1, ~~2015-2016~~.

13 **"SECTION 30.8.(d)** Employees shall receive the statutory increases provided by
14 G.S. 20-187.3, 7A-102, and 7A-171.1. Notwithstanding G.S. 20-187.3, the increases authorized by
15 that statute for members of the State Highway Patrol become effective ~~January~~ July 1, 2016.
16 Notwithstanding any provision of law to the contrary, the salary increases authorized on the
17 employee anniversary date by G.S. 7A-171.1 for magistrates and G.S. 7A-102 for assistant and
18 deputy clerks of superior court shall become effective ~~January~~ July 1, 2016.

19 **"SECTION 30.8.(e)** Payroll checks issued to employees after July 1, ~~2015-2016~~, that
20 represent payment of services provided prior to July 1, ~~2015-2016~~, shall not be eligible for salary
21 increases provided for in this act. This subsection applies to all employees paid from State funds,
22 whether or not subject to or exempt from the North Carolina Human Resources Act, including
23 employees of public schools, community colleges, and The University of North Carolina.

24 **"SECTION 30.8.(f)** Nothing in this act authorizes the transfer of funds between the General
25 Fund and the Highway Fund for salary increases."
26

27 **SALARY ADJUSTMENT FUND**

28 **SECTION 25.4.(a)** Section 30.12A(b) of S.L. 2015-241 reads as rewritten:

29 **"SECTION 30.12A.(b)** The following salary increases shall be awarded from funds available
30 in the Salary Adjustment Fund for the 2015-2017 fiscal biennium, as follows:

31 (1) To increase the salary of the Secretary of Military and Veterans Affairs, the
32 sum of thirty-three thousand seven hundred forty-nine dollars (\$33,749).

33 (2) To increase the salary of the Transportation Museum Director, the sum of thirty
34 thousand seven hundred fifteen dollars (\$30,715).

35 (3) To increase the salaries of the State Capitol Police, a sum not to exceed one
36 hundred thousand dollars (\$100,000)."

37 **SECTION 25.4.(b)** Section 30.12A(c) of S.L. 2015-241 reads as rewritten:

38 **"SECTION 30.12A.(c)** The Director of the Budget shall ~~consult with~~ report to the Joint
39 Legislative Commission on Governmental Operations prior to transferring any salary adjustment
40 funds for any State agency. No increases from the Salary Adjustment Fund shall be effective
41 before January 1, 2016."

42 **SECTION 25.4.(c)** Section 30.12A of S.L. 2015-241 is amended by adding a new
43 subsection to read:

44 **"SECTION 30.12A.(h)** Section 30.11 of S.L. 2015-241 is repealed."
45

46 **COMPENSATION BONUS AWARDED FOR FISCAL YEAR 2016-2017**

47 **SECTION 25.5.(a)** Any person (i) whose salary is set by this act in Part 9 or this Part,
48 pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and
49 (ii) who is employed in a State-funded position on August 1, 2016, is eligible to be considered by
50 each agency head, in consultation with the Office of State Human Resources, for an award of a

1 one-time, lump-sum compensation bonus, up to a maximum bonus of three thousand dollars
2 (\$3,000) for the 2016-2017 fiscal year, payable during the month of September 2016.

3 **SECTION 25.5.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonus
4 awarded by this section is not compensation under Article 1 of Chapter 135 of the General
5 Statutes, the Teachers' and State Employees' Retirement System.

6 **SECTION 25.5.(c)** The compensation bonus awarded by this section is not part of
7 annual salary and shall be paid out separately. The compensation bonus shall be awarded to
8 eligible permanent employees without regard to an employee's placement within the salary range,
9 including employees at the top of the salary range. The compensation bonus shall be adjusted pro
10 rata for permanent part-time employees.

11 12 **SALARY-RELATED CONTRIBUTIONS**

13 **SECTION 25.6.(a)** Section 30.20(a) of S.L. 2015-241 reads as rewritten:

14 "**SECTION 30.20.(a)** Effective for the ~~2015-2017 fiscal biennium,~~ 2015-2016 fiscal year,
15 required employer salary-related contributions for employees whose salaries are paid from
16 department, office, institution, or agency receipts shall be paid from the same source as the source
17 of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway
18 Fund and in part from department, office, institution, or agency receipts, required employer
19 salary-related contributions may be paid from the General Fund or Highway Fund only to the
20 extent of the proportionate part paid from the General Fund or Highway Fund in support of the
21 salary of the employee, and the remainder of the employer's requirements shall be paid from the
22 source that supplies the remainder of the employee's salary. The requirements of this section as to
23 source of payment are also applicable to payments on behalf of the employee for hospital medical
24 benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation,
25 severance pay, separation allowances, and applicable disability income benefits."

26 **SECTION 25.6.(b)** Effective July 1, 2016, the State's employer contribution rates
27 budgeted for retirement and related benefits as a percentage of covered salaries for the 2015-2017
28 fiscal biennium are (i) fifteen and thirty-two hundredths percent (15.32%) – Teachers and State
29 Employees; (ii) twenty and thirty-two hundredths percent (20.32%) – State Law Enforcement
30 Officers; (iii) twelve and eighty-five hundredths percent (12.85%) – University Employees'
31 Optional Retirement Program; (iv) twelve and eighty-five hundredths percent (12.85%) –
32 Community College Optional Retirement Program; (v) thirty-two and eighty-one hundredths
33 percent (34.81%) – Consolidated Judicial Retirement System; and (vi) seven and forty hundredths
34 percent (7.40%) – Legislative Retirement System. Each of the foregoing contribution rates
35 includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The rate for
36 the Teachers and State Employees, State Law Enforcement Officers, University Employees'
37 Optional Retirement Program, and the Community College Optional Retirement Program includes
38 forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates for Teachers and
39 State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%)
40 for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent
41 (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State
42 Law Enforcement Officers includes one hundredth percent (0.01%) for the Qualified Excess
43 Benefit Arrangement.

44 **SECTION 25.6.(c)** Effective July 1, 2016, the maximum annual employer
45 contributions, payable monthly, by the State for each covered employee or retiree for the
46 2016-2017 fiscal year to the State Health Plan for Teachers and State Employees are (i)
47 Medicare-eligible employees and retirees – four thousand two hundred fifty-one dollars (\$4,251)
48 and (ii) non-Medicare-eligible employees and retirees – five thousand four hundred seventy-one
49 dollars (\$5,471).

50 51 **PART XXVI. CAPITAL APPROPRIATIONS**

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 26.1. There is appropriated from the General Fund for the 2016-2017 fiscal biennium the following amounts for capital improvements:

Capital Improvements – General Fund	2016-2017
Department of Environmental Quality Water Resources Development	\$7,961,000
Department of Cultural Resources Archives and History/State Library Building Remodel	600,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$8,561,000

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 26.2.(a) The Department of Environmental Quality 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 twenty-five million seven hundred seventy-four thousand dollars (\$25,774,000) in federal funds.

Name of Project	2016-2017
(1) Neuse River – Goldsboro, Section 1135	150,000
(2) Carolina Beach Coastal Storm Damage Reduction	75,000
(3) Kure Beach Coastal Storm Damage Reduction	81,000
(4) Wrightsville Beach Coastal Storm Damage Reduction	361,000
(5) Ocean Isle Beach Coastal Storm Damage Reduction	1,506,000
(6) Eastern NC Stream Debris Removal	500,000
(7) State/Local Water Resources Development Grants	1,000,000
(8) Cape Fear Lock & Dam #2 Fish Ramp – Phase 1	500,000
(9) North Topsail Beach Shoreline Protection Project – Phase 2	500,000
(10) Environmental Quality Incentives Program – NRCS	1,500,000
(11) Town of Burgaw – Pender Hospital Drainage Improvements	347,000
(12) Ararat River, Surry County	500,000
(13) Town of Rutherfordton Stream Restoration	500,000
(14) Reedy Creek Road Boathouse and Storage Area	218,000
(15) Wilmington Harbor 96 Act Loan Repayment	223,000
(16) Wilmington Harbor Maintenance	0.00
(17) Morehead City Harbor Maintenance	0.00
TOTALS	\$7,961,000

SECTION 26.2.(b) It is the intent of the Governor and the General Assembly that funds carried forward from previous fiscal years be used to supplement the seven million nine hundred sixty-one thousand dollars (\$7,961,000) appropriated for water resources development projects in Section 31.3(a) of this act. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

Name of Project	Amount Carried Forward
(1) Morehead City Harbor Maintenance	\$ 2,000,000
(2) Ocean Isle Beach CSDR	29,000
(3) NRCS Equipment	500,000

1	(4) Planning Assistant to Communities	25,000
2	(5) Wilmington Harbor Navigation 96 Act Loan Repayment	2,500,000
3	(6) Wrightsville Beach CSDR	200,000
4	TOTALS	\$ 5,254,000

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 26.3. The General Assembly authorizes the following capital projects to be funded with receipts from other non-General Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized for FY 2016-2017
Department of Public Safety	
Nash Print Plant Roof Replacement	\$ 1,508,000
Harnett Visitor Center	549,000
Department of Transportation	
Ferry Division Encapsulated area for Sandblasting	210,000
TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS AUTHORIZED	\$ 2,267,000

PART XVII. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 27.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

MOST TEXT APPLIES ONLY TO THE 2015-2016 FISCAL YEAR

SECTION 27.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2015-2016 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2015-2016 fiscal year.

EFFECT OF HEADINGS

SECTION 27.3. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 27.4.(a) Except where expressly repealed or amended by this act, the provisions of S.L. 2013-360 and S.L. 2013-363 remain in effect.

SECTION 27.4.(b) Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 2015-2016 fiscal year in S.L. 2013-360 and S.L. 2013-363 that applied to appropriations to particular agencies or for particular purposes apply to the newly enacted appropriations and budget reductions of this act for those same particular purposes.

SEVERABILITY CLAUSE

SECTION 27.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

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2
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EFFECTIVE DATE

SECTION 27.6. Except as otherwise provided, this act becomes effective July 1, 2016.