

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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SENATE BILL 257  
Appropriations/Base Budget Committee Substitute Adopted with unengrossed  
amendments 5/10/17  
Finance Committee favorable with unengrossed amendments 5/10/17  
Pensions and Retirement and Aging Committee Substitute Adopted 5/10/17  
Third Edition Engrossed 5/12/17  
Corrected Copy 5/15/17  
House Committee Substitute Favorable 5/30/17  
House Committee Substitute #2 Favorable 5/31/17  
Seventh Edition Engrossed 6/2/17  
Proposed Conference Committee Substitute S257-PCCS55079-MLxfr-2

Short Title: Appropriations Act of 2017.

(Public)

Sponsors:

Referred to:

March 15, 2017

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

5 The General Assembly of North Carolina enacts:

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

8  
9 **TITLE OF ACT**

10 **SECTION 1.1.** This act shall be known as the "Current Operations Appropriations  
11 Act of 2017."

12  
13 **INTRODUCTION**

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

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

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

24 **SECTION 2.1.** Appropriations from the General Fund of the State for the  
25 maintenance of the State departments, institutions, and agencies, and for other purposes as  
26 enumerated, are made for the fiscal biennium ending June 30, 2019, according to the following  
27 schedule:



\* S 2 5 7 - P C C S 5 5 0 7 9 - M L X F R - 2 \*

	FY 2017-2018	FY 2018-2019
<b>Current Operations – General Fund</b>		
<b>EDUCATION</b>		
Community Colleges System Office	\$ 1,121,815,001	\$ 1,141,757,845
Department of Public Instruction	9,046,403,622	9,425,109,426
Appalachian State University	134,672,993	134,672,993
East Carolina University		
Academic Affairs	214,598,809	214,598,809
Health Affairs	74,373,798	75,014,745
Elizabeth City State University	31,964,712	31,154,712
Fayetteville State University	52,116,162	52,116,162
NC A&T State University	92,703,482	92,703,482
NC Central University	83,243,559	83,243,559
NC State University		
Academic Affairs	410,148,050	407,648,050
Agricultural Extension	39,095,231	39,195,231
Agricultural Research	52,636,905	52,636,905
UNC-Asheville	38,750,625	38,750,625
UNC-Chapel Hill		
Academic Affairs	252,574,119	251,809,119
Health Affairs	195,665,032	195,305,973
AHEC	48,783,693	48,783,693
UNC-Charlotte	226,376,692	226,376,692
UNC-Greensboro	150,156,774	150,156,774
UNC-Pembroke	53,711,549	53,715,428
UNC-School of the Arts	30,424,499	30,424,499
UNC-Wilmington	120,327,946	120,327,946
Western Carolina University	89,729,461	89,730,641
Winston-Salem State University	64,717,512	64,717,512
General Administration	42,172,369	42,172,369
University Institutional Programs	108,655,110	173,791,646
Related Educational Programs	109,968,501	109,968,501
NC School of Science & Math	20,958,012	20,959,212
Aid to Private Institutions	155,249,754	167,799,754
Total University of North Carolina – Board of Governors	2,893,775,349	2,967,775,032
<b>HEALTH AND HUMAN SERVICES</b>		
Department of Health and Human Services		
Central Management and Support	117,155,209	122,769,405
Division of Aging & Adult Services	46,076,033	45,149,105
Division of Blind Services/Deaf/HH	8,446,767	8,507,081
Division of Child Development & Early Education	268,428,501	278,332,315
Division of Health Service Regulation	18,773,807	19,396,718
Division of Medical Assistance	3,690,755,171	3,801,681,212
Division of Mental Health, Developmental Disabilities,		

1	& Substance Abuse Services	696,268,319	705,030,589
2	NC Health Choice	459,248	396,409
3	Division of Health Benefits	9,735,051	9,779,090
4	Division of Public Health	157,394,523	154,985,218
5	Division of Social Services	200,973,125	205,204,844
6	Division of Vocational Rehabilitation	38,833,788	39,055,491
7	Total Health and Human Services	5,253,299,542	5,390,287,477
8			
9	<b>NATURAL AND ECONOMIC RESOURCES</b>		
10			
11	Department of Agriculture and Consumer Services	133,669,904	122,853,685
12			
13	Department of Commerce		
14	Commerce	140,649,732	130,158,878
15	Commerce State-Aid	20,100,810	16,155,810
16			
17	Wildlife Resources Commission	11,178,987	10,843,541
18			
19	Department of Environmental Quality	78,170,327	77,012,714
20			
21	Department of Labor	17,614,979	17,819,951
22			
23	Department of Natural and Cultural Resources	185,613,349	174,477,424
24	Department of Natural and Cultural		
25	Resources – Roanoke Island	555,571	555,571
26			
27	<b>JUSTICE AND PUBLIC SAFETY</b>		
28			
29	Department of Public Safety	2,002,700,046	2,020,592,037
30			
31	Judicial Department	530,239,572	539,023,422
32			
33	Judicial Department – Indigent Defense	121,304,090	122,280,359
34			
35	Department of Justice	47,711,294	46,511,531
36			
37	<b>GENERAL GOVERNMENT</b>		
38			
39	Department of Administration	63,691,021	63,396,752
40			
41	Office of Administrative Hearings	5,962,480	6,010,687
42			
43	Office of State Auditor	13,828,208	13,780,531
44			
45	Office of State Controller	20,873,868	23,243,476
46			
47	State Board of Elections	6,624,283	6,686,614
48			
49	General Assembly	65,975,613	65,973,007
50			
51	Office of the Governor	5,374,977	4,976,409

1			
2	Office of the Governor – Special Projects	0	0
3			
4	Office of State Budget and Management		
5	Office of State Budget and Management	8,180,546	8,255,244
6	OSBM – Reserve for Special Appropriations	8,740,000	2,000,000
7			
8	Housing Finance Agency	14,609,159	30,660,000
9			
10	Department of Insurance	48,838,212	48,314,700
11			
12	Office of Lieutenant Governor	793,708	771,497
13			
14	Department of Military and Veterans Affairs	11,457,358	8,960,743
15			
16	Department of Revenue	84,645,611	85,483,970
17			
18	Department of Secretary of State	13,104,311	13,314,943
19			
20	Department of State Treasurer		
21	State Treasurer	4,813,596	4,832,053
22	State Treasurer – Retirement for Fire		
23	and Rescue Squad Workers	27,861,861	28,211,861
24			
25	<b>DEPARTMENT OF INFORMATION TECHNOLOGY</b>	<b>51,500,581</b>	<b>51,646,845</b>
26			
27	<b>RESERVES, ADJUSTMENTS, AND DEBT SERVICE</b>		
28			
29	Contingency & Emergency Fund	0	0
30	Classification and Compensation System	3,900,000	7,800,000
31	Workers' Compensation Settlement Reserve	2,000,000	0
32	Salary Adjustment Fund	5,000,000	5,000,000
33	Pay Plan Reserve	9,688,494	0
34	University System Enrollment Reserve	46,571,112	94,734,518
35	Public Schools Average Daily Membership Reserve	0	48,410,289
36	NC Promise Tuition Plan	0	11,000,000
37	Film and Entertainment Grant Fund	15,000,000	31,000,000
38	Pending Legislation (Supplemental Disaster		
39	Recovery Funds and House Bill 589,		
40	Competitive Energy Solutions for N.C.)	100,150,000	500,000
41	Enterprise Resource Planning	3,000,000	10,000,000
42			
43	Debt Service		
44	General Debt Service	727,166,339	770,458,736
45	Federal Reimbursement	1,616,380	1,616,380
46			
47	<b>TOTAL CURRENT OPERATIONS –</b>		
48	<b>GENERAL FUND</b>	<b>\$ 22,975,769,893</b>	<b>\$ 23,650,253,958</b>
49			
50	<b>GENERAL FUND AVAILABILITY STATEMENT</b>		

1           **SECTION 2.2.(a)** The General Fund availability used in developing the 2017-2019  
2 fiscal biennial budget is shown below:

	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
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50           **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3(a), the State  
51 Controller shall transfer a total of one hundred twenty-five million dollars (\$125,000,000) from

1 the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2017. This  
 2 subsection becomes effective June 30, 2017. Funds transferred under this section to the Repairs  
 3 and Renovations Reserve are appropriated for the 2017-2018 fiscal year and shall be used in  
 4 accordance with Section 36.5 of this act.

5 **SECTION 2.2.(c)** Notwithstanding G.S. 143C-4-2, the State Controller shall  
 6 transfer a total of three hundred sixty-three million nine hundred twenty-eight thousand three  
 7 hundred seventy dollars (\$363,928,370) from the unreserved fund balance to the Savings  
 8 Reserve Account on June 30, 2017. This transfer is not an "appropriation made by law," as that  
 9 phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection  
 10 becomes effective June 30, 2017.

11 **SECTION 2.2.(d)** The State Controller shall reserve from funds available in the  
 12 General Fund the sum of seventy-five million dollars (\$75,000,000) in nonrecurring funds for  
 13 the 2017-2018 fiscal year. The funds reserved in this subsection shall be transferred and  
 14 deposited in the Medicaid Transformation Fund established in Section 12H.29 of S.L.  
 15 2015-241. Funds deposited in the Medicaid Transformation Fund do not constitute an  
 16 "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North  
 17 Carolina Constitution.

18 **SECTION 2.2.(e)** Funds reserved in the Medicaid Contingency Reserve  
 19 established in Section 12H.38 of S.L. 2014-100 do not constitute an "appropriation made by  
 20 law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

21 **SECTION 2.2.(f)** G.S. 105-187.9(a) reads as rewritten:

22 "(a) Distribution. – ~~Taxes~~Of the taxes collected under this Article at the rate of eight  
 23 percent ~~(8%)~~(8%), the sum of ten million dollars (\$10,000,000) shall be credited annually to  
 24 the Highway Fund, and the remainder shall be credited to the General Fund. Taxes collected  
 25 under this Article at the rate of three percent (3%) shall be credited to the North Carolina  
 26 Highway Trust Fund."

27 **SECTION 2.2.(g)** Subsection (f) of this section is effective when this act becomes  
 28 law and applies to taxes collected on or after that date.

29  
 30 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

31  
 32 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

33 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance  
 34 and operation of the Department of Transportation and for other purposes as enumerated are  
 35 made for the fiscal biennium ending June 30, 2019, according to the following schedule:

37 <b>Current Operations – Highway Fund</b>	38 <b>FY 2017-2018</b>	39 <b>FY 2018-2019</b>
40 Department of Transportation		
41 Administration	42 \$ 96,416,366	43 \$ 94,370,410
44 Division of Highways		
45 Administration	46 34,782,224	47 34,782,224
48 Construction	49 89,600,000	50 88,250,000
51 Maintenance	1,353,550,193	1,393,296,676
Planning and Research	0	0
OSHA Program	358,030	358,030
State Aid to Municipalities	147,500,000	147,500,000
Intermodal Divisions		

1	Ferry	47,983,375	44,983,375
2	Public Transportation	93,777,592	94,277,592
3	Aviation	100,495,773	129,012,773
4	Rail	43,659,362	43,850,362
5	Bicycle and Pedestrian	724,032	724,032
6			
7	Governor's Highway Safety	255,367	255,367
8	Division of Motor Vehicles	130,482,054	127,946,774
9			
10	Other State Agencies, Reserves, Transfers	39,762,702	41,673,366
11			
12	Capital Improvements	11,616,700	10,216,707
13			
14	<b>Total Highway Fund Appropriations</b>	<b>\$ 2,190,963,770</b>	<b>\$ 2,251,497,688</b>

**HIGHWAY FUND AVAILABILITY STATEMENT**

SECTION 3.2. The Highway Fund availability used in developing the 2017-2019 fiscal biennial budget is shown below:

20	<b>Highway Fund Availability Statement</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
21	Unreserved Fund Balance	\$ 0	\$ 0
22	Estimated Revenue	2,179,096,441	2,237,763,031
23	Adjustment to Revenue Availability:		
24	Division of Motor Vehicles Hearing Fees	1,867,329	3,734,657
25	Highway Use Tax Lease Proceeds	10,000,000	10,000,000
26			
27	<b>Total Highway Fund Availability</b>	<b>\$ 2,190,963,770</b>	<b>\$ 2,251,497,688</b>
28			
29	Unappropriated Balance	\$ 0	\$ 0

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

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2019, according to the following schedule:

39	<b>Current Operations – Highway Trust Fund</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
40			
41	Program Administration	\$ 35,156,560	\$ 35,156,560
42	Debt Service	52,160,868	50,036,452
43	Turnpike Authority	49,000,000	49,000,000
44	State Ports Authority	45,000,000	45,000,000
45	Transfer to Highway Fund	400,000	400,000
46	FHWA State Match	4,640,000	4,640,000
47	Strategic Prioritization Funding Plan for		
48	Transportation Investments	1,360,770,863	1,401,591,150
49			
50	<b>Total Highway Trust Fund Appropriations</b>	<b>\$ 1,547,128,291</b>	<b>\$ 1,585,824,162</b>

**HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

**SECTION 4.2.** The Highway Trust Fund availability used in developing the 2017-2019 fiscal biennial budget is shown below:

<b>Highway Trust Fund Availability</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
Unreserved Fund Balance	\$ 0	\$ 0
Estimated Revenue	1,547,614,829	1,586,320,316
Adjustment to Revenue Availability:		
Title Fees (Mercury Switch Removal)	(486,538)	(496,154)
<b>Total Highway Trust Fund Availability</b>	<b>\$ 1,547,128,291</b>	<b>\$ 1,585,824,162</b>
Unappropriated Balance	\$ 0	\$ 0

**PART V. OTHER APPROPRIATIONS****CASH BALANCES AND OTHER APPROPRIATIONS**

**SECTION 5.1.(a)** Cash balances, federal funds, departmental receipts, grants, and gifts from the General Fund, revenue funds, enterprise funds, and internal service funds are appropriated for the 2017-2019 fiscal biennium as follows:

- (1) For all budget codes listed in the Governor's Recommended Budget for the 2017-2019 fiscal biennium, dated March 2017, and in the Budget Support Document, fund balances and receipts are appropriated up to the amounts specified, as adjusted by the General Assembly, for the 2017-2018 fiscal year and the 2018-2019 fiscal year. Funds may be expended only for the programs, purposes, objects, and line items or as otherwise authorized by the General Assembly. Expansion budget funds listed in those documents are appropriated only as otherwise provided in this act.
- (2) Notwithstanding the provisions of subdivision (1) of this subsection:
  - a. Any receipts that are required to be used to pay debt service requirements for various outstanding bond issues and certificates of participation are appropriated up to the actual amounts received for the 2017-2018 fiscal year and the 2018-2019 fiscal year and shall be used only to pay debt service requirements.
  - b. Other funds, cash balances, and receipts of funds that meet the definition issued by the Governmental Accounting Standards Board of a trust or agency fund are appropriated for and in the amounts required to meet the legal requirements of the trust agreement for the 2017-2018 fiscal year and the 2018-2019 fiscal year.

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

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

**OTHER RECEIPTS FROM PENDING GRANT AWARDS**



1           **SECTION 5.2.(a)** Notwithstanding G.S. 143C-6-4, State agencies may, with  
 2 approval of the Director of the Budget, spend funds received from grants awarded subsequent  
 3 to the enactment of this act for grant awards that are for less than two million five hundred  
 4 thousand dollars (\$2,500,000), do not require State matching funds, and will not be used for a  
 5 capital project. State agencies shall report to the Joint Legislative Commission on  
 6 Governmental Operations within 30 days of receipt of such funds.

7           State agencies may spend all other funds from grants awarded after the enactment of  
 8 this act only with approval of the Director of the Budget and after consultation with the Joint  
 9 Legislative Commission on Governmental Operations.

10           **SECTION 5.2.(b)** The Office of State Budget and Management shall work with  
 11 the recipient State agencies to budget grant awards according to the annual program needs and  
 12 within the parameters of the respective granting entities. Depending on the nature of the award,  
 13 additional State personnel may be employed on a time-limited basis. Funds received from such  
 14 grants are hereby appropriated and shall be incorporated into the authorized budget of the  
 15 recipient State agency.

16           **SECTION 5.2.(c)** Notwithstanding the provisions of this section, no State agency  
 17 may accept a grant not anticipated in this act if acceptance of the grant would obligate the State  
 18 to make future expenditures relating to the program receiving the grant or would otherwise  
 19 result in a financial obligation as a consequence of accepting the grant funds.

21           **EDUCATION           LOTTERY           FUNDS/CHANGES           TO           REVENUE**  
 22           **ALLOCATIONS/NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND**

23           **SECTION 5.3.(a)** The appropriations made from the Education Lottery Fund for  
 24 the 2017-2019 fiscal biennium are as follows:

	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
27 Noninstructional Support Personnel	\$383,888,897	\$385,914,455
28 Prekindergarten Program	78,252,110	78,252,110
29 Public School Building Capital Fund	100,000,000	100,000,000
30 Needs-Based Public School Capital Fund	30,000,000	75,000,000
31 Scholarships for Needy Students	30,450,000	30,450,000
32 UNC Need-Based Financial Aid	10,744,733	10,744,733
33 LEA Transportation	43,277,192	1,386,090
35 <b>TOTAL APPROPRIATION</b>	<b>\$676,612,932</b>	<b>\$681,747,388</b>

36  
 37           **SECTION 5.3.(b)** G.S. 18C-163(b) reads as rewritten:  
 38           "(b) Expenses of the lottery shall also include ~~a~~ all of the following:  
 39           (1) A transfer of two million one hundred thousand dollars (\$2,100,000)  
 40           annually to the Department of Public Safety, Alcohol Law Enforcement  
 41           Branch, for gambling enforcement activities.

42           (2) Advertising costs."  
 43           **SECTION 5.3.(c)** G.S. 18C-164 reads as rewritten:

44           "**§ 18C-164. Transfer of net revenues.**  
 45           ...  
 46           ~~(b) From the Education Lottery Fund, the Office of State Budget and Management shall~~  
 47           ~~transfer a sum equal to five percent (5%) of the net revenue of the prior year to the Education~~  
 48           ~~Lottery Reserve Fund. A special revenue fund for this purpose shall be established in the State~~  
 49           ~~treasury to be known as the Education Lottery Reserve Fund, and that fund shall be capped at~~  
 50           ~~fifty million dollars (\$50,000,000). Monies in the Education Lottery Reserve Fund may be~~  
 51           ~~appropriated only as provided in subsection (e) of this section.~~

1       **(b1)** Net revenues credited to the Education Lottery Fund shall be appropriated in an  
2 amount equal to the amount appropriated from the Education Lottery Fund in the Current  
3 Operations and Capital Improvements Appropriations Act of 2017.

4       **(b2)** The Office of State Budget and Management shall transfer any net revenues  
5 remaining in the Education Lottery Fund after the appropriations made pursuant to subsection  
6 (b1) of this section to the Education Lottery Reserve Fund, a special revenue fund, necessary to  
7 maintain a minimum balance of twenty-five million dollars (\$25,000,000).

8       **(b3)** Any net revenues remaining after appropriation pursuant to subsection (b1) of this  
9 section and transfer pursuant to subsection (b2) of this section are hereby appropriated to the  
10 Needs-Based Public School Capital Fund.

11       **(b4)** Notwithstanding subsection (b2) of this section, the minimum balance of the  
12 Education Lottery Reserve Fund may be less than twenty-five million dollars (\$25,000,000) if  
13 funds are necessary to meet the amount of net revenues appropriated pursuant to subsection  
14 (b1) of this section.

15       ...

16       **(e)** If the actual net revenues are less than the appropriation provided in subsection (b1)  
17 of this section for that given year, then the Governor may transfer from the Education Lottery  
18 Reserve Fund an amount sufficient to equal the appropriation by the General  
19 Assembly provided by subsection (b1) of this section.

20       ~~**(f)** Actual net revenues in excess of the amounts appropriated in a fiscal year shall~~  
21 ~~remain in the Education Lottery Fund."~~

22       **SECTION 5.3.(d)** It is the intent of the General Assembly to increase the amount  
23 of North Carolina Education Lottery net lottery revenue collected that is dedicated to assist  
24 local governments in meeting local school capital needs from sixteen and nine-tenths percent  
25 (16.9%) of net lottery revenue collected in the 2016-2017 fiscal year to forty percent (40%) of  
26 net lottery revenue collected no later than the 2028-2029 fiscal year. To that end, there is  
27 created the Needs-Based Public School Capital Fund to be administered by the Superintendent  
28 of Public Instruction. The Needs-Based Public School Capital Fund shall be used to award  
29 grants to counties designated as a development tier one area or a development tier two area, as  
30 defined by G.S. 143B-437.08, to assist with their critical public school building capital needs.  
31 The Superintendent of Public Instruction shall award grants to counties in accordance with the  
32 following priorities:

- 33       (1) Counties designated as development tier one areas.
- 34       (2) Counties with greater need and less ability to generate sales tax and property  
35       tax revenue.
- 36       (3) Counties with a high debt-to-tax revenue ratio.
- 37       (4) The extent to which a project will address critical deficiencies in adequately  
38       serving the current and future student population.

39       **SECTION 5.3.(e)** Grant funds awarded under this section shall be subject to a  
40 matching requirement from the recipient county as follows:

- 41       (1) For a county designated as a development tier one area, the grant shall not  
42       exceed three dollars (\$3.00) in grant funds for every one dollar (\$1.00)  
43       provided by the county. Grant funds awarded to a tier one county shall not  
44       exceed fifteen million dollars (\$15,000,000).
- 45       (2) For a county designated as a development tier two area, the grant shall not  
46       exceed one dollar (\$1.00) for every one dollar (\$1.00) in grant funds  
47       provided by the county. Grant funds awarded to a tier two county shall not  
48       exceed ten million dollars (\$10,000,000).

49       Grant funds shall be used for new capital projects only. Grant funds shall not be  
50 used for real property acquisition or for operational lease agreements. Notwithstanding  
51 subdivision (2) of this subsection, grant funds shall only be awarded to development tier one

1 counties until the 2020-2021 fiscal year. Grant funds shall not be awarded to any county that  
 2 has received over eight million seven hundred fifty thousand dollars (\$8,750,000) in funds from  
 3 the Public School Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal  
 4 year.

5 **SECTION 5.3.(f)** G.S. 115C-546.2 is amended by adding a new subsection to read:

6 "(f) If a county has received a grant fund award from the Needs-Based Public School  
 7 Capital Fund, that county shall be ineligible to receive allocations from the Public School  
 8 Building Capital Fund for a period of five years from the date the grant funds were awarded."

9 **SECTION 5.3.(g)** On or before April 1 of each year, a grant recipient shall submit  
 10 to the Superintendent of Public Instruction an annual report for the preceding year that  
 11 describes the progress of the project for which the grant was received. The grant recipient shall  
 12 submit a final report to the State Superintendent of Public Instruction within three months of  
 13 the completion of the project.

14 **SECTION 5.3.(h)** On or before May 1 of each year, the Superintendent of Public  
 15 Instruction shall submit a report to the chairs of the Senate Appropriations Committee on  
 16 Education/Higher Education, the chairs of the House Appropriations Committee on Education,  
 17 and the Fiscal Research Division. The report shall contain at least all of the following  
 18 information for the fiscal year:

- 19 (1) Number and description of projects awarded.
- 20 (2) Total cost of each project and amount supported by the Needs-Based Public  
 21 School Capital Fund.
- 22 (3) Projections for local school administrative unit capital needs for the next 30  
 23 years, based upon present conditions and estimated demographic changes.
- 24 (4) Any legislative recommendations for improving the Needs-Based Public  
 25 School Capital Fund program.

26  
 27 **CIVIL PENALTY AND FORFEITURE FUND**

28 **SECTION 5.4.(a)** Appropriations are made from the Civil Penalty and Forfeiture  
 29 Fund for the fiscal biennium ending June 30, 2019, as follows:

	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
31 School Technology Fund	\$18,000,000	\$18,000,000
32 Drivers Education	27,393,768	27,393,768
33 State Public School Fund	134,784,022	128,341,640
34 <b>Total Appropriation</b>	<b>\$180,177,790</b>	<b>\$173,735,408</b>

35  
 36  
 37 **SECTION 5.4.(b)** Excess receipts realized in the Civil Penalty and Forfeiture Fund  
 38 in each year of the 2017-2019 fiscal biennium shall remain unspent until appropriated by a  
 39 further act of the General Assembly.

40 **SECTION 5.4.(c)** Notwithstanding Section 5.3(b) of S.L. 2015-241, the sum of six  
 41 million four hundred forty-two thousand three hundred eighty-two dollars (\$6,442,382) of  
 42 excess receipts realized in the Civil Penalty and Forfeiture Fund for the 2016-2017 fiscal year  
 43 shall be allocated to the State Public School Fund for the 2017-2018 fiscal year.

44 **SECTION 5.4.(d)** G.S. 20-88.03(b) reads as rewritten:

45 "(b) Proceeds. – The clear proceeds of any late fee charged under this section shall be  
 46 remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. The  
 47 clear proceeds of the late fee charged under this section shall be used to provide a dedicated  
 48 source of revenue for the drivers education program administered by the Department of Public  
 49 Instruction in accordance with G.S. 115C-215."

50  
 51 **INDIAN GAMING EDUCATION REVENUE FUND**

1           **SECTION 5.5.** Notwithstanding G.S. 143C-9-7, the sum of six million dollars  
2 (\$6,000,000) in each year of the 2017-2019 fiscal biennium is transferred from the Indian  
3 Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and  
4 Digital Resources Allotment.

## 5 6 **PART VI. GENERAL PROVISIONS**

### 7 8 **CONTINGENCY AND EMERGENCY FUND LIMITATION AND TRANSFER**

9           **SECTION 6.1.(a)** Limitation. – For the 2017-2019 fiscal biennium, and  
10 notwithstanding the provisions of G.S. 143C-4-4(b), funds appropriated to the Contingency and  
11 Emergency Fund may be used only for expenditures required (i) by a court or Industrial  
12 Commission order, (ii) to respond to events as authorized under G.S. 166A-19.40(a) of the  
13 North Carolina Emergency Management Act, (iii) by the State Treasurer to pay death benefits  
14 as authorized under Article 12A of Chapter 143 of the General Statutes, (iv) by the Office of  
15 the Governor for crime rewards in accordance with G.S. 15-53 and G.S. 15-53.1, (v) by the  
16 Industrial Commission for supplemental awards of compensation, or (vi) by the Department of  
17 Justice for legal fees. These funds shall not be used for other statutorily authorized purposes or  
18 for any other contingencies and emergencies.

19           **SECTION 6.1.(b)** Transfer. – Notwithstanding any provision of law to the  
20 contrary, seven million dollars (\$7,000,000) from the Contingency and Emergency Fund  
21 reserve shall be transferred to the State Controller to be deposited as a nontax revenue in the  
22 General Fund. Any funds remaining in the Contingency and Emergency Fund reserve may be  
23 used in accordance with the provisions of subsection (a) of this section and G.S. 143C-4-4(c).

### 24 25 **ESTABLISHING OR INCREASING FEES**

26           **SECTION 6.2.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to  
27 consult with the Joint Legislative Commission on Governmental Operations prior to  
28 establishing or increasing a fee to the level authorized or anticipated in this act.

29           **SECTION 6.2.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
30 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
31 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
32 150B of the General Statutes.

### 33 34 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

35           **SECTION 6.3.** Article 4 of Chapter 143C of the General Statutes is amended by  
36 adding a new section to read:

#### 37 **"§ 143C-4-8. Use of funds appropriated to a reserve.**

38           All funds appropriated into a reserve by a Current Operations Appropriations Act or other  
39 act of the General Assembly may be expended only for the purpose or purposes for which the  
40 reserve was established.

### 41 42 **CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES**

43           **SECTION 6.4.** No more than one hundred twenty thousand dollars (\$120,000) in  
44 State funds, including any interest earnings accruing from those funds, may be used for the  
45 annual salary of any individual employee of a nonprofit organization.

### 46 47 **MSA FUND/INCREASE APPROPRIATION TO GOLDEN L.E.A.F.**

48           **SECTION 6.5.** G.S. 143C-9-3(a1) reads as rewritten:

49           "(a1) Each year, the sum of ~~ten~~seventeen million five hundred thousand dollars  
50 (~~\$10,000,000~~)(\$17,500,000) from the Settlement Reserve Fund is appropriated to The Golden  
51 L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit corporation, and

1 these funds shall not be subject to G.S. 143C-6-23. The remainder of the funds credited to the  
2 Settlement Reserve Fund each fiscal year shall be transferred to the General Fund and included  
3 in General Fund availability as nontax revenue."  
4

#### 5 CLARIFY BASE BUDGET DEFINITION

6 **SECTION 6.6.(a)** G.S. 143C-1-1(d) reads as rewritten:

7 "(d) Definitions. – The following definitions apply in this Chapter:

8 (1) Appropriation. – An enactment by the General Assembly authorizing the  
9 withdrawal of money from the State treasury. An enactment by the General  
10 Assembly that authorizes, specifies, or otherwise provides that funds may be  
11 used for a particular purpose is not an appropriation.  
12

13 ...

14 (1c) Base Budget. – That part of the recommended State budget that provides the  
15 baseline for the next biennium. The base budget for each State agency shall  
16 be the authorized budget for that agency with adjustments only for the  
17 following:

18 a. Annualization of programs and positions.

19 b. Reductions to adjust for items funded with nonrecurring funds during  
20 the prior fiscal biennium.

21 c. Increases to adjust for nonrecurring reductions during the prior fiscal  
22 biennium.

23 d. Adjustments for federal payroll tax changes.

24 e. Rate increases in accordance with the terms of existing leases of real  
25 property.

26 f. Adjustments to receipt projections, made in accordance with  
27 G.S. 143C-3-5(b)(2)c.

28 g. Reconciliation of intragovernmental and intergovernmental transfers.

29 h. Adjustments for statutory appropriations and other adjustments as  
30 directed by the General Assembly.

31 ...

32 ~~(6) Capital Improvements Appropriations Act. – An act of the General  
33 Assembly containing appropriations for one or more capital improvement  
34 projects.~~

35 ...

36 (9) Current Operations Appropriations Act. – An act of the General Assembly  
37 estimating revenue availability for and appropriating money for the current  
38 operations and capital improvement needs of State government during one or  
39 more budget years.

40 ...

41 (28) Statutory appropriation. – An appropriation enacted by the General  
42 Assembly in the General Statutes that authorizes the current and future  
43 withdrawal of funds from the State treasury during fiscal years extending  
44 beyond the current fiscal biennium, current and future fiscal years, without  
45 further act of the General Assembly.

46 ...."

47 **SECTION 6.6.(b)** G.S. 115C-562.8(b) reads as rewritten:

48 "(b) The General Assembly finds that, due to the critical need in this State to provide  
49 opportunity for school choice for North Carolina students, it is imperative that the State provide  
50 an increase of funds of at least ten million dollars (\$10,000,000) each fiscal year for 10 years to  
the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the

1 General Fund to the Reserve the following amounts for each fiscal year to be used for the  
 2 purposes set forth in this section:

3	<b>Fiscal Year</b>	<b>Appropriation</b>
4	2017-2018	\$44,840,000
5	2018-2019	\$54,840,000
6	2019-2020	\$64,840,000
7	2020-2021	\$74,840,000
8	2021-2022	\$84,840,000
9	2022-2023	\$94,840,000
10	2023-2024	\$104,840,000
11	2024-2025	\$114,840,000
12	2025-2026	\$124,840,000
13	2026-2027	\$134,840,000

14 For the 2027-2028 fiscal year and each fiscal year thereafter, there is appropriated from the  
 15 General Fund to the Reserve the sum of one hundred forty-four million eight hundred forty  
 16 thousand dollars (\$144,840,000) to be used for the purposes set forth in this section. When  
 17 developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this  
 18 subsection, the Director of the Budget shall include the appropriated amount specified in this  
 19 subsection for that fiscal year."

20 **SECTION 6.6.(c)** G.S. 143C-3-5 reads as rewritten:

21 "**§ 143C-3-5. Budget recommendations and budget message.**

22 ...

23 (b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall  
 24 include the following components:

25 ...

26 (3) A Current Operations Appropriations Act that makes appropriations for each  
 27 fiscal year of the upcoming biennium for the operating and capital expenses  
 28 of all State agencies as contained in the Recommended State Budget,  
 29 together with a Capital Improvements Appropriations Act that authorizes  
 30 any capital improvements projects.Budget.

31 ...

32 (c) Even-Numbered Years. – In even-numbered years, the Governor may recommend  
 33 changes in the enacted budget for the second year of the biennium. These recommendations  
 34 shall be presented as amendments to the enacted budget and shall be incorporated in a  
 35 recommended Current Operations ~~Appropriation Act and a recommended Capital~~  
 36 ~~Improvements Appropriations Act as necessary.~~ Appropriations Act. Any recommended  
 37 changes shall clearly distinguish program reductions, program eliminations, program  
 38 expansions, and new programs, and shall explain all proposed capital improvements in the  
 39 context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6. The  
 40 Governor shall provide sufficient supporting documentation and accounting detail, consistent  
 41 with that required by G.S. 143C-3-5(b), corresponding to the recommended amendments to the  
 42 enacted budget.

43 ...."

44 **SECTION 6.6.(d)** G.S. 143C-5-1 reads as rewritten:

45 "**§ 143C-5-1. Rules for the introduction of the Governor's appropriations bills.**

46 The Current Operations Appropriations Act recommended by the Governor ~~and the Capital~~  
 47 ~~Improvements Appropriations Act recommended by the Governor~~ shall be introduced by the  
 48 chairs of the committee on appropriations in each house of the General Assembly. This section  
 49 shall be considered and treated as a rule of procedure in the Senate and House of  
 50 Representatives unless provided otherwise by a rule of either branch of the General Assembly."

51 **SECTION 6.6.(e)** G.S. 143C-5-5 reads as rewritten:

1 **"§ 143C-5-5. Committee report used to construe intent of budget acts.**

2 A committee report incorporated by reference in the Current Operations Appropriations Act  
3 ~~or the Capital Improvements Appropriations Act~~ and distributed on the floor of the House of  
4 Representatives and of the Senate as part of the explanation of the act is to be construed with  
5 the appropriate act in interpreting its intent. If a report conflicts with the act, the act prevails.  
6 The Director of the Fiscal Research Division of the Legislative Services Commission shall send  
7 a copy of the reports to the Director."

8 **SECTION 6.6.(f)** G.S. 143C-6-1 reads as rewritten:

9 **"§ 143C-6-1. Budget enacted by the General Assembly; certified budgets of State**  
10 **agencies.**

11 (a) Governor to Administer the Budget as Enacted by the General Assembly. – In  
12 accordance with Section 5(3) of Article III of the North Carolina Constitution, the Governor  
13 shall administer the budget as enacted by the General Assembly. All appropriations of State  
14 funds now or hereafter made to the State agencies and non-State entities authorize expenditures  
15 only for the (i) purposes or programs and (ii) objects or line items enumerated in the  
16 Recommended State Budget and the Budget Support Document recommended to the General  
17 Assembly by the Governor, as amended and enacted by the General Assembly in the Current  
18 Operations Appropriations Act, ~~the Capital Improvements Appropriations Act, Act~~ or any other  
19 act affecting the State budget. The Governor shall ensure that appropriations are expended in  
20 strict accordance with the budget enacted by the General Assembly.

21 (b) Departmental Receipts. – Departmental receipts collected to support a program or  
22 purpose shall be credited to the fund from which appropriations have been made to support that  
23 program or purpose. A State agency shall expend departmental receipts first, including receipts  
24 in excess of the amount of receipts budgeted in the certified budget for the program or purpose,  
25 and shall expend other funds appropriated for the purpose or program only to the extent that  
26 receipts are insufficient to meet the costs anticipated in the certified budget.

27 Except as authorized in G.S. 143C-6-4, excess departmental receipts shall not be used to  
28 increase expenditures for a purpose or program.

29 (c) Certification of the Budget. – The Director of the Budget shall certify to each State  
30 agency the amount appropriated to it for each program and each object from all funds included  
31 in the budget as defined in G.S. 143C-3-5(d). The certified budget for each State agency shall  
32 reflect the total of all appropriations enacted for each State agency by the General Assembly in  
33 the Current Operations Appropriations Act, ~~the Capital Improvements Appropriations Act, Act~~  
34 and any other act affecting the State budget. The certified budget for each State agency shall  
35 follow the format of the Budget Support Document as modified to reflect changes enacted by  
36 the General Assembly."

37 **SECTION 6.6.(g)** Section 11A.3(i) of S.L. 2016-94 reads as rewritten:

38 **"SECTION 11A.3.(i)** Subsections (a) and (b) of this section apply beginning with the  
39 2016-2017 school year. ~~Subsections (g) and~~ Subsection (h) of this section ~~become~~ becomes  
40 effective July 1, 2017."

41 **SECTION 6.6.(h)** Subsection (a) of this section becomes effective July 1, 2017,  
42 and applies beginning with the base budget developed for the 2018-2019 fiscal year. The  
43 remainder of this section is effective when it becomes law.

44  
45 **USE OF STATE FUNDS FOR EMPLOYMENT OF OUTSIDE COUNSEL/GENERAL**  
46 **ASSEMBLY RIGHT TO INTERVENE**

47 **SECTION 6.7.(a)** G.S. 147-17 reads as rewritten:

48 **"§ 147-17. May employ counsel in cases wherein State is interested.**

49 (a) No department, officer, agency, institution, commission, bureau or other organized  
50 activity of the State which receives support in whole or in part from the State shall employ ~~any~~  
51 private counsel, except with the approval of the Governor. The Governor shall give his

1 approval only if the Attorney General has advised him, as provided in subsection (b) of this  
2 section, that it is impracticable for the Attorney General to render the legal services. In any case  
3 or proceeding, civil or criminal, in or before any court or agency of this State or any other state  
4 or the United States, or in any other matter in which the State of North Carolina is interested,  
5 the Governor may employ ~~such special-private~~ private counsel as he may deem proper or necessary to  
6 represent the interest of the State, and may fix the compensation for their ~~services~~ services,  
7 subject to the provisions of subsection (c1) of this section.

8 (b) The Attorney General shall be counsel for all departments, officers, agencies,  
9 institutions, commissions, bureaus or other organized activities of the State which receive  
10 support in whole or in part from the State. Whenever the Attorney General shall advise the  
11 Governor that it is impracticable for him to render legal services to any State agency, officer,  
12 institution, commission, bureau or other organized activity, or to defend a State employee or  
13 former employee as authorized by Article 31A of Chapter 143 of the General Statutes, the  
14 Governor may authorize the employment of ~~such private~~ private counsel, as in his judgment, should be  
15 employed to render such services, and may fix the compensation for their services.

16 (c) ~~The Subject to the provisions of subsection (c1) of this section, the~~ Governor may  
17 direct that the compensation fixed under this section for ~~special-private~~ private counsel shall be paid  
18 out of appropriations or other funds credited to the appropriate department, agency, institution,  
19 commission, bureau, or other organized activity of the State or out of the Contingency and  
20 Emergency Fund.

21 (c1) Notwithstanding subsection (c) of this section and G.S. 143C-4-4(b), no State funds  
22 shall be withdrawn from the State treasury to pay for litigation services provided by private  
23 counsel except as expressly authorized by an appropriation of the General Assembly. As used  
24 in this subsection, litigation services include legal work conducted in anticipation of, or in  
25 preparation for, any suit or action. As used in this section, private counsel includes any licensed  
26 attorney retained by, engaged by, or otherwise representing a department, officer, agency,  
27 institution, commission, bureau, or other organized activity of the State but does not include a  
28 licensed attorney who holds a permanent budgeted position in either the Department of Justice  
29 or the applicable department, officer, agency, institution, commission, bureau, or other  
30 organized activity of the State.

31 (d) In those instances when a department, officer, agency, institution, commission,  
32 bureau, or other organized activity of the State which receives support in whole or in part from  
33 the State shall employ private counsel other than the Attorney General as permitted by law,  
34 such employed counsel shall allocate authority between counsel and the State client in  
35 conformance with Rule 1.2 of the North Carolina Rules of Professional Conduct. In those  
36 instances where more than one counsel is providing legal representation, counsel, or service on  
37 a legal matter on behalf of a State client, the client shall designate in writing which of its legal  
38 counsel possesses final decision-making authority on behalf of the State client, and other  
39 co-counsel shall, consistent with the Rules of Professional Conduct, cooperate with such  
40 designated lead counsel."

41 **SECTION 6.7.(b)** G.S. 114-2.3 reads as rewritten:

42 "**§ 114-2.3. Use of private counsel limited.**

43 (a) Every agency, institution, department, bureau, board, or commission of the State,  
44 authorized by law to retain private counsel, shall obtain written permission from the Attorney  
45 General prior to employing private counsel. This section does not apply to counties, cities,  
46 towns, other municipal corporations or political subdivisions of the State, or any agencies of  
47 these municipal corporations or political subdivisions, or to county or city boards of education.

48 (b) Article 2A of this Chapter applies to any contract to retain private counsel  
49 authorized by the Attorney General under this section.

50 (c) Except as provided in G.S. 147-17, the Attorney General shall represent the State in  
51 any action requiring the State to be a party under G.S. 1-72.3.



1       (d) No State funds shall be withdrawn from the State treasury to pay for litigation  
2 services provided by private counsel except as expressly authorized by an appropriation of the  
3 General Assembly. As used in this subsection, litigation services include legal work conducted  
4 in anticipation of, or in preparation for, any suit or action. As used in this section, private  
5 counsel includes any licensed attorney retained by, engaged by, or otherwise representing a  
6 department, officer, agency, institution, commission, bureau, or other organized activity of the  
7 State but does not include a licensed attorney who holds a permanent budgeted position in  
8 either the Department of Justice or the applicable department, officer, agency, institution,  
9 commission, bureau, or other organized activity of the State."

10       **SECTION 6.7.(c)** G.S. 136-18.03(b) reads as rewritten:

11       (b) Authorization. – The Department of Transportation may engage the services of  
12 private counsel with the pertinent expertise to provide legal services related to any project  
13 undertaken by the Department. The Department shall supervise and manage the private counsel  
14 engaged under this section and, excluding legal services related to workers' compensation  
15 claims brought by Department employees, shall not be required to obtain written permission or  
16 approval from the Attorney General under G.S. 114-2.3. G.S. 147-17(c1) and G.S. 114-2.3(d)  
17 do not apply to this section."

18       **SECTION 6.7.(d)** G.S. 20-194(b) reads as rewritten:

19       (b) In the event that a member of the Highway Patrol or any other State  
20 law-enforcement officer is sued in a civil action as an individual for acts occurring while such  
21 member was alleged to be acting within the course and scope of his office, employment,  
22 service, agency or authority, which was alleged to be a proximate cause of the injury or damage  
23 complained of, the Attorney General is hereby authorized to defend such employee through the  
24 use of a member of his staff or, in his discretion, employ private counsel, subject to the  
25 provisions of Article 31A of Chapter 143 of the General Statutes and G.S. 147-17-  
26 G.S. 147-17(a) through (c) and (d). Any judgment rendered as a result of said civil action  
27 against such member of the Highway Patrol or other State law-enforcement officer, for acts  
28 alleged to be committed within the course and scope of his office, employment, service, agency  
29 or authority shall be paid as an expense of administration up to the limit provided in the Tort  
30 Claims Act."

31       **SECTION 6.7.(e)** G.S. 143B-30.1(g) reads as rewritten:

32       (g) In the discretion of the Commission, G.S. 114-2.3 and G.S. 147-17(a) through ~~(e)~~  
33 ~~(c1)~~ shall not apply to the Commission if the Commission is being sued by another agency,  
34 institution, department, bureau, board, or commission of the State, whether such body is created  
35 by the Constitution or by statute. The chairman, upon approval of a majority of the  
36 Commission, may retain private counsel to represent the Commission to be paid with available  
37 State funds to defend such litigation either independently or in cooperation with the  
38 Department of Justice. If private counsel is to be so retained to represent the Commission, the  
39 chairman shall designate lead counsel who shall possess final decision-making authority with  
40 respect to the representation, counsel, or service for the Commission. Other counsel for the  
41 Commission shall, consistent with the Rules of Professional Conduct, cooperate with such  
42 designated lead counsel."

43       **SECTION 6.7.(f)** G.S. 143C-6-9 reads as rewritten:

44       "§ 143C-6-9. Use of lapsed salary savings.

45       (a) Lapsed salary savings may be expended only for nonrecurring purposes or line  
46 items.

47       (b) Lapsed salary savings shall not be used to pay for litigation services provided by  
48 private counsel. As used in this subsection, litigation services and private counsel are as defined  
49 in G.S. 147-17(c1) and G.S. 114-2.3(d)."

50       **SECTION 6.7.(g)** G.S. 120-32.6(a) reads as rewritten:

1       "(a) Use of Private Counsel. – ~~G.S. 114-2.3 and G.S. 147-17~~ G.S. 114-2.3, 143C-6-9(b),  
2 and 147-17 (a) through (e)(c1) shall not apply to the General Assembly."

3               **SECTION 6.7.(h)** G.S. 116-11 is amended by adding a new subdivision to read:

4 **"§ 116-11. Powers and duties generally.**

5       The powers and duties of the Board of Governors shall include the following:

6       ...

7               (13b) Subject to the approval required in G.S. 114-2.3(a) and G.S. 147-17(a), the  
8 Board may authorize the expenditure of funds to hire private counsel to  
9 represent the Board, The University of North Carolina, and any constituent  
10 institution. G.S. 114-2.3(d), 143C-6-9(b), and 147-17(c1) shall not apply to  
11 these expenditures.

12       ....."

13               **SECTION 6.7.(i)** G.S. 1-72.2 reads as rewritten:

14 **"§ 1-72.2. Standing of legislative officers.**

15       (a) It is the public policy of the State of North Carolina that in any action in any North  
16 Carolina State court in which the validity or constitutionality of an act of the General Assembly  
17 or a provision of the North Carolina Constitution is challenged, the General Assembly, jointly  
18 through the Speaker of the House of Representatives and the President Pro Tempore of the  
19 Senate, constitutes the legislative branch of the State of North Carolina and the Governor  
20 constitutes the executive branch of the State of North Carolina, and when the State of North  
21 Carolina is named as a defendant in such cases, both the General Assembly and the Governor  
22 constitute the State of North Carolina. It is the public policy of the State of North Carolina that  
23 in any action in any federal court in which the validity or constitutionality of an act of the  
24 General Assembly or a provision of the North Carolina Constitution is challenged, the General  
25 Assembly, jointly through the Speaker of the House of Representatives and the President Pro  
26 Tempore of the Senate, constitutes the legislative branch of the State of North Carolina; the  
27 Governor constitutes the executive branch of the State of North Carolina; that, when the State  
28 of North Carolina is named as a defendant in such cases, both the General Assembly and the  
29 Governor constitute the State of North Carolina; and that a federal court presiding over any  
30 such action where the State of North Carolina is a named party is requested to allow both the  
31 legislative branch and the executive branch of the State of North Carolina to participate in any  
32 such action as a party.

33       (b) The Speaker of the House of Representatives and the President Pro Tempore of the  
34 Senate, as agents of the State, by and through counsel of their choice, including private counsel,  
35 shall jointly have standing to intervene on behalf of the General Assembly as a party in any  
36 judicial proceeding challenging a North Carolina statute or provision of the North Carolina  
37 Constitution. ~~The procedure for interventions at the trial level in State court shall be that set~~  
38 forth in Rule 24 of the Rules of Civil Procedure. ~~The procedure for interventions at the~~  
39 appellate level in State court shall be by motion in the appropriate appellate court or by any  
40 other relevant procedure set forth in the Rules of Appellate Procedure. ~~Intervention pursuant to~~  
41 this section shall be effected upon the filing of a notice of intervention of right in the trial or  
42 appellate court in which the matter is pending regardless of the stage of the proceeding.  
43 Notwithstanding any other provision of law to the contrary, the participation of the Speaker of  
44 the House of Representatives and the President Pro Tempore of the Senate in any action, State  
45 or federal, as a party or otherwise, shall not constitute a waiver of legislative immunity or  
46 legislative privilege of any individual legislator or legislative officer or staff of the General  
47 Assembly."

48               **SECTION 6.7.(j)** G.S. 1A-1, Rule 19, is amended by adding a new subsection to  
49 read:

50       "(d) Necessary Joinder of House of Representatives and Senate. – The Speaker of the  
51 House of Representatives and the President Pro Tempore of the Senate, as agents of the State

1 through the General Assembly, must be joined as defendants in any civil action challenging the  
2 validity of a North Carolina statute or provision of the North Carolina Constitution under State  
3 or federal law."

4 **SECTION 6.7.(k)** G.S. 1A-1, Rule 24(c), reads as rewritten:

5 "(c) Procedure. – A person desiring to intervene shall serve a motion to intervene upon  
6 all parties affected thereby. The motion shall state the grounds therefor and shall be  
7 accompanied by a pleading setting forth the claim or defense for which intervention is sought.  
8 The same procedure shall be followed when a statute gives a right to intervene, except when  
9 the statute prescribes a different procedure. Intervention as of right by both the Speaker of the  
10 House of Representatives and the President Pro Tempore of the Senate pursuant to G.S. 1-72.2  
11 shall be effected upon the filing of a notice of intervention of right in the trial or appellate court  
12 in which the matter is pending regardless of the stage of the proceeding."

13 **SECTION 6.7.(l)** G.S. 120-32.6, as amended by subsection (g) of this section,  
14 reads as rewritten:

15 **"§ 120-32.6. Certain employment authority.**

16 (a) Use of Private Counsel. – G.S. 114-2.3, 143C-6-9(b), and 147-17(a) through (c1)  
17 shall not apply to the General Assembly.

18 (b) ~~General Assembly as Client of Attorney General by Operation of Law. Acting on~~  
19 ~~Behalf of the State of North Carolina in Certain Actions. – Whenever the validity or~~  
20 ~~constitutionality of an act of the General Assembly or a provision of the Constitution of North~~  
21 ~~Carolina is the subject of an action in any State or federal court, if the General Assembly hires~~  
22 ~~outside counsel to represent the General Assembly in connection with that action, the General~~  
23 ~~Assembly shall also be the Speaker of the House of Representatives and the President Pro~~  
24 ~~Tempore of the Senate, as agents of the State through the General Assembly, shall be necessary~~  
25 ~~parties and shall be deemed to be a client of the Attorney General for purposes of that action as~~  
26 ~~a matter of law. Nothing herein shall (i) impair or interfere with the rights of other named~~  
27 ~~parties to appear in and to be represented by the Attorney General or outside counsel as~~  
28 ~~authorized by law or (ii) impair the right of the Governor to employ counsel on behalf of the~~  
29 ~~State pursuant to G.S. 147-17. law and pursuant to Section 7(2) of Article III of the North~~  
30 ~~Carolina Constitution. In such cases, the General Assembly shall be deemed to be the State of~~  
31 ~~North Carolina to the extent provided in G.S. 1-72.2(a) unless waived pursuant to this~~  
32 ~~subsection. Additionally, in such cases, the General Assembly through the Speaker of the~~  
33 ~~House of Representatives and President Pro Tempore of the Senate jointly shall possess final~~  
34 ~~decision-making authority with respect to the defense of the challenged act of the General~~  
35 ~~Assembly or provision of the North Carolina Constitution. In any such action, the General~~  
36 ~~Assembly, through the Speaker of the House of Representatives and the President Pro Tempore~~  
37 ~~of the Senate, may waive such representation and decline to participate in the action by written~~  
38 ~~notice to the Attorney General.~~

39 (c) General Assembly Counsel Shall Be Lead Counsel. – In those instances when the  
40 General Assembly employs counsel in addition to or other than the Attorney General, the  
41 Speaker of the House of Representatives and the President Pro Tempore of the Senate may  
42 jointly designate the counsel employed by the General Assembly as lead counsel ~~for the~~  
43 ~~General Assembly in the defense of the challenged act of the General Assembly or provision~~  
44 ~~of the North Carolina Constitution. The lead counsel so designated shall possess final~~  
45 ~~decision-making authority with respect to the representation, counsel, or service for the General~~  
46 ~~Assembly. Other counsel for the General Assembly shall, consistent with the Rules of~~  
47 ~~Professional Conduct, cooperate with such designated lead counsel.~~

48 (d) The rights provided by this section shall be supplemental to those provided by any  
49 other provision of law.

50 (e) Notwithstanding any other provision of law, the participation of the Speaker of the  
51 House of Representatives and the President Pro Tempore of the Senate in any action

1 challenging the validity of a North Carolina statute or provision of the North Carolina  
2 Constitution under State or federal law, as a party or otherwise, shall not constitute a waiver of  
3 legislative immunity or legislative privilege of any individual legislator or legislative officer or  
4 staff of the General Assembly."

5 **SECTION 6.7.(m)** G.S. 114-2 reads as rewritten:

6 "**§ 114-2. Duties.**

7 ~~It~~ Pursuant to Section 7(2) of Article III of the North Carolina Constitution, it shall be the  
8 duty of the Attorney General:

9 ...  
10 (9) To notify the Speaker of the House of Representatives and the President Pro  
11 Tempore of the Senate whenever an action is filed in State or federal court  
12 that challenges the validity of a North Carolina statute or provision of the  
13 North Carolina Constitution under State or federal law.

14 (10) Pursuant to G.S. 120-32.6, to represent upon request and otherwise abide by  
15 and defer to the final decision-making authority exercised by the Speaker of  
16 the House of Representatives and the President Pro Tempore of the Senate,  
17 as agents of the State through the General Assembly, in defending any State  
18 or federal action challenging the validity or constitutionality of an act of the  
19 General Assembly or a provision of the North Carolina Constitution. If for  
20 any reason the Attorney General cannot perform the duty specified herein,  
21 the Attorney General may recuse personally from such defense but shall  
22 appoint another attorney employed by the Department of Justice to act at the  
23 direction of the Speaker of the House of Representatives and the President  
24 Pro Tempore of the Senate."

25 **SECTION 6.7.(n)** The President Pro Tempore of the Senate and the Speaker of the  
26 House of Representative continue to have the authority to represent and articulate the  
27 institutional position of the General Assembly in the action known as *Berger v. Price*,  
28 5:17-cv-00025-FL (E.D.N.C.).

29 **SECTION 6.7.(o)** Subsections (i) through (n) of this section are effective when this  
30 act becomes law and apply to pending and future actions.

## 31 PENDING LITIGATION

32 **SECTION 6.8.** Any reference to either the State Board of Elections or the State  
33 Ethics Commission in either this act or the Committee Report described in Section 39.2 of this  
34 act does not constitute a waiver by the General Assembly regarding the validity and  
35 constitutionality of S.L. 2017-6.  
36

## 37 REPORT ON USE OF LAPSED SALARY FUNDS

38 **SECTION 6.12.(a)** The Office of State Budget and Management (OSBM) in  
39 conjunction with State agencies, as defined in G.S. 143C-1-1(d)(24), shall report on the use of  
40 lapsed salary funds for fiscal year 2016-2017 and fiscal year 2017-2018. State agencies shall  
41 report to the OSBM on the use of lapsed salary, including all of the following:

- 42 (1) The total amount of accrued lapsed salary funds by funding source.
- 43 (2) The total number of full-time equivalent positions comprising the lapsed  
44 salary funds.
- 45 (3) The total expenditure of lapsed salaries by purpose.
- 46 (4) The legal authorization to expend lapsed salary funds.

47 **SECTION 6.12.(b)** The OSBM shall report to the Joint Legislative Oversight  
48 Committees on Health and Human Services; Education; Justice and Public Safety;  
49 Transportation; Information Technology; General Government; and Agriculture and Natural  
50

1 and Economic Resources and the Fiscal Research Division on the use of lapsed salary funds as  
2 prescribed in subsection (a) of this section as follows:

- 3 (1) By making a final report on fiscal year 2016-2017, no later than October 1,  
4 2017.
- 5 (2) By submitting preliminary reports on fiscal year 2017-2018 data, no later  
6 than January 31, 2018, and May 1, 2018, and making a final report on fiscal  
7 year 2017-2018 data, no later than September 1, 2018.

## 8 9 **NON-STATE ENTITIES/REPORT AND REVERSION REQUIREMENTS**

10 **SECTION 6.13.(a)** Definition. – For purposes of this section, the term "non-State  
11 entity" is as defined in G.S. 143C-1-1.

12 **SECTION 6.13.(b)** Reporting Requirement. – Unless required to report on the use  
13 of funds under another provision of law, and by no later than June 30, 2018, each non-State  
14 entity receiving expansion funds appropriated in this act for the 2017-2018 fiscal year shall  
15 submit a report to the Office of State Budget and Management that provides all of the following  
16 information:

- 17 (1) A description of how the funds are used or are to be used, including  
18 outcomes and specific deliverables achieved.
- 19 (2) The amount of State funds received and expended during the 2017-2018  
20 fiscal year.
- 21 (3) The amount of State funds expended for administrative purposes during the  
22 2017-2018 fiscal year, including the amount of State funds expended for  
23 salaries and benefits.
- 24 (4) For each employee, the amount of State funds used for the employee's  
25 annual salary.

26 **SECTION 6.13.(c)** Funds Shall Not Revert. – Notwithstanding the date set forth in  
27 G.S. 143C-6-23(f1)(1), expansion funds from the net General Fund appropriations or  
28 allocations in this act to a non-State entity shall not be subject to the return requirement set  
29 forth in G.S. 143C-6-23(f1)(1) until June 30, 2019.

## 30 31 **PART VII. PUBLIC SCHOOLS**

### 32 33 **FUNDS FOR CHILDREN WITH DISABILITIES**

34 **SECTION 7.1.(a)** The State Board of Education shall allocate additional funds for  
35 children with disabilities on the basis of four thousand one hundred twenty-five dollars and  
36 twenty-seven cents (\$4,125.27) per child for fiscal years 2017-2018 and 2018-2019. Each local  
37 school administrative unit shall receive funds for the lesser of (i) all children who are identified  
38 as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its  
39 2017-2018 allocated average daily membership in the local school administrative unit. The  
40 dollar amounts allocated under this section for children with disabilities shall also be adjusted  
41 in accordance with legislative salary increments, retirement rate adjustments, and health benefit  
42 adjustments for personnel who serve children with disabilities.

43 **SECTION 7.1.(b)** G.S. 115C-105.25(b) reads as rewritten:

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

- 46 (1) Repealed by Session Laws 2013-360, s. 8.14, effective July 1, 2013.
- 47 (1a) Funds for ~~children with disabilities, career~~career and technical  
48 education, education and other purposes may be transferred only as permitted  
49 by federal law and the conditions of federal grants or as provided through  
50 any rules that the State Board of Education adopts to ensure compliance with  
51 federal regulations.

1           (1b) No funds shall be transferred out of the children with disabilities allotment  
2           category.

3           ...."

## 5 FUNDS FOR ACADEMICALLY GIFTED CHILDREN

6           **SECTION 7.2.(a)** The State Board of Education shall allocate additional funds for  
7 academically or intellectually gifted children on the basis of one thousand three hundred  
8 fourteen dollars and fifty-six cents (\$1,314.56) per child for fiscal years 2017-2018 and  
9 2018-2019. A local school administrative unit shall receive funds for a maximum of four  
10 percent (4%) of its 2017-2018 allocated average daily membership, regardless of the number of  
11 children identified as academically or intellectually gifted in the unit. The dollar amounts  
12 allocated under this section for academically or intellectually gifted children shall also be  
13 adjusted in accordance with legislative salary increments, retirement rate adjustments, and  
14 health benefit adjustments for personnel who serve academically or intellectually gifted  
15 children.

16           **SECTION 7.2.(b)** G.S. 115C-105.25(b) is amended by adding a new subdivision  
17 to read:

18           "(3b) No funds shall be transferred out of the academically or intellectually gifted  
19           children allotment category."

20           **SECTION 7.2.(c)** Subsection (b) of this section becomes effective July 1, 2018.

## 22 SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

23           **SECTION 7.3.(a)** Use of Funds for Supplemental Funding. – All funds received  
24 pursuant to this section shall be used only (i) to provide instructional positions, instructional  
25 support positions, teacher assistant positions, clerical positions, school computer technicians,  
26 instructional supplies and equipment, staff development, and textbooks and digital resources  
27 and (ii) for salary supplements for instructional personnel and instructional support personnel.  
28 Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds  
29 received pursuant to this section to improve the academic performance of children who are  
30 performing at Level I or II on either reading or mathematics end-of-grade tests in grades three  
31 through eight.

32           **SECTION 7.3.(b)** Definitions. – As used in this section, the following definitions  
33 apply:

- 34           (1) Anticipated county property tax revenue availability. – The county-adjusted  
35           property tax base multiplied by the effective State average tax rate.
- 36           (2) Anticipated total county revenue availability. – The sum of the following:
  - 37           a. Anticipated county property tax revenue availability.
  - 38           b. Local sales and use taxes received by the county that are levied under  
39           Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of  
40           Chapter 105 of the General Statutes.
  - 41           c. Fines and forfeitures deposited in the county school fund for the most  
42           recent year for which data are available.
- 43           (3) Anticipated total county revenue availability per student. – The anticipated  
44           total county revenue availability for the county divided by the average daily  
45           membership of the county.
- 46           (4) Anticipated State average revenue availability per student. – The sum of all  
47           anticipated total county revenue availability divided by the average daily  
48           membership for the State.
- 49           (5) Average daily membership. – Average daily membership as defined in the  
50           North Carolina Public Schools Allotment Policy Manual adopted by the  
51           State Board of Education. If a county contains only part of a local school

- 1 administrative unit, the average daily membership of that county includes all  
2 students who reside within the county and attend that local school  
3 administrative unit.
- 4 (6) County-adjusted property tax base. – Computed as follows:  
5 a. Subtract the present-use value of agricultural land, horticultural land,  
6 and forestland in the county, as defined in G.S. 105-277.2, from the  
7 total assessed real property valuation of the county.  
8 b. Adjust the resulting amount by multiplying by a weighted average of  
9 the three most recent annual sales assessment ratio studies.  
10 c. Add to the resulting amount the following:  
11 1. Present-use value of agricultural land, horticultural land, and  
12 forestland, as defined in G.S. 105-277.2.  
13 2. Value of property of public service companies, determined in  
14 accordance with Article 23 of Chapter 105 of the General  
15 Statutes.  
16 3. Personal property value for the county.
- 17 (7) County-adjusted property tax base per square mile. – The county-adjusted  
18 property tax base divided by the number of square miles of land area in the  
19 county.
- 20 (8) County wealth as a percentage of State average wealth. – Computed as  
21 follows:  
22 a. Compute the percentage that the county per capita income is of the  
23 State per capita income and weight the resulting percentage by a  
24 factor of five-tenths.  
25 b. Compute the percentage that the anticipated total county revenue  
26 availability per student is of the anticipated State average revenue  
27 availability per student and weight the resulting percentage by a  
28 factor of four-tenths.  
29 c. Compute the percentage that the county-adjusted property tax base  
30 per square mile is of the State-adjusted property tax base per square  
31 mile and weight the resulting percentage by a factor of one-tenth.  
32 d. Add the three weighted percentages to derive the county wealth as a  
33 percentage of the State average wealth.
- 34 (9) Effective county tax rate. – The actual county tax rate multiplied by a  
35 weighted average of the three most recent annual sales assessment ratio  
36 studies.
- 37 (10) Effective State average tax rate. – The average of effective county tax rates  
38 for all counties.
- 39 (11) Local current expense funds. – The most recent county current expense  
40 appropriations to public schools, as reported by local boards of education in  
41 the audit report filed with the Secretary of the Local Government  
42 Commission pursuant to G.S. 115C-447.
- 43 (12) Per capita income. – The average for the most recent three years for which  
44 data are available of the per capita income according to the most recent  
45 report of the United States Department of Commerce, Bureau of Economic  
46 Analysis, including any reported modifications for prior years as outlined in  
47 the most recent report.
- 48 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by  
49 the Department of Revenue under G.S. 105-289(h).

- 1 (14) State average adjusted property tax base per square mile. – The sum of the  
2 county-adjusted property tax bases for all counties divided by the number of  
3 square miles of land area in the State.
- 4 (15) State average current expense appropriations per student. – The most recent  
5 State total of county current expense appropriations to public schools, as  
6 reported by local boards of education in the audit report filed with the  
7 Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- 8 (16) Supplant. – To decrease local per student current expense appropriations  
9 from one fiscal year to the next fiscal year.
- 10 (17) Weighted average of the three most recent annual sales assessment ratio  
11 studies. – The weighted average of the three most recent annual sales  
12 assessment ratio studies in the most recent years for which county current  
13 expense appropriations and adjusted property tax valuations are available. If  
14 real property in a county has been revalued one year prior to the most recent  
15 sales assessment ratio study, a weighted average of the two most recent sales  
16 assessment ratios shall be used. If property has been revalued the year of the  
17 most recent sales assessment ratio study, the sales assessment ratio for the  
18 year of revaluation shall be used.

19 **SECTION 7.3.(c)** Eligibility for Funds. – Except as provided in subsection (g) of  
20 this section, the State Board of Education shall allocate these funds to local school  
21 administrative units located in whole or in part in counties in which the county wealth as a  
22 percentage of the State average wealth is less than one hundred percent (100%).

23 **SECTION 7.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of  
24 this section, the amount received per average daily membership for a county shall be the  
25 difference between the State average current expense appropriations per student and the current  
26 expense appropriations per student that the county could provide given the county's wealth and  
27 an average effort to fund public schools. To derive the current expense appropriations per  
28 student that the county could be able to provide given the county's wealth and an average effort  
29 to fund public schools, multiply the county's wealth as a percentage of State average wealth by  
30 the State average current expense appropriations per student. The funds for the local school  
31 administrative units located in whole or in part in the county shall be allocated to each local  
32 school administrative unit located in whole or in part in the county based on the average daily  
33 membership of the county's students in the school units. If the funds appropriated for  
34 supplemental funding are not adequate to fund the formula fully, each local school  
35 administrative unit shall receive a pro rata share of the funds appropriated for supplemental  
36 funding.

37 **SECTION 7.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to  
38 This Section Only. – The formula in this section is solely a basis for distribution of  
39 supplemental funding for low-wealth counties and is not intended to reflect any measure of the  
40 adequacy of the educational program or funding for public schools. The formula is also not  
41 intended to reflect any commitment by the General Assembly to appropriate any additional  
42 supplemental funds for low-wealth counties.

43 **SECTION 7.3.(f)** Minimum Effort Required. – A county shall receive full funding  
44 under this section if the county (i) maintains an effective county tax rate that is at least one  
45 hundred percent (100%) of the effective State average tax rate in the most recent year for which  
46 data are available or (ii) maintains a county appropriation per student to the school local current  
47 expense fund of at least one hundred percent (100%) of the current expense appropriations per  
48 student to the school local current expense fund that the county could provide given the  
49 county's wealth and an average effort to fund public schools. A county that maintains a county  
50 appropriation per student to the school local current expense fund of less than one hundred  
51 percent (100%) of the current expense appropriations per student to the school local current



1 expense fund that the county could provide given the county's wealth and an average effort to  
 2 fund public schools shall receive funding under this section at the same percentage that the  
 3 county's appropriation per student to the school local current expense fund is of the current  
 4 expense appropriations per student to the school local current expense fund that the county  
 5 could provide given the county's wealth and an average effort to fund public schools.

6 **SECTION 7.3.(g) Nonsupplant Requirement.** – A county in which a local school  
 7 administrative unit receives funds under this section shall use the funds to supplement local  
 8 current expense funds and shall not supplant local current expense funds. For the 2017-2019  
 9 fiscal biennium, the State Board of Education shall not allocate funds under this section to a  
 10 county found to have used these funds to supplant local per student current expense funds. The  
 11 State Board of Education shall make a finding that a county has used these funds to supplant  
 12 local current expense funds in the prior year, or the year for which the most recent data are  
 13 available, if all of the following criteria apply:

- 14 (1) The current expense appropriations per student of the county for the current  
 15 year is less than ninety-five percent (95%) of the average of local current  
 16 expense appropriations per student for the three prior fiscal years.
- 17 (2) The county cannot show (i) that it has remedied the deficiency in funding or  
 18 (ii) that extraordinary circumstances caused the county to supplant local  
 19 current expense funds with funds allocated under this section.

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

22 **SECTION 7.3.(h) Counties Containing a Base of the Armed Forces.** –  
 23 Notwithstanding any other provision of this section, for the 2017-2019 fiscal biennium,  
 24 counties containing a base of the Armed Forces of the United States that have an average daily  
 25 membership of more than 23,000 students shall receive the same amount of supplemental  
 26 funding for low-wealth counties as received in the 2012-2013 fiscal year.

27 **SECTION 7.3.(i) Funds for EVAAS Data.** – Notwithstanding the requirements of  
 28 subsection (a) of this section, local school administrative units may utilize funds allocated  
 29 under this section to purchase services that allow for extraction of data from the Education  
 30 Value-Added Assessment System (EVAAS).

31 **SECTION 7.3.(j) Reports.** – For the 2017-2019 fiscal biennium, the State Board of  
 32 Education shall report to the Fiscal Research Division prior to May 15 of each year if it  
 33 determines that counties have supplanted funds.

34 **SECTION 7.3.(k) Department of Revenue Reports.** – The Department of Revenue  
 35 shall provide to the Department of Public Instruction a preliminary report for the current fiscal  
 36 year of the assessed value of the property tax base for each county prior to March 1 of each  
 37 year and a final report prior to May 1 of each year. The reports shall include for each county the  
 38 annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of  
 39 total real property represented by the present-use value of agricultural land, horticultural land,  
 40 and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies  
 41 determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv)  
 42 personal property.

43  
 44 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

45 **SECTION 7.4.(a) Allotment Schedule for the 2017-2019 Fiscal Biennium.** –  
 46 Except as otherwise provided in subsection (d) of this section, each eligible county school  
 47 administrative unit shall receive a dollar allotment according to the following schedule:

<u>Allotted ADM</u>	<u>Small County Allotment</u>
0-600	\$1,710,000
601-1,300	\$1,820,000
1,301-1,700	\$1,548,700

1	1,701-2,000	\$1,600,000
2	2,001-2,300	\$1,560,000
3	2,301-2,600	\$1,470,000
4	2,601-2,800	\$1,498,000
5	2,801-3,200	\$1,548,000

6           **SECTION 7.4.(b)** Phase-Out Provision for the 2017-2018 Fiscal Year. – If a local  
7 school administrative unit becomes ineligible for funding under the schedule in subsection (a)  
8 of this section in the 2017-2018 fiscal year, funding for that unit shall be phased out over a  
9 five-year period. Funding for such local school administrative units shall be reduced in equal  
10 increments in each of the five years after the unit becomes ineligible. Funding shall be  
11 eliminated in the fifth fiscal year after the local school administrative unit becomes ineligible.

12           Allotments for eligible local school administrative units under this subsection shall  
13 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
14 2016-2017 in any fiscal year. A local school administrative unit shall not become ineligible for  
15 funding if either the highest of the first two months total projected average daily membership  
16 for the current year or the higher of the first two months total prior year average daily  
17 membership would otherwise have made the unit eligible for funds under the schedule in  
18 subsection (a) of this section.

19           **SECTION 7.4.(c)** Phase-Out Provision for the 2018-2019 Fiscal Year. – If a local  
20 school administrative unit becomes ineligible for funding under the schedule in subsection (a)  
21 of this section in the 2018-2019 fiscal year, funding for that unit shall be phased out over a  
22 five-year period. Funding for such local school administrative units shall be reduced in equal  
23 increments in each of the five years after the unit becomes ineligible. Funding shall be  
24 eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

25           Allotments for eligible local school administrative units under this subsection shall  
26 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
27 2017-2018 in any fiscal year. A local school administrative unit shall not become ineligible for  
28 funding if either the highest of the first two months total projected average daily membership  
29 for the current year or the higher of the first two months total prior year average daily  
30 membership would otherwise have made the unit eligible for funds under the schedule in  
31 subsection (a) of this section.

32           **SECTION 7.4.(d)** Nonsupplant Requirement for the 2017-2019 Fiscal Biennium. –  
33 A county in which a local school administrative unit receives funds under this section shall use  
34 the funds to supplement local current expense funds and shall not supplant local current  
35 expense funds. For the 2017-2019 fiscal biennium, the State Board of Education shall not  
36 allocate funds under this section to a county found to have used these funds to supplant local  
37 per student current expense funds. The State Board of Education shall make a finding that a  
38 county has used these funds to supplant local current expense funds in the prior year or the year  
39 for which the most recent data are available, if all of the following criteria apply:

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

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

48           **SECTION 7.4.(e)** Reports. – For the 2017-2019 fiscal biennium, the State Board of  
49 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it  
50 determines that counties have supplanted funds.

1           **SECTION 7.4.(f)** Use of Funds. – Local boards of education are encouraged to use  
2 at least twenty percent (20%) of the funds they receive pursuant to this section to improve the  
3 academic performance of children who are performing at Level I or II on either reading or  
4 mathematics end-of-grade tests in grades three through eight.

5           Local school administrative units may also utilize funds allocated under this section  
6 to purchase services that allow for extraction of data from the Education Value-Added  
7 Assessment System (EVAAS).

#### 9 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

10           **SECTION 7.5.(a)** Funds appropriated in this act for disadvantaged student  
11 supplemental funding shall be used, consistent with the policies and procedures adopted by the  
12 State Board of Education, only to do the following:

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

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

26           **SECTION 7.5.(b)** Disadvantaged student supplemental funding (DSSF) shall be  
27 allotted to a local school administrative unit based on (i) the unit's eligible DSSF population  
28 and (ii) the difference between a teacher-to-student ratio of 1:21 and the following  
29 teacher-to-student ratios:

- 30           (1) For counties with wealth greater than ninety percent (90%) of the statewide  
31 average, a ratio of 1:19.9.
- 32           (2) For counties with wealth not less than eighty percent (80%) and not greater  
33 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 34           (3) For counties with wealth less than eighty percent (80%) of the statewide  
35 average, a ratio of 1:19.1.
- 36           (4) For local school administrative units receiving DSSF funds in fiscal year  
37 2005-2006, a ratio of 1:16. These local school administrative units shall  
38 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

41           **SECTION 7.5.(c)** If a local school administrative unit's wealth increases to a level  
42 that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment  
43 ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one  
44 additional fiscal year.

#### 45 **UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS**

46           **SECTION 7.6.** Funds appropriated in this act for the Uniform Education Reporting  
47 System (UERS) for the 2017-2019 fiscal biennium shall not revert at the end of each fiscal year  
48 but shall remain available until expended.

#### 49 **BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION**

1           **SECTION 7.7.(a)** Notwithstanding G.S. 143C-6-4, the Department of Public  
 2 Instruction may, after consultation with the Office of State Budget and Management and the  
 3 Fiscal Research Division, reorganize the Department, if necessary, to implement the budget  
 4 reductions for the 2017-2019 fiscal biennium. Consultation shall occur prior to requesting  
 5 budgetary and personnel changes through the budget revision process. The Department of  
 6 Public Instruction shall provide a current organization chart and the proposed organization  
 7 chart clearly identifying the changes for the Department in the consultation process and shall  
 8 report to the Joint Legislative Commission on Governmental Operations on any reorganization,  
 9 including any movement of positions and funds between fund codes on a recurring basis.

10           **SECTION 7.7.(b)** In implementing budget reductions for the 2017-2019 fiscal  
 11 biennium, the Department of Public Instruction shall make no reduction to funding (i) for the  
 12 State Public School Fund, including for the following residential schools: Eastern North  
 13 Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor  
 14 Morehead School, and (ii) for any budget expansion item funded by an appropriation to the  
 15 Department of Public Instruction by this act for the 2017-2019 fiscal biennium. The  
 16 Department shall also make no transfers from or reduction to funding or positions for any of the  
 17 following:

- 18           (1) Communities in Schools of North Carolina, Inc.
- 19           (2) Teach For America, Inc.
- 20           (3) Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.
- 21           (4) The Excellent Public Schools Act, Read to Achieve Program, initially  
 22 established under Section 7A.1 of S.L. 2012-142.
- 23           (5) The North Carolina School Connectivity Program.
- 24           (6) The North Carolina Center for the Advancement of Teaching.
- 25           (7) The North Carolina Innovative School District.
- 26           (8) Eastern North Carolina STEM.
- 27           (9) Positions appointed by and with a direct report to the State Superintendent of  
 28 Public Instruction, including those positions described in Section 7.10 of this  
 29 act.

30  
 31 **DPI/ALIGNMENT OF FEDERAL FUNDS**

32           **SECTION 7.8.** The Department of Public Instruction, in consultation with the  
 33 Office of State Budget and Management, shall align federal funds to accurately reflect the  
 34 amount projected to be spent by the Department in each year of the 2017-2019 fiscal biennium  
 35 in accordance with the State Budget Act, Chapter 143C of the General Statutes, as part of the  
 36 certification of the budget for the 2017-2019 fiscal biennium.

37  
 38 **ADMINISTRATION OF THE EXCELLENT PUBLIC SCHOOLS ACT**

39           **SECTION 7.9.(a)** From the funds appropriated to implement Section 7A.1 of S.L.  
 40 2012-142, as amended, for the 2017-2019 fiscal biennium only, the Department of Public  
 41 Instruction shall use those funds for the following 13 time-limited positions that support the  
 42 kindergarten through third grade assessments pursuant to G.S. 115C-174.11:

<u>Position</u>	<u>Title</u>
43           65017164	Project Administrator
44           65017165	Project Lead
45           65017166	Project Lead
46           65017167	Program Assistant V
47           65017169	Northeast Consultant
48           65017170	Southeast Consultant
49           65017171	North Central Consultant
50           65017172	Sandhills Consultant

1	65017173	Piedmont Triad Consultant
2	65017174	Southwest Consultant
3	65017250	Northwest Consultant
4	65017251	Western Consultant
5	65021990	Project Coordinator

6 **SECTION 7.9.(b)** The positions listed in subsection (a) of this section shall be in  
7 addition to the 11 permanent, full-time positions authorized by Section 7A.12 of S.L. 2012-142.

8 **SECTION 7.9.(c)** This section expires June 30, 2019.  
9

## 10 SUPERINTENDENT OF PUBLIC INSTRUCTION SUPPORT STAFF

11 **SECTION 7.10.** Of the funds appropriated by this act to the Department of Public  
12 Instruction for the 2017-2019 fiscal biennium, the Superintendent of Public Instruction may use  
13 up to seven hundred thousand dollars (\$700,000) to appoint, in addition to any other personnel  
14 appointed by the Superintendent, up to 10 full-time equivalent exempt policy-making positions,  
15 as defined in G.S. 126-5(b)(3), to staff the office of the Superintendent and assist in the  
16 administration of the Superintendent's duties under Article III and Section 4(2) of Article IX of  
17 the North Carolina Constitution as an elected officer and member of the Council of State and as  
18 secretary and chief administrative officer of the State Board of Education. Personnel appointed  
19 to these positions shall be exempt from the North Carolina Human Resources Act and shall  
20 report solely to the Superintendent of Public Instruction. The Superintendent of Public  
21 Instruction shall fix the salaries of the personnel for the office of the Superintendent within the  
22 funds available as provided by this section. The personnel for the office of the Superintendent  
23 of Public Instruction within the Department of Public Instruction shall be in addition to any  
24 staff appointed to the Department in accordance with G.S. 115C-21(a)(1). The appointments  
25 shall not be subject to approval or disapproval by the State Board of Education.  
26

## 27 CARRYFORWARD OF CERTAIN DPI FUNDS

28 **SECTION 7.11.(a)** Section 8.7(g) of S.L. 2016-94 reads as rewritten:

29 **"SECTION 8.7.(g)** Of the funds appropriated to the Department of Public Instruction by  
30 this act for the 2016-2017 fiscal year to support teacher compensation models and advanced  
31 teaching roles, the Department may use up to two hundred thousand dollars (\$200,000) for the  
32 State Board of Education to contract with an independent research organization for the pilot  
33 evaluations. Any remaining funds may be used to award funds to selected local school  
34 administrative units for the implementation of the pilots in accordance with this section. Funds  
35 appropriated to the Department of Public Instruction for the 2016-2017 fiscal year for the pilot  
36 and for the evaluation of the pilot shall not revert at the end of the fiscal year but shall remain  
37 available until expended."

38 **SECTION 7.11.(b)** Section 8.27(i) of S.L. 2016-94 reads as rewritten:

39 **"SECTION 8.27.(i)** Use of Funds. – Of the funds appropriated to the Department of Public  
40 Instruction for the 2016-2017 fiscal year to implement the LAMP programs, the Department  
41 may use up to two hundred thousand dollars (\$200,000) in nonrecurring funds for the State  
42 Board of Education to contract with the independent research organization as required by this  
43 section. Any remaining funds shall be used to award one-year grants to each LAMP program  
44 selected under subsection (c) of this section for the purposes of implementing the program.  
45 Each selected LAMP program shall be awarded a proportional amount of the funds available.  
46 Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year to  
47 implement the LAMP programs and for the evaluation of the LAMP programs shall not revert at  
48 the end of the fiscal year but shall remain available until expended."

49 **SECTION 7.11.(c)** Section 5 of S.L. 2016-110 reads as rewritten:

50 **"SECTION 5.** There is appropriated from the General Fund to the Department of Public  
51 Instruction four hundred thousand dollars (\$400,000) in recurring funds for the 2016-2017

1 fiscal year for salary and benefits for the ~~ASD~~ISD Superintendent, staff, and other expenses  
2 associated with the ~~ASD~~ISD. Any funds appropriated for this purpose that are unexpended at  
3 the end of the 2016-2017 fiscal year shall not revert but shall remain available for one-time,  
4 start-up expenses of the ISD until the end of the 2017-2018 fiscal year. There is appropriated  
5 from the General Fund to the Department of Public Instruction five hundred thousand dollars  
6 (\$500,000) for the 2016-2017 fiscal year to contract with an independent research organization  
7 to conduct the evaluation required in Section 4 of this act. Funds appropriated to the  
8 Department of Public Instruction for the 2016-2017 fiscal year for the evaluation shall not  
9 revert at the end of the fiscal year but shall remain available until expended."

10 **SECTION 7.11.(d)** Funds appropriated to the Department of Public Instruction for  
11 the 2016-2017 fiscal year by S.L. 2016-94 and funds appropriated to the Department by this act  
12 for the 2017-2019 fiscal biennium for allocation to local school administrative units and charter  
13 schools to bring high-quality, reliable internet connectivity to the classroom level shall not  
14 revert at the end of each fiscal year but shall remain available until the end of the 2018-2019  
15 fiscal year.

16 **SECTION 7.11.(e)** This section becomes effective June 30, 2017.

### 18 **PROHIBIT TRANSFER OF LIMITED ENGLISH PROFICIENCY FUNDS**

19 **SECTION 7.12.** G.S. 115C-105.25(b) is amended by adding a new subdivision to  
20 read:

21 "(10a) No funds shall be transferred out of the limited English proficiency  
22 allotment category."

### 24 **PROHIBIT TRANSFER OF TEXTBOOKS AND DIGITAL RESOURCES FUNDS**

25 **SECTION 7.13.(a)** G.S. 115C-105.25(b) is amended by adding a new subdivision  
26 to read:

27 "(12) Funds allotted for textbooks and digital resources may only be used for the  
28 purchase of textbooks and digital resources. These funds shall not be  
29 transferred out of the allotment for any other purpose."

30 **SECTION 7.13.(b)** G.S. 115C-105.25(c)(4) is repealed.

31 **SECTION 7.13.(c)** This section becomes effective July 1, 2018.

### 33 **CLASS SIZE FLEXIBILITY FOR CURRENT PILOT PROGRAMS AND DUAL** 34 **LANGUAGE IMMERSION CLASSES**

35 **SECTION 7.15.(a)** Section 8.7(i) of S.L. 2016-94 is repealed.

36 **SECTION 7.15.(b)** Notwithstanding G.S. 115C-301 or Section 1(b) of S.L.  
37 2017-9, local school administrative units approved by the State Board of Education to  
38 participate in the teacher compensation models and advanced teaching roles pilot program  
39 established under Section 8.7 of S.L. 2016-94 may allow a certain number of schools that were  
40 identified in their proposals to exceed individual class size requirements in kindergarten  
41 through third grade for the duration of the pilot program ending with the 2019-2020 school year  
42 as follows:

- 43 (1) Chapel-Hill Carrboro City Schools: 20 schools.
- 44 (2) Charlotte-Mecklenburg Schools: 46 schools.
- 45 (3) Edgecombe County Schools: 14 schools.
- 46 (4) Pitt County Schools: four schools.
- 47 (5) Vance County Schools: three schools.
- 48 (6) Washington County Schools: five schools.

49 **SECTION 7.15.(c)** In addition to the schools listed in subsection (b) of this  
50 section, schools participating in the following programs may exceed individual class size  
51 requirements in kindergarten through third grade for the duration of the programs:

1 (1) The existing Project LIFT, Inc., program in Charlotte-Mecklenburg Schools  
2 (CMS). The schools participating in the Project LIFT, Inc., program are  
3 those schools within the feeder area for West Charlotte High School  
4 governed by the collaborative agreement between the CMS Board of  
5 Education and Project Leadership and Investment for Transformation.

6 (2) The R3: Career Pathways Program in Pitt County Schools. The schools  
7 participating in the R3: Career Pathways Program are funded in part by a  
8 multiyear federal Teacher Incentive Fund (TIF) grant.

9 **SECTION 7.15.(d)** G.S. 115C-301, as amended by Section 2 of S.L. 2017-9, is  
10 amended by adding a new subsection to read:

11 "(c1) Class size requirements for kindergarten through third grade provided in subsection  
12 (c) of this section shall not apply to dual language immersion classes. For the purposes of this  
13 subsection, dual language immersion classes are classes in which (i) at least one-third of the  
14 students' dominant language is English and (ii) instruction involves both English and a target  
15 foreign language with a minimum of fifty percent (50%) of core content taught in the target  
16 foreign language in order to promote dual language proficiency for all students."

17 **SECTION 7.15.(e)** Subsection (b) of this section expires June 30, 2020. Subsection  
18 (d) of this section applies beginning with the 2017-2018 school year.

## 19 **IMPROVE EDUCATION FINANCIAL AND INFORMATION TRANSPARENCY**

20 **SECTION 7.16.(a)** The Department of Public Instruction shall implement the  
21 School Business System Modernization Plan, as proposed by the State Board of Education in  
22 the report required by Section 8.15(b) of S.L. 2016-94, using the funds appropriated by this act  
23 for that purpose. It is the intent of the General Assembly to fund a multiphase, multiyear project  
24 to (i) modernize State and local education financial, human capital, and school information  
25 systems, (ii) provide for a common reporting system and analytics system, (iii) integrate  
26 financial, payroll, human resources, and related human capital systems through the use of a  
27 new software as a service enterprise resource planning (ERP) solution, make enhancements to  
28 existing local systems, or both, and (iv) link the State licensure system with the upgraded local  
29 systems. The State Superintendent of Public Instruction (State Superintendent) shall review and  
30 improve business processes in the Department of Public Instruction, as appropriate, and  
31 modernize State systems at the Department.

32 **SECTION 7.16.(b)** The State Superintendent shall work with the Friday Institute  
33 for Educational Innovation at North Carolina State University, the Government Data Analytics  
34 Center (GDAC), local superintendents, charter school leadership, and local school  
35 administrative unit personnel administrators and finance officers to establish common data  
36 reporting requirements consistent with the Uniform Education Reporting System established by  
37 the State Board of Education. All local school administrative units and charter schools shall  
38 comply with the reporting requirements.

39 **SECTION 7.16.(b1)** The State Superintendent shall work with the Friday Institute  
40 for Educational Innovation at North Carolina State University, GDAC, and other State agencies  
41 to improve communication between computer systems. The State Superintendent shall ensure,  
42 to the extent practicable, that its modernized computer systems are able to share data with  
43 computer systems at other State agencies, community colleges, and constituent institutions of  
44 The University of North Carolina.

45 **SECTION 7.16.(c)** Of the funds appropriated to the Department of Public  
46 Instruction by this act for the school business system modernization plan for the 2017-2019  
47 fiscal biennium, the Department may use the sum of up to one million four hundred thirty  
48 thousand dollars (\$1,430,000) in the 2017-2018 fiscal year and one million four hundred  
49 twenty thousand dollars (\$1,420,000) in the 2018-2019 fiscal year to establish positions, to  
50 contract for services, or both for business-specific project management. The State  
51

1 Superintendent shall be responsible for the implementation of the activities specified under this  
2 subsection and may appoint one of the positions established pursuant to Section 7.10 of this act  
3 to oversee the business-specific project management required to implement the school business  
4 system modernization plan and other operating costs as necessary.

5 **SECTION 7.16.(d)** Of the funds appropriated to the Department of Public  
6 Instruction by this act for the school business system modernization plan for the 2017-2019  
7 fiscal biennium, the Department shall transfer up to three million two hundred fifty thousand  
8 dollars (\$3,250,000) for the 2017-2018 fiscal year and up to two hundred fifty thousand dollars  
9 (\$250,000) for the 2018-2019 fiscal year to GDAC to leverage existing public-private  
10 partnerships for the development and deployment of a data integration service that consolidates  
11 data from financial, human resources, licensure, student information, and related systems.  
12 Implementation shall also include development and deployment of a modern analytical  
13 platform and reporting environment. By December 1, 2017, GDAC shall execute any  
14 contractual agreements and interagency data sharing agreements necessary to develop the  
15 reporting system established by this section.

16 **SECTION 7.16.(e)** As required by Section 8.15(c) of S.L. 2016-94, the State  
17 Superintendent shall issue a Request for Proposal for an ERP software as a service solution by  
18 October 1, 2017. The State Superintendent may issue additional requests for proposals as  
19 needed to complete the requirements of subsection (a) of this section. The State Superintendent  
20 shall select the vendors for the development and implementation of the ERP and other  
21 enhancement solutions.

22 **SECTION 7.16.(f)** Prior to executing any contractual agreements and interagency  
23 data sharing agreements necessary to develop the financial reporting system as provided for in  
24 this section, the State Superintendent shall submit to the Joint Legislative Education Oversight  
25 Committee (Committee) and the Fiscal Research Division an initial report by September 15,  
26 2017, on the progress of GDAC's development and deployment of a data integration service  
27 that consolidates data from financial, human resources, licensure, student information, and  
28 related systems. The State Superintendent shall also submit an interim report to the Committee  
29 and the Fiscal Research Division by January 30, 2018, on the selection of a vendor for an ERP  
30 software as a service solution. Thereafter, the State Superintendent shall submit annual reports  
31 to the Committee and the Fiscal Research Division by March 15 of each year on the  
32 expenditure of funds for the project and progress of implementation until the completion of the  
33 project.

34 **SECTION 7.16.(g)** Funds appropriated to the Department of Public Instruction for  
35 the 2017-2019 fiscal biennium to implement the school business modernization system shall  
36 not revert at the end of the fiscal year but shall remain available until expended.  
37

## 38 **OFFICE OF CHARTER SCHOOLS/WEB-BASED RECORD AND DATA** 39 **MANAGEMENT**

40 **SECTION 7.17.(a)** The Department of Public Instruction shall use up to two  
41 hundred thousand dollars (\$200,000) each fiscal year of the 2017-2019 fiscal biennium to  
42 support the purchase of a Web-based electronic records and data reporting management system  
43 to automate and streamline reporting and accountability requirements to assist the Office of  
44 Charter Schools (OCS) in complying with the annual reporting obligations of charter schools  
45 from the following available funds:

- 46 (1) For the 2017-2018 fiscal year, the Department shall use funds appropriated  
47 to the Department for the Uniform Education Reporting System (UERS) by  
48 S.L. 2015-241 for the 2016-2017 fiscal year that were unexpended and did  
49 not revert at the end of the 2016-2017 fiscal year in accordance with Section  
50 8.7 of that act.



- 1 (2) For the 2018-2019 fiscal year, the Department shall use funds appropriated  
 2 to the Department for UERS by this act for the 2017-2018 fiscal year that are  
 3 unexpended and do not revert at the end of the 2017-2018 fiscal year in  
 4 accordance with Section 7.6 of this act.

5 **SECTION 7.17.(b)** The Department shall purchase a system pursuant to subsection  
 6 (a) of this section that meets all of the following requirements:

- 7 (1) Allows OCS to develop and assign submission types to manage compliance  
 8 with applicable law, control document transparency reporting, and create  
 9 and manage users and roles throughout the system.
- 10 (2) Controls collections of documents to assist in core authorizing functions,  
 11 including the charter school application and charter school renewal  
 12 processes.
- 13 (3) Provides for the visualization of academic, financial, and demographic  
 14 information for either an individual school or a portfolio of charter schools.
- 15 (4) Provides for the safe and secure electronic storage of documents in a Tier 3  
 16 datacenter that meets the following standards:
- 17 a. Sarbanes-Oxley Act (SOX) compliant, including Statement on  
 18 Auditing Standards (SAS) No. 70, Statement on Standards for  
 19 Attestation Engagements (SSAE) No. 16, Service Organization  
 20 Control (SOC) No. 1, and SOC No. 2.
- 21 b. Health Insurance Portability and Accountability Act (HIPAA)  
 22 compliant, including the Office for Civil Rights (OCR) HIPAA Audit  
 23 Protocol.
- 24 c. Payment Card Industry (PCI) Data Security Standard (DSS)  
 25 compliant.
- 26 d. Safe Harbor certification program compliant.

27  
 28 **STATE BOARD OF EDUCATION/USE OF STATE FUNDS**

29 **SECTION 7.18.(a)** Article 2 of Chapter 115C of the General Statutes is amended  
 30 by adding a new section to read:

31 **"§ 115C-13.5. Prohibition on use of State funds to employ private counsel in litigation.**

32 As provided in G.S. 114-2.3(d) and G.S. 147-17(c1), the State Board of Education shall not  
 33 use any State funds to employ private counsel to provide litigation services to the State Board  
 34 of Education. As used in this section, litigation services include legal work conducted in  
 35 anticipation of or in preparation for any suit or action. As used in this section, private counsel  
 36 includes any licensed attorney retained, engaged, or otherwise representing the State Board of  
 37 Education but does not include a licensed attorney who holds a permanent budgeted position in  
 38 either the Department of Justice or the State Board of Education."

39 **SECTION 7.18.(b)** The State Board of Education may only appoint the following  
 40 personnel positions to support the meetings and direct operations of the office of the State  
 41 Board of Education:

	<u>Position number</u>	<u>Title</u>
42		
43	(1) 65023576	Attorney I.
44	(2) 60009384	Attorney II.
45	(3) 65003194	Paralegal II.
46	(4) 60095070	Administrative Assistant I.
47	(5) 60009395	Legislative Specialist.
48	(6) 60009391	Director of State Board Operations.
49	(7) 65023814	Planning and Development Consultant.
50	(8) 60009394	Legislative and Community Affairs Director.

1 The State Board of Education may utilize other staff employed through the  
2 Department of Public Instruction to provide administrative and technical assistance to the State  
3 Board and to carry out the directives of the State Board.

4 **SECTION 7.18.(c)** Subsection (a) of this section shall not apply to State funds that  
5 are encumbered for the 2016-2017 fiscal year for the purposes of employing private counsel to  
6 represent the State Board of Education.

#### 7 8 **TEACHERS/ISOLATED K-12 SCHOOLS**

9 **SECTION 7.19.** G.S. 115C-301, as amended by S.L. 2017-9, is amended by  
10 adding a new subsection to read:

11 "(g1) Notwithstanding any other provision of this section, the State Board of Education  
12 shall allot additional classroom teachers to schools containing grades kindergarten through 12  
13 when consolidation is not feasible due to the geographic isolation of the school and the school  
14 meets at least one of the following criteria for geographic isolation:

15 (1) The school is located in a local school administrative unit in which the  
16 average daily membership is less than 1.5 per square mile.

17 (2) The school is located in a local school administrative unit for a county  
18 containing more than 150,000 acres of national forest owned by the federal  
19 government and managed by the United States Forest Service pursuant to  
20 G.S. 104-5.

21 The State Board shall allot teachers to geographically isolated schools pursuant to this  
22 subsection on the basis of one classroom teacher per grade level and shall allot teachers to the  
23 remainder of the local school administrative unit in accordance with the formulas for the  
24 regular classroom teacher allotment."

#### 25 26 **TURNING TAS INTO TEACHERS PILOT EXPANSION/STUDENT TEACHER** 27 **EMPLOYMENT**

28 **SECTION 7.20.(a)** Section 8.29 of S.L. 2016-94 reads as rewritten:

#### 29 **"TEACHER ASSISTANT TUITION REIMBURSEMENT PILOT PROGRAM**

30 **"SECTION 8.29.(a)** Purpose. – The purpose of this section is to establish a pilot program  
31 ~~for~~ for, beginning with the 2016-2017 fiscal year, the local boards of education of the Anson  
32 County, Franklin County, Moore County, Richmond County, and Scotland County school  
33 administrative units and, beginning with the 2017-2018 fiscal year, the local boards of  
34 education of the Alamance-Burlington Schools, Beaufort County Schools, Bertie County  
35 Schools, Duplin County Schools, Edenton-Chowan Schools, Edgecombe County Schools,  
36 Guilford County Schools, Halifax County Schools, Nash-Rocky Mount Schools, Northampton  
37 County Schools, Randolph County Schools, Tyrrell County Schools, Vance County Schools,  
38 and Washington County Schools to provide tuition assistance awards to part-time or full-time  
39 teacher assistants working in those local school administrative units to pursue a college degree  
40 that will result in teacher licensure. Tuition assistance awards under the program may be  
41 provided for part-time or full-time coursework. A local board of education may grant a teacher  
42 assistant academic leave to pursue coursework that may only be taken during working hours. A  
43 teacher assistant receiving an award under the program shall fulfill the student teaching  
44 requirements of an educator preparation program by working in the teacher assistant's  
45 employing local school administrative unit. A teacher assistant shall continue to receive salary  
46 and benefits while student teaching in the local school administrative unit in accordance with  
47 G.S. 115C-310(b).

48 ...

49 **"SECTION 8.29.(d)** The local boards of education participating in the pilot program for  
50 the 2016-2017 fiscal year shall jointly report to the Joint Legislative Education Oversight  
51 Committee by September 1, 2017,–2017. All of the local boards of education participating in

1 the pilot program shall jointly report to the Joint Legislative Education Oversight Committee  
2 by September 1, 2018, and by September 1 of each year thereafter on the results of the pilot  
3 program, including at least the following information:

- 4 (1) The number and amount of funds in tuition assistance awards provided to  
5 teacher assistants.
- 6 (2) The number of teacher assistant recipients who achieved teacher licensure,  
7 including the period of time from the issue of an initial tuition assistance  
8 award to the time of achieving licensure.
- 9 (3) The number of recipients who remained employed in the local school  
10 administrative unit after achieving teacher licensure."

11 **SECTION 7.20.(b)** G.S. 115C-310 reads as rewritten:

12 **"§ 115C-310. Teacher assistants engaged in student teaching.**

13 (a) The State Board of Education shall adopt a program to facilitate the process by  
14 which teacher assistants may become teachers.

15 Teacher assistants who participate in this ~~program~~program shall meet the following  
16 requirements:

- 17 (1) ~~Shall be~~Be enrolled in an approved teacher education program in a North  
18 Carolina institution of higher ~~education;~~ andeducation.
- 19 (2) ~~Shall be~~Be employed in a North Carolina public school.

20 Local school administrative units are encouraged to assign teacher assistants to a different  
21 classroom during student teaching than the classroom they are assigned to as a teacher  
22 assistant. To the extent possible, they may be assigned to another school within the same local  
23 school administrative unit.

24 (b) ~~At the discretion of the local school administrative unit, teacher assistants~~  
25 mayTeacher assistants shall continue to receive their salary and benefits while student teaching  
26 in the same local school administrative unit where they are employed as a teacher assistant.

27 (c) The State Board of Education shall consult with the Board of Governors of The  
28 University of North Carolina and the North Carolina Independent Colleges and Universities in  
29 the development of the program. Each approved teacher education program and each local  
30 school administrative unit shall administer this program beginning with the 2005-2006  
31 academic year."

32 **SECTION 7.20.(c)** Subsection (b) of this section applies beginning with the  
33 2017-2018 school year.

## 34 **COOPERATIVE INNOVATIVE HIGH SCHOOL FUNDING CHANGES**

35 **SECTION 7.22.(a)** Legislative Findings. – The General Assembly finds the  
36 following in regard to the State's long-term, ongoing investment in providing high school  
37 students with opportunities to obtain postsecondary credit and career credentials at no cost to  
38 the student in order to maximize cost savings to students in obtaining a postsecondary  
39 education:  
40

- 41 (1) Dual enrollment opportunities for high school students have been available  
42 in the State for many years but began to significantly grow in the early- to  
43 mid-2000s as a result of the General Assembly's enactment of the Innovative  
44 Education Initiatives Act and the establishment of the cooperative innovative  
45 high school program pursuant to Part 9 of Article 16 of Chapter 115C of the  
46 General Statutes. This act demonstrated the State's commitment in  
47 prioritizing cooperative efforts between secondary schools and institutions of  
48 higher education so as to reduce the high school dropout rate, increase high  
49 school and college graduation rates, decrease the need for remediation in  
50 institutions of higher education, and raise certificate, associate, and bachelor  
51 degree completion rates.

- 1 (2) To ensure continued efficiency in the investment of State funds to provide  
2 postsecondary dual enrollment programs for high school students, the  
3 General Assembly directed the State Board of Education and the State Board  
4 of Community Colleges to jointly establish the Career and College Promise  
5 Program pursuant to Section 7.1A of S.L. 2011-145, effective January 1,  
6 2012, to consolidate existing cooperative efforts between secondary schools  
7 and institutions of higher education by providing (i) for specific pathways  
8 for obtaining college credit that is transferable to community colleges and  
9 institutions of higher education, (ii) for college credit leading to a  
10 subject-area certificate, diploma, or degree, and (iii) through enrollment at a  
11 cooperative innovative high school, enabling students to concurrently obtain  
12 a high school diploma and to begin or complete an associate degree  
13 program, master a certificate or vocational program, or earn up to two years  
14 of college credit within five years.
- 15 (3) The recent growth in the establishment of cooperative innovative high  
16 school programs has resulted in a steady increase in full-time equivalent  
17 (FTE) student enrollment at community colleges due to the maturation of  
18 those programs, including an increase of one hundred forty percent (140%)  
19 in FTE enrollment for these students between 2008-2009 and 2013-2014.
- 20 (4) The implementation of other Career and College Promise pathways enabling  
21 certain traditional high school students to concurrently enroll in  
22 postsecondary courses leading to a defined academic goal has also resulted  
23 in a recent rise in student enrollment at community colleges with a thirty  
24 percent (30%) increase in the College Transfer pathway and a twenty-one  
25 percent (21%) increase in the Career and Technical Education pathway  
26 between 2012-2013 and 2013-2014.
- 27 (5) For the 2013-2014 academic year, the General Assembly appropriated  
28 fifty-seven million dollars (\$57,000,000) in State funds to cover community  
29 college FTE for 11,389 students during the first year of full implementation  
30 of the Career and College Promise Program.
- 31 (6) For the 2015-2016 fiscal year, the General Assembly appropriated the  
32 following amounts to cover the cost of cooperative innovative high schools  
33 and other Career and College Promise programs:
- 34 a. For the cooperative innovative high school allotment, the sum of  
35 twenty-five million four hundred eighty-eight thousand seven  
36 hundred twenty-five dollars (\$25,488,725).
- 37 b. For community college FTE for the following:
- 38 1. For students enrolled in cooperative innovative high schools,  
39 the sum of forty-two million two hundred ninety-one  
40 thousand three hundred eighty-six dollars (\$42,291,386).
- 41 2. For students enrolled in courses that count toward the College  
42 Transfer pathway, the sum of twenty-one million three  
43 hundred forty-three thousand five hundred seven dollars  
44 (\$21,343,507).
- 45 3. For students enrolled in courses that count toward the Career  
46 and Technical Education pathway, the sum of twenty-one  
47 million seven hundred eight thousand nine hundred thirty-two  
48 dollars (\$21,708,932).
- 49 c. For the reimbursement of tuition for constituent institutions of The  
50 University of North Carolina as a partner institution of higher  
51 education to a cooperative innovative high school, the sum of one

1 million nine hundred forty-five thousand two hundred one dollars  
2 (\$1,945,201).  
3 d. For the reimbursement of tuition for private colleges located in North  
4 Carolina that are a partner institution of higher education to a  
5 cooperative innovative high school, the sum of four hundred  
6 fifty-seven thousand six hundred thirty-nine dollars (\$457,639).

7 (7) Since considerable State funds have been appropriated on an ongoing basis  
8 to cover the cost of high school student enrollment at community colleges,  
9 constituent institutions, and approved private colleges pursuant to  
10 G.S. 115C-238.54 and G.S. 115D-5(b)(12) as part of the Career and College  
11 Promise programs, it is necessary to examine the total cost of these programs  
12 and prioritize the appropriation of State funds to achieve the General  
13 Assembly's goal of maximizing cost savings to students in obtaining a  
14 postsecondary education. This shall include modifying the amount of funds  
15 allocated to local school administrative units for the cooperative innovative  
16 high school allotment.

17 **SECTION 7.22.(b)** Study. – In accordance with the legislative finding set forth in  
18 subdivision (7) of subsection (a) of this section, by February 15, 2018, the State Board of  
19 Community Colleges, the Board of Governors of The University of North Carolina, and the  
20 State Board of Education shall study and report to the Senate Appropriations Committee on  
21 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal  
22 Research Division, and the Joint Legislative Education Oversight Committee on the costs  
23 associated with the Career and College Promise Program, including operation of cooperative  
24 innovative high schools and the cost of concurrent enrollment in the high school and the  
25 institution of higher education, student outcomes related to the Program, and any legislative  
26 recommendations on modifications to the administration and funding for the Program.  
27 Legislative recommendations shall also specifically address the use of the funds for the  
28 cooperative innovative high school allotment, whether the allotment is necessary for the  
29 operation of the schools, and how modification or discontinuation of the allotment would  
30 impact the programs.

31 **SECTION 7.22.(c)** Cooperative Innovative High Schools Located in Tier I Areas.  
32 – Of the funds appropriated to the Department of Public Instruction by this act for the  
33 2017-2019 fiscal biennium, the Department shall allocate the sum of two hundred seventy-five  
34 thousand dollars (\$275,000) in recurring funds for each fiscal year from the cooperative  
35 innovative high school supplemental allotment to a local school administrative unit located, as  
36 of July 1, 2017, in a development tier one area as defined in G.S. 143B-437.08, with a  
37 cooperative innovative high school that was approved by the State Board of Education under  
38 G.S. 115C-238.51A(c), except as follows:

39 (1) For a virtual cooperative innovative high school, the Department shall  
40 allocate the sum of two hundred thousand dollars (\$200,000) in recurring  
41 funds from the cooperative innovative high school supplemental allotment to  
42 the local school administrative unit for each fiscal year.  
43 (2) For the Northeast Regional School of Biotechnology and Agriscience, the  
44 Department shall allocate the sum of three hundred ten thousand dollars  
45 (\$310,000) in recurring funds from the regional school supplemental  
46 allotment for the school for each fiscal year.

47 **SECTION 7.22.(d)** Cooperative Innovative High Schools Located in Tier II Areas.  
48 – Of the funds appropriated to the Department of Public Instruction by this act for the  
49 2017-2019 fiscal biennium, the Department shall allocate the sum of two hundred thousand  
50 dollars (\$200,000) in recurring funds for each fiscal year from the cooperative innovative high  
51 school supplemental allotment to a local school administrative unit located, as of July 1, 2017,

1 in a development tier two area as defined in G.S. 143B-437.08, with a cooperative innovative  
2 high school that was approved by the State Board of Education pursuant to  
3 G.S. 115C-238.51A(c), including a virtual cooperative innovative high school.

4 **SECTION 7.22.(e)** Cooperative Innovative High Schools Located in Tier III  
5 Areas. – Of the funds appropriated to the Department of Public Instruction by this act for the  
6 2017-2019 fiscal biennium, the Department shall allocate the following amounts from the  
7 cooperative innovative high school supplemental allotment to a local school administrative unit  
8 located, as of July 1, 2017, in a development tier three area as defined in G.S. 143B-437.08,  
9 with a cooperative innovative high school that was approved by the State Board of Education  
10 pursuant to G.S. 115C-238.51A(c):

11 (1) For the 2017-2018 fiscal year, the Department shall allocate the sum of one  
12 hundred eighty thousand dollars (\$180,000) in recurring funds and twenty  
13 thousand dollars (\$20,000) in nonrecurring funds from the cooperative  
14 innovative high school supplemental allotment.

15 (2) For the 2018-2019 fiscal year, the Department shall allocate the sum of one  
16 hundred eighty thousand dollars (\$180,000) in recurring funds from the  
17 cooperative innovative high school supplemental allotment.

18 **SECTION 7.22.(f)** Applicability of Funds Allocated Pursuant to This Section. –  
19 The allotment of funds to local school administrative units pursuant to the provisions of  
20 subsections (c), (d), and (e) of this section shall include a cooperative innovative high school  
21 approved by the State Board of Education pursuant to G.S. 115C-238.51A(c) since July 1,  
22 2015, that is operated by a local school administrative unit but that has not received the  
23 cooperative innovative high school allotment in a prior fiscal year. Funds shall not be allocated  
24 to local school administrative units for cooperative innovative high schools approved by the  
25 State Board pursuant to G.S. 115C-238.51A(b).

26 **SECTION 7.22.(g)** Reporting Requirement on the Career and College Promise  
27 Programs. – G.S. 115D-5 is amended by adding a new subsection to read:

28 "(x) In addition to the evaluation of cooperative innovative high schools by the State  
29 Board of Education pursuant to G.S. 115C-238.55, the State Board of Community Colleges, in  
30 conjunction with the State Board of Education and the Board of Governors of The University  
31 of North Carolina, shall evaluate the success of students participating in the Career and College  
32 Promise Program, including the College Transfer pathway and the Career and Technical  
33 Education pathway. Success shall be measured by high school retention rates, high school  
34 completion rates, high school dropout rates, certification and associate degree completion,  
35 admission to four-year institutions, postgraduation employment in career or study-related  
36 fields, and employer satisfaction of employees who participated in the programs. The Boards  
37 shall jointly report by January 15 of each year to the Joint Legislative Education Oversight  
38 Committee."

## 40 **PREPARING FUTURE WORKFORCE IN CODING AND MOBILE APP** 41 **DEVELOPMENT GRANT PROGRAM**

42 **SECTION 7.23.(a)** Program Purpose. – The Department of Public Instruction shall  
43 establish the Coding and Mobile Application Grant Program (Program) to develop industry  
44 partnerships with local school administrative units and charter schools to design and implement  
45 computer science, coding, and mobile application development curricular programs for middle  
46 school and high school students. Funds appropriated for the Program shall be used to award  
47 competitive grants of up to four hundred thousand dollars (\$400,000) each fiscal year to grant  
48 recipients. Grant funds shall be used for the purchase of equipment, digital materials, and  
49 related capacity building activities, which may include teacher professional development for  
50 coding, computer science, and mobile application development initiatives. Grant recipients

1 shall use no more than five percent (5%) of the grant award each fiscal year for administrative  
2 costs.

3 **SECTION 7.23.(b)** Program Criteria and Guidelines; Applications. – By August  
4 15, 2017, the Superintendent of Public Instruction shall establish criteria and guidelines for  
5 grant applications and Program requirements for local school administrative units and charter  
6 schools, including sufficient curricular rigor for courses offered to students. The Department of  
7 Public Instruction shall accept applications for the first year of the Program until October 15,  
8 2017. For subsequent fiscal years in which funds are available for new applications to the  
9 Program, the Department shall accept applications until May 15 of that year. Grant applicants  
10 shall submit at least the following information in their applications:

- 11 (1) A description of how the proposed partnership initiative will provide  
12 increased career opportunities for students to engage in high-wage,  
13 high-skill, and high-demand occupations.
- 14 (2) Demonstrated evidence of employer demand for the partnership initiative  
15 and related career and technical education (CTE) training, including  
16 documentation of industry involvement in the partnership initiative.
- 17 (3) A proposed budget for the partnership initiative, including demonstrated  
18 commitment of local or regional partners to sustain the programs beyond the  
19 initial grant funding.
- 20 (4) A description of how the proposed initiative aligns with other programs,  
21 including CTE, Career and College Pathways, and postsecondary programs  
22 and, if appropriate, how equipment necessary for the initiative will be  
23 utilized by partners.
- 24 (5) A description of how the project will create innovative, nontraditional, and  
25 immediate career pathways for students to enter high demand jobs in the  
26 development of mobile software applications.

27 **SECTION 7.23.(c)** Selection of Recipients. – In selecting recipients for the  
28 Program, the Superintendent of Public Instruction shall consider diversity among the pool of  
29 applicants, including geographic location, the positive impact on the community of industry  
30 partnerships, and the size of the student population served by the recipient, in order to award  
31 funds to the extent possible to grant recipients that represent different characteristics of the  
32 State. The Superintendent of Public Instruction shall select initial grant recipients by November  
33 15, 2017, to begin implementation of the partnership initiatives under the Program as early as  
34 the spring semester of the 2017-2018 school year. For subsequent fiscal years in which funds  
35 are available for new applications to the Program, the Superintendent shall select grant  
36 recipients by July 15 of that year.

37 **SECTION 7.23.(d)** Reporting Requirements. – By August 1 of each year of the  
38 Program, grant recipients shall submit a report to the Department of Public Instruction,  
39 beginning with an initial report by August 1, 2018, for the preceding year in which grant funds  
40 were expended that provides at least the following information on the partnership initiative:

- 41 (1) The use of grant funds.
- 42 (2) The number of students by grade level participating in the partnership  
43 initiative.
- 44 (3) The number of students who subsequently participated in work-based  
45 opportunities, internships, or apprenticeship programs and a description of  
46 the types of opportunities for those students.
- 47 (4) Student outcome data regarding job attainment and postsecondary  
48 opportunities as a result of the partnership initiative.
- 49 (5) Any other information the Superintendent of Public Instruction deems  
50 necessary.

1 By September 15 of each year of the Program, the Department shall report to the  
2 Joint Legislative Education Oversight Committee and the Fiscal Research Division, beginning  
3 with an initial report by September 15, 2018, on grant recipients and implementation of the  
4 program, including the information required to be reported to the Department pursuant to this  
5 subsection and any legislative recommendations for modifications or expansion of the Program.  
6

## 7 **EXPAND SCHOOL CONNECTIVITY INITIATIVE/CYBERSECURITY AND RISK** 8 **MANAGEMENT**

9 **SECTION 7.23A.(a)** The State Board of Education and the Department of Public  
10 Instruction, in collaboration with the Friday Institute at North Carolina State University, shall  
11 expand the School Connectivity Initiative client network engineering to include cybersecurity  
12 and risk management services supporting local school administrative units and charter schools.  
13 The expansion shall include the following:

- 14 (1) Continuous monitoring and risk assessment. – Cloud-based solutions to  
15 discover assets, assess their security posture, and recommend corrective  
16 actions based on real-world risk reduction.
- 17 (2) Security advisory and consulting services. – Five regional security  
18 consultants working with schools to assess security posture and develop and  
19 implement improvement plans. The plans shall include security policy,  
20 building security programs, implementing effective security controls, and  
21 ongoing support for operating security governance.
- 22 (3) Security training and education services. – Security training and education  
23 for teachers, staff, and administrators.

24 **SECTION 7.23A.(b)** Of the funds appropriated by this act to the Department of  
25 Public Instruction for the Digital Learning Plan for the 2017-2019 fiscal biennium, the  
26 Department shall use up to two hundred thousand dollars (\$200,000) for each fiscal year of the  
27 2017-2019 fiscal biennium to develop and implement the new cybersecurity and risk  
28 management services to support public school cybersecurity and risk management service  
29 operations.  
30

## 31 **REPORT ON CURSIVE WRITING AND MULTIPLICATION TABLES**

32 **SECTION 7.23B.** The State Board of Education and the Department of Public  
33 Instruction shall report to the Joint Legislative Education Oversight Committee by March 30,  
34 2018, regarding the measures taken by each local school administrative unit to implement the  
35 requirements regarding cursive writing and memorization of the multiplication tables pursuant  
36 to G.S. 115C-81(k) and (l) and to ensure that those requirements are met.  
37

## 38 **JOINT LEGISLATIVE TASK FORCE ON EDUCATION FINANCE REFORM**

39 **SECTION 7.23D.(a)** There is created the Joint Legislative Task Force on  
40 Education Finance Reform (Task Force).

41 **SECTION 7.23D.(b)** The Task Force shall consist of nine members of the Senate  
42 appointed by the President Pro Tempore of the Senate and nine members of the House of  
43 Representatives appointed by the Speaker of the House of Representatives. The President Pro  
44 Tempore of the Senate and the Speaker of the House of Representatives shall each appoint a  
45 cochair of the Task Force from among its membership. These appointments shall be made no  
46 later than September 1, 2017.

47 It is expected that the makeup of the Task Force reflect geographic and urban/rural  
48 diversity. At least one member of the House of Representatives and at least one member of the  
49 Senate shall be from the minority party of their respective chambers.

50 **SECTION 7.23D.(c)** In consultation with the State Board of Education and the  
51 Department of Public Instruction, the Task Force shall study various weighted student formula



1 funding models and develop a new funding model for the elementary and secondary public  
2 schools of North Carolina based on a weighted student formula. As a part of this process, the  
3 Task Force shall do all of the following:

- 4 (1) Review the State's current public school allotment system and undertake an  
5 in-depth study of various types of weighted student formula funding models.  
6 In its study, the Task Force is encouraged to consider models used by other  
7 states.
- 8 (2) Determine the base amount of funds that must be distributed on a per student  
9 basis to cover the cost of educating a student in the State.
- 10 (3) Identify the student characteristics eligible for weighted funding and the  
11 associated weights for each of these characteristics.
- 12 (4) Resolve the extent to which the base amount of funds to be distributed  
13 would be adjusted based on the characteristics of each local school  
14 administrative unit.
- 15 (5) Decide which funding elements, if any, would remain outside the base of  
16 funds to be distributed under a weighted student formula.
- 17 (6) Study other funding models for elementary and secondary public schools,  
18 including public charter schools, in addition to the weighted student funding  
19 formula.
- 20 (7) Study funding models to provide children with disabilities with a free  
21 appropriate public education. This shall include a consideration of  
22 economies of scale, the advisability and practicality of capping additional  
23 funding for children with disabilities, and additional costs associated with  
24 services required for particular disabilities.
- 25 (8) Study any other issue the Task Force considers relevant.

26 **SECTION 7.23D.(d)** The Task Force shall meet upon the call of its cochairs. A  
27 quorum of the Task Force is a majority of its members. No action may be taken except by a  
28 majority vote at a meeting at which a quorum is present. The Task Force, while in the discharge  
29 of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1  
30 through G.S. 120-19.4. The Task Force may contract for professional, clerical, or consultant  
31 services, as provided by G.S. 120-32.02. If the Task Force hires a consultant, the consultant  
32 shall not be a State employee or a person currently under contract with the State to provide  
33 services. Members of the Task Force shall receive per diem, subsistence, and travel allowance  
34 as provided in G.S. 120-3.1. The expenses of the Task Force shall be considered expenses  
35 incurred for the joint operation of the General Assembly.

36 **SECTION 7.23D.(e)** The Legislative Services Officer shall assign professional and  
37 clerical staff to assist the Task Force in its work. The Director of Legislative Assistants of the  
38 House of Representatives and the Director of Legislative Assistants of the Senate shall assign  
39 clerical support to the Task Force.

40 **SECTION 7.23D.(f)** Meetings of the Task Force shall begin no later than October  
41 1, 2017. The Task Force shall submit a final report on the results of its study and development,  
42 including proposed legislation, to the Joint Legislative Education Oversight Committee on or  
43 before October 1, 2018, by filing a copy of the report with the Office of the President Pro  
44 Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint  
45 Legislative Education Oversight Committee, and the Legislative Library. The Task Force shall  
46 terminate on October 1, 2018, or upon the filing of its final report, whichever comes first.

## 47 48 **ELIMINATE ANALYSIS OF STUDENT WORK PROCESS FOR TEACHER** 49 **EVALUATIONS**

50 **SECTION 7.23E.(a)** The State Board of Education shall eliminate the use of the  
51 analysis of student work process and shall prohibit use of an analysis of student work process to

1 assess teacher performance and professional growth as part of the North Carolina Teacher  
2 Evaluation System.

3 **SECTION 7.23E.(b)** The consolidated State plan to be submitted by the State  
4 Board of Education and the Department of Public Instruction to the U.S. Department of  
5 Education as required by the Elementary and Secondary Education Act of 1965, 20 U.S.C. §  
6 6301, et seq., as amended by the Every Student Succeeds Act, P.L. 114-95, shall reflect the  
7 requirements of subsection (a) of this section.

8 **SECTION 7.23E.(c)** G.S. 115C-296(e) reads as rewritten:

9 "(e) The State Board of Education shall develop a mentor program to provide ongoing  
10 support for teachers entering the profession. In developing the mentor program, the State Board  
11 shall conduct a comprehensive study of the needs of new teachers and how those needs can be  
12 met through an orientation and mentor support program. For the purpose of helping local  
13 boards to support new teachers, the State Board shall develop and distribute guidelines which  
14 address optimum teaching load, extracurricular duties, student assignment, and other working  
15 condition considerations. These guidelines shall provide that initially licensed teachers not be  
16 assigned extracurricular activities unless they request the assignments in writing and that other  
17 noninstructional duties of these teachers be minimized. The State Board shall develop and  
18 coordinate a mentor teacher training program. The State Board shall develop criteria for  
19 selecting excellent, experienced, and qualified teachers to be participants in the mentor teacher  
20 training program, including requiring that mentor teachers have been rated, through formal  
21 evaluations, at least at the "accomplished" level as part of the North Carolina Teacher  
22 Evaluation System and have met expectations for student growth System."

23 **SECTION 7.23E.(d)** G.S. 115C-296.11(b)(3) reads as rewritten:

24 "(3) Educator preparation programs shall ensure clinical educators who supervise  
25 students in residencies or internships meet the following requirements:  
26 a. Be professionally licensed in the field of licensure sought by the  
27 student.  
28 b. Have a minimum of three years of experience in a teaching role.  
29 c. Have been rated, through formal evaluations, at least at the  
30 "accomplished" level as part of the North Carolina Teacher  
31 Evaluation System and have met expectations as part of student  
32 growth System in the field of licensure sought by the student."

33 **SECTION 7.23E.(e)** This section applies beginning with the 2017-2018 school  
34 year.

### 35 **SIXTH AND SEVENTH GRADE CTE PROGRAM EXPANSION GRANT PROGRAM**

36 **SECTION 7.23F.(a)** G.S. 115C-64.15 reads as rewritten:

37 **"§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

38 ...  
39  
40 (d) The Commission shall develop and administer the Education and Workforce  
41 Innovation Program, as established under G.S. 115C-64.16, and make awards of grants under  
42 the Program. ~~The Commission shall work closely with the North Carolina New Schools in~~  
43 ~~administering the program.~~

44 (d1) The Commission shall develop and administer, in coordination with the State Board  
45 of Education and the Superintendent of Public Instruction, the Career and Technical Education  
46 Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of  
47 grants under the Program.

48 (e) The Commission shall publish a report on the Education and Workforce Innovation  
49 Program and the Career and Technical Education Grade Expansion Program on or before April  
50 30 of each year. The report shall be submitted to the Joint Legislative Education Oversight  
51 Committee, the State Board of Education, the State Board of Community Colleges, and the

1 Board of Governors of The University of North Carolina. The report shall include at least all of  
2 the following information:

- 3 (1) An accounting of how funds and personnel resources were utilized for each  
4 program and their impact on student achievement, retention, and  
5 employability.
- 6 (2) Recommended statutory and policy changes.
- 7 (3) Recommendations for improvement of ~~the~~ each program.
- 8 (4) For the Career and Technical Education Grade Expansion Program,  
9 recommendations on increasing availability of grants after the first two years  
10 of the program to include additional local school administrative units or  
11 providing additional grants to prior recipients."

12 **SECTION 7.23F.(b)** Article 6C of Chapter 115C of the General Statutes is  
13 amended by adding a new section to read:

14 **"§ 115C-64.17. The Career and Technical Education Grade Expansion Program.**

15 (a) Program Establishment. – There is established the Career and Technical Education  
16 Grade Expansion Program (Program) to expand career and technical education (CTE) programs  
17 by prioritizing the inclusion of students in sixth and seventh grade through grant awards  
18 provided to selected local school administrative units for up to seven years. Funds appropriated  
19 for the Program shall be allocated to selected local school administrative units as competitive  
20 grants of (i) up to seven hundred thousand dollars (\$700,000) for the 2017-2018 fiscal year and  
21 (ii) to the extent funds are available, up to one million dollars (\$1,000,000) for the 2018-2019  
22 fiscal year and subsequent fiscal years. Grant funds shall be used only for employing additional  
23 licensed personnel in career and technical education areas, career development coordination  
24 areas, and support service areas necessary for expanding the CTE program to sixth and seventh  
25 grade students. The funds may be used for CTE programs at one or more schools in the local  
26 school administrative unit. Grant funds allocated to the local school administrative unit each  
27 fiscal year under the Program shall not revert but shall be available for the purpose of the grant  
28 program until expended.

29 (b) Consideration of Factors in Awarding of Grants. – Local school administrative units  
30 applying for the Program shall submit an application that includes at least the following  
31 information:

- 32 (1) A plan for expansion of the CTE program to sixth and seventh grade  
33 students, including the specific programs that will be expanded, the  
34 significance of CTE in the local school administrative unit, and how a grade  
35 expansion would enhance the education program and the community.
- 36 (2) A request for the amount of funds, a description of how the funds will be  
37 used, and any other sources of funds available to accomplish the purposes of  
38 this program.
- 39 (3) A proposed budget for seven years that provides detail on the use of the  
40 amount of funds to add personnel, increase career development efforts, and  
41 provide support services.
- 42 (4) A strategy to achieve meaningful analysis of program outcomes due to the  
43 receipt of grant funds under this section.

44 (c) Selection of Recipients. – For the 2017-2018 fiscal year, the Commission shall  
45 accept applications for a grant until November 1, 2017. For subsequent fiscal years that funds  
46 are made available for the Program, the Commission shall accept applications for a grant until  
47 August 1 of each year. The Commission shall select recipients in a manner that considers  
48 diversity among the pool of applicants, including geographic location, location of industries in  
49 the area in which a local school administrative unit is located, and the size of the student  
50 population served by the unit, in order to award funds to the extent possible to grant recipients  
51 that represent different regions and characteristics of the State. The Commission shall

1 recommend recipients of the grants to the State Board of Education. The State Board, upon  
2 consultation with the Superintendent of Public Instruction, shall approve the recipients of grant  
3 awards.

4 (d) Allocation of Funds. – Of the funds available for the Program in each fiscal year,  
5 the Commission shall first allocate funds to applicants who received grant funds for the prior  
6 fiscal year for up to seven years. After funds are allocated to prior fiscal year grant recipients,  
7 any remaining funds may be used by the Commission to select new grant recipients. The  
8 Commission, in consultation with the Superintendent of Public Instruction, shall establish rules  
9 regarding any requirements for grant recipients to continue eligibility to receive funds each  
10 fiscal year, including timely and accurate reporting as required under subsection (e) of this  
11 section.

12 (e) Reporting Requirements. – No later than August 1 of each year, for up to seven  
13 years after the initial grant award, a grant recipient shall submit to the Department of Public  
14 Instruction, Local Planning Systems Regional Services staff within the Division of Career and  
15 Technical Education, an annual report for the preceding year in which grant funds were  
16 expended that provides at least the following information on the program for sixth and seventh  
17 grade students:

- 18 (1) The use of grant funds, including the CTE programs and courses that have  
19 been expanded in the local school administrative unit to include sixth and  
20 seventh grade students.
- 21 (2) The number of students enrolled in CTE courses as part of the expansion.
- 22 (3) The number of students who subsequently enrolled in CTE courses in high  
23 school.
- 24 (4) The number of students who subsequently participated in internships,  
25 cooperative education, or apprenticeship programs.
- 26 (5) The number of students who subsequently earned (i) college credit and (ii)  
27 approved industry certification and credentials.
- 28 (6) Any other information the Division of Career and Technical Education  
29 deems necessary.

30 The Superintendent of Public Instruction shall provide a report to the Commission by  
31 October 15 of each year based on the information reported to the Local Planning Systems  
32 Regional Services staff under this subsection, including how the grant recipients compare to  
33 CTE programs statewide and whether the programs are aligned with the Master Plan for Career  
34 and Technical Education adopted by the State Board."

35 **SECTION 7.23F.(c)** For the 2017-2019 fiscal biennium, the following funds shall  
36 be allocated to the North Carolina Education and Workforce Innovation Commission  
37 (Commission) established in G.S. 115C-64.15, as amended by Section 7.23G of this act, for the  
38 award of grants to grant recipients for the Career and Technical Education Grade Expansion  
39 Program in accordance with G.S. 115C-64.17, as enacted by this section:

- 40 (1) Of the funds appropriated by this act to the Department of Public Instruction  
41 for the 2017-2019 fiscal biennium, the Department shall allocate the sum of  
42 seven hundred thousand dollars (\$700,000) each fiscal year to the  
43 Commission.
- 44 (2) Of the funds appropriated by this act to the Department of Public Instruction  
45 for the 2017-2018 fiscal year, the Department of Public Instruction shall  
46 allocate the sum of three million five hundred thousand dollars (\$3,500,000)  
47 for the 2017-2018 fiscal year to the Commission.

48 **SECTION 7.23F.(d)** The funds allocated to the Commission under subsection (c)  
49 of this section shall not revert at the end of each fiscal year but shall remain available until  
50 expended.  
51

1 **TRANSFER EDUCATION AND WORKFORCE INNOVATION COMMISSION TO**  
2 **DPI**

3 **SECTION 7.23G.(a)** The North Carolina Education and Workforce Innovation  
4 Commission (Commission) is hereby transferred to the Department of Public Instruction. This  
5 transfer shall have all of the elements of a Type II transfer, as described in G.S. 143A-6, except  
6 that the management functions of the Commission, except for the provision of technical  
7 assistance and administrative assistance, including staff, shall not be performed under the  
8 direction and supervision of the Department of Public Instruction.

9 **SECTION 7.23G.(b)** G.S. 115C-64.15(a) reads as rewritten:

10 "(a) There is created the North Carolina Education and Workforce Innovation  
11 Commission (Commission). The Commission shall be located administratively in the ~~Office of~~  
12 ~~the Governor~~ Department of Public Instruction but shall exercise all its prescribed powers  
13 independently of the ~~Office of the Governor~~ Department of Public Instruction. Of the funds  
14 appropriated for the Education and Workforce Innovation Program established under  
15 G.S. 115C-64.16, up to ~~two hundred thousand dollars (\$200,000)~~ ten percent (10%) of those  
16 funds each fiscal year may be used by the ~~Office of the Governor~~ Department of Public  
17 Instruction to provide technical assistance and administrative assistance, including staff, to the  
18 Commission and for reimbursements and expenses for the Commission. ~~Commission for the~~  
19 Education and Workforce Innovation Program and the Career and Technical Education Grade  
20 Expansion Program."

21 **SECTION 7.23G.(c)** Section 23.1(a) of S.L. 2014-100 is repealed.

22  
23 **FUTURE READY STUDENTS**

24 **SECTION 7.23H.(a)** G.S. 115C-47 reads as rewritten:

25 "**§ 115C-47. Powers and duties generally.**

26 In addition to the powers and duties designated in G.S. 115C-36, local boards of education  
27 shall have the power or duty:

28 ...

29 (30) To Appoint Advisory Councils. – Local boards of education are authorized  
30 to appoint advisory councils as provided in ~~G.S. 115C-55~~ G.S. 115C-55 and  
31 Article 10 of this Chapter.

32 ...

33 (34a) To Establish Work-Based Opportunities and Encourage High School to  
34 Work Partnerships. – Each local board of education shall offer at least two  
35 work-based learning opportunities that are related to career and technical  
36 education instruction in the local school administrative unit as required by  
37 G.S. 115C-157. Local boards of education shall also encourage high schools  
38 and local businesses to partner, specifically to target students who may not  
39 seek higher education, and facilitate high school to work partnerships. Local  
40 businesses shall be encouraged to work with local high schools to create  
41 opportunities for students to complete a job shadow, internship, or  
42 apprenticeship. Students may also be encouraged to tour the local business  
43 or clinic, meet with employees, and participate in career and technical  
44 student organizations. Waiver forms ~~may~~ shall be developed in collaboration  
45 with participating businesses for the protection of both the students and the  
46 businesses.

47 Each local board of education shall encourage high schools to designate  
48 the Career Development Coordinator or other designee of the local Career  
49 and Technical Education administrator to be the point person for local  
50 businesses to contact. If the person selected is a teacher, the teacher shall  
51 work with the principal and the local Career and Technical Education

1 administrator to find time in the school day to contact businesses and  
 2 develop opportunities for students. The high school shall include a variety of  
 3 trades and skilled labor positions for students to interact with and shadow  
 4 and shall encourage students who may be interested in a job-shadowing  
 5 opportunity to pursue and set up the job shadow.

6 Each local board of education shall develop a policy with provisions for  
 7 students who are absent from school while doing a job shadow to make up  
 8 the work. Students shall not be counted as absent when participating in these  
 9 work-based learning opportunities or in Career and Technical Education  
 10 student organization activities. Local boards may determine maximum  
 11 numbers of days to be used for job-shadowing activities.

12 ...."

13 **SECTION 7.23H.(b)** G.S. 115C-55 reads as rewritten:

14 **"§ 115C-55. Advisory councils.**

15 A board of education may appoint an advisory council for any school or schools within the  
 16 local school administrative unit. The purpose and function of an advisory council shall be to  
 17 serve in an advisory capacity to the board on matters affecting the school or schools for which  
 18 it is appointed. ~~The~~ Except as otherwise provided under Part 4 of Article 10 of this Chapter for  
 19 business advisory councils, the organization, terms, composition and regulations for the  
 20 operation of such advisory council shall be determined by the board."

21 **SECTION 7.23H.(c)** G.S. 115C-81(a1) reads as rewritten:

22 "(a1) The Basic Education Program shall describe the education program to be offered to  
 23 every child in the public schools. It shall provide every student in the State equal access to a  
 24 Basic Education Program. Instruction shall be offered in the areas of arts, communication  
 25 skills, physical education and personal health and safety, mathematics, media and computer  
 26 skills, science, second languages, social studies, and ~~vocational-career~~ and technical education.

27 Instruction in ~~vocational-career~~ and technical education under the Basic Education Program  
 28 shall be based on factors including:

- 29 (1) The integration of academic and ~~vocational-career~~ and technical  
 30 ~~education;education.~~
- 31 (2) A sequential course of study leading to both academic and occupational  
 32 ~~competencies;competencies.~~
- 33 (3) Increased student work skill attainment and job ~~placement;placement.~~
- 34 (4) Increased linkages, where geographically feasible, between public schools  
 35 and community colleges, so the public schools can emphasize academic  
 36 preparation and the community colleges can emphasize specific job ~~training;~~  
 37 ~~andtraining.~~
- 38 (5) Instruction and experience, to the extent practicable, in all aspects of the  
 39 industry the students are prepared to enter."

40 **SECTION 7.23H.(d)** G.S. 115C-81.1 reads as rewritten:

41 **"§ 115C-81.1. Basic Education Program Funds not to supplant Local funds for schools.**

42 It is the intent of the General Assembly that budget funds appropriated by the General  
 43 Assembly for ~~vocational-career~~ and technical education programs and clerical personnel to  
 44 implement the Basic Education Program be used to supplement and not supplant existing State  
 45 and local funding for the public schools. Therefore, to the extent that local school  
 46 administrative units receive additional State funds for ~~vocational-career~~ and technical education  
 47 programs and clerical personnel positions that were previously funded in whole or in part with  
 48 nonstate funds, the local governments shall continue to spend for public school operating or  
 49 capital purposes in the local school administrative units the amount of money they would have  
 50 spent to provide the ~~vocational-career~~ and technical education programs and the school clerical  
 51 personnel previously funded with nonstate funds.

1 Priority shall be given to funding capital needs, particularly those resulting from  
2 implementation of the Basic Education Program."

3 **SECTION 7.23H.(e)** Article 10 of Chapter 115C of the General Statutes reads as  
4 rewritten:

5 "Article 10.

6 "~~Vocational-Career~~ and Technical Education.

7 "Part 1. ~~Vocational-Career~~ and Technical Education Programs.

8 **"§ 115C-151. Statement of purpose.**

9 It is the intent of the General Assembly that ~~vocational-career~~ and technical education be an  
10 integral part of the educational process. The State Board of Education shall administer through  
11 local boards of education a comprehensive program of ~~vocational-career~~ and technical  
12 education that shall be available to all students, with priority given to students in grades eight  
13 through 12, who desire it in the public secondary schools and middle schools of this State. The  
14 purposes of ~~vocational-career~~ and technical education in North Carolina public secondary  
15 schools shall ~~be~~ be as follows:

- 16 (1) Occupational Skill Development. – To prepare individuals for paid or unpaid  
17 employment in recognized occupations, new occupations, and emerging  
18 occupations.
- 19 (2) Preparation for Advanced Education. – To prepare individuals for  
20 participation in advanced or highly skilled ~~vocational-career~~ and technical  
21 education.
- 22 (3) Career Development; Introductory. – To assist individuals in the making of  
23 informed and meaningful occupational choices.

24 It is also legislative intent to authorize the State Board of Education to support appropriate  
25 ~~vocational-career~~ and technical education instruction and related services for individuals who  
26 have special ~~vocational-career~~ and technical education needs which can be fulfilled through a  
27 comprehensive ~~vocational-career~~ and technical education program as designated by State Board  
28 of Education policy or federal ~~vocational-career~~ and technical education legislation.

29 **"§ 115C-152. Definitions.**

30 The State Board of Education shall provide appropriate definitions to ~~vocational-career~~ and  
31 technical education programs, services, and activities in grades ~~6-12~~ five through 12 not  
32 otherwise included in this Part. As used in this Part, the following definitions apply, unless the  
33 context requires otherwise:

- 34 (1) "~~Career development; introductory~~" introductory; or career awareness  
35 program" means an instructional program, service, or activity designed to  
36 familiarize individuals with the broad range of occupations for which special  
37 skills are required and the requisites for careers in such occupations. A  
38 career awareness program offered to elementary school students shall  
39 encourage students to explore career pathways and prepare students for the  
40 transition to middle school career planning.
- 41 (2) "Comprehensive ~~vocational-career~~ and technical education" means  
42 instructional programs, services, or activities directly related to preparation  
43 for and placement in employment, for advanced technical preparation, or for  
44 the making of informed and meaningful educational and occupational  
45 choices.
- 46 (3) "Occupational skill development" means a program, service, or activity  
47 designed to prepare individuals for paid or unpaid employment as  
48 semiskilled or skilled workers, technicians, or professional-support  
49 personnel in recognized occupations and in new and emerging occupations  
50 including occupations or a trade, technical, business, health, office,  
51 homemaking, homemaking-related, agricultural, marketing, and other

1 nature. Instruction is designed to fit individuals for initial employment in a  
 2 specific occupation or a cluster of closely related occupations in an  
 3 occupational field. This instruction includes education in technology,  
 4 manipulative skills, theory, auxiliary information, application of academic  
 5 skills, and other associated ~~knowledges-abilities.~~

- 6 (4) "Preparation for advanced education" means a program, service, or activity  
 7 designed to prepare individuals for participation in advanced or highly  
 8 skilled post-secondary and technical education programs leading to  
 9 employment in specific occupations or a cluster of closely related  
 10 occupations and for participation in ~~vocational-career~~ and technical  
 11 education teacher education programs.

12 **"§ 115C-153. Administration of ~~vocational-career~~ and technical education.**

13 The State Board of Education shall be the sole State agency for the State administration of  
 14 ~~vocational-career~~ and technical education at all levels, shall be designated as the State Board of  
 15 ~~Vocational-Career~~ and Technical Education, and shall have all necessary authority to cooperate  
 16 with any and all federal agencies in the administration of national acts assisting ~~vocational~~  
 17 ~~career~~ and technical education, to administer any legislation pursuant thereto enacted by the  
 18 General Assembly of North Carolina, and to cooperate with local boards of education in  
 19 providing ~~vocational-career~~ and technical education programs, services, and activities for youth  
 20 and adults residing in the areas under their jurisdiction.

21 **"§ 115C-154. Duties of the State Board of Education.**

22 In carrying out its duties, the State Board of Education shall develop and implement any  
 23 policies, rules, regulations, and procedures as necessary to ensure ~~vocational-career~~ and  
 24 technical education programs of high quality. The State Board of Education shall prepare a  
 25 Master Plan for ~~Vocational-Career~~ and Technical Education. The plan, to be updated  
 26 periodically, shall ensure ~~minimally that that, at a minimum, the following activities are~~  
 27 accomplished:

- 28 (1) Articulation shall occur with institutions, agencies, councils, and other  
 29 organizations having responsibilities for work force preparedness.  
 30 (2) Business, industrial, agricultural, and lay ~~representatives, including parents~~  
 31 ~~of students enrolled in Vocational and Technical Education courses,~~  
 32 representatives organized as business advisory committees-councils under  
 33 Part 4 of this Article have been utilized in the development of decisions  
 34 affecting ~~vocational-career~~ and technical education programs and services.  
 35 (3) Public hearings are conducted annually to afford the public an opportunity to  
 36 express their views concerning the State Board's plan and to suggest changes  
 37 in the plan.  
 38 (4) The plan describes the State's policy for ~~vocational-career~~ and technical  
 39 education and the system utilized for the delivery of ~~vocational-career~~ and  
 40 technical education programs, services, and activities. The policy shall  
 41 include priorities of curriculum, integration of ~~vocational-career~~ and  
 42 academic education, technical preparation, and youth apprenticeships.  
 43 (5) A professionally and occupationally qualified staff is employed and  
 44 organized in a manner to assure efficient and effective State leadership for  
 45 ~~vocational-career~~ and technical education. Provisions shall be made for such  
 46 functions as: planning, administration, supervision, personnel development,  
 47 curriculum development, ~~vocational-career and technical education~~ student  
 48 organization and coordination research and evaluation, and such others as  
 49 the State Board may direct.  
 50 (6) An appropriate supply of qualified personnel is trained for program  
 51 expansion and replacements through cooperative arrangements with



1 institutions of higher education and other institutions or agencies, including  
 2 where necessary financial support of programs and curriculums designed for  
 3 the preparation of ~~vocational-career and technical education~~ administrators,  
 4 supervisors, coordinators, instructors, and support personnel.

5 (7) Minimum standards shall be prescribed for personnel employed at the State  
 6 and local levels.

7 (8) Local boards of education submit to the State Board of Education a local  
 8 plan for ~~vocational-career and technical education~~ that has been prepared in  
 9 accordance with the procedures set forth in the Master Plan for ~~Vocational~~  
 10 Career and Technical Education.

11 (9) Appropriate minimum standards for ~~vocational-career and technical~~  
 12 education programs, services, and activities shall be established,  
 13 promulgated, supervised, monitored, and maintained. These standards shall  
 14 specify characteristics such as program objectives, competencies, course  
 15 sequence, program duration, class size, supervised on-the-job experiences,  
 16 ~~vocational-career and technical education~~ student organization,  
 17 school-to-work transition programs, qualifications of instructors, and all  
 18 other standards necessary to ensure that all programs conducted by local  
 19 school administrative units shall be of high quality, relevant to student  
 20 needs, and coordinated with employment opportunities.

21 (10) A system of continuing qualitative and quantitative evaluation of all  
 22 ~~vocational-career and technical education~~ programs, services, and activities  
 23 supported under the provisions of this Part shall be established, maintained,  
 24 and utilized periodically. One component of the system shall be follow-up  
 25 studies of employees and former students of ~~vocational-career and technical~~  
 26 education programs who have been out of school for one year, and for five  
 27 years to ascertain the effectiveness of instruction, services, and activities.

28 **"§ 115C-154.1. Approval of local ~~vocational-career and technical education~~ plans or**  
 29 **applications.**

30 The State Board of Education shall not approve any local ~~vocational-board of education~~  
 31 career and technical education plans or applications unless:unless the plan or application meets  
 32 all of the following conditions:

33 (1) The programs are in accordance with the purposes of ~~G.S.~~  
 34 ~~115C-151;G.S. 115C-151.~~

35 (2) The ~~vocational-career and technical education~~ programs and courses are not  
 36 duplicated within a local school administrative unit, unless the unit has data  
 37 to justify the duplication or the unit has a plan to redirect the duplicative  
 38 programs within three ~~years;years.~~

39 (3) For all current job skill programs, there is a documented need, based on  
 40 labor market data or follow-up data, or there is a plan to redirect the program  
 41 within two ~~years;years.~~

42 (4) New ~~vocational-career and technical education~~ programs show documented  
 43 need based on student demand, or for new job skill programs, based on  
 44 student and labor market ~~demand; anddemand.~~

45 (5) All programs are responsive to technological advances, changing  
 46 characteristics of the work force, and the academic, technical, and attitudinal  
 47 development of students.

48 (6) The local board of education establishes a business advisory council in  
 49 accordance with Part 4 of this Article. The local board of education shall  
 50 submit information regarding ongoing consultation with the advisory council  
 51 as part of the career and technical education local planning system

1 maintained by the State Board of Education and the Department of Public  
2 Instruction.

3 Local programs using the cooperative ~~vocational-career~~ and technical education method  
4 shall be approved subject to students enrolled being placed in employment commensurate with  
5 the respective program criteria.

6 **"§ 115C-154.2. ~~Vocational-Career~~ and technical education equipment standards.**

7 The State Board of Education shall develop equipment standards for each ~~vocational-career~~  
8 and technical education program level and shall assist local school administrative units in  
9 determining the adequacy of equipment for each ~~vocational-career~~ and technical education  
10 program available in each local school administrative unit.

11 The State Board shall also develop a plan to assure that minimum equipment standards for  
12 each program are met to the extent that State, local, and federal funds are available for that  
13 purpose. The State Board shall consider all reasonable and prudent means to meet these  
14 minimum equipment standards and to ensure a balanced ~~vocational-career~~ and technical  
15 education program for students in the public schools.

16 **"§ 115C-155. Acceptance of benefits of federal ~~vocational-career~~ and technical education**  
17 **acts.**

18 The State of North Carolina, through the State Board of Education, may accept all the  
19 provisions and benefits of acts passed by the Congress of the United States providing federal  
20 funds for ~~vocational-career~~ and technical education programs: Provided, however, that the State  
21 Board of Education shall not accept those funds upon any condition that the public schools of  
22 this State shall be operated contrary to any provision of the Constitution or statutes of this  
23 State.

24 **"§ 115C-156. State funds for ~~vocational-career~~ and technical education.**

25 It is the intent of the General Assembly of North Carolina to appropriate funds for each  
26 fiscal year to support the purposes of ~~vocational-career~~ and technical education as set forth in  
27 G.S. 115C-151. From funds appropriated, the State Board of Education shall establish a sum of  
28 money for State administration of ~~vocational-career~~ and technical education and shall allocate  
29 the remaining sum on an equitable basis to local school administrative units, except that a  
30 contingency fund is established to correct excess deviations that may occur during the regular  
31 school year. In the administration of State funds, the State Board of Education shall adopt such  
32 policies and procedures as necessary to ensure that the funds appropriated are used for the  
33 purpose stated in this Part and consistent with the policy set forth in the Master Plan for  
34 ~~Vocational-Career~~ and Technical Education.

35 ...

36 **"§ 115C-156.2. Industry certifications and credentials program.**

37 (a) It is the intent of the State to encourage students to enroll in and successfully  
38 complete rigorous coursework and credentialing processes in career and technical education to  
39 enable success in the workplace. To attain this goal, to the extent funds are made available for  
40 this purpose, students shall be supported to earn State Board of Education approved industry  
41 certifications and ~~credentials~~:credentials as follows:

- 42 (1) Students enrolled in public schools and in career and technical education  
43 courses shall be exempt from paying any fees for one administration of  
44 examinations leading to industry certifications and credentials pursuant to  
45 rules adopted by the State Board of Education.
- 46 (2) Each school year, at such time as agreed to by the Department of Commerce  
47 and the State Board of Education, the Department of Commerce shall  
48 provide the State Board of Education with a list of those occupations in high  
49 need of additional skilled employees. If the occupations identified in such  
50 list are not substantially the same as those occupations identified in the list

1 from the prior year, reasonable notice of such changes shall be provided to  
2 local school administrative units.

- 3 (3) Local school administrative units shall consult with their local industries,  
4 employers, business advisory councils, and workforce development boards  
5 to identify industry certification and credentials that the local school  
6 administrative unit may offer to best meet State and local workforce needs.

7 (b) Beginning in ~~2014,2017~~, the State Board of Education shall report to the Joint  
8 Legislative Education Oversight Committee by ~~September~~November 15 of each year on the  
9 number of students in career and technical education courses who earned (i) community college  
10 credit and (ii) related industry certifications and credentials.

11 **"§ 115C-157. Responsibility of local boards of education.**

12 (a) Each local school administrative unit, shall provide free appropriate ~~vocational~~  
13 career and technical education instruction, activities, and services in accordance with the  
14 provisions of this Part for all youth, with priority given to youth in grades eight through 12,  
15 who elect the instruction and shall have responsibility for administering the instruction,  
16 activities, and services in accordance with federal and State law and State Board of Education  
17 policies.

18 (b) Each local school administrative unit shall offer as part of its career and technical  
19 education program at least two work-based learning opportunities that are related to career and  
20 technical education instruction. A work-based learning opportunity shall consist of on-the-job  
21 training through an internship, cooperative education, or an apprenticeship program meeting  
22 the requirements of Chapter 115D of the General Statutes.

23 (c) Each local board of education is encouraged to implement a career awareness  
24 program for students in grade five to educate students on the career and technical education  
25 programs offered in the local school administrative unit. A local board of education that adopts  
26 a career awareness program for fifth grade students shall report on program activities and  
27 student outcomes from the prior school year to the State Board of Education by October 1 of  
28 each year. By November 15 of each year, the State Board shall submit a consolidated report to  
29 the Joint Legislative Education Oversight Committee on program outcomes and any legislative  
30 recommendations based on local board of education reports.

31 **"§ 115C-157.5. Extended year agriculture education program; evaluation of career and**  
32 **technical education agriculture teacher personnel.**

33 Except as otherwise provided in G.S. 115C-302.1(b2), local boards of education shall  
34 provide career and technical education agriculture teacher personnel with adequate resources to  
35 provide a career and technical education agriculture education program for 12 calendar months,  
36 which includes work-based learning services and instructional and leadership development. A  
37 local board of education shall require that career and technical education agriculture teacher  
38 personnel who are employed for 12 calendar months, pursuant to G.S. 115C-302.1, are  
39 evaluated in the same manner as teachers evaluated in accordance with G.S. 115C-333 or  
40 G.S. 115C-333.1, as applicable.

41 **"§ 115C-158. Federal funds division.**

42 The division between secondary and post-secondary educational systems and institutions of  
43 federal funds for which the State Board of ~~Vocational-Career~~ and Technical Education has  
44 responsibility shall, within discretionary limits established by law, require the concurrence of  
45 the State Board of Education and the State Board of Community Colleges on and after January  
46 1, 1981. The portion of the approved State Plan for post-secondary ~~vocational-career~~ and  
47 technical education required by G.S. 115C-154 shall be as approved by the State Board of  
48 Community Colleges.

49 "Part 2. ~~Vocational-Career~~ and Technical Education Production Work Activities.

50 **"§ 115C-159. Statement of purpose.**

1 It is the intent of the General Assembly that practical work experiences within the school  
2 and outside the school, which are valuable to students and which are under the supervision of a  
3 teacher, should be encouraged as a part of ~~vocational-career~~ and technical education instruction  
4 in the public secondary schools and middle schools when those experiences are organized and  
5 maintained to the best advantage of the ~~vocational-career and technical education~~ programs.  
6 Those activities are a part of the instructional activities in the ~~vocational-career and technical~~  
7 ~~education~~ programs and are not to be construed as engaging in business. Those services,  
8 products, and properties generated through these instructional activities are exempt from the  
9 requirements of ~~G.S. 115C-518; the local board~~ G.S. 115C-518. Local boards of education shall  
10 adopt rules for the disposition of these services, products, and properties. Local boards of  
11 education may use available financial resources to support that instruction.

12 **"§ 115C-160. Definitions.**

13 The State Board of Education shall provide appropriate definitions necessary to this part of  
14 ~~vocational-career~~ and technical education instruction not otherwise included in this Part. As  
15 used in this Part, the following definitions apply, unless the context requires otherwise:

- 16 (1) The term "building trades training" means the development of ~~vocational~~  
17 career skills through the construction of dwellings or other buildings and  
18 related activities by students in ~~vocational-career~~ and technical education  
19 programs.  
20 (2) The term "production work" means production activities and services  
21 performed by ~~vocational-students in career~~ and technical education classes  
22 under contract with a second party for remuneration.

23 **"§ 115C-161. Duties of the State Board of Education.**

24 The State Board of Education is authorized and directed to establish, maintain, and  
25 implement such policies, rules, regulations, and procedures not in conflict with State law or  
26 other State Board policies as necessary to assist local boards of education in the conduct of  
27 production work experiences performed in connection with approved State Board of Education  
28 ~~vocational-career~~ and technical education programs.

29 **"§ 115C-162. Use of proceeds derived from production work.**

30 Unless elsewhere authorized in these statutes, local boards of education shall deposit to the  
31 appropriate school account, no later than the end of the next business day after receipt of funds,  
32 all proceeds derived from the sale of products or services from production work experiences.  
33 These proceeds shall be established as a revolving fund to be used solely in operating and  
34 improving ~~vocational-career~~ and technical education programs.

35 **"§ 115C-163. Acquisition of land for agricultural education instructional programs.**

36 Local boards of education may acquire by gift, purchase, or lease for not less than the  
37 useful life of any project to be conducted upon the premises, a parcel of land suitable for a land  
38 laboratory to provide students with practical instruction in soil science, plant science,  
39 horticulture, forestry, animal husbandry, and other subjects related to the agriculture  
40 curriculum.

41 Each deed, lease, or other agreement for land shall be made to the respective local board of  
42 education in which the school offering instruction in agriculture is located; and title to such  
43 land shall be examined and approved by the ~~school-local board of education's~~ attorney.

44 Any land laboratory thus acquired shall be assigned to the agricultural education program  
45 of the school, to be managed with the advice of an agricultural education advisory  
46 ~~committee-committee~~ or a specialized subcommittee of a business advisory council as provided  
47 under Part 4 of this Article.

48 The products of the land laboratory not needed for public school purposes may be sold to  
49 the public: Provided, however, that all proceeds from the sale of products shall be deposited in  
50 the appropriate school account no later than the end of the next business day after receipt of

1 funds. The proceeds shall be established as a revolving fund to be used solely in operating and  
2 improving ~~vocational~~career and technical education programs.

3 **"§ 115C-164. Building trades training.**

4 In the establishment and implementation of production work experience policies, the State  
5 Board of Education shall be guided as follows:

- 6 (1) Local boards of education may use supplementary tax funds or other local  
7 funds available for the support of ~~vocational~~career and technical education  
8 to purchase and develop suitable building sites on which dwellings or other  
9 buildings are to be constructed by ~~vocational~~career and technical education  
10 trade classes of each public school operated by local boards of education.  
11 Local boards of education may use these funds for each school to pay the  
12 fees necessary in securing and recording deeds to these properties for each  
13 public school operated by local boards of education and to purchase all  
14 materials needed to complete the construction of buildings by ~~vocational~~  
15 career and technical education trade classes and for development of site and  
16 property by other ~~vocational~~career and technical education classes. Local  
17 boards of education may use these funds to acquire skilled services,  
18 including electrical, plumbing, heating, sewer, water, transportation, grading,  
19 and landscaping needed in the construction and completion of buildings, that  
20 cannot be supplied by the students in ~~vocational~~career and technical  
21 education trade classes.
- 22 (2) Local boards of education may, in conjunction with or in lieu of subdivision  
23 (1) of this section, contract with recognized building trades educational  
24 foundations or associations in the purchase of land for the construction and  
25 development of buildings: Provided however, that all contracts shall be in  
26 accordance with the requirements set forth by the State Board of Education.

27 **"§ 115C-165. Advisory committee on production work activities.**

28 The local board of education of each local school administrative unit in which the proposed  
29 production work activities are to be undertaken shall appoint appropriate workforce production  
30 advisory committees of no less than three persons residing within that administrative unit for  
31 each program (or in the case of Trade and Industrial Education, for each specialty) for the  
32 purpose of reviewing and making recommendations on such production work activities.  
33 Workforce production advisory committees, including agricultural education advisory  
34 committees under G.S. 115C-163, may be established as specialized subcommittees of the  
35 business advisory councils as provided under Part 4 of this Article. Respective advisory  
36 committee members shall be lay persons who are actively involved in the appropriate business  
37 or trade. No production work activity shall be undertaken without the involvement of the  
38 appropriate advisory committee.

39 "Part 3. Eye Safety Devices Required.

40 **"§ 115C-166. Eye protection devices required in certain courses.**

41 The governing board or authority of any public or private school or educational institution  
42 within the State, wherein shops or laboratories are conducted providing instructional or  
43 experimental ~~programs involving~~programs, shall provide for and require that every student and  
44 teacher wear industrial-quality eye protective devices at all times while participating in a  
45 program that involves any of the following:

- 46 (1) Hot solids, liquids or molten ~~metals;~~metals.  
47 (2) Milling, sawing, turning, shaping, cutting, or stamping of any solid  
48 ~~materials;~~materials.  
49 (3) Heat treatment, tempering, or kiln firing of any metal or other  
50 ~~materials;~~materials.  
51 (4) Gas or electric arc ~~welding;~~welding.

1 (5) Repair or servicing of any ~~vehicle; or vehicle.~~  
2 (6) Caustic or explosive chemicals or ~~materials; materials.~~  
3 ~~shall provide for and require that every student and teacher wear industrial-quality eye~~  
4 ~~protective devices at all times while participating in any such program.~~ These industrial-quality  
5 eye protective devices shall be furnished free of charge to the student and teacher.

6 **"§ 115C-167. Visitors to wear eye safety devices.**

7 Visitors to ~~such~~ shops and laboratories subject to the requirements of G.S. 115C-166 shall  
8 be furnished with and required to wear ~~such industrial-quality eye safety~~ protective devices  
9 while ~~such instructional or experimental~~ programs are in progress.

10 ...

11 "Part 4. Business Advisory Councils.

12 **"§ 115C-170. Business advisory councils established; members; selection; duties.**

13 (a) Purpose. – Each local board of education shall be assisted by a business advisory  
14 council in the performance of its duties to provide career and technical education instruction,  
15 activities, and services in accordance with this Article. The business advisory council shall  
16 serve local boards of education by identifying economic and workforce development trends  
17 related to the training and educational needs of the local community and advocating for strong,  
18 local career and technical education programs, including career pathway development that  
19 provides work-based learning opportunities for students and prepares students for  
20 post-secondary educational certifications and credentialing for high-demand careers. A  
21 business advisory council established under this Part may serve more than one local board of  
22 education in a region of the State upon the agreement of the members of the council and all of  
23 the local boards of education to be served by that council.

24 (b) Workforce Production Subcommittees. – A business advisory council may form a  
25 subcommittee of the council for the purposes of advising a local board of education on  
26 workforce production activities under Part 2 of this Article.

27 (c) Membership. – Each business advisory council shall have at least nine members.  
28 The council shall be composed of members who reasonably reflect the education, business, and  
29 community makeup of the local school administrative unit that it serves. A majority of the  
30 membership of the council shall be composed of business, industry, and community members  
31 appointed in accordance with subdivision (2) of this subsection, and the remaining members  
32 shall consist of education representatives as follows:

33 (1) Education representatives. – The following members shall serve ex officio  
34 on the council to represent each local school administrative unit that the  
35 council serves:

36 a. The superintendent of the local school administrative unit or his or  
37 her designee.

38 b. The career and technical education program director of the local  
39 school administrative unit as a nonvoting member.

40 c. The president of the community college that serves the area in which  
41 the local school administrative unit is located, in whole or in part, or  
42 his or her designee.

43 d. A principal of a school located within the local school administrative  
44 unit, as assigned by the superintendent.

45 (2) Business, industry, and community representatives. – At least five other  
46 members shall serve on the council to represent business and industry  
47 located within each local school administrative unit that the council serves  
48 and the community. Members shall be business, industry, and workforce and  
49 economic development stakeholders in the community, and community  
50 members, including any of the following:

51 a. Local business and industry owners.

- b. Representatives from local manufacturing centers and factories.
- c. Human resource directors employed at businesses and industries in the community.
- d. Representatives from community-based organizations.
- e. Representatives from economic and workforce development organizations.
- f. Parents of students enrolled in career and technical education courses.
- g. Representative or manager of the local apprenticeship coalition.

(d) Initial Terms and Appointments. – Each local board of education shall make the initial appointment of members of the business advisory council under subdivision (2) of subsection (c) of this section for terms beginning January 1, 2018. The local board of education shall divide the initial appointments into three groups if there are only three appointments, and into four groups as equal in size as practicable if there are more than three appointments, and shall designate appointments in group one to serve four-year terms, in group two to serve three-year terms, in group three to serve two-year terms, and in group four to serve one-year terms.

(e) Subsequent Terms and Appointments. – As terms expire for members appointed as provided in subsection (d) of this section, the business advisory council shall appoint subsequent members of the business advisory council under subdivision (2) of subsection (c) of this section for four-year terms. The local board of education shall establish a policy on the appointment of subsequent members to the council, including procedures for increasing the number of members serving on the council. Any vacancies in seats appointed to the council shall be filled by the remaining members of the council.

(f) Council Secretary. – The career and technical education program director shall serve as secretary to the council. If the council serves more than one local board of education, the program director of each local school administrative unit shall serve as secretary for a period of time as determined by the members of the council.

(g) Bylaws. – Each business advisory council shall adopt bylaws establishing procedures for conducting the business of the council, which shall include at least the following:

- (1) A chair of the business advisory council shall be elected annually by the members of the council from among the business and industry representative members of the council.
- (2) A majority of the members shall constitute a quorum.
- (3) The business advisory council shall meet at least biannually.
- (4) The chair or three of the members may call a special meeting of the council.
- (5) Procedures for appointing members to the council that are consistent with the policy adopted by the local board of education under subsection (e) of this section.

(h) Public Records. – A business advisory council is subject to the Public Records Act, Chapter 132 of the General Statutes, and the Open Meetings Law, Article 33C of Chapter 143 of the General Statutes.

(i) Expenses. – The local board of education shall provide for meeting space and assignment of necessary administrative staff to the business advisory council."

**SECTION 7.23H.(f)** G.S. 115C-174.25 reads as rewritten:

"§ 115C-174.25. **WorkKeys.**

To the extent funds are made available for this purpose, the State Board shall plan for and require local school administrative units to make available the appropriate WorkKeys tests for all students who complete ~~the second level of vocational/career~~ a concentration in career and technical education courses."

1           **SECTION 7.23H.(g)** G.S. 115C-302.1 reads as rewritten:

2   "**§ 115C-302.1. Salary.**

3       ...

4       (b)   Salary Payments. – State-allotted teachers shall be paid for a term of 10 months.  
5   Except for career and technical education agriculture teacher personnel positions as provided  
6   for in this subsection, State-allotted months of employment for vocational career and technical  
7   education to local boards shall be used for the employment of teachers of vocational career and  
8   technical education for a term of employment to be determined by the local boards of  
9   education. However, local boards shall not reduce the term of employment for any vocational  
10   agriculture teacher personnel position that was 12 calendar months for the 1982-83 school year  
11   for any school year thereafter. In addition, local boards shall not reduce the term of  
12   employment for any vocational agriculture teacher personnel position that was 12 calendar  
13   months for the 2003-2004 school year for any school year thereafter. Beginning with the  
14   2018-2019 school year, career and technical education agriculture teacher personnel positions  
15   -serving students in grades nine through 12 shall be for a term of employment for 12 calendar  
16   months. A local board of education may fund these positions using any combination of State  
17   funds, local funds, or any other funds available to the local board.

18       Each local board of education shall establish a set date on which monthly salary payments  
19   to State-allotted teachers shall be made. This set pay date may differ from the end of the month  
20   of service. The daily rate of pay for teachers shall equal midway between one twenty-first and  
21   one twenty-second of the monthly rate of pay. Except for teachers employed in a year-round  
22   school or paid in accordance with a year-round calendar, or both, the initial pay date for  
23   teachers shall be no later than August 31 and shall include a full monthly payment. Subsequent  
24   pay dates shall be spaced no more than one month apart and shall include a full monthly  
25   payment.

26       Teachers may be prepaid on the monthly pay date for days not yet worked. A teacher who  
27   fails to attend scheduled workdays or who has not worked the number of days for which the  
28   teacher has been paid and who resigns, is dismissed, or whose contract is not renewed shall  
29   repay to the local board any salary payments received for days not yet worked. A teacher who  
30   has been prepaid and continues to be employed by a local board but fails to attend scheduled  
31   workdays may be subject to dismissal under G.S. 115C-325 or other appropriate discipline.

32       Any individual teacher who is not employed in a year-round school may be paid in 12  
33   monthly installments if the teacher so requests on or before the first day of the school year. The  
34   request shall be filed in the local school administrative unit which employs the teacher. The  
35   payment of the annual salary in 12 installments instead of 10 shall not increase or decrease the  
36   teacher's annual salary nor in any other way alter the contract made between the teacher and the  
37   local school administrative unit. Teachers employed for a period of less than 10 months shall  
38   not receive their salaries in 12 installments.

39       Notwithstanding this subsection, the term "daily rate of pay" for the purpose of  
40   G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the teacher  
41   salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay.

42       ...

43       **(b2) Waiver of 12 Months of Employment for Career and Technical Education**  
44   **Agriculture Teacher Personnel.** – Notwithstanding subsection (b) of this section, a local board  
45   of education may apply on an annual basis to the Department of Public Instruction and the  
46   North Carolina State University, Agricultural and Extension Education, for a waiver of the  
47   months of employment requirement for any upcoming school year when it is impracticable for  
48   the local board to provide adequate funds to support 12 months of employment for career and  
49   technical agriculture teachers.

50       (c)   Vacation. – Included within the 10-month term shall be annual vacation leave at the  
51   same rate provided for State employees, computed at one-twelfth of the annual rate for State



1 employees for each month of employment. Local boards shall provide at least 10 days of  
2 annual vacation leave at a time when students are not scheduled to be in regular attendance.  
3 However, instructional personnel who do not require a substitute may use annual vacation leave  
4 on days that students are in attendance. ~~Vocational-Career~~ and technical education teachers who  
5 are employed for 11 or 12 months may, with prior approval of the principal, work on annual  
6 vacation leave days designated in the school calendar and may use those annual vacation leave  
7 days during the eleventh or twelfth month of employment. Local boards of education may  
8 adopt policies permitting instructional personnel employed for 11 or 12 months in year-round  
9 schools to, with the approval of the principal, take vacation leave at a time when students are in  
10 attendance; local funds shall be used to cover the cost of substitute teachers.

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

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

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

22 ...."

23 **SECTION 7.23H.(h)** G.S. 115C-426(f)(2) reads as rewritten:

24 "(2) The acquisition, construction, reconstruction, enlargement, renovation, or  
25 replacement of buildings and other structures, including but not limited to  
26 buildings for classrooms and laboratories, physical and ~~vocational-career and~~  
27 technical educational purposes, libraries, auditoriums, gymnasiums,  
28 administrative offices, storage, and vehicle maintenance."

29 **SECTION 7.23H.(i)** Local school administrative units are encouraged to complete  
30 the application process for the NCWorks Work Ready Certified Communities initiative in  
31 cooperation with local workforce development boards, local economic development boards,  
32 chambers of commerce, business and industry employers, and local community college leaders.  
33 The NCWorks Certified Work Ready Communities initiative encourages local participation to  
34 assist with the following:

- 35 (1) Informing business and industry employers on the foundational skills  
36 necessary for a productive workforce and providing a method for employers  
37 to communicate their needs.
- 38 (2) Providing individuals with an understanding on the skills required by  
39 employers and how to prepare for success.
- 40 (3) Providing reliable data for the evaluation of the skills gap in a timely manner  
41 at the national, State, and local levels.
- 42 (4) Informing educators on how to close the skills gap using tools integrated into  
43 career pathways with stackable industry-recognized credentials.
- 44 (5) Providing economic developers an on-demand reporting tool to market the  
45 quality of their workforce.

46 **SECTION 7.23H.(j)** Of the funds appropriated by this act to the Department of  
47 Public Instruction for the 2017-2019 fiscal biennium, the Department shall establish two new  
48 full-time equivalent positions within the Division of Career and Technical Education dedicated  
49 to assisting local school administrative units in developing business advisory councils in  
50 accordance with Part 4 of Article 10 of Chapter 115C of the General Statutes, as enacted by

1 subsection (e) of this section, local career pathways, work-based learning opportunities, and  
2 elementary school career awareness curriculum.

3 **SECTION 7.23H.(k)** Subsections (a) through (h) of this section apply beginning  
4 with the 2017-2018 school year.

5  
6 **ESTABLISH B-3 INTERAGENCY COUNCIL**

7 **SECTION 7.23L.(a)** Chapter 115C of the General Statutes is amended by adding a  
8 new Article to read:

9 "Article 6D.

10 "B-3 Interagency Council.

11 **§ 115C-64.25. Establishment and membership of B-3 Interagency Council.**

12 (a) There is established the B-3 Interagency Council. The Council is a joint council  
13 between the Department of Health and Human Services and the Department of Public  
14 Instruction and shall consist of 12 voting members and four nonvoting advisory members as  
15 follows:

- 16 (1) The Superintendent of Public Instruction or the Superintendent's designee  
17 shall serve ex officio, with the same rights and privileges, including voting  
18 rights, as other members.
- 19 (2) The Associate Superintendent of Early Education at the Department of  
20 Public Instruction shall serve ex officio, with the same rights and privileges,  
21 including voting rights, as other members.
- 22 (3) The Secretary of Health and Human Services or the Secretary's designee  
23 shall serve ex officio, with the same rights and privileges, including voting  
24 rights, as other members.
- 25 (4) The Deputy Secretary of Human Services at the Department of Health and  
26 Human Services shall serve ex officio, with the same rights and privileges,  
27 including voting rights, as other members.
- 28 (5) Four public members appointed by the Speaker of House of Representatives  
29 who represent organizations that focus on early childhood education and  
30 development, one of whom shall be a representative of Smart Start.
- 31 (6) Four public members appointed by the President Pro Tempore of the Senate  
32 who represent organizations that focus on early childhood education and  
33 development, one of whom shall be a representative of the North Carolina  
34 Partnership for Children.
- 35 (7) Two members of the House of Representatives appointed by the Speaker of  
36 the House of Representatives to serve as nonvoting advisory members.
- 37 (8) Two members of the Senate appointed by the President Pro Tempore of the  
38 Senate to serve as nonvoting advisory members.

39 The Deputy Secretary of Human Services and the Associate Superintendent of Early  
40 Education shall serve as cochairs of the Council. Members of the Council shall receive per  
41 diem, subsistence, and travel allowance, as provided in G.S. 120-3.1, 138-5, or 138-6, as  
42 appropriate.

43 (b) Terms for all public members and advisory members except for the initial  
44 appointments shall be for four years. Two of the public members appointed by the Speaker of  
45 the House of Representatives pursuant to subdivision (5) of subsection (a) of this section and  
46 one of the advisory members appointed by the Speaker of the House of Representatives  
47 pursuant to subdivision (7) of subsection (a) of this section shall be appointed for an initial term  
48 of two years. Two of the public members appointed by the President Pro Tempore of the Senate  
49 pursuant to subdivision (6) of subsection (a) of this section and one of the advisory members  
50 appointed by the President Pro Tempore of the Senate pursuant to subdivision (8) of subsection  
51 (a) of this section shall be appointed for an initial term of two years. Terms for members shall

1 begin on November 1. Members shall serve until their successors are appointed. Any vacancy  
2 in the membership of the Council shall be filled in the same manner as the original  
3 appointment.

4 (c) The Council shall have as its charge establishing a vision and accountability for a  
5 birth through grade three system of early education that addresses all of the following:

- 6 (1) Standards and assessment.
- 7 (2) Data-driven improvement and outcomes, including shared accountability  
8 measures such as the NC Pathways to Grade-Level Reading.
- 9 (3) Teacher and administrator preparation and effectiveness.
- 10 (4) Instruction and environment.
- 11 (5) Transitions and continuity.
- 12 (6) Family engagement.
- 13 (7) Governance and funding.

14 **"§ 115C-64.26. Powers and duties of B-3 Interagency Council.**

15 The B-3 Interagency Council shall have the following powers and duties:

- 16 (1) Facilitating the development and implementation of an interagency plan for  
17 a coordinated system of early care, education, and child development  
18 services with a focus on program outcomes in satisfying the developmental  
19 and educational needs of all children from birth to eight years of age that  
20 includes at least the following:
  - 21 a. Any recommendations to the Secretary of Health and Human  
22 Services and the Superintendent of Public Instruction on necessary  
23 organizational changes needed within the Departments of Health and  
24 Human Services and Public Instruction to be more responsive to and  
25 supportive of the birth to grade three continuum of early learning and  
26 development in an effort to optimize learning gains realized in the  
27 prekindergarten years.
  - 28 b. An early childhood information system that facilitates and  
29 encourages the sharing of data between and among early childhood  
30 service providers and State agencies.
  - 31 c. An early childhood accountability plan that includes identification of  
32 appropriate population indicators and program and system  
33 performance measures of early success of children such as the NC  
34 Pathways to Grade-Level Reading.
- 35 (2) Implementing a statewide longitudinal evaluation of the educational progress  
36 of children from prekindergarten programs through grade 12.
- 37 (3) Collaborating with the Department of Public Instruction, the Department of  
38 Health and Human Services, the North Carolina Partnership for Children,  
39 and other relevant early childhood stakeholders, including members of the  
40 North Carolina Early Childhood Advisory Council, to achieve the goal of a  
41 coordinated system of early care, education, and child development services  
42 for children from birth to eight years of age.

43 **"§ 115C-64.27. Reporting requirement.**

44 The Deputy Secretary of Human Services and the Associate Superintendent of Early  
45 Education shall report on a quarterly basis to the Secretary of Health and Human Services and  
46 the Superintendent of Public Instruction on the progress and implementation of any of the  
47 duties and responsibilities of the Council as set forth in this Article.

48 **"§ 115C-64.28. Establish position of Associate Superintendent of Early Education to**  
49 **serve as chief academic officer of early education.**

50 (a) There is established within the Department of Public Instruction the position of  
51 Associate Superintendent of Early Education who shall serve as the chief academic officer of

1 early education. The Associate Superintendent shall have professional, administrative,  
2 technical, and clerical personnel as may be necessary to assist in carrying out his or her duties.  
3 The Associate Superintendent shall co-lead the work of the B-3 Interagency Council and  
4 oversee the Department of Public Instruction's prekindergarten through third grade initiatives.

5 (b) The Associate Superintendent shall be appointed by the Superintendent of Public  
6 Instruction at a salary established by the Superintendent of Public Instruction within the funds  
7 appropriated for that purpose. The Associate Superintendent may be removed from the position  
8 by the Superintendent of Public Instruction in the event of the Associate Superintendent's  
9 incapacity to serve. The Associate Superintendent shall be exempt from the provisions of  
10 Chapter 126 of the General Statutes, except for Articles 6 and 7 of Chapter 126 of the General  
11 Statutes.

12 All other staff shall be appointed, supervised, and directed by the Associate Superintendent  
13 and shall be subject to the provisions of Chapter 126 of the General Statutes. Except for the  
14 Associate Superintendent, salaries and compensation of all staff personnel shall be fixed in the  
15 manner provided by law for fixing and regulating salaries and compensation by other State  
16 agencies."

17 **SECTION 7.23I.(b)** G.S. 126-5(c1) is amended by adding a new subdivision to  
18 read:

19 "(35) The Associate Superintendent of Early Education who serves as chief  
20 academic officer of early education."

21 **SECTION 7.23I.(c)** The B-3 Interagency Council, established under  
22 G.S. 115C-64.25, as enacted by this section, shall undertake a rigorous review of the  
23 recommendations developed by the Departments of Health and Human Services and Public  
24 Instruction, pursuant to Section 12B.5 of S.L. 2016-94, on (i) the development and  
25 implementation of a statewide vision for early childhood education and (ii) the development  
26 and implementation of a program for transitioning children from preschool to kindergarten. In  
27 its review, the B-3 Interagency Council shall report to the General Assembly and the Governor  
28 suggested modifications, if any, to those recommendations. The B-3 Interagency Council shall  
29 also, if deemed necessary, make suggestions on alternative organizational structures to achieve  
30 greater efficiency and effective delivery of early childhood services, including a consolidation  
31 and restructuring of State agency divisions and offices located within the Department of Public  
32 Instruction and the Department of Health and Human Services into a centralized agency or  
33 office. The Council shall consider at least the following in conducting the review and study:

- 34 (1) The delivery of educational services to young children and their families to  
35 ensure optimal learning for each young child.
- 36 (2) The collaboration and sharing of data elements necessary to perform quality  
37 assessments and longitudinal analysis across early childhood education and  
38 development services.
- 39 (3) The coordination of a comprehensive statewide system of professional  
40 development for providers and staff of early care and education and child  
41 development programs and services.
- 42 (4) Areas of duplication in regulating and monitoring of early care and  
43 education and child development programs and services.
- 44 (5) The coordination and support of public and private partnerships to aid early  
45 childhood initiatives.

46 **SECTION 7.23I.(d)** By April 15, 2018, the B-3 Interagency Council shall submit a  
47 report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight  
48 Committee on Health and Human Services, and the Joint Legislative Commission on  
49 Governmental Operations on the initial results of the review and study required under  
50 subsection (c) of this section. By February 15, 2019, the B-3 Interagency Council shall submit a  
51 report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight

1 Committee on Health and Human Services, and the Joint Legislative Commission on  
2 Governmental Operations on (i) the final results of the review and study, including its  
3 recommendations and any proposed legislation, and (ii) progress on the development and  
4 implementation of a plan for a coordinated system of early care, education, and child  
5 development services and any other activities prescribed under G.S. 115C-64.26, as enacted by  
6 this section.

7 **SECTION 7.23I.(e)** Notwithstanding G.S. 115C-64.28, as enacted by this section,  
8 the Superintendent of Public Instruction shall appoint an Associate Superintendent of Early  
9 Education within 60 days of the date this section becomes law.

10 **SECTION 7.23I.(f)** Notwithstanding G.S. 115C-64.27, as enacted by this section,  
11 the B-3 Interagency Council shall submit its initial quarterly report to the Superintendent of  
12 Public Instruction and the Secretary of the Department of Health and Human Services by May  
13 15, 2018.

#### 14 **ALLOTMENT TRANSFER REPORT**

15 **SECTION 7.23J.(a)** G.S. 115C-105.25 reads as rewritten:

#### 16 **"§ 115C-105.25. Budget flexibility.**

17 (a) Consistent with improving student performance, a local board shall provide  
18 maximum flexibility to schools in the use of funds to enable the schools to accomplish their  
19 goals.  
20

21 ...

22 (c) To ensure that parents, educators, and the general public are informed on how State  
23 funds have been used to address local educational priorities, each local school administrative  
24 unit shall publish ~~the following information from the prior fiscal year~~ on its Web site by  
25 October 15 of each ~~year:year~~, as follows:

- 26 (1) A description of each program report code, written in plain English, and a  
27 summary of the prior fiscal year's expenditure of State funds within each  
28 program report code.
- 29 (2) A description of each object code within a program report code, written in  
30 plain English, and a summary of the prior fiscal year's expenditure of State  
31 funds for each object code.
- 32 (3) A description of each allotment transfer that increased or decreased the  
33 initial allotment amount by more than five percent ~~(5%) and the (5%)~~,  
34 including all of the following information:
  - 35 a. The amount of the transfer.
  - 36 b. The allotment category into which the funds were transferred.
  - 37 c. The purpose code for the funds following the transfer.
  - 38 d. A description of any teacher positions fully or partially funded as a  
39 result of the transfer, including all subject areas taught by the teacher  
40 in the position.
  - 41 e. The educational priorities that necessitated the transfer.

42 ...

- 43 (5) A chart that clearly reflects how the local school administrative unit spent  
44 State funds.

45 (c1) The local school administrative unit shall maintain information published pursuant  
46 to subsection (c) of this section on its Web site for at least three years after it is published.

47 (d) No later than December 1 of each year, the Department of Public Instruction shall  
48 collect the information reported by local school administrative units pursuant to subsection (c)  
49 of this section and report the aggregated information, including available data from the two  
50 previous fiscal years, to the Joint Legislative Education Oversight Committee and the Fiscal  
51 Research Division."

1           **SECTION 7.23J.(b)** This section applies beginning with the use of funds during  
2 the 2014-2015 fiscal year.

3  
4 **DIGITAL LEARNING PLAN/PROGRAMS/FUNDS**

5           **SECTION 7.23K.(a)** As part of continuing the implementation of the Digital  
6 Learning Plan in North Carolina in accordance with Section 8.23 of S.L. 2016-94, the State  
7 Board of Education, the Department of Public Instruction, the Friday Institute for Educational  
8 Innovation at North Carolina State University (Friday Institute), and The University of North  
9 Carolina educator preparation programs shall collaborate to develop and implement a  
10 comprehensive professional development strategy and solution for teachers and for students in  
11 UNC educator preparation programs for the use of technology and digital resources as teaching  
12 tools for K-12 students. Specifications for any products and services that are required to  
13 implement the professional development strategy and solution, including selection of a  
14 professional development provider, if necessary, shall be procured through a competitive  
15 process. The professional development strategy and solution shall include the following:

- 16           (1) Competency-based measurement of the technological and pedagogical skills  
17               of each teacher or teacher candidate that identifies strengths and gaps  
18               according to the NC Digital Learning Competencies for Educators and  
19               informs the use of a personalized professional development plan.
- 20           (2) Delivery of professional development that is flexible to ensure the greatest  
21               possible coverage and convenience for teachers and teacher candidates.

22           **SECTION 7.23K.(b)** The State Board of Education, the Department of Public  
23 Instruction, the Friday Institute, UNC educator preparation programs, and local boards of  
24 education of local school administrative units located within counties determined to be the most  
25 economically distressed by the Department of Commerce shall collaborate to assess current  
26 efforts to provide student digital literacy instruction in kindergarten through eighth grade in  
27 those local school administrative units and to develop a plan to strengthen such efforts.  
28 Specifications for any products and services that are required to implement digital literacy  
29 instruction, including selection of a digital literacy curriculum provider, if necessary, shall be  
30 procured through a competitive process. The assessment and plan shall address at least the  
31 following:

- 32           (1) Provide opportunity for students to learn essential digital literacy skills,  
33               including computer fundamentals, computational thinking, keyboarding,  
34               digital citizenship and online safety, Web browsing, e-mail and online  
35               communication, visual mapping, word processing, spreadsheets, databases,  
36               and presentations.
- 37           (2) Provide teachers with the ability to assess student digital literacy growth.
- 38           (3) Facilitate Project-Based Learning (PBL) and other research-based  
39               instructional frameworks to enable educators to integrate instruction on  
40               digital literacy into core and supplemental subjects, such as mathematics,  
41               English language arts, science, social studies, music, and art.
- 42           (4) Resources that provide teachers with instructional support and supplemental  
43               and extension options to address all students, including students with special  
44               needs and students who are English language learners.
- 45           (5) Accommodate English language learners with Spanish language instruction.

46           **SECTION 7.23K.(c)** Of the six million four hundred twenty thousand dollars  
47 (\$6,420,000) in recurring funds appropriated to the Department of Public Instruction to  
48 accelerate implementation of the State's Digital Learning Plan, as set out in S.L. 2016-94,  
49 beginning with the 2017-2018 fiscal year, the Department shall use up to one million eight  
50 hundred thousand dollars (\$1,800,000) to implement the requirements of this section.

**AUDIT OF THE DEPARTMENT OF PUBLIC INSTRUCTION**

**SECTION 7.23L.** The Superintendent of Public Instruction shall select an independent research organization that is a public or private entity or university for the 2017-2018 fiscal year to conduct an organizational, functional, and business-process audit of the Department of Public Instruction. The selected organization shall have experience and special expertise in performing the type of audit described above. No later than May 1, 2018, the Department shall submit a report to the General Assembly, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division with the results of the audit including, at a minimum, all of the following information:

- (1) Identification of cost saving measures that could be implemented within the Department.
- (2) A statement regarding the minimum funding necessary to ensure that federal grant funds do not constitute more than fifty percent (50%) of the budget of the Department.
- (3) All maintenance of effort requirements related to federal grants administered by the Department and the financial impact of failing to meet those requirements.
- (4) Any activities for which the Department uses State funds that are not related to federal or State law or policy.
- (5) Identification of programs, services, or divisions within the Department that could be consolidated or reorganized.
- (6) Any positions within the Department that are unnecessary, duplicative, or unrelated to the implementation of federal or State law or policy.
- (7) Any programs that are ineffective, cumbersome, or no longer functioning as intended by federal or State law or policy.
- (8) Any recommendations for legislative action.

**EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS  
COMPETITIVE GRANT PROGRAM**

**SECTION 7.24.(a)** Of the funds appropriated by this act for the At-Risk Student Services Alternative School Allotment for the 2017-2019 fiscal biennium, the Department of Public Instruction shall use up to six million dollars (\$6,000,000) for the 2017-2018 fiscal year and up to six million dollars (\$6,000,000) for the 2018-2019 fiscal year for the Extended Learning and Integrated Student Supports Competitive Grant Program (Program). Of these funds, the Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for each fiscal year to administer the Program.

**SECTION 7.24.(b)** The purpose of the Program is to fund high-quality, independently validated extended learning and integrated student support service programs for at-risk students that raise standards for student academic outcomes by focusing on the following:

- (1) Use of an evidence-based model with a proven track record of success.
- (2) Inclusion of rigorous, quantitative performance measures to confirm effectiveness of the program.
- (3) Deployment of multiple tiered supports in schools to address student barriers to achievement, such as strategies to improve chronic absenteeism, anti-social behaviors, academic growth, and enhancement of parent and family engagement.
- (4) Alignment with State performance measures, student academic goals, and the North Carolina Standard Course of Study.

- 1 (5) Prioritization in programs to integrate clear academic content, in particular,  
2 science, technology, engineering, and mathematics (STEM) learning  
3 opportunities or reading development and proficiency instruction.
- 4 (6) Minimization of student class size when providing instruction or  
5 instructional supports and interventions.
- 6 (7) Expansion of student access to high-quality learning activities and academic  
7 support that strengthen student engagement and leverage community-based  
8 resources, which may include organizations that provide mentoring services  
9 and private-sector employer involvement.
- 10 (8) Utilization of digital content to expand learning time, when appropriate.

11 **SECTION 7.24.(c)** Grants shall be used to award funds for new or existing eligible  
12 programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit  
13 corporations working in collaboration with local school administrative units. Grant participants  
14 are eligible to receive grants for up to two years in an amount of up to five hundred thousand  
15 dollars (\$500,000) each year. Programs should focus on serving (i) at-risk students not  
16 performing at grade level as demonstrated by statewide assessments, (ii) students at-risk of  
17 dropout, and (iii) students at-risk of school displacement due to suspension or expulsion as a  
18 result of anti-social behaviors. Priority consideration shall be given to applications  
19 demonstrating models that focus services and programs in schools that are identified as  
20 low-performing pursuant to G.S. 115C-105.37.

21 A grant participant shall provide certification to the Department of Public  
22 Instruction that the grants received under the program shall be matched on the basis of three  
23 dollars (\$3.00) in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds  
24 shall not include other State funds. The Department shall also give priority consideration to an  
25 applicant that is a nonprofit corporation working in partnership with a local school  
26 administrative unit resulting in a match utilizing federal funds under Part A of Title I of the  
27 Elementary and Secondary Education Act of 1965, as amended, or Title IV of the Higher  
28 Education Act of 1965, as amended, and other federal or local funds. Matching funds may  
29 include in-kind contributions for up to fifty percent (50%) of the required match.

30 **SECTION 7.24.(d)** A nonprofit corporation may act as its own fiscal agent for the  
31 purposes of this Program. Grant recipients shall report to the Department of Public Instruction  
32 for the year in which grant funds were expended on the progress of the program, including  
33 alignment with State academic standards, data collection for reporting student progress, the  
34 source and amount of matching funds, and other measures, before receiving funding for the  
35 next fiscal year. Grant recipients shall also submit a final report on key performance data,  
36 including statewide test results, attendance rates, graduation rates, and promotion rates, and  
37 financial sustainability of the program.

38 **SECTION 7.24.(e)** The Department of Public Instruction shall provide an interim  
39 report on the Program to the Joint Legislative Education Oversight Committee by September  
40 15, 2018, with a final report on the Program by September 15, 2019. The final report shall  
41 include the final results of the Program and recommendations regarding effective program  
42 models, standards, and performance measures based on student performance, leveraging of  
43 community-based resources to expand student access to learning activities, academic and  
44 behavioral support services, and potential opportunities for the State to invest in proven models  
45 for future grants programs.

#### 46 **LIFE CHANGING EXPERIENCES SCHOOL PILOT PROGRAM**

47 **SECTION 7.25.(a)** Of the funds appropriated to the Department of Public  
48 Instruction by this act for the Life Changing Experiences School Pilot Program for the  
49 2017-2019 fiscal biennium, the Department shall use up to three hundred sixty thousand dollars  
50 (\$360,000) for each year of the 2017-2019 fiscal biennium to contract with the Children and  
51



1 Parent Resource Group, Inc., to design, implement, and evaluate a two-year Life Changing  
2 Experiences School Pilot Program (Project), beginning with the 2017-2018 school year and  
3 ending with the 2018-2019 school year. The Project shall be operated and administered for  
4 students in grades six through 11 in the following local school administrative units: Mitchell  
5 County Schools, Pitt County Schools, Wayne County Schools, and Winston-Salem/Forsyth  
6 County Schools. These contract funds shall not be used for any purpose other than to  
7 implement the Project in the local school administrative units, which consists of traveling  
8 three-dimensional, interactive, holistic, and evidence-based multimedia education in-school  
9 programs. The Project includes theme-specific programs screened as school assemblies and  
10 additional follow-up applications that address dangerous life and community threatening  
11 activities that negatively impact teenagers, including alcohol and other drugs, dangerous  
12 driving, violence, and bullying. The goal of these programs is to increase positive intentions  
13 and behavioral outcomes by teaching students the techniques and skills that empower them to  
14 reach meaningful life goals, employ positive behaviors, and start businesses and social  
15 enterprises.

16 **SECTION 7.25.(b)** The Children and Parent Resource Group, Inc., in consultation  
17 with the Department of Public Instruction, shall submit an initial report on the Project  
18 authorized by subsection (a) of this section by March 1, 2018, and a final report by March 1,  
19 2019, to the Joint Legislative Education Oversight Committee and the Fiscal Research  
20 Division. The report shall include an accounting of expenditures and student outcome data  
21 related to the operation of the Project.  
22

## 23 SCHOOL PERFORMANCE GRADES/ESSA COMPLIANCE

24 **SECTION 7.26.(a)** G.S. 115C-12(9)c1. reads as rewritten:

25 "c1. To issue an annual "report card" for the State and for each local  
26 school administrative unit, assessing each unit's efforts to improve  
27 student performance based on the growth in performance of the  
28 students in each school and taking into account progress over the  
29 previous years' level of performance and the State's performance in  
30 comparison with other states. This assessment shall take into account  
31 factors that have been shown to affect student performance and that  
32 the State Board considers relevant to assess the State's efforts to  
33 improve student performance. ~~As a part of the~~The annual "report  
34 card" for each local school administrative unit, unit shall include the  
35 following:

36 1. ~~the~~The State Board shall award, in accordance with  
37 G.S. 115C-83.15, an overall numerical school achievement,  
38 growth, and performance score on a scale of zero to 100 and a  
39 corresponding performance letter grade of A, B, C, D, or F  
40 earned by each school within the local school administrative  
41 unit. The school performance score and grade shall reflect  
42 student performance on annual subject-specific assessments,  
43 college and workplace readiness measures, ~~and~~ graduation  
44 rates-rates, and student progress in achieving English  
45 language proficiency. In addition, the State Board shall award  
46 separate performance scores and grades for the following:

47 I. School performance of certain subgroups of students  
48 as provided in G.S. 115C-83.15.

49 II. For schools serving students in any grade from  
50 kindergarten to eighth grade, ~~separate performance~~  
51 scores and grades shall also be awarded based on

theschool performance in reading and mathematics respectively.

2.  
~~The annual "report card" for~~For schools serving students in third grade ~~also shall include~~grade, the number and percentage of third grade students who (i) take and pass the alternative assessment of reading comprehension; (ii) were retained in third grade for not demonstrating reading proficiency as indicated in G.S. 115C-83.7(a); and (iii) were exempt from mandatory third grade retention by category of exemption as listed in G.S. 115C-83.7(b).

3.  
~~The annual "report card" for~~For high schools ~~shall also include~~schools, measures of Advanced Placement course participation and International Baccalaureate Diploma Programme participation and Advanced Placement and International Baccalaureate examination participation and performance."

**SECTION 7.26.(b)** G.S. 115C-47(58) reads as rewritten:

"(58) To Inform the Public About the North Carolina School Report Cards Issued by the State Board of Education. – Each local board of education shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. Each local board of education shall ensure that the overall school performance score and grade earned by each school in the local school administrative unit for the current and previous four school years is prominently displayed on the Web site of the local school administrative unit. If any school in the local school administrative unit ~~is awarded a~~earned an overall school performance grade of D or F, the local board of education shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

**SECTION 7.26.(c)** G.S. 115C-83.15 reads as rewritten:

**"§ 115C-83.15. School achievement, growth, performance scores, and grades.**

(a) School Scores and Grades. – The State Board of Education shall award school achievement, growth, and performance scores and an associated performance grade as required by G.S. 115C-12(9)c1., and calculated as provided in this section. The State Board of Education shall enter all necessary data into the Education Value-Added Assessment System (EVAAS) in order to calculate school performance scores and grades.

(b) Calculation of the School Achievement Score. – In calculating the overall school achievement score earned by schools, the State Board of Education shall total the sum of points earned by a school as follows:

(1) For schools serving any students in kindergarten through eighth grade, the State Board shall assign points on all of the following indicators that are measuredmeasures available for that school:

(1)a. One point for each percent of students who score at or above proficient on annual assessments for mathematics in grades three through eight. For the purposes of this Part, an annual assessment for mathematics shall include any mathematics course with an end-of-course test.

(2)b. One point for each percent of students who score at or above proficient on annual assessments for reading in grades three through eight.

- 1           ~~(3)~~c. One point for each percent of students who score at or above  
2           proficient on annual assessments for science in grades five and eight.  
3           d. One point for each percent of students who progress in achieving  
4           English language proficiency on annual assessments in grades three  
5           through eight.  
6           (2) For schools serving any students in ninth through twelfth grade, the State  
7           Board shall assign points on the following measures available for that  
8           school:  
9           ~~(4)~~a. One point for each percent of students who score at or above  
10           proficient on either the Algebra I or Integrated Math I end-of-course  
11           ~~test-test~~ or, for students who completed Algebra I or Integrated Math  
12           I before ninth grade, another mathematics course with an  
13           end-of-course test.  
14           ~~(5)~~b. One point for each percent of students who score at or above  
15           proficient on the English II end-of-course test.  
16           ~~(6)~~c. One point for each percent of students who score at or above  
17           proficient on the Biology end-of-course test.  
18           ~~(7)~~d. One point for each percent of students who complete Algebra II or  
19           Integrated Math III with a passing grade.  
20           ~~(8)~~e. One point for each percent of students who achieve the minimum  
21           score required for admission into a constituent institution of The  
22           University of North Carolina on a nationally normed test of college  
23           readiness.  
24           ~~(9)~~f. One point for each percent of students enrolled in Career and  
25           Technical Education courses who meet the standard when scoring at  
26           Silver, Gold, or Platinum levels on a nationally normed test of  
27           workplace readiness.  
28           ~~(10)~~g. One point for each percent of students who graduate within four  
29           years of entering high school.  
30           h. One point for each percent of students who progress in achieving  
31           English language proficiency.

32           In calculating the overall school achievement score earned by schools, the State Board of  
33           Education shall (i) use a composite approach to weigh the achievement elements based on the  
34           number of students measured by any given achievement element and (ii) proportionally adjust  
35           the scale to account for the absence of a school achievement element for award of scores to a  
36           school that does not have a measure of one of the school achievement elements annually  
37           assessed for the grades taught at that school. The overall school achievement score shall be  
38           translated to a 100-point scale and used for school reporting purposes as provided in  
39           G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

40           (c) Calculation of the School Growth Score. Score as a Measure of School Quality and  
41           Student Success. – Using EVAAS, the State Board shall calculate the overall growth score  
42           earned by ~~schools.~~ schools as a measure of school quality and student success. In calculating the  
43           total growth score earned by schools, the State Board of Education shall weight student growth  
44           on the achievement indicators as provided in subsection (b) of this section that have available  
45           growth values. The numerical values used to determine whether a school has met, exceeded, or  
46           has not met expected growth shall be translated to a 100-point scale and used for school  
47           reporting purposes as provided in G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and  
48           116-239.8.

49           (d) Calculation of the Overall School Performance Scores and Grades. – The State  
50           Board of Education shall use EVAAS to calculate the overall school performance score by  
51           adding the school achievement score, as provided in subsection (b) of this section, and the

1 school growth score, as provided in subsection (c) of this section, earned by a school. The  
2 school achievement score shall account for eighty percent (80%), and the school growth score  
3 shall account for twenty percent (20%) of the total sum. ~~If a school has met expected growth~~  
4 ~~and inclusion of the school's growth score reduces the school's performance score and grade, a~~  
5 ~~school may choose to use the school achievement score solely to calculate the performance~~  
6 ~~score and grade.~~ For all schools, the total school performance score shall be converted to a  
7 100-point scale and used to determine ~~a~~ an overall school performance grade. The overall  
8 school performance grade shall be based on the following scale: ~~scale and shall not be modified~~  
9 ~~to add any other designation related to other performance measures, such as a "plus" or~~  
10 "minus":

- 11 (1) A school performance score of at least 90 is equivalent to an overall school  
12 performance grade of A.
- 13 (2) A school performance score of at least 80 is equivalent to an overall school  
14 performance grade of B.
- 15 (3) A school performance score of at least 70 is equivalent to an overall school  
16 performance grade of C.
- 17 (4) A school performance score of at least 60 is equivalent to an overall school  
18 performance grade of D.
- 19 (5) A school performance score of less than 60 points is equivalent to an overall  
20 school performance grade of F.

21 (d1) Establishment of Subgroups of Students. – The State Board shall establish the  
22 minimum number of students in a subgroup served by a school that is necessary to disaggregate  
23 information on student performance and to determine a subgroup performance score and grade  
24 for the following subgroups of students:

- 25 (1) Economically disadvantaged students.
- 26 (2) Students from major racial and ethnic groups.
- 27 (3) Children with disabilities.
- 28 (4) English learners.

29 (d2) Calculation of the School Performance Scores and Grades for Certain Subgroups of  
30 Students Served by a School. – In addition to the overall school performance scores and grades  
31 awarded under this section, for each school that serves a minimum number of students in a  
32 subgroup of students listed in subsection (d1) of this section, the State Board of Education shall  
33 use EVAAS to calculate school performance scores and shall determine a corresponding school  
34 performance grade for each subgroup using the same method as set forth in subsection (d) of  
35 this section. School performance scores for subgroups of students shall not be included in the  
36 calculation of the overall school performance scores and grades under subsection (d) of this  
37 section.

38 (d3) Report of Subgroup Performance Scores and Grades. – The subgroup performance  
39 scores and grades shall be reported separately on the annual school report card provided under  
40 G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8 in a way that provides the  
41 following information:

- 42 (1) For the current year and the previous two years, the achievement score for  
43 each subgroup of students defined in subsection (d1) of this section for the  
44 school.
- 45 (2) The statewide average achievement score for each subgroup defined in  
46 subsection (d1) of this section.
- 47 (3) The difference between the achievement score for all students in the school  
48 and the achievement score for each subgroup that meets the minimum  
49 number of students defined in subsection (d1) of this section.
- 50 (4) Based on the information reported in subdivision (3) of this subsection, the  
51 State Board shall determine and identify schools that are closing

1 achievement gaps, experiencing a widening of gaps, or seeing no significant  
2 gap changes.

3 (e) Elementary and Middle School Reading and Math Achievement Scores. – For  
4 schools serving students in kindergarten through eighth grade, the school achievement scores in  
5 reading and mathematics, respectively, shall be reported separately on the annual school report  
6 card provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

7 (f) Indication of Growth. – In addition to awarding the overall school scores for  
8 achievement, growth, and performance and the performance grade, using EVAAS, the State  
9 Board shall designate that a school has met, exceeded, or has not met expected growth. The  
10 designation of student growth shall be clearly displayed in the annual school report card  
11 provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

12 (g) Access to Annual Report Card Information on the Department's Web Site. –  
13 Beginning with data collected in the 2017-2018 school year, the State Board of Education shall  
14 provide user-friendly access to the public on the annual report cards issued for local school  
15 administrative units and individual schools provided under G.S. 115C-12(9)c1., 115C-218.65,  
16 115C-238.66, and 116-239.8 through the Department of Public Instruction's Web site. The  
17 annual report card shall be designed and organized to display the following information more  
18 prominently than any other information:

19 (1) A summary for each local school administrative unit and for each individual  
20 school of the school performance grades, whether the school has met,  
21 exceeded, or has not met expected growth, and any other information  
22 required to be provided as part of the annual report card.

23 (2) The percentage of schools receiving an overall school performance letter  
24 grade of A, B, C, D, or F earned by each school located within a local school  
25 administrative unit and statewide.

26 (3) The number of schools that have met, exceeded, or have not met expected  
27 growth by each school located within a local school administrative unit and  
28 statewide.

29 (4) A Web page for each individual school that prominently displays the  
30 school's performance grades, whether the school has met, exceeded, or has  
31 not met expected growth, and the school's performance and growth scores in  
32 a way that is easy for the user to read.

33 (5) The ability to easily compare annual report card information, including  
34 school performance grades and whether schools have met, exceeded, or have  
35 not met expected growth, for local school administrative units and for  
36 individual schools for a time span of at least three years."

37 **SECTION 7.26.(d)** Part 1B of Article 8 of Chapter 115C of the General Statutes is  
38 amended by adding new sections to read:

39 **"§ 115C-83.16. School performance indicators for the purpose of compliance with federal**  
40 **law.**

41 The State Board of Education shall use the school performance scores and grades as  
42 calculated under G.S. 115C-83.15 to satisfy the federal requirement under the Elementary and  
43 Secondary Education Act of 1965, as amended by the Every Student Succeeds Act (ESSA),  
44 P.L. 114-95, to meaningfully differentiate the performance of schools on an annual basis. The  
45 State Board shall weigh the measures in accordance with the requirements of G.S. 115C-83.15.  
46 For the purpose of compliance with federal law, the indicators shall be defined as follows:

47 (1) For schools serving any students in kindergarten through eighth grade, the  
48 State Board shall define the indicators as follows:

49 a. Academic indicators. –

50 1. The academic achievement indicator shall include the  
51 following measures:

- 1 I. Proficiency on annual assessments for mathematics in
- 2 grades three through eight.
- 3 II. Proficiency on annual assessments for reading in
- 4 grades three through eight.
- 5 2. The other academic indicator shall include the following
- 6 measures:
- 7 I. Proficiency on annual assessments for science in
- 8 grade five.
- 9 II. Proficiency on annual assessments for science in
- 10 grade eight.
- 11 3. The English language proficiency indicator shall be the
- 12 percentage of students who progress in achieving English
- 13 language proficiency on annual assessments in grades three
- 14 through eight.
- 15 b. School quality and student success indicator. – The measure of
- 16 school quality and student success shall be the growth score earned
- 17 by schools.
- 18 (2) For schools serving any students in ninth through twelfth grade, the State
- 19 Board shall define the indicators as follows:
- 20 a. Academic indicators. –
- 21 1. The academic achievement indicator shall include the
- 22 following measures:
- 23 I. Proficiency on either the Algebra I or Integrated Math
- 24 I end-of-course test or, for students who completed
- 25 Algebra I or Integrated Math I before ninth grade,
- 26 another mathematics course with an end-of-course
- 27 test.
- 28 II. Proficiency on the English II end-of-course test.
- 29 2. The other academic indicator shall include the following
- 30 measures:
- 31 I. Proficiency on the Biology end-of-course test.
- 32 II. The percentage of students who complete Algebra II
- 33 or Integrated Math III with a passing grade.
- 34 III. The percentage of students who achieve the minimum
- 35 score required for admission into a constituent
- 36 institution of The University of North Carolina on a
- 37 nationally normed test of college readiness.
- 38 IV. The percentage of students enrolled in Career and
- 39 Technical Education courses who meet the standard
- 40 when scoring at Silver, Gold, or Platinum levels on a
- 41 nationally normed test of workplace readiness.
- 42 3. The graduation rate indicator shall be the percentage of
- 43 students who graduate within four years of entering high
- 44 school.
- 45 4. The English language proficiency indicator shall be the
- 46 percentage of students who progress in achieving English
- 47 language proficiency.
- 48 b. School quality and student success indicator. – The measure of
- 49 school quality and student success shall be the growth score earned
- 50 by schools.

51 **§ 115C-83.17. Definitions.**

1        The following definitions apply in this Part:

- 2            (1)    Achievement score. – A numerical score on a scale of zero to 100 that is  
 3            based on the sum of points earned by a school or by a subgroup of students  
 4            pursuant to G.S. 115C-83.15.
- 5            (2)    Growth score. – A numerical score measuring student growth calculated for  
 6            a school or for a subgroup of students pursuant to G.S. 115C-83.15.
- 7            (3)    Overall school performance grade. – The letter grade earned by a school for  
 8            all students served by a school pursuant to G.S. 115C-83.15(d).
- 9            (4)    Overall school performance score. – The numerical score earned by a school  
 10           that is calculated by adding the school achievement score and the school  
 11           growth score earned by a school pursuant to G.S. 115C-83.15(d).
- 12           (5)    Subgroup performance grade. – The letter grade earned by a school for a  
 13           subgroup of students served by the school pursuant to G.S. 115C-83.15(d2).
- 14           (6)    Subgroup performance score. – The numerical score earned by a school that  
 15           is calculated by adding the subgroup achievement score and the subgroup  
 16           growth score earned by a school pursuant to G.S. 115C-83.15(d2)."

17        **SECTION 7.26.(e)** G.S. 115C-75.5(5) reads as rewritten:

- 18        "(5) Qualifying school. – A low-performing school, as defined in  
 19        G.S. 115C-105.37, that meets one of the following criteria:
- 20           a.        The school ~~received~~ earned an overall school performance score in  
 21           the lowest five percent (5%) of all schools in the prior school year  
 22           that meet all of the following requirements:
- 23                1.        The school includes all or part of grades kindergarten through  
 24                fifth.
- 25                2.        The school did not exceed growth in at least one of the prior  
 26                three school years and did not meet growth in at least one of  
 27                the prior three school years.
- 28                3.        One of the models established in G.S. 115C-105.37B for  
 29                continually low-performing schools had not been adopted for  
 30                that school for the immediately prior school year.

31            ...."

32        **SECTION 7.26.(f)** G.S. 115C-105.37 reads as rewritten:

33        "**§ 115C-105.37. Identification of low-performing schools.**

34           (a)        Identification of Low-Performing Schools. – The State Board of Education shall  
 35        identify low-performing schools on an annual basis. Low-performing schools are those that  
 36        ~~receive~~ earn an overall school performance grade of D or F and a school growth score of "met  
 37        expected growth" or "not met expected growth" as defined by G.S. 115C-83.15.

38            ...

39           (b)        Parental Notice of Low-Performing School Status. – Each school that the State  
 40        Board identifies as low-performing shall provide written notification to the parents and  
 41        guardians of students attending that school within 30 days of the identification that includes the  
 42        following information:

- 43                (1)        A statement that the State Board of Education has found that the school has  
 44                "~~received~~" earned an overall school performance grade of D or F and a  
 45                school growth score of "met expected growth" or "not met expected growth"  
 46                and has been identified as a low-performing school as defined by  
 47                G.S. 115C-105.37." The statement shall include an explanation of the school  
 48                performance grades and growth scores.
- 49                (2)        The school performance grade and growth score ~~received~~ earned.

- 1 (3) Information about the preliminary plan developed under subsection (a1) of  
 2 this section and the availability of the final plan on the local school  
 3 administrative unit's Web site.  
 4 (4) The meeting date for when the preliminary plan will be considered by the  
 5 local board of education.  
 6 (5) A description of any additional steps the school is taking to improve student  
 7 performance."

8 **SECTION 7.26.(g)** G.S. 115C-105.39A reads as rewritten:

9 **"§ 115C-105.39A. Identification of low-performing local school administrative units.**

10 (a) Identification of Low-Performing Local School Administrative Units. – The State  
 11 Board of Education shall identify low-performing local school administrative units on an  
 12 annual basis. A low-performing local school administrative unit is a unit in which the majority  
 13 of the schools in that unit that ~~received~~ earned an overall school performance grade and school  
 14 growth score as provided in G.S. 115C-83.15 have been identified as low-performing schools,  
 15 as provided in G.S. 115C-105.37.

16 ...

17 (c) Parental Notice of Low-Performing Local School Administrative Unit Status. –  
 18 Each local school administrative unit that the State Board identifies as low-performing shall  
 19 provide written notification to the parents and guardians of all students attending any school in  
 20 the local school administrative unit within 30 days of the identification that includes the  
 21 following information:

- 22 (1) A statement that the State Board of Education has found that a majority of  
 23 the schools in the local school administrative unit have "~~received~~" earned  
 24 an overall school performance grade of D or F and a school growth score of  
 25 "met expected growth" or "not met expected growth" and have been  
 26 identified as low-performing schools as defined by G.S. 115C-105.37." The  
 27 statement shall also include an explanation of the school performance grades  
 28 and school growth scores.  
 29 (2) The percentage of schools identified as low-performing.  
 30 (3) Information about the preliminary plan developed under subsection (b) of  
 31 this section and the availability of the final plan on the local school  
 32 administrative unit's Web site.  
 33 (4) The meeting date for when the preliminary plan will be considered by the  
 34 local board of education.  
 35 (5) A description of any additional steps the local school administrative unit and  
 36 schools are taking to improve student performance.  
 37 (6) For notifications sent to parents and guardians of students attending a school  
 38 that is identified as low-performing under G.S. 115C-105.37, a statement  
 39 that the State Board of Education has found that the school has "~~received~~  
 40 earned an overall school performance grade of D or F and a school growth  
 41 score of "met expected growth" or "not met expected growth" and has been  
 42 identified as a low-performing school as defined by G.S. 115C-105.37." This  
 43 notification also shall include the overall school performance grade and  
 44 school growth score the school ~~received~~ earned and an explanation of the  
 45 school performance grades and school growth scores."

46 **SECTION 7.26.(h)** G.S. 115C-218.65 reads as rewritten:

47 **"§ 115C-218.65. North Carolina School Report Cards.**

48 A charter school shall ensure that the report card issued for it by the State Board of  
 49 Education receives wide distribution to the local press or is otherwise provided to the public. A  
 50 charter school shall ensure that the overall school performance score and grade earned by the  
 51 charter school for the current and previous four school years is prominently displayed on the



1 school Web site. If a charter school ~~is awarded~~ earned an overall school performance grade of  
2 D or F, the charter school shall provide notice of the grade in writing to the parent or guardian  
3 of all students enrolled in that school."

4 **SECTION 7.26.(i)** G.S. 115C-218.94(a) reads as rewritten:

5 "(a) Identification of Low-Performing Charter Schools. – The State Board of Education  
6 shall identify low-performing charter schools on an annual basis. Low-performing charter  
7 schools are those that ~~receive~~ earn an overall school performance grade of D or F and a school  
8 growth score of "met expected growth" or "not met expected growth" as defined by  
9 G.S. 115C-83.15."

10 **SECTION 7.26.(j)** G.S. 115C-238.66(11) reads as rewritten:

11 "(11) North Carolina School Report Cards. – A regional school shall ensure that  
12 the report card issued for it by the State Board of Education receives wide  
13 distribution to the local press or is otherwise provided to the public. A  
14 regional school shall ensure that the overall school performance score and  
15 grade earned by the regional school for the current and previous four school  
16 years is prominently displayed on the school Web site. If a regional school is  
17 ~~awarded~~ earned an overall school performance grade of D or F, the regional  
18 school shall provide notice of the grade in writing to the parent or guardian  
19 of all students enrolled in that school."

20 **SECTION 7.26.(k)** G.S. 116-239.8(14) reads as rewritten:

21 "(14) North Carolina school report cards. – A lab school shall ensure that the  
22 report card issued for it by the State Board of Education receives wide  
23 distribution to the local press or is otherwise provided to the public. A lab  
24 school shall ensure that the overall school performance score and grade  
25 earned by the lab school for the current and previous four school years is  
26 prominently displayed on the school Web site. If a lab school is ~~awarded~~  
27 earned an overall school performance grade of D or F, the lab school shall  
28 provide notice of the grade in writing to the parent or guardian of all students  
29 enrolled in that school."

30 **SECTION 7.26.(l)** This section applies beginning with the 2017-2018 school year.

## 31 32 **CLARIFY STUDENT CONSENT TO RECEIVE COLLEGE, UNIVERSITY, AND** 33 **SCHOLARSHIP INFORMATION**

34 **SECTION 7.26A.** G.S. 115C-401.2(e) reads as rewritten:

35 "(e) Permissible Operator Actions. – This section does not prohibit an operator from  
36 doing any of the following:

37 ...

38 (6) Using a student's information, including covered information, solely to  
39 identify or display information on nonprofit institutions of higher education  
40 or scholarship providers to the student if the provider secures the express  
41 written consent of the parent or student who is at least 13 years of age given  
42 in response to clear and conspicuous notice."

## 43 44 **CAREER AND COLLEGE READY LITERACY SKILLS/READING IMPROVEMENT** 45 **COMMISSION**

46 **SECTION 7.26B.(a)** High School Diploma Endorsements. – G.S. 115C-12(40)  
47 reads as rewritten:

48 "(40) To Establish High School Diploma Endorsements. – The State Board of  
49 Education shall establish, implement, and determine the impact of adding (i)  
50 college, (ii) career, and (iii) college and career endorsements to high school  
51 diplomas to encourage students to obtain requisite job skills necessary for

1 students to be successful in a wide range of high-quality careers and to  
2 reduce the need for remedial education in institutions of higher education.  
3 These endorsements shall reflect courses completed, overall grade point  
4 average, reading achievement, and other criteria as developed by the State  
5 Board of Education. A student shall only receive a high school diploma  
6 endorsement if that student receives on a nationally norm-referenced college  
7 admissions test for reading, either administered under  
8 G.S. 115C-174.11(c)(4) or as an alternative nationally norm-referenced  
9 college admissions test approved by the State Board, at least the benchmark  
10 score established by the testing organization that represents the level of  
11 achievement required for students to have approximately a fifty percent  
12 (50%) chance of obtaining a grade B or higher or a seventy-five percent  
13 (75%) chance of obtaining a grade C or higher in a corresponding  
14 credit-bearing, first-year college course. A student may retake a nationally  
15 norm-referenced test as many times as necessary to achieve the required  
16 benchmark score for reading in order to receive a high school diploma  
17 endorsement prior to the student's graduation. The State Board of Education  
18 shall report annually to the Joint Legislative Education Oversight Committee  
19 on (i) the impact of awarding these endorsements on high school graduation,  
20 college acceptance and remediation, and post-high school employment  
21 rates-rates; (ii) the number of students who had to retake a nationally  
22 norm-referenced college admissions test to meet the reading benchmark  
23 score required by this subdivision to receive a high school diploma  
24 endorsement; and (iii) the number of students who were not awarded a high  
25 school diploma endorsement solely because of the inability to meet the  
26 benchmark score for reading as required by this subdivision."

27 **SECTION 7.26B.(b)** Reading Improvement Commission. – The Superintendent of  
28 Public Instruction shall establish a Reading Improvement Commission (Commission) within  
29 the Department of Public Instruction to study and make recommendations on best practices for  
30 public schools in the State to improve reading comprehension, understanding, and application  
31 for students in grades four through 12 to ensure that students complete high school with literacy  
32 skills necessary for career and college readiness. The Commission shall develop  
33 recommendations on appropriate methods to monitor student progress and provide appropriate  
34 and timely remediation to students to ensure success on nationally norm-referenced college  
35 admissions tests. The Superintendent of Public Instruction may appoint superintendents,  
36 principals, reading instructors, representatives from research institutions, and other individuals  
37 as determined by the Superintendent to the Commission. Of the funds appropriated to the  
38 Department of Public Instruction for the 2017-2018 fiscal year, the Superintendent of Public  
39 Instruction may use up to two hundred thousand dollars (\$200,000) in nonrecurring funds for  
40 the 2017-2018 fiscal year for the work of the Reading Improvement Commission. The  
41 Superintendent may also use these funds to contract with an independent research organization  
42 to assist in the study. The Superintendent of Public Instruction shall report to the Joint  
43 Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the  
44 Speaker of the House of Representatives, and the State Board of Education on the study,  
45 including any findings and recommendations, no later than January 15, 2019. The State Board  
46 of Education may use the findings and recommendations to inform the State Board's policies  
47 and may submit additional comments on the report to the Joint Legislative Education Oversight  
48 Committee, the President Pro Tempore of the Senate, and the Speaker of the House of  
49 Representatives no later than February 15, 2019.

50 **SECTION 7.26B.(c)** Subsection (a) of this section applies beginning with high  
51 school diploma endorsements awarded in the 2019-2020 school year.

**NATIONALLY NORM-REFERENCED COLLEGE ADMISSIONS TEST**

**SECTION 7.26C.(a)** G.S. 115C-174.11(c)(4) reads as rewritten:

"(4) To the extent funds are made available, the State Board of Education shall ~~plan for and require the administration of the ACT test for use a competitive bid process to adopt one nationally norm-referenced college admissions test to make available to local school administrative units, regional schools, and charter schools to administer to all students in the eleventh grade unless the student has already taken a comparable test and scored at or above a level set by the State Board. The State Board of Education shall require the administration of an alternate to the ACT nationally norm-referenced college admissions test or an alternate to the PLAN precursor test to the ACT to the nationally norm-referenced college admissions test~~ to a student who (i) exhibits severe and pervasive delays in all areas of conceptual, linguistic, and academic development and in adaptive behaviors, including communication, daily living skills, and self-care, (ii) is following the extended content standards of the Standard Course of Study as provided in G.S. 115C-81, or is following a course of study that, upon completing high school, may not lead to admission into a college-level course of study resulting in a college degree, and (iii) has a written parental request for an alternate assessment.

The State Board of Education shall ensure that parents of students enrolled in all public schools, including charter and regional schools, have the necessary information to make informed decisions regarding participation in the ~~ACT and the PLAN precursor test to the ACT nationally norm-referenced college admissions test and precursor test.~~

Alternate assessment and ~~ACT nationally norm-referenced college admissions test~~ assessment results of students with disabilities shall be included in school accountability reports, including charter and regional schools, provided by the State Board of Education."

**SECTION 7.26C.(b)** G.S. 115C-174.22 reads as rewritten:

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

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

**SECTION 7.26C.(c)** The State Board of Education shall solicit bids through a competitive bid process to adopt one nationally norm-referenced college admissions test as required by G.S. 115C-174.11(c)(4), as amended by subsection (a) of this section, to be administered beginning with the 2019-2020 school year. The State Board of Education shall report on the results of the competitive bid process to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than May 15, 2019.

**SECTION 7.26C.(d)** Subsections (a) and (b) of this section apply beginning with the 2019-2020 school year.

**NORTH CAROLINA INNOVATIVE SCHOOL DISTRICT**

**SECTION 7.26E.(a)** Article 7A of Chapter 115C of the General Statutes reads as rewritten:

"Article 7A.

~~"Achievement~~ North Carolina Innovative School District and Innovation Zones.

**"§ 115C-75.5. Definitions.**

The following definitions apply in this Article:

- (1) ~~Achievement~~ Innovative school. – A qualifying school selected by the State Board of Education under the supervision of the ~~Achievement~~ North Carolina Innovative School District.
- (2) ~~Achievement~~ North Carolina Innovative School District or ASD-ISD. – The statewide school unit established pursuant to this Article.
- (3) ~~Achievement~~ Innovative school operator or AS-IS operator. – An entity selected by the State Board of Education upon the recommendation of the ~~ASD-ISD~~ Superintendent to operate an ~~achievement~~ innovative school. The Department of Public Instruction may not be selected as an ~~AS-IS~~ operator.
- (4) ~~ASD~~ ISD Superintendent. – The superintendent of the ~~ASD~~ ISD appointed by the Superintendent of Public Instruction in accordance with ~~G.S. 115C-75.6(b)~~ G.S. 115C-75.6.
- (5) Qualifying school. – A low-performing school, as defined in G.S. 115C-105.37, that meets one of the following criteria:

...

- b. The school received a school performance score in the lowest ten percent (10%) of all schools that include all or part of grades kindergarten through fifth in the prior school year and has been designated by the local board of education for consideration by the State Board of Education as an ~~achievement~~ innovative school.

**"§ 115C-75.6. ~~Achievement~~ North Carolina Innovative School District.**

(a) There is established the ~~Achievement~~ North Carolina Innovative School District (~~ASD~~)(ISD) under the administration of the State Board of Education and the Superintendent of Public Instruction. The ~~ASD~~ ISD shall assume the supervision, management, and operation of elementary and secondary schools ~~that have been selected as achievement~~ innovative schools pursuant to as provided in this Article. For the purposes of federal law and administration of State law, the ISD shall be considered a local school administrative unit.

(b) Repealed by Session Laws 2016-126, s. 15.

(c) The Superintendent of Public Instruction shall appoint a superintendent to serve as the executive officer of the ~~ASD-ISD.~~ The ~~ASD~~ ISD Superintendent shall serve at the pleasure of the Superintendent of Public Instruction at a salary established by the Superintendent of Public Instruction within the funds appropriated for this purpose. The ~~ASD~~ ISD Superintendent shall have qualifications consistent with G.S. 115C-271(a) and report directly to the Superintendent of Public Instruction.

(d) By January 15 annually, the State Board of Education, Superintendent of Public Instruction, and the ~~ASD~~ ISD Superintendent shall report to the Joint Legislative Education Oversight Committee on all aspects of operation of ~~ASD,~~ the ISD, including the selection of ~~achievement~~ innovative schools and their progress.

**"§ 115C-75.7. Selection of ~~achievement~~ innovative schools.**

(a) State Board Selection. – The State Board of Education is authorized to select, upon the recommendation of the ~~ASD-ISD~~ Superintendent, no more than five qualifying elementary schools to transfer to the ~~ASD-ISD~~ as ~~achievement~~ innovative schools. The five qualifying schools selected for inclusion in the ~~ASD-ISD~~ should represent geographic diversity, including urban and rural schools. The State Board of Education shall select no more than one qualifying school per local school administrative unit, unless the local board of education consents.

(b) Selection Process. – The selection of qualifying schools shall be based on an analysis of performance over the most recent three-year period. Prior to recommendation of

1 selection of a qualifying school, the ~~ASD-ISD~~ Superintendent shall conduct an evaluation of  
2 the school to determine the factors contributing to the school's performance and shall confer  
3 with the school principal, local board of education members, the local school superintendent,  
4 and the local board of county commissioners to share the findings of the evaluation. The school  
5 selection process shall also include a public hearing to allow for parent and community input.  
6 The ~~ASD-ISD~~ Superintendent shall evaluate and identify the qualifying schools to recommend  
7 for selection as prospective ~~achievement-innovative~~ schools no later than ~~November~~October 15  
8 prior to the initial school year in which the school may operate as an ~~achievement-innovative~~  
9 school and shall notify the local boards of education where prospective ~~achievement-innovative~~  
10 schools are located by that date. The State Board of Education shall select the prospective  
11 ~~achievement-innovative~~ schools no later than ~~January~~December 15.

12 (c) Local Board Response. – Upon notification by the ~~ASD-ISD~~ Superintendent of  
13 selection by the State Board of Education of the qualifying school as a prospective ~~achievement~~  
14 ~~innovative~~ school, the local board of education shall determine whether to (i) close the selected  
15 qualifying school or (ii) transfer the school into the ~~ASD-ISD~~. The local board shall not be  
16 required to undertake the study required by G.S. 115C-72 before closing the school. Before the  
17 adoption of a resolution, the local board of education shall provide for a public hearing in  
18 regard to the proposed transfer or closure, at which hearing the public shall be afforded an  
19 opportunity to express their views. No later than ~~March~~February 1, the local board of education  
20 shall adopt a resolution either (i) consenting to transfer of the selected qualifying school to the  
21 ~~ASD-ISD~~ as an ~~achievement-innovative~~ school or (ii) closing that school at the conclusion of  
22 that school year. The State Board of Education may delay the transfer of a selected school to  
23 the ~~ASD-ISD~~ for one year only upon the recommendation of the ~~ASD-ISD~~ Superintendent.

24 (d) Public Notification. – The list of qualifying schools and selected ~~achievement~~  
25 ~~innovative~~ schools shall be made publically available on a Web site maintained by the  
26 ~~ASD-ISD~~.

27 (e) Waivers for ~~Achievement-Innovative~~ Schools. – The ~~ASD-ISD~~ Superintendent may  
28 ~~waiver~~request a waiver from the State Board of Education of State Board of Education rules,  
29 regulations, policies, and procedures, or the provisions of this Chapter for ~~achievement~~  
30 ~~innovative~~ schools; however, ~~achievement-innovative~~ schools shall be required to comply with,  
31 at a minimum, the statutory requirements for charter schools as provided in Article 14A of this  
32 Chapter. The goal for each waiver shall be improvement of student performance. All  
33 ~~achievement-innovative~~ schools shall comply with all applicable constitutional and statutory  
34 nondiscrimination requirements. Notwithstanding G.S. 115C-105.26, the State Board of  
35 Education may grant a requested waiver of State laws or rules for an innovative school  
36 pursuant to this subsection, except for a waiver of State laws or rules applicable to children  
37 with disabilities and any of the other requirements set forth in this subsection.

38 **"§ 115C-75.8. Selection of ~~AS-IS~~ operators.**

39 (a) The State Board of Education may select an ~~AS-IS~~ operator for a prospective  
40 ~~achievement-innovative~~ school by January 15 and shall select an ~~AS-IS~~ operator for a  
41 prospective school no later than February 15.

42 (b) Upon the recommendation of the ~~ASD-ISD~~ Superintendent, the State Board of  
43 Education shall only select an entity to contract as an ~~AS-IS~~ operator if that entity demonstrates  
44 one of the following:

- 45 (1) The entity has a record of results in improving performance of persistently  
46 low-performing schools or improving performance of a substantial number  
47 of persistently low-performing students within a school or schools operated  
48 by the entity in this State or other states.
- 49 (2) The entity has a credible and specific plan for dramatically improving  
50 student achievement in a low-performing school and provides evidence that  
51 the entity, or a contractual affiliate of such an entity, is either currently

1 operating a school or schools in this State that provide students a sound,  
2 basic education or demonstrating consistent and substantial growth toward  
3 providing students a sound, basic education in the prior three school years.

4 (c) The selected ~~AS-IS~~ operator is encouraged to hold public informational sessions and  
5 other outreach to the community, prospective ~~achievement-innovative~~ school, and local board  
6 of education of a prospective ~~achievement-innovative~~ school prior to a local board's adoption of  
7 the resolution required by G.S. 115C-75.7(c).

8 (d) The contract between the State Board of Education and ~~AS-IS~~ operator shall require,  
9 as a minimum, that the ~~AS-IS~~ operator meet the same requirements as established for charter  
10 schools in the following statutes:

- 11 (1) G.S. 115C-218.20 (Civil liability and insurance requirements).
- 12 (2) G.S. 115C-218.25 (Open meetings and public records).
- 13 (3) G.S. 115C-218.30 (Accountability; reporting requirements to State Board of  
14 Education).
- 15 (4) G.S. 115C-218.50 (Charter school nonsectarian).
- 16 (5) G.S. 115C-218.55 (Nondiscrimination in charter schools).
- 17 (6) G.S. 115C-218.60 (Student discipline).
- 18 (7) G.S. 115C-218.65 (North Carolina School Report Cards).
- 19 (8) G.S. 115C-218.75 (General operating requirements).
- 20 (9) G.S. 115C-218.85 (Course of study requirements).

21 "**§ 115C-75.9. Management of ~~achievement-innovative~~ schools.**

22 (a) Direct Management by ~~AS-IS~~ Operator. – An ~~achievement-innovative~~ school shall  
23 be subject to direct management by an ~~AS-IS~~ operator selected by the State Board of  
24 Education, upon the recommendation of the ~~ASD-ISD~~ Superintendent, for a five-year contract.

25 (b) Role of ~~AS-IS~~ Operator. – The ~~AS-IS~~ operator shall be authorized to have a direct  
26 role in making decisions about school finance, human capital, and curriculum and instruction  
27 for the ~~achievement-innovative~~ school while developing the leadership capacity in such  
28 schools.

29 (c) Assignment to ~~Achievement-Innovative~~ Schools. – All ~~achievement-innovative~~  
30 schools shall remain open to enrollment in the same manner with the same attendance zone as  
31 prior to becoming an ~~achievement-innovative~~ school. If a local board of education's  
32 reassignment of students within the local school administrative unit due to student population  
33 changes or openings or closures of other schools impacts the ~~achievement-innovative~~ school,  
34 the ~~AS-IS~~ operator may appeal to the ~~ASD-ISD~~ Superintendent and request a hearing before the  
35 State Board of Education regarding the reassignment. Notwithstanding G.S. 115C-366, the  
36 State Board of Education shall, after hearing from both the local board of education and ~~AS-IS~~  
37 operator, determine whether the reassignment of students impacting the ~~achievement~~  
38 ~~innovative~~ school may proceed.

39 (d) Facility and Capital Expenditures. – Facility and capital expenditures shall be  
40 provided as follows:

- 41 (1) In addition to the transfer of funds as provided in G.S. 115C-75.10, the local  
42 board of education shall be responsible for facility and capital expenditures  
43 at the qualifying school.
- 44 (2) All ~~AS-IS~~ operators and local boards of education shall enter into an  
45 occupancy agreement establishing the terms of occupancy for the ~~AS-IS~~  
46 operator not otherwise addressed in statute. If the parties are unable to reach  
47 agreement, either party may petition the State Board of Education to resolve  
48 any issues in dispute.
- 49 (3) The ~~AS-IS~~ operator shall have first priority in use of the facility for any  
50 purpose related to the operation of the ~~achievement-innovative~~ school. The  
51 local board of education may allow use of the facility by governmental,

1 charitable, civic, or other organizations for activities within the community  
2 and may retain any funds received for such use for any time the ~~AS-IS~~  
3 operator has not provided written notice to the local board of its use of the  
4 facility during that time for a purpose related to the operation of the  
5 ~~achievement~~ innovative school.

6 For the purposes of this subsection, facility and capital expenditures include routine  
7 maintenance and repair, and capital expenditures include building repair and maintenance,  
8 furniture, furnishings, and equipment.

9 (e) Transportation. – The local board of education shall provide transportation of all  
10 students assigned to the ~~achievement~~ innovative school in the same manner as provided for  
11 other schools in the local school administrative unit in that school year.

12 (f) Memorandums of Understanding for Alternate Arrangements. – Notwithstanding  
13 this section, the ~~AS-IS~~ operator, in consultation with the ~~ASD-ISD~~ Superintendent, may elect to  
14 enter into a memorandum of understanding for alternate arrangements with the local board of  
15 education to address any of the following:

- 16 (1) Facility and capital expenditures.
- 17 (2) Transportation services.
- 18 (3) Services for Children with Disabilities.

19 If the ~~AS-IS~~ operator elects to use a memorandum of understanding for alternate  
20 arrangements, the ~~AS-IS~~ operator and local board of education shall finalize the memorandum  
21 of understanding within 30 days of the initial request by the ~~AS-IS~~ operator. If the parties have  
22 not completed the memorandum of understanding within 30 days, the State Board of Education  
23 shall resolve any issues in dispute.

24 (g) Student Records. – The local board of education shall make available in a timely  
25 fashion all student records to the ~~achievement~~ innovative school at no cost for all students of  
26 that school.

27 (h) ~~Achievement~~ Innovative School Employees. – The ~~AS-IS~~ operator shall select and  
28 hire the school principal for an ~~achievement~~ innovative school. Within the limits of the school  
29 budget, the ~~ASIS~~ operator or its designee shall select staff members in accordance with  
30 guidance from the ~~ASDISD~~ Superintendent. Before finalizing staffing recommendations, the  
31 ~~ASIS~~ operator and the ~~ASDISD~~ Superintendent or the Superintendent's designee shall  
32 interview all existing staff members at the qualifying school and review student growth and  
33 performance data for those staff members for whom it is available. Notwithstanding Article  
34 21A of this Chapter, the ~~ASIS~~ operator and the ~~ASDISD~~ Superintendent shall be permitted to  
35 examine personnel files of existing staff members for the qualifying school. The ~~ASIS~~ operator  
36 shall have the authority to decide whether any administrator, teacher, or staff member  
37 previously assigned to a qualifying school selected to become an ~~achievement~~ innovative school  
38 shall continue as an employee of the ~~achievement~~ innovative school. Any such employees  
39 retained shall become employees of the ~~ASD-ISD~~. An employee hired to work in an  
40 ~~achievement~~ innovative school shall be an employee of the ~~ASD-ISD~~, and the employees shall  
41 be under the exclusive control of the ~~ASD-ISD~~. All employees of the ~~ASDISD~~ shall be eligible  
42 for enrollment in the Teachers' and State Employees' Retirement System of North Carolina, the  
43 State Health Plan, and other benefits available to State employees. The ~~ASIS~~ operator shall  
44 provide funds to the ~~ASDISD~~ in an amount sufficient to provide salary and benefits for  
45 employees of the ~~ASDISD~~ working in the ~~achievement~~ innovative school based on the terms of  
46 employment established by the ~~ASIS~~ operator.

47 (i) Criminal History Checks. – The State Board of Education shall require applicants  
48 for employment with the ~~ASD-ISD~~ to be checked for criminal histories using the process  
49 provided in G.S. 115C-297.1. The State Board of Education shall provide the criminal history it  
50 receives to the ~~ASD-ISD~~ Superintendent and ~~AS-IS~~ operator.

1 (j) Employees of Local Board of Education. – The transfer of a qualifying school shall  
2 be deemed a reorganization of the local school administration unit resulting in a reduction in  
3 force. If an employee is not given the option to continue as an employee for the ~~achievement~~  
4 innovative school, the local board of education may, in its discretion, do any of the following:

5 (1) Continue the employee's employment with the local board of education.

6 (2) Dismiss the employee due to a reduction in force as provided in Article 22 of  
7 this Chapter.

8 (3) Dismiss the employee as otherwise provided in Article 22 of this Chapter.

9 (k) Liability Insurance. – The ~~AS-IS~~ operator shall maintain reasonable amounts and  
10 types of liability insurance as established by the State Board of Education. No civil liability  
11 shall attach to the State Board of Education, the Department of Public Instruction, the ISD  
12 Superintendent, or a local board of education or to any of ~~its~~their members or employees,  
13 individually or collectively, for any acts or omissions of the ~~AS-IS~~ operator.

14 (l) School Nutrition Program. – The ~~achievement-innovative~~ school shall participate in  
15 the National School Lunch Program, as provided in G.S. 115C-264.

16 (m) Cooperation with ~~ASD-ISD~~ Superintendent. – The local board of education shall  
17 cooperate with the ~~ASD-ISD~~ Superintendent in carrying out his or her powers and duties as  
18 necessary in accordance with this Chapter.

19 **"§ 115C-75.10. ~~Achievement-Innovative~~ schools funds.**

20 (a) Funding Allocation Selection. – State and local funding for an ~~achievement~~  
21 innovative school shall be allocated as provided in subsection (b) or subsection (c) of this  
22 section. The ~~AS-IS~~ operator shall select one of the allocation methods as the method to be used  
23 for the ~~achievement-innovative~~ school.

24 (b) Designated Funding. – Funding shall be allocated to the ~~ASD-ISD~~ for the  
25 achievement-innovative school by the State Board of Education and local board of education as  
26 follows:

27 (1) The State Board of Education shall allocate the following to the ~~ASD-ISD~~  
28 for each achievement-innovative school:

29 a. An amount equal to the average per pupil allocation for average daily  
30 membership from the local school administrative unit allotments in  
31 which the achievement-innovative school was located for each child  
32 attending the ~~achievement-innovative~~ school except for the  
33 allocations for (i) children with disabilities, (ii) children with limited  
34 English proficiency, and (iii) transportation. The State Board of  
35 Education shall provide the allocation for transportation to the local  
36 school administrative unit in which the ~~achievement-innovative~~  
37 school is located.

38 b. An additional amount for each child attending the ~~achievement~~  
39 innovative school who is a child with disabilities.

40 c. An additional amount for children with limited English proficiency  
41 attending the ~~achievement-innovative~~ school, based on a formula  
42 adopted by the State Board of Education.

43 (2) The local school administrative unit in which the ~~achievement-innovative~~  
44 school is located shall transfer to the ~~ASD-ISD~~ for the ~~achievement~~  
45 innovative school an amount equal to the per pupil share of the local current  
46 expense fund of the local school administrative unit for the fiscal year. The  
47 per pupil share of the local current expense fund shall be transferred to the  
48 ~~ASD-ISD~~ for the ~~achievement-innovative~~ school within 30 days of the  
49 receipt of monies into the local current expense fund. The local school  
50 administrative unit and ~~ASD-ISD~~ may use the process for mediation of  
51 differences between the State Board of Education and a charter school



1 provided in G.S. 115C-218.95(d) to resolve differences on calculation and  
2 transference of the per pupil share of the local current expense fund. The  
3 amount transferred under this subsection that consists of revenue derived  
4 from supplemental taxes shall be transferred only to an achievement  
5 innovative school located in the tax district for which these taxes are levied  
6 and in which the student resides. The local school administrative unit shall  
7 also provide the ASD-ISD with all of the following information within the  
8 30-day time period provided in this subsection:

- 9 a. The total amount of monies the local school administrative unit has  
10 in each of the funds listed in G.S. 115C-426(c).
- 11 b. The student membership numbers used to calculate the per pupil  
12 share of the local current expense fund.
- 13 c. How the per pupil share of the local current expense fund was  
14 calculated.
- 15 d. Any additional records requested by the ASD-ISD from the local  
16 school administrative unit in order for the ASD-ISD to audit and  
17 verify the calculation and transfer of the per pupil share of the local  
18 current expense fund.

19 (c) Funding Memorandum of Understanding. – The AS-IS operator, in consultation  
20 with the ASD-ISD Superintendent, may enter into a funding memorandum of understanding  
21 with the local board of education of the local school administrative unit where the achievement  
22 innovative school is located for all student support and operational services and instructional  
23 services to be provided by the local board of education in the same manner and degree as in the  
24 prior school year or funding in an amount equivalent to the amount the local board of education  
25 would have expended on those services if provided. For the purposes of this subsection, student  
26 support and operational services include cafeteria services, custodial services, broadband and  
27 utilities, and student information services, and instructional services include alternative  
28 education, special education services, test administration services, textbooks, technology,  
29 media resources, instructional equipment, and other resources. The AS-IS operator and local  
30 board of education shall finalize the funding memorandum of understanding within 30 days of  
31 the initial request for the memorandum by the AS-IS operator. If the parties have not completed  
32 the funding memorandum of understanding within 30 days, the State Board of Education shall  
33 resolve any issues in dispute.

34 (d) The ASD-ISD may seek, manage, and expend federal money and grants, State  
35 funding, and other funding with the same authority as a local school administrative unit,  
36 including decisions related to allocation of State funds among achievement schools-innovative  
37 schools, and shall be considered a local school administrative unit for all federal funding  
38 purposes.

39 **"§ 115C-75.11. Accountability and governance for achievement innovative schools.**

40 (a) The AS-IS operator shall set clear goals related to higher academic outcomes for  
41 students, safe and positive learning environments for children, parent and community  
42 engagement, and the efficient and effective use of taxpayer dollars, empower and equip  
43 teachers and school leaders to meet the goals, and hold such teachers and school leaders  
44 accountable to meet the goals. The AS-IS operator shall apply to the ASD-ISD Superintendent  
45 for appropriate waivers for the achievement innovative school pursuant to G.S. 115C-75.7(e).

46 (b) The AS-IS operator shall select, approve, or remove the school principal of an  
47 achievement innovative school that it is managing in accordance with this Article.

48 (c) The AS-IS operator shall enter into an agreement with the school principal regarding  
49 specific goals for the achievement innovative school related to higher academic outcomes for  
50 students, safe and positive learning environments for children, parent and community

1 engagement, and the efficient and effective use of taxpayer dollars. The agreement shall be  
2 made publicly available on the ~~ASD-ISD~~ Web site.

3 (d) An ~~achievement-innovative~~ school shall not be included in any State evaluation or  
4 performance models used for the local school administrative unit in which the school is located  
5 but shall be considered a part of the ~~ASD-ISD~~ for all evaluation purposes.

6 **"§ 115C-75.12. Term of supervision for an ~~achievement-innovative~~ school.**

7 (a) An ~~achievement-innovative~~ school shall remain under the supervision of the ~~ASD~~  
8 ~~ISD~~ for a minimum of five consecutive years through a contract with an ~~AS-IS~~ operator. The  
9 following shall apply to the term of a contract with an ~~AS-IS~~ operator of an ~~achievement~~  
10 ~~innovative~~ school:

11 (1) Early termination of contract based on performance. – If, during the  
12 five-year contract, the ~~achievement-innovative~~ school's annual percentage  
13 growth does not exceed the average annual percentage growth of other  
14 qualifying schools for three consecutive years, the State Board of Education,  
15 upon the recommendation of the ~~ASD-ISD~~ Superintendent, may terminate  
16 the contract at the conclusion of the academic year and select another ~~AS-IS~~  
17 operator in accordance with G.S. 115C-75.8 to assume the remainder of the  
18 five-year contract and any occupancy agreements or memorandums of  
19 understanding with the local board of education at the beginning of the next  
20 academic year.

21 (2) Nonrenewal of contract based on performance. – If, by the end of the  
22 five-year contract, the ~~achievement-innovative~~ school's average annual  
23 percentage growth during the term of the contract does not exceed the  
24 average annual percentage growth of other qualifying schools during the  
25 same term, the State Board of Education shall not renew the contract of the  
26 ~~AS-IS~~ operator and develop a transition plan to return the school to the local  
27 school administrative unit.

28 (3) State Board of Education optional extension of contract for three years. – If,  
29 by the end of the five-year contract, the ~~achievement-innovative~~ school  
30 remains a qualifying school but has exceeded the average annual percentage  
31 growth of other qualifying schools and has shown growth over the term of  
32 the contract, the State Board of Education, upon the recommendation of the  
33 ~~ASD-ISD~~ Superintendent in his or her discretion, may continue the contract  
34 with the ~~AS-IS~~ operator for an additional three-year term. The ~~ASD-ISD~~  
35 Superintendent and ~~AS-IS~~ operator shall engage the school, the school  
36 community, and the school's local board of education in developing a  
37 transition plan for the school to leave the supervision of the ~~ASD-ISD~~ at the  
38 conclusion of the three-year extension of the contract. If the State Board of  
39 Education does not elect to continue the contract, the State Board of  
40 Education may do any of the following:

- 41 a. Select another ~~AS-IS~~ operator for a three-year contract.
- 42 b. Close the school as provided in subdivision (2) of this subsection.
- 43 c. Develop a transition plan to return the school to the local school  
44 administrative unit for the next school year.

45 (4) ~~AS-IS~~ operator option to extend contract for three years. – If, by the end of  
46 the five-year contract, the ~~achievement-innovative~~ school receives a grade of  
47 C or higher under G.S. 115C-12(9)c1., the ~~AS-IS~~ operator shall have the  
48 option to extend the contract for another three-year term. The ~~ASD-ISD~~  
49 Superintendent and ~~AS-IS~~ operator shall engage the school, the school  
50 community, and the school's local board of education in developing a  
51 transition plan for the school to leave the supervision of the ~~ASD-ISD~~ at the

1 conclusion of the three-year extension of the contract. Options at the  
2 conclusion of the contract shall include the following:

3 a. Conversion to charter. – If, in the development of the transition plan,  
4 a local board of education indicates by resolution to the State Board  
5 of Education that the local board of education elects to not receive  
6 the transfer of the ~~achievement-innovative~~ school back to the local  
7 school administrative unit, the ~~AS-IS~~ operator may apply to convert  
8 the school to a charter school under Article 14A of this Chapter. If a  
9 charter is awarded, the charter board of directors may request to use  
10 the facility as provided in G.S. 115C-218.35. If the ~~AS-IS~~ operator  
11 does not seek conversion to a charter school or fails to receive a  
12 charter, the State Board of Education may close the school as  
13 provided in subdivision (2) of this subsection.

14 b. Alternate as operator or return to local school administrative unit. – If  
15 the ~~AS-IS~~ operator does not elect to continue the contract, the State  
16 Board of Education may select another ~~AS-IS~~ operator for a  
17 three-year contract or may develop a transition plan to return the  
18 school to the local school administrative unit for the next school year.

19 (5) Termination of contract on other grounds. – The State Board of Education,  
20 upon the recommendation of the ~~ASD-ISD~~ Superintendent, may terminate a  
21 contract with an ~~AS-IS~~ operator at any time during the contract for financial  
22 mismanagement, noncompliance with federal or State laws, failure to  
23 comply with the terms of the contract, or evidence of criminal activity. The  
24 State Board of Education shall develop a transition plan to return the school  
25 to the local school administrative unit.

26 (b) An ~~achievement-innovative~~ school shall remain under the supervision of the ~~ASD~~  
27 ISD for no more than eight years.

28 (c) The State Board of Education shall make all decisions related to contracts for ~~AS-IS~~  
29 operators no later than May 1, except as provided in subdivision (5) of subsection (a) of this  
30 section.

31 **"§ 115C-75.13. Innovation zones.**

32 (a) If a local board of education transfers a qualifying school to the ~~ASD,ISD~~, the local  
33 board of education may ask the State Board of Education to be allowed to create an innovation  
34 zone (i) for up to three continually low-performing schools within its local school  
35 administrative unit or (ii) if the local school administrative unit has more than thirty-five  
36 percent (35%) of the schools identified in the unit as low-performing, for all of the  
37 low-performing schools located in the unit.

38 The State Board of Education shall ~~grant~~grant, upon recommendation of the ISD  
39 Superintendent, such requests for the creation of an innovation zone. The State Board of  
40 Education shall also authorize the local board of education the flexibility to operate the schools  
41 within the innovation zone with the same exemptions from statutes and rules as a charter school  
42 authorized under Article 14A of this Chapter and with exemptions from local board of  
43 education policies as needed to ensure autonomy under the guidance of the innovation zone  
44 office for financial, programmatic, staffing, and time allocation decisions.

45 (b) The innovation zone created by a local board of education must include all of the  
46 following:

- 47 (1) Development of a clear and specific plan for improving schools within the  
48 innovation zone.  
49 (2) Establishment of an innovation zone office with a leader recommended by  
50 the ISD Superintendent to be appointed by the local board of education and

- 1 approved by the State Board of Education to govern and lead the schools in  
2 the innovation zone.
- 3 (3) Attraction of high-quality staff at schools in the innovation zone through the  
4 use of incentives, favorable working conditions, and development of  
5 partnerships to develop human capital.
- 6 (4) Accountability for those schools based on established benchmarks and goals  
7 for student achievement and for support services provided by the local  
8 school administrative unit based on metrics established by the innovation  
9 zone office for effective and efficient delivery.
- 10 (5) Support for those schools by the innovation zone office to ensure priority in  
11 services from the local school administrative unit, pursuit of outside funding,  
12 and technical support, including support from external partners.
- 13 (c) A local board of education may maintain an innovation zone created as provided in  
14 subsection (a) for up to five consecutive years. The State Board of Education may terminate the  
15 innovation zone as follows:
- 16 (1) Early termination of innovation zone based on performance. – If, during the  
17 five-year period, the average of the annual percentage growth of the schools  
18 within the innovation zone does not exceed the average annual percentage  
19 growth of other continually low-performing schools for three consecutive  
20 years, the State Board of Education, upon the recommendation of the ~~ASD~~  
21 ISD Superintendent, may terminate the innovation zone at the conclusion of  
22 the academic year.
- 23 (2) Nonrenewal of innovation zone based on performance. – If, by the end of the  
24 five-year period, the average annual percentage growth of the schools within  
25 the innovation zone over the five-year period does not exceed the average  
26 annual percentage growth of other continually low-performing schools  
27 during the same term, the State Board of Education shall not permit the local  
28 board of education to continue the innovation zone.
- 29 (3) State Board of Education optional extension of innovation zone for three  
30 years. – If, by the end of the five-year period, the schools within the  
31 innovation zone remain continually low-performing schools but have  
32 exceeded the average annual percentage growth of other continually  
33 low-performing schools, the State Board of Education, upon the  
34 recommendation of the ~~ASD~~ISD Superintendent in his or her discretion,  
35 may allow continuation of the innovation zone for an additional three years.
- 36 (4) Local board of education option to extend innovation zone for three years. –  
37 If, by the end of the five-year period, the schools within the innovation zone  
38 receive a grade of C or higher under G.S. 115C-12(9)c1., the local board of  
39 education shall have the option to extend the innovation zone for another  
40 three years.

41 (d) A low-performing school in an innovation zone, created as provided in clause (ii) of  
42 subsection (a) of this section, shall become an innovative school if that low-performing school  
43 does not exceed expected growth in the last two years of the five consecutive years in the  
44 innovation zone."

45 **SECTION 7.26E.(b)** G.S. 115C-105.37A(d) reads as rewritten:

46 "(d) The State Board of Education shall report annually to the Superintendent of the  
47 ~~Achievement~~ North Carolina Innovative School District on any schools identified under this  
48 section as qualifying schools as defined in G.S. 115C-75.5 for consideration to be selected as  
49 ~~achievement~~ innovative schools in accordance with Article 7A of this Chapter."

50 **SECTION 7.26E.(c)** G.S. 115C-321(a)(5) reads as rewritten:

1           "(5) An ~~achievement~~innovative school operator and the Superintendent of the  
2           ~~Achievement~~North Carolina Innovative School District if the school where  
3           the individual is employed has been selected as an ~~achievement~~innovative  
4           school as provided in Article 7A of this Chapter."

5           **SECTION 7.26E.(d)** Section 4 of S.L. 2016-110 reads as rewritten:

6           **"SECTION 4.** Evaluation of the ~~Achievement~~Innovative School District and Other  
7           Innovation Models. – The State Board of Education shall contract during the  
8           ~~2016-2017~~2017-2018 school year with an independent research organization to evaluate the  
9           implementation and effectiveness of the following:

10           (1) The ~~Achievement~~Innovative School District in turning around  
11           low-performing schools beginning with the ~~2017-2018~~2018-2019 school  
12           year through the ~~2021-2022~~2022-2023 school year, including the innovation  
13           zone established in Section 4.5 of this act. The State Board of Education  
14           shall require ~~AS~~IS operators to provide the independent research  
15           organization with requested data to conduct the evaluation. The independent  
16           research organization shall include an analysis on the impact of public  
17           versus private funding in the effectiveness of the ~~Achievement~~Innovative  
18           School District.

19           (2) Innovation zones in turning around low-performing schools beginning with  
20           the ~~2016-2017~~2017-2018 school year through the ~~2021-2022~~2022-2023  
21           school year. The State Board of Education shall require local boards of  
22           education granted innovation zones to provide the independent research  
23           organization with requested data to conduct the evaluation.

24           The independent research organization shall report its interim findings to the State Board of  
25           Education annually no later than February 15, beginning in ~~2017~~2018, and shall submit a final  
26           report no later than February 15, ~~2023-2024~~. The State Board of Education shall provide the  
27           report of the independent research commission, along with any recommended legislative  
28           changes, to the Joint Legislative Education Oversight Committee annually no later than March  
29           1, beginning in ~~2017~~2018 until submission of the final report in ~~2023-2024~~."

30           **SECTION 7.26E.(e)** Section 6 of S.L. 2016-110 reads as rewritten:

31           **"SECTION 6.** It is the intent of the General Assembly to appropriate to the Department of  
32           Public Instruction four hundred fifty thousand dollars (\$450,000) for the 2017-2018 fiscal year  
33           and annually thereafter for innovation zone model grants. Upon appropriation of funds, the  
34           State Board of Education ~~shall~~shall, upon recommendation of the ISD Superintendent, award  
35           innovation zone model grants of up to one hundred fifty thousand dollars (\$150,000) per fiscal  
36           year for five years to local boards of education who (i) have been authorized to adopt the  
37           innovation zone model by the State Board of Education for up to three schools or for a local  
38           school administrative unit with more than thirty-five percent (35%) of schools within the unit  
39           identified as low-performing and (ii) provide a dollar-for-dollar match with non-State funding  
40           for the requested grant amount. Innovation zone model grants shall be directed by local boards  
41           of educations to the innovation zone office to address specific issues in innovation zone  
42           schools."

43           **SECTION 7.26E.(f)** Section 8 of S.L. 2016-110 reads as rewritten:

44           **"SECTION 8.** This act is effective when it becomes law and supervision of ~~achievement~~  
45           innovative schools by the ~~Achievement~~Innovative School District shall begin with the  
46           ~~2017-2018~~2018-2019 school year. In the discretion of the State Board of Education (i) the ~~ASD~~  
47           ISD Superintendent may not be required during the ~~2016-2017~~2017-2018 school year to  
48           recommend qualifying schools for inclusion in the ~~ASD~~ISD for the ~~2017-2018~~2018-2019  
49           school year and (ii) the time line for selection of ~~achievement~~innovative schools for the  
50           ~~2017-2018~~2018-2019 school year provided in G.S. 115C-75.7 may be varied, but in no event  
51           may the local board of education's decision occur later than April 1, ~~2017-2018~~. The State

1 Board of Education may select up to five qualifying schools to transfer to the ~~ASD-ISD~~  
2 beginning with the ~~2017-2018~~2018-2019 school year but shall select at least two qualifying  
3 schools to transfer to the ~~ASD-ISD~~ no later than the ~~2018-2019~~2019-2020 school year and shall  
4 have selected five qualifying schools for transfer to the ~~ASD-ISD~~ no later than the  
5 ~~2019-2020~~2020-2021 school year."

## 7 **READ TO ACHIEVE DIAGNOSTIC CHANGES**

8 **SECTION 7.27.(a)** G.S. 115C-83.6 reads as rewritten:

### 9 **"§ 115C-83.6. Facilitating early grade reading proficiency.**

10 (a) Kindergarten, first, second, and third grade students shall be assessed with valid,  
11 reliable, formative, and diagnostic reading assessments made available to local school  
12 administrative units by the State Board of Education pursuant to G.S. 115C-174.11(a).  
13 Difficulty with reading development identified through administration of formative and  
14 diagnostic assessments shall be addressed with instructional supports and services. Parents or  
15 guardians of first and second grade students demonstrating reading comprehension below grade  
16 level as identified through assessments administered pursuant to this subsection shall be  
17 encouraged to enroll their student in a reading camp provided by the local school administrative  
18 unit. Parents or guardians of a student identified as demonstrating reading comprehension  
19 below grade level shall make the final decision regarding a student's reading camp attendance.

20 (a1) ~~To the greatest extent possible, kindergarten-Kindergarten through third grade~~  
21 ~~reading assessments shall yield data that can be used with the Education Value-Added~~  
22 ~~Assessment System (EVAAS), or a compatible and comparable system approved by the State~~  
23 ~~Board of Education, (EVAAS) to analyze student data to identify root causes for difficulty with~~  
24 ~~reading development and to determine actions to address them.~~

25 (b) Formative and diagnostic assessments and resultant instructional supports and  
26 services shall address oral language, phonological and phonemic awareness, phonics,  
27 vocabulary, fluency, and comprehension using developmentally appropriate practices. These  
28 assessments may be administered by computer or other electronic device.

29 (c) Local school administrative units are encouraged to partner with community  
30 organizations, businesses, and other groups to provide volunteers, mentors, or tutors to assist  
31 with the provision of instructional supports and services that enhance reading development and  
32 proficiency."

33 **SECTION 7.27.(b)** By October 1, 2017, the State Superintendent shall issue a  
34 Request for Proposals (RFP) to vendors of diagnostic reading assessment instruments to  
35 provide one or more valid, reliable, formative, and diagnostic reading assessment instrument or  
36 instruments for use pursuant to G.S. 115C-174.11. At a minimum, the diagnostic reading  
37 assessment instrument or instruments provided by the selected vendor shall meet all of the  
38 following criteria:

- 39 (1) Yield data that can be used with the Education Value-Added Assessment  
40 System (EVAAS).
- 41 (2) Demonstrate close alignment with student performance on State  
42 assessments, including all assessments required in kindergarten through third  
43 grade by Part 2 of Article 10A of Chapter 115C of the General Statutes.
- 44 (3) Demonstrate high rates of predictability as to student performance on State  
45 assessments, including all assessments required in kindergarten through third  
46 grade by Part 2 of Article 10A of Chapter 115C of the General Statutes.

47 **SECTION 7.27.(c)** The State Superintendent shall form and supervise an  
48 Evaluation Panel to review the proposals received pursuant to the RFP issued in accordance  
49 with subsection (b) of this section. The Evaluation Panel shall be composed of persons  
50 employed within the Department of Public Instruction. By March 1, 2018, the Evaluation  
51 Panel, with the approval of the State Superintendent, shall select one vendor to provide the

1 assessment instrument or instruments for the 2018-2019 school year. In determining which  
2 vendor to select, the Evaluation Panel shall consider, at a minimum, all of the following factors:

- 3 (1) The time required to conduct formative and diagnostic assessments with the  
4 intention of minimizing the impact on instructional time.
- 5 (2) The level of integration of assessment results with instructional support for  
6 teachers and students.
- 7 (3) The timeliness in reporting assessment results to teachers and administrators.
- 8 (4) The ability to provide timely assessment results to parents and guardians.

9 **SECTION 7.27.(d)** Subsection (a) of this section applies beginning with the  
10 2018-2019 school year.

### 11 12 **REIMBURSE INITIAL TEACHER LICENSURE FEE FOR CERTAIN NC TEACHING** 13 **GRADUATES**

14 **SECTION 7.28.(a)** G.S. 115C-296 is amended by adding a new subsection to read:

15 "(a4) Notwithstanding subsection (a2) of this section, the State Board of Education shall  
16 reimburse the initial teacher licensure application fee for the first time an applicant submits an  
17 application for teacher licensure, if the applicant meets all of the following requirements:

- 18 (1) The applicant is a graduate of an approved educator preparation program  
19 located in North Carolina.
- 20 (2) The applicant has successfully earned an initial teaching license in North  
21 Carolina.

22 The State Board shall issue reimbursement to the applicant within 30 days of the date the  
23 applicant successfully earns an initial teaching license in North Carolina."

24 **SECTION 7.28.(b)** This section applies to applications for licensure received on or  
25 after July 1, 2017.

### 26 27 **TESTING TRANSPARENCY**

28 **SECTION 7.28A.(a)** The State Superintendent of Public Instruction shall study  
29 and make recommendations regarding the extent to which the SAT and ACT tests align with  
30 the English language arts and mathematics portions of the Standard Course of Study. By  
31 February 1, 2018, the Superintendent shall report findings and recommendations to the  
32 Governor, the President Pro Tempore of the Senate, the Speaker of the House of  
33 Representatives, and the Joint Legislative Education Oversight Committee.

34 **SECTION 7.28A.(b)** G.S. 115C-174.12 reads as rewritten:

35 "**§ 115C-174.12. Responsibilities of agencies.**

36 ...  
37 (d) By ~~September~~ October 1 of each year, each local board of education shall notify  
38 the State Board of Education of any local standardized testing to be administered to students by  
39 the local school administrative unit at the direction of the local board of education in its schools  
40 and the calendar for administering those tests. The local board of education shall include  
41 ~~information on the~~ the following information:

- 42 (1) The source of funds supporting the local testing program.
- 43 (2) The time allotted to administer each test.
- 44 (3) Whether the test is a computer-based test or a paper-based test.
- 45 (4) The grade level or subject area associated with the test.
- 46 (5) The date the test results are expected to be available to teachers and parents.
- 47 (6) The type of test, the purpose of the test, and the use of the test results.
- 48 (7) Estimates of average time for administering tests required by the local board  
49 of education by grade level.

1 The local board of education shall meet the requirements of this subsection by inputting the  
2 information into the uniform calendar published by the Department of Public Instruction  
3 pursuant to subsection (e1) of this section.

4 (e) ~~By October 15~~ November 1 of each year, the State Board of Education shall submit a  
5 report to the Joint Legislative Education Oversight Committee containing information  
6 regarding the statewide administration of the testing program, including the number and type of  
7 tests and the testing schedule, and a summary of any local testing programs reported by local  
8 boards of education to the State Board of Education in accordance with subsection (d) of this  
9 section.

10 (e1) By September 1 of each year, the Superintendent of Public Instruction shall publish  
11 on the Web site of the Department of Public Instruction a uniform calendar that includes  
12 schedules for State-required testing and reporting results of tests for at least the next two school  
13 years, including estimates of the average time for administering State-required standardized  
14 tests. The uniform calendar shall be provided to local boards of education in an electronic  
15 format that allows each local board of education to populate the calendar with, at a minimum,  
16 the information required by subsection (d) of this section. The uniform calendar shall be  
17 searchable by local school administrative unit and denote whether a test on the calendar is  
18 required by the State or required by a local board of education."

19 **SECTION 7.28A.(c)** Part 2 of Article 10A of Chapter 115C of the General Statutes  
20 is amended by adding two new sections to read:

21 **"§ 115C-174.15. Report student performance on local standardized tests.**

22 (a) A local board of education shall provide a student's results on standardized tests  
23 required by the local board, as reported pursuant to G.S. 115C-174.12(d), to the following  
24 persons and according to the following time lines:

25 (1) To the student's teachers no later than one week after the standardized test is  
26 administered.

27 (2) To the student's parents no later than 30 days after the standardized test is  
28 administered.

29 (b) If the superintendent of the local school administrative unit determines in writing  
30 that extenuating circumstances exist and reports those circumstances to the local board of  
31 education, the local board may extend the above time lines in the discretion of the local board  
32 of education.

33 **"§ 115C-174.16. Report student performance on statewide, standardized tests.**

34 The Department of Public Instruction shall make available to local boards of education a  
35 student's results on all statewide, standardized tests in a timely manner and in an easy-to-read  
36 and understandable format a minimum of two weeks prior to the first day of attendance of the  
37 next school year. Local boards of education shall make those results available to both the  
38 student's teacher of record and parent or guardian prior to the first day of student attendance of  
39 the school year. These reports shall include all of the following information:

40 (1) A clear explanation of the student's performance on the applicable statewide,  
41 standardized tests.

42 (2) Information identifying the student's areas of strength and areas in need of  
43 improvement.

44 (3) Intervention strategies and appropriate resources based on the student's areas  
45 of strength and areas in need of improvement, when available.

46 (4) Longitudinal information on the student's progress in each subject area based  
47 on previous statewide, standardized test data, when available.

48 (5) Information showing the student's score compared to other students in the  
49 local school administrative unit, in the State, or, if available, in other states.

50 (6) Predictive information showing the linkage between the scores attained by  
51 the student on the statewide, standardized tests and the scores he or she may



1 potentially attain on nationally recognized college entrance examinations, if  
 2 available. This information shall be provided in a timely manner as it  
 3 becomes available to the Department of Public Instruction but may be  
 4 provided later than the beginning of the school year."

5 **SECTION 7.28A.(d)** G.S. 115C-81(b) reads as rewritten:

6 "(b) The Basic Education Program shall include course requirements and descriptions  
 7 similar in format to materials previously contained in the standard course of ~~study-study~~, and it  
 8 shall ~~provide~~provide all of the following:

- 9 (1) A core curriculum for all students that takes into account the special needs of  
 10 ~~children~~children.
- 11 (2) A set of competencies, by grade level, for each curriculum ~~area~~area.
- 12 (3) A list of textbooks for use in providing the ~~curriculum~~curriculum.
- 13 (4) Standards for student performance and promotion based on the mastery of  
 14 competencies, including standards for graduation, that take into account  
 15 children with disabilities and, in particular, include appropriate  
 16 ~~modifications~~modifications.
- 17 (4a) Standards for early promotion based on the mastery of competencies. These  
 18 standards shall apply when early grade or course promotion based on the  
 19 mastery of competencies is permitted in a school and shall include  
 20 requirements for early promotion based on mastery of competencies, at a  
 21 minimum, in the following subject areas and grade levels:
  - 22 a. For English language arts, at least grades three through 12.
  - 23 b. For mathematics, at least grades three through 12.
- 24 (5) A program of remedial ~~education~~education.
- 25 (6) Required support ~~programs~~programs.
- 26 (7) A definition of the instructional ~~day~~day.
- 27 (8) Class size recommendations and ~~requirements~~requirements.
- 28 (9) Prescribed staffing allotment ~~ratios~~ratios.
- 29 (10) Material and equipment allotment ~~ratios~~ratios.
- 30 (11) Facilities guidelines that reflect educational program appropriateness,  
 31 long-term cost efficiency, and safety ~~considerations~~and considerations.
- 32 (12) Any other information the Board considers appropriate and necessary.

33 The State Board shall not adopt or enforce any rule that requires Algebra I as a graduation  
 34 standard or as a requirement for a high school diploma for any student whose individualized  
 35 education program (i) identifies the student as learning disabled in the area of mathematics and  
 36 (ii) states that this learning disability will prevent the student from mastering Algebra I.

37 The State Board shall not require any student to prepare a high school graduation project as  
 38 a condition of graduation from high school; local boards of education may, however, require  
 39 their students to complete a high school graduation project."

40 **SECTION 7.28A.(e)** This section applies beginning with the 2018-2019 school  
 41 year.

#### 43 **WAIVE FEE FOR CAMBRIDGE AICE PROGRAM COURSE**

44 **SECTION 7.28D.(a)** G.S. 115C-174.26(a) reads as rewritten:

45 "(a) It is the intent of the State to enhance accessibility and encourage students to enroll  
 46 in and successfully complete more rigorous advanced courses to enable success in  
 47 postsecondary education for all students. For the purposes of this section, an advanced course is  
 48 an Advanced Placement ~~or~~course, an International Baccalaureate Diploma Programme  
 49 ~~course~~course, or a Cambridge Advanced International Certificate of Education (AICE) course,  
 50 including an AS-Level or A-Level course. To attain this goal, to the extent funds are made  
 51 available for this purpose, students enrolled in public schools shall be exempt from paying any

1 fees for administration of examinations for advanced courses and registration fees for advanced  
2 courses in which the student is enrolled regardless of the score the student achieves on an  
3 examination."

4 **SECTION 7.28D.(b)** Section 8.27(d) of S.L. 2013-360, as amended by Section  
5 8.17 of S.L. 2014-100, reads as rewritten:

6 "SECTION 8.27.(d) Of the funds appropriated to the Department of Public Instruction to  
7 implement the requirements of this section, ten million eight hundred thirty-one thousand one  
8 hundred eighty-four dollars (\$10,831,184) for the 2014-2015 fiscal year shall be used to fund  
9 fees for testing in advanced courses and one million five hundred thousand dollars (\$1,500,000)  
10 for each fiscal year shall be used by the North Carolina Advanced Placement Partnership to  
11 carry out its responsibilities as set forth in this section. Funding appropriated for professional  
12 development may be used by the State Board of Education to contract with an independent  
13 evaluator to assess the implementation and impact of advanced course programs in North  
14 Carolina. For the purposes of this section, until June 30, 2017, the term "advanced courses"  
15 means an Advanced Placement or International Baccalaureate Diploma Programme course.  
16 Beginning with the 2017-2018 fiscal year, the term "advanced courses" means an Advanced  
17 Placement course, an International Baccalaureate Diploma Programme course, or a Cambridge  
18 Advanced International Certificate of Education (AICE) course, including an AS-Level or  
19 A-Level course.

20 If the funds appropriated for the 2014-2015 fiscal year and subsequent fiscal years are  
21 insufficient, the Department of Public Instruction may use other funds within the State Public  
22 School Fund for these purposes."  
23

#### 24 **FINANCIAL LITERACY ELECTIVE COURSE PILOT PROGRAM**

25 **SECTION 7.32.(a)** Purpose. – The Superintendent of Public Instruction  
26 (Superintendent) shall establish a three-year Financial Literacy Elective Course Pilot Program  
27 (Program). The purpose of the Program is to determine the value of an in-depth high school  
28 elective course on personal financial literacy and the extent to which the course can provide  
29 high school students with the detailed knowledge and skills needed to become self-supporting  
30 and to make critical decisions regarding their personal finances.

31 **SECTION 7.32.(b)** Participation. – The Superintendent shall select local school  
32 administrative units to participate in the Program. The selected local school administrative units  
33 collectively shall represent the geographic, economic, and social diversity of the State. Each  
34 selected local school administrative unit shall participate in the Program for three school years,  
35 beginning in the 2017-2018 school year.

36 **SECTION 7.32.(c)** Implementation. – The Program shall authorize and assist the  
37 selected local school administrative units in the implementation of a high school elective course  
38 on personal financial literacy. This course shall serve as an in-depth supplement to the  
39 instruction in personal financial literacy required pursuant to G.S. 115C-81(i). The components  
40 of the elective course shall include, at a minimum, detailed information on personal banking,  
41 credit card finance, student loan financing, mortgages, credit scoring and credit reports,  
42 borrowing money for an automobile or other large purchase, and best practices in personal  
43 finance.

44 Prior to selecting the pilot units, the State Board of Education, in consultation with  
45 the Superintendent, shall develop a curriculum, materials, qualifications for teaching the  
46 course, and guidelines for local boards of education to use in implementing the course.

47 **SECTION 7.32.(d)** Reporting Requirement. – By November 15 of each year  
48 following the operation of the Program, the Department of Public Instruction shall report to the  
49 Joint Legislative Education Oversight Committee on the implementation and administration of  
50 the Program in the pilot units and any recommendations on the modification, continuation, and  
51 potential expansion of the Program statewide.

1  
2 **CHARTER SCHOOL TRANSPORTATION GRANT PILOT PROGRAM**

3 **SECTION 7.35.(a)** Purpose; Definition. – The Department of Public Instruction  
4 (Department) shall establish the Charter School Transportation Grant Pilot Program (Program).  
5 The purpose of the Program shall be to award grant funds to a charter school meeting the  
6 requirements of subsection (b) of this section for the reimbursement of up to sixty-five percent  
7 (65%) of the eligible student transportation costs incurred by the school in accordance with the  
8 provisions of this section. For purposes of this section, the term "eligible student transportation  
9 costs" means costs incurred by the charter school for (i) transportation fuel, (ii) vehicle  
10 maintenance, and (iii) contracted transportation services.

11 **SECTION 7.35.(b)** Program Eligibility. – If a charter school has a student  
12 enrollment of at least fifty percent (50%) of its students residing in households with an income  
13 level not in excess of the amount required for a student to qualify for the federal free or reduced  
14 price lunch program in a semester of the school year, the charter school may apply to the  
15 Department for grant funds under the Program for reimbursement of up to sixty-five percent  
16 (65%) of the eligible student transportation costs incurred by the school for that semester.

17 **SECTION 7.35.(c)** Applications. – By August 1, 2017, the Department shall  
18 establish the criteria and guidelines for the grant application process for the upcoming school  
19 year, including any documentation required to be submitted with the application. The  
20 Department shall accept applications until December 31, 2017, for eligible student  
21 transportation costs incurred during the fall semester of the school year and until May 30, 2018,  
22 for eligible student transportation costs incurred during the spring semester of the school year.

23 **SECTION 7.35.(d)** Award of Funds. – From funds made available for the  
24 Program, the Department shall award grant funds under the Program to the selected charter  
25 schools by January 15, 2018, for eligible student transportation costs incurred during the fall  
26 semester of the school year and by June 15, 2018, for eligible student transportation costs  
27 incurred during the spring semester of the prior school year. The total amount of each grant  
28 awarded under the Program shall not exceed one hundred thousand dollars (\$100,000).

29 **SECTION 7.35.(e)** Reporting. – The Department shall provide a report by March  
30 15, 2018, to the Fiscal Research Division, the Joint Legislative Transportation Oversight  
31 Committee, and the Joint Legislative Education Oversight Committee on the administration of  
32 the Program, including (i) the number of charter schools that received grant funds, (ii) the  
33 amount of grant funds awarded to those charter schools, (iii) whether implementing the  
34 Program has led to an increase in charter schools offering lunch, (iv) whether implementing the  
35 Program has led to an increase in student lunch participation at charter schools offering lunch,  
36 (v) whether implementing the Program has increased or expanded the offering of student  
37 transportation by charter schools, and (vi) the modes of student transportation offered by  
38 charter schools that received grant funds.

39  
40 **PART VIII. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

41  
42 **TEACHER SALARY SCHEDULE**

43 **SECTION 8.1.(a)** The following monthly teacher salary schedule shall apply for  
44 the 2017-2018 fiscal year to licensed personnel of the public schools who are classified as  
45 teachers. The salary schedule is based on years of teaching experience.

46 **2017-2018 Teacher Monthly Salary Schedule**

47 <b>Years of Experience</b>	<b>"A" Teachers</b>
48 0	\$3,500
49 1	\$3,600
50 2	\$3,630
51 3	\$3,730

1	4	\$3,730
2	5	\$3,830
3	6	\$3,830
4	7	\$3,930
5	8	\$3,930
6	9	\$4,055
7	10	\$4,055
8	11	\$4,205
9	12	\$4,205
10	13	\$4,355
11	14	\$4,355
12	15	\$4,555
13	16	\$4,630
14	17	\$4,730
15	18	\$4,730
16	19	\$4,830
17	20	\$4,830
18	21	\$4,930
19	22	\$4,930
20	23	\$5,000
21	24	\$5,000
22	25+	\$5,130.

**SECTION 8.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

**SECTION 8.1.(c)** The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to the sixth step of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

**SECTION 8.1.(d)** The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at

1 the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the  
 2 salary received by these same employees on the twenty-fifth step of the salary schedule.

3 **SECTION 8.1.(e)** Beginning with the 2014-2015 fiscal year, in lieu of providing  
 4 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those  
 5 longevity payments are included in the monthly amounts under the teacher salary schedule.

6 **SECTION 8.1.(f)** A teacher compensated in accordance with this salary schedule  
 7 for the 2017-2018 school year shall receive an amount equal to the greater of the following:

- 8 (1) The applicable amount on the salary schedule for the applicable school year.
- 9 (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
 10 the sum of the following:
  - 11 a. The salary the teacher received in the 2013-2014 school year  
 12 pursuant to Section 35.11 of S.L. 2013-360.
  - 13 b. The longevity that the teacher would have received under the  
 14 longevity system in effect for the 2013-2014 school year provided in  
 15 Section 35.11 of S.L. 2013-360 based on the teacher's current years  
 16 of service.
  - 17 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 18 (3) For teachers who were not eligible for longevity for the 2013-2014 school  
 19 year, the sum of the salary and annual bonus the teacher received in the  
 20 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

21 **SECTION 8.1.(g)** As used in this section, the term "teacher" shall also include  
 22 instructional support personnel.

23 **SECTION 8.1.(h)** Section 9.1(i) of S.L. 2016-94 is repealed.

24 **SECTION 8.1.(i)** It is the intent of the General Assembly to implement the  
 25 following base monthly teacher salary schedule for the 2018-2019 fiscal year to licensed  
 26 personnel of the public schools who are classified as teachers. The salary schedule would be  
 27 based on years of teaching experience.

28 **2018-2019 Teacher Monthly Salary Schedule**

29 <b>Years of Experience</b>	<b>"A" Teachers</b>
30 0	\$3,500
31 1	\$3,600
32 2	\$3,700
33 3	\$3,800
34 4	\$3,900
35 5	\$4,000
36 6	\$4,100
37 7	\$4,200
38 8	\$4,300
39 9	\$4,400
40 10	\$4,500
41 11	\$4,600
42 12	\$4,700
43 13	\$4,800
44 14	\$4,900
45 15-24	\$5,000
46 25+	\$5,130.

47  
 48 **SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

49 **SECTION 8.2.(a)** For purposes of this section, a "highly qualified graduate" or  
 50 "graduate" is an individual entering the teaching profession who has graduated from an  
 51 approved educator preparation program located in North Carolina (i) with a grade point average

1 of 3.75 or higher on a 4.0 scale, or its equivalent, and (ii) with a score of 48 or higher on the  
 2 edTPA assessment or an equivalent score on the nationally normed and valid pedagogy  
 3 assessment used to determine clinical practice performance. Notwithstanding Section 8.1(a) of  
 4 this act, a highly qualified graduate who is employed by a local board of education shall receive  
 5 a salary supplement each month at the highest level for which the graduate qualifies, as  
 6 follows:

- 7 (1) A graduate accepts initial employment at a school identified as  
 8 low-performing by the State Board of Education pursuant to  
 9 G.S. 115C-105.37 shall receive a salary supplement during the graduate's  
 10 first three years of employment as a teacher, without a break in service,  
 11 equivalent to the difference between the State-funded salary of the graduate  
 12 and the State-funded salary of a similarly situated teacher with three years of  
 13 experience on the "A" Teachers salary schedule, as long as the graduate (i)  
 14 remains teaching at the same school or (ii) accepts subsequent employment  
 15 at another low-performing school or local school administrative unit  
 16 identified as low-performing.
- 17 (2) A graduate licensed and employed to teach in the areas of special education,  
 18 science, technology, engineering, or mathematics shall receive a salary  
 19 supplement during the graduate's first two years of employment as a teacher,  
 20 without a break in service, equivalent to the difference between the  
 21 State-funded salary of the graduate and the State-funded salary of a similarly  
 22 situated teacher with two years of experience on the "A" Teachers salary  
 23 schedule, as long as the graduate continues teaching in one of those areas.
- 24 (3) All other graduates shall receive a salary supplement during the graduate's  
 25 first year of employment as a teacher, without a break in service, equivalent  
 26 to the difference between the State-funded salary of the graduate and the  
 27 State-funded salary of a similarly situated teacher with one year of  
 28 experience on the "A" Teachers salary schedule.

29 **SECTION 8.2.(b)** This section applies to teachers entering the profession in the  
 30 2017-2018 fiscal year.

31  
 32 **PRINCIPAL SALARY SCHEDULE**

33 **SECTION 8.3.(a)** The following annual salary schedule for principals shall apply  
 34 for the 2017-2018 fiscal year, beginning July 1, 2017.

35 **2017-2018 Principal Annual Salary Schedule**

36 <b>Avg. Daily Membership</b>	36 <b>Base</b>	36 <b>Met Growth</b>	36 <b>Exceeded Growth</b>
37 0-400	37 \$61,751	37 \$67,926	37 \$74,101
38 401-700	38 \$64,839	38 \$71,322	38 \$77,806
39 701-1,000	39 \$67,926	39 \$74,719	39 \$81,511
40 1,001-1,300	40 \$71,014	40 \$78,115	40 \$85,216
41 1,301+	41 \$74,101	41 \$81,511	41 \$88,921.

42 A principal's placement on the salary schedule shall be determined according to the  
 43 average daily membership of the school supervised by the principal in the current school year  
 44 and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the  
 45 principal supervised in at least two of the prior three school years, regardless of a break in  
 46 service, and provided the principal supervised each school as a principal for at least a majority  
 47 of the school year, as follows:

- 48 (1) A principal shall be paid according to the Exceeded Growth column of the  
 49 schedule if the school growth scores show the school or schools exceeded  
 50 expected growth in at least two of the prior three school years.

- 1 (2) A principal shall be paid according to the Met Growth column of the  
2 schedule if any of the following apply:  
3 a. The school growth scores show the school or schools met expected  
4 growth in at least two of the prior three school years.  
5 b. The school growth scores show the school or schools met expected  
6 growth in at least one of the prior three school years and exceeded  
7 expected growth in one of the prior three school years.  
8 c. The principal supervised a school in at least two of the prior three  
9 school years that was not eligible to receive a school growth score.
- 10 (3) A principal shall be paid according to the Base column if either of the  
11 following apply:  
12 a. The school growth scores show the school or schools did not meet  
13 expected growth in at least two of the prior three years.  
14 b. The principal has not supervised any school as a principal for a  
15 majority of the school year in at least two of the prior three school  
16 years.

17 **SECTION 8.3.(b)** Beginning with the 2017-2018 fiscal year, in lieu of providing  
18 annual longevity payments to principals paid on the principal salary schedule, the amounts of  
19 those longevity payments are included in the annual amounts under the principal salary  
20 schedule.

21 **SECTION 8.3.(c)** A principal compensated in accordance with this section for the  
22 2017-2018 fiscal year shall receive an amount equal to the greater of the following:

- 23 (1) The applicable amount determined pursuant to subsection (a) of this section.  
24 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,  
25 the sum of the following:  
26 a. The salary the principal received in the 2016-2017 fiscal year  
27 pursuant to Section 9.2 of S.L. 2016-94.  
28 b. The longevity that the principal would have received as provided for  
29 State employees under the North Carolina Human Resources Act for  
30 the 2016-2017 fiscal year based on the principal's current years of  
31 service.
- 32 (3) For principals who were not eligible for longevity in the 2016-2017 school  
33 year, the salary the principal received in the 2016-2017 fiscal year pursuant  
34 to Section 9.2 of S.L. 2016-94.

35 **SECTION 8.3.(c1)** Subsection (c) of this section applies to the 2017-2018 fiscal  
36 year only and shall not apply to subsequent fiscal years.

37 **SECTION 8.3.(d)** G.S. 115C-105.25(b)(5c) reads as rewritten:

38 "(5c) Funds allocated for school building administration may be converted for any  
39 purpose authorized by the policies of the State Board of Education. For  
40 funds related to principal positions, the salary transferred shall be based on  
41 the first step of ~~the Principal III Salary Schedule~~ the Base column of the  
42 Principal Salary Schedule. For funds related to assistant principal months of  
43 employment, the salary transferred shall be based on the first step of the  
44 ~~Assistant Principal Salary Schedule~~ "A" Teachers Salary Schedule at the  
45 salary level for assistant principals. Certified position allotments shall not be  
46 transferred to dollars to hire the same type of position."  
47

## 48 PRINCIPAL BONUSES

49 **SECTION 8.4.(a)** The Department of Public Instruction shall administer a bonus in  
50 the 2017-2018 fiscal year to any principal who supervised a school as a principal for a majority  
51 of the previous school year if that school was in the top fifty percent (50%) of school growth in

1 the State during the previous school year, calculated by the State Board pursuant to  
2 G.S. 115C-83.15(c), as follows:

3 **2017-2018 Principal Bonus Schedule**

4 <b>Statewide Growth Percentage</b>	5 <b>Bonus</b>
6 Top 5%	\$5,000
7 Top 10%	\$4,000
8 Top 15%	\$3,000
9 Top 20%	\$2,000
10 Top 50%	\$1,000.

11 A principal shall receive no more than one bonus pursuant to this subsection. The  
12 bonus shall be paid at the highest amount for which the principal qualifies.

13 **SECTION 8.4.(b)** In addition to the bonuses provided pursuant to subsection (a) of  
14 this section, the Department shall administer a bonus in the 2017-2018 fiscal year to any  
15 principal who supervised the same school as a principal for a majority of the 2015-2016 school  
16 year and the 2016-2017 school year if the school was designated by the State Board of  
17 Education pursuant to G.S. 115C-83.15(f) as having met expected growth or as having not met  
18 expected growth in the 2015-2016 school year and was designated by the State Board as having  
19 exceeded expected growth in the 2016-2017 school year. The bonus shall be the greater of the  
20 following:

- 21 (1) Five thousand dollars (\$5,000).
- 22 (2) Ten thousand dollars (\$10,000) for any principal who supervised a school  
23 during the 2015-2016 school year with a school performance grade of D or  
24 F, as calculated by the State Board pursuant to G.S. 115C-83.15(d).

25 **SECTION 8.4.(c)** No principal shall receive more than two bonuses pursuant to  
26 this section. The bonus or bonuses awarded to a principal pursuant to this section shall be in  
27 addition to any regular wage or other bonus the principal receives or is scheduled to receive.

28 **SECTION 8.4.(d)** Notwithstanding G.S. 135-1(7a), the bonuses awarded in  
29 accordance with this section are not compensation under Article 1 of Chapter 135 of the  
30 General Statutes, the Teachers' and State Employees' Retirement System.

31 **SECTION 8.4.(e)** The bonuses awarded in accordance with this section do not  
32 apply to principals no longer employed as a principal due to resignation, dismissal, reduction in  
33 force, death, or retirement or whose last workday is prior to July 1, 2017.

34 **SECTION 8.4.(f)** It is the intent of the General Assembly that funds provided to  
35 local school administrative units pursuant to this section will supplement principal  
36 compensation and not supplant local funds.

37 **SECTION 8.4.(g)** The bonuses related to these funds shall be paid no later than  
38 October 31, 2017.

39 **ASSISTANT PRINCIPAL SALARIES**

40 **SECTION 8.5.(a)** For the 2017-2018 fiscal year, commencing July 1, 2017,  
41 assistant principals shall receive a monthly salary based on the salary schedule for teachers who  
42 are classified as "A" teachers plus seventeen percent (17%). Years of experience for an  
43 assistant principal on the salary schedule shall be measured by the total number of years the  
44 assistant principal has spent as a teacher, an assistant principal, or both. For purposes of this  
45 section, an administrator with a one-year provisional assistant principal's certificate shall be  
46 considered equivalent to an assistant principal.

47 **SECTION 8.5.(b)** Assistant principals with certification based on academic  
48 preparation at the six-year degree level shall be paid a salary supplement of one hundred  
49 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary  
50 supplement of two hundred fifty-three dollars (\$253.00) per month.



1           **SECTION 8.5.(c)** Participants in an approved full-time master's in-school  
 2 administration program shall receive up to a 10-month stipend at the beginning salary of an  
 3 assistant principal during the internship period of the master's program. The stipend shall not  
 4 exceed the difference between the beginning salary of an assistant principal plus the cost of  
 5 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,  
 6 including awards of the Principal Fellows Program. The Principal Fellows Program or the  
 7 school of education where the intern participates in a full-time master's in-school administration  
 8 program shall supply the Department of Public Instruction with certification of eligible  
 9 full-time interns.

10           **SECTION 8.5.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing  
 11 annual longevity payments to assistant principals on the assistant principal salary schedule, the  
 12 amounts of those longevity payments are included in the monthly amounts provided to assistant  
 13 principals pursuant subsection (a) of this section.

14           **SECTION 8.5.(e)** An assistant principal compensated in accordance with this  
 15 section for the 2017-2018 fiscal year shall receive an amount equal to the greater of the  
 16 following:

- 17           (1) The applicable amount determined pursuant to subsections (a) through (c) of  
 18 this section.
- 19           (2) For assistant principals who were eligible for longevity in the 2016-2017  
 20 fiscal year, the sum of the following:
  - 21           a. The salary the assistant principal received in the 2016-2017 fiscal  
 22 year pursuant to Section 9.2 of S.L. 2016-94.
  - 23           b. The longevity that the assistant principal would have received as  
 24 provided for State employees under the North Carolina Human  
 25 Resources Act for the 2016-2017 fiscal year based on the assistant  
 26 principal's current years of service.
- 27           (3) For assistant principals who were not eligible for longevity in the 2016-2017  
 28 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal  
 29 year pursuant to Section 9.2 of S.L. 2016-94.

30           **SECTION 8.5.(f)** It is the intent of the General Assembly to compensate assistant  
 31 principals in the 2018-2019 fiscal year based on the salary schedule for teachers who are  
 32 classified as "A" teachers, plus nineteen percent (19%).  
 33

34 **CENTRAL OFFICE SALARIES**

35           **SECTION 8.6.(a)** The monthly salary ranges that follow apply to assistant  
 36 superintendents, associate superintendents, directors/coordinators, supervisors, and finance  
 37 officers for the 2017-2018 fiscal year, beginning July 1, 2017:

	<b>2017-2018 Fiscal Year</b>		
	Minimum		Maximum
38			
39			
40	School Administrator I	\$3,525	to \$6,501
41	School Administrator II	\$3,729	to \$6,888
42	School Administrator III	\$3,951	to \$7,300
43	School Administrator IV	\$4,104	to \$7,585
44	School Administrator V	\$4,265	to \$7,887
45	School Administrator VI	\$4,517	to \$8,356
46	School Administrator VII	\$4,693	to \$8,688.

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

1           **SECTION 8.6.(b)** The monthly salary ranges that follow apply to public school  
2 superintendents for the 2017-2018 fiscal year, beginning July 1, 2017:

3   **2017-2018 Fiscal Year**

	Minimum		Maximum
4           Superintendent I	\$4,974	to	\$9,209
5           Superintendent II	\$5,273	to	\$9,758
6           Superintendent III	\$5,586	to	\$10,344
7           Superintendent IV	\$5,921	to	\$10,965
8           Superintendent V	\$6,277	to	\$11,626.

9  
10           The local board of education shall determine the appropriate category and  
11 placement for the superintendent based on the average daily membership of the local school  
12 administrative unit and within funds appropriated by the General Assembly for central office  
13 administrators and superintendents.

14           **SECTION 8.6.(c)** Longevity pay for superintendents, assistant superintendents,  
15 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as  
16 provided for State employees under the North Carolina Human Resources Act.

17           **SECTION 8.6.(d)** Superintendents, assistant superintendents, associate  
18 superintendents, directors/coordinators, supervisors, and finance officers with certification  
19 based on academic preparation at the six-year degree level shall receive a salary supplement of  
20 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided  
21 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,  
22 directors/coordinators, supervisors, and finance officers with certification based on academic  
23 preparation at the doctoral degree level shall receive a salary supplement of two hundred  
24 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this  
25 section.

26           **SECTION 8.6.(e)** The State Board of Education shall not permit local school  
27 administrative units to transfer State funds from other funding categories for salaries for public  
28 school central office administrators.  
29

30 **NONCERTIFIED PERSONNEL SALARIES**

31           **SECTION 8.7.(a)** For the 2017-2018 fiscal year, the annual salary for noncertified  
32 public school employees whose salaries are supported from State funds shall be increased as  
33 follows:

- 34           (1) For permanent, full-time employees on a 12-month contract, by one  
35 thousand dollars (\$1,000).  
36           (2) For the following employees, by a prorated and equitable amount based on  
37 the amount specified in subdivision (1) of this subsection:  
38           a. Permanent, full-time employees on a contract for fewer than 12  
39 months.  
40           b. Permanent, part-time employees.  
41           c. Temporary and permanent hourly employees.

42           **SECTION 8.7.(b)** Of the funds appropriated in this act for salary increases for  
43 noncertified personnel in the 2017-2018 fiscal year, in lieu of the salary increases provided in  
44 subsection (a) of this section, the sum of sixteen million eight hundred fifty-five thousand  
45 eighty-one dollars (\$16,855,081) shall be allocated to local boards of education to increase the  
46 average rates of pay for all school bus drivers in the local school administrative unit on an  
47 equitable basis.  
48

49 **SCHOOL BOARDS CREATE MINIMUM SALARY SCHEDULE FOR**  
50 **OCCUPATIONAL THERAPISTS AND PHYSICAL THERAPISTS**

51           **SECTION 8.8.** G.S. 115C-316 is amended by adding a new subsection to read:

1        "(b1) Every local board of education shall adopt a minimum salary schedule for  
 2 occupational therapists and physical therapists employed in full-time, permanent positions. The  
 3 minimum salary schedule shall apply to positions paid from State, local, or federal funds. In  
 4 accordance with the noncertified salary grades and ranges adopted by the State Board of  
 5 Education, the minimum salary schedule shall differentiate salaries based on years of  
 6 experience, but experience-based intervals shall be no greater than five years. Local boards of  
 7 education may compensate occupational therapists and physical therapists above the minimum  
 8 salary schedule provided all State-funded salaries are within the noncertified salary grades and  
 9 ranges adopted by the State Board of Education."

## 10 **VETERAN TEACHER BONUSES**

11        **SECTION 8.8A.(a)** By October 31 of each year of the 2017-2019 fiscal biennium,  
 12 the Department of Public Instruction shall administer a one-time, lump sum bonus in the  
 13 amount of three hundred eighty-five dollars (\$385.00) to any teacher with at least 25 years of  
 14 teaching experience.

15        **SECTION 8.8A.(b)** The bonuses awarded pursuant to this section shall be in  
 16 addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

17        **SECTION 8.8A.(c)** Notwithstanding G.S. 135-1(7a), the bonuses awarded  
 18 pursuant to this section are not compensation under Article 1 of Chapter 135 of the General  
 19 Statutes, the Teachers' and State Employees' Retirement System.

## 20 **REVISE TEACHER BONUS PROGRAMS**

21        **SECTION 8.8B.(a)** Section 8.8 of S.L. 2016-94 reads as rewritten:

### 22 **"ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE** 23 **BACCALAUREATE/CAMBRIDGE AICE TEACHER BONUS PILOT PROGRAM**

24        **"SECTION 8.8.(a)** The State Board of Education shall establish the Advanced  
 25 Placement/International ~~Baccalaureate Pilot~~ Baccalaureate/Cambridge AICE Program ~~(pilot~~  
 26 ~~program)-(program)~~ to reward advanced course teacher performance and to encourage student  
 27 learning and improvement. To attain this goal, the Department of Public Instruction shall  
 28 administer bonus pay ~~for two school years to licensed teachers of advanced courses, courses in~~  
 29 public schools, including charter schools, beginning with data from the 2015-2016 school year,  
 30 in accordance with the following:

- 31        (1) A bonus in the amount of fifty dollars (\$50.00) for each student taught by an  
 32 advanced course teacher in each advanced course who receives the following  
 33 score:  
 34        a. For Advanced Placement courses, a score of three or higher on the  
 35 College Board Advanced Placement Examination.  
 36        b. For International Baccalaureate Diploma Programme courses, a score  
 37 of four or higher on the International Baccalaureate course  
 38 examination.  
 39        c. For the Cambridge Advanced International Certificate of Education  
 40 (AICE) program, a score of "E" or higher on the Cambridge AICE  
 41 program examinations.  
 42        (2) No teacher shall be awarded a bonus pursuant to this subsection that exceeds  
 43 ~~two thousand dollars (\$2,000)~~ three thousand five hundred dollars (\$3,500) in  
 44 any given school year. The bonus awarded to a teacher pursuant to this  
 45 subsection shall be in addition to any regular wage or other bonus the  
 46 teacher receives or is scheduled to receive.  
 47        (3) ~~For advanced course scores collected from the 2015-2016 school year and~~  
 48 ~~the 2016-2017 school year, bonuses~~ Bonuses awarded pursuant to this  
 49 subsection are payable in ~~January 2017 and January 2018,~~  
 50  
 51

1 respectively, January, based on data from the previous school year, to  
2 qualifying ~~advanced course~~ teachers who remain employed teaching  
3 ~~advanced courses~~ in the same local school administrative unit at least from  
4 the school year the data is collected until the corresponding school year that  
5 the bonus is paid.

6 "SECTION 8.8.(b) For the purposes of this section, an "advanced course" shall mean an  
7 Advanced Placement ~~or course, an~~ International Baccalaureate Diploma Programme  
8 ~~course, course, or a Cambridge AICE course.~~

9 "SECTION 8.8.(c) Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded  
10 under this section are not compensation under Article 1 of Chapter 135 of the General Statutes,  
11 the Teachers' and State Employees' Retirement System.

12 "SECTION 8.8.(d) The State Board of Education shall ~~report on and study the pilot~~  
13 ~~program as follows:~~

14 (1) ~~The State Board shall report on study the effect of the program on advanced~~  
15 ~~course teacher performance and retention. The State Board shall report the~~  
16 ~~results of its findings and the amount of bonuses awarded to advanced~~  
17 ~~course teachers, including the amount awarded for Advanced Placement~~  
18 ~~courses and courses, the amount awarded for International Baccalaureate~~  
19 ~~Diploma Programme courses, and the amount awarded for Cambridge AICE~~  
20 ~~program courses, to the President Pro Tempore of the Senate, the Speaker of~~  
21 ~~the House of Representatives, the Joint Legislative Education Oversight~~  
22 ~~Committee, and the Fiscal Research Division by March 15, 2017, and again~~  
23 ~~by March 15, 2018. 15 of each year.~~

24 (2) ~~The State Board shall study the effect of the pilot program on advanced~~  
25 ~~course teacher performance and retention. The State Board shall report the~~  
26 ~~results of its findings to the President Pro Tempore of the Senate, the~~  
27 ~~Speaker of the House of Representatives, the Fiscal Research Division, and~~  
28 ~~the Joint Legislative Education Oversight Committee by March 15, 2018.~~

29 "SECTION 8.8.(e) For the 2017-2018 fiscal year only, the Director of the Budget shall  
30 also include in the base budget, as defined by G.S. 143C-1-1(d)(1c), the amount of  
31 nonrecurring funds needed to support the ~~pilot~~ program.

32 "SECTION 8.8.(f) ~~This section expires June 30, 2018.~~"

33 SECTION 8.8B.(b) Section 8.9 of S.L. 2016-94 reads as rewritten:

34 "INDUSTRY CERTIFICATIONS AND CREDENTIALS TEACHER BONUS ~~PILOT~~  
35 PROGRAM

36 "SECTION 8.9.(a) The State Board of Education, in collaboration with the Department of  
37 Commerce, shall establish the Industry Certifications and Credentials Teacher Bonus ~~Pilot~~  
38 Program (~~pilot program~~)(program) to reward the performance of teachers in public schools,  
39 including charter schools, who teach students earning approved industry certifications or  
40 credentials consistent with G.S. 115C-156.2 and to encourage student learning and  
41 improvement. To attain this goal, the Department of Public Instruction shall administer bonus  
42 pay ~~for two school years to~~ teachers in public schools, including charter schools, who teach  
43 students earning approved industry certifications or credentials, beginning with data from the  
44 2015-2016 school year, in accordance with the following:

45 (1) For teachers who provide direct instruction to students, bonuses shall be  
46 provided in the following amounts:

47 a. A bonus in the amount of twenty-five dollars (\$25.00) for each  
48 student taught by a teacher who provided instruction in a course that  
49 led to the attainment of an industry certification or credential with a  
50 twenty-five-dollar (\$25.00) value ranking as determined under  
51 subdivision (3) of this subsection.

- 1                   b.       A bonus in the amount of fifty dollars (\$50.00) for each student  
2                   taught by a teacher who provided instruction in a course that led to  
3                   the attainment of an industry certification or credential with a  
4                   fifty-dollar (\$50.00) value ranking as determined under subdivision  
5                   (3) of this subsection.
- 6                   (2)       No teacher shall be awarded a bonus pursuant to this subsection that exceeds  
7                   ~~two thousand dollars (\$2,000)~~ three thousand five hundred dollars (\$3,500) in  
8                   any given school year. The bonus awarded to a teacher pursuant to this  
9                   subsection shall be in addition to any regular wage or other bonus the  
10                  teacher receives or is scheduled to receive.
- 11                  (3)       The Department of Commerce, in consultation with the State Board, shall  
12                  assign a value ranking for each industry certification and credential based on  
13                  academic rigor and employment value in accordance with this subdivision.  
14                  Fifty percent (50%) of the ranking shall be based on academic rigor and the  
15                  remaining fifty percent (50%) on employment value. Academic rigor and  
16                  employment value shall be based on the following elements:
- 17                  a.       Academic rigor shall be based on the number of instructional hours,  
18                  including work experience or internship hours, required to earn the  
19                  industry certification or credential, with extra weight given for  
20                  coursework that also provides community college credit.
- 21                  b.       Employment value shall be based on the entry wage, growth rate in  
22                  employment for each occupational category, and average annual  
23                  openings for the primary occupation linked with the industry  
24                  certification or credential.
- 25                  (4)       ~~For data on courses leading to student attainment of industry certifications~~  
26                  ~~and credentials collected from the 2015-2016 school year and the 2016-2017~~  
27                  ~~school year, bonuses~~ Bonuses awarded pursuant to this subsection are  
28                  payable in January 2017 and January 2018, respectively, to qualifying  
29                  teachers who remain employed teaching ~~students earning approved industry~~  
30                  ~~certifications or credentials~~ in the same local school administrative unit at  
31                  least from the school year the data is collected until the corresponding school  
32                  year that the bonus is paid.

33                  **"SECTION 8.9.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded  
34                  under this section are not compensation under Article 1 of Chapter 135 of the General Statutes,  
35                  the Teachers' and State Employees' Retirement System.

36                  **"SECTION 8.9.(c)** The State Board of Education shall ~~report on and study the pilot~~  
37                  ~~program as follows:~~

- 38                  (1)       ~~The State Board shall study the effect of the program on teacher~~  
39                  ~~performance and retention. The State Board shall report on the results of its~~  
40                  ~~findings,~~ the amount of bonuses awarded to teachers who teach students  
41                  earning approved industry certifications or ~~credentials~~ credentials, and the  
42                  type of industry certifications and credentials earned by their students to the  
43                  President Pro Tempore of the Senate, the Speaker of the House of  
44                  Representatives, the Joint Legislative Education Oversight Committee, and  
45                  the Fiscal Research Division by March 15, 2017, and again by March 15,  
46                  2018. 15 of each year.
- 47                  (2)       ~~The State Board shall study the effect of the pilot program on teacher~~  
48                  ~~performance and retention. The State Board shall report the results of its~~  
49                  ~~findings to the President Pro Tempore of the Senate, the Speaker of the~~  
50                  ~~House of Representatives, the Fiscal Research Division, and the Joint~~  
51                  ~~Legislative Education Oversight Committee by March 15, 2018.~~

1 "SECTION 8.9.(d) For the 2017-2018 fiscal year only, the Director of the Budget shall  
2 also include in the base budget, as defined by G.S. 143C-1-1(d)(1c), the amount of  
3 nonrecurring funds needed to support the ~~pilot~~ program.

4 "~~SECTION 8.9.(e) This section expires June 30, 2018.~~"

5 SECTION 8.8B.(c) Section 9.7 of S.L. 2016-94 reads as rewritten:

6 "~~THIRD GRADE READING READ TO ACHIEVE TEACHER PERFORMANCE~~  
7 ~~PILOT~~BONUS PROGRAM

8 "SECTION 9.7.(a) The State Board of Education shall establish the Third Grade ~~Reading~~  
9 Read to Achieve Teacher Performance Pilot~~Bonus~~ Program (program) to reward teacher  
10 performance and encourage student learning and improvement. To attain this goal, the  
11 Department of Public Instruction shall administer bonus pay to ~~licensed third grade~~ teachers  
12 who have an Education Value-Added Assessment System (EVAAS) student growth index  
13 score for third grade reading from the previous school year, beginning with the data from the  
14 2015-2016 school year, as follows:

15 (1) Of the funds appropriated for ~~this the~~ program, five million dollars  
16 (\$5,000,000) shall be allocated for bonuses to ~~licensed third grade~~ teachers  
17 who are in the top twenty-five percent (25%) of teachers in the State  
18 according to the EVAAS student growth index score for third grade reading  
19 from the previous year. These funds shall be allocated equally among  
20 qualifying teachers.

21 (2) Of the funds appropriated for ~~this the~~ program, five million dollars  
22 (\$5,000,000) shall be allocated to pay bonuses to ~~licensed third grade~~  
23 teachers who are in the top twenty-five percent (25%) of teachers in their  
24 respective local school administrative units according to the EVAAS student  
25 growth index score for third grade reading from the previous year. These  
26 funds shall be split proportionally based on average daily membership for  
27 each local school administrative unit and then distributed equally among  
28 qualifying teachers in each local school administrative unit, subject to the  
29 following conditions:

- 30 a. Teachers employed in charter schools and regional schools are not  
31 eligible to receive a bonus under this subdivision.  
32 b. Any teacher working in a local school administrative unit that  
33 employs three or fewer third grade teachers shall receive a bonus  
34 under this subdivision if that teacher has an EVAAS student growth  
35 index score for third grade reading from the previous school year that  
36 exceeds expected growth.

37 (3) For EVAAS student growth index score data collected during the 2015-2016  
38 school year and the 2016-2017 school year, bonuses awarded pursuant to  
39 subdivisions (1) and (2) of this subsection are payable in January of 2017  
40 and January of 2018, respectively, to qualifying ~~third grade~~ teachers who  
41 remain employed teaching ~~third grade~~ in the same local school  
42 administrative unit at least from the school year the data is collected until the  
43 corresponding school year that the bonus is paid.

44 (4) A teacher who is eligible to receive a bonus under both subdivisions (1) and  
45 (2) of this subsection shall receive both bonuses. The bonus or bonuses  
46 awarded to a teacher pursuant to this subsection shall be in addition to any  
47 regular wage or other bonus the teacher receives or is scheduled to receive.

48 "SECTION 9.7.(b) Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded  
49 by this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the  
50 Teachers' and State Employees' Retirement System.

1 "SECTION 9.7.(c) The State Board of Education shall ~~report on and study the Third~~  
2 ~~Grade Reading Teacher Performance Pilot Program (Program) as follows: study the effect of the~~  
3 program on teacher performance and retention. The State Board shall report the results of its  
4 findings.

5 (1) ~~The State Board of Education shall report on~~ the distribution of statewide  
6 bonuses as among local school administrative ~~units—units,~~ and the  
7 distribution of bonuses within local school administrative units as among  
8 individual schools to the President Pro Tempore of the Senate, the Speaker  
9 of the House of Representatives, the Joint Legislative Education Oversight  
10 Committee, and the Fiscal Research Division on March 1, 2017, ~~and again~~  
11 ~~on March 1, 2018.~~ 15 of each year.

12 (2) ~~The State Board of Education shall study the effect of the Program on~~  
13 ~~teacher performance and retention. The State Board of Education shall report~~  
14 ~~the results of its findings to the President Pro Tempore of the Senate, the~~  
15 ~~Speaker of the House of Representatives, the Fiscal Research Division, and~~  
16 ~~the Joint Legislative Education Oversight Committee no later than March 1,~~  
17 ~~2018.~~

18 "SECTION 9.7.(d) For the 2017-2018 fiscal year only, the Director of the Budget shall  
19 also include in the Base Budget, as defined by G.S. 143C-1-1(d)(1c), the amount of  
20 nonrecurring funds needed to support the ~~Program.~~ program.

21 "SECTION 9.7.(e) This section expires June 30, 2018."

22 SECTION 8.8B.(d) This section applies beginning with bonuses awarded in  
23 January 2018.

### 24 25 **THIRD GRADE READ TO ACHIEVE TEACHER BONUS PROGRAM FOR 2018-2019**

26 SECTION 8.8C.(a) It is the intent of the State to reward teacher performance and  
27 encourage student learning and improvement. To attain this goal, the Department of Public  
28 Instruction shall administer the Third Grade Read to Achieve Teacher Bonus Program  
29 (program) for the 2018-2019 fiscal year to qualifying teachers who have an Education  
30 Value-Added Assessment System (EVAAS) student growth index score for third grade reading  
31 from the previous school year, as follows:

32 (1) For purposes of this section, the following definitions shall apply:

33 a. Eligible Teacher. – A teacher who meets one or both of the following  
34 criteria:

35 1. Is in the top twenty-five percent (25%) of teachers in the  
36 State according to the EVAAS student growth index score for  
37 third grade reading from the previous school year.

38 2. Is in the top twenty-five percent (25%) of teachers in the  
39 teacher's respective local school administrative unit according  
40 to the EVAAS student growth index score for third grade  
41 reading from the previous school year.

42 b. Qualifying Teacher. – An eligible teacher who remains teaching in  
43 the same local school administrative unit at least from the school  
44 year the data for the EVAAS student growth index score for third  
45 grade reading is collected until the school year a bonus provided  
46 under this subsection is paid.

47 (2) Of the funds appropriated for this program, the sum of five million dollars  
48 (\$5,000,000) shall be allocated for bonuses to eligible teachers under  
49 sub-sub-subdivision (1)a.1. of this subsection. Funds appropriated for this  
50 purpose shall be distributed equally among qualifying teachers.

- 1 (3) Of the funds appropriated for this program, the sum of five million dollars  
2 (\$5,000,000) shall be allocated for bonuses to eligible teachers under  
3 sub-sub-subdivision (1)a.2. of this subsection. Funds allocated for this bonus  
4 shall be divided proportionally based on average daily membership in third  
5 grade for each local school administrative unit and then distributed equally  
6 among qualifying teachers in each local school administrative unit, subject  
7 to the following conditions:
- 8 a. Teachers employed in charter schools, regional schools, and  
9 University of North Carolina laboratory schools are not eligible to  
10 receive a bonus under this subdivision.
- 11 b. Any qualifying teacher who taught in a local school administrative  
12 unit that employed in the previous school year three or fewer total  
13 third grade teachers shall receive a bonus under this subdivision if  
14 that teacher has an EVAAS student growth index score for third  
15 grade reading from the previous school year of exceeded expected  
16 growth.
- 17 (4) Bonuses awarded pursuant to subdivisions (2) and (3) of this subsection are  
18 payable in January to qualifying teachers based on EVAAS student growth  
19 index score data from the previous school year.
- 20 (5) A qualifying teacher may receive a bonus under both subdivisions (2) and  
21 (3) of this subsection.
- 22 (6) The bonus or bonuses awarded to a qualifying teacher pursuant to this  
23 section shall be in addition to any regular wage or other bonus the teacher  
24 receives or is scheduled to receive.
- 25 (7) A bonus awarded pursuant to either subdivision (2) or subdivision (3) of this  
26 subsection shall not exceed three thousand five hundred dollars (\$3,500) in  
27 any given school year. No teacher shall receive more than seven thousand  
28 dollars (\$7,000) in total bonus compensation for any given school year.

29 **SECTION 8.8C.(b)** Notwithstanding G.S. 135-1(7a), the bonuses awarded by this  
30 section are not compensation under Article 1 of Chapter 135 of the General Statutes, the  
31 Teachers' and State Employees' Retirement System.

32 **SECTION 8.8C.(c)** The State Board of Education shall study the effect of the  
33 bonuses awarded pursuant to this section and Section 9.7 of S.L. 2016-94, as amended by  
34 Section 8.8B of this act, on teacher performance and retention. The State Board shall report the  
35 results of its findings, the distribution of statewide bonuses as among local school  
36 administrative units, and the distribution of bonuses within local school administrative units as  
37 among individual schools to the President Pro Tempore of the Senate, the Speaker of the House  
38 of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal  
39 Research Division by March 15, 2019.

#### 40 41 **FOURTH AND FIFTH GRADE READING TEACHER BONUS PROGRAM FOR** 42 **2017-2018**

43 **SECTION 8.8D.(a)** It is the intent of the State to reward teacher performance and  
44 encourage student learning and improvement. To attain this goal, the Department of Public  
45 Instruction shall administer the Fourth and Fifth Grade Reading Teacher Bonus Program  
46 (program) for the 2017-2018 fiscal year to qualifying teachers who have an Education  
47 Value-Added Assessment System (EVAAS) student growth index score for fourth or fifth  
48 grade reading from the previous school year, as follows:

- 49 (1) For purposes of this section, the following definitions shall apply:  
50 a. Eligible Teacher. – A teacher who meets one or both of the following  
51 criteria:



- 1 1. Is in the top twenty-five percent (25%) of teachers in the  
2 State according to the EVAAS student growth index score for  
3 fourth or fifth grade reading from the previous school year.
- 4 2. Is in the top twenty-five percent (25%) of teachers in the  
5 teacher's respective local school administrative unit according  
6 to the EVAAS student growth index score for fourth or fifth  
7 grade reading from the previous school year.
- 8 b. Qualifying Teacher. – An eligible teacher who remains teaching in  
9 the same local school administrative unit at least from the school  
10 year the data for the EVAAS student growth index score is collected  
11 until the school year a bonus provided under this subsection is paid.
- 12 (2) Of the funds appropriated for this program, the Department of Public  
13 Instruction shall allocate the sum of four million seven hundred thirty-five  
14 thousand four hundred sixteen dollars (\$4,735,416) to award a bonus in the  
15 amount of two thousand one hundred fifty dollars (\$2,150) to each  
16 qualifying teacher who is an eligible teacher under sub-sub-subdivision  
17 (1)a.1. of this subsection.
- 18 (3) Of the funds appropriated for this program, the Department of Public  
19 Instruction shall allocate the sum of four million seven hundred thirty-five  
20 thousand four hundred sixteen dollars (\$4,735,416) to award a bonus in the  
21 amount of two thousand one hundred fifty dollars (\$2,150) to each  
22 qualifying teacher who is an eligible teacher under sub-sub-subdivision  
23 (1)a.2. of this subsection, subject to the following conditions:
  - 24 a. Teachers employed in charter schools, regional schools, and  
25 University of North Carolina laboratory schools are not eligible to  
26 receive a bonus under this subdivision.
  - 27 b. Any qualifying teacher who taught in a local school administrative  
28 unit that employed in the previous school year three or fewer total  
29 teachers in the qualifying teacher's grade level shall receive a bonus  
30 under this subdivision if that teacher has an EVAAS student growth  
31 index score for fourth or fifth grade reading from the previous school  
32 year of exceeded expected growth.
- 33 (4) Bonuses awarded pursuant to subdivisions (2) and (3) of this subsection are  
34 payable in January to qualifying teachers based on EVAAS student growth  
35 index score data from the previous school year.
- 36 (5) A qualifying teacher may receive a bonus under both subdivisions (2) and  
37 (3) of this subsection.
- 38 (6) The bonus or bonuses awarded to a qualifying teacher pursuant to this  
39 section shall be in addition to any regular wage or other bonus the teacher  
40 receives or is scheduled to receive.
- 41 (7) No teacher shall receive more than two bonuses pursuant to this section.

42 **SECTION 8.8D.(b)** Notwithstanding G.S. 135-1(7a), the bonuses awarded by this  
43 section are not compensation under Article 1 of Chapter 135 of the General Statutes, the  
44 Teachers' and State Employees' Retirement System.

45 **SECTION 8.8D.(c)** The State Board of Education shall study the effect of the  
46 bonuses awarded pursuant to this section on teacher performance and retention. The State  
47 Board shall report the results of its findings, the distribution of statewide bonuses as among  
48 local school administrative units, and the distribution of bonuses within local school  
49 administrative units as among individual schools to the President Pro Tempore of the Senate,  
50 the Speaker of the House of Representatives, the Joint Legislative Education Oversight  
51 Committee, and the Fiscal Research Division by March 15, 2018.

1  
2 **FOURTH TO EIGHTH GRADE MATH TEACHER BONUS PROGRAM FOR**  
3 **2017-2018**

4 **SECTION 8.8E.(a)** It is the intent of the State to reward teacher performance and  
5 encourage student learning and improvement. To attain this goal, the Department of Public  
6 Instruction shall administer the Fourth to Eighth Grade Mathematics Teacher Bonus Program  
7 (program) for the 2017-2018 fiscal year to qualifying teachers who have an Education  
8 Value-Added Assessment System (EVAAS) student growth index score for fourth, fifth, sixth,  
9 seventh, or eighth grade mathematics from the previous school year, as follows:

10 (1) For purposes of this section, the following definitions shall apply:

11 a. Eligible Teacher. – A teacher who meets one or both of the following  
12 criteria:

13 1. Is in the top twenty-five percent (25%) of teachers in the  
14 State according to the EVAAS student growth index score for  
15 fourth, fifth, sixth, seventh, or eighth grade mathematics from  
16 the previous school year.

17 2. Is in the top twenty-five percent (25%) of teachers in the  
18 teacher's respective local school administrative unit according  
19 to the EVAAS student growth index score for fourth, fifth,  
20 sixth, seventh, or eighth grade mathematics from the previous  
21 school year.

22 b. Qualifying Teacher. – An eligible teacher who remains teaching in  
23 the same local school administrative unit at least from the school  
24 year the data for the EVAAS student growth index score is collected  
25 until the school year a bonus provided under this subsection is paid.

26 (2) Of the funds appropriated for this program, the Department of Public  
27 Instruction shall allocate the sum of seven million nine hundred thirty-five  
28 thousand one hundred seventy-eight dollars (\$7,935,178) to award a bonus  
29 in the amount of two thousand one hundred fifty dollars (\$2,150) to each  
30 qualifying teacher who is an eligible teacher under sub-sub-subdivision  
31 (1)a.1. of this subsection.

32 (3) Of the funds appropriated for this program, the Department of Public  
33 Instruction shall allocate the sum of seven million nine hundred thirty-five  
34 thousand one hundred seventy-eight dollars (\$7,935,178) to award a bonus  
35 in the amount of two thousand one hundred fifty dollars (\$2,150) to each  
36 qualifying teacher who is an eligible teacher under sub-sub-subdivision  
37 (1)a.2. of this subsection, subject to the following conditions:

38 a. Teachers employed in charter schools, regional schools, and  
39 University of North Carolina laboratory schools are not eligible to  
40 receive a bonus under this subdivision.

41 b. Any qualifying teacher who taught in a local school administrative  
42 unit that employed in the previous school year three or fewer total  
43 teachers in the qualifying teacher's grade level shall receive a bonus  
44 under this subdivision if that teacher has an EVAAS student growth  
45 index score for fourth, fifth, sixth, seventh, or eighth grade  
46 mathematics from the previous school year of exceeded expected  
47 growth.

48 (4) Bonuses awarded pursuant to subdivisions (2) and (3) of this subsection are  
49 payable in January to qualifying teachers based on EVAAS student growth  
50 index score data from the previous school year.

- 1 (5) A qualifying teacher may receive a bonus under both subdivisions (2) and  
2 (3) of this subsection.
- 3 (6) The bonus or bonuses awarded to a qualifying teacher pursuant to this  
4 section shall be in addition to any regular wage or other bonus the teacher  
5 receives or is scheduled to receive.
- 6 (7) No teacher shall receive more than two bonuses pursuant to this section.

7 **SECTION 8.8E.(b)** Notwithstanding G.S. 135-1(7a), the bonuses awarded by this  
8 section are not compensation under Article 1 of Chapter 135 of the General Statutes, the  
9 Teachers' and State Employees' Retirement System.

10 **SECTION 8.8E.(c)** The State Board of Education shall study the effect of the  
11 bonuses awarded pursuant to this section on teacher performance and retention. The State  
12 Board shall report the results of its findings, the distribution of statewide bonuses as among  
13 local school administrative units, and the distribution of bonuses within local school  
14 administrative units as among individual schools to the President Pro Tempore of the Senate,  
15 the Speaker of the House of Representatives, the Joint Legislative Education Oversight  
16 Committee, and the Fiscal Research Division by March 15, 2018.

## 17

### 18 **SCHOOL BUS DRIVER COMPENSATION AND EMPLOYMENT STUDY**

19 **SECTION 8.10.** The Department of Public Instruction shall study the  
20 compensation of school bus drivers in the public schools and the challenges of recruiting and  
21 retaining school bus drivers. No later than April 1, 2018, the Department shall submit to the  
22 Joint Legislative Education Oversight Committee and the Fiscal Research Division a report  
23 containing, at a minimum, all of the following information:

- 24 (1) A detailed explanation of how school bus drivers are compensated and  
25 employed in the public schools, including, at a minimum, the following  
26 information:
- 27 a. Average driving experience of school bus drivers.
  - 28 b. Rates of retention of school bus drivers in local school administrative  
29 units.
  - 30 c. Average term of service for school bus drivers.
  - 31 d. Average hours worked by school bus drivers, per week.
  - 32 e. Career paths for school bus drivers within a local school  
33 administrative unit.
  - 34 f. Percentage of school bus drivers who work in the local school  
35 administrative unit in another capacity.
- 36 (2) The challenges of recruiting and retaining school bus drivers faced by local  
37 school administrative units.
- 38 (3) Recommendations, including input from local school administrators, on  
39 improving the process of recruiting and retaining school bus drivers.
- 40

## 41 **PART IX. COMMUNITY COLLEGES**

### 42

#### 43 **REORGANIZATION OF THE COMMUNITY COLLEGES SYSTEM OFFICE**

44 **SECTION 9.1.(a)** Notwithstanding any other provision of law and consistent with  
45 the authority established in G.S. 115D-3, the President of the North Carolina Community  
46 College System may reorganize the System Office in accordance with recommendations and  
47 plans submitted to and approved by the State Board of Community Colleges.

48 **SECTION 9.1.(b)** By April 1, 2018, the President of the North Carolina  
49 Community Colleges shall report any reorganization, including any movement of positions and  
50 funds between fund codes on a recurring basis, to the Joint Legislative Education Oversight

1 Committee, the House Appropriations Committee on Education, the Senate Appropriations  
2 Committee on Education/Higher Education, and the Fiscal Research Division.

3 **SECTION 9.1.(c)** Subsection (a) of this section expires June 30, 2018.  
4

#### 5 **CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS**

6 **SECTION 9.2.(a)** Of the funds appropriated to the Community Colleges System  
7 Office for the 2017-2019 fiscal biennium for the College Information System, up to one million  
8 two hundred fifty thousand dollars (\$1,250,000) shall not revert at the end of each fiscal year  
9 but shall remain available until expended. These funds may be used only to purchase periodic  
10 system upgrades and modernize the North Carolina Community College System's enterprise  
11 resource planning (ERP) system.

12 **SECTION 9.2.(b)** The President of the North Carolina Community Colleges  
13 System shall work with the Friday Institute for Educational Innovation at North Carolina State  
14 University, the Government Data Analytics Center, and other State agencies to improve  
15 communication between computer systems. The President shall ensure, to the extent  
16 practicable, that its updated computer systems are able to share data with computer systems at  
17 the Department of Public Instruction, other State agencies, and constituent institutions of The  
18 University of North Carolina.  
19

#### 20 **COMMUNITY COLLEGE WORKFORCE STUDY**

21 **SECTION 9.3.(a)** The State Board of Community Colleges shall study the costs of  
22 workforce training and academic instruction delivered by the community colleges. The study  
23 shall assess, at minimum, the various factors that affect instructional costs in these courses,  
24 including specialized equipment requirements, faculty salaries, and space requirements.

25 **SECTION 9.3.(b)** By September 1, 2018, the State Board shall submit a report to  
26 the Office of State Budget and Management, the Fiscal Research Division, and the Joint  
27 Legislative Education Oversight Committee on the results of the study, including any  
28 recommendations on the calculation of tiered funding rates and the classification of courses by  
29 tier.  
30

#### 31 **START-UP FUNDS FOR HIGH-COST WORKFORCE COURSES**

32 **SECTION 9.5.(a)** The State Board of Community Colleges shall establish the  
33 Community College High-Cost Workforce Program Grant to allocate funds to community  
34 colleges to establish new high-cost workforce Tier 1A and Tier 1B courses that require  
35 significant start-up funds. The State Board shall adopt an application process for community  
36 colleges to apply for the award of funds to establish new courses beginning with the 2018-2019  
37 fiscal year. To be eligible to receive the funds, community colleges shall submit to the State  
38 Board a completed application, which shall include at least the following information:

- 39 (1) A description of the proposed program of study.
- 40 (2) An impact assessment of implementing the proposed course on existing  
41 programs at contiguous colleges.
- 42 (3) Documentation of student interest in the course.
- 43 (4) Alignment of the course with the future employment needs within the area  
44 served by the community college and the State.

45 **SECTION 9.5.(b)** The State Board of Community Colleges shall submit a report to  
46 the Joint Legislative Education Oversight Committee by March 1, 2019, on the implementation  
47 of the new high-cost workforce Tier 1A and Tier 1B courses, including at least the following  
48 information:

- 49 (1) The use of funds by community colleges participating in the grant program,  
50 including:
  - 51 a. Start-up costs to establish new courses.

- 1                   b.       Costs associated with student instruction, including faculty salaries,  
2                                    instructional supplies, and related instructional equipment.
- 3           (2)       Evaluation of the success of the community college courses, including:  
4                   a.       Student enrollment numbers.  
5                   b.       Student outcomes, including job attainment and placement data and  
6                                    completion of any certification, diploma, or associate degree  
7                                    programs.

8

9       **SELECTION OF LOCAL COMMUNITY COLLEGE PRESIDENTS/CONSULTANT**  
10       **CONTRACTS**

11       **SECTION 9.7.(a)** G.S. 115D-20(1) reads as rewritten:

12       "(1)       To elect a president or chief administrative officer of the institution for such  
13       term and under such conditions as the trustees may ~~fix, such fix.~~ If the board  
14       of trustees chooses to use a search consultant to assist with the election  
15       process, the board of trustees shall select the search consultant through a  
16       competitive request for proposals process. A search consultant selected  
17       pursuant to this subdivision who is collecting a fee for the consultant's  
18       services shall not be (i) an employee of a State agency, department, or  
19       institution, an appointed member of a State commission or board, or an  
20       elected official whose responsibilities include oversight or budgetary aspects  
21       of the Community College System, (ii) a lobbyist or lobbyist principal as  
22       defined in G.S. 120C-100, or (iii) a State-level community college board of  
23       trustees association or organization. A contract with a search consultant  
24       pursuant to this subdivision shall not be subject to Article 3C of Chapter 143  
25       of the General Statutes. The election ~~to~~ of a president or chief administrative  
26       officer shall be subject to the approval of the State Board of Community  
27       Colleges."

28       **SECTION 9.7.(b)** This section applies to consultant contracts entered into on or  
29       after the date this act becomes law.

30

31       **CLARIFY YOUTH APPRENTICESHIP PROGRAM**

32       **SECTION 9.8.(a)** G.S. 115D-5(b)(16) reads as rewritten:

33       "(16) Courses provided to students who are participating in ~~an~~ a  
34       pre-apprenticeship or apprenticeship program that meets all of the following  
35       criteria:

36           a.       Meets one of the following:

37                    1.       Is a registered apprenticeship program recognized by the  
38                                    United States Department of Labor.

39                    2.       Is a pre-apprenticeship program recognized and approved by  
40                                    the State agency administering the statewide apprenticeship  
41                                    program.

42           b.       Has a documented plan of study with courses relating to a  
43                                    job-specific occupational or technical skill.

44           c.       Requires the participants in the program to be North Carolina high  
45                                    school students when entering the program."

46       **SECTION 9.8.(b)** This section applies retroactively beginning with the 2016 fall  
47       academic term.

48

49       **CATAWBA VALLEY CC/MANUFACTURING CENTER**

50       **SECTION 9.9.** Chapter 115D of the General Statutes is amended by adding a new  
51       Article to read:

1 "Article 5B.

2 "Manufacturing Solutions Center at Catawba Valley Community College.

3 **"§ 115D-67.10. Purpose of the Center.**

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

9 **"§ 115D-67.11. Director and other Center personnel.**

10 The president of the Catawba Valley Community College shall appoint an individual to  
11 serve as the executive director of the Manufacturing Solutions Center. The executive director  
12 shall select other personnel of the Center, subject to the approval by the president of the  
13 Catawba Valley Community College. The executive director and other personnel of the Center  
14 are employees of Catawba Valley Community College and are subject to the personnel policies  
15 of the community college.

16 **"§ 115D-67.12. Fees collected by the Center; use of Center funds.**

17 Notwithstanding any other provision of law, all fees collected by the Manufacturing  
18 Solutions Center for services to industry, except for regular curriculum and continuing  
19 education tuition receipts, shall be retained by the Center and used for the operations of the  
20 Center. Purchases made by the Center using these funds are not subject to the provisions of  
21 Article 3 of Chapter 143 of the General Statutes. However, the Center shall (i) notify the  
22 Secretary of the Department of Administration or the Secretary's designee of the intent to enter  
23 into a contract for supplies, materials, printing, equipment, and contractual services that  
24 exceeds one million dollars (\$1,000,000) as provided in G.S. 114-8.3 and (ii) include in all  
25 agreements or contracts to be awarded by the Center under this section a standard clause which  
26 provides that the State Auditor and internal auditors of the Center may audit the records of the  
27 contractor during and after the term of the contract to verify accounts and data affecting fees  
28 and performance. The Center shall not award a cost plus percentage of cost agreement or  
29 contract for any purpose."

30  
31 **HS STUDENTS/NON-CREDIT COURSES LEADING TO INDUSTRY CREDENTIALS**

32 **SECTION 9.10.(a)** G.S. 115D-5(b)(12) reads as rewritten:

33 "(12) All ~~curriculum~~-courses taken by high school students at community colleges,  
34 in accordance with G.S. 115D-20(4) and this section."

35 **SECTION 9.10.(b)** G.S. 115D-20(4)a.2. reads as rewritten:

36 "2. Academic transition pathways for qualified junior and senior  
37 high school students that lead to a career technical education  
38 ~~certificate or diploma~~ certificate, diploma, or State or  
39 industry-recognized credential and academic transition  
40 pathways for qualified freshmen and sophomore high school  
41 students that lead to a career technical education certificate or  
42 diploma in (i) industrial and engineering technologies, (ii)  
43 agriculture and natural resources, or (iii) transportation  
44 technology."

45 **SECTION 9.10.(c)** G.S. 115D-5 is amended by adding a new subsection to read:

46 "(b2) Beginning February 1, 2018, and annually thereafter, the State Board of Community  
47 Colleges shall report to the Joint Legislative Education Oversight Committee on the number  
48 and type of waivers granted pursuant to subsection (b) of this section."

49 **SECTION 9.10.(d)** This section applies beginning with the 2017-2018 academic  
50 year.

**ESTABLISH BOARD OF POSTSECONDARY EDUCATION CREDENTIALS**

**SECTION 9.11.(a)** Chapter 115D of the General Statutes is amended by adding a new Article to read:

"Article 9.

"Postsecondary Education Credentials.

**"§ 115D-100. Board of Postsecondary Education Credentials.**

(a) Findings. – The General Assembly finds that, in today's economy, opportunities for North Carolina's citizens to reach the middle class with a high school level education or even less have significantly decreased. To be competitive and obtain better paying jobs that lead to a better quality of life in the State's current and future economy, most citizens will need some type of postsecondary education that qualifies them for employment. The General Assembly recognizes the importance of bringing together potential employers and providers of postsecondary education for the purpose of identifying workforce skills and training needs and developing courses of study and vocational training that meet the standards expected and required by industries, corporations, and other employers. The General Assembly further finds that the establishment of a permanent board with members who are knowledgeable about postsecondary education and workforce training needs will enable providers of postsecondary education to prepare and design training programs that are responsive to workforce needs and that will assist the State's citizens in securing the credentials required to obtain better paying jobs.

The General Assembly recognizes that postsecondary education opportunities should be easily available and accessible to all citizens. Therefore, the General Assembly encourages State educators, when designing the method and manner for delivering postsecondary educational programs, to take into account the varying income levels and economic circumstances of the State's citizens, transportation needs, and other unique challenges in both urban and rural areas of the State that affect accessibility to postsecondary education opportunities and to make genuine efforts to accommodate and address those factors.

The General Assembly also finds that most employers consider postsecondary credentials such as academic degrees and high-quality, nondegree certifications awarded by institutions of higher education when determining whether a person has the expertise and skills required for a job. However, high-quality credentials may also be obtained through other alternative models such as open-source online programs, on-the-job training, and military experience. Therefore, it is essential that a system also be devised in which the meaning and validity of postsecondary credentials is clear and understandable to educators, employers, and students and that accurately conveys the knowledge, skills, and training obtained by an individual however and wherever it is obtained.

(b) Board Established. – There is established the Board of Postsecondary Education Credentials to be located administratively under the Community Colleges System Office; however, the Board shall exercise all its prescribed powers independently of the Community Colleges System Office. The Board shall consist of the following members:

(1) The Lieutenant Governor.

(2) The President of The University of North Carolina or the President's designee.

(3) The President of the North Carolina Community College System or the President's designee.

(4) The Superintendent of Public Instruction or the Superintendent's designee.

(5) The Commissioner of Labor or the Commissioner's designee.

(6) The Secretary of Commerce or the Secretary's designee.

(7) The President of North Carolina Independent Colleges and Universities or the President's designee.

- 1           (8) The Executive Director of the Office of Proprietary Schools or the Executive  
2           Director's designee.  
3           (9) The President of the North Carolina Hospital Association or the President's  
4           designee.  
5           (10) The Executive Director of the North Carolina State Education Assistance  
6           Authority or the Executive Director's designee.

7           (c) Purpose. – The purpose of the Board is to review and make recommendations for  
8           the development of a statewide system of postsecondary education that links industry,  
9           corporations, and businesses in this State with educators, government, and community  
10           organizations to identify workforce skills and training needs and to ensure that appropriate  
11           courses of study and vocational training are available to North Carolinians, including those  
12           preparing to pursue postsecondary education, entering the workforce, or seeking to update  
13           skills and training for purposes of retaining employment and advancing in the workforce.

14           In addition, the Board shall identify alternative ways in which people gain valuable  
15           workforce skills and experience, such as on-the-job training, that are not represented by  
16           four-year or two-year degrees and the types of credentials used to signify competence of a  
17           certain level upon successful completion of the alternative training experience. The Board shall  
18           review and make recommendations on those criteria to be used to determine the value of a  
19           nondegree credential, the competencies that it represents, and how it should be compared and  
20           valued with regard to other types of postsecondary credentials.

21           (d) Duties. – The duties of the Board include the following:

- 22           (1) Recommend State goals and a framework for achieving those goals among  
23           educators to ensure that, by 2025, the appropriate percentage, as  
24           recommended by the Board, of the State's adult citizens will hold degrees,  
25           certificates, or other high-quality postsecondary credentials. The Board shall  
26           recommend a division of responsibility among The University of North  
27           Carolina System, the State's Community College System, and any other  
28           providers of postsecondary education credentials for achieving the goals  
29           recommended by the Board. The Board shall periodically review the  
30           progress made toward the recommended goals, evaluate the strategies  
31           developed and used toward attaining those goals, and may make additional  
32           recommendations.  
33           (2) Identify the credentials that are acceptable for meeting those recommended  
34           goals and recommend how the responsibility for providing the courses of  
35           study and training for those credentials should be assigned among the State's  
36           educators and others. In making these recommendations, consideration shall  
37           be given to the fact that the individuals who need these courses of study and  
38           training are of various economic levels and are also located in rural areas  
39           and metropolitan areas across the State. These factors shall be taken into  
40           account with regard to the location and delivery of the courses of study and  
41           training programs.  
42           (3) Address the issue of postsecondary credentials, the various levels of skill and  
43           knowledge those credentials signify, and how to accurately convey that  
44           information to employers, students and trainees, and providers of  
45           postsecondary education. The Board shall consider procedures and methods  
46           for recognizing skills and training needed in the workforce that an individual  
47           may have obtained through military experience, through on-the-job and  
48           employee-proved training, or through other life experiences.

49           (e) Chair. – The Lieutenant Governor shall serve as Chair of the Board.



1       (f) Hire Staff and Consultants. – To the extent of funds available, the Chair of the  
2 Board may, with the approval of the Board, hire staff or consultants to assist the Board in  
3 carrying out its purpose and duties.

4       (g) Travel and Subsistence. – Members, staff, and consultants of the Board shall receive  
5 travel and subsistence expenses in accordance with the provisions of G.S. 138-5 or G.S. 138-6,  
6 as appropriate.

7       (h) Meeting Space. – With the approval of the Legislative Services Commission, space  
8 in the Legislative Building and the Legislative Office Building may be made available to the  
9 Board.

10       (i) Frequency of Meetings and Quorum. – The Board shall meet upon the call of the  
11 Chair and shall have its first meeting no later than October 1, 2017. The Board shall meet at  
12 least quarterly. A majority of the members of the Board shall constitute a quorum for the  
13 transaction of business.

14       (j) Reporting Requirement. – The Board shall submit to the Joint Legislative Education  
15 Oversight Committee an initial report no later than March 1, 2018, regarding the goals  
16 recommended by the Board pursuant to this section and the progress made toward meeting  
17 those goals. The Board shall submit a progress report to the Committee no later than March 1,  
18 2019, regarding the progress made toward meeting the goals. The reports shall include any  
19 recommendations by the Board regarding legislation needed to implement this section."

20               **SECTION 9.11.(b)** Subsection (a) of this section expires June 30, 2019.

21               **SECTION 9.11.(c)** Of the funds appropriated by this act for the 2017-2019 fiscal  
22 biennium to the Community Colleges System Office, the sum of three hundred fifty thousand  
23 dollars (\$350,000) for the 2017-2018 fiscal year and the sum of three hundred fifty thousand  
24 dollars (\$350,000) for the 2018-2019 fiscal year shall be allocated to the Board of  
25 Postsecondary Education Credentials to be used to cover operating expenses of the Board,  
26 including expenses for staff and consultants to assist the Board in carrying out its purpose and  
27 duties.

## 28

### 29 **INVEST IN SHORT-TERM WORKFORCE TRAINING**

30               **SECTION 9.14.(a)** Of the funds appropriated by this act to the Community  
31 Colleges System Office for the 2017-2018 fiscal year, the System Office shall allocate funds to  
32 community colleges to support short-term workforce training courses leading to industry  
33 credentials. The State Board of Community Colleges shall adopt an application process for  
34 community colleges to apply to receive these funds. These funds shall be allocated at the same  
35 full-time equivalent (FTE) value as curriculum courses.

36               **SECTION 9.14.(b)** By April 1, 2018, the State Board of Community Colleges  
37 shall submit a report on the implementation of this section to the Joint Legislative Education  
38 Oversight Committee, the House Appropriations Committee on Education, the Senate  
39 Appropriations Committee on Education/Higher Education, the Fiscal Research Division, and  
40 the Office of State Budget and Management.

## 41

### 42 **RESTRICTION ON A CULINARY SCHOOL OR PROGRAM LOCATED OFF THE**

### 43 **MAIN CAMPUS OF STANLY COMMUNITY COLLEGE**

44               **SECTION 9.15.(a)** G.S. 115D-31(b1) reads as rewritten:

45               "(b1) A local community college may use all State funds allocated to it, except for  
46 Literacy funds and Customized Training funds, for any authorized purpose that is consistent  
47 with the college's Institutional Effectiveness ~~Plan-Plan~~, except that the State funds shall not be  
48 used to fund a culinary program located at a site other than the main campus of the college. The  
49 State Board of Community Colleges may authorize a local community college to use up to  
50 twenty percent (20%) of the State Literacy funds allocated to it to provide employability skills,

1 job-specific occupational and technical skills, and developmental education instruction to  
2 students concurrently enrolled in an eligible community college literacy course.

3 Each local community college shall include in its Institutional Effectiveness Plan a section  
4 on how funding flexibility allows the college to meet the demands of the local community and  
5 to maintain a presence in all previously funded categorical programs."

6 **SECTION 9.15.(b)** Beginning with the 2017-2018 fiscal year and subsequent  
7 fiscal years thereafter, the Stanly Community College Board of Trustees shall not operate a  
8 culinary school or program at a site other than on the main campus of Stanly Community  
9 College.

10 **SECTION 9.15.(c)** Subsection (a) of this section applies only to Stanly  
11 Community College.

## 12 **PART X. UNIVERSITIES**

### 13 **FULL-TIME STAFF FOR BOARD OF GOVERNORS**

14 **SECTION 10.1.** G.S. 116-11 is amended by adding a new subdivision to read:

15 "(2a) The Board of Governors of The University of North Carolina may hire staff  
16 members deemed necessary by the Board to report directly to the Board. The  
17 Board of Governors shall determine the job titles, responsibilities, and  
18 salaries and benefits for all staff members hired by and reporting directly to  
19 the Board. Salaries and benefits for staff members hired pursuant to this  
20 subdivision shall be competitive with other positions of similar level and  
21 authority within The University of North Carolina System.

22 When the Board of Governors hires a staff member pursuant to this  
23 subdivision, the Board shall submit a report within 60 days of the date of  
24 employment to the Joint Legislative Education Oversight Committee that  
25 provides at least the following information regarding the position: job title,  
26 description of the position, responsibilities that accompany the position,  
27 salary and benefits, and supervisor, if any, of the position."  
28

### 29 **ELIZABETH CITY STATE UNIVERSITY BUDGET STABILIZATION FUNDS** 30 **REPORT**

31 **SECTION 10.2.** The President of The University of North Carolina shall report  
32 each quarter of the 2017-2019 fiscal biennium to the Office of State Budget and Management  
33 and the Fiscal Research Division of the General Assembly on the status of budget stabilization  
34 funds appropriated to Elizabeth City State University by this act for the purpose of supporting  
35 temporary faculty, aviation science programs, and student success initiatives. The reports shall  
36 provide detailed descriptions of the scope of work that has been completed to date, anticipated  
37 activities for the next quarter, and a plan with time lines to complete the full scope of work. The  
38 reports shall also include outcomes achieved from improvements implemented using these  
39 funds. The first quarterly report required by this section shall be made no later than January 1,  
40 2018.  
41

### 42 **INCREASE NUMBER OF MEDICAL STUDENT SLOTS**

43 **SECTION 10.3.** Of the funds appropriated by this act to the Board of Governors of  
44 The University of North Carolina for the 2017-2018 fiscal year, a sum of at least one million  
45 dollars (\$1,000,000) shall be used to increase the number of available medical student slots at  
46 the School of Medicine.  
47

### 48 **EXTEND CHALLENGE GRANT FOR COLLABORATORY AT UNC-CHAPEL HILL**

49 **SECTION 10.4.(a)** Section 27.5 of S.L. 2016-94 reads as rewritten:  
50  
51

1 "SECTION 27.5. Of the funds appropriated in this act to the Office of State Budget and  
2 Management, Special Appropriations, up to the sum of three million five hundred thousand  
3 dollars (\$3,500,000) in nonrecurring funds for the 2016-2017 fiscal year shall be allocated to  
4 the Board of Trustees of the University of North Carolina at Chapel Hill for operation of the  
5 North Carolina Policy Collaboratory. Allocations made pursuant to this section shall be  
6 matched by the Board of Trustees on the basis of one dollar (\$1.00) in allocated funds for every  
7 one dollar (\$1.00) in non-State funds that the ~~Board of Trustees raises by June 30, 2017,~~North  
8 Carolina Policy Collaboratory raises, or for every one dollar (\$1.00) of fair market value for  
9 donations-in-kind of goods or services from non-State entities to the Collaboratory, by June 30,  
10 2019, for the purposes of operating the Collaboratory. Allocations made pursuant to this section  
11 shall also be eligible to match non-State funds for research to be conducted by the  
12 Collaboratory so long as the non-State-to-State ratio is equal to or greater than 2:1. These funds  
13 shall be in addition to any other funds appropriated in this act for the North Carolina Policy  
14 Collaboratory at the University of North Carolina at Chapel Hill. Availability of these matching  
15 funds shall not revert but shall continue to be available as provided by this section, and any  
16 funds disbursed as a match to the Collaboratory shall not revert and shall continue to remain  
17 available."

18 SECTION 10.4.(b) This section becomes effective June 30, 2017.

#### 19 WESTERN SCHOOL OF ENGINEERING AND TECHNOLOGY FUNDS

20 SECTION 10.5.(a) Funds appropriated for project management and curriculum  
21 development at the Western School of Engineering and Technology which was funded in the  
22 Connect NC Bond for the 2016-2017 fiscal year shall not revert and shall remain available for  
23 the 2017-2019 fiscal biennium for the purpose of project management and curriculum  
24 development.  
25

26 SECTION 10.5.(b) This section becomes effective June 30, 2017.

#### 27 ENHANCE UNC DATA SYSTEMS TO IMPROVE INSTITUTIONAL 28 PERFORMANCE AND STUDENT SUCCESS

29 SECTION 10.6.(a) The Board of Governors of The University of North Carolina  
30 shall use funds appropriated to the Board by this act to modernize business processes, increase  
31 standardization, and maximize State resources. The investment will enable better financial  
32 management of The University of North Carolina and should yield, at a minimum, but not  
33 limited to, cost-per-unit analysis, predictive modeling, and more timely access to actionable  
34 information. Funds shall also be used to enhance data systems for the following purposes:  
35 integrating financial, human resource, and student account systems across The University of  
36 North Carolina System; developing new data collections systems that track faculty and staff  
37 retention rates and post-graduation student outcomes; and expanding "Know Before You Go"  
38 data reporting.  
39

40 SECTION 10.6.(b) The President of The University of North Carolina shall submit  
41 an initial report to the Joint Legislative Education Oversight Committee by March 1, 2018,  
42 regarding the plan to implement subsection (a) of this section and a progress report by March 1,  
43 2019, regarding the status of the implementation of the projects. The initial report shall include  
44 at least the information set out in subdivisions (1) through (6) of this subsection for both the  
45 data modernization and integration (DMI) project and for the enterprise resource planning  
46 (ERP) modernization project. The following information shall be set out separately for each  
47 project.

- 48 (1) The challenges and specific goals of the project. In addition, the outcomes  
49 expected from the project shall be specifically identified.
- 50 (2) The management structure to be used in managing, operating, and executing  
51 the project. The report shall indicate whether a post-project completion

1 governance structure is needed to provide (i) oversight for the systems  
2 created for each project and (ii) service of the systems for each project. The  
3 report shall also indicate whether any additional funds may be needed to  
4 maintain the DMI systems created after initial completion and to maintain  
5 the ERP systems created after initial completion.

- 6 (3) The sources and target for movement and transformation of data being  
7 sought to achieve the project's goals.
- 8 (4) The proposed technical implementation plan for the project, including a  
9 description of the technical details of how the project will be implemented in  
10 the context of a specific set of vendor products and platforms. The proposed  
11 technical implementation plan shall also outline documented industry- and  
12 product-specific best practices.
- 13 (5) A detailed schedule for implementation and completion of the project.
- 14 (6) Any additional information deemed relevant by the President or by the  
15 Committee.

### 17 **UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS**

18 **SECTION 10.7.(a)** The funds appropriated by this act from the Escheat Fund for  
19 the 2017-2019 fiscal biennium for student financial aid shall be allocated in accordance with  
20 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if  
21 the interest income generated from the Escheat Fund is less than the amounts referenced in this  
22 act, the difference may be taken from the Escheat Fund principal to reach the appropriations  
23 referenced in this act; however, under no circumstances shall the Escheat Fund principal be  
24 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat  
25 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,  
26 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the  
27 amount of the Escheat Fund income for that fiscal year.

28 **SECTION 10.7.(b)** The State Education Assistance Authority (SEAA) shall  
29 conduct periodic evaluations of expenditures of the student financial aid programs administered  
30 by SEAA to determine if allocations are utilized to ensure access to institutions of higher  
31 learning and to meet the goals of the respective programs. The SEAA may make  
32 recommendations for redistribution of funds to the President of The University of North  
33 Carolina and the President of the Community College System regarding their respective student  
34 financial aid programs, who then may authorize redistribution of unutilized funds for a  
35 particular fiscal year.

### 37 **UNC MANAGEMENT FLEXIBILITY REDUCTION**

38 **SECTION 10.8.(a)** The management flexibility reduction for The University of  
39 North Carolina shall not be allocated by the Board of Governors to the constituent institutions  
40 and affiliated entities using an across-the-board method but shall be done in a manner that  
41 recognizes the importance of the academic missions and differences among The University of  
42 North Carolina entities.

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

- 45 (1) Reducing State funding for centers and institutes, speaker series, and other  
46 nonacademic activities.
- 47 (2) Faculty workload adjustments.
- 48 (3) Restructuring of research activities.
- 49 (4) Implementing cost-saving span of control measures.
- 50 (5) Reducing the number of senior and middle management positions.
- 51 (6) Eliminating low-performing, redundant, or low-enrollment programs.

1 (7) Using alternative funding sources.

2 (8) Protecting direct classroom services.

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

9 **SECTION 10.8.(b)** In allocating the management flexibility reduction, no  
10 reduction in State funds shall be allocated in either fiscal year of the 2017-2019 fiscal biennium  
11 to any of the following:

12 (1) UNC Need-Based Financial Aid.

13 (2) North Carolina Need-Based Scholarship.

14 (3) Special Education Scholarships for Children with Disabilities.

15 (4) North Carolina Personal Education Savings Accounts Program.

16 (5) Opportunity Scholarship Program.

17 (6) North Carolina State University Agricultural Research.

18 (7) North Carolina School of Science and Mathematics.

19 (8) University of North Carolina School of the Arts.

20 (9) Any entity receiving less than one and one-half percent (1.5%) of the annual  
21 net General Fund appropriation for The University of North Carolina.

22 (10) Any budget expansion item funded by an appropriation to the Board of  
23 Governors of The University of North Carolina by this act for the 2017-2019  
24 fiscal biennium.

25 **SECTION 10.8.(c)** The University of North Carolina shall report on the  
26 implementation of the management flexibility reduction in this section for the 2017-2018 fiscal  
27 year to the Office of State Budget and Management and the Fiscal Research Division no later  
28 than April 1, 2018, and shall report on the implementation of the management flexibility  
29 reduction in this section for the 2018-2019 fiscal year to the Office of State Budget and  
30 Management and the Fiscal Research Division no later than April 1, 2019.

31 The reports shall identify both of the following by campus:

32 (1) The total number of positions eliminated by type (faculty/nonfaculty).

33 (2) The low-performing, redundant, and low-enrollment programs that were  
34 eliminated.  
35

## 36 **FUTURE TEACHERS OF NORTH CAROLINA**

37 **SECTION 10.9.(a)** Article 1 of Chapter 116 of the General Statutes is amended by  
38 adding a new Part to read:

39 "Part 4B. Future Teachers of North Carolina.

### 40 **"§ 116-41.30. Establishment of Future Teachers of North Carolina.**

41 (a) Purpose. – Future Teachers of North Carolina, hereinafter FTNC, is established to  
42 encourage high-achieving high school students with strong academic, interpersonal, and  
43 leadership skills to consider teaching as a career.

44 (b) Program. – FTNC shall be a program providing professional development and  
45 curricula for courses that provide a challenging introduction to teaching as a profession for high  
46 school students through courses offered by participating high schools in conjunction with  
47 college partners. FTNC courses shall include both content on pedagogy and the profession of  
48 teaching and field experiences for high school students.

### 49 **"§ 116-41.31. Oversight of Future Teachers of North Carolina.**

50 (a) FTNC General Administration. – FTNC shall be administratively located in The  
51 University of North Carolina General Administration. The President shall select three

1 constituent institutions with highly successful schools of education located in the western,  
2 central, and eastern regions of the State, respectively, to collaborate on development of  
3 curricula for FTNC and to provide professional development to high school teachers who will  
4 teach FTNC courses. The three constituent institutions shall also work with other constituent  
5 institutions and other institutions of higher education in the State to seek input in the  
6 development of curricula and professional development for FTNC and to create a network of  
7 college faculty to provide support to high schools offering FTNC courses.

8 (b) FTNC Site Applications. – All high schools in the State are encouraged to offer  
9 FTNC courses to students. A high school shall apply to offer FTNC courses with the  
10 geographically appropriate constituent institution overseeing FTNC and shall ensure that all  
11 teachers teaching FTNC courses have received appropriate training. High schools shall also  
12 seek a partner institution of higher education to provide support from college faculty. High  
13 schools participating in the FTNC program shall report demographic, survey, and other  
14 available outcome data to The University of North Carolina General Administration as  
15 necessary for completion of the FTNC annual report required by G.S. 116-41.32.

16 (c) FTNC Institution of Higher Education Partners. – Constituent institutions that  
17 partner with high schools shall offer dual credit for high school students who successfully  
18 complete the FTNC course with a grade of "B" or higher. Other institutions of higher education  
19 that partner with high schools are encouraged to offer dual credit for high school students who  
20 successfully complete the FTNC course with a grade of "B" or higher. Constituent institutions  
21 shall provide annually to The University of North Carolina General Administration data on  
22 students who have received dual credit for completion of an FTNC course and students who  
23 applied for admission into an educator preparation program at a constituent institution who  
24 indicated in the application for admission that the student completed an FTNC course. Other  
25 institutions of higher education are encouraged to provide annually to The University of North  
26 Carolina General Administration data on students who have received dual credit for completion  
27 of an FTNC course and students who applied for admission into an educator preparation  
28 program at the institution of higher education who indicated in the application for admission  
29 that the student completed an FTNC course.

30 **"§ 116-41.32. Future Teachers of North Carolina reporting.**

31 The University of North Carolina General Administration shall report annually, beginning  
32 October 15, 2019, on the following:

- 33 (1) Total number and names of local school administrative units with high  
34 schools participating in FTNC, total number and names of high schools  
35 offering FTNC, partner institution of higher education for each high school,  
36 and number of sections of the course being offered at each high school.
- 37 (2) Demographic information of students enrolled in FTNC courses.
- 38 (3) Percentage of students who, after completing the course, reported the  
39 following:
  - 40 a. The student plans to choose teaching as a profession.
  - 41 b. The course was very or somewhat effective in helping the student  
42 formulate a positive perception of the education profession.
  - 43 c. The coursework and activities increased the student's knowledge of  
44 the teaching profession and other careers in education.
  - 45 d. The field experience helped the student understand the many factors  
46 that contribute to effective teaching.
- 47 (4) Percentage of students who completed an FTNC course who received dual  
48 credit for successful completion of the course, by institution.
- 49 (5) Percentage of students who completed an FTNC course who applied for  
50 admission into an educator preparation program, by institution.
- 51 (6) Number of teachers provided professional development for FTNC."

1           **SECTION 10.9.(b)** The University of North Carolina General Administration shall  
2 report by October 15, 2018, on the number of site applications received, number of teachers  
3 provided professional development, number of local school administrative units and high  
4 schools offering FTNC, and number of sections of the course being offered for the 2018-2019  
5 school year.

6           **SECTION 10.9.(c)** This section becomes effective July 1, 2017. The selected  
7 constituent institutions shall make available site applications and provide professional  
8 development to high school teachers no later than February 1, 2018.  
9

#### 10 **UNC ENROLLMENT FUNDING/OSBM RESERVE ACCOUNT**

11           **SECTION 10.10.** Funds appropriated by this act for enrollment adjustments,  
12 including funds for the NC Promise Tuition Plan, shall be certified to a reserve account in the  
13 Office of State Budget and Management. The appropriation is made on an annual basis and  
14 shall be held in reserve until actual enrollment can be verified following the fall semester  
15 census. Funds for the spring semester shall be allocated using the actual enrollment from the  
16 fall semester and applying the three-year average fall-to-spring retention of fundable credit  
17 hours. After verification, the Board of Governors, subject to the approval of the Director of the  
18 Budget, shall allocate the funds for the fiscal year to the constituent institutions based on the  
19 criteria set out in this section.

20           Upon authorization by the Director of the Budget, funds may be advanced to  
21 constituent institutions whose tuition receipts are insufficient to maintain operations until  
22 enrollment is verified. Any institutions receiving funds in advance shall report to the Office of  
23 State Budget and Management at the close of the semester to reconcile any differences between  
24 funding received for enrollment and actual enrollment. An allocation made pursuant to this  
25 section may result in an allocation to a constituent institution that is greater than or less than the  
26 amount originally requested for enrollment change funding at that institution. Pursuant to  
27 G.S. 116-11(9)c., the Director of the Budget may, on recommendation of the Board, authorize  
28 transfer of appropriated funds from one institution to another to provide additional adjustments  
29 for over or under enrollment or may make any other adjustments among institutions that would  
30 provide for the orderly and efficient operation of institutions.  
31

#### 32 **IN-STATE TUITION FOR VETERANS/COMPLIANCE WITH FEDERAL LAW**

33           **SECTION 10.11.** G.S. 116-143.3A reads as rewritten:

34 **"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other**  
35 **individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or**  
36 **38 U.S.C. Chapter 33.**

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

38           (1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).

39           (2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).

40           (3) Veteran. – A person who served active duty for not less than 90 days in the  
41 Armed Forces, the Commissioned Corps of the U.S. Public Health Service,  
42 or the National Oceanic and Atmospheric Administration and who was  
43 discharged or released from such service.

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

49           (1) The veteran applies for admission to the institution of higher education and  
50 enrolls within three years of the veteran's discharge or release from the

1 Armed Forces, the Commissioned Corps of the U.S. Public Health Service,  
2 or the National Oceanic and Atmospheric Administration.

3 (2) The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C.  
4 Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance  
5 Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as  
6 administered by the U.S. Department of Veterans Affairs.

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

8 (4) The veteran provides the institution of higher education at which the veteran  
9 intends to enroll a letter of intent to establish residence in North Carolina.

10 (c) Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38  
11 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33. – Any person who is entitled to federal educational  
12 benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the  
13 in-State tuition rate and applicable mandatory fees for enrollment without satisfying the  
14 12-month residency requirement under G.S. 116-143.1, if the person meets all of the following  
15 criteria:

16 (1) The person qualifies for admission to the institution of higher education as  
17 defined in G.S. 116-143.1(a)(3) ~~and~~ and, with the exception of individuals  
18 described in subsections (c1) and (c2) of this section, enrolls in the  
19 institution of higher education within three years of the veteran's discharge  
20 or release from the Armed Forces, the Commissioned Corps of the U.S.  
21 Public Health Service, or the National Oceanic and Atmospheric  
22 Administration.

23 (2) The person is the recipient of federal educational benefits pursuant to 38  
24 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance  
25 Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as  
26 administered by the U.S. Department of Veterans Affairs.

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

28 (4) The person provides the institution of higher education at which the person  
29 intends to enroll a letter of intent to establish residence in North Carolina.

30 (c1) Recipients using transferred Post-9/11 GI Bill benefits (38 U.S.C. § 3319) while the  
31 transferor is on active duty in the Armed Forces, the commissioned corps of the U.S. Public  
32 Health Service, or the National Oceanic and Atmospheric Administration are eligible for the  
33 in-State tuition rate, provided the recipient's abode is in North Carolina and the recipient  
34 provides the institution of higher education a letter of intent to establish residency in North  
35 Carolina.

36 (c2) Recipients of the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C.  
37 § 3311(b)(9)), whose parent or spouse died in the line of duty, without regard as to whether the  
38 death in the line of duty followed a period of active duty service of 90 days or more, are  
39 eligible to receive in-State tuition under this section, provided the recipient's abode is in North  
40 Carolina and the recipient provides the institution of higher education a letter of intent to  
41 establish residency in North Carolina.

42 (d) After the expiration of the three-year period following discharge ~~or death~~ as  
43 described in 38 U.S.C. § 3679(c), any enrolled veteran entitled to federal educational benefits  
44 under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual  
45 described in subsection (c) of this section entitled to federal educational benefits under 38  
46 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 who is eligible for in-State tuition under this section  
47 shall continue to be eligible for the in-State tuition rate so long as the covered individual  
48 remains continuously enrolled (other than during regularly scheduled breaks between courses,  
49 quarters, terms, or semesters) at that institution of higher education."  
50



1 **SENIOR CITIZENS MAY AUDIT COURSES AT UNC AND COMMUNITY**  
2 **COLLEGES**

3 **SECTION 10.12.(a)** Chapter 115B of the General Statutes is amended by adding a  
4 new section to read:

5 **"§ 115B-2.2. Senior citizens may audit classes.**

6 Any person who is at least 65 years old may audit courses offered at the constituent  
7 institutions of The University of North Carolina and the community colleges as defined in  
8 G.S. 115D-2(2) without payment of any required registration fee or tuition for the audit  
9 provided the audit is approved in accordance with policies adopted by the Board of Governors  
10 and the State Board of Community Colleges for their respective institutions, and there is no  
11 cost to the State. A person shall be allowed to audit a class under this section only on a space  
12 available basis. Persons auditing classes under this section shall not be counted in the  
13 computation of enrollment for funding purposes. This section does not apply to audits of  
14 courses provided on a self-supporting basis by community colleges."

15 **SECTION 10.12.(b)** G.S. 115B-4 reads as rewritten:

16 **"§ 115B-4. Enrollment computation for funding purposes.**

17 Persons—Except as provided in G.S. 115B-2.2, persons attending classes under the  
18 provisions of this Chapter, without payment of tuition, shall be counted in the computation of  
19 enrollment for funding purposes."

20 **SECTION 10.12.(c)** The Board of Governors of The University of North Carolina  
21 and the State Board of Community Colleges shall adopt policies to implement this section.

22 **SECTION 10.12.(d)** This section becomes effective July 1, 2017, and applies  
23 beginning with the 2017 fall academic semester.

24  
25 **STUDY/UNC EQUAL OPPORTUNITY COMPLIANCE OFFICERS**

26 **SECTION 10.13.(a)** The Board of Governors of The University of North Carolina  
27 shall study the equal opportunity policies, which include the policies related to diversity and  
28 nondiscrimination, adopted by each constituent institution, the implementation of those policies  
29 on each campus, and the services provided on each campus. In conducting the study, the Board  
30 of Governors shall review and evaluate the equal opportunity policies with a particular focus on  
31 transparency and effectiveness of the policies.

32 As part of the study, the Board of Governors shall direct each constituent institution  
33 to identify all staff positions on campus that include as part of the job duties any responsibility  
34 for the implementation, administration, or enforcement of policies intended to promote equal  
35 opportunity, diversity, or inclusiveness; indicate how those staff positions and the services  
36 offered through those positions fit within the organizational structure of the constituent  
37 institution; and indicate the direct and indirect costs related to those staff positions and services  
38 provided by those staff positions. This information shall include the number of part-time and  
39 full-time employees in these staff positions by each individual campus, descriptions of job  
40 duties of each of these employees, and the total costs of the positions.

41 The study shall also consider the feasibility of developing equal opportunity plans at  
42 each constituent institution that consolidate all equal opportunity services offered at each  
43 constituent institution into a single office headed by an equal employment officer designated by  
44 the Chancellor in order to promote effectiveness and efficiency.

45 **SECTION 10.13.(b)** The Board of Governors of The University of North Carolina  
46 shall submit a report that includes its findings, recommendations, and policy changes to the  
47 Joint Legislative Education Oversight Committee by January 1, 2018. The Board of Governors  
48 shall approve the report prior to the submission to the Joint Legislative Education Oversight  
49 Committee.

50

1 **BOARD OF GOVERNORS STUDIES/ESTABLISH SCHOOL OF HEALTH SCIENCES**  
2 **AND HEALTH CARE AT UNC-PEMBROKE AND ESTABLISH PHYSICIAN**  
3 **ASSISTANT PROGRAM, CHIROPRACTIC MEDICINE PROGRAM, AND A**  
4 **PILOT PROGRAM FOR BASIC LAW ENFORCEMENT TRAINING AT WSSU**

5 **SECTION 10.14.(a)** The Board of Governors of The University of North Carolina  
6 shall study the feasibility of establishing a School of Health Sciences and Health Care at the  
7 University of North Carolina at Pembroke. In its study, the Board of Governors shall consider  
8 the health care needs of the region and what health science and health care programs would  
9 best serve the region and meet its health care needs. The Board of Governors shall also  
10 consider the costs and financial benefits of establishing a School of Health Sciences and Health  
11 Care.

12 The Board of Governors shall submit a report on the study, including its findings  
13 and recommendations, by March 1, 2018, to the members of the Senate and the House of  
14 Representatives, by filing a copy of the report with the Office of the President Pro Tempore of  
15 the Senate, the Office of the Speaker of the House of Representatives, and the Legislative  
16 Library.

17 **SECTION 10.14.(b)** Of the funds appropriated by this act to the Board of  
18 Governors of The University of North Carolina for the 2017-2018 fiscal year, the Board may  
19 use up to one hundred thousand dollars (\$100,000) to cover the costs of the study required by  
20 subsection (a) of this section.

21 **SECTION 10.14.(c)** The Board of Governors of The University of North Carolina  
22 shall study the feasibility of establishing the following programs at Winston-Salem State  
23 University: a Physician Assistant Program, a Chiropractic Medicine Program, and a pilot  
24 program for Basic Law Enforcement Training. In its study, the Board of Governors shall  
25 consider the costs and financial benefits of establishing these programs at Winston-Salem State  
26 University.

27 The Board of Governors shall submit a report on the study, including its findings  
28 and recommendations, by March 1, 2018, to the members of the Senate and the House of  
29 Representatives, by filing a copy of the report with the Office of the President Pro Tempore of  
30 the Senate, the Office of the Speaker of the House of Representatives, and the Legislative  
31 Library.

32  
33 **UNC TO FUND NORTH CAROLINA RESEARCH CAMPUS**

34 **SECTION 10.15.** Of the funds appropriated by this act to the Board of Governors  
35 of The University of North Carolina, the Board of Governors shall use twenty-nine million  
36 dollars (\$29,000,000) for the 2017-2018 fiscal year and twenty-nine million dollars  
37 (\$29,000,000) for the 2018-2019 fiscal year to support UNC-related activities at the North  
38 Carolina Research Campus at Kannapolis.

39  
40 **UNC COMPUTER COMPATIBILITY**

41 **SECTION 10.20.** The President of The University of North Carolina shall work  
42 with the Department of Information Technology to ensure, to the extent practicable, that The  
43 University of North Carolina computer systems are able to share data among computer systems  
44 at the constituent institutions, community colleges, Department of Public Instruction, and other  
45 State agencies.

46  
47 **UNC CYBERSECURITY**

48 **SECTION 10.21.(a)** The President of The University of North Carolina, in  
49 collaboration with the Department of Information Technology or other cybersecurity consultant  
50 selected by the President, shall review the existing security for the information technology  
51 systems and associated data of The University of North Carolina System to determine whether

1 the cybersecurity and risk management services supporting the System's network are sufficient  
2 or whether expansion is needed. The review shall include an evaluation of all of the following:  
3 (i) continuous monitoring and risk assessment; (ii) security policy, implementation of security  
4 programs and effective security controls, and ongoing support for operating security  
5 governance; and (iii) security training and education services for faculty, staff, and  
6 administrators. The President shall take appropriate measures to address any potential problems  
7 or issues identified by the review.

8 **SECTION 10.21.(b)** Each constituent institution shall conduct a review of the  
9 existing security for the information technology systems and associated data of the constituent  
10 institution to determine whether the cybersecurity and risk management services supporting the  
11 System's network are sufficient or whether expansion is needed. The review shall include an  
12 evaluation of (i) continuous monitoring and risk assessment; (ii) security policy,  
13 implementation of security programs and effective security controls, and ongoing support for  
14 operating security governance; and (iii) security training and education services for faculty,  
15 staff, and administrators. The Chancellor of the constituent institution shall take appropriate  
16 measures to address any potential problems or issues identified by the review.

17  
18 **MATCHING FUNDS FOR DEPARTMENT OF APPLIED PHYSICAL SCIENCES AT**  
19 **UNC-CHAPEL HILL DO NOT REVERT**

20 **SECTION 10.23.(a)** Section 27.6 of S.L. 2016-94 reads as rewritten:

21 "SECTION 27.6. Of the funds appropriated in this act to the Office of State Budget and  
22 Management, Special Appropriations, up to the sum of four million dollars (\$4,000,000) in  
23 nonrecurring funds for the 2016-2017 fiscal year shall be allocated to the Board of Trustees of  
24 the University of North Carolina at Chapel Hill for operation of the Department of Applied  
25 Physical Sciences. Allocations made pursuant to this section shall be matched by the Board of  
26 Trustees on the basis of one dollar (\$1.00) in allocated funds for every one dollar (\$1.00) in  
27 non-State funds that the Board of Trustees raises by June 30, ~~2017~~,2019, for the purposes of  
28 operating the Department of Applied Physical Sciences. These funds shall not revert but shall  
29 continue to be available as matching funds for the 2017-2019 fiscal biennium for the purposes  
30 of operating the Department of Applied Physical Sciences as provided by this section."

31 **SECTION 10.23.(b)** This section becomes effective June 30, 2017.

32  
33 **FOOD SCIENCE INNOVATION ADVISORY COMMITTEE**

34 **SECTION 10.24.(a)** There is created the Food Processing Innovation Center  
35 Committee (Committee), which shall be located administratively in the Department of  
36 Agriculture and Consumer Services. The Committee shall consist of 14 members, including:

- 37 (1) The Commissioner of Agriculture or the Commissioner's designee, who will  
38 serve as chair.
- 39 (2) The Secretary of Commerce or the Secretary's designee.
- 40 (3) The President of the Golden L.E.A.F. (Long-Term Economic Advancement  
41 Foundation), Inc., or the President's designee.
- 42 (4) Three members shall be appointed by the Speaker of the House of  
43 Representatives, at least one of whom shall be employed in the field of food  
44 manufacturing and at least one of whom shall be employed as a farmer or  
45 grower of crops.
- 46 (5) Three members shall be appointed by the President Pro Tempore of the  
47 Senate, at least one of whom shall be employed in the field of food  
48 manufacturing and at least one of whom shall be employed as a farmer or  
49 grower of crops.
- 50 (6) The Dean of the College of Agriculture and Life Science at North Carolina  
51 State University, or the Dean's designee.

- 1 (7) The President of the Community Colleges System Office, or the President's  
2 designee.
- 3 (8) The President and CEO of Economic Development Partnership of North  
4 Carolina (EDPNC), or the President's designee.
- 5 (9) Agricultural Economist with expertise in food systems and agribusiness that  
6 could help in creation of a business plan for the initiative appointed upon the  
7 recommendation of the Commissioner of Agriculture.
- 8 (10) One member who is a representative of the North Carolina Research  
9 Campus, who shall be a nonvoting member.

10 **SECTION 10.24.(b)** The Committee shall study and make recommendations to the  
11 General Assembly on measures that will serve the following goals:

- 12 (1) Increasing the employment and private capital investment in food  
13 manufacturing in North Carolina, with an emphasis on rural and  
14 economically distressed areas.
- 15 (2) Increasing the use of North Carolina produced ingredients, agricultural  
16 products, equipment, and other products of food manufacturers located in  
17 this State.
- 18 (3) Increasing the number and economic value of food manufacturing  
19 entrepreneurs and companies in North Carolina, with priority given to those  
20 entities located in rural and economically distressed areas.
- 21 (4) Any other goal the Committee deems advantageous to the State.

22 **SECTION 10.24.(c)** Appointments for all members shall be for terms of four years  
23 beginning within 30 days of when this act becomes law. Appointed members may be  
24 reappointed but shall not serve more than two consecutive terms of four years. Vacancies  
25 among appointed members shall be filled by the appointing entity and shall be for the  
26 remainder of the vacant term.

27 No member of the General Assembly, spouse of a member of the General  
28 Assembly, or officer or employee of the State shall be eligible to serve on the Committee as an  
29 appointed member.

30 The Committee shall meet at stated times established by the Committee but not less  
31 frequently than four times a year. Special meetings of the Committee may be set at any regular  
32 meeting or may be called by the chair. A majority of the appointed members of the Committee  
33 shall constitute a quorum for the transaction of business.

34 From funds available to the Department of Agriculture and Consumer Services, the  
35 Commissioner of Agriculture shall allocate monies to fund the work of the Committee.  
36 Members of the Committee shall receive subsistence and travel expenses, as provided in  
37 G.S. 120-3.1 and G.S. 138-5.

38 **SECTION 10.24.(d)** Notwithstanding subsection (c) of this section, the six  
39 Committee members appointed pursuant to subdivisions (4) and (5) of subsection (a) of this  
40 section shall serve a first term beginning on the date of their designation and ending on  
41 December 31, 2020. Thereafter, they shall serve four-year terms which shall begin on January  
42 1, 2021.

43 **SECTION 10.24.(e)** The Committee shall develop a business plan for the Food  
44 Processing Research Center at the North Carolina Research Campus (Center) to implement.  
45 The business plan required by this subsection shall include processes for designing and  
46 marketing the Center. Of the funds appropriated in this act to North Carolina State University  
47 for the Center, the University shall allocate not more than the sum of one hundred thousand  
48 dollars (\$100,000) in nonrecurring funds for the 2017-2018 fiscal year to the Committee to  
49 cover costs incurred by the Committee in developing a business plan required under this  
50 subsection. The business plan required under this subsection shall ensure all of the following:

- 1 (1) The financial stability for the Center, including sources and uses for funds to  
2 operate the facility and maintain equipment for the Center.
- 3 (2) The creation and implementation of revenue models that can be used to  
4 support the expenses of the facility with the goal of positioning the facility to  
5 ultimately cease to need State funds for continued operations.
- 6 (3) The creation and implementation of policies that protect the State's  
7 investment in the initiative and provide for a return to the taxpayers by  
8 increasing job opportunities, private sector investment, and increased  
9 markets for value-added agricultural products.
- 10 (4) Any other provision the Committee deems necessary to carry out the intent  
11 and accomplish the goals established in this section.

12 Upon completion of the business plan required under this subsection, the Committee  
13 shall submit the business plan to the University.

14 **SECTION 10.24.(f)** No less than 30 days prior to expending or encumbering any  
15 other funds provided in this act to the University for the Center, the University shall submit the  
16 business plan required under subsection (e) of this section to the Joint Legislative Commission  
17 on Government Operations.

18 **SECTION 10.24.(g)** On or before September 1, 2018, and at least semiannually  
19 thereafter, the Committee shall submit a report to the Joint Legislative Oversight Committee on  
20 Agriculture and Natural and Economic Resources and the Fiscal Research Division with its  
21 activities, accomplishments, and recommendations based upon its study of the items listed in  
22 subsection (b) of this section.

23 **SECTION 10.24.(h)** This section expires January 1, 2025.

## 24 **ENERGY STORAGE STUDY**

25 **SECTION 10.25.** If House Bill 589, 2017 Regular Session, becomes law, then the  
26 North Carolina Policy Collaboratory (Collaboratory) at the University of North Carolina at  
27 Chapel Hill shall study energy storage technology as set forth in that act if the Collaboratory  
28 raises non-State funds of at least seventy-five thousand dollars (\$75,000) to provide a  
29 one-to-one match from challenge grant funds administered by the Office of State Budget and  
30 Management as set forth in Section 27.5 of S.L. 2016-94, as amended by this act.

## 31 **ONE-YEAR COLLEGE TUITION GRANTS FOR CERTAIN GRADUATES OF THE** 32 **NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS WHO** 33 **ATTEND A STATE UNIVERSITY**

34 **SECTION 10.26.(a)** Of the funds appropriated by this act to the Board of  
35 Governors for the 2017-2018 fiscal year, the sum of one million five hundred thousand dollars  
36 (\$1,500,000) shall be allocated to the State Education Assistance Authority to be held in  
37 reserve to provide tuition grants for one academic year to each State resident who graduates  
38 from the North Carolina School of Science and Mathematics at the end of the 2017-2018  
39 academic year and who enrolls as a full-time student in a constituent institution of The  
40 University of North Carolina for the 2018-2019 academic year. The amount of the grant  
41 awarded to each student shall cover the tuition cost at the constituent institution in which the  
42 student is enrolled.

43 **SECTION 10.26.(b)** The tuition grants provided for in this section shall be  
44 administered by the State Education Assistance Authority pursuant to rules adopted by the  
45 State Education Assistance Authority not inconsistent with this section. The State Education  
46 Assistance Authority shall not approve any grant until it receives proper certification from the  
47 appropriate constituent institution that the student applying for the grant is an eligible student.  
48 Upon receipt of the certification, the State Education Assistance Authority shall remit at the  
49  
50

1 times it prescribes the grant to the constituent institution on behalf, and to the credit, of the  
2 student.

3 **SECTION 10.26.(c)** Notwithstanding any other provision of this section, no tuition  
4 grant awarded to a student under this section shall exceed the cost of attendance at the  
5 constituent institution at which the student is enrolled. If a student, who is eligible for a tuition  
6 grant under this subsection, also receives a scholarship or other grant covering the cost of  
7 attendance at the constituent institution for which the tuition grant is awarded, then the amount  
8 of the tuition grant shall be reduced by an appropriate amount determined by the State  
9 Education Assistance Authority. The State Education Assistance Authority shall reduce the  
10 amount of the tuition grant so that the sum of all grants and scholarship aid covering the cost of  
11 attendance received by the student, including the tuition grant under this section, shall not  
12 exceed the cost of attendance for the constituent institution at which the student is enrolled. The  
13 cost of attendance, as used in this subsection, shall be determined by the State Education  
14 Assistance Authority for each constituent institution.

15 **SECTION 10.26.(d)** The funds allocated by this section shall not revert at the end  
16 of the 2017-2018 fiscal year but shall remain available until the end of the 2018-2019 fiscal  
17 year to implement this section.

18  
19 **UNC/EXCELLENCE FUND FOR EXPERIENTIAL LEARNING AND LEADERSHIP  
20 DEVELOPMENT FOR THE RESERVE OFFICERS TRAINING CORPS**

21 **SECTION 10.27.** Of the funds appropriated by this act to the Board of Governors  
22 of The University of North Carolina, the sum of two hundred forty thousand dollars (\$240,000)  
23 in nonrecurring funds for the 2017-2018 fiscal year shall be allocated to the University of North  
24 Carolina at Chapel Hill to establish within the College of Arts and Sciences the Excellence  
25 Fund for Experiential Learning and Leadership Development for the Reserve Officers Training  
26 Corps. Subject to the approval of the Dean of the College of Arts and Sciences, monies from  
27 the Fund shall be used to support strategic investments in experiential learning and leadership  
28 development initiatives for UNC ROTC programs. The funds allocated under this section shall  
29 not revert at the end of the fiscal year but shall remain available to be expended as provided by  
30 this section.

31  
32 **UNC CORE/FUNDS FOR ACTIVE DUTY SERVICE MEMBERS AND VETERANS  
33 PROGRAMS**

34 **SECTION 10.28.(a)** The unexpended balance of the funds appropriated in the  
35 2016-2017 fiscal year for NC CORE in Budget Code 16020 shall not revert. Those funds shall  
36 be transferred to the Office of the Executive Vice Chancellor Provost at the University of North  
37 Carolina at Chapel Hill and shall be used to support programs for active duty service members  
38 and veterans at the University of North Carolina at Chapel Hill.

39 **SECTION 10.28.(b)** This section becomes effective June 30, 2017.

40  
41 **SUBPART X-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

42  
43 **SOFTWARE FOR ADMINISTRATION OF THE OPPORTUNITY SCHOLARSHIP  
44 AND SPECIAL EDUCATION SCHOLARSHIP PROGRAMS**

45 **SECTION 10A.1.(a)** Notwithstanding G.S. 115C-562.8, of the funds appropriated  
46 by this act for the Opportunity Scholarship Grant Fund Reserve for the 2017-2018 fiscal year,  
47 the State Education Assistance Authority (Authority) may use up to one million eight hundred  
48 thousand dollars (\$1,800,000) in nonrecurring funds for the 2017-2018 fiscal year to purchase  
49 software necessary to support the administration of the Opportunity Scholarship Grant Program  
50 and the Special Education Scholarships for Children with Disabilities Program. These funds

1 may also be used for customization of the software, development of interfaces with other  
2 internal systems, conversion of data, and training for staff on the new software system.

3 **SECTION 10A.1.(a1)** The Authority shall work with the Department of  
4 Information Technology to ensure, to the extent practicable, that the Authority's computer  
5 systems are able to share data among computer systems at The University of North Carolina  
6 and constituent institutions, the North Carolina Community College System, the Department of  
7 Public Instruction, and other State agencies.

8 **SECTION 10A.1.(b)** The Authority shall report by October 1 of each year,  
9 beginning October 1, 2017, and ending October 1, 2018, to the Fiscal Research Division and  
10 the Joint Legislative Education Oversight Committee on the acquisition of software for  
11 administration of the program and all aspects of implementation of the software system and the  
12 expenditure of funds.

### 13 14 **ELIMINATE SCHOOL SITE SCHOLARSHIP ENDORSEMENT REQUIREMENT**

15 **SECTION 10A.2.(a)** G.S. 115C-112.6(b1)(1)a. reads as rewritten:

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

34 **SECTION 10A.2.(b)** G.S. 115C-562.6 reads as rewritten:

#### 35 **"§ 115C-562.6. Scholarship endorsement.**

36 The Authority shall remit, at least two times each school year, scholarship grant funds  
37 awarded to eligible students to the nonpublic school for endorsement by at least one of the  
38 student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship  
39 grant funds awarded to the eligible student ~~to the nonpublic school~~ for deposit into the account  
40 of the nonpublic ~~school~~ school to the credit of the eligible student. The parent or guardian shall  
41 not designate any entity or individual associated with the nonpublic school as the parent's  
42 attorney-in-fact to endorse the scholarship grant funds ~~but shall endorse the scholarship grant~~  
43 ~~funds in person at the site of the nonpublic school funds~~. A parent's or guardian's failure to  
44 comply with this section shall result in forfeit of the scholarship grant. A scholarship grant  
45 forfeited for failure to comply with this section shall be returned to the Authority to be awarded  
46 to another student."

47 **SECTION 10A.2.(c)** This section applies to scholarship funds awarded beginning  
48 with the 2017-2018 school year.

### 49 50 **NORTH CAROLINA TEACHING FELLOWS**

1           **SECTION 10A.3.(a)** Article 23 of Chapter 116 of the General Statutes is amended  
2 by adding a new Part to read:

3                   "Part 3. North Carolina Teaching Fellows Program.

4           "§ 116-209.60. Definitions.

5           The following definitions apply in this Part:

- 6           (1) Commission. – The North Carolina Teaching Fellows Commission.
- 7           (2) Director. – The Director of the North Carolina Teaching Fellows Program.
- 8           (3) Forgivable loan. – A forgivable loan made under the Program.
- 9           (4) Program. – The North Carolina Teaching Fellows Program.
- 10          (5) Public school. – An elementary or secondary school located in North  
11 Carolina that is governed by a local board of education, charter school board  
12 of directors, regional school board of directors, or University of North  
13 Carolina laboratory school board of trustees.
- 14          (6) STEM. – Science, technology, engineering, and mathematics.
- 15          (7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund.

16           "§ 116-209.61. North Carolina Teaching Fellows Commission established; membership.

17           (a) Commission Established. – There is established the North Carolina Teaching  
18 Fellows Commission. The Commission shall determine program and forgivable loan recipient  
19 selection criteria and selection procedures and shall select the recipients to receive forgivable  
20 loans under the North Carolina Teaching Fellows Program in accordance with the requirements  
21 of this Part. The Director of the North Carolina Teaching Fellows Program shall appoint staff to  
22 the Commission.

23           (b) Membership. – The Commission shall consist of 14 members who shall be  
24 appointed or serve as ex officio members as follows:

- 25           (1) The Board of Governors of The University of North Carolina shall appoint  
26 seven members to the Commission as follows:
  - 27           a. Two deans of approved schools of education at postsecondary  
28 constituent institutions of The University of North Carolina.
  - 29           b. The president of a North Carolina community college.
  - 30           c. A teacher who graduated from an approved educator preparation  
31 program located in the State within three years of appointment to  
32 serve on the Commission.
  - 33           d. A principal who graduated from an approved educator preparation  
34 program located in the State.
  - 35           e. A local board of education member.
  - 36           f. A member to represent business and industry in North Carolina.
- 37           (2) The General Assembly shall appoint two members to the Commission in  
38 accordance with G.S. 120-121 as follows:
  - 39           a. One dean of an approved school of education at a private  
40 postsecondary institution operating in the State upon the  
41 recommendation of the Speaker of the House of Representatives.
  - 42           b. One dean of an approved school of education at a private  
43 postsecondary institution operating in the State upon the  
44 recommendation of the President Pro Tempore of the Senate.
- 45           (3) The following five members shall serve as ex officio members to the  
46 Commission:
  - 47           a. The North Carolina Teacher of the Year.
  - 48           b. The North Carolina Principal of the Year.
  - 49           c. The North Carolina Superintendent of the Year.
  - 50           d. The chair of the Board of the State Education Assistance Authority.
  - 51           e. The Director of the North Carolina Teaching Fellows Program.



1       (c) Terms of Office. – Appointments to the Commission shall be for two-year terms,  
2 expiring on July 1 in odd-numbered years. Members serving ex officio, other than the chair of  
3 the Board of the State Education Assistance Authority and Director of the North Carolina  
4 Teaching Fellows Program, who have otherwise completed their term of service, shall continue  
5 to serve on the Commission until July 1, annually.

6       (d) Vacancies. – Except as otherwise provided, if a vacancy occurs in the membership  
7 of the Commission, the appointing authority shall appoint another person meeting the same  
8 qualifications to serve for the balance of the unexpired term.

9       (e) Chair; Meetings. – The Director of the Program shall call the first meeting of the  
10 Commission. The Commission members shall elect a chair and a vice-chair from the  
11 membership of the Commission to serve one-year terms. The Commission shall meet regularly  
12 at times and places deemed necessary by the chair or, in the absence of the chair, by the  
13 vice-chair.

14       (f) Conflict of Interest. – A member of the Commission shall abstain from voting on  
15 the selection of an educator preparation program of a postsecondary constituent institution of  
16 The University of North Carolina or a private postsecondary institution operating in the State  
17 under G.S. 116-209.62(f) if the member is an officer or employee of the institution or sits as a  
18 member of the institution's board of directors.

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

21 **"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

22       (a) Program. – There is established the North Carolina Teaching Fellows Program to be  
23 administered by the General Administration of The University of North Carolina, in  
24 conjunction with the Authority and the Commission. The purpose of the Program is to recruit,  
25 prepare, and support students residing in or attending institutions of higher education located in  
26 North Carolina for preparation as highly effective STEM or special education teachers in the  
27 State's public schools. The Program shall be used to provide a forgivable loan to individuals  
28 interested in preparing to teach in the public schools of the State in STEM or special education  
29 licensure areas.

30       (b) Trust Fund. – There is established the North Carolina Teaching Fellows Program  
31 Trust Fund to be administered by the Authority, in conjunction with the General Administration  
32 of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the  
33 Program for forgivable loans, (ii) received as repayment of forgivable loans, and (iii) earned as  
34 interest on these funds shall be placed in the Trust Fund. The purpose of the Trust Fund is to  
35 provide financial assistance to qualified students for completion of teacher education and  
36 licensure programs to fill STEM or special education licensure areas in the public schools of  
37 the State.

38       (c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
39 for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the  
40 Program, including recruitment and recovery of funds advanced under the Program, and (iii)  
41 extracurricular enhancement activities of the Program. The Authority may use up to six  
42 hundred thousand dollars (\$600,000) from the Trust Fund in each fiscal year for its  
43 administrative costs, the salary of the Director of the Program, expenses of the Commission,  
44 and to provide the Commission with funds to use for the extracurricular enhancement activities  
45 of the Program.

46       (d) Director of the Program. – The Board of Governors of The University of North  
47 Carolina shall appoint a Director of the Program. The Director shall appoint staff to the  
48 Commission and shall be responsible for recruitment and coordination of the Program,  
49 including proactive, aggressive, and strategic recruitment of potential recipients. Recruitment  
50 activities shall include (i) targeting regions of the State with the highest teacher attrition rates  
51 and teacher recruitment challenges, (ii) actively engaging with educators, business leaders,

1 experts in human resources, elected officials, and other community leaders throughout the  
2 State, and (iii) attracting candidates in STEM and special education licensure areas to the  
3 Program. The Director shall report to the President of The University of North Carolina. The  
4 Authority shall provide office space and clerical support staff, as necessary, to the Director for  
5 the Program.

6 (e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt  
7 stringent standards for awarding forgivable loans based on multiple measures to ensure that  
8 only the strongest applicants receive them, including the following:

9 (1) Grade point averages.

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

11 (3) Experience, accomplishments, and other criteria demonstrating qualities  
12 positively correlated with highly effective teachers, including excellent  
13 verbal and communication skills.

14 (4) Demonstrated commitment to serve in a STEM or special education  
15 licensure area in North Carolina public schools.

16 (f) Program Selection Criteria. – The Authority shall administer the Program in  
17 cooperation with five institutions of higher education with approved educator preparation  
18 programs selected by the Commission that represent both postsecondary constituent institutions  
19 of The University of North Carolina and private postsecondary institutions operating in the  
20 State. The Commission shall adopt stringent standards for selection of the most effective  
21 educator preparation programs, including the following:

22 (1) Demonstrates high rates of educator effectiveness on value-added models  
23 and teacher evaluations, including using performance-based, subject-specific  
24 assessment and support systems, such as edTPA or other metrics of  
25 evaluating candidate effectiveness that have predictive validity.

26 (2) Demonstrates measurable impact of prior graduates on student learning,  
27 including impact of graduates teaching in STEM or special education  
28 licensure areas.

29 (3) Demonstrates high rates of graduates passing exams required for teacher  
30 licensure.

31 (4) Provides curricular and co-curricular enhancements in leadership, facilitates  
32 learning for diverse learners, and promotes community engagement,  
33 classroom management, and reflection and assessment.

34 (5) Requires at least a minor concentration of study in the subject area that the  
35 candidate may teach.

36 (6) Provides early and frequent internship or practical experiences, including the  
37 opportunity for participants to perform practicums in diverse school  
38 environments.

39 (7) Is approved by the State Board of Education as an educator preparation  
40 program.

41 (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to  
42 selected students to be used at the five selected institutions for completion of a program leading  
43 to teacher licensure as follows:

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

46 (2) Students applying for transfer to a selected educator preparation program at  
47 an institution of higher education. – Forgivable loans of up to eight thousand  
48 two hundred fifty dollars (\$8,250) per year for up to three years.

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

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

5           Forgivable loans may be used for tuition, fees, and the cost of books.

6           (h) Identification of STEM and Special Education Licensure Areas. – The  
7 Superintendent of Public Instruction shall identify and provide to the Commission and the  
8 Authority a list of STEM and special education licensure areas and shall annually provide to  
9 the Commission the number of available positions in each licensure area relative to the number  
10 of current and anticipated teachers in that area of licensure. The Commission shall make the list  
11 of STEM and special education licensure areas readily available to applicants.

12           (i) Administration of Forgivable Loan Awards. – Upon the naming of recipients of the  
13 forgivable loans by the Commission, the Commission shall transfer to the Authority its  
14 decisions. The Authority, in coordination with the Director, shall perform all of the  
15 administrative functions necessary to implement this Part, which functions shall include rule  
16 making, disseminating information, acting as a liaison with participating institutions of higher  
17 education, implementing forgivable loan agreements, loan monitoring, loan cancelling through  
18 service and collection, determining the acceptability of service repayment agreements,  
19 enforcing the agreements, and all other functions necessary for the execution, payment, and  
20 enforcement of promissory notes required under this Part.

21           (j) Annual Report. – The Commission, in coordination with the Authority, shall report  
22 no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education  
23 Oversight Committee regarding the following:

24           (1) Forgivable loans awarded from the Trust Fund, including the following:

25           a. Demographic information regarding recipients.

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

27           c. Information on number of recipients by anticipated STEM and  
28 special education licensure area.

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

30           a. Number of graduates who have been employed in a STEM or special  
31 education licensure area within two years of program completion.

32           b. Number of graduates who accepted employment at a low-performing  
33 school identified under G.S. 115C-105.37 as part of their years of  
34 service.

35           c. Number of graduates who have elected to do loan repayment and  
36 their years of service, if any, prior to beginning loan repayment.

37           d. Number of graduates employed in a STEM or special education  
38 licensure area who have received an overall rating of at least  
39 accomplished and have met expected growth on applicable standards  
40 of the teacher evaluation instrument.

41           e. Aggregate information on student growth and proficiency in courses  
42 taught by graduates who have fulfilled service requirements through  
43 employment in a STEM or special education licensure area.

44           (3) Selected school outcomes by program, including the following:

45           a. Turnover rate for forgivable loan graduates.

46           b. Aggregate information on student growth and proficiency as  
47 provided annually by the State Board of Education to the  
48 Commission in courses taught by forgivable loan graduates.

49           c. Fulfillment rate of forgivable loan graduates.

50 **§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.**

1       (a) Notes. – All forgivable loans shall be evidenced by notes made payable to the  
2 Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the  
3 Authority and beginning on the first day of September after the completion of the program  
4 leading to teacher licensure or 90 days after termination of the forgivable loan, whichever is  
5 earlier. The forgivable loan may be terminated upon the recipient's withdrawal from school or  
6 by the recipient's failure to meet the standards set by the Commission.

7       (b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the  
8 loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive  
9 of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a  
10 STEM or special education licensure area, as provided in G.S. 116-209.62(h), for every year  
11 the teacher was awarded the forgivable loan, in any combination of the following:

12           (1) One year at a North Carolina public school identified as low-performing  
13 under G.S. 115C-105.37 at the time the teacher accepts employment at the  
14 school or, if the teacher changes employment during this period, at another  
15 school identified as low-performing.

16           (2) Two years at a North Carolina public school not identified as  
17 low-performing under G.S. 115C-105.37.

18       The Authority shall also forgive the loan if it finds that it is impossible for the recipient to  
19 work for up to eight years, within 10 years after completion of the program leading to teacher  
20 licensure, at a North Carolina public school because of the death or permanent disability of the  
21 recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be  
22 repaid within 10 years after completion of the program leading to teacher licensure supported  
23 by the forgivable loan. If the recipient completes a program leading to teacher licensure,  
24 payment of principal and interest shall begin no later than the first day of September after the  
25 completion of the program. Should a recipient present extenuating circumstances, the Authority  
26 may extend the period to repay the loan in cash to no more than a total of 12 years."

27       **SECTION 10A.3.(b)** Initial appointments to the North Carolina Teaching Fellows  
28 Commission shall be made no later than August 15, 2017. Initial appointments to the  
29 Commission shall expire July 1, 2019.

30       **SECTION 10A.3.(c)** The Commission shall establish initial selection criteria for  
31 recipients and select the five institutions of higher education with approved educator  
32 preparation programs at which a recipient may use a forgivable loan no later than November  
33 15, 2017, and shall make available applications to prospective students no later than December  
34 31, 2017.

35       **SECTION 10A.3.(d)** The Superintendent of Public Instruction shall establish the  
36 list of STEM and special education licensure areas and provide that information to the  
37 Commission and Authority no later than October 1, 2017.

38       **SECTION 10A.3.(e)** The Commission shall select recipients and award the initial  
39 forgivable loans for the 2018-2019 academic year no later than April 1, 2018.

40       **SECTION 10A.3.(f)** G.S. 115C-472.16(b) reads as rewritten:

41       "(b) The General Assembly shall only appropriate moneys in the North Carolina  
42 Education Endowment Fund for ~~teacher compensation that is related directly to improving~~  
43 ~~student academic outcomes in the public schools of the State.~~ the forgivable loans for the North  
44 Carolina Teaching Fellows Program and administration of the North Carolina Teaching  
45 Fellows Program under Part 3 of Article 23 of Chapter 116 of the General Statutes."

46       **SECTION 10A.3.(g)** G.S. 116-209.27(a) reads as rewritten:

47       "(a) The Authority shall, as of March 1, 2015, administer all outstanding scholarship  
48 loans previously awarded by the former North Carolina Teaching Fellows Commission and  
49 subject to repayment under the former Teaching Fellows ~~Program~~ Program administered  
50 pursuant to Part 2 of Article 24C of Chapter 115C of the General Statutes."



active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.

7. Is a child enrolled part-time in a public school and part-time in a nonpublic school that exclusively provides services for children with disabilities.

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

c. Is a child with a disability, as defined in G.S. 115C-106.3(1), including, for example, intellectual disability, hearing impairment, speech or language impairment, visual impairment, serious emotional disturbance, orthopedic impairment, autism, traumatic brain injury, other health impairments, specific learning disability, or disability as may be required to be included under IDEA.

(4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter, as identified by the Division.

(5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.

(6) Personal Education Savings Account or PESA. – A bank account provided to a parent for the purpose of holding scholarship funds awarded by the Authority for an eligible student to be used for qualifying education expenses under G.S. 115C-567.10.

**"§ 115C-567.7. Award of scholarship funds for a personal education savings account.**

(a) Application Selection. – The Authority shall make available no later than February 1 of each year applications to eligible students for the award of scholarship funds for a personal education savings account to be used for qualifying education expenses to attend a nonpublic school. Information about scholarship funds and the application process shall be made available on the Authority's Web site. Applications shall be submitted electronically. Beginning March 15, the Authority shall begin selecting recipients for scholarships according to the following criteria:

(1) First priority shall be given to eligible students who were awarded scholarship funds for a PESA during the previous school year if those students have applied by March 1.

(2) After funds have been awarded to prior recipients as provided in subdivision (1) of this subsection, any remaining funds shall be used to award scholarship funds for a PESA for all other eligible students.

(b) Scholarship Awards. – Scholarships shall be awarded each year for an amount not to exceed nine thousand dollars (\$9,000) per eligible student for the fiscal year in which the application is received. Recipients shall receive scholarship funds deposited in equal amounts to a PESA in each quarter of the fiscal year. The first deposit of funds to a PESA shall be subject to the execution of the parental agreement required by G.S. 115C-567.10. The parent shall then receive a debit card with the prepaid funds loaded on the card at the beginning of the fiscal year. After the initial disbursement of funds, each subsequent, quarterly disbursement of funds shall be subject to the submission by the parent of an expense report. The expense report shall be submitted electronically and shall include documentation that the student received an education, as described in G.S. 115C-567.10(a)(1), for no less than 35 days of the applicable quarter. The debit card shall be renewed upon the receipt of the parental agreement under G.S. 115C-567.10 for recipients awarded scholarship funds in subsequent fiscal years. Any funds remaining on the card at the end of the fiscal year may be carried forward to the next fiscal year if the card is renewed. Any funds remaining on the card if an agreement is not renewed shall be returned to the Authority.

(c) Eligibility for Other Scholarships. – Eligibility for the other scholarship programs is provided for as follows:

- 1           (1)    An eligible student under this Article may receive, in addition to a PESA, a  
2           scholarship under Part 2A of Article 39 of this Chapter.
- 3           (2)    An eligible student under this Article may receive, in addition to a PESA and  
4           a scholarship under Part 2A of Article 39 of this Chapter, a scholarship  
5           under the special education scholarship program for children with  
6           disabilities pursuant to Part 1H of Article 9 of this Chapter, only if that  
7           student has one or more of the following disabilities:
- 8           a.     Autism.
- 9           b.     Developmental disability.
- 10          c.     Hearing impairment.
- 11          d.     Moderate or severe intellectual disability.
- 12          e.     Multiple, permanent orthopedic impairments.
- 13          f.     Visual impairment.

14          (d)   Applications Not Public Records. – Applications for scholarship funds and  
15          personally identifiable information related to eligible students receiving funds shall not be a  
16          public record under Chapter 132 of the General Statutes. For the purposes of this section,  
17          personally identifiable information means any information directly related to a student or  
18          members of a student's household, including the name, birthdate, address, Social Security  
19          number, telephone number, e-mail address, or any other information or identification number  
20          that would provide information about a specific student or members of a specific student's  
21          household.

22          **"§ 115C-567.8. Student continuing eligibility.**

23          After the initial disbursement of funds, the Authority shall ensure that the student's  
24          continuing eligibility is assessed at least every three years by one of the following:

- 25          (1)    The local education agency. – The local education agency shall assess if the  
26          student continues to be a child with a disability and verify the outcome on a  
27          form to be provided to the Authority.
- 28          (2)    A licensed psychologist with a school psychology focus or a psychiatrist. –  
29          The psychologist or psychiatrist shall assess, after review of appropriate  
30          medical and educational records, if the education and related services  
31          received by the student in the nonpublic school setting have improved the  
32          child's educational performance and if the student would continue to benefit  
33          from placement in the nonpublic school setting. The psychologist or  
34          psychiatrist shall verify the outcome of the assessment on a form to be  
35          provided to the Authority.

36          **"§ 115C-567.9. Verification of eligibility.**

37          (a)    Verification of Information. – The Authority may seek verification of information  
38          on any application for the award of scholarship funds for a personal education savings account.  
39          The Authority shall select and verify six percent (6%) of applications annually, including those  
40          with apparent errors on the face of the application. The Authority shall establish rules for the  
41          verification process. If a household fails to cooperate with verification efforts, the Authority  
42          shall revoke the award of scholarship funds for a PESA for the eligible student.

43          (b)    Access to Information. – Household members of applicants for the award of  
44          scholarship funds for a PESA shall authorize the Authority to access information needed for  
45          verification efforts held by other State agencies, including the Department of Health and  
46          Human Services and the Department of Public Instruction.

47          **"§ 115C-567.10. Parental agreement; use of funds.**

48          (a)    Parental Agreement. – The Authority shall provide the parent of a scholarship  
49          recipient with a written agreement, applicable for each year the eligible student receives  
50          scholarship funds under this Article, to be signed and returned to the Authority prior to  
51          receiving the scholarship funds. The agreement shall be submitted to the Authority

1 electronically. The parent shall not designate any entity or individual to execute the agreement  
2 on the parent's behalf. A parent or eligible student's failure to comply with this section shall  
3 result in a forfeit of scholarship funds and those funds may be awarded to another eligible  
4 student. The parent shall agree to the following conditions in order to receive scholarship funds  
5 under this Article:

6 (1) Use at least a portion of the scholarship funds to provide an education to the  
7 eligible student in, at a minimum, the subjects of English language arts,  
8 mathematics, social studies, and science.

9 (2) Unless the student is an eligible student pursuant to G.S. 115C-567.6(3)a.7.,  
10 release a local education agency in which the student is eligible to attend  
11 under G.S. 115C-366 of all obligations to educate the eligible student while  
12 the eligible student is receiving scholarship funds under this Article. A  
13 parent of a student, other than a student who is an eligible student pursuant  
14 to G.S. 115C-567.6(3)a.7., who decides to enroll the student into the local  
15 education agency or other North Carolina public school during the term of  
16 the agreement shall notify the Authority to request a release from the  
17 agreement and shall return any unexpended funds to the Authority.

18 (3) Use the scholarship funds deposited into a personal education savings  
19 account only for the following qualifying education expenses of the eligible  
20 student:

21 a. Tuition and fees for a nonpublic school that meets the requirements  
22 of Part 1 or Part 2 of Article 39 of this Chapter and is subject to the  
23 requirements of G.S. 115C-562.5.

24 b. Textbooks required by a nonpublic school.

25 c. Tutoring and teaching services provided by an individual or facility  
26 accredited by a State, regional, or national accrediting organization.

27 d. Curricula.

28 e. Fees for nationally standardized norm-referenced achievement tests,  
29 advanced placement tests, or nationally recognized college entrance  
30 exams.

31 f. Fees charged to the account holder for the management of the PESA.

32 g. Fees for services provided by a public school, including individual  
33 classes and extracurricular programs.

34 h. Premiums charged to the account holder for any insurance or surety  
35 bonds required by the Authority.

36 i. Educational therapies from a licensed or accredited practitioner or  
37 provider.

38 j. Educational technology defined by the Authority as approved for use  
39 pursuant to Part 1H of Article 9 of this Chapter.

40 k. Student transportation, pursuant to a contract with an entity that  
41 regularly provides student transportation, to and from (i) a provider  
42 of education or related services or (ii) an education activity.

43 (4) Not use scholarship funds for any of the following purposes:

44 a. Computer hardware or other technological devices not defined by the  
45 Authority as educational technology approved for use pursuant to  
46 Part 1H of Article 9 of this Chapter.

47 b. Consumable educational supplies, including paper, pen, or markers.

48 c. Tuition and fees at an institution of higher education, as defined in  
49 G.S. 116-143.1, or a private postsecondary institution.

50 d. Tuition and fees for a nonpublic school that meets the requirements  
51 of Part 3 of Article 39 of this Chapter.



1       **(b) No Refunds to an Account Holder.** – A nonpublic school or a provider of services  
2 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds  
3 to a parent or eligible student in any manner. The parent shall notify the Authority if such a  
4 refund is required.

5       **(c) Funds in the PESA Not Taxable.** – Funds received pursuant to this Article do not  
6 constitute taxable income to the parent, legal guardian, or legal custodian of an eligible student  
7 or to the eligible student.

8 **"§ 115C-567.11. Identification of nonpublic schools and distribution of personal**  
9 **education savings account information.**

10       **(a) List of Nonpublic Schools.** – The Division shall provide annually by February 1 to  
11 the Authority a list of all nonpublic schools operating in the State that meet the requirements of  
12 Part 1, 2, or 3 of Article 39 of this Chapter.

13       **(b) Information on PESAs to the Division.** – The Authority shall provide information  
14 about personal education savings accounts to the Division. The Division shall provide  
15 information about PESAs to all qualified nonpublic schools on an annual basis.

16 **"§ 115C-567.12. Administration.**

17       **(a) Rules and Regulations.** – The Authority shall establish rules and regulations for the  
18 administration of the program, including the following:

- 19           **(1) The administration and awarding of scholarship funds, including a lottery**  
20 **process for the selection of recipients within the criteria established by**  
21 **G.S. 115C-567.7(a), if necessary.**
- 22           **(2) Requiring a surety bond or insurance to be held by account holders.**
- 23           **(3) Use of the funds and the reporting of expenditures.**
- 24           **(4) Monitoring and control of spending scholarship funds deposited in a**  
25 **personal education savings account.**

26       **(b) Contract for Management of PESAs.** – The Authority may contract with a private  
27 financial management firm or institution to manage PESAs in accordance with this Article.

28       **(c) Annual Audits.** – The Authority shall conduct annual audits of PESAs and may  
29 audit a random sampling of PESAs as needed to ensure compliance with the requirements of  
30 this Article. The Authority may contract with an independent entity to conduct these audits.  
31 The Authority may remove a parent or eligible student from the program and close a personal  
32 education savings account for failure to comply with the terms of the parental agreement, for  
33 failure to comply with applicable laws, or because the student is no longer an eligible student.

34       **(d) Administration Costs.** – Of the funds allocated to the Authority to award scholarship  
35 funds under this Article, the Authority may retain up to two hundred fifty thousand dollars  
36 (\$250,000) each fiscal year for administrative costs associated with the program, including  
37 contracting with non-State entities for administration of certain components of the program.

38 **"§ 115C-567.13. Reporting requirements.**

39       **The Authority shall report annually, no later than September 1, to the Joint Legislative**  
40 **Education Oversight Committee on the following:**

- 41           **(1) Total number, grade level, race, ethnicity, and sex of eligible students**  
42 **receiving scholarship funds.**
- 43           **(2) Total amount of scholarship funding awarded.**
- 44           **(3) Number of students previously enrolled in public schools in the prior**  
45 **semester by the previously attended local education agency.**
- 46           **(4) Nonpublic schools in which scholarship recipients are enrolled, including**  
47 **numbers of scholarship recipients at each nonpublic school.**
- 48           **(5) The number of substantiated cases of fraud by recipients and the number of**  
49 **parents or students removed from the program for noncompliance with the**  
50 **provisions of this Article."**

1           **SECTION 10A.4.(b)** G.S. 105-153.5(b) is amended by adding a new subdivision  
2 to read:

3           "(12) The amount deposited during the taxable year to a personal education  
4           savings account under Article 39A of Chapter 115C of the General Statutes."

5           **SECTION 10A.4.(c)** G.S. 115C-555 reads as rewritten:

6       "**§ 115C-555. Qualification of nonpublic schools.**

7           The provisions of this Part shall apply to any nonpublic school which has one or more of  
8 the following characteristics:

9           ...  
10          (4) It receives no funding from the State of North Carolina. For the purposes of  
11 this Article, scholarship ~~grant~~ funds awarded pursuant to Part 2A of this  
12 ~~Article~~ Article, Article 39A of this Chapter, or Part 1H of Article 9 of this  
13 ~~Chapter~~ to eligible students attending a nonpublic school shall not be  
14 considered funding from the State of North Carolina."

15       **SECTION 10A.4.(d)** Of the funds appropriated by this act for the Personal  
16 Education Savings Account Program in the 2017-2018 fiscal year, the sum of four hundred  
17 fifty thousand dollars (\$450,000) shall be allocated to the Authority to establish the Program.  
18 Of the funds appropriated by this act for the Personal Education Savings Account Program in  
19 the 2018-2019 fiscal year, the sum of three million dollars (\$3,000,000) shall be allocated to the  
20 Authority to award scholarship funds to eligible students in accordance with this section.

21       **SECTION 10A.4.(e)** Subsection (a) of this section applies beginning with the  
22 2018-2019 school year. Subsection (b) of this section is effective for taxable years beginning  
23 on or after January 1, 2018.

## 24 25 **AMEND TRANSFORMING PRINCIPAL PREPARATION**

26       **SECTION 10A.5.(a)** Section 11.9 of S.L. 2015-241, as amended by Section 11A.4  
27 of S.L. 2016-94 and by Section 4.3 of S.L. 2016-123, reads as rewritten:

28       "**SECTION 11.9.(a)** Purpose. – The purpose of this section is to establish a competitive  
29 grant program for eligible entities to elevate educators in North Carolina public schools by  
30 transforming the preparation of principals across the State. The State Education Assistance  
31 Authority (Authority) shall administer this grant program through a cooperative agreement with  
32 a private, nonprofit corporation to provide funds for the preparation and support of highly  
33 effective future school principals in North Carolina.

34       "**SECTION 11.9.(b)** Definitions. – For the purposes of this section, the following  
35 definitions apply:

36          (1) Eligible entity. – A for-profit or nonprofit organization or an institution of  
37 higher education that has an evidence-based plan for preparing school  
38 leaders who implement school leadership practices linked to increased  
39 student achievement.

40          (2) High-need school. – A public school, including a charter school, that meets  
41 one or more of the following criteria:

42           a. Is a school identified under Part A of Title I of the Elementary and  
43 Secondary Education Act of 1965, as amended.

44           b. Is a persistently low-achieving school, as identified by the  
45 Department of Public Instruction for purposes of federal  
46 accountability.

47           c. A middle school containing any of grades five through eight that  
48 feeds into a high school with less than a sixty percent (60%)  
49 four-year cohort graduation rate.

50           d. A high school with less than a sixty percent (60%) four-year cohort  
51 graduation rate.

- 1 (3) Principal. – The highest administrative official in a public school building  
2 with primary responsibility for the instructional leadership, talent  
3 management, and organizational development of the school.
- 4 (4) School leader. – An individual employed in a school leadership role,  
5 including principal or assistant principal roles.
- 6 (5) Student achievement. – At the whole school level, after three years of  
7 leading a school, consistent and methodologically sound measures of:
  - 8 a. Student academic achievement.
  - 9 b. Aggregated individual student academic growth.
  - 10 c. Additional outcomes, such as high school graduation rates, the  
11 percentage of students taking advanced-level coursework, or the  
12 percentage of students who obtain a career-related credential through  
13 a national business certification exam.

14 **"SECTION 11.9.(c)** Program Authorized. – The Authority shall award grants to eligible  
15 entities to support programs that develop well-prepared school leaders in accordance with the  
16 provisions of this section. The Authority shall establish any necessary rules to administer the  
17 grant program.

18 **"SECTION 11.9.(d)** Contract With a Nonprofit for Administration. – By November 1,  
19 2015, the Authority shall issue a Request for Proposal (RFP) for a private, nonprofit  
20 corporation to contract with the Authority for the administration of the program, including  
21 making recommendations to the Authority for the award of grants, as authorized by this  
22 section. The nonprofit corporation applying to the Authority shall meet at least the following  
23 requirements:

- 24 (1) The nonprofit corporation shall be a nonprofit corporation organized  
25 pursuant to Chapter 55A of the General Statutes and shall comply at all  
26 times with the provisions of section 501(c)(3) of the Internal Revenue Code.
- 27 (2) The nonprofit corporation shall employ sufficient staff who have  
28 demonstrated a capacity for the development and implementation of grant  
29 selection criteria and a selection process to promote innovative school leader  
30 education programs, including:
  - 31 a. Focus on school leader talent.
  - 32 b. Expertise supporting judgments about grant renewal based on  
33 achievement of or substantial school leader progress toward  
34 measurable results in student achievement.
  - 35 c. Expectation of creating positive experiences working with the  
36 educational community in North Carolina to establish the foundation  
37 for successfully administering the programs set forth in this section.
- 38 (3) The nonprofit corporation shall comply with the limitations on lobbying set  
39 forth in section 501(c)(3) of the Internal Revenue Code.
- 40 (4) No State officer or employee may serve on the board of the nonprofit  
41 corporation.
- 42 (5) The board of the nonprofit corporation shall meet at least quarterly at the call  
43 of its chair.

44 **"SECTION 11.9.(e)** Report on Selection of the Nonprofit. – The Authority shall select a  
45 nonprofit corporation to enter into a contract with to administer the program by January 15,  
46 2016. The Authority shall report to the Joint Legislative Education Oversight Committee on the  
47 selection of the nonprofit corporation by February 1, 2016.

48 **"SECTION 11.9.(f)** Application Requirements. – The nonprofit corporation entering into a  
49 contract with the Authority under subsection (d) of this section shall issue an initial RFP with  
50 guidelines and criteria for the grants no later than March 1, 2016. The nonprofit corporation  
51 may issue additional RFPs for grant applicants as it may deem necessary, subject to available

1 funds. An eligible entity that seeks a grant under the program authorized by this section shall  
2 submit to the nonprofit corporation an application at such time, in such manner, and  
3 accompanied by such information as the nonprofit may require. An applicant shall include at  
4 least the following information in its response to the RFP for consideration by the nonprofit  
5 corporation:

- 6 (1) The extent to which the entity has a demonstrated record of preparing school  
7 leaders who implement school leadership practices linked to increased  
8 student achievement.
- 9 (2) The extent to which the entity has a rigorous school leader preparation  
10 program design that includes the following research-based programmatic  
11 elements:
  - 12 a. A proactive, aggressive, and intentional recruitment strategy.
  - 13 b. Rigorous selection criteria based on competencies that are predictive  
14 of success as a school leader, including, but not limited to, evidence  
15 of significant positive effect on student learning growth in the  
16 classroom, at the school-level, and the local school administrative  
17 unit-level, professional recommendations, evidence of problem  
18 solving and critical thinking skills, achievement drive, and leadership  
19 of adults.
  - 20 c. Alignment to high-quality national standards for school leadership  
21 development.
  - 22 d. Rigorous coursework that effectively links theory with practice  
23 through the use of field experiences and problem-based learning.
  - 24 e. Full-time paid clinical practice of at least five months and 750 hours  
25 in duration in an authentic setting, including substantial leadership  
26 responsibilities where candidates are evaluated on leadership skills  
27 and effect on student outcomes as part of program completion.
  - 28 f. Multiple opportunities for school leader candidates to be observed  
29 and coached by program faculty and staff.
  - 30 g. Clear expectations for and firm commitment from school leaders  
31 who will oversee the clinical practice of candidates.
  - 32 h. Evaluation of school leader candidates during and at the end of the  
33 clinical practice based on the North Carolina School Executive  
34 Evaluation Rubric.
  - 35 i. A process for continuous review and program improvement based on  
36 feedback from partnering local school administrative units and data  
37 from program completers, including student achievement data.
  - 38 j. Established relationship and feedback loop with affiliated local  
39 school administrative units that is used to inform and improve  
40 programmatic elements from year to year based on units' needs.

41 **"SECTION 11.9.(g) Priorities.** – The nonprofit corporation shall evaluate the applicants  
42 for grants by giving priority to an eligible entity with a record of preparing principals  
43 demonstrating the following:

- 44 (1) Improvement in student achievement.
- 45 (2) Placement as school leaders in eligible schools.
- 46 (3) A proposed focus on and, if applicable, a record of serving high-need  
47 schools, high-need local school administrative units, or both.
- 48 (4) A detailed plan and commitment to share lessons learned and to improve the  
49 capacity of other entities in reaching similar outcomes.
- 50 (5) A service area that is underserved by existing principal preparation programs  
51 or demonstrates unmet need despite current available programs.

1       **"SECTION 11.9.(h)** Uses of Funds. – By June 1, 2016, the nonprofit corporation shall  
2 recommend to the Authority the recipients of grants under the program. Each eligible entity  
3 that receives grant funds shall use those funds to carry out the following:

- 4           (1) Recruiting and selecting, based on a rigorous evaluation of the competencies  
5               of the school leader candidates participating in the program and their  
6               potential and desire to become effective school leaders.
- 7           (2) Operating a school leader preparation program that provides the opportunity  
8               for all candidates to earn a master's degree, if they do not already have one,  
9               and subsequent principal licensure by doing the following:
  - 10           a. Utilizing a research-based content and curriculum, including  
11               embedded participant assessments to evaluate candidates before  
12               program completion, that prepares candidates to do the following:
    - 13               1. Provide instructional leadership, such as developing teachers'  
14                   instructional practices and analyzing classroom and  
15                   school-wide data to support teachers.
    - 16               2. Manage talent, such as developing a high-performing team.
    - 17               3. Build a positive school culture, such as building a strong  
18                   school culture focused on high academic achievement for all  
19                   students, including gifted and talented students, students with  
20                   disabilities, and English learners, maintaining active  
21                   engagement with family and community members, and  
22                   ensuring student safety.
    - 23               4. Develop organizational practices, such as aligning staff,  
24                   budget, and time to the instructional priorities of the school.
  - 25           b. Providing opportunities for sustained and high-quality job-embedded  
26               practice in an authentic setting where candidates are responsible for  
27               moving the practice and performance of a subset of teachers or for  
28               school-wide performance as principal-in-planning or interim school  
29               leaders.
- 30           (3) Collecting data on program implementation and program completer  
31               outcomes for continuous program improvement.

32       **"SECTION 11.9.(i)** Duration of Grants. – The nonprofit corporation shall also recommend  
33 to the Authority the duration and renewal of grants to eligible entities according to the  
34 following:

- 35           (1) The duration of grants shall be as follows:
  - 36           a. Grants shall be no more than five years in duration.
  - 37           b. The nonprofit corporation may recommend renewal of a grant based  
38               on performance, including allowing the grantee to scale up or  
39               replicate the successful program as provided in subdivision (2) of this  
40               subsection.
  - 41           c. The nonprofit shall develop a process with the Authority for early  
42               retrieval of grant funds from grant recipients due to noncompliance  
43               with grant terms, including participation in third-party evaluation  
44               activities. Grantees shall develop and enforce requirements for  
45               program graduates to serve a minimum of four years as school-based  
46               administrators in North Carolina. Requirements are subject to the  
47               approval of the nonprofit corporation.
- 48           (2) In evaluating performance for purposes of grant renewal and making  
49               recommendations to the Authority, the nonprofit corporation shall consider:

- 1 a. For all grantees, the primary consideration in renewing grants shall  
2 be the extent to which program participants improved student  
3 achievement in eligible schools.  
4 b. Other criteria from data received in the annual report in subsection (j)  
5 of this section may include the following:  
6 1. The percentage of program completers who are placed as  
7 school leaders in this State within three years of receiving a  
8 grant.  
9 2. The percentage of program completers who are rated  
10 proficient or above on the North Carolina School Executive  
11 Evaluation Rubric.

12 **"SECTION 11.9.(j)** Reporting Requirements for Grant Recipients. – Recipients of grants  
13 under the program shall participate in all evaluation activities required by the nonprofit and  
14 submit an annual report to the nonprofit corporation contracting with the Authority, beginning  
15 in the third year of the grant, Authority with any information requested by the nonprofit  
16 corporation. The recipients shall comply with additional report requests made by the nonprofit.  
17 Whenever practicable and within a reasonable amount of time, grant recipients shall also make  
18 all materials developed as part of the program and with grant funds publically available to  
19 contribute to the broader sharing of promising practices. Materials shall not include personally  
20 identifiable information regarding individuals involved or associated with the program,  
21 including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff,  
22 without their prior written consent. The nonprofit corporation shall work with recipients and  
23 local school administrative units, as needed, to enable the collection, analysis, and evaluation of  
24 at least the following relevant data, within necessary privacy constraints:

- 25 (1) Student achievement in eligible schools.  
26 (2) The percentage of program completers who are placed as school leaders  
27 within three years in the State.  
28 (3) The percentage of program completers rated proficient or above on school  
29 leader evaluation and support systems.  
30 (4) The percentage of program completers that are school leaders who have  
31 remained employed in a North Carolina public school for two or more years  
32 of initial placement.

33 **"SECTION 11.9.(k)** Licensure Process. – By June 1, 2016, the State Board of Education  
34 shall adopt a policy to provide for a specific licensure process applicable to school  
35 administrators who provide documentation to the State Board of successful completion of a  
36 principal preparation program selected for a competitive grant in accordance with this section.  
37 Licensure shall include a requirement for candidates to hold a master's degree.

38 **"SECTION 11.9.(l)** Evaluation and Revision of Program. – The nonprofit corporation  
39 administering the program shall provide the State Board of Education and the Joint Legislative  
40 Education Oversight Committee with the data collected in accordance with subsection (j) of  
41 this section on an annual basis. By September 15, 2021, the State Board of Education, in  
42 coordination with the Board of Governors of The University of North Carolina, shall revise, as  
43 necessary, the licensure requirements for school administrators and the standards for approval  
44 of school administrator preparation programs after evaluating the data collected from the grant  
45 recipients, including the criteria used in selecting grant recipients and the outcomes of program  
46 completers. The State Board of Education shall report to the Joint Legislative Education  
47 Oversight Committee by November 15, 2021, on any changes made to the licensure  
48 requirements for school administrators and the standards for approval of school administrator  
49 preparation programs in accordance with this section.

50 **"SECTION 11.9.(m)** Of the funds appropriated by this act for the 2015-2016 fiscal year  
51 for this program, the sum of five hundred thousand dollars (\$500,000) shall be allocated to the

1 State Education Assistance Authority to contract with the nonprofit corporation selected  
2 pursuant to subsection (e) of this section to establish and administer the program. The State  
3 Education Assistance Authority may use up to five percent (5%) of those funds for  
4 administrative costs.

5 Beginning with the 2017-2018 fiscal year, of the funds appropriated each fiscal year for this  
6 program, the sum of three hundred eighty thousand dollars (\$380,000) shall be allocated to the  
7 State Education Assistance Authority to contract with the nonprofit corporation selected  
8 pursuant to subsection (e) of this section to establish and administer the program. The State  
9 Education Assistance Authority may use up to fifteen thousand dollars (\$15,000) of those funds  
10 for administrative costs.

11 ~~"SECTION 11.9.(n) Beginning with the 2016-2017 fiscal year and for each subsequent~~  
12 ~~fiscal year, of~~ Of the funds appropriated for this program, program for the 2016-2017 fiscal  
13 year, the sum of three hundred thousand dollars (\$300,000) shall be allocated to the State  
14 Education Assistance Authority to contract with the nonprofit corporation selected pursuant to  
15 subsection (e) of this section to establish and administer the program, and the State Education  
16 Assistance Authority may use up to five percent (5%) of those funds for administrative costs.  
17 The remaining funds appropriated for a the fiscal year for this program shall be allocated to the  
18 State Education Assistance Authority to award grants to selected recipients.

19 "SECTION 11.9.(o) Beginning with the 2017-2018 fiscal year, of the funds appropriated  
20 for this program, the sum of four million two hundred thousand dollars (\$4,200,000) shall be  
21 allocated each fiscal year to the State Education Assistance Authority to award grants to  
22 selected recipients. Any unexpended funds appropriated to award grants to selected recipients  
23 remaining at the end of each fiscal year shall revert to the General Fund, except that the  
24 Authority may carry forward for the next fiscal year an amount necessary to ensure that any  
25 outstanding allowable reimbursements can be disbursed in accordance with this section. Any  
26 funds carried forward for the purpose of meeting anticipated reimbursement obligations from  
27 the prior fiscal year that are not expended shall not be used to award additional grants to grant  
28 recipients but shall revert to the General Fund at the end of the fiscal year."

29 **SECTION 10A.5.(b)** Pursuant to Chapter 143E of the General Statutes, the  
30 Program Evaluation Division is directed to conduct a measurability assessment of the Principal  
31 Preparation Program authorized in Section 11.9 of S.L. 2015-241, as amended by Section  
32 11A.4 of S.L. 2016-94, Section 4.3 of S.L. 2016-123, and subsection (a) of this section. The  
33 State Education Assistance Authority (hereinafter "Authority") and the nonprofit corporation  
34 establishing and administering the Program shall provide the Division and the independent  
35 assessor selected by the Division any requested written information, electronic data, and access  
36 to facilities and personnel appropriate for the measurability assessment. The assessment shall,  
37 in addition to requirements provided for in Chapter 143E of the General Statutes, include  
38 recommendations for periodic reporting of program output and program outcomes compared to  
39 objectives established for the Program. The recommendations shall include changes to the  
40 contract with the nonprofit by the Authority to effect periodic reporting. Periodic reports shall  
41 be made by the nonprofit to the Authority, State Board of Education, and Joint Legislative  
42 Education Oversight Committee. The Division shall furnish the measurability assessment to the  
43 Joint Legislative Program Evaluation Oversight and Joint Legislative Education Oversight  
44 Committee. The Division shall use funds available to it for such purposes to pay for the  
45 measurability assessment.

#### 47 **STUDY OF OPPORTUNITY SCHOLARSHIP STUDENT EVALUATIONS**

48 **SECTION 10A.6.(a)** The State Education Assistance Authority (Authority), in  
49 collaboration with the Department of Administration, Division of Nonpublic Education, and the  
50 Department of Public Instruction, shall establish a task force to study the evaluation of students  
51 receiving scholarship grants through the Opportunity Scholarship Grant Program pursuant to

1 G.S. 115C-562.7(c). The task force shall include representatives from various stakeholders and  
2 interested parties, including from at least the following groups:

- 3 (1) Nonpublic schools accepting students who receive scholarship grants,  
4 including schools with a low percentage of those students in their overall  
5 student enrollment and a high percentage of those students in their overall  
6 student enrollment.
- 7 (2) Organizations or associations representing parental school choice, such as  
8 Parents for Educational Freedom in North Carolina.
- 9 (3) Organizations or associations representing nonpublic schools, including  
10 independent, religious, nonreligious, parochial, and nonparochial schools.
- 11 (4) Independent research organizations specializing in K-12 academic  
12 evaluations, including a college or university.
- 13 (5) Public school leaders, including local superintendents and principals.

14 **SECTION 10A.6.(b)** The task force shall study the most effective, valid, and  
15 reliable method of evaluating learning gains or losses of students receiving scholarship grants  
16 and comparing the learning gains or losses of those students to public school students with  
17 similar socioeconomic backgrounds, including the potential for adoption of a nationally normed  
18 common test for students participating in the evaluation. In doing so, the task force shall also  
19 consider the most reliable manner of establishing causal relationships to student performance  
20 outcomes while achieving minimal interference with the operation of the participating  
21 nonpublic and public schools, including limited sampling and other suitable research design  
22 methods.

23 **SECTION 10A.6.(c)** By March 1, 2018, the Authority shall report to the Joint  
24 Legislative Education Oversight Committee on the results of the study required by this section,  
25 including any legislative recommendations from the task force on the evaluation of students  
26 receiving scholarship grants through the Opportunity Scholarship Grant Program.

## 27 **PART XI. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### 28 **SUBPART XI-A. CENTRAL MANAGEMENT AND SUPPORT**

#### 29 **HEALTH INFORMATION TECHNOLOGY**

30 **SECTION 11A.1.** Article 3 of Chapter 143B of the General Statutes is amended by  
31 adding a new section to read:

32 **"§ 143B-139.4D. Department of Health and Human Services; coordination of health**  
33 **information technology.**

34 (a) The Department of Health and Human Services, in cooperation with the State Chief  
35 Information Officer, shall coordinate health information technology policies and programs  
36 within the State of North Carolina. The goal of the Chief Information Officer of the Department  
37 of Health and Human Services in coordinating State health information technology policy and  
38 programs shall be to avoid duplication of efforts and to ensure that each State agency, public  
39 entity, and private entity that undertakes health information technology activities does so within  
40 the area of its greatest expertise and technical capability and in a manner that supports  
41 coordinated State and national goals, which shall include at least all of the following:

- 42 (1) Ensuring that patient health information is secure and protected, in  
43 accordance with applicable law.
- 44 (2) Improving health care quality, reducing medical errors, reducing health  
45 disparities, and advancing the delivery of patient-centered medical care.
- 46 (3) Providing appropriate information to guide medical decisions at the time and  
47 place of care.



- 1           (4)   Ensuring meaningful public input into health information technology  
2           infrastructure development.
- 3           (5)   Improving the coordination of information among hospitals, laboratories,  
4           physicians' offices, and other entities through an effective infrastructure for  
5           the secure and authorized exchange of health care information.
- 6           (6)   Improving public health services and facilitating early identification and  
7           rapid response to public health threats and emergencies, including  
8           bioterrorist events and infectious disease outbreaks.
- 9           (7)   Facilitating health and clinical research.
- 10          (8)   Promoting early detection, prevention, and management of chronic diseases.
- 11          (b)   The Department, in cooperation with the Department of Information Technology,  
12          shall establish and direct a health information technology management structure that is efficient  
13          and transparent and that is compatible with the Office of the National Health Coordinator for  
14          Information Technology (National Coordinator) governance mechanism. The health  
15          information technology management structure shall be responsible for all of the following:
- 16               (1)   Developing a State Plan for implementing and ensuring compliance with  
17               national health information technology standards and for the most efficient,  
18               effective, and widespread adoption of health information technology.
- 19               (2)   Ensuring that (i) specific populations are effectively integrated into the State  
20               Plan, including aging populations, populations requiring mental health  
21               services, and populations utilizing the public health system, and (ii) unserved  
22               and underserved populations receive priority consideration for health  
23               information technology support.
- 24               (3)   Identifying all health information technology stakeholders and soliciting  
25               feedback and participation from each stakeholder in the development of the  
26               State Plan.
- 27               (4)   Ensuring that existing health information technology capabilities are  
28               considered and incorporated into the State Plan.
- 29               (5)   Identifying and eliminating conflicting health information technology efforts  
30               where necessary.
- 31               (6)   Identifying available resources for the implementation, operation, and  
32               maintenance of health information technology, including identifying  
33               resources and available opportunities for North Carolina institutions of  
34               higher education.
- 35               (7)   Ensuring that potential State Plan participants are aware of health  
36               information technology policies and programs and the opportunity for  
37               improved health information technology.
- 38               (8)   Monitoring health information technology efforts and initiatives in other  
39               states and replicating successful efforts and initiatives in North Carolina.
- 40               (9)   Monitoring the development of the National Coordinator's strategic plan and  
41               ensuring that all stakeholders are aware of and in compliance with its  
42               requirements.
- 43               (10)   Monitoring the progress and recommendations of the Health Information  
44               Technology Policy and Standards Committee and ensuring that all  
45               stakeholders remain informed of the Committee's recommendations.
- 46               (11)   Monitoring all studies and reports provided to the United States Congress  
47               and reporting to the Joint Legislative Oversight Committee on Information  
48               Technology and the Fiscal Research Division on the impact of report  
49               recommendations on State efforts to implement coordinated health  
50               information technology."
- 51

1 **FUNDS FOR MEDICAID MANAGEMENT INFORMATION SYSTEM/ANALYTICS**  
2 **REPROCUREMENT**

3 **SECTION 11A.2.(a)** Of the funds appropriated in this act to the Department of  
4 Health and Human Services, Division of Central Management and Support, the sum of one  
5 hundred forty-two thousand seven hundred dollars (\$142,700) in prior year earned revenues for  
6 the 2017-2018 fiscal year and the sum of two hundred forty-three thousand nine hundred  
7 sixty-seven dollars (\$243,967) in prior year earned revenues for the 2018-2019 fiscal year shall  
8 be used to match federal funds to (i) determine enhancements necessary or plan the strategy to  
9 align the Medicaid Management Information System (MMIS) and Reporting and Analytics  
10 systems with federal Medicaid Information Technology Architecture standards and (ii) prepare  
11 for the procurement of a new MMIS contract and a new Reporting and Analytics contract, all  
12 as required by the federal Centers for Medicare and Medicaid Services. This project shall not  
13 proceed until the business case has been approved by the Office of State Budget and  
14 Management and the State Chief Information Officer in the Enterprise Project Management  
15 Office Touchdown System. Upon such approval, funds may be budgeted and the Department  
16 may create up to 10 full-time equivalent time-limited positions dedicated to the project for the  
17 2018-2019 fiscal year.

18 **SECTION 11A.2.(b)** Departmental receipts appropriated in this act in the sum of  
19 one million two hundred eighty-four thousand three hundred dollars (\$1,284,300) for the  
20 2017-2018 fiscal year and in the sum of two million one hundred ninety-five thousand seven  
21 hundred three dollars (\$2,195,703) for the 2018-2019 fiscal year shall be used for the purposes  
22 described in subsection (a) of this section.

23  
24 **FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH**  
25 **TECHNOLOGY (NC FAST)**

26 **SECTION 11A.3.(a)** Of the funds appropriated in this act to the Department of  
27 Health and Human Services, Division of Central Management and Support, the sum of eight  
28 million nine hundred thousand dollars (\$8,900,000) in nonrecurring funds for the 2017-2018  
29 fiscal year and the sum of eleven million one hundred nine thousand dollars (\$11,109,000) in  
30 nonrecurring funds for the 2018-2019 fiscal year, along with prior year earned revenue in the  
31 amount of eleven million nine hundred thousand dollars (\$11,900,000) for each year of the  
32 2017-2019 fiscal biennium and the cash balance in Budget Code 24410 Fund 2411 shall be  
33 used to match federal funds to expedite the development and implementation of Child Services  
34 Case Management, additional Medicaid eligibility requirements, Enterprise Program Integrity,  
35 and Identity Proofing Feasibility components of the North Carolina Families Accessing  
36 Services through Technology (NC FAST) project. The Department shall report any changes in  
37 approved federal funding or federal match rates within 30 days after the change to the Joint  
38 Legislative Oversight Committee on Health and Human Services, the Joint Legislative  
39 Oversight Committee on Information Technology, and the Fiscal Research Division.  
40 Departmental receipts appropriated in this act in the sum of one hundred three million four  
41 hundred fifty thousand dollars (\$103,450,000) for the 2017-2018 fiscal year and in the sum of  
42 seventy-five million five hundred ninety-one thousand dollars (\$75,591,000) for the 2018-2019  
43 fiscal year shall be used to implement the components of the NC FAST project described in this  
44 subsection.

45 **SECTION 11A.3.(b)** Of the funds appropriated in this act to the Department of  
46 Health and Human Services, Division of Central Management and Support, the sum of one  
47 million nine hundred thousand dollars (\$1,900,000) in recurring funds for the 2017-2018 fiscal  
48 year and seven million seven hundred thousand dollars (\$7,700,000) in recurring funds for the  
49 2018-2019 fiscal year shall be used to provide ongoing maintenance and operations for the NC  
50 FAST system, including the creation of 32 full-time equivalent positions for the 2017-2018  
51 fiscal year and 54 full-time equivalent positions for the 2018-2019 fiscal year. Departmental

1 receipts appropriated in this act in the sum of ten million five hundred thousand dollars  
2 (\$10,500,000) for the 2017-2018 fiscal year and in the sum of fifteen million dollars  
3 (\$15,000,000) for the 2018-2019 fiscal year shall be used for the purposes specified in this  
4 subsection.

## 6 HEALTH ANALYTICS PROGRAM

7 **SECTION 11A.4.** The Department of Health and Human Services shall continue to  
8 coordinate with the Government Data Analytics Center (GDAC) to further develop and fully  
9 operationalize the Health Analytics Program for Medicaid claims analytics and population  
10 health management authorized by Section 12A.17 of S.L. 2015-241, as amended by Section  
11 12A.7 of S.L. 2016-94. In fulfilling its responsibilities with respect to developing and  
12 operationalizing the Health Analytics Program, the Department of Health and Human Services  
13 shall comply with G.S. 143B-1385(c)(2)f. The purpose of the Health Analytics Program is to  
14 apply analytics to Medicaid data available to GDAC through the Department in a manner that  
15 maximizes health care savings and efficiencies to the State, optimizes positive impacts on  
16 health outcomes, and assists in the transition to, and management of, the transformed North  
17 Carolina Medicaid and North Carolina Health Choice programs as described in S.L. 2015-245,  
18 as amended by Section 2 of S.L. 2016-121.

## 20 HEALTH INFORMATION EXCHANGE

21 **SECTION 11A.5.(a)** Section 12A.5(a)(1) of S.L. 2015-241 reads as rewritten:

22 "(1) ~~Establish a successor HIE Network to which (i) all Medicaid providers shall~~  
23 ~~be connected by February 1, 2018, and (ii) all other entities that receive State~~  
24 ~~funds for the provision of health services, including local management~~  
25 ~~entities/managed care organizations, shall be connected by June 1, 2018.~~the  
26 following providers and entities shall be connected to the HIE Network and  
27 begin submitting data through the HIE Network pertaining to services  
28 rendered to Medicaid beneficiaries and to other State-funded health care  
29 program beneficiaries and paid for with Medicaid or other State-funded  
30 health care funds in accordance with the following time line:

31 a. The following providers of Medicaid services that have an electronic  
32 health record system shall begin submitting demographic and clinical  
33 data by June 1, 2018:

34 1. Hospitals as defined in G.S. 131E-176(13).

35 2. Physicians licensed to practice under Article 1 of Chapter 90  
36 of the General Statutes.

37 3. Physician assistants as defined in 21 NCAC 32S .0201.

38 4. Nurse practitioners as defined in 21 NCAC 36 .0801.

39 b. Except as provided in sub-subdivision c. of this subdivision, all other  
40 providers of Medicaid and State-funded health care services shall  
41 submit demographic and clinical data by June 1, 2019.

42 c. The following entities shall submit encounter and claims data, as  
43 appropriate, in accordance with the following time line:

44 1. Prepaid Health Plans, as defined in S.L. 2015-245, by the  
45 commencement date of a capitated contract with the Division  
46 of Health Benefits for the delivery of Medicaid and NC  
47 Health Choice services as specified in S.L. 2015-245.

48 2. Local management entities/managed care organizations, as  
49 defined in G.S. 122C-3, by June 1, 2020."

50 **SECTION 11A.5.(b)** G.S. 90-414.4 reads as rewritten:

51 "**§ 90-414.4. Required participation in HIE Network for some providers.**

1 (a) Findings. – The General Assembly makes the following findings:

- 2 (1) That controlling escalating health care costs of the Medicaid program and  
3 other State-funded health services is of significant importance to the State,  
4 its taxpayers, its Medicaid recipients, and other recipients of State-funded  
5 health services.  
6 (2) That the State needs timely access to certain demographic and clinical  
7 information pertaining to services rendered to Medicaid and other  
8 State-funded health care program beneficiaries and paid for with Medicaid  
9 or other State-funded health care funds in order to assess performance,  
10 improve health care outcomes, pinpoint medical expense trends, identify  
11 beneficiary health risks, and evaluate how the State is spending money on  
12 Medicaid and other State-funded health services.  
13 (3) That making demographic and clinical information available to the State by  
14 secure electronic means as set forth in subsection (b) of this section will,  
15 with respect to Medicaid and other State-funded health care programs,  
16 improve care coordination within and across health systems, increase care  
17 quality for such beneficiaries, enable more effective population health  
18 management, reduce duplication of medical services, augment syndromic  
19 surveillance, allow more accurate measurement of care services and  
20 outcomes, increase strategic knowledge about the health of the population,  
21 and facilitate health care cost containment.

22 (a1) Mandatory Connection to HIE Network. – Notwithstanding the voluntary nature of  
23 the HIE Network under G.S. 90-414.2, the following providers and entities shall be connected  
24 to the HIE Network and begin submitting data through the HIE Network pertaining to services  
25 rendered to Medicaid beneficiaries and to other State-funded health care program beneficiaries  
26 and paid for with Medicaid or other State-funded health care funds in accordance with the  
27 following time line:

- 28 (1) The following providers of Medicaid services that have an electronic health  
29 record system shall begin submitting demographic and clinical data by June  
30 1, 2018:  
31 a. Hospitals as defined in G.S. 131E-176(13).  
32 b. Physicians licensed to practice under Article 1 of Chapter 90 of the  
33 General Statutes.  
34 c. Physician assistants as defined in 21 NCAC 32S .0201.  
35 d. Nurse practitioners as defined in 21 NCAC 36 .0801.  
36 (2) Except as provided in subdivision (3) of this subsection, all other providers  
37 of Medicaid and State-funded health care services shall begin submitting  
38 demographic and clinical data by June 1, 2019.  
39 (3) The following entities shall submit encounter and claims data, as  
40 appropriate, in accordance with the following time line:  
41 a. Prepaid Health Plans, as defined in S.L. 2015-245, by the  
42 commencement date of a capitated contract with the Division of  
43 Health Benefits for the delivery of Medicaid and NC Health Choice  
44 services as specified in S.L. 2015-245.  
45 b. Local management entities/managed care organizations, as defined in  
46 G.S. 122C-3, by June 1, 2020."

47 (a2) Extensions of Time for Establishing Connection to the HIE Network. – The  
48 Department of Information Technology, in consultation with the Department of Health and  
49 Human Services, may establish a process to grant limited extensions of the time for providers  
50 and entities to connect to the HIE Network and begin submitting data as required by this  
51 section upon the request of a provider or entity that demonstrates an ongoing good-faith effort

1 to take necessary steps to establish such connection and begin data submission as required by  
2 this section. The process for granting an extension of time must include a presentation by the  
3 provider or entity to the Department of Information Technology and the Department of Health  
4 and Human Services on the expected time line for connecting to the HIE Network and  
5 commencing data submission as required by this section. Neither the Department of  
6 Information Technology nor the Department of Health and Human Services shall grant an  
7 extension of time (i) to any provider or entity that fails to provide this information to both  
8 Departments or (ii) that would result in the provider or entity connecting to the HIE Network  
9 and commencing data submission as required by this section later than June 1, 2020. The  
10 Department of Information Technology shall consult with the Department of Health and  
11 Human Services to review and decide upon a request for an extension of time under this section  
12 within 30 days after receiving a request for an extension.

13 (b) Mandatory Submission of Demographic and Clinical Data. – Notwithstanding the  
14 voluntary nature of the HIE Network under G.S. 90-414.2 ~~and~~ and, except as otherwise  
15 provided in subsection (c) of this section, as a condition of receiving State funds, including  
16 Medicaid funds, the following entities shall submit at least twice daily, through the HIE  
17 network, demographic and clinical information pertaining to services rendered to Medicaid and  
18 other State-funded health care program beneficiaries and paid for with Medicaid or other  
19 State-funded health care funds, solely for the purposes set forth in subsection (a) of this section:

- 20 (1) Each hospital, as defined in ~~G.S. 131E-76(3),~~ G.S. 131E-176(13) that has an  
21 electronic health record system.
- 22 (2) Each Medicaid provider.
- 23 (3) Each provider that receives State funds for the provision of health services.
- 24 (4) Each local management entity/managed care organization, as defined in  
25 G.S. 122C-3.

26 (c) Exemption for Certain Records. – Providers with patient records that are subject to  
27 the disclosure restrictions of 42 C.F.R. § 2 are exempt from the requirements of subsection (b)  
28 of this section but only with respect to the patient records subject to these disclosure  
29 restrictions. Providers shall comply with the requirements of subsection (b) of this section with  
30 respect to all other patient records.

31 (d) Method of Data Submissions. – The ~~daily~~ data submissions required under this  
32 subsection-section shall be by connection to the HIE Network periodic asynchronous secure  
33 structured file transfer or any other secure electronic means commonly used in the industry and  
34 consistent with document exchange and data submission standards established by the Office of  
35 the National Coordinator for Information Technology within the U.S. Department of Health  
36 and Human Services."

37 **SECTION 11A.5.(c)** G.S. 90-414.3(13) reads as rewritten:

38 "(13) Opt out. – An individual's affirmative decision communicated to the  
39 Authority in writing to disallow his or her protected health information  
40 ~~maintained by the Authority~~ from being disclosed by the Authority to other  
41 covered entities or other persons or entities through the HIE Network."

42 **SECTION 11A.5.(d)** G.S. 90-414.9 reads as rewritten:

43 **"§ 90-414.9. Participation by covered entities.**

44 (a) Each covered entity that participates in the HIE Network shall enter into a HIPAA  
45 compliant business associate agreement described in ~~G.S. 90-414.5(b)(8)~~ G.S. 90-414.7(b)(8)  
46 and a written participation agreement described in ~~G.S. 90-414.5(b)(6)~~ G.S. 90-414.7(b)(6) with  
47 the Authority or qualified organization prior to submitting data through or in the HIE Network.

48 (b) Each covered entity that participates in the HIE Network may authorize its business  
49 associates on behalf of the covered entity to submit data through, or access data stored in, the  
50 HIE Network in accordance with this Article and at the discretion of the Authority, as provided  
51 in ~~G.S. 90-414.5(b)(8)~~ G.S. 90-414.7(b)(8).

1 (c) Notwithstanding any federal or State law or regulation to the contrary, each covered  
2 entity that participates in the HIE Network may disclose an individual's protected health  
3 information through the HIE Network to other covered entities for any purpose permitted by  
4 ~~HIPAA, unless the individual has exercised the right to opt out.HIPAA."~~

5 **SECTION 11A.5.(e)** G.S. 90-414.10 reads as rewritten:

6 "**§ 90-414.10. Continuing right to opt out; effect of opt out.**

7 ...  
8 (b) The Authority or its designee shall enforce an individual's decision to opt out or  
9 rescind an opt out prospectively from the date the Authority or its designee receives written  
10 notice of the individual's decision to opt out or rescind an opt out in the manner prescribed by  
11 the Authority. An individual's decision to opt out or rescind an opt out does not affect any  
12 disclosures made by the Authority or covered entities through the HIE Network prior to receipt  
13 by the Authority or its designee of the individual's written notice to opt out or rescind an opt  
14 out.

15 ...  
16 ~~(e) The protected health information of an individual who has exercised the right to opt  
17 out may be disclosed through the HIE Network in order to facilitate the provision of emergency  
18 medical treatment to the individual if all of the following criteria are met:~~

- 19 ~~(1) The reasonably apparent circumstances indicate to the treating health care  
20 provider that (i) the individual has an emergency medical condition, (ii) a  
21 meaningful discussion with the individual about whether to rescind a  
22 previous decision to opt out is impractical due to the nature of the  
23 individual's emergency medical condition, and (iii) information available  
24 through the HIE Network could assist in the diagnosis or treatment of the  
25 individual's emergency medical condition.~~
- 26 ~~(2) The disclosure through the HIE Network is limited to the covered entities  
27 providing diagnosis and treatment of the individual's emergency medical  
28 condition.~~
- 29 ~~(3) The circumstances and extent of the disclosure through the HIE Network is  
30 recorded electronically in a manner that permits the NC HIE or its designee  
31 to periodically audit compliance with this subsection."~~

32 **SECTION 11A.5.(f)** G.S. 90-414.3(6) is repealed.

33 **SECTION 11A.5.(g)** The Department of Health and Human Services shall include  
34 as one of the terms and conditions of any contract it enters into on or after the effective date of  
35 this section with a local management entity/managed care organization (LME/MCO), as  
36 defined in G.S. 122C-3, or Prepaid Health Plan (PHP), as defined in S.L. 2015-245, a  
37 requirement that the LME/MCO or PHP comply with the provisions of G.S. 90-414.4, as  
38 amended by this subsection (b) of this section.

39 **SECTION 11A.5.(h)** The Department of Health and Human Services, the  
40 Department of Information Technology, and the Division in the Department of State Treasurer  
41 responsible for the State Health Plan for Teachers and State Employees shall conduct a joint  
42 study of the feasibility and appropriateness of providers and entities, other than those specified  
43 in subdivision (1) of subsection (a1) of G.S. 90-414.4, as amended by subsection (b) of this  
44 section, connecting with and submitting demographic and clinical data through the HIE  
45 Network and the feasibility and appropriateness of providers and entities, other than those  
46 specified in subdivision (3) of G.S. 90-414.4, as amended by subsection (b) of this section,  
47 connecting with and submitting encounter and claims data through the HIE Network. As part of  
48 this study, the Departments and the Division in the Department of State Treasurer responsible  
49 for the State Health Plan for Teachers and State Employees shall examine at least all of the  
50 following:

- 1 (1) The availability of connection, exchange, and data submission standards  
2 established by the Office of the National Coordinator for Information  
3 Technology within the U.S. Department of Health and Human Services.
- 4 (2) The adoption of national standards for the connection, exchange, and data  
5 submission standards by provider type.
- 6 (3) Cost estimates by provider type to connect and submit data to the HIE and  
7 any availability of federal or State funds to meet connection or submission  
8 requirements.
- 9 (4) Data captured in the treatment of patients, segmented by provider type.
- 10 (5) Activity of other states and payor plans with respect to the establishment of  
11 an HIE Network.
- 12 (6) Alternatives to the connection and submission of demographic, clinical,  
13 encounter, and claims data through the HIE Network.

14 By April 1, 2018, the Department of Health and Human Services, the Department of  
15 Information Technology, and the Division in the Department of State Treasurer responsible for  
16 the State Health Plan for Teachers and State Employees shall jointly submit a final report of  
17 their findings and recommendations to the Joint Legislative Oversight Committee on Health  
18 and Human Services and the Joint Legislative Oversight Committee on Information  
19 Technology.

20 **SECTION 11A.5.(i)** Funds appropriated in this act to the Department of Health  
21 and Human Services, Division of Central Management and Support, for the 2017-2018 fiscal  
22 year for the Health Information Exchange Network shall be used as follows:

- 23 (1) The sum of three million dollars (\$3,000,000) in nonrecurring funds shall be  
24 transferred by November 1, 2017, to the Department of Information  
25 Technology, Government Data Analytics Center, and shall be used to  
26 support all activities related to upgrading the data exchange technical  
27 environment.
- 28 (2) The sum of one million dollars (\$1,000,000) in recurring funds shall be used  
29 to provide ongoing maintenance and operations of the new data exchange  
30 technical environment.

## 31 **CONTROLLED SUBSTANCES REPORTING SYSTEM IMPROVEMENTS**

32 **SECTION 11A.6.(a)** It is the intent of the General Assembly to improve the  
33 security and functionality capabilities of the Controlled Substances Reporting System (CSRS)  
34 in order to provide additional value to practitioners and dispensers within their current clinical  
35 workflows. To that end, of the funds appropriated in this act to the Department of Health and  
36 Human Services, Division of Central Management and Support, the sum of one million two  
37 hundred thousand dollars (\$1,200,000) in recurring funds for the CSRS for each fiscal year of  
38 the 2017-2019 fiscal biennium shall be used to pay for contractual hours to develop and  
39 implement software via existing public-private partnerships with the Government Data and  
40 Analytics Center (GDAC) for the performance of advanced analytics within the CSRS.  
41 These hours shall be used to achieve the purposes specified in G.S. 90-113.71 and, more  
42 specifically, to accomplish at least all of the following:

- 43 (1) To enhance and automate reports authorized under G.S. 90-113.74.
- 44 (2) To enhance the Department's ability to provide data to persons or entities  
45 authorized to receive information under G.S. 90-113.74. In improving the  
46 CSRS as specified in this subdivision, the Department shall utilize  
47 subject matter expertise and technology available through existing  
48 GDAC public-private partnerships. Upon development and  
49 implementation of the advanced analytics software for the CSRS, the  
50 Division of Central Management and Support shall coordinate with the  
51

1 Division of Mental Health, Developmental Disabilities, and Substance  
2 Abuse Services, the Division of Public Health, and any other appropriate  
3 division within the Department of Health and Human Services to ensure  
4 that advanced analytics are developed and utilized in a manner that  
5 achieves the purposes specified in G.S. 90-113.71.

6 (3) To aggregate relevant data sources, including those available through the  
7 GDAC.

8 (4) To enhance the Department's ability to generate and deploy advanced  
9 analytics in order to improve opioid prescribing practices, identify unusual  
10 prescribing patterns, and detect behavior indicative of misuse, addiction, or  
11 criminal activity.

12 **SECTION 11A.6.(b)** By December 1, 2017, the Department of Health and  
13 Human Services shall execute any contractual agreements and interagency data sharing  
14 agreements necessary to complete the improvements to the CSRS described in  
15 subdivisions (1) through (4) of subsection (a) of this section.

16 **SECTION 11A.6.(c)** To the extent allowable under federal and State laws and  
17 regulations, the Department of Information Technology shall coordinate with the  
18 Department of Health and Human Services, Division of Central Management and  
19 Support and Division of Mental Health, Developmental Disabilities, and Substance  
20 Abuse Services, to develop an interface between the CSRS and the Health Information  
21 Exchange (HIE) Network and leverage the interfaces already developed between the HIE  
22 Network and health care entities as a method of providing CSRS data, reports, and analytic  
23 outputs to health care practitioners and dispensers.

24 **SECTION 11A.6.(d)** This section is effective when this act becomes law.  
25

## 26 **DATA ANALYTICS AND PERFORMANCE ENHANCEMENTS**

27 **SECTION 11A.7.** Any enhancement of the State's data analytics capabilities  
28 utilizing funds appropriated in this act to the Department of Health and Human Services,  
29 Division of Central Management and Support, for each fiscal year of the 2017-2019 fiscal  
30 biennium shall be subject to applicable State laws requiring that these analytics be developed  
31 and implemented in collaboration with the Government Data Analytics Center.  
32

## 33 **COMMUNITY HEALTH GRANT PROGRAM CHANGES**

34 **SECTION 11A.8.(a)** Of the funds appropriated in this act to the Department of  
35 Health and Human Services, Division of Central Management and Support, Office of Rural  
36 Health, for Community Health Grants, the sum of seven million five hundred thousand dollars  
37 (\$7,500,000) in recurring funds for the 2017-2018 fiscal year and the sum of seven million five  
38 hundred thousand dollars (\$7,500,000) in recurring funds for the 2018-2019 fiscal year shall be  
39 used as follows:

40 (1) Up to two hundred thousand dollars (\$200,000) in recurring funds for each  
41 fiscal year of the 2017-2019 fiscal biennium shall be used to establish four  
42 permanent, full-time equivalent positions within the Office of Rural Health  
43 to support administration of the Community Health Grant Program.

44 (2) Up to two hundred thousand dollars (\$200,000) in recurring funds for each  
45 fiscal year of the 2017-2019 fiscal biennium may be used for administrative  
46 purposes.

47 (3) At least six million nine hundred fifty thousand dollars (\$6,950,000) in  
48 recurring funds for each fiscal year of the 2017-2019 fiscal biennium shall  
49 be used to award grants on a competitive basis to free and charitable clinics,  
50 federally qualified health centers, State-designated rural health centers, local  
51 health departments, school-based health centers, and other nonprofit



1 organizations that (i) provide primary and preventative medical services to  
2 uninsured or medically indigent patients and (ii) serve as a medical home to  
3 these vulnerable populations, in order to accomplish any of the following  
4 purposes:

- 5 a. Increase access to primary care and preventative health services for  
6 these vulnerable populations in existing primary care locations.
- 7 b. Establish primary care and preventative health services in counties  
8 where no such services exist to serve these vulnerable populations.
- 9 c. Create new services, sustain existing service levels, or augment  
10 existing services provided to these vulnerable populations, including  
11 primary care and preventative health services and including dental,  
12 pharmacy, and behavioral health services when integrated into the  
13 medical home.
- 14 d. Increase primary care capacity to serve these vulnerable populations,  
15 including enhancing or replacing facilities, equipment, or  
16 technologies necessary to participate in the exchange of data and  
17 tools to monitor and improve the quality of care provided.

18 **SECTION 11A.8.(b)** The Office of Rural Health shall work with the North  
19 Carolina Community Health Center Association, the North Carolina Association of Local  
20 Health Directors, the North Carolina Association of Free and Charitable Clinics, the North  
21 Carolina School-Based Health Alliance, and other organizations representing eligible grant  
22 recipients to establish a Primary Care Advisory Committee to develop an objective and  
23 equitable process for grading applications for grants funded by this section and making  
24 recommendations to the Office of Rural Health for the award of grants funded by this section.

25 The Office of Rural Health shall make the final decision about awarding grants  
26 funded by this section, but no single grant award shall exceed one hundred fifty thousand  
27 dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health shall  
28 consider the availability of other funds for the applicant; the incidence of poverty in the area  
29 served by the applicant or the number of indigent clients served by the applicant; the  
30 availability of, or arrangements for, after-hours care; and collaboration between the applicant  
31 and a community hospital or other safety-net organizations.

32 **SECTION 11A.8.(c)** Grant recipients shall not use these funds to do any of the  
33 following:

- 34 (1) Enhance or increase compensation or other benefits of personnel,  
35 administrators, directors, consultants, or any other persons receiving funds  
36 for program administration; provided, however, funds may be used to hire or  
37 retain health care providers. The use of grant funds for this purpose does not  
38 obligate the Department of Health and Human Services to continue to fund  
39 compensation beyond the grant period.
- 40 (2) Supplant existing funds, including federal funds traditionally received by  
41 federally qualified community health centers. However, grant funds may be  
42 used to supplement existing programs that serve the purposes described in  
43 subsection (a) of this section.
- 44 (3) Finance or satisfy any existing debt.

45 **SECTION 11A.8.(d)** The Office of Rural Health shall develop a standardized  
46 method for grant recipients to report objective, measurable quality health outcomes and shall  
47 require grant recipients to report these quality health outcomes to the Department. Beginning  
48 recipients of grant funds shall annually provide to the Office of Rural Health a written report  
49 detailing the number of patients that are cared for, the types of services that were provided,  
50 quality measures and outcomes, and any other information requested by the Office of Rural  
51 Health as necessary for evaluating the success of the Community Health Grant Program.

1           **SECTION 11A.8.(e)** Of the funds appropriated in this act to the Department of  
2 Health and Human Services, Division of Central Management and Support, Office of Rural  
3 Health, for the Community Health Grant Program, the sum of up to one hundred fifty thousand  
4 dollars (\$150,000) in recurring funds for each fiscal year of the 2017-2019 fiscal biennium  
5 shall be used to match federal funds to provide to safety net providers eligible to participate in  
6 the Community Health Grant Program, through the Rural Health Technology Team, ongoing  
7 training and technical assistance with respect to health information technology, the adoption of  
8 electronic health records, and the establishment of connectivity to the State's health information  
9 exchange network known as NC HealthConnex.

## 10 11 **RURAL HEALTH LOAN REPAYMENT PROGRAMS**

12           **SECTION 11A.9.** Article 3 of Chapter 143B of the General Statutes is amended by  
13 adding a new section to read:

### 14 **"§ 143B-139.4C. Office of Rural Health; administration of loan repayment programs.**

15           (a) The Department of Health and Human Services, Office of Rural Health, shall use  
16 funds appropriated to the Department for loan repayment to medical, dental, and psychiatric  
17 providers practicing in State hospitals or in rural or medically underserved communities in this  
18 State to combine the following loan repayment programs in order to achieve efficient and  
19 effective management of these programs:

20                   (1) The Physician Loan Repayment Program.

21                   (2) The Psychiatric Loan Repayment Program.

22                   (3) The Loan Repayment Initiative at State Facilities.

23           (b) These funds may be used for the following additional purposes:

24                   (1) Continued funding of the State Loan Repayment Program for primary care  
25 providers and expansion of State incentives to general surgeons practicing in  
26 Critical Access Hospitals located across the State.

27                   (2) Expansion of the State Loan Repayment Program to include eligible  
28 providers residing in North Carolina who use telemedicine in rural and  
29 underserved areas."

## 30 31 **REDUCTION OF FUNDS FOR PURCHASED SERVICES**

32           **SECTION 11A.10.** The Department of Health and Human Services, Division of  
33 Central Management and Support, shall achieve the required reduction in purchased services by  
34 reducing Fund Code 1910 by the sum of three million two hundred thousand dollars  
35 (\$3,200,000) in recurring funds for the 2017-2018 fiscal year and by the sum of three million  
36 two hundred thousand dollars (\$3,200,000) in recurring funds for the 2018-2019 fiscal year. In  
37 making the reductions required by this section, the Department may implement  
38 department-wide reductions in purchased services but shall not reduce any funds (i) that impact  
39 direct services provided through contracts or (ii) used to support the 2012 settlement agreement  
40 entered into between the United States Department of Justice and the State of North Carolina to  
41 ensure that the State will willingly meet the requirements of the Americans with Disabilities  
42 Act of 1990, Section 504 of the Rehabilitation Act of 1973, and the United States Supreme  
43 Court decision in *Olmstead v. L.C.*, 527 U.S. 581 (1999).

## 44 45 **OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY**

46           **SECTION 11A.11.(a)** The Department of Health and Human Services shall not  
47 use any funds appropriated in this act for the Office of Program Evaluation Reporting and  
48 Accountability for any purpose other than to establish and administer that Office and to  
49 implement the provisions of Part 31A of Article 3 of Chapter 143B of the General Statutes.

50           **SECTION 11A.11.(b)** By December 1, 2017, the Department of Health and  
51 Human Services shall report to the Joint Legislative Oversight Committee on Health and

1 Human Services and the Fiscal Research Division on the establishment and operation of the  
2 Office of Program Evaluation Reporting and Accountability. The report shall include at least all  
3 of the following:

- 4 (1) A breakdown of all expenditures from the funds appropriated to the  
5 Department since the 2015-2016 fiscal year for the establishment and  
6 administration of the Office.
- 7 (2) All steps taken by the Department to establish the Office pursuant to Part  
8 31A of Article 3 of Chapter 143B of the General Statutes.
- 9 (3) An organizational chart of the Office that includes all employees.
- 10 (4) A list of all assessments and evaluations conducted or in progress by the  
11 Office.
- 12 (5) An explanation of any obstacles to establishment and operation of the Office  
13 or fulfillment by the Office of any of the duties prescribed in  
14 G.S. 143B-216.56.

## 15 16 **CONTRACTING SPECIALIST AND CERTIFICATION PROGRAM**

17 **SECTION 11A.12.(a)** By September 1, 2017, the Department of Health and  
18 Human Services shall submit to the Joint Legislative Oversight Committee on Health and  
19 Human Services and the Fiscal Research Division the proposal prepared pursuant to Section  
20 12A.4 of S.L. 2016-94 by the School of Government at the University of North Carolina at  
21 Chapel Hill, in collaboration with the Director of Procurement, Contracts and Grants for the  
22 Department of Health and Human Services, for the implementation and administration of a  
23 contracting specialist training program for management level personnel within the Department.  
24 The proposal shall include a detailed description of the proposed program curriculum along  
25 with budget estimates for program implementation and administration based on the  
26 requirements of the program design.

27 **SECTION 11A.12.(b)** This section is effective when this act becomes law.

## 28 29 **GRADUATE MEDICAL EDUCATION FUNDING/CAPE FEAR VALLEY MEDICAL** 30 **CENTER**

31 **SECTION 11A.13.(a)** Calculation of Nonrecurring Payment of Funds. – Of the  
32 funds appropriated in this act to the Department of Health and Human Services, Division of  
33 Central Management and Support, for the 2017-2018 fiscal year for Graduate Medical  
34 Education, the sum of up to three million dollars (\$3,000,000) in nonrecurring funds shall be  
35 allocated to Cape Fear Valley Medical Center (the Center) to support the establishment of  
36 residency programs affiliated with Campbell University School of Medicine. Subject to  
37 fulfillment of the conditions specified in subsection (b) of this section, the nonrecurring amount  
38 of funds allocated to the Center pursuant to this section shall be equal to the total amount of  
39 actual lost Medicare payments for admissions to the Center prior to October 1, 2017, attributed  
40 to the Center's reclassification by the federal Centers for Medicare and Medicaid Services  
41 (CMS) as a rural hospital or rural referral center or any other change approved by CMS, up to a  
42 maximum of three million dollars (\$3,000,000).

43 **SECTION 11A.13.(b)** Conditions for Payment of Funds. – No funds shall be paid  
44 to the Center pursuant to the calculation specified in subsection (a) of this section until the  
45 Office of State Budget and Management (OSBM) certifies, in writing, all of the following:

- 46 (1) The amount of actual lost Medicare payments for admissions to the Center  
47 prior to October 1, 2017, attributed to the Center's reclassification by the  
48 federal Centers for Medicare and Medicaid Services (CMS) as a rural  
49 hospital or rural referral center or any other change approved by CMS.
- 50 (2) That the Center has maintained approval from CMS for reclassification as a  
51 rural hospital or rural referral center.

- 1 (3) That the Center has maintained approval from the Accreditation Council for  
2 Graduate Medical Education or the American Osteopathic Association for  
3 residency programs with a minimum of 130 additional residency slots.

4 **SECTION 11A.13.(c)** Report on Use of Funds. – The Center shall report on or  
5 before April 1, 2018, to the House Appropriations Committee on Health and Human Services,  
6 the Senate Appropriations Committee on Health and Human Services, the Joint Legislative  
7 Oversight Committee on Health and Human Services, and the Fiscal Research Division  
8 regarding its progress in establishing any residency programs funded by State appropriations.

9 **SECTION 11A.13.(d)** Any funds not obligated or encumbered for the purposes  
10 specified in this section by June 30, 2018, shall revert to the General Fund.

11 **SECTION 11A.13.(e)** Section 12A.8 of S.L. 2016-94, as amended by Section 5.1  
12 of S.L. 2016-123, is repealed.

### 13 14 **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

15 **SECTION 11A.14.(a)** Of the funds appropriated in this act to the Department of  
16 Health and Human Services, Division of Central Management and Support, the sum of ten  
17 million six hundred fifty-three thousand nine hundred eleven dollars (\$10,653,911) for each  
18 year of the 2017-2019 fiscal biennium, the sum of four million five hundred twenty-four  
19 thousand five hundred twenty-five dollars (\$4,524,525) for each year of the 2017-2019 fiscal  
20 biennium appropriated in Section 11L.1 of this act in Social Services Block Grant funds, and  
21 the sum of one million six hundred thousand dollars (\$1,600,000) for each year of 2017-2019  
22 fiscal biennium in Section 11L.1 of this act in Substance Abuse Prevention and Treatment  
23 Block Grant funds shall be used to allocate funds for nonprofit organizations.

24 **SECTION 11A.14.(b)** The Department shall continue administering a competitive  
25 grants process for nonprofit funding. The Department shall administer a plan that, at a  
26 minimum, includes each of the following:

- 27 (1) A request for application (RFA) process to allow nonprofits to apply for and  
28 receive State funds on a competitive basis. The Department shall require  
29 nonprofits to include in the application a plan to evaluate the effectiveness,  
30 including measurable impact or outcomes, of the activities, services, and  
31 programs for which the funds are being requested.
- 32 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of  
33 the total amount of the grant award.
- 34 (3) A requirement that the Secretary prioritize grant awards to those nonprofits  
35 that are able to leverage non-State funds in addition to the grant award.
- 36 (4) A process that awards grants to nonprofits that have the capacity to provide  
37 services on a statewide basis and that support any of the following State  
38 health and wellness initiatives:
- 39 a. A program targeting advocacy, support, education, or residential  
40 services for persons diagnosed with autism.
  - 41 b. A system of residential supports for those afflicted with substance  
42 abuse addiction.
  - 43 c. A program of advocacy and supports for individuals with intellectual  
44 and developmental disabilities or severe and persistent mental illness,  
45 substance abusers, or the elderly.
  - 46 d. Supports and services to children and adults with developmental  
47 disabilities or mental health diagnoses.
  - 48 e. A food distribution system for needy individuals.
  - 49 f. The provision and coordination of services for the homeless.
  - 50 g. The provision of services for individuals aging out of foster care.

- 1 h. Programs promoting wellness, physical activity, and health education  
2 programming for North Carolinians.  
3 i. The provision of services and screening for blindness.  
4 j. A provision for the delivery of after-school services for  
5 apprenticeships or mentoring at-risk youth.  
6 k. The provision of direct services for amyotrophic lateral sclerosis  
7 (ALS) and those diagnosed with the disease.  
8 l. A comprehensive smoking prevention and cessation program that  
9 screens and treats tobacco use in pregnant women and postpartum  
10 mothers.  
11 m. A program providing short-term or long-term residential substance  
12 abuse services. For purposes of this sub-subdivision, "long-term"  
13 means a minimum of 12 months.  
14 n. A program that provides year-round sports training and athletic  
15 competition for children and adults with disabilities.

16 It is the intent of the General Assembly that annually the Secretary evaluate  
17 and prioritize the categories of health and wellness initiatives described  
18 under this subdivision to determine the best use of these funds in making  
19 grant awards, exclusive of direct allocations made by the General Assembly.

- 20 (5) A process that ensures that funds received by the Department to implement  
21 the plan supplement and do not supplant existing funds for health and  
22 wellness programs and initiatives.  
23 (6) A process that allows grants to be awarded to nonprofits for up to two years.  
24 (7) A requirement that initial disbursement of the grants be awarded no later  
25 than 30 days after certification of the State budget for the respective fiscal  
26 year.

27 **SECTION 11A.14.(c)** No later than July 1 of each year, as applicable, the  
28 Secretary shall announce the recipients of the competitive grant awards and allocate funds to  
29 the grant recipients for the respective grant period pursuant to the amounts designated under  
30 subsection (a) of this section. After awards have been granted, by September 1 of each year, the  
31 Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and  
32 Human Services on the grant awards that includes at least all of the following:

- 33 (1) The identity and a brief description of each grantee and each program or  
34 initiative offered by the grantee.  
35 (2) The amount of funding awarded to each grantee.  
36 (3) The number of persons served by each grantee, broken down by program or  
37 initiative.

38 **SECTION 11A.14.(d)** No later than December 1 of each fiscal year, each nonprofit  
39 organization receiving funding pursuant to this section in the respective fiscal year shall submit  
40 to the Division of Central Management and Support a written report of all activities funded by  
41 State appropriations. The report shall include the following information about the fiscal year  
42 preceding the year in which the report is due:

- 43 a. The entity's mission, purpose, and governance structure.  
44 b. A description of the types of programs, services, and activities  
45 funded by State appropriations.  
46 c. Statistical and demographical information on the number of persons  
47 served by these programs, services, and activities, including the  
48 counties in which services are provided.  
49 d. Outcome measures that demonstrate the impact and effectiveness of  
50 the programs, services, and activities.

- 1 e. A detailed program budget and list of expenditures, including all  
2 positions funded, matching expenditures, and funding sources.

3 **SECTION 11A.14.(e)** For the 2017-2019 fiscal biennium only, from the funds  
4 identified in subsection (a) of this section, the Department shall make allocations as follows:

- 5 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of  
6 the 2017-2019 fiscal biennium to provide grants to Big Brothers Big Sisters.  
7 Big Brothers Big Sisters shall be required to seek future funding through the  
8 competitive grants process in accordance with subsection (b) of this section.  
9 (2) The sum of one million six hundred twenty-five thousand dollars  
10 (\$1,625,000) for each year of the 2017-2019 fiscal biennium and the sum of  
11 one million six hundred thousand dollars (\$1,600,000) in Section 11L.1 of  
12 this act in Substance Abuse Prevention and Treatment Block Grant funds in  
13 each year of the 2017-2019 fiscal biennium to Triangle Residential Options  
14 for Substance Abusers, Inc., (TROSAs) for the purpose of assisting  
15 individuals with substance abuse addiction. TROSA shall be required to seek  
16 future funding through the competitive grants process in accordance with  
17 subsection (b) of this section.  
18 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in  
19 each year of the 2017-2019 fiscal biennium to provide grants to Boys and  
20 Girls Clubs across the State to implement (i) programs that improve the  
21 motivation, performance, and self-esteem of youth and (ii) other initiatives  
22 that would be expected to reduce gang participation, school dropout, and  
23 teen pregnancy rates. Boys and Girls Clubs shall be required to seek future  
24 funding through the competitive grants process in accordance with  
25 subsection (b) of this section.

26 **SECTION 11A.14.(f)** Funds appropriated pursuant to this section that have been  
27 awarded but not yet disbursed or encumbered at the end of each fiscal year shall not revert but  
28 shall remain available for expenditure.

29 **SECTION 11A.14.(g)** G.S. 143B-139.2A is repealed.  
30

## 31 **SUBPART XI-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION**

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

34 **SECTION 11B.1.(a)** Eligibility. – The Department of Health and Human Services,  
35 Division of Child Development and Early Education, shall continue implementing the  
36 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four  
37 years of age on or before August 31 of the program year. In determining eligibility, the  
38 Division shall establish income eligibility requirements for the program not to exceed  
39 seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children  
40 enrolled may have family incomes in excess of seventy-five percent (75%) of median income if  
41 those children have other designated risk factors. Furthermore, any age-eligible child who is a  
42 child of either of the following shall be eligible for the program: (i) an active duty member of  
43 the Armed Forces of the United States, including the North Carolina National Guard, State  
44 military forces, or a reserve component of the Armed Forces who was ordered to active duty by  
45 the proper authority within the last 18 months or is expected to be ordered within the next 18  
46 months, or (ii) a member of the Armed Forces of the United States, including the North  
47 Carolina National Guard, State military forces, or a reserve component of the Armed Forces  
48 who was injured or killed while serving on active duty. Eligibility determinations for NC Pre-K  
49 participants may continue through local education agencies and local North Carolina  
50 Partnership for Children, Inc., partnerships.  
51

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

4 **SECTION 11B.1.(b)** Multiyear Contracts. – The Division of Child Development  
5 and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for  
6 licensed private child care centers providing NC Pre-K classrooms.

7 **SECTION 11B.1.(b1)** Building Standards. – Notwithstanding G.S. 110-91(4),  
8 private child care facilities and public schools operating NC Pre-K classrooms shall meet the  
9 building standards for preschool students as provided in G.S. 115C-521.1.

10 **SECTION 11B.1.(c)** Programmatic Standards. – Except as provided in subsection  
11 (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
12 prescribed by the Division of Child Development and Early Education regarding programmatic  
13 standards and classroom requirements.

14 **SECTION 11B.1.(d)** NC Pre-K Committees. – Local NC Pre-K committees shall  
15 use the standard decision-making process developed by the Division of Child Development and  
16 Early Education in awarding NC Pre-K classroom slots and student selection.

17 **SECTION 11B.1.(e)** Reporting. – The Division of Child Development and Early  
18 Education shall submit an annual report no later than March 15 of each year to the Joint  
19 Legislative Oversight Committee on Health and Human Services, the Office of State Budget  
20 and Management, and the Fiscal Research Division. The report shall include the following:

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

29 **SECTION 11B.1.(f)** Audits. – The administration of the NC Pre-K program by  
30 local partnerships shall be subject to the financial and compliance audits authorized under  
31 G.S. 143B-168.14(b).

## 32 33 **STATE AGENCY CONTINUED COLLABORATION ON EARLY CHILDHOOD** 34 **EDUCATION/TRANSITION FROM PRESCHOOL TO KINDERGARTEN**

35 **SECTION 11B.2.(a)** The Department of Health and Human Services, in  
36 consultation with the Department of Public Instruction and any other agencies or organizations  
37 that administer, support, or study early education in this State, and within resources currently  
38 available, shall continue to collaborate on an ongoing basis in the development and  
39 implementation of a statewide vision for early childhood education. In collaborating in this  
40 effort, the agencies shall continue developing a comprehensive approach to early childhood  
41 education, birth through third grade, including creating cross agency accountability with a  
42 comprehensive set of data indicators, including consideration of the NC Pathways to  
43 Grade-Level Reading, to monitor and measure success of the early childhood education  
44 systems.

45 **SECTION 11B.2.(b)** The Department of Health and Human Services, the  
46 Department of Public Instruction, and any other agencies or organizations that administer,  
47 support, or study early education programs in this State shall submit a follow-up report of their  
48 findings and recommendations, including any legislative proposals, on the statewide vision for  
49 early childhood education pursuant to subsection (a) of this section to the Joint Legislative  
50 Oversight Committee on Health and Human Services and the Joint Legislative Education

Oversight Committee on or before January 1, 2018, and may make any subsequent reports, annually, on or before January 1, as needed to those same committees.

**SECTION 11B.2.(c)** The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall continue developing a standardized program to transition children from preschool to kindergarten. In developing this standardized transition program, the Department of Health and Human Services shall identify, at a minimum:

- (1) Methods to standardize student transition information such that it is quantifiable.
- (2) Recommendations for sharing data contained in a student's transition plan between preschool teachers and either kindergarten teachers or the schools that receive the incoming kindergarten students.
- (3) Recommendations for sharing data contained in a student's transition plan between preschool teachers and the parents or guardians of the child who is transitioning to kindergarten.
- (4) Recommendations for preschool teacher training and continuing education to support their role in completing transition plans for preschool children.
- (5) Recommendations for baseline information that should be compiled in transition plans for students transitioning to kindergarten.
- (6) Procedures for the management of transition plan documents, including recommendations for the length of records retention, provisions for confidentiality, and proper disposal.
- (7) Any other components the Department deems appropriate in the provision of information between preschools, students' families, and kindergartens.

**SECTION 11B.2.(d)** The Department of Health and Human Services shall report on the development of the standardized transition program required pursuant to subsection (c) of this section, including any findings and recommendations and any legislative proposals, to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before January 1, 2018.

**CHILD CARE SUBSIDY RATES**

**SECTION 11B.3.(a)** The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

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

**SECTION 11B.3.(b)** Fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. When care is received at the blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment. Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.

**SECTION 11B.3.(c)** Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

- (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying



1 parents, whichever is lower, unless prohibited by subsection (f) of this  
2 section.

3 (2) Licensed child care centers and homes with two or more stars shall receive  
4 the market rate for that rated license level for that age group or the rate they  
5 charge privately paying parents, whichever is lower, unless prohibited by  
6 subsection (g) of this section.

7 (3) Nonlicensed homes shall receive fifty percent (50%) of the county market  
8 rate or the rate they charge privately paying parents, whichever is lower.

9 (4) No payments shall be made for transportation services or registration fees  
10 charged by child care facilities.

11 (5) Payments for subsidized child care services for postsecondary education  
12 shall be limited to a maximum of 20 months of enrollment.

13 (6) The Department of Health and Human Services shall implement necessary  
14 rule changes to restructure services, including, but not limited to, targeting  
15 benefits to employment.

16 **SECTION 11B.3.(d)** Provisions of payment rates for child care providers in  
17 counties that do not have at least 50 children in each age group for center-based and  
18 home-based care are as follows:

19 (1) Except as applicable in subdivision (2) of this subsection, payment rates  
20 shall be set at the statewide or regional market rate for licensed child care  
21 centers and homes.

22 (2) If it can be demonstrated that the application of the statewide or regional  
23 market rate to a county with fewer than 50 children in each age group is  
24 lower than the county market rate and would inhibit the ability of the county  
25 to purchase child care for low-income children, then the county market rate  
26 may be applied.

27 **SECTION 11B.3.(e)** A market rate shall be calculated for child care centers and  
28 homes at each rated license level for each county and for each age group or age category of  
29 enrollees and shall be representative of fees charged to parents for each age group of enrollees  
30 within the county. The Division of Child Development and Early Education shall also calculate  
31 a statewide rate and regional market rate for each rated license level for each age category.

32 **SECTION 11B.3.(f)** The Division of Child Development and Early Education  
33 shall continue implementing policies that improve the quality of child care for subsidized  
34 children, including a policy in which child care subsidies are paid, to the extent possible, for  
35 child care in the higher quality centers and homes only. The Division shall define higher  
36 quality, and subsidy funds shall not be paid for one- or two-star rated facilities. For those  
37 counties with an inadequate number of four- and five-star rated facilities, the Division shall  
38 continue a transition period that allows the facilities to continue to receive subsidy funds while  
39 the facilities work on the increased star ratings. The Division may allow exemptions in counties  
40 where there is an inadequate number of four- and five-star rated facilities for non-star rated  
41 programs, such as religious programs.

42 **SECTION 11B.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
43 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the  
44 program that provides for the purchase of care in child care facilities for minor children of  
45 needy families. Except as authorized by subsection (f) of this section, no separate licensing  
46 requirements shall be used to select facilities to participate. In addition, child care facilities  
47 shall be required to meet any additional applicable requirements of federal law or regulations.  
48 Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of  
49 the General Statutes shall meet the requirements established by other State law and by the  
50 Social Services Commission.

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

4 **SECTION 11B.3.(h)** Payment for subsidized child care services provided with  
5 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
6 and policies issued by the Division of Child Development and Early Education for the  
7 subsidized child care program.

8 **SECTION 11B.3.(i)** Noncitizen families who reside in this State legally shall be  
9 eligible for child care subsidies if all other conditions of eligibility are met. If all other  
10 conditions of eligibility are met, noncitizen families who reside in this State illegally shall be  
11 eligible for child care subsidies only if at least one of the following conditions is met:

- 12 (1) The child for whom a child care subsidy is sought is receiving child  
13 protective services or foster care services.
- 14 (2) The child for whom a child care subsidy is sought is developmentally  
15 delayed or at risk of being developmentally delayed.
- 16 (3) The child for whom a child care subsidy is sought is a citizen of the United  
17 States.

18 **SECTION 11B.3.(j)** The Department of Health and Human Services, Division of  
19 Child Development and Early Education, shall require all county departments of social services  
20 to include on any forms used to determine eligibility for child care subsidy whether the family  
21 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

22 **SECTION 11B.3.(k)** Department of Defense-certified child care facilities licensed  
23 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
24 provides for the purchase of care in child care facilities for minor children in needy families,  
25 provided that funds allocated from the State-subsidized child care program to Department of  
26 Defense-certified child care facilities shall supplement and not supplant funds allocated in  
27 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
28 Department of Defense-certified child care facilities and who are eligible to receive subsidized  
29 child care shall be as set forth in this section.

## 30 31 **CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE GROUPS** 32 **AND COUNTIES**

33 **SECTION 11B.4.(a)** Beginning October 1, 2017, the Department of Health and  
34 Human Services, Division of Child Development and Early Education (Division), shall  
35 increase the child care subsidy market rates to the rates recommended by the 2015 Child Care  
36 Market Rate Study for school-aged children in three-, four-, and five-star-rated child care  
37 centers and homes in tier one and tier two counties.

38 **SECTION 11B.4.(b)** Beginning October 1, 2017, the Division shall increase the  
39 child care subsidy market rates to the rates recommended by the 2015 Child Care Market Rate  
40 Study for children birth through two years of age in three-, four-, and five-star-rated child care  
41 centers and homes in tier three counties.

42 **SECTION 11B.4.(c)** For purposes of this section, tier one, tier two, and tier three  
43 counties shall have the same designations as those established by the N.C. Department of  
44 Commerce's 2015 County Tier Designations.

## 45 46 **CHILD CARE ALLOCATION FORMULA**

47 **SECTION 11B.5.(a)** The Department of Health and Human Services, Division of  
48 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
49 funds to pay the costs of necessary child care for minor children of needy families. The  
50 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy  
51 allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child

1 care subsidy allocation. The Department of Health and Human Services shall use the following  
2 method when allocating federal and State child care funds, not including the aggregate  
3 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy  
4 allocation:

- 5 (1) Funds shall be allocated to a county based upon the projected cost of serving  
6 children under age 11 in families with all parents working who earn less than  
7 the applicable federal poverty level percentage set forth in Section 11B.3(a)  
8 of this act.
- 9 (2) The Division may withhold up to two percent (2%) of available funds from  
10 the allocation formula for (i) preventing termination of services throughout  
11 the fiscal year and (ii) repayment of any federal funds identified by counties  
12 as overpayments, including overpayments due to fraud. The Division shall  
13 allocate to counties any funds withheld before the end of the fiscal year  
14 when the Division determines the funds are not needed for the purposes  
15 described in this subdivision. The Division shall submit a report to the Joint  
16 Legislative Oversight Committee on Health and Human Services and the  
17 Fiscal Research Division, which report shall include each of the following:
  - 18 a. The amount of funds used for preventing termination of services and  
19 the repayment of any federal funds.
  - 20 b. The date the remaining funds were distributed to counties.
  - 21 c. As a result of funds withheld under this subdivision and after funds  
22 have been distributed, any counties that did not receive at least the  
23 amount the counties received the previous year and the amount by  
24 which funds were decreased.

25 The Division shall submit a report in each year of the 2017-2019 fiscal  
26 biennium 30 days after the funds withheld pursuant to this subdivision are  
27 distributed but no later than April 1 of each respective year.

- 28 (3) The Division shall set aside four percent (4%) of child care subsidy  
29 allocations for vulnerable populations, which include a child identified as  
30 having special needs and a child whose application for assistance indicates  
31 that the child and the child's family is experiencing homelessness or is in a  
32 temporary living situation. A child identified by this subdivision shall be  
33 given priority for receiving services until such time as set-aside allocations  
34 for vulnerable populations are exhausted.

35 **SECTION 11B.5.(b)** The Division may reallocate unused child care subsidy  
36 voucher funds in order to meet the child care needs of low-income families. Any reallocation of  
37 funds shall be based upon the expenditures of all child care subsidy voucher funding, including  
38 North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage  
39 service levels within the funds allocated to the counties. A county with a spending coefficient  
40 over one hundred percent (100%) shall submit a plan to the Division for managing the county's  
41 allocation before receiving any reallocated funds.

42 **SECTION 11B.5.(c)** When implementing the formula under subsection (a) of this  
43 section, the Division shall include the market rate increase in the formula process rather than  
44 calculating the increases outside of the formula process. Additionally, the Department shall do  
45 the following:

- 46 (1) Implement the final one-third change in a county's allocation beginning  
47 fiscal year 2018-2019. A county's initial allocation shall be the county's  
48 expenditure in the previous fiscal year or a prorated share of the county's  
49 previous fiscal year expenditures if sufficient funds are not available. With  
50 the exception of market rate increases consistent with any increases  
51 approved by the General Assembly, a county whose spending coefficient is

1 less than ninety-two percent (92%) in the previous fiscal year shall receive  
2 its prior year's expenditure as its allocation and shall not receive an increase  
3 in its allocation in the following year. A county whose spending coefficient  
4 is at least ninety-two percent (92%) in the previous fiscal year shall receive,  
5 at a minimum, the amount it expended in the previous fiscal year and may  
6 receive additional funding, if available. The Division may waive this  
7 requirement and allow an increase if the spending coefficient is below  
8 ninety-two percent (92%) due to extraordinary circumstances, such as a  
9 State or federal disaster declaration in the affected county. By October 1 of  
10 each year, the Division shall report to the Joint Legislative Oversight  
11 Committee on Health and Human Services and the Fiscal Research Division  
12 the counties that received a waiver pursuant to this subdivision and the  
13 reasons for the waiver.

- 14 (2) Effective immediately following the next new decennial census data release,  
15 implement (i) one-third of the change in a county's allocation in the year  
16 following the data release, (ii) an additional one-third of the change in a  
17 county's allocation beginning two years after the initial change under this  
18 subdivision, and (iii) the final one-third change in a county's allocation  
19 beginning the following two years thereafter.  
20

## 21 CODIFY CERTAIN CHILD CARE SUBSIDY PROVISIONS

22 SECTION 11B.6. Article 3 of Chapter 143B of the General Statutes is amended by  
23 adding a new Part to read:

24 "Part 10C. Child Care Subsidy.

### 25 "§ 143B-168.25. Child care funds matching requirements.

26 No local matching funds may be required by the Department of Health and Human Services  
27 as a condition of any locality's receiving its initial allocation of child care funds unless federal  
28 law requires a match. If the Department reallocates additional funds above twenty-five  
29 thousand dollars (\$25,000) to local purchasing agencies beyond their initial allocation, local  
30 purchasing agencies must provide a twenty percent (20%) local match to receive the reallocated  
31 funds. Matching requirements shall not apply when funds are allocated because of an  
32 emergency as defined in G.S. 166A-19.3(6).

### 33 "§ 143B-168.26. Child care revolving loan.

34 Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving  
35 Loan Fund may be transferred to and invested by the financial institution contracted to operate  
36 the Fund. The principal and any income to the Fund may be used to make loans, reduce loan  
37 interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the  
38 Fund, or pay the Department's cost of administering the program.

### 39 "§ 143B-168.27. Administrative allowance for county departments of social services; use 40 of subsidy funds for fraud detection.

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

46 (b) Each county department of social services may use up to two percent (2%) of child  
47 care subsidy funds allocated to the county for fraud detection and investigation initiatives.

48 (c) The Division may adjust the allocations in the Child Care and Development Fund  
49 Block Grant according to (i) the final allocations for local departments of social services under  
50 subsection (a) of this section and (ii) the funds allocated for fraud detection and investigation  
51 initiatives under subsection (b) of this section. The Division shall submit a report on the final

1 adjustments to the allocations of the four percent (4%) administrative costs to the Joint  
2 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
3 Division no later than September 30 of each year."  
4

5 **CHILD CARE SUBSIDY RECIPIENTS TO COOPERATE WITH CHILD SUPPORT**  
6 **SERVICES/DEMONSTRATION PROJECT**

7 **SECTION 11B.7.(a)** Beginning January 1, 2018, or 30 days from the date the U.S.  
8 Department of Health and Human Services, Office of Child Care, approves the revised Child  
9 Care and Development Fund (CCDF) plan, or whichever occurs later, the Department of Health  
10 and Human Services, the Division of Child Development and Early Education (DCDEE) and  
11 the Division of Social Services (DSS), shall implement a one-year statewide demonstration  
12 project in accordance with S.L. 2015-51 requiring a custodial parent or other relative or person  
13 with primary custody of the child who is receiving child care subsidy payments to cooperate  
14 with the county child support services program as a condition of receiving child care subsidy  
15 payments. DCDEE and DSS shall conduct the demonstration project in at least three counties,  
16 but no more than six, that represent the three regions of the State in both rural and urban  
17 settings. DCDEE and DSS may solicit counties to volunteer for the demonstration project. In  
18 selecting counties to participate in the demonstration project, DCDEE and DSS shall (i)  
19 consider the various methods counties employ in receiving and processing child care subsidy  
20 applications and (ii) compare the data from the counties participating in the demonstration  
21 project to counties that are similarly sized and situated that do not participate in the  
22 demonstration project.

23 **SECTION 11B.7.(b)** The statewide demonstration project shall include, at a  
24 minimum, the components described in Section 1(a) of S.L. 2015-51, as well as any criteria  
25 DCDEE and DSS identified in its report as submitted to the Joint Legislative Oversight  
26 Committee on Health and Human Services dated February 1, 2016. Specifically, as identified in  
27 that report, DCDEE and DSS shall consider, at a minimum, each of the following factors in  
28 evaluating the demonstration project:

- 29 (1) The number and percentage of applicants for whom the requirement to  
30 participate in child support services was presented who actually submitted a  
31 child support application and applied for and received subsidized child care  
32 assistance.
- 33 (2) The number and percentage of families exempted from the requirement  
34 under subdivision (1) of this subsection through good-cause exceptions.
- 35 (3) The number and percentage of families that initially receive child support  
36 payments but become ineligible for subsidized child care assistance as a  
37 result of their increased income or family status.
- 38 (4) The number and percentage of families enrolled in the subsidized child care  
39 assistance program at the beginning of the demonstration project that exit the  
40 program due to imposed requirements for child support cooperation.
- 41 (5) The number and percentage of applicants who declined to apply or withdrew  
42 their application as a result of the requirement to cooperate with child  
43 support services.
- 44 (6) The number and percentage of child care subsidy recipients who begin  
45 receiving child support or, if receiving child support, the average increase in  
46 the recipients' child support received due to imposed requirements for child  
47 support cooperation.

48 **SECTION 11B.7.(c)** The Division of Child Development and Early Education and  
49 the Division of Social Services shall report on the results of the demonstration project to the  
50 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
51 Division no later than March 1, 2019, or if the CCDF plan is approved after January 1, 2018, no

1 later than three months from the date the one-year demonstration project is completed,  
2 whichever occurs later. The report shall include, at a minimum, each of the following:

- 3 (1) The factors evaluated under subsection (a) of this section.
- 4 (2) A detailed project plan and any costs associated with implementing the plan,  
5 specifically, any technology needs.
- 6 (3) Any recommendations for or challenges with sustaining the plan long term.

## 7 8 **SMART START INITIATIVES**

9 **SECTION 11B.8.(a) Policies.** – The North Carolina Partnership for Children, Inc.,  
10 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s  
11 mission of improving child care quality in North Carolina for children from birth to five years  
12 of age. North Carolina Partnership for Children, Inc.-funded activities shall include assisting  
13 child care facilities with (i) improving quality, including helping one-, two-, and  
14 three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten  
15 programs. State funding for local partnerships shall also be used for evidence-based or  
16 evidence-informed programs for children from birth to five years of age that do the following:

- 17 (1) Increase children's literacy.
- 18 (2) Increase the parents' ability to raise healthy, successful children.
- 19 (3) Improve children's health.
- 20 (4) Assist four- and five-star-rated facilities in improving and maintaining  
21 quality.

22 **SECTION 11B.8.(b) Administration.** – Administrative costs shall be equivalent to,  
23 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the  
24 total statewide allocation to all local partnerships. For purposes of this subsection,  
25 administrative costs shall include costs associated with partnership oversight, business and  
26 financial management, general accounting, human resources, budgeting, purchasing,  
27 contracting, and information systems management. The North Carolina Partnership for  
28 Children, Inc., shall continue using a single statewide contract management system that  
29 incorporates features of the required standard fiscal accountability plan described in  
30 G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract  
31 management system and, directed by the North Carolina Partnership for Children, Inc., to  
32 collaborate, to the fullest extent possible, with other local partnerships to increase efficiency  
33 and effectiveness.

34 **SECTION 11B.8.(c) Salaries.** – The salary schedule developed and implemented  
35 by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State  
36 funds that may be used for the salary of the Executive Director of the North Carolina  
37 Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina  
38 Partnership for Children, Inc., shall base the schedule on the following criteria:

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

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

49 **SECTION 11B.8.(d) Match Requirements.** – The North Carolina Partnership for  
50 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one  
51 hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the

1 2017-2019 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the  
2 local partnerships are required to match, contributions of cash shall be equal to at least thirteen  
3 percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%)  
4 for a total match requirement of nineteen percent (19%) for each year of the 2017-2019 fiscal  
5 biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in  
6 excess of the required match for a fiscal year in order to meet the match requirement of the  
7 succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the  
8 in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the  
9 purpose of the match requirement of this subsection. Volunteer services that qualify as  
10 professional services shall be valued at the fair market value of those services. All other  
11 volunteer service hours shall be valued at the statewide average wage rate as calculated from  
12 data compiled by the Division of Employment Security of the Department of Commerce in the  
13 Employment and Wages in North Carolina Annual Report for the most recent period for which  
14 data are available. Expenses, including both those paid by cash and in-kind contributions,  
15 incurred by other participating non-State entities contracting with the North Carolina  
16 Partnership for Children, Inc., or the local partnerships also may be considered resources  
17 available to meet the required private match. In order to qualify to meet the required private  
18 match, the expenses shall:

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

33 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
34 2017-2019 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for  
35 the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc.,  
36 shall be responsible for compiling information on the private cash and in-kind contributions  
37 into a report that is submitted to the Joint Legislative Oversight Committee on Health and  
38 Human Services in a format that allows verification by the Department of Revenue. The same  
39 match requirements shall apply to any expansion funds appropriated by the General Assembly.

40 **SECTION 11B.8.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,  
41 and all local partnerships shall use competitive bidding practices in contracting for goods and  
42 services on contract amounts as follows:

- 43 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures  
44 specified by a written policy as developed by the Board of Directors of the  
45 North Carolina Partnership for Children, Inc.
- 46 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen  
47 thousand dollars (\$15,000), three written quotes.
- 48 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than  
49 forty thousand dollars (\$40,000), a request for proposal process.
- 50 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
51 proposal process and advertising in a major newspaper.

1           **SECTION 11B.8.(f)** Allocations. – The North Carolina Partnership for Children,  
2 Inc., shall not reduce the allocation for counties with less than 35,000 in population below the  
3 2012-2013 funding level.

4           **SECTION 11B.8.(g)** Performance-Based Evaluation. – The Department of Health  
5 and Human Services shall continue to implement the performance-based evaluation system.

6           **SECTION 11B.8.(h)** Expenditure Restrictions. – The Department of Health and  
7 Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the  
8 allocation of funds for Early Childhood Education and Development Initiatives for the  
9 2017-2019 fiscal biennium shall be administered and distributed in the following manner:

10           (1) Capital expenditures are prohibited for the 2017-2019 fiscal biennium. For  
11 the purposes of this section, "capital expenditures" means expenditures for  
12 capital improvements as defined in G.S. 143C-1-1(d)(5).

13           (2) Expenditures of State funds for advertising and promotional activities are  
14 prohibited for the 2017-2019 fiscal biennium.

15 For the 2017-2019 fiscal biennium, local partnerships shall not spend any State funds on  
16 marketing campaigns, advertising, or any associated materials. Local partnerships may spend  
17 any private funds the local partnerships receive on those activities.

## 18 19 **SMART START EARLY LITERACY INITIATIVE/DOLLY PARTON'S** 20 **IMAGINATION LIBRARY**

21           **SECTION 11B.9.(a)** Funds allocated to the North Carolina Partnership for  
22 Children, Inc., from the Department of Health and Human Services, shall be used to increase  
23 access to Dolly Parton's Imagination Library, an early literacy program that mails  
24 age-appropriate books on a monthly basis to children registered for the program, with the intent  
25 that, upon full implementation, access to the program shall be statewide.

26           **SECTION 11B.9.(b)** The North Carolina Partnership for Children, Inc., may use  
27 up to two percent (2%) of the funds for program evaluation. Funds appropriated under this  
28 section shall not be subject to administrative costs requirements under Section 11B.8(b) of this  
29 act, nor shall these funds be subject to the child care services funding requirements under  
30 G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g),  
31 or the match requirements under Section 11B.8(d) of this act.

32           **SECTION 11B.9.(c)** The North Carolina Partnership for Children, Inc., shall report  
33 on the success of the early literacy initiative, including any recommendations, to the Joint  
34 Legislative Oversight Committee on Health and Human Services by March 1, 2018. The report  
35 shall include participation rates for Dolly Parton's Imagination Library.

## 36 37 **SUBPART XI-C. DIVISION OF SOCIAL SERVICES**

### 38 39 **TANF BENEFIT IMPLEMENTATION**

40           **SECTION 11C.1.(a)** The General Assembly approves the plan titled "North  
41 Carolina Temporary Assistance for Needy Families State Plan FY 2016-2019," prepared by the  
42 Department of Health and Human Services and presented to the General Assembly. The North  
43 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1,  
44 2016, through September 30, 2019. The Department shall submit the State Plan, as revised in  
45 accordance with subsection (b) of this section, to the United States Department of Health and  
46 Human Services.

47           **SECTION 11C.1.(b)** The counties approved as Electing Counties in the North  
48 Carolina Temporary Assistance for Needy Families State Plan FY 2016-2019, as approved by  
49 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

50           **SECTION 11C.1.(c)** Counties that submitted the letter of intent to remain as an  
51 Electing County or to be redesignated as an Electing County and the accompanying county plan



1 for years 2016 through 2019, pursuant to G.S. 108A-27(e), shall operate under the Electing  
2 County budget requirements effective July 1, 2017. For programmatic purposes, all counties  
3 referred to in this subsection shall remain under their current county designation through  
4 September 30, 2019.

5 **SECTION 11C.1.(d)** For each year of the 2017-2019 fiscal biennium, Electing  
6 Counties shall be held harmless to their Work First Family Assistance allocations for the  
7 2016-2017 fiscal year, provided that remaining funds allocated for Work First Family  
8 Assistance and Work First Diversion Assistance are sufficient for payments made by the  
9 Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

10 **SECTION 11C.1.(e)** In the event that departmental projections of Work First  
11 Family Assistance and Work First Diversion Assistance for the 2017-2018 fiscal year or the  
12 2018-2019 fiscal year indicate that remaining funds are insufficient for Work First Family  
13 Assistance and Work First Diversion Assistance payments to be made on behalf of Standard  
14 Counties, the Department is authorized to deallocate funds, of those allocated to Electing  
15 Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11,  
16 up to the requisite amount for payments in Standard Counties. Prior to deallocation, the  
17 Department shall obtain approval by the Office of State Budget and Management. If the  
18 Department adjusts the allocation set forth in subsection (d) of this section, then a report shall  
19 be made to the Joint Legislative Oversight Committee on Health and Human Services and the  
20 Fiscal Research Division.

## 21 22 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND** 23 **PERFORMANCE ENHANCEMENTS**

24 **SECTION 11C.2.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
25 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
26 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
27 risk of removal from the home and to children and families in cases of abuse where a child is  
28 not at imminent risk of removal. The Program shall be developed and implemented statewide  
29 on a regional basis. The IFPS shall ensure the application of standardized assessment criteria  
30 for determining imminent risk and clear criteria for determining out-of-home placement.

31 **SECTION 11C.2.(b)** The Department of Health and Human Services shall require  
32 that any program or entity that receives State, federal, or other funding for the purpose of IFPS  
33 shall provide information and data that allows for the following:

- 34 (1) An established follow-up system with a minimum of six months of  
35 follow-up services.
- 36 (2) Detailed information on the specific interventions applied, including  
37 utilization indicators and performance measurement.
- 38 (3) Cost-benefit data.
- 39 (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
40 by tracking families through the intervention process.
- 41 (5) The number of families remaining intact and the associated interventions  
42 while in IFPS and 12 months thereafter.
- 43 (6) The number and percentage, by race, of children who received IFPS  
44 compared to the ratio of their distribution in the general population involved  
45 with Child Protective Services.

46 **SECTION 11C.2.(c)** The Department shall establish a performance-based funding  
47 protocol and shall only provide funding to those programs and entities providing the required  
48 information specified in subsection (b) of this section. The amount of funding shall be based on  
49 the individual performance of each program.

## 50 51 **CHILD CARING INSTITUTIONS**

1           **SECTION 11C.3.** Until the Social Services Commission adopts rules setting  
2 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
3 maximum reimbursement for child caring institutions shall not exceed the rate established for  
4 the specific child caring institution by the Department of Health and Human Services, Office of  
5 the Controller. In determining the maximum reimbursement, the State shall include county and  
6 IV-E reimbursements.

7  
8           **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

9           **SECTION 11C.4.** Of the funds available for the provision of foster care services,  
10 the Department of Health and Human Services, Division of Social Services, may continue to  
11 provide for the financial support of children who are deemed to be (i) in a permanent family  
12 placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive  
13 permanency. No additional expenses shall be incurred beyond the funds budgeted for foster  
14 care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program  
15 (GAP) shall include provisions for extending guardianship services for individuals who have  
16 attained the age of 18 years and opt to continue to receive guardianship services until reaching  
17 21 years of age if the individual is (i) completing secondary education or a program leading to  
18 an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational  
19 education, (iii) participating in a program or activity designed to promote, or remove barriers  
20 to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing  
21 the educational or employment requirements of this section due to a medical condition or  
22 disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for  
23 room and board and be set at the same rate as the foster care room and board rates in  
24 accordance with rates established under G.S. 108A-49.1.

25  
26           **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

27           **SECTION 11C.5.(a)** Funds appropriated from the General Fund to the Department  
28 of Health and Human Services for the child welfare postsecondary support program shall be  
29 used to continue providing assistance with the "cost of attendance" as that term is defined in 20  
30 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system  
31 and special needs children adopted from foster care after age 12. These funds shall be allocated  
32 by the State Education Assistance Authority.

33           **SECTION 11C.5.(b)** Of the funds appropriated from the General Fund to the  
34 Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for the  
35 2017-2018 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 2018-2019 fiscal  
36 year shall be allocated to the North Carolina State Education Assistance Authority (SEAA).  
37 The SEAA shall use these funds only to perform administrative functions necessary to manage  
38 and distribute scholarship funds under the child welfare postsecondary support program.

39           **SECTION 11C.5.(c)** Of the funds appropriated from the General Fund to the  
40 Department of Health and Human Services, the sum of three hundred thirty-nine thousand four  
41 hundred ninety-three dollars (\$339,493) for the 2017-2018 fiscal year and the sum of three  
42 hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for the 2018-2019  
43 fiscal year shall be used to contract with an entity to administer the child welfare postsecondary  
44 support program described under subsection (a) of this section, which administration shall  
45 include the performance of case management services.

46           **SECTION 11C.5.(d)** Funds appropriated to the Department of Health and Human  
47 Services for the child welfare postsecondary support program shall be used only for students  
48 attending public institutions of higher education in this State.

49  
50           **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

1           **SECTION 11C.6.(a)** Centralized Services. – The North Carolina Child Support  
2 Services Section (NCCSS) of the Department of Health and Human Services, Division of  
3 Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive  
4 payments it receives from the federal government to enhance centralized child support services.  
5 To accomplish this requirement, NCCSS shall do the following:

- 6           (1) In consultation with representatives from county child support services  
7 programs, identify how federal incentive funding could improve centralized  
8 services.
- 9           (2) Use federal incentive funds to improve the effectiveness of the State's  
10 centralized child support services by supplementing and not supplanting  
11 State expenditures for those services.
- 12           (3) Develop and implement rules that explain the State process for calculating  
13 and distributing federal incentive funding to county child support services  
14 programs.

15           **SECTION 11C.6.(b)** County Child Support Services Programs. – NCCSS shall  
16 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it  
17 receives from the federal government to county child support services programs to improve  
18 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall  
19 do the following:

- 20           (1) In consultation with representatives from county child support services  
21 programs, examine the current methodology for distributing federal  
22 incentive funding to the county programs and determine whether an  
23 alternative formula would be appropriate. NCCSS shall use its current  
24 formula for distributing federal incentive funding until an alternative  
25 formula is adopted.
- 26           (2) Upon adopting an alternative formula, develop a process to phase in the  
27 alternative formula for distributing federal incentive funding over a  
28 four-year period.

29           **SECTION 11C.6.(c)** Reporting by County Child Support Services Programs. –  
30 NCCSS shall continue implementing guidelines that identify appropriate uses for federal  
31 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require  
32 county child support services programs to comply with each of the following:

- 33           (1) Submit an annual plan describing how federal incentive funding would  
34 improve program effectiveness and efficiency as a condition of receiving  
35 federal incentive funding.
- 36           (2) Report annually on the following: (i) how federal incentive funding has  
37 improved program effectiveness and efficiency and been reinvested into  
38 their programs, (ii) provide documentation that the funds were spent  
39 according to their annual plans, and (iii) explain any deviations from their  
40 plans.

41           **SECTION 11C.6.(d)** Reporting by NCCSS. – NCCSS shall submit a report on  
42 federal child support incentive funding to the Joint Legislative Oversight Committee on Health  
43 and Human Services and the Fiscal Research Division by November 1 of each year. The report  
44 shall describe how federal incentive funds enhanced centralized child support services to  
45 benefit county child support services programs and improved the effectiveness and efficiency  
46 of county child support services programs. The report shall further include any changes to the  
47 State process the NCCSS used in calculating and distributing federal incentive funding to  
48 county child support services programs and any recommendations for further changes.

## 50   **CHILD WELFARE SYSTEM CHANGES**

1           **SECTION 11C.7.(a)** Federal Improvement Plan Implementation. – The  
2 Department of Health and Human Services, Division of Social Services, shall continue  
3 implementing the requirements of the federal Program Improvement Plan to bring our State  
4 into compliance with national standards for child welfare policy and practices. The Division  
5 shall collaborate with county departments of social services to develop a model of oversight  
6 that supports program outcomes and a county's ability to meet performance standards as  
7 outlined in the Program Improvement Plan. Oversight may include support for continuous  
8 quality improvement, staff training, and data analysis.

9           Of the funds appropriated to the Division in each year of the 2017-2019 fiscal  
10 biennium for the child welfare program improvement plan, the sum of sixty thousand dollars  
11 (\$60,000) recurring in each year of the 2017-2019 fiscal biennium shall be used by the  
12 Division, in collaboration with the North Carolina State Commission on Indian Affairs within  
13 the Department of Administration, for North Carolina State-recognized tribes to assist in (i)  
14 recruiting foster parents, (ii) increasing the number of foster homes for children who are  
15 members of a North Carolina State-recognized tribe, and (iii) providing training for staff of  
16 county departments of social services to ensure culturally appropriate services for children who  
17 are members of a North Carolina State-recognized tribe.

18           The Division shall report on the implementation and outcomes of the Program  
19 Improvement Plan to the Joint Legislative Oversight Committee on Health and Human  
20 Services. The report shall be submitted semiannually on February 1 and August 1 of each year,  
21 with a final report on February 1, 2019.

22           **SECTION 11C.7.(b)** Child Welfare/NC FAST. – The Department of Health and  
23 Human Services, Division of Social Services, shall continue toward completion of the child  
24 welfare component of the North Carolina Families Accessing Services Through Technology  
25 (NC FAST) system to (i) bring the State into compliance with the Statewide Information  
26 System systematic factor of the Child and Family Services Review (CFSR) and (ii) ensure that  
27 data quality meets federal standards and adequate information is collected and available to  
28 counties to assist in tracking children and outcomes across counties.

29           It is the intent of the General Assembly that the child welfare component of the NC  
30 FAST system be operational by December 31, 2017. To that end, the Department of Health and  
31 Human Services, Division of Social Services, shall report on the development, implementation,  
32 and outcomes of the child welfare component of the NC FAST system to the Joint Legislative  
33 Oversight Committee on Health and Human Services quarterly through April 1, 2019. The  
34 report shall include, at a minimum, each of the following:

- 35           (1) The current time line for development and implementation of the child  
36           welfare component to NC FAST.
- 37           (2) Any adjustments and justifications for adjustments to the time line.
- 38           (3) Progress on the development and implementation of the system.
- 39           (4) Address any identified issues in developing or implementing the child  
40           welfare component to NC FAST and solutions to address those issues.
- 41           (5) The level of county participation and involvement in each phase of the  
42           project.
- 43           (6) Any budget and expenditure reports, including overall project budget and  
44           expenditures, and current fiscal year budget and expenditures.

#### 45 46 **INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE** 47 **SENIORS**

48           **SECTION 11C.8.(a)** The Department of Health and Human Services, Division of  
49 Social Services (Division), shall continue implementing an evidence-based pilot program to  
50 increase access to public benefits for seniors aged 65 and older who are dually enrolled in  
51 Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce

1 health care costs. The Division shall continue to partner with a not-for-profit firm for the  
2 purposes of engaging in a data-driven campaign to help seniors aged 65 and older who are  
3 dually enrolled in Medicare and Medicaid meet their basic social needs. The not-for-profit firm  
4 shall have demonstrated experience in assisting with these types of services and the partnership  
5 shall accomplish each of the following:

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

17 **SECTION 11C.8.(b)** The Division shall report to the Office of the Governor and  
18 the Joint Legislative Oversight Committee on Health and Human Services on its progress in the  
19 pilot program by February 1 following each year the pilot program is in place. The report shall,  
20 at a minimum, include the following:

- 21 (1) The number of seniors age 65 and older who are dual eligibles but are not  
22 enrolled in SNAP.
- 23 (2) The number of those identified that would be included in the sample  
24 population.
- 25 (3) Methods of outreach toward those seniors in the sample population.
- 26 (4) Number of to date enrollments in SNAP as a direct result of outreach during  
27 the pilot program.
- 28 (5) Participation rate to date in SNAP of those seniors in the sample population.
- 29 (6) Any other findings the Division deems relevant.

30 **SECTION 11C.8.(c)** Any nonrecurring funds remaining in the 2016-2017 fiscal  
31 year from implementation of the pilot program under this section shall not revert, but shall  
32 remain available for continued implementation of the pilot program, along with any private or  
33 nonprofit funding provided to the Division for use in the pilot program. If funding and capacity  
34 exist, the Division of Social Services may expand the pilot program to include other public  
35 benefits programs.

## 36 37 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH/PERMANENCY** 38 **INNOVATION INITIATIVE TECHNICAL CHANGE**

39 **SECTION 11C.9.(a)** There is created the Foster Care Transitional Living Initiative  
40 Fund to fund and support transitional living services that demonstrate positive outcomes for  
41 youth, attract significant private sector funding, and lead to the development of evidence-based  
42 programs to serve the at-risk population described in this section. The Fund shall support a  
43 demonstration project with services provided by Youth Villages to (i) improve outcomes for  
44 youth ages 17-21 years who transition from foster care through implementation of  
45 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
46 juvenile and adult correction services associated with the provision of Transitional Living  
47 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
48 evidence-based transitional living program available to all youth aging out of foster care. In  
49 implementing these goals, the Foster Care Transitional Living Initiative Fund shall support the  
50 following strategies:

- 1 (1) Transitional Living Services, which is an outcome-based program that  
 2 follows the Youth Villages Transitional Living Model. Outcomes on more  
 3 than 7,000 participants have been tracked since the program's inception. The  
 4 program has been evaluated through an independent Randomized Controlled  
 5 Trial. Results indicate that Youth Villages Transitional Living Model had  
 6 positive impacts in a variety of areas, including housing stability, earnings,  
 7 economic hardship, mental health, and intimate partner violence in  
 8 comparison to the control population.
- 9 (2) Public-Private Partnership, which is a commitment by private-sector funding  
 10 partners to match at least fifty percent (50%) of the funds appropriated to the  
 11 Foster Care Transitional Living Initiative Fund for the 2017-2019 fiscal  
 12 biennium for the purposes of providing Transitional Living Services through  
 13 the Youth Villages Transitional Living Model to youth aging out of foster  
 14 care.
- 15 (3) Impact Measurement and Evaluation, which are services funded through  
 16 private partners to provide independent measurement and evaluation of the  
 17 impact the Youth Villages Transitional Living Model has on the youth  
 18 served, the foster care system, and on other programs and services provided  
 19 by the State which are utilized by former foster care youth.
- 20 (4) Advancement of Evidence-Based Process, which is the implementation and  
 21 ongoing evaluation of the Youth Villages Transitional Living Model for the  
 22 purposes of establishing the first evidence-based transitional living program  
 23 in the nation. To establish the evidence-based program, additional  
 24 randomized controlled trials may be conducted to advance the model.

25 **SECTION 11C.9.(b)** G.S. 131D-10.9A(c) reads as rewritten:

26 "(c) Purpose and Powers. – The Committee shall:

- 27 (1) Design and implement a data tracking methodology to collect and analyze  
 28 information to gauge the success of the initiative established under this  
 29 section as well as ~~an initiative~~any initiatives for foster care youth  
 30 transitioning to ~~adulthood in accordance with Part 3 of this~~  
 31 ~~Article~~adulthood.
- 32 (2) Develop a methodology to identify short- and long-term cost-savings in the  
 33 provision of foster care and foster care transitional living services and any  
 34 potential reinvestment strategies.
- 35 (3) Oversee program implementation to ensure fidelity to the program models  
 36 identified under subdivisions (1) and (2) of ~~G.S. 131D-10.9B(a) and under~~  
 37 ~~subdivisions (1) through (4) of G.S. 131D-10.9G(a).~~G.S. 131D-10.9B(a).
- 38 (4) Study, review, and recommend other policies and services that may  
 39 positively impact permanency, well-being outcomes, and youth aging out of  
 40 the foster care system."  
 41

42 **FINAL REPORT/EASTERN BAND OF CHEROKEE INDIANS ASSUMPTION OF**  
 43 **SERVICES**

44 **SECTION 11C.10.(a)** The Department of Health and Human Services, Division of  
 45 Social Services, shall submit a final report to the Joint Legislative Oversight Committee on  
 46 Health and Human Services on the assumption of certain services by the Eastern Band of  
 47 Cherokee Indians as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by  
 48 Section 12C.2 of S.L. 2016-94, when implementation is complete.

49 **SECTION 11C.10.(b)** Section 12C.10(h) of S.L. 2015-241 is repealed.  
 50

51 **FAMILY AND CHILD PROTECTION AND ACCOUNTABILITY ACT**

1           **SECTION 11C.12.** Expenditure of the funds provided for in item number 55 of the  
2 Health and Human Services portion of the Committee Report described in Section 39.2 of this  
3 act is contingent upon passage of House Bill 630 of the 2017 Regular Session or any other  
4 substantially similar legislation adopted by the 2017 General Assembly.  
5

6           **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO**  
7           **ACCEPT STATE-COUNTY SPECIAL ASSISTANCE**

8           **SECTION 11C.13.(a)** The following definitions apply in this section:

- 9           (1) Facility licensed to accept State-County Special Assistance payments or  
10           facility. – Any residential care facility that is (i) licensed by the Department  
11           of Health and Human Services and (ii) authorized to accept State-County  
12           Special Assistance payments from its residents.  
13           (2) State-County Special Assistance. – The program authorized by  
14           G.S. 108A-40.

15           **SECTION 11C.13.(b)** Nonrecurring funds appropriated in this act to the  
16 Department of Health and Human Services, Division of Social Services (DSS), for each year of  
17 the 2017-2019 fiscal biennium for facilities licensed to accept State-County Special Assistance  
18 payments shall be used to provide temporary financial assistance in the form of a monthly  
19 payment to these facilities on behalf of each resident who is a recipient of State-County Special  
20 Assistance. The counties shall pay to the State fifty percent (50%) of the cost of providing these  
21 monthly payments to these facilities. The monthly payments provided by DSS to these facilities  
22 shall be subject to all of the following requirements and limitations:

- 23           (1) The amount of the monthly payments authorized by this section is equal to  
24           thirty-four dollars (\$34.00) per month for each resident of the facility as of  
25           the first day of the month who is a recipient of State-County Special  
26           Assistance.  
27           (2) A facility that receives the monthly payments authorized by this section shall  
28           not, under any circumstances, use these payments for any purpose other than  
29           to offset the cost of serving residents who are recipients of State-County  
30           Special Assistance.  
31           (3) The DSS shall make monthly payments authorized by this section to a  
32           facility on behalf of a resident only for the period commencing July 1, 2017,  
33           and ending June 30, 2019.  
34           (4) The DSS shall make monthly payments authorized by this section only to the  
35           extent sufficient State and county funds allocated to the DSS for each year of  
36           the 2017-2019 fiscal biennium are available for this purpose.  
37           (5) The DSS shall not make monthly payments authorized by this section to a  
38           facility on behalf of a resident whose eligibility determination for  
39           State-County Special Assistance is pending.  
40           (6) The DSS shall terminate all monthly payments pursuant to this section on  
41           the earlier of the following:  
42           a.       June 30, 2019.  
43           b.       Upon depletion of the State and county funds allocated to the DSS  
44           for each year of the 2017-2019 fiscal year for this purpose.

45           **SECTION 11C.13.(c)** Notwithstanding any provision of this act or any other  
46 provision of law to the contrary, the DSS shall not be required to provide any temporary  
47 financial assistance to facilities beyond June 30, 2019, or upon depletion of the State and  
48 county funds allocated to the DSS for each year of the 2017-2019 fiscal biennium for this  
49 purpose, whichever is earlier.

50           **SECTION 11C.13.(d)** If possible, the DSS shall use an existing mechanism to  
51 administer these funds in the least restrictive manner that ensures compliance with this section

1 and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use  
2 any portion of the State and county funds allocated to the DSS for each year of the 2017-2019  
3 fiscal biennium for the purpose of this section for any other purpose.

4 **SECTION 11C.13.(e)** Nothing in this section shall be construed as an obligation  
5 by the General Assembly to appropriate funds for the purpose of this section, or as an  
6 entitlement by any facility, resident of a facility, or other person to receive temporary financial  
7 assistance under this section.

8 **SECTION 11C.13.(f)** Of the funds appropriated in this act to the DSS for each  
9 year of the 2017-2019 fiscal biennium for facilities licensed to accept State-County Special  
10 Assistance payments, the DSS shall not use more than two hundred fifty thousand dollars  
11 (\$250,000) in nonrecurring funds for each year of the 2017-2019 fiscal biennium for  
12 administrative purposes.

13 **SECTION 11C.13.(g)** This section expires on June 30, 2019.

14  
15 **ECKERD KIDS AND CARING FOR CHILDREN'S ANGEL WATCH**  
16 **PROGRAM/REPORT ON USE OF ADDITIONAL FUNDS**

17 **SECTION 11C.14.(a)** The Department of Health and Human Services, Division of  
18 Social Services, shall report on the use of additional funds provided in this act for each year of  
19 the 2017-2019 fiscal biennium to provide continued support of the Eckerd Kids and Caring for  
20 Children's Angel Watch program, a foster care program for children who are ages zero to 10  
21 who are not in the custody of a county department of social services and whose families are  
22 temporarily unable to care for them due to a crisis. The report shall, at a minimum, include each  
23 of the following:

- 24 (1) The number of families and children served by the program, including the  
25 counties in which services are provided.  
26 (2) The number of children who enter foster care within six months after their  
27 family participates in the program.  
28 (3) A comparison of children with similar needs that do not participate in the  
29 program and the number of those children who enter into foster care.  
30 (4) Any other matters the Division deems relevant.

31 **SECTION 11C.14.(b)** The Division shall submit the report required by subsection  
32 (a) of this section to the Joint Legislative Oversight Committee on Health and Human Services  
33 and the Fiscal Research Division by December 1, 2018.

34 **SECTION 11C.14.(c)** G.S. 143C-1-2(b) shall not apply to funds appropriated for  
35 the 2016-2017 fiscal year for Eckerd Kids and Caring for Children's Angel Watch program.  
36

37 **CHILD ADVOCACY CENTER FUNDING**

38 **SECTION 11C.15.** Of the funds appropriated in this act to the Department of  
39 Health and Human Services, Division of Social Services, for each year of the 2017-2019 fiscal  
40 biennium for child advocacy centers, allocations shall be made as follows:

- 41 (1) Up to one hundred thousand dollars (\$100,000) for each child advocacy  
42 center in good standing with Children's Advocacy Centers of North  
43 Carolina, Inc.  
44 (2) One hundred thousand dollars (\$100,000) to Children's Advocacy Centers of  
45 North Carolina, Inc., for its operations.  
46

47 **SUBPART XI-D. DIVISION OF AGING AND ADULT SERVICES**

48  
49 **STATE-COUNTY SPECIAL ASSISTANCE**



1           **SECTION 11D.1.(a)** For each year of the 2017-2019 fiscal biennium, the  
2 maximum monthly rate for residents in adult care home facilities shall be one thousand one  
3 hundred eighty-two dollars (\$1,182) per month per resident.

4           **SECTION 11D.1.(b)** For each year of the 2017-2019 fiscal biennium, the  
5 maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one  
6 thousand five hundred fifteen dollars (\$1,515) per month per resident.

7  
8 **AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM**  
9 **NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS**

10           **SECTION 11D.1A.(a)** Notwithstanding the provisions of G.S. 108A-47.1 or any  
11 other provision of law to the contrary, and within existing appropriations for State-County  
12 Special Assistance, the Secretary of the Department of Health and Human Services may waive  
13 the fifteen percent (15%) cap on the number of Special Assistance in-home payments, as the  
14 Secretary deems necessary.

15           **SECTION 11D.1A.(b)** This section expires on June 30, 2019.

16  
17 **ALIGNMENT OF STATE AND FEDERAL AGING PLAN REPORTING DEADLINES**

18           **SECTION 11D.2.** G.S. 143B-181.1A reads as rewritten:

19 **"§ 143B-181.1A. Plan for serving older adults; inventory of existing data; cooperation by**  
20 **State agencies.**

21           (a) The Division of ~~Aging, Aging and Adult Services of the~~ Department of Health and  
22 Human Services shall submit a regularly updated plan to the General Assembly by ~~March 1~~ July  
23 1 of every other odd-numbered year, beginning March 1, 1995. This plan shall include:

- 24           (1) A detailed analysis of the needs of older adults in North Carolina, based on  
25 existing available data, including demographic, geographic, health, social,  
26 ~~economical, economic,~~ and other pertinent ~~indicators;~~ indicators.  
27           (2) A clear statement of the goals of the State's long-term public policy on  
28 ~~aging;~~ aging.  
29           (3) An analysis of services currently provided and an analysis of additional  
30 services ~~needed;~~ and needed.  
31           (4) Specific implementation recommendations on expansion and funding of  
32 current and additional services and ~~services-~~ service levels.

33           (b) The Division of ~~Aging, Aging and Adult Services of the~~ Department of Health and  
34 Human ~~Services;~~ Services shall maintain an inventory of existing data sets regarding the elderly  
35 in North Carolina, in order to ensure that adequate demographic, geographic, health, social,  
36 economic, and other pertinent indicators are available to generate its regularly updated Plan for  
37 Serving Older Adults.

38           Upon request, the Division of Aging and Adult Services shall make information on these  
39 data sets available within a reasonable time.

40           All State agencies and entities that possess data relating to the elderly, including the  
41 Department of ~~Health and Human Services' Division of Health Services, the Division of~~  
42 Administration and the Divisions of Public Health, Health Service Regulation, and the Division  
43 ~~of Social Services, and the Department of Administration,~~ Social Services of the Department of  
44 Health and Human Services, shall cooperate, upon request, with the Division of Aging and  
45 Adult Services in implementing this subsection."  
46

47 **RECOMMENDATION TO APPOINT A SUBCOMMITTEE ON AGING**

48           **SECTION 11D.3.(a)** Pursuant to the authority in G.S. 120-208.2(d), the cochairs  
49 for the Joint Legislative Oversight Committee on Health and Human Services may consider  
50 appointing a subcommittee on aging to examine the State's delivery of services for older adults  
51 in order to (i) determine their service needs and to (ii) make recommendations to the Oversight

1 Committee on how to address those needs. North Carolina currently ranks ninth in the nation  
2 for the size of the age 60 and older population and tenth in the nation for the age 85 and older  
3 population. From 2015 to 2035, the age 65 and older population is projected to increase  
4 sixty-seven percent (67%) and the age 85 and older population is projected to increase one  
5 hundred two percent (102%). By 2019, North Carolina will have more people that are 60 years  
6 of age and older than children age zero to 17. It is recommended that the subcommittee  
7 examine the range of programs and services for older adults throughout the continuum of care.  
8 The subcommittee is encouraged to seek input from a variety of stakeholders and interest  
9 groups, including the Division of Aging and Adult Services and the Division of Social  
10 Services, Department of Health and Human Services; the North Carolina Coalition on Aging;  
11 the North Carolina Senior Tarheel Legislature, and the Governor's Advisory Council on Aging.

12 **SECTION 11D.3.(b)** If a subcommittee on aging is appointed, the subcommittee  
13 shall submit an interim report of its findings and recommendations, including any proposed  
14 legislation, to the Joint Legislative Oversight Committee on Health and Human Services on or  
15 before March 1, 2018, and shall submit a final report of its findings and recommendations,  
16 including any proposed legislation, on or before November 1, 2018, at which time it shall  
17 terminate unless reappointed by the cochairs of the Oversight Committee under the authority  
18 granted in G.S. 120-208.2(d).

## 20 **SUBPART XI-E. DIVISION OF PUBLIC HEALTH**

### 21 **FUNDS FOR SCHOOL NURSES**

22 **SECTION 11E.1.** Part 1 of Article 1 of Chapter 130A of the General Statutes is  
23 amended by adding a new section to read:

#### 24 **"§ 130A-4.3. State funds for school nurses.**

25 (a) The Department shall use State funds appropriated for the School Nurse Funding  
26 Initiative to supplement and not supplant other State, local, or federal funds appropriated or  
27 allocated for this purpose. The Department shall ensure that communities maintain their current  
28 level of effort and funding for school nurses. These funds shall not be used to fund nurses for  
29 State agencies. These funds shall be distributed to local health departments according to a  
30 formula that includes all of the following:

- 31 (1) School nurse-to-student ratio.
- 32 (2) Percentage of students eligible for free or reduced-price meals.
- 33 (3) Percentage of children in poverty.
- 34 (4) Per capita income.
- 35 (5) Eligibility as a low-wealth county.
- 36 (6) Mortality rates for children between one and 19 years of age.
- 37 (7) Percentage of students with chronic illnesses.
- 38 (8) Percentage of county population consisting of minority persons.

39 (b) The Division of Public Health shall ensure that school nurses funded with State  
40 funds (i) do not assist in any instructional or administrative duties associated with a school's  
41 curriculum and (ii) perform all of the following with respect to school health programs:

- 42 (1) Serve as the coordinator of the health services program and provide nursing  
43 care.
- 44 (2) Provide health education to students, staff, and parents.
- 45 (3) Identify health and safety concerns in the school environment and promote a  
46 nurturing school environment.
- 47 (4) Support healthy food services programs.
- 48 (5) Promote healthy physical education, sports policies, and practices.
- 49 (6) Provide health counseling, assess mental health needs, provide interventions,  
50 and refer students to appropriate school staff or community agencies.
- 51

- 1           (7)    Promote community involvement in assuring a healthy school and serve as  
2                    school liaison to a health advisory committee.  
3           (8)    Provide health education and counseling and promote healthy activities and  
4                    a healthy environment for school staff.  
5           (9)    Be available to assist the county health department during a public health  
6                    emergency."  
7

8   **STRATEGIES FOR ADDRESSING STRUCTURAL BUDGET DEFICIT IN STATE**  
9   **LABORATORY OF PUBLIC HEALTH**

10           **SECTION 11E.2.(a)** By March 1, 2018, the Department of Health and Human  
11 Services, Division of Public Health, shall review the current fee schedule for medical and  
12 environmental services provided by the State Laboratory of Public Health (SLPH) and report  
13 any recommended strategies for addressing its structural budget deficit. The report must  
14 include at least all of the following:

- 15           (1)    Recommendations on all of the following:  
16                    a.    Any service the SLPH currently provides at no cost for which it  
17                            should begin charging a fee, along with recommendations for the  
18                            amount of each new fee sufficient to cover both the direct and  
19                            indirect costs of the service.  
20                    b.    Implementation of a billing system for services provided by the  
21                            SLPH.  
22                    c.    Strategies to improve billing accuracy in order to increase the SLPH's  
23                            Medicaid reimbursement rate.  
24                    d.    The feasibility of modifying the Medicaid State Plan to allow the  
25                            SLPH to engage in cost settlement, similar to the approaches used by  
26                            local health departments.  
27           (2)    Identification of measures to ensure that local health departments collect and  
28                    report all data needed to ensure accurate and timely billing of SLPH  
29                    services.  
30           (3)    Proposals on alternative funding options to support the operating costs of the  
31                    SLPH.

32           **SECTION 11E.2.(b)** This section is effective when this act becomes law.  
33

34   **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO**  
35   **IMPROVE MATERNAL AND CHILD HEALTH**

36           **SECTION 11E.3.(a)** Funds appropriated in this act to the Department of Health  
37 and Human Services, Division of Public Health, for each year of the 2017-2019 fiscal biennium  
38 to award competitive grants to local health departments for the improvement of maternal and  
39 child health shall be used to continue administering a competitive grant process for local health  
40 departments based on maternal and infant health indicators and the county's detailed proposal  
41 to invest in evidence-based programs to achieve the following goals:

- 42           (1)    Improve North Carolina's birth outcomes.  
43           (2)    Improve the overall health status of children in this State from birth to age  
44                    five.  
45           (3)    Lower the State's infant mortality rate.

46           **SECTION 11E.3.(b)** The plan for administering the competitive grant process  
47 shall include at least all of the following components:

- 48           (1)    A request for application (RFA) process to allow local health departments to  
49                    apply for and receive State funds on a competitive basis. The Department  
50                    shall require local health departments to include in the application a plan to

1 evaluate the effectiveness, including measurable impact or outcomes, of the  
2 activities, services, and programs for which the funds are being requested.

3 (2) A requirement that the Secretary prioritize grant awards to those local health  
4 departments that are able to leverage non-State funds in addition to the grant  
5 award.

6 (3) Ensures that funds received by the Department to implement the plan  
7 supplement and do not supplant existing funds for maternal and child health  
8 initiatives.

9 (4) Allows grants to be awarded to local health departments for up to two years.

10 **SECTION 11E.3.(c)** No later than July 1 of each year, as applicable, the Secretary  
11 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
12 recipients for the respective grant period pursuant to the amounts designated under subsection  
13 (a) of this section. After awards have been granted, the Secretary shall submit a report to the  
14 Joint Legislative Oversight Committee on Health and Human Services on the grant awards that  
15 includes at least all of the following:

16 (1) The identity and a brief description of each grantee and each program or  
17 initiative offered by the grantee.

18 (2) The amount of funding awarded to each grantee.

19 (3) The number of persons served by each grantee, broken down by program or  
20 initiative.

21 **SECTION 11E.3.(d)** No later than December 1 of each fiscal year, each local  
22 health department receiving funding pursuant to this section in the respective fiscal year shall  
23 submit to the Division of Central Management and Support a written report of all activities  
24 funded by State appropriations. The report shall include the following information about the  
25 fiscal year preceding the year in which the report is due:

26 (1) A description of the types of programs, services, and activities funded by  
27 State appropriations.

28 (2) Statistical and demographical information on the number of persons served  
29 by these programs, services, and activities, including the counties in which  
30 services are provided.

31 (3) Outcome measures that demonstrate the impact and effectiveness of the  
32 programs, services, and activities based on the evaluation protocols  
33 developed by the Division, in collaboration with the University of North  
34 Carolina Gillings School of Global Public Health, pursuant to Section  
35 12E.11(e) of S.L. 2015-241, and reported to the Joint Legislative Oversight  
36 Committee on Health and Human Services on April 1, 2016.

37 (4) A detailed program budget and list of expenditures, including all positions  
38 funded, matching expenditures, and funding sources.

#### 40 **LIMITATION ON USE OF STATE FUNDS**

41 **SECTION 11E.4.** The limitation on the use of State funds as stated in Section  
42 12E.13 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of  
43 Health and Human Services for each fiscal year of the 2017-2019 fiscal biennium.

#### 45 **EVIDENCE-BASED DIABETES PREVENTION PROGRAM TO ELIMINATE** 46 **HEALTH DISPARITIES**

47 **SECTION 11E.5.(a)** The Department of Health and Human Services, Division of  
48 Public Health, Office of Minority Health, shall continue to administer, in consultation with the  
49 Chronic Disease and Injury Prevention Section, an evidence-based Diabetes Prevention  
50 Program modeled after the program recommended by the National Institute of Diabetes and  
51 Digestive and Kidney Diseases, targeting minority populations.

1           **SECTION 11E.5.(b)** By December 1, 2017, and annually thereafter, the  
2 Department of Health and Human Services shall report to the Joint Legislative Oversight  
3 Committee on Health and Human Services and the Fiscal Research Division on the status,  
4 participant demographics, cost, and outcomes of the Diabetes Prevention Program authorized  
5 by subsection (a) of this section.

6  
7 **IMPLEMENTATION OF THE FEDERAL ELEVATED BLOOD LEVEL STANDARD**  
8 **IN NORTH CAROLINA**

9           **SECTION 11E.6.(a)** It is the intent of the State to protect young children and  
10 pregnant women from being exposed to high levels of lead that can cause substantial harm to  
11 their normal neurological development and to ensure important intervention services, including  
12 required remediation of lead hazards, will be provided to children and pregnant women whose  
13 health is threatened by lead exposure.

14           **SECTION 11E.6.(b)** G.S. 130A-131.7 reads as rewritten:

15 **"§ 130A-131.7. Definitions.**

16       The following definitions apply in this Part:

17       ...

18       (3) "Confirmed lead poisoning" means a blood lead concentration of ~~20–10~~  
19 micrograms per deciliter or greater determined by the lower of two  
20 consecutive blood tests within a ~~six-month~~12-month period.

21       ...

22       (5) "Elevated blood lead level" means a blood lead concentration of ~~40–five~~  
23 micrograms per deciliter or greater determined by the lower of two  
24 consecutive blood tests within a ~~six-month~~12-month period.

25       ...

26       (13) "Readily accessible substance" means any substance that can be ingested or  
27 inhaled by a child less than six years of ~~age~~age or by a pregnant woman.  
28 Readily accessible substances include deteriorated paint that is peeling,  
29 chipping, cracking, flaking, or blistering to the extent that the paint has  
30 separated from the substrate. Readily accessible substances also include soil,  
31 water, toys, vinyl miniblinds, bathtubs, lavatories, doors, door jambs, stairs,  
32 stair rails, windows, interior windowsills, baseboards, and paint that is  
33 chalking.

34       ...."

35           **SECTION 11E.6.(c)** G.S. 130A-131.9A reads as rewritten:

36 **"§ 130A-131.9A. Investigation to identify lead poisoning hazards.**

37       (a) When the Department learns of confirmed lead poisoning, the Department shall  
38 conduct an investigation to identify the lead poisoning hazards to ~~children~~children and  
39 pregnant women. The Department shall investigate the residential housing unit where the child  
40 or pregnant woman with confirmed lead poisoning resides. The Department shall also  
41 investigate the supplemental addresses of the child or pregnant woman who has confirmed lead  
42 poisoning.

43       (a1) When the Department learns of an elevated blood lead level, the Department shall,  
44 upon informed consent, investigate the residential housing unit where the child or pregnant  
45 woman with the elevated blood level resides. When consent to investigate is denied, the child  
46 or pregnant woman with the elevated blood lead level cannot be located, or the child's parent or  
47 guardian fails to respond, the Department shall document the denial of consent, inability to  
48 locate, or failure to respond.

49       (b) The Department shall also conduct an investigation when it reasonably suspects that  
50 a lead poisoning hazard to children or pregnant women exists in a residential housing unit or

1 child-occupied facility occupied, regularly visited, or attended by a child less than six years of  
2 age-age or a pregnant woman.

3 (c) In conducting an investigation, the Department may take samples of surface  
4 materials, or other materials suspected of containing lead, for analysis and testing. If samples  
5 are taken, chemical determination of the lead content of the samples shall be by atomic  
6 absorption spectroscopy or equivalent methods approved by the Department."

7 **SECTION 11E.6.(d)** G.S. 130A-131.9C reads as rewritten:

8 "**§ 130A-131.9C. Abatement and Remediation.**

9 (a) Upon determination that a child less than six years of age or a pregnant woman has  
10 a confirmed lead poisoning of ~~20~~10 micrograms per deciliter or greater and that child or  
11 pregnant woman resides in a residential housing unit containing lead poisoning hazards, the  
12 Department shall require remediation of the lead poisoning hazards. The Department shall also  
13 require remediation of the lead poisoning hazards identified at the supplemental addresses of a  
14 child less than six years of age or a pregnant woman with a confirmed lead poisoning of ~~20~~10  
15 micrograms per deciliter or greater.

16 ...

17 (h) All lead-containing waste and residue shall be removed and disposed of in  
18 accordance with applicable federal, State, and local laws and rules. Other substances containing  
19 lead that are intended for use by children less than six years of age or pregnant women and  
20 vinyl miniblinds that constitute a lead poisoning hazard shall be removed and disposed of in  
21 accordance with applicable federal, State, and local laws and rules.

22 ...

23 (j1) Compliance with the maintenance standard satisfies the remediation requirements  
24 for confirmed lead poisoning cases identified on or after 1 October 1990 as long as all lead  
25 poisoning hazards identified on interior and exterior surfaces are addressed by remediation.  
26 Except for owner-occupied residential housing units, continued compliance shall be verified by  
27 means of an annual monitoring inspection conducted by the Department. For owner-occupied  
28 residential housing units, continued compliance shall be verified (i) by means of an annual  
29 monitoring inspection, (ii) by documentation that no child less than six years of age and no  
30 pregnant woman has resided in or regularly visited the residential housing unit within the past  
31 year, or (iii) by documentation that no child less than six years of age and no pregnant woman  
32 residing in or regularly visiting the unit has an elevated blood lead level.

33 (k) Removal of children or pregnant women from the residential housing unit or  
34 removal of children from the child-occupied facility shall not constitute remediation if the  
35 property continues to be used for a residential housing unit or child-occupied facility. The  
36 remediation requirements imposed in subsection (a) of this section apply so long as the  
37 property continues to be used as a residential housing unit or child-occupied facility."

38 **SECTION 11E.6.(e)** G.S. 130A-131.9G reads as rewritten:

39 "**§ 130A-131.9G. Resident responsibilities.**

40 In any residential housing unit occupied by a child less than six years of age or a pregnant  
41 woman who has an elevated blood lead level of ~~40~~five micrograms per deciliter or greater, the  
42 Department shall advise, in writing, the owner or managing agent and the pregnant woman or  
43 the child's parents or legal guardian of the importance of carrying out routine cleaning activities  
44 in the units they occupy, own, or manage. The cleaning activities shall include all of the  
45 following:

- 46 (1) Wiping clean all windowsills with a damp cloth or sponge at least weekly.
- 47 (2) Regularly washing all surfaces accessible to children.
- 48 (3) In the case of a leased residential housing unit, identifying any deteriorated  
49 paint in the unit and notifying the owner or managing agent of the conditions  
50 within 72 hours of discovery.

- 1 (4) Identifying and understanding potential lead poisoning hazards in the  
2 environment of each child less than six years of age and each pregnant  
3 woman in the unit (including toys, vinyl miniblinds, playground equipment,  
4 drinking water, soil, and painted surfaces), and taking steps to prevent  
5 children and pregnant women from ingesting lead such as encouraging  
6 children and pregnant women to wash their faces and hands frequently and  
7 especially after playing outdoors."  
8

#### 9 AIDS DRUG ASSISTANCE PROGRAM

10 SECTION 11E.7. Part 1 of Article 1 of Chapter 130A of the General Statutes is  
11 amended by adding a new section to read:

#### 12 "§ 130A-4.4. Funds for AIDS Drug Assistance Program.

13 The Department shall work with the Department of Public Safety to use Department of  
14 Public Safety funds to purchase pharmaceuticals for the treatment of individuals in the custody  
15 of the Department of Public Safety who have been diagnosed with Human Immunodeficiency  
16 Virus or Acquired Immune Deficiency Syndrome (HIV/AIDS) in a manner that allows these  
17 funds to be accounted for as State matching funds in the Department of Health and Human  
18 Services drawdown of federal Ryan White funds earmarked for the AIDS Drug Assistance  
19 Program also known as ADAP."  
20

#### 21 IMPLEMENTATION OF COST-NEUTRAL PREMIUM ASSISTANCE PROGRAM 22 WITHIN AIDS DRUG ASSISTANCE PROGRAM (ADAP)

23 SECTION 11E.8.(a) The Department of Health and Human Services, Division of  
24 Public Health, shall continue to implement within the North Carolina AIDS Drug Assistance  
25 Program (ADAP) a health insurance premium assistance program that (i) is cost neutral or  
26 achieves savings; (ii) utilizes federal funds from Part B of the Ryan White HIV/AIDS Program  
27 and ADAP funds to provide individual ADAP participants or subsets of ADAP participants  
28 with premium and cost-sharing assistance for the purchase or maintenance of private health  
29 insurance coverage, including premiums, co-payments, and deductibles; and (iii) meets the  
30 requirements of Section 12E.1 of S.L. 2016-94.

31 SECTION 11E.8.(b) By March 1, 2018, the Department shall submit a report to  
32 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
33 Research Division on implementation of the health insurance premium assistance program  
34 authorized by subsection (a) of this section. The report must include at least all of the following  
35 components:

- 36 (1) A detailed explanation of the program design.  
37 (2) A demonstration of cost neutrality, which shall include a comparison of the  
38 cost of providing prescription drugs to eligible beneficiaries through the  
39 health insurance premium program created pursuant to subsection (a) of this  
40 section and the cost of providing prescription drugs to eligible beneficiaries  
41 through the existing ADAP program.  
42 (3) Information on health outcomes of program participants.  
43 (4) Any obstacles to program implementation.  
44

#### 45 USE OF MODIFIED ADJUSTED GROSS INCOME (MAGI) FOR AIDS DRUG 46 ASSISTANCE PROGRAM (ADAP) ELIGIBILITY DETERMINATIONS

47 SECTION 11E.9. Beginning January 1, 2018, the Department of Health and  
48 Human Services shall implement the use of the Modified Adjusted Gross Income formula in  
49 the calculation of income for the purpose of determining eligibility for the AIDS Drug  
50 Assistance Program in order to ensure consistency in the Department's methods of determining  
51 eligibility for other benefit programs.

**DIVISION OF PUBLIC HEALTH EATING DISORDER STUDY**

**SECTION 11E.11.(a)** The Department of Health and Human Services, Division of Public Health, is directed to study eating disorders in the State of North Carolina. At a minimum, the Division shall:

- (1) Identify the number of diagnosed incidences of eating disorders in North Carolina.
- (2) Provide an estimate of the number of individuals in North Carolina who are suffering from an eating disorder but who have not been formally diagnosed.
- (3) Identify the number of individuals who are being treated for an eating disorder.
- (4) Identify strategies by which the State can increase awareness of, and disseminate information about, eating disorders, including their symptoms, effects, and preventative interventions.
- (5) Examine the adequacy of training provided to public school officials in identifying the symptoms of eating disorders and in providing support to the individuals and families affected by eating disorders.
- (6) Make recommendations for improving education, prevention, early detection, and treatment of eating disorders.
- (7) Identify the availability of treatment consistent with the best practices described by the American Psychiatric Association and other published materials to individuals and families affected by eating disorders.
- (8) Consider any other issues the Division identifies that are related to the objectives of this study.

The Division shall solicit input from relevant organizations and entities, including the UNC Center for Excellence for Eating Disorders at the University of North Carolina at Chapel Hill, the North Carolina Chapter of the American Academy of Pediatrics, the North Carolina Academy of Family Physicians, and national organizations specializing in eating disorders.

**SECTION 11E.11.(b)** On or before November 1, 2017, the Division shall submit a report containing findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services. Based on the Division's report, the Committee shall consider making a recommendation to the 2018 General Assembly.

**SECTION 11E.11.(c)** This section is effective when this act becomes law.

**EVERY WEEK COUNTS DEMONSTRATION PROJECT**

**SECTION 11E.12.(a)** The General Assembly finds that preterm birth is the major driver of infant mortality in the United States and the leading cause of long-term neurological disabilities in children. It further finds that the counties in North Carolina with the highest infant mortality rates are multiply burdened by high rates of preterm birth and high rates of poverty and also tend to be counties that are also disproportionately composed of racial minorities. It is the intent of the General Assembly to reduce the incidence of preterm birth and infant mortality by funding and supporting for a period of at least three years a demonstration project in two counties of Perinatal Care Region V of North Carolina to study (i) the extent to which a home-based prenatal care model can reduce the rate of preterm birth among multiparous women and (ii) whether multiparous women without a prior preterm birth, but with multiple risk factors for preterm birth in the current pregnancy, may benefit from 17 Alpha-Hydroxyprogesterone Caproate (17P) therapy.

**SECTION 11E.12.(b)** To that end, funds in the amount of two million two hundred thousand dollars (\$2,200,000) in nonrecurring funds from the federal Maternal and Child Health Block Grant funds referenced in Section 11L.1 of this act shall be allocated to the



1 Department of Health and Human Services, Division of Public Health, for the 2017-2018 fiscal  
2 year and for the 2018-2019 fiscal year to conduct a demonstration project in Robeson and  
3 Columbus counties to do the following:

- 4 (1) Investigate the effectiveness of in-home prenatal care for the prevention of  
5 preterm birth among multiparous women of low income.
- 6 (2) Conduct a nested randomized controlled trial of 17P for preterm birth  
7 prevention among women without a prior preterm birth, but with a  
8 significant constellation of risk factors that increases their likelihood of  
9 having a preterm birth in the current pregnancy.

10 Multiparous women at or below one hundred eighty-five percent (185%) of the  
11 federal poverty level and primiparous women at or below two hundred percent (200%) of the  
12 federal poverty level, who are in the early stages of pregnancy, ideally prior to 17 weeks  
13 gestation, are eligible to participate in the demonstration project regardless of age or medical  
14 history. Faculty at the University of North Carolina at Chapel Hill shall supervise the  
15 demonstration project.

16 **SECTION 11E.12.(c)** The demonstration project shall consist of at least all of the  
17 following components:

- 18 (1) An Every Week Counts enrollment visit that includes an early ultrasound  
19 assessment and a complete medical examination to ascertain baseline health  
20 characteristics, presence of reproductive tract infections, and other risk  
21 factors for preterm birth including reproductive history and other relevant  
22 factors. The enrollment visit shall also include a detailed interview to  
23 ascertain the social and psychological state of the program participant.
- 24 (2) Women enrolled in Every Week Counts shall receive home visits during  
25 pregnancy that combine a home-based prenatal care model with social  
26 interventions focused on addressing barriers to completing educational  
27 goals, obtaining employment, identifying reliable and high-quality child  
28 care, and addressing the health and safety needs of the growing family.
- 29 (3) Women enrolled in Every Week Counts shall receive home visits during the  
30 first two years of their child's life. Program participants and their infants will  
31 be followed until the child's second birthday. In these monthly visits, the  
32 child's health, growth, and development will be tracked; the mother will be  
33 provided with information on nutritional, health, and developmental needs;  
34 and children in need of Early Intervention Services will be identified to  
35 ensure school readiness. Primary health care in addition to targeted  
36 education in early childhood development and health needs will be provided  
37 to participants in a home setting. In order to track the development of these  
38 children, standardized tests will be administered periodically to assess  
39 cognitive, psychomotor, and behavioral development.
- 40 (4) There shall be a randomized clinical trial of 17P within Every Week Counts  
41 in a population of women enriched for preterm birth susceptibility. Eligible  
42 women that choose to enroll in this intervention trial will be randomized to a  
43 weekly 17P injection after 16-20 weeks' gestation or a sham injection.  
44 Women who choose to participate in the 17P intervention trial will be  
45 co-enrolled in Every Week Counts and will receive all the same home-based  
46 prenatal care and child development services, but will receive weekly visits  
47 from the Nurse Practitioner after 16-20 weeks' gestation in order to deliver  
48 the 17P intramuscular injection.

49 **SECTION 11E.12.(d)** Not later than six months after the conclusion of the  
50 demonstration project, the University of North Carolina at Chapel Hill shall submit a final

1 report on the demonstration project to the Department that addresses at least all of the  
2 following:

- 3 (1) For the Every Week Counts part of the demonstration project:
  - 4 a. Percent preterm and low birth weight relative to overall county  
5 statistics in current and prior years using vital statistics data, within  
6 categories of race/ethnicity and parity.
  - 7 b. Percent initiating breastfeeding at delivery and the average duration  
8 of breastfeeding.
  - 9 c. Percent reporting active smoking at the time of delivery.
  - 10 d. Uptake of contraception postpartum.
  - 11 e. Average length of interpregnancy interval.
  - 12 f. Percent of children meeting developmental milestones in the first  
13 year.
  - 14 g. Number of emergency room visits related to child health in the first  
15 two years.
- 16 (2) For the 17P Intervention Trial, relative risk of preterm birth in treated versus  
17 untreated program participants.

18 **SECTION 11E.12.(e)** Not later than three months after the Department receives  
19 the report due under subsection (d) of this section, the Department shall submit a final report to  
20 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
21 Research Division evaluating the demonstration project. At a minimum, the report shall include  
22 all of the following:

- 23 (1) An estimate of the cost to expand the program incrementally and statewide.
- 24 (2) An estimate of any potential savings of State funds associated with  
25 expansion of the program.
- 26 (3) If expansion of the program is recommended, a time line for expanding the  
27 program.

28 **SECTION 11E.12.(f)** The demonstration project authorized under this section shall  
29 terminate upon the submission of the report due under subsection (d) of this section by the  
30 University of North Carolina at Chapel Hill.

## 31 32 **FUNDS FOR PREGNANCY CARE INITIATIVES**

33 **SECTION 11E.13.(a)** Of the funds appropriated in this act to the Department of  
34 Health and Human Services, Division of Public Health, the sum of one million three hundred  
35 thousand dollars (\$1,300,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum  
36 of one million three hundred thousand dollars (\$1,300,000) in nonrecurring funds for the  
37 2018-2019 fiscal year shall be allocated to the Carolina Pregnancy Care Fellowship, a nonprofit  
38 organization, to be used as follows:

- 39 (1) \$800,000 in nonrecurring funds for each fiscal year of the 2017-2019 fiscal  
40 biennium shall be used to provide grants to purchase durable medical  
41 equipment for clinics that apply to the Carolina Pregnancy Care Fellowship  
42 for such equipment.
- 43 (2) \$170,000 in nonrecurring funds for each fiscal year of the 2017-2019 fiscal  
44 biennium may be used to provide grants for training on the use of durable  
45 medical equipment to clinics that apply to the Carolina Pregnancy Care  
46 Fellowship for such training.
- 47 (3) \$30,000 in nonrecurring funds for each fiscal year of the 2017-2019 fiscal  
48 biennium may be used by Carolina Pregnancy Care Fellowship for  
49 administrative purposes related to the grants authorized by subdivisions (1)  
50 and (2) of this subsection.

- 1 (4) \$300,000 in nonrecurring funds for each fiscal year of the 2017-2019 fiscal  
2 biennium shall be transferred to the Human Coalition, a nonprofit  
3 organization, to develop and implement a two-year continuum of care pilot  
4 program as provided in subsection (b) of this section.

5 **SECTION 11E.13.(b)** Funds allocated to the Human Coalition shall be used to  
6 develop and implement a two-year pilot program at its Raleigh clinic to provide a continuum of  
7 care and support to assist women experiencing crisis pregnancies to continue their pregnancies  
8 to full term. These funds shall be used for nonsectarian purposes only.

9 **SECTION 11E.13.(c)** The pilot program authorized by subsection (b) of this  
10 section shall consist of at least all of the following components:

- 11 (1) The use of care coordinators to perform the following functions:  
12 a. Assess the immediate challenges causing a program participant to  
13 seek abortion and eliminate these challenges by assisting the program  
14 participant in connecting to appropriate resources. The care  
15 coordinator shall personally assist a program participant in  
16 connecting to appropriate resources, when appropriate.  
17 b. Introduce each program participant to a trained mentor who will  
18 continue to guide the program participant toward positive lifestyle  
19 changes.  
20 (2) The use of licensed nursing staff in the Human Coalition's Raleigh clinic to  
21 provide medical support to program participants.  
22 (3) Close collaboration between care coordinators and licensed nursing staff  
23 during initial counseling sessions in order to accomplish the following:  
24 a. Appropriately introduce continuum of care services available through  
25 the pilot program.  
26 b. Create individual care plans for program participants and their  
27 families to help build a stable family life for the duration of the  
28 pregnancy. Care plans should identify and address any further  
29 challenges identified by care coordinators with encouragement and  
30 additional resources.

31 **SECTION 11E.13.(d)** By November 1, 2017, and periodically thereafter, the  
32 Human Coalition shall report to the Department on the start-up and operations of the pilot  
33 program authorized by subsection (b) of this section. By April 1, 2018, the Department shall  
34 report to the Joint Legislative Oversight Committee on Health and Human Resources and the  
35 Fiscal Research Division on the status of the pilot program.

36 **SECTION 11E.13.(e)** By April 1, 2019, the Department shall submit a final report  
37 on the pilot program authorized by subsection (b) of this section to the Joint Legislative  
38 Oversight Committee on Health and Human Services and the Fiscal Research Division. At a  
39 minimum, the Department's final report shall include all of the following:

- 40 (1) An estimate of the cost to expand the program incrementally and statewide.  
41 (2) An estimate of any potential savings of State funds associated with  
42 expansion of the program.  
43 (3) If expansion of the program is recommended, a time line for expanding the  
44 program.

45 **SECTION 11E.13.(f)** Unless otherwise extended by law, the pilot program  
46 authorized by subsection (b) of this section expires June 30, 2019.

#### 47 **COMMUNICABLE DISEASE TESTING**

48 **SECTION 11E.14.** Of the funds appropriated in this act to the Department of  
49 Health and Human Services, Division of Public Health, State Laboratory of Public Health, the  
50 sum of three hundred thousand dollars (\$300,000) in recurring funds and the sum of three  
51

1 hundred thousand dollars (\$300,000) in nonrecurring funds for each fiscal year of the  
2 2017-2019 fiscal biennium shall be used for the following purposes:

- 3 (1) To provide testing for Hepatitis C and other priority communicable diseases  
4 identified by the Division of Public Health.
- 5 (2) To provide individuals who test positive for Hepatitis C and other priority  
6 communicable diseases with access to appropriate treatment options.

7  
8 **SUBPART XI-F. DIVISION OF MH/DD/SAS AND STATE OPERATED**  
9 **HEALTHCARE FACILITIES**

10  
11 **FUNDS FOR THE NORTH CAROLINA CHILD TREATMENT PROGRAM**

12 **SECTION 11F.1.(a)** The title to Part 4 of Article 3 of Chapter 143B of the General  
13 Statutes reads as rewritten:

14 "Part 4. ~~Commission for~~ Mental Health, Developmental Disabilities, and Substance Abuse  
15 Services."

16 **SECTION 11F.1.(b)** Part 4 of Article 3 of Chapter 143B of the General Statutes is  
17 amended by adding a new section to read:

18 **"§ 143B-150.1. Use of funds for North Carolina Child Treatment Program.**

19 (a) State funds appropriated to the Department of Health and Human Services, Division  
20 of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the North  
21 Carolina Child Treatment Program shall be used exclusively for the following purposes:

- 22 (1) To continue to provide clinical training and coaching to licensed clinicians  
23 on an array of evidence-based treatments and to provide a statewide platform  
24 to assure accountability and measurable outcomes.
- 25 (2) To maintain and manage a public roster of program graduates, linking  
26 high-quality clinicians with children, families, and professionals.
- 27 (3) To partner with leadership within the State, local management  
28 entities/managed care organizations as defined in G.S. 122C-3, and the  
29 private sector to bring effective mental health treatment to children in  
30 juvenile justice and mental health facilities.

31 (b) All data, including any entered or stored in the State-funded secure database  
32 developed for the North Carolina Child Treatment Program to track individual-level and  
33 aggregate-level data with interface capability to work with existing networks within State  
34 agencies, is and remains the sole property of the State."

35  
36 **SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

37 **SECTION 11F.2.(a)** For the purpose of mitigating cash flow problems that many  
38 local management entities/managed care organizations (LME/MCOs) experience at the  
39 beginning of each fiscal year relative to single-stream funding, the Department of Health and  
40 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
41 Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base  
42 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution  
43 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal  
44 year after July, the DMH/DD/SAS shall distribute, on the third working day of the month,  
45 one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after  
46 subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal  
47 year.

48 **SECTION 11F.2.(b)** The DMH/DD/SAS is directed to reduce its allocation for  
49 single-stream funding by thirty-one million four hundred eighty-seven thousand three hundred  
50 sixty-six dollars (\$31,487,366) in recurring funds and by fifty-five million four hundred  
51 fifty-four thousand nine hundred twenty-three dollars (\$55,454,923) in nonrecurring funds for

1 the 2017-2018 fiscal year and by thirty-six million two thousand eight hundred fifty-four  
 2 dollars (\$36,002,854) in recurring funds and by fifty-four million six hundred five thousand  
 3 eight hundred twenty-three dollars (\$54,605,823) in nonrecurring funds for the 2018-2019  
 4 fiscal year.

5 The DMH/DD/SAS shall allocate these recurring and nonrecurring reductions for  
 6 single-stream funding among the LME/MCOs as follows:

	FY 2017-2018	FY 2018-2019
9 Alliance Behavioral Healthcare		
10     Recurring	(\$6,836,920)	(\$9,448,259)
11     Nonrecurring	(\$8,231,710)	(\$9,149,477)
12		
13 Cardinal Innovations Healthcare		
14     Recurring	(\$6,786,444)	(\$9,326,550)
15     Nonrecurring	(\$14,078,868)	(\$15,685,591)
16		
17 Eastpointe		
18     Recurring	(\$1,256,185)	(\$1,978,540)
19     Nonrecurring	(\$5,463,292)	(\$5,576,099)
20		
21 Partners Behavioral Health Management		
22     Recurring	(\$5,172,345)	(\$5,314,232)
23     Nonrecurring	(\$8,104,130)	(\$7,477,787)
24		
25 Sandhills Center		
26     Recurring	(\$6,795,867)	(\$7,996,922)
27     Nonrecurring	(\$8,534,756)	(\$8,250,223)
28		
29 Trillium Health Resources		
30     Recurring	(\$3,056,342)	(\$79,709)
31     Nonrecurring	(\$5,488,067)	(\$3,067,562)
32		
33 Vaya Health		
34     Recurring	(\$1,583,263)	(\$1,858,642)
35     Nonrecurring	(\$5,554,100)	(\$5,399,084)
36		
37 <b>TOTALS</b>		
38 <b>Recurring</b>	(\$31,487,366)	(\$36,002,854)
39 <b>Nonrecurring</b>	(\$55,454,923)	(\$54,605,823)
40		

41 By March 1, 2018, the Secretary of Health and Human Services shall submit to the  
 42 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
 43 Division a proposal for any adjustments to the specified recurring reductions among the  
 44 LME/MCOs for future fiscal years. The proposal must include a detailed explanation  
 45 supporting any proposed changes.

46 During each year of the 2017-2019 fiscal biennium, each LME/MCO shall offer at  
 47 least the same level of service utilization as during the 2014-2015 fiscal year across the  
 48 LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to  
 49 authorize or maintain the same level of services for any specific individual whose services were  
 50 paid for with single-stream funding. Further, this requirement shall not be construed to create a  
 51 private right of action for any person or entity against the State of North Carolina or the

1 Department of Health and Human Services or any of its divisions, agents, or contractors and  
2 shall not be used as authority in any contested case brought pursuant to Chapter 108C or 108D  
3 of the General Statutes.

4 **SECTION 11F.2.(c)** The Department of Health and Human Services shall continue  
5 to use the monthly reporting package submitted by the LME/MCOs to the Department, as  
6 modified pursuant to Section 12F.2(c) of S.L. 2015-241, to include revenues and expenditures  
7 for the State funding sources for single-stream, intellectual and developmental disability, and  
8 substance abuse services on Schedule D2. Additionally, the Department shall continue to use  
9 appropriate schedules in the LME/MCO monthly reporting package, as modified pursuant to  
10 Section 12F.2(c) of S.L. 2015-241, to include unduplicated recipients and encounters in the  
11 same level of detail included in each D schedule for each source of funding for the reporting for  
12 the current and previous year's month and year-to-date periods. The Department shall continue  
13 to submit these reports to the Joint Legislative Oversight Committee on Health and Human  
14 Services and the Fiscal Research Division by the third Monday of each month.

15 **SECTION 11F.2.(d)** If, on or after June 1, 2018, the Office of State Budget and  
16 Management (OSBM) certifies a Medicaid budget surplus in funds 1310 and 1311 and  
17 sufficient cash in Budget Code 14445 to meet total obligations for the 2017-2018 fiscal year,  
18 then the Department of Health and Human Services, Division of Medical Assistance (DMA),  
19 may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or  
20 thirty million dollars (\$30,000,000), whichever is less, to offset the reduction in single-stream  
21 funding required by this section.

22 If, on or after June 1, 2019, the OSBM certifies a Medicaid budget surplus in funds  
23 1310 and 1311 and sufficient cash in Budget Code 14445 to meet total obligations for fiscal  
24 year 2018-2019, then the DMA may transfer to the DMH/DD/SAS funds not to exceed the  
25 amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to  
26 offset the reduction in single-stream funding required by this section.

27 The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection  
28 among the LME/MCOs based on the individual LME/MCO's percentage of nonrecurring  
29 reductions in single-stream funding for the fiscal year, as required by subsection (b) of this  
30 section. These funds shall be allocated as prescribed by June 30 of each State fiscal year.

31 **SECTION 11F.2.(e)** The Department of Health and Human Services shall develop  
32 a maintenance of effort (MOE) spending requirement for all mental health and substance abuse  
33 services which must be maintained using nonfederal, State appropriations on an annual basis in  
34 order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the  
35 MOE spending requirement is met using State appropriations.

36 **SECTION 11F.2.(f)** Beginning July 1, 2017, and quarterly thereafter, the Secretary  
37 of Health and Human Services shall evaluate the financial position of each LME/MCO relative  
38 to the solvency standards to be developed by the Department and included in the statewide  
39 Strategic Plan for Behavioral Health Services pursuant to Section 12F.10(b)(4) of S.L. 2016-94  
40 (approved solvency standards).

41 If, at any time, the Secretary determines an LME/MCO is at risk of failing  
42 financially in the ensuing two-year period, based on the approved solvency standards, the  
43 Secretary shall immediately meet with that LME/MCO for the purpose of evaluating the  
44 reasons for the LME/MCO's vulnerable financial position, including reasons attributable to  
45 trends in performance management and utilization of services. Within 30 days after meeting  
46 with an LME/MCO pursuant to this section, the Secretary shall submit a written report of its  
47 evaluation to the LME/MCO. By October 1, 2017, the Secretary shall submit an initial report to  
48 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
49 Research Division on each LME/MCO determined to be at risk of failing financially,  
50 identifying the reasons for each LME/MCO's vulnerable financial position.

1 Within 45 days after receiving the Secretary's report, the LME/MCO shall develop  
2 and submit to the Secretary, in writing, a proposed plan of corrective action with specific  
3 initiatives and actions to be implemented by the LME/MCO in order to bring its financial  
4 position into compliance with the approved solvency standards, along with a projected time line  
5 for completing each identified initiative or action and a deadline for achieving full compliance  
6 with the approved solvency standards. At a minimum, the proposed plan of corrective action  
7 shall address (i) rates paid to the LME/MCO and its providers for services, contracts, and  
8 administrative costs; (ii) utilization of services; (iii) management of the operations of the  
9 LME/MCO; and (iv) financial risk to the State.

10 Within 14 days after receiving the LME/MCO's proposed plan of corrective action,  
11 the Secretary shall make any changes to the proposed plan of corrective action it deems  
12 necessary for the LME/MCO to bring its financial position into compliance with the approved  
13 solvency standards and submit a final, Secretary-approved plan of corrective action to the  
14 LME/MCO, the Joint Legislative Oversight Committee on Health and Human Services, and the  
15 Fiscal Research Division.

16 The LME/MCO shall submit monthly reports to the Secretary on its progress under  
17 the final, Secretary-approved plan of corrective action. The Secretary shall submit monthly  
18 reports to the Joint Legislative Oversight Committee on Health and Human Services and the  
19 Fiscal Research Division evaluating the LME/MCO's progress under the final,  
20 Secretary-approved plan of corrective action, identifying any variance from the corrective plan  
21 of action that could be an obstacle to the LME/MCO achieving full compliance with the  
22 approved solvency standards by the deadline included in the final, Secretary-approved  
23 corrective plan of action.

## 24 25 **FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

26 **SECTION 11F.3.(a)** Use of Funds. – Of the funds appropriated to the Department  
27 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
28 Substance Abuse Services, for crisis services, the sum of forty-one million three hundred  
29 fifty-one thousand six hundred forty-four dollars (\$41,351,644) in recurring funds and the sum  
30 of forty-one million three hundred fifty-one thousand six hundred forty-four dollars  
31 (\$41,351,644) in recurring funds for the 2018-2019 fiscal year shall be used to purchase  
32 additional new or existing local inpatient psychiatric beds or bed days not currently funded by  
33 or though LME/MCOs. The Department shall continue to implement a two-tiered system of  
34 payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level  
35 with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals  
36 with higher acuity levels, as defined by the Department. The enhanced rate of payment for  
37 inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed  
38 the lowest average cost per patient bed day among the State psychiatric hospitals. In addition,  
39 at the discretion of the Secretary of Health and Human Services, existing funds allocated to  
40 LME/MCOs for community-based mental health, developmental disabilities, and substance  
41 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.  
42 Funds designated in this subsection for the purchase of local inpatient psychiatric beds or bed  
43 days shall not be used to supplant other funds appropriated or otherwise available to the  
44 Department for the purchase of inpatient psychiatric services through contracts with local  
45 hospitals.

46 **SECTION 11F.3.(b)** Distribution and Management of Beds or Bed Days. – Except  
47 as provided in this subsection, the Department shall work to ensure that any local inpatient  
48 psychiatric beds or bed days purchased in accordance with this section are utilized solely for  
49 individuals who are medically indigent, as defined in this subsection. In addition, the  
50 Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased  
51 in accordance with this section are distributed across the State in LME/MCO catchment areas

1 and according to need as determined by the Department. The Department shall ensure that beds  
2 or bed days for individuals with higher acuity levels are distributed across the State in LME  
3 catchment areas, including any catchment areas served by managed care organizations, and  
4 according to greatest need based on hospital bed utilization data. The Department shall enter  
5 into contracts with LME/MCOs and local hospitals for the management of these beds or bed  
6 days. The Department shall work to ensure that these contracts are awarded equitably around  
7 all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric  
8 beds or bed days, including the determination of the specific local hospital or State psychiatric  
9 hospital to which an individual should be admitted pursuant to an involuntary commitment  
10 order.

11 The Department may use up to ten percent (10%) of the funds allocated in this  
12 section for each year of the 2017-2019 fiscal biennium to pay for facility-based crisis services  
13 and nonhospital detoxification services for individuals in need of these services, regardless if  
14 the individuals are medically indigent, defined as uninsured persons who (i) are financially  
15 unable to obtain private insurance coverage as determined by the Department and (ii) are not  
16 eligible for government-funded health coverage such as Medicare or Medicaid.

17 **SECTION 11F.3.(c) Funds to Be Held in Statewide Reserve.** – Funds appropriated  
18 to the Department for the purchase of local inpatient psychiatric beds or bed days shall not be  
19 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental  
20 Health, Developmental Disabilities, and Substance Abuse Services to pay for services  
21 authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs.  
22 LME/MCOs shall remit claims for payment to the Department within 15 working days after  
23 receipt of a clean claim from the hospital and shall pay the hospital within 30 working days  
24 after receipt of payment from the Department.

25 **SECTION 11F.3.(d) Ineffective LME/MCO Management of Beds or Bed Days.** –  
26 If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed  
27 days for which it has responsibility, as evidenced by beds or bed days in the local hospital not  
28 being utilized while demand for services at the State psychiatric hospitals has not decreased, or  
29 (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c)  
30 of this section, the Department may contract with another LME/MCO to manage the beds or  
31 bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital  
32 directly.

33 **SECTION 11F.3.(e) Reporting by LME/MCOs.** – The Department shall establish  
34 reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

35 **SECTION 11F.3.(f) Reporting by Department.** – By no later than December 1,  
36 2018, and by no later than December 1, 2019, the Department shall report to the Joint  
37 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
38 Division on all of the following:

- 39 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
40 year from (i) funds appropriated in this act that are designated for this  
41 purpose in subsection (a) of this section, (ii) existing State appropriations,  
42 and (iii) local funds.
- 43 (2) An explanation of the process used by the Department to ensure that, except  
44 as otherwise provided in subsection (a) of this section, local inpatient  
45 psychiatric beds or bed days purchased in accordance with this section are  
46 utilized solely for individuals who are medically indigent, along with the  
47 number of medically indigent individuals served by the purchase of these  
48 beds or bed days.
- 49 (3) The amount of funds used to pay for facility-based crisis services, along with  
50 the number of individuals who received these services and the outcomes for  
51 each individual.



- 1 (4) The amount of funds used to pay for nonhospital detoxification services,  
2 along with the number of individuals who received these services and the  
3 outcomes for each individual.
- 4 (5) Other Department initiatives funded by State appropriations to reduce State  
5 psychiatric hospital use.  
6

7 **USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND SUBSTANCE USE**  
8 **DISORDER TREATMENT SERVICES**

9 **SECTION 11F.4.** Section 12F.12(b) of S.L. 2015-241 reads as rewritten:

10 **"SECTION 12F.12.(b)** From funds appropriated ~~in this act~~ to the Department of Health  
11 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
12 Abuse Services, to be allocated to LME/MCOs for the purchase of inpatient alcohol and  
13 substance abuse treatment services, the LME/MCOs shall use their respective fund allocations  
14 for individuals within their respective catchment areas as follows:

- 15 (1) During the 2015-2016 fiscal year, a minimum of one hundred percent  
16 (100%) of the allocation shall be used exclusively to purchase inpatient  
17 alcohol and substance abuse treatment services from the ADATCs.
- 18 (2) During the 2016-2017 fiscal year, a minimum of ninety percent (90%) of the  
19 allocation shall be used exclusively to purchase inpatient alcohol and  
20 substance abuse treatment services from the ADATCs. The LME/MCOs  
21 shall use the remaining ten percent (10%) of their respective allocations to  
22 purchase inpatient alcohol and substance abuse treatment services from any  
23 qualified provider.
- 24 (2a) During the 2017-2018 fiscal year, a minimum of eighty-six percent (86%) of  
25 the allocation shall be used exclusively to purchase inpatient alcohol and  
26 substance abuse treatment services from the ADATCs in order to increase  
27 the availability of services through the ADATCs to individuals in need of  
28 inpatient opioid treatment. The LME/MCOs shall use any remaining  
29 allocations to purchase inpatient alcohol and substance abuse treatment  
30 services from any qualified provider.
- 31 (3) In subsequent fiscal years, the minimum required percentage of the  
32 allocation that shall be used exclusively to purchase inpatient alcohol and  
33 substance abuse treatment services from the ADATCs shall decrease by ten  
34 percentage points each fiscal year after the ~~2016-2017~~2017-2018 fiscal year  
35 until it reaches zero percent (0%). The minimum required percentage of the  
36 allocation remaining that shall be used to purchase inpatient alcohol and  
37 substance abuse treatment services from any qualified provider shall  
38 increase by ten percentage points each fiscal year after the  
39 ~~2016-2017~~2017-2018 fiscal year until it reaches one hundred percent  
40 (100%). As used in this subdivision, the "minimum required percentage"  
41 means the percentage calculated pursuant to this subsection and not a  
42 percentage based on the actual amount of funds expended by the Department  
43 during that fiscal year."  
44

45 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR THE PURCHASE**  
46 **OF ADDITIONAL PSYCHIATRIC AND FACILITY-BASED CRISIS BEDS**

47 **SECTION 11F.5.(a)** Funds for the Purchase of Additional Beds. – It is the intent  
48 of the General Assembly to increase inpatient behavioral health bed capacity in rural areas of  
49 the State with the highest need. To that end, of the funds appropriated from the Dorothea Dix  
50 Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and  
51 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse

1 Services, for the 2017-2018 fiscal year, the sum of up to seventeen million dollars  
2 (\$17,000,000) in nonrecurring funds shall be used to pay for any renovation or building costs  
3 associated with (i) the construction of new licensed inpatient behavioral health beds, (ii) the  
4 conversion of existing inpatient acute care beds into licensed inpatient behavioral health beds,  
5 or (iii) a combination of these options as follows:

- 6 (1) Up to four million dollars (\$4,000,000) in nonrecurring funds shall be used  
7 to pay for any renovation or building costs associated with the construction  
8 of new licensed inpatient behavioral health beds at Caldwell/ University of  
9 North Carolina Health Care in Caldwell County.
- 10 (2) Up to four million dollars (\$4,000,000) in nonrecurring funds shall be used  
11 to pay for any renovation or building costs associated with the construction  
12 of new licensed inpatient behavioral health beds at Cape Fear Valley  
13 Medical Center in Cumberland County.
- 14 (3) Up to four million dollars (\$4,000,000) in nonrecurring funds shall be used  
15 to pay for any renovation or building costs associated with the construction  
16 of new licensed inpatient behavioral health beds at Mission Health System,  
17 Inc., in Buncombe County.
- 18 (4) Up to three million dollars (\$3,000,000) in nonrecurring funds shall be used  
19 for any renovation or building costs associated with the construction of new  
20 licensed inpatient behavioral health beds at Good Hope Hospital in Harnett  
21 County.
- 22 (5) Up to two million dollars (\$2,000,000) in nonrecurring funds shall be used to  
23 pay for any renovation or building costs associated with the construction of  
24 new licensed inpatient behavioral health beds at the Dix Crisis Intervention  
25 Center in Onslow County.

26 Any unit or other location with inpatient behavioral health beds constructed or  
27 converted with funds allocated under this subsection shall be named in honor of Dorothea Dix.

28 **SECTION 11F.5.(b)** Certificate of Need Exemption for Certain Facilities. –  
29 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General  
30 Statutes, or any other provision of law to the contrary, each facility that receives funds  
31 allocated under subsection (a) of this section is exempt from certificate of need review for the  
32 establishment or expansion of behavioral health services at the facility at which the constructed  
33 or converted beds will be brought into operation, including any combination of the following:

- 34 (1) The establishment or expansion of outpatient therapy services or substance  
35 use disorder treatment services, or both.
- 36 (2) The replacement or relocation of a behavioral health facility, defined as a  
37 psychiatric facility, a facility-based crisis center, or any facility that is  
38 primarily engaged in providing services for the diagnosis and treatment of  
39 behavioral health issues.
- 40 (3) Changes in inpatient behavioral health bed capacity.

41 **SECTION 11F.5.(c)** Applicability of Licensure Laws. – The establishment or  
42 expansion of behavioral health services, including any of the items described in subdivisions  
43 (1) through (3) of subsection (b) of this section, are subject to existing licensure laws and  
44 requirements.

45 **SECTION 11F.5.(d)** Reservation of Beds for State Use. – As a condition of  
46 receiving these funds, each facility that receives funds allocated under subsection (a) of this  
47 section shall reserve at least fifty percent (50%) of the beds constructed or converted with funds  
48 allocated under subsection (a) of this section for (i) purchase by the Department under the  
49 State-administered, three-way contract and (ii) referrals by local management entities/managed  
50 care organizations (LME/MCOs) of individuals who are indigent or Medicaid recipients.

1           **SECTION 11F.5.(e)** Report on Use of Funds to Purchase Additional Beds. –  
2 Beginning November 1, 2018, the Department of Health and Human Services shall annually  
3 report to the Joint Legislative Oversight Committee on Health and Human Services and the  
4 Fiscal Research Division on the number and location of additional licensed inpatient behavioral  
5 health beds brought into operation with funds allocated under subsection (a) of this section. By  
6 December 1, 2020, the Department shall submit a report that includes a proposal for funding  
7 the recurring operating costs of these additional beds from a source or sources other than the  
8 Dorothea Dix Hospital Property Funds, including the identification of potential new funding  
9 sources.

10           **SECTION 11F.5.(f)** Funds to Increase the Number of Facility-Based Crisis  
11 Centers. – It is the intent of the General Assembly to continue to increase the number of  
12 facility-based crisis centers in North Carolina for children and adolescents. To that end, of the  
13 funds appropriated from the Dorothea Dix Hospital Property Fund established under  
14 G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental  
15 Health, Developmental Disabilities, and Substance Abuse Services, for the 2017-2018 fiscal  
16 year, the sum of two million dollars (\$2,000,000) in nonrecurring funds shall be used to award  
17 grants on a competitive basis for the establishment of up to two new facility-based crisis  
18 centers in the State for children and adolescents. The Department shall establish a process for  
19 applying for these grants, criteria for evaluating applications, and a process for allocating  
20 grants.

21           **SECTION 11F.5.(g)** Unspent Funds for 2016-2017 Fiscal Year. – Any funds  
22 allocated to the Department of Health and Human Services, Division of Mental Health,  
23 Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital  
24 Property Fund established under G.S. 143C-9-2(b1) pursuant to Section 12F.4 of S.L. 2016-94  
25 for the 2016-2017 fiscal year that are not expended or encumbered as of June 30, 2017, shall  
26 remain in the Dorothea Dix Hospital Property Fund.

27           **SECTION 11F.5.(h)** Unspent Funds for 2017-2018 Fiscal Year. – Any funds  
28 allocated to the Department of Health and Human Services, Division of Mental Health,  
29 Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital  
30 Property Fund established under G.S. 143C-9-2(b1) pursuant to this section for the 2017-2018  
31 fiscal year that are not expended or encumbered as of June 30, 2019, shall remain in the  
32 Dorothea Dix Hospital Property Fund.

### 33 34 **FUNDS FOR CASE MANAGEMENT PILOT PROGRAM**

35           **SECTION 11F.5A.** It is the intent of the General Assembly to reduce avoidable  
36 emergency department readmissions and emergency department boarding times among  
37 individuals with behavioral health needs. To that end, of the funds appropriated to the  
38 Department of Health and Human Services, Division of Mental Health, Developmental  
39 Disabilities, and Substance Abuse Services, the sum of two million dollars (\$2,000,000) in  
40 nonrecurring funds for the 2017-2018 fiscal year shall be allocated for the development and  
41 establishment of a two-year pilot program at a hospital in Wake County to support a  
42 hospital-based, comprehensive community case management program. The Department of  
43 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
44 Substance Abuse Services, in consultation with LME/MCOs responsible for the management  
45 and provision of mental health, developmental disabilities, and substance abuse disorder  
46 services in Wake County under the 1915(b)/(c) Medicaid Waiver, shall oversee the  
47 development and establishment of the pilot program to ensure it is designed to reduce avoidable  
48 emergency department readmissions and emergency department boarding times among  
49 individuals with behavioral health needs. The pilot program shall be conducted at the hospital  
50 in Wake County with the largest number of emergency department visits that agrees to  
51 participate in the two-year pilot program authorized by this subsection.

1 By December 1, 2020, the Department shall submit a report to the Joint Legislative  
2 Oversight Committee on Health and Human Services and the Fiscal Research Division  
3 evaluating the effectiveness of the pilot program in reducing avoidable emergency department  
4 readmissions and emergency department boarding times among individuals with behavioral  
5 health needs.

6  
7 **ADDITIONS TO THE STRATEGIC PLAN FOR IMPROVEMENT OF BEHAVIORAL**  
8 **HEALTH SERVICES**

9 **SECTION 11F.6.(a)** Section 12F.10(b) of S.L. 2016-94 reads as rewritten:

10 **"SECTION 12F.10.(b)** By January 1, 2018, the Department of Health and Human  
11 Services shall develop and submit to the Joint Legislative Oversight Committee on Health and  
12 Human Services, the Joint Legislative Oversight Committee on Medicaid and NC Health  
13 Choice, and the Fiscal Research Division a strategic statewide plan to improve the efficiency  
14 and effectiveness of State-funded behavioral health services. In developing the plan, the  
15 Department shall review and consider its past and current studies, and associated reports,  
16 relating to behavioral health services in the State. The plan shall include at least all of the  
17 following:

18 ...

- 19 (5) Any other ~~component~~ component, study, or report that the Department deems  
20 necessary to achieve the goal of improving the effective and efficient  
21 delivery and coordination of publicly funded behavioral health services  
22 across the State."

23 **SECTION 11F.6.(b)** Section 12F.10 of S.L. 2016-94 is amended by adding a new  
24 subsection to read:

25 **"SECTION 12F.10.(b1)** In the development of the strategic statewide plan, required under  
26 subsection (b) of this section, the Department of Health and Human Services shall consider  
27 policy issues pertaining to the delivery of services for people with intellectual and  
28 developmental disabilities. Consideration shall be given to all of the following:

- 29 (1) The causes and potential solutions for the growing waitlist for NC  
30 Innovations Waiver slots. Potential solutions to be studied include the  
31 following:
- 32 a. Increasing the funding for the 1915(c) Innovations Waiver to result  
33 in more individuals served.
  - 34 b. Creating new support waiver slots as recommended in the March  
35 2015 "Study Additional 1915(c) Waiver" report from the Department  
36 of Health and Human Services, Division of Medical Assistance, to  
37 the Joint Legislative Oversight Committee on Health and Human  
38 Services.
  - 39 c. Utilizing a 1915(i) waiver option and exploring how the 1115 waiver  
40 required for Medicaid transformation may assist in addressing  
41 current waitlist for services.
- 42 (2) Issues surrounding single-stream funding and how single-stream funding is  
43 used to support services for people with intellectual and developmental  
44 disabilities.
- 45 (3) Multiple federal mandates that will directly impact current services and  
46 supports for people with intellectual and developmental disabilities,  
47 including Home and Community-Based Services changes, the Work Force  
48 Innovations and Opportunities Act, and changes under section 14(c) of the  
49 federal Fair Labor Standards Act.

- 1           (4)   The coverage of services for the treatment of autism, including any State  
2           Plan amendment needed to address guidance issued by the Centers for  
3           Medicare and Medicaid Services."  
4

5   **MENTAL HEALTH/SUBSTANCE USE DISORDER CENTRAL ASSESSMENT AND**  
6   **NAVIGATION SYSTEM PILOT PROGRAM**

7           **SECTION 11F.7.(a)** Pilot Program Creation. – Of the funds appropriated in this  
8 act to the Department of Health and Human Services, Division of Mental Health,  
9 Developmental Disabilities, and Substance Abuse Services, the sum of two hundred fifty  
10 thousand dollars (\$250,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of  
11 two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2018-2019 fiscal  
12 year shall be used to oversee, in consultation with the local management entity/managed care  
13 organization (LME/MCO) responsible for the management and provision of mental health,  
14 developmental disabilities, and substance use disorder services in New Hanover County under  
15 the 1915(b)/(c) Medicaid Waiver, the establishment of a two-year pilot program to focus on  
16 assessing and navigating individuals seeking mental health or substance use disorder services,  
17 or both, to appropriate community-based services or other community resources in order to  
18 reduce the utilization of hospital emergency department services for mental health and  
19 substance use disorder services.

20           **SECTION 11F.7.(b)** Program Design and Location. – The pilot program shall be  
21 conducted at New Hanover Regional Medical Center (NHRMC) and at Wellness City, operated  
22 by Recovery Innovations, Inc., by a three-person centralized team. The three-person team shall  
23 consist of the following individuals:

- 24           (1)   A master's level, fully licensed clinician to perform comprehensive clinical  
25           assessments of NHRMC patients and other New Hanover County residents  
26           exhibiting symptoms of mental illness or substance use disorder who are  
27           referred to the pilot program.  
28           (2)   A qualified professional to assist patients, particularly those with a  
29           completed comprehensive clinical assessment, with identifying and  
30           accessing appropriate community-based services or other community  
31           resources.  
32           (3)   A North Carolina certified peer support specialist, with specialized training  
33           and personal experience in successfully managing his or her own serious  
34           mental illness or substance use disorder, to provide peer support services,  
35           including encouraging patients to take personal responsibility for managing  
36           their condition, assisting patients in establishing meaningful roles in society,  
37           and providing patients with transportation to and from appointments.

38           **SECTION 11F.7.(c)** Reports. – By July 1, 2018, the LME/MCO responsible for  
39 the management and provision of mental health, developmental disabilities, and substance  
40 abuse services in New Hanover County, in collaboration with New Hanover Regional Medical  
41 Center and Recovery Innovations, Inc., shall submit an interim report on the effectiveness of  
42 the pilot program to the Department of Health and Human Services, Division of Mental Health,  
43 Developmental Disabilities, and Substance Abuse Services (Division). By October 1, 2018, the  
44 Division shall submit an interim report on the effectiveness of the program and the costs  
45 associated with administering the program to the Joint Legislative Oversight Committee on  
46 Health and Human Services and the Fiscal Research Division.

47           By July 1, 2019, the LME/MCO responsible for the management and provision of  
48 mental health, developmental disabilities, and substance abuse services in New Hanover  
49 County, in collaboration with New Hanover Regional Medical Center and Recovery  
50 Innovations, Inc., shall submit a final report of the program to the Division. By October 1,  
51 2019, the Division shall then submit a final report of the program to the Joint Legislative

1 Oversight Committee on Health and Human Services and the Fiscal Research Division. The  
2 report shall include the Division's recommendations with respect to sustaining or expanding the  
3 program.  
4

#### 5 **TRAUMATIC BRAIN INJURY FUNDING**

6 **SECTION 11F.8.** Of the funds appropriated in this act to the Department of Health  
7 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
8 Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred  
9 seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2017-2018  
10 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars  
11 (\$2,373,086) in recurring funds for the 2018-2019 fiscal year shall be used exclusively to  
12 support TBI services as follows:

- 13 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars  
14 (\$359,218) shall be used to fund contracts with the Brain Injury Association  
15 of North Carolina, Carolinas Rehabilitation, or appropriate service providers  
16 to assist families in accessing the continuum of care and to provide  
17 educational programs on brain injury prevention, intervention, and care.
- 18 (2) The sum of two million thirteen thousand eight hundred sixty-eight dollars  
19 (\$2,013,868) shall be used to (i) support residential programs across the  
20 State that are specifically designed to serve individuals with TBI and (ii)  
21 support requests submitted by individual consumers for assistance with  
22 services such as, but not limited to, residential supports, home modifications,  
23 transportation, and other requests deemed necessary by the consumer's local  
24 management entity/managed care organization.  
25

#### 26 **ADULT AND PEDIATRIC TRAUMATIC BRAIN INJURY PILOT PROGRAM**

27 **SECTION 11F.9.(a)** Of the funds appropriated to the Department of Health and  
28 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
29 Services, the sum of one hundred fifty thousand dollars (\$150,000) in nonrecurring funds for  
30 the 2017-2018 fiscal year and the sum of three hundred thousand dollars (\$300,000) in  
31 nonrecurring funds for the 2018-2019 fiscal year shall be used to develop and implement an  
32 adult and pediatric traumatic brain injury pilot program. The purpose of the pilot program is to  
33 increase compliance with internationally approved evidence-based treatment guidelines for  
34 severe adult and pediatric traumatic brain injury in order to reduce patient mortality, improve  
35 patient level of recovery, and reduce long-term care costs.

36 **SECTION 11F.9.(b)** The Department of Health and Human Services shall  
37 establish up to three program sites to implement the adult and pediatric traumatic brain injury  
38 pilot program authorized by this section, all of which shall be trauma hospitals. Each program  
39 site shall be awarded up to one hundred thousand dollars (\$100,000) for the development and  
40 implementation of an interactive quality assessment and quality assurance clinical decision  
41 support tool to provide real-time, evidence-based medical care guidance for intensive care unit  
42 patients with severe adult or pediatric traumatic brain injury.

43 **SECTION 11F.9.(c)** The Department of Health and Human Services shall contract  
44 with a private entity to assist participating trauma hospitals in implementing the tool described  
45 in subsection (b) of this section. In providing such implementation assistance, the private entity  
46 shall utilize the treatment guidelines and practice recommendations that have been peer  
47 reviewed and approved by the American Association of Neurological Surgeons and are  
48 recognized as the current standard of care for individuals with severe traumatic brain injury.

49 **SECTION 11F.9.(d)** By February 1, 2018, the Department of Health and Human  
50 Services shall submit a progress report on the development and implementation of the pilot

1 program authorized by this section to the Joint Legislative Oversight Committee on Health and  
2 Human Services and the Fiscal Research Division.

3 **SECTION 11F.9.(e)** By January 7, 2019, the Department of Health and Human  
4 Services shall submit a final report of the pilot program authorized by this section to the Joint  
5 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
6 Division. At a minimum, the final report shall include all of the following:

- 7 (1) The number and outcome of patients served at each program site, broken  
8 down by patient age and county of origin.
- 9 (2) A breakdown of expenditures at each program site by type of service.
- 10 (2) An estimate of the cost to expand the program incrementally and statewide.
- 11 (3) An estimate of any potential savings of State funds associated with  
12 expansion of the program.
- 13 (4) If expansion of the program is recommended, a time line for expanding the  
14 program.
- 15

## 16 **EXPANSION AND RENAMING OF PRESCRIPTION DRUG ABUSE ADVISORY** 17 **COMMITTEE**

18 **SECTION 11F.10.** Subsections (m) through (q) of Section 12F.16 of S.L.  
19 2015-241 are codified as G.S. 90-113.75A and read as rewritten:

20 "**§ 90-113.75A. Opioid and Prescription Drug Abuse Advisory Committee; statewide**  
21 **strategic plan.**

22 (a) There is hereby created the Opioid and Prescription Drug Abuse Advisory  
23 Committee, to be housed in and staffed by the ~~Department of Health and Human Services~~  
24 ~~(DHHS)-Department~~. The Committee shall develop and, through its members, implement a  
25 statewide strategic plan to combat the problem of opioid and prescription drug abuse. The  
26 Committee shall include representatives from the following, as well as any other persons  
27 designated by the Secretary of Health and Human Services:

- 28 (1) The ~~Department's Division of Medical Assistance, DHHS-Assistance.~~
- 29 (2) The ~~Department's Division of Mental Health, Developmental Disabilities,~~  
30 ~~and Substance Abuse Services, DHHS-Services.~~
- 31 (3) The ~~Department's Division of Public Health, DHHS-Health.~~
- 32 (4) The Rural Health Section of the ~~Department's Division of Public Health,~~  
33 ~~DHHS-Health.~~
- 34 (4a) The Divisions of Adult Correction and Juvenile Justice of the Department of  
35 Public Safety.
- 36 (5) The State Bureau of Investigation.
- 37 (6) The Attorney General's Office.
- 38 (7) The following health care regulatory boards with oversight of prescribers  
39 and dispensers of opioids and other prescription drugs:
  - 40 a. North Carolina Board of Dental Examiners.
  - 41 b. North Carolina Board of Nursing.
  - 42 c. North Carolina Board of Podiatry Examiners.
  - 43 d. North Carolina Medical Board.
  - 44 e. North Carolina Board of Pharmacy.
- 45 (8) The UNC Injury Prevention Research Center.
- 46 (9) The substance abuse treatment community.
- 47 (10) Governor's Institute on Substance Abuse, Inc.
- 48 (11) The Department of Insurance's drug take-back program.

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

1 (b) In developing the statewide strategic plan to combat the problem of opioid and  
2 prescription drug abuse, the Opioid and Prescription Drug Abuse Advisory Committee shall, at  
3 a minimum, complete the following steps:

- 4 (1) Identify a mission and vision for North Carolina's system to reduce and  
5 prevent opioid and prescription drug abuse.
- 6 (2) Scan the internal and external environment for the system's strengths,  
7 weaknesses, opportunities, and challenges (a SWOC analysis).
- 8 (3) Compare threats and opportunities to the system's ability to meet challenges  
9 and seize opportunities (a GAP analysis).
- 10 (4) Identify strategic issues based on SWOC and GAP analyses.
- 11 (5) Formulate strategies and resources for addressing these issues.

12 (c) The strategic plan for reducing opioid and prescription drug abuse shall include  
13 three to five strategic goals that are outcome-oriented and measureable. Each goal must be  
14 connected with objectives supported by the following five mechanisms of the system:

- 15 (1) Oversight and regulation of prescribers and dispensers by State health care  
16 regulatory boards.
- 17 (2) Operation of the Controlled Substances Reporting System.
- 18 (3) Operation of the Medicaid lock-in program to review behavior of patients  
19 with high use of prescribed controlled substances.
- 20 (4) Enforcement of State laws for the misuse and diversion of controlled  
21 substances.
- 22 (5) Any other appropriate mechanism identified by the Committee.

23 (d) ~~DHHS, The Department,~~ in consultation with the Opioid and Prescription Drug  
24 Abuse Advisory Committee, shall develop and implement a formalized performance  
25 management system that connects the goals and objectives identified in the statewide strategic  
26 plan to operations of the Controlled Substances Reporting System and Medicaid lock-in  
27 program, law enforcement activities, and oversight of prescribers and dispensers. The  
28 performance management system must be designed to monitor progress toward achieving goals  
29 and objectives and must recommend actions to be taken when performance falls short.

30 (e) Beginning on December 1, 2016, and annually thereafter, ~~DHHS~~ the Department  
31 shall submit an annual report on the performance of North Carolina's system for monitoring  
32 opioid and prescription drug abuse to the Joint Legislative Oversight Committee on Health and  
33 Human ~~Services and Services,~~ the Joint Legislative Oversight Committee on Justice and Public  
34 ~~Safety.~~ Safety, and the Fiscal Research Division."

## 35 36 **STUDY CONTINUING EDUCATION FOR HEALTH CARE PROVIDERS LICENSED** 37 **TO PRESCRIBE CONTROLLED SUBSTANCES**

38 **SECTION 11F.11.(a)** By December 1, 2017, the North Carolina Area Health  
39 Education Centers Program is encouraged to report to the Joint Legislative Oversight  
40 Committee on Health and Human Services and the Fiscal Research Division on the feasibility  
41 of providing a continuing education course for health care providers licensed to prescribe  
42 controlled substances in this State. The course shall include instruction on at least all of the  
43 following:

- 44 (1) Controlled substance prescribing practices.
- 45 (2) Controlled substance prescribing for chronic pain management.
- 46 (3) Misuse and abuse of controlled substances.

47 **SECTION 11F.11.(b)** This section is effective when this act becomes law.

## 48 49 **STUDY ON STATEWIDE EXPANSION OF THE WRIGHT SCHOOL**

50 **SECTION 11F.12.** By March 1, 2018, the Department of Health and Human  
51 Services shall study and report to the Joint Legislative Oversight Committee on Health and



1 Human Services and the Fiscal Research Division on the feasibility and cost of, and any  
2 obstacles to, establishing additional State-operated facilities throughout the State to (i) provide  
3 statewide access to best practice, cost-effective, residential mental health treatment to children,  
4 ages six to 12, with serious emotional and behavioral disorders and (ii) support their families  
5 and communities in building the capacity to meet their children's special needs at home, at  
6 school, and within their local communities. The report shall include the Department's  
7 recommendations on the appropriate locations of any such additional facilities.

8  
9 **FUNDS FOR BROUGHTON HOSPITAL LITIGATION COSTS RELATED TO**  
10 **CONSTRUCTION DELAYS AND TO EXTEND THE STUDY ON THE FUTURE**  
11 **USE OF BROUGHTON HOSPITAL FACILITIES**

12 **SECTION 11F.13.** Of the funds appropriated in this act to the Department of  
13 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
14 Substance Abuse Services, for Broughton Hospital, the sum of up to two million five hundred  
15 thousand dollars (\$2,500,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum  
16 of up to two million five hundred thousand dollars (\$2,500,000) for the 2018-2019 fiscal year  
17 shall be used to offset the following costs arising from delays in the construction of the new  
18 Broughton Hospital:

- 19 (1) A combined sum for both fiscal years of the 2017-2019 fiscal biennium of  
20 not more than two million two hundred twenty thousand dollars  
21 (\$2,220,000) in nonrecurring funds for litigation costs resulting from  
22 anticipated or pending litigation against private third parties. The Secretary  
23 of the Department of Health and Human Services may retain private legal  
24 counsel to represent the interest of the State in such litigation, as provided in  
25 G.S. 114-2.3, as amended by this act, and G.S. 147-17, as amended by this  
26 act.
- 27 (2) The sum of one hundred eighty thousand dollars (\$180,000) for the  
28 2017-2018 fiscal year shall be transferred to the Department of Commerce to  
29 extend the study on the future use of Broughton Hospital Facilities  
30 authorized by Section 15.20 of S.L. 2014-100, as amended by Section 15.5  
31 of S.L. 2016-94.
- 32 (3) A combined sum for both fiscal years of the 2017-2019 fiscal biennium of  
33 not more than the balance of the funds allocated under this section or two  
34 million six hundred thousand dollars (\$2,600,000) in nonrecurring funds,  
35 whichever is greater, for any combination of the following:
- 36 a. Costs related to design changes, technology changes, continued use  
37 of the existing hospital, staffing, and other costs directly related to  
38 the delays in construction.
- 39 b. Costs to equip the new hospital.
- 40 c. Administrative costs.

41  
42 **FUNDS FOR OVERDOSE MEDICATIONS**

43 **SECTION 11F.14.** Of the funds appropriated in this act to the Department of  
44 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
45 Substance Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring  
46 funds for each fiscal year of the 2017-2019 fiscal biennium shall be used to purchase opioid  
47 antagonists, as defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- 48 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of  
49 the 2017-2019 fiscal biennium shall be used to purchase opioid antagonists  
50 to be distributed at no charge to the North Carolina Harm Reduction

- 1 Coalition to serve individuals at risk of experiencing an opioid-related drug  
2 overdose or to the friends and family members of an at-risk individual.
- 3 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of  
4 the 2017-2019 fiscal biennium shall be used to purchase opioid antagonists  
5 to be distributed at no charge to North Carolina law enforcement agencies.  
6

## 7 FUNDS TO ADDRESS NORTH CAROLINA'S OPIOID CRISIS

8 **SECTION 11F.14A.(a)** Funds awarded to the Department of Health and Human  
9 Services from the federal Substance Abuse and Mental Health Services Administration  
10 (SAMHSA), Grant Number 1H79TI080257-01 Revised, pursuant to the Notice of Award dated  
11 April 26, 2017, to address North Carolina's opioid crisis shall be used as follows:

- 12 (1) At least eighty percent (80%) of any such funds used during each fiscal year  
13 of the 2017-2019 fiscal biennium shall be used to increase access to  
14 treatment and recovery services for individuals with an opioid use disorder.
- 15 (2) Up to fifteen percent (15%) of any such funds used during each fiscal year of  
16 the 2017-2019 fiscal biennium may be used to increase access to opioid use  
17 prevention services.
- 18 (3) Up to five percent (5%) of any such funds used during each fiscal year of the  
19 2017-2019 fiscal biennium may be spent on administrative costs associated  
20 with implementing the SAMHSA grant award.

21 **SECTION 11F.14A.(b)** The Department of Health and Human Services shall, at a  
22 minimum, achieve the following outcomes as a result of any funds spent pursuant to subsection  
23 (a) of this section:

- 24 (1) Increase the number of individuals receiving opioid use disorder treatment  
25 by nine percent (9%) during each fiscal year of the 2017-2019 fiscal  
26 biennium.
- 27 (2) Increase the capacity of Medication-Assisted Treatment services by five  
28 percent (5%) during each fiscal year of the 2017-2019 fiscal biennium.

29 **SECTION 11F.14A.(c)** By November 1, 2018, and again by November 1, 2019,  
30 the Department of Health and Human Services shall report to the Joint Legislative Oversight  
31 Committee on Health and Human Services and the Fiscal Research Division on use of the  
32 funds described in subsection (a) of this section. The report shall include at least all of the  
33 following components:

- 34 (1) A list of expenditures, broken down by the categories described in  
35 subdivisions (1) through (3) of subsection (a) of this section. For each  
36 identified expenditure, the report must identify (i) the specific services or  
37 products, or both, that were purchased and (ii) whether that expenditure  
38 should be classified as recurring or nonrecurring.
- 39 (2) A status report on each of the outcomes described in subsection (b) of this  
40 section. For each outcome that does not achieve the percentage specified in  
41 subsection (b) of this section, an explanation of the reasons for not achieving  
42 the specified percentage.
- 43 (3) The total number and percentage of individuals who received opioid use  
44 disorder treatment during each fiscal year of the 2017-2019 fiscal biennium.
- 45 (4) The total number and percentage of individuals who received opioid use  
46 disorder recovery services during each fiscal year of the 2017-2019 fiscal  
47 biennium.
- 48 (5) The total number and percentage of providers that implemented  
49 Medication-Assisted Treatment services during each fiscal year of the  
50 2017-2019 fiscal biennium.

- 1 (6) The total number and percentage of prevention and treatment providers that  
2 received training paid for with grant funds during each fiscal year of the  
3 2017-2019 fiscal biennium.
- 4 (7) The total numbers and rates of opioid use during each fiscal year of the  
5 2017-2019 fiscal biennium.
- 6 (8) The total numbers and rates of opioid overdose-related deaths during each  
7 fiscal year of the 2017-2019 fiscal biennium.

8  
9 **REPEAL OF LME/MCO CLINICAL INTEGRATION ACTIVITIES REPORT**

10 **SECTION 11F.16.** Subsection (e) of Section 12F.4A of S.L. 2013-360 is repealed.

11  
12 **STUDY ON SITE-OF-USE SOLUTIONS FOR SAFE DISPOSAL OF PRESCRIPTION**  
13 **DRUGS**

14 **SECTION 11F.18.** By December 1, 2017, the Department of Health and Human  
15 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
16 Services, shall study and submit a report to the Joint Legislative Oversight Committee on  
17 Health and Human Services and the Fiscal Research Division on simple site-of-use solutions  
18 for the safe disposal of prescription drugs.

19  
20 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

21 **SECTION 11F.18A.(a)** As used in this section, "group home" means any facility  
22 that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a  
23 supervised living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3),  
24 and (iii) serves adults whose primary diagnosis is mental illness or a developmental disability  
25 but may also have other diagnoses.

26 **SECTION 11F.18A.(b)** Of the funds appropriated in this act to the Department of  
27 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
28 Substance Abuse Services, the sum of five million dollars (\$5,000,000) in nonrecurring funds  
29 for each year of the 2017-2019 fiscal biennium shall be used to provide temporary, short-term  
30 financial assistance in the form of a monthly payment to group homes on behalf of each  
31 resident who meets all of the following criteria:

- 32 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to  
33 January 1, 2013, but was determined to be ineligible for PCS on or after  
34 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility  
35 criteria specified in Section 10.9F of S.L. 2012-142, as amended by Section  
36 3.7 of S.L. 2012-145 and Section 70 of S.L. 2012-194.
- 37 (2) Has continuously resided in a group home since December 31, 2012.

38 **SECTION 11F.18A.(c)** These monthly payments shall be subject to all of the  
39 following requirements and limitations:

- 40 (1) The amount of the monthly payments authorized by this section shall not  
41 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month  
42 for each resident who meets all criteria specified in subsection (b) of this  
43 section.
- 44 (2) A group home that receives the monthly payments authorized by this section  
45 shall not, under any circumstances, use these payments for any purpose other than  
46 providing, as necessary, supervision and medication management for a  
47 resident who meets all criteria specified in subsection (b) of this section.
- 48 (3) The Department shall make monthly payments authorized by this section to  
49 a group home on behalf of each resident who meets all criteria specified in  
50 subsection (b) of this section only for the period commencing July 1, 2017,  
51 and ending June 30, 2019, or upon depletion of the five million dollars

1 (\$5,000,000) in nonrecurring funds appropriated in this act to the Division of  
2 Mental Health, Developmental Disabilities, and Substance Abuse Services,  
3 for supplemental short-term assistance for group homes, for each year of the  
4 2017-2019 fiscal biennium for the purpose of this section, whichever is  
5 earlier.

6 (4) The Department shall make monthly payments authorized by this section  
7 only to the extent sufficient funds are available from the five million dollars  
8 (\$5,000,000) in nonrecurring funds appropriated in this act to the Division of  
9 Mental Health, Developmental Disabilities, and Substance Abuse Services,  
10 for supplemental short-term assistance for group homes, for each year of the  
11 2017-2019 fiscal biennium for the purpose of this section.

12 (5) The Department shall not make monthly payments authorized by this section  
13 to a group home on behalf of a resident during the pendency of an appeal by  
14 or on behalf of the resident under G.S. 108A-70.9A.

15 (6) The Department shall terminate all monthly payments pursuant to this  
16 section on June 30, 2019, or upon depletion of the five million dollars  
17 (\$5,000,000) in nonrecurring funds appropriated in this act to the Division of  
18 Mental Health, Developmental Disabilities, and Substance Abuse Services,  
19 for supplemental short-term assistance for group homes, for each year of the  
20 2017-2019 fiscal biennium for the purpose of this section, whichever is  
21 earlier.

22 (7) Each group home that receives the monthly payments authorized by this  
23 section shall submit to the Department a list of all funding sources for the  
24 operational costs of the group home for the preceding two years, in  
25 accordance with the schedule and format prescribed by the Department.

26 **SECTION 11F.18A.(d)** The Department shall use an existing mechanism to  
27 administer these funds in the least restrictive manner that ensures compliance with this section  
28 and timely and accurate payments to group homes. The Department shall not, under any  
29 circumstances, use any portion of the five million dollars (\$5,000,000) in nonrecurring funds  
30 appropriated in this act to the Division of Mental Health, Developmental Disabilities, and  
31 Substance Abuse Services, for supplemental short-term assistance for group homes, for each  
32 year of the 2017-2019 fiscal biennium for any other purpose than the purpose specified in this  
33 section.

34 **SECTION 11F.18A.(e)** By September 1, 2018, the Department of Health and  
35 Human Services shall submit the following to the Joint Legislative Oversight Committee on  
36 Health and Human Services and the Fiscal Research Division:

37 (1) A list of funding sources for each group home that receives assistance  
38 authorized by this section, based on the information provided to the  
39 Department pursuant to subdivision (7) of subsection (c) of this section.

40 (2) A plan for sustained funding beyond the 2017-2019 fiscal biennium for  
41 group homes that provide services to individuals diagnosed with mental  
42 illness or intellectual or developmental disabilities. The plan must be based  
43 on an assessment of the number and size of these group homes, their  
44 geographic location, current sources of funding for each group home, and  
45 any other aspects determined by the Department to affect their viability.

46 **SECTION 11F.18A.(f)** Nothing in this section shall be construed as an obligation  
47 by the General Assembly to appropriate funds for the purpose of this section, or as an  
48 entitlement by any group home, resident of a group home, or other person to receive temporary,  
49 short-term financial assistance under this section.

50 **SECTION 11F.18A.(g)** This section expires June 30, 2019.  
51

**SUBPART XI-G. DIVISION OF HEALTH SERVICE REGULATION****FUNDS TO CONTINUE COMMUNITY PARAMEDICINE PILOT PROGRAM**

**SECTION 11G.1.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Service Regulation, the sum of three hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of three hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used to continue the community paramedicine pilot program authorized in Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94, as follows:

- (1) The sum of two hundred ten thousand dollars (\$210,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the New Hanover Regional Emergency Medical Services site.
- (2) The sum of seventy thousand dollars (\$70,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the McDowell County Emergency Medical Services site.
- (3) The sum of seventy thousand dollars (\$70,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the Wake County Emergency Medical Services site.

The focus of this community paramedicine pilot program shall continue to be expansion of the role of paramedics to allow for community-based initiatives that result in providing care that avoids nonemergency use of emergency rooms and 911 services and avoidance of unnecessary admissions into health care facilities.

**SECTION 11G.1.(b)** The participation requirements, objectives, standards, and required outcomes for the pilot program shall remain the same as established pursuant to Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

**SECTION 11G.1.(c)** By November 1, 2019, the Department of Health and Human Services shall submit an updated report on the community paramedicine pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the updated report shall include all of the following:

- (1) Any updated version of the evaluation plan required by subsection (d) of Section 12A.12 of S.L. 2015-241.
- (2) An estimate of the cost to expand the program incrementally and statewide.
- (3) An estimate of any potential savings of State funds associated with expansion of the program.
- (4) If expansion of the program is recommended, a time line for expanding the program.

**FACILITIES INCLUDED UNDER SINGLE HOSPITAL LICENSE**

**SECTION 11G.2.(a)** G.S. 131E-77(e1) reads as rewritten:

"(e1) Any license issued by the Department shall include only ~~facilities, premises, buildings, outpatient clinics, and other locations~~ facilities (i) operated by the hospital within a single county and (ii) operated by the hospital in an immediately adjoining county; provided, however, that ~~facilities, premises, buildings, outpatient clinics, and other locations~~ facilities operated by a hospital in an immediately adjoining county shall only be included within the same hospital license if the applicant hospital demonstrates all of the following to the satisfaction of the Department:

- (1) There was previously only one hospital licensed by the Department ~~and~~ providing inpatient services in the immediately adjoining county.
- (2) The licensed ~~inpatient~~ hospital in the immediately adjoining county described in subdivision (1) of this subsection closed or otherwise ceased providing hospital services to patients no more than three years prior to the

1 date the applicant hospital first applied to license a ~~facility, premises,~~  
 2 ~~building, outpatient clinic, or location~~ facility in such immediately adjoining  
 3 county.

4 If the Department approves ~~an applicant~~ a hospital's initial request to include within its  
 5 hospital ~~licensure an initial facility, premises, building, outpatient clinic, or other location~~  
 6 license a facility in an immediately adjoining county, then any other ~~designated facilities,~~  
 7 ~~premises, buildings, outpatient clinics, or other locations~~ hospital services thereafter developed  
 8 and operated by the applicant in such immediately adjoining county in accordance with  
 9 applicable law may also be included within and covered by the license issued to the applicant  
 10 by the Department."

11 **SECTION 11G.2.(b)** This section is effective when this act becomes law.

12  
 13 **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

14 **SECTION 11G.3.(a)** For the period beginning July 1, 2017, and ending June 30,  
 15 2019, the Department of Health and Human Services, Division of Health Service Regulation,  
 16 shall not issue any licenses for special care units as defined in G.S. 131D-4.6 and  
 17 G.S. 131E-114. This prohibition shall not restrict the Department of Health and Human  
 18 Services from doing any of the following:

- 19 (1) Issuing a license to a facility that is acquiring an existing special care unit.
- 20 (2) Issuing a license for a special care unit in any area of the State upon a  
 21 determination by the Secretary of the Department of Health and Human  
 22 Services that increased access to this type of care is necessary in that area  
 23 during the moratorium imposed by this section.
- 24 (3) Processing all completed applications for special care unit licenses received  
 25 by the Division of Health Service Regulation along with the applicable  
 26 license fee prior to June 1, 2013.
- 27 (4) Issuing a license to a facility that was in possession of a certificate of need as  
 28 of July 31, 2013, that included authorization to operate special care unit  
 29 beds.

30 **SECTION 11G.3.(b)** The Department of Health and Human Services shall submit  
 31 a report to the Joint Legislative Oversight Committee on Health and Human Services and the  
 32 Fiscal Research Division by March 1, 2019, containing at least the following information:

- 33 (1) The number of licensed special care units in the State.
- 34 (2) The capacity of the currently licensed special care units to serve people in  
 35 need of their services.
- 36 (3) The anticipated growth in the number of people who will need the services  
 37 of a licensed special care unit.
- 38 (4) The number of applications received from special care units seeking  
 39 licensure as permitted by this section and the number of those applications  
 40 that were not approved.

41 **SECTION 11G.3.(c)** This section becomes effective July 1, 2017.

42  
 43 **SUBPART XI-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)**

44  
 45 **MEDICAID ELIGIBILITY**

46 **SECTION 11H.1.(a)** Families and children who are categorically and medically  
 47 needy are eligible for Medicaid, subject to the following annual income levels:

	<b>Categorically Needy</b>	<b>Medically Needy</b>
<b>Family Size</b>	<b>Income Level</b>	<b>Income Level</b>
1	\$ 5,208	\$ 2,904

1	2	6,828	3,804
2	3	8,004	4,404
3	4	8,928	4,800
4	5	9,888	5,196
5	6	10,812	5,604
6	7	11,700	6,000
7	8	12,432	6,300

8 The Department of Health and Human Services shall provide Medicaid coverage to 19- and  
9 20-year-olds under this subsection in accordance with federal rules and regulations. Medicaid  
10 enrollment of categorically needy families with children shall be continuous for one year  
11 without regard to changes in income or assets.

12 **SECTION 11H.1.(b)** For the following Medicaid eligibility classifications for  
13 which the federal poverty guidelines are used as income limits for eligibility determinations,  
14 the income limits will be updated each April 1 immediately following publication of federal  
15 poverty guidelines. The Department of Health and Human Services, Division of Medical  
16 Assistance, shall provide Medicaid coverage to the following:

- 17 (1) All elderly, blind, and disabled people who have incomes equal to or less  
18 than one hundred percent (100%) of the federal poverty guidelines.
- 19 (2) Pregnant women with incomes equal to or less than one hundred ninety-six  
20 percent (196%) of the federal poverty guidelines and without regard to  
21 resources. Services to pregnant women eligible under this subsection  
22 continue throughout the pregnancy but include only those related to  
23 pregnancy and to those other conditions determined by the Department as  
24 conditions that may complicate pregnancy.
- 25 (3) Infants under the age of one with family incomes equal to or less than two  
26 hundred ten percent (210%) of the federal poverty guidelines and without  
27 regard to resources.
- 28 (4) Children aged one through five with family incomes equal to or less than  
29 two hundred ten percent (210%) of the federal poverty guidelines and  
30 without regard to resources.
- 31 (5) Children aged six through 18 with family incomes equal to or less than one  
32 hundred thirty-three percent (133%) of the federal poverty guidelines and  
33 without regard to resources.

34 The Department of Health and Human Services, Division of Medical Assistance,  
35 shall also provide family planning services to men and women of childbearing age with family  
36 incomes equal to or less than one hundred ninety-five percent (195%) of the federal poverty  
37 guidelines and without regard to resources.

38 **SECTION 11H.1.(c)** The Department of Health and Human Services, Division of  
39 Medical Assistance, shall provide Medicaid coverage to adoptive children with special or  
40 rehabilitative needs, regardless of the adoptive family's income.

41 **SECTION 11H.1.(d)** The Department of Health and Human Services, Division of  
42 Medical Assistance, shall provide Medicaid coverage to "independent foster care adolescents,"  
43 ages 18, 19, and 20, as defined in section 1905(w)(1) of the Social Security Act (42 U.S.C. §  
44 1396d(w)(1)), without regard to the adolescent's assets, resources, or income levels.

45 **SECTION 11H.1.(e)** The Department of Health and Human Services, Division of  
46 Medical Assistance, shall provide Medicaid coverage to women who need treatment for breast  
47 or cervical cancer and who are defined in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).

## 48 49 **MEDICAID ANNUAL REPORT**

50 **SECTION 11H.2.** The Department of Health and Human Services, Division of  
51 Medical Assistance (Division), shall continue the publication of the Medicaid Annual Report

1 and accompanying tables. The Division shall publish the report and tables on its Web site no  
2 later than December 31 following each State fiscal year.

### 4 **PROVIDER APPLICATION AND RECREDENTIALING FEE**

5 **SECTION 11H.3.** Chapter 108C of the General Statutes is amended by adding a  
6 new section to read:

#### 7 **"§ 108C-2.1. Provider application and recredentialing fee.**

8 (a) Each provider that submits an application to enroll in the Medicaid program shall  
9 submit an application fee. The application fee shall be the sum of the amount federally required  
10 and one hundred dollars (\$100.00).

11 (b) The fee required under subsection (a) of this section shall be charged to all providers  
12 at recredentialing every five years."

### 14 **ADMINISTRATIVE HEARINGS FUNDING**

15 **SECTION 11H.4.** Of the funds appropriated to the Department of Health and  
16 Human Services, Division of Medical Assistance, for administrative contracts and interagency  
17 transfers, the Department of Health and Human Services (Department) shall transfer the sum of  
18 one million dollars (\$1,000,000) for the 2017-2018 fiscal year and the sum of one million  
19 dollars (\$1,000,000) for the 2018-2019 fiscal year to the Office of Administrative Hearings  
20 (OAH). These funds shall be allocated by the OAH for mediation services provided for  
21 Medicaid applicant and recipient appeals and to contract for other services necessary to conduct  
22 the appeals process. The OAH shall continue the Memorandum of Agreement (MOA) with the  
23 Department for mediation services provided for Medicaid recipient appeals and contracted  
24 services necessary to conduct the appeals process. The MOA will facilitate the Department's  
25 ability to draw down federal Medicaid funds to support this administrative function. Upon  
26 receipt of invoices from the OAH for covered services rendered in accordance with the MOA,  
27 the Department shall transfer the federal share of Medicaid funds drawn down for this purpose.

### 29 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

30 **SECTION 11H.5.(a)** Receivables reserved at the end of the 2017-2018 and  
31 2018-2019 fiscal years shall, when received, be accounted for as nontax revenue for each of  
32 those fiscal years.

33 **SECTION 11H.5.(b)** For the 2017-2018 fiscal year, the Department of Health and  
34 Human Services shall deposit from its revenues one hundred sixty-four million seven hundred  
35 thousand dollars (\$164,700,000) with the Department of State Treasurer to be accounted for as  
36 nontax revenue. For the 2018-2019 fiscal year, the Department of Health and Human Services  
37 shall deposit from its revenues one hundred forty-nine million six hundred thousand dollars  
38 (\$149,600,000) with the Department of State Treasurer to be accounted for as nontax revenue.  
39 These deposits shall represent the return of General Fund appropriations, nonfederal revenue,  
40 fund balances, or other resources from State-owned and State-operated hospitals that are used  
41 to provide indigent and nonindigent care services. The return from State-owned and  
42 State-operated hospitals to DHHS will be made from nonfederal resources in an amount equal  
43 to the amount of the payments from the Division of Medical Assistance for uncompensated  
44 care. The treatment of any revenue derived from federal programs shall be in accordance with  
45 the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

### 47 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

48 **SECTION 11H.6.** The Department of Health and Human Services, Division of  
49 Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan,  
50 contract for services, medical equipment, supplies, and appliances by implementation of



1 volume purchase plans, single source procurement, or other contracting processes in order to  
2 improve cost containment.

### 4 ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS

5 SECTION 11H.7. The Department of Health and Human Services (Department)  
6 shall issue Medicaid identification cards to recipients on an annual basis with updates as  
7 needed. The Department shall adopt rules, or amend any current rules relating to Medicaid  
8 identification cards, to implement this section.

### 10 LME/MCO OUT-OF-NETWORK AGREEMENTS

11 SECTION 11H.8.(a) The Department of Health and Human Services (Department)  
12 shall continue to ensure that local management entities/managed care organizations  
13 (LME/MCOs) utilize an out-of-network agreement that contains standardized elements  
14 developed in consultation with LME/MCOs. The out-of-network agreement shall be a  
15 streamlined agreement between a single provider of behavioral health or  
16 intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care  
17 in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider,  
18 and comply with all requirements of State and federal laws and regulations. LME/MCOs shall  
19 use the out-of-network agreement in lieu of a comprehensive provider contract when all of the  
20 following conditions are met:

- 21 (1) The services requested are medically necessary and cannot be provided by  
22 an in-network provider.
- 23 (2) The behavioral health or IDD provider's site of service delivery is located  
24 outside of the geographical catchment area of the LME/MCO, and the  
25 LME/MCO is not accepting applications or the provider does not wish to  
26 apply for membership in the LME/MCO closed network.
- 27 (3) The behavioral health or IDD provider is not excluded from participation in  
28 the Medicaid program, the NC Health Choice program, or other State or  
29 federal health care program.
- 30 (4) The behavioral health or IDD provider is serving no more than two enrollees  
31 of the LME/MCO, unless the agreement is for inpatient hospitalization, in  
32 which case the LME/MCO may, but shall not be required to, enter into more  
33 than five such out-of-network agreements with a single hospital or health  
34 system in any 12-month period.

35 SECTION 11H.8.(b) Medicaid providers providing services pursuant to an  
36 out-of-network agreement shall be considered a network provider for purposes of Chapter  
37 108D of the General Statutes only as it relates to enrollee grievances and appeals.

### 39 MEDICAID CONTINGENCY RESERVE

40 SECTION 11H.9.(a) Funds in the Medicaid Contingency Reserve established by  
41 Section 12H.38 of S.L. 2014-100 shall be used only for budget shortfalls in the Medicaid  
42 Program. These funds shall be available for expenditure only upon an appropriation by act of  
43 the General Assembly. It is the intent of the General Assembly to appropriate funds from the  
44 Medicaid Contingency Reserve only if:

- 45 (1) The Director of the Budget, after the State Controller has verified that  
46 receipts are being used appropriately, has found that additional funds are  
47 needed to cover a shortfall in the Medicaid budget for the State fiscal year.
- 48 (2) The Director of the Budget has reported immediately to the Fiscal Research  
49 Division on the amount of the shortfall found in accordance with subdivision  
50 (1) of this subsection. This report shall include an analysis of the causes of  
51 the shortfall, such as (i) unanticipated enrollment and mix of enrollment, (ii)

1 unanticipated growth or utilization within particular service areas, (iii) errors  
 2 in the data or analysis used to project the Medicaid budget, (iv) the failure of  
 3 the program to achieve budgeted savings, (v) other factors and market trends  
 4 that have impacted the price of or spending for services, (vi) variations in  
 5 receipts from prior years or from assumptions used to prepare the Medicaid  
 6 budget for the current fiscal year, or (vii) other factors. The report shall also  
 7 include data in an electronic format that is adequate for the Fiscal Research  
 8 Division to confirm the amount of the shortfall and its causes.

9 **SECTION 11H.9.(b)** Nothing in this section shall be construed to limit the  
 10 authority of the Governor to carry out his duties under the Constitution.

## 11 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

12 **SECTION 11H.10.** The local management entities/managed care organizations  
 13 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human  
 14 Services, Division of Medical Assistance (DMA), in an aggregate amount of seventeen million  
 15 seven hundred thirty-six thousand nine hundred eighty-five dollars (\$17,736,985) in the  
 16 2017-2018 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand  
 17 two hundred seventeen dollars (\$18,028,217) for the 2018-2019 fiscal year. The due date and  
 18 frequency of the intergovernmental transfer required by this section shall be determined by  
 19 DMA. The amount of the intergovernmental transfer that each individual LME/MCO is  
 20 required to make in each fiscal year shall be as follows:

	<b>2017-2018</b>	<b>2018-2019</b>
22 Alliance Behavioral Healthcare	\$2,994,703	\$3,043,874
23 Cardinal Innovations Healthcare	\$4,118,912	\$4,186,543
24 Eastpointe	\$2,011,858	\$2,044,892
25 Partners Behavioral Health Management	\$1,913,793	\$1,945,216
26 Sandhills Center	\$1,924,822	\$1,956,427
27 Trillium Health Resources	\$2,457,426	\$2,497,775
28 Vaya Health	\$2,315,471	\$2,353,490

29  
 30 In the event that any county disengages from an LME/MCO and realigns with  
 31 another LME/MCO during the 2017-2019 fiscal biennium, DMA shall have the authority to  
 32 reallocate the amount of the intergovernmental transfer that each affected LME/MCO is  
 33 required to make, taking into consideration the change in catchment area and covered  
 34 population, provided that the aggregate amount of the transfers received from all LME/MCOs  
 35 in each year of the fiscal biennium are achieved.

## 36 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

37 **SECTION 11H.11.** The Department of Health and Human Services, Division of  
 38 Medical Assistance, shall amend the North Carolina Innovations waiver to increase the number  
 39 of slots available under the waiver by 400 slots. These additional slots shall be made available  
 40 on January 1, 2018.

## 41 **INCREASE PERSONAL CARE SERVICES RATE**

42  
 43 **SECTION 11H.12.(a)** Beginning January 1, 2018, the Department of Health and  
 44 Human Services, Division of Medical Assistance, shall increase to three dollars and ninety  
 45 cents (\$3.90) the rate paid per 15-minute billing unit for personal care services provided  
 46 pursuant to Clinical Coverage Policy 3L.

47  
 48 **SECTION 11H.12.(b)** Beginning January 1, 2018, the Department of Health and  
 49 Human Services, Division of Medical Assistance, shall increase to three dollars and ninety  
 50 cents (\$3.90) the rate paid per 15-minute billing unit for in-home aide, respite care in-home

1 aide, and personal care assistance services provided under the Community Alternatives  
2 Program for Children (CAP-C) waiver pursuant to Clinical Coverage Policy 3K-1.

### 4 **RETROACTIVE PERSONAL CARE SERVICES PAYMENT**

5 **SECTION 11H.12A.(a)** The Department of Health and Human Services, Division  
6 of Medical Assistance, shall amend Section 5.5, Retroactive Prior Approval for PCS, of  
7 Clinical Coverage Policy 3L, State Plan Personal Care Services (PCS), to extend the allowable  
8 retroactive period for prior approvals for personal care services from 10 days to 30 days upon  
9 the same conditions that are currently required for retroactive prior approval of personal care  
10 services. This section shall not be construed to require Medicaid reimbursement for personal  
11 care services provided within the retroactive period in excess of the number of hours approved  
12 through the prior approval process.

13 **SECTION 11H.12A.(b)** This section becomes effective August 1, 2017, and  
14 applies to Requests for Independent Assessment for Personal Care Services Attestation for  
15 Medical Need forms received on or after that date.

### 17 **GRADUATE MEDICAL EDUCATION MEDICAID REIMBURSEMENT**

18 **SECTION 11H.13.(a)** For the period of July 1, 2017, through June 30, 2019, the  
19 Department of Health and Human Services, Division of Medical Assistance (DMA), shall no  
20 longer be required to implement the prohibitions on reimbursement for Graduate Medical  
21 Education (GME) payments required by Section 12H.23 of S.L. 2015-241, as amended by  
22 Section 88 of S.L. 2015-264.

23 **SECTION 11H.13.(b)** It is the intent of the General Assembly to continue to  
24 appropriate funds to the Department of Health and Human Services in years beyond this fiscal  
25 biennium in order to maintain the GME add-on to the DRG Unit Value (Base) rate as part of  
26 Medicaid Transformation, as described in S.L. 2015-241.

27 **SECTION 11H.13.(c)** No later than January 1, 2018, DMA shall report to the Joint  
28 Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research  
29 Division on all of the following:

- 30 (1) The actual and forecasted total requirements less receipts for payments made  
31 for the GME add-on to the DRG Unit Value (Base) rate.
- 32 (2) The actual and forecasted total requirements less receipts for all Medicaid  
33 spending.
- 34 (3) Any specific actions the Department of Health and Human Services has  
35 taken or proposes to take to maintain total Medicaid spending within the  
36 amounts appropriated for the Medicaid program.

### 38 **PLAN TO IMPLEMENT COVERAGE FOR HOME VISITS FOR PREGNANT 39 WOMEN AND FAMILIES WITH YOUNG CHILDREN**

40 **SECTION 11H.14.(a)** It is the intent of the General Assembly to provide Medicaid  
41 and NC Health Choice coverage for evidence-based home visits for pregnant women and  
42 families with young children designed to improve maternal and child health, prevent child  
43 abuse and neglect, encourage positive parenting, and promote child development and school  
44 readiness that are consistent with the model used by Nurse-Family Partnership. No later than  
45 July 1, 2018, the Department of Health and Human Services, Division of Medical Assistance  
46 (Department), shall begin providing Medicaid and NC Health Choice coverage for home visits  
47 statewide or through a pilot program.

48 The Department shall develop a plan to implement changes necessary to provide  
49 Medicaid and NC Health Choice coverage for home visits statewide or through a pilot program;  
50 however, consistent with G.S. 108A-54(e)(4), the Department is not authorized to make any  
51 changes to eligibility for the Medicaid or NC Health Choice programs. The plan shall detail the

1 design and scope of coverage for the home visits for pregnant women and families with young  
2 children and include the identification of any State Plan Amendments or waivers that may be  
3 necessary to submit to the Centers for Medicare and Medicaid Services.

4 **SECTION 11H.14.(b)** No later than November 1, 2017, the Department shall  
5 submit to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and  
6 the Fiscal Research Division a report containing the following information:

- 7 (1) As required by subsection (a) of this section, a copy of the plan to provide,  
8 no later than July 1, 2018, Medicaid and NC Health Choice coverage for  
9 home visits statewide or through a pilot program.
- 10 (2) A detailed description of the coverage to be provided, including the  
11 proposed service definition, the home visit schedule, the scope of the  
12 covered service, and the anticipated reimbursement rate to be paid.
- 13 (3) An analysis of the total fiscal impact of adding Medicaid and NC Health  
14 Choice coverage for the home visits for pregnant women and families with  
15 young children. This shall include an outline of both costs and savings to the  
16 Medicaid and NC Health Choice programs, as well as any savings to other  
17 programs provided by the State.
- 18 (4) A description of how the Department intends to leverage any private funding  
19 that may be currently utilized to provide coverage for evidence-based home  
20 visits for pregnant women and families with young children.
- 21 (5) Whether the Department intends to add this coverage pursuant to its  
22 authority under G.S. 108A-54(e) or whether additional appropriations are  
23 required.
- 24 (6) Any plans to include pay-for-success initiatives as part of the Medicaid and  
25 NC Health Choice funding for the covered service.
- 26 (7) An anticipated time line for the implementation of the Department's plan and  
27 the submission of any necessary State Plan Amendments or waivers to the  
28 Centers for Medicare and Medicaid Services.

29  
30 **PLAN TO ESTABLISH MEDICAID COVERAGE FOR AMBULANCE TRANSPORTS**  
31 **TO ALTERNATIVE APPROPRIATE CARE LOCATIONS**

32 **SECTION 11H.14A.(a)** It is the intent of the General Assembly to provide  
33 opportunities to divert individuals in behavioral health crisis from hospital emergency  
34 departments to alternative appropriate care locations. Consistent with Option 1 outlined in the  
35 Department of Health and Human Services' (Department) March 1, 2015, legislative report  
36 entitled "Ambulance Transports to Crisis Centers," the Department shall design a plan for  
37 adding Medicaid coverage for ambulance transports of Medicaid recipients in behavioral health  
38 crisis to behavioral health clinics or other alternative appropriate care locations. The plan shall  
39 ensure the following:

- 40 (1) Medicaid reimbursement is contingent upon an Emergency Medical Services  
41 (EMS) System's ability to demonstrate its EMS providers have received  
42 appropriate education in caring for individuals in behavioral health crisis and  
43 that the EMS System has at least one partnership with a receiving facility  
44 that is able to provide care appropriate for those individuals.
- 45 (2) An EMS System shall be required to include in its EMS System Plan a  
46 report on patient experiences and outcomes in accordance with rules adopted  
47 by the Department of Health and Human Services, Division of Health  
48 Regulation, Office of Emergency Medical Services.

49 **SECTION 11H.14A.(b)** No later than December 1, 2017, the Department shall  
50 report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on the  
51 plan for adding Medicaid coverage for ambulance transports of Medicaid recipients in

1 behavioral health crisis to behavioral health clinics or other alternative appropriate care  
2 locations. The report shall include the following:

- 3 (1) The proposed reimbursement methodology to be utilized.
- 4 (2) An analysis of the financial impact of adding the coverage, including any  
5 anticipated costs to the Medicaid program.
- 6 (3) Whether the Department intends to add this coverage pursuant to its  
7 authority under G.S. 108A-54(e) or whether additional appropriations are  
8 required.
- 9 (4) If the Department intends to add this coverage pursuant to its authority under  
10 G.S. 108A-54(e), a time line for submission of any State Plan amendments  
11 or any waivers necessary for implementation and expected implementation  
12 date.

#### 13 14 **NC TRACKS ENHANCEMENTS TO PREVENT AND DETECT FRAUD, WASTE, 15 AND ABUSE**

16 **SECTION 11H.15.(a)** The Department of Health and Human Services  
17 (Department) shall enhance the capability of the NC Tracks Medicaid Management  
18 Information System (MMIS) to include the ability to detect and prevent fraud, waste, and abuse  
19 prior to the payment of claims. Program changes shall be made to MMIS to prevent claims  
20 payment to providers when fraud, waste, or abuse is identified. The new capability required by  
21 this subsection shall utilize publicly available data regarding Medicaid providers and recipients.  
22 For this new capability, the Department shall establish criteria for the identification of  
23 suspicious claims, suspicious patterns of activity, or both without preselecting providers or  
24 recipients for review. Claims or patterns of activity identified by this new capability shall be  
25 evaluated utilizing a combination of automated and manual processes to determine the validity  
26 of the suspected fraud, waste, or abuse prior to the issuance of any payment to the provider for  
27 the suspicious claims.

28 The new capability required by this subsection shall be implemented utilizing  
29 existing MMIS contracts no later than 150 days after this section becomes effective. Nothing in  
30 this section shall be construed to change or limit any current laws or rules regarding prompt  
31 payment to providers or provider prepayment claims review.

32 **SECTION 11H.15.(b)** This section is effective when it becomes law.

#### 33 34 **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM 35 MODIFICATIONS**

36 **SECTION 11H.16.** Except for eligibility categories and income thresholds and  
37 except for statutory changes, the Department of Health and Human Services shall not be  
38 required to maintain, after June 30, 2019, any modifications to the Medicaid and NC Health  
39 Choice programs required by this Subpart.

#### 40 41 **MEDICAID TRANSFORMATION TECHNICAL AND CLARIFYING CHANGES**

42 **SECTION 11H.17.(a)** Section 4 of S.L. 2015-245, as amended by Section 2(b) of  
43 S.L. 2016-121, reads as rewritten:

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

- 47 ...
- 48 (4) Services covered by PHPs. – Capitated PHP contracts shall cover all  
49 Medicaid and NC Health Choice services, including physical health services,  
50 prescription drugs, long-term services and supports, and behavioral health  
51 services for NC Health Choice recipients, except as otherwise provided in

1 this subdivision. The capitated contracts required by this subdivision shall  
 2 not cover:

3 ...

4 d. ~~Audiology, speech therapy, occupational therapy, physical therapy,~~  
 5 ~~nursing, and psychological services prescribed~~ Services documented  
 6 in an Individualized Education Program (IEP) and performed by  
 7 schools or individuals contracted with provided or billed by Local  
 8 Education Agencies.

9 e. ~~Services provided directly and billed by a Children's Developmental~~  
 10 ~~Services Agency (CDSA) or by a provider under contract with a~~  
 11 ~~CDSA if the service is authorized through the CDSA and is that are~~  
 12 included on the child's Individualized Family Service Plan.

13 ...."

14 **SECTION 11H.17.(b)** G.S. 143B-216.80(b)(1) reads as rewritten:

15 "(1) Employees of the Division of Health Benefits shall not be subject to the  
 16 North Carolina Human Resources Act, except as provided in  
 17 ~~G.S. 126-5(e1)(31); G.S. 126-5(c1)(33).~~"

18  
 19 **PREPAYMENT CLAIMS REVIEW MODIFICATIONS**

20 **SECTION 11H.19.(a)** G.S. 108C-7 reads as rewritten:

21 **"§ 108C-7. Prepayment claims review.**

22 (a) In order to ensure that claims presented by a provider for payment by the  
 23 Department meet the requirements of federal and State laws and regulations and medical  
 24 necessity criteria, a provider may be required to undergo prepayment claims review by the  
 25 Department. Grounds for being placed on prepayment claims review shall include, but shall not  
 26 be limited to, receipt by the Department of credible allegations of fraud, identification of  
 27 aberrant billing practices as a result of ~~investigations or investigations,~~ data analysis performed  
 28 by the Department ~~Department,~~ the failure of the provider to timely respond to a request for  
 29 documentation made by the Department or one of its authorized representatives, or other  
 30 grounds as defined by the Department in rule.

31 (b) Providers shall not be entitled to payment prior to claims review by the Department.  
 32 The Department shall notify the provider in writing of the decision and the process for  
 33 submitting claims for prepayment claims ~~review no less than 20 calendar days prior to~~  
 34 ~~instituting prepayment claims review.~~ The written notice shall be deposited, first-class postage  
 35 prepaid, in the United States mail and addressed to the most recent address given by the  
 36 provider to the Department. The prepayment claims review shall be instituted no less than 20  
 37 calendar days from the date of the mailing of written notification. The notice shall contain all of  
 38 the following:

39 ...

40 (4) A specific list of all supporting documentation that the provider will need to  
 41 submit ~~contemporaneously with the~~ to the prepayment review vendor for all  
 42 claims that will be ~~are~~ subject to the prepayment claims review.

43 ...

44 (d) The Department shall process all clean claims submitted for prepayment review  
 45 within 20 calendar days of ~~submission by the provider~~ receipt of the supporting documentation  
 46 for each claim by the prepayment review vendor. To be considered by the Department, the  
 47 documentation submitted must be complete, legible, and clearly identify the provider to which  
 48 the documentation applies. If the provider failed to provide any of the specifically requested  
 49 supporting documentation necessary to process a claim pursuant to this section, the Department  
 50 shall send to the provider written notification of the lacking or deficient documentation within  
 51 15 calendar days of receipt of such claim ~~the due date of requested supporting documentation.~~

1 The Department shall have an additional 20 days to process a claim upon receipt of the  
2 documentation.

3 (e) The provider shall remain subject to the prepayment claims review process until the  
4 provider achieves three consecutive months with a minimum seventy percent (70%) clean  
5 claims ~~rate~~, provided that the number of claims submitted per month is no less than fifty  
6 percent (50%) of the provider's average monthly submission of Medicaid claims for the  
7 three-month period prior to the provider's placement on prepayment review. If a provider does  
8 not submit any claims following placement on prepayment review in any given month, then the  
9 claims accuracy rating shall be zero percent (0%) for each month in which no claims were  
10 submitted. If the provider does not meet ~~this standard~~ the seventy percent (70%) clean claims  
11 rate minimum requirement for three consecutive months within six months of being placed on  
12 prepayment claims review, the Department may implement sanctions, including termination of  
13 the applicable Medicaid Administrative Participation Agreement, or continuation of  
14 prepayment review for an additional six month period. The Department shall give  
15 adequate advance notice of any modification, suspension, or termination of the Medicaid  
16 Administrative Participation Agreement. ~~In no instance shall prepayment claims review~~  
17 ~~continue longer than 12 months.~~

18 Prepayment claims review shall not continue longer than 24 consecutive months unless the  
19 Department has initiated the termination or other sanction of the provider and the provider has  
20 appealed that termination or sanction. If the Department has initiated the termination or other  
21 sanction of the provider and the provider has appealed that termination or sanction, then the  
22 provider shall remain on prepayment review until the final disposition of the Department's  
23 termination or other sanction of the provider.

24 (e1) Failure of a provider to meet the seventy percent (70%) clean claims rate minimum  
25 requirement may result in a termination action. A termination action taken shall reflect the  
26 failure of the provider to meet the seventy percent (70%) clean claims rate minimum  
27 requirement and shall result in exclusion of the provider from future participation in the  
28 Medicaid program. If a provider fails to meet the seventy percent (70%) clean claims rate  
29 minimum requirement and subsequently requests a voluntary termination, the termination shall  
30 reflect the provider's failure to successfully complete prepayment claims review and shall result  
31 in exclusion of the provider from future participation in the Medicaid program.

32 (e2) A provider shall not withhold claims to avoid the claims review process. Any claims  
33 for services provided during the period of prepayment review may still be subject to review  
34 prior to payment regardless of the date the claims are submitted and regardless of whether the  
35 provider has been taken off of prepayment review for any reason, including attaining a  
36 minimum of seventy percent (70%) clean claims rate for three consecutive months, the  
37 expiration of the 24-month time limit, or the termination of the provider.

38 (f) The decision to place or maintain a provider on prepayment claims review does not  
39 constitute a contested case under Chapter 150B of the General Statutes. A provider may not  
40 appeal or otherwise contest a decision of the Department to place or maintain a provider on  
41 prepayment review.

42 (g) If a provider elects to appeal the Department's decision to impose sanctions on the  
43 provider as a result of the prepayment review process to the Office of Administrative Hearings,  
44 then the provider shall have 45 days from the date that the appeal is filed to submit any  
45 documentation or records that address or challenge the findings of the prepayment review. The  
46 Department shall not review, and the administrative law judge shall not admit into evidence,  
47 any documentation or records submitted by the provider after the 45-day deadline. In order for  
48 a provider to meet its burden of proof under G.S. 108C-12(d) that a prior claim denial should  
49 be overturned, the provider must prove that (i) all required documentation was provided at the  
50 time the claim was submitted and was available for review by the prepayment review vendor  
51 and (ii) the claim should not have been denied at the time of the vendor's initial review."

1           **SECTION 11H.19.(b)** This section becomes effective October 1, 2017, and applies  
2 to providers who are placed on prepayment review on or after that date and written notices  
3 provided to providers on or after that date.  
4

#### 5 **MEDICAID ELIGIBILITY MONITORING**

6           **SECTION 11H.20.(a)** Article 2 of Chapter 108A of the General Statutes is  
7 amended by adding a new section to read:

8 **"§ 108A-55.5. Eligibility monitoring for medical assistance.**

9           (a) On at least a quarterly basis, the Department shall review information concerning  
10 changes in circumstances that may affect medical assistance beneficiaries' eligibility to receive  
11 medical assistance benefits. The Department shall share the information directly with, or make  
12 the information available to, the county department of social services that determined the  
13 beneficiary's eligibility.

14           (b) The information reviewed by the Department shall include all of the following:

15                   (1) Earned and unearned income.

16                   (2) Employment status and changes in employment.

17                   (3) Residency status.

18                   (4) Enrollment status in other State-administered public assistance programs.

19                   (5) Financial resources.

20                   (6) Incarceration status.

21                   (7) Death records.

22                   (8) Lottery winnings.

23                   (9) Enrollment status in public assistance programs outside of this State.

24           (c) A county department of social services shall promptly review the information  
25 provided or made available by the Department in accordance with subsection (a) of this section  
26 to determine if the information indicates a change in circumstances that may affect a medical  
27 assistance beneficiary's eligibility to receive medical assistance benefits and take one of the  
28 following actions:

29                   (1) If a review of the information does not result in the county department of  
30 social services finding a discrepancy or change in a beneficiary's  
31 circumstances that may affect that beneficiary's eligibility to receive medical  
32 assistance benefits, the county department of social services shall take no  
33 further action.

34                   (2) If a review of the information does result in the county department of social  
35 services finding a discrepancy or change in a beneficiary's circumstances  
36 that may affect that beneficiary's eligibility for medical assistance benefits,  
37 the county department of social services shall provide written notice to the  
38 beneficiary that describes in sufficient detail the circumstances of the  
39 discrepancy or change in circumstances that would affect the beneficiary's  
40 eligibility for medical assistance benefits. The notice must include the  
41 following information:

42                           a. The beneficiary will have 12 calendar days from the time of mailing  
43 to respond.

44                           b. A response from the beneficiary must be in writing.

45                           c. Self-declarations made by the beneficiary will not be accepted as  
46 verification of information in the response.

47                           d. The consequences of taking no action.

48           (d) After the expiration of 12 calendar days from the time of mailing the notice required  
49 under subsection (c) of this section, the county department of social services shall take one of  
50 the following actions:



- 1           (1) If a beneficiary did not respond to the notice, the county department of social  
2 services shall redetermine the beneficiary's eligibility for medical assistance  
3 benefits and provide the beneficiary with proper notice under G.S. 108A-79.  
4           (2) If a beneficiary responds to the notice and disagrees with the information in  
5 the notice, the county department of social services shall reinvestigate the  
6 matter and take one of the following actions:  
7           a. If the county department of social services determines that there has  
8 been an error and the beneficiary's eligibility to receive medical  
9 assistance benefits is not affected, then no further action shall be  
10 taken.  
11           b. If the county department of social services determines that there is no  
12 error, the county department of social services shall redetermine the  
13 beneficiary's eligibility for medical assistance benefits and provide  
14 the beneficiary with proper notice under G.S. 108A-79.  
15           (3) If a beneficiary responds to the notice and confirms the information in the  
16 notice is correct, then the county department of social services shall  
17 redetermine the beneficiary's eligibility for medical assistance benefits and  
18 provide the beneficiary with proper notice under G.S. 108A-79.

19 If, at any time after receiving a beneficiary's response to the notice, the county department  
20 of social services determines that there is a risk of fraud or misrepresentation or inadequate  
21 documentation, then the county department of social services may request additional  
22 documentation from the beneficiary.

23 (e) Nothing in this section shall preclude the Department or any county department of  
24 social services from receiving or reviewing additional information related to a beneficiary's  
25 eligibility for medical assistance benefits that is obtained in a manner other than that provided  
26 for under this section."

27           **SECTION 11H.20.(b)** The Department of Health and Human Services may sign a  
28 memorandum of understanding with any department, agency, or division of the State to obtain  
29 information concerning individuals enrolled in Medicaid that indicates a change in  
30 circumstances that may affect the individuals' eligibility to receive Medicaid benefits under  
31 G.S. 108A-55.5(a).

32           **SECTION 11H.20.(c)** The Department of Health and Human Services may  
33 contract with one or more vendors to provide information concerning individuals enrolled in  
34 Medicaid that indicates a change in circumstances that may affect the individuals' eligibility to  
35 receive Medicaid benefits under G.S. 108A-55.5(a). The quarterly cost, net of receipts, of a  
36 contract entered into under this subsection must be less than the cost of claims, net of receipts,  
37 for the preceding quarter for individuals identified.

38           **SECTION 11H.20.(d)** The Department of Health and Human Services  
39 (Department) shall consider joining any multistate cooperative to identify individuals who are  
40 also enrolled in public assistance programs outside of this State, including the National  
41 Accuracy Clearinghouse. No later than October 1, 2017, the Department shall report to the  
42 Joint Legislative Oversight Committee on Medicaid and NC Health Choice findings that  
43 explain the reasons for joining or not joining any multistate cooperative, and, if a determination  
44 has been made to join the multistate cooperative, a date when membership is expected.

45           **SECTION 11H.20.(e)** Subsection (a) of this section becomes effective January 1,  
46 2018. The remainder of this section is effective when this act becomes law.

## 47 **MEDICAID ELIGIBILITY DETERMINATION TIMELINESS REPORTING**

48           **SECTION 11H.21.** Part 10 of Article 2 of Chapter 108A of the General Statutes is  
49 amended by adding a new section to read:

50 "§ 108A-70.43. Reporting.  
51

1 No later than November 1 of each year, the Department shall submit a report for the prior  
2 fiscal year to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice,  
3 the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal  
4 Research Division containing the following information:

- 5 (1) The annual statewide percentage of Medicaid applications processed in a  
6 timely manner for the fiscal year.
- 7 (2) The statewide average number of days to process Medicaid applications for  
8 each month in the fiscal year.
- 9 (3) The annual percentage of Medicaid applications processed in a timely  
10 manner by each county department of social services for the fiscal year.
- 11 (4) The average number of days to process Medicaid applications for each  
12 month for each county department of social services.
- 13 (5) The number of months during the fiscal year that each county department of  
14 social services met the timely processing standards under G.S. 108A-70.38.
- 15 (6) The number of months during the fiscal year that each county department of  
16 social services failed to meet the timely processing standards under  
17 G.S. 108A-70.38.
- 18 (7) A description of all corrective action activities conducted by the Department  
19 and county departments of social services in accordance with  
20 G.S. 108A-70.36.
- 21 (8) A description of how the Department plans to assist county departments of  
22 social services in meeting timely processing standards for Medicaid  
23 applications, for every county in which the performance metrics for  
24 processing Medicaid applications in a timely manner do not show significant  
25 improvement compared to the previous fiscal year."

## 27 **SUPPORT IMPROVEMENT IN THE ACCURACY OF MEDICAID ELIGIBILITY** 28 **DETERMINATIONS**

29 **SECTION 11H.22.(a)** G.S. 108A-25(b) reads as rewritten:

30 "(b) The program of medical assistance is established as a program of public assistance  
31 and shall be administered by the Department of Health and Human Services in accordance with  
32 G.S. 108A-54. Medicaid eligibility administration may be delegated to the county departments  
33 of social services under rules adopted by the Department of Health and Human Services."

34 **SECTION 11H.22.(b)** No later than November 1, 2017, the Department of Health  
35 and Human Services (Department) shall report to the Joint Legislative Oversight Committee on  
36 Medicaid and NC Health Choice on progress made regarding the accuracy of county Medicaid  
37 eligibility determinations in response to the State Auditor's January 2017 Performance Audit  
38 entitled "North Carolina Medicaid Program Recipient Eligibility Determination." The  
39 Department's report shall include the following information:

- 40 (1) An identification of stakeholders, including the county departments of social  
41 services, the Department has engaged to address issues surrounding the  
42 accuracy of Medicaid eligibility determinations by county departments of  
43 social services.
- 44 (2) Opportunities identified by the Department and stakeholders to address  
45 accuracy in Medicaid determinations.
- 46 (3) Any steps the Department has taken, or plans to take, to assist county  
47 departments of social services with improving accuracy in Medicaid  
48 eligibility determinations, including a time line for implementation of each  
49 planned action.
- 50 (4) Any changes to legislation or needs for funding identified by the Department  
51 to assist with improving accuracy in Medicaid determinations.

1           **SECTION 11H.22.(c)** Article 2 of Chapter 108A of the General Statutes is  
2 amended by adding a new Part to read:

3           "Part 11. Medicaid Eligibility Determinations Accuracy and Quality Assurance.

4           "§ 108A-70.45. Applicability.

5           If a federally recognized Native American tribe within the State has assumed responsibility  
6 for the Medicaid program pursuant to G.S. 108A-25(e), then this Part applies to the tribe in the  
7 same manner as it applies to county departments of social services.

8           "§ 108A-70.46. Audit of county Medicaid determinations.

9           Beginning January 1, 2019, the Department of Health and Human Services, Division of  
10 Central Management and Support, shall, on an annual basis, audit all county departments of  
11 social services for compliance with the accuracy standards adopted under G.S. 108A-70.47 for  
12 Medicaid eligibility determinations made within a 12-month period. This annual audit shall  
13 also include an evaluation of compliance with the quality assurance standards under  
14 G.S. 108A-70.48 by the county department of social services. Audits shall be conducted for  
15 initial Medicaid eligibility determination applications as well as Medicaid reenrollment  
16 determinations.

17           "§ 108A-70.47. Medicaid eligibility determination processing accuracy standards.

18           (a) The Department shall require county departments of social services to comply with  
19 accuracy standards set forth in rule for the processing of Medicaid eligibility determinations.  
20 The Department shall set the following standards:

- 21           (1) Accuracy standards with regards to errors that caused an ineligible Medicaid  
22 recipient to be approved for Medicaid benefits.
- 23           (2) Accuracy standards with regards to errors that caused the denial of benefits  
24 to an applicant that should have been approved for Medicaid benefits.
- 25           (3) Accuracy standards with regards to errors made during the eligibility  
26 determination process that did not change the outcome of the eligibility  
27 determination.

28           (b) Standards under this section shall be developed by the Department in consultation  
29 with the State Auditor.

30           "§ 108A-70.48. Quality assurance.

31           The Department shall require county departments of social services to comply with quality  
32 assurance minimum standards set forth in rule. The quality assurance standards shall be based  
33 upon best practices and shall be developed by the Department in consultation with the State  
34 Auditor.

35           "§ 108A-70.49. Corrective action.

36           (a) If the Department's annual audit under G.S. 108A-70.46 results in a determination  
37 that a county department of social services fails to meet any of the standards adopted under  
38 G.S. 108A-70.47 or G.S. 108A-70.48, the Department and the county department of social  
39 services shall enter into a joint corrective action plan to improve the accurate processing of  
40 applications.

41           (b) A joint corrective action plan entered into pursuant to this section shall specifically  
42 identify the following components:

- 43           (1) The duration of the joint corrective action plan, not to exceed 24 months. If a  
44 county department of social services shows measurable progress in meeting  
45 the performance requirements in the joint corrective action plan, then the  
46 duration of the joint corrective action plan may be extended by six months,  
47 but in no case shall a joint corrective action plan exceed 36 months.
- 48           (2) A plan for improving the accurate processing of applications that specifically  
49 describes the actions to be taken by the county department of social services  
50 and the Department.

1           (3)    The performance requirements for the county department of social services  
2           that constitute successful completion of the joint corrective action plan.

3           (4)    Acknowledgment that failure to successfully complete the joint corrective  
4           action plan will result in temporary assumption of Medicaid eligibility  
5           administration by the Department, in accordance with G.S. 108A-70.50.

6    **"§ 108A-70.50. Temporary assumption of Medicaid eligibility administration.**

7           (a)    If a county department of social services fails to successfully complete its joint  
8           corrective action plan, the Department shall give the county department of social services, the  
9           county manager, and the board of social services or the consolidated human services board,  
10          created pursuant to G.S. 153A-77(b), at least 90 days' notice that the Department intends to  
11          temporarily assume Medicaid eligibility administration, in accordance with subsection (b) of  
12          this section. The notice shall include the following information:

13               (1)    The date on which the Department intends to temporarily assume  
14               administration of Medicaid eligibility determinations.

15               (2)    The performance requirements in the joint corrective action plan that the  
16               county department of social services failed to meet.

17               (3)    Notice of the county department of social services' right to appeal the  
18               decision to the Office of Administrative Hearings, pursuant to Article 3 of  
19               Chapter 150B of the General Statutes.

20          (b)    Notwithstanding any provision of law to the contrary, if a county department of  
21          social services fails to successfully complete its joint corrective action plan, the Department  
22          shall temporarily assume Medicaid eligibility administration for the county upon giving notice  
23          as required by subsection (a) of this section. During a period of temporary assumption of  
24          Medicaid eligibility administration, the following shall occur:

25               (1)    The Department shall administer the Medicaid eligibility function in the  
26               county. Administration by the Department may include direct operation by  
27               the Department, including supervision of county Medicaid eligibility  
28               workers or contracts for operation to the extent permitted by federal law and  
29               regulations.

30               (2)    The county department of social services is divested of the authority to  
31               administer Medicaid eligibility determinations.

32               (3)    The Department shall direct and oversee the expenditure of all funding for  
33               the administration of Medicaid eligibility in the county.

34               (4)    The county shall continue to pay the nonfederal share of the cost of  
35               Medicaid eligibility administration and shall not withdraw funds previously  
36               obligated or appropriated for Medicaid eligibility administration.

37               (5)    The county shall pay the nonfederal share of additional costs incurred to  
38               ensure compliance with the accuracy and quality assurance standards  
39               required by this Part.

40               (6)    The Department shall work with the county department of social services to  
41               develop a plan for the county department of social services to resume  
42               Medicaid eligibility administration and perform Medicaid eligibility  
43               determinations more accurately.

44               (7)    The Department shall inform the county board of commissioners, the county  
45               manager, the county director of social services, and the board of social  
46               services or the consolidated human services board, created pursuant to  
47               G.S. 153A-77(b), of key activities and any ongoing concerns during the  
48               temporary assumption of Medicaid eligibility administration.

49          (c)    Upon the Department's determination that Medicaid eligibility determinations can  
50          be performed accurately and with proper quality assurance by the county department of social  
51          services based on the standards adopted under G.S. 108A-70.47 and G.S. 108A-70.48, the

1 Department shall notify the county department of social services, the county manager, and the  
2 board of social services or the consolidated human services board, created pursuant to  
3 G.S. 153A-77(b), that temporary assumption of Medicaid eligibility administration will be  
4 terminated and the effective date of termination. Upon termination, the county department of  
5 social services resumes its full authority to administer Medicaid eligibility determinations.

6 **"§ 108A-70.51. Reporting.**

7 Beginning with the calendar year 2020, no later than March 1 of each year, the Department  
8 shall submit a report to the Joint Legislative Committee on Medicaid and NC Health Choice,  
9 the Fiscal Research Division, and the State Auditor that contains the following information  
10 about the prior calendar year:

- 11 (1) The annual statewide percentage of county departments of social services  
12 that met the accuracy standards adopted under G.S. 108A-70.47 in the prior  
13 fiscal year.
- 14 (2) The annual statewide percentage of county departments of social services  
15 that met the quality assurance standards adopted under G.S. 108A-70.48 in  
16 the prior fiscal year.
- 17 (3) The annual audit result for each standard adopted under G.S. 108A-70.47 for  
18 each county of department services.
- 19 (4) The number of years in the preceding five-year period that each county  
20 department of social services failed to meet the standards in  
21 G.S. 108A-70.47 or G.S. 108A-70.48.
- 22 (5) A description of all corrective action activities conducted by the Department  
23 and county departments of social services in accordance with  
24 G.S. 108A-70.49.
- 25 (6) For every county in which the performance metrics for processing Medicaid  
26 applications in an accurate manner do not show significant improvement  
27 compared to the previous fiscal year, a description of how the Department  
28 plans to assist county departments of social services in accuracy and quality  
29 assurance standards for Medicaid applications."

30 **SECTION 11H.22.(d)** G.S. 150B-23(a5) reads as rewritten:

31 "(a5) A county that appeals a decision of the Department of Health and Human Services  
32 to temporarily assume Medicaid eligibility administration in accordance with  
33 ~~G.S. 108A-70.37~~G.S. 108A-70.42 or G.S. 108A-70.50 may commence a contested case under  
34 this Article in the same manner as any other petitioner. The case shall be conducted in the same  
35 manner as other contested cases under this Article."

36 **SECTION 11H.22.(e)** The Department of Health and Human Services, Division of  
37 Central Management and Support (Department), shall collaborate with the State Auditor to  
38 develop a plan of implementation of the annual audits under this section. The plan must include  
39 the following information:

- 40 (1) Accuracy standards and quality assurance standards to be implemented.
- 41 (2) The audit schedule that includes all counties.
- 42 (3) The audit methodology to be utilized, including any information that may  
43 vary based upon county size or other factors.
- 44 (4) Details illustrating that the audit methodology is statistically sound,  
45 including the statistically significant number of cases to be reviewed in each  
46 county.
- 47 (5) Anticipated costs of implementing the plan.
- 48 (6) A certification from the State Auditor that the Department's plan for the  
49 annual audits has the approval of the State Auditor.

1 No later than March 1, 2018, the Department shall submit a copy of the plan to the  
2 Joint Legislative Oversight Committee on Medicaid and NC Health Choice with any proposed  
3 recommendations, suggested legislation, or funding requests.

4 **SECTION 11H.22.(f)** Article 2 of Chapter 108A of the General Statutes is  
5 amended by adding a new section to read:

6 "**§ 108A-25.1A. Responsibility for errors.**

7 (a) A county department of social services shall be financially responsible for the  
8 erroneous issuance of Medicaid benefits and Medicaid claims payments resulting when the  
9 county department of social services takes any action that requires payment of Medicaid claims  
10 for an ineligible individual, for ineligible dates, or in an amount that includes a recipient's  
11 liability and for which the State cannot claim federal participation.

12 (b) Notwithstanding subsection (a) of this section, a county department of social  
13 services shall not be financially responsible for the erroneous issuance of Medicaid benefits and  
14 Medicaid claims payments resulting from a failure or error attributable solely to the State.

15 (c) The amounts to be charged back to a county department of social services for  
16 erroneous payments of claims shall be the State and federal shares of all erroneous payments,  
17 not to exceed the lesser of the amount of actual error or claims payment."

18 **SECTION 11H.22.(g)** The Department of Health and Human Services  
19 (Department) shall design and implement a training and certification program for caseworkers  
20 utilizing North Carolina Families Accessing Services Through Technology (NC FAST). The  
21 training and certification program shall be available on a statewide basis, and the Department  
22 shall provide training to caseworkers at county departments of social services at a location  
23 within reasonable travel distance from the county departments of social services multiples  
24 times per year. No later than 18 months after the Department has implemented the training and  
25 certification program, the Department shall require all caseworkers inputting data or making  
26 determinations for eligibility for State programs through NC FAST to be certified. A  
27 certification may last no longer than three years before an individual is required to be  
28 recertified. The Department may adopt and amend rules to implement this training and  
29 certification program.

30 **SECTION 11H.22.(h)** No later than 18 months after the Department has  
31 implemented the training and certification program under subsection (g) of this section, the  
32 Department shall include in its audits required under G.S. 108A-70.46 a verification that all  
33 county departments of social services are in compliance with the certification program  
34 requirements for individuals involved in the Medicaid eligibility determination process.

35 **SECTION 11H.22.(i)** No later than March 1, 2018, the Department shall submit to  
36 the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative  
37 Oversight Committee on Medicaid and NC Health Choice, and the Fiscal Research Division a  
38 report on the implementation of the training and certification program required under this  
39 section. The report shall include the following:

- 40 (1) A detailed outline of what the training and certification program will entail,  
41 including how many hours of training will be required for certification, how  
42 frequently recertification will be required, and how often training will be  
43 provided by the Department to the county departments of social services.
- 44 (2) A plan of implementation of the training and certification program,  
45 including a specific time line of implementation.
- 46 (3) Anticipated costs to the Department, as well as any costs to the county  
47 department of social services, of implementing the training and certification  
48 program. This should include an identification of any additional resources  
49 required by the Department or a county department of social services in  
50 order to implement the training and certification program.

1 (4) Any other information the Department is able to provide regarding the  
2 training and certification program development.

3 **SECTION 11H.22.(j)** The Department of Health and Human Services may adopt  
4 and amend rules to implement this section.

5 **SECTION 11H.22.(k)** Subsection (f) of this section is effective when it becomes  
6 law and applies to errors identified on or after that date. The remainder of this section is  
7 effective when it becomes law.

## 9 **MEDICAID SUBROGATION RIGHTS CONFORMING CHANGES**

10 **SECTION 11H.23.** If Section 202(b) of the Bipartisan Budget Act of 2013, P.L.  
11 113-67, takes effect on October 1, 2017, as provided in Section 202(c) of that act, as amended  
12 by Section 211 of the Protecting Access to Medicare Act of 2014, P.L. 113-93, and Section 220  
13 of the Medicare Access and CHIP Reauthorization Act of 2015, P.L. 114-10, then  
14 G.S. 108A-57 reads as rewritten:

### 15 **"§ 108A-57. Subrogation rights; withholding of information a misdemeanor.**

16 (a) As used in this section, the term "beneficiary" means (i) the beneficiary of medical  
17 assistance, including a minor beneficiary, (ii) the medical assistance beneficiary's parent, legal  
18 guardian, or personal representative, (iii) the medical assistance beneficiary's heirs, and (iv) the  
19 administrator or the executor of the medical assistance beneficiary's estate.

20 Notwithstanding any other provisions of the law, to the extent of payments under this Part,  
21 the State shall be subrogated to all rights of recovery, contractual or otherwise, of ~~the a~~  
22 ~~beneficiary of this assistance, or of the beneficiary's personal representative, heirs, or the~~  
23 ~~administrator or executor of the estate,~~ against any person. A personal injury or wrongful death  
24 claim brought by a ~~medical assistance~~ beneficiary against a third party shall include a claim for  
25 all medical assistance payments for health care items or services furnished to the ~~medical~~  
26 ~~assistance~~ beneficiary as a result of the injury, hereinafter referred to as the "Medicaid claim."  
27 Any personal injury or wrongful death claim brought by a ~~medical assistance~~ beneficiary  
28 against a third party that does not state the Medicaid claim shall be deemed to include the  
29 Medicaid claim.

30 (a1) ~~If the amount of the Medicaid claim does not exceed one third of the medical~~  
31 ~~assistance beneficiary's gross recovery, it is presumed that the gross recovery includes~~  
32 ~~compensation for the full amount of the Medicaid claim. If the amount of the Medicaid claim~~  
33 ~~exceeds one third of the medical assistance beneficiary's gross recovery, it is presumed that~~  
34 ~~one third of the gross recovery represents compensation for the Medicaid claim. The Medicaid~~  
35 ~~claim shall be a lien upon any recovery that a beneficiary obtains. The amount of the lien shall~~  
36 ~~be equal to the total amount of the Medicaid claim but shall not exceed one-third of the gross~~  
37 ~~amount of the recovery obtained.~~

38 If a beneficiary has claims against more than one third party related to the same injury, then  
39 the payment of the Medicaid lien on any individual recovery shall reduce the total balance of  
40 the Medicaid claim. The remaining balance of the Medicaid claim shall be applied as a lien on  
41 any subsequent recovery, provided that the lien on each recovery shall not exceed one-third of  
42 the gross amount of each recovery obtained.

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

1 sooner than 30 days after the date the action was filed. All of the following shall apply to the  
2 court's determination under this subsection:

3 (1) ~~The medical assistance beneficiary has the burden of proving by clear and  
4 convincing evidence that the portion of the beneficiary's gross recovery that  
5 represents compensation for the Medicaid claim is less than the portion  
6 presumed under subsection (a1) of this section.~~

7 (2) ~~The presumption arising under subsection (a1) of this section is not rebutted  
8 solely by the fact that the medical assistance beneficiary was not able to  
9 recover the full amount of all claims.~~

10 (3) ~~If the beneficiary meets its burden of rebutting the presumption arising under  
11 subsection (a1) of this section, then the court shall determine the portion of  
12 the recovery that represents compensation for the Medicaid claim and shall  
13 order the beneficiary to pay the amount so determined to the Department in  
14 accordance with subsection (a5) of this section. In making this  
15 determination, the court may consider any factors that it deems just and  
16 reasonable.~~

17 (4) ~~If the beneficiary fails to rebut the presumption arising under subsection (a1)  
18 of this section, then the court shall order the beneficiary to pay the amount  
19 presumed pursuant to subsection (a1) of this section to the Department in  
20 accordance with subsection (a5) of this section.~~

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

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

29 (a5) ~~The medical assistance-Within 30 days of receipt of the proceeds of a settlement or  
30 judgment related to a claim described in subsection (a) of this section, a beneficiary or any  
31 attorney retained by the beneficiary shall, out of the proceeds obtained by or on behalf of the  
32 beneficiary by settlement with, judgment against, or otherwise from a third party by reason of  
33 injury or death, shall distribute to the Department the amount due pursuant to this section as  
34 follows: an amount sufficient to fully satisfy the Department's Medicaid lien as provided in  
35 subsection (a1) of this section. The Department's right to payment under this subsection shall  
36 be a right to first recovery and shall not be prorated with or otherwise reduced by the claims of  
37 any other persons or entities having medical subrogation or medical liens against the amount  
38 received or recovered by the beneficiary.~~

39 (1) ~~If, upon the expiration of the time for filing an application pursuant  
40 subsection (a2) of this section, no application has been filed, then the amount  
41 presumed pursuant to subsection (a1) of this section, as prorated with the  
42 claims of all others having medical subrogation rights or medical liens  
43 against the amount received or recovered, shall be paid to the Department  
44 within 30 days of the beneficiary's receipt of the proceeds, in the absence of  
45 an agreement pursuant to subsection (a3) of this section.~~

46 (2) ~~If an application has been filed pursuant to subsection (a2) of this section  
47 and no agreement has been reached pursuant to subsection (a3) of this  
48 section, then the Department shall be paid as follows:~~

49 a. ~~If the beneficiary rebuts the presumption arising under subsection  
50 (a1) of this section, then the amount determined by the court pursuant  
51 to subsection (a2) of this section, as prorated with the claims of all~~



1                    ~~others having medical subrogation rights or medical liens against the~~  
2                    ~~amount received or recovered, shall be paid to the Department within~~  
3                    ~~30 days of the entry of the court's order.~~

4                    b.    ~~If the beneficiary fails to rebut the presumption arising under~~  
5                    ~~subsection (a1) of this section, then the amount presumed pursuant to~~  
6                    ~~subsection (a1) of this section, as prorated with the claims of all~~  
7                    ~~others having medical subrogation rights or medical liens against the~~  
8                    ~~amount received or recovered, shall be paid to the Department within~~  
9                    ~~30 days of the entry of the court's order.~~

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

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

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

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

27                  (d)    As required to ensure compliance with this section, the Department may apply to the  
28                  court in which the ~~medical assistance~~ beneficiary's claim against the third party is pending, or if  
29                  there is none, then to a superior court of competent jurisdiction for enforcement of this section."  
30

## 31    **STUDY PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY**

32                  **SECTION 11H.25.(a)** The Department of Health and Human Services, Division of  
33                  Medical Assistance (Department), shall conduct a study of the efficacy of the Program of  
34                  All-Inclusive Care for the Elderly (PACE). In conducting the study, the Department shall  
35                  engage a variety of stakeholders, including existing PACE organizations, PACE consumers,  
36                  and the general public. The study shall consist of the following:

- 37                  (1)    An evaluation of the existing program to include information on and an  
38                  assessment of the following:
- 39                    a.    An update on all of the information required to be reported on under  
40                    Section 12H.34(b) of S.L. 2014-100.
  - 41                    b.    The structures of the various PACE organizations.
  - 42                    c.    Any clinical outcome or quality measures available for each PACE  
43                    service or PACE organization.
- 44                  (2)    A statewide assessment of anticipated long-term care needs over the next 10  
45                  years, broken down by county.
- 46                  (3)    A review of PACE experiences in other states, including an analysis of costs  
47                  and quality.
- 48                  (4)    An evaluation of State regulations placed upon PACE providers. The study  
49                  shall include the identification of any regulations that could be eliminated in  
50                  order to reduce cost or unnecessary duplication.

- 1 (5) An assessment of the role of PACE in the continuum of care, including  
2 opportunities to apply the PACE model to additional populations under the  
3 PACE Innovations Act of 2015, P.L. 114-85.

4 **SECTION 11H.25.(b)** No later than March 1, 2018, the Department shall submit  
5 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice a report  
6 containing the information outlined in subsection (a) of this section, as well as any  
7 recommendations and proposed legislative changes that further the goal of providing the  
8 highest quality programs at a low cost to keep aging individuals in their homes.  
9

## 10 **SUBPART XI-I. DIVISION OF HEALTH BENEFITS**

### 11 **DIVISION OF HEALTH BENEFITS FEDERAL FUNDS**

12 **SECTION 11I.1.** To the extent that the Department of Health and Human Services,  
13 Division of Health Benefits', net appropriations are made available as a result of increased  
14 federal receipts collected as federal match for the Division of Health Benefits' Medicaid  
15 transformation project expenditures, those net appropriations shall not be transferred or used  
16 for any other purpose and shall revert at the end of the 2017-2019 fiscal biennium.  
17  
18

## 19 **SUBPART XI-J. MISCELLANEOUS**

### 20 **JOINT OVERSIGHT SUBCOMMITTEES ON MEDICAL EDUCATION PROGRAMS 21 AND MEDICAL RESIDENCY PROGRAMS**

22 **SECTION 11J.2.(a)** The Joint Legislative Oversight Committee on Health and  
23 Human Services and the Joint Legislative Education Oversight Committee shall each appoint a  
24 subcommittee to jointly examine the use of State funds to support medical education and  
25 medical residency programs. In conducting the study, the subcommittees shall examine at least  
26 all of the following:  
27

- 28 (1) The health care needs of the State's residents and the State's goals in meeting  
29 those health care needs through the support and funding of medical  
30 education and medical residency programs located within the State.  
31 (2) The short-term and long-term benefits to the State for allocating State funds  
32 to medical education and medical residency programs located within the  
33 State.  
34 (3) Recommended changes and improvements to the State's current policies  
35 with respect to allocating State funds and providing other support to medical  
36 education programs and medical residency programs located within the  
37 State.  
38 (4) Development of an evaluation protocol to be used by the State in  
39 determining (i) the particular medical education programs and medical  
40 residency programs to support with State funds and (ii) the amount of State  
41 funds to allocate to these programs.  
42 (5) Any other relevant issues the subcommittees deem appropriate.

43 **SECTION 11J.2.(b)** The subcommittees may seek input from other states,  
44 stakeholders, and national experts on medical education programs, medical residency  
45 programs, and health care as it deems necessary.

46 **SECTION 11J.2.(c)** By February 1, 2018, the Department of Health and Human  
47 Services and The University of North Carolina shall provide the subcommittees the following  
48 information regarding State funds and other support provided by the State to medical education  
49 programs and medical residency programs located in North Carolina:

- 1 (1) The identity, location, and number of positions available in these medical  
2 education programs and medical residency programs, broken down by  
3 geographic area.
- 4 (2) The specific amount of State funds or the nature of any other support  
5 provided by the State to medical education programs and medical residency  
6 programs, broken down by program.
- 7 (3) The number of graduates of medical education programs and medical  
8 residency programs who are currently practicing in North Carolina, broken  
9 down by specialty areas in which North Carolina is experiencing a shortage,  
10 including:
- 11 a. Anesthesiology.
  - 12 b. Neurology.
  - 13 c. Neurosurgery.
  - 14 c. Obstetrics/Gynecology.
  - 15 d. Primary Care.
  - 16 e. Psychiatry.
  - 17 f. Surgery.
  - 18 g. Urology.
  - 19 h. Any other specialty areas determined by the Department of Health  
20 and Human Services or The University of North Carolina to be  
21 experiencing a shortage.
- 22 (4) The number of program graduates who practiced in North Carolina for at  
23 least five years after graduation.
- 24 (5) Any other information requested by the subcommittees.

25 **SECTION 11J.2.(d)** The subcommittees shall jointly develop a proposal for a  
26 statewide plan to support medical education programs and medical residency programs within  
27 North Carolina in a manner that maximizes the State's financial and other support of these  
28 programs and addresses the short-term and long-term health care needs of the State's residents.  
29 Each subcommittee shall submit a report to its respective oversight committee on or before  
30 March 15, 2018, at which time each subcommittee shall terminate.

31 **SECTION 11J.2.(e)** This section is effective when this act becomes law.

### 32 **AUTHORIZATION FOR CHIROPRACTIC PRECEPTORSHIPS**

33 **SECTION 11J.3.(a)** Article 8 of Chapter 90 of the General Statutes is amended by  
34 adding a new section to read:

#### 35 **"§ 90-142.1. Supervised training programs authorized.**

36 (a) As used in this section, "preceptorship program" means a clinical program of an  
37 approved chiropractic college in which a student of chiropractic, under the supervision of a  
38 licensed chiropractor, observes the licensed chiropractor and may perform the duties of a  
39 certified chiropractic clinical assistant as specified in G.S. 90-143.4.

40 (b) Each student enrolled in a chiropractic college that meets the accreditation  
41 requirements of G.S. 90-143 may participate in a preceptorship program."

42 **SECTION 11J.3.(b)** G.S. 90-143.4(b) reads as rewritten:

43 (b) Any person employed as a chiropractic clinical assistant shall obtain a certificate of  
44 competency from the State Board of Chiropractic Examiners (Board) within 180 days after the  
45 person begins employment. Certification shall not be required for employees whose duties are  
46 limited to administrative activities of a nonclinical nature. Except as otherwise provided in  
47 G.S. 90-142.1 and this section, it shall be unlawful for any person to practice as a chiropractic  
48 clinical assistant unless duly certified by the Board."

49 **SECTION 11J.3.(c)** The section is effective when this act becomes law.

1 **SUBPART XI-K. DIVISIONS OF VOCATIONAL REHABILITATION, SERVICES**  
 2 **FOR THE BLIND, AND SERVICES FOR THE DEAF AND HARD OF**  
 3 **HEARING [RESERVED]**  
 4

5 **SUBPART XI-L. DHHS BLOCK GRANTS**  
 6

7 **DHHS BLOCK GRANTS**

8 **SECTION 11L.1.(a)** Except as otherwise provided, appropriations from federal  
 9 block grant funds are made for each year of the fiscal biennium ending June 30, 2019,  
 10 according to the following schedule:  
 11

12 **TEMPORARY ASSISTANCE FOR NEEDY** **FY 2017-2018** **FY 2018-2019**  
 13 **FAMILIES (TANF) FUNDS**  
 14

15 **Local Program Expenditures**  
 16

17 **Division of Social Services**

18 01. Work First Family Assistance \$49,479,444 \$49,479,444  
 19

20 02. Work First County Block Grants 80,093,566 80,093,566  
 21

22 03. Work First Electing Counties 2,378,213 2,378,213  
 23

24 04. Adoption Services – Special Children  
 25 Adoption Fund 2,026,877 2,026,877  
 26

27 05. Child Protective Services – Child Welfare  
 28 Workers for Local DSS 9,412,391 9,412,391  
 29

30 06. Child Welfare Program Improvement Plan 775,176 775,176  
 31

32 07. Child Welfare Collaborative 400,000 400,000  
 33

34 08. Child Welfare Initiatives 1,400,000 1,400,000  
 35  
 36

37 **Division of Child Development and Early Education**  
 38

39 09. Subsidized Child Care Program 53,605,680 58,112,735  
 40

41 10. NC Pre-K Services 6,000,000 12,200,000  
 42

43 10A. Swap Child Care Subsidy 392,420 294,697  
 44

45 **Division of Public Health**  
 46

47 11. Teen Pregnancy Prevention Initiatives 2,950,000 2,950,000  
 48

49 **DHHS Administration**  
 50

51 12. Division of Social Services 2,482,260 2,482,260

1			
2	13. Office of the Secretary	34,042	34,042
3			
4	14. Eligibility Systems – Operations and		
5	Maintenance	2,908,598	2,765,192
6			
7	15. NC FAST Implementation	48,495	875,264
8			
9	<b>Transfers to Other Block Grants</b>		
10			
11	<b>Division of Child Development and Early Education</b>		
12			
13	16. Transfer to the Child Care and		
14	Development Fund	71,773,001	71,773,001
15			
16	<b>Division of Social Services</b>		
17			
18	17. Transfer to Social Services Block		
19	Grant for Child Protective Services –		
20	Training	1,300,000	1,300,000
21			
22	18. Transfer to Social Services Block		
23	Grant for Child Protective Services	5,040,000	5,040,000
24			
25	19. Transfer to Social Services Block		
26	Grant for County Departments of		
27	Social Services for Children's Services	7,500,000	7,500,000
28			
29	20. Transfer to Social Services Block		
30	Grant – Foster Care Services	1,385,152	1,385,152
31			
32	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
33	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$301,385,315</b>	<b>\$312,678,010</b>
34			
35	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
36	<b>EMERGENCY CONTINGENCY FUNDS</b>		
37			
38	<b>Local Program Expenditures</b>		
39			
40	<b>Division of Child Development and Early Education</b>		
41			
42	01. Subsidized Child Care	\$28,600,000	\$28,600,000
43			
44	02. Swap for Subsidized Child Care	3,304,255	0
45			
46	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
47	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
48	<b>CONTINGENCY FUNDS</b>	<b>\$31,904,255</b>	<b>\$28,600,000</b>
49			
50	<b>SOCIAL SERVICES BLOCK GRANT</b>		
51			

1 **Local Program Expenditures**

2  
3 **Divisions of Social Services and Aging and Adult Services**

4

5 01. County Departments of Social Services

6 (Transfer From TANF \$7,500,000) \$32,971,498 \$33,003,632

7

8 02. EBCI Tribal Public Health and Human Services 244,740 244,740

9

10 03. Child Protective Services

11 (Transfer From TANF) 5,040,000 5,040,000

12

13 04. State In-Home Services Fund 1,943,950 1,943,950

14

15 05. Adult Protective Services 1,245,363 1,245,363

16

17 06. State Adult Day Care Fund 1,994,084 1,994,084

18

19 07. Child Protective Services/CPS

20 Investigative Services – Child Medical

21 Evaluation Program 901,868 901,868

22

23 08. Special Children Adoption Incentive Fund 462,600 462,600

24

25 09. Child Protective Services – Child

26 Welfare Training for Counties

27 (Transfer From TANF) 1,300,000 1,300,000

28

29 10. Child Protective Services – Child

30 Welfare Training for Counties 737,067 737,067

31

32 11. Home and Community Care Block

33 Grant (HCCBG) 1,696,888 1,696,888

34

35 12. Child Advocacy Centers 582,000 582,000

36

37 13. Guardianship – Division of Social Services 815,362 815,362

38

39 14. Foster Care Services

40 (Transfer From TANF) 1,385,152 1,385,152

41

42 **Division of Central Management and Support**

43

44 15. DHHS Competitive Block Grants

45 for Nonprofits 4,524,525 4,524,525

46

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

48

49 16. Mental Health Services – Adult and

50 Child/Developmental Disabilities Program/

51 Substance Abuse Services – Adult 4,181,729 4,149,595

1			
2	<b>DHHS Program Expenditures</b>		
3			
4	<b>Division of Services for the Blind</b>		
5			
6	17. Independent Living Program	3,361,323	3,361,323
7			
8	<b>Division of Health Service Regulation</b>		
9			
10	18. Adult Care Licensure Program	381,087	381,087
11			
12	19. Mental Health Licensure and		
13	Certification Program	190,284	190,284
14			
15	<b>Division of Aging and Adult Services</b>		
16			
17	20. Guardianship	3,825,443	3,825,443
18			
19	<b>DHHS Administration</b>		
20			
21	21. Division of Aging and Adult Services	577,745	577,745
22			
23	22. Division of Social Services	634,680	634,680
24			
25	23. Office of the Secretary/Controller's Office	127,731	127,731
26			
27	24. Legislative Increases/Fringe Benefits	236,278	236,278
28			
29	25. Division of Child Development and		
30	Early Education	13,878	13,878
31			
32	26. Division of Mental Health, Developmental		
33	Disabilities, and Substance Abuse Services	27,446	27,446
34			
35	27. Division of Health Service Regulation	118,946	118,946
36			
37	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$69,521,667</b>	<b>\$69,521,667</b>
38			
39	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
40			
41	<b>Local Program Expenditures</b>		
42			
43	<b>Division of Social Services</b>		
44			
45	01. Low-Income Energy Assistance		
46	Program (LIEAP)	\$36,402,610	\$35,419,272
47			
48	02. Crisis Intervention Program (CIP)	36,402,610	35,419,272
49			
50	<b>Local Administration</b>		
51			

1	<b>Division of Social Services</b>		
2			
3	03. County DSS Administration	5,978,512	5,817,014
4			
5	<b>DHHS Administration</b>		
6			
7	<b>Division of Central Management and Support</b>		
8			
9	04. Division of Social Services	10,000	10,000
10			
11	05. Office of the Secretary/DIRM	252,603	128,954
12			
13	06. Office of the Secretary/Controller's Office	18,378	18,378
14			
15	07. NC FAST Development	139,991	2,468,390
16			
17	08. NC FAST Operations and Maintenance	2,135,701	2,539,033
18			
19	<b>Transfers to Other State Agencies</b>		
20			
21	<b>Department of Environmental Quality</b>		
22			
23	09. Weatherization Program	10,716,043	10,426,573
24			
25	10. Heating Air Repair and Replacement		
26	Program (HARRP)	5,701,752	5,547,732
27			
28	11. Local Residential Energy Efficiency Service		
29	Providers – Weatherization	439,982	428,097
30			
31	12. Local Residential Energy Efficiency Service		
32	Providers – HARRP	234,105	227,781
33			
34	13. DENR – Weatherization Administration	439,982	428,097
35			
36	14. DENR – HARRP Administration	234,105	227,781
37			
38	<b>Department of Administration</b>		
39			
40	15. N.C. Commission on Indian Affairs	87,736	87,736
41			
42	<b>TOTAL LOW-INCOME ENERGY</b>		
43	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$99,194,110</b>	<b>\$99,194,110</b>
44			
45	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
46			
47	<b>Local Program Expenditures</b>		
48			
49	<b>Division of Child Development and Early Education</b>		
50			
51	01. Child Care Services		



1	(Smart Start \$7,000,000)	\$152,923,849	\$152,416,794
2			
3	02. Transfer from TANF Block Grant		
4	for Child Care Subsidies	71,773,001	71,773,001
5			
6	03. Quality and Availability Initiatives		
7	(TEACH Program \$3,800,000)	45,761,678	45,761,678
8			
9	<b>DHHS Administration</b>		
10			
11	<b>Division of Child Development and Early Education</b>		
12			
13	04. DCDEE Administrative Expenses	9,042,159	8,929,324
14			
15	<b>Division of Social Services</b>		
16			
17	05. Local Subsidized Child Care		
18	Services Support	16,436,361	16,436,361
19			
20	06. Direct Deposit for Child Care Payments	505,100	505,100
21			
22	<b>Division of Central Management and Support</b>		
23			
24	07. NC FAST Development	24,237	427,865
25			
26	08. NC FAST Operations and Maintenance	2,758,389	2,581,225
27			
28	09. DHHS Central Administration – DIRM		
29	Technical Services	645,162	645,162
30			
31	10. Central Regional Maintenance	287,854	287,854
32			
33	11. DHHS Central Administration	7,346	7,346
34			
35	<b>Division of Public Health</b>		
36			
37	12. Child Care Health Consultation Contracts	62,205	62,205
38			
39	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
40	<b>FUND BLOCK GRANT</b>	<b>\$300,227,341</b>	<b>\$299,833,915</b>
41			
42	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
43			
44	<b>Local Program Expenditures</b>		
45			
46	01. Mental Health Services – Child	\$3,619,833	\$3,619,833
47			
48	02. Mental Health Services – Adult/Child	10,967,792	10,967,792
49			
50	03. Crisis Solutions Initiative – Critical		
51	Time Intervention	750,000	750,000

1			
2	04. Mental Health Services – First		
3	Psychotic Symptom Treatment	1,430,851	1,430,851
4			
5	<b>DHHS Administration</b>		
6			
7	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
8			
9	05. Administration	200,000	200,000
10			
11	<b>TOTAL MENTAL HEALTH SERVICES</b>		
12	<b>BLOCK GRANT</b>	<b>\$16,968,476</b>	<b>\$16,968,476</b>
13			
14	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
15			
16	<b>Local Program Expenditures</b>		
17			
18	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
19			
20	01. Substance Abuse – HIV and IV Drug	\$3,919,723	\$3,919,723
21			
22	02. Substance Abuse Prevention	8,998,382	8,998,382
23			
24	03. Substance Abuse Services – Treatment for		
25	Children/Adults		
26	(Medication-Assisted Opioid Use Disorder		
27	Treatment Pilot Program \$500,000;		
28	First Step Farm of WNC, Inc. \$100,000)	27,722,717	27,621,286
29			
30	04. Crisis Solutions Initiatives – Walk-In		
31	Crisis Centers	420,000	420,000
32			
33	05. Crisis Solutions Initiatives – Collegiate		
34	Wellness/Addiction Recovery	1,085,000	1,085,000
35			
36	06. Crisis Solutions Initiatives – Community		
37	Paramedic Mobile Crisis Management	60,000	60,000
38			
39	07. Crisis Solutions Initiatives – Innovative		
40	Technologies	41,000	41,000
41			
42	<b>DHHS Program Expenditures</b>		
43			
44	<b>Division of Central Management and Support</b>		
45			
46	08. Competitive Block Grant	1,600,000	1,600,000
47			
48	<b>DHHS Administration</b>		
49			
50	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
51			

1	09. Administration	454,000	454,000
2			
3	10. Controlled Substance Reporting System		
4	Enhancement	326,224	427,655
5			
6	<b>Division of Public Health</b>		
7			
8	11. HIV Testing for Individuals in Substance		
9	Abuse Treatment	965,949	965,949
10			
11	<b>Transfers to Other State Agencies</b>		
12			
13	<b>Department of Military and Veterans Affairs</b>		
14			
15	12. Crisis Solutions Initiative – Veteran's Crisis	250,000	250,000
16			
17	<b>TOTAL SUBSTANCE ABUSE PREVENTION</b>		
18	<b>AND TREATMENT BLOCK GRANT</b>	<b>\$45,842,995</b>	<b>\$45,842,995</b>
19			
20	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
21			
22	<b>Local Program Expenditures</b>		
23			
24	<b>Division of Public Health</b>		
25			
26	01. Women and Children's Health Services		
27	(Safe Sleep Campaign \$45,000; Sickle Cell		
28	Centers \$100,000; Prevent Blindness \$575,000;		
29	March of Dimes \$350,000; Teen Pregnancy		
30	Prevention Initiatives \$650,000;		
31	17P Project \$52,000; Nurse-Family		
32	Partnership \$550,000; Carolina Pregnancy		
33	Care Fellowship \$400,000; Perinatal & Neonatal		
34	Outreach Coordinator Contracts \$440,000)	\$11,802,435	\$11,802,435
35			
36	02. Oral Health	48,227	48,227
37			
38	03. Evidence-Based Programs in Counties		
39	With Highest Infant Mortality Rates	1,575,000	1,575,000
40			
41	03A. Every Week Counts	2,200,000	2,200,000
42			
43			
44	<b>DHHS Program Expenditures</b>		
45			
46	04. Children's Health Services	1,427,323	1,427,323
47			
48	05. Women's Health – Maternal Health	169,864	169,864
49			
50	06. Women and Children's Health – Perinatal		
51	Strategic Plan Support Position	68,245	68,245

1			
2	07. State Center for Health Statistics	158,583	158,583
3			
4	08. Health Promotion – Injury and		
5	Violence Prevention	87,271	87,271
6			
7	<b>DHHS Administration</b>		
8			
9	09. Division of Public Health Administration	552,571	552,571
10			
11	<b>TOTAL MATERNAL AND CHILD</b>		
12	<b>HEALTH BLOCK GRANT</b>	<b>\$18,089,519</b>	<b>\$18,089,519</b>
13			
14	<b>PREVENTIVE HEALTH SERVICES BLOCK GRANT</b>		
15			
16	<b>Local Program Expenditures</b>		
17			
18	01. Physical Activity and Prevention	\$3,545,093	\$3,545,093
19			
20	02. Injury and Violence Prevention		
21	(Services to Rape Victims – Set-Aside)	180,778	180,778
22			
23	<b>DHHS Program Expenditures</b>		
24			
25	<b>Division of Public Health</b>		
26			
27	03. HIV/STD Prevention and		
28	Community Planning	145,819	145,819
29			
30	04. Oral Health Preventive Services	451,809	451,809
31			
32	05. Laboratory Services – Testing,		
33	Training, and Consultation	21,012	21,012
34			
35	06. Injury and Violence Prevention		
36	(Services to Rape Victims – Set-Aside)	192,315	192,315
37			
38	07. State Laboratory Services – Testing,		
39	Training, and Consultation	199,634	199,634
40			
41	08. Performance Improvement and		
42	Accountability	1,104,455	1,104,455
43			
44	09. State Center for Health Statistics	107,291	107,291
45			
46	<b>DHHS Administration</b>		
47			
48	<b>Division of Public Health</b>		
49			
50	10. Division of Public Health	172,820	172,820
51			

1	<b>TOTAL PREVENTIVE HEALTH</b>		
2	<b>SERVICES BLOCK GRANT</b>	<b>\$6,121,026</b>	<b>\$6,121,026</b>
3			
4	<b>COMMUNITY SERVICES BLOCK GRANT</b>		
5			
6	01. Community Action Agencies	\$24,187,142	\$24,187,142
7			
8	02. Limited Purpose Agencies	1,343,730	1,343,730
9			
10	03. Office of Economic Opportunity	1,343,730	1,343,730
11			
12	<b>TOTAL COMMUNITY SERVICES</b>		
13	<b>BLOCK GRANT</b>	<b>\$26,874,602</b>	<b>\$26,874,602</b>
14			

## GENERAL PROVISIONS

16 **SECTION 11L.1.(b)** Information to Be Included in Block Grant Plans. – The  
 17 Department of Health and Human Services shall submit a separate plan for each Block Grant  
 18 received and administered by the Department, and each plan shall include the following:

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

30 **SECTION 11L.1.(c)** Changes in Federal Fund Availability. – If the Congress of  
 31 the United States increases the federal fund availability for any of the Block Grants or  
 32 contingency funds and other grants related to existing Block Grants administered by the  
 33 Department of Health and Human Services from the amounts appropriated in this section, the  
 34 Department shall allocate the increase proportionally across the program and activity  
 35 appropriations identified for that Block Grant in this section. In allocating an increase in federal  
 36 fund availability, the Office of State Budget and Management shall not approve funding for  
 37 new programs or activities not appropriated in this section.

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

43 Notwithstanding the provisions of this subsection, for fiscal years 2017-2018 and  
 44 2018-2019, increases in the federal fund availability for the Temporary Assistance to Needy  
 45 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy  
 46 program to pay for child care in four- or five-star rated facilities for four-year-old children and  
 47 shall not be used to supplant State funds.

48 Prior to allocating the change in federal fund availability, the proposed allocation  
 49 must be approved by the Office of State Budget and Management. If the Department adjusts the  
 50 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 and the  
2 Fiscal Research Division.

3 **SECTION 11L.1.(d)** Except as otherwise provided, appropriations from federal  
4 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2019,  
5 according to the schedule enacted for State fiscal years 2017-2018 and 2018-2019 or until a  
6 new schedule is enacted by the General Assembly.

7 **SECTION 11L.1.(e)** All changes to the budgeted allocations to the Block Grants  
8 or 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  
10 shall be approved by the Office of State Budget and Management, and the Office of State  
11 Budget and Management shall consult with the Joint Legislative Oversight Committee on  
12 Health and Human Services for review prior to implementing the changes. The report shall  
13 include an itemized listing of affected programs, including associated changes in budgeted  
14 allocations. All changes to the budgeted allocations to the Block Grants shall be reported  
15 immediately to the Joint Legislative Oversight Committee on Health and Human Services and  
16 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by  
17 legislative salary increases and benefit adjustments.

18 **SECTION 11L.1.(f)** Except as otherwise provided, the Department of Health and  
19 Human Services shall have flexibility to transfer funding between the Temporary Assistance  
20 for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block  
21 Grant so long as the total allocation for the line items within those block grants remains the  
22 same.

#### 23 24 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

25 **SECTION 11L.1.(g)** The sum of eighty million ninety-three thousand five hundred  
26 sixty-six dollars (\$80,093,566) for each year of the 2017-2019 fiscal biennium appropriated in  
27 this section in TANF funds to the Department of Health and Human Services, Division of  
28 Social Services, shall be used for Work First County Block Grants. The Division shall certify  
29 these funds in the appropriate State-level services based on prior year actual expenditures. The  
30 Division has the authority to realign the authorized budget for these funds among the  
31 State-level services based on current year actual expenditures. The Division shall also have the  
32 authority to realign appropriated funds from Work First Family Assistance for electing counties  
33 to the Work First County Block Grant for electing counties based on current year expenditures  
34 so long as the electing counties meet Maintenance of Effort requirements.

35 **SECTION 11L.1.(h)** The sum of nine million four hundred twelve thousand three  
36 hundred ninety-one dollars (\$9,412,391) appropriated in this section to the Department of  
37 Health and Human Services, Division of Social Services, in TANF funds for each fiscal year of  
38 the 2017-2019 fiscal biennium for child welfare improvements shall be allocated to the county  
39 departments of social services for hiring or contracting staff to investigate and provide services  
40 in Child Protective Services cases; to provide foster care and support services; to recruit, train,  
41 license, and support prospective foster and adoptive families; and to provide interstate and  
42 post-adoption services for eligible families.

43 Counties shall maintain their level of expenditures in local funds for Child  
44 Protective Services workers. Of the Block Grant funds appropriated for Child Protective  
45 Services workers, the total expenditures from State and local funds for fiscal years 2017-2018  
46 and 2018-2019 shall not be less than the total expended from State and local funds for the  
47 2012-2013 fiscal year.

48 **SECTION 11L.1.(i)** The sum of two million twenty-six thousand eight hundred  
49 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the  
50 Department of Health and Human Services, Special Children Adoption Fund, for each fiscal  
51 year of the 2017-2019 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The

1 Division of Social Services, in consultation with the North Carolina Association of County  
2 Directors of Social Services and representatives of licensed private adoption agencies, shall  
3 develop guidelines for the awarding of funds to licensed public and private adoption agencies  
4 upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received  
5 from the Special Children Adoption Fund by participating agencies shall be used exclusively to  
6 enhance the adoption services program. No local match shall be required as a condition for  
7 receipt of these funds.

8 **SECTION 11L.1.(j)** The sum of one million four hundred thousand dollars  
9 (\$1,400,000) appropriated in this section in TANF funds to the Department of Health and  
10 Human Services, Division of Social Services, for each fiscal year of the 2017-2019 fiscal  
11 biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to  
12 improve the outcomes for families and children involved in child welfare and (ii) enhance the  
13 provision of services to families in their homes in the least restrictive setting.

#### 14 **SOCIAL SERVICES BLOCK GRANT**

15 **SECTION 11L.1.(k)** The sum of thirty-two million nine hundred seventy-one  
16 thousand four hundred ninety-eight dollars (\$32,971,498) for the 2017-2018 fiscal year and the  
17 sum of thirty-three million three thousand six hundred thirty-two dollars (\$33,003,632) for the  
18 2018-2019 fiscal year appropriated in this section in the Social Services Block Grant to the  
19 Department of Health and Human Services, Division of Social Services, shall be used for  
20 county block grants. The Division shall certify these funds in the appropriate State-level  
21 services based on prior year actual expenditures. The Division has the authority to realign the  
22 authorized budget for these funds, as well as State Social Services Block Grant funds, among  
23 the State-level services based on current year actual expenditures.

24 Of the funds appropriated in this subsection for each year of the 2017-2019 fiscal  
25 biennium for county block grants, three million dollars (\$3,000,000) shall be used to assist  
26 counties in the implementation of Project 4, Child Services, in North Carolina Families  
27 Accessing Services Through Technology (NC FAST). These funds shall be available in each  
28 fiscal year of the fiscal biennium for this purpose.

29 **SECTION 11L.1.(l)** The sum of one million three hundred thousand dollars  
30 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department  
31 of Health and Human Services, Division of Social Services, for each fiscal year of the  
32 2017-2019 fiscal biennium shall be used to support various child welfare training projects as  
33 follows:

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

37 **SECTION 11L.1.(m)** The Department of Health and Human Services is  
38 authorized, subject to the approval of the Office of State Budget and Management, to transfer  
39 Social Services Block Grant funding allocated for departmental administration between  
40 divisions that have received administrative allocations from the Social Services Block Grant.

41 **SECTION 11L.1.(n)** Social Services Block Grant funds appropriated for the  
42 Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

43 **SECTION 11L.1.(o)** The sum of five million forty thousand dollars (\$5,040,000)  
44 appropriated in this section in the Social Services Block Grant for each fiscal year of the  
45 2017-2019 fiscal biennium shall be allocated to the Department of Health and Human Services,  
46 Division of Social Services. The Division shall allocate these funds to local departments of  
47 social services to replace the loss of Child Protective Services State funds that are currently  
48 used by county governments to pay for Child Protective Services staff at the local level. These  
49 funds shall be used to maintain the number of Child Protective Services workers throughout the  
50 State. These Social Services Block Grant funds shall be used to pay for salaries and related  
51

1 expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of  
2 twenty-five percent (25%).

3 **SECTION 11L.1.(p)** The sum of four million five hundred twenty-four thousand  
4 five hundred twenty-five dollars (\$4,524,525) for each year of the 2017-2019 fiscal biennium  
5 appropriated in this section in the Social Services Block Grant to the Department of Health and  
6 Human Services (DHHS), Division of Central Management and Support, shall be used for  
7 DHHS competitive block grants pursuant to Section 11A.14 of this act. These funds are exempt  
8 from the provisions of 10A NCAC 71R .0201(3).

9 **SECTION 11L.1.(q)** The sum of five hundred eighty-two thousand dollars  
10 (\$582,000) appropriated in this section in the Social Services Block Grant for each fiscal year  
11 of the 2017-2019 fiscal biennium to the Department of Health and Human Services, Division of  
12 Social Services, shall be used to continue support for the Child Advocacy Centers, and the  
13 funds are exempt from the provisions of 10A NCAC 71R .0201(3).

14 **SECTION 11L.1.(r)** The sum of three million eight hundred twenty-five thousand  
15 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2017-2019 fiscal  
16 biennium appropriated in this section in the Social Services Block Grant to the Department of  
17 Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall  
18 be used for guardianship services pursuant to Chapter 35A of the General Statutes. The  
19 Department may expend funds appropriated in this section to support existing corporate  
20 guardianship contracts during the 2017-2018 and 2018-2019 fiscal years.

21 **SECTION 11L.1.(s)** The sum of seven hundred thirty-seven thousand sixty-seven  
22 dollars (\$737,067) appropriated in this section in the Social Services Block Grant for each  
23 fiscal year of the 2017-2019 fiscal biennium shall be allocated to the Department of Health and  
24 Human Services, Division of Social Services. These funds shall be used to assist with training  
25 needs for county child welfare training staff and shall not be used to supplant any other source  
26 of funding for staff. County departments of social services are exempt from 10A NCAC 71R  
27 .0201(3) requiring a local match of twenty-five percent (25%).

## 28 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

29 **SECTION 11L.1.(t)** Additional emergency contingency funds received may be  
30 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior  
31 consultation with the Joint Legislative Oversight Committee on Health and Human Services.  
32 Additional funds received shall be reported to the Joint Legislative Oversight Committee on  
33 Health and Human Services and the Fiscal Research Division upon notification of the award.  
34 The Department of Health and Human Services shall not allocate funds for any activities,  
35 including increasing administration, other than assistance payments, without prior consultation  
36 with the Joint Legislative Oversight Committee on Health and Human Services.

37 **SECTION 11L.1.(u)** The sum of thirty-six million four hundred two thousand six  
38 hundred ten dollars (\$36,402,610) for the 2017-2018 fiscal year and the sum of thirty-five  
39 million four hundred nineteen thousand two hundred seventy-two dollars (\$35,419,272) for the  
40 2018-2019 fiscal year appropriated in this section in the Low-Income Energy Assistance Block  
41 Grant to the Department of Health and Human Services, Division of Social Services, shall be  
42 used for Energy Assistance Payments for the households of (i) elderly persons age 60 and  
43 above with income up to one hundred thirty percent (130%) of the federal poverty level and (ii)  
44 disabled persons eligible for services funded through the Division of Aging and Adult Services.

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

- 48 (1) Ensure that eligible households are made aware of the available assistance,  
49 with particular attention paid to the elderly population age 60 and above and  
50



- 1 disabled persons receiving services through the Division of Aging and Adult  
2 Services.
- 3 (2) Include efforts by the county department of social services to contact other  
4 State and local governmental entities and community-based organizations to  
5 (i) offer the opportunity to provide outreach and (ii) receive applications for  
6 energy assistance.
- 7 (3) Be approved by the local board of social services or human services board  
8 prior to submission.  
9

#### 10 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

11 **SECTION 11L.1.(v)** Payment for subsidized child care services provided with  
12 federal TANF funds shall comply with all regulations and policies issued by the Division of  
13 Child Development and Early Education for the subsidized child care program.

14 **SECTION 11L.1.(w)** If funds appropriated through the Child Care and  
15 Development Fund Block Grant for any program cannot be obligated or spent in that program  
16 within the obligation or liquidation periods allowed by the federal grants, the Department may  
17 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the  
18 grant, in order to use the federal funds fully.  
19

#### 20 **MENTAL HEALTH SERVICES BLOCK GRANT**

21 **SECTION 11L.1.(x)** The sum of one million four hundred thirty thousand eight  
22 hundred fifty-one dollars (\$1,430,851) appropriated in this section in the Mental Health  
23 Services Block Grant to the Department of Health and Human Services, Division of Mental  
24 Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the  
25 2017-2019 fiscal biennium is allocated for Mental Health Services – First Psychotic Symptom  
26 Treatment. The Division shall report on (i) the specific evidence-based treatment and services  
27 provided, (ii) the number of persons treated, and (iii) the measured outcomes or impact on the  
28 participants served. The Division shall report to the House of Representatives Appropriations  
29 Committee on Health and Human Services, the Senate Appropriations Committee on Health  
30 and Human Services, and the Fiscal Research Division no later than December 31 of each year.  
31

#### 32 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

33 **SECTION 11L.1.(y)** The sum of two hundred fifty thousand dollars (\$250,000)  
34 appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to  
35 the Department of Health and Human Services, Division of Mental Health, Developmental  
36 Disabilities, and Substance Abuse Services, for each fiscal year of the 2017-2019 fiscal  
37 biennium shall be allocated to the Department of Military and Veterans Affairs, for the call-in  
38 center established to assist veterans in locating service benefits and crisis services. The call-in  
39 center shall be staffed by certified veteran peers within the Department of Military and  
40 Veterans Affairs and trained by the Division of Mental Health, Developmental Disabilities, and  
41 Substance Abuse Services.

42 **SECTION 11L.1.(z)** The sum of five hundred thousand dollars (\$500,000)  
43 allocated in this section in the Substance Abuse Prevention and Treatment Block Grant to the  
44 Department of Health and Human Services, Division of Mental Health, Developmental  
45 Disabilities, and Substance Abuse Services, for each fiscal year of the 2017-2019 fiscal  
46 biennium shall be used for a medication-assisted opioid use disorder treatment pilot program.  
47

#### 48 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

49 **SECTION 11L.1.(aa)** If federal funds are received under the Maternal and Child  
50 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193  
51 (42 U.S.C. § 710), for the 2017-2018 fiscal year or the 2018-2019 fiscal year, then those funds

1 shall be transferred to the State Board of Education to be administered by the Department of  
2 Public Instruction. The Department of Public Instruction shall use the funds to establish an  
3 abstinence until marriage education program and shall delegate to one or more persons the  
4 responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department  
5 of Public Instruction shall carefully and strictly follow federal guidelines in implementing and  
6 administering the abstinence education grant funds.

7 **SECTION 11L.1.(bb)** The sum of one million five hundred seventy-five thousand  
8 dollars (\$1,575,000) appropriated in this section in the Maternal and Child Health Block Grant  
9 to the Department of Health and Human Services, Division of Public Health, for each fiscal  
10 year of the 2017-2019 fiscal biennium shall be used for evidence-based programs in counties  
11 with the highest infant mortality rates. The Division shall report on (i) the counties selected to  
12 receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of  
13 women served, and (iv) any impact on the counties' infant mortality rate. The Division shall  
14 report its findings to the House of Representatives Appropriations Committee on Health and  
15 Human Services, the Senate Appropriations Committee on Health and Human Services, and the  
16 Fiscal Research Division no later than December 31 of each year.

17 **SECTION 11L.1.(cc)** No more than fifteen percent (15%) of the funds provided in  
18 this section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care  
19 Fellowship shall be used for administrative purposes. The balance of those funds shall be used  
20 for direct services.

21 **SECTION 11L.1.(dd)** The sum of sixty-eight thousand two hundred forty-five  
22 dollars (\$68,245) allocated in this section in the Maternal and Child Health Block Grant to the  
23 Department of Health and Human Services, Division of Public Health, Women and Children's  
24 Health Section, for each fiscal year of the 2017-2019 fiscal biennium shall not be used to  
25 supplant existing State or federal funds. This allocation shall be used for a Public Health  
26 Program Consultant position assigned full-time to manage the North Carolina Perinatal Health  
27 Strategic Plan and provide staff support for the stakeholder work group.

28 **SECTION 11L.1.(ee)** The sum of one hundred thousand dollars (\$100,000)  
29 allocated in this section in the Maternal and Child Health Block Grant to the Department of  
30 Health and Human Services, Division of Public Health, for each year of the 2017-2019 fiscal  
31 biennium for community-based sickle cell centers shall not be used to supplant existing State or  
32 federal funds.

## 33 **PART XII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

### 34 **ELIMINATE PESTICIDE ADVISORY COMMITTEE**

35  
36 **SECTION 12.1.(a)** Effective July 1, 2017, the Pesticide Advisory Committee is  
37 abolished, and all records, property, and unexpended balances of funds of the Committee are  
38 transferred to the Structural Pest Control and Pesticides Division of the Department of  
39 Agriculture and Consumer Services.

40 **SECTION 12.1.(b)** G.S. 143-439 and subdivision (6) of G.S. 143-460 are repealed.

### 41 42 **SUPPLEMENTAL FUNDING FOR DEPARTMENT OF AGRICULTURE AND** 43 **CONSUMER SERVICES**

44  
45 **SECTION 12.2.** Of the nonrecurring funds appropriated to the Department of  
46 Agriculture and Consumer Services for the 2017-2018 fiscal year, the Department may use up  
47 to two hundred fifty thousand dollars (\$250,000) to offset costs potentially incurred by the  
48 Department in federal litigation to protect the rights of landowners and citizens of the State  
49 impacted by the Environmental Protection Agency's "Waters of the United States" rule.  
50 Notwithstanding any other provision of law to the contrary, the Department may use the funds

1 described in this section to employ and supervise private counsel if it decides to participate in  
2 the federal litigation.

#### 3 4 **KEEP LINVILLE RIVER NURSERY OPEN**

5 **SECTION 12.4.** The North Carolina Forest Service shall continue operations at the  
6 Linville River Nursery in Avery County during the 2017-2018 fiscal year and shall not close  
7 the nursery without authorization from the General Assembly.

#### 8 9 **HEALTHY FOOD/SMALL RETAILER**

10 **SECTION 12.5.(a)** The funds appropriated by this act for the Healthy Food/Small  
11 Retailer program shall be used to continue a program to reimburse small food retailers for  
12 expenditures related to enhancing access to healthy foods in areas that qualify as food desert  
13 zones according to the Economic Research Service of the United States Department of  
14 Agriculture. For the purposes of this section, a small food retailer is defined as a business that  
15 is a small retail outlet, including corner stores, convenience stores, cooperatives, and bodegas,  
16 of no more than 3,000 heated square feet that sells a limited selection of foods and other  
17 products. Funds may be used to reimburse small food retailers for the purchase and installation  
18 of refrigeration equipment, display shelving, and other equipment necessary for stocking  
19 nutrient-dense foods, including fresh vegetables and fruits, whole grains, nuts, seeds, beans and  
20 legumes, low-fat dairy products, lean meats, and seafood.

21 **SECTION 12.5.(b)** The Department of Agriculture and Consumer Services may  
22 reimburse up to twenty-five thousand dollars (\$25,000) to each eligible small food retailer.  
23 Small food retailers receiving moneys from the program shall accept or agree to accept  
24 Supplemental Nutrition Assistance Program benefits and shall accept or agree to apply to  
25 accept Special Supplemental Nutrition Program for Women, Infants, and Children benefits. The  
26 Department shall establish guidelines for application and receipt of funding for small food  
27 retailers to ensure that the funds shall be used to enhance and advertise the availability of  
28 nutrient-dense foods. The Department shall assist the small food retailer in identifying suppliers  
29 of nutrient-dense foods and in developing a strategy to encourage the sale of nutrient-dense  
30 foods to customers.

31 **SECTION 12.5.(c)** On or before October 1, 2018, the Department of Agriculture  
32 and Consumer Services shall report to the Joint Legislative Oversight Committee on  
33 Agriculture and Natural and Economic Resources and the Fiscal Research Division on the  
34 activities, number of small food retailers receiving reimbursement, how the funds were used by  
35 the small food retailers, and the gross amount of nutrient-dense food, in dollars, sold to  
36 customers by participating small food retailers.

#### 37 38 **BEEHIVE GRANT FUND**

39 **SECTION 12.6.** Chapter 106 of the General Statutes is amended by adding a new  
40 Article to read:

41 "Article 55A.

42 "Beehive Grants.

#### 43 **"§ 106-650. Beehive Grant Fund.**

44 (a) Establishment. – The North Carolina Beehive Grant Fund is established as a special  
45 fund in the Department of Agriculture and Consumer Services. The Department is responsible  
46 for administering the Fund using personnel and other administrative resources of the  
47 Agricultural Development and Farmland Preservation Trust Fund program. The Fund may  
48 receive funds appropriated by the General Assembly and any gifts, grants, or donations from  
49 any public or private sources.

1        (b) Purposes. – Funds in the North Carolina Beehive Grant Fund shall be used, as  
2 available, to encourage the establishment of new beehives in the State. Grants from the Fund  
3 shall be made upon application to the Beehive Grant Program as set forth in G.S. 106-651.

4 **"§ 106-651. Beehive Grant Program.**

5        (a) Definitions. – The definitions in G.S. 105-164.3 and the following definitions apply  
6 in this Article:

7            (1) Eligible activity. – Any of the following:

8                    a. The purchase of a new hive for bees.

9                    b. The purchase of materials or supplies to be used for the construction  
10 of a new hive for bees.

11            (2) Eligible beekeeper. – A resident of the State who meets the following  
12 requirements:

13                    a. The person is at least 18 years of age.

14                    b. The person is a Certified Beekeeper as determined by the North  
15 Carolina State Beekeepers Association at the time of filing of the  
16 grant application.

17            (3) Fund. – The Beehive Grant Fund established by G.S. 106-650.

18        (b) Grants. – Any eligible beekeeper may apply for a grant from the Fund for an eligible  
19 activity. The Department shall specify the form and contents of the application, including  
20 procedures for the submission of applications electronically. The Board may establish a fee for  
21 grant applicants to recover the reasonable costs of reviewing and processing applications.  
22 Grants shall be limited to two hundred dollars (\$200.00) per new hive, up to a maximum grant  
23 of two thousand four hundred dollars (\$2,400) per grant recipient in any year, and shall be  
24 issued in the order that each completed eligible application is received. In the event that the  
25 amount of eligible grants requested in a fiscal year exceeds the funds available in the Fund, the  
26 grants shall be paid in the next fiscal year in which funds are available.

27        (c) Rulemaking. – The Board may issue rules to implement the requirements of this  
28 Article."

29  
30 **NEW MARKET OPPORTUNITIES FOR FARMERS**

31        **SECTION 12.7.(a)** Notwithstanding any other provision of law to the contrary, the  
32 nonrecurring funds appropriated to the Marketing Division of the Department of Agriculture  
33 and Consumer Services for new market opportunities in the 2016-2017 fiscal year shall carry  
34 forward to the 2017-2018 fiscal year.

35        **SECTION 12.7.(b)** The funds available to the Marketing Division of the  
36 Department of Agriculture and Consumer Services for new market opportunities shall be used  
37 to identify new market opportunities for agricultural and silvicultural producers related to  
38 products that producers currently hold, produce, or are capable of producing. The funds are  
39 available for activities including identifying new markets and barriers to market entry;  
40 catalyzing efforts to accelerate and ease market participation; utilizing relevant agricultural,  
41 forestry, and stakeholder networks; and creating mechanisms to ensure quality assurance for  
42 products and service providers.

43  
44 **FOREST SERVICE DISASTER FUNDS**

45        **SECTION 12.9.** The funds allocated to the North Carolina Forest Service by  
46 S.L. 2016-124 for the purposes described in subdivision (10) of Section 4.1 of that act that are  
47 unencumbered and unexpended for those purposes may be used by the Department to purchase  
48 and remove swine operations located in the 100-year floodplain in any county eligible for  
49 funding under S.L. 2016-124. As used in this section, "100-year floodplain" means any area  
50 subject to inundation by the one percent (1%) annual chance flood event, as indicated on the

1 most recent Flood Insurance Rate Map prepared by the Federal Emergency Management  
2 Agency under the National Flood Insurance Program.

3  
4 **TOBACCO TRUST FUND COMMISSION/ADMINISTRATIVE AND OPERATING**  
5 **EXPENSES**

6 **SECTION 12.10.** Notwithstanding G.S. 143-717(i), the Tobacco Trust Fund  
7 Commission may use three hundred seventy-five thousand dollars (\$375,000) for the  
8 2017-2018 fiscal year for administrative and operating expenses of the Commission and its  
9 staff and to purchase a grants management system.

10  
11 **PART XIII. DEPARTMENT OF ENVIRONMENTAL QUALITY**

12  
13 **I & M AIR POLLUTION CONTROL ACCOUNT**

14 **SECTION 13.1.** G.S. 143-215.3A(b1) reads as rewritten:

15 "(b1) The I & M Air Pollution Control Account is established as a nonreverting account  
16 within the Department. Fees transferred to the Division of Air Quality of the Department  
17 pursuant to G.S. 20-183.7(c) shall be credited to the I & M Air Pollution Control Account and  
18 shall be applied to ~~the costs of developing and implementing an air pollution control program~~  
19 ~~for mobile sources administering the air quality program.~~"

20  
21 **VOLKSWAGEN SETTLEMENT FUNDS**

22 **SECTION 13.2.(a)** In developing the "Beneficiary Mitigation Plan" (Plan) as  
23 mandated in the procedures for distribution of the State's share of the environmental mitigation  
24 trust established in the consent decree resolving the case *In Re: Volkswagen "Clean Diesel"*  
25 *Marketing, Sales Practices, and Products Liability Litigation*, Civil Case No. 3:15-md-02672  
26 in the United States District Court for the Northern District of California, the agency designated  
27 by the Governor as the lead agency under the procedures set forth in the trust agreement shall  
28 consult with the Department of Transportation, the Department of Commerce, and other  
29 interested State agencies in the formulation of the Plan.

30 **SECTION 13.2.(b)** As set forth in G.S. 114-2.4A(f), no funds may be expended  
31 under the Plan until the lead agency has submitted the Plan to the Joint Legislative Commission  
32 on Governmental Operations, the chairs of the House Appropriations Committee, the chairs of  
33 the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division and the  
34 General Assembly has appropriated the funds. The lead agency designated by the Governor  
35 shall revise and resubmit the Plan to the trustee following the procedures set forth in the trust  
36 agreement to be consistent with the appropriation.

37  
38 **PRE-REGULATORY LANDFILL REPURPOSING**

39 **SECTION 13.3.** Notwithstanding G.S. 130A-310.11(b), one million dollars  
40 (\$1,000,000) of the funds credited to the Inactive Hazardous Sites Cleanup Fund under  
41 G.S. 105-187.63 for the assessment and remediation of pre-1983 landfills shall instead be  
42 allocated to the City of Havelock for the repurposing of the Phoenix Recycling site.

43  
44 **PRE-REGULATORY LANDFILL ASSUMPTION OF RISK**

45 **SECTION 13.4.(a)** G.S. 130A-310.6(c) reads as rewritten:

46 "(c) The Secretary shall use funds allocated to the Department under ~~G.S. 130A-295.9(1)~~  
47 G.S. 130A-295.9 to assess pre-1983 landfills, to determine the priority for remediation of  
48 pre-1983 landfills, and to develop and implement a remedial action plan for each pre-1983  
49 landfill that requires remediation. Environmental and human health risks posed by a pre-1983  
50 landfill may be mitigated using a risk-based approach for assessment and remediation. The  
51 Secretary shall develop a program to permit owners of property containing a pre-1983 landfill

1 to suspend the further application of requirements of the program authorized by this subsection  
2 for as long as the owner continues to own the property if the owner complies with all of the  
3 following requirements:

4 (1) The property owner signs an assumption of liability agreement agreeing to  
5 accept all liability for potential on-site and off-site impacts caused by the  
6 pre-1983 landfill.

7 (2) The property owner provides financial assurance for any future impacts. The  
8 Department shall set the financial assurance requirement in a reasonable  
9 manner based on the information on current site conditions and historical  
10 disposal records or other information provided by the property owner. The  
11 requirement for financial assurance of this subdivision shall not apply where  
12 (i) the pre-1983 landfill served as the municipal landfill for a unit of local  
13 government and (ii) the unit of local government provided no financial  
14 compensation for the waste disposal to the owner of the landfill site."

15 **SECTION 13.4.(b)** The Department of Environmental Quality may issue  
16 temporary and permanent rules to implement this section.

17 **SECTION 13.4.(c)** The Department of Environmental Quality shall provide an  
18 interim report on its implementation of this section no later than April 1, 2018, and recurring  
19 updates on February 1 of each subsequent year until the Department has issued either a final  
20 guidance document or final rules implementing this section. The reports shall be submitted to  
21 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
22 Resources, the chairs of the House of Representatives Appropriations Committee on  
23 Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations  
24 Committee on Agriculture, Natural, and Economic Resources, and the Fiscal Research  
25 Division.

## 26 **STUDY SOLID WASTE DISPOSAL TAX**

27 **SECTION 13.5.** The Environmental Review Commission shall study North  
28 Carolina's solid waste disposal tax imposed under Article 5G of Chapter 105 of the General  
29 Statutes. In conducting this study, the Commission shall examine (i) a detailed history of the  
30 annual revenue generated from the tax and its distribution over time to the Department of  
31 Environmental Quality and local governments; (ii) a detailed history of expenditures by the  
32 Department of Environmental Quality and by local governments of tax proceeds received to  
33 date, including to whom and for what purposes the expenditures were made; (iii) all work  
34 completed by the Department of Environmental Quality using proceeds of the tax, including  
35 detailed information on the location of sites at which work was performed and a summary of  
36 the status of the sites; (iv) plans for future work to be conducted by the Department of  
37 Environmental Quality using proceeds of the tax, including detailed information on sites to be  
38 addressed and proposed schedules for work; (v) the current balance of the Inactive Hazardous  
39 Sites Cleanup Fund; and (vi) any other issue the Commission deems relevant. The  
40 Environmental Review Commission shall report its findings and recommendations, including  
41 any legislative proposals, to the 2018 Regular Session of the 2017 General Assembly upon its  
42 convening.  
43  
44

## 45 **STUDY EROSION AND SEDIMENT CONTROL/NPDES STORMWATER MERGER**

46 **SECTION 13.6.** The Department of Environmental Quality shall study the  
47 abolition of the Sedimentation Control Commission and transfer of duties to the Environmental  
48 Management Commission and a subsequent combination of the Sedimentation and Erosion  
49 Control permitting program with the Department's NPDES Stormwater permitting program. In  
50 its report, the Department shall set forth the potential cost savings from abolishing the  
51 Sedimentation Control Commission and the program merger, any positive or negative impacts

1 on ease of environmental permitting and permit processing and issuance times, and any other  
2 impacts on each program and on the workload of the Environmental Management Commission.  
3 The Department shall provide its report no later than April 1, 2018, to the Joint Legislative  
4 Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the  
5 House of Representatives Appropriations Committee on Agriculture and Natural and Economic  
6 Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and  
7 Economic Resources, and the Fiscal Research Division.

## 8 9 **DIGITAL DATA STUDY**

10 **SECTION 13.7.** The North Carolina Policy Collaboratory at the University of  
11 North Carolina at Chapel Hill shall develop a proposal to identify and acquire digital data  
12 relevant to environmental monitoring and natural resource management, including, but not  
13 limited to, the digitization of analog records. In developing the proposal, the Collaboratory  
14 shall consult with the Department of Environmental Quality and the Department of Information  
15 Technology. The Collaboratory shall assess the feasibility of transferring these data to a central,  
16 searchable, and publicly accessible digital database hosted by The University of North Carolina  
17 System. The Collaboratory shall provide its proposal no later than March 1, 2018, to the Joint  
18 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
19 chairs of the House of Representatives Appropriations Committee on Agriculture and Natural  
20 and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture,  
21 Natural, and Economic Resources, and the Fiscal Research Division.

## 22 23 **STUDY ACQUISITION OF DEDICATED DREDGING CAPACITY**

24 **SECTION 13.8.(a)** The Division of Water Resources of the Department of  
25 Environmental Quality shall study the feasibility and cost-effectiveness of the acquisition by  
26 the State of North Carolina of one or more dredges. The study shall include all of the following:

- 27 (1) The capital and annual operating costs of one or more dredges and funding  
28 sources for those costs. In studying funding sources, the Division shall not  
29 consider the Shallow Draft Navigation Channel Dredging and Aquatic Weed  
30 Fund established by G.S. 143-215.73F.
- 31 (2) The expected level of utilization of one or more State-owned dredges and  
32 opportunities for defraying operating expenses by the sale of dredging  
33 services to other states, the federal government, and private parties.
- 34 (3) Options for minimizing costs and increasing cost-effectiveness, including an  
35 evaluation of public-private partnerships and shared ownership arrangements  
36 with neighboring states or the United States Army Corps of Engineers.

37 **SECTION 13.8.(b)** The Department shall provide its study and any  
38 recommendations for fiscal or legislative actions no later than April 1, 2018, to the Joint  
39 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
40 chairs of the House of Representatives Appropriations Committee on Agriculture and Natural  
41 and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture,  
42 Natural, and Economic Resources, and the Fiscal Research Division.

## 43 44 **WATER INFRASTRUCTURE STATE MATCH SURPLUS FUNDS**

45 **SECTION 13.10.** Notwithstanding G.S. 159G-22, funds appropriated in this act to  
46 the Division of Water Infrastructure for the Clean Water State Revolving Fund and the  
47 Drinking Water State Revolving Fund to provide State matching funds that are in excess of the  
48 amount required to draw down the maximum amount of federal capitalization grant funds may  
49 be used for State water and wastewater infrastructure grants awarded from the Wastewater  
50 Reserve and the Drinking Water Reserve that benefit rural and economically distressed areas of  
51 the State.

**OYSTER RESEARCH REPORTING**

**SECTION 13.12.** The Division of Marine Fisheries and the University of North Carolina at Wilmington shall annually report no later than March 1 to the chairs of the Senate and the House of Representatives appropriations committees with jurisdiction over natural and economic resources and the Fiscal Research Division regarding the funding for oyster research and restoration activities provided by this act. The report shall include details regarding the use of the funds, including activities completed and additional personnel supported by the funds.

**CONTINUE RESEARCH SUPPORT FOR SHELLFISH INDUSTRY**

**SECTION 13.13.(a)** Section 14.11 of S.L. 2016-94 reads as rewritten:

**"PROMOTE SHELLFISH INDUSTRY**

**SECTION 14.11.(d)** ~~The Chief Sustainability Officer of North Carolina Policy Collaboratory~~ at the University of North Carolina at Chapel Hill shall convene a stakeholder working group to study and advance efforts to ecologically restore and achieve economic stability of the shellfish ~~aquaculture~~ industry, including (i) how best to spend financial resources to counter declining native oyster populations and shellfish habitats; (ii) the use of ~~nonnative~~ appropriate oyster species to accomplish oyster restoration; (iii) means of combating oyster disease and managing harvesting practices to balance the needs of the industry and promote long-term viability and health of oyster habitat and substrate; (iv) ~~economic aquaculture~~ economically and scientifically sound mariculture methods to improve oyster stock and populations; (v) long-term, dedicated options for funding sources and water quality improvements; (vi) means to increase oyster production for both population growth and ~~harvest~~ harvest, including the use of triploid oyster species; (vii) options that expand ~~the use of~~ private shellfish hatchery capacity in the State; (viii) options for promoting the use of cultch planting to enhance and increase oyster habitat and population; (ix) other resources that might be leveraged to enhance reform efforts; and (x) any other issue the ~~Institute Collaboratory~~ deems relevant.

**SECTION 14.11.(e)** In the conduct of the study required by subsection (d) of this section, ~~the Officer Collaboratory~~ shall convene and consult with a stakeholders group that ~~includes representatives of the commercial and recreational oyster harvesting industries, the North Carolina Division of Marine Fisheries, the Marine Fisheries Commission, nature conservation entities, and experts in the fields of marine biology and marine ecology~~ may consist of representatives from appropriate State and federal agencies; academic institutions; nongovernmental organizations; representatives of any industry working in, or benefitting from, shellfish mariculture; and any other individuals or groups deemed by the Collaboratory as being relevant to the overall success of the study. Nothing in this subsection is intended to require a particular process or level of procedural formality for the stakeholders group.

...."

**SECTION 13.13.(b)** In addition to the study required by Section 14.11(d) of S.L. 2016-94, as amended by subsection (a) of this section, the North Carolina Policy Collaboratory shall also prepare and deliver a Shellfish Mariculture Plan by December 31, 2018. Except as otherwise prohibited by State or federal law, all State entities shall provide all information, resources, and support deemed relevant by the Collaboratory for the creation of the Shellfish Mariculture Plan. The plan shall be submitted to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the Fiscal Research Division and shall consider the following:

- (1) A summary of available and relevant information on shellfish mariculture.



- 1 (2) An analysis of existing programs, policies, rules, and laws that govern or  
2 affect shellfish mariculture operations within the State, including an  
3 examination of workforce training and marketing programs that could  
4 facilitate the growth of shellfish mariculture within the State.
- 5 (3) A summary of shellfish mariculture plans from other states and countries,  
6 including a comparison of how these entities (i) promote and manage  
7 shellfish mariculture, (ii) reduce barriers to entry for potential participants in  
8 shellfish mariculture, and (iii) offer incentives to encourage entry into  
9 shellfish mariculture.
- 10 (4) Analysis of siting strategies that reduce potential user conflicts impeding the  
11 siting of shellfish mariculture operations and that protect riparian property  
12 owners and the public trust uses of estuarine waters for navigation, fishing,  
13 and recreation.
- 14 (5) Evaluation and consideration of enforcement mechanisms necessary to  
15 protect shellfish mariculture operations from theft and degradation and to  
16 ensure that shellfish mariculture operations make productive and fair use of  
17 public trust coastal waters dedicated to these operations.
- 18 (6) Opportunities for local traditional fishermen to effectively compete for  
19 shellfish mariculture sites in public waters and participate in enterprises in or  
20 near their own communities.
- 21 (7) Examination of environmental policies that protect or enhance shellfish  
22 mariculture operations.
- 23 (8) Consideration of the most appropriate substrate for cultch planting, with  
24 consideration of regional differences in bottom conditions within the State  
25 that may require different substrates to maximize shellfish sustainability.
- 26 (9) Strategies to mitigate or eliminate shellfish pests such as DMX, Dermo, and  
27 boring sponges.
- 28 (10) Any other issues deemed relevant by the Collaboratory to grow and support  
29 shellfish mariculture within the State.

30 **SECTION 13.13.(c)** The University of North Carolina at Chapel Hill shall not  
31 charge indirect facilities and administrative costs against the funding for the studies required by  
32 this section.

33 **SECTION 13.13.(d)** The North Carolina Policy Collaboratory, in consultation with  
34 the Economic Development Partnership of North Carolina, the Department of Commerce, and  
35 the Department of Natural and Cultural Resources, and any other stakeholders the Partnership  
36 deems relevant, including the North Carolina Tourism Advisory Board, the North Carolina  
37 Restaurant and Lodging Association, the North Carolina Shellfish Growers Association, and  
38 the North Carolina Fisheries Association, shall develop conceptual plans and recommendations  
39 for economic development related to promotion of the State's shellfish harvesting heritage. The  
40 plans and recommendations shall include the creation of a North Carolina Oyster Trail and a  
41 North Carolina Oyster Festival. Plan development shall be congruent with the ongoing work of  
42 the North Carolina Policy Collaboratory and its stakeholder group as described in this section  
43 and shall include recommendations of locations, oversight, governmental support, cost, and  
44 timing of when such initiatives should be launched in the future, including, but not limited to,  
45 achieving production and acreage benchmarks, in addition to any other information deemed  
46 relevant for inclusion. The Collaboratory's recommendations shall be provided no later than  
47 March 1, 2018, to the Joint Legislative Oversight Committee on Agriculture and Natural and  
48 Economic Resources, the chairs of the House of Representatives Appropriations Committee on  
49 Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations  
50 Committee on Agriculture, Natural, and Economic Resources, and the Fiscal Research

1 Division. This study, as it may be subsequently amended after submission, shall be included as  
2 an appendix to the Shellfish Mariculture Plan required by subsection (b) of this section.

### 4 **MARINE PATROL/SHELLFISH SANITATION EQUIPMENT SALES**

5 **SECTION 13.14.(a)** The Division of Marine Fisheries of the Department of  
6 Environmental Quality may sell the following equipment and vessels from its fleet in order to  
7 modernize the fleet:

- 8 (1) 1991 Lull telehandler.
- 9 (2) 1984 LRT-100 crane.
- 10 (3) 1999 Hudson Brothers lowboy trailer.
- 11 (4) 1970s-era 135' M/V West Bay vessel.

12 Notwithstanding G.S. 143C-6-4 or any other provision of law, the Division may  
13 spend funds received from the sales authorized by this subsection for future equipment  
14 acquisitions to support the Shellfish Rehabilitation and Habitat Enhancement Programs. The  
15 sales proceeds are appropriated for that purpose and shall be incorporated into the authorized  
16 budget of the Division.

17 **SECTION 13.14.(b)** The Division shall report to the Fiscal Research Division and  
18 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
19 Resources on the proceeds of the sales authorized by this section and the Division's plan for use  
20 of the proceeds.

### 22 **ASSENT TO PROVISIONS OF CERTAIN FEDERAL FISHERIES ACTS**

23 **SECTION 13.15.(a)** The title of Article 23 of Chapter 113 of the General Statutes  
24 reads as rewritten:

25 "Article 23.

26 "~~Administrative Provisions; Regulatory Authority of Wildlife Resources Commission. Assent to~~  
27 Certain Federal Acts."

28 **SECTION 13.15.(b)** G.S. 113-307.1 reads as rewritten:

29 "**§ 113-307.1. Legislative assent to specific federal acts.**

30 ...

31 (b) The State of North Carolina hereby assents to the provisions of the act of Congress  
32 entitled "An act to provide that the United States shall aid the states in wildlife restoration  
33 projects, and for other purposes," approved September 2, 1937 (Public Law 415, 75th  
34 ~~Congress~~), Congress, also known as the "Pittman-Robertson Act", 16 U.S.C. § 669, et seq., as  
35 amended, and the Wildlife Resources Commission ~~is~~ and the Division of Marine Fisheries of  
36 the Department of Environmental Quality are hereby authorized, empowered, and directed to  
37 perform such acts as may be necessary to the conduct and establishment of cooperative wildlife  
38 restoration projects, as defined in ~~said act of Congress~~, the Pittman-Robertson Act, in  
39 compliance with ~~said act~~ the Act and rules and regulations promulgated by the Secretary of the  
40 Interior ~~thereunder; and no~~ under the Act. No funds accruing to the State of North Carolina  
41 from license fees paid by hunters shall be diverted for any other purpose than the protection and  
42 propagation of game and wildlife in North Carolina and administration of the laws enacted for  
43 such purposes, which laws are and shall be administered by the Wildlife Resources  
44 Commission. No funds accruing to the State of North Carolina from license fees paid by  
45 fishermen for license programs administered by the Division of Marine Fisheries shall be  
46 diverted for any other purpose than the administration by the Division of Marine Fisheries of  
47 the Department of Environmental Quality of the portion of the State's fish programs applicable  
48 to the marine and estuarine resources over which the Division has authority under State law.  
49 Revenues collected from coastal recreational fishing licenses in accordance with the provisions  
50 of G.S. 113-175.1(c) and G.S. 113-175.5(c) shall be used solely for the administration of the  
51 Division of Marine Fisheries and for program functions described by this subsection.

1 (c) Assent is hereby given to the provisions of the act of Congress entitled "An act to  
 2 provide that the United States shall aid the states in fish restoration and management projects,  
 3 and for other purposes," approved August 9, 1950 (Public Law 681, 81st Congress), and  
 4 Congress, also known as the "Dingell-Johnson Sport Fish Restoration Act"), 16 U.S.C. § 777,  
 5 et seq., as amended, the Wildlife Resources Commission is Commission and the Division of  
 6 Marine Fisheries of the Department of Environmental Quality are hereby authorized,  
 7 empowered, and directed to perform such acts as may be necessary to the conduct and  
 8 establishment of cooperative fish restoration projects, as defined in ~~said act of Congress, the~~  
 9 Dingell-Johnson Sport Fish Restoration Act, in compliance with ~~said act~~ the Act and rules and  
 10 regulations promulgated by the Secretary of the Interior ~~thereunder;~~ under the Act; and no  
 11 funds accruing to the State of North Carolina from license fees paid by fishermen shall be  
 12 directed for any other purpose than the following:

- 13 (1) The administration of the Wildlife Resources Commission and for the  
 14 protection, propagation, preservation, and investigation of fish and wildlife.  
 15 (2) The administration by the Division of Marine Fisheries of the Department of  
 16 Environmental Quality of the portion of the State's fish programs applicable  
 17 to the marine and estuarine resources over which the Division has authority  
 18 under State law. Revenues collected from coastal recreational fishing  
 19 licenses in accordance with the provisions of G.S. 113-175.1(c) and  
 20 G.S. 113-175.5(c) shall be used solely for the administration of the Division  
 21 of Marine Fisheries and for program functions described by this subdivision.

22 ...."

23 **SECTION 13.15.(c)** G.S. 113-175.1 reads as rewritten:

24 **"§ 113-175.1. North Carolina Marine Resources Fund.**

25 ...

26 (b) The State Treasurer shall hold the Marine Resources Fund separate and apart from  
 27 all other moneys, funds, and accounts. The State Treasurer shall invest the assets of the Marine  
 28 Resources Fund in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3, and all  
 29 marine resources investment income shall be deposited to the credit of the Marine Resources  
 30 Fund. The State Treasurer shall disburse the principal of the Marine Resources Fund and  
 31 marine resources investment income only upon the written direction of the ~~Marine Fisheries~~  
 32 CommissionDivision of Marine Fisheries of the Department of Environmental Quality.

33 (c) ~~The Marine Fisheries Commission~~ Division of Marine Fisheries of the Department  
 34 of Environmental Quality may authorize the disbursement of the principal of the Marine  
 35 Resources Fund and marine resources investment income only to manage, protect, restore,  
 36 develop, cultivate, conserve, and enhance the marine resources of the State. ~~The Marine~~  
 37 ~~Fisheries Commission is encouraged to consider supporting the Oyster Sanctuary Program~~  
 38 ~~managed by the Division of Marine Fisheries. The Marine Fisheries Commission~~ The Division  
 39 of Marine Fisheries may not authorize the disbursement of the principal of the Marine  
 40 Resources Fund and marine resources investment income to establish positions without specific  
 41 authorization from the General Assembly. ~~All proposals to the Marine Fisheries Commission~~  
 42 ~~for the disbursement of funds from the Marine Resources Fund shall be made by and through~~  
 43 ~~the Fisheries Director.~~ Prior to authorizing disbursements from the Marine Resources Fund, the  
 44 ~~Marine Fisheries Commission~~ Division of Marine Fisheries shall consult with the Wildlife  
 45 Resources Commission about these proposals. Expenditure of the assets of the Marine  
 46 Resources Fund shall be made through the State budget accounts of the Division of Marine  
 47 Fisheries in accordance with the provisions of the Executive Budget Act. The Marine  
 48 Resources Fund is subject to the oversight of the State Auditor pursuant to Article 5A of  
 49 Chapter 147 of the General Statutes."

50 **SECTION 13.15.(d)** G.S. 113-175.5 reads as rewritten:

51 **"§ 113-175.5. North Carolina Marine Resources Endowment Fund.**

1 ...  
2 (b) The State Treasurer shall hold the Endowment Fund separate and apart from all  
3 other moneys, funds, and accounts. The State Treasurer shall invest the assets of the  
4 Endowment Fund in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The  
5 State Treasurer shall disburse the endowment investment income only upon the written  
6 direction of ~~both the Marine Fisheries Commission~~ Division of Marine Fisheries of the  
7 Department of Environmental Quality.

8 (c) Subject to the limitations set out in subsection (d) of this section, the ~~Marine~~  
9 ~~Fisheries Commission~~ Division of Marine Fisheries of the Department of Environmental  
10 Quality may authorize the disbursement of endowment investment income only to manage,  
11 protect, restore, develop, cultivate, conserve, and enhance the marine resources of the State.  
12 The ~~Marine Fisheries Commission~~ Division of Marine Fisheries may not authorize the  
13 disbursement of endowment investment income to establish positions without specific  
14 authorization from the General Assembly. ~~All proposals to the Marine Fisheries Commission~~  
15 ~~for the disbursement of funds from the Endowment Fund shall be made by and through the~~  
16 ~~Fisheries Director.~~ Prior to authorizing disbursements from the Marine Resources Endowment  
17 Fund, the ~~Marine Fisheries Commission~~ Division of Marine Fisheries shall consult with the  
18 Wildlife Resources Commission about ~~these proposals~~ funding requests.

19 ...."  
20

#### 21 **DMF ARTIFICIAL REEFS PROGRAM FUNDING CLARIFICATION**

22 **SECTION 13.16.** G.S. 113-175.1 is amended by adding a new subsection to read:

23 "(d) To enhance fishing opportunities, the Marine Resources Fund may be used to  
24 construct artificial reefs in the estuarine and ocean waters of the State and federal waters up to  
25 20 nautical miles from land."  
26

#### 27 **UST PROGRAM RULE MAKING AND REPORT**

28 **SECTION 13.19.(a)** The Environmental Management Commission shall adopt  
29 temporary rules implementing Section 14.16B of S.L. 2015-241 no later than October 1, 2017.  
30 Notwithstanding G.S. 150B-21.1(d), the temporary rules shall remain in effect until the  
31 effective date of the permanent rule adopted to replace the temporary rule.

32 **SECTION 13.19.(b)** The Commission shall report regarding the status of the rule  
33 making required by this section and by Section 14.16B of S.L. 2015-241 to the chairs of the  
34 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources  
35 and the Fiscal Research Division no later than December 31, 2017.  
36

#### 37 **MERCURY SWITCH PROGRAM EXTENSION**

38 **SECTION 13.21.(a)** Section 9 of S.L. 2007-142, as amended by Section 14.1(a) of  
39 S.L. 2016-94, reads as rewritten:

40 "**SECTION 9.** Sections 1, 2, 6, 7, and 9 of this act become effective when this act becomes  
41 law. Sections 3, 4, and 8 of this act become effective 1 July 2007. Section 5 of this act becomes  
42 effective 1 July 2007 and applies to violations that occur on or after that date. The Department  
43 shall submit the first annual report required by G.S. 130A-310.57, as enacted by Section 7 of  
44 this act, on or before 1 October 2008. Effective June 30, ~~2017~~, 2021, Part 6 of Article 9 of  
45 Chapter 130A of the General Statutes, as amended by this act, is repealed."

46 **SECTION 13.21.(b)** Section 14.1(c) of S.L. 2016-94 reads as rewritten:

47 "**SECTION 14.1.(c)** Subsection (b) of this section becomes effective June 30, ~~2017~~, 2021.  
48 Funds remaining in the Mercury Pollution Prevention Fund (Fund Code 24300-2119) on that  
49 date shall be transferred to the Division of Waste Management (Fund Code 14300-1760)."

50 **SECTION 13.21.(c)** This section becomes effective June 30, 2017.  
51

**WATER AND SEWER INFRASTRUCTURE GRANTS**

**SECTION 13.22.(a)** The following allocations are made from nonrecurring funds appropriated by this act to the Division of Water Infrastructure of the Department of Environmental Quality for water and sewer infrastructure grants:

- (1) The sum of three million dollars (\$3,000,000) for the 2017-2018 fiscal year and the sum of two million dollars (\$2,000,000) for the 2018-2019 fiscal year to the Johnston County Research and Training Zone Association, Inc. for a regional wastewater project.
- (2) The sum of one million dollars (\$1,000,000) for the 2017-2018 fiscal year for grants to grantees located in development tier one or tier two areas, as defined in G.S. 143B-437.08, for any of the following:
  - a. Construction, protection, or expansion of water intake structures located in surface water impoundments. For purposes of this subdivision, protection of water intake structures may include the stabilization or restoration of natural stream functions upstream and downstream of the water intake.
  - b. Repair or replacement of sewer lines, when the repair project is necessary to protect or enhance (i) natural habitats or (ii) water quality.
- (3) The following sums to the indicated local governments for the 2017-2018 fiscal year for various water infrastructure projects:
  - a. Eight hundred thirty thousand dollars (\$830,000) to the Town of Wallace.
  - b. One hundred twenty-five thousand dollars (\$125,000) to the Town of Taylorsville.
  - c. Eighty thousand dollars (\$80,000) to the Town of Benson.
  - d. Forty thousand dollars (\$40,000) to the Town of Four Oaks.
- (4) The sum of one hundred thousand dollars (\$100,000) for the 2017-2018 fiscal year to Davidson County for the Wil-Cox bridge sewer expansion.

Notwithstanding G.S. 159G-33 and G.S. 159G-34, no non-State match will be required for grants allocated by this section.

**SECTION 13.22.(b)** The Johnston County Research and Training Zone Association, Inc. shall submit a report detailing its use of State funds appropriated by this act. The report shall be submitted to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the Fiscal Research Division by September 1, 2017, by September 1 of each subsequent year State funds are received, and more frequently as requested. The report shall include the information required by this subsection for the most recently ended fiscal year.

**IN SITU NUTRIENT MANAGEMENT STRATEGIES**

**SECTION 13.24.** Section 14.13(e) of S.L. 2016-94 reads as rewritten:

**"SECTION 14.13.(e)** The Department of Environmental Quality shall study alternative technologies for in situ approaches to nutrient management in Falls Lake and Jordan Lake. In its study, the Department shall consider in situ treatments, including algaecide and phosphorus-locking technologies, that have been certified by the United States Environmental Protection Agency for use in drinking water sources. Of the funds appropriated in this act to the Department of Environmental Quality, the sum of one million three hundred thousand dollars (\$1,300,000) for the 2016-2017 fiscal year may be used to implement only for permitting and implementation of a trial of these technologies. ~~If the Department decides to implement a trial,~~

1 ~~it shall enter into a contract for the trial by December 31, 2016.~~ The Department shall begin any  
2 ~~testing or sampling activities required to support permit applications for the trial by September~~  
3 ~~1, 2017.~~ Any contract entered into under this subsection shall not be subject to Article 3 or  
4 Article 8 of Chapter 143 of the General Statutes. The study shall determine whether these  
5 treatments would provide improvements in water quality and whether the improvements would  
6 ~~be more cost effective than more conventional nutrient mitigation strategies.~~ quality. The  
7 Department shall submit an interim report no later than ~~March 1, 2017,~~ September 1 of each  
8 year the study and trial required by this section are ongoing and a final report no later than  
9 ~~March 1, 2018,~~ December 31, 2020, to the Environmental Review Commission, the Joint  
10 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the  
11 Fiscal Research Division. If the Department finds these strategies to be effective, it shall  
12 incorporate them into the Nutrient Strategies readoption required by subsection (d) of this  
13 section. Funds allocated by this subsection shall remain available until the conclusion of the  
14 study, and any funds unused at that time shall revert to the General Fund."

## 16 **ON-SITE WATER PROTECTION BRANCH WELL INSPECTION PROGRAM** 17 **TRANSFER STUDY**

18 **SECTION 13.25.** The Department of Environmental Quality and the Department  
19 of Health and Human Services shall study whether the transfer of functions related to private  
20 well inspection and permitting from the Division of Public Health of the Department of Health  
21 and Human Services to the Division of Water Resources of the Department of Environmental  
22 Quality would enhance program effectiveness, operational and financial efficiency, and  
23 customer service. The Departments shall convene and consult with a stakeholders group that  
24 includes, but is not limited to, the well drillers, well inspectors, and local health department  
25 officials that participate in the inspection or permitting of private wells. The Departments shall  
26 make a recommendation regarding a transfer and shall report the recommendation and any  
27 proposed legislation to the Joint Legislative Oversight Committee on Agriculture and Natural  
28 and Economic Resources, the Joint Legislative Oversight Committee on Health and Human  
29 Services, the Environmental Review Commission, and the Fiscal Research Division by March  
30 1, 2018.

## 32 **DEPARTMENT OF ENVIRONMENTAL QUALITY REORGANIZATION THROUGH** 33 **REDUCTION**

34 **SECTION 13.26.(a)** Notwithstanding Section 8.3 of S.L. 2013-382, as amended by  
35 Section 55.3(g) of S.L. 2014-115 and Section 30.13(a) of S.L. 2015-241, the Office of State  
36 Human Resources shall allow the Department of Environmental Quality to use the  
37 Reorganization Through Reduction Program (RTR) throughout the 2017-2019 biennium to  
38 achieve the savings required by this act.

39 **SECTION 13.26.(b)** As part of the reorganization required by this section, the  
40 Department of Environmental Quality shall move the Utility Savings Initiative from the  
41 Division of Environmental Assistance and Customer Service to the State Energy Office.

## 43 **FUNDING FOR OYSTER HIGHWAY PROJECT**

44 **SECTION 13.27.** Of the funds appropriated in this act for oyster sanctuaries, the  
45 sum of one hundred thousand dollars (\$100,000) shall be allocated to the North Carolina  
46 Wildlife Habitat Foundation for the Oyster Highway project on the New River in Onslow  
47 County. The Foundation shall report on its use of the funds allocated by this section no later  
48 than September 1, 2018, to the Joint Legislative Oversight Committee on Agriculture and  
49 Natural and Economic Resources and the Fiscal Research Division.

## 51 **SUBPART XIII-A. WILDLIFE RESOURCES COMMISSION**

**MATTAMUSKEET LODGE REPAIRS**

**SECTION 13A.1.** From funds available to it, the Wildlife Resources Commission shall repair the roof and stabilize the tower at the Mattamuskeet Lodge in Hyde County. The Commission shall complete the repairs required by this section no later than June 30, 2018.

**WILDLIFE ENDOWMENT FUND CHANGES**

**SECTION 13A.2.(a)** G.S. 143-250.1(f1) reads as rewritten:

"(f1) At all times during which the cash balance in the Wildlife Endowment Fund is equal to or greater than the sum of one hundred million dollars (\$100,000,000), the Wildlife Resources Commission shall budget at least ~~fifty percent (50%)~~ twenty-five percent (25%) of the annual expendable interest from the Fund, as determined by the Board of Trustees of the Fund, to implement the conservation goals set forth in the Wildlife Resource Commission's strategic plan."

**SECTION 13A.2.(b)** G.S. 147-69.2(a) is amended by adding a new subdivision to read:

"(17k) The Wildlife Endowment Fund."

**SECTION 13A.2.(c)** G.S. 147-69.2(d) reads as rewritten:

"(d) The State Treasurer may invest funds deposited pursuant to ~~subdivisions (a)(17i) or (a)(17j)~~ subdivisions (17i), (17j), and (17k) of subsection (a) of this section in any of the investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The State Treasurer may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to defray the costs of administering the funds and expenditures authorized under this section. Funds deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation Easement Endowment ~~Fund or Fund~~, the Conservation Grant Fund, or the Wildlife Endowment Fund, as applicable, and interest or other investment income earned thereon shall be prorated and credited to the North Carolina Conservation Easement Endowment ~~Fund or Fund~~, the Conservation Grant Fund or Fund, or the Wildlife Endowment Fund on the basis of the amounts contributed to the respective Funds, figured according to sound accounting principles."

**MODIFY LICENSE FEES REQUIRED TO HUNT, FISH, OR TRAP**

**SECTION 13A.3.** G.S. 113-270.1B(e) reads as rewritten:

"(e) The Wildlife Resources Commission shall adopt rules to establish fees for the hunting, fishing, trapping, and activity licenses issued and administered by the Wildlife Resources Commission. No rule to increase fees above January 1, 2015, levels may increase a fee in excess of the ~~average total~~ increase in the Consumer Price Index for All Urban Consumers over the preceding five years period of time since the last fee change.

The statutory fees for the hunting, fishing, trapping, and activity licenses issued and administered by the Wildlife Resources Commission shall expire when the rules adopted pursuant to this subsection become effective."

**PART XIV. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES****VARIOUS NER AGENCY REPORT CHANGES****DEPARTMENT OF ENVIRONMENTAL QUALITY REPORT CHANGES**

**SECTION 14.1.(a)** The following statutes are amended by deleting the language "Joint Legislative Commission on Governmental Operations" wherever it appears and

1 substituting "Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
2 Resources": G.S. 130A-310.76 and G.S. 143-58.5.

3 **SECTION 14.1.(b)** G.S. 77-96(c) reads as rewritten:

4 "(c) The accounts and records of the Commission showing the receipt and disbursement  
5 of funds from whatever source derived shall be in the form that the North Carolina Auditor and  
6 the Virginia Auditor of Public Accounts prescribe, provided that the accounts shall correspond  
7 as nearly as possible to the accounts and records for such matters maintained by similar  
8 enterprises. The accounts and records of the Commission shall be subject to an annual audit by  
9 the North Carolina Auditor and the Virginia Auditor of Public Accounts or their legal  
10 representatives, and the costs of the audit services shall be borne by the Commission. The  
11 results of the audits shall be delivered by March 1 of each year to the ~~Joint Legislative~~  
12 ~~Commission on Governmental Operations~~ Joint Legislative Oversight Committee on  
13 Agriculture and Natural and Economic Resources and the Fiscal Research Division of the  
14 General Assembly of North Carolina and as provided by the Commonwealth of Virginia."

15 **SECTION 14.1.(c)** G.S. 77-115(b) reads as rewritten:

16 "(b) The accounts and records of each commission showing the receipt and disbursement  
17 of funds from whatever source derived shall be in the form that the Auditor of North Carolina  
18 and the State Auditor of South Carolina prescribe. The accounts and records of each  
19 commission shall be subject to an annual audit by the Auditor of North Carolina and the State  
20 Auditor of South Carolina or their legal representatives. The cost of the annual audits shall be  
21 borne by each commission. The results of the audits shall be delivered by March 1 of each year  
22 to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative Oversight  
23 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research  
24 Division of the General Assembly of North Carolina and to the General Assembly of South  
25 Carolina as the General Assembly of South Carolina shall provide."

26 **SECTION 14.1.(d)** G.S. 113-182.1(e) reads as rewritten:

27 "(e) The Secretary of Environmental Quality shall monitor progress in the development  
28 and adoption of Fishery Management Plans in relation to the Schedule for development and  
29 adoption of the plans established by the Marine Fisheries Commission. The Secretary of  
30 Environmental Quality shall report to the ~~Joint Legislative Commission on Governmental~~  
31 ~~Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
32 Resources and the Fiscal Research Division within 30 days of the completion or substantial  
33 revision of each proposed Fishery Management Plan. The ~~Joint Legislative Commission on~~  
34 ~~Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural  
35 and Economic Resources shall review each proposed Fishery Management Plan within 30 days  
36 of the date the proposed Plan is submitted by the Secretary. The ~~Joint Legislative Commission~~  
37 ~~on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture and  
38 Natural and Economic Resources may submit comments and recommendations on the proposed  
39 Plan to the Secretary within 30 days of the date the proposed Plan is submitted by the  
40 Secretary."

41 **SECTION 14.1.(e)** G.S. 136-28.8(g) reads as rewritten:

42 "(g) On or before October 1 of each year, the Department shall report to the Division of  
43 Environmental Assistance and Outreach of the Department of Environmental Quality as to the  
44 amounts and types of recycled materials that were specified or used in contracts that were  
45 entered into during the previous fiscal year. On or before January 15 of each year, the Division  
46 of Environmental Assistance and Outreach shall prepare a summary of this report and submit  
47 the summary to the ~~Joint Legislative Commission on Governmental Operations and~~ Joint  
48 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
49 Joint Legislative Transportation Oversight Committee, Committee, and the Fiscal Research  
50 Division. The summary of this report shall also be included in the report required by  
51 G.S. 130A-309.06(c)."



1           **SECTION 14.1.(f)** G.S. 143-64.12(j) reads as rewritten:

2           "(j) The State Energy Office shall submit a report by December 1 of every  
3 odd-numbered year to the Joint Legislative Energy Policy ~~Commission~~ Commission, the Joint  
4 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the  
5 Fiscal Research Division describing the comprehensive program to manage energy, water, and  
6 other utility use for State agencies and State institutions of higher learning required by  
7 subsection (a) of this section. The report shall also contain the following:

8           ...."

9           **SECTION 14.1.(g)** G.S. 143-64.17H reads as rewritten:

10       "**§ 143-64.17H. Report on guaranteed energy savings contracts entered into by State**  
11       **governmental units.**

12       A State governmental unit that enters into a guaranteed energy savings contract or  
13 implements an energy conservation measure pursuant to G.S. 143-64.17L must report either (i)  
14 the contract and the terms of the contract or (ii) the implementation of the measure to the State  
15 Energy Office of the Department of Environmental Quality within 30 days of the date the  
16 contract is entered into or the measure is implemented. In addition, within 60 days after each  
17 annual anniversary date of a guaranteed energy savings contract, the State governmental unit  
18 must report the status of the contract to the State Energy Office, including any details required  
19 by the State Energy Office. The State Energy Office shall compile the information for each  
20 fiscal year and report it to the ~~Joint Legislative Commission on Governmental Operations~~ Joint  
21 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
22 Fiscal Research Division, and to the Local Government Commission annually by December 1.  
23 In compiling the information, the State Energy Office shall include information on the energy  
24 savings expected to be realized from a contract or implementation and shall evaluate whether  
25 expected savings have in fact been realized."

26       **SECTION 14.1.(h)** G.S. 143-214.13(a) reads as rewritten:

27       "(a) The Department of Environmental Quality shall report each year by November 1 to  
28 the Environmental Review ~~Commission~~ and to the Joint Legislative Commission on  
29 Governmental Operations ~~Commission, the Joint Legislative Oversight Committee on~~  
30 Agriculture and Natural and Economic Resources, and the Fiscal Research Division regarding  
31 its progress in implementing the Division of Mitigation Services and its use of the funds in the  
32 Ecosystem Restoration Fund. The report shall document statewide wetlands losses and gains  
33 and compensatory mitigation performed under G.S. 143-214.8 through G.S. 143-214.12. The  
34 report shall also provide an accounting of receipts and disbursements of the Ecosystem  
35 Restoration Fund, an analysis of the per-acre cost of wetlands restoration, and a cost  
36 comparison on a per-acre basis between the State's Division of Mitigation Services and private  
37 mitigation banks. The Department shall also send a copy of its report to the Fiscal Research  
38 Division of the General Assembly."

39       **SECTION 14.1.(i)** G.S. 143-215.3A(c) reads as rewritten:

40       "(c) The Department shall report to the Environmental Review ~~Commission~~  
41 Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and  
42 Economic Resources, and the Fiscal Research Division on the cost of the State's environmental  
43 permitting programs contained within the Department on or before 1 November of each year.  
44 The report shall include, but is not limited to, fees set and established under this Article, fees  
45 collected under this Article, revenues received from other sources for environmental permitting  
46 and compliance programs, changes made in the fee schedule since the last report, anticipated  
47 revenues from all other sources, interest ~~earned~~ earned, and any other information requested by  
48 the General Assembly."

49       **SECTION 14.1.(j)** G.S. 143-215.9A(a) reads as rewritten:

50       "(a) The Department shall report to the Environmental Review ~~Commission~~  
51 Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and

1 Economic Resources, and the Fiscal Research Division on or before 1 October of each year on  
 2 the status of facilities discharging into surface waters during the previous fiscal year. The report  
 3 shall include:

4 ...

- 5 (4) Any other information that the Department determines to be appropriate or  
 6 that is requested by the Environmental Review ~~Commission~~Commission,  
 7 the Joint Legislative Oversight Committee on Agriculture and Natural and  
 8 Economic Resources, or the Fiscal Research Division."

9 **SECTION 14.1.(k)** G.S. 143-215.10M(a) reads as rewritten:

10 "(a) The Department shall report to the Environmental Review ~~Commission~~  
 11 Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and  
 12 Economic Resources, and the Fiscal Research Division on or before 1 October of each year as  
 13 required by this section. Each report shall include:

14 ...

- 15 (10) Any other information that the Department determines to be appropriate or  
 16 that is requested by the Environmental Review ~~Commission~~Commission,  
 17 the Joint Legislative Oversight Committee on Agriculture and Natural and  
 18 Economic Resources, or the Fiscal Research Division."

19 **SECTION 14.1.(l)** G.S. 143-215.94M(a) reads as rewritten:

20 "(a) The Secretary shall present an annual report to the Environmental Review  
 21 Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and  
 22 Economic Resources, the Fiscal Research Division, the chairs of the Senate Appropriations  
 23 Subcommittee~~Committee on Natural Agriculture, Natural, and Economic Resources~~, and the  
 24 chairs of the House of Representatives Appropriations Subcommittee~~Committee on~~  
 25 Agriculture and Natural and Economic Resources ~~which that~~ shall include at least the  
 26 following:

27 ...."

28 **SECTION 14.1.(m)** G.S. 143B-279.8(e) reads as rewritten:

29 "(e) The Coastal Resources Commission, the Environmental Management Commission,  
 30 and the Marine Fisheries Commission shall report to the ~~Joint Legislative Commission on~~  
 31 ~~Governmental Operations~~Joint Legislative Oversight Committee on Agriculture and Natural  
 32 and Economic Resources, the Fiscal Research Division, and the Environmental Review  
 33 Commission on progress in developing and implementing the Coastal Habitat Protection Plans,  
 34 including the extent to which the actions of the three commissions are consistent with the Plans,  
 35 on or before 1 September of each year."

36 **SECTION 14.1.(n)** G.S. 143B-279.17 reads as rewritten:

37 "**§ 143B-279.17. Tracking and report on permit processing times.**

38 The Department of Environmental Quality shall track the time required to process all  
 39 permit applications in the One-Stop for Certain Environmental Permits Programs established  
 40 by G.S. 143B-279.12 and the Express Permit and Certification Reviews established by  
 41 G.S. 143B-279.13 that are received by the Department. The processing time tracked shall  
 42 include (i) the total processing time from when an initial permit application is received to  
 43 issuance or denial of the permit and (ii) the processing time from when a complete permit  
 44 application is received to issuance or denial of the permit. No later than March 1 of each year,  
 45 the Department shall report to the Joint Legislative Oversight Committee on Agriculture and  
 46 Natural and Economic Resources, the Fiscal Research Division of the General Assembly  
 47 Assembly, and the Environmental Review Commission on the permit processing times required  
 48 to be tracked pursuant to this section."

49  
 50 **DEPARTMENT OF COMMERCE REPORT CHANGES**

1           **SECTION 14.1.(o)** The following statutes are amended by deleting the language  
2 "General Assembly" or "legislature" wherever either appears and substituting "Joint Legislative  
3 Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the  
4 Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the  
5 chairs of the House of Representatives Appropriations Committee on Agriculture and Natural  
6 and Economic Resources": G.S. 18C-115(a), 62-17(a1), 62-110.1, and 94-2.

7           **SECTION 14.1.(p)** The following statutes are amended by deleting the language  
8 "Joint Legislative Commission on Governmental Operations" wherever it appears and  
9 substituting "Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
10 Resources, the Senate Appropriations Committee on Agriculture, Natural, and Economic  
11 Resources, and the chairs of the House of Representatives Appropriations Committee on  
12 Agriculture and Natural and Economic Resources": G.S. 62-15(h), 62-133.8(j), 62-133.9(i),  
13 97-78(e), and 113-315.36.

14           **SECTION 14.1.(q)** The following statutes are amended by deleting the language  
15 "General Assembly" wherever it appears and substituting "the chairs of the Senate  
16 Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the  
17 House of Representatives Appropriations Committee on Agriculture and Natural and Economic  
18 Resources, and the Joint Legislative Economic Development and Global Engagement  
19 Oversight Committee": G.S. 96-35, 143B-434.01(l), 143B-434.2(d), 143B-438.10(a)(7a),  
20 143B-438.10(a)(8), and 143B-438.14(d).

21           **SECTION 14.1.(r)** The following statutes are amended by deleting the language  
22 "Joint Legislative Commission on Governmental Operations" wherever it appears and  
23 substituting "the chairs of the Senate Appropriations Committee on Agriculture, Natural, and  
24 Economic Resources, and the chairs of the House of Representatives Appropriations  
25 Committee on Agriculture and Natural and Economic Resources": G.S. 143B-431.01(d)(1) and  
26 G.S. 143B-431.01(f).

27           **SECTION 14.1.(s)** The following statutes are amended by deleting the language  
28 "Joint Legislative Commission on Governmental Operations" wherever it appears and  
29 substituting "the chairs of the Senate Appropriations Committee on Agriculture, Natural, and  
30 Economic Resources, the chairs of the House of Representatives Appropriations Committee on  
31 Agriculture and Natural and Economic Resources, and the Joint Legislative Economic  
32 Development and Global Engagement Oversight Committee": G.S. 143B-435.1(d),  
33 143B-437.02(k), 143B-437.012(m), 143B-472.35(l), and 143B-1285(3).

34           **SECTION 14.1.(t)** The following statutes are amended by deleting the language  
35 "Joint Legislative Commission on Governmental Operations" and "General Assembly"  
36 wherever either appears and substituting "Joint Legislative Economic Development and Global  
37 Engagement Oversight Committee": G.S. 143B-437.07(b) and G.S. 143B-437.08(k).

38           **SECTION 14.1.(u)** G.S. 62-133.5(k) reads as rewritten:

39       **"§ 62-133.5. Alternative regulation, tariffing, and deregulation of telecommunications**  
40       **utilities.**

41       ...

42       (k) To evaluate the affordability and quality of local exchange service provided to  
43 consumers in this State, a local exchange company or competing local provider offering basic  
44 local residential exchange service that elects to have its rates, terms, and conditions for its  
45 services determined pursuant to the plans described in subsection (h) or (m) of this section shall  
46 make an annual report to the General Assembly Joint Legislative Oversight Committee on  
47 Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations  
48 Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of  
49 Representatives Appropriations Committee on Agriculture and Natural and Economic  
50 Resources on the state of its company's operations. The report shall be due 30 days after the  
51 close of each calendar year and shall cover the period from January 1 through December 31 of

1 the preceding year. The Joint Legislative ~~Commission on Governmental Operations~~ must  
2 Oversight Committee on Agriculture and Natural and Economic Resources shall review the  
3 annual reports and shall decide whether to recommend that the General Assembly take  
4 corrective action in response to those reports. The report shall include the following:

5 ...."

6 **SECTION 14.1.(v)** G.S. 96-40 reads as rewritten:

7 "**§ 96-40. Unemployment insurance program integrity; reporting.**

8 ...  
9 (c) Quarterly Reporting. – Beginning October 1, 2015, and then quarterly thereafter, the  
10 Division shall make detailed written progress reports on its efforts to carry out all of the  
11 directives in this section to the chairs of the Joint Legislative Oversight Committee on  
12 Unemployment Insurance, the chairs of the Joint Legislative Oversight Committee on  
13 Information Technology, the chairs of the House Appropriations ~~Subcommittee~~ Committee on  
14 Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations  
15 Committee on Natural Agriculture, Natural, and Economic Resources, and the Fiscal Research  
16 Division. At a minimum, the quarterly report shall include all of the following:

17 ...

18 (d) Annual Reporting. – Beginning January 1, 2016, the Division shall make an annual  
19 report to the ~~General Assembly chairs of the Joint Legislative Oversight Committee on~~  
20 Unemployment Insurance, the chairs of the Joint Legislative Oversight Committee on  
21 Information Technology, the chairs of the Senate Appropriations Committee on Agriculture,  
22 Natural, and Economic Resources, the chairs of the House Appropriations Committee on  
23 Agriculture and Natural and Economic Resources, and the Fiscal Research Division on its  
24 efforts to carry out all of the directives in this section. At a minimum, each annual report shall  
25 include all of the following information:

26 ...."

27 **SECTION 14.1.(w)** G.S. 136-18.01 reads as rewritten:

28 "**§ 136-18.01. Consultation required for welcome and visitor centers.**

29 The Department of Commerce and the Department of Transportation shall consult with the  
30 ~~Joint Legislative Commission on Governmental Operations and the House and Senate~~  
31 ~~Appropriations Subcommittees on Natural and Economic Resources~~ chairs of the Joint  
32 Legislative Transportation Oversight Committee, the chairs of the Senate Appropriations  
33 Committee on Department of Transportation, the chairs of the House of Representatives  
34 Appropriations Committee on Transportation, the chairs of the Senate Appropriations  
35 Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of  
36 Representatives Appropriations Committee on Agriculture and Natural and Economic  
37 Resources before beginning the design or construction of any new welcome center or visitor  
38 center buildings."

39 **SECTION 14.1.(x)** G.S. 143B-421.3 reads as rewritten:

40 "**§ 143B-421.3. Consultation required for welcome and visitor centers.**

41 The Department of Commerce and the Department of Transportation shall consult with the  
42 ~~Joint Legislative Commission on Governmental Operations and the House and Senate~~  
43 ~~Appropriations Subcommittees on Natural and Economic Resources~~ chairs of the Joint  
44 Legislative Transportation Oversight Committee, the chairs of the Senate Appropriations  
45 Committee on Department of Transportation, the chairs of the House of Representatives  
46 Appropriations Committee on Transportation, the chairs of the Senate Appropriations  
47 Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of  
48 Representatives Appropriations Committee on Agriculture and Natural and Economic  
49 Resources before beginning the design or construction of any new welcome center or visitor  
50 center buildings."

51 **SECTION 14.1.(y)** G.S. 143B-434.01(l) reads as rewritten:

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

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

**SECTION 14.1.(z)** G.S. 143B-437.8(1) and G.S. 143B-437.83(1) are repealed.

**SECTION 14.1.(aa)** G.S. 143B-437.74(a) reads as rewritten:

**"§ 143B-437.74. Reports; study.**

(a) Reports. – The Department of Commerce shall publish a report on the use of funds in the One North Carolina Fund at the end of each fiscal quarter. The report shall contain information on the commitment, disbursement, and use of funds allocated under the One North Carolina Fund. The report is due no later than one month after the end of the fiscal quarter and ~~must~~ shall be submitted to the following:

(1) ~~The Joint Legislative Commission on Governmental Operations~~ chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources.

(1a) The House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources.

...  
(5) The Joint Legislative Economic Development and Global Engagement Oversight Committee."

**SECTION 14.1.(bb)** G.S. 159B-30.1 reads as rewritten:

**"§ 159B-30.1. Additional reports.**

Beginning March 1, 1996, and annually thereafter, each joint agency operating under the authority of Chapter 159B of the General Statutes shall file a report with the ~~Joint Legislative Commission on Governmental Operations~~ chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources describing the activities of the joint agency carried out pursuant to the authority granted by G.S. 159B-2, 159B-11(19b), 159B-12 and 159B-17(c). The report shall cover the preceding calendar year. Each joint agency shall file such additional reports as the ~~Joint Legislative Commission on Governmental Operations~~ committees shall request."

**DEPARTMENT OF NATURAL AND CULTURAL RESOURCES REPORT CHANGES**

**SECTION 14.1.(cc)** The following statutes are amended by deleting the language "Joint Legislative Commission on Governmental Operations" wherever it appears and substituting "Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division": G.S. 121-7.3, 121-9, 143B-71, 143B-73, and 146-26.

**SECTION 14.1.(dd)** The following statutes are amended by deleting the language "Joint Legislative Commission on Governmental Operations" wherever it appears and substituting "Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources": G.S. 121-7.7, 121-21.1, 143B-53.3, 143B-87.2, and 143B-135.244.

**SECTION 14.1.(ee)** G.S. 121-12.1 reads as rewritten:

1 **"§ 121-12.1. Grants-in-aid.**

2 Under the concepts of reorganization of State government, responsibility for administering  
3 appropriations to the Department of Natural and Cultural Resources for grants-in-aid to private  
4 nonprofit organizations in the areas of history, art, and culture is ~~hereby~~ assigned to the  
5 Department of Natural and Cultural Resources. ~~It shall be the responsibility of the~~ By February  
6 15 of each year, the Department of Natural and Cultural Resources ~~to~~ shall receive, analyze,  
7 and recommend to the ~~Governor and the General Assembly~~ Governor, the Joint Legislative  
8 Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal  
9 Research Division the disposition of any request for funding received by it from or for any of  
10 these ~~organizations, and to~~ organizations. The Department shall disburse under provisions of  
11 law any appropriations made to the Department for them. Appropriations to the Department of  
12 Natural and Cultural Resources for grants-in-aid to assist in the restoration of historic sites  
13 owned by private nonprofit organizations shall ~~in addition~~ be expended only in accordance with  
14 G.S. 121-11, 121-12 and 143B-53.1."

15 **SECTION 14.1.(ff)** G.S. 125-2 reads as rewritten:

16 **"§ 125-2. Powers and duties of Department of Natural and Cultural Resources.**

17 The Department of Natural and Cultural Resources shall have the following powers and  
18 duties:

19 ...

- 20 (2) To make to the ~~Governor~~ Governor, the Joint Legislative Oversight  
21 Committee on Agriculture and Natural and Economic Resources, the chairs  
22 of the Senate Appropriations Committee on Agriculture, Natural, and  
23 Economic Resources, the chairs of the House of Representatives  
24 Appropriations Committee on Agriculture and Natural and Economics  
25 Resources, and the Fiscal Research Division a biennial report of its activities  
26 and needs, including recommendations for improving its services to the  
27 State, ~~to be transmitted by the Governor to the General Assembly~~ by  
28 February 15 of each odd-numbered year.

29 ...."

30 **SECTION 14.1.(gg)** G.S. 140-5.14 reads as rewritten:

31 **"§ 140-5.14. Board of Trustees – powers and duties.**

32 The Board of Trustees ~~shall be~~ is the governing body of the North Carolina Museum of Art  
33 and ~~shall have~~ has the following powers and duties:

34 ...

- 35 (10) To make a biennial report by February 15 of each odd-numbered year to the  
36 ~~Governor and the General Assembly~~ Governor, Joint Legislative Oversight  
37 Committee on Agriculture and Natural and Economic Resources, and the  
38 Fiscal Research Division on the activities of the Board of Trustees and of the  
39 North Carolina Museum of Art;

40 ...."

41 **SECTION 14.1.(hh)** G.S. 143-406 reads as rewritten:

42 **"§ 143-406. Duties of Department of Natural and Cultural Resources.**

43 The Department of Natural and Cultural Resources shall take action to carry out the  
44 following purposes as funds and staff permit:

45 ...

46 ~~The~~ By February 15 of each odd-numbered year, the Department of Natural and Cultural  
47 Resources shall, in addition to such other recommendations, ~~studies~~ studies, and plans as it may  
48 submit from time to time, submit a biennial report of progress to the Governor, ~~and thus, to the~~  
49 ~~General Assembly~~ the Joint Legislative Oversight Committee on Agriculture and Natural and  
50 Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture,  
51 Natural, and Economic Resources, the chairs of the House of Representatives Appropriations

1 Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research  
2 Division."

3 **SECTION 14.1.(ii)** G.S. 143B-131.4 reads as rewritten:

4 **"§ 143B-131.4. Commission reports.**

5 The Commission shall submit a ~~quarterly~~ semiannual report by January 15 and July 15 of  
6 each year to the Chairs of the House of Representatives Appropriations Committee on  
7 Agriculture and Natural and Economic Resources, the Chairs of the Senate Appropriations  
8 Committee on ~~Natural~~ Agriculture, Natural, and Economic Resources, the Joint Legislative  
9 Oversight Committee on Agriculture and Natural and Economic Resources, and to the Fiscal  
10 Research Division of the General Assembly. The report shall include:

- 11 (1) A summary of actions taken by the Commission consistent with the powers  
12 and duties of the Commission set forth in G.S. 143B-131.2.
- 13 (2) Recommendations for legislation and administrative action to promote and  
14 develop the Elizabeth II State Historic Site and Visitor Center.
- 15 (3) An accounting of funds received and expended."

16 **SECTION 14.1.(jj)** G.S. 143B-135.102(c) reads as rewritten:

17 "(c) The Secretary, with advice of the Committee, shall study trail needs and potentials,  
18 and make additions to the State Trails System as needed. ~~He~~ The Secretary shall submit an  
19 annual report by October 1 of each year to the ~~Governor and General Assembly~~ Governor, the  
20 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources,  
21 and the Fiscal Research Division on trail activities by the Department, including rights-of-way  
22 that have been established and on the program for implementing this Part. Each report shall  
23 include a short statement on the significance of the various trails to the System. The Secretary  
24 shall make such rules as to trail development, management, and use that are necessary for the  
25 proper implementation of this Part."

26 **SECTION 14.1.(kk)** G.S. 143B-135.156 reads as rewritten:

27 **"§ 143B-135.156. Administrative agency; federal grants; additions to the system;**  
28 **regulations.**

29 (a) The Department is the agency of the State of North Carolina with the duties and  
30 responsibilities to administer and control the North Carolina natural and scenic rivers system.

31 (b) The Department ~~shall be~~ is the agency of the State with the authority to accept  
32 federal grants of assistance in planning, developing (which would include the acquisition of  
33 land or an interest in land), and administering the natural and scenic rivers system.

34 (c) The Secretary of the Department shall study and from time to time submit to the  
35 ~~Governor and to the General Assembly~~ Governor, the Joint Legislative Oversight Committee  
36 on Agriculture and Natural and Economic Resources, and the Fiscal Research Division  
37 proposals for the additions to the system of rivers and segments of rivers which, in ~~his~~ the  
38 Secretary's judgment, fall within one or more of the categories set out in G.S. 143B-135.148.  
39 Each proposal shall specify the category of the proposed addition and shall be accompanied by  
40 a detailed report of the facts which, in the Secretary's judgment, makes the area a worthy  
41 addition to the system.

42 (c1) Before submitting any proposal to the Governor or the General Assembly under  
43 subsection (c) of this section for the addition to the system of a river or segment of a river, the  
44 Secretary or his ~~the~~ Secretary's authorized ~~representative,~~ representative shall hold a public  
45 hearing in the county or counties where ~~said~~ the river or segment of river is situated. Notice of  
46 ~~such~~ the public hearing shall be given by publishing a notice once each week for two  
47 consecutive weeks in a newspaper having general circulation in the county where ~~said~~ the  
48 hearing is to be held, the second of ~~said~~ the notices appearing not less than 10 days before ~~said~~  
49 the hearing. Any person attending ~~said~~ the hearing shall be given an opportunity to be heard.  
50 ~~Notwithstanding the provisions of the foregoing, no~~ No public hearing ~~hearing, however, shall~~

1 ~~be is~~ required with respect to a river bounded solely by the property of one owner, who  
2 consents in writing to the addition of ~~such the~~ river to the system.

3 (c2) The Department shall also conduct an investigation on the feasibility of the  
4 inclusion of a river or a segment of river within the system and shall file a written report with  
5 the ~~Governor when submitting a proposal.~~ proposal described in subsection (c) of this section.

6 (c3) ~~The Department shall also, Department, before submitting such a proposal to the~~  
7 ~~Governor or the General Assembly, proposal under subsection (c) of this section, shall notify in~~  
8 writing the owner, lessee, or tenant of any lands adjoining ~~said the~~ river or segment of river of  
9 its intention to make ~~such the~~ proposal. In the event the Department, after due diligence, is  
10 unable to determine the owner or lessee of ~~any such the~~ land, the Department may publish a  
11 notice for four successive weeks in a newspaper having general circulation in the county where  
12 the land is situated of its intention to make a proposal ~~to the Governor or General Assembly~~ for  
13 the addition of a river or segment of river to the system.

14 (d) Upon receipt of a request in the form of a resolution from the commissioners of the  
15 county or counties in which a river segment is located and upon studying the segment and  
16 determining that it meets the criteria set forth in G.S. 143B-135.150, the Secretary may  
17 designate the segment a potential component of the natural and scenic rivers system. The  
18 designation as a potential component shall be transmitted to the Governor and all appropriate  
19 State agencies. Any segment so designated is subject to the provisions of this Part applicable to  
20 designated rivers, except for acquisition by condemnation or otherwise, and to any rules  
21 adopted pursuant to this Part. The Secretary shall make a full report and, if appropriate, a  
22 proposal for an addition to the natural and scenic rivers system to the ~~General Assembly~~ Joint  
23 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the  
24 Fiscal Research Division within 90 days after the convening of the next session of the General  
25 Assembly following issuance of the designation, and the ~~General Assembly~~ Joint Legislative  
26 Oversight Committee on Agriculture and Natural and Economic Resources shall determine  
27 whether to designate the segment as a component of the natural and scenic rivers system. If the  
28 next session of the General Assembly fails to take affirmative action on the designation, the  
29 designation as a potential component shall expire.

30 (e) The Department may adopt rules to implement this Part."

31 **SECTION 14.1.(II)** G.S. 143B-135.221 reads as rewritten:

32 "**§ 143B-135.221. Reports to General Assembly.**

33 The Commission shall prepare and submit a report outlining the needs of the North  
34 Carolina State Museum of Natural Sciences and recommendations for improvement of the  
35 effectiveness of the North Carolina State Museum of Natural Sciences ~~for the purpose~~  
36 ~~hereinabove set forth to the General Assembly, to the Fiscal Research Division of the General~~  
37 ~~Assembly, and to the Joint Legislative Commission on Governmental Operations to the Joint~~  
38 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the  
39 Fiscal Research Division on or before October 1 of each year."

40 **SECTION 14.1.(mm)** G.S. 143B-135.256 reads as rewritten:

41 "**§ 143B-135.256. Powers and duties of the Secretary.**

42 The Secretary shall:

43 ...

44 (7) Submit to the ~~Governor and the General Assembly~~ Governor, the Joint  
45 Legislative Oversight Committee on Agriculture and Natural and Economic  
46 Resources, and the Fiscal Research Division a biennial report on or before  
47 February 15 of odd-numbered years describing the activities of the past  
48 biennium and plans for the coming biennium, and detailing specific  
49 recommendations for action that the Secretary deems necessary for the  
50 improvement of the Program."  
51



**DEPARTMENT OF LABOR REPORT CHANGES**

**SECTION 14.1.(nn)** G.S. 95-25.23C(c) reads as rewritten:

"(c) Report. – No later than February 1 of each year, the Commissioner shall submit a written report to the ~~General Assembly, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources,~~ the Joint Legislative Education Oversight Committee, and the Fiscal Research Division of the General Assembly on the Department of Labor's investigative, inspection, and enforcement activities under the Wage and Hour Act pertaining to youth employment. Each report submitted pursuant to this subsection shall contain data and information about the calendar year preceding the date on which the last written report was submitted. The report shall include at least all of the following:

...."

**SECTION 14.1.(oo)** G.S. 95-136.1(d) reads as rewritten:

"(d) The Department shall by March 1, 1995, and annually thereafter, report to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division of the General Assembly on the impact of the special emphasis inspection program on safety and health compliance and enforcement."

**SECTION 14.1.(pp)** G.S. 95-227(e) reads as rewritten:

"(e) The Commissioner shall report no later than May 1 of each year to the Chairpersons of the Senate Appropriations Committee on Natural and Economic ~~Resources and Resources,~~ the Chairpersons of the House of Representatives Appropriations ~~Subcommittee~~ Committee on Agriculture and Natural and Economic Resources, ~~Resources,~~ the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division regarding the number of annual preoccupancy certifications issued, the number of operators with one hundred percent (100%) compliance at the preoccupancy inspection, the number of postoccupancy inspections conducted by the Department of Labor of North Carolina, the number and type of citations and fines issued, the total number of migrant worker beds in the State, and the identification of operators who fail to apply for or obtain permits to operate migrant housing pursuant to this Article."

**SECTION 14.1.(qq)** G.S. 113-391(e) reads as rewritten:

"(e) The Department shall submit an annual report on its activities conducted pursuant to this Article and rules adopted ~~thereunder~~ under it to the Environmental Review Commission, the Joint Legislative Commission on Energy Policy, ~~the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources,~~ the chairs of the Senate and House of Representatives Appropriations Subcommittees ~~Committee on Natural Agriculture, Natural, and Economic Resources,~~ the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division of the General Assembly on or before October 1 of each year."

**TOBACCO TRUST FUND COMMISSION REPORT CHANGE**

**SECTION 14.1.(rr)** G.S. 143-722(a) reads as rewritten:

"(a) The chair of the Commission shall report each year by November 1 to the ~~Joint Legislative Commission on Governmental Operations and~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House and Senate Appropriations ~~Committees~~ Committees, and the Fiscal Research Division regarding the implementation of this Article, including a report on funds disbursed during the fiscal year by amount, purpose, and category of recipient, and other information as requested by the ~~Joint Legislative Commission on Governmental Operations.~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources. A written copy of the report shall also be sent to the Legislative Library by November 1 each year."

**DEPARTMENT OF AGRICULTURE**

**SECTION 14.1.(ss)** G.S. 122D-18(c) reads as rewritten:

"(c) ~~Within six months after the end of each fiscal year, By October 1 of each year, the Authority shall submit to the Governor and to the General Assembly Governor, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division an annual report on the operations of the Authority. Within 60 days after receipt thereof, the Authority during the past fiscal year. The annual report shall include a mission statement and a description of the Authority's activities during the past fiscal year. The Authority shall submit to the Governor and to the General Assembly Governor, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division a copy of the report of every audit of the books and accounts of the Authority.~~ Authority within 60 days after receipt of the report."

**MILITARY BUFFERS**

**SECTION 14.2.** The funds appropriated in this act to the Clean Water Management Trust Fund and the North Carolina Agricultural Development and Farmland Preservation Trust Fund for the purpose of military buffers shall only be expended on land that buffers a military facility from incompatible use encroachment.

**CLARIFYING CHANGES TO DEPARTMENT OF NATURAL AND CULTURAL RESOURCES FUNDS**

**SECTION 14.3.(a)** G.S. 121-5(e) reads as rewritten:

"(e) Archives and Records Management Fund. The Archives and Records Management Fund is established as a special revenue fund. The Fund consists of donations, gifts, devises, and the fees credited to it under Chapter 161 of the General Statutes. Revenue in the Fund may be used only to offset the Department's costs in providing essential records management and archival services for public records pursuant to Chapter 121 and Chapter 132 of the General Statutes."

**SECTION 14.3.(b)** G.S. 121-7.6(a) reads as rewritten:

"(a) Fund Established. – The North Carolina Transportation Museum Fund is created as a special ~~interest-bearing, interest-bearing, nonreverting~~ enterprise fund in the Department of Natural and Cultural Resources. The Fund shall be used to pay all costs associated with the ~~operation~~ operation, interpretation, development, expansion, preservation, and maintenance of the North Carolina Transportation Museum."

**SECTION 14.3.(c)** G.S. 121-7.7(a) reads as rewritten:

"(a) Fund. – The State Historic Sites and Museums Fund is created as a special, interest-bearing revenue fund in the Division of State Historic Sites and the Division of State History Museums. The Fund consists of all receipts derived from the lease or rental of property or facilities, disposition of structures or products of the land, ~~private donations, donations, gifts, devises,~~ and admissions and fees collected at the State Historic Sites, State History Museums, and Maritime Museums. The revenues in the Fund may be used only for the operation, interpretation, maintenance, preservation, development, and expansion of the individual State Historic Site, State History Museum, and Maritime Museum where the receipts are generated. The respective Division and the staff from each State Historic Site, State History Museum, and Maritime Museum ~~will shall~~ determine how the funds ~~will shall~~ be used at that Historic Site, State History Museum, and Maritime Museum."

**SECTION 14.3.(d)** G.S. 143B-53.3(a) reads as rewritten:

"(a) Fund. – The Queen Anne's Revenge Project Special Fund is created as a special, interest-bearing revenue fund within the Department of Natural and Cultural Resources, Office of Archives and History. The Fund shall consist of all receipts derived from ~~private donations, grant funds,~~ donations, gifts, devises, and earned revenue. The monies in the Fund may be used

1 only for contracted services, personal services and operations, conference and meeting  
2 expenses, travel, staff salaries, operations for laboratory needs, museum exhibits, and other  
3 administrative costs related to the Queen Anne's Revenge Project. The staff of the Office of  
4 Archives and History and the Department of Natural and Cultural Resources shall determine  
5 how the funds ~~will~~shall be used for the purposes of the Queen Anne's Revenge Project, and  
6 those funds are hereby appropriated for those purposes."

7 **SECTION 14.3.(e)** G.S. 143B-79(7) reads as rewritten:

8 "(7) The Committee may dispose of property held in the Executive Mansion after  
9 consultation with a review committee comprised of one person from the  
10 Executive Mansion Fine Arts Committee, appointed by its chairman; one  
11 person from the Department of Administration appointed by the Secretary of  
12 Administration; and two qualified professionals from the Department of  
13 Natural and Cultural Resources, Division of Archives and History, appointed  
14 by the Secretary of Natural and Cultural Resources. Upon request of the  
15 Executive Mansion Fine Arts Committee, the review committee ~~will~~shall  
16 view proposed items for disposition and shall make a recommendation to the  
17 North Carolina Historical Commission who ~~will~~shall make a final decision.  
18 The Historical Commission ~~must~~shall consider whether the disposition is in  
19 the best interest of the State of North Carolina. If any property is sold, the  
20 net proceeds of each sale and any interest earned thereon shall be deposited  
21 in the State Treasury to the credit of the Executive Mansion, Special Fund,  
22 and shall be used only for the purchase, conservation, ~~restoration~~restoration,  
23 or repair of other property for use in the Executive Mansion."

24 **SECTION 14.3.(f)** G.S. 143B-87.2(a) reads as rewritten:

25 "(a) Fund. – The A+ Schools Special Fund is created as a special interest-bearing  
26 revenue fund in the Department of Natural and Cultural Resources, North Carolina Arts  
27 Council. The Fund shall consist of all receipts derived from ~~private donations, grant funds,~~  
28 donations, gifts, devises, and earned revenue. The revenue in the Fund may be used only for  
29 contracted services, conference and meeting expenses, travel, staff salaries, and other  
30 administrative costs related to the A+ Schools program. The staff of the North Carolina Arts  
31 Council and the Department shall determine how the funds ~~will~~shall be used for the purposes  
32 of the A+ Schools program."

33 **SECTION 14.3.(g)** G.S. 143B-135.56(a) reads as rewritten:

34 "(a) Fund Created. – There is established a Parks and Recreation Trust Fund in the State  
35 Treasurer's Office. The Trust Fund shall be a special revenue fund consisting of ~~gifts and grants~~  
36 donations, gifts, and devises to the Trust Fund and other monies appropriated to the Trust Fund  
37 by the General Assembly."

38 **SECTION 14.3.(h)** G.S. 143B-135.188 reads as rewritten:

39 **"§ 143B-135.188. North Carolina Aquariums; fees; fund.**

40 ...

41 (b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund.  
42 The North Carolina Aquariums Fund shall be used for the following purposes with respect to  
43 the aquariums and the pier operated by the Division of North Carolina Aquariums:

44 (1) Repair, renovation, expansion, maintenance, and educational exhibit  
45 construction. Funds used for repair, renovation, and expansion projects may  
46 be transferred to a capital projects fund to account for use of the funds for  
47 each project.

48 ...

49 (c) Disposition of Receipts. – All receipts derived from the collection of admissions  
50 charges and other fees and the lease or rental of property or facilities shall be credited to the  
51 aquariums' General Fund operating budget. At the end of each fiscal year, the Secretary may

1 transfer from the North Carolina aquariums' General Fund operating budget to the North  
2 Carolina Aquariums Fund an amount not to exceed the sum of the following:

- 3 ...  
4 (3) Any ~~private donations, donations, gifts, and devises~~ received by the North  
5 Carolina aquariums.

6 ...."

7 **SECTION 14.3.(i)** G.S. 143B-135.209 reads as rewritten:

8 "**§ 143B-135.209. North Carolina Zoo Fund.**

9 (a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North  
10 Carolina Zoo Fund shall be used for the following types of projects at the North Carolina  
11 Zoological Park and to match private funds raised for these types of projects:

- 12 (1) Repair, renovation, expansion, maintenance, and educational exhibit  
13 construction. Funds used for repair, renovation, and expansion projects may  
14 be transferred to a capital projects fund to account for use of the funds for  
15 each project.

16 ...

17 (b) Disposition of Receipts. – All receipts derived from the collection of admissions  
18 charges and other ~~fees and fees~~, the lease or rental of property or facilities, and the disposition  
19 of products of the land or structures shall be credited to the North Carolina Zoological Park's  
20 General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from  
21 the North Carolina Zoological Park's General Fund operating budget to the North Carolina Zoo  
22 Fund an amount not to exceed the sum of one million five hundred thousand dollars  
23 (\$1,500,000) and any ~~private donations, donations, gifts, and devises~~ received by the North  
24 Carolina Zoological Park.

25 ...."

26 **SECTION 14.3.(j)** G.S. 143B-135.213 is amended by adding a new subsection to  
27 read:

28 "(c) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),  
29 or any other law pertaining to surplus State property, the Council may dispose of any exhibit,  
30 exhibit component, or object from the collections of the North Carolina Zoological Park by  
31 sale, lease, or trade. A sale, lease, or trade under this subsection shall be conducted in  
32 accordance with generally accepted practices for zoos and aquariums that are accredited by the  
33 American Association of Zoos and Aquariums. After deducting the expenses attributable to the  
34 sale or lease, the net proceeds of any sale or lease shall be credited to the North Carolina Zoo  
35 Fund."

## 37 PROMOTE ACCESS TO AND EXCHANGE OF LIBRARY MATERIALS

38 **SECTION 14.5.** G.S. 125-2 reads as rewritten:

39 "**§ 125-2. Powers and duties of Department of Natural and Cultural Resources.**

40 The Department of Natural and Cultural Resources shall have the following powers and  
41 duties:

42 ...

- 43 (10) ~~To plan and coordinate cooperative programs between the various types of~~  
44 ~~libraries within the State of North Carolina, and to coordinate State~~  
45 ~~development with regional and national cooperative library programs; and to~~  
46 ~~assist nonprofit corporations in organization and operation for the purposes~~  
47 ~~of cooperative programs do the following:~~

- 48 a. Plan and coordinate cooperative programs between the various types  
49 of libraries within the State of North Carolina.  
50 b. Coordinate State development with regional and national cooperative  
51 library programs.

- 1           c.     Assist nonprofit corporations in the organization and operation of  
2                   cooperative programs.  
3           d.     Enter into contracts to coordinate cooperative programs or to  
4                   promote the access and exchange of library materials under this  
5                   subdivision."  
6

7     **EXEMPTION FOR FOOD AND VENDING FACILITIES AT NORTH CAROLINA**  
8     **ZOO**

9           **SECTION 14.6.(a)** Article 3 of Chapter 111 of the General Statutes is amended by  
10 adding a new section to read:

11     **"§ 111-47.4. Food service at North Carolina Zoological Park.**

12           Notwithstanding any other provision of this Article, the North Carolina Zoological Park  
13     may operate or contract for the operation of food or vending services at the North Carolina  
14     Zoological Park. Notwithstanding G.S. 111-43, the net proceeds of revenue generated by food  
15     and vending services operated by the North Carolina Zoological Park or a vendor with whom  
16     the North Carolina Zoological Park has contracted shall be credited to the North Carolina Zoo  
17     Fund."

18           **SECTION 14.6.(b)** This section becomes effective July 1, 2017, and applies to any  
19 contract for food or vending services at the North Carolina Zoological Park entered into on or  
20 after that date.

21  
22     **CORRECT DNCR SALARY AND BENEFIT BASE BUDGET EXPENDITURES**

23           **SECTION 14.7.** Notwithstanding G.S. 143C-6-4, the Office of State Budget and  
24 Management, after coordination with the Department of Natural and Cultural Resources and  
25 the Fiscal Research Division, shall adjust personal services line items, as appropriate, within  
26 the Division of Parks and Recreation, the North Carolina Aquariums, and the North Carolina  
27 Zoological Park within the Department of Natural and Cultural Resources to correct errors in  
28 the base budget. The line item adjustments shall be corrected as part of the 2017-2019 biennial  
29 budget certification process. The Department shall make corresponding adjustments in the  
30 BEACON system to reflect the updated source of funds as necessary.

31  
32     **ABOLISH ROANOKE ISLAND COMMISSION**

33           **SECTION 14.8.(a)** Article 19 of Chapter 143 of the General Statutes reads as  
34 rewritten:

35   "Article 19.

36   "Roanoke Island Historical Association.

37     **"§ 143-199. Association under patronage and control of State.**

38           Roanoke Island Historical Association, Incorporated is hereby permanently placed under  
39 the patronage and control of the State.

40     **"§ 143-200. Members of board of directors; terms; appointment.**

41           The governing body of the Association shall be a board of directors consisting of ~~the~~  
42 ~~Governor of the State, the Attorney General, the 25 voting members appointed as follows:~~

43           (1)   The following officials, or their designees, shall serve ex officio:

44                   a.   The Superintendent of Public Instruction, the Instruction.

45                   b.   The Chair of the Dare County Board of Commissioners, and the  
46                   Commissioners.

47                   c.   The Secretary of Natural and Cultural Resources, or their designees,  
48                   as ex officio members, and the following 21 members: J. Spencer  
49                   Love, Greensboro; Miles Clark, Elizabeth City; Mrs. Richard J.  
50                   Reynolds, Winston Salem; D. Hiden Ramsey, Asheville; Mrs.  
51                   Charles A. Cannon, Concord; Dr. Fred Hanes, Durham; Mrs. Frank

~~P. Graham, Chapel Hill; Bishop Thomas C. Darst, Wilmington; W. Dorsey Pruden, Edenton; John A. Buchanan, Durham; William B. Rodman, Jr., Washington; J. Melville Broughton, Raleigh; Melvin R. Daniels, Manteo; Paul Green, Chapel Hill; Samuel Selden, Chapel Hill; R. Bruce Etheridge, Manteo; Theodore S. Meekins, Manteo; Roy L. Davis, Manteo; M. K. Fearing, Manteo; A. R. Newsome, Chapel Hill.~~  
Resources.

(2) Four persons shall be appointed as follows:

- a. Two by the Governor, initially, one for a one-year term and one for a three-year term. Successors shall be appointed for a term of three years and until their successors are appointed.
- b. One by the General Assembly, in accordance with G.S. 120-121, upon the recommendation of the President Pro Tempore of the Senate, for a three-year term. Successors shall also be appointed for a term of three years and until their successors are appointed.
- c. One by the General Assembly, in accordance with G.S. 120-121, upon the recommendation of the Speaker of the House of Representatives, initially for a one-year term. Successors shall be appointed for a term of three years and until their successors are appointed.

(3) ~~The remaining 18 members of the board of directors herein named other than the ex officio members, shall serve for a term of three years and until their successors are appointed. Appointments thereafter shall be made by the membership of the Association in the regular annual meeting or special meeting called for such purpose. In the event the Association through its membership should fail to make such appointments, then the appointments shall be made by the Governor of the State. If a vacancy occurs between annual meetings, the board of directors may fill the vacancy until the next annual meeting. All vacancies occurring on the board of directors not filled by the board of directors within 30 days of the vacancy shall be filled by the Governor of the State.~~  
Governor. Members appointed under this subdivision shall serve for a term of three years and until their successors are appointed.

**"§ 143-201. Bylaws; officers of board.**

~~The said board of directors when organized under the terms of this Article shall have authority to adopt bylaws for the organization and said the bylaws shall thereafter be subject to change only by three-fifths vote of a quorum of said the board of directors; the directors. The board of directors shall choose from its membership or from the membership of the Association a chairman, a vice-chairman, a secretary and a treasurer, which offices in the discretion of the board may be combined in one, and also a historian and a general counsel. The board also in its discretion may choose one or more honorary vice-chairmen. The~~  
In addition to their other lawful duties, the duly elected officers of the Association shall also serve as an advisory committee to the Secretary of Natural and Cultural Resources concerning matters relating to "The Lost Colony" historical drama-drama, the Roanoke Island Festival Park, and the Elizabeth II State Historic Site and Visitor Center.

**"§ 143-202. Exempt from taxation; gifts and donations.**

~~The said Association is and shall be an educational and charitable association within the meaning of the laws of the State of North Carolina, and the property and income of such Association, real and personal, shall be exempt from all taxation. The said Association is authorized and empowered to receive gifts and donations and administer the same for the charitable and educational purposes for which the Association is formed and in keeping with~~

1 the will of the donors, and such gifts and donations to the extent permitted by law shall be  
2 exempted from the purpose of income taxes and gift taxes.

3 **"§ 143-202.1. Memorandum of Agreement for operation of Roanoke Festival Park and**  
4 **Elizabeth II State Historic Site and Visitor Center.**

5 The Department of Natural and Cultural Resources shall negotiate a Memorandum of  
6 Agreement (MOA) with the Association for the management and operation of Roanoke Island  
7 Festival Park, including the Elizabeth II State Historic Site and Visitor Center. The MOA shall  
8 include, at a minimum, the following:

- 9 (1) The establishment and collection of any admission charges or user fees for  
10 properties and events operated at Roanoke Island Festival Park by the  
11 Association. Nothing in this subdivision is intended to require the charging  
12 of admission to any property or event.
- 13 (2) The adoption and enforcement of bylaws, rules, and guidelines needed for  
14 the Association to carry out the duties imposed by the MOA.
- 15 (3) Provisions for the transfer of that portion of revenues collected from  
16 operations of the Roanoke Island Festival Park and associated facilities and  
17 enterprises from the Association to the Historic Roanoke Island Fund as the  
18 MOA may specify.
- 19 (4) The delegation of any powers and the transfer of any assets, liabilities,  
20 contracts, or agreements from the Department to the Association necessary  
21 to carry out the duties imposed by the MOA. Any delegation or transfer shall  
22 be made in accordance with applicable law."

23 **SECTION 14.8.(b)** Section 19.9 of S.L. 2013-360 is codified as G.S. 143-202.2  
24 and reads as rewritten:

25 **"§ 143-202.2. Friends of Elizabeth II support for Roanoke Island Festival Park.**

26 The ~~Roanoke Island Commission~~ The Department of Natural and Cultural Resources as  
27 successor in interest to the Roanoke Island Commission shall request financial support from the  
28 Friends of Elizabeth II, Inc., in the amount of three hundred twenty-five thousand dollars  
29 (\$325,000) or a sum equal to the average of the last three consecutive years of the Friends'  
30 investment earnings, whichever is greater, for each fiscal year of the 2013-2015 biennium and  
31 for each subsequent fiscal year-year. These funds shall be deposited by the Department to a  
32 separate fund within the Historic Roanoke Island Fund and used pursuant to  
33 G.S. 143B-131.2, only for the following purposes:

- 34 (1) To operate Roanoke Island Festival Park, including the Elizabeth II State  
35 Historic Site and Visitor Center and the Elizabeth II as permanent memorials  
36 commemorating the Roanoke Voyages, 1584-1587.
- 37 (2) By cooperative arrangement with other agencies, groups, individuals, and  
38 other entities, including the Association, to coordinate and schedule  
39 historical and cultural events on Roanoke Island."

40 **SECTION 14.8.(c)** G.S. 143B-131.8A and G.S. 143B-131.9 are recodified as  
41 G.S. 143-202.3 and G.S. 143-202.4, respectively, and read as rewritten:

42 **"§ 143-202.3. Historic Roanoke Island Fund.**

43 (a) The Historic Roanoke Island Fund is established as a nonreverting enterprise fund  
44 and shall be administered by the Department of Natural and Cultural Resources. All operating  
45 revenues generated by the Roanoke Island Commission, including revenues collected from any  
46 property operated by the Roanoke Island Commission, together with all gifts, grants, donations,  
47 or other financial assets of whatever kind received or held by the Roanoke Island Commission  
48 shall be credited to the Historic Roanoke Island Fund and The fund shall be used only (i) for  
49 the for the following purposes in addition to those set forth in G.S. 143-202.2:

- 50 (1) The expenses of operating and maintaining the ~~Roanoke Island Commission~~  
51 and the properties managed by the ~~Roanoke Island Commission~~, Roanoke

1 Island Historical Association pursuant to G.S. 143-202.1, including the  
 2 salaries and benefits of Roanoke Island Festival Park staff, (ii) to carry out  
 3 any of the other duties and purposes set out by this Part, or (iii) capital for  
 4 staff.

5 (2) Capital expenditures for the properties operated by the  
 6 Commission-Association pursuant to G.S. 143-202.1.

7 (3) The restoration, preservation, and enhancement of the appearance,  
 8 maintenance, and aesthetic quality of U.S. Highway 64/264 and the U.S.  
 9 64/264 Bypass travel corridor on Roanoke Island and the grounds on  
 10 Roanoke Island Festival Park. However, the local government with  
 11 jurisdiction over the affected portion of the travel corridor shall process the  
 12 applications for and issue the certificates of appropriateness and shall be  
 13 responsible for the enforcement of those certificates and any ordinances or  
 14 rules adopted by the local government regarding that portion of the travel  
 15 corridor within the local government's jurisdiction, and no reimbursement  
 16 shall be made from the Fund to any local government for the processing of  
 17 applications or issuance of certificates of appropriateness or the enforcement  
 18 of those certificates, local ordinances, or rules.

19 (4) To identify, preserve, and protect properties located on Roanoke Island  
 20 having historical significance to the State of North Carolina, Dare County, or  
 21 the Town of Manteo consistent with applicable State laws and rules.

22 (b) The Department of Natural and Cultural Resources shall transfer to the Fund on a  
 23 monthly basis a pro rata share of the utilities, maintenance, and operating expenses of the Outer  
 24 Banks History Center, which is located in the Roanoke Island Festival Park. The funds received  
 25 pursuant to this subsection shall be credited to the Historic Roanoke Island Fund.

26 (c) The Department of Natural and Cultural Resources shall credit to the Historic  
 27 Roanoke Island Fund all rental proceeds received by the Department from the rental properties  
 28 located near the Outer Banks Island Farm.

29 **"§ 143-202.4. Roanoke Island Festival Park staff.**

30 The ~~Commission-Association~~ shall serve as a search committee to seek out, interview, and  
 31 recommend to the Secretary of Natural and Cultural Resources an Executive Director of  
 32 Roanoke Island Festival Park. All employees of the Department of Natural and Cultural Resources  
 33 Park staff shall be considered employees of the Department of Natural and Cultural Resources  
 34 and shall be paid from the Historic Roanoke Island Fund as provided in  
 35 G.S. 143B-131.8A.G.S. 143-202.3. Except as otherwise provided in this section, or G.S. 126-5,  
 36 ~~all employees who are transferred from the Commission to the Department of Natural and~~  
 37 ~~Cultural Resources these employees shall retain the same designations under the North~~  
 38 ~~Carolina Human Resources Act, Chapter 126 of the General Statutes, as they had prior to the~~  
 39 ~~transfer."~~

40 **SECTION 14.8.(d)** G.S. 121-7.3 reads as rewritten:

41 **"§ 121-7.3. Admission and related activity fees and operating hours.**

42 The Department of Natural and Cultural Resources may charge a reasonable admission and  
 43 related activity fee to the Roanoke Island Festival Park and any historic site or museum  
 44 administered by the Department. Admission and related activity fees collected under this  
 45 section are receipts of the Department and shall be deposited in the appropriate special fund.  
 46 The revenue collected pursuant to this section shall be used only for the individual historic site  
 47 or museum site or venue where the receipts were generated. The Secretary may adopt rules  
 48 necessary to carry out the provisions of this section. The Department is exempt from the  
 49 requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,  
 50 amending, or repealing rules for operating hours and admission fees or related activity fees at  
 51 the Roanoke Island Festival Park, historic sites-sites, and museums. The Department shall



1 submit a report to the Joint Legislative Commission on Governmental Operations on the  
2 amount and purpose of a fee change within 30 days following its effective date."

3 **SECTION 14.8.(e)** Effective October 1, 2017, Part 27A of Article 2 of Chapter  
4 143B of the General Statutes is repealed and the Roanoke Island Commission is abolished. All  
5 powers, assets, liabilities, contracts, and agreements with, of, or issued by the Roanoke Island  
6 Commission are vested in and transferred to the Department of Natural and Cultural Resources  
7 as the successor in interest to the Commission. Any references to purposes of the Commission  
8 set forth in G.S. 143B-131.2 shall be construed to refer to the purposes set forth in  
9 G.S. 143-202.2, as enacted by subsection (b) of this section.

10 **SECTION 14.8.(f)** Any certificates of appropriateness for the U.S. Highway  
11 64/264 or the U.S. 64/264 Bypass travel corridor issued by any local government under former  
12 Part 27A of Article 2 of Chapter 143B of the General Statutes remain valid and in effect as  
13 issued.

14 **SECTION 14.8.(g)** Notwithstanding G.S. 143-200(2)b. and c., as enacted by  
15 subsection (a) of this section, the initial appointments of the General Assembly to the Roanoke  
16 Island Historical Association Board shall be the chair and vice-chair of the Roanoke Island  
17 Commission holding that office on September 30, 2017, who shall serve the initial term set  
18 forth in G.S. 143-200(2)b. and c.

19 **SECTION 14.8.(h)** The Department of Natural and Cultural Resources shall enter  
20 into the Memorandum of Agreement required by G.S. 143-202.1, as enacted by subsection (a)  
21 of this section, no later than January 15, 2018, and shall submit a copy of the Memorandum of  
22 Agreement to the Joint Legislative Oversight Committee on Agriculture and Natural and  
23 Economic Resources and the Fiscal Research Division prior to the convening of the 2018  
24 Regular Session of the 2017 General Assembly.

25 **SECTION 14.8.(i)** This section becomes effective October 1, 2017.

## 26 **LUMBER RIVER STATE PARK**

27 **SECTION 14.9.** The Division of Parks and Recreation of the Department of  
28 Natural and Cultural Resources may move the Lumber River State Park's primary office and  
29 headquarters to the Lumber River Visitors Center in Fair Bluff. If the Division decides to  
30 relocate the headquarters, the Division and the Department of Transportation shall work  
31 together to enable and facilitate the move.  
32

## 33 **SCIENCE MUSEUM FUNDING**

34 **SECTION 14.11.** G.S. 143B-135.227(b1) reads as rewritten:

35 "(b1) Tier-Based Funding Preferences. – The Museum of Natural Sciences shall reserve  
36 seven hundred fifty thousand dollars (\$750,000) for the purpose of awarding grants to museums  
37 located in development tier one counties and six hundred thousand dollars (\$600,000) for  
38 museums located in development tier two counties. The development tier designation of a  
39 county shall be determined as provided in G.S. 143B-437.08. If, after the initial awarding of  
40 grants to all museum applicants who meet the eligibility criteria provided for in subsection (d)  
41 of this section, there are funds remaining in any development tier category, the Museum of  
42 Natural Sciences may reallocate those funds to another development tier category. The  
43 maximum amount of each grant awarded in any fiscal year shall be (i) seventy-five thousand  
44 dollars (\$75,000) for a museum in a development tier one county; (ii) sixty thousand dollars  
45 (\$60,000) for a museum in a development tier two county; and (iii) fifty thousand dollars  
46 (\$50,000) for a museum in a development tier three county. For purposes of this subsection, a  
47 museum located in a rural census tract, as defined in G.S. 143B-472.127(a)(2), in a  
48 development tier two or development tier three county shall be subject to the maximum grant  
49 amount for a development tier one county."  
50  
51

**YOUTH CONSERVATION CORPS**

**SECTION 14.12.** Article 3 of Chapter 143 of the General Statutes is amended by adding a new section to read:

**"§ 143-58.7. Contracts with Youth Conservation Corps.**

State departments, institutions, and agencies may contract with the North Carolina Youth Conservation Corps to perform trail construction and maintenance, invasive species removal, and other conservation projects in State parks, State forests, and other State-owned facilities where the projects provide direct public benefits to the citizens of the State and offer youth and young adults of the State a structured program that connects them to natural resources and teaches job skills, leadership, community service, and personal responsibility. Contracts under this section are exempt from the competitive bidding procedures described in this Article and the rules adopted under it."

**MAYO RIVER STATE PARK ACCESS**

**SECTION 14.13.** Five hundred thousand dollars (\$500,000) of the funds available to the Parks and Recreation Trust Fund for the 2017-2018 fiscal year shall be used for construction of an access bridge from real property owned by the State of North Carolina over the Mayo River for the purpose of addressing public safety issues and service vehicle access to monitor, maintain, repair, or replace the existing sewer line traversing portions of Mayo River State Park.

**CWMTF/PARTF FUNDS**

**SECTION 14.14.** Five hundred forty-five thousand dollars (\$545,000) of the nonrecurring funds available to the Clean Water Management Trust Fund for the 2017-2018 fiscal year and five hundred thousand dollars (\$500,000) of the nonrecurring funds available to the Parks and Recreation Trust Fund for the 2017-2018 fiscal year shall be held in a reserve at the Office of State Budget and Management to provide matching funds for a Readiness and Environmental Protection Integration grant to purchase the Archers Creek tract on Bogue Banks in Carteret County. Funds allocated by this section but not encumbered at the end of the 2017-2018 fiscal year shall revert to the respective funds.

**HICKORY NUT GORGE TRAIL**

**SECTION 14.15.** The General Assembly authorizes the Department of Natural and Cultural Resources to add the Hickory Nut Gorge trail to the State Parks System as a State trail, as provided in G.S. 143B-135.54(b). The Department shall support, promote, encourage, and facilitate the establishment of trail segments on State park lands and on lands of other federal, State, local, and private landowners. On segments of the Hickory Nut Gorge trail that cross property controlled by agencies or owners other than the Department's Division of Parks and Recreation, the laws, rules, and policies of those agencies or owners shall govern the use of the property. The requirement of G.S. 143B-135.54(b) that additions be accompanied by adequate appropriations for land acquisition, development, and operations shall not apply to the authorization set forth in this section. For purposes of this section, the "Hickory Nut Gorge trail" refers to the trail through the Hickory Nut Gorge located within Henderson, Rutherford, and Buncombe counties, and encompasses current and future permanently publicly accessible recreational trails inside, or within five miles of, the physical boundaries of the Hickory Nut Gorge, Lake Lure, Broad River, or Chimney Rock State Park.

**CLEAN WATER MANAGEMENT TRUST FUND PRIORITIZATION**

**SECTION 14.17.** Of the funds appropriated in this act to the Clean Water Management Trust Fund for the 2017-2018 fiscal year for grants, two million six hundred sixty-four thousand dollars (\$2,664,000) shall be used to purchase 1,100 or more acres of

1 property for new Wildlife Resource Commission gameland directly adjacent to 600 or more  
2 acres of gameland purchased in calendar year 2017.

#### 3 4 **STATE PARKS BOAT RAMPS**

5 **SECTION 14.18.** Part 32 of Article 2 of Chapter 143B of the General Statutes is  
6 amended by adding a new section to read:

7 "**§ 143B-135.58. State Parks boat ramps.**

8 Any park that includes an existing boat ramp suitable for launch of motorized watercraft  
9 shall ensure the ramp is accessible to the public during the park's regular operating hours."

#### 10 11 **SCOTTS HILL AQUARIUM SATELLITE FACILITY**

12 **SECTION 14.19.** Of the funds appropriated by this act to the Division of North  
13 Carolina Aquariums in the North Carolina Department of Natural and Cultural Resources, the  
14 sum of three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2017-2018  
15 fiscal year is allocated for planning of Blake Farms satellite aquarium area in Scotts Hill, North  
16 Carolina, and the Division is authorized to expend funds for this purpose.

#### 17 18 **PART XV. DEPARTMENT OF COMMERCE**

#### 19 20 **NER BLOCK GRANTS FOR 2018 AND 2019 PROGRAM YEARS/USE OF** 21 **DEOBLIGATED FUNDS**

22 **SECTION 15.1.(a)** Appropriations from federal block grant funds are made for the  
23 fiscal years ending June 30, 2018, and June 30, 2019, according to the following schedule:

#### 24 25 **COMMUNITY DEVELOPMENT BLOCK GRANT**

26	01. State Administration	\$ 1,037,500
27		
28	02. Neighborhood Revitalization	10,000,000
29		
30	03. Economic Development	10,737,500
31		
32	04. Infrastructure	21,725,000
33		

#### 34 35 **TOTAL COMMUNITY DEVELOPMENT**

36	<b>BLOCK GRANT – 2018 Program Year</b>	<b>\$ 43,500,000</b>
37	<b>2019 Program Year</b>	<b>\$ 43,500,000</b>

38  
39 **SECTION 15.1.(b)** If federal funds are reduced below the amounts specified in  
40 this section after the effective date of this act, then every program in each of these federal block  
41 grants shall be reduced by the same percentage as the reduction in federal funds.

42 **SECTION 15.1.(c)** Any block grant funds appropriated by the Congress of the  
43 United States in addition to the funds specified in this section shall be expended as follows:  
44 each program category under the Community Development Block Grant shall be increased by  
45 the same percentage as the increase in federal funds.

46 **SECTION 15.1.(d)** Of the funds appropriated in this section for the Community  
47 Development Block Grant, the following shall be allocated in each category for each program  
48 year: up to one million thirty-seven thousand five hundred dollars (\$1,037,500) may be used for  
49 State Administration, up to ten million dollars (\$10,000,000) may be used for Neighborhood  
50 Revitalization, up to ten million seven hundred thirty-seven thousand five hundred dollars  
51 (\$10,737,500) may be used for Economic Development, and up to twenty-one million seven

1 hundred twenty-five thousand dollars (\$21,725,000) may be used for infrastructure. If federal  
2 block grant funds are reduced or increased by the Congress of the United States after the  
3 effective date of this act, then these reductions or increases shall be allocated in accordance  
4 with subsection (b) or (c) of this section, as applicable.

5 **SECTION 15.1.(e)** The Department of Commerce shall consult with the Joint  
6 Legislative Commission on Governmental Operations prior to reallocating Community  
7 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever  
8 the Director of the Budget finds that:

- 9 (1) A reallocation is required because of an emergency that poses an imminent  
10 threat to public health or public safety, the Director of the Budget may  
11 authorize the reallocation without consulting the Commission. The  
12 Department of Commerce shall report to the Commission on the reallocation  
13 no later than 30 days after it was authorized and shall identify in the report  
14 the emergency, the type of action taken, and how it was related to the  
15 emergency.
- 16 (2) The State will lose federal block grant funds or receive less federal block  
17 grant funds in the next fiscal year unless a reallocation is made. The  
18 Department of Commerce shall provide a written report to the Commission  
19 on the proposed reallocation and shall identify the reason that failure to take  
20 action will result in the loss of federal funds. If the Commission does not  
21 hear the issue within 30 days of receipt of the report, the Department may  
22 take the action without consulting the Commission.

23 **SECTION 15.1.(f)** By September 1, 2017, and September 1, 2018, the Department  
24 of Commerce shall report to the chairs of the House of Representatives Appropriations  
25 Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate  
26 Appropriations Committee on Agriculture, Natural, and Economic Resources, the Joint  
27 Legislative Economic Development and Global Engagement Oversight Committee, and the  
28 Fiscal Research Division on the use of Community Development Block Grant Funds  
29 appropriated in the prior fiscal year. The report shall include the following:

- 30 (1) A discussion of each of the categories of funding and how the categories  
31 were selected, including information on how a determination was made that  
32 there was a statewide need in each of the categories.
- 33 (2) Information on the number of applications that were received in each  
34 category and the total dollar amount requested in each category.
- 35 (3) A list of grantees, including the grantee's name, county, category under  
36 which the grant was funded, the amount awarded, and a narrative description  
37 of the project.

38 **SECTION 15.1.(g)** For purposes of this section, eligible activities under the  
39 category of infrastructure in subsection (a) of this section shall be defined as provided in the  
40 HUD State Administered Community Development Block Grant definition of the term  
41 "infrastructure." Notwithstanding the provisions of subsection (e) of this section, funds  
42 allocated to the infrastructure category in subsection (a) of this section shall not be reallocated  
43 to any other category.

44 **SECTION 15.1.(h)** Throughout each year, deobligated funds arise in the various  
45 funding categories and program years of the Community Development Block Grant (CDBG)  
46 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)  
47 projects being required to repay funds. Surplus federal administrative funds in the CDBG  
48 program may vary from year to year based upon the amount of State-appropriated funds  
49 allocated and the amount of eligible in-kind funds identified.

50 **SECTION 15.1.(i)** To allow the Department of Commerce and the Department of  
51 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds

1 as they are identified throughout the program year, the following shall apply to the use of  
2 deobligated CDBG funds and surplus federal administrative funds:

- 3 (1) All surplus federal administrative funds shall be divided equally between the  
4 Departments of Commerce and Environmental Quality and shall be used as  
5 provided in subdivisions (2) and (3) of this subsection.
- 6 (2) All deobligated funds allocated to the Department of Commerce and any  
7 surplus federal administrative funds, as provided for in subdivision (1) of  
8 this subsection, may be used by the Department for all of the following:  
9 a. To issue grants in the CDBG economic development or  
10 neighborhood revitalization program category.  
11 b. For providing training and guidance to local governments relative to  
12 the CDBG program, its management, and administrative  
13 requirements.  
14 c. For additional assistance for pilot broadband projects.  
15 d. For any other purpose consistent with the Department's  
16 administration of the CDBG program if an equal amount of State  
17 matching funds is available.
- 18 (3) All deobligated funds allocated to the Department of Environmental Quality  
19 and any surplus federal administrative funds, as provided for in subdivision  
20 (1) of this subsection, may be used by the Department for all of the  
21 following:  
22 a. To issue grants in the CDBG infrastructure program category.  
23 b. For any other purpose consistent with the Department's  
24 administration of the CDBG program if an equal amount of State  
25 matching funds is available.  
26

## 27 TRAVEL AND TOURISM BOARD TECHNICAL CORRECTION

28 **SECTION 15.2.** G.S. 143B-434.1(d) reads as rewritten:

29 "(d) The members of the Board shall serve the following terms: the Secretary of  
30 Commerce, the chief executive officer of the nonprofit corporation with which the Department  
31 contracts pursuant to G.S. 143B-431.01(b), and the Chair of the Travel and Tourism Coalition  
32 shall serve on the Board while they hold their respective offices. Each member of the Board  
33 appointed by the Governor shall serve during his or her term of office. The members of the  
34 Board appointed by the ~~General Assembly~~ Speaker of the House of Representatives and the  
35 President Pro Tempore of the Senate shall serve two-year terms beginning on September 1 of  
36 ~~odd-numbered~~ even-numbered years and ending on August 31. The first such term shall begin  
37 on September 1, 2016, or as soon thereafter as the member is appointed to the Board, and end  
38 on August 31, 2018. All other members of the Board shall serve a term which includes the  
39 portion of calendar year 2016 that remains following their appointment or designation and ends  
40 on August 31, 2017, and, thereafter, two-year terms which shall begin on September 1 of an  
41 ~~even-numbered~~ odd-numbered year and end on August 31. The first such two-year term shall  
42 begin on September 1, 2017, and end on August 31, 2019."  
43

## 44 EDPNC REPORTING DATE CHANGE

45 **SECTION 15.3.(a)** G.S. 143B-431.01 reads as rewritten:

46 "**§ 143B-431.01. Department of Commerce – contracting of functions.**

47 ...

48 (e) Mandatory Contract Terms. – Any contract entered into under this section ~~must~~  
49 shall include all of the following:

50 ...

1 (2) A provision requiring the nonprofit corporation to provide by ~~September 1~~  
2 January 31 of each year, and more frequently as requested, a report to the  
3 Department on prior ~~State fiscal calendar~~ year program activities, objectives,  
4 and accomplishments and prior ~~State fiscal calendar~~ year itemized  
5 expenditures and fund sources. The report shall also include all of the  
6 following:

7 ...

8 (f) Report. – By ~~September 30~~ March 1 of each year, and more frequently as requested,  
9 the Department shall submit a report to the Joint Legislative Commission on Governmental  
10 Operations, the Joint Legislative Economic Development and Global Engagement Oversight  
11 Committee, and the Fiscal Research Division on any performance for which the Department  
12 has contracted pursuant to this section. The report shall contain, at a minimum, each of the  
13 ~~following:~~ following presented on a calendar year basis:

14 ...."

15 **SECTION 15.3.(b)** To enable data comparison, portions of the report required  
16 pursuant to G.S. 143B-431.01(f) that contain references to prior submitted reports or data shall,  
17 where possible, be presented on a calendar year basis.

18 **SECTION 15.3.(c)** This section becomes effective October 1, 2017, and applies to  
19 the report due on or before March 1 of 2018 and subsequent years.

## 20 **EDPNC CONTRACT MODIFICATIONS**

21 **SECTION 15.4.** Notwithstanding G.S. 143B-431.01(e)(14), the Secretary of  
22 Commerce shall enter into negotiations with the Economic Development Partnership of North  
23 Carolina to amend the contract with the Partnership for the fund-raising year in effect as of the  
24 effective date of this section to (i) reduce to five hundred thousand dollars (\$500,000) the  
25 amount the Partnership must receive from fund-raising efforts and sources other than State  
26 funds and (ii) permit amounts for the fiscal year raised in excess of the amount required by this  
27 section to apply to the amount required to be raised for the subsequent fiscal year.

## 28 **BUDGET CODE REORGANIZATION FOR COMMERCE**

29 **SECTION 15.5.(a)** The Office of State Budget and Management shall establish a  
30 fund code for the International Recruitment Coordination Office (IRCO) in the budget for the  
31 Department of Commerce in Budget Code 14600 for the purpose of removing the IRCO from  
32 the Administrative Services fund code. Notwithstanding any other provision of law to the  
33 contrary, the nonrecurring funds appropriated to IRCO in fund code 1111 in the 2016-2017  
34 fiscal year shall carry forward to the 2017-2018 fiscal year.

35 **SECTION 15.5.(b)** The Office of State Budget and Management shall reorganize  
36 the various economic development funds by moving the following funds within Budget Code  
37 14602 (Commerce – Economic Development):

- 38 (1) Site and Building Development Fund.
- 39 (2) Job Maintenance and Capital Development Fund.
- 40 (3) Job Development Investment Grant Fund.
- 41 (4) One NC Fund.
- 42 (5) The nonadministrative portion of the Main Street Solutions Fund.
- 43 (6) Downtown Revitalization and Economic Development Grants Fund.
- 44 (7) The nonadministrative portion of the Rural Grants Fund.

45 **SECTION 15.5.(c)** The Office of Budget and Management shall move the fund  
46 code for the Economic Development Partnership of North Carolina (14600-1114) to Budget  
47 Code 14602 (Commerce – Economic Development) and shall update the fund code  
48 accordingly.  
49  
50

1           **SECTION 15.5.(d)** The fund code changes authorized by this section shall be  
2 completed by September 30, 2017, but are effective from July 1, 2017, and shall be reflected in  
3 the base budget for the 2019-2021 fiscal biennium.  
4

5 **DEPARTMENT OF COMMERCE WEB SITE**

6           **SECTION 15.6.** Notwithstanding any provision of law to the contrary, of the funds  
7 appropriated in this act to the Department of Commerce, the sum of one hundred thousand  
8 dollars (\$100,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to enter  
9 into an agreement with a third-party vendor to develop and implement a new state-of-the-art  
10 Internet Web site for the Department.  
11

12 **NC READY SITES PROGRAM**

13           **SECTION 15.7A.(a)** Program. – There is created within the Department of  
14 Commerce the NC Ready Sites Fund (Fund), a special fund. Of the funds appropriated in this  
15 act to the Fund, the Department of Commerce shall allocate two million dollars (\$2,000,000) in  
16 the 2017-2018 fiscal year to the Rural Infrastructure Authority for the assistance program  
17 described in this section, as governed by agreements entered into by the Rural Infrastructure  
18 Authority.

19           **SECTION 15.7A.(b)** Purposes. – Moneys in the NC Ready Sites Program shall  
20 assist local government units to fund improvement of public infrastructure that serves publicly  
21 owned or publicly controlled industrial sites that have the potential to attract employers that can  
22 create jobs and have a significant positive effect on the local, regional, and State economies.  
23 Agreements entered into by local governments and the Rural Infrastructure Authority for the  
24 program shall be administered by the Rural Economic Development Division.

25           **SECTION 15.7A.(c)** Program Guidelines. – The Department and the Rural  
26 Infrastructure Authority shall develop guidelines related to the administration of this program.  
27 At least 20 days before the effective date of any guidelines or nontechnical amendments to the  
28 guidelines, the Department shall publish the proposed guidelines on the Department's Web site  
29 and provide notice to persons who have requested notice of proposed guidelines. In addition,  
30 the Department shall accept oral and written comments on the proposed guidelines during the  
31 15 business days beginning on the first day that the Department has completed these  
32 notifications. Guidelines adopted under this section shall not be subject to the requirements of  
33 Article 2A of Chapter 150B of the General Statutes. The guidelines shall include, at a  
34 minimum, the following provisions:

- 35           (1) The applicant shall be a unit of local government located in a development  
36 tier one or tier two area, pursuant to G.S. 143B-437.08.
- 37           (2) The site to be served by the public infrastructure shall be publicly owned or  
38 publicly controlled.
- 39           (3) The site shall have a minimum size of 50 contiguous acres.
- 40           (4) There shall be evidence of appropriate local financial support for site  
41 development, which includes, but is not limited to, site acquisition,  
42 development costs, or infrastructure improvements.
- 43           (5) There shall be evidence of recent private sector interest in developing an  
44 industrial project on the site.
- 45           (6) There shall be evidence of a well thought-out strategy to identify and market  
46 the site to appropriate private sector businesses.
- 47           (7) Improvements that would be funded shall result in a site that is ready for  
48 development; funds are to be used to eliminate or reduce the infrastructure  
49 gap and time needed to make the site development ready.
- 50           (8) Funds shall only be utilized for public infrastructure improvements including  
51 new or existing water, sewer, gas, telecommunications, high-speed

1 broadband, electrical utility distribution lines or equipment, or transportation  
2 infrastructure.

3 **SECTION 15.7A.(d)** Report. – The Department of Commerce shall submit a report  
4 detailing its use of State funds appropriated by this section. The report shall be submitted to the  
5 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources,  
6 the chairs of the House of Representatives Appropriations on Agriculture and Natural and  
7 Economic Resources, the chairs of the Senate Appropriations on Agriculture, Natural, and  
8 Economic Resources, and the Fiscal Research Division by September 1, 2017, by September 1  
9 of each subsequent year State funds are received, and more frequently as requested. The report  
10 shall include the information required by this section for the most recently ended fiscal year.  
11

## 12 **REVITALIZATION AND ECONOMIC DEVELOPMENT GRANTS**

13 **SECTION 15.8.(a)** Of the funds appropriated in this act to the Rural Economic  
14 Development Division of the Department of Commerce, the sum of five million seven hundred  
15 seventy-five thousand dollars (\$5,775,000) in nonrecurring funds for the 2017-2018 fiscal year  
16 shall be used to provide grants-in-aid for downtown revitalization projects for each of the  
17 following counties and municipalities in the following amounts:

- 18 (1) Four hundred thousand dollars (\$400,000) to the City of Thomasville.
- 19 (2) Two hundred fifty thousand dollars (\$250,000) each to the Town of  
20 Louisburg, the City of Fayetteville, and the City of High Point.
- 21 (3) Two hundred twenty-five thousand dollars (\$225,000) to the City of  
22 Newton.
- 23 (4) Two hundred thousand dollars (\$200,000) each to the Town of Bath, the  
24 Town of Fair Bluff, and the Town of Rich Square.
- 25 (5) One hundred sixty thousand dollars (\$160,000) to the Town of Gibsonville.
- 26 (6) One hundred thirty-five thousand dollars (\$135,000) to the Town of  
27 Cooleemee.
- 28 (7) One hundred thousand dollars (\$100,000) each to the City of Archdale, the  
29 City of Asheboro, the Village of Clemmons, the unincorporated community  
30 of Cliffside in Rutherford County, the Town of Emerald Isle, the City of  
31 Hendersonville, the City of Kannapolis, the Town of Kernersville, the City  
32 of Lumberton, the Town of Oakboro, the Town of Old Fort, the Town of  
33 Pembroke, the City of Randleman, the City of Roxboro, the City of Trinity,  
34 the Town of Troy, and the Town of Yadkinville.
- 35 (8) Ninety thousand dollars (\$90,000) each to the City of King and the Town of  
36 Walnut Cove.
- 37 (9) Seventy-five thousand dollars (\$75,000) each to the Town of Midway and  
38 the Town of Wallburg.
- 39 (10) Seventy thousand dollars (\$70,000) to the Town of Liberty.
- 40 (11) Sixty thousand dollars (\$60,000) to the Town of Ramseur.
- 41 (12) Fifty thousand dollars (\$50,000) each to the City of Bessemer City, the  
42 Town of Biscoe, the Town of Blowing Rock, the Town of Boiling Springs,  
43 the City of Burlington, the Town of Butner, the City of Cherryville, the  
44 Town of Dallas, the City of Graham, the Town of Lawndale, the City of  
45 Mebane, the City of Shelby, the Town of Star, the City of Washington, and  
46 the Town of West Jefferson.
- 47 (13) Forty thousand dollars (\$40,000) to the Town of Maysville.
- 48 (14) Thirty-five thousand dollars (\$35,000) each to Swain County and Jackson  
49 County.
- 50 (15) Thirty-three thousand three hundred thirty-four dollars (\$33,334) each to the  
51 Town of Littleton and the Town of Weldon.



- 1 (16) Thirty-three thousand three hundred thirty-three dollars (\$33,333) each to  
2 the Town of Enfield, the Town of Garysburg, the Township of Seaboard,  
3 and the Town of Woodland.
- 4 (17) Thirty thousand dollars (\$30,000) each to Haywood County and the  
5 unincorporated community of Cleveland in Johnston County.
- 6 (18) Twenty-five thousand dollars (\$25,000) to the Town of Lattimore.
- 7 (19) Twenty thousand dollars (\$20,000) each to the Town of Benson, the Town  
8 of Pollockville, the Town of Selma, the Town of Smithfield, and the Town  
9 of Trenton.
- 10 (20) Sixteen thousand dollars (\$16,000) each to the Town of Four Oaks, the  
11 Town of Kenly, the Town of Pine Level, and the Town of Princeton.
- 12 (21) Fifteen thousand dollars (\$15,000) the Town of Wilson's Mills.
- 13 (22) Eleven thousand dollars (\$11,000) to the Town of Micro.
- 14 (23) Ten thousand dollars (\$10,000) to the Town of Calypso.

15 **SECTION 15.8.(b)** Of the funds appropriated in this act to the Rural Economic  
16 Development Division of the Department of Commerce, the sum of one million three hundred  
17 seventy thousand dollars (\$1,370,000) in nonrecurring funds for the 2017-2018 fiscal year shall  
18 be used to provide grants-in-aid for each of the following counties and municipalities in the  
19 following amounts and for the following projects:

- 20 (1) One hundred eighty thousand dollars (\$180,000) to the Town of Mount  
21 Olive for agriculture projects.
- 22 (2) One hundred seventy-five thousand dollars (\$175,000) to Stanly County for  
23 the Stanly County Livestock Arena.
- 24 (3) One hundred fifty thousand dollars (\$150,000) to the City of Lumberton for  
25 the Lumberton Riverwalk project.
- 26 (4) One hundred thousand dollars (\$100,000) to the City of Fayetteville to  
27 support the parking management plan.
- 28 (5) One hundred thousand dollars (\$100,000) to the City of Fayetteville to  
29 support urban planning.
- 30 (6) One hundred thousand dollars (\$100,000) to the Town of Apex for the Apex  
31 Senior Center.
- 32 (7) One hundred thousand dollars (\$100,000) to the Town of Cornelius for the  
33 Community Arts Center.
- 34 (8) One hundred thousand dollars (\$100,000) to the City of Kings Mountain for  
35 the Patriots Park Amphitheater.
- 36 (9) One hundred thousand dollars (\$100,000) to the City of Monroe to support  
37 the redevelopment of the Monroe Center Theatre.
- 38 (10) Fifty thousand dollars (\$50,000) to the Town of Coats for public works  
39 projects.
- 40 (11) Fifty thousand dollars (\$50,000) to the Town of Erwin for the Erwin Depot  
41 revitalization project.
- 42 (12) Fifty thousand dollars (\$50,000) to Caswell County for the Caswell County  
43 Civic Center.
- 44 (13) Fifty thousand dollars (\$50,000) to the City of Fayetteville for bank  
45 stabilization activities at the Cross Creek Linear Park.
- 46 (14) Forty thousand dollars (\$40,000) to the City of Sanford for the mural  
47 restoration project.
- 48 (15) Twenty-five thousand dollars (\$25,000) to the Town of Stedman for repairs  
49 to the town hall.

50 **SECTION 15.8.(c)** Of the funds appropriated in this act to the Rural Economic  
51 Development Division of the Department of Commerce, the sum of eight hundred thirty-five

1 thousand dollars (\$835,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used  
2 to provide grants-in-aid for each of the following groups in the following amounts and for the  
3 following projects:

- 4 (1) Two hundred fifty thousand dollars (\$250,000) to the Randolph County  
5 Economic Development Corporation for the Petty's Garage project.
- 6 (2) Two hundred thousand dollars (\$200,000) to the Transylvania Economic  
7 Alliance to support the Ecusta Road economic development project.
- 8 (3) One hundred eighty thousand dollars (\$180,000) to the Burke Partnership for  
9 Economic Development, Inc., for workforce-related projects in Burke  
10 County.
- 11 (4) One hundred thousand dollars (\$100,000) to Washington Harbor District  
12 Alliance, Inc., for historic rehabilitation projects.
- 13 (5) Seventy-five thousand dollars (\$75,000) to Edenton Farmers Market.
- 14 (6) Thirty thousand dollars (\$30,000) to the Textile Heritage Museum in  
15 Glencoe, NC.

16 **SECTION 15.8.(d)** Of the funds appropriated in this act to the Rural Economic  
17 Development Division of the Department of Commerce, the sum of one million five hundred  
18 thousand dollars (\$1,500,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used  
19 as a challenge grant to the City of High Point to raise the sum of one million five hundred  
20 thousand dollars (\$1,500,000) in private funds for the development of a design factory project  
21 in downtown High Point, which will provide a makerspace for entrepreneurs, designers,  
22 manufacturers, and artisans to collaborate and work together. The allocation of one million five  
23 hundred thousand dollars (\$1,500,000) under this section is contingent upon receipt by the City  
24 of High Point of one million five hundred thousand dollars (\$1,500,000) in private funds for the  
25 purpose of developing a design factory project in downtown High Point.

26 The Rural Economic Development Division shall disburse the challenge grant funds  
27 of one million five hundred thousand dollars (\$1,500,000) to the City of High Point upon  
28 notification and appropriate documentation that the sum of one million five hundred thousand  
29 dollars (\$1,500,000) in private funds has been raised pursuant to this section. Any unmatched  
30 funds pursuant to this section shall revert to the General Fund on June 30, 2019.

31 **SECTION 15.8.(e)** Of the funds appropriated in this act to the Rural Economic  
32 Development Division of the Department of Commerce, the sum of fifty thousand dollars  
33 (\$50,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide a  
34 matching grant to the Cucalorus Film Foundation for the purpose of advertising and marketing  
35 of the Connect Conference in New Hanover County. The Division shall provide one dollar for  
36 every non-State dollar provided in kind or otherwise, up to a maximum of fifty thousand dollars  
37 (\$50,000) for the matching grant described in this subsection.

### 38 **HAW RIVER MILL PROJECT**

39 **SECTION 15.9A.** The funds appropriated in this act to the Department of  
40 Commerce as a grant-in-aid to the Town of Haw River shall be used for a historic mill  
41 renovation project. In addition to the provisions governing reporting, oversight, and  
42 administration of grant funds contained in G.S. 143C-6-23, the Town of Haw River shall enter  
43 into an agreement with any subgrantee receiving funds. The agreement shall contain, at a  
44 minimum, (i) a provision that funds received under the agreement may be used only for mill  
45 rehabilitation purposes, (ii) a provision allowing the Town of Haw River to inspect all records  
46 of the subgrantee that may be used to confirm compliance with the agreement, (iii) a provision  
47 establishing methods for determining compliance with the agreement, and (iv) a provision  
48 requiring recapture of all grant funds if the subgrantee fails to comply with the terms of the  
49 agreement. In the event of a violation of the agreement, the Town of Haw River shall take  
50 action to recapture all grant funds. The Commerce Finance Center shall, in cooperation with the  
51

1 Town of Haw River, conduct an annual review of the mill restoration project and shall submit a  
2 report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
3 Resources and the Fiscal Research Division on April 1 each year beginning April 1, 2021, until  
4 project completion.  
5

## 6 PROSPERITY ZONE REPORTING

7 **SECTION 15.10.(a)** For each Collaboration for Prosperity Zone established in  
8 G.S. 143B-28.1, the employees of the Department of Commerce in the zone shall submit a  
9 report on or before September 1 of each year to the Joint Legislative Oversight Committee on  
10 Agriculture and Natural and Economic Resources, the Joint Legislative Economic  
11 Development and Global Engagement Oversight Committee, and the Fiscal Research Division  
12 on the following criteria:

- 13 (1) Jobs anticipated to result from efforts of the employees, including the name  
14 and contact person of each company creating new jobs in the zone.
- 15 (2) The location of each project, including the development tier designation of  
16 the location.
- 17 (3) Project leads that were not submitted to the Department for possible  
18 discretionary incentives pursuant to Chapter 143B of the General Statutes.
- 19 (4) Proactive local government outreach to share information and planning  
20 services that are available.
- 21 (5) Coordination of regular meetings with Prosperity Zones agency  
22 representatives to increase collaboration of services and resources to local  
23 communities.
- 24 (6) Completion of strategic economic development plans, downtown  
25 revitalization project plans, implementation services, market studies,  
26 Geographical Information Systems (GIS) mapping, and assistance with  
27 development policies for local governments that can be measured for  
28 economic impact, including investment, business growth, and jobs as a result  
29 of the planning effort.
- 30 (7) Existing business expansion activities, service requests, and number of  
31 contacts and inquiries.
- 32 (8) New business location activities and number of contacts and inquiries.

33 **SECTION 15.10.(b)** The Department of Commerce shall develop performance  
34 metrics for Community Planners for the Collaboration for Prosperity Zones established in  
35 G.S. 143B-28.1 using the criteria listed in subsection (a) of this section. The Department of  
36 Commerce shall submit a report on or before September 1 of each year to the Joint Legislative  
37 Oversight Committee on Agriculture and Natural and Economic Resources, the Joint  
38 Legislative Economic Development and Global Engagement Oversight Committee, and the  
39 Fiscal Research Division detailing the performance metrics and the measurements observed for  
40 each Community Planner within the Collaboration for Prosperity Zones.  
41

## 42 YOUTH WORKFORCE INVESTMENT PROGRAM CHANGES

43 **SECTION 15.12.(a)** The local Workforce Development Boards created pursuant to  
44 G.S. 143B-438.11 shall include in their State-developed criteria to be used in awarding grants  
45 for youth workforce investment activities pursuant to Section 129 of the federal Workforce  
46 Innovation and Opportunity Act a competitive process that requires grant recipients to provide  
47 at least the following information as part of the application process and consideration of grant  
48 awards:

- 49 (1) The extent to which the organization specifically focuses on serving at-risk  
50 youth, including youth who are at risk of school dropout or at risk of school  
51 displacement due to suspension or expulsion.

- 1 (2) Whether the organization leverages community-based resources, including  
2 partnerships with organizations that provide mentoring services and  
3 private-sector employer involvement.  
4 (3) The use of an evidence-based program model by the organization with a  
5 proven track record of success.  
6 (4) The inclusion of rigorous, quantitative performance measures by the  
7 organization to confirm effectiveness of the program.  
8 (5) The deployment of comprehensive support services to youth, including  
9 addressing behavioral issues, emphasizing academic and career growth, and  
10 enhancing parent and family engagement.

11 **SECTION 15.12.(b)** The local Workforce Development Boards shall coordinate  
12 with the NCWorks Commission to update the Workforce Innovation and Opportunity Act  
13 Unified State Plan, as needed, to reflect the inclusions to the State-developed criteria required  
14 by subsection (a) of this section.

15 **SECTION 15.12.(c)** On or before October 1 of each year, the local Workforce  
16 Development Boards shall submit a report to the Joint Legislative Oversight Committee on  
17 Agriculture and Natural and Economic Resources, the chairs of the House of Representatives  
18 Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint  
19 Legislative Education Oversight Committee, and the Fiscal Research Division on prior State  
20 fiscal year program activities, objectives, and accomplishments and prior State fiscal year  
21 itemized expenditures and fund sources. The report shall also contain a list of grant recipients  
22 and the amount received by the grant recipients.  
23

## 24 **APPRENTICESHIPNC/TRANSFER STATE APPRENTICESHIP PROGRAM**

25 **SECTION 15.13.(a)** All functions, powers, duties, obligations, resources, and  
26 appropriations vested in the Apprenticeship Program and the Apprenticeship Council are  
27 transferred to, vested in, and consolidated into the North Carolina Community Colleges System  
28 Office as a Type I transfer, as defined in G.S. 143A-6. The State Board of Community  
29 Colleges, the Community Colleges System Office, and the Office of State Budget and  
30 Management are authorized to take all other steps necessary to consolidate the Apprenticeship  
31 Program and the Apprenticeship Council into the Community Colleges System Office. Joint  
32 delivery of Apprenticeship and Community College workforce training programs shall ensure  
33 coordination of program delivery and appropriate classroom training supporting the needs of  
34 students and employers.

35 **SECTION 15.13.(b)** Chapter 94 of the General Statutes is repealed.

36 **SECTION 15.13.(c)** Chapter 115D of the General Statutes is amended by adding a  
37 new Article to read:

38 "Article 1A.

39 "ApprenticeshipNC.

### 40 **"§ 115D-11.5. Purpose.**

41 The purposes of this Article are to open to young people the opportunity to obtain training  
42 that will equip them for profitable employment and citizenship; to set up, as a means to this  
43 end, a program of voluntary apprenticeship under approved apprentice agreements providing  
44 facilities for their training and guidance in the arts and crafts of industry and trade, with parallel  
45 instruction in related and supplementary education; to promote employment opportunities for  
46 young people under conditions providing adequate training and reasonable earnings; to relate  
47 the supply of skilled workers to employment demands; to establish standards for apprentice  
48 training; to coordinate workforce education and customized training tools to fill talent pipeline  
49 gaps, as appropriate, with local business and industry; to establish an Apprenticeship Council  
50 and apprenticeship committees and sponsors to assist in effectuating the purposes of this  
51 Article; to leverage the collaborative and regional structure of the community college service

1 areas with the Collaboration for Prosperity Zones set out in G.S. 143B-28.1; to provide for a  
2 Director of ApprenticeshipNC within the Community Colleges System Office; to provide for  
3 reports to the legislature and to the public regarding the status of apprentice training in the  
4 State; to establish a procedure for the determination of apprentice agreement controversies; and  
5 to accomplish related ends.

6 **"§ 115D-11.6. Apprenticeship Council.**

7 The State Board of Community Colleges shall appoint an Apprenticeship Council  
8 composed of four representatives each from employer and employee organizations respectively  
9 and three representatives from the public at large. One State official designated by the  
10 Department of Public Instruction and one State official designated by the Department of  
11 Commerce shall be a member ex officio of the council, without vote. The terms of office of the  
12 members of the Apprenticeship Council shall be designated by the State Board. Any member  
13 appointed to fill a vacancy occurring prior to the expiration of the term of his or her  
14 predecessor shall be appointed for the remainder of the term. Each member of the Council not  
15 otherwise compensated by public moneys, shall be reimbursed for transportation and shall  
16 receive such per diem compensation as is provided generally for boards and commissions under  
17 the biennial maintenance appropriation acts for each day spent in attendance at meetings of the  
18 Apprenticeship Council. The State Board of Community Colleges shall annually appoint one  
19 member of the Council to act as its chair.

20 The Apprenticeship Council shall meet at the call of the State Board of Community  
21 Colleges and shall aid the State Board and the Community Colleges System Office in  
22 formulating policies for the effective administration of this Article. The Apprenticeship Council  
23 shall establish standards for apprentice agreements which in no case shall be lower than those  
24 prescribed by this Article, shall recommend rules and regulations to the State Board of  
25 Community Colleges as may be necessary to carry out the intent and purposes of this Article,  
26 and shall perform other functions as the State Board of Community Colleges may direct. Not  
27 less than once a year the Apprenticeship Council shall make a report through the Community  
28 Colleges System Office of its activities and findings to the legislature and to the public.

29 **"§ 115D-11.7. ApprenticeshipNC.**

30 The State Board of Community Colleges is hereby directed to appoint a Director of  
31 ApprenticeshipNC, which appointment shall be subject to the confirmation of the State  
32 Apprenticeship Council by a majority vote. Upon the recommendation of the Director, the State  
33 Board of Community Colleges may appoint and employ clerical, technical, and professional  
34 help as necessary to effectuate the purposes of this Article. The Director shall supervise  
35 clerical, technical, and professional staff appointed to administer the ApprenticeshipNC  
36 program.

37 **"§ 115D-11.8. Powers and duties of Director of ApprenticeshipNC.**

38 The Director, under the supervision of the President of the North Carolina Community  
39 College System or the President's designee and with the advice and guidance of the  
40 Apprenticeship Council, is authorized to administer the provisions of this Article; in  
41 cooperation with the Apprenticeship Council and apprenticeship committees and sponsors, to  
42 set up conditions and training standards for apprentice agreements, which conditions or  
43 standards shall in no case be lower than those prescribed by this Article; to act as secretary of  
44 the Apprenticeship Council; to approve for the Council any apprentice agreement that meets  
45 the standards established under this Article; to terminate or cancel any apprentice agreement in  
46 accordance with the provisions of the agreement; to keep a record of apprentice agreements and  
47 their disposition; to issue certificates of completion of apprenticeship; and to perform other  
48 duties as are necessary to carry out the intent of this Article, including other on-the-job training  
49 necessary for emergency and critical civilian production. The administration and supervision of  
50 related and supplemental instruction for apprentices, coordination of instruction with job

1 experiences, and the selection and training of teachers and coordinators for the instruction is the  
2 responsibility of State and local boards responsible for career and technical education.

3 **"§ 115D-11.9. Apprenticeship committees and program sponsors.**

4 (a) As used in this Article:

5 (1) "Apprenticeship agreement" means a written agreement between an  
6 apprentice and either his or her employer or an apprenticeship committee or  
7 sponsor acting as agent for employers, which agreement satisfies the  
8 requirements of G.S. 115D-11.11.

9 (2) "Apprenticeship committee" means those persons designated by the sponsor,  
10 and approved by the Apprenticeship Council, to act for it in the  
11 administration of the apprenticeship program. A committee may be "joint,"  
12 i.e., it is composed of an equal number of representatives of the employer  
13 and of the employees represented by a bona fide collective bargaining agent  
14 and has been established to conduct, operate, or administer an apprenticeship  
15 program and enter into apprenticeship agreements with apprentices. A  
16 committee may be "unilateral" or "nonjoint" which shall mean a program  
17 sponsor in which employees or a bona fide collective bargaining agent is not  
18 a party.

19 (3) "ApprenticeshipNC" means the statewide apprenticeship program  
20 administered by the Community Colleges System Office in accordance with  
21 this Article.

22 (4) "Apprenticeship program" means a plan containing all terms and conditions  
23 for the qualification, recruitment, selection, employment, and training of  
24 apprentices, including such matters as the requirement for a written  
25 apprenticeship agreement.

26 (5) "Employer" means any person, firm, corporation, or organization employing  
27 an apprentice whether or not such person, firm, corporation, or organization  
28 is a party to an apprenticeship agreement with the apprentice.

29 (6) "Sponsor" means any person, firm, corporation, organization, association, or  
30 committee operating an apprenticeship program and in whose name the  
31 apprenticeship program is approved.

32 (b) An apprenticeship committee may be appointed by the Apprenticeship Council in  
33 any trade or group of trades in a city or trade area, whenever the apprentice training needs of  
34 the trade or group of trades justifies such establishment.

35 (c) The function of the apprenticeship committee, or sponsor when there is no  
36 apprenticeship committee, shall be to cooperate with school authorities in regard to the  
37 education of apprentices; in accordance with the standards set up by the apprenticeship  
38 committee for the same trade or group of trades, where a committee has been appointed, to  
39 work in an advisory capacity with employers and employees in matters regarding schedule of  
40 operations, application of wage rates, and working conditions for apprentices and to specify the  
41 number of apprentices which shall be employed locally in the trade under the apprenticeship  
42 agreements under this Article; to adjust apprenticeship disputes, subject to the approval of the  
43 Director; to ascertain the prevailing rate for journeymen in the city or trade area and specify the  
44 graduated scale of wages applicable to apprentices in the trade in that area; to ascertain  
45 employment needs in the trade or group of trades and specify the appropriate current ratio of  
46 apprentices to journeymen; and to make recommendations for the general good of apprentices  
47 engaged in the trade or trades represented by the committee. An apprenticeship committee may  
48 appoint a representative and delegate to the representative the authority for implementation and  
49 performance of any standards adopted by the committee pursuant to any of the aforementioned  
50 functions.

51 **"§ 115D-11.10. Definition of an apprentice.**

1        The term "apprentice" means a person at least 16 years of age who is covered by a written  
2 apprenticeship agreement approved by the Apprenticeship Council, which apprenticeship  
3 agreement provides for not less than 2,000 hours of reasonably continuous employment for the  
4 person for his or her participation in an approved schedule of work experience and for  
5 organized, related supplemental instruction in technical subjects related to the trade. A  
6 minimum of 144 hours of related supplemental instruction for each year of apprenticeship is  
7 recommended. The required hours for apprenticeship agreements and the recommended hours  
8 for related supplemental instruction may be decreased or increased in accordance with  
9 standards adopted by the apprenticeship committee or sponsor, subject to approval of the State  
10 Board of Community Colleges.

11 **"§ 115D-11.11. Contents of agreement.**

12        Every apprentice agreement entered into under this Article shall contain:

- 13        (1) The names of the contracting parties.
- 14        (2) The date of birth of the apprentice.
- 15        (3) A statement of the trade, craft, or business which the apprentice is to be  
16 taught, and the time at which the apprenticeship will begin and end.
- 17        (4) A statement showing (i) the number of hours to be spent by the apprentice in  
18 work on the job and (ii) the number of hours to be spent in related and  
19 supplemental instruction, which is recommended to be not less than 144  
20 hours per year. In no case shall the combined weekly hours of work and of  
21 required related and supplemental instruction of the apprentice exceed the  
22 maximum number of hours of work prescribed by law for a person of the age  
23 of the apprentice.
- 24        (5) A statement setting forth a schedule of the processes in the trade or industry  
25 division in which the apprentice is to be taught and the approximate time to  
26 be spent at each process.
- 27        (6) A statement of the graduated scale of wages to be paid the apprentice and  
28 whether the required school time shall be compensated.
- 29        (7) A statement providing for a period of probation of not more than 500 hours  
30 of employment and instruction extending over not more than four months,  
31 during which time the apprentice agreement shall be terminated by the  
32 Director at the request in writing of either party, and providing that after the  
33 probationary period the apprentice agreement may be terminated by the  
34 Director by mutual agreement of all parties or canceled by the Director for  
35 good and sufficient reason. The Council at the request of a joint apprentice  
36 committee may lengthen the period of probation.
- 37        (8) A provision that all controversies or differences concerning the apprentice  
38 agreement which cannot be adjusted locally in accordance with  
39 G.S. 115D-11.9 shall be submitted to the Director for determination.
- 40        (9) A provision that an employer who is unable to fulfill his or her obligation  
41 under the apprentice agreement may with the approval of the Director  
42 transfer the contract to any other employer; provided, that the apprentice  
43 consents and that the other employer agrees to assume the obligations of the  
44 apprentice agreement.
- 45        (10) Any additional terms and conditions as may be prescribed or approved by  
46 the Director not inconsistent with the provisions of this Article.

47 **"§ 115D-11.12. Approval of apprentice agreements; signatures.**

48        No apprentice agreement under this Article shall be effective until approved by the  
49 Director. Every apprentice agreement shall be signed by the employer, or by an association of  
50 employers or an organization of employees as provided in G.S. 115D-11.13, and by the  
51 apprentice, and if the apprentice is a minor, by either of the minor's parents, or by any person,

1 agency, organization, or institution standing in loco parentis. Where a minor enters into an  
2 apprentice agreement under this Article for a period of training extending into his or her  
3 majority, the apprentice agreement shall likewise be binding for a period as may be covered  
4 during the apprentice's majority.

5 **"§ 115D-11.13. Rotation of employment.**

6 For the purpose of providing greater diversity of training or continuity of employment, any  
7 apprentice agreement made under this Article may in the discretion of the Director of  
8 ApprenticeshipNC be signed by an association of employers or an organization of employees  
9 instead of by an individual employer. In this case, the apprentice agreement shall expressly  
10 provide that the association of employers or organization of employees does not assume the  
11 obligation of an employer but agrees to use its best endeavors to procure employment and  
12 training for the apprentice with one or more employers who will accept full responsibility for  
13 all the terms and conditions of employment and training set forth in the agreement between the  
14 apprentice and employer association or employee organization during the period of each  
15 employment. The apprentice agreement in this case shall also expressly provide for the transfer  
16 of the apprentice, subject to the approval of the Director, to such employer or employers who  
17 shall sign in written agreement with the apprentice, and if the apprentice is a minor with his or  
18 her parent or guardian, as specified in G.S. 115D-11.12, contracting to employ the apprentice  
19 for the whole or a definite part of the total period of apprenticeship under the terms and  
20 conditions of employment and training set forth in the agreement entered into between the  
21 apprentice and employer association or employee organization.

22 **"§ 115D-11.14. Limitation.**

23 Nothing in this Article or in any apprentice agreement approved under this Article shall  
24 invalidate any apprenticeship provision in any collective agreement between employers and  
25 employees that sets up higher apprenticeship standards. None of the terms or provisions of this  
26 Article apply to any person, firm, corporation, or crafts unless, until, and only so long as the  
27 person, firm, corporation, or crafts voluntarily elects that the terms and provisions of this  
28 Article apply. Any person, firm, corporation, or crafts terminating an apprenticeship agreement  
29 shall notify the Director of ApprenticeshipNC."

30 **SECTION 15.13.(d)** Notwithstanding G.S. 115D-11.6, as enacted by this section,  
31 the current members serving on the Apprenticeship Council pursuant to G.S. 94-2 as of July 1,  
32 2017, shall serve the remainder of their terms. Thereafter, as terms expire, or when a vacancy  
33 occurs prior to the expiration of a term, members of the Apprenticeship Council shall be  
34 appointed by the State Board of Community Colleges in accordance with G.S. 115D-11.6, as  
35 enacted by this section.

36 **SECTION 15.13.(e)** Within 90 days of the date this act becomes law, the  
37 Department of Commerce shall submit a Workforce Innovation and Opportunity Act State Plan  
38 amendment to the United States Department of Labor to designate the Community Colleges  
39 System Office as the State agency responsible for the administration of ApprenticeshipNC as  
40 provided for in this section.

41  
42 **JMAC ELIGIBILITY MODIFICATION**

43 **SECTION 15.14.(a)** G.S. 143B-437.012 reads as rewritten:

44 **"§ 143B-437.012. Job Maintenance and Capital Development Fund.**

45 ...

46 (d) Eligibility. – A business is eligible for consideration for a grant under this section if  
47 it satisfies the conditions of either subdivision ~~(1)~~(1), (1a), or (2) of this subsection and satisfies  
48 subdivision (4) of this subsection:

49 (1) The business is a major employer. A business is a major employer if the  
50 business meets the following requirements:



- 1 a. The Department certifies that the business has invested or intends to
- 2 invest at least two hundred million dollars (\$200,000,000) of private
- 3 funds in improvements to real property and additions to tangible
- 4 personal property in the project within a six-year period beginning
- 5 with the time the investment commences.
- 6 b. The business employs at least 2,000 full-time employees or
- 7 equivalent full-time contract employees at the project that is the
- 8 subject of the grant at the time the application is made, and the
- 9 business agrees to maintain at least 2,000 full-time employees or
- 10 equivalent full-time contract employees at the project for the full
- 11 term of the grant agreement.
- 12 c. The project is located in a development tier one area at the time the
- 13 business applies for a grant.
- 14 (1a) The business previously received a grant as a major employer under this
- 15 section and meets the following requirements:
- 16 a. The Department certifies that the business has invested or intends to
- 17 invest at least one hundred fifty million dollars (\$150,000,000) of
- 18 private funds in improvements to real property and additions to
- 19 tangible personal property in the project within a six-year period
- 20 beginning with the time the investment commences. Amounts
- 21 certified as invested under sub-subdivision a. of subdivision (1) of
- 22 this subsection shall not be included in the amount required by this
- 23 sub-subdivision.
- 24 b. The business employs at least 2,000 full-time employees or
- 25 equivalent full-time contract employees at the project that is the
- 26 subject of the grant at the time the application is made and the
- 27 business agrees to maintain at least 2,000 full-time employees or
- 28 equivalent full-time contract employees at the project for the full
- 29 term of the grant agreement.
- 30 c. The project is at the same location as that for which a grant was
- 31 previously awarded under subdivision (1) of this subsection.
- 32 ...
- 33 (4) All newly hired employees of the business must be citizens of the United
- 34 States or have proper identification and documentation of their authorization
- 35 to reside and work in the United States.

36 ...

37 (n) Limitations. – The Department may enter into no more than ~~five~~six agreements

38 under this section. The total aggregate cost of all agreements entered into under this section

39 may not exceed ~~seventy-nine million dollars (\$79,000,000)~~one hundred thirty-nine million

40 dollars (\$139,000,000). The total annual cost of an agreement entered into under this section

41 may not exceed six million dollars (\$6,000,000)."

42 **SECTION 15.14.(b)** This section is effective when it becomes law.

43

44 **EXTEND JDIG SUNSET**

45 **SECTION 15.15.(a)** G.S. 143B-437.62 reads as rewritten:

46 **"§ 143B-437.62. Expiration.**

47 The authority of the Committee to award new grants expires January 1, ~~2019~~2021."

48 **SECTION 15.15.(b)** This section is effective when it becomes law.

49

50 **TRANSFORMATIVE PROJECT**

1           **SECTION 15.15A.(a)** G.S. 143B-437.51 is amended by adding a new subsection  
2 to read:

3           "**(9a)** Transformative project. – A project for which the agreement requires that a  
4           business invest at least four billion dollars (\$4,000,000,000) in private funds  
5           and create at least 5,000 eligible positions."

6           **SECTION 15.15A.(b)** G.S. 143B-437.52 reads as rewritten:

7       "**§ 143B-437.52. Job Development Investment Grant Program.**

8           ...  
9           (c) Award Limitations. – The following limitations apply to grants awarded under this  
10 Part:

11           (1) Maximum liability. – The maximum amount of total annual liability for  
12 grants awarded in any single calendar year under this Part, including  
13 amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is  
14 twenty million dollars (\$20,000,000) for a year in which no grants are  
15 awarded for a high-yield project and is thirty-five million dollars  
16 (\$35,000,000) for a year in which a grant is awarded for a high-yield project.  
17 No agreement may be entered into that, when considered together with other  
18 existing agreements governing grants awarded during a single calendar year,  
19 could cause the State's potential total annual liability for grants awarded in a  
20 single calendar year to exceed the applicable amount. The Department shall  
21 make every effort to ensure that the average percentage of withholdings of  
22 eligible positions for grants awarded under this Part does not exceed the  
23 average of the range provided in G.S. 143B-437.56(a). The limitation in this  
24 subdivision does not apply to transformative projects.

25           (2) Semiannual commitment limitations. – Of the amount authorized in  
26 subdivision (1) of this subsection, no more than fifty percent (50%),  
27 excluding roll-over amounts, may be awarded in any single calendar  
28 semiannual period. A roll-over amount is any amount from a previous  
29 semiannual period in the same calendar year that was not awarded as a grant.  
30 The limitation of this subdivision does not apply to a grant awarded to a  
31 high-yield or transformative project.

32           ...."

33           **SECTION 15.15A.(c)** 143B-437.56 reads as rewritten:

34       "**§ 143B-437.56. Calculation of minimum and maximum grants; factors considered.**

35           ...  
36           (a1) Notwithstanding the percentage specified by subsection (a) of this section, if the  
37 project is a high-yield or transformative project, the business has met the investment and job  
38 creation requirements, and, for three consecutive years, the business has met all terms of the  
39 agreement, the amount of the grant awarded shall be no more than one hundred percent (100%)  
40 of the withholdings of eligible positions for each consecutive year the business maintains the  
41 minimum job creation requirement and meets all terms of the agreement. A business receiving  
42 an enhanced percentage of the withholdings of eligible positions under this subsection that fails  
43 to maintain the minimum job creation requirement or meet all terms of the agreement will be  
44 disqualified from receiving the enhanced percentage and will have the applicable percentage set  
45 forth in subsection (a) of this section applied in the year in which the failure occurs and all  
46 remaining years of the grant term.

47           (b) The term of the grant shall not exceed the duration listed in this subsection. The first  
48 grant payment must be made within six years after the date on which the grant was awarded.  
49 The number of years in the base period for which grant payments may be made shall not  
50 exceed five years. Maximum durations are as follows:

1 (1) For high-yield projects in which the business receives the enhanced  
2 percentage pursuant to subsection (a1) of this section, 20 years starting with  
3 the first year a grant payment is made. If a business is disqualified from the  
4 enhanced percentage in one of the first 12 years, the term of the grant shall  
5 not exceed 12 years starting with the first year a grant payment is made. If a  
6 business is disqualified from receiving the enhanced percentage after the  
7 first 12 years, the term of the grant ends in the year the disqualification  
8 occurs.

9 (1a) For transformative projects in which the business receives the enhanced  
10 percentage pursuant to subsection (a1) of this section, 25 years starting with  
11 the first year a grant payment is made. If a business is disqualified from the  
12 enhanced percentage in one of the first 12 years, the term of the grant shall  
13 not exceed 12 years starting with the first year a grant payment is made. If a  
14 business is disqualified from receiving the enhanced percentage after the  
15 first 12 years, the term of the grant ends in the year the disqualification  
16 occurs.

17 (2) For all other projects, 12 years starting with the first year a grant payment is  
18 made.

19 (c) The grant may be based only on eligible positions created during the base period.

20 (d) For any eligible position that is located in a development tier three area,  
21 seventy-five percent (75%) of the annual grant approved for disbursement shall be payable to  
22 the business, and twenty-five percent (25%) shall be payable to the Utility Account pursuant to  
23 G.S. 143B-437.61. For any eligible position that is located in a development tier two area,  
24 ninety percent (90%) of the annual grant approved for disbursement shall be payable to the  
25 business, and ten percent (10%) shall be payable to the Utility Account pursuant to  
26 G.S. 143B-437.61. A position is located in the development tier area that has been assigned to  
27 the county in which the project is located at the time the application is filed with the  
28 Committee. This subsection does not apply to a high-yield or transformative project in years in  
29 which the business receives the enhanced percentage pursuant to subsection (a1) of this section.

30 ...."

31 **SECTION 15.15A.(d)** If the Office of Budget and Management and the  
32 Department of Commerce certify in writing to the Director of the Budget that the conditions set  
33 forth for infrastructure development of a site for the purpose of securing a community  
34 economic development agreement under G.S. 143B-437.57 for a transformative project, as  
35 defined in G.S. 143B-437.51, have been met, then the Director of the Budget may use the  
36 Savings Reserve Account in the General Fund to implement this section. To implement this  
37 section, the State Controller may transfer up to fifty million dollars (\$50,000,000) to a reserve  
38 in the Office of State Budget and Management for each transformative project for uses  
39 consistent with the Site Infrastructure Development Fund established pursuant to  
40 G.S. 143B-437.02, and such funds are hereby appropriated for this purpose. Under no  
41 circumstances shall the total amount that may be transferred pursuant to this section exceed  
42 eighty million dollars (\$80,000,000). If it is not necessary to expend all of these funds in  
43 accordance with this section, the State Controller shall transfer the remaining funds to the  
44 Savings Reserve Account. The authority to transfer amounts pursuant to this subsection expires  
45 June 30, 2019.

46 **SECTION 15.15A.(e)** Amounts committed in Governor's Letters issued pursuant  
47 to Part 2H of Article 10 of Chapter 143B of the General Statutes for transformative projects, as  
48 defined in G.S. 143B-437.51, do not count towards the limitation provided in  
49 G.S. 143B-437.71(b1). Amounts committed pursuant to this subsection may be up to five  
50 thousand dollars (\$5,000) per job covered by a company performance agreement per year for  
51 each job created within a five-year period from the time the first job was created. Amounts paid

1 for a single job may not exceed a term of five years. The authority to commit amounts pursuant  
2 to this subsection expires June 30, 2019.

## 3 4 **INDUSTRIAL COMMISSION SERVICE OF PROCESS**

5 **SECTION 15.17.** G.S. 97-86 reads as rewritten:

6 "**§ 97-86. Award conclusive as to facts; appeal; certified questions of law.**

7 The award of the Industrial Commission, as provided in G.S. 97-84, if not reviewed in due  
8 time, or an award of the Commission upon such review, as provided in G.S. 97-85, shall be  
9 conclusive and binding as to all questions of fact; but either party to the dispute may, within 30  
10 days from the date of ~~such-the~~ award or within 30 days after receipt of notice to be sent by  
11 ~~registered mail-any class of U.S. mail that is fully prepaid or certified mail-electronic mail of~~  
12 ~~such-the~~ award, but not thereafter, appeal from the decision of ~~said-the~~ Commission to the  
13 Court of Appeals for errors of law under the same terms and conditions as govern appeals from  
14 the superior court to the Court of Appeals in ordinary civil actions. The procedure for the  
15 appeal shall be as provided by the rules of appellate procedure.

16 The Industrial Commission of its own motion may certify questions of law to the Court of  
17 Appeals for decision and determination by ~~said-the~~ Court. In case of an appeal from the  
18 decision of the Commission, or of a certification by ~~said-the~~ Commission of questions of law,  
19 to the Court of Appeals, ~~said-the~~ appeal or certification shall operate on a supersedeas except as  
20 provided in G.S. 97-86.1, and no employer shall be required to make payment of the award  
21 involved in ~~said-the~~ appeal or certification until the questions at issue therein shall have been  
22 fully determined in accordance with the provisions of this Article. If the employer is a  
23 noninsurer, then the appeal of ~~such-the~~ employer shall not act as a supersedeas and the plaintiff  
24 in such case shall have the same right to issue execution or to satisfy the award from the  
25 property of the employer pending the appeal as obtains to the successful party in an action in  
26 the superior court.

27 When any party to an appeal from an award of the Commission is unable, by reason of ~~his~~  
28 ~~the party's~~ poverty, to make the deposit or to give the security required by law for ~~said-the~~  
29 appeal, any member of the Commission or any deputy commissioner shall enter an order  
30 allowing ~~said-the~~ party to appeal from the award of the Commission without giving security  
31 therefor. The party appealing from the judgment shall, within 30 days from the filing of the  
32 appeal from the award, make an affidavit that ~~he-the~~ party is unable by reason of ~~his-the~~ party's  
33 poverty to give the security required by law. The request shall be passed upon and granted or  
34 denied by a member of the Commission or deputy commissioner within 20 days from receipt of  
35 the ~~affidavit specified above.~~ affidavit."

## 36 37 **INDUSTRIAL COMMISSION LITIGATION EXPENSE CARRYFORWARD**

38 **SECTION 15.18.(a)** The North Carolina Industrial Commission (Commission)  
39 may carry forward up to two hundred fifty thousand dollars (\$250,000) of State funds  
40 appropriated in the 2015-2016 fiscal year for legal services. Any funds remaining after  
41 completion of the legal services for which the funds were appropriated shall be retained by the  
42 Commission.

43 **SECTION 15.18.(b)** Notwithstanding G.S. 147-17 and G.S. 114-2.3, the North  
44 Carolina Industrial Commission is authorized to use the funds carried forward under subsection  
45 (a) of this section to employ and supervise private counsel.

46 **SECTION 15.18.(c)** Notwithstanding G.S. 1-521, 147-17, and 114-2.3, of the  
47 funds appropriated to the North Carolina Industrial Commission in this act, the sum of three  
48 hundred thousand dollars (\$300,000) for the 2017-2018 fiscal year may be used for private  
49 legal services, litigation-related expenses, and the defense of any member in his or her official  
50 capacity arising from S.L. 2016-125. The funds allocated in this section shall not revert.

1           **SECTION 15.18.(d)** Subsection (a) of this section becomes effective June 30,  
2 2017.

#### 3 4 **INDUSTRIAL COMMISSION CASE MANAGEMENT SYSTEMS**

5           **SECTION 15.19.(a)** The Industrial Commission shall coordinate with the  
6 Department of Information Technology and other State agencies to replace the Industrial  
7 Commission's case management systems by assessing system requirements and to find the most  
8 cost-effective means of meeting those requirements.

9           **SECTION 15.19.(b)** The Industrial Commission may retain the additional revenue  
10 up to one million two hundred thousand dollars (\$1,200,000) of the fee charged to parties for  
11 the filing of compromise settlement agreements to be used for the purpose of replacing and  
12 maintaining the Industrial Commission's case management systems and related expenditures.

13           **SECTION 15.19.(c)** Of the funds appropriated in this act to the Industrial  
14 Commission, the sum of seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds  
15 for each year of the 2017-2019 fiscal biennium shall be allocated for the purpose of replacing  
16 and maintaining the Industrial Commission's case management systems and related  
17 expenditures.

18           **SECTION 15.19.(d)** For the 2019-2021 fiscal biennium only, the Director of the  
19 Budget shall also include in the base budget, as defined by G.S. 143C-1-1(d)(1c), the sum of  
20 seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for each year of the  
21 2019-2021 fiscal biennium for the purposes set forth in subsection (c) of this section.

22           **SECTION 15.19.(e)** The fee retention authorization in subsection (b) of this  
23 section shall expire on June 30, 2021.

#### 24 25 **TRANSFER INDUSTRIAL COMMISSION TO DEPARTMENT OF INSURANCE**

26           **SECTION 15.19A.(a)** Article 9 of Chapter 143A of the General Statutes is  
27 amended by adding a new section to read:

##### 28 **"§ 143A-79.3. North Carolina Industrial Commission; transfer.**

29           The statutory authority, powers, duties, functions, records, personnel, property, and  
30 unexpended balances of appropriations, allocations, or other funds of the Industrial  
31 Commission are transferred to the Department of Insurance with all of the elements of a Type  
32 II transfer as defined by G.S. 143A-6. Nothing in this section shall be construed to alter the  
33 statutory duties or the independent operation of the Industrial Commission."

34           **SECTION 15.19A.(b)** G.S. 143B-431(a)(2)d. and G.S. 143B-433(1)d. are  
35 repealed.

#### 36 37 **FEDERAL TAX REFORM ALLOCATION COMMITTEE QECB REALLOCATION**

38           **SECTION 15.23.** G.S. 143-433.9 is amended by adding a new subsection to read:

39           "**(c)** In administering the allocation and reallocation of authority for issuance of qualified  
40 energy conservation bonds allocated to the State and reallocated to any "large local  
41 government" as defined in 26 U.S.C. § 54D(e), the Committee shall establish procedures (i) to  
42 monitor whether the initial sub-allocations of qualified energy conservation bonds to large local  
43 governments will be utilized by October 1, 2017; (ii) for the waiver and return to the  
44 Committee of sub-allocations that will not meet the deadline imposed by this subsection; and  
45 (iii) for the reallocation of returned sub-allocations for other projects or purposes that qualify  
46 under 26 U.S.C. § 54D(f) for financing with qualified energy conservation bonds. The  
47 Committee shall also develop programs described by 26 U.S.C. § 54D(f)(1)(A)(iii) and shall  
48 consider those programs along with other eligible uses for qualified energy conservation bonds  
49 in determining the reallocation of unused and returned qualified energy conservation bond  
50 allocation."

**SUBPART XV-A. COMMERCE – STATE AID****NC BIOTECHNOLOGY CENTER**

**SECTION 15A.1.(a)** Of the funds appropriated in this act to the Department of Commerce, the sum of thirteen million six hundred thousand three hundred thirty-eight dollars (\$13,600,338) for each fiscal year in the 2017-2019 biennium shall be allocated to the North Carolina Biotechnology Center (hereinafter "Center") for the following purposes:

- (1) Job Creation: AgBiotech Initiative, Economic and Industrial Development, and related activities – two million nine hundred twenty-four thousand seventy-three dollars (\$2,924,073).
- (2) Science and Commercialization: Science and Technology Development, Centers of Innovation, Business and Technology Development, Education and Training, and related activities – eight million eight hundred thirteen thousand nineteen dollars (\$8,813,019).
- (3) Center Operations: Administration, Professional and Technical Assistance and Oversight, Corporate Communications, Human Resource Management, Financial and Grant Administration, Legal, and Accounting – one million eight hundred sixty-three thousand two hundred forty-six dollars (\$1,863,246).

**SECTION 15A.1.(b)** The Center shall prioritize funding and distribution of loans over existing funding and distribution of grants.

**SECTION 15A.1.(c)** Except to provide administrative flexibility, up to ten percent (10%) of each of the allocations in subsection (a) of this section may be reallocated to one or more of the other allocations in subsection (a) of this section if, in the judgment of Center management, the reallocation will advance the mission of the Center.

**COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

**SECTION 15A.2.(a)** The entities listed in subsection (c) of this section shall do the following for each year that State funds are expended:

- (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.
- (2) Provide to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the Fiscal Research Division a copy of the entity's annual audited financial statement within 30 days of issuance of the statement.

**SECTION 15A.2.(b)** Funds appropriated by this act to the North Carolina Coastal Federation for a crab pot cleanup program are not subject to Article 3 of Chapter 143 of the General Statutes. The North Carolina Coastal Federation may use up to ten percent (10%) of these funds for administrative and overhead costs. Funds not expended or encumbered by June 30, 2018, shall revert. The North Carolina Coastal Federation shall report on the total amount of funds used, including amount spent per crab pot recovered and amount paid to third parties

1 utilized in the cleanup program, and any recommendations to improve the program, including  
2 mechanisms to reuse or repurpose recovered crab pots and to increase efficiency of the  
3 program, to the Joint Legislative Oversight Committee on Agriculture and Natural and  
4 Economic Resources and the Fiscal Research Division on or before April 1, 2018.

5 **SECTION 15A.2.(c)** The following entities shall comply with the requirements of  
6 subsection (a) of this section:

- 7 (1) North Carolina Biotechnology Center.
- 8 (2) High Point Market Authority.
- 9 (3) RTI International.
- 10 (4) Blue Ridge Parkway Foundation.
- 11 (5) Carolina Small Business Development Fund.
- 12 (6) Cary Chamber of Commerce.
- 13 (7) First Flight Society.
- 14 (8) North Carolina Coastal Federation.
- 15 (9) Salvation Army of Winston-Salem.
- 16 (10) StepUp Ministry.
- 17 (11) Jim Shaw ACE Academy.
- 18 (12) Make a Difference in King.
- 19 (13) North Carolina Business Leadership Network.
- 20 (14) North Carolina's Eastern Alliance Corporation.
- 21 (15) Sturgeon City of Jacksonville, NC.

## 22 23 **PART XVI. DEPARTMENT OF PUBLIC SAFETY**

### 24 25 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

26 **SECTION 16.2.(a)** Notwithstanding any other provision of law, the Office of State  
27 Budget and Management shall not transfer any positions, personnel, or funds from the  
28 Department of Public Safety to any other State agency during the 2017-2019 fiscal biennium  
29 unless the transfer was included in the base budget for one or both fiscal years of the biennium.  
30 This subsection shall not apply to the annual transfer of two hundred thirty-four thousand eight  
31 hundred ninety-one dollars (\$234,891) to the Office of the Governor for administrative support.

32 **SECTION 16.2.(b)** This section becomes effective July 1, 2017. If any transfers  
33 that violate this section were made in fiscal year 2016-2017, prior to this section becoming  
34 effective, those transfers shall be rescinded within 15 days of this section becoming effective.  
35

### 36 **LAPSED SALARY REPORT**

37 **SECTION 16.3.** The Department of Public Safety shall report on February 1 and  
38 August 1 of each year to the chairs of the Joint Legislative Oversight Committee on Justice and  
39 Public Safety and the chairs of the House of Representatives Appropriations Committee on  
40 Justice and Public Safety and the Senate Appropriations Committee on Justice and Public  
41 Safety. The report shall include the following:

- 42 (1) Amount of lapsed salary generated by fund code for the previous six months.
- 43 (2) An itemized accounting of the use of lapsed salary funds including:
  - 44 a. Fund code.
  - 45 b. Current certified budget.
  - 46 c. Annual projected expenditure.
  - 47 d. Annual projected shortfall.
  - 48 e. Amount of lapsed salary funds transferred to date.

49 The August 1 report shall include an annual accounting of this information for the previous  
50 fiscal year.  
51

**PILOT PROJECT TO TREAT OPIATE OVERDOSE**

**SECTION 16.3A.(a)** Pilot Project. – The Department of Public Safety, in conjunction with the City of Wilmington, shall develop and implement a pilot project to establish a Quick Response Team (QRT) to address the needs of opiate and heroin overdose victims who are not getting follow-up treatment. The QRT shall be staffed by firefighters, police officers, medics, behavioral health specialists, and other law enforcement as determined by the Department of Public Safety and the City of Wilmington. The Department of Public Safety and the City of Wilmington shall work together to develop the policy and procedures for the QRT. In doing so, all of the following shall be considered:

- (1) Increase engagement and treatment with family counseling and recovery groups.
- (2) Provide follow-up care to survivable overdose incidents with police or medics and licensed counselors.
- (3) Provide short-term and long-term support to overdose victims and families.
- (4) Provide follow-up within three to five days after an initial incident.
- (5) Create a fatality review panel to analyze and keep track of the deaths of those served by QRT.

**SECTION 16.3A.(b)** Report. – The Department of Public Safety and the City of Wilmington shall report on the results of the pilot project to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2019.

**GRANT REPORTING AND MATCHING FUNDS**

**SECTION 16.5.(a)** The Department of Public Safety, the Department of Justice, and the Judicial Department shall each report by May 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on grant funds received or preapproved for receipt by those departments. The report shall include information on the amount of grant funds received or preapproved for receipt by each department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If a department intends to continue the program beyond the end of the grant period, that department shall report on the proposed method for continuing the funding of the program at the end of the grant period. Each department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant.

**SECTION 16.5.(b)** Notwithstanding the provisions of G.S. 143C-6-9, the Department of Public Safety may use up to the sum of one million two hundred thousand dollars (\$1,200,000) during the 2017-2018 fiscal year and up to the sum of one million two hundred thousand dollars (\$1,200,000) during the 2018-2019 fiscal year from funds available to the Department to provide the State match needed in order to receive grant funds. Prior to using funds for this purpose, the Department shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the grants to be matched using these funds.

**EXPAND CRIME VICTIMS' SERVICES**

**SECTION 16.6.(a)** G.S. 15B-2 reads as rewritten:

**"§ 15B-2. Definitions.**

As used in this Article, the following definitions apply, unless the context requires otherwise:

- (1) Allowable expense. – Reasonable charges incurred for reasonably needed products, services, and accommodations, including those for medical care, rehabilitation, medically-related property, and other remedial treatment and



1 care. Reasonably needed services include (i) counseling for immediate  
2 family members of children under the age of 18 who are victims of rape,  
3 sexual assault, or domestic violence and (ii) family counseling and grief  
4 counseling for immediate family members of homicide victims. The  
5 cumulative total for counseling services provided to immediate family  
6 members shall not exceed three thousand dollars (\$3,000) per family.

7 Allowable expense includes a total charge not in excess of five thousand  
8 dollars (\$5,000) for expenses related to funeral, cremation, and burial,  
9 including transportation of a body, but excluding expenses for flowers,  
10 gravestone, and other items not directly related to the funeral service.

11 Allowable expense for medical care, counseling, rehabilitation,  
12 medically-related property, and other remedial treatment and care of a victim  
13 shall be limited to sixty-six and two-thirds percent (66 2/3%) of the amount  
14 usually charged by the provider for the treatment or care. By accepting the  
15 compensation paid as allowable expense pursuant to this subdivision, the  
16 provider agrees that the compensation is payment in full for the treatment or  
17 care and shall not charge or otherwise hold a claimant financially  
18 responsible for the cost of services in addition to the amount of allowable  
19 expense.

20 ...."

21 **SECTION 16.6.(b)** This section is effective when it becomes law.

## 22

### 23 **GRANTS FOR LAW ENFORCEMENT CAMERAS**

24 **SECTION 16.7.(a)** Funds appropriated in S.L. 2015-241 to the Department of  
25 Public Safety for body-worn camera grants shall not revert but shall be used to provide  
26 matching grants to local and county law enforcement agencies to purchase and place into  
27 service body-worn or dashboard video cameras, as defined by G.S. 132-1.4A, and for training  
28 and related expenses. These grant funds shall be administered by the Governor's Crime  
29 Commission, which shall develop guidelines and procedures for the administration and  
30 distribution of grants to those agencies. These guidelines and procedures shall include the  
31 following requirements and limitations:

- 32 (1) The maximum grant amount shall not exceed one hundred thousand dollars  
33 (\$100,000).
- 34 (2) Recipient law enforcement agencies shall be required to provide one dollar  
35 (\$1.00) of local funds for every one dollar (\$1.00) of grant funds received.
- 36 (3) Grantees shall be required to have appropriate policies and procedures in  
37 place governing the operation of body-worn or dashboard cameras, as  
38 defined by G.S. 132-1.4A, and the proper storage of images recorded with  
39 those cameras.

40 **SECTION 16.7.(b)** The Governor's Crime Commission shall submit a report on  
41 the grant funds distributed pursuant to this section during the 2017-2018 fiscal year to the  
42 chairs of the Joint Legislative Oversight Committee on Justice and Public Safety no later than  
43 August 1, 2018.

44 **SECTION 16.7.(c)** Definition. – The term "body-worn camera" means an  
45 operational video camera, including a microphone or other mechanism for allowing audio  
46 capture, affixed to a law enforcement officer's uniform and positioned in a way that allows the  
47 video camera to capture interactions the law enforcement officer has with the public.

### 48

### 49 **SUBPART XVI-A. GENERAL PROVISIONS [RESERVED]**

### 50

### 51 **SUBPART XVI-B. DIVISION OF LAW ENFORCEMENT**

**STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

**SECTION 16B.1.(a)** Creation of Receipt-Supported Positions Authorized. – The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

**SECTION 16B.1.(b)** Annual Report Required. – No later than September 1 of each fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on Justice and Public Safety the following information for the fiscal year in which the report is due:

- (1) A list of all positions in the State Capitol Police. For each position listed, the report shall include at least the following information:
  - a. The position type.
  - b. The agency to which the position is assigned.
  - c. The source of funding for the position.
- (2) For each receipt-supported position listed, the contract and any other terms of the contract.

**SECTION 16B.1.(c)** Additional Reporting Required Upon Creation of Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section, the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this section to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant to this section shall include at least the following information:

- (1) The position type.
- (2) The agency to which the position is being assigned.
- (3) The position salary.
- (4) The total amount of the contract.
- (5) The terms of the contract.

**SECTION 16B.1.(d)** Format of Reports. – Reports submitted pursuant to this section shall be submitted electronically and in accordance with any applicable General Assembly standards.

**USE OF SEIZED AND FORFEITED PROPERTY**

**SECTION 16B.2.(a)** Seized and forfeited assets transferred to the Department of Justice or to the Department of Public Safety during the 2017-2019 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Public Safety and the Department of Justice shall each make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and Senate Appropriations Committee on Justice and Public Safety:

- (1) A report upon receipt of any assets.
- (2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.
- (3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

**SECTION 16B.2.(b)** The General Assembly finds that the use of seized and forfeited assets transferred pursuant to federal law for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and Department of Public Safety are

1 prohibited from using these assets for such purposes without the prior approval of the General  
2 Assembly.

3 **SECTION 16B.2.(c)** Nothing in this section prohibits State law enforcement  
4 agencies from receiving funds from the United States Department of Justice, the United States  
5 Department of the Treasury, and the United States Department of Health and Human Services.

6 **SECTION 16B.2.(d)** The Joint Legislative Oversight Committee on Justice and  
7 Public Safety shall study the impact on State and local law enforcement efforts of the receipt of  
8 seized and forfeited assets. The Committee shall report its findings and recommendations prior  
9 to the convening of the 2018 Regular Session of the 2017 General Assembly.

## 10 11 **PROTECT HOSPITAL SECURITY PERSONNEL**

12 **SECTION 16B.3.(a)** G.S. 14-34.6 reads as rewritten:

13 "**§ 14-34.6. Assault or affray on a firefighter, an emergency medical technician, medical  
14 responder, and hospital personnel.**

15 (a) A person is guilty of a Class I felony if the person commits an assault or affray  
16 causing physical injury on any of the following persons who are discharging or attempting to  
17 discharge their official duties:

18 (1) An emergency medical technician or other emergency health care provider.

19 (2) A medical responder.

20 (3) Hospital personnel and licensed healthcare providers who are providing or  
21 attempting to provide health care services to a patient in a hospital.

22 (4) Repealed by Session Laws 2011-356, s. 2, effective December 1, 2011, and  
23 applicable to offenses committed on or after that date.

24 (5) A firefighter.

25 (6) Hospital security personnel.

26 (b) Unless a person's conduct is covered under some other provision of law providing  
27 greater punishment, a person is guilty of a Class H felony if the person violates subsection (a)  
28 of this section and (i) inflicts serious bodily injury or (ii) uses a deadly weapon other than a  
29 firearm.

30 (c) Unless a person's conduct is covered under some other provision of law providing  
31 greater punishment, a person is guilty of a Class F felony if the person violates subsection (a) of  
32 this section and uses a firearm."

33 **SECTION 16B.3.(b)** This section becomes effective December 1, 2017, and  
34 applies to offenses committed on or after that date.

## 35 36 **LIEUTENANT GOVERNOR EXECUTIVE PROTECTION DETAIL**

37 **SECTION 16B.4.(a)** Article 4 of Chapter 20 of the General Statutes is amended by  
38 adding a new section to read:

39 "**§ 20-189.1. Lieutenant Governor Executive Protection Detail.**

40 (a) Creation. – There is created within the Highway Patrol a Lieutenant Governor's  
41 Executive Protection Detail. The Lieutenant Governor shall submit the names of three sworn  
42 members in good standing of the North Carolina Highway Patrol to the Commander, and the  
43 Commander shall assign those officers to serve in the Lieutenant Governor's Executive  
44 Protection Detail. The Lieutenant Governor is authorized to remove any members of the detail,  
45 with or without cause. If the Lieutenant Governor removes a member of the detail, the  
46 Lieutenant Governor shall submit to the Commander the name of an officer to replace the  
47 member who has been removed and the Commander shall assign the replacement. Members of  
48 the Lieutenant Governor's Executive Protection Detail shall continue to be employed by the  
49 North Carolina Highway Patrol subject to the laws, rules, and regulations of the Highway  
50 Patrol. The North Carolina Highway Patrol shall provide vehicles necessary for the carrying out  
51 of the Detail's duties under this Article.

1       (b)     Duties. – The members of the Lieutenant Governor's Executive Protection Detail  
2 shall protect the Lieutenant Governor and the Lieutenant Governor's immediate family and  
3 perform duties as assigned by the Lieutenant Governor relating to the protection of the  
4 Lieutenant Governor."

5             **SECTION 16B.4.(b)** This section is effective when this act becomes law.  
6

#### 7 **STUDIES TO ENHANCE PUBLIC SAFETY/PED**

8             **SECTION 16B.5.(a)** The Joint Legislative Program Evaluation Oversight  
9 Committee shall revise the biennial 2017-2018 work plan for the Program Evaluation Division  
10 to include the following:

- 11             (1) An evaluation of the Voice Interoperability Plan for Emergency Responders  
12 (VIPER) and FirstNet technologies. Specifically, the Program Evaluation  
13 Division shall:
- 14             a. Examine the current state of VIPER and FirstNet technology and  
15 identify long-term future equipment needs and upgrades.
  - 16             b. Examine the services provided by VIPER and FirstNet, the  
17 interoperability of the two systems, whether or not there are  
18 duplications in the system functions, and any opportunities for  
19 efficiencies and cost-sharing.
  - 20             c. Evaluate the need for VIPER upgrades, including the immediate  
21 transition to GTR base stations and the potential establishment of  
22 regularly scheduled updates to ensure the system remains current and  
23 reliable in the future.
  - 24             d. Identify the most effective governance and operational financing  
25 structure to ensure equitable and reasonable cost-sharing and optimal  
26 system adoption by public safety agency stakeholders.
- 27             (2) An evaluation of the current security measures for the downtown Raleigh  
28 State Government complex and options to create cost-efficient and  
29 comprehensive security plans.

30             **SECTION 16B.5.(b)** The Program Evaluation Division shall submit the evaluation  
31 required under subdivision (a)(1) of this section to the Joint Legislative Program Evaluation  
32 Oversight Committee and to the Joint Legislative Oversight Committee on Justice and Public  
33 Safety no later than March 1, 2018.

34             **SECTION 16B.5.(c)** Pursuant to G.S. 132-1.7, the public security information  
35 collected by the Program Evaluation Division as a result of the evaluation required under  
36 subdivision (a)(2) of this section is not a public record. The Program Evaluation Division shall  
37 complete its evaluation no later than March 1, 2018. Notwithstanding G.S. 120-36.16(3), the  
38 Program Evaluation Division shall submit its evaluation, including findings and  
39 recommendations to the Governor, the President Pro Tempore of the Senate, and the Speaker of  
40 the House of Representatives. The evaluation is not a public record as defined in G.S. 132-1.  
41

#### 42 **9/11 AS FIRST RESPONDERS DAY**

43             **SECTION 16B.6.** G.S. 103-4(a) is amended by adding a new subdivision to read:

#### 44 **"§ 103-4. Dates of public holidays.**

- 45             (a) The following are declared to be legal public holidays:

46             ...

47             (10a) First Responders Day, September 11.

48             ...."  
49

#### 50 **SHP ELIGIBLE FOR PSAP GRANT/911 PROJECTS**

51             **SECTION 16B.7.** G.S. 143B-1407 is amended by adding a new subsection to read:

1        "(f) Application to State Highway Patrol. – The State Highway Patrol is an eligible  
 2 PSAP for purposes of applying to the 911 Board for a grant from the PSAP Grant and  
 3 Statewide 911 Projects Account. This subsection applies to funds collected on or after July 1,  
 4 2017."

## 6        **USE OF STATE HIGHWAY PATROL LOGO PERMITTED**

7                **SECTION 16B.8.(a)** Article 4 of Chapter 20 of the General Statutes is amended by  
 8 adding a new section to read:

### 9        **"§ 20-187.5. Trademark authorization.**

10        The North Carolina Troopers Association is authorized to use all trademarks identifying the  
 11 North Carolina State Highway Patrol held by the North Carolina Department of Public Safety  
 12 or its Divisions. The use authorized under this section shall be limited to purposes that support  
 13 the State Highway Patrol, employees of the State Highway Patrol, and the family members of  
 14 the employees of the State Highway Patrol."

15                **SECTION 16B.8.(b)** This section is effective when it becomes law.

## 17        **STATE HIGHWAY PATROL SECURITY DETAIL FOR SPEAKER/PRESIDENT PRO** 18 **TEMPORE FOR STATE BUSINESS**

19                **SECTION 16B.9.** Article 4 of Chapter 20 of the General Statutes is amended by  
 20 adding a new section to read:

### 21        **"§ 20-189.2. State Highway Patrol Security Detail.**

22        The Speaker of the House of Representatives and the President Pro Tempore of the Senate,  
 23 while traveling within the State on State business, may request a security detail. The request  
 24 shall be made to the commander of the State Highway Patrol. If the request is made at least 48  
 25 hours in advance, the commander shall provide the detail. If the request is made less than 48  
 26 hours in advance, the commander shall provide the detail unless doing so would otherwise  
 27 impair the ability of the State Highway patrol to perform its lawful duties."

## 29        **EXPAND SBI JURISDICTION AND ESTABLISH STATE CAPITOL POLICE**

30                **SECTION 16B.10.(a)** G.S. 143B-919(c) reads as rewritten:

31        **"§ 143B-919. Investigations of lynchings, election frauds, etc.; services subject to call of**  
 32 **Governor; witness fees and mileage for employees.**

33        ...

34        (c) The State Bureau of Investigation is further authorized, upon request of the  
 35 Governor or the Attorney General, to investigate the commission or attempted commission of  
 36 the crimes defined in the following statutes:

37                (1) ~~All sections of~~ Article 4A of Chapter 14 of the General Statutes;

38                (1a) G.S. 14-43.11;

39                (2) G.S. 14-277.1;

40                (3) G.S. 14-277.2;

41                (4) G.S. 14-283;

42                (5) G.S. 14-284;

43                (6) G.S. 14-284.1;

44                (7) G.S. 14-288.2;

45                (8) G.S. 14-288.7;

46                (9) G.S. 14-288.8;

47                (10) G.S. 14-288.20;

48                (10a) G.S. 14-288.21;

49                (10b) G.S. 14-288.22;

50                (10c) G.S. 14-288.23;

51                (10d) G.S. 14-288.24;

- 1 (11) G.S. 14-284.2;  
2 (12) G.S. 14-399(e);  
3 (12a) G.S. 15A-287 and G.S. 15A-288;  
4 (13) G.S. 130A-26.1;  
5 (14) G.S. 143-215.6B;  
6 (15) G.S. 143-215.88B; and  
7 (16) G.S. 143-215.114B."

8 **SECTION 16B.10.(b)** The State Capitol Police Section of the State Highway  
9 Patrol shall be relocated as a Division of the Department of Public Safety.

10 **SECTION 16B.10.(c)** Subpart B of Part 4 of Article 13 of Chapter 143B of the  
11 General Statutes reads as rewritten:

12 "Subpart B. State Capitol ~~Police~~Police Division.

13 "**§ 143B-911. Creation of State Capitol Police Section—Division; powers and duties.**

14 (a) ~~Section—Division~~ Established. – ~~There is hereby established, within the State~~  
15 ~~Highway Patrol of the Department of Public Safety, There is created~~ the State Capitol Police  
16 ~~Section, which shall be organized and staffed in accordance with applicable laws and~~  
17 ~~regulations and within the limits of authorized appropriations. The Chief, special officers, and~~  
18 ~~employees of the State Capitol Police Section are not considered members of the State~~  
19 ~~Highway Patrol.~~Division of the Department of Public Safety with the organization, powers, and  
20 duties defined in Article 1 of this Chapter, except as modified in this Part.

21 (b) Purpose. – The State Capitol Police ~~Section~~Division shall serve as a special police  
22 agency of the Department of Public Safety. The Chief of the State Capitol Police, appointed by  
23 the Secretary pursuant to G.S. 143B-602, with the approval of the Governor, may appoint as  
24 special police officers such reliable persons as ~~he~~the Chief may deem necessary.

25 "...."

26 **SECTION 16B.10.(d)** G.S. 143B-602(8) reads as rewritten:

27 "**§ 143B-602. Powers and duties of the Secretary of Public Safety.**

28 The Secretary of Public Safety shall have the powers and duties as are conferred on the  
29 Secretary by this Article, delegated to the Secretary by the Governor, and conferred on the  
30 Secretary by the Constitution and laws of this State. These powers and duties include the  
31 following:

32 ...

33 (8) Other powers and duties. – The Secretary has the following additional  
34 powers and duties:

35 ...

36 f. Appointing, with the Governor's approval, a special police officer to  
37 serve as Chief of the State Capitol Police ~~Section of the State~~  
38 ~~Highway Patrol.~~Division.

39 "...."

40 **SECTION 16B.10.(e)** Notwithstanding any other provision of law, there shall be  
41 no transfer of positions to or from the State Capitol Police Section (Budget Code 14550, fund  
42 code 1402) and no changes to the total authorized budget of the State Capitol Police Section, as  
43 it existed on March 1, 2017, prior to the transfer of the State Capitol Police from the State  
44 Highway Patrol to the Department of Public Safety. This subsection shall not apply to transfers  
45 of positions or changes to the total authorized budget of the State Capitol Police that are  
46 expressly required by the Committee Report described in Section 39.2 of this act.

47 **SECTION 16B.10.(f)** This section is effective when it becomes law.

48 **MODIFY ALE JURISDICTION**

49 **SECTION 16B.11.** G.S. 143B-928 reads as rewritten:  
50

1 "§ 143B-928. Alcohol Law Enforcement Branch to remain separate and discrete  
2 component of the State Bureau of ~~Investigation~~Investigation; retention of  
3 funds.

4 (a) Notwithstanding any overlap between the duties and jurisdiction of the Alcohol Law  
5 Enforcement Branch and the remainder of the State Bureau of Investigation, the Alcohol Law  
6 Enforcement Branch is a separate and discrete branch of the State Bureau of  
7 ~~Investigation~~Investigation and alcohol law enforcement officers are separate and discrete from  
8 other sworn law enforcement officers of the Bureau. No funds or positions shall be transferred  
9 from budget code 14550, fund code 1401, to any other fund code or budget code except by act  
10 of the General Assembly.

11 (b) Where the General Statutes confer narrower authority on the State Bureau of  
12 Investigation than on the Alcohol Law Enforcement Branch, the narrower authority shall not be  
13 construed to limit the authority of the Alcohol Law Enforcement Division.

14 (c) Any funds or property distributed to the Alcohol Law Enforcement Branch as a  
15 result of any federal forfeiture proceeding shall only be expended for purposes related to the  
16 Alcohol Law Enforcement Branch."

## 17 18 **SUBPART XVI-C. DIVISION OF ADULT CORRECTION**

### 19 20 **USE OF CLOSED FACILITIES**

21 **SECTION 16C.1.(a)** In conjunction with the closing of prison facilities, youth  
22 detention centers, and youth development centers, the Department of Public Safety shall  
23 consult with the county or municipality in which the facility is located, with elected State and  
24 local officials, and with State and federal agencies about the possibility of converting that  
25 facility to other use. The Department may also consult with any private for-profit or nonprofit  
26 firm about the possibility of converting the facility to other use. In developing a proposal for  
27 future use of each facility, the Department shall give priority to converting the facility to other  
28 criminal justice use. Consistent with existing law and the future needs of the Department of  
29 Public Safety, the State may provide for the transfer or the lease of any of these facilities to  
30 counties, municipalities, State agencies, federal agencies, or private firms wishing to convert  
31 them to other use. G.S. 146-29.1(f) through (g) shall not apply to a transfer made pursuant to  
32 this section. The Department of Public Safety may also consider converting some of the  
33 facilities recommended for closing from one security custody level to another, where that  
34 conversion would be cost-effective. A prison unit under lease to a county pursuant to the  
35 provisions of this section for use as a jail is exempt for the period of the lease from any of the  
36 minimum standards adopted by the Secretary of Health and Human Services pursuant to  
37 G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater  
38 standards than those required of a unit of the State prison system.

39 **SECTION 16C.1.(b)** The Department may convert closed facilities for the  
40 following purposes:

- 41 (1) Training needs.
- 42 (2) Behavior modification facilities.
- 43 (3) Transitional housing.

44 Sixty days prior to converting facilities to these purposes, the Department shall  
45 report to the Joint Legislative Oversight Committee on Justice and Public Safety. The report  
46 shall include the justification for the conversion, operational requirements for the facility, and  
47 available resources for staffing and operating the facility. If the proposed facility will require  
48 additional funding in the future, the report shall provide a five-year projection of those funding  
49 needs.

1 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**  
2 **EXPENSES**

3 **SECTION 16C.2.** Notwithstanding G.S. 143C-6-9, the Department of Public  
4 Safety may use funds available to the Department for the 2017-2019 fiscal biennium to  
5 reimburse counties for the cost of housing convicted inmates, parolees, and post-release  
6 supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The  
7 reimbursement may not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer.  
8 The Department shall report annually by February 1 of each year to the chairs of the Joint  
9 Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of  
10 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
11 Appropriations Committee on Justice and Public Safety on the expenditure of funds to  
12 reimburse counties for prisoners awaiting transfer.

13  
14 **CENTER FOR COMMUNITY TRANSITIONS/ CONTRACT AND REPORT**

15 **SECTION 16C.3.** The Department of Public Safety may continue to contract with  
16 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison  
17 beds for minimum security female inmates during the 2017-2019 fiscal biennium. The Center  
18 for Community Transitions, Inc., shall report by February 1 of each year to the chairs of the  
19 House of Representatives Appropriations Committee on Justice and Public Safety and the  
20 Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate  
21 and the average daily inmate population compared to bed capacity using the same methodology  
22 as that used by the Department of Public Safety.

23  
24 **INMATE CONSTRUCTION PROGRAM**

25 **SECTION 16C.4.** Notwithstanding any other provision of law but subject to  
26 Article 3 of Chapter 148 of the General Statutes, during the 2017-2019 fiscal biennium, the  
27 State Construction Office may utilize inmates in the custody of the Division of Adult  
28 Correction of the Department of Public Safety through the Inmate Construction Program for  
29 repair and renovation projects on State-owned facilities, with priority given to Department of  
30 Public Safety construction projects. State agencies utilizing the Inmate Construction Program  
31 shall reimburse the Division of Adult Correction of the Department of Public Safety for the  
32 cost of transportation, custody, and wages for the inmate crews.

33  
34 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM**

35 **SECTION 16C.5.(a)** The North Carolina Sheriffs' Association shall report no later  
36 than the 15th day of each month to the Office of State Budget and Management and the Fiscal  
37 Research Division on the Statewide Misdemeanant Confinement Program. Each monthly report  
38 shall include all of the following:

- 39 (1) The daily population, delineated by misdemeanor or DWI monthly housing.  
40 (2) The cost of housing prisoners under the Program.  
41 (3) The cost of transporting prisoners under the Program.  
42 (4) Personnel costs.  
43 (5) Inmate medical care costs.  
44 (6) The number of counties that volunteer to house inmates under the Program.  
45 (7) The administrative costs paid to the Sheriffs' Association and to the  
46 Department of Public Safety.

47 **SECTION 16C.5.(b)** The North Carolina Sheriffs' Association shall report no later  
48 than October 1 of each year to the chairs of the House of Representatives Appropriations  
49 Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice  
50 and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety



1 on the Statewide Misdemeanant Confinement Program. The report shall include the following  
2 with respect to the prior fiscal year:

- 3 (1) Revenue collected by the Statewide Misdemeanant Confinement Program.
- 4 (2) The cost of housing prisoners by county under the Program.
- 5 (3) The cost of transporting prisoners by county under the Program.
- 6 (4) Personnel costs by county.
- 7 (5) Inmate medical care costs by county.
- 8 (6) The number of counties that volunteer to house inmates under the Program.
- 9 (7) The administrative costs paid to the Sheriffs' Association and to the  
10 Department of Public Safety.

11 **SECTION 16C.5.(c)** Of the funds appropriated in this act for the Statewide  
12 Misdemeanant Confinement Program:

- 13 (1) The sum of one million dollars (\$1,000,000) shall be transferred to the North  
14 Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the  
15 Program and for administrative and operating expenses of the Association  
16 and its staff.
- 17 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be  
18 allocated to the Division of Adult Correction for its administrative and  
19 operating expenses for the Program.  
20

#### 21 **WESTERN YOUTH INSTITUTION ASSET REPORT**

22 **SECTION 16C.6.** The Department of Public Safety (DPS) shall make every effort  
23 to ensure that equipment and other State resources in buildings that are scheduled for  
24 demolition or otherwise not being used are recovered for use elsewhere. DPS shall report by  
25 March 1, 2018, on assets salvaged from the Western Youth Institution prior to demolition. The  
26 report shall include the type of asset salvaged, the estimated value of the asset, where it was  
27 used, and the savings associated with relocating the asset to another facility.  
28

#### 29 **ELIMINATE OBSOLETE PILOT PROGRAM**

30 **SECTION 16C.7.** G.S. 143B-706 is repealed.  
31

#### 32 **DOT CONTRACT FOR INMATE LITTER CREW**

33 **SECTION 16C.8.** After the issuance of a request for information (RFI) and receipt  
34 of bids by the Department of Transportation for litter pickup on State highways and roads, the  
35 Department of Transportation shall first offer the contract to the Division of Adult Correction  
36 upon the same terms and conditions as the most favorable bid received by the Department of  
37 Transportation from a suitable contractor. The Division of Adult Correction shall have 30 days  
38 to accept or decline the offered contract.  
39

#### 40 **STATE REENTRY COUNCIL COLLABORATIVE**

41 **SECTION 16C.10.** Part 1 of Article 13 of Chapter 143B of the General Statutes is  
42 amended by adding a new section to read:

##### 43 **"§ 143B-604. State Reentry Council Collaborative.**

44 (a) The Secretary shall establish the State Reentry Council Collaborative (SRCC). The  
45 SRCC shall include up to two representatives from each of the following:

- 46 (1) The Division of Motor Vehicles.
- 47 (2) The Department of Health and Human Services.
- 48 (3) The Administrative Office of the Courts.
- 49 (4) The North Carolina Community College System.
- 50 (5) The Division of Adult Correction of the Department of Public Safety.
- 51 (6) A nonprofit entity that provides reentry services or reentry programs.

1           (7)    Any other agency that the Secretary deems relevant.

2           (b)    The Secretary, or the Secretary's designee, shall chair the SRCC which shall meet at  
3 least quarterly upon the call of the chair. The SRCC shall study the needs of ex-offenders who  
4 have been recently released from a correctional institution and to increase the effectiveness of  
5 local reentry councils.

6           (c)    Beginning November 1, 2017, and annually thereafter, the SRCC shall report its  
7 findings and recommendations to the Joint Legislative Oversight Committee on Justice and  
8 Public Safety."

9  
10 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND**  
11 **EQUIPMENT PURCHASES SECTIONS**

12           **SECTION 16C.11.** Notwithstanding the provisions of G.S. 148-65.7, fees  
13 collected for the Interstate Compact Fund during the 2017-2019 fiscal biennium may be used  
14 by the Division of Adult Correction of the Department of Public Safety during the 2017-2019  
15 fiscal biennium to provide training programs and equipment purchases for the Section of  
16 Community Corrections, but only to the extent sufficient funds remain available in the Fund to  
17 support the mission of the Interstate Compact Program.

18  
19 **STUDY INMATE HEALTH INFORMATION EXCHANGE SOFTWARE**

20           **SECTION 16C.11A.** The Department of Public Safety, in collaboration with the  
21 Department of Health and Human Services, shall study the feasibility of the State acquiring and  
22 implementing an inmate health information exchange program to allow for the secure and  
23 effective transfer of pertinent medical information on an inmate, including the ability to upload  
24 and transmit test results, so that the need for replication of tests is either minimized or  
25 eliminated. The Departments shall report their findings and recommendations, including any  
26 legislative proposals, to the Joint Legislative Committees on Justice and Public Safety and  
27 Health and Human Services by February 1, 2018.

28  
29 **NURSE STAFFING AT STATE PRISONS/PLAN TO ATTRACT AND RETAIN**

30           **SECTION 16C.11B.(a)** The Department of Public Safety shall report the  
31 following information to the Joint Legislative Oversight Committee on Justice and Public  
32 Safety by December 1, 2017:

33           (1)    The total number of permanent nursing positions allocated to the  
34 Department, the number of filled positions, the number of positions that  
35 have been vacant for more than six months, and information regarding the  
36 location of both filled and vacant positions.

37           (2)    The extent to which temporary contract services are being used to staff  
38 vacant nursing positions, the method for funding the contract services, and  
39 any cost differences between the use of permanent employees versus  
40 contract employees.

41           (3)    Any other information the Secretary deems relevant.

42           **SECTION 16C.11B.(b)** The Department of Public Safety, in conjunction with the  
43 Office of State Human Resources, shall develop a plan to (i) reduce the use of contract services  
44 to provide nursing in State prisons and (ii) attract and retain qualified nurses for employment in  
45 permanent positions in State prisons. The plan shall take into consideration market comparisons  
46 of salary and retention for nurses employed in private sector locations that are the same or  
47 similar to existing prison locations. The Department shall report its findings and  
48 recommendations to the Joint Legislative Oversight Committee on Justice and Public Safety by  
49 December 1, 2017.

50  
51 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

1           **SECTION 16C.11C.** No later than February 1, 2018, the Department of Public  
2 Safety, Division of Adult Correction, shall report to the Joint Legislative Oversight Committee  
3 on Justice and Public Safety the following information for the last five fiscal years regarding  
4 Division employees working in State prisons:

- 5           (1) The number of Division employees charged with the commission of a  
6 criminal offense committed in a State prison and during the employee's work  
7 hours. The information shall be provided by State facility and shall specify  
8 the offense charged and the outcome of the charge.
- 9           (2) The number of employees disciplined, demoted, or separated from service  
10 due to personal misconduct. To the extent it does not disclose confidential  
11 personnel records, the information shall be organized by type of misconduct,  
12 nature of corrective action taken, and outcome of the corrective action.
- 13           (3) The hiring and screening process, including any required credentials or  
14 skills, criminal background checks, and personality assessments. The  
15 information shall also include the process the Division uses to verify the  
16 information provided by an applicant.
- 17           (4) The average number of days between assignment of a correctional officer to  
18 a prison and the completion of Correctional Officer Basic Training.
- 19           (5) The methods used to prevent delivery of contraband items to prisoners,  
20 including illegal drugs and mobile phones, and an evaluation or summary of  
21 the effectiveness of the methods.

#### 22 23 **EXTEND REENTRY COUNCIL CONTRACTS**

24           **SECTION 16C.11D.** For the 2017-2018 fiscal year, the Department of Public  
25 Safety may use existing Treatment for Effective Community Supervision funds to continue  
26 support for Local Reentry Councils in the following five pilot sites:

- 27           (1) Hoke/Scotland/Robeson Counties – Robeson County Manager's Office.
- 28           (2) Nash/Edgecombe/Wilson Counties – NC Community Action Association.
- 29           (3) Pitt County – Life of NC, Inc., dba STRIVE.
- 30           (4) Buncombe County – Buncombe County Health & Human Services/RHA.
- 31           (5) Mecklenburg County – Mecklenburg Criminal Justice Services,  
32 Mecklenburg County Manager's Office.

#### 33 34 **LINCOLN CORRECTIONAL CENTER FEASIBILITY STUDY**

35           **SECTION 16C.12.** The Department of Public Safety (DPS) shall study the  
36 feasibility of closing the Lincoln Correctional Center. DPS shall report to the Joint Legislative  
37 Oversight Committee on Justice and Public Safety by March 1, 2018, on the findings of the  
38 study. If DPS finds the facility should be closed, it shall include in the report plans for  
39 relocating the inmates and transferring the custody and program staff and the costs of closing  
40 the facility.

#### 41 42 **SUBPART XVI-D. DIVISION OF JUVENILE JUSTICE**

#### 43 44 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

45           **SECTION 16D.1.(a)** Funds appropriated in this act to the Department of Public  
46 Safety for the 2017-2019 fiscal biennium for community program contracts that are not  
47 required for or used for community program contracts may be used only for the following:

- 48           (1) Other statewide residential programs that provide Level 2 intermediate  
49 dispositional alternatives for juveniles.
- 50           (2) Statewide community programs that provide Level 2 intermediate  
51 dispositional alternatives for juveniles.

1 (3) Regional programs that are collaboratives of two or more Juvenile Crime  
2 Prevention Councils which provide Level 2 intermediate dispositional  
3 alternatives for juveniles.

4 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2  
5 intermediate dispositional alternatives for juveniles listed in  
6 G.S. 7B-2506(13) through (23).

7 **SECTION 16D.1.(b)** Funds appropriated by this act to the Department of Public  
8 Safety for the 2017-2019 fiscal biennium for community programs may not be used for  
9 staffing, operations, maintenance, or any other expenses of youth development centers or  
10 detention facilities.

11 **SECTION 16D.1.(c)** The Department of Public Safety shall submit an electronic  
12 report by October 1 of each year of the 2017-2019 fiscal biennium on all expenditures made in  
13 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs  
14 of the House of Representatives Appropriations Committee on Justice and Public Safety and  
15 the Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research  
16 Division. The report shall include all of the following: an itemized list of the contracts that have  
17 been executed, the amount of each contract, the date the contract was executed, the purpose of  
18 the contract, the number of juveniles that will be served and the manner in which they will be  
19 served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an  
20 itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention  
21 Council fund.

## 22 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

23 **SECTION 16D.2.** Funds appropriated in this act to the Department of Public  
24 Safety for each fiscal year of the 2017-2019 fiscal biennium may be used as matching funds for  
25 the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile  
26 Accountability Incentive Block Grants or a notice of funds to be awarded, the Office of State  
27 Budget and Management and the Governor's Crime Commission shall consult with the  
28 Department of Public Safety regarding the criteria for awarding federal funds. The Office of  
29 State Budget and Management, the Governor's Crime Commission, and the Department of  
30 Public Safety shall report to the chairs of the House of Representatives Appropriations  
31 Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice  
32 and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety  
33 prior to allocation of the federal funds. The report shall identify the amount of funds to be  
34 received for the 2017-2018 fiscal year, the amount of funds anticipated for the 2018-2019 fiscal  
35 year, and the allocation of funds by program and purpose.

## 36 **JUVENILE CRIME PREVENTION COUNCIL FUNDS**

37 **SECTION 16D.3.** G.S. 143B-852(a) reads as rewritten:

38 (a) On or before February 1 of each year, the Department of Public Safety shall submit  
39 to the Chairs of the Joint Legislative ~~Commission on Governmental Operations Oversight~~  
40 Committee on Justice and Public Safety and the Chairs of the ~~Senate and House of~~  
41 Representatives Appropriations Subcommittees Committee on Justice and Public Safety and the  
42 Senate Appropriations Committee on Justice and Public Safety a list of the recipients of the  
43 grants awarded, or preapproved for award, from funds appropriated to the Department for local  
44 Juvenile Crime Prevention Council (JCPC) grants, including the following information:

45 (1) The amount of the grant awarded.

46 (2) The membership of the local committee or council administering the award  
47 funds on the local level.

48 (3) The type of program funded.  
49  
50

- (4) A short description of the local services, programs, or projects that will receive funds.
- (5) Identification of any programs that received grant funds at one time but for which funding has been eliminated by the Department.
- (6) The number of at-risk, diverted, and adjudicated juveniles served by each county.
- (7) The Department's actions to ensure that county JCPCs prioritize funding for dispositions of intermediate and community-level sanctions for court-adjudicated juveniles under minimum standards adopted by the Department.
- (8) The total cost for each funded program, including the cost per juvenile and the essential elements of the program."

**JUVENILE JUSTICE REINVESTMENT ACT**

**INCREASE THE AGE OF JUVENILE JURISDICTION, EXCEPT FOR CERTAIN FELONIES**

**SECTION 16D.4.(a)** G.S. 7B-1501 reads as rewritten:

**"§ 7B-1501. Definitions.**

In this Subchapter, unless the context clearly requires otherwise, the following words have the listed meanings. The singular includes the plural, unless otherwise specified.

- ...
  - (7) Delinquent juvenile. –
    - a. Any juvenile who, while less than 16 years of age but at least 6 years of age, commits a crime or infraction under State law or under an ordinance of local government, including violation of the motor vehicle laws, or who commits indirect contempt by a juvenile as defined in G.S. 5A-31.
    - b. Any juvenile who, while less than 18 years of age but at least 16 years of age, commits a crime or an infraction under State law or under an ordinance of local government, excluding violation of the motor vehicle laws, or who commits indirect contempt by a juvenile as defined in G.S. 5A-31.

...
 

- (27a) Victim. – Any individual or entity against whom a crime or infraction is alleged to have been committed by a juvenile based on reasonable grounds that the alleged facts are true. For purposes of Article 17 of this Chapter, the term may also include a parent, guardian, or custodian of a victim under the age of 18 years of age.

...."

**SECTION 16D.4.(b)** G.S. 7B-1601 reads as rewritten:

**"§ 7B-1601. Jurisdiction over delinquent juveniles.**

(a) The court has exclusive, original jurisdiction over any case involving a juvenile who is alleged to be delinquent. For purposes of determining jurisdiction, the age of the juvenile at the time of the alleged offense governs.

(b) When the court obtains jurisdiction over a juvenile alleged to be ~~delinquent~~, delinquent for an offense committed prior to the juvenile reaching the age of 16 years, jurisdiction shall continue until terminated by order of the court or until the juvenile reaches the age of 18 years, except as provided otherwise in this Article.

(b1) When the court obtains jurisdiction over a juvenile alleged to be delinquent for an offense committed while the juvenile was at least 16 years of age but less than 17 years of age,

1 jurisdiction shall continue until terminated by order of the court or until the juvenile reaches the  
2 age of 19 years. If the offense was committed while the juvenile was at least 17 years of age,  
3 jurisdiction shall continue until terminated by order of the court or until the juvenile reaches the  
4 age of 20 years.

5 (c) When delinquency proceedings for a juvenile alleged to be delinquent for an offense  
6 committed prior to the juvenile reaching the age of 16 years cannot be concluded before the  
7 juvenile reaches the age of 18 years, the court retains jurisdiction for the sole purpose of  
8 conducting proceedings pursuant to Article 22 of this Chapter and either transferring the case to  
9 superior court for trial as an adult or dismissing the petition.

10 (c1) When delinquency proceedings for a juvenile alleged to be delinquent for an offense  
11 committed while the juvenile was at least 16 years of age but less than 17 years of age cannot  
12 be concluded before the juvenile reaches the age of 19 years, the court retains jurisdiction for  
13 the sole purpose of conducting proceedings pursuant to Article 22 of this Chapter and either  
14 transferring the case to superior court for trial as an adult or dismissing the petition. When  
15 delinquency proceedings for a juvenile alleged to be delinquent for an offense committed while  
16 the juvenile was at least 17 years of age cannot be concluded before the juvenile reaches the  
17 age of 20 years, the court retains jurisdiction for the sole purpose of conducting proceedings  
18 pursuant to Article 22 of this Chapter and either transferring the case to superior court for trial  
19 as an adult or dismissing the petition.

20 (d) When the court has not obtained jurisdiction over a juvenile before the juvenile  
21 reaches the age of 18, for a felony and any related misdemeanors the juvenile allegedly  
22 committed on or after the juvenile's thirteenth birthday and prior to the juvenile's sixteenth  
23 birthday, the court has jurisdiction for the sole purpose of conducting proceedings pursuant to  
24 Article 22 of this Chapter and either transferring the case to superior court for trial as an adult  
25 or dismissing the petition.

26 (d1) When the court has not obtained jurisdiction over a juvenile before the juvenile  
27 reaches the age of 19, for a felony and related misdemeanors the juvenile allegedly committed  
28 while the juvenile was at least 16 years of age but less than 17 years of age, the court has  
29 jurisdiction for the sole purpose of conducting proceedings pursuant to Article 22 of this  
30 Chapter and either transferring the case to superior court for trial as an adult or dismissing the  
31 petition. When the court has not obtained jurisdiction over a juvenile before the juvenile  
32 reaches the age of 20, for a felony and related misdemeanors the juvenile allegedly committed  
33 while the juvenile was at least 17 years of age but less than 18 years of age, the court has  
34 jurisdiction for the sole purpose of conducting proceedings pursuant to Article 22 of this  
35 Chapter and either transferring the case to superior court for trial as an adult or dismissing the  
36 petition.

37 (e) The court has jurisdiction over delinquent juveniles in the custody of the Division  
38 and over proceedings to determine whether a juvenile who is under the post-release supervision  
39 of the juvenile court counselor has violated the terms of the juvenile's post-release supervision.

40 (f) The court has jurisdiction over persons 18 years of age or older who are under the  
41 extended jurisdiction of the juvenile court.

42 (g) The court has jurisdiction over the parent, guardian, or custodian of a juvenile who  
43 is under the jurisdiction of the court pursuant to this section if the parent, guardian, or custodian  
44 has been served with a summons pursuant to G.S. 7B-1805."

45 **SECTION 16D.4.(c)** G.S. 7B-1604 reads as rewritten:

46 **"§ 7B-1604. Limitations on juvenile court jurisdiction.**

47 (a) Any juvenile, including a juvenile who is under the jurisdiction of the court, who  
48 commits a criminal offense on or after the ~~juvenile's sixteenth birthday~~ juvenile has reached the  
49 age of 18 years is subject to prosecution as an adult. A juvenile who is emancipated shall be  
50 prosecuted as an adult for the commission of a criminal offense.

1 (b) A juvenile (i) who is transferred to and convicted in superior court or (ii) who has  
2 previously been convicted in either district or superior court for a felony or a misdemeanor,  
3 including a violation of the motor vehicle laws under State law, shall be prosecuted as an adult  
4 for any criminal offense the juvenile commits after the district or superior court conviction."

5 **SECTION 16D.4.(d)** G.S. 7B-2200 reads as rewritten:

6 "**§ 7B-2200. Transfer of jurisdiction of a juvenile under the age of 16 to superior court.**

7 ~~After~~Except as otherwise provided in G.S. 7B-2200.5, after notice, hearing, and a finding of  
8 probable cause the court may, upon motion of the prosecutor or the juvenile's attorney or upon  
9 its own motion, transfer jurisdiction over a juvenile to superior court if the juvenile was at least  
10 13 years of age or older but less than 16 years of age at the time the juvenile allegedly  
11 committed an offense that would be a felony if committed by an adult. If the alleged felony  
12 constitutes a Class A felony and the court finds probable cause, the court shall transfer the case  
13 to the superior court for trial as in the case of adults."

14 **SECTION 16D.4.(e)** Article 22 of Chapter 7B of the General Statutes is amended  
15 by adding a new section to read:

16 "**§ 7B-2200.5. Transfer of jurisdiction of a juvenile at least 16 years of age to superior**  
17 **court.**

18 (a) If a juvenile was 16 years of age or older at the time the juvenile allegedly  
19 committed an offense that would be a Class A, B1, B2, C, D, E, F, or G felony if committed by  
20 an adult, the court shall transfer jurisdiction over the juvenile to superior court for trial as in the  
21 case of adults after either of the following:

22 (1) Notice to the juvenile and a finding by the court that a bill of indictment has  
23 been returned against the juvenile charging the commission of an offense  
24 that constitutes a Class A, B1, B2, C, D, F, or G felony if committed by an  
25 adult.

26 (2) Notice, hearing, and a finding of probable cause that the juvenile committed  
27 an offense that constitutes a Class A, B1, B2, C, D, E, F, or G felony if  
28 committed by an adult.

29 (b) If the juvenile was 16 years of age or older at the time the juvenile allegedly  
30 committed an offense that would be a Class H or I felony if committed by an adult, after notice,  
31 hearing, and a finding of probable cause, the court may, upon motion of the prosecutor or the  
32 juvenile's attorney or upon its own motion, transfer jurisdiction over a juvenile to superior court  
33 pursuant to G.S. 7B-2203."

34 **SECTION 16D.4.(f)** G.S. 7B-2202 reads as rewritten:

35 "**§ 7B-2202. Probable cause hearing.**

36 (a) ~~The~~Except as otherwise provided in G.S. 7B-2200.5(a)(1), the court shall conduct a  
37 hearing to determine probable cause in all felony cases in which a juvenile was 13 years of age  
38 or older when the offense was allegedly committed. The hearing shall be conducted within 15  
39 days of the date of the juvenile's first appearance. The court may continue the hearing for good  
40 cause.

41 ...

42 (e) If probable cause is found and transfer to superior court is not required by ~~G.S.~~  
43 ~~7B-2200,~~G.S. 7B-2200 or G.S. 7B-2200.5, upon motion of the prosecutor or the juvenile's  
44 attorney or upon its own motion, the court shall either proceed to a transfer hearing or set a date  
45 for that hearing. If the juvenile has not received notice of the intention to seek transfer at least  
46 five days prior to the probable cause hearing, the court, at the request of the juvenile, shall  
47 continue the transfer hearing.

48 ...."

49 **SECTION 16D.4.(g)** G.S. 7B-2506 reads as rewritten:

50 "**§ 7B-2506. Dispositional alternatives for delinquent juveniles.**

1 The court exercising jurisdiction over a juvenile who has been adjudicated delinquent may  
2 use the following alternatives in accordance with the dispositional structure set forth in  
3 G.S. 7B-2508:

- 4 (1) In the case of any juvenile under the age of 18 years who needs more  
5 adequate care or supervision or who needs placement, the judge may:
- 6 a. Require that a juvenile be supervised in the juvenile's own home by  
7 the department of social services in the juvenile's county, a juvenile  
8 court counselor, or other personnel as may be available to the court,  
9 subject to conditions applicable to the parent, guardian, or custodian  
10 or the juvenile as the judge may specify; or
- 11 b. Place the juvenile in the custody of a parent, guardian, custodian,  
12 relative, private agency offering placement services, or some other  
13 suitable person; or
- 14 c. If the director of the county department of social services has  
15 received notice and an opportunity to be heard, place the juvenile in  
16 the custody of the department of social services in the county of his  
17 residence, or in the case of a juvenile who has legal residence outside  
18 the State, in the physical custody of a department of social services in  
19 the county where the juvenile is found so that agency may return the  
20 juvenile to the responsible authorities in the juvenile's home state. An  
21 order placing a juvenile in the custody or placement responsibility of  
22 a county department of social services shall contain a finding that the  
23 juvenile's continuation in the juvenile's own home would be contrary  
24 to the juvenile's best interest. This placement shall be reviewed in  
25 accordance with G.S. 7B-906.1. The director may, unless otherwise  
26 ordered by the judge, arrange for, provide, or consent to, needed  
27 routine or emergency medical or surgical care or treatment. In the  
28 case where the parent is unknown, unavailable, or unable to act on  
29 behalf of the juvenile or juveniles, the director may, unless otherwise  
30 ordered by the judge, arrange for, provide, or consent to any  
31 psychiatric, psychological, educational, or other remedial evaluations  
32 or treatment for the juvenile placed by a judge or his designee in the  
33 custody or physical custody of a county department of social services  
34 under the authority of this or any other Chapter of the General  
35 Statutes. Prior to exercising this authority, the director shall make  
36 reasonable efforts to obtain consent from a parent, guardian, or  
37 custodian of the affected juvenile. If the director cannot obtain  
38 consent, the director shall promptly notify the parent, guardian, or  
39 custodian that care or treatment has been provided and shall give the  
40 parent, guardian, or custodian frequent status reports on the  
41 circumstances of the juvenile. Upon request of a parent, guardian, or  
42 custodian of the affected juvenile, the results or records of the  
43 aforementioned evaluations, findings, or treatment shall be made  
44 available to the parent, guardian, or custodian by the director unless  
45 prohibited by G.S. 122C-53(d).
- 46 (2) Excuse ~~the~~ a juvenile under the age of 16 years from compliance with the  
47 compulsory school attendance law when the court finds that suitable  
48 alternative plans can be arranged by the family through other community  
49 resources for one of the following:
- 50 a. An education related to the needs or abilities of the juvenile  
51 including vocational education or special education;



- 1                   b.       A suitable plan of supervision or placement; or  
2                   c.       Some other plan that the court finds to be in the best interests of the  
3                   juvenile.  
4                   ...."

5                   **SECTION 16D.4.(h)** G.S. 7B-2507 reads as rewritten:

6                   "**§ 7B-2507. Delinquency history levels.**

7                   (a)       Generally. – The delinquency history level for a delinquent juvenile is determined  
8 by calculating the sum of the points assigned to each of the juvenile's prior adjudications or  
9 convictions and to the juvenile's probation status, if any, that the court finds to have been  
10 proved in accordance with this section. For the purposes of this section, a prior adjudication is  
11 an adjudication of an offense that occurs before the adjudication of the offense before the court.

12                  (b)       Points. – Points are assigned as follows:

13                   (1)       For each prior adjudication of a Class A through E felony offense, 4 points.

14                   (2)       For each prior adjudication of a Class F through I felony offense or Class A1  
15 misdemeanor offense, 2 points.

16                   (2a)       For each prior conviction of a Class A through E felony offense, 4 points.

17                   (2b)       For each prior conviction of a Class F through I felony or Class A1  
18 misdemeanor offense, excluding conviction of the motor vehicle laws, 2  
19 points.

20                   (2c)       For each prior misdemeanor conviction of impaired driving (G.S. 20-138.1),  
21 impaired driving in a commercial vehicle (G.S. 20-138.2), and misdemeanor  
22 death by vehicle (G.S. 20-141.4(a2)), 2 points.

23                   (3)       For each prior adjudication of a Class 1, 2, or 3 misdemeanor offense, 1  
24 point.

25                   (3a)       For each prior conviction of a Class 1, 2, or 3 misdemeanor offense,  
26 excluding conviction for violation of the motor vehicle laws, 1 point.

27                   (4)       If the juvenile was on probation at the time of offense, 2 points.

28                  No points shall be assigned for a prior adjudication that a juvenile is in direct contempt of  
29 court or indirect contempt of court.

30                  (c)       Delinquency History Levels. – The delinquency history levels are:

31                   (1)       Low – No more than 1 point.

32                   (2)       Medium – At least 2, but not more than 3 points.

33                   (3)       High – At least 4 points.

34                  In determining the delinquency history level, the classification of a prior offense is the  
35 classification assigned to that offense at the time the juvenile committed the offense for which  
36 disposition is being ordered.

37                  (d)       Multiple Prior Adjudications or Convictions Obtained in One Court Session. – For  
38 purposes of determining the delinquency history level, if a juvenile is adjudicated delinquent or  
39 convicted for more than one offense in a single session of district court, court or more than one  
40 offense in a single superior court during one calendar week, only the adjudication or conviction  
41 for the offense with the highest point total is used.

42                  (e)       Classification of Prior Adjudications or Convictions From Other Jurisdictions. –  
43 Except as otherwise provided in this subsection, an adjudication or conviction occurring in a  
44 jurisdiction other than North Carolina is classified as a Class I felony if the jurisdiction in  
45 which the offense occurred classifies the offense as a felony, or is classified as a Class 3  
46 misdemeanor if the jurisdiction in which the offense occurred classifies the offense as a  
47 misdemeanor. If the juvenile proves by the preponderance of the evidence that an offense  
48 classified as a felony in the other jurisdiction is substantially similar to an offense that is a  
49 misdemeanor in North Carolina, the adjudication or conviction is treated as that class of  
50 misdemeanor for assigning delinquency history level points. If the State proves by the  
51 preponderance of the evidence that an offense classified as either a misdemeanor or a felony in

1 the other jurisdiction is substantially similar to an offense in North Carolina that is classified as  
2 a Class I felony or higher, the adjudication or conviction is treated as that class of felony for  
3 assigning delinquency history level points. If the State proves by the preponderance of the  
4 evidence that an offense classified as a misdemeanor in the other jurisdiction is substantially  
5 similar to an offense classified as a Class A1 misdemeanor in North Carolina, the adjudication  
6 or conviction is treated as a Class A1 misdemeanor for assigning delinquency history level  
7 points.

8 (f) ~~Proof of Prior Adjudications.~~ Adjudications or Convictions. – A prior adjudication or  
9 conviction shall be proved by any of the following methods:

10 (1) Stipulation of the parties.

11 (2) An original or copy of the court record of the prior ~~adjudication.~~ adjudication  
12 or conviction.

13 (3) A copy of records maintained by the Department of Public Safety or by the  
14 Division.

15 (4) Any other method found by the court to be reliable.

16 The State bears the burden of proving, by a preponderance of the evidence, that a prior  
17 adjudication or conviction exists and that the juvenile before the court is the same person as the  
18 juvenile named in the prior ~~adjudication.~~ adjudication or conviction. The original or a copy of  
19 the court records or a copy of the records maintained by the Department of Public Safety or of  
20 the Division, bearing the same name as that by which the juvenile is charged, is prima facie  
21 evidence that the juvenile named is the same person as the juvenile before the court, and that  
22 the facts set out in the record are true. For purposes of this subsection, "a copy" includes a  
23 paper writing containing a reproduction of a record maintained electronically on a computer or  
24 other data processing equipment, and a document produced by a facsimile machine. The  
25 prosecutor shall make all feasible efforts to obtain and present to the court the juvenile's full  
26 record. Evidence presented by either party at trial may be utilized to prove prior  
27 ~~adjudications.~~ adjudications or convictions. If asked by the juvenile, the prosecutor shall furnish  
28 the juvenile's prior adjudications or convictions to the juvenile within a reasonable time  
29 sufficient to allow the juvenile to determine if the record available to the prosecutor is  
30 accurate."

31 **SECTION 16D.4.(i)** G.S. 7B-2513(a) reads as rewritten:

32 "(a) Pursuant to G.S. 7B-2506 and G.S. 7B-2508, the court may commit a delinquent  
33 juvenile who is at least 10 years of age to the Division for placement in a youth development  
34 center. Commitment shall be for an indefinite term of at least six months.

35 (a1) ~~In no event shall~~ For an offense the juvenile committed prior to reaching the age of  
36 16 years, the term shall not exceed:

37 (1) The twenty-first birthday of the juvenile if the juvenile has been committed  
38 to the Division for an offense that would be first-degree murder pursuant to  
39 G.S. 14-17, first-degree forcible rape pursuant to G.S. 14-27.21, first-degree  
40 statutory rape pursuant to G.S. 14-27.24, first-degree forcible sexual offense  
41 pursuant to G.S. 14-27.26, or first-degree statutory sexual offense pursuant  
42 to G.S. 14-27.29 if committed by an adult;

43 (2) The nineteenth birthday of the juvenile if the juvenile has been committed to  
44 the Division for an offense that would be a Class B1, B2, C, D, or E felony if  
45 committed by an adult, other than an offense set forth in subdivision (1) of  
46 this subsection; or

47 (3) The eighteenth birthday of the juvenile if the juvenile has been committed to  
48 the Division for an offense other than an offense that would be a Class A,  
49 B1, B2, C, D, or E felony if committed by an adult.

50 (a2) For an offense the juvenile committed while the juvenile was at least 16 years of age  
51 but less than 17 years of age, the term shall not exceed the juvenile's nineteenth birthday.

1       (a3) For an offense the juvenile committed while the juvenile was at least 17 years of  
2 age, the term shall not exceed the juvenile's twentieth birthday.

3       (a4) No juvenile shall be committed to a youth development center beyond the minimum  
4 six-month commitment for a period of time in excess of the maximum term of imprisonment  
5 for which an adult in prior record level VI for felonies or in prior conviction level III for  
6 misdemeanors could be sentenced for the same offense, except when the Division pursuant to  
7 G.S. 7B-2515 determines that the juvenile's commitment needs to be continued for an  
8 additional period of time to continue care or treatment under the plan of care or treatment  
9 developed under subsection (f) of this section. At the time of commitment to a youth  
10 development center, the court shall determine the maximum period of time the juvenile may  
11 remain committed before a determination must be made by the Division pursuant to  
12 G.S. 7B-2515 and shall notify the juvenile of that determination."

13               **SECTION 16D.4.(j)** G.S. 7B-2515 reads as rewritten:

14 **"§ 7B-2515. Notification of extended commitment; plan of treatment.**

15       (a) In determining whether a juvenile who was committed to the Division for an offense  
16 that was committed prior to the juvenile reaching the age of 16 years should be released before  
17 the juvenile's 18th birthday, the Division shall consider the protection of the public and the  
18 likelihood that continued placement will lead to further rehabilitation. If the Division does not  
19 intend to release the juvenile prior to the juvenile's eighteenth birthday, or if the Division  
20 determines that the juvenile's commitment should be continued beyond the maximum  
21 commitment period as set forth in ~~G.S. 7B-2513(a)~~, G.S. 7B-2513(a4), the Division shall notify  
22 the juvenile and the juvenile's parent, guardian, or custodian in writing at least 30 days in  
23 advance of the juvenile's eighteenth birthday or the end of the maximum commitment period,  
24 of the additional specific commitment period proposed by the Division, the basis for extending  
25 the commitment period, and the plan for future care or treatment.

26       (a1) In determining whether a juvenile who was committed to the Division for an offense  
27 that was committed while the juvenile was at least 16 years of age but less than 17 years of age  
28 should be released before the juvenile's nineteenth birthday, the Division shall consider the  
29 protection of the public and the likelihood that continued placement will lead to further  
30 rehabilitation. If the Division does not intend to release the juvenile prior to the juvenile's  
31 nineteenth birthday, or if the Division determines that the juvenile's commitment should be  
32 continued beyond the maximum commitment period as set forth in G.S. 7B-2513(a4), the  
33 Division shall notify the juvenile and the juvenile's parent, guardian, or custodian in writing, at  
34 least 30 days in advance of the juvenile's nineteenth birthday or the end of the maximum  
35 commitment period, of the additional specific commitment period proposed by the Division,  
36 the basis for extending the commitment period, and the plan for future care or treatment.

37       (a2) In determining whether a juvenile who was committed to the Division for an offense  
38 that was committed while the juvenile was at least 17 years of age but less than 18 years of age  
39 should be released before the juvenile's twentieth birthday, the Division shall consider the  
40 protection of the public and the likelihood that continued placement will lead to further  
41 rehabilitation. If the Division does not intend to release the juvenile prior to the juvenile's  
42 twentieth birthday, or if the Division determines that the juvenile's commitment should be  
43 continued beyond the maximum commitment period as set forth in G.S. 7B-2513(a4), the  
44 Division shall notify the juvenile and the juvenile's parent, guardian, or custodian in writing, at  
45 least 30 days in advance of the juvenile's twentieth birthday or the end of the maximum  
46 commitment period, of the additional specific commitment period proposed by the Division,  
47 the basis for extending the commitment period, and the plan for future care or treatment.

48       (b) The Division shall modify the plan of care or treatment developed pursuant to  
49 G.S. 7B-2513(f) to specify (i) the specific goals and outcomes that require additional time for  
50 care or treatment of the juvenile; (ii) the specific course of treatment or care that will be  
51 implemented to achieve the established goals and outcomes; and (iii) the efforts that will be

1 taken to assist the juvenile's family in creating an environment that will increase the likelihood  
2 that the efforts to treat and rehabilitate the juvenile will be successful upon release. If  
3 appropriate, the Division may place the juvenile in a setting other than a youth development  
4 center.

5 (c) The juvenile and the juvenile's parent, guardian, or custodian may request a review  
6 by the court of the Division's decision to extend the juvenile's commitment ~~beyond the~~  
7 ~~juvenile's eighteenth birthday or maximum commitment period, pursuant to this section,~~ in  
8 which case the court shall conduct a review hearing. The court may modify the Division's  
9 decision and the juvenile's maximum commitment period. If the juvenile or the juvenile's  
10 parent, guardian, or custodian does not request a review of the Division's decision, the  
11 Division's decision shall become the juvenile's new maximum commitment period."

12 **SECTION 16D.4.(k)** G.S. 7B-2603(b) reads as rewritten:

13 "(b) Once an order of transfer has been entered by the district court, the juvenile has the  
14 right to be considered for pretrial release as provided in G.S. 15A-533 and G.S. 15A-534. ~~The~~  
15 ~~release order shall specify the person or persons to whom the juvenile may be released. Pending~~  
16 ~~release, the court shall order that the juvenile be detained in a detention facility while awaiting~~  
17 ~~trial. The court may order the juvenile to be held in a holdover facility as defined by G.S.~~  
18 ~~7B-1501 at any time the presence of the juvenile is required in court for pretrial hearings or~~  
19 ~~trial, if the court finds that it would be inconvenient to return the juvenile to the detention~~  
20 ~~facility. Any detention of the juvenile pending release shall be in accordance with~~  
21 ~~G.S. 7B-2204."~~

22 **SECTION 16D.4.(l)** G.S. 7B-3101(a)(2) reads as rewritten:

23 "(2) The court transfers jurisdiction over a juvenile to superior court under  
24 G.S. 7B-2200.5 or G.S. 7B-2200;"

25 **SECTION 16D.4.(m)** G.S. 5A-31(a) reads as rewritten:

26 "(a) Each of the following, when done by an unemancipated minor who (i) is at least six  
27 years of age, (ii) is not yet ~~16~~18 years of age, and (iii) has not been convicted of any crime in  
28 superior court, is contempt by a juvenile:

29 "...."

30 **SECTION 16D.4.(n)** G.S. 5A-34(b) reads as rewritten:

31 "(b) The provisions of Article 1 and Article 2 of this Chapter apply to acts or omissions  
32 by a minor who:

33 ~~(1) Is 16 years of age or older;~~

34 (2) Is married or otherwise emancipated; or

35 (3) Before the act or omission, was convicted in superior court of any criminal  
36 offense."

37 **SECTION 16D.4.(o)** G.S. 14-208.6B reads as rewritten:

38 "**§ 14-208.6B. Registration requirements for juveniles transferred to and convicted in**  
39 **superior court.**

40 A juvenile transferred to superior court pursuant to G.S. 7B-2200 or G.S. 7B-2200.5 who is  
41 convicted of a sexually violent offense or an offense against a minor as defined in  
42 G.S. 14-208.6 shall register in person in accordance with this Article just as an adult convicted  
43 of the same offense must register."

44 **SECTION 16D.4.(p)** G.S. 14-316.1 reads as rewritten:

45 "**§ 14-316.1. Contributing to delinquency and neglect by parents and others.**

46 Any person who is at least ~~16~~18 years old who knowingly or willfully causes, encourages,  
47 or aids any juvenile within the jurisdiction of the court to be in a place or condition, or to  
48 commit an act whereby the juvenile could be adjudicated delinquent, undisciplined, abused, or  
49 neglected as defined by G.S. 7B-101 and G.S. 7B-1501 shall be guilty of a Class 1  
50 misdemeanor.

1 It is not necessary for the district court exercising juvenile jurisdiction to make an  
2 adjudication that any juvenile is delinquent, undisciplined, abused, or neglected in order to  
3 prosecute a parent or any person, including an employee of the Division of Juvenile Justice of  
4 the Department of Public Safety under this section. An adjudication that a juvenile is  
5 delinquent, undisciplined, abused, or neglected shall not preclude a subsequent prosecution of a  
6 parent or any other person including an employee of the Division of Juvenile Justice of the  
7 Department of Public Safety, who contributes to the delinquent, undisciplined, abused, or  
8 neglected condition of any juvenile."

9 **SECTION 16D.4.(q)** G.S. 115C-404(a) reads as rewritten:

10 "(a) Written notifications received in accordance with G.S. 7B-3101 and information  
11 gained from examination of juvenile records in accordance with G.S. 7B-3100 are confidential  
12 records, are not public records as defined under G.S. 132-1, and shall not be made part of the  
13 student's official record under G.S. 115C-402. Immediately upon receipt, the principal shall  
14 maintain these documents in a safe, locked record storage that is separate from the student's  
15 other school records. The principal shall shred, burn, or otherwise destroy documents received  
16 in accordance with G.S. 7B-3100 to protect the confidentiality of the information when the  
17 principal receives notification that the court dismissed the petition under G.S. 7B-2411, the  
18 court transferred jurisdiction over the student to superior court under G.S. 7B-2200.5 or  
19 G.S. 7B-2200, or the court granted the student's petition for expunction of the records. The  
20 principal shall shred, burn, or otherwise destroy all information gained from examination of  
21 juvenile records in accordance with G.S. 7B-3100 when the principal finds that the school no  
22 longer needs the information to protect the safety of or to improve the educational opportunities  
23 for the student or others. In no case shall the principal make a copy of these documents."

24 **SECTION 16D.4.(r)** G.S. 143B-805(6) reads as rewritten:

25 "(6) Delinquent juvenile. –

26 a. Any juvenile who, while less than 16 years of age but at least 6 years  
27 of age, commits a crime or infraction under State law or under an  
28 ordinance of local government, including violation of the motor  
29 vehicle laws-laws, or who commits indirect contempt by a juvenile as  
30 defined in G.S. 5A-31.

31 b. Any juvenile who, while less than 18 years of age but at least 16  
32 years of age, commits a crime or an infraction under State law or  
33 under an ordinance of local government, excluding violation of the  
34 motor vehicle laws, or who commits indirect contempt by a juvenile  
35 as defined in G.S. 5A-31."

36 **SECTION 16D.4.(s)** G.S. 143B-806(b) is amended by adding a new subdivision to

37 read:

38 "(20) Provide for the transportation to and from any State or local juvenile facility  
39 of any person under the jurisdiction of the juvenile court for any purpose  
40 required by Chapter 7B of the General Statutes or upon order of the court."

## 41 **VICTIM REQUEST/REVIEW OF DECISION NOT TO FILE A PETITION**

42 **SECTION 16D.4.(t)** G.S. 7B-1703(c) reads as rewritten:

43 "(c) If the juvenile court counselor determines that a petition should not be filed, the  
44 juvenile court counselor shall notify the complainant and the victim, if the complainant is not  
45 the victim, immediately in writing with specific reasons for the decision~~decision~~, whether or  
46 not legal sufficiency was found, and whether the matter was closed or diverted and retained,  
47 and shall include notice of the complainant's and victim's right to have the decision reviewed by  
48 the prosecutor. The juvenile court counselor shall sign the complaint after indicating on it:

- 49 (1) The date of the determination;  
50 (2) The words "Not Approved for Filing"; and  
51

1 (3) Whether the matter is "Closed" or "Diverted and Retained".

2 Except as provided in G.S. 7B-1706, any complaint not approved for filing as a juvenile  
3 petition shall be destroyed by the juvenile court counselor after holding the complaint for a  
4 temporary period to allow review as provided in G.S. 7B-1705."

5 **SECTION 16D.4.(u)** G.S. 7B-1704 reads as rewritten:

6 "**§ 7B-1704. Request for review by prosecutor.**

7 The complainant ~~has~~ and the victim have five calendar days, from receipt of the juvenile  
8 court counselor's decision not to approve the filing of a petition, to request review by the  
9 prosecutor. The juvenile court counselor shall notify the prosecutor immediately of such  
10 request and shall transmit to the prosecutor a copy of the complaint. The prosecutor shall notify  
11 the ~~complainant~~ complainant, the victim, and the juvenile court counselor of the time and place  
12 for the review."

13 **SECTION 16D.4.(v)** G.S. 7B-1705 reads as rewritten:

14 "**§ 7B-1705. Review of determination that petition should not be filed.**

15 No later than 20 days after the complainant ~~is~~ and the victim are notified, the prosecutor  
16 shall review the juvenile court counselor's determination that a juvenile petition should not be  
17 filed. Review shall include conferences with the ~~complainant~~ complainant, the victim, and the  
18 juvenile court counselor. At the conclusion of the review, the prosecutor shall: (i) affirm the  
19 decision of the juvenile court counselor or direct the filing of a petition and (ii) notify the  
20 complainant and the victim of the prosecutor's action."

21 **SECTION 16D.4.(w)** G.S. 143B-806(b) is amended by adding a new subdivision  
22 to read:

23 "(14a) Develop and administer a system to provide information to victims and  
24 complainants regarding the status of pending complaints and the right of a  
25 complainant and victim to request review under G.S. 7B-1704 of a decision  
26 to not file a petition."

27  
28 **INCREASE INFORMATION AVAILABLE ON JUVENILES TO LAW**  
29 **ENFORCEMENT AND FOR COURT PROCEEDINGS**

30 **SECTION 16D.4.(x)** G.S. 7B-3001 reads as rewritten:

31 "**§ 7B-3001. Other records relating to juveniles.**

32 (a) The chief court counselor shall maintain a record of all cases of juveniles under  
33 supervision of juvenile court counselors, to be known as the juvenile court counselor's record.  
34 The juvenile court counselor's record shall include the juvenile's delinquency record;  
35 consultations with law enforcement that did not result in the filing of a complaint; family  
36 background information; reports of social, medical, psychiatric, or psychological information  
37 concerning a juvenile or the juvenile's family; probation reports; interviews with the juvenile's  
38 family; or other information the court finds should be protected from public inspection in the  
39 best interests of the juvenile.

40 (a1) To assist at the time of investigation of an incident that could result in the filing of a  
41 complaint, upon request, a juvenile court counselor shall share with a law enforcement officer  
42 sworn in this State information from the juvenile court counselor's record related to a juvenile's  
43 delinquency record or prior consultations with law enforcement. A law enforcement officer  
44 may not obtain copies of any part of the record, and all information shared pursuant to this  
45 subsection shall be withheld from public inspection as provided in subsection (b) of this  
46 section.

47 (b) Unless jurisdiction of the juvenile has been transferred to superior court, all law  
48 enforcement records and files concerning a juvenile shall be kept separate from the records and  
49 files of adults and shall be withheld from public inspection. The following persons may  
50 examine and obtain copies of law enforcement records and files concerning a juvenile without  
51 an order of the court:

- 1 (1) The juvenile or the juvenile's attorney;
- 2 (2) The juvenile's parent, guardian, custodian, or the authorized representative of
- 3 the juvenile's parent, guardian, or custodian;
- 4 (3) The prosecutor;
- 5 (4) Juvenile court counselors; and
- 6 (5) Law enforcement officers sworn in this State.

7 Otherwise, the records and files may be examined or copied only by order of the court.

8 (c) All records and files maintained by the Division pursuant to this Chapter shall be  
 9 withheld from public inspection. The following persons may examine and obtain copies of the  
 10 Division records and files concerning a juvenile without an order of the court:

- 11 (1) The juvenile and the juvenile's attorney;
- 12 (2) The juvenile's parent, guardian, custodian, or the authorized representative of
- 13 the juvenile's parent, guardian, or custodian;
- 14 (3) Professionals in the agency who are directly involved in the juvenile's case;
- 15 and
- 16 (4) Juvenile court counselors.

17 Otherwise, the records and files may be examined or copied only by order of the court. The  
 18 court may inspect and order the release of records maintained by the Division.

19 (d) When the Section of Community Corrections of the Division of Adult Correction of  
 20 the Department of Public Safety is authorized to access a juvenile record pursuant to  
 21 G.S. 7B-3000(e1), the Division may, at the request of the Section of Community Corrections of  
 22 the Division of Adult Correction, notify the Section of Community Corrections of the Division  
 23 of Adult Correction that there is a juvenile record of an adjudication of delinquency for an  
 24 offense that would be a felony if committed by an adult for a person subject to probation  
 25 supervision under Article 82 of Chapter 15A of the General Statutes and may notify the Section  
 26 of Community Corrections of the Division of Adult Correction of the county or counties where  
 27 the adjudication of delinquency occurred."

28 **SECTION 16D.4.(y)** By July 1, 2018, the Administrative Office of the Courts shall  
 29 expand access to its automated electronic information management system for juvenile courts,  
 30 JWisE, to include prosecutors and attorneys representing juveniles in juvenile court  
 31 proceedings. Access shall be limited to examining electronic records related to juvenile  
 32 delinquency information. Other information contained in JWisE, such as any records pertaining  
 33 to abuse, neglect, and dependency or termination of parental rights, shall not be made available  
 34 to a prosecutor or juvenile's attorney through JWisE.

35 **SECTION 16D.4.(z)** Due to the increased mobility of North Carolina citizens  
 36 across counties, the Administrative Office of the Courts shall develop statewide inquiry access  
 37 for JWisE users that corresponds to access to juvenile court records as authorized under Chapter  
 38 7B of the General Statutes by July 1, 2018.

39  
 40 **SCHOOL-JUSTICE PARTNERSHIPS TO REDUCE SCHOOL-BASED REFERRALS**  
 41 **TO JUVENILE COURTS**

42 **SECTION 16D.4.(aa)** G.S. 7A-343 reads as rewritten:

43 **"§ 7A-343. Duties of Director.**

44 The Director is the Administrative Officer of the Courts, and the Director's duties include  
 45 all of the following:

- 46 ...
- 47 (9g) Prescribe policies and procedures for chief district court judges to establish
- 48 school-justice partnerships with local law enforcement agencies, local
- 49 boards of education, and local school administrative units with the goal of
- 50 reducing in-school arrests, out-of-school suspensions, and expulsions.

51 ...."

**JUVENILE JUSTICE TRAINING FOR LAW ENFORCEMENT OFFICERS**

**SECTION 16D.4.(bb)** G.S. 17C-6(a) reads as rewritten:

**"§ 17C-6. Powers of Commission.**

(a) In addition to powers conferred upon the Commission elsewhere in this Chapter, the Commission shall have the following powers, which shall be enforceable through its rules and regulations, certification procedures, or the provisions of G.S. 17C-10:

- ...
- (2) Establish minimum educational and training standards that must be met in order to qualify for entry level employment and retention as a criminal justice officer in temporary or probationary status or in a permanent position. The standards for entry level employment shall include all of the following:
- a. ~~education~~Education and training in response to, and investigation of, domestic violence cases, as well as training in investigation for evidence-based prosecutions.
  - b. Education and training on juvenile justice issues, including (i) the handling and processing of juvenile matters for referrals, diversion, arrests, and detention; (ii) best practices for handling incidents involving juveniles; (iii) adolescent development and psychology; and (iv) promoting relationship building with youth as a key to delinquency prevention.

- ...
- (14) Establish minimum standards for in-service training for criminal justice officers. In-service training standards shall include all of the following:
- a. ~~training~~Training in response to, and investigation of, domestic violence cases, as well as training investigation for evidence-based prosecutions.
  - b. Training on juvenile justice issues, including (i) the handling and processing of juvenile matters for referrals, diversion, arrests, and detention; (ii) best practices for handling incidents involving juveniles; (iii) adolescent development and psychology; and (iv) promoting relationship building with youth as a key to delinquency prevention.
- (15) Establish minimum standards and levels of training for certification of instructors for the domestic violence training and juvenile justice training required by subdivisions (2) and (14) of this subsection.

...."

**SECTION 16D.4.(cc)** G.S. 17E-4(a) reads as rewritten:

**"§ 17E-4. Powers and duties of the Commission.**

(a) The Commission shall have the following powers, duties, and responsibilities, which are enforceable through its rules and regulations, certification procedures, or the provisions of G.S. 17E-8 and G.S. 17E-9:

- ...
- (2) Establish minimum educational and training standards that may be met in order to qualify for entry level employment as an officer in temporary or probationary status or in a permanent position. The standards for entry level employment of officers shall include all of the following:
- a. ~~training~~Training in response to, and investigation of, domestic violence cases, as well as training in investigation for evidence-based prosecutions. For purposes of the domestic violence training requirement, the term "officers" shall include justice officers as



defined in G.S. 17E-2(3)a., except that the term shall not include "special deputy sheriffs" as defined in ~~G.S. 17E-2(3)a.~~;G.S. 17E-2(3)a.

b. Training on juvenile justice issues, including (i) the handling and processing of juvenile matters for referrals, diversion, arrests, and detention; (ii) best practices for handling incidents involving juveniles; (iii) adolescent development and psychology; and (iv) promoting relationship building with youth as a key to delinquency prevention.

...

(11) Establish minimum standards for in-service training for justice officers. In-service training standards shall include all of the following:

a. ~~training~~Training in response to, and investigation of, domestic violence cases, as well as training in investigation for evidence-based prosecutions. For purposes of the domestic violence training requirement, the term "justice officer" shall include those defined in G.S. 17E-2(3)a., except that the term shall not include "special deputy sheriffs" as defined in ~~G.S. 17E-2(3)a.~~;G.S. 17E-2(3)a.

b. Training on juvenile justice issues, including (i) the handling and processing of juvenile matters for referrals, diversion, arrests, and detention; (ii) best practices for handling incidents involving juveniles; (iii) adolescent development and psychology; and (iv) promoting relationship building with youth as a key to delinquency prevention.

(12) Establish minimum standards and levels of training for certification of instructors for the domestic violence training and juvenile justice training required by subdivisions (2) and (11) of this subsection.

The Commission may certify, and no additional certification shall be required from it, programs, courses and teachers certified by the North Carolina Criminal Justice Education and Training Standards Commission. Where the Commission determines that a program, course, instructor or teacher is required for an area which is unique to the office of sheriff, the Commission may certify such program, course, instructor, or teacher under such standards and procedures as it may establish."

**SECTION 16D.4.(dd)** In developing and implementing the education and training required by subsections (a) and (b) of this section, the North Carolina Criminal Justice Education and Training Standards Commission and the North Carolina Sheriffs' Education and Training Standards Commission shall work with the Division of Adult Correction and Juvenile Justice of the Department of Public Safety.

**JUVENILE GANG SUPPRESSION**

**SECTION 16D.4.(ee)** G.S. 7B-1702 reads as rewritten:

**"§ 7B-1702. Evaluation.**

Upon a finding of legal sufficiency, except in cases involving nondivertible offenses set out in G.S. 7B-1701, the juvenile court counselor shall determine whether a complaint should be filed as a petition, the juvenile diverted pursuant to G.S. 7B-1706, or the case resolved without further action. In making the decision, the counselor shall consider criteria provided by the ~~Department.~~Department and shall conduct a gang assessment. The intake process shall include the following steps if practicable:

- (1) Interviews with the complainant and the victim if someone other than the complainant;
- (2) Interviews with the juvenile and the juvenile's parent, guardian, or custodian;

1 (3) Interviews with persons known to have relevant information about the  
2 juvenile or the juvenile's family.  
3 Interviews required by this section shall be conducted in person unless it is necessary to  
4 conduct them by telephone."

5 **SECTION 16D.4.(ff)** The Division of Adult Correction and Juvenile Justice of the  
6 Department of Public Safety shall develop a gang assessment instrument to be used in  
7 accordance with subsection (ee) of this section. The form shall be developed in consultation  
8 with the administrator of the GangNET database maintained by the North Carolina State  
9 Highway Patrol, and the Division may also consult with other entities that might provide  
10 information relevant to the development of an effective assessment tool.

11 **SECTION 16D.4.(gg)** G.S. 7B-2508 is amended by adding a new subsection to  
12 read:

13 "(g1) Notwithstanding subsection (f) of this section, if a juvenile is adjudicated for an  
14 offense that the court finds was committed as part of criminal gang activity as defined in  
15 G.S. 7B-2508.1, the juvenile shall receive a disposition one level higher than would otherwise  
16 be provided for the class of offense and delinquency history level."

17 **SECTION 16D.4.(hh)** Article 25 of Chapter 7B of the General Statutes is amended  
18 by adding a new section to read:

19 **"§ 7B-2508.1. Criminal gang activity.**

20 The following definitions apply in this Article:

21 (1) Criminal gang. – Any ongoing organization, association, or group of three or  
22 more persons, whether formal or informal, that (i) has as one of its primary  
23 activities the commission of criminal or delinquent acts and (ii) shares a  
24 common name, identification, signs, symbols, tattoos, graffiti, attire, or other  
25 distinguishing characteristics, including common activities, customs, or  
26 behaviors. The term shall not include three or more persons associated in  
27 fact, whether formal or informal, who are not engaged in criminal gang  
28 activity.

29 (2) Criminal gang activity. – The commission of, attempted commission of, or  
30 solicitation, coercion, or intimidation of another person to commit (i) any  
31 offense under Article 5 of Chapter 90 of the General Statutes or (ii) any  
32 offense under Chapter 14 of the General Statutes except Article 9, 22A, 40,  
33 46, or 59 thereof, and further excepting G.S. 14-82, 14-145, 14-183, 14-184,  
34 14-186, 14-190.9, 14-247, 14-248, or 14-313 thereof, and either of the  
35 following conditions is met:

36 a. The offense is committed with the intent to benefit, promote, or  
37 further the interests of a criminal gang or for the purposes of  
38 increasing a person's own standing or position within a criminal  
39 gang.

40 b. The participants in the offense are identified as criminal gang  
41 members acting individually or collectively to further any criminal  
42 purpose of a criminal gang.

43 (3) Criminal gang member. – Any person who meets three or more of the  
44 following criteria:

45 a. The person admits to being a member of a criminal gang.

46 b. The person is identified as a criminal gang member by a reliable  
47 source, including a parent or a guardian.

48 c. The person has been previously involved in criminal gang activity.

49 d. The person has adopted symbols, hand signs, or graffiti associated  
50 with a criminal gang.

- 1           e.     The person has adopted the display of colors or the style of dress  
 2                 associated with a criminal gang.  
 3           f.     The person is in possession of or linked to a criminal gang by  
 4                 physical evidence, including photographs, ledgers, rosters, written or  
 5                 electronic communications, or membership documents.  
 6           g.     The person has tattoos or markings associated with a criminal gang.  
 7           h.     The person has adopted language or terminology associated with a  
 8                 criminal gang.  
 9           i.     The person appears in any form of social media to promote a  
 10                criminal gang."

11           **SECTION 16D.4.(ii)** G.S. 7B-3001(a) reads as rewritten:

12           (a)    The chief court counselor shall maintain a record of all cases of juveniles under  
 13 supervision of juvenile court counselors, to be known as the juvenile court counselor's record.  
 14 The juvenile court counselor's record shall include family background information; reports of  
 15 social, medical, psychiatric, or psychological information concerning a juvenile or the  
 16 juvenile's family; probation reports; interviews with the juvenile's family; the results of the  
 17 gang assessment; or other information the court finds should be protected from public  
 18 inspection in the best interests of the juvenile."

19           **SECTION 16D.4.(jj)** Subsection (ff) of this section is effective when it becomes  
 20 law. The remainder of this Part becomes effective December 1, 2019, and applies to offenses  
 21 committed on or after that date.  
 22

### 23 **ESTABLISH JUVENILE JURISDICTION ADVISORY COMMITTEE**

24           **SECTION 16D.4.(kk)** Advisory Committee Established. – There is established  
 25 within the Division of Adult Correction and Juvenile Justice of the Department of Public Safety  
 26 the Juvenile Jurisdiction Advisory Committee. The Division of Adult Correction and Juvenile  
 27 Justice shall provide professional and clerical staff and other services and supplies, including  
 28 meeting space, as needed for the Advisory Committee to carry out its duties in an effective  
 29 manner.

30           **SECTION 16D.4.(ll)** Membership. – The Advisory Committee shall consist of 21  
 31 members. The following members or their designees shall serve as ex officio members:

- 32           (1)    The Deputy Commissioner for Juvenile Justice of the Division of Adult  
 33                 Correction and Juvenile Justice of the Department of Public Safety.  
 34           (2)    The Director of the Administrative Office of the Courts.  
 35           (3)    The Director of the Division of Mental Health, Developmental Disabilities,  
 36                 and Substance Abuse Services of the Department of Health and Human  
 37                 Services.  
 38           (4)    The Superintendent of Public Instruction.  
 39           (5)    The Juvenile Defender in the Office of Indigent Defense.  
 40           (6)    The Executive Director of the North Carolina Sentencing and Policy  
 41                 Advisory Commission.  
 42           (7)    One representative from the Juvenile Justice Planning Committee of the  
 43                 Governor's Crime Commission.

44           The remaining members shall be appointed as follows:

- 45           (8)    Two chief court counselors appointed by the Governor, one to be from a  
 46                 rural county and one from an urban county.  
 47           (9)    One chief district court judge and one superior court judge appointed by the  
 48                 Chief Justice of the North Carolina Supreme Court.  
 49           (10)   One police chief appointed by the President Pro Tempore of the Senate.  
 50           (11)   One sheriff appointed by the Speaker of the House of Representatives.

- 1 (12) One clerk of superior court appointed by the President Pro Tempore of the  
2 Senate.
- 3 (13) One district attorney appointed by the Speaker of the House of  
4 Representatives.
- 5 (14) One assistant district attorney who handles juvenile matters appointed by the  
6 Conference of District Attorneys.
- 7 (15) One assistant public defender who handles juvenile matters appointed by the  
8 North Carolina Association of Public Defenders.
- 9 (16) Two representatives from the juvenile advocacy community, one appointed  
10 by the President Pro Tempore of the Senate and one appointed by the  
11 Speaker of the House of Representatives.
- 12 (17) Two representatives from the victim advocacy community, one appointed by  
13 the President Pro Tempore of the Senate and one appointed by the Speaker  
14 of the House of Representatives.

15 Appointments to the Advisory Committee shall be made no later than October 1,  
16 2017. A vacancy in the Advisory Committee or a vacancy as chair of the Advisory Committee  
17 resulting from the resignation of a member or otherwise shall be filled in the same manner in  
18 which the original appointment was made.

19 **SECTION 16D.4.(mm)** Chair; Meetings. – The President Pro Tempore of the  
20 Senate and the Speaker of the House of Representatives shall each designate one member to  
21 serve as cochair of the Advisory Committee.

22 The cochairs shall call the initial meeting of the Advisory Committee on or before  
23 November 1, 2017. The Advisory Committee shall subsequently meet upon such notice and in  
24 such manner as its members determine. A majority of the members of the Advisory Committee  
25 shall constitute a quorum.

26 **SECTION 16D.4.(oo)** Cooperation by Government Agencies. – The Advisory  
27 Committee may call upon any department, agency, institution, or officer of the State or any  
28 political subdivision thereof for facilities, data, or other assistance.

29 **SECTION 16D.4.(pp)** Duties of Advisory Committee. – The Advisory Committee  
30 shall develop a specific plan for the implementation of any changes in the juvenile justice  
31 system that would be required in order to extend jurisdiction in delinquency matters and  
32 proceedings to include 16- and 17-year-old persons within the juvenile justice system. The plan  
33 shall include cost estimates for each portion of the plan, including capital costs, operating costs,  
34 and staffing costs. As the expansion of the jurisdiction of the Division of Juvenile Justice to  
35 include persons 16 and 17 years of age who commit crimes or infractions becomes effective  
36 pursuant to this act, the Advisory Committee shall monitor and review the implementation of  
37 the expansion and shall make additional recommendations to the General Assembly as  
38 necessary.

39 **SECTION 16D.4.(qq)** Consultation. – The Advisory Committee shall consult with  
40 appropriate State departments, agencies, and board representatives on issues related to juvenile  
41 justice administration.

42 **SECTION 16D.4.(rr)** Report. – By March 1, 2018, the Advisory Committee shall  
43 submit an interim report to the General Assembly with copies to the Joint Legislative Oversight  
44 Committee on Justice and Public Safety and to the Appropriations Committees on Justice and  
45 Public Safety of both houses containing (i) the specific plan and the cost estimates for capital,  
46 operating, and staffing costs for implementation of this section, including legislative,  
47 administrative, and funding recommendations necessary to implement the increase in juvenile  
48 jurisdiction to include 16- and 17-year-old persons and (ii) cost estimates for capital, operating,  
49 and staffing costs if the implementation of this section was staggered based on age. The interim  
50 report shall also include its findings and recommendations as to whether the extension of

1 jurisdiction in delinquency matters and proceedings should include juveniles who commit the  
2 following offenses:

- 3 (1) Habitual misdemeanor assault (G.S. 14-33.2).
- 4 (2) Crime against nature (G.S. 14-177).
- 5 (3) Obscene literature and exhibitions (G.S. 14-190.1).
- 6 (4) Third degree sexual exploitation of a minor (G.S. 14-190.17A).
- 7 (5) Solicitation of a child by computer to commit an unlawful sex act  
8 (G.S. 14-202.3).
- 9 (6) Stalking when court order in effect (G.S. 14-277.3A).
- 10 (7) The Class A1 offense of misdemeanor assault on a law enforcement officer.
- 11 (8) Assault inflicting serious bodily injury; strangulation (G.S. 14-32.4).
- 12 (9) Fraudulently setting fire to dwelling houses (G.S. 14-65).
- 13 (10) Any offense requiring registration as a sex offender pursuant to Article 27A  
14 of Chapter 14 of the General Statutes.
- 15 (11) Any other offense the Committee deems appropriate for exclusion.

16 The Advisory Committee shall submit additional interim reports with updates on the  
17 planning steps completed towards implementation, including any legislative, administrative,  
18 and funding recommendations, annually by January 15 of each year.

19 The Advisory Committee shall submit a final report on the implementation of this  
20 section and its findings and recommendations, including legislative, administrative, and  
21 funding recommendations, by January 15, 2023, to the General Assembly and the Governor.  
22 The Advisory Committee shall terminate on February 1, 2023, or upon the filing of its final  
23 report, whichever occurs earlier.

24 **SECTION 16D.4.(ss)** Funding. – The Advisory Committee may apply for, receive,  
25 and accept grants of non-State funds or other contributions as appropriate to assist in the  
26 performance of its duties.

## 27 **EFFECTIVE DATES**

28 **SECTION 16D.4.(tt)** Sections 16D.4(a) through 16D.4(s) of this act become  
29 effective December 1, 2019, and apply to offenses committed on or after that date. Sections  
30 16D.4(t) through 16D.4(x) of this act become effective October 1, 2017, and Sections 16D.4(t)  
31 through 16D.4(w) apply to all complaints filed on or after that date. Except as otherwise  
32 provided in this act, the remainder of this act is effective when it becomes law. Prosecutions or  
33 delinquency proceedings initiated for offenses committed before any particular section of this  
34 section becomes effective are not abated or affected by this act, and the statutes that are in  
35 effect on the dates the offenses are committed remain applicable to those prosecutions.  
36

## 37 **SUBPART XVI-E. EMERGENCY MANAGEMENT AND NATIONAL GUARD**

### 38 **SEARCH AND RESCUE CHANGES**

39 **SECTION 16E.2.** Article 6 of Chapter 166A of the General Statutes reads as  
40 rewritten:

41 "Article 6.

42 "~~Urban~~ North Carolina Search and Rescue.

#### 43 **"§ 166A-65. Definitions.**

44 The following definitions apply in this Article:

- 45 (1) Contract response team. – ~~An urban~~ A search and rescue team, specialty  
46 rescue team, or incident support team.
- 47 (2) Incident support team. – A team of trained emergency response personnel,  
48 organized to provide coordination between governmental agencies and  
49  
50

1 nongovernmental organizations as well as technical and logistical support to  
2 ~~urban~~ search and rescue teams and specialty rescue teams.

3 (2a) Search and rescue team. – A specialized team or group of teams, organized  
4 with capabilities equivalent to search and rescue teams established under the  
5 Federal Emergency Management Agency in order to assist in the removal of  
6 trapped victims during emergencies, including, but not limited to, collapsed  
7 structures, trench excavations, elevated locations, and other technical rescue  
8 situations.

9 (3) Secretary. – The Secretary of the Department of Public Safety.

10 (4) Specialty rescue team. – A specialized response team, organized to provide  
11 technical rescue assistance to first responders. The term includes, but is not  
12 limited to, a canine search and rescue or disaster response team, a cave  
13 search and rescue team, a collapse search and rescue team, a mine and tunnel  
14 search and rescue team, and a swift water or flood search and rescue team. A  
15 specialty rescue team shall be aligned with one or more of the search and  
16 rescue categories within the Federal Emergency Management Agency's  
17 national resource typing system.

18 (5) ~~Urban search and rescue team.~~ – ~~A specialized team or group of teams,~~  
19 ~~organized with capabilities equivalent to urban search and rescue teams~~  
20 ~~established under the Federal Emergency Management Agency in order to~~  
21 ~~assist in the removal of trapped victims during emergencies, including, but~~  
22 ~~not limited to, collapsed structures, trench excavations, elevated locations,~~  
23 ~~and in other technical rescue situations.~~

24 "**§ 166A-66. Urban North Carolina Search and Rescue Program.**

25 (a) The Secretary shall adopt rules establishing a program for ~~urban~~ search and rescue  
26 that relies on ~~contracts~~ contracts, memorandums of understanding, and memorandums of  
27 agreement with contract response teams. The program shall be administered by the Division of  
28 Emergency Management. To the extent possible, the program shall be coordinated with other  
29 emergency planning activities of the State. The program shall include contract response teams  
30 located strategically across the State that are available to provide 24-hour dispatch from the  
31 Division of Emergency Management Operations Center. The rules for the program shall  
32 include:

- 33 (1) Standards, including training, equipment, and personnel standards required  
34 to operate a contract response team.
- 35 (2) Guidelines for the dispatch of a contract response team to ~~an urban~~ a search  
36 and rescue team or specialty rescue team mission.
- 37 (3) Guidelines for the on-site operations of a contract response team.
- 38 (4) Standards for administration of a contract response team, including  
39 procedures for reimbursement of response costs.
- 40 (5) Refresher and specialist training for members of contract response teams.
- 41 (6) Procedures for recovering the costs of ~~an urban~~ a search and rescue team or  
42 specialty rescue team mission.
- 43 (7) Procedures for bidding and contracting for ~~urban~~ search and rescue team and  
44 specialty rescue team missions.
- 45 (8) Criteria for evaluating bids for ~~urban~~ search and rescue team and specialty  
46 rescue team missions.
- 47 (9) Delineation of the roles of the contract response team, local public safety  
48 personnel, the Division of Emergency Management's area coordinator, and  
49 other State agency personnel participating in ~~an urban~~ a search and rescue  
50 team or specialty rescue team mission.

1 (10) Procedures for the Division of Emergency Management to audit the contract  
2 response teams to ensure compliance with State and federal guidelines.

3 (b) Within available appropriations, the Division of Emergency Management shall  
4 spend the necessary funds for training, equipment, and other items necessary to support the  
5 operations of contract response teams. The Division of Emergency Management may also  
6 administer any grants of other funds made available for contract response teams, in accordance  
7 with applicable rules and regulations approved by the Director of the State Budget.

8 (c) In developing the ~~Urban-North Carolina~~ Search and Rescue Program and adopting  
9 the rules required by this section, the Secretary shall consult with the ~~Urban-North Carolina~~  
10 Search and Rescue Team Advisory Committee established pursuant to G.S. 166A-69.

11 **"§ 166A-67. Contracts; equipment loans.**

12 (a) The Secretary may contract with any unit or units of local government for the  
13 provision of a contract response team to implement the ~~Urban-North Carolina~~ Search and  
14 Rescue Program. Contracts are to be let consistent with the bidding and contract standards and  
15 procedures adopted pursuant to G.S. 166A-66(a)(7) and G.S. 166A-66(a)(8). In entering into  
16 contracts with units of local government, the Secretary may agree to provide any of the  
17 following:

18 (1) A loan of equipment.

19 (2) Reimbursement of personnel costs, including the cost of callback personnel,  
20 when a contract response team is authorized by the Department to respond to  
21 ~~urban~~-search and rescue team and specialty rescue team missions.

22 (3) Reimbursement for use of equipment and vehicles owned by the contract  
23 response team.

24 (4) Replacement of disposable materials and damaged equipment.

25 (5) Training expenses.

26 (6) Anything else agreed to by the Secretary and the contract response team.

27 (b) The Secretary shall not agree to provide reimbursement for standby time.

28 (c) Any contract entered into between the Secretary and a unit of local government for  
29 the provision of a contract response team shall specify that the members of the contract  
30 response team, when performing under the contract, shall not be employees of the State and  
31 shall not be entitled to benefits under the Teachers' and State Employees' Retirement System or  
32 for the payment by the State of federal Social Security, employment insurance, or workers'  
33 compensation.

34 (d) Contract response teams that have the use of a State vehicle may use the vehicle for  
35 local purposes. Where a State vehicle is used for purposes other than authorized contract  
36 response to an ~~urban-a~~ search and rescue team and specialty rescue team mission, the contract  
37 response team shall be liable for repairs or replacements directly attributable to that use.

38 **"§ 166A-68. Immunity of contract response team personnel.**

39 Members of a contract response team shall be protected from liability under the provisions  
40 of G.S. 166A-19.60(a) while on an ~~urban-a~~ search and rescue team or specialty rescue team  
41 mission pursuant to authorization from the Division of Emergency Management.

42 **"§ 166A-69. ~~Urban-North Carolina~~ Search and Rescue Team Advisory Committee.**

43 (a) The ~~Urban-North Carolina~~ Search and Rescue Team Advisory Committee is created.  
44 The Secretary shall appoint the members of the Committee and shall designate the Director or  
45 Deputy Director of the North Carolina Division of Emergency Management as the chair. In  
46 making appointments, the Secretary shall take into consideration the expertise of the appointees  
47 in the management of ~~urban~~-search and rescue or specialty response team missions. The  
48 Secretary shall appoint one representative from each of the following:

49 (1) The Division of North Carolina Emergency Management, who shall be the  
50 Director or Deputy Director of the North Carolina Division of Emergency  
51 Management and who shall serve as the chair.

- 1 (2) Each state ~~USAR~~-regional contract response team's Chief or Deputy Chief.  
2 (3) The North Carolina Office of State Fire Marshal.  
3 (4) The North Carolina Highway Patrol.  
4 (5) The North Carolina National Guard.  
5 (6) The North Carolina Association of Rescue and E.M.S., Inc.  
6 (7) The North Carolina Association of Fire Chiefs.  
7 (8) The North Carolina State Firefighters' Association.  
8 (9) The North Carolina Emergency Management Association.

9 (b) The Advisory Committee shall meet on the call of the chair, or at the request of the  
10 Secretary, provided that the Committee shall meet no less than once every year. The  
11 Department of Public Safety shall provide space for the Advisory Committee to meet. The  
12 Department shall also provide the Advisory Committee with necessary support staff and  
13 supplies to enable the Committee to carry out its duties in an effective manner.

14 (c) Members of the Advisory Committee shall serve without pay, but shall receive  
15 travel allowance, lodging, subsistence, and per diem as provided by G.S. 138-5.

16 (d) The Contract Response Team Advisory Committee shall advise the Secretary on the  
17 establishment of the ~~Urban~~-North Carolina Search and Rescue Program. The Committee shall  
18 also evaluate and advise the Secretary of the need for additional contract response teams to  
19 serve the State."  
20

## 21 **PART XVII. DEPARTMENT OF JUSTICE**

### 22 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

23 **SECTION 17.1.** The Department of Justice shall not hire sworn personnel to fill  
24 vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be  
25 construed to require the termination of sworn personnel or to affect North Carolina State Crime  
26 Laboratory personnel who are sworn and employed by the Laboratory as of the effective date  
27 of this section and who continue to meet the sworn status retention standards mandated by the  
28 North Carolina Criminal Justice Education and Standards Commission.  
29  
30

### 31 **COMPANY POLICE AUTHORITY**

32 **SECTION 17.2.(a)** G.S. 74E-6 is amended by adding two new subsections to read:

33 "(h) Mutual Aid Agreements. – All company police agencies that qualify pursuant to this  
34 Chapter may enter into mutual aid agreements with the governing board of a municipality or,  
35 with the consent of the county sheriff, a county to the same extent as a municipal police  
36 department pursuant to Chapter 160A of the General Statutes.

37 (i) As-Needed Assistance. – All company police may provide temporary assistance to a  
38 law enforcement agency at the request of the head of that agency, or the head of that agency's  
39 designee, such as the sheriff or chief of police, regardless of whether there is an agreement in  
40 place under subsection (h) of this section. While acting pursuant to this section, a company  
41 police officer shall have the same powers vested in law enforcement officers of the agency  
42 asking for temporary assistance, but shall not be considered an officer, employee, or agent of  
43 the law enforcement agency asking for temporary assistance. Nothing in this subsection shall  
44 be construed to expand company police officers' authority to initiate or conduct an independent  
45 investigation into violations of criminal laws outside the scope of their subject matter or  
46 territorial jurisdiction."

47 **SECTION 17.2.(b)** This section is effective when it becomes law.  
48

### 49 **PED TO STUDY ALLOCATION OF ATTORNEYS BETWEEN THE ATTORNEY** 50 **GENERAL'S OFFICE AND DEPARTMENTS**



1           **SECTION 17.3.** The Joint Legislative Program Evaluation Oversight Committee  
2 shall revise the biennial 2017-2018 work plan for the Program Evaluation Division to include  
3 an evaluation of the allocation of attorneys in State Government, including the use of general  
4 counsel within State agencies, the use of private attorneys, and the use of attorneys in the  
5 Department of Justice. The Program Evaluation Division shall submit its evaluation to the Joint  
6 Legislative Program Evaluation Oversight Committee and to the chairs of the Joint Legislative  
7 Oversight Committee on Justice and Public Safety no later than March 1, 2018.

8  
9 **STRENGTHEN HUMAN TRAFFICKING LAWS**

10           **SECTION 17.4.(a)** Article 27 of Chapter 14 of the General Statutes is amended by  
11 adding a new section to read as follows:

12 **"§ 14-202.13. Human trafficking public awareness sign.**

13           An adult establishment, as defined in G.S. 14-202.10, shall prominently display on the  
14 premises in a place that is clearly conspicuous and visible to employees and the public a public  
15 awareness sign created and provided by the North Carolina Human Trafficking Commission  
16 that contains the National Human Trafficking Resource hotline information."

17           **SECTION 17.4.(b)** G.S. 18B-1003 reads as rewritten:

18 **"§ 18B-1003. Responsibilities of permittee.**

19           ...

20           (c1) Posting Human Trafficking Hotline. – All permittees shall prominently display on  
21 the premises in a place that is clearly conspicuous and visible to employees and the public a  
22 public awareness sign created and provided by the North Carolina Human Trafficking  
23 Commission that contains the National Human Trafficking Resource hotline information.

24           ...."

25           **SECTION 17.4.(c)** Article 1 of Chapter 19 of the General Statutes is amended by  
26 adding a new section to read as follows:

27 **"§ 19-8.4. Human trafficking public awareness sign.**

28           The owner, operator, or agent in charge of a business described in G.S. 19-1.2 shall  
29 prominently display on the premises in a place that is clearly conspicuous and visible to  
30 employees and the public a public awareness sign created and provided by the North Carolina  
31 Human Trafficking Commission that contains the National Human Trafficking Resource  
32 hotline information."

33           **SECTION 17.4.(d)** Article 5 of Chapter 131E of the General Statutes is amended  
34 by adding a new section to read as follows:

35 **"§ 131E-84.1. Human trafficking public awareness sign.**

36           Each hospital licensed under this Article shall prominently display in its emergency room  
37 or emergency department in a place that is clearly conspicuous and visible to employees and  
38 the public a public awareness sign created and provided by the North Carolina Human  
39 Trafficking Commission that contains the National Human Trafficking Resource hotline  
40 information."

41           **SECTION 17.4.(e)** G.S. 143B-348 reads as rewritten:

42 **"§ 143B-348. Department of Transportation – head; rules, regulations, etc., of Board of**  
43 **Transportation.**

44           (a) The Secretary of Transportation shall be the head of the Department of  
45 Transportation. He shall carry out the day-to-day operations of the Department and shall be  
46 responsible for carrying out the policies, programs, priorities, and projects approved by the  
47 Board of Transportation. He shall be responsible for all other transportation matters assigned to  
48 the Department of Transportation, except those reserved to the Board of Transportation by  
49 statute. Except as otherwise provided for by statute, the Secretary shall have all the powers and  
50 duties as provided for in Article 1 of Chapter 143B including the responsibility for all  
51 management functions for the Department of Transportation. The Secretary shall be vested

1 with authority to adopt design criteria, construction specifications, and standards as required for  
2 the Department of Transportation to construct and maintain highways, bridges, and ferries. The  
3 Secretary or the Secretary's designee shall be vested with authority to promulgate rules and  
4 regulations concerning all transportation functions assigned to the Department.

5 (b) All rules, regulations, ordinances, specifications, standards, and criteria adopted by  
6 the Board of Transportation and in effect on July 1, 1977, shall continue in effect until changed  
7 by the Board of Transportation or the Secretary of Transportation. The Secretary shall have  
8 complete authority to modify any of these matters existing on July 1, 1977, except as  
9 specifically restricted by the Board. Whenever any such criteria, rule, regulation, ordinance,  
10 specification, or standards are continued in effect under this section and the words "Board of  
11 Transportation" are used, the words shall mean the "Department of Transportation" unless the  
12 context makes such meaning inapplicable. All actions pending in court by or against the Board  
13 of Transportation may continue to be prosecuted in that name without the necessity of formally  
14 amending the name to the Department of Transportation.

15 (c) The Secretary of Transportation shall require that every transportation station, rest  
16 area, and welcome center in the State prominently display in a place that is clearly conspicuous  
17 and visible to employees and the public a public awareness sign created and provided by the  
18 North Carolina Human Trafficking Commission that contains the National Human Trafficking  
19 Resource hotline information."

20 **SECTION 17.4.(f)** Article 10 of Chapter 143B of the General Statutes is amended  
21 by adding a new section to read as follows:

22 "**§ 143B-431.3. Human trafficking public awareness sign.**

23 The Secretary of the Department of Commerce shall require that every JobLink or other  
24 center under its authority that offers employment or training services to the public prominently  
25 display in a place that is clearly conspicuous and visible to employees and the public a public  
26 awareness sign created and provided by the North Carolina Human Trafficking Commission  
27 that contains the National Human Trafficking Resource hotline information."

28 **SECTION 17.4.(g)** This section is effective when it becomes law.  
29

### 30 **ATTORNEY GENERAL'S OFFICE MANAGEMENT FLEXIBILITY REDUCTION**

31 **SECTION 17.5.(a)** In allocating the management flexibility reduction required by  
32 this act for both fiscal years of the 2017-2019 fiscal biennium, all reductions shall be from fund  
33 codes 1991, 1100, and 1200 only.

34 **SECTION 17.5.(b)** Notwithstanding any other provision of law and during the  
35 2017-2019 fiscal biennium, there shall be no reductions from or transfers out of fund codes  
36 1400 and 1500.  
37

### 38 **SEXUAL ASSAULT EVIDENCE COLLECTION KITS**

39 **SECTION 17.7.** Local Law Enforcement. – Each local law enforcement agency  
40 shall conduct an inventory of Sexual Assault Evidence Collection Kits (SAECKs) in its custody  
41 or control and report its findings to the Department of Justice, State Crime Laboratory, no later  
42 than January 1, 2018. The State Crime Laboratory shall compile the information and report its  
43 findings to the Joint Legislative Oversight Committee on Justice and Public Safety no later than  
44 March 1, 2018. The inventory report from each local law enforcement agency shall include all  
45 of the following:

- 46 (1) The total number of SAECKs in its custody or control that have not  
47 previously undergone forensic testing.
- 48 (2) Of the total number of SAECKs in its custody or control, the number that:
  - 49 a. Are anonymous. For purposes of this section, the term "anonymous"  
50 means the identity of the victim of sexual assault is not associated

1 with the SAECK because the victim has not reported the assault to  
2 law enforcement.

- 3 b. Represent a case that has been resolved in court, whether by  
4 conviction, dismissal, or another manner.  
5 c. Were not submitted for forensic testing because the suspect admitted  
6 to the sexual act in question.  
7 d. Were not submitted for forensic testing because the allegations were  
8 determined to be unfounded as a result of further investigation.  
9

## 10 **PART XVIII. JUDICIAL DEPARTMENT**

### 11 **SUBPART XVIII-A. OFFICE OF INDIGENT DEFENSE SERVICES**

#### 12 **IDS MATCH FOR GRANTS**

13 **SECTION 18A.1.** Notwithstanding G.S. 143C-6-9, during the 2017-2019 fiscal  
14 biennium, Indigent Defense Services may use the sum of up to fifty thousand dollars (\$50,000)  
15 from funds available to provide the State matching funds needed to receive grant funds. Prior to  
16 using funds for this purpose, Indigent Defense Services shall report to the chairs of the House  
17 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
18 Appropriations Committee on Justice and Public Safety on the grants to be matched using these  
19 funds.  
20  
21  
22

#### 23 **PUBLIC DEFENDER WORKLOAD FORMULA**

24 **SECTION 18A.2.** Indigent Defense Services, in conjunction with the  
25 Administrative Office of the Courts and the National Center for State Courts, shall develop a  
26 workload formula for the public defender offices. Indigent Defense Services shall use funds  
27 available to develop the workload formula. The report shall include the number of public  
28 defenders that Indigent Defense Services recommends to be allocated to each public defender  
29 office. The report shall be submitted to the chairs of the Joint Legislative Oversight Committee  
30 on Justice and Public Safety and the chairs of the House of Representatives Appropriations  
31 Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice  
32 and Public Safety no later than May 1, 2018.  
33

#### 34 **STANDARDS FOR INDIGENCY**

35 **SECTION 18A.3.** The Administrative Office of the Courts, in conjunction with  
36 Indigent Defense Services, shall study and develop specific statewide standards for determining  
37 indigency for defendants. The study shall include a review of the practices of other states  
38 regarding determination of indigency, analysis of the cost-effectiveness of alternatives to the  
39 status quo, and implementation plans for the standards agreed upon. The standards may take  
40 local expenses and cost-of-living into account. The implementation plans should include  
41 procedures for auditing future indigency determinations to ensure that the new standards are  
42 working as intended. The Administrative Office of the Courts and Indigent Defense Services  
43 shall issue a report to the chairs of the Joint Legislative Oversight Committee on Justice and  
44 Public Safety by February 1, 2018.  
45

### 46 **SUBPART XVIII-B. ADMINISTRATIVE OFFICE OF THE COURTS**

#### 47 **COLLECTION OF WORTHLESS CHECKS**

48 **SECTION 18B.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial  
49 Department may use any balance remaining in the Collection of Worthless Checks Fund on  
50 June 30, 2017, for the purchase or repair of office or information technology equipment during  
51

1 the 2017-2018 fiscal year and may use any balance remaining in the Collection of Worthless  
2 Checks Fund on June 30, 2018, for the purchase or repair of office or information technology  
3 equipment during the 2018-2019 fiscal year. Prior to using any funds under this section, the  
4 Judicial Department shall report to the chairs of the House of Representatives and Senate  
5 Appropriations Committees on Justice and Public Safety and the Office of State Budget and  
6 Management on the equipment to be purchased or repaired and the reasons for the purchases.

## 7 8 **GRANT FUNDS**

9 **SECTION 18B.2.** Notwithstanding G.S. 143C-6-9, the Administrative Office of  
10 the Courts may use up to the sum of one million five hundred thousand dollars (\$1,500,000) in  
11 each year of the 2017-2019 fiscal biennium from funds available to the Department to provide  
12 the State match needed in order to receive grant funds. Prior to using funds for this purpose, the  
13 Department shall submit a report to the chairs of the House of Representatives Appropriations  
14 Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice  
15 and Public Safety on the grants to be matched using these funds.

## 16 17 **THIRD-PARTY ACCESS TO COURT RECORDS ANNUAL REPORT**

18 **SECTION 18B.3.(a)** G.S. 7A-109(e) reads as rewritten:

19 "**§ 7A-109. Record-keeping procedures.**

20 ...

21 (e) If any contracts entered into under ~~G.S. 7A-109(d)~~ subsection (d) of this section are  
22 in effect during any calendar year, the Director of the Administrative Office of the Courts shall  
23 submit to the ~~Joint Legislative Commission on Governmental Operations~~ House of  
24 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
25 Appropriations Committee on Justice and Public Safety not later than February 1 of the  
26 following year a report on all those contracts."

27 **SECTION 18B.3.(b)** This section is effective when it becomes law.

## 28 29 **BUSINESS COURT REPORTS**

30 **SECTION 18B.4.(a)** G.S. 7A-45.5 is repealed.

31 **SECTION 18B.4.(b)** G.S. 7A-343(8a) reads as rewritten:

32 "(8a) Prepare and submit a semiannual report on the activities of each North  
33 Carolina business court site to the Chief ~~Justice~~ Justice, the chairs of the  
34 House of Representatives Appropriations Committee on Justice and Public  
35 Safety and the Senate Appropriations Committee on Justice and Public  
36 Safety, the chairs of the of the Joint Legislative Oversight Committee on  
37 Justice and Public Safety, and to each member all other members of the  
38 General Assembly. Assembly on February 1 and August 1. The semiannual  
39 report required under this subdivision shall be separate from the report  
40 required under subdivision (8) of this section and shall include the total  
41 number of civil cases pending in each business court site over three years  
42 after being designated as a mandatory complex business case, motions  
43 pending over six months after being filed, and civil cases in which bench  
44 trials have been concluded for over six months without entry of judgment,  
45 including any accompanying explanation provided by the Business  
46 Court report shall include the following information for each business court  
47 site:

48 a. The number of new, closed, and pending cases for the previous three  
49 years.

50 b. The average age of pending cases.

51 c. The number of motions pending over six months after being filed.

1           d.     The number of cases in which bench trials have been concluded for  
2           over six months without entry of judgment, including any  
3           accompanying explanation provided by the Business Court.

4           The August 1 report shall include an accounting of all business court  
5           activities for the previous fiscal year, including the itemized annual  
6           expenditures."

7           **SECTION 18B.4.(c)** This section is effective when it becomes law.

8  
9           **DIGITAL FORENSICS INCLUDED IN COURT COSTS**

10           **SECTION 18B.5.(a)** G.S. 7A-304(a) reads as rewritten:

11           "(a) In every criminal case in the superior or district court, wherein the defendant is  
12 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the  
13 prosecuting witness, the following costs shall be assessed and collected. No costs may be  
14 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of  
15 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs  
16 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8),  
17 (8a), (11), (12), or (13) of this section.

18           ...

19           (9a) For the services of the North Carolina State Crime Laboratory facilities, the  
20 district or superior court judge shall, upon conviction, order payment of the  
21 sum of six hundred dollars (\$600.00) to be remitted to the Department of  
22 Justice to be used for laboratory purposes. This cost shall be assessed only in  
23 cases in which, as part of the investigation leading to the defendant's  
24 conviction, the laboratories have performed digital forensics, including the  
25 seizure, forensic imaging, and acquisition and analysis of digital media.

26           (9b) For the services of any crime laboratory facility operated by a local  
27 government or group of local governments, the district or superior court  
28 judge shall, upon conviction, order payment of the sum of six hundred  
29 dollars (\$600.00) to be remitted to the general fund of the local law  
30 enforcement unit to be used for laboratory purposes. The cost shall be  
31 assessed only in (i) cases in which, as part of the investigation leading to the  
32 defendant's conviction, the laboratory has performed digital forensics,  
33 including the seizure, forensic imaging, and acquisition and analysis of  
34 digital media, and (ii) if the court finds that the work performed at the local  
35 government's laboratory is the equivalent of the same kind of work  
36 performed by the North Carolina State Crime Laboratory under subdivision  
37 (9a) of this subsection.

38           ...

39           (11) For the services of an expert witness employed by the North Carolina State  
40 Crime Laboratory who completes a chemical analysis pursuant to ~~G.S.~~  
41 ~~20-139.1~~ or ~~a~~G.S. 20-139.1, a forensic analysis pursuant to ~~G.S.~~  
42 ~~8-58.20~~G.S. 8-58.20, or a digital forensics analysis and provides testimony  
43 about that analysis in a defendant's trial, the district or superior court judge  
44 shall, upon conviction of the defendant, order payment of the sum of six  
45 hundred dollars (\$600.00) to be remitted to the Department of Justice for  
46 support of the State Crime Laboratory. This cost shall be assessed only in  
47 cases in which the expert witness provides testimony about the chemical or  
48 forensic analysis in the defendant's trial and shall be in addition to any cost  
49 assessed under subdivision (7) or (9a) of this subsection.

50           (12) For the services of an expert witness employed by a crime laboratory  
51 operated by a local government or group of local governments who

1 completes a chemical analysis pursuant to ~~G.S. 20-139.1~~ or a G.S. 20-139.1,  
 2 a forensic analysis pursuant to ~~G.S. 8-58.20~~G.S. 8-58.20, or a digital  
 3 forensics analysis and provides testimony about that analysis in a defendant's  
 4 trial, the district or superior court judge shall, upon conviction of the  
 5 defendant, order payment of the sum of six hundred dollars (\$600.00) to be  
 6 remitted to the general fund of the local governmental unit that operates the  
 7 laboratory to be used for the local law enforcement enforcement laboratory.  
 8 This cost shall be assessed only in cases in which the expert witness  
 9 provides testimony about the chemical or forensic analysis in the defendant's  
 10 trial and shall be in addition to any cost assessed under subdivision (8) or  
 11 (9b) of this subsection.

12 ...."

13 **SECTION 18B.5.(b)** This section is effective when it becomes law.  
 14

15 **FEE WAIVER**

16 **SECTION 18B.6.(a)** G.S. 7A-304(a) reads as rewritten:

17 "(a) In every criminal case in the superior or district court, wherein the defendant is  
 18 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the  
 19 prosecuting witness, the following costs shall be assessed and collected. No costs may be  
 20 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of  
 21 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs  
 22 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8),  
 23 (8a), (11), (12), or (13) of this section. No court may waive or remit all or part of any court  
 24 fin es or costs without providing notice and opportunity to be heard by all government entities  
 25 directly affected. The court shall provide notice to the government entities directly affected of  
 26 (i) the date and time of the hearing and (ii) the right to be heard and make an objection to the  
 27 remission or waiver of all or part of the order of court costs at least 15 days prior to hearing.  
 28 Notice shall be made to the government entities affected by first-class mail to the address  
 29 provided for receipt of court costs paid pursuant to the order.

30 ...."

31 **SECTION 18B.6.(b)** This section becomes effective December 1, 2017, and  
 32 applies to all cases arising on or after that date.  
 33

34 **SUPREME COURT BICENTENNIAL CELEBRATION**

35 **SECTION 18B.8.** Notwithstanding G.S. 7A-10(a), in honor of the court's  
 36 bicentennial celebration, the court may, by rule, hold sessions in any location across the State.  
 37 This section only applies to the calendar years 2018 through 2020.  
 38

39 **ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

40 **SECTION 18B.9.(a)** G.S. 7A-41(a) reads as rewritten:

41 "**§ 7A-41. Superior court divisions and districts; judges.**

42 (a) The counties of the State are organized into judicial divisions and superior court  
 43 districts, and each superior court district has the counties, and the number of regular resident  
 44 superior court judges set forth in the following table, and for districts of less than a whole  
 45 county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan,	2

1			Currituck,	
2			Dare, Gates,	
3			Pasquotank,	
4			Perquimans	
5	First	2	Beaufort, Hyde,	1
6			Martin,	
7			Tyrrell, Washington	
8	First	3A	Pitt	2
9	Second	3B	Carteret, Craven,	3
10			Pamlico	
11	Second	4A	Duplin, Jones,	1
12			Sampson	
13	Second	4B	Onslow	1
14	Second	5A	(part of New Hanover,	1
15			part of Pender	
16			see subsection (b))	
17		5B	(part of New Hanover,	1
18			part of Pender	
19			see subsection (b))	
20		5C	(part of New Hanover,	1
21			see subsection (b))	
22	First	6A	Halifax	1
23	First	6B	Bertie, Hertford,	1
24			Northampton	
25	First	7A	Nash	1
26	First	7B	(part of Wilson,	1
27			part of Edgecombe,	
28			see subsection (b))	
29	First	7C	(part of Wilson,	1
30			part of Edgecombe,	
31			see subsection (b))	
32	Second	8A	Lenoir and Greene	1
33	Second	8B	Wayne	1
34	Third	9	Franklin, Granville,	2
35			<u>Person</u> , Vance, Warren	
36	<del>Third</del>	<del>9A</del>	<del>Person</del> , Caswell	<del>1</del>
37	Third	10A	(part of Wake,	1
38			see subsection (b))	
39	Third	10B	(part of Wake,	1
40			see subsection (b))	
41	Third	10C	(part of Wake,	1
42			see subsection (b))	
43	Third	10D	(part of Wake,	1
44			see subsection (b))	
45	Third	10E	(part of Wake,	1
46			see subsection (b))	
47	Third	10F	(part of Wake,	1
48			see subsection (b))	
49	Fourth	11A	Harnett,	1
50			Lee	
51	Fourth	11B	Johnston	1

1	Fourth	12A	(part of Cumberland,	1
2			see subsection (b))	
3	Fourth	12B	(part of Cumberland,	1
4			see subsection (b))	
5	Fourth	12C	(part of Cumberland,	2
6			see subsection (b))	
7	Fourth	13A	Bladen, Columbus	1
8	Fourth	13B	Brunswick	1
9	Third	14A	(part of Durham,	1
10			see subsection (b))	
11	Third	14B	(part of Durham,	3
12			see subsection (b))	
13	Third	15A	Alamance	2
14	Third	15B	Orange, Chatham	2
15	Fourth	16A	Anson, Richmond,	
16			Scotland, Hoke	2
17	Fourth	16B	Robeson	2
18	Fifth	17A	<u>Caswell, Rockingham</u>	23
19	Fifth	17B	Stokes, Surry	2
20	Fifth	18A	(part of Guilford,	1
21			see subsection (b))	
22	Fifth	18B	(part of Guilford,	1
23			see subsection (b))	
24	Fifth	18C	(part of Guilford,	1
25			see subsection (b))	
26	Fifth	18D	(part of Guilford,	1
27			see subsection (b))	
28	Fifth	18E	(part of Guilford,	1
29			see subsection (b))	
30	Sixth	19A	Cabarrus	1
31	Fifth	19B	Montgomery, Randolph	1
32	Sixth	19C	Rowan	1
33	Fourth	19D	Moore	1
34	Sixth	20A	Stanly	1
35	Sixth	20B	Union	2
36	Fifth	21A	(part of Forsyth,	1
37			see subsection (b))	
38	Fifth	21B	(part of Forsyth,	1
39			see subsection (b))	
40	Fifth	21C	(part of Forsyth,	1
41			see subsection (b))	
42	Fifth	21D	(part of Forsyth,	1
43			see subsection (b))	
44	Sixth	22A	Alexander, Iredell	2
45	Sixth	22B	Davidson, Davie	2
46	Fifth	23	Alleghany, Ashe,	1
47			Wilkes, Yadkin	
48	Eighth	24	Avery, Madison,	2
49			Mitchell,	
50			Watauga, Yancey	
51	Seventh	25A	Burke, Caldwell	2



1	Seventh	25B	Catawba	2
2	Seventh	26A	(part of Mecklenburg,	2
3			see subsection (b))	
4	Seventh	26B	(part of Mecklenburg,	3
5			see subsection (b))	
6	Seventh	26C	(part of Mecklenburg,	2
7			see subsection (b))	
8	Seventh	27A	Gaston	2
9	Seventh	27B	Cleveland, Lincoln	2
10	Eighth	28	Buncombe	2
11	Eighth	29A	McDowell,	1
12			Rutherford	
13	Eighth	29B	Henderson, Polk,	1
14			Transylvania	
15	Eighth	30A	Cherokee, Clay,	1
16			Graham, Macon,	
17			Swain	
18	Eighth	30B	Haywood, Jackson	1."

19 **SECTION 18B.9.(b)** In order to implement the changes in subsection (a) of this  
 20 section, the superior court judgeship serving District 9A shall be allocated to Judicial District  
 21 17A of the superior court of the General Court of Justice effective January 1, 2019.

22 **SECTION 18B.9.(c)** G.S. 7A-133 reads as rewritten:

23 **"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats**  
 24 **of court, by counties.**

25 (a) Each district court district shall have the numbers of judges as set forth in the  
 26 following table:

27	District	Judges	County
28			<hr/>
29	1	5	Camden
30			Chowan
31			Currituck
32			Dare
33			Gates
34			Pasquotank
35			Perquimans
36	2	4	Martin
37			Beaufort
38			Tyrrell
39			Hyde
40			Washington
41	3A	5	Pitt
42	3B	6	Craven
43			Pamlico
44			Carteret
45	4	8	Sampson
46			Duplin
47			Jones
48			Onslow
49	5	9	New Hanover
50			Pender
51	6	4	Northampton

1			Bertie
2			Hertford
3			Halifax
4	7	7	Nash
5			Edgecombe
6			Wilson
7	8	6	Wayne
8			Greene
9			Lenoir
10	9	<u>45</u>	Granville
11			(part of Vance
12			see subsection (b))
13			Franklin
14			<u>Person</u>
15	9A	2	<del>Person</del>
16			<del>Caswell</del>
17	9B	2	Warren
18			(part of Vance
19			see subsection (b))
20	10	19	Wake
21	11	11	Harnett
22			Johnston
23			Lee
24	12	10	Cumberland
25	13	6	Bladen
26			Brunswick
27			Columbus
28	14	7	Durham
29	15A	4	Alamance
30	15B	5	Orange
31			Chatham
32	16A	6	Scotland
33			Hoke
34			Anson
35			Richmond
36	16B	5	Robeson
37	17A	<u>34</u>	<u>Caswell</u>
38			Rockingham
39	17B	4	Stokes
40			Surry
41	18	14	Guilford
42	19A	5	Cabarrus
43	19B	7	Montgomery
44			Moore
45			Randolph
46	19C	5	Rowan
47	20A	2	Stanly
48	20B	1	(part of Union
49			see subsection (b))
50	20C	2	(part of Union
51			see subsection (b))

1	20D	1	Union
2	21	11	Forsyth
3	22A	5	Alexander
4			Iredell
5	22B	6	Davidson
6			Davie
7	23	4	Alleghany
8			Ashe
9			Wilkes
10			Yadkin
11	24	4	Avery
12			Madison
13			Mitchell
14			Watauga
15			Yancey
16	25	9	Burke
17			Caldwell
18			Catawba
19	26	21	Mecklenburg
20	27A	7	Gaston
21	27B	6	Cleveland
22			Lincoln
23	28	7	Buncombe
24	29A	3	McDowell
25			Rutherford
26	29B	4	Henderson
27			Polk
28			Transylvania
29	30	6	Cherokee
30			Clay
31			Graham
32			Haywood
33			Jackson
34			Macon
35			Swain.

(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

- (1) District Court District 9 consists of Person, Franklin and Granville Counties and the remainder of Vance County not in District Court District 9B.
- (2) District Court District 9B consists of Warren County and ~~East Henderson I, North Henderson I, North Henderson II, Middleburg, Townsville, and Williamsboro Precincts~~ VTD EH1, VTD MIDD, VTD NH1, VTD NH2, VTD TWNS, VTD WMSB of Vance County.
- (3) District Court District 20C consists of the remainder of Union County not in District Court District 20B.
- (4) District Court District 20B consists of Precinct 01: Tract 204.01: Block Group 2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062, Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block 2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block 2014, Block 2015, Block 2016, Block 2017, Block 2018, Block

2023, Block 2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block 2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3: Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007, Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013, Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025, Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block 3033, Block 3034, Block 30 35, Block 3036, Block 3037, Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043, Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block 4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block 1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block 1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block 1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block 1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block 1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099, Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036, Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block 4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1: Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018, Block 1021, Block 1022, Block 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001, Block 2002, Block 200 3, Block 2004, Block 2005, Block 2033, Block 2034, Block 2035, Block 2036, Block 2041, Block 2042, Block 2043, Block 2044, Block 2045, Block 2056, Block 2063, Block 2999; Precinct 08, Precinct 09, Precinct 10, Precinct 13, Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25: Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36, Precinct 43 of Union County.

The names and boundaries of voting tabulation districts specified for Vance County in this section are as shown on the 2010 Census Redistricting TIGER/Line Shapefiles. Precinct boundaries as used in this section for Vance County are those shown on maps on file with the Legislative Services Office on May 1, 1991, for Union County, County are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the TIGER files.

...."

**SECTION 18B.9.(d)** In order to implement the changes in subsection (c) of this section, the following shall apply:

- (1) The district court judgeships serving District 9A shall be allocated to Judicial Districts 9 and 17A of the General Court of Justice effective January 1, 2019.
- (2) Any vacancy occurring in a district court judgeship serving District 9A before January 1, 2019, shall be filled by appointment for a term to end December 31, 2018.

**SECTION 18B.9.(e)** G.S. 7A-60 reads as rewritten:

**"§ 7A-60. District attorneys and prosecutorial districts.**

(a) The State shall be divided into prosecutorial districts, as shown in subsection (a1) of this section. There shall be a district attorney for each prosecutorial district, as provided in subsections (b) and (c) of this section who shall be a resident of the prosecutorial district for which elected. A vacancy in the office of district attorney shall be filled as provided in Article IV, Sec. 19 of the Constitution.

(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
<del>3A</del> <u>3</u>	Pitt	<del>11</del> <u>12</u>
<del>3B</del> <u>4</u>	Carteret, Craven, Pamlico	<del>12</del> <u>13</u>
<del>4</del> <u>5</u>	Duplin, Jones, Onslow, Sampson	<del>18</del> <u>19</u>
<del>5</del> <u>6</u>	New Hanover, Pender	<del>18</del> <u>19</u>
<del>6</del> <u>7</u>	Bertie, Halifax, Hertford, Northampton	<del>10</del> <u>11</u>
<del>7</del> <u>8</u>	Edgecombe, Nash, Wilson	<del>18</del> <u>19</u>
<del>8</del> <u>9</u>	Greene, Lenoir, Wayne	14
<del>9</del> <u>10</u>	Franklin, Granville, Vance, Warren	10
9A	Person, Caswell	6
<del>10</del> <u>11</u>	Wake	<del>41</del> <u>42</u>
<del>11</del> <u>A12</u>	Harnett, Lee	<del>9</del> <u>11</u>
<del>11</del> <u>B13</u>	Johnston	10
<del>12</del> <u>14</u>	Cumberland	<del>23</del> <u>25</u>
<del>13</del> <u>15</u>	Bladen, Brunswick, Columbus	<del>13</del> <u>14</u>
<del>14</del> <u>16</u>	Durham	18
<del>15</del> <u>A17</u>	Alamance	<del>11</del> <u>12</u>
<del>15</del> <u>B18</u>	Orange, Chatham	10
<del>16</del> <u>A19</u>	Scotland, Hoke	7
<del>16</del> <u>B20</u>	Robeson	12
<del>16</del> <u>C21</u>	Anson, Richmond	6
<del>17</del> <u>A22</u>	Rockingham	7
<del>17</del> <u>B23</u>	Stokes, Surry	8
<del>18</del> <u>24</u>	Guilford	<del>32</del> <u>34</u>
<del>19</del> <u>A25</u>	Cabarrus	9
<del>19</del> <u>B26</u>	Montgomery, Randolph	<del>9</del> <u>10</u>
<del>19</del> <u>C27</u>	Rowan	<del>8</del> <u>9</u>
<del>19</del> <u>D28</u>	Moore	5
<del>20</del> <u>A29</u>	Stanly	5
<del>20</del> <u>B30</u>	Union	<del>10</del> <u>11</u>
<del>21</del> <u>31</u>	Forsyth	<del>25</del> <u>27</u>
<del>22</del> <u>A32</u>	Alexander, Iredell	<del>11</del> <u>12</u>
<del>22</del> <u>B33</u>	Davidson, Davie	<del>11</del> <u>12</u>
<del>23</del> <u>34</u>	Alleghany, Ashe, Wilkes, Yadkin	<del>8</del> <u>9</u>
<del>24</del> <u>35</u>	Avery, Madison, Mitchell, Watauga, Yancey	<del>7</del> <u>8</u>
<del>25</del> <u>36</u>	Burke, Caldwell, Catawba	<del>18</del> <u>19</u>

1	<u>2637</u>	Mecklenburg	58
2	<del>27A</del> <u>38</u>	Gaston	<del>14</del> <u>15</u>
3	<del>27B</del> <u>39</u>	Cleveland, Lincoln	<del>11</del> <u>12</u>
4	<u>2840</u>	Buncombe	14
5	<del>29A</del> <u>41</u>	McDowell, Rutherford	<del>7</del> <u>8</u>
6	<del>29B</del> <u>42</u>	Henderson, Polk, Transylvania	<del>8</del> <u>9</u>
7	<del>3043</del>	Cherokee, Clay, Graham,	<del>10</del> <u>12</u>
8		Haywood, Jackson, Macon,	
9		Swain.	

10 ...."

11 **SECTION 18B.9.(f)** G.S. 7A-60(a2) is repealed.

12 **SECTION 18B.9.(g)** G.S. 7A-63 reads as rewritten:

13 **"§ 7A-63. Assistant district attorneys.**

14 Each district attorney shall be entitled to the number of full-time assistant district attorneys  
 15 set out in this ~~Subchapter, such number to be developed by the General Assembly after~~  
 16 ~~consulting the workload formula established through the National Center for State Courts,~~  
 17 Subchapter to be appointed by the district attorney, to serve at the district attorney's pleasure. A  
 18 vacancy in the office of assistant district attorney shall be filled in the same manner as the  
 19 initial appointment. An assistant district attorney shall take the same oath of office as the  
 20 district attorney, and shall perform such duties as may be assigned by the district attorney. The  
 21 district attorney shall devote full time to the duties of the office and shall not engage in the  
 22 private practice of law during his or her term."

23 **SECTION 18B.9.(h)** The office and term of the district attorney for Prosecutorial  
 24 District 9A formerly consisting of Person and Caswell Counties is terminated upon the  
 25 expiration of the current term, December 31, 2018. Effective January 1, 2019, District 9A is  
 26 eliminated. All open investigations and pending cases for Prosecutorial District 9A formerly  
 27 consisting of Person and Caswell Counties shall be transferred to either District 10 or District  
 28 22. Person County is added to District 10 and the number of ADAs in that district is increased  
 29 by three. Caswell County is added to District 22 and the number of ADAs in that district is  
 30 increased by three.

31 **SECTION 18B.9.(i)** The Revisor of Statutes shall modify G.S. 7A-60(a1) to reflect  
 32 the directions set out in subsection (h) of this section.

33 **SECTION 18B.9.(j)** This section is effective when it becomes law, and elections  
 34 conducted in 2018 shall be conducted in accordance with the districts as modified by this  
 35 section.

36  
 37 **ELIMINATE ACCESS TO CIVIL JUSTICE FUNDS**

38 **SECTION 18B.10.(a)** G.S. 7A-304(a) reads as rewritten:

39 **"§ 7A-304. Costs in criminal actions.**

40 (a) In every criminal case in the superior or district court, wherein the defendant is  
 41 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the  
 42 prosecuting witness, the following costs shall be assessed and collected. No costs may be  
 43 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of  
 44 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs  
 45 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8),  
 46 (8a), (11), (12), or (13) of this section.

47 ...

48 (4) For support of the General Court of Justice, the sum of one hundred  
 49 forty-seven dollars and fifty cents (\$147.50) in the district court, including  
 50 cases before a magistrate, and the sum of one hundred fifty-four dollars and  
 51 fifty cents (\$154.50) in the superior court, to be remitted to the State

1 Treasurer. For a person convicted of a felony in superior court who has made  
 2 a first appearance in district court, both the district court and superior court  
 3 fees shall be assessed. The State Treasurer shall remit the sum of ~~one dollar~~  
 4 ~~and fifty cents (\$1.50) of each fee collected under this subdivision to the~~  
 5 ~~North Carolina State Bar for the provision of services described in G.S.~~  
 6 ~~7A-474.4, and ninety-five cents (\$.95) of each fee collected under this~~  
 7 ~~subdivision to the North Carolina State Bar for the provision of services~~  
 8 ~~described in G.S. 7A-474.19.~~

9 ...."

10 **SECTION 18B.10.(b)** G.S. 7A-305(a) reads as rewritten:

11 **"§ 7A-305. Costs in civil actions.**

12 (a) In every civil action in the superior or district court, except for actions brought  
 13 under Chapter 50B of the General Statutes, shall be assessed:

14 ...

15 (2) For support of the General Court of Justice, the sum of one hundred eighty  
 16 dollars (\$180.00) in the superior court and the sum of one hundred thirty  
 17 dollars (\$130.00) in the district court except that if the case is assigned to a  
 18 magistrate the sum shall be eighty dollars (\$80.00). If a case is designated as  
 19 a mandatory complex business case under G.S. 7A-45.4, upon assignment to  
 20 a Business Court Judge, the party filing the designation shall pay an  
 21 additional one thousand one hundred dollars (\$1,100) for support of the  
 22 General Court of Justice. If a case is designated as a complex business case  
 23 under Rule 2.1 and Rule 2.2 of the General Rules of Practice for the Superior  
 24 and District Courts, upon assignment to a Business Court Judge, the plaintiff  
 25 shall pay an additional one thousand one hundred dollars (\$1,100) for  
 26 support of the General Court of Justice. Sums collected under this  
 27 subdivision shall be remitted to the State Treasurer. The State Treasurer shall  
 28 remit the sum of ~~one dollar and fifty cents (\$1.50) of each fee collected~~  
 29 ~~under this subdivision to the North Carolina State Bar for the provision of~~  
 30 ~~services described in G.S. 7A-474.4, and ninety-five cents (\$.95) of each fee~~  
 31 ~~collected under this subdivision to the North Carolina State Bar for the~~  
 32 ~~provision of services described in G.S. 7A-474.19."~~

33 **SECTION 18B.10.(c)** Article 37A of Chapter 7A of the General Statutes is  
 34 repealed.

35 **SECTION 18B.10.(d)** This section is effective when it becomes law.

36  
 37 **MODIFY EMERGENCY RECALL JUDGES**

38 **SECTION 18B.11.(a)** G.S. 7A-45.2 reads as rewritten:

39 **"§ 7A-45.2. Emergency special judges of the superior court; qualifications, appointment,**  
 40 **removal, and authority.**

41 (a) Any justice or judge of the appellate division of the General Court of Justice who:

- 42 (1) Retires under the provisions of the Consolidated Judicial Retirement Act,  
 43 Article 4 of Chapter 135 of the General Statutes, or who is eligible to receive  
 44 a retirement allowance under that act;  
 45 (2) Has not reached the mandatory retirement age specified in G.S. 7A-4.20;  
 46 (3) Has served at least five years as a superior court judge or five years as a  
 47 justice or judge of the appellate division of the General Court of Justice, or  
 48 any combination thereof, whether or not eligible to serve as an emergency  
 49 justice or judge of the appellate division of the General Court of Justice; and  
 50 (4) Whose judicial service ended within the preceding 10 years; may apply to  
 51 the Governor for appointment as an emergency special superior court judge

1 in the same manner as is provided for application as an emergency superior  
2 court judge in G.S. 7A-53. If the Governor is satisfied that the applicant  
3 meets the requirements of this section and is physically and mentally able to  
4 perform the duties of a superior court judge, the Governor shall issue a  
5 commission appointing the applicant as an emergency special superior court  
6 judge until the applicant reaches the mandatory retirement age for superior  
7 court judges specified in G.S. 7A-4.20.

8 (b) Any emergency special superior court judge appointed as provided in this section  
9 shall:

- 10 (1) Have the same powers and duties, when duly assigned to hold court, as  
11 provided for an emergency superior court judge by G.S. 7A-48;
- 12 (2) Be subject to assignment in the same manner as provided for an emergency  
13 superior court judge by ~~G.S. 7A-46~~; G.S. 7A-46 and G.S. 7A-52(a);
- 14 (3) Receive the same compensation, expenses, and allowances, when assigned  
15 to hold court, as an emergency superior court judge as provided by  
16 G.S. 7A-52(b);
- 17 (4) Be subject to the provisions and requirements of the Canons of Judicial  
18 Conduct; and
- 19 (5) Not engage in the practice of law during any period for which the emergency  
20 special superior court judgeship is commissioned. However, this  
21 subdivision shall not be construed to prohibit an emergency special superior  
22 court judge appointed pursuant to this section from serving as a referee,  
23 arbitrator, or mediator, during service as an emergency special superior court  
24 judge when the service does not conflict with or interfere with the  
25 emergency special superior court judge's judicial service in emergency  
26 status.

27 (c) Upon reaching mandatory retirement age for superior court judges as set forth in  
28 G.S. 7A-4.20, any emergency special superior court judge appointed pursuant to this section,  
29 whose commission has expired, may be recalled as a recalled emergency special superior court  
30 judge to preside over any regular or special session of the superior court under the following  
31 circumstances:

- 32 (1) The judge shall consent to the recall;
- 33 (2) The Chief Justice may order the recall;
- 34 (3) Prior to ordering recall, the Chief Justice shall be satisfied that the recalled  
35 judge is capable of efficiently and promptly discharging the duties of the  
36 office to which recalled;
- 37 (4) Jurisdiction of a recalled emergency special superior court judge is as set  
38 forth in G.S. 7A-48;
- 39 (5) Orders of recall and assignment shall be in writing and entered upon the  
40 minutes of the court to which assigned; and
- 41 (6) Compensation, expenses, and allowances of recalled emergency special  
42 superior court judges are the same as for recalled emergency superior court  
43 judges under G.S. 7A-52(b).
- 44 (7) The emergency special superior court judge is listed as active on the list  
45 described in G.S. 7A-52(a).

46 (d) Any former justice or judge of the appellate division of the General Court of Justice  
47 who otherwise meets the requirements of subsection (a) of this section to be appointed an  
48 emergency special superior court judge but has already reached the mandatory retirement age  
49 for superior court judges set forth in G.S. 7A-4.20 on retirement may, in lieu of serving as an  
50 emergency judge of the court from which he retired, apply to the Governor to be appointed as  
51 an emergency special superior court judge as provided in this section. If the Governor issues a



1 commission to the applicant, the retired justice or judge is subject to recall as an emergency  
2 special superior court judge as provided in subsection (c) of this section.

3 (e) No justice or judge appointed as an emergency special superior court judge or  
4 subject to recall as provided in this section shall, during the period so appointed or subject to  
5 recall, contemporaneously serve as an emergency justice or judge of the appellate division of  
6 the General Court of Justice."

7 **SECTION 18B.11.(b)** G.S. 7A-52 reads as rewritten:

8 "**§ 7A-52. Retired district and superior court judges may become emergency judges**  
9 **subject to recall to active service; compensation for emergency judges on recall.**

10 (a) Judges of the district court and judges of the superior court who have not reached  
11 the mandatory retirement age specified in G.S. 7A-4.20, but who have retired under the  
12 provisions of G.S. 7A-51, or under the Uniform Judicial Retirement Act after having completed  
13 five years of creditable service, may apply as provided in G.S. 7A-53 to become emergency  
14 judges of the court from which they retired. From the commissioned emergency district,  
15 superior, and special superior court judges, the Chief Justice of the Supreme Court shall create  
16 two lists of active emergency judges and two lists of inactive emergency judges. For  
17 emergency superior and special superior court judges, the active list shall be limited to a  
18 combined total of 10 emergency judges; all other emergency superior and special superior court  
19 judges shall be on an inactive list. For emergency district court judges, the active list shall be  
20 limited to 25 emergency judges; all other emergency district court judges shall be on an  
21 inactive list. There is no limit to the number of emergency judges on either inactive list. In the  
22 Chief Justice's discretion, emergency judges may be added or removed from their respective  
23 active and inactive lists, as long as the respective numerical limits on the active lists are  
24 observed. The Chief Justice is requested to consider geographical distribution in assigning  
25 emergency judges to an active list but may utilize any factor in determining which emergency  
26 judges are assigned to an active list. The Chief Justice of the Supreme Court may order any  
27 emergency judge of the district, superior, or special superior court judge on an active list  
28 who, in his opinion, is competent to perform the duties of a judge, judge of the court from  
29 which such judge retired, to hold regular or special sessions of such the court from which the  
30 judge retired, as needed. Order of assignment shall be in writing and entered upon the minutes  
31 of the court to which such emergency judge is assigned. An emergency judge shall only be  
32 assigned in the event of a:

- 33 (1) Death of a sitting judge.
- 34 (2) Disability of a sitting judge.
- 35 (3) Recall to active military duty of a sitting judge.
- 36 (4) Retirement or removal of a sitting judge.
- 37 (5) Court case-management emergency.

38 (a1) An emergency judge of the superior court may be recalled to active service by the  
39 Chief Justice and assigned to hear and decide complex business cases if, at the time of the  
40 judge's retirement, all of the following conditions are met:

- 41 (1) The judge is a special superior court judge who is retiring from a term to  
42 which the judge was appointed pursuant to G.S. 7A-45.1.
- 43 (2) The judge is retiring from a term for which the judge was assigned by the  
44 Chief Justice to hear and decide complex business cases as a business court  
45 judge pursuant to G.S. 7A-45.3.
- 46 (3) The judge's nomination to serve a successive term in the same office is  
47 pending before the General Assembly, or was not acted upon by the General  
48 Assembly prior to adjournment sine die.
- 49 (4) If confirmed and appointed to the successive term of office for which  
50 nominated, the judge would reach mandatory retirement age before  
51 completing that term of office.

1 An emergency judge assigned to hear and decide complex business cases pursuant to this  
2 subsection shall be designated by the Chief Justice as a senior business court judge and shall be  
3 eligible to serve in that capacity for five years from the issuance date of the judge's commission  
4 under G.S. 7A-53 or until the judge's commission expires, whichever occurs first. Order of  
5 assignment shall be in writing and entered upon the minutes of the court to which such  
6 emergency judge is assigned. An emergency judge assigned to hear and decide complex  
7 business cases shall not be counted in the combined total of active emergency superior and  
8 special superior court judges described in subsection (a) of this section.

9 (b) In addition to the compensation or retirement allowance the judge would otherwise  
10 be entitled to receive by law, each emergency judge of the district or superior court who is  
11 assigned to temporary active service by the Chief Justice shall be paid by the State the judge's  
12 actual mileage and any necessary lodging and meal expenses, plus four hundred dollars  
13 (\$400.00) for each day of active service rendered upon recall, and each emergency judge  
14 designated as a senior business court judge pursuant to subsection (a1) of this section shall be  
15 paid by the State the judge's actual expenses, plus five hundred dollars (\$500.00) for each day  
16 of active service rendered upon recall as a senior business court judge. No day of active service  
17 rendered by an emergency judge pursuant to assignment under subsection (a) of this section  
18 shall overlap with a day of active service rendered pursuant to assignment under subsection  
19 (a1) of this section. No recalled retired trial judge shall receive from the State total annual  
20 compensation for judicial services in excess of that received by an active judge of the bench to  
21 which the judge is recalled. Emergency judges on an inactive list shall not receive  
22 reimbursement for continuing legal or judicial education."

23 **SECTION 18B.11.(c)** G.S. 7A-57 reads as rewritten:

24 "**§ 7A-57. Recall of active and emergency trial judges who have reached mandatory**  
25 **retirement age.**

26 Superior and district court judges retired because they have reached the mandatory  
27 retirement age, and emergency superior and district court judges whose commissions have  
28 expired because they have reached the mandatory retirement age, may be recalled to preside  
29 over regular or special sessions of the court from which retired under the following  
30 circumstances:

- 31 (1) The judge must consent to the recall.
- 32 (2) The Chief Justice is authorized to order the recall.
- 33 (3) Prior to ordering recall, the Chief Justice shall be satisfied that the judge is  
34 capable of efficiently and promptly discharging the duties of the office to  
35 which recalled.
- 36 (4) Jurisdiction of a recalled retired superior court judge is as set forth in  
37 G.S. 7A-48, and jurisdiction of a recalled retired district court judge is as set  
38 forth in G.S. 7A-53.1.
- 39 (5) Orders of recall and assignment shall be in writing and entered upon the  
40 minutes of the court to which assigned.
- 41 (6) Compensation of recalled retired trial judges is the same as for recalled  
42 emergency trial judges under G.S. 7A-52(b).
- 43 (7) Recalled emergency judges who served as a senior business court judge and  
44 whose commission expired upon reaching the mandatory retirement age may  
45 be recalled by the Chief Justice and assigned to hear and decide complex  
46 business cases as a senior business court judge for up to five years from the  
47 issuance date of their commission under G.S. 7A-53.
- 48 (8) The emergency judge is listed as active on the list described in  
49 G.S. 7A-52(a). This does not apply to an emergency judge who qualifies  
50 under subdivision (7) of this section."

1           **SECTION 18B.11.(d)** The Administrative Office of the Courts shall report  
2 annually to the Joint Legislative Oversight Committee on Justice and Public Safety by August 1  
3 on the preceding fiscal year's activities. The report shall include:

- 4           (1) An updated list of all active superior court and district court emergency  
5           judges.
- 6           (2) A list of all cases where an emergency court judge was assigned, including  
7           what districts the cases were located in and the reason for the assignment.
- 8           (3) A list of all expenses broken down by the daily fee for emergency judges,  
9           travel for service to assignment, and travel for continuing judicial education.
- 10          (4) A list of on-bench time for all emergency judges.

11          **SECTION 18B.11.(e)** This section is effective when it becomes law.  
12

### 13 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

14          **SECTION 18B.12.** Notwithstanding the minimum staffing number in  
15 G.S. 7A-133(c), the clerk of superior court in a county, with the written or e-mailed consent of  
16 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the  
17 magistrate positions allocated to that county. To provide accessibility for law enforcement and  
18 citizens, the clerk of superior court's office will provide some of the services traditionally  
19 provided by the magistrates' office during some or all of the regular courthouse hours. The  
20 Administrative Office of the Courts shall report on the results of the pilot project by October 1,  
21 2018, to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety.  
22 The report shall include the counties participating, a summary of the magisterial tasks assumed  
23 by clerks, the estimated cost savings, and recommendations for future expansion.  
24

## 25 **PART XIX. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

### 26 **MILITARY AFFAIRS COMMISSION/MILITARY PRESENCE STABILIZATION** 27 **FUND**

28          **SECTION 19.1.(a)** Section 24.1(a) of S.L. 2015-241 reads as rewritten:

29          "**SECTION 24.1.(a)** The Department of Military and Veterans Affairs is established as a  
30 new executive department. All functions, powers, duties, and obligations vested in the  
31 following agencies are transferred to, vested in, and consolidated within the Department of  
32 Military and Veterans Affairs by a Type I transfer, as defined in G.S. 143A-6:

- 33           (1) The following components of the Department of Administration:
  - 34           a. The Veterans' Affairs Commission.
  - 35           b. The Governor's Jobs for Veterans Committee.
  - 36           c. The Division of Veterans Affairs.
- 37           (2) ~~The North Carolina Military Affairs Commission in the Office of the~~  
38           ~~Governor."~~  
39

40          **SECTION 19.1.(b)** G.S. 143B-1310 reads as rewritten:

41          "**§ 143B-1310. Commission established; purpose; transaction of business.**

42           (a) Establishment. – There is established the North Carolina Military Affairs  
43 Commission. The Commission shall be ~~established within~~ assigned to the Department of  
44 Military and Veterans Affairs ~~Affairs~~ solely for purposes of G.S. 143B-14(a). As authorized by  
45 G.S. 143B-14(b), the Commission shall exercise all its powers, duties, and functions  
46 independently. Notwithstanding G.S. 143B-14(d), the Secretary of Military and Veterans  
47 Affairs shall not perform any of the Commission's management functions. Consistent with  
48 G.S. 143B-14(a), the Department of Military and Veterans Affairs shall provide the following  
49 administrative services to the Commission:

- 50           (1) Noticing and providing space for meetings of the Commission and its  
51           committees.

1           (2)    Taking minutes of the Commission's meetings.

2           (3)    Reimbursing per diem, subsistence, and travel expenses pursuant to  
3           G.S. 143B-1311(h).

4           (4)    Serving as a liaison among the committees of the Commission.

5           (5)    Any other administrative services requested by the Commission.

6           (b)    Purpose. – The Commission shall provide advice, counsel, and recommendations to  
7           the General Assembly, the Secretary of Military and Veterans Affairs, and other State agencies  
8           on initiatives, programs, and legislation that will continue and increase the role that North  
9           Carolina's military installations, the National Guard, and Reserves play in America's defense  
10          strategy and the economic health and vitality of the State. The Commission is authorized to do  
11          all of the following, ~~as delegated by the Secretary of Military and Veterans Affairs:~~following:

12          ...."

13          **SECTION 19.1.(c)** G.S. 143B-1311 reads as rewritten:

14          "**§ 143B-1311. Membership.**

15          ...

16          (b)    The voting members of the Commission shall be appointed as follows:

17          ...

18          (2)    Five members appointed by the Speaker of the House of Representatives,  
19          consisting of:

20           a.    One member of the House of Representatives. A House member who  
21           has served in the military or has extensive experience in the area of  
22           military affairs shall be selected. The House member shall not vote  
23           on matters that expend funds appropriated by the General Assembly.

24          ...

25          (3)    Five members appointed by the President Pro Tempore of the Senate,  
26          consisting of:

27           a.    One member of the Senate. A Senate member who has served in the  
28           military or has extensive experience in the area of military affairs  
29           shall be selected. The Senate member shall not vote on matters that  
30           expend funds appropriated by the General Assembly.

31          ...."

32          **SECTION 19.1.(d)** G.S. 143B-1211 reads as rewritten:

33          "**§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

34          It shall be the duty of the Department of Military and Veterans Affairs to do all of the  
35          following:

36          ...

37          (12)    Provide administrative, organizational, and funding support to ~~the NC~~  
38          ~~Military Affairs Commission~~ and the Governor's Working Group for  
39          Veterans.

40          (12a)   Provide administrative services to the North Carolina Military Affairs  
41          Commission pursuant to G.S. 143B-1310(a).

42          ...."

43          **SECTION 19.1.(e)** G.S. 143B-1217 reads as rewritten:

44          "**§ 143B-1217. Military Presence Stabilization Fund.**

45          The Military Presence Stabilization Fund is established as a special fund in the Department  
46          of Military and Veterans Affairs. Funds in the Military Presence Stabilization Fund shall be  
47          used to fund actions designed to make the State less vulnerable to closure pursuant to federal  
48          Base Realignment and Closure and related initiatives. ~~The Secretary of Military and Veterans~~  
49          ~~Affairs may allocate funds in~~ North Carolina Military Affairs Commission shall approve the  
50          use of the Fund for this purpose."

1           **SECTION 19.1.(f)** Notwithstanding G.S. 143B-1214 and G.S. 143B-1217, the  
2 funds appropriated in this act to the Military Presence Stabilization Fund for the 2017-2018  
3 fiscal year may be used for the following purposes:

- 4           (1) Up to the sum of two hundred twenty-five thousand dollars (\$225,000) may  
5 be used to provide grants to local communities or military installations.  
6 These funds shall only be used for actual project expenses and shall not be  
7 used to pay for lobbying the North Carolina General Assembly, salaries,  
8 travel, or other administrative costs. The North Carolina Military Affairs  
9 Commission shall establish guidelines for applying for these grants.
- 10          (2) Administrative expenses and reimbursements for members of the North  
11 Carolina Military Affairs Commission.
- 12          (3) Federal advocacy and lobbying support.
- 13          (4) Updates to strategic planning analysis and strategic plan.
- 14          (5) Economic impact analyses.
- 15          (6) Public-public/public-private (P4) initiatives.
- 16          (7) Identification and implementation of innovated measures to increase the  
17 military value of installations.
- 18          (8) Fully fund the position at the North Carolina Economic Development  
19 Center.

20           **SECTION 19.1.(g)** The North Carolina Military Affairs Commission shall report  
21 to the Joint Legislative Oversight Committee on General Government no later than February  
22 15, 2018, on the expenditures from the Military Presence Stabilization Fund.

## 23 24 **SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS**

25           **SECTION 19.2.(a)** G.S. 143B-1224 reads as rewritten:

### 26 **"§ 143B-1224. Definitions.**

27           As used in this Part the terms defined in this section shall have the following meaning:

28           ...

- 29          (7) "Veteran" means a person who served as a member of the Armed Forces in  
30 active federal service during a period of war and who was either separated  
31 from the Armed Forces under honorable conditions ~~other than~~  
32 ~~dishonorable~~ or who is currently serving in a second or subsequent  
33 enlistment. A person who was separated from the Armed Forces under  
34 honorable conditions ~~other than dishonorable~~ and whose death or disability  
35 was incurred (i) as a direct result of armed conflict or (ii) while engaged in  
36 extra-hazardous service, including such service under conditions simulating  
37 war, ~~shall also be deemed~~ is also a "veteran" and such the death or disability  
38 ~~shall be considered~~ is wartime service-connected."

39           **SECTION 19.2.(b)** G.S. 143B-1226 reads as rewritten:

### 40 **"§ 143B-1226. Classes or categories of eligibility under which scholarships may be** 41 **awarded.**

42          (a) Scholarship Consideration. – A child, as defined in this Part, who falls within the  
43 provisions of any eligibility class described below in subsection (b) of this section shall, upon  
44 proper application ~~application~~, be considered for a scholarship, subject to the provisions and  
45 limitations set forth for the class under which the child is considered ~~considered~~. A child may  
46 be considered for a scholarship under more than one eligibility class as long as the child falls  
47 within the provisions and is subject to the limitations of each class for which the child is being  
48 considered. A child may be awarded only one scholarship as provided in G.S. 143B-1225(a)(3).

49          (b) Scholarship Eligibility Classes. –

- 50          (1) Class I-A: Under this class a scholarship shall be awarded to any child  
51 whose veteran parent

...."

## PART XX. OFFICE OF ADMINISTRATIVE HEARINGS

### OAH/LAWSUIT FUNDS

**SECTION 20.1.** The Department of Public Instruction shall transfer the sum of fifty thousand dollars (\$50,000) to the Office of Administrative Hearings to be allocated to the Rules Review Commission, created by G.S. 143B-30.1, to pay for any litigation costs incurred in the defense of *North Carolina State Board of Education v. The State of North Carolina and The Rules Review Commission*, Wake County Superior Court, File No. 14 CVS 14791 (filed November 7, 2014). These funds shall not revert at the end of the 2017-2018 fiscal year but shall remain available during the 2018-2019 fiscal year for expenditure in accordance with the provisions of this section.

## PART XXI. TREASURER

### ADD ESOPHAGEAL CANCER AS OCCUPATIONAL DISEASE TO LINE-OF-DUTY DEATH BENEFITS FOR FIREFIGHTERS

**SECTION 21.1.** G.S. 143-166.2(c) reads as rewritten:

**"§ 143-166.2. Definitions.**

...

(c) The term "killed in the line of duty" shall apply to any law-enforcement officer, firefighter, rescue squad worker who is killed or dies as a result of bodily injuries sustained or of extreme exercise or extreme activity experienced in the course and scope of his official duties while in the discharge of his official duty or duties. When applied to a senior member of the Civil Air Patrol as defined in this Article, "killed in the line of duty" shall mean any such senior member of the North Carolina Wing-Civil Air Patrol who is killed or dies as a result of bodily injuries sustained or of extreme exercise or extreme activity experienced in the course and scope of his official duties while engaged in a State requested and approved mission pursuant to Article 13 of Chapter 143B of the General Statutes. For purposes of this Article, when a law enforcement officer, firefighter, rescue squad worker, or senior Civil Air Patrol member dies as the direct and proximate result of a myocardial infarction suffered while on duty or within 24 hours after participating in a training exercise or responding to an emergency situation, the law enforcement officer, firefighter, rescue squad worker, or senior Civil Air Patrol member is presumed to have been killed in the line of duty. For the purposes of this Article, when a firefighter dies as a direct and proximate result of any of the following cancers that are occupationally related to firefighting, that firefighter is presumed to have been killed in the line of duty:

- (1) Mesothelioma.
- (2) Testicular cancer.
- (3) Intestinal cancer.
- (4) Esophageal cancer."

## PART XXII. DEPARTMENT OF INSURANCE

### INSURANCE REGULATORY CHARGE

**SECTION 22.1.** The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2018 calendar year.

1 **DEPARTMENT OF INSURANCE END SUPPORT OF EIGHT OFFICE OF STATE**  
2 **CONSTRUCTION ENGINEER POSITIONS IN DEPARTMENT OF**  
3 **ADMINISTRATION**

4 **SECTION 22.2.** Section 7 of S.L. 2009-474, as amended by Section 20.3 of S.L.  
5 2012-142, is repealed.

6  
7 **ALLOW ADAPTIVE BEHAVIOR TREATMENT COVERED BY A HEALTH**  
8 **BENEFIT PLAN TO BE PROVIDED OR SUPERVISED BY A BOARD CERTIFIED**  
9 **BEHAVIOR ANALYST**

10 **SECTION 22.3.(a)** G.S. 58-3-192(a)(1) reads as rewritten:

11 **"§ 58-3-192. Coverage for autism spectrum disorder.**

12 (a) As used in this section, the following definitions apply:

13 (1) Adaptive behavior treatment. – Behavioral and developmental interventions  
14 that systematically manage instructional and environmental factors or the  
15 consequences of behavior that have been shown to be clinically effective  
16 through research published in peer reviewed scientific journals and based  
17 upon randomized, quasi-experimental, or single subject designs. Both of the  
18 following requirements must be met:

19 a. The intervention must be necessary to (i) increase appropriate or  
20 adaptive behaviors, (ii) decrease maladaptive behaviors, or (iii)  
21 develop, maintain, or restore, to the maximum extent practicable, the  
22 functioning of an individual.

23 b. The treatment must be ordered by a licensed physician or licensed  
24 psychologist and the treatment must be provided or supervised by  
25 one of the following ~~licensed~~-professionals, so long as the services or  
26 supervision provided is commensurate with the ~~licensed~~  
27 professional's training, experience, and scope of practice:

- 28 1. A licensed psychologist or psychological associate.
- 29 2. A licensed psychiatrist or developmental pediatrician.
- 30 3. A licensed speech and language pathologist.
- 31 4. A licensed occupational therapist.
- 32 5. A licensed clinical social worker.
- 33 6. A licensed professional counselor.
- 34 7. A licensed marriage and family therapist.
- 35 8. A board certified behavior analyst."

36 **SECTION 22.3.(b)** This section becomes effective July 1, 2017, and applies to  
37 insurance contracts issued, renewed, or amended on or after that date.

38  
39 **ALLOW THE STATE FIRE MARSHAL TO INVESTIGATE ARSON**

40 **SECTION 22.4.(a)** G.S. 58-79-1 reads as rewritten:

41 **"§ 58-79-1. Fires investigated; reports; records.**

42 The Director of the State Bureau of Investigation, through the State Bureau of  
43 Investigation, the State Fire Marshal, and the chief of the fire department, or chief of police  
44 where there is no chief of the fire department, in municipalities and towns, and the county fire  
45 marshal and the sheriff of the county and the chief of the rural fire department where such fire  
46 occurs outside of a municipality, are hereby authorized to investigate the cause, origin, and  
47 circumstances of every fire occurring in such municipalities or counties in which property has  
48 been destroyed or damaged, and shall specially make investigation whether the fire was the  
49 result of carelessness or design. A preliminary investigation shall be made by the chief of fire  
50 department or chief of police, where there is no chief of fire department in municipalities, and  
51 by the county fire marshal and the sheriff of the county or the chief of the rural fire department

1 where such fire occurs outside of a municipality, and must be begun within three days,  
2 exclusive of Sunday, of the occurrence of the fire, and the Director of the State Bureau of  
3 Investigation, through the State Bureau of Investigation, shall have the right to supervise and  
4 direct the investigation when he deems it expedient or necessary.

5 The officer making the investigation of fires shall forthwith notify the Director of the State  
6 Bureau of Investigation, and must within one week of the occurrence of the fire furnish to the  
7 Director of the State Bureau of Investigation a written statement of all facts relating to the  
8 cause and origin of the fire, the kind, value and ownership of the property destroyed, and such  
9 other information as is called for by the forms provided by the Director of the State Bureau of  
10 Investigation. Departments capable of submitting the required information by the utilization of  
11 computers and related equipment, by means of an approved format of standard punch cards,  
12 magnetic tapes or an approved telecommunications system, may do so in lieu of the submission  
13 of the written statement as provided for in this section. The Director of the State Bureau of  
14 Investigation shall keep in his office a record of all reports submitted pursuant to this section.  
15 These reports shall at all times be open to public inspection."

16 **SECTION 22.4.(b)** This section is effective when this act becomes law.  
17

## 18 **STUDY HEALTH INSURANCE HIGH-RISK POOLS**

19 **SECTION 22.5.** The Department of Insurance shall study the establishment of a  
20 State-based health insurance high-risk pool in the event that the provisions of Public Law  
21 111-148, the Patient Protection and Affordable Care Act, as amended, prohibiting denial of  
22 health insurance benefit coverage due to a preexisting condition, are repealed. No later than  
23 March 1, 2018, the Department of Insurance shall report to the Joint Legislative Commission  
24 on Governmental Operations on the following information:

- 25 (1) An update on the status of the provisions of Public Law 111-148, the Patient  
26 Protection and Affordable Care Act, as amended, prohibiting denial of health  
27 insurance benefit coverage due to a preexisting condition, and any other  
28 changes in federal law, regulations, or policy related to the establishment of  
29 both federal and State-based health insurance high-risk pools.
- 30 (2) Options for the design of a State-based high-risk pool and the cost of these  
31 options.
- 32 (3) Potential sources of funding for the cost of the options studied, including  
33 federal funding.
- 34 (4) Findings and recommendations regarding the options studied.
- 35 (5) Any proposed legislation related to the findings and recommendations.  
36

## 37 **PART XXIII. STATE BOARD OF ELECTIONS [RESERVED]**

## 38 **PART XXIV. GENERAL ASSEMBLY**

### 39 **PED STUDY/MEASURABILITY ASSESSMENT OF DEPARTMENT OF** 40 **ADMINISTRATION ADMINISTRATIVE ACTIVITIES AND PROGRAMS**

41 **SECTION 24.1.** The Program Evaluation Division (hereinafter "Division") is  
42 directed to conduct measurability assessments, as provided in Chapter 143E of the General  
43 Statutes, and efficiency evaluations of programs and administrative activities of the Department  
44 of Administration (hereinafter "Department") to improve Department accountability reporting  
45 and to recommend potential cost savings. Prior to conducting measurability assessments and  
46 efficiency evaluations, the Division shall consult with the State Auditor, who shall recommend  
47 potential programs or potentially high-cost Department activities that, with changes, may  
48 produce cost savings. Taking into account the recommendations of the State Auditor and the  
49 results of the measurability assessments, the Division may select a contractor through a  
50  
51



1 noncompetitive bid process to assist the Division in identifying potential cost savings. The  
2 State Auditor shall review draft findings and recommendations and shall provide a written  
3 response to be included in the Division's report. By March 30, 2018, the Division shall report  
4 its findings and recommendations to the Joint Legislative Program Evaluation Oversight  
5 Committee and Joint Legislative Oversight Committee on General Government and, upon  
6 request, to other committees.

## 7 8 **STUDY RATES AND TRANSFERS/PUBLIC ENTERPRISES**

9 **SECTION 24.3.(a)** The General Assembly finds that the ability of a city or county  
10 to efficiently and effectively provide public enterprise services, particularly water and sewer  
11 services, is challenged by that local government opting to use revenues of the public enterprise  
12 for purposes other than:

- 13 (1) Paying the costs of operating the public enterprise.
- 14 (2) Making debt service payments.
- 15 (3) Investing in improvements to the infrastructure of that public enterprise.
- 16 (4) Reimbursing the unit of local government for actual direct services provided  
17 to the public enterprise.

18 **SECTION 24.3.(b)** The General Assembly further finds that any excess net  
19 revenues should be used to lower rates, advance fund debt service, and fund infrastructure  
20 improvements of that public enterprise.

21 **SECTION 24.3.(c)** The Legislative Research Commission shall study the issues  
22 raised in this section and make recommendations to the General Assembly on:

- 23 (1) Fee and charge setting by units of local government in the operation of a  
24 water or sewer system, including collection rates of those fees and charges.
- 25 (2) Proper accounting controls to ensure transparency in budgeting and  
26 accounting for expenditures and interfund transfers of public enterprise  
27 services by units of local government.
- 28 (3) Legislation that may be necessary to ensure proper funding of infrastructure  
29 maintenance and improvements for the provision of water and sewer  
30 services, including whether regionalization could facilitate financially  
31 healthy systems with lower fees and charges to customers.
- 32 (4) Legislation that may be necessary to ensure that units of local government  
33 monitor aging water and sewer infrastructure to ensure proper maintenance  
34 and repair, including how this responsibility impacts the financial health of  
35 the public enterprise.

36 **SECTION 24.3.(d)** In making the study provided by this section, the Legislative  
37 Research Commission shall consult with the Local Government Commission, the School of  
38 Government, the Department of Environmental Quality, the North Carolina League of  
39 Municipalities, the North Carolina County Commissioners Association, and others.

40 **SECTION 24.3.(e)** The Legislative Research Commission shall make an interim  
41 report to the 2017 Regular Session of the General Assembly prior to its reconvening in 2018  
42 and shall make a final report to the 2019 Regular Session of the General Assembly.

43 **SECTION 24.3.(f)** This section is effective when this act becomes law.

## 44 45 **ESTABLISH THE JOINT SELECT COMMITTEE ON JUDICIAL FUNDING**

46 **SECTION 24.4.(a)** Establishment; Membership. – There is established the Joint  
47 Select Study Committee on Judicial Funding. The membership is as follows:

- 48 (1) Five members appointed by the President Pro Tempore of the Senate, at least  
49 one of whom shall be a member of the Senate.
- 50 (2) Five members appointed by the Speaker of the House of Representatives, at  
51 least one of whom shall be a member of the House of Representatives.

1           **SECTION 24.4.(b)** Chairs; Meetings; Quorum. – In selecting cochairs of the  
2 Committee, the President Pro Tempore of the Senate and the Speaker of the House of  
3 Representatives shall select from the legislative members of the Committee. The Committee  
4 shall meet upon the call of the cochairs. A quorum of the Committee shall be a majority of its  
5 members.

6           **SECTION 24.4.(c)** Purpose. – The Committee shall study the effects of enacting  
7 the first editions of Senate Bills 635 and 636 of the 2017 Regular Session of the General  
8 Assembly, or substantially similar legislation. In addition, the Committee shall study other  
9 issues the Committee deems relevant regarding State funding provided to the judicial branch.

10           **SECTION 24.4.(d)** Per Diem; Staff. – Members of the Committee shall receive per  
11 diem, subsistence, and travel allowance as provided in G.S. 120-3.1, 138-5, or 138-6, as  
12 appropriate. All expenses of the Committee shall be paid from the General Assembly's budget.  
13 The Legislative Services Officer shall assign professional and clerical staff to assist the  
14 Committee in its work.

15           **SECTION 24.4.(e)** Report; Termination. – The Committee shall submit a final  
16 report on the results of its study, including any proposed legislation, to the General Assembly  
17 on or before March 1, 2018. The Committee shall terminate on March 1, 2018, or upon the  
18 filing of its final report, whichever occurs first.

## 19 **PART XXV. OFFICE OF THE GOVERNOR [RESERVED]**

## 20 **PART XXVI. OFFICE OF STATE BUDGET AND MANAGEMENT**

### 21 **MODIFICATIONS TO PREVIOUS OSBM SPECIAL APPROPRIATIONS**

22           **SECTION 26.1.(a)** Notwithstanding any provision of S.L. 2016-94, or of the  
23 Committee Report described in Section 39.2 of that act, to the contrary:

- 24           (1) The sum of one hundred thousand dollars (\$100,000) in nonrecurring funds  
25 for the 2016-2107 fiscal year appropriated in that act as a grant-in-aid to the  
26 Macon County Community Funding Pool shall instead be appropriated to  
27 Macon County to be used for community purposes. G.S. 143C-1-2(b) and  
28 G.S. 143C-6-23(f1)(1) shall not apply to the funds described in this  
29 subdivision.
- 30           (2) The sum of fifty thousand dollars (\$50,000) in nonrecurring funds for the  
31 2016-2017 fiscal year appropriated in that act as a grant-in-aid to Watauga  
32 County for tourism and development for New River access points shall  
33 instead be used for the Guy Ford Road canoe access on the Watauga River.  
34 G.S. 143C-1-2(b) and G.S. 143C-6-23(f1)(1) shall not apply to the funds  
35 described in this subdivision.
- 36           (3) The sum of three hundred thousand dollars (\$300,000) in nonrecurring funds  
37 appropriated in that act to the Andrew Jackson Historical Foundation, Inc.,  
38 to renovate the Museum of the Waxhaws is not subject to G.S. 143C-1-2(b)  
39 and G.S. 143C-6-23(f1)(1).
- 40           (4) The sum of fifty thousand dollars (\$50,000) in nonrecurring funds  
41 appropriated in that act as a grant-in-aid to the Randolph-Asheboro YMCA  
42 is not subject to G.S. 143C-1-2(b) and G.S. 143C-6-23(f1)(1).

43           **SECTION 26.1.(b)** This section becomes effective June 30, 2017.

### 44 **SYMPHONY CHALLENGE GRANT**

45           **SECTION 26.2.(a)** Of the funds appropriated in this act to the Office of State  
46 Budget and Management, Special Appropriations, the sum of two million dollars (\$2,000,000)  
47 in recurring funds for the 2017-2018 fiscal year and two million dollars (\$2,000,000) in  
48

1 recurring funds for the 2018-2019 fiscal year shall be allocated to the North Carolina  
2 Symphony in accordance with this section. It is the intent of the General Assembly that the  
3 North Carolina Symphony raise at least nine million dollars (\$9,000,000) in non-State funds  
4 each year of the 2017-2019 fiscal biennium. The North Carolina Symphony cannot use funds  
5 transferred from the organization's endowment to its operating budget to achieve the  
6 fund-raising targets set out in subsections (b) and (c) of this section.

7 **SECTION 26.2.(b)** For the 2017-2018 fiscal year, the North Carolina Symphony  
8 shall receive allocations from the Office of State Budget and Management as follows:

- 9 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
10 funding, the North Carolina Symphony shall receive the sum of six hundred  
11 thousand dollars (\$600,000).
- 12 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
13 non-State funding for a total amount of six million dollars (\$6,000,000) in  
14 non-State funds, the North Carolina Symphony shall receive the sum of  
15 seven hundred thousand dollars (\$700,000).
- 16 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
17 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
18 non-State funds, the North Carolina Symphony shall receive the final sum of  
19 seven hundred thousand dollars (\$700,000) in the 2017-2018 fiscal year.

20 **SECTION 26.2.(c)** For the 2018-2019 fiscal year, the North Carolina Symphony  
21 shall receive allocations from the Office of State Budget and Management as follows:

- 22 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
23 funding, the North Carolina Symphony shall receive the sum of six hundred  
24 thousand dollars (\$600,000).
- 25 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
26 non-State funding for a total amount of six million dollars (\$6,000,000) in  
27 non-State funds, the North Carolina Symphony shall receive the sum of  
28 seven hundred thousand dollars (\$700,000).
- 29 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
30 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
31 non-State funds, the North Carolina Symphony shall receive the final sum of  
32 seven hundred thousand dollars (\$700,000) in the 2018-2019 fiscal year.

## 33 **RESULTS FIRST PROJECT**

34 **SECTION 26.3.(a)** The General Assembly finds and declares that a nationally  
35 recognized cost-benefit analysis model will allow the General Assembly to direct public  
36 resources to cost-effective programs that deliver the best outcomes for residents. The Office of  
37 State Budget and Management shall receive periodic updates that incorporate new research and  
38 enhancements identified through work in participating states and practical technical assistance  
39 to implement this cutting-edge approach for identifying policy and budget options. The General  
40 Assembly also intends to provide necessary assistance for State agencies to align their  
41 individual efforts and resources to achieve statewide priority outcomes.

42 **SECTION 26.3.(b)** The Office of State Budget and Management may consult and  
43 work with staff from the Pew-MacArthur Results First Initiative to implement a cost-benefit  
44 analysis model for use in crafting policy and budget decisions. The goal of the project is to  
45 obtain a model that will help the State invest in policies and programs that can be shown to  
46 work.

47 State agencies shall provide any information requested by the Office of State Budget  
48 and management for purposes of implementing this project. Local government and non-State  
49 entities that receive State funds may also be required to provide information to their funding  
50

1 agency or to the Office of State Budget and Management for purposes of implementing this  
2 project.

3 **SECTION 26.3.(c)** The Office of State Budget and Management shall file an  
4 interim report with the Joint Legislative Commission on Governmental Operations, the Joint  
5 Legislative Oversight Committee on General Government, and the Joint Legislative Program  
6 Evaluation Oversight Committee by April 8, 2018, on progress in implementing the  
7 cost-benefit analysis model and an annual report by October 1 of each year. The reports may  
8 include recommendations for legislation.

9  
10 **OSBM INCLUDE EXISTING DOA POSITIONS IN BASE BUDGET**

11 **SECTION 26.4.** The Office of State Budget and Management shall include in the  
12 Department of Administration's base budget for the 2019-2021 fiscal biennium on a recurring  
13 basis the following existing positions in the Office of State Construction:

<u>Position</u>	<u>Title</u>
60013374	Engineer
60013375	Engineer
60089843	Engineer
60089845	Engineer
65009250	Engineering Technician
65009251	Engineering Technician
65009252	Engineering Technician
65009253	Engineering Technician

23  
24 **OSBM INCLUDE RECEIPT-SUPPORTED POSITIONS IN BASE BUDGET FOR**  
25 **GENERAL ASSEMBLY**

26 **SECTION 26.5.** The Office of State Budget and Management shall include in the  
27 base budget for the North Carolina General Assembly, Budget Code 11000, for the 2019-2021  
28 fiscal biennium on a recurring basis the receipt-supported positions in fund codes 1120 and  
29 1211.

30  
31 **CAROLINA BALLET CHALLENGE GRANT**

32 **SECTION 26.6.** Of the funds appropriated in this act to the Office of State Budget  
33 and Management, Special Appropriations, the sum of one hundred thousand dollars (\$100,000)  
34 in nonrecurring funds for the 2017-2018 fiscal year shall be allocated to Carolina Ballet, Inc.,  
35 as a challenge grant. In order to receive the allocation, Carolina Ballet, Inc., shall match the  
36 challenge grant with non-State funds on a dollar-for-dollar basis. Upon raising the initial sum  
37 of twenty-five thousand dollars (\$25,000) in non-State funds, Carolina Ballet, Inc., shall  
38 receive the sum of twenty-five thousand dollars (\$25,000). Carolina Ballet, Inc., is eligible to  
39 receive three additional allocations of twenty-five thousand dollars (\$25,000) in the 2017-2018  
40 fiscal year as long as it matches each allocation on a dollar-for-dollar basis with non-State  
41 funds. Funds allocated pursuant to this section are in addition to any other funds that may be  
42 appropriated in this act for Carolina Ballet, Inc.

43  
44 **OSBM/NO TRANSFER OF FUNDS OR INCREASE IN RECEIPTS FOR VARIOUS**  
45 **BUDGETS AND FUNDS**

46 **SECTION 26.7.** Notwithstanding any other provision of law, the Office of State  
47 Budget and Management (OSBM) shall not increase the budget of Budget Code 13000. OSBM  
48 shall not transfer any additional funds into Budget Code 13000, fund codes 1110, 1631, and  
49 1632 or increase any receipts, including carry-forward funds and direct agency billing, for the  
50 2017-2019 fiscal biennium beyond the appropriated funding levels for fiscal year 2017-2018  
51 and fiscal year 2018-2019, as prescribed by the General Assembly.

1  
2 **PART XXVII. STATE AUDITOR [RESERVED]**

3  
4 **PART XXVIII. HOUSING FINANCE AGENCY**

5  
6 **HFA/WORKFORCE HOUSING LOAN PROGRAM ESTABLISHED**

7 **SECTION 28.1.** Chapter 122A of the General Statutes is amended by adding a new  
8 section to read as follows:

9 **"§ 122A-5.15. Workforce Housing Loan Program.**

10 (a) The North Carolina Housing Finance Agency shall establish and administer the  
11 Workforce Housing Loan Program for the purpose of making loans for qualified low-income  
12 housing development in the State. Funds appropriated to the North Carolina Housing Trust  
13 Fund for the Workforce Housing Loan Program shall be used by the Agency only as provided  
14 in this section.

15 (b) The following definitions apply in this section:

16 (1) Code. – As defined in G.S. 105-228.90.

17 (2) Qualified North Carolina low-income housing development. – A qualified  
18 low-income project or building that is allocated a federal tax credit under  
19 section 42(h)(1) of the Code.

20 (3) Qualified residential unit. – A housing unit that meets the requirements of  
21 section 42 of the Code.

22 (c) A taxpayer allocated a federal low-income housing tax credit under section 42 of the  
23 Code to construct or substantially rehabilitate a qualified North Carolina low-income housing  
24 development is eligible for a loan under the Workforce Housing Loan Program if the taxpayer  
25 satisfies the loan criteria established by the Agency. The loan criteria shall support the  
26 financing of similar types of developments as provided in G.S. 105-129.42 and shall be  
27 developed in partnership with developers of low-income housing in the State who receive a  
28 federal low-income housing tax credit under section 42 of the Code. The Agency shall take into  
29 consideration all eligible sources of funding for each development project, including whether  
30 there are other eligible sources of funding available for the development project. No loan made  
31 to a taxpayer under this section shall exceed two million dollars (\$2,000,000) if the low-income  
32 housing development is located in a low-income county, as designated by the Agency; one  
33 million five hundred dollars (\$1,500,000) in a moderate-income county, as designated by the  
34 Agency; and two hundred fifty thousand dollars (\$250,000) in a high-income county, as  
35 designated by the Agency.

36 (d) By February 1 of each year, the Agency shall report to the Joint Legislative  
37 Commission on Governmental Operations and the Fiscal Research Division on the number of  
38 loans made under this section, the amount of each loan, and whether the low-income housing  
39 development is located in a low-, moderate-, or high-income county, as designated by the  
40 Agency."

41  
42 **PART XXIX. DEPARTMENT OF THE SECRETARY OF STATE [RESERVED]**

43  
44 **PART XXX. OFFICE OF LT. GOVERNOR [RESERVED]**

45  
46 **PART XXXI. DEPARTMENT OF ADMINISTRATION**

47  
48 **TRANSFER THE HUMAN RELATIONS COMMISSION**

49 **SECTION 31.1.(a)** The North Carolina Human Relations Commission is hereby  
50 transferred from the Department of Administration to the Civil Rights Division of the Office of

1 Administrative Hearings. This transfer shall have all of the elements of a Type I transfer, as  
2 described in G.S. 143A-6.

3 **SECTION 31.1.(b)** Article 60 of Chapter 7A of the General Statutes is amended by  
4 adding a new section, G.S. 7A-761, entitled "North Carolina Human Relations Commission,"  
5 and (i) G.S. 143B-391 is recodified as subsection (a) of G.S. 7A-761 and (ii) subsections (a)  
6 through (d) of G.S. 143B-392 are recodified as subsections (b) through (e) of G.S. 7A-761.

7 **SECTION 31.1.(c)** G.S. 7A-761, as enacted by subsection (b) of this section, reads  
8 as rewritten:

9 **"§ 7A-761. North Carolina Human Relations Commission.**

10 (a) There is hereby created the North Carolina Human Relations Commission of the  
11 ~~Department of Administration~~Civil Rights Division of the Office of Administrative Hearings.  
12 The North Carolina Human Relations Commission shall have the following functions and  
13 duties:

- 14 (1) To study problems concerning human relations;
- 15 (2) To promote equality of opportunity for all citizens;
- 16 (3) To promote understanding, respect, and goodwill among all citizens;
- 17 (4) To provide channels of communication among the races;
- 18 (5) To encourage the employment of qualified people without regard to race;
- 19 (6) To encourage youths to become better trained and qualified for employment;
- 20 (7) To receive on behalf of the ~~Department of Administration~~Civil Rights  
21 Division of the Office of Administrative Hearings and to recommend  
22 expenditure of gifts and grants from public and private donors;
- 23 (8) To enlist the cooperation and assistance of all State and local government  
24 officials in the attainment of the objectives of the Commission;
- 25 (9) To assist local good neighborhood councils and biracial human relations  
26 committees in promoting activities related to the functions of the  
27 Commission enumerated above;
- 28 (10) To advise the ~~Secretary of Administration~~Chief Administrative Law Judge  
29 upon any matter the ~~Secretary~~Chief Administrative Law Judge may refer to  
30 it;
- 31 (11) To administer the provisions of the State Fair Housing Act as outlined in  
32 Chapter 41A of the General Statutes;
- 33 (12) To administer the provisions of Chapter 99D of the General Statutes.

34 (b) The Human Relations Commission of the ~~Department of Administration~~Civil Rights  
35 Division of the Office of Administrative Hearings shall consist of 22 members. The Governor  
36 shall appoint one member from each of the 13 congressional districts, plus five members at  
37 large, including the chairperson. The Speaker of the North Carolina House of Representatives  
38 shall appoint two members to the Commission. The President Pro Tempore of the Senate shall  
39 appoint two members to the Commission. The terms of four of the members appointed by the  
40 Governor shall expire June 30, 1988. The terms of four of the members appointed by the  
41 Governor shall expire June 30, 1987. The terms of four of the members appointed by the  
42 Governor shall expire June 30, 1986. The terms of four of the members appointed by the  
43 Governor shall expire June 30, 1985. The terms of the members appointed by the Speaker of  
44 the North Carolina House of Representatives shall expire June 30, 1986. The terms of the  
45 members appointed by the Lieutenant Governor shall expire June 30, 1986. The initial term of  
46 office of the person appointed to represent the 12th Congressional District shall commence on  
47 January 3, 1993, and expire on June 30, 1996. At the end of the respective terms of office of the  
48 initial members of the Commission, the appointment of their successors shall be for terms of  
49 four years. No member of the commission shall serve more than two consecutive terms. A  
50 member having served two consecutive terms shall be eligible for reappointment one year after  
51 the expiration of his second term. Any appointment to fill a vacancy on the Commission

1 created by the resignation, dismissal, death, or disability of a member shall be filled in the  
2 manner of the original appointment for the unexpired term.

3 (c) Members of the Commission shall receive per diem and necessary travel and  
4 subsistence expenses in accordance with the provisions of G.S. 138-5.

5 (d) A majority of the Commission shall constitute a quorum for the transaction of  
6 business.

7 (e) All clerical and support services required by the Commission shall be supplied by  
8 the ~~Secretary of the Department of Administration~~ Office of Administrative Hearings."

9 **SECTION 31.1.(d)** G.S. 143-422.3 reads as rewritten:

10 **"§ 143-422.3. Investigations; conciliations.**

11 The Human Relations Commission in the ~~Department of Administration~~ Civil Rights  
12 Division of the Office of Administrative Hearings shall have the authority to receive charges of  
13 discrimination from the Equal Employment Opportunity Commission pursuant to an agreement  
14 under Section 709(b) of Public Law 88-352, as amended by Public Law 92-261, and investigate  
15 and conciliate charges of discrimination. Throughout this process, the agency shall use its good  
16 offices to effect an amicable resolution of the charges of discrimination."

17 **SECTION 31.1.(e)** G.S. 143-422.13 reads as rewritten:

18 **"§ 143-422.13. Investigations; conciliations.**

19 The Human Relations Commission in the ~~Department of Administration~~ Civil Rights  
20 Division of the Office of Administrative Hearings shall have the authority to receive,  
21 investigate, and conciliate complaints of discrimination in public accommodations. Throughout  
22 this process, the Human Relations Commission shall use its good offices to effect an amicable  
23 resolution of the complaints of discrimination. This Article does not create, and shall not be  
24 construed to create or support, a statutory or common law private right of action, and no person  
25 may bring any civil action based upon the public policy expressed herein."  
26

27 **COUNCIL FOR WOMEN/DOMESTIC VIOLENCE GRANTS**

28 **SECTION 31.2.(a)** G.S. 50B-9 reads as rewritten:

29 **"§ 50B-9. Domestic Violence Center Fund.**

30 (a) The Domestic Violence Center Fund is established within the State Treasury. The  
31 fund shall be administered by the Department of Administration, North Carolina Council for  
32 Women, and shall be used to make grants to centers for victims of domestic violence and to  
33 The North Carolina Coalition Against Domestic Violence, Inc. This fund shall be administered  
34 in accordance with the provisions of the Executive Budget Act. The Department of  
35 Administration shall make quarterly grants to each eligible domestic violence center and to The  
36 North Carolina Coalition Against Domestic Violence, Inc. Effective July 1, 2017, and each  
37 fiscal year thereafter, the Department of Administration shall send the contracts to grantees  
38 within 10 business days of the date the Current Operations Appropriations Act, as defined in  
39 G.S. 143C-1-1, is certified for that fiscal year.

40 (b) Each grant recipient shall receive the same amount. To be eligible to receive funds  
41 under this section, a domestic violence center must meet the following requirements:

42 (1) It shall have been in operation on the preceding July 1 and shall continue to  
43 be in operation.

44 (2) It shall offer all of the following services: a hotline, transportation services,  
45 community education programs, daytime services, and call forwarding  
46 during the night and it shall fulfill other criteria established by the  
47 Department of Administration.

48 (3) It shall be a nonprofit corporation or a local governmental entity.

49 (c) The North Carolina Council for Women shall report on the quarterly distributions of  
50 the grants from the Domestic Violence Center Fund to the House and Senate chairs of the  
51 General Government Appropriations Committee within five business days of distribution. The

1 report shall include the date, amount, and recipients of the fund disbursements. The report shall  
2 also include any eligible programs which are ineligible to receive funding during the relative  
3 reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

4 **SECTION 31.2.(b)** The Department of Information Technology shall review the  
5 grants management process of the North Carolina Council for Women and Youth Involvement  
6 Office and provide a report on online grants management options for the Domestic Violence  
7 and Sexual Assault grants programs to the chairs of the Joint Legislative Oversight Committee  
8 on General Government prior to or on April 1, 2018.  
9

#### 10 **DOA/COST TO AGENCIES TO MAINTAIN AND OPERATE MOTOR FLEET**

11 **SECTION 31.3.(a)** On January 1, 2018, the Department of Administration  
12 (hereinafter "Department") shall increase the amount allocated and charged to State agencies to  
13 which transportation is furnished as authorized by G.S. 143-341(8)i.6. For calendar year 2018,  
14 the Department shall, from funds available to it, subsidize the amount of the increase allocated  
15 and charged to State agencies. Beginning January 1, 2019, State agencies shall, from the funds  
16 available to them, pay the full amount allocated and charged for transportation furnished by the  
17 Department and the Department shall not subsidize any part of the amount allocated and  
18 charged. On June 30, 2018, the Department shall transfer to the motor fleet fund any  
19 unexpended and unencumbered funds from the General Fund to help offset deficiencies in the  
20 motor fleet fund that resulted from subsidizing the increase to State agencies.

21 **SECTION 31.3.(b)** The Department and Motor Fleet Management Division shall  
22 consult with each State agency to which transportation is provided to determine the types and  
23 sizes of vehicles needed by the agency and shall aid the agency in making adjustments to the  
24 size of its fleet to achieve maximum cost efficiency.

25 **SECTION 31.3.(c)** The Department shall determine the amount required by each  
26 agency to cover the cost of the increase in the amount allocated and charged for transportation  
27 for fiscal biennium 2019-2021. Notwithstanding the provisions of Chapter 143C (State Budget  
28 Act) of the General Statutes, the Office of State Budget and Management shall include the  
29 increase in the amount allocated and charged for transportation in the base budget for each  
30 State agency for fiscal biennium 2019-2021.

31 **SECTION 31.3.(d)** G.S. 143-341 reads as rewritten:

#### 32 **"§ 143-341. Powers and duties of Department.**

33 The Department of Administration has the following powers and duties:

34 ...

35 (8) General Services:

36 ...

37 i. To establish and operate a central motor fleet and such subsidiary  
38 related facilities as the Secretary may deem necessary, and to that  
39 end:

40 ...

41 6. To allocate and charge against each State agency to which  
42 transportation is furnished, ~~on a basis of mileage or of~~  
43 ~~rental,~~ furnished its proportionate part of the cost of  
44 maintenance and operation of the motor fleet.

45 The amount allocated and charged by the Department of  
46 Administration to State agencies to which transportation is  
47 furnished shall ~~be at least as follows:~~ take into account all of  
48 the following: (i) vehicle replacement cost, (ii) maintenance  
49 cost, (iii) insurance, (iv) use of telematics devices, and (v) the  
50 Department's administration cost.



- 1 I. Pursuit vehicles and full size four wheel drive  
 2 vehicles \$.24/mile.  
 3 H. Vans and compact four wheel drive vehicles  
 4 \$.22/mile.  
 5 III. All other vehicles \$.20/mile.  
 6

7 "...."

8 **SECTION 31.3.(e)** Subsection (d) of this section becomes effective January 1,  
 9 2018. The remainder of this section is effective when this act becomes law.

10 **DOA ALLOCATE OR LEASE OFFICE SPACE FOR BIPARTISAN STATE BOARD**  
 11 **OF ELECTIONS AND ETHICS ENFORCEMENT**

12 **SECTION 31.4.(a)** Not later than August 1, 2017, the Department of  
 13 Administration shall allocate office space in a State-owned or leased facility or enter into a  
 14 lease for office space in a non-State-owned facility to be used by the Bipartisan State Board of  
 15 Elections and Ethics Enforcement (hereinafter "State Board"). The square footage of the office  
 16 space required by this section shall be not less than the total square footage of the facilities  
 17 occupied on the date this act becomes law by the State agencies that were consolidated in S.L.  
 18 2017-6 to establish the State Board (being the State Board of Elections, State Ethics  
 19 Commission, and Secretary of State personnel identified in Section 20 of S.L. 2017-6). Not  
 20 later than September 1, 2017, the State Board shall house all personnel from the State agencies  
 21 described in this section in the same office facility. If the establishment of the State Board as  
 22 provided in S.L. 2017-6 is temporarily or permanently enjoined by a court of law, the State  
 23 agencies and personnel described in this section may remain housed in the office facility  
 24 acquired as provided by this section. The Department of Administration shall make reasonable  
 25 efforts to mitigate any losses caused by vacancies in facilities that result from the relocation of  
 26 personnel as provided for in this section.

27 **SECTION 31.4.(b)** In determining how to allocate or lease office space as required  
 28 by subsection (a) of this section, the Department of Administration shall consider the  
 29 requirements of the State Board, the availability of property already owned by the State or by  
 30 any State agency which might meet the requirements of the State Board, and the availability of  
 31 other property which might meet the requirements of the State Board. Neither the provisions of  
 32 Article 3 of Chapter 143 of the General Statutes, nor Part I of Article 36 of Chapter 143 of the  
 33 General Statutes, nor Article 6 of Subchapter II of Chapter 146 of the General Statutes, nor any  
 34 other contrary provision of law shall apply to a lease authorized by this section.  
 35

36 **PART XXXII. DEPARTMENT OF REVENUE**

37  
 38 **CRIMINAL RECORD CHECKS FOR THE DEPARTMENT OF REVENUE**

39 **SECTION 32.1.** Subpart D of Part 4 of Article 13 of Chapter 143B of the General  
 40 Statutes is amended by adding a new section to read as follows:

41 **"§ 143B-967. Criminal record checks for the Department of Revenue.**

42 (a) The Department of Public Safety shall, upon request, provide to the Department of  
 43 Revenue from the State and National Repositories of Criminal Histories the criminal history of  
 44 any of the following individuals:

- 45 (1) A current or prospective permanent or temporary employee.  
 46 (2) A contractor with the Department.  
 47 (3) An employee or agent of a contractor with the Department.  
 48 (4) Any other individual otherwise engaged by the Department who will have  
 49 access to federal tax information.

50 (b) Along with the request, the Department of Revenue shall provide to the Department  
 51 of Public Safety the fingerprints of the individual whose record is being sought, a form signed

1 by the individual consenting to the criminal record check and use of fingerprints and other  
2 identifying information required by the State and National Repositories, and any additional  
3 information required by the Department of Public Safety. The individual's fingerprints shall be  
4 forwarded to the State Bureau of Investigation for a search of the State's criminal history record  
5 file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal  
6 Bureau of Investigation for a national criminal history record check. The Department of  
7 Revenue shall keep all information obtained pursuant to this section confidential.

8 (c) The Department of Public Safety may charge a fee to offset the cost incurred by it to  
9 conduct a criminal record check under this section. The fee shall not exceed the actual cost of  
10 locating, editing, researching, and retrieving the information."

## 11

### 12 **DOR TAX FRAUD ANALYTICS**

13 **SECTION 32.2.(a)** Of the funds appropriated in this act to the Department of  
14 Revenue, the sum of four million four hundred thousand dollars (\$4,400,000) in nonrecurring  
15 funds for the 2017-2018 fiscal year shall be used to continue and expand the Department's tax  
16 fraud analysis contract. These funds shall be used as follows:

- 17 (1) \$1,300,000 to expand and enhance eNC3.
- 18 (2) \$2,000,000 to pay for fraud detection analytics.
- 19 (3) \$1,100,000 for hosting infrastructure.

20 **SECTION 32.2.(b)** The Department of Revenue shall continue to coordinate with  
21 the Government Data Analytics Center (GDAC) and utilize the subject matter expertise and  
22 technical infrastructure available through existing GDAC public-private partnerships for fraud  
23 detection analytics and infrastructure.

## 24

### 25 **PART XXXIII. OFFICE OF STATE CONTROLLER**

#### 26

#### 27 **OVERPAYMENTS AUDIT**

28 **SECTION 33.1.(a)** During the 2017-2019 fiscal biennium, receipts generated by  
29 the collection of inadvertent overpayments by State agencies to vendors as a result of pricing  
30 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,  
31 erroneously paid excise taxes, and related errors shall be deposited in Special Reserve Account  
32 24172 as required by G.S. 147-86.22(c).

33 **SECTION 33.1.(b)** Of the funds appropriated in this act from the Special Reserve  
34 Account 24172, and for each year of the 2017-2019 fiscal biennium, five hundred thousand  
35 dollars (\$500,000) of the funds shall be used by the Office of the State Controller for data  
36 processing, debt collection, or e-commerce costs.

37 **SECTION 33.1.(c)** All funds available in Special Reserve Account 24172 on June  
38 30 of each year of the 2017-2019 fiscal biennium shall revert to the General Fund on that date.

39 **SECTION 33.1.(d)** The State Controller shall report quarterly to the Joint  
40 Legislative Commission on Governmental Operations and the Fiscal Research Division on the  
41 revenue deposited in Special Reserve Account 24172 and the disbursement of that revenue.

## 42

### 43 **PART XXXIV. DEPARTMENT OF TRANSPORTATION**

#### 44

#### 45 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

46 **SECTION 34.1.(a)** Subsections (b) and (c) of Section 35.2 of S.L. 2016-94 are  
47 repealed.

48 **SECTION 34.1.(b)** The General Assembly authorizes and certifies anticipated  
49 revenues for the Highway Fund as follows:

50	For Fiscal Year 2019-2020	\$ 2,277.7 million
51	For Fiscal Year 2020-2021	\$ 2,374.9 million

1 For Fiscal Year 2021-2022 \$ 2,403.4 million

2 For Fiscal Year 2022-2023 \$ 2,427.3 million

3 **SECTION 34.1.(c)** The General Assembly authorizes and certifies anticipated  
 4 revenues for the Highway Trust Fund as follows:

5 For Fiscal Year 2019-2020 \$ 1,619.9 million

6 For Fiscal Year 2020-2021 \$ 1,654.6 million

7 For Fiscal Year 2021-2022 \$ 1,675.6 million

8 For Fiscal Year 2022-2023 \$ 1,701.8 million

9 **SECTION 34.1.(d)** The Department of Transportation, in collaboration with the  
 10 Office of State Budget and Management, shall develop a four-year revenue forecast. The first  
 11 fiscal year in the four-year revenue forecast shall be the 2023-2024 fiscal year. The four-year  
 12 revenue forecast developed under this subsection shall be used (i) to develop the four-year cash  
 13 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation  
 14 Improvement Program, and (iii) by the Department of the State Treasurer to compute  
 15 transportation debt capacity.

16  
 17 **CONTINGENCY FUNDS**

18 **SECTION 34.2.(a)** Section 29.2(a)(1) of S.L. 2015-241, as amended by Section  
 19 35.19 of S.L. 2016-94, is repealed.

20 **SECTION 34.2.(b)** Of the funds appropriated in this act to the Department of  
 21 Transportation, twelve million dollars (\$12,000,000) for each fiscal year of the 2017-2019  
 22 fiscal biennium shall be allocated statewide for rural or small urban highway improvements and  
 23 related transportation enhancements to public roads and public facilities, industrial access  
 24 roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that  
 25 enhance highway safety. Projects funded pursuant to this subsection require prior approval by  
 26 the Secretary of Transportation.

27 **SECTION 34.2.(c)** The Department of Transportation shall report to the members  
 28 of the General Assembly on projects funded pursuant to subsection (b) of this section in each  
 29 member's district prior to construction. The Department shall make a quarterly comprehensive  
 30 report on the use of these funds to the Joint Legislative Transportation Oversight Committee  
 31 and the Fiscal Research Division.

32  
 33 **REPAIRS AND RENOVATIONS**

34 **SECTION 34.3.** There is appropriated from the Highway Fund to the Department  
 35 of Transportation for the 2017-2019 fiscal biennium the following amounts for repairs and  
 36 renovations:

37	38 <b>Repairs and Renovations – Highway Fund</b>	39 <b>2017-2018</b>	40 <b>2018-2019</b>
41	Chilled Water Piping and Insulation Replacement	\$612,700	\$0
42	Statewide: Small Office Renovations/Additions	700,000	700,000
43	Statewide: Roof Repairs and Replacements	1,500,000	1,500,000
44	Statewide: Demolition of Obsolete or Condemned		
45	Buildings	500,000	500,000
46	Update Ductwork in Transportation Main Building	300,000	0
47	New Chiller for the Highway Building Complex	0	325,000

1			
2	Statewide: Water and Sewer Upgrades	1,500,000	1,500,000
3			
4	Upfit First Floor of Highway Building and Annex		
5	With Generator	0	825,000
6			
7	<b>TOTAL REPAIRS AND RENOVATIONS –</b>		
8	<b>HIGHWAY FUND</b>	<b>\$5,112,700</b>	<b>\$5,350,000</b>
9			

**DOT/FUNDING FOR ANALYTICS SERVICES**

11 **SECTION 34.4.** In addition to the funding appropriated in this act to continue and  
 12 enhance the Department of Transportation's contract for transportation analytics services, the  
 13 Secretary of the Department of Transportation may use up to the sum of two million dollars  
 14 (\$2,000,000) from funds available for the 2017-2018 fiscal year to cover costs incurred for  
 15 obtaining additional analytics services to improve the efficiency and operations of the  
 16 Department.

**DOT/CONSULTATION ON TRANSPORTATION PROJECTS WITH AFFECTED UTILITY PROVIDERS**

20 **SECTION 34.4A.(a)** G.S. 136-11.1 reads as rewritten:

21 "**§ 136-11.1. ~~Local~~Prior consultation on transportation projects.**

22 Prior to any action of the Board on a transportation project, the Department shall inform all  
 23 ~~municipalities and counties~~municipalities, counties, and utility providers affected by a planned  
 24 transportation project and request each ~~affected municipality or county~~to submit within 45  
 25 days a written resolution expressing their views on the project. A municipality or county may  
 26 designate a Transportation Advisory Committee to submit its response to the Department's  
 27 request for a resolution. Upon receipt of a written resolution from all affected ~~municipalities~~  
 28 ~~and counties~~parties or their designees, or the expiration of the 45-day period, whichever occurs  
 29 first, the Board may take action. The Department and the Board shall consider, but shall not be  
 30 bound by, the views of the affected ~~municipalities and counties~~parties or their designees on  
 31 each transportation project. The failure of a ~~county or municipality~~an affected party to express  
 32 its views within the time provided shall not prevent the Department or the Board from taking  
 33 action. The Department shall not be required to send notice under this section if it has already  
 34 received a written resolution from the affected ~~county or municipality~~party on the planned  
 35 transportation project. "Action of the Board", as used in this section, means approval by the  
 36 Board of: the Transportation Improvement Program and amendments to the Transportation  
 37 Improvement Program; the Secondary Roads Paving Program and amendments to the  
 38 Secondary Roads Paving Program; and individual applications for access and public service  
 39 road projects, contingency projects, small urban projects, and spot safety projects that exceed  
 40 two hundred fifty thousand dollars (\$250,000). The 45-day notification provision may be  
 41 waived upon a finding by the Secretary of Transportation that emergency action is required.  
 42 Such findings must be reported to the Joint Legislative Transportation Oversight Committee."

43 **SECTION 34.4A.(b)** This section is effective when it becomes law and applies to  
 44 transportation projects planned on or after that date.

**DOT PROPERTY ACQUISITIONS/APPRAISAL WAIVER VALUATION**

47 **SECTION 34.5.(a)** Article 2 of Chapter 136 of the General Statutes is amended by  
 48 adding a new section to read:

49 "**§ 136-19.6. Appraisal waiver valuation.**

50 (a) Intent. – It is the intent of the General Assembly to provide the Department of  
 51 Transportation with the resources and flexibility necessary to accelerate the time in which

1 projects are completed while maintaining fairness to affected property owners and other  
2 citizens of this State. It is the belief of the General Assembly that providing the Department  
3 with the flexibility allowed under subsection (b) of this section will help toward achieving this  
4 intent. Therefore, the Department is encouraged to utilize the flexibility provided in subsection  
5 (b) of this section for all acquisitions of land in which the value of the acquisition is estimated  
6 at ten thousand dollars (\$10,000) or less.

7 (b) Permissive Exception to Appraisal. – When the Department acquires land, and  
8 except as otherwise required by federal law, an appraisal is not required if the Department  
9 determines that the anticipated value of the proposed acquisition is estimated at forty thousand  
10 dollars (\$40,000) or less, based on a review of data available to the Department at the time the  
11 Department begins the acquisition process. If the Department determines that an appraisal is  
12 unnecessary, the Department may prepare an appraisal waiver valuation instead of an appraisal.  
13 The Department may contract with a qualified third party to prepare an appraisal waiver  
14 valuation. Any person performing an appraisal waiver valuation must have a sufficient  
15 understanding of the local real estate market to be qualified to perform the appraisal waiver  
16 valuation.

17 (c) Construction. – Nothing in subsection (b) of this section shall be construed as  
18 superseding or altering any provision of federal law requiring the Department to obtain an  
19 appraisal of a property the Department is attempting to acquire."

20 **SECTION 34.5.(b)** G.S. 146-22.2 reads as rewritten:

21 **"§ 146-22.2. Appraisal of property to be acquired by State.**

22 (a) ~~Where~~Except as otherwise provided in G.S. 136-19.6, where an appraisal of real  
23 estate or an interest in real estate is required by law to be made before acquisition of the  
24 property by the State or an agency of the State, the appraisal shall be made by a real estate  
25 appraiser licensed or certified by the State under Article 5 of Chapter 93A of the General  
26 Statutes.

27 ~~The provisions of subsection (a) of this section shall not apply to appraisals of real~~  
28 ~~estate or an interest in real estate made by personnel within the Department of Transportation~~  
29 ~~when the appraisal is anticipated to be less than ten thousand dollars (\$10,000). In the event~~  
30 ~~that the real estate or interest in real estate is in fact appraised at ten thousand dollars (\$10,000)~~  
31 ~~or more, the Department of Transportation must comply with the provisions of subsection (a)~~  
32 ~~of this section."~~

33 **SECTION 34.5.(c)** The Department of Transportation, in consultation with the  
34 North Carolina Appraisal Board, the North Carolina Chapter of the Appraisal Institute, and the  
35 North Carolina Association of Realtors, shall develop a process for performing appraisal  
36 waiver valuations authorized under G.S. 136-19.6, as enacted by subsection (a) of this section.  
37 By December 31, 2017, the Department shall submit a report to the Joint Legislative  
38 Transportation Oversight Committee on the development of the appraisal waiver valuation  
39 process. The report required under this subsection shall include an explanation of how the  
40 appraisal waiver valuation process developed by the Department conforms with the provisions  
41 of Chapter 93E of the General Statutes.

42 **SECTION 34.5.(d)** Subsections (a) and (b) of this section become effective May  
43 15, 2018, and apply to acquisitions on or after that date. The remainder of this section is  
44 effective when it becomes law.

## 45 **ESTABLISHMENT OF ADVANCE RIGHT-OF-WAY ACQUISITION ACCOUNT**

46 **SECTION 34.6.(a)** Article 14 of Chapter 136 of the General Statutes is amended  
47 by adding a new section to read:

48 **"§ 136-186. Use of credit reserve; Advance Right-of-Way Acquisition Account.**

49 (a) Definitions. – For purposes of this section, the following definitions apply:

50 (1) Credit reserve in the Highway Trust Fund. – Consists of all of the following:  
51

- 1                    a.     The unreserved credit balance in the Highway Trust Fund on the last  
2                    day of the fiscal year to the extent the balances exceed the amount  
3                    estimated for that date in the Current Operations Appropriations Act  
4                    for the following fiscal year.
- 5                    b.     The unencumbered and unexpended balances on the last day of the  
6                    fiscal year for the Central and program administration.
- 7                    c.     The remaining balance for (i) any open project that has been inactive  
8                    for two or more years after construction of the project has been  
9                    completed or (ii) any project that is not obligated during the first two  
10                   fiscal years in which funds are appropriated.
- 11                  (2)    Protective purchase. – Occurs when there is an imminent threat of  
12                  development of property located within a planned transportation project area  
13                  established by the Department and the development could affect the  
14                  Department's ability to construct the project by significantly increasing  
15                  future right-of-way costs, relocations, and disruption of persons and  
16                  businesses in the planned transportation project area.
- 17                  (3)    Undue hardship. – Occurs when a planned transportation project area  
18                  established by the Department causes a property owner remaining on a  
19                  property located within the planned transportation project area to experience  
20                  a hardship based on health, safety, or financial reasons beyond what is  
21                  experienced by other property owners within the planned transportation  
22                  project area and the property owner is unable to sell the property at fair  
23                  market value within a time period that is typical for properties not impacted  
24                  by the planned project.
- 25                  (b)    Establishment of Account. – There is established within the Highway Trust Fund an  
26                  Advance Right-of-Way Acquisition Account. The Account shall be under the control and  
27                  direction of the Department of Transportation. The Account shall consist of both of the  
28                  following:
- 29                    (1)    The credit reserve in the Highway Trust Fund on the last day of the fiscal  
30                    year to the extent the balance in the Account does not exceed twenty-five  
31                    million dollars (\$25,000,000).
- 32                    (2)    Any State or federal funds appropriated, allocated, or otherwise transferred  
33                    to the Account.
- 34                  (c)    Uses. – The funds in the Account shall be used only to advance funds to a project  
35                  for the acquisition of right-of-way prior to the project being programmed in the State  
36                  Transportation Improvement Program. Funds advanced pursuant to this subsection may be used  
37                  for the cost of the right-of-way and any costs incurred in acquiring the right-of-way. Funds  
38                  shall not be advanced to a project pursuant to this subsection unless the project meets all of the  
39                  following requirements:
- 40                    (1)    The right-of-way must be identified as a future right-of-way in (i) a corridor  
41                    protection map adopted pursuant to Article 2E of this Chapter, (ii) the most  
42                    recently adopted State Transportation Improvement Program, or (iii) both a  
43                    corridor protection map adopted pursuant to Article 2E of this Chapter and  
44                    the most recently adopted State Transportation Improvement Program.
- 45                    (2)    The Department determines it is in the best interest of the public to acquire  
46                    the right-of-way (i) as a protective purchase or (ii) to remove an undue  
47                    hardship.
- 48                    (3)    For Turnpike projects only, a Record of Decision or a Finding of No  
49                    Significant Impact must have been issued.
- 50                  (d)    Fees and Interest. – Except for Turnpike projects, the Department shall not charge  
51                  fees or interest on funds advanced pursuant to subsection (c) of this section. For Turnpike

1 projects, the Department shall condition the advancement of funds pursuant to subsection (c) of  
2 this section on the establishment of any security and the payment of any fees and interest rates  
3 the Department may deem necessary.

4 (e) Repayment. – Funds advanced pursuant to subsection (c) of this section, including  
5 any fees or interest, shall be repaid in the first year the project utilizing the acquired  
6 right-of-way is programmed for right-of-way in the State Transportation Improvement  
7 Program.

8 (f) Remaining Credit Reserve. – The Director of the Budget shall allocate any portion  
9 of the credit reserve in the Highway Trust Fund not used in accordance with subdivision (1) of  
10 subsection (b) of this section to the Strategic Transportation Investments fund in the Highway  
11 Trust Fund. The funds shall be used only to accelerate the completion of projects with sections  
12 included in the most recently adopted State Transportation Improvement Program. The use of  
13 the funds described in this subsection shall be subject to the requirements of Article 14B of this  
14 Chapter. To the extent the funds described in this subsection are not already appropriated, they  
15 are hereby appropriated to be used for the purpose set forth in this subsection."

16 **SECTION 34.6.(b)** G.S. 136-189.11 reads as rewritten:

17 **"§ 136-189.11. Transportation Investment Strategy Formula.**

18 ...

19 (b) Funds Excluded From Formula. – The following funds are not subject to this  
20 section:

21 ...

22 (11) Funds advanced pursuant to G.S. 136-186.

23 ...

24 (e) Authorized Formula Variance. – The Department may vary from the Formula set  
25 forth in this section if it complies with the following:

26 ...

27 (2) Calculation of variance. – Each year the Secretary shall calculate the amount  
28 of Regional Impact and Division Need funds allocated in that year to each  
29 division and region, the amount of funds obligated, and the amount the  
30 obligations exceeded or were below the allocation. In calculating the amount  
31 of funds obligated, the Secretary shall include any amount used as  
32 repayment for funds advanced pursuant to G.S. 136-186. In the first variance  
33 calculation under this subdivision following the end of fiscal year  
34 2015-2016, the target amounts obtained according to the Formula set forth in  
35 this section shall be adjusted to account for any differences between  
36 allocations and obligations reported for the previous year. In the first  
37 variance calculation under this subdivision following the end of fiscal year  
38 2016-2017, the target amounts obtained according to the Formula set forth in  
39 this section shall be adjusted to account for any differences between  
40 allocations and obligations reported for the previous two fiscal years. In the  
41 first variance calculation under this subdivision following the end of fiscal  
42 year 2017-2018, the target amounts obtained according to the Formula set  
43 forth in this section shall be adjusted to account for any differences between  
44 allocations and obligations reported for the previous three fiscal years. In the  
45 first variance calculation under this subdivision following the end of fiscal  
46 year 2018-2019, the target amounts obtained according to the Formula set  
47 forth in this section shall be adjusted to account for any differences between  
48 allocations and obligations reported for the previous four fiscal years. The  
49 new target amounts shall be used to fulfill the requirements of subdivision  
50 (1) of this subsection for the next update of the Transportation Improvement

1 Program. The adjustment to the target amount shall be allocated by  
2 Distribution Region or Division, as applicable.

3 ...."  
4

## 5 ROAD IMPROVEMENTS ADJACENT TO SCHOOLS

6 **SECTION 34.6A.(a)** G.S. 136-18(29a) reads as rewritten:

7 "(29a) To coordinate with all public and private entities planning schools to provide  
8 written recommendations and evaluations of driveway access and traffic  
9 operational and safety impacts on the State highway system resulting from  
10 the development of the proposed sites. All public and private entities shall,  
11 upon acquiring land for a new school or prior to beginning construction of a  
12 new school, relocating a school, or expanding an existing school, request  
13 from the Department a written evaluation and written recommendations to  
14 ensure that all proposed access points comply with the criteria in the current  
15 North Carolina Department of Transportation "Policy on Street and  
16 Driveway Access". The Department shall provide the written evaluation and  
17 recommendations within a reasonable time, which shall not exceed 60 days.  
18 This subdivision applies to improvements that are not located on the school  
19 property. The Department shall have the power to grant final approval of any  
20 project design under this subdivision. To facilitate completion of the  
21 evaluation and recommendations within the required 60 days, in lieu of the  
22 evaluation by the Department, schools may engage an independent traffic  
23 engineer prequalified by the Department. The resulting evaluation and  
24 recommendations from the independent traffic engineer shall also fulfill any  
25 similar requirements imposed by a unit of local government. This  
26 subdivision shall not be construed to require the public or private entities  
27 planning schools to meet the recommendations made by the Department,  
28 Department or the independent traffic engineer, except those highway  
29 improvements that are required for safe ingress and egress to the State  
30 highway system-system, pursuant to subdivision (29) of this section, and that  
31 are physically connected to a driveway on the school property. The total cost  
32 of any improvements to the State highway system provided by a school  
33 pursuant to this subdivision, including those improvements pursuant to  
34 subdivision (29) of this section, shall be reimbursed by the Department. Any  
35 agreement between a school and the Department to make improvements to  
36 the State highway system shall not include a requirement for acquisition of  
37 right-of-way by the school, unless the school is owned by an entity that has  
38 eminent domain power. Nothing in this subdivision shall preclude the  
39 Department from entering into an agreement with the school whereby the  
40 school installs the agreed upon improvements and the Department provides  
41 full reimbursement for the associated costs incurred by the school, including  
42 design fees and any costs of right-of-way or easements. The term "school,"  
43 as used in this subdivision, means any facility engaged in the educational  
44 instruction of children in any grade or combination of grades from  
45 kindergarten through the twelfth grade at which attendance satisfies the  
46 compulsory attendance law and includes charter schools authorized under  
47 G.S. 115C-218.5. The term "improvements," as used in this subdivision,  
48 refers to all facilities within the right-of-way required to be installed to  
49 satisfy the road cross-section requirements depicted upon the approved  
50 plans. These facilities shall include roadway construction, including  
51 pavement installation and medians; ditches and shoulders; storm drainage



1 pipes, culverts, and related appurtenances; and, where required, curb and  
2 gutter; signals, including pedestrian safety signals; street lights; sidewalks;  
3 and design fees. Improvements shall not include any costs for public  
4 utilities."

5 **SECTION 34.6A.(b)** Article 15 of Chapter 160A of the General Statutes is  
6 amended by adding a new section to read:

7 **"§ 160A-307.1. Limitation on city requirements for street improvements related to**  
8 **schools.**

9 A city may only require street improvements related to schools that are required for safe  
10 ingress and egress to the municipal street system and that are physically connected to a  
11 driveway on the school site. The required improvements shall not exceed those required  
12 pursuant to G.S. 136-18(29). G.S. 160A-307 shall not apply to schools. A city may only require  
13 street improvements related to schools as provided in G.S. 160A-372. The cost of any  
14 improvements to the municipal street system pursuant to this section shall be reimbursed by the  
15 city. Any agreement between a school and a city to make improvements to the municipal street  
16 system shall not include a requirement for acquisition of right-of-way by the school, unless the  
17 school is owned by an entity that has eminent domain power. Any right-of-way costs incurred  
18 by a school for required improvements pursuant to this section shall be reimbursed by the city.  
19 The term "school," as used in this section, means any facility engaged in the educational  
20 instruction of children in any grade or combination of grades from kindergarten through the  
21 twelfth grade at which attendance satisfies the compulsory attendance law and includes charter  
22 schools authorized under G.S. 115C-218.5."

23 **SECTION 34.6A.(c)** The Department of Transportation, in collaboration with the  
24 Department of Public Instruction, shall develop a report covering the period from July 1, 2015,  
25 through July 1, 2017, that provides all of the following information:

- 26 (1) All schools, including private and charter, that have been opened, relocated,  
27 or expanded.
- 28 (2) The types of road improvements required for each school identified in  
29 subdivision (1) of this subsection.
- 30 (3) Whether each road improvement identified in subdivision (2) of this  
31 subsection is to a road maintained by the State or a municipality.
- 32 (4) Whether each road improvement identified in subdivision (2) of this  
33 subsection is to a road adjacent to the school property.
- 34 (5) A description of any disputes or appeals raised by the schools identified in  
35 subdivision (1) of this subsection concerning the road improvements  
36 identified in subdivision (2) of this subsection.
- 37 (6) The total cost for each road improvement identified under subdivision (2) of  
38 this subsection.
- 39 (7) The funding source for the payment of the costs incurred for each road  
40 improvement identified in subdivision (2) of this subsection.

41 **SECTION 34.6A.(d)** In addition to the information required under subdivisions (1)  
42 through (5) of subsection (c) of this section, and for the period covering July 2, 2017, through  
43 July 1, 2020, the report required under subsection (c) of this section shall identify (i) the  
44 number of schools, including private and charter, that will be opened, relocated, or expanded,  
45 (ii) the types of road improvements anticipated to be required for each school identified, and  
46 (iii) the total cost for each road improvement anticipated to be required for each school  
47 identified.

48 **SECTION 34.6A.(e)** The Department of Transportation shall submit the report  
49 required under subsection (c) of this section to the Joint Legislative Transportation Oversight  
50 Committee and the Joint Legislative Education Oversight Committee by February 1, 2018.

1           **SECTION 34.6A.(f)** Any rule or policy adopted by the Department of  
2 Transportation that does not comply with the provisions of this section shall be null, void, and  
3 without effect.

4           **SECTION 34.6A.(g)** The Department of Transportation may adopt temporary rules  
5 to implement the provisions of this section. Any temporary rules adopted in accordance with  
6 this section shall remain in effect until permanent rules that replace the temporary rules become  
7 effective.

8           **SECTION 34.6A.(h)** Subsections (a) and (b) of this section become effective  
9 October 1, 2017, and apply to school openings, relocations, and expansions on or after that  
10 date. The remainder of this section is effective when it becomes law.

## 11 12 **USE OF FUNDS IN MOBILITY/MODERNIZATION FUND**

13           **SECTION 34.7.(a)** Spot Mobility Program. – Of the funds appropriated in this act  
14 to the Mobility/Modernization Fund in the Highway Fund, forty percent (40%) of the funds  
15 shall be used for a Spot Mobility Program that shall be managed by the State Traffic Engineer  
16 of the Department of Transportation. The purpose of the Spot Mobility Program is to provide  
17 funding for small projects that will reduce traffic congestion and vehicular delay times. The  
18 Department shall develop a quantitative, evidence-based formula to use in selecting projects to  
19 receive funding from the Spot Mobility Program. At a minimum, the Department shall consider  
20 all of the following in developing the formula required by this subsection:

- 21           (1) The travel-time savings resulting from the proposed project.
- 22           (2) Reductions to motor vehicle queues resulting from the proposed project.
- 23           (3) The service life of the proposed project.
- 24           (4) The benefit-cost ratio of the proposed project.

25           In selecting projects to receive funding from the Spot Mobility Program, the  
26 Department shall give preference to projects that will improve access from the State highway  
27 system to a school. For purposes of this section, the term "school" means any facility engaged  
28 in the educational instruction of children in any grade or combination of grades from  
29 kindergarten through the twelfth grade at which attendance satisfies the compulsory attendance  
30 law and includes charter schools as authorized under G.S. 115C-218.5.

31           **SECTION 34.7.(b)** Economic Development/Small Construction/Industrial Access.  
32 – Of the funds appropriated in this act to the Mobility/Modernization Fund in the Highway  
33 Fund, twelve percent (12%) of the funds shall be used for the following purposes:

- 34           (1) To allocate to the Economic Development Fund to be used for prioritized  
35 transportation improvements and infrastructure that expedite commercial  
36 growth as well as either job creation or job retention.
- 37           (2) For small construction projects recommended by the Chief Engineer in  
38 consultation with the Chief Operating Officer and approved by the Secretary  
39 of Transportation. Funds used in accordance with this subdivision shall be  
40 allocated equally among the 14 Highway Divisions for small construction  
41 projects.
- 42           (3) To use for the development and expansion of access roads to industrial  
43 facilities.

44           **SECTION 34.7.(c)** High-Impact and Low-Cost Construction Projects. – Of the  
45 funds appropriated in this act to the Mobility/Modernization Fund in the Highway Fund,  
46 forty-eight percent (48%) of the funds shall be used for construction projects that are high  
47 impact and low cost. The funds shall be allocated equally among the 14 Highway Divisions.  
48 Projects funded under this subsection include intersection improvement projects, minor  
49 widening projects, and operational improvement projects. The Department shall develop a  
50 quantitative, evidence-based formula to use in selecting projects to receive funding under this

1 subsection. At a minimum, the Department shall consider all of the following in developing the  
2 formula required by this subsection:

- 3 (1) The average daily traffic volume of a roadway and whether the proposed  
4 project will generate additional traffic.
- 5 (2) Any restrictions on a roadway.
- 6 (3) Any safety issues with a roadway.
- 7 (4) The condition of the lanes, shoulders, and pavement on a roadway.
- 8 (5) The site distance and radius of any intersection on a roadway.

9 **SECTION 34.7.(d)** Report. – The Department shall develop a report detailing (i)  
10 the formulas developed under subsections (a) and (c) of this section, (ii) the types of projects  
11 funded under this section, and (iii) the total amount of funding allocated to each project funded  
12 under this section. The Department shall submit the report required under this subsection to the  
13 Joint Legislative Transportation Oversight Committee by March 1, 2018.

14 **SECTION 34.7.(e)** Conforming Repeal. – Subsections (b) through (d) of Section  
15 34.7 of S.L. 2013-360, as amended by Section 34.29 of S.L. 2014-100, are repealed.

## 17 DOT/DISPOSITION OF SETTLEMENT FUNDS

18 **SECTION 34.7A.** G.S. 114-2.4A(c) reads as rewritten:

19 "(c) Exception. – Subsections (b) and (e) of this section shall not apply to:

- 20 (1) Funds received by the Department of Health and Human Services to the  
21 extent those funds represent the recovery of previously expended Medicaid  
22 funds.
- 23 (2) Funds received by the Escheat Fund and benefit plans administered by the  
24 Department of State Treasurer.
- 25 (3) Funds received by the Department of Transportation to the extent those  
26 funds represent the recovery of funds previously expended by the  
27 Department of Transportation."

## 29 RURAL PROJECT DEVELOPMENT

30 **SECTION 34.8.(a)** Matching Funds for Certain MPOs and RPOs. – Article 17 of  
31 Chapter 136 of the General Statutes is amended by adding a new section to read:

32 **"§ 136-214. Matching funds for federal State Planning and Research Program Grants.**

33 The Department of Transportation shall annually allocate funds to qualifying Metropolitan  
34 Planning Organizations and Rural Transportation Planning Organizations to be used to fund a  
35 portion of the local match required for federal State Planning and Research Program funds  
36 under 23 U.S.C. § 505. A Metropolitan Planning Organization is only eligible for funding  
37 under this section if it has a population of 500,000 or less, as determined by the most recent  
38 census. The funds shall be allocated as follows:

- 39 (1) For a Metropolitan Planning Organization or Rural Transportation Planning  
40 Organization that includes at least one representative from a development  
41 tier one area, as determined under G.S. 143B-437.08, the Department shall  
42 allocate an amount equal to seventy-five percent (75%) of the total local  
43 match required.
- 44 (2) For a Metropolitan Planning Organization or Rural Transportation Planning  
45 Organization that does not qualify under subdivision (1) of this section, but  
46 includes at least one representative from a development tier two area, as  
47 determined under G.S. 143B-437.08, the Department shall allocate an  
48 amount equal to fifty percent (50%) of the total local match required.
- 49 (3) The Department shall not allocate any funds under this section to a  
50 Metropolitan Planning Organization or Rural Transportation Planning  
51 Organization that does not qualify under this section."

1           **SECTION 34.8.(b)** Establish Corridor Development Unit. – The Department shall  
2 establish a Corridor Development Unit within, and under the direction of, the Division of  
3 Planning and Programming of the Department. The Corridor Development Unit shall work  
4 with organizations that receive funding under subsection (a) of this section to develop detailed  
5 corridor studies on highway projects prior to submitting the project for inclusion and  
6 prioritization in a long-term transportation planning document. The studies required under this  
7 subsection shall include an identification of each segment of a highway project, cost estimates  
8 for each segment, and an identification of logical termini for each segment.

9           **SECTION 34.8.(c)** Report. – The Department shall develop a report for each fiscal  
10 year of the 2017-2019 fiscal biennium on the usage of federal State Planning and Research  
11 Program funds allocated in accordance with G.S. 136-214, as enacted by subsection (a) of this  
12 section, for that fiscal year. The Department shall submit the reports, including any legislative  
13 recommendations for improving the development of rural transportation projects, to the Joint  
14 Legislative Transportation Oversight Committee by (i) April 1, 2018, for the first report and (ii)  
15 April 1, 2019, for the second report.

## 16 17 **EXPAND USE OF PAVEMENT PRESERVATION PROGRAM FUNDS**

18           **SECTION 34.9.** G.S. 136-44.17(b) reads as rewritten:

19           "(b) Eligible Activities or Treatments. – Applications eligible for funding under the  
20 pavement preservation program include the following preservation activities or treatments for  
21 asphalt pavement structures:

22           ...

23           (14) Pavement markers and markings."

## 24 25 **CODIFY BRIDGE PROGRAM LAW**

26           **SECTION 34.10.(a)** Subsection (a) of Section 34.18 of S.L. 2014-100, as amended  
27 by Section 29.6 of S.L. 2015-241, is repealed.

28           **SECTION 34.10.(b)** Article 5 of Chapter 136 of the General Statutes is amended  
29 by adding a new section to read:

### 30 **"§ 136-76.2. Bridge program.**

31           (a) Establishment. – The Department of Transportation shall rename the "system  
32 preservation program" the "bridge program".

33           (b) Permissible Uses. – Funds appropriated, allocated, credited, or otherwise transferred  
34 to the bridge program established under subsection (a) of this section may only be used for  
35 improvements to culverts associated with a component of the State highway system and  
36 improvements to structurally deficient and functionally obsolete bridges. No more than ten  
37 percent (10%) of the funds described in this subsection may be used for improvements to  
38 culverts associated with a component of the State highway system, and the funds may only be  
39 used for culverts that are 54 inches or greater in size and rated by the Department as in poor  
40 condition.

41           (c) Outsourcing. – All projects funded under the bridge program established under  
42 subsection (a) of this section, with the exception of inspection, pre-engineering, contract  
43 preparation, contract administration and oversight, and planning activities, shall be outsourced  
44 to private contractors."

45           **SECTION 34.10.(c)** G.S. 119-18(b) reads as rewritten:

46           "(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied  
47 first to the costs of administering this Article and Subchapter V of Chapter 105 of the General  
48 Statutes. The remainder of the proceeds shall be credited on a monthly basis to the Highway  
49 Fund to be used for the bridge program under the Department of Transportation in the highway  
50 ~~maintenance program~~ program established under G.S. 136-76.2."

1 **HIGHWAY MAINTENANCE IMPROVEMENT PROGRAM/REVISE PERIODS AND**  
2 **CONSOLIDATE WITH OTHER IMPROVEMENT PROGRAMS**

3 **SECTION 34.11.(a)** G.S. 136-44.3A reads as rewritten:

4 **"§ 136-44.3A. Highway Maintenance Improvement Program.**

5 (a) Definitions. – The following definitions apply in this Article:

6 ...

7 (4) Highway Maintenance Improvement Program Needs Assessment. – A report  
8 of the amount of funds needed, the number of affected lane miles, and the  
9 percentage of the primary and secondary system roads that are rated to need  
10 a resurfacing or pavement preservation treatment within the Highway  
11 Maintenance Improvement Program's ~~three-year~~ five-year time period but  
12 are not programmed due to funding constraints.

13 ...

14 (c) Highway Maintenance Improvement Program. – After the annual inspection of  
15 roads within the State highway system, each highway division shall determine and report to the  
16 Chief Engineer on the need for rehabilitation, resurfacing, or pavement preservation treatments.  
17 The Chief Engineer shall establish a ~~three-year~~ five-year priority list for each highway division  
18 based on the Chief Engineer's estimate of need. In addition, the Chief Engineer shall establish a  
19 ~~three-year~~ five-year improvement schedule, sorted by county, for rehabilitation, resurfacing,  
20 and pavement preservation treatment activities. The schedule shall be based on the amount of  
21 funds appropriated to the contract resurfacing program and the pavement preservation program  
22 in the fiscal year preceding the issuance of the Highway Maintenance Improvement Program  
23 for all ~~three~~ five years of the Highway Maintenance Improvement Program. State funding for  
24 the Highway Maintenance Improvement Program shall be limited to funds appropriated from  
25 the State Highway Fund.

26 ...."

27 **SECTION 34.11.(b)** G.S. 136-44.3A(c), as amended by subsection (a) of this  
28 section, reads as rewritten:

29 "(c) Highway Maintenance Improvement Program. – After the annual inspection of  
30 roads within the State highway system, each highway division shall determine and report to the  
31 Chief Engineer on (i) the need for rehabilitation, resurfacing, or pavement preservation  
32 ~~treatments.~~ treatments, (ii) the need for bridge and general maintenance, and (iii) projected  
33 changes to the condition of pavement on primary and secondary roads for each year over a  
34 five-year period. The Chief Engineer shall establish a five-year priority list for each highway  
35 division based on the Chief Engineer's estimate of need. In addition, the Chief Engineer shall  
36 establish a five-year improvement schedule, sorted by county, for rehabilitation, resurfacing,  
37 and pavement preservation treatment activities. The schedule shall be based on the amount of  
38 funds appropriated to the contract resurfacing program and the pavement preservation program  
39 in the fiscal year preceding the issuance of the Highway Maintenance Improvement Program  
40 for all five years of the Highway Maintenance Improvement Program. State funding for the  
41 Highway Maintenance Improvement Program shall be limited to funds appropriated from the  
42 State Highway Fund."

43 **SECTION 34.11.(c)** By January 1, 2020, and for the purpose of forming a  
44 consolidated report of all maintenance activities, the Department of Transportation shall merge  
45 the Bridge Maintenance Improvement Program and the General Maintenance Improvement  
46 Program into the Highway Maintenance Improvement Program established under  
47 G.S. 136-44.3A.

48 **SECTION 34.11.(d)** Subsection (b) of this section becomes effective January 1,  
49 2020, and applies beginning with the report due April 1, 2020. Subsection (a) of this section  
50 becomes effective July 1, 2017, and applies to priority lists and improvement schedules  
51 submitted on or after that date. The remainder of this section becomes effective July 1, 2017.

1  
2 **REVISE CONTENT OF TRANSPORTATION IMPROVEMENT PROGRAM**  
3 **SCHEDULE**

4 **SECTION 34.12.** G.S. 143B-350(f)(4) reads as rewritten:

5 "(4) To approve a schedule of all major transportation improvement projects and  
6 their anticipated cost. This schedule is designated the Transportation  
7 Improvement Program. The Board shall publish the schedule in a format that  
8 is easily reproducible for distribution and make copies available for  
9 distribution in accordance with the process established for public records in  
10 Chapter 132 of the General Statutes. ~~The document that contains the~~  
11 ~~Transportation Improvement Program, or a separate document that is~~  
12 ~~published at the same time as the Transportation Improvement Program,~~  
13 ~~shall include the anticipated funding sources for the improvement projects~~  
14 ~~included in the Program and a list of any changes made from the previous~~  
15 ~~year's Program, and the reasons for the changes."~~

16  
17 **DOT/FUNDING FOR PRELIMINARY ENGINEERING**

18 **SECTION 34.12C.** G.S. 136-66.8 reads as rewritten:

19 **"§ 136-66.8. Agreements with units of local government to expedite projects.**

20 (a) Agreements Authorized. – The Department of Transportation may enter into  
21 agreements with units of local government for either of the purpose of expediting following  
22 purposes:

23 (1) Expediting transportation projects currently programmed in the  
24 Transportation Improvement ~~Plan-Program.~~

25 (2) Funding preliminary engineering for projects not currently programmed in  
26 the Transportation Improvement Program but programmed in the  
27 immediately preceding Transportation Improvement Program.

28 (b) Form of Project Agreements. – The agreements ~~affected-authorized~~ by subdivision  
29 (1) of subsection (a) of this section shall be between the Department of Transportation and  
30 units of local government. The agreements may authorize units of local government to  
31 construct projects scheduled in the Transportation Improvement ~~Plan-Program~~ more than two  
32 years from the date of the agreement. The units of local government shall fund one hundred  
33 percent (100%) of the project at current prices. In a future year, when the project is funded  
34 from State and federal sources, the units of local government shall be reimbursed an  
35 appropriate share of the funds, at the future programmed project funding amount, as identified  
36 and scheduled in the Transportation Improvement ~~Plan-Program.~~

37 (b1) Form of Preliminary Engineering Agreement. – The agreements authorized by  
38 subdivision (2) of subsection (a) of this section shall be between the Department of  
39 Transportation and units of local government. The units of local government shall fund one  
40 hundred percent (100%) of the preliminary engineering funding at current prices. In a future  
41 year, when the project is funded from State and federal sources, the units of local government  
42 shall be reimbursed for the amount expended in accordance with the agreement.

43 (c) Report. – The Department of Transportation shall annually report to the Joint  
44 Legislative Transportation Oversight Committee by December ~~1, 2006,~~ 1 on any agreements  
45 executed with units of local government pursuant to this section."  
46

47 **DOT/OUTSOURCING AND PROJECT DELIVERY REPORTS**

48 **SECTION 34.13.** Article 1 of Chapter 136 of the General Statutes is amended by  
49 adding a new section to read:

50 **"§ 136-12.3. Outsourcing and project delivery reports.**

1        (a) Intent. – It is the intent of the General Assembly to take all steps necessary to assist  
2 the Department of Transportation in accelerating project delivery and reducing costs incurred  
3 by the State. The General Assembly finds that shifting more control over projects to each of the  
4 Highway Divisions can assist in achieving this intent. Further, the General Assembly  
5 encourages each Highway Division to increase its outsourcing of preconstruction activities to  
6 private contractors to sixty percent (60%) of the total cost of preconstruction activities  
7 performed by the Highway Division, with the belief that increased outsourcing will also assist  
8 in achieving this intent. Therefore, in order to assess the results from shifting project control  
9 and increasing the use of outsourcing, and to determine what adjustments may be necessary to  
10 improve upon the results, the General Assembly finds that reports are necessary to collect  
11 baseline data to establish appropriate targets.

12        (b) Outsourcing Report. – For each Highway Division, the Department shall provide a  
13 detailed biannual report on all payments made to private contractors for preconstruction  
14 activities. In order to compare internal costs incurred with payments made to private  
15 contractors, and except as otherwise provided in this subsection, the Department shall include  
16 project-specific expenses incurred by division, regional, or central staff. The Department shall  
17 not include expenses incurred for central business units that support and oversee outsourcing  
18 functions. The information in the first report submitted under this subsection shall be used to  
19 establish a baseline to use for setting future preconstruction outsourcing targets. The  
20 Department shall submit the reports required under this subsection to the Joint Legislative  
21 Transportation Oversight Committee by September 1 and March 1 of each year.

22        (c) Project Delivery Report. – For each Highway Division, the Department shall  
23 provide a detailed annual report in accordance with the following requirements:

24            (1) The report shall detail the progress of the following types of projects in the  
25 State Transportation Improvement Program current for the period covered  
26 by the report:

27            a. Bridge projects with a cost in excess of ten million dollars  
28 (\$10,000,000).

29            b. Interstate highway projects.

30            c. Rural highway projects.

31            d. Urban highway projects.

32            (2) For each project, the report shall indicate the status of all of the following  
33 phases:

34            a. Planning a design in progress.

35            b. Right-of-way acquisition in progress.

36            c. Project let for construction.

37            d. Construction substantially complete and traffic using facility.

38            (3) For each project, and as applicable, the report shall include an indication and  
39 explanation for project stages that are delayed during the period covered by  
40 the report and the delay has been for more than one year.

41            (4) For each project, the report shall include the planned and actual completion  
42 date for any required environmental documentation.

43            (5) The Department shall submit the report required under this subsection to the  
44 Joint Legislative Transportation Oversight Committee by March 1 of each  
45 year.

46        (d) Combined Report. – The Department may combine the reports required to be  
47 submitted by March 1 under subsections (b) and (c) of this section into a single report.

48        (e) Consultation Required. – If a Highway Division fails to meet the established  
49 preconstruction outsourcing target in two consecutive reports submitted under subsection (b) of  
50 this section, or if a report submitted under subsection (c) of this section identifies a Highway  
51 Division as having three or more project stages delayed for more than one year, the Division

1 Engineer of the Highway Division identified in the report shall consult with the Joint  
2 Legislative Transportation Oversight Committee. The Division Engineer shall submit a request  
3 for consultation to (i) all members of the Committee, (ii) the chairs of the House of  
4 Representatives Appropriations Committee on Transportation if the General Assembly is in  
5 session at the time consultation is required under this subsection, (iii) the chairs of the Senate  
6 Appropriations Committee on the Department of Transportation if the General Assembly is in  
7 session at the time consultation is required under this subsection, and (iv) the Fiscal Research  
8 Division of the General Assembly. The request for consultation shall consist of a written report  
9 providing an explanation for the failure or delay and a plan for remedying the failure or delay.  
10 If the Committee does not hold a meeting to hear the consultation required by this subsection  
11 within 90 days after the consultation request has been submitted, the consultation requirement  
12 is satisfied."

#### 13 14 **BOARD OF TRANSPORTATION/STUDY FEE STRUCTURE FOR SERVICES** 15 **PERFORMED BY THE HIGHWAY DIVISION**

16 **SECTION 34.14.(a)** Study. – The Board of Transportation shall study the existing  
17 fee structure for services performed by Highway Division personnel. For each type of service  
18 performed by Highway Division personnel, the Board shall identify, for each of the three fiscal  
19 years immediately preceding the effective date of this section, (i) the number of times a fee was  
20 charged for a service performed and (ii) the number of times a fee could have been charged for  
21 a service performed. The study shall identify the service performed, the amount of the fee that  
22 was or could have been charged, the cost incurred by the Department of Transportation from  
23 performing the service, and, if applicable, the reason for not charging the fee.

24 **SECTION 34.14.(b)** Report. – The Board shall submit its findings, including any  
25 legislative recommendations, to the Joint Legislative Transportation Oversight Committee by  
26 January 1, 2018.

#### 27 28 **ALIGN DOT'S PROGRAM FOR PARTICIPATION BY DISADVANTAGED** 29 **MINORITY-OWNED AND WOMEN-OWNED BUSINESSES WITH FEDERAL** 30 **LAW**

31 **SECTION 34.15.(a)** G.S. 136-28.4 reads as rewritten:

32 **"§ 136-28.4. State policy concerning participation by disadvantaged minority-owned and**  
33 **women-owned businesses in transportation contracts.**

34 ...

35 (b1) Based upon the findings of the Department's 2014 study entitled "North Carolina  
36 Department of Transportation Disparity Study, 2014," hereinafter referred to as "Study", the  
37 program design shall, to the extent reasonably practicable, incorporate narrowly tailored  
38 remedies identified in the Study, and the Department shall implement a comprehensive  
39 antidiscrimination enforcement policy. As appropriate, the program design shall be modified by  
40 rules adopted by the Department that are consistent with findings made in the Study and in  
41 subsequent studies conducted in accordance with subsection (b) of this section. As part of this  
42 program, the Department shall review its budget and establish ~~aspirational goals~~ a combined  
43 aspirational goal every three years, not ~~a mandatory goal, goal, in percentages, the form of a~~  
44 percentage, for the overall participation in contracts by disadvantaged minority-owned and  
45 women-owned businesses. ~~These aspirational goals~~ This aspirational goal for disadvantaged  
46 minority-owned and women-owned businesses shall be established consistent with federal  
47 ~~methodology, methodology~~ and ~~they~~ shall not be applied rigidly on specific contracts or  
48 projects. Instead, the Department shall establish ~~contract-specific goals or project-specific goals~~  
49 a contract-specific goal or project-specific goal for the participation of such firms in a manner  
50 consistent with availability of disadvantaged minority-owned and women-owned businesses, as  
51 appropriately defined by its most recent Study, ~~for each disadvantaged minority owned and~~



1 ~~women-owned business category that has demonstrated significant disparity in contract~~  
2 ~~utilization.~~ Study. Nothing in this section shall authorize the use of quotas. Any program  
3 implemented as a result of the Study conducted in accordance with this section shall be  
4 narrowly tailored to eliminate the effects of historical and continuing discrimination and its  
5 impacts on such disadvantaged minority-owned and women-owned businesses without any  
6 undue burden on other contractors. The Department shall give equal opportunity for contracts it  
7 lets without regard to race, religion, color, creed, national origin, sex, age, or handicapping  
8 condition, as defined in G.S. 168A-3, to all contractors and businesses otherwise qualified.

9 ...  
10 (e) This section expires August 31, ~~2017~~2022."

11 **SECTION 34.15.(b)** The Department of Transportation shall develop a plan to  
12 establish and implement the combined goal required under subsection (a) of this section. The  
13 Department shall submit its plan, including any legislative recommendations, to the Joint  
14 Legislative Transportation Oversight Committee by February 1, 2018. The Department shall  
15 implement its plan developed under this subsection by April 1, 2018.

16 **SECTION 34.15.(c)** G.S. 136-28.4(b1), as amended by subsection (a) of this  
17 section, becomes effective April 1, 2018. The remainder of this section is effective when it  
18 becomes law.

## 19 20 **"DOT REPORT" PROGRAM REVISIONS**

21 **SECTION 34.16.(a)** G.S. 136-18.05 reads as rewritten:

### 22 **"§ 136-18.05. Establishment of "DOT Report" Program.**

23 ...  
24 (b) Establishment and Components. – To achieve the intent set forth in subsection (a) of  
25 this section, the Department shall establish and implement the "DOT Report" Program  
26 (Program). The Program shall include the following components:

- 27 (1) Responsiveness. – The Department shall structure the Program to gather  
28 citizen input and shall commit to quickly addressing structural problems and  
29 other road hazards on State-maintained roads. Citizens may report potholes,  
30 drainage issues, culvert blockages, guardrail repairs, damaged or missing  
31 signs, malfunctioning traffic lights, highway debris, or shoulder damage to  
32 the Department of Transportation by calling a toll-free telephone number  
33 designated by the Department or submitting an online work request through  
34 a Web site link designated by the Department. Beginning January 1, 2016,  
35 upon receiving a citizen report in accordance with this subdivision, the  
36 Department shall either address the reported problem or identify a solution  
37 to the reported problem. Excluding potholes, which shall be repaired within  
38 two business days of the date the report is received, the Department of  
39 Transportation shall properly address (i) safety-related citizen reports no  
40 later than 10 business days after the date the report is received and (ii)  
41 non-safety-related citizen reports no later than 15 business days after the  
42 date the report is received. The Department shall determine, in its discretion,  
43 whether a citizen report is safety-related or non-safety-related. The  
44 Department shall transmit information received about potholes or other  
45 problems on roads not maintained by the State to the appropriate locality  
46 within two business days of receiving the citizen report. The Department  
47 shall provide a monthly report to all of the following on the number of  
48 citizen reports received under this subdivision for the month immediately  
49 preceding the monthly report, the number of citizen reports fully addressed  
50 within the time frames set forth in this subdivision for the month  
51 immediately preceding the monthly report, the number of citizen reports

1 addressed outside of the time frames set forth in this subdivision for the  
2 month immediately preceding the monthly report, and the number of citizen  
3 reports not fully addressed for the month immediately preceding the report:

4 a. The Joint Legislative Transportation Oversight Committee.

5 b. The Fiscal Research Division of the General Assembly.

6 c. The chairs of the House of Representatives Appropriations  
7 Committee on Transportation.

8 d. The chairs of the Senate Appropriations Committee on the  
9 Department of Transportation.

10 (1a) Efficiency. – The Department shall adopt procedures in all stages of the  
11 construction process to streamline project delivery, including consolidating  
12 environmental review processes, expediting multiagency reviews,  
13 accelerating right-of-way acquisitions, and pursuing design build and other  
14 processes to collapse project stages. By December 1, 2015, the Department  
15 shall establish a baseline unit pricing structure for transportation goods used  
16 in highway maintenance and construction projects and set annual targets for  
17 three years based on its unit pricing. In forming the baseline unit prices and  
18 future targets, the Department shall collect data from each Highway Division  
19 on its expenditures on transportation goods during the 2015-2016 fiscal year.  
20 Beginning January 1, 2016, no Highway Division shall exceed a ten percent  
21 (10%) variance over a baseline unit price set for that year in accordance with  
22 this subdivision. The Department of Transportation shall institute quarterly  
23 tracking to monitor pricing variances. The ten percent (10%) maximum  
24 variance set under this subdivision is intended to account for regional  
25 differences requiring varying product mixes. If a Highway Division exceeds  
26 the unit pricing threshold, the Department shall report to the Joint  
27 Legislative Transportation Oversight Committee, the Fiscal Research  
28 Division of the General Assembly, the chairs of the House of  
29 Representatives Appropriations Committee on Transportation, and the chairs  
30 of the Senate Appropriations Committee on the Department of  
31 Transportation no later than the fifteenth day following the end of the quarter  
32 on why the variance occurred and what steps are being taken to bring the  
33 Highway Division back into compliance. In order to drive savings, unit  
34 pricing may be reduced annually as efficiencies are achieved.

35 "...."

36 **SECTION 34.16.(b)** Section 29.14(b) of S.L. 2015-241 is repealed.

### 37 38 **DOT/CLOSE STATE INFRASTRUCTURE BANK**

39 **SECTION 34.16A.** The Department of Transportation shall not provide any further  
40 loans or other financial assistance from the State Infrastructure Bank. Upon repayment of all  
41 existing loans and other financial assistance provided from the State Infrastructure Bank, the  
42 Department shall close the State Infrastructure Bank. Any funds remaining in the State  
43 Infrastructure Bank at the time of closure shall be transferred to the credit reserve for the  
44 Highway Fund described in G.S. 136-44.2(f1). Nothing in this section shall be construed as (i)  
45 prohibiting the Department from providing loans or other financial assistance from the Federal  
46 State Infrastructure Bank or the Aviation State Infrastructure Bank or (ii) requiring the  
47 Department to close the Federal State Infrastructure Bank or the Aviation State Infrastructure  
48 Bank.  
49

1 **STATE AID TO MUNICIPALITIES/NO FUNDS IF MUNICIPALITY FAILS TO FILE**  
2 **STATEMENT AND STUDY HOW TO ACCOUNT FOR SEASONAL**  
3 **POPULATION SHIFTS**

4 **SECTION 34.17.(a)** G.S. 136-41.3 reads as rewritten:

5 "**§ 136-41.3. Use of funds; records and annual statement; excess accumulation of funds;**  
6 **contracts for maintenance, etc., of streets.**

7 (a) Uses of Funds. – TheExcept as otherwise provided in this subsection, the funds  
8 allocated to cities and towns under the provisions of G.S. 136-41.2 shall be expended by said  
9 cities and towns primarily for the resurfacing of streets within the corporate limits of the  
10 municipality but may also be used for the purposes of maintaining, repairing, constructing,  
11 reconstructing or widening of any street or public thoroughfare including bridges, drainage,  
12 curb and gutter, and other necessary appurtenances within the corporate limits of the  
13 municipality or for meeting the municipality's proportionate share of assessments levied for  
14 such purposes, or for the planning, construction and maintenance of bikeways, greenways, or  
15 sidewalks. The funds allocated to cities and towns under the provisions of G.S. 136-41.2 shall  
16 not be expended for the construction of a sidewalk into which is built a mailbox, utility pole,  
17 fire hydrant, or other similar obstruction that would impede the clear passage of pedestrians on  
18 the sidewalk.

19 ...  
20 (b1) Failure to File. – A municipality that fails to file the statement required under  
21 subsection (b) of this section by October 1 is ineligible to receive funds allocated on October 1  
22 under G.S. 136-41.1 or G.S. 136-41.2 for the fiscal year in which the municipality failed to file  
23 the statement. A municipality that fails to file the statement required under subsection (b) of  
24 this section by January 1 is ineligible to receive funds allocated under G.S. 136-41.1 or  
25 G.S. 136-41.2 for the fiscal year in which the municipality failed to file the statement.

26 ...."

27 **SECTION 34.17.(b)** Study. – The Department of Transportation shall study how to  
28 adjust the formula in G.S. 136-41.1(a) to account for seasonal shifts in municipal populations.  
29 The Department of Transportation shall report its findings, including any legislative  
30 recommendations, to the Joint Legislative Transportation Oversight Committee by December 1,  
31 2017.

32 **SECTION 34.17.(c)** Effective Date. – G.S. 136-41.3(b1), as enacted by subsection  
33 (a) of this section, is effective when it becomes law and applies to allocations on or after that  
34 date. The remainder of this section is effective when it becomes law.

35  
36 **DOT/DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY OF**  
37 **WILMINGTON FROM LIABILITY FOR MAP ACT CLAIMS**

38 **SECTION 34.17A.** G.S. 136-44.50(g) reads as rewritten:

39 "(g) The Department of Transportation shall defend, indemnify, and hold harmless both  
40 of the following:

41 (1) The City of Wilmington against any claims, civil actions, and proceedings  
42 related to or arising out of the City of Wilmington's adoption, filing, or  
43 amendment of a transportation corridor official map pursuant to this Article.

44 (2) The Wilmington Urban Area Metropolitan Planning Organization and its  
45 members against any claims, civil actions, and proceedings related to or  
46 arising out of the Wilmington Urban Area Metropolitan Planning  
47 Organization's adoption, filing, or amendment of a transportation corridor  
48 official map pursuant to this Article."

49  
50 **EXTEND MORATORIUM ON ADOPTION OF NEW MAPS UNDER THE MAP ACT**

51 **SECTION 34.18.** G.S. 136-44.50(h) reads as rewritten:

1       "(h) No new transportation corridor official map may be adopted pursuant to this section  
2 from July 1, 2016, to July 1, ~~2017~~.2018."  
3

4       **DOT/INCREASE CONSOLIDATION AND COORDINATION OF PUBLIC**  
5       **TRANSPORTATION SYSTEMS**

6       **SECTION 34.18A.(a)** G.S. 136-44.20 reads as rewritten:

7       "**§ 136-44.20. Department of Transportation designated agency to administer and fund**  
8       **public transportation programs; authority of political subdivisions.**  
9

10       (e) The Department of Transportation is authorized to annually allocate funds to  
11 qualifying public transportation systems to be used to consolidate or coordinate with other  
12 public transportation systems to maximize resources, gain efficiencies, and increase access to  
13 public transportation. In order to be eligible for funding under this subsection, a public  
14 transportation system must submit a plan for consolidation or coordination with another public  
15 transportation system. The plan must include a time line for completion and an estimated cost  
16 for completion. The Department is not required to provide the full amount of the estimated cost  
17 identified in the plan. The Department shall disburse the funds no later than 30 days from the  
18 date it approves the plan. The amount allocated under this subsection to a public transportation  
19 system shall not exceed two hundred thousand dollars (\$200,000) annually. Beginning  
20 December 1, 2017, the Department shall provide an annual report to the Joint Legislative  
21 Transportation Oversight Committee identifying for the year preceding the report (i) each  
22 public transportation system provided funding under this subsection, (ii) the amount of funds  
23 disbursed to each public transportation system, and (iii) the purpose or purposes for which each  
24 public transportation system has used the funds."

25       **SECTION 34.18A.(b)** By September 1, 2017, the Department of Transportation  
26 shall establish criteria for approving plans submitted to the Department under  
27 G.S. 136-44.20(e), as enacted by subsection (a) of this section. No later than 10 days from the  
28 date the Department establishes the criteria required under this subsection, the Department shall  
29 publish the criteria on the Department's Web site.

30       **SECTION 34.18A.(c)** Notwithstanding any provision of G.S. 136-44.20(e), as  
31 enacted by subsection (a) of this section, to the contrary, and for the report due under  
32 G.S. 136-44.20(e) on December 1, 2017, the Department shall provide the required information  
33 only for the period from the effective date of this section to December 1, 2017.  
34

35       **FUNDING FOR AIRPORT IMPROVEMENTS AND DEBT SERVICE**

36       **SECTION 34.19.(a)** 2017-2018 Allocations. – Of the funds appropriated from the  
37 Highway Fund to the Department of Transportation for capital improvements at commercial  
38 airports, the following sums in nonrecurring funds for the 2017-2018 fiscal year shall be  
39 allocated by the Department as follows:

- 40       (1) Twenty-one million two hundred eighty-two thousand one hundred  
41       thirty-one dollars (\$21,282,131) to the Raleigh-Durham International  
42       Airport.
- 43       (2) Eight hundred sixty-four thousand seven hundred eight dollars (\$864,708) to  
44       the Albert J. Ellis Airport.
- 45       (3) Two million twenty-six thousand three hundred thirty-one dollars  
46       (\$2,026,331) to the Asheville Regional Airport.
- 47       (4) Six hundred fifty-three thousand one hundred sixty-two dollars (\$653,162)  
48       to the Coastal Carolina Regional Airport.
- 49       (5) Five hundred eighty-six thousand nine hundred one dollars (\$586,901) to the  
50       Concord Regional Airport.

- 1 (6) One million one hundred thirty-nine thousand six hundred seventy dollars  
2 (\$1,139,670) to the Fayetteville Regional Airport.
- 3 (7) Seven million one hundred twenty-three thousand eighty-two dollars  
4 (\$7,123,082) to the Piedmont Triad International Airport.
- 5 (8) Three hundred seventy-seven thousand seventy dollars (\$377,070) to the  
6 Pitt-Greenville Airport.
- 7 (9) Five million nine hundred forty-six thousand nine hundred forty-five dollars  
8 (\$5,946,945) to the Wilmington International Airport.

9 **SECTION 34.19.(b)** 2018-2019 Allocation to RDU. – Of the funds appropriated  
10 from the Highway Fund to the Department of Transportation for capital improvements at  
11 commercial airports, and beginning in the 2018-2019 fiscal year, the sum of thirty-one million  
12 two hundred eighty-two thousand one hundred thirty-one dollars (\$31,282,131) in recurring  
13 funds shall be allocated by the Department to the Raleigh-Durham International Airport.

14 **SECTION 34.19.(c)** 2018-2019 Allocations to Other Airports. – Of the funds  
15 appropriated from the Highway Fund to the Department of Transportation for capital  
16 improvements at commercial airports, the following sums in nonrecurring funds for the  
17 2018-2019 fiscal year shall be allocated as follows:

- 18 (1) Eight hundred sixty-four thousand seven hundred eight dollars (\$864,708) to  
19 the Albert J. Ellis Airport.
- 20 (2) Two million twenty-six thousand three hundred thirty-one dollars  
21 (\$2,026,331) to the Asheville Regional Airport.
- 22 (3) Six hundred fifty-three thousand one hundred sixty-two dollars (\$653,162)  
23 to the Coastal Carolina Regional Airport.
- 24 (4) Five hundred eighty-six thousand nine hundred one dollars (\$586,901) to the  
25 Concord Regional Airport.
- 26 (5) One million one hundred thirty-nine thousand six hundred seventy dollars  
27 (\$1,139,670) to the Fayetteville Regional Airport.
- 28 (6) Seven million one hundred twenty-three thousand eighty-two dollars  
29 (\$7,123,082) to the Piedmont Triad International Airport.
- 30 (7) Three hundred seventy-seven thousand seventy dollars (\$377,070) to the  
31 Pitt-Greenville Airport.
- 32 (8) Five million nine hundred forty-six thousand nine hundred forty-five dollars  
33 (\$5,946,945) to the Wilmington International Airport.
- 34 (9) Twenty-five million dollars (\$25,000,000) to the Charlotte Douglas  
35 International Airport.

36 **SECTION 34.19.(d)** Permissible Uses. – Each airport receiving funds under this  
37 section may use the funds allocated to it under this section to (i) fund improvements to the  
38 airport and (ii) pay debt service or related financing costs and expenses on revenue bonds or  
39 notes issued by the airport.

40 **SECTION 34.19.(e)** Limitation. – Notwithstanding any provision of law to the  
41 contrary, it is the intention of the General Assembly that the appropriation of funds to the  
42 airports listed in this section, the enactment of this section, and the issuance of bonds or notes  
43 by the airports in reliance thereon shall not in any manner constitute a pledge of the faith and  
44 credit and taxing power of the State, and nothing contained herein shall prohibit the General  
45 Assembly from amending an appropriation made to the airports at any time to decrease or  
46 eliminate the amount appropriated to the airports.

47 **SECTION 34.19.(f)** Report. – The Department of Transportation shall provide a  
48 report on the use or uses by each airport of funds allocated to the airport under this section. The  
49 Department shall submit the report required under this subsection by March 1, 2019, to the  
50 Joint Legislative Transportation Oversight Committee.

1           **SECTION 34.19.(g)** Funding Needs Assessment; Formula. – The Division of  
2 Aviation of the Department of Transportation shall develop a funding needs assessment setting  
3 out (i) the amount of State funding needed by each commercial airport listed in this section and  
4 (ii) what projects would be funded using the needed State funding. The Division shall utilize  
5 the data gathered in the funding needs assessment required under this section to develop a  
6 formula for allocating State funds to commercial airports that is based on the State funding  
7 needs of each airport and the economic output of each airport. By April 15, 2018, the Division  
8 shall submit the funding needs assessment and a description of the formula to the chairs of the  
9 House of Representatives Appropriations Committee on Transportation, the chairs of the  
10 Senate Appropriations Committee on the Department of Transportation, and the Fiscal  
11 Research Division of the General Assembly.  
12

### 13 **REQUIRE USE OF OUTSIDE VENDOR TO SELL SIKORSKY HELICOPTER**

14           **SECTION 34.20.(a)** Section 34.10(a) of S.L. 2014-100 reads as rewritten:

15           **"SECTION 34.10.(a)** The Division of Aviation of the Department of Transportation shall  
16 sell the following aircraft from its fleet as expeditiously as possible in order to modernize the  
17 fleet:

- 18           (1) Sikorsky S-76C helicopter.
- 19           (2) Cessna 550 Citation Bravo airplane.

20           The Division of Aviation shall utilize and contract with an outside vendor that specializes  
21 or has experience in the sale of aviation equipment to sell the helicopter described in  
22 subdivision (1) of this subsection. Proceeds from these sales as well as any future sales under  
23 the plan required by subsection (b) of this section shall be credited to a nonreverting reserve  
24 within the Highway Fund to be used for future aircraft or equipment acquisitions by the  
25 Division of Aviation. The Division shall not acquire or dispose of additional aviation assets  
26 prior to its report to the Joint Legislative Transportation Oversight Committee required by  
27 subsection (c) of this section."

28           **SECTION 34.20.(b)** The Division of Aviation of the Department of Transportation  
29 shall identify and contract with an outside vendor in accordance with subsection (a) of this  
30 section by August 1, 2017. The Division of Aviation shall submit a report to the Joint  
31 Legislative Transportation Oversight Committee by August 15, 2017, providing details as to  
32 the contract entered into in accordance with subsection (a) of this section, including an  
33 identification of the outside vendor and the total cost of the contract to the State.  
34

### 35 **REVISE USE OF TAXES COLLECTED ON AVIATION GASOLINE AND JET FUEL**

36           **SECTION 34.21.(a)** G.S. 105-164.44M reads as rewritten:

37           **"§ 105-164.44M. Transfer to Division of Aviation.**

38           The net proceeds of the tax collected on aviation gasoline and jet fuel under G.S. 105-164.4  
39 must be transferred within 75 days after the end of each fiscal year to the Highway Fund. This  
40 amount is annually appropriated from the Highway Fund to the Division of Aviation of the  
41 Department of Transportation for prioritized capital improvements to ~~public-general aviation~~  
42 ~~airports and for~~ time-sensitive aviation capital improvement projects for economic development  
43 purposes."

44           **SECTION 34.21.(b)** This section becomes effective January 1, 2018, and applies  
45 to sales made on or after that date.  
46

### 47 **AVIATION/TECHNICAL CORRECTION**

48           **SECTION 34.21A.** G.S. 63-47 reads as rewritten:

49           **"§ 63-47. Enforcement of regulations of ~~Civil Aeronautics~~ Federal Aviation**  
50 **Administration.**

1 In the general public interest and safety, the safety of persons receiving instructions  
2 concerning or operating, using or traveling in aircraft, and of persons and property on the  
3 ground, and in the interest of aeronautical progress, the public officers of the State, counties  
4 and cities shall enforce the rules and regulations of the ~~Civil Aeronautics~~ Federal Aviation  
5 Administration."

#### 6 7 **DIVISION OF AVIATION/TRE FUNDS**

8 **SECTION 34.21B.** From funds available to the Division of Aviation of the  
9 Department of Transportation, the Division may allocate the sum of one million dollars  
10 (\$1,000,000) in nonrecurring funds for the 2017-2018 fiscal year to the Institute for  
11 Transportation Research and Education at North Carolina State University to be used for  
12 analyzing Localized Unmanned Aircraft Systems Traffic Management Solutions.

#### 13 14 **ANNUAL REPORT/PROGRESS OF PROJECTS IDENTIFIED IN PLANS FUNDED** 15 **FROM BICYCLE AND PEDESTRIAN PLANNING GRANT FUNDS**

16 **SECTION 34.22.** Article 2 of Chapter 136 of the General Statutes is amended by  
17 adding a new section to read:

#### 18 **"§ 136-41.5. Annual report on use of Bicycle and Pedestrian Planning Grant funds.**

19 The Division of Bicycle and Pedestrian Transportation of the Department of Transportation  
20 shall submit an annual report by May 15 on the progress of projects identified in plans (i)  
21 submitted to the Division over the 10-year period prior to the report and (ii) funded from  
22 Bicycle and Pedestrian Planning Grant funds. The Division shall submit the report required by  
23 this section to the chairs of the House of Representatives Appropriations Committee on  
24 Transportation, the chairs of the Senate Appropriations Committee on the Department of  
25 Transportation, and the Fiscal Research Division of the General Assembly."

#### 26 27 **RAIL DIVISION/FIVE-YEAR SPENDING PLAN FOR FRRCSI**

28 **SECTION 34.23.** The Rail Division of the Department of Transportation shall  
29 develop a five-year spending plan for the funds in the Freight Rail & Rail Crossing Safety  
30 Improvement Fund within the Highway Fund. The Rail Division shall submit its five-year  
31 spending plan to the Joint Legislative Transportation Oversight Committee by December 1,  
32 2017.

#### 33 34 **RAIL DIVISION/REPORT REQUIRED PRIOR TO ENTERING INTO CERTAIN** 35 **CONTRACTS**

36 **SECTION 34.24.(a)** In addition to any other requirements provided by State or  
37 federal law, the Rail Division of the Department of Transportation shall submit a report to the  
38 Joint Legislative Transportation Oversight Committee prior to entering into a contract with a  
39 duration of five or more years and requiring an estimated expenditure of State funds in an  
40 amount totaling or exceeding one million five hundred thousand dollars (\$1,500,000). The  
41 report shall (i) identify the total cost of the proposed contract, (ii) identify the duration of the  
42 proposed contract, (iii) identify the other party or parties to the proposed contract, and (iv)  
43 identify any other terms of the proposed contract that are deemed relevant by the Rail Division.

44 **SECTION 34.24.(b)** This section is effective when it becomes law and applies to  
45 contracts entered into on or after that date. This section expires June 30, 2022.

#### 46 47 **GLOBAL TRANSPARK/STRATEGIC PLAN AND MARKETING**

48 **SECTION 34.26.(a)** Strategic Plan; Report. – By January 1, 2018, the Global  
49 TransPark Authority shall establish and implement a strategic plan for the Global TransPark.  
50 The Global TransPark Authority may use a portion of funds appropriated to it in this act to  
51 establish and implement the strategic plan required under this subsection. The Global

1 TransPark Authority shall submit a report to the Joint Legislative Transportation Oversight  
2 Committee by January 15, 2018, detailing the strategic report established and implemented as  
3 required by this subsection.

4 **SECTION 34.26.(b) Marketing.** – The Global TransPark Authority shall utilize  
5 and contract with an outside vendor to provide marketing services for the Global TransPark.  
6 The Global TransPark Authority shall identify and contract with an outside vendor in  
7 accordance with this subsection by February 1, 2018. The Global TransPark Authority shall  
8 submit a report to the Joint Legislative Transportation Oversight Committee by February 15,  
9 2018, providing details as to the contract entered into in accordance with this subsection,  
10 including an identification of the outside vendor and the total cost of the contract to the State.

11 **SECTION 34.26.(c) Web Site.** – The Communications Office of the Department of  
12 Transportation shall manage the Web site for the Global TransPark, including providing regular  
13 updates on the Web site as to, at a minimum, (i) achievements of the Global TransPark, (ii)  
14 business opportunities available at the Global TransPark, and (iii) events held at the Global  
15 TransPark.

## 16 17 **NORTH CAROLINA STATE PORTS AUTHORITY/FUNDS FOR DEBT SERVICE** 18 **AND CAPITAL PROJECTS**

19 **SECTION 34.27.(a)** G.S. 136-176 reads as rewritten:

20 **"§ 136-176. Creation, revenue sources, and purpose of North Carolina Highway Trust**  
21 **Fund.**

22 ...  
23 (b) ~~Funds~~ Except as otherwise provided in this section, funds in the Trust Fund are  
24 annually appropriated to the Department of Transportation to be allocated and used as provided  
25 in this subsection. A sum, in the amount appropriated by law, may be used each fiscal year by  
26 the Department for expenses to administer the Trust Fund. Operation and project development  
27 costs of the North Carolina Turnpike Authority are eligible administrative expenses under this  
28 subsection. Any funds allocated to the Authority pursuant to this subsection shall be repaid by  
29 the Authority from its toll revenue as soon as possible, subject to any restrictions included in  
30 the agreements entered into by the Authority in connection with the issuance of the Authority's  
31 revenue bonds. Beginning one year after the Authority begins collecting tolls on a completed  
32 Turnpike Project, interest shall accrue on any unpaid balance owed to the Highway Trust Fund  
33 at a rate equal to the State Treasurer's average annual yield on its investment of Highway Trust  
34 Fund funds pursuant to G.S. 147-6.1. Interest earned on the unpaid balance shall be deposited  
35 in the Highway Trust Fund upon repayment. The sum up to the amount anticipated to be  
36 necessary to meet the State matching funds requirements to receive federal-aid highway trust  
37 funds for the next fiscal year may be set aside for that purpose. The rest of the funds in the  
38 Trust Fund shall be allocated and used as specified in G.S. 136-189.11.

39 The Department must administer funds allocated under this section in a manner that ensures  
40 that sufficient funds are available to make the debt service payments on bonds issued under the  
41 State Highway Bond Act of 1996 as they become due.

42 ...  
43 (b3) Funds appropriated to the North Carolina State Ports Authority from the Highway  
44 Trust Fund may only be used (i) to pay debt service or related financing costs and expenses on  
45 revenue bonds or notes issued by the State Ports Authority and (ii) for capital projects. An  
46 appropriation to the State Ports Authority from the Highway Trust Fund constitutes an  
47 agreement by the State to pay the funds appropriated to the State Ports Authority within the  
48 meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the General  
49 Assembly that the appropriation of funds to the State Ports Authority, the enactment of this  
50 subsection, and the issuance of bonds or notes by the State Ports Authority in reliance thereon  
51 shall not in any manner constitute a pledge of the faith and credit and taxing power of the State,



1 and nothing contained herein shall prohibit the General Assembly from amending an  
2 appropriation made to the State Ports Authority at any time to decrease or eliminate the amount  
3 annually appropriated to the State Ports Authority. Funds appropriated to the State Ports  
4 Authority for the purposes described in this subsection are not subject to the formula set forth  
5 in G.S. 136-189.11.

6 ...."

7 **SECTION 34.27.(b)** G.S. 136-189.11(b), as amended by Section 34.6 of this act,  
8 reads as rewritten:

9 "(b) Funds Excluded From Formula. – The following funds are not subject to this  
10 section:

11 ...

12 (12) Funds appropriated to the North Carolina State Ports Authority for the  
13 purposes described in G.S. 136-176(b3)."

#### 14 **STATE PORTS AUTHORITY/FUNDING FOR DREDGING**

15 **SECTION 34.28.** Of the funds appropriated to the North Carolina State Ports  
16 Authority for the purposes described in G.S. 136-176(b3), as enacted by Section 34.27 of this  
17 act, up to fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2017-2018 fiscal  
18 year may be used for the dredging of approaches to State port facilities.

#### 19 **DREDGING SERVICES COST-BENEFIT ANALYSIS**

20 **SECTION 34.28A.(a)** Performance of Cost-Benefit Analysis. – The Department of  
21 Transportation and the Department of Environmental Quality shall jointly perform a  
22 cost-benefit analysis of the State providing dredging services versus the State utilizing private  
23 contractors to provide dredging services. As part of the analysis, the Departments shall identify  
24 (i) any cost savings that may be achieved, (ii) any time savings that may be achieved, (iii)  
25 whether the private dredging industry can support the dredging needs of the State, and (iv) how  
26 to structure a contract with a private contractor to maximize the benefits to the State.

27 **SECTION 34.28A.(b)** Submission of Analysis. – The Departments shall jointly  
28 submit the findings of the analysis required under subsection (a) of this section, including any  
29 legislative recommendations, to the Joint Legislative Transportation Oversight Committee and  
30 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
31 Resources by February 1, 2018.

#### 32 **FERRY VESSEL PRIORITY BOARDING/CLARIFICATION**

33 **SECTION 34.28B.** G.S. 136-82(f3) reads as rewritten:

34 "(f3) Priority Boarding Fee for Certain Vehicles. – For vehicles providing commercial  
35 goods and services, the Department of Transportation shall charge an annual fee of one  
36 hundred fifty dollars (\$150.00) for an annual passespass that entitleentitles the vehicle or  
37 vehicles owned by the person issued the annual pass to priority when boarding a ferry vessel.  
38 Except as authorized under this subsection, the Department of Transportation shall not provide  
39 priority boarding to a ferry vessel to any vehicle providing commercial goods and services."

#### 40 **FERRY DIVISION/LIFE-CYCLE PLAN FOR TERMINAL STRUCTURE REPAIRS 41 AND REPLACEMENTS**

42 **SECTION 34.28C.(a)** Development of Plan. – The Ferry Division of the  
43 Department of Transportation shall develop a detailed life-cycle plan for the repair and  
44 replacement of terminal structures, including ramps and gantries. The plan required under this  
45 section shall include a cost-benefit analysis of repairing terminal structures versus replacing  
46 terminal structures.

1           **SECTION 34.28C.(b)** Submission of Plan. – The Ferry Division shall submit the  
2 report required under subsection (a) of this section to the Joint Legislative Transportation  
3 Oversight Committee by November 1, 2017.  
4

#### 5 **STUDY/USE OF DREDGE MANTEO**

6           **SECTION 34.29.** The Department of Transportation shall study the use of its new  
7 dredge vessel, the Dredge Manteo. As part of this study, the Department shall include (i) an  
8 approximation of the annual cost to the State to operate and maintain the dredge vessel and (ii)  
9 a plan to allow use of the dredge vessel by other State departments and agencies. The  
10 Department shall report its findings, including any recommended legislation, to the Joint  
11 Legislative Transportation Oversight Committee by December 1, 2017.  
12

#### 13 **DOT PERFORMANCE DASHBOARD/TRACK DMV PROGRESS**

14           **SECTION 34.30.(a)** Expand Performance Dashboard. – The Department of  
15 Transportation shall expand its performance dashboard available on the Department's home  
16 page on the Department's Web site to track the following information about the Division of  
17 Motor Vehicles of the Department:

- 18           (1) The number of motor vehicle registrations issued per month and  
19 year-to-date.
- 20           (2) The number of motor vehicle registrations renewed per month and  
21 year-to-date.
- 22           (3) The number of drivers licenses issued per month and year-to-date.
- 23           (4) The number of drivers licenses renewed per month and year-to-date.
- 24           (5) The number of motor vehicle registrations renewed online per month and  
25 year-to-date.
- 26           (6) The number of drivers licenses renewed online per month and year-to-date.
- 27           (7) The total number of persons employed by the Division as of the first day of  
28 each month. The number provided in accordance with this subdivision shall  
29 include full-time, part-time, and temporary employees.

30           **SECTION 34.30.(b)** Implementation Date. – The expansion of the Department's  
31 performance dashboard required under subsection (a) of this section shall be completed by  
32 October 1, 2017.  
33

#### 34 **DMV/PURCHASE CREDIT CARD PAYMENT PROCESSING DEVICES**

35           **SECTION 34.31.** The Division of Motor Vehicles of the Department of  
36 Transportation shall purchase, and not lease, devices solely used for processing payments by  
37 credit or debit card. The purchase price of a device subject to this section shall include the cost  
38 for any repair to, or replacement of, the device that would have otherwise been covered had the  
39 Division continued to lease devices used for processing payments by credit or debit card.  
40

#### 41 **DMV/HEARING FEE IMPLEMENTATION REVISIONS**

42           **SECTION 34.32.(a)** Section 34.9 of S.L. 2014-100, as amended by Section  
43 29.30A of S.L. 2015-241, reads as rewritten:

44           "**SECTION 34.9.(a)** The Department of Transportation, Division of Motor Vehicles, shall  
45 develop a ~~plan and proposed~~ schedule of fees to recover the ~~direct and indirect~~ costs incurred  
46 by the Hearings Unit of the Division of Motor Vehicles for the performance of administrative  
47 hearings required by law or under rules adopted by the Board of Transportation under  
48 G.S. 20-2(b). The proceeds of the fees developed in accordance with this section shall be  
49 deposited in a fund established for the Hearings Unit. Except as otherwise provided by an act of  
50 the General Assembly, the Hearings Unit shall be funded solely from the proceeds collected

1 from the fees developed in accordance with this section. The plan and proposed schedule shall  
2 address, at a minimum, the following:

- 3 (1) Current hearing process and recommended modifications to achieve cost  
4 efficiencies, including proposed revisions to existing laws or rules.
- 5 (2) Historical and projected funding requirements for each category of hearing  
6 performed by the Division.
- 7 (3) Schedule of fees and projected receipts.
- 8 (4) Proposed processes and rules for the collection of fees and the refunding of  
9 fees for hearings initiated by the Division in which the original decision of  
10 the Division is reversed.
- 11 (5) Implementation milestones.

12 ...  
13 **"SECTION 34.9.(c)** From funds appropriated to the Department of Transportation,  
14 Information Technology Section for the 2014-2015 fiscal year, the Department shall implement  
15 modifications to supporting information technology systems necessary to timely implement the  
16 hearing fee schedule required by subsection (a) of this section. The Department shall  
17 implement the hearing fee schedule required by subsection (a) of this section by no later than  
18 July 1, 2017. January 1, 2018, and the fees shall be imposed for hearings requested on or after  
19 that date."

20 **SECTION 34.32.(b)** Article 1 of Chapter 20 of the General Statutes is amended by  
21 adding a new section to read:

22 **"§ 20-4.03. Administrative hearing fees.**

23 (a) Authorization. – The Division is authorized to charge a fee to individuals who  
24 request an administrative hearing before the Division in accordance with this Chapter.

25 (b) Requirements for Requesting a Hearing. – Any request for an administrative hearing  
26 before the Division must be in writing and accompanied by the total applicable administrative  
27 hearing fee charged by the Division. An administrative hearing shall not be granted by the  
28 Division unless the administrative hearing request complies with the requirements of this  
29 subsection. Notwithstanding any provision of this Chapter to the contrary, any pending  
30 revocation, suspension, civil penalty assessment, or other adverse action shall not be stayed  
31 upon receipt of an administrative hearing request unless the request complies with the  
32 requirements of this subsection."

33 **SECTION 34.32.(c)** The Division of Motor Vehicles may adopt temporary rules to  
34 implement the provisions of Section 34.9 of S.L. 2014-100, as amended by Section 29.30A of  
35 S.L. 2015-241 and subsection (a) of this section. Temporary rules adopted in accordance with  
36 this section shall remain in effect until permanent rules that replace the temporary rules become  
37 effective.

38 **SECTION 34.32.(d)** Subsection (b) of this section becomes effective January 1,  
39 2018, and applies to administrative hearings requested on or after that date. The remainder of  
40 this section is effective when it becomes law.

41  
42 **DMV/STUDY STREAMLINING IFTA AND IRP PROCESSES**

43 **SECTION 34.33.(a)** Study. – The Division of Motor Vehicles of the Department  
44 of Transportation, in consultation with the Department of Revenue, shall study streamlining the  
45 processes motor carriers must follow to comply with the requirements of the International Fuel  
46 Tax Agreement and the International Registration Plan to receive registration plates, motor  
47 carrier licenses, and motor carrier decals. The study shall include an examination of the  
48 feasibility of consolidating the processes within the Division of Motor Vehicles.

49 **SECTION 34.33.(b)** Report. – The Division of Motor Vehicles shall submit its  
50 findings under subsection (a) of this section, including any legislative recommendations, to the  
51 Joint Legislative Transportation Oversight Committee by March 1, 2018.

**PILOT PROJECT/FUNDING FOR REST AREA IN RICHMOND COUNTY**

**SECTION 34.34.(a)** Pilot Project. – The Department of Transportation shall develop and implement a pilot project to provide funding for operating a rest area on U.S. Highway 220 in Richmond County. From funds appropriated in this act to the Roadside Environmental Fund in the Highway Fund, the Department shall allocate the sum of one hundred thousand dollars (\$100,000) in nonrecurring funds for each fiscal year of the 2017-2019 fiscal biennium to the Town of Ellerbe for funding the rest area described in this subsection.

**SECTION 34.34.(b)** Distribution of Brochures. – Notwithstanding any State law or rule to the contrary, brochures and other materials advertising local attractions and accommodations may be distributed at the rest area funded under subsection (a) of this section.

**SECTION 34.34.(c)** Report. – The Department shall provide a report on the results of the pilot project required under subsection (a) of this section to the Joint Legislative Transportation Oversight Committee by December 1, 2018. The report shall include (i) the average daily number of visitors to the rest area, (ii) the average monthly number of visitors to the rest area, (iii) the total number of visitors to the rest area, and (iv) the average annual costs to operate the rest area. The information required under this subsection shall be for the period from when the rest area begins operation to November 1, 2018.

**ASSET MANAGEMENT LONG RANGE FACILITY PLANNING/DMV NEW BERN AVENUE PROPERTY RELOCATION**

**SECTION 34.35.** In developing its Asset Management Long Range Facility Planning, the Department of Transportation shall specify its plan for relocating the Division of Motor Vehicles property located on New Bern Avenue in the City of Raleigh and whether the site of relocation will be purchased or leased. The Department shall report on the information required under this section to the Joint Legislative Transportation Oversight Committee by May 1, 2018.

**STUDY/ELIMINATE USE OF NURSES IN MEDICAL REVIEW PROGRAM**

**SECTION 34.36.(a)** Study. – The Division of Motor Vehicles shall study the feasibility of eliminating the use of nurses in the Division's Medical Review Program. The study shall include an examination of any issues that may arise from using only the recommendation of the applicant's or licensee's examining health care provider as to the ability of the applicant or licensee to operate a motor vehicle.

**SECTION 34.36.(b)** Report. – The Division shall report the findings of the study required under subsection (a) of this section, including any legislative recommendations, to the Joint Legislative Transportation Oversight Committee by December 1, 2017.

**RESTORE MERCURY SWITCH REMOVAL FUNDING**

**SECTION 34.37.(a)** G.S. 20-85(a1) reads as rewritten:

"(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the North Carolina Highway Fund. The Division shall use the fees derived from transactions with commission contract agents for the payment of compensation to commission contract agents. An additional twenty cents (20¢) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited to the Mercury Pollution Prevention Fund in the Department of Environmental Quality."

**SECTION 34.37.(b)** This section becomes effective July 1, 2017, and expires on June 30, 2021.

**DOT/TRAFFIC IMPACT ANALYSIS TIME FRAME**

SECTION 34.39.(a) Article 7 of Chapter 136 of the General Statutes is amended by adding a new section to read:

**"§ 136-93.1A. Time frame for reviewing and making a decision on traffic impact analyses.**

(a) Required Time Frames. – The following time frames apply to the Department's process for reviewing and making a decision on a traffic impact analysis:

(1) The Department shall communicate the scope of the traffic impact analysis to the applicant no later than 10 business days from the day the Department receives the scope proposed by the applicant.

(2) The Department shall review and make a decision as to the completeness of the traffic impact analysis no later than 20 business days from the day the Department receives the traffic impact analysis. Failure of the Department to meet the time frame set forth in this subdivision shall result in the traffic impact analysis being deemed complete.

(3) The Department shall review and make a decision as to the approval or rejection of a traffic impact analysis no later than 20 business days from the day the traffic impact analysis is determined or deemed to be complete in accordance with subdivision (2) of this subsection or subsection (e) of this section. Failure of the Department to meet the time frame set forth in this subdivision shall result in the traffic impact analysis being deemed approved.

(b) Calculation. – The following rules apply when calculating the time frames set forth in subsection (a) of this section:

(1) The period of time in which a local government or local transportation planning organization reviews and provides feedback shall be included.

(2) The period of time in which the Department awaits a response from an applicant shall not be included.

(c) Basis for Rejection. – The Department shall not reject a traffic impact analysis on the basis that the applicant has failed to include information in a traffic impact analysis that is outside the scope established under subdivision (1) of subsection (a) of this section for that traffic impact analysis. When the Department rejects a traffic impact analysis, the Department shall provide the applicant written notice specifically setting forth the reason for rejection.

(d) Effect of Rejection. – The time frames set forth in subsection (a) of this section shall reset upon rejection of a traffic impact analysis. The Department may authorize an applicant to reuse the scope approved for a rejected traffic impact analysis if the applicant is submitting a revised traffic impact analysis. The Department shall notify the applicant as to whether the original scope may be used no later than five business days from the day the Department receives notice from the applicant that the applicant plans to submit a revised traffic impact analysis.

(e) Appeal. – An applicant may appeal a rejection of a traffic impact analysis by providing written notice of appeal to the Chief Engineer no later than five business days from the day the applicant receives the written notice required under subsection (c) of this section. No later than five business days from the day the Chief Engineer receives the written notice of appeal, the Chief Engineer shall either affirm or overturn the rejection being appealed. If the rejection being appealed is overturned, the traffic impact analysis that was the subject of the appeal shall be deemed (i) complete if the basis of the rejection being appealed was lack of completeness or (ii) approved if the basis of the rejection being appealed was for any reason other than lack of completeness. The Chief Engineer shall provide the appealing party with written notice of the Chief Engineer's decision, specifically setting forth the reason if the

1 rejection being appealed is affirmed. A decision by the Chief Engineer shall be final and not  
 2 subject to further appeal.

3 (f) Criteria. – The Department shall develop and use criteria for determining (i) the  
 4 scope of a traffic impact analysis, (ii) the completeness of a traffic impact analysis, and (iii)  
 5 whether to approve or reject a traffic impact analysis. The Department shall post the criteria on  
 6 its Web site. Prior to amending the criteria, the Department shall consult with a working group  
 7 that consists of engineers, local government representatives, local transportation planning  
 8 organization representatives, and other interested stakeholders identified by the Department.  
 9 The Department shall provide at least 90 days' notice prior to the effective date of any  
 10 amendments to the criteria. The notice required under this subsection may be satisfied by  
 11 publishing the proposed amendments on the Department's Web site.

12 (g) Report. – Beginning October 1, and annually thereafter, the Department shall  
 13 provide to the chairs of the Joint Legislative Transportation Oversight Committee a report on  
 14 the number of times the Department failed during the year preceding the report to meet the time  
 15 frame set in subdivision (1) of subsection (a) of this section, including reasoning for each  
 16 failure."

17 **SECTION 34.39.(b)** The Department of Transportation shall commence  
 18 development of the appeals process required under G.S. 136-93.1A(e), as enacted by subsection  
 19 (a) of this section.

20 **SECTION 34.39.(c)** From the funds appropriated in this act from the Highway  
 21 Fund for general maintenance, the Department of Transportation may use up to the sum of one  
 22 hundred thousand dollars (\$100,000) in nonrecurring funds for the 2017-2018 fiscal year to  
 23 cover any costs incurred by the Department from implementing the provisions of this section.

24 **SECTION 34.39.(d)** Subsection (a) of this section becomes effective October 1,  
 25 2017, and applies to proposed scopes and traffic impact analyses submitted on or after that  
 26 date. The remainder of this section is effective when it becomes law.

## 28 EXCAVATION OR DEMOLITION NOTICE REQUIREMENTS/CLARIFY 29 EXEMPTION

30 **SECTION 34.40.(a)** G.S. 87-124 reads as rewritten:

### 31 "§ 87-124. Exemptions.

32 The notice requirements in G.S. 87-122(a) and G.S. 87-122(b) do not apply to the  
 33 following:

34 ...

- 35 (6) An excavation or demolition performed when ~~the Department of~~  
 36 ~~Transportation, a local government, special purpose district, or public~~  
 37 ~~service district is those responsible for routine maintenance of a right-of-way~~  
 38 are conducting maintenance activities within its designated the right-of-way.  
 39 Maintenance activities shall include resurfacing, milling, emergency  
 40 replacement of signs critical for maintaining safety, or the reshaping of  
 41 shoulders and ditches to the original road profile. Maintenance activities do  
 42 not include the initial installation of traffic signs, traffic control equipment,  
 43 or guardrails.

44 ...."

45 **SECTION 34.40.(b)** This section is effective when it becomes law and applies to  
 46 excavations and demolitions on or after that date.

## 48 DMV/SALE OF UNCLAIMED VEHICLES PROCESS IMPROVEMENT

49 **SECTION 34.41.(a)** G.S. 20-77(d) reads as rewritten:

50 "(d) An operator of a place of business for garaging, repairing, parking or storing  
 51 vehicles for the public in which a vehicle remains unclaimed for 10 days, or the landowners

1 upon whose property a motor vehicle has been abandoned for more than 30 days, shall, within  
2 five days after the expiration of that period, report the vehicle as unclaimed to the Division.  
3 Failure to make ~~such~~the report shall constitute a Class 3 misdemeanor. Persons who are  
4 required to make this report and who fail to do so within the time period specified may collect  
5 other charges due but may not collect storage charges for the period of time between when they  
6 were required to make this report and when they actually did send the report to the Division by  
7 certified mail.

8 Any vehicle which remains unclaimed after report is made to the Division may be sold by  
9 ~~such~~the operator or landowner in accordance with the provisions relating to the enforcement of  
10 liens and the application of proceeds of sale of Article 1 of Chapter 44A. The Division shall  
11 make all forms required by the Division to effectuate a sale under this subsection available on  
12 the Division's Web site, and the Division shall allow for the electronic submission of these  
13 forms. Any form required by the Division to effectuate a sale under this subsection that requires  
14 a signature may be submitted with an electronic signature in accordance with Article 40 of  
15 Chapter 66 of the General Statutes."

16 **SECTION 34.41.(b)** This section becomes effective October 1, 2017.  
17

#### 18 **SALE OF LINWOOD SPRINGS GOLF COURSE/RIGHT OF FIRST REFUSAL FOR** 19 **CITY OF GASTONIA**

20 **SECTION 34.42.(a)** Definition. – For purposes of this section, the term "Linwood  
21 Springs Golf Course property" means the property that (i) resides in Parcels 222538, 222544,  
22 222540, 222542, 138225, 222546, and 224496, Gaston County Tax Maps, as seen in the Office  
23 of the Tax Administrator in Gaston County, North Carolina, (ii) consists of approximately  
24 149.16 acres, and (iii) is the same property conveyed to the North Carolina Department of  
25 Transportation in Deed Book 4565, Page 367, Deed Book 4744, Page 2033, and Deed Book  
26 4744, Page 2036, recorded with the Gaston County Register of Deeds. This term does not  
27 include that parcel consisting of approximately 2.47 acres conveyed by the North Carolina  
28 Department of Transportation in Deed Book 4834, Page 303, recorded with the Gaston County  
29 Register of Deeds, and residing in Parcel 224495, Gaston County Tax Maps, as seen in the  
30 Office of the Tax Administrator in Gaston County.

31 **SECTION 34.42.(b)** Right of First Refusal; Limitation. – If the Department of  
32 Transportation decides to sell the Linwood Springs Golf Course property, the Department shall  
33 give a right of first refusal to the City of Gastonia. Notwithstanding any provision of the law to  
34 the contrary, the Department shall not sell the Linwood Springs Golf Course property if it  
35 determines that any mitigation credits associated with the property cannot be transferred.  
36

#### 37 **STATE PARK ROADS/INCREASE ALLOWABLE MAINTENANCE COSTS**

38 **SECTION 34.43.(a)** Maintenance Costs. – Of the funds appropriated in this act to  
39 the General Maintenance Reserve in the Highway Fund, the Department of Transportation shall  
40 spend seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for the 2017-2018  
41 fiscal year for road maintenance costs in State parks incurred under G.S. 136-44.12.

42 **SECTION 34.43.(b)** Capital Plan. – The Department of Transportation and the  
43 Division of Parks and Recreation of the Department of Natural and Cultural Resources shall  
44 jointly develop a five-year capital plan to address road maintenance needs and costs in State  
45 parks. The Department shall submit the plan required under this subsection to the Joint  
46 Legislative Transportation Oversight Committee and the Joint Legislative Oversight  
47 Committee on Agriculture and Natural and Economic Resources by February 15, 2018.  
48

#### 49 **PART XXXV. SALARIES AND BENEFITS** 50

**ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2017**

**SECTION 35.1.(a)** Except as provided by subsection (b) of this section, a person (i) whose salary is set by this part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2017, is awarded a legislative salary increase as follows:

(1) In the amount of one thousand dollars (\$1,000) in the 2017-2018 fiscal year, effective July 1, 2017.

(2) As otherwise allowed or provided by law.

**SECTION 35.1.(b)** The following persons are not eligible to receive the legislative salary increases provided by subsection (a) of this section:

(1) The judicial branch judges whose salaries are set in Section 35.4(a) of this act.

(2) Teachers, principals, and assistant principals paid pursuant to a salary schedule or pay plan enacted in this act.

(3) The Governor and members of the Council of State.

**SECTION 35.1.(c)** Part-time employees shall receive the increase authorized by this section on a prorated and equitable basis.

**GOVERNOR AND COUNCIL OF STATE**

**SECTION 35.2.(a)** The salary of the Governor, as provided by G.S. 147-11(a), shall remain unchanged.

**SECTION 35.2.(b)** The annual salaries for members of the Council of State, payable monthly, for the 2017-2018 fiscal year shall remain unchanged:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$127,561
Attorney General	127,561
Secretary of State	127,561
State Treasurer	127,561
State Auditor	127,561
Superintendent of Public Instruction	127,561
Agriculture Commissioner	127,561
Insurance Commissioner	127,561
Labor Commissioner	127,561

**CERTAIN EXECUTIVE BRANCH OFFICIALS**

**SECTION 35.3.** The annual salaries, payable monthly, for the following executive branch officials for the 2017-2018 fiscal year are as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u> <u>2017-2018</u>
Chairman, Alcoholic Beverage Control Commission	\$114,546
State Controller	159,501
Commissioner of Banks	128,561
Chair, Board of Review, Division of Employment Security	126,104
Members, Board of Review, Division of Employment Security	124,563
Chairman, Parole Commission	126,104
Full-Time Members of the Parole Commission	116,595
Chairman, Utilities Commission	142,947



1	Members of the Utilities Commission	128,561
2	Executive Director, North Carolina	
3	Agricultural Finance Authority	111,549
4		

**JUDICIAL BRANCH**

6           **SECTION 35.4.(a)** The annual salaries, payable monthly, for the following judicial  
7 branch officials for the 2017-2018 fiscal year are as follows:

8		<u>Annual Salary</u>
9	<u>Judicial Branch Officials</u>	<u>2017-2018</u>
10	Chief Justice, Supreme Court	\$150,086
11	Associate Justice, Supreme Court	146,191
12	Chief Judge, Court of Appeals	143,878
13	Judge, Court of Appeals	140,144
14	Judge, Senior Regular Resident Superior Court	136,364
15	Judge, Superior Court	132,584
16	Chief Judge, District Court	120,490
17	Judge, District Court	116,710
18	Chief Administrative Law Judge	117,710
19	District Attorney	128,215
20	Assistant Administrative Officer of the Courts	123,469
21	Public Defender	128,215
22	Director of Indigent Defense Services	132,145

23           **SECTION 35.4.(b)** The district attorney or public defender of a judicial district,  
24 with the approval of the Administrative Officer of the Courts or the Commission on Indigent  
25 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant  
26 public defenders, respectively, in that district such that the average salaries of assistant district  
27 attorneys or assistant public defenders in that district, for the 2017-2018 fiscal year, do not  
28 exceed seventy-seven thousand seventy-three dollars (\$77,073) and the minimum salary of any  
29 assistant district attorney or assistant public defender is at least forty-one thousand three  
30 hundred sixty-six dollars (\$41,366), effective July 1, 2017.

31           **SECTION 35.4.(c)** G.S. 7A-751(a) reads as rewritten:

32           "(a) The head of the Office of Administrative Hearings is the Chief Administrative Law  
33 Judge, who shall serve as Director of the Office. The Chief Administrative Law Judge has the  
34 powers and duties conferred on that position by this Chapter and the Constitution and laws of  
35 this State and may adopt rules to implement the conferred powers and duties.

36           The salary of the Chief Administrative Law Judge shall be ~~the same as that fixed from time~~  
37 ~~to time for district court judges set in the Current Operations Appropriations Act.~~ The salary of  
38 a Senior Administrative Law Judge shall be ninety-five percent (95%) of the salary of the Chief  
39 Administrative Law Judge.

40           In lieu of merit and other increment raises, the Chief Administrative Law Judge and any  
41 Senior Administrative Law Judge shall receive longevity pay on the same basis as is provided  
42 to employees of the State who are subject to the North Carolina Human Resources Act."

43           **SECTION 35.4.(d)** G.S. 7A-10(c) reads as rewritten:

44           "(c) In lieu of merit and other increment raises paid to regular State employees, the Chief  
45 Justice and each of the Associate Justices shall receive as longevity pay an annual amount  
46 equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current  
47 Operations Appropriations Act payable monthly after five years of service, nine and six-tenths  
48 percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years  
49 of service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four  
50 percent (24%) after 25 years of service. "Service" means service as a justice or judge of the  
51 General Court of ~~Justice or Justice,~~ as a member of the Utilities ~~Commission.~~ Commission, or

1 as an administrative law judge. Service shall also mean service as a district attorney or as a  
 2 clerk of superior court."

3 **SECTION 35.4.(e)** G.S. 7A-18(b) reads as rewritten:

4 "(b) In lieu of merit and other increment raises paid to regular State employees, a judge  
 5 of the Court of Appeals shall receive as longevity pay an annual amount equal to four and  
 6 eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations  
 7 Appropriations Act payable monthly after five years of service, nine and six-tenths percent  
 8 (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of  
 9 service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four  
 10 percent (24%) after 25 years of service. "Service" means service as a justice or judge of the  
 11 General Court of Justice, as a member of the Utilities Commission, as an administrative law  
 12 judge, or as the Director of the Administrative Office of the Courts. Service shall also mean  
 13 service as a district attorney or as a clerk of superior court."

14 **SECTION 35.4.(f)** G.S. 7A-44(b) reads as rewritten:

15 "(b) In lieu of merit and other increment raises paid to regular State employees, a judge  
 16 of the superior court, regular or special, shall receive as longevity pay an annual amount equal  
 17 to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations  
 18 Appropriations Act payable monthly after five years of service, nine and six-tenths percent  
 19 (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of  
 20 service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four  
 21 percent (24%) after 25 years of service. "Service" means service as a justice or judge of the  
 22 General Court of ~~Justice or Justice,~~ as a member of the Utilities ~~Commission-Commission,~~ as  
 23 an administrative law judge, or as director or assistant director of the Administrative Office of  
 24 the Courts. Service shall also mean service as a district attorney or as a clerk of superior court."

25 **SECTION 35.4.(g)** G.S. 7A-144(b) reads as rewritten:

26 "(b) Notwithstanding merit, longevity and other increment raises paid to regular State  
 27 employees, a judge of the district court shall receive as longevity pay an annual amount equal  
 28 to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations  
 29 Appropriations Act payable monthly after five years of service, nine and six-tenths percent  
 30 (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of  
 31 service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four  
 32 percent (24%) after 25 years of service. "Service" means service as a justice or judge of the  
 33 General Court of ~~Justice or Justice,~~ as a member of the Utilities ~~Commission-Commission,~~ as  
 34 an administrative law judge, or as director or assistant director of the Administrative Office of  
 35 the Courts. Service shall also mean service as a district attorney or as a clerk of superior court."

36  
 37 **CLERKS OF SUPERIOR COURT**

38 **SECTION 35.4A.** Effective July 1, 2017, G.S. 7A-101(a) reads as rewritten:

39 "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 40 annual salary, payable in equal monthly installments, based on the population of the county as  
 41 determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	<del>\$88,188</del> <u>\$89,188</u>
100,000 to 149,999	<del>98,834</del> <u>99,834</u>
150,000 to 249,999	<del>109,480</del> <u>110,480</u>
250,000 and above	<del>120,131</del> <u>121,131</u>

42  
 43  
 44  
 45  
 46  
 47 When a county changes from one population group to another, the salary of the clerk shall  
 48 be changed, on July 1 of the fiscal year for which the change is reported, to the salary  
 49 appropriate for the new population group, except that the salary of an incumbent clerk shall not  
 50 be decreased by any change in population group during his continuance in office."  
 51

**ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

**SECTION 35.4B.** Effective July 1, 2017, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$33,098</del> <u>\$34,098</u>
Maximum	<del>58,963</del> <u>59,963</u>
Deputy Clerks	Annual Salary
Minimum	<del>28,646</del> <u>29,646</u>
Maximum	<del>46,092</del> <u>47,092</u> ."

**MAGISTRATES**

**SECTION 35.4C.** Effective July 1, 2017, G.S. 7A-171.1 reads as rewritten:

**"§ 7A-171.1. Duty hours, salary, and travel expenses within county.**

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary	
	<u>Minimum</u>	<u>Maximum</u>
Entry Rate		<del>\$36,862</del> <u>\$37,862</u>
Step 1	<del>38,519</del> <u>\$39,519</u>	<del>39,658</del> <u>40,658</u>
Step 2	<del>41,448</del> <u>42,448</u>	<del>42,673</del> <u>43,673</u>
Step 3	<del>44,548</del> <u>45,548</u>	<del>45,865</del> <u>46,865</u>
Step 4	<del>48,263</del> <u>49,263</u>	<del>49,690</del> <u>50,690</u>
Step 5	<del>52,739</del> <u>53,739</u>	<del>54,298</del> <u>55,298</u>
Step 6	<del>57,754</del> <u>58,754</u>	<del>59,461</del> <u>60,461</u> .

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The minimum and maximum salaries of magistrates who, on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

	<u>Minimum</u>	<u>Maximum</u>
Less than 1 year of service		<del>\$29,099</del> <u>\$30,099</u>
1 or more but less than 3 years of service	<del>29,288</del> <u>\$30,288</u>	– <del>30,333</del> <u>31,333</u>
3 or more but less than 5 years of service	<del>31,773</del> <u>32,773</u>	– <del>32,818</del> <u>33,818</u>

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

(2) The salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

Salary Level on June 30, 1994	Salary Level on July 1, 1994
5 or more but less than 7 years of service	Entry Rate
7 or more but less than 9 years of service	Step 1
9 or more but less than 11 years of service	Step 2
11 or more years of service	Step 3

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(3) The salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(4) The salaries of "part-time magistrates" shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

...."

**LEGISLATIVE EMPLOYEES**

**SECTION 35.5.(a)** Effective July 1, 2017, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2017, shall be legislatively increased by one thousand dollars (\$1,000).

**SECTION 35.5.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

**GENERAL ASSEMBLY PRINCIPAL CLERKS**

**SECTION 35.6.** Effective July 1, 2017, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred seven thousand nine hundred twenty eight dollars (\$107,928)~~, one hundred eight thousand nine hundred twenty-eight dollars (\$108,928), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

**SERGEANTS-AT-ARMS AND READING CLERKS**

**SECTION 35.7.** Effective July 1, 2017, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four hundred ten dollars (\$410.00)~~ four hundred twenty-nine dollars (\$429.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

**COMMUNITY COLLEGES**

**SECTION 35.8.(a)** Effective for the 2017-2018 fiscal year:

- (1) The State Board of Community Colleges may provide community college personnel salary increases in accordance with policies adopted by the Board. Funds appropriated for these compensation increases under Section 35.1 of this act may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies. The Board shall make a report on the use of these funds to the General Assembly by no later than March 1, 2018.
- (2) Funds appropriated for community college personnel salary adjustments, other than the annual salary increases awarded by Section 35.1 of this act, may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to policies adopted by the State Board of Community Colleges. The State Board of Community Colleges shall make a report on the use of these funds to the Fiscal Research Division no later than March 1, 2018.

**SECTION 35.8.(b)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2017-2018 fiscal year are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
	<u>2017-2018</u>
Vocational Diploma/Certificate or Less	\$36,844
Associate Degree or Equivalent	37,356
Bachelor's Degree	39,579
Master's Degree or Education Specialist	41,551
Doctoral Degree	44,394

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

**UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 35.9.(a)** Effective for the 2017-2018 fiscal year, the annual salaries of University of North Carolina SHRA employees shall be increased as provided by Section 35.1 of this act.

**SECTION 35.9.(b)** For the 2017-2018 fiscal year, the Board of Governors of The University of North Carolina may provide EHRA employees a salary increase pursuant to the policies adopted by the Board. Funds for EHRA compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies. The Board shall make a report on the use of these funds to the General Assembly by no later than March 1, 2018.

**STATE AGENCY TEACHERS**

**SECTION 35.10.** Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the State Board of Education, and employees of the School of Science and Mathematics of the University of North Carolina who are paid on the Teacher Salary Schedule shall be paid as authorized by Section 8.1 of this act.

**ALL STATE-SUPPORTED PERSONNEL**

**SECTION 35.11.(a)** Salaries and related benefits for positions that are funded:

- (1) Partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.
- (2) Fully from sources other than the General Fund or Highway Fund shall be increased as provided by this act. The Director of the Budget may increase expenditures of receipts from these sources by the amount necessary to provide the legislative increase to receipt-supported personnel in the certified budget.

The Director of the Budget may increase expenditures of receipts from these sources in the certified budget by the amount necessary to provide the increases authorized by this part to receipt-supported personnel. Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

**SECTION 35.11.(b)** The legislative salary increases provided in this act for the 2017-2018 fiscal year do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to July 1, 2017. With respect to the legislative increases awarded in this part, payroll checks issued to employees after July 1 of each year that represent payment of services provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

**SECTION 35.11.(c)** This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

**MOST STATE EMPLOYEES**

**SECTION 35.12.** Unless otherwise expressly provided by this part, the annual salaries in effect for the following persons on June 30, 2017, shall be legislatively increased as provided by Section 35.1 of this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

**IMPLEMENT NEW CLASSIFICATION AND COMPENSATION SYSTEM**

**SECTION 35.13.** The Office of State Human Resources shall implement the new Classification and Compensation System.

**SALARY ADJUSTMENT FUND**

**SECTION 35.14.(a)** The Salary Adjustment Fund is established to make funding available for salary increases in the executive, judicial, and legislative branches for specified purposes only as authorized in this section. Funds appropriated to the Salary Adjustment Fund by this act, or any other provision of law, shall only be used to fund the following purposes in order to provide competitive salary rates:

- (1) Reallocation of positions to higher level job classifications.
- (2) In-range adjustments for job change.
- (3) Career progression adjustments for demonstrated competencies.
- (4) Salary range revisions.
- (5) Geographic site differential adjustments.

- 1 (6) In-range adjustments for labor market.
- 2 (7) In-range adjustments for equity issues.
- 3 (8) Any other adjustments related to an increase in job duties or responsibilities
- 4 or labor market changes.

5 These adjustments must be documented through data collection and analysis according to  
6 accepted human resource professional practices and standards. Further, funds may only be used  
7 for salary adjustments for the stated purposes that are in compliance with State Human  
8 Commission policies and other provisions of the State Human Resources Act. For the executive  
9 branch, funding shall be approved by the State Human Resources Commission or Office of  
10 State Human Resources and shall not be used for any other purposes.

11 **SECTION 35.14.(b)** Funds appropriated to the Salary Adjustment Fund for the  
12 2017-2019 fiscal biennium in the amount of seventy-three thousand dollars (\$73,000) shall be  
13 distributed to the Office of the Lieutenant Governor for staff compensation increases.

14 **SECTION 35.14.(c)** The Director of the Budget may transfer to General Fund  
15 budget codes from the Salary Adjustment Fund amounts required to support salary adjustments  
16 authorized by this section. The Director of the Budget shall report to the Joint Legislative  
17 Commission on Governmental Operations within 30 days of allocation of the funds.

#### 18 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

19 **SECTION 35.15.(a)** The appropriations set forth in Section 2.1 of this act include  
20 appropriations for legislatively mandated salary increases and employee benefits in amounts set  
21 forth in the Committee Report described in Section 39.2 of this act. The Office of State Budget  
22 and Management shall ensure that those funds are used only for the purposes of legislatively  
23 mandated salary increases and employee benefits.

24 **SECTION 35.15.(b)** If the Director of the Budget determines that funds  
25 appropriated to a State agency for legislatively mandated salary increases and employee  
26 benefits exceed the amount required by that agency for those purposes, the Director may  
27 reallocate those funds to other State agencies that received insufficient funds for legislatively  
28 mandated salary increases and employee benefits.

29 **SECTION 35.15.(c)** Any funds appropriated for legislatively mandated salary and  
30 benefits increases in excess of the amounts required to implement the increases shall be  
31 credited to the Pay Plan Reserve established in this Part.

32 **SECTION 35.15.(d)** No later than March 1, 2018, the Office of State Budget and  
33 Management shall report to the Joint Legislative Commission on Governmental Operations on  
34 the expenditure of funds for legislatively mandated salary increases and employee benefits.  
35 This report shall include at least the following information for each State agency for the  
36 2017-2018 fiscal year:

- 37 (1) The total amount of funds that the agency received for legislatively  
38 mandated salary increases and employee benefits.
- 39 (2) The total amount of funds transferred from the agency to other State  
40 agencies pursuant to subsection (b) of this section. This section of the report  
41 shall identify the amounts transferred to each recipient State agency.
- 42 (3) The total amount of funds used by the agency for legislatively mandated  
43 salary increases and employee benefits.
- 44 (4) The amount of funds credited to the Pay Plan Reserve.

#### 45 **MITIGATE BONUS LEAVE**

46 **SECTION 35.16.** During the 2017-2019 fiscal biennium, State agencies,  
47 departments, institutions, the North Carolina Community College System, and The University  
48 of North Carolina may offer State employees the opportunity to use or to cash in special bonus  
49 leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a)  
50  
51

1 of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but  
2 only if all of the following requirements are met:

- 3 (1) Employee participation in the program must be voluntary.
- 4 (2) Special leave that is liquidated for cash payment to an employee must be  
5 valued at the amount based on the employee's current annual salary rate.
- 6 (3) By September 1, 2019, a report on the demographic information shall be  
7 submitted to the respective agency head or employing agency and to the  
8 Fiscal Research Division.

## 10 ESTABLISH PAY PLAN RESERVE/FUNDS

11 SECTION 35.17. Article 4 of Chapter 143C of the General Statutes is amended by  
12 adding a new section to read:

### 13 "§ 143C-4-8. Pay Plan Reserve.

14 (a) Creation. – The Pay Plan Reserve is established within the General Fund. The  
15 General Assembly shall appropriate in the Current Operations Appropriations Act or other  
16 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only,  
17 to fund statutory and scheduled pay expenses authorized by:

- 18 (1) G.S. 20-187.3.
- 19 (2) G.S. 7A-102.
- 20 (3) G.S. 7A-171.1.
- 21 (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 22 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General  
23 Assembly.

24 (b) Authorized Uses. – The funds in the Pay Plan Reserve are available to agencies for  
25 employee salary and benefit costs only if the amount of funds appropriated for statutory or  
26 scheduled salaries and benefits expenses, in any fiscal year, would be insufficient to cover  
27 those expenses for eligible employees.

28 (c) Request for Allocation. – After January 1 of each fiscal year, an agency may request  
29 an allocation from the Pay Plan Reserve by submitting proof to the Office of State Budget and  
30 Management (OSBM) that the agency has exhausted or is projected to exhaust funds  
31 appropriated for statutory or scheduled salary and benefit expenses. The OSBM must certify  
32 the need for any allocation before disbursing funds from the reserve. The OSBM shall report to  
33 Fiscal Research Division on or before April 1 of each year on any disbursements made from the  
34 reserve and regarding projected recurring appropriations necessary to fully fund positions  
35 eligible for funding in the next fiscal year. Funds from the reserve may be allocated and  
36 reallocated only as expressly provided by this section."

## 38 STATE HUMAN RESOURCES/HIRE FROM POOL OF MOST QUALIFIED 39 PERSONS

40 SECTION 35.18. G.S. 126-14.2 reads as rewritten:

### 41 "§ 126-14.2. Political hirings limited.

42 (a) It is the policy of this State that State departments, agencies, and institutions select  
43 from the pool of the most qualified persons for State government employment based upon  
44 job-related qualifications of applicants for employment using fair and valid selection criteria.

45 (b) All State departments, agencies, and institutions shall select ~~the most qualified~~  
46 ~~person~~ from the pool of the most qualified persons for State government employment without  
47 regard to political affiliation or political influence. For the purposes of this section, "qualified  
48 persons" shall mean each of the State employees or applicants for initial State employment  
49 who:

- 50 (1) Have timely applied for a position in State government;
- 51 (2) Have the essential qualifications for that position; and



- 1 (3) Are determined to be substantially more qualified as compared to other  
2 applicants for the position, after applying fair and valid job selection criteria,  
3 in accordance with G.S. 126-5(e), G.S. 126-7.1, Articles 6 and 13 of this  
4 Chapter, and State personnel policies approved by the State Human  
5 Resources Commission.
- 6 (c) It is a violation of this section if:
- 7 (1) The complaining State employee or applicant for initial State employment  
8 timely applied for the State government position in question;
- 9 (2) The complaining State employee or applicant for initial State employment  
10 was not hired into the position;
- 11 (3) The complaining State employee or applicant for initial State employment  
12 was among the most qualified persons applying for the position as defined in  
13 this Chapter;
- 14 (4) The successful applicant for the position was not among the most qualified  
15 persons applying for the position; and
- 16 (5) The hiring decision was based upon political affiliation or political  
17 influence.
- 18 ...."
- 19

## 20 SPECIAL ANNUAL LEAVE BONUS

21 **SECTION 35.18A.(a)** Any person who is (i) a full-time, permanent employee of  
22 the State, a community college, or a local board of education on July 1, 2017, and (ii) eligible  
23 to earn annual leave shall have a one-time additional three days of annual leave credited on July  
24 1, 2017.

25 **SECTION 35.18A.(b)** Except as provided by subsection (c) of this section, the  
26 additional leave granted in this act shall be accounted for separately with the leave provided by  
27 Section 28.3A of S.L. 2002-126, by Section 30.12B(a) of S.L. 2003-284, by Section 29.14A of  
28 S.L. 2005-276, and by Section 35.10A of S.L. 2014-100. The leave shall remain available  
29 during the length of the employee's employment, notwithstanding any other limitation on the  
30 total number of days of annual leave that may be carried forward. Part-time, permanent  
31 employees shall receive a pro rata amount of the three days.

32 **SECTION 35.18A.(c)** The additional leave awarded under this section has no cash  
33 value and is not eligible for cash in. If not used prior to the time of separation or retirement, the  
34 bonus leave cannot be paid out and is lost.

35

## 36 STATE EMPLOYEES – AMEND SALARY CONTINUATION

37 **SECTION 35.18B.(a)** G.S. 143-166.14 reads as rewritten:

38 **"§ 143-166.14. Payment of salary notwithstanding incapacity; Workers' Compensation**  
39 **Act applicable after two years; duration of payment.**

40 The salary of any eligible person shall be paid as long as the person's employment in that  
41 position continues, notwithstanding the person's total or partial incapacity to perform any duties  
42 to which the person may be lawfully assigned, if that incapacity is the result of an injury or  
43 injuries resulting from or arising out of an episode of violence, resistance, or due to other  
44 special hazards that occur while the eligible person is performing official duties, except if that  
45 incapacity continues for more than two years from its inception, the person shall, during the  
46 further continuance of that incapacity, be subject to the provisions of Chapter 97 of the General  
47 Statutes pertaining to workers' compensation. The time period for which an eligible person  
48 receives benefits pursuant to this section shall be deducted from the eligible person's total  
49 eligibility for benefits pursuant to G.S. 97-29 and G.S. 97-30. For purposes of this section, the  
50 term "salary" shall be defined as the total base pay of the person reflected on the person's salary  
51 statement and shall not include overtime pay, shift differential pay, holiday pay, or other

1 additional earnings to which the person may have been entitled prior to such incapacity. Salary  
2 paid to an eligible person pursuant to this Article shall cease upon the resumption of the  
3 person's regularly assigned ~~duties, duties; assignment of duties which comply with the treating~~  
4 physician's restrictions; or retirement, resignation, or death, whichever first occurs, except that  
5 occurs; provided that salary payments will be ceased or may be equitably reduced when the  
6 employee has returned to work for the same or a different employer. A temporary return to duty  
7 shall not prohibit payment of salary for a subsequent period of incapacity which can be shown  
8 to be directly related to the original injury."

9 **SECTION 35.18B.(b)** G.S. 143-166.19 reads as rewritten:

10 **"§ 143-166.19. Determination of cause and extent of incapacity; hearing before Industrial**  
11 **Commission; appeal; effect of refusal to perform duties.**

12 Upon the filing of the report, the secretary or other head of the department or, in the case of  
13 the General Assembly, the Legislative Services Officer, shall determine the cause of the  
14 incapacity and to what extent the claimant may be assigned to other than the claimant's normal  
15 duties. The finding of the secretary or other head of the department shall determine the right of  
16 the claimant to benefits under this Article. Notice of the finding shall be filed with the North  
17 Carolina Industrial Commission. The finding of the secretary or other department head shall be  
18 final unless the claimant, within 30 days of receipt of the notice, files a request for a hearing  
19 with the North Carolina Industrial Commission using a form required by the Commission.  
20 Upon the filing of a request, the North Carolina Industrial Commission shall proceed to hear  
21 the matter in accordance with its regularly established procedure for hearing claims filed under  
22 the Worker's Compensation Act, and shall report its findings to the secretary or other head of  
23 the department. From the decision of the North Carolina Industrial Commission, an appeal shall  
24 lie as in other matters heard and determined by the Commission. Any person who refuses to  
25 perform any duties to which the person may be properly assigned as a result of the finding of  
26 the secretary, other head of the department or of the North Carolina Industrial Commission  
27 shall be entitled to no benefits pursuant to this Article as long as the refusal continues. A duty is  
28 properly assigned if the duty complies with the authorized treating physician's restrictions. Any  
29 eligible person whose salary continuation benefits are terminated by the secretary or other head  
30 of the department shall be immediately entitled to benefits under G.S. 97-29 or G.S. 97-30.  
31 Such benefits under G.S. 97-29 or G.S. 97-30 shall only be suspended or terminated by the  
32 employer pursuant to G.S. 97-18.1."

33 **SECTION 35.18B.(c)** This section is effective when it becomes law and applies to  
34 State employees incapacitated on or after that date.

## 35 **EXEMPT EMPLOYEES/UNC INFORMATION TECHNOLOGY PROFESSIONALS**

36 **SECTION 35.18C.** G.S. 126-5 reads as rewritten:

37 **"§ 126-5. Employees subject to Chapter; exemptions.**

38 ...  
39 (c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this  
40 Chapter shall not apply to:

41 ...  
42 (8) Instructional and research staff, information technology professionals,  
43 physicians, and dentists of The University of North Carolina, including the  
44 faculty of the North Carolina School of Science and Mathematics.

45 ....  
46

## 47 **SALARY-RELATED CONTRIBUTIONS**

48 **SECTION 35.19.(a)** Effective for the 2017-2019 fiscal biennium, required  
49 employer salary-related contributions for employees whose salaries are paid from department,  
50 office, institution, or agency receipts shall be paid from the same source as the source of the  
51

1 employee's salary. If an employee's salary is paid in part from the General Fund or Highway  
 2 Fund and in part from department, office, institution, or agency receipts, required employer  
 3 salary-related contributions may be paid from the General Fund or Highway Fund only to the  
 4 extent of the proportionate part paid from the General Fund or Highway Fund in support of the  
 5 salary of the employee, and the remainder of the employer's requirements shall be paid from the  
 6 source that supplies the remainder of the employee's salary. The requirements of this section as  
 7 to source of payment are also applicable to payments on behalf of the employee for hospital  
 8 medical benefits, longevity pay, unemployment compensation, accumulated leave, workers'  
 9 compensation, severance pay, separation allowances, and applicable disability income benefits.

10 **SECTION 35.19.(b)** Effective July 1, 2017, the State's employer contribution rates  
 11 budgeted for retirement and related benefits as a percentage of covered salaries for the  
 12 2017-2018 fiscal year for teachers and State employees, State law enforcement officers (LEOs),  
 13 the University and Community Colleges Optional Retirement Programs (ORPs), the  
 14 Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System  
 15 (LRS) are as set forth below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
19 Retirement	10.78%	10.78%	6.84%	31.05%	19.04%
20 Disability	0.14%	0.14%	0.14%	0.00%	0.00%
21 Death	0.16%	0.16%	0.00%	0.00%	0.00%
22 Retiree Health	6.05%	6.05%	6.05%	6.05%	6.05%
23 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

24  
 25 **Total Contribution**  
 26 **Rate**

17.13%	22.13%	13.03%	37.10%	25.09%
--------	--------	--------	--------	--------

27 The rate for teachers and State employees and State law enforcement officers  
 28 includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

29 **SECTION 35.19.(c)** Effective July 1, 2018, the State's employer contribution rates  
 30 budgeted for retirement and related benefits as a percentage of covered salaries for the  
 31 2018-2019 fiscal year for teachers and State employees, State law enforcement officers (LEOs),  
 32 the University and Community Colleges Optional Retirement Programs (ORPs), the  
 33 Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System  
 34 (LRS) are as set forth below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
38 Retirement	11.87%	11.87%	6.84%	33.26%	20.04%
39 Disability	0.14%	0.14%	0.14%	0.00%	0.00%
40 Death	0.16%	0.16%	0.00%	0.00%	0.00%
41 Retiree Health	6.27%	6.27%	6.27%	6.27%	6.27%
42 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

43  
 44 **Total Contribution**  
 45 **Rate**

18.44%	23.44%	13.25%	39.53%	26.31%
--------	--------	--------	--------	--------

46 The rate for teachers and State employees and State law enforcement officers  
 47 includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

48 **SECTION 35.19.(d)** Effective July 1, 2017, the maximum annual employer  
 49 contributions, payable monthly, by the State for each covered employee or retiree for the  
 50 2017-2018 fiscal year to the State Health Plan for Teachers and State Employees are (i)  
 51 Medicare-eligible employees and retirees – four thousand five hundred sixty dollars (\$4,560)

1 and (ii) non-Medicare-eligible employees and retirees – five thousand eight hundred sixty-nine  
2 dollars (\$5,869).

3 **SECTION 35.19.(e)** Effective July 1, 2018, the maximum annual employer  
4 contributions, payable monthly, by the State for each covered employee or retiree for the  
5 2018-2019 fiscal year to the State Health Plan for Teachers and State Employees are (i)  
6 Medicare-eligible employees and retirees – four thousand seven hundred forty-three dollars  
7 (\$4,743) and (ii) non-Medicare-eligible employees and retirees – six thousand one hundred four  
8 dollars (\$6,104).

9  
10 **PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS'  
11 AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED  
12 JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT  
13 SYSTEM**

14 **SECTION 35.19A.(a)** G.S. 135-5 is amended by adding a new subsection to read:  
15 "(vvv) From and after July 1, 2017, the retirement allowance to or on account of  
16 beneficiaries whose retirement commenced on or before July 1, 2016, shall be increased by one  
17 percent (1%) of the allowance payable on June 1, 2017, in accordance with G.S. 135-5(o).  
18 Furthermore, from and after July 1, 2017, the retirement allowance to or on account of  
19 beneficiaries whose retirement commenced after July 1, 2016, but before June 30, 2017, shall  
20 be increased by a prorated amount of one percent (1%) of the allowance payable as determined  
21 by the Board of Trustees based upon the number of months that a retirement allowance was  
22 paid between July 1, 2016, and June 30, 2017."

23 **SECTION 35.19A.(b)** G.S. 135-65 is amended by adding a new subsection to  
24 read:

25 "(gg) From and after July 1, 2017, the retirement allowance to or on account of  
26 beneficiaries whose retirement commenced on or before July 1, 2016, shall be increased by one  
27 percent (1%) of the allowance payable on June 1, 2017. Furthermore, from and after July 1,  
28 2017, the retirement allowance to or on account of beneficiaries whose retirement commenced  
29 after July 1, 2016, but before June 30, 2017, shall be increased by a prorated amount of one  
30 percent (1%) of the allowance payable as determined by the Board of Trustees based upon the  
31 number of months that a retirement allowance was paid between July 1, 2016, and June 30,  
32 2017."

33 **SECTION 35.19A.(c)** G.S. 120-4.22A is amended by adding a new subsection to  
34 read:

35 "(aa) In accordance with subsection (a) of this section, from and after July 1, 2017, the  
36 retirement allowance to or on account of beneficiaries whose retirement commenced on or  
37 before January 1, 2017, shall be increased by one percent (1%) of the allowance payable on  
38 June 1, 2017. Furthermore, from and after July 1, 2017, the retirement allowance to or on  
39 account of beneficiaries whose retirement commenced after January 1, 2017, but before June  
40 30, 2017, shall be increased by a prorated amount of one percent (1%) of the allowance payable  
41 as determined by the Board of Trustees based upon the number of months that a retirement  
42 allowance was paid between January 1, 2017, and June 30, 2017."

43  
44 **ENHANCE THE BENEFITS OF PROBATION/PAROLE OFFICERS WHO ARE  
45 MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT  
46 SYSTEM**

47 **SECTION 35.19B.(a)** G.S. 135-1 reads as rewritten:

48 "**§ 135-1. Definitions.**

49 The following words and phrases as used in this Chapter, unless a different meaning is  
50 plainly required by the context, shall have the following meanings:

51 ...

1 (11c) "Law-Enforcement Officer" means a full-time paid employee of an employer  
 2 who is actively serving in a position with assigned primary duties and  
 3 responsibilities for prevention and detection of crime or the general  
 4 enforcement of the criminal laws of the State of North Carolina or serving  
 5 civil processes, and who possesses the power of arrest by virtue of an oath  
 6 administered under the authority of the State. "Law-Enforcement Officer"  
 7 also means a probation/parole officer as defined in this section with respect  
 8 to any service rendered on or after July 1, 2017.

9 ...  
 10 (17a) "Probation/Parole Officer" shall mean a full-time paid employee of the  
 11 Division of Adult Correction of the Department of Public Safety whose  
 12 duties include supervising, evaluating, or otherwise instructing offenders  
 13 who have been placed on probation, parole, or post-release supervision or  
 14 have been assigned to any other community-based program operated by the  
 15 Division of Adult Correction.

16 ...."

17 **SECTION 35.19B.(b)** G.S. 143-166.41(b) reads as rewritten:

18 "(b) As used in this section, "creditable service" means the service for which credit is  
 19 allowed under the retirement system of which the officer is a member, provided that at least  
 20 fifty percent (50%) of the service is as a law enforcement officer as herein ~~defined~~-defined or as  
 21 a probation/parole officer as defined in G.S. 135-1(17a)."

22 **SECTION 35.19B.(c)** This section becomes effective July 1, 2017, and applies to  
 23 persons retiring on or after that date.

## 24 25 **STUDY STATE EMPLOYEE TOTAL COMPENSATION/REDUCE LONG-TERM** 26 **UNFUNDED HEALTH CARE LIABILITIES**

27 **SECTION 35.21.(a)** The State Employee Total Compensation Committee  
 28 (Committee) is established to study the total compensation of State employees. Total  
 29 compensation includes cash compensation and the value of health care, retirement, leave, and  
 30 other flexible benefits. The Committee shall do the following:

- 31 (1) Assess the strength of the total compensation of State employees with  
 32 regards to recruitment and retention of State employees, including a specific  
 33 evaluation of the retirement benefits available under the Teachers' and State  
 34 Employees' Retirement System.
- 35 (2) Compare the total compensation of State employees with the total  
 36 compensation provided to other states' employees, as well as large North  
 37 Carolina employers that may recruit employees with similar skills.
- 38 (3) Evaluate the current financial condition and the sustainability of the State  
 39 pension system.
- 40 (4) By February 1, 2019, submit a report to the General Assembly containing  
 41 the information considered under subdivisions (1) through (3) of this  
 42 subsection and any findings and recommendations, including any suggested  
 43 legislation, to the General Assembly.

44 **SECTION 35.21.(b)** The Committee shall consist of nine members as follows:

- 45 (1) The State Treasurer, who shall serve as chair of the Committee.
- 46 (2) The Executive Administrator of the State Health Plan.
- 47 (3) The Director of the Office of State Budget and Management.
- 48 (4) The Director of Office of State Human Resources.
- 49 (5) One member appointed by the Board of Governors of the University of  
 50 North Carolina.
- 51 (6) One member appointed by the State Board of Education.

- 1 (7) One member appointed by the State Board of Community Colleges.  
2 (8) One member appointed by the President Pro Tempore of the Senate.  
3 (9) One member appointed by the Speaker of the House of Representatives.

4 Members serve at the pleasure of the appointing officer and continue to serve until a  
5 successor is appointed. Vacancies on the Committee shall be filled by the same appointing  
6 authority making the initial appointment. The Committee shall meet upon the joint call of the  
7 chair. A quorum of the Committee is five members. The Office of the State Treasurer shall  
8 provide support to the Committee. Members of the Committee shall receive subsistence and  
9 travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

10 **SECTION 35.21.(c)** G.S. 135-48.1(18) reads as rewritten:

11 "(18) Retired employee (retiree). – Retired teachers, State employees, and  
12 members of the General Assembly who (i) are receiving monthly retirement  
13 benefits from ~~any retirement system supported in whole or in part by~~  
14 ~~contributions of the State of North Carolina,~~ the Teachers' and State  
15 Employees' Retirement System, the Consolidated Judicial Retirement  
16 System, the Legislative Retirement System, or the Optional Retirement  
17 Programs established under G.S. 135-5.1 and G.S. 135-5.4 and (ii) earned  
18 contributory retirement service in one of these retirement systems prior to  
19 January 1, 2021, and did not withdraw that service, so long as the retiree is  
20 enrolled."

21 **SECTION 35.21.(d)** G.S. 135-48.40 reads as rewritten:

22 **"§ 135-48.40. Categories of eligibility.**

23 (a) Noncontributory Coverage. – The following persons are eligible for coverage under  
24 the Plan, on a noncontributory basis, subject to the provisions of G.S. 135-48.43:

- 25 (1) ~~Retired teachers, State employees, members of the General Assembly,~~  
26 Retired employees, as defined in G.S. 135-48.1(18), and retired State law  
27 enforcement officers who retired under the Law Enforcement Officers'  
28 Retirement System prior to January 1, 1985. Except as otherwise provided in  
29 this subdivision, on and after January 1, 1988, a retiring employee or retiree  
30 must have completed at least five years of contributory retirement service  
31 with an employing unit prior to retirement from any State-supported  
32 retirement system in order to be eligible for group benefits under this Part as  
33 a retired employee or retiree. For employees first hired on and after October  
34 1, 2006, and members of the General Assembly first taking office on and  
35 after February 1, 2007, future coverage as retired employees and retired  
36 members of the General Assembly is subject to a requirement that the future  
37 retiree have 20 or more years of retirement service credit in order to be  
38 covered by the provisions of this subdivision.

39 ...

40 (b) Partially Contributory Coverage. – The following persons are eligible for coverage  
41 under the Plan, on a partially contributory basis, subject to the provisions of G.S. 135-48.43:

42 ...

- 43 (3) ~~Retired teachers, State employees, members of the General Assembly,~~  
44 Retired employees, as defined in G.S. 135-48.1(18), and retired State law  
45 enforcement officers who retired under the Law Enforcement Officers'  
46 Retirement System prior to January 1, 1985. Except as otherwise provided in  
47 this subdivision, on and after January 1, 1988, a retiring employee or retiree  
48 must have completed at least five years of contributory retirement service  
49 with an employing unit prior to retirement from any State-supported  
50 retirement system in order to be eligible for group benefits under this Part as  
51 a retired employee or retiree. For employees first hired on and after October

1, 2006, and members of the General Assembly first taking office on and after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to a requirement that the future retiree have 20 or more years of retirement service credit in order to be covered by the provisions of this subdivision.

(c) One-Half Contributory Coverage. – The following persons are eligible for coverage under the Plan, on a one-half contributory basis, subject to the provisions of G.S. 135-48.43:

(2) ~~Employees and members of the General Assembly~~ Retired employees, as defined in G.S. 135-48.1(18), with 10 but less than 20 years of retirement service credit provided the employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007. For such future retirees, the State shall pay fifty percent (50%) of the Plan's total employer premiums. Individual retirees shall pay the balance of the total premiums not paid by the State.

(d) Fully Contributory Coverage. – The following persons shall be eligible for coverage under the Plan, on a fully contributory basis, subject to the provisions of G.S. 135-48.43:

(11) ~~Retired teachers, State employees, and members of the General Assembly~~ Retired employees, as defined in G.S. 135-48.1(18), with less than 10 years of retirement service credit, provided the teachers and State employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007.

SECTION 35.21.(e) Subsections (c) and (d) of this section become effective January 1, 2021.

**STATE TREASURER AUTHORITY OVER STATE HEALTH PLAN EMPLOYEES**

SECTION 35.22. G.S. 135-48.23 reads as rewritten:

**"§ 135-48.23. Executive Administrator.**

(a) The Plan shall have an Executive Administrator and a Deputy Executive Administrator. The Executive Administrator and the Deputy Executive Administrator positions are exempt from the provisions of Chapter 126 of the General Statutes as provided in G.S. 126-5(c1).

(b) The Executive Administrator shall be appointed by the State Treasurer. The term of employment and salary of the Executive Administrator shall be set by the State Treasurer ~~after consultation with the Board of Trustees.~~ Treasurer.

The Executive Administrator may be removed from office by the State Treasurer ~~after consultation with the Board of Trustees.~~ Treasurer, and any vacancy in the office of Executive Administrator may be filled by the State Treasurer.

(c) ~~The Executive Administrator~~ State Treasurer shall appoint the Deputy Executive Administrator ~~and Administrator. The term of employment and salary of the Deputy Executive Administrator shall be set by the State Treasurer. The Deputy Executive Administrator may be removed from office by the State Treasurer. Any vacancy in the office of the Deputy Executive Administrator may be filled by the State Treasurer.~~

(c1) The State Treasurer may employ such clerical and professional staff, and such other assistance as may be necessary to assist the Executive Administrator, the Board of Trustees, and the State Treasurer in carrying out their duties and responsibilities under this Article. ~~The Executive Administrator~~ State Treasurer may designate any managerial, professional, or policy-making positions as exempt from the North Carolina Human Resources Act. All exempt

1 employees shall serve at the pleasure of the State Treasurer, and any vacancies in these  
 2 positions may be filled by the State Treasurer. Salaries of exempt employees shall be set by the  
 3 State Treasurer.

4 (c2) The Executive Administrator may also negotiate, renegotiate and execute contracts  
 5 with third parties in the performance of the Executive Administrator's duties and  
 6 responsibilities under this Article; provided any contract negotiations, renegotiations and  
 7 execution with a Claims Processor, with an optional alternative comprehensive health benefit  
 8 plan, or program thereunder, authorized under G.S. 135-48.2, with a preferred provider of  
 9 institutional or professional hospital and medical care, or with a pharmacy benefit manager  
 10 shall be done only ~~after consultation~~ with the consent of the State Treasurer.

11 (d) The Executive Administrator shall quarterly make reports and recommendations on  
 12 the Plan to the President Pro Tempore of the Senate and the Speaker of the House of  
 13 Representatives."  
 14

15 **UNC BOARD OF GOVERNORS TO MONITOR CREATION OF NEW POSITIONS**  
 16 **AND CERTAIN INCREASES/CONSULTATION REQUIREMENT**

17 **SECTION 35.24.** Article 1 of Chapter 116 of the General Statutes is amended by  
 18 adding a new section to read:

19 **"§ 116-17.3. Board of Governors monitors certain human resources actions.**

20 (a) The Board of Governors of The University of North Carolina shall monitor  
 21 nonlegislative annual employee salary increases in the amount of five percent (5%) or more  
 22 granted at constituent institutions or within the General Administration (i) to employees having  
 23 annual salaries of one hundred thousand dollars (\$100,000) or greater or (ii) that would result in  
 24 an annual employee salary of one hundred thousand dollars (\$100,000) or greater. No such  
 25 salary increase shall become effective unless or until it is reported to the Board by a  
 26 consultation that includes the justification for the increase or otherwise complies with  
 27 consultation requirements adopted by the Board.

28 (b) The Board of Governors of The University of North Carolina shall monitor new  
 29 personnel positions created at constituent institutions or within the General Administration  
 30 having annual salaries of seventy thousand dollars (\$70,000) or greater. No such new position  
 31 may be filled unless or until its creation is reported to the Board by a consultation that includes  
 32 the justification for the new position or otherwise complies with consultation requirements  
 33 adopted by the Board."

34  
 35 **PART XXXVI. CAPITAL APPROPRIATIONS**

36  
 37 **GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

38 **SECTION 36.1.** The appropriations made by the 2017 General Assembly for  
 39 capital improvements are for constructing, repairing, or renovating State buildings, utilities, and  
 40 other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings  
 41 and land for State government purposes.  
 42

43 **CAPITAL APPROPRIATIONS/GENERAL FUND**

44 **SECTION 36.2.(a)** There is appropriated from the General Fund for the 2017-2019  
 45 fiscal biennium the following amounts for capital improvements:  
 46

<b>Capital Improvements – General Fund</b>	<b>2017-2018</b>	<b>2018-2019</b>
Department of Environment and Natural Resources		
Water Resources Development	\$15,648,000	–



1	Department of Public Safety		
2	Greenville Office Building & Garage	2,000,000	\$1,917,993
3	National Guard – Joint Forces HQ Helipad	1,000,000	–
4	Youth Development Center in Rockingham County	13,200,000	–
5	Stonewall Jackson Youth Development Center fence	200,000	
6	National Guard – DuPont Forest		
7	Joint Training Center	100,000	–
8			
9	Department of Natural and Cultural Resources		
10	Fort Fisher Museum and Visitor Center	5,000,000	–
11	Fayetteville Civil War Museum project	5,000,000	–
12			
13	Fayetteville State University		
14	Health & Wellness Facility	5,500,000	–
15			
16	Department of Agriculture and Consumer Services		
17	Emergency Programs Warehouse	500,000	–
18			
19	Cleveland Community College		
20	Center for Advanced Manufacturing	5,000,000	–
21			
22	Brunswick Community College		
23	Gym renovations	60,000	–
24			
25	Stanly Community College		
26	Culinary Arts facility	500,000	–
27			
28	University of North Carolina-Chapel Hill		
29	New Business School building	1,000,000	–
30			
31	<b>TOTAL CAPITAL IMPROVEMENTS –</b>		
32	<b>GENERAL FUND</b>	<b>\$54,708,000</b>	<b>\$1,917,993</b>

34           **SECTION 36.2.(b)** Notwithstanding G.S. 143C-3-3(b), the University of North  
35 Carolina at Chapel Hill may use the funds appropriated to it in subsection (a) of this section to  
36 develop plans for the construction of a new business school building.

37           **SECTION 36.2.(c)** Of the five million dollars (\$5,000,000) appropriated in  
38 subsection (a) of this section to the Department of Natural and Cultural Resources for the  
39 Fayetteville Civil War Museum project, the sum of two million five hundred thousand dollars  
40 (\$2,500,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide a  
41 matching grant for the Fayetteville Civil War Museum project. Upon verification of the  
42 collection of two million five hundred thousand dollars (\$2,500,000) in private donations  
43 toward the project, the Office of State Budget and Management shall provide one dollar for  
44 every private dollar provided in kind or otherwise, up to a maximum of two million five  
45 hundred thousand dollars (\$2,500,000) for the matching grant described in this subsection.

46           **SECTION 36.2.(d)** The amount appropriated in this act to the Department of  
47 Public Safety for the construction of a new youth development center shall be used to construct  
48 that facility at a site located in Rockingham County.

49  
50 **WATER RESOURCES DEVELOPMENT PROJECTS**

1           **SECTION 36.3.(a)** The Department of Environmental Quality shall allocate funds  
 2 for water resources development projects in accordance with the schedule that follows. The  
 3 amounts set forth in the schedule include funds appropriated in this act for water resources  
 4 development projects and funds carried forward from previous fiscal years in accordance with  
 5 subsection (b) of this section. These funds will provide a State match for an estimated fourteen  
 6 million eighty-five thousand dollars (\$14,085,000) in federal funds.

Name of Project	2017-2018
(1) Princeville Flood Damage Reduction	\$431,000
(2) Carolina Beach CSDR (Next cycle plans & specs.)	300,000
(3) Kure Beach CSDR (Next cycle plans & specs.)	300,000
(4) Wrightsville Storm Damage Reduction – Constr. Cycle 12	3,000,000
(5) Wrightsville Storm Damage Reduction – Post-Auth. Change Report	135,000
(6) Planning Assistance	25,000
(7) Wilmington Harbor Maintenance	-
(8) Morehead City Harbor Maintenance	-
(9) Surf City/North Topsail Preconstruction Activities	218,000
(10) West Onslow Beach Preconstruction Activities	218,000
(11) NRCS EQIP	2,000,000
(12) State-Local Projects	1,500,000
(13) Eastern NC Storm Debris Removal	1,000,000
(14) Cape Fear River Lock & Dam/Fish Ramp Construction	840,000
(15) New River Storm Damage Mitigation	2,000,000
(16) Carolina Beach CSDR	1,158,000
(17) North Topsail Shoreline Protection – Phase 2	500,000
(18) Kunz Farm Park Riverwalk	250,000
(19) Perquimans Marine Industrial Park	2,885,000
<b>TOTALS</b>	<b>\$16,760,000</b>

32           **SECTION 36.3.(b)** It is the intent of the General Assembly that funds carried  
 33 forward from previous fiscal years be used to supplement the fifteen million six hundred  
 34 forty-eight thousand dollars (\$15,648,000) appropriated for water resources development  
 35 projects in Section 36.2 of this act. Therefore, the following funds carried forward from  
 36 previous fiscal years shall be used for the following projects:

Name of Project	Amount Carried Forward
(1) Carolina Beach CSDR (Next cycle plans & specs.)	\$50,000
(2) Kure Beach CSDR (Next cycle plans & specs.)	50,000
(3) Wrightsville Storm Damage Reduction – Constr.	700,000
(4) Wrightsville Storm Damage Reduction – Post-Auth. Change Report	22,000
(5) Planning Assistance	25,000
(6) Surf City/North Topsail Preconstruction Activities	135,000
(7) West Onslow Beach Preconstruction Activities	130,000
<b>TOTALS</b>	<b>\$1,112,000</b>

50           **SECTION 36.3.(c)** Where the actual costs are different from the estimated costs  
 51 under subsection (a) of this section, the Department may adjust the allocations among projects

1 as needed. If any projects funded under subsection (a) of this section are delayed and the  
2 budgeted State funds cannot be used during the 2017-2018 fiscal year or if the projects funded  
3 under subsection (a) of this section are accomplished at a lower cost, the Department may use  
4 the resulting fund availability to fund any of the following:

- 5 (1) U.S. Army Corps of Engineers project feasibility studies.
- 6 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and  
7 require State matching funds in the 2017-2018 fiscal year.
- 8 (3) State-local water resources development projects.

9 Funds subject to this subsection that are not expended or encumbered for the purposes set forth  
10 in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the end of  
11 the 2017-2018 fiscal year.

12 **SECTION 36.3.(d)** The Department shall submit semiannual reports on the use of  
13 these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and  
14 Economic Resources, the Fiscal Research Division, and the Office of State Budget and  
15 Management on or before March 1 and September 1. Each report shall include all of the  
16 following:

- 17 (1) All projects listed in this section.
- 18 (2) The estimated cost of each project.
- 19 (3) The date that work on each project began or is expected to begin.
- 20 (4) The date that work on each project was completed or is expected to be  
21 completed.
- 22 (5) The actual cost of the project.

23 The semiannual reports also shall show those projects advanced in schedule, those projects  
24 delayed in schedule, and an estimate of the amount of funds expected to revert to the General  
25 Fund.

26 **SECTION 36.3.(e)** Of the funds allocated for State-Local Projects in this section,  
27 the Department shall allocate the sum of five hundred thousand dollars (\$500,000) for the  
28 2017-2018 fiscal year to be used for Phase III of the Joseph McDowell Historical Catawba  
29 Greenway restoration project.

30 **SECTION 36.3.(f)** Of the funds allocated for State-Local Projects in this section,  
31 the Department shall allocate the sum of five hundred thousand dollars (\$500,000) for the  
32 2017-2018 fiscal year to be used for Phase VI-2 of the Ararat River Greenway and Stream  
33 Restoration project.

34 **SECTION 36.3.(g)** Section 37.2(e) of S.L. 2016-94 reads as rewritten:

35 **"SECTION 37.2.(e)** Notwithstanding any provision of law to the contrary, funds  
36 appropriated for a water resources development project shall be used to provide no more than  
37 fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to  
38 funds appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium  
39 that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds  
40 for water resources development projects. The limitation on fund usage contained in this  
41 subsection applies only to projects in which a local government or local governments  
42 participate. This subsection shall not apply to, and there shall be no local match required for,  
43 any of the following, notwithstanding any other provision of law:

- 44 (1) The Environmental Quality Incentives Program. Furthermore, Section  
45 36.3(e) of S.L. 2013-360, Section 36.2(e) of S.L. 2014-100, and Section  
46 31.3(e) of S.L. 2015-241 shall not apply to funds made available as part of  
47 the Environmental Quality Incentives Program in any fiscal year. Any  
48 remaining balance of funds appropriated prior to the 2015-2017 fiscal  
49 biennium for Environmental Quality Incentives Program projects shall be  
50 paid out to each of the original grantees for the full grant award amount,  
51 except that the Secretary may retain ten percent (10%) of the State share of

1 funding until the Natural Resources Conservation Service of the United  
 2 States Department of Agriculture has provided a final practice approval for  
 3 the project.

4 ...."

5 **SECTION 36.3.(h)** G.S. 143-215.72 is amended by adding two new subsections to  
 6 read:

7 "(c) When the Secretary issues new or revised policies for review of grant applications  
 8 and fund disbursement under this Part, those policies shall not apply to a project already  
 9 approved for funding unless the project applicant agrees to the new or revised policy. For  
 10 purposes of this section, a project is approved for funding when the Department enters into a  
 11 contract or other binding agreement to provide any share of State funding for the project.  
 12 Nothing in this subsection is intended to preclude the Secretary from issuing or enforcing  
 13 policies applicable to projects approved for funding in order to comply with a requirement of  
 14 State law or federal law or regulations.

15 (d) The following procedures apply only to grants for the purpose set forth in  
 16 G.S. 143-215.71(8):

17 (1) A nongovernmental entity managing, administering, or executing the grant  
 18 on behalf of a unit of local government may apply as a co-applicant for the  
 19 grant and may be included as a responsible party on any required resolution  
 20 issued by the unit of local government.

21 (2) The Department may make periodic payments for its share of nonfederal  
 22 costs of a project prior to receipt of a final practice approval from the  
 23 Natural Resources Conservation Service if the grantee has submitted a  
 24 certified reimbursement request or invoice."

25 **SECTION 36.3.(i)** G.S. 143-215.72(d), as enacted by subsection (h) of this section,  
 26 becomes effective July 1, 2017, and applies to projects approved for funding on or after that  
 27 date.

28 **SECTION 36.3.(j)** Funds deposited with the Office of State Treasurer received  
 29 pursuant to 33 U.S.C. § 701c-3 regarding leases related to lands acquired by the United States  
 30 for flood control, navigation, and allied purposes are hereby appropriated to the relevant local  
 31 governments for the benefit of public schools and public roads.

32 **SECTION 36.3.(k)** Notwithstanding any other provision of law, there shall be no  
 33 local or federal match required for (i) the Perquimans Marine Industrial Park and (ii) the New  
 34 River Storm Damage Mitigation.

35 **SECTION 36.3.(l)** In addition to the permissible uses for water resources grants  
 36 provided in Part 8 of Article 21 of Chapter 143 of the General Statutes, basin construction shall  
 37 be a permissible use for water resource grants issued for the Perquimans Marine Industrial Park  
 38 project.

39 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

40 **SECTION 36.4.(a)** The General Assembly authorizes the following capital  
 41 projects to be funded with receipts or from other non-General Fund sources available to the  
 42 appropriate department:  
 43

44 <b>Name of Project</b>	45 <b>Amount of Non-General Fund</b>	
	46 <b>Funding Authorized</b>	
	47 <b>FY 2017-2018</b>	48 <b>FY 2018-2019</b>
49 Department of Natural and Cultural Resources		
50 Museum of Art- New Park and Pavilion Building	915,300	-
51 Wildlife Resources Commission		
Land Acquisition	7,000,000	3,000,000

1	Infrastructure Repair/Renovation	1,500,000	–
2	Setzer Hatchery Building Replacement	750,000	–
3	Boating Access	900,000	900,000
4	Setzer Hatchery Raceways Replacement	4,500,000	–
5	Outer Banks Education Center Air Handlers	–	300,000
6	Burnsville Depot	500,000	–
7	Butner Lab & Storage Building	500,000	–
8	Bolivia Depot	750,000	–
9	New Shooting Ranges	1,000,000	1,000,000
10	Department of Public Safety		
11	Nash Correctional Institution		
12	Field Ministry Program Facility	3,800,000	–
13			
14	<b>TOTAL AMOUNT OF NON-GENERAL</b>		
15	<b>FUND CAPITAL PROJECTS</b>		
16	<b>AUTHORIZED</b>	<b>\$22,115,300</b>	<b>\$5,200,000</b>
17			

18           **SECTION 36.4.(b)** From funds deposited with the State Treasurer in a capital  
19 improvement account to the credit of the Department of Agriculture and Consumer Services  
20 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2017-2018  
21 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2018-2019 fiscal year  
22 shall be transferred to the Department of Agriculture and Consumer Services to be used,  
23 notwithstanding G.S. 146-30, by the Department for its plant conservation program under  
24 Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of  
25 land, such as land appraisals, land surveys, title searches, and environmental studies, and for  
26 the management of the plant conservation program preserves owned by the Department.

27  
28 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

29           **SECTION 36.5.(a)** Of the funds in the Reserve for Repairs and Renovations for  
30 the 2017-2018 fiscal year, the following allocations shall be made to the following agencies for  
31 repairs and renovations pursuant to G.S. 143C-4-3:

- 32           (1) One-half of the funds shall be allocated to the Board of Governors of The  
33           University of North Carolina.
- 34           (2) One-half of the funds shall be allocated to the Office of State Budget and  
35           Management.

36           The Office of State Budget and Management shall consult with or report to the Joint  
37 Legislative Commission on Governmental Operations, as appropriate, in accordance with  
38 G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on  
39 Governmental Operations in accordance with G.S. 143C-4-3(d).

40           **SECTION 36.5.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to  
41 the Board of Governors of The University of North Carolina in subsection (a) of this section, a  
42 portion shall be used each fiscal year by the Board of Governors for the installation of fire  
43 sprinklers in University residence halls. This portion shall be in addition to funds otherwise  
44 appropriated in this act for the same purpose. Such funds shall be allocated among the  
45 University's constituent institutions by the President of The University of North Carolina, who  
46 shall consider the following factors when allocating those funds:

- 47           (1) The safety and well-being of the residents of campus housing programs.
- 48           (2) The current level of housing rents charged to students and how that  
49           compares to an institution's public peers and other UNC institutions.
- 50           (3) The level of previous authorizations to constituent institutions for the  
51           construction or renovation of residence halls funded from the General Fund

1 or from bonds or certificates of participation supported by the General Fund  
2 since 1996.

3 (4) The financial status of each constituent institution's housing system,  
4 including debt capacity, debt coverage ratios, credit rankings, required  
5 reserves, the planned use of cash balances for other housing system  
6 improvements, and the constituent institution's ability to pay for the  
7 installation of fire sprinklers in all residence halls.

8 (5) The total cost of each proposed project, including the cost of installing fire  
9 sprinklers and the cost of other construction, such as asbestos removal and  
10 additional water supply needs.

11 The Board of Governors shall submit progress reports to the Joint Legislative  
12 Commission on Governmental Operations. Reports shall include the status of completed,  
13 current, and planned projects. Reports also shall include information on the financial status of  
14 each constituent institution's housing system, the constituent institution's ability to pay for fire  
15 protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be  
16 submitted on January 1 and July 1 until all residence halls have fire sprinklers.

17 **SECTION 36.5.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to  
18 the Board of Governors of The University of North Carolina in subsection (a) of this section, a  
19 portion shall be used each fiscal year by the Board of Governors for campus public safety  
20 improvements allowable under G.S. 143C-4-3(b).

21 **SECTION 36.5.(d)** In making campus allocations of funds allocated to the Board  
22 of Governors of The University of North Carolina in subsection (a) of this section, the Board of  
23 Governors shall negatively weight the availability of non-State resources and carryforward  
24 funds available for repair and renovations and shall include information about the manner in  
25 which this subsection was complied within any report submitted pursuant to G.S. 143C-4-3(d).

26 **SECTION 36.5.(e)** Notwithstanding G.S. 143C-4-3, of the funds allocated from  
27 the Reserve for Repairs and Renovations for the 2017-2018 fiscal year, the following sums  
28 shall be allocated for the following projects:

29 (1) One million seven hundred fifty thousand dollars (\$1,750,000) shall be  
30 allocated to the Department of Public Safety to be provided to the North  
31 Carolina National Guard for the demolition of Western Youth Correctional  
32 Facility.

33 (2) Two million dollars (\$2,000,000) shall be allocated to the Department of  
34 Natural and Cultural Resources for the repairs and renovation projects  
35 involving the U.S.S. North Carolina Battleship.

36 (3) Three hundred thousand dollars (\$300,000) shall be allocated to  
37 weatherproof Goodwin Hall and Joiner Hall at the North Carolina School for  
38 the Deaf in Morganton.

39 (4) Ten million dollars (\$10,000,000) shall be allocated for the comprehensive  
40 renovation and repurposing of West Hall at the University of North Carolina  
41 at Pembroke.

42 (5) Two million five hundred thousand dollars (\$2,500,000) shall be allocated to  
43 the Department of Natural and Cultural Resources, Division of Parks and  
44 Recreation, for repair and renovation projects at Morrow Mountain State  
45 Park in Stanly County.

46 (6) Four million five hundred thousand dollars (\$4,500,000) shall be allocated to  
47 the Department of Natural and Cultural Resources for repair and renovation  
48 projects at the North Carolina Zoological Park.

49 (7) Two million two hundred thousand dollars (\$2,200,000) shall be allocated to  
50 the Department of Public Safety to renovate the Swannanoa Correctional

- 1 Center for Women to allow for portions to be used for a female Confinement  
2 Response to Violation (CRV) facility.
- 3 (8) Seven hundred fifty thousand dollars (\$750,000) shall be allocated for the  
4 energy production facility replacement project at Western Carolina  
5 University.  
6

## 7 **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

8 **SECTION 36.6.** The appropriations made by the 2017 General Assembly for  
9 capital improvements shall be disbursed for the purposes provided by this act. Expenditure of  
10 funds shall not be made by any State department, institution, or agency until an allotment has  
11 been approved by the Governor as Director of the Budget. The allotment shall be approved  
12 only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.  
13 Prior to the award of construction contracts for projects to be financed in whole or in part with  
14 self-liquidating appropriations, the Director of the Budget shall approve the elements of the  
15 method of financing of those projects, including the source of funds, interest rate, and  
16 liquidation period. Provided, however, that if the Director of the Budget approves the method  
17 of financing a project, the Director shall report that action to the Joint Legislative Commission  
18 on Governmental Operations at its next meeting.

19 Where direct capital improvement appropriations include the purpose of furnishing  
20 fixed and movable equipment for any project, those funds for equipment shall not be subject to  
21 transfer into construction accounts except as authorized by the Director of the Budget. The  
22 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and  
23 approved by the Director of the Budget prior to commitment of funds.

24 Capital improvement projects authorized by the 2017 General Assembly shall be  
25 completed, including fixed and movable equipment and furnishings, within the limits of the  
26 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided  
27 in this act. Capital improvement projects authorized by the 2017 General Assembly for the  
28 design phase only shall be designed within the scope of the project as defined by the approved  
29 cost estimate filed with the Director of the Budget, including costs associated with site  
30 preparation, demolition, and movable and fixed equipment.  
31

## 32 **REPORTING ON CAPITAL PROJECTS**

33 **SECTION 36.7.(a)** Definitions. – The following definitions apply in this section:

- 34 (1) Capital project. – Any capital improvement, as that term is defined in  
35 G.S. 143C-1-1, that is not complete by the effective date of this section and  
36 that is funded in whole or in part with State funds, including receipts,  
37 non-General Fund sources, or statutorily or constitutionally authorized  
38 indebtedness of any kind. This term includes only projects with a total cost  
39 of one hundred thousand dollars (\$100,000) or more.
- 40 (2) Construction phase. – The status of a particular capital project as described  
41 using the terms customarily employed in the design and construction  
42 industries.
- 43 (3) New capital project. – A capital project that is authorized in this act or  
44 subsequent to the effective date of this act.

45 **SECTION 36.7.(b)** Reporting. – The following reports are required:

- 46 (1) By October 1, 2017, and every six months thereafter, each State agency shall  
47 report on the status of agency capital projects to the Joint Legislative  
48 Commission on Governmental Operations.
- 49 (2) By October 1, 2017, and quarterly thereafter, each State agency shall report  
50 on the status of agency capital projects to the Fiscal Research Division of the  
51 General Assembly and to the Office of State Budget and Management.

1           **SECTION 36.7.(c)** The reports required by subsection (b) of this section shall  
2 include at least the following information about every agency capital project:

- 3           (1) The current construction phase of the project.
- 4           (2) The anticipated time line from the current construction phase to project  
5 completion.
- 6           (3) Information about expenditures that have been made in connection with the  
7 project, regardless of source of the funds expended.
- 8           (4) Information about the adequacy of funding to complete the project,  
9 including estimates of how final expenditures will relate to initial estimates  
10 of expenditures, and whether or not scope reductions will be necessary in  
11 order to complete the project within its budget.
- 12           (5) For new capital projects only, an estimate of the operating costs for the  
13 project for the first five fiscal years of its operation.

14           **SECTION 36.7.(d)** In addition to the other reports required by this section, on  
15 October 1, 2017, and every six months thereafter, the Office of State Construction shall report  
16 on the status of the Facilities Condition Assessment Program (FCAP) to the Joint Legislative  
17 Commission on Governmental Operations. The report shall include (i) summary information  
18 about the average length of time that passes between FCAP assessments for an average State  
19 building; (ii) detailed information about when the last FCAP assessment was for each State  
20 building complex; and (iii) detailed information about the condition and repairs and renovations  
21 needs of each State building complex.

22           **SECTION 36.7.(e)** In addition to the other reports required by this section, on  
23 October 1, 2017, and quarterly thereafter, the State Construction Office shall report to the Joint  
24 Legislative Oversight Committee on Capital Improvements on the status of plan review,  
25 approval, and permitting for each State capital improvement project and community college  
26 capital improvement project over which the Office exercises plan review, approval, and  
27 permitting authority. Each report shall include (i) summary information about the workload of  
28 the Office during the previous quarter, including information about the average length of time  
29 spent by the State Construction Office on each major function it performs that is related to  
30 capital project approval, and (ii) detailed information about the amount of time spent engaged  
31 in those functions for each project that the State Construction Office worked on during the  
32 previous quarter.

## 33 34 **ZOO STATE CONSTRUCTION EXEMPTIONS**

35           **SECTION 36.8.(a)** G.S. 143-341 reads as rewritten:

### 36 **"§ 143-341. Powers and duties of Department.**

37           The Department of Administration has the following powers and duties:

- 38           ...
- 39           (3) Architecture and Engineering:
    - 40           a. To examine and approve all plans and specifications for the  
41 construction or renovation of:
      - 42           1. All State buildings or buildings located on State lands, except  
43 those buildings over which a local building code inspection  
44 department has and exercises jurisdiction; and
      - 45           2. All community college buildings requiring the estimated  
46 expenditure for construction or repair work for which public  
47 bidding is required under G.S. 143-129 prior to the awarding  
48 of a contract for such work; and to examine and approve all  
49 changes in those plans and specifications made after the  
50 contract for such work has been awarded.



- 1 a1. To organize and schedule, within three weeks of designer selection  
2 and before the design contract is let, a meeting of the stakeholders for  
3 each State capital improvement project to discuss plan review  
4 requirements and to define the terms of the memorandum of  
5 understanding developed by the State Building Commission pursuant  
6 to G.S. 143-135.26(2). The stakeholders shall include the funded  
7 agency, each State agency having plan review responsibilities for the  
8 project, and the selected designer. Notwithstanding the foregoing, the  
9 meeting need not be scheduled if the funded agency so requests.
- 10 b. To assist, as necessary, all agencies in the preparation of requests for  
11 appropriations for the construction or renovation of all State  
12 buildings.
- 13 b1. To certify that a statement of needs pursuant to G.S. 143C-3-3, other  
14 than for a project of The University of North Carolina for which  
15 advance planning has not been completed, is feasible. For purposes  
16 of this sub-subdivision, "feasible" means that the proposed project is  
17 sufficiently defined in overall scope; building program; site  
18 development; detailed design, construction, and equipment budgets;  
19 and comprehensive project scheduling so as to reasonably ensure that  
20 it may be completed with the amount of funds requested. At the  
21 discretion of the General Assembly, advanced planning funds may be  
22 appropriated in support of this certification. This sub-subdivision  
23 shall not apply to requests for appropriations of less than one  
24 hundred thousand dollars (\$100,000).
- 25 c. To supervise the letting of all contracts for the design, construction or  
26 renovation of all State buildings and all community college buildings  
27 whose plans and specifications must be examined and approved  
28 under a.2. of this subdivision.
- 29 d. To supervise and inspect all work done and materials used in the  
30 construction or renovation of all State buildings and all community  
31 college buildings whose plans and specifications must be examined  
32 and approved under a.2. of this subdivision; to act as the appropriate  
33 official inspector or inspection department for purposes of  
34 G.S. 143-143.2; and no such work may be accepted by the State or  
35 by any State agency until it has been approved by the Department.
- 36 e. To require all State agencies to use existing plans and specifications  
37 for construction projects, where feasible. Prior to designing a project,  
38 State agencies shall consult with the Department of Administration  
39 on the availability of appropriate existing plans and specifications  
40 and the feasibility of using them for a project.
- 41 f. To provide written allocation of the deduction allowed under section  
42 179D of the Code, as defined in G.S. 105-228.90, for designing  
43 energy efficient commercial building property that is installed on or  
44 in property owned by the State. The allocation must be made in  
45 accordance with section 179D of the Code.

46 Except for sub-subdivisions b., b1., e., and f. of this subdivision, this  
47 subdivision does not apply to either (i) the design, construction, or  
48 renovation of projects by The University of North Carolina pursuant to ~~G.S.~~  
49 ~~116-31.11~~.G.S. 116-31.11 or (ii) the North Carolina Zoological Park Council  
50 and the Department of Natural and Cultural Resources, with respect to

1 projects at the North Carolina Zoological Park pursuant to  
2 G.S. 143B-135.214.

3 ...."

4 **SECTION 36.8.(b)** Part 39 of Article 2 of Chapter 143B of the General Statutes is  
5 amended by adding a new section to read:

6 "**§ 143B-135.214. Powers of Council and Department regarding certain fee negotiations,**  
7 **contracts, and capital improvements.**

8 (a) The exception for the North Carolina Zoological Park set forth in G.S. 143-341(3)  
9 shall apply only to projects requiring the estimated expenditure of public money of two million  
10 dollars (\$2,000,000) or less. The Council and the Department of Natural and Cultural  
11 Resources shall, with respect to the design, construction, or renovation of buildings, utilities,  
12 and other property developments of the North Carolina Zoological Park that fall below that  
13 threshold:

- 14 (1) Conduct the fee negotiations for all design contracts and supervise the letting  
15 of all construction and design contracts.
- 16 (2) Develop procedures governing the responsibilities of the Council and the  
17 Department to perform the duties of the Department of Administration under  
18 G.S. 133-1.1(d) and G.S. 143-341(3).
- 19 (3) Use existing plans and specifications for construction projects, where  
20 feasible. Prior to designing a project, the Council and the Department shall  
21 consult with the Department of Administration on the availability of existing  
22 plans and specifications and the feasibility of using them for a project.

23 (b) The Council and Department shall use the standard contracts for design and  
24 construction currently in use for State capital improvement projects by the Office of State  
25 Construction of the Department of Administration.

26 (c) A contract may not be divided for the purpose of evading the monetary limit under  
27 this section.

28 (d) Notwithstanding any other provision of this Chapter, the Department of  
29 Administration shall not be the awarding authority for contracts awarded pursuant to this  
30 section.

31 (e) This section shall not exempt any capital improvement project from review and  
32 approval as may be required by law by the entity having jurisdiction over the subject property.

33 (f) The Department shall annually report to the State Building Commission the  
34 following:

- 35 (1) A list of projects governed by this section.
- 36 (2) The estimated cost of each project along with the actual cost.
- 37 (3) The name of each person awarded a contract under this section.
- 38 (4) Whether the person or business awarded a contract under this section meets  
39 the definition of "minority business" or "minority person" as defined in  
40 G.S. 143-128.2(g).

41 (g) Unless clearly indicated otherwise, nothing in this section is intended to relieve the  
42 Department or the Council from the obligations imposed by Article 3 of Chapter 143 of the  
43 General Statutes."

#### 44 45 **REALIGNMENT OF DHHS CAPITAL PROJECTS**

46 **SECTION 36.9.(a)** Section 23.12(e) of S.L. 2006-66, as amended by Section 2(c)  
47 of S.L. 2009-209, reads as rewritten:

48 "**SECTION 23.12.(e)** In accordance with G.S. 142-83, this subsection authorizes the  
49 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of  
50 ~~ninety eight million seven hundred eighty two thousand five hundred forty dollars~~  
51 ~~(\$98,782,540)~~ninety-one million two hundred eighty-two thousand five hundred forty dollars

1 (\$91,282,540) to finance the capital facility costs of the Department of Health and Human  
2 Services Public Health Laboratory and Office of Chief Medical Examiner. The State, with the  
3 prior approval of the State Treasurer and the Council of State, as provided in Article 9 of  
4 Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in  
5 order to provide funds to the State to be used, together with other available funds, to pay the  
6 capital facility costs of the project described in this subsection. No more than a maximum  
7 aggregate principal amount of twenty million dollars (\$20,000,000) of special indebtedness  
8 may be issued or incurred under this subsection prior to July 1, 2007."

9 **SECTION 36.9.(b)** Section 23.12(f) of S.L. 2006-66, as amended by Section 2(c)  
10 of S.L. 2009-209, reads as rewritten:

11 "**SECTION 23.12.(f)** In accordance with G.S. 142-83, this subsection authorizes the  
12 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of  
13 ~~one hundred thirty-eight million three hundred twenty-five thousand eight hundred fourteen~~  
14 ~~dollars (\$138,325,814)~~one hundred thirty-nine million three hundred twenty-five thousand  
15 eight hundred fourteen dollars (\$139,325,814) to finance the capital facility costs of the Eastern  
16 Regional Psychiatric Hospital for the Department of Health and Human Services. The State,  
17 with the prior approval of the State Treasurer and the Council of State, as provided in Article 9  
18 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in  
19 order to provide funds to the State to be used, together with other available funds, to pay the  
20 capital facility costs of the project described in this subsection. No more than a maximum  
21 aggregate principal amount of twenty million dollars (\$20,000,000) of special indebtedness  
22 may be issued or incurred under this subsection prior to July 1, 2007. No more than a  
23 maximum aggregate principal amount of one hundred million dollars (\$100,000,000) of special  
24 indebtedness may be issued or incurred under this subsection prior to July 1, 2008."

25 **SECTION 36.9.(c)** Section 23.12(h) of S.L. 2006-66, as amended by Section 2(c)  
26 of S.L. 2009-209, reads as rewritten:

27 "**SECTION 23.12.(h)** In accordance with G.S. 142-83, this subsection authorizes the  
28 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of  
29 ~~one hundred fifty-four million seven hundred seventy-two thousand eight hundred one~~  
30 ~~dollars (\$154,772,801)~~one hundred sixty-one million two hundred seventy-two thousand eight hundred  
31 one dollars (\$161,272,801) to finance the capital facility costs of the Western Regional  
32 Psychiatric Hospital for the Department of Health and Human Services. The State, with the  
33 prior approval of the State Treasurer and the Council of State, as provided in Article 9 of  
34 Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in  
35 order to provide funds to the State to be used, together with other available funds, to pay the  
36 capital facility costs of the project described in this subsection. No special indebtedness may be  
37 issued or incurred under this subsection prior to July 1, 2008. No more than a maximum  
38 aggregate principal amount of twenty million dollars (\$20,000,000) of special indebtedness  
39 may be issued or incurred under this subsection prior to July 1, 2009. No more than a  
40 maximum aggregate principal amount of fifty-four million dollars (\$54,000,000) of special  
41 indebtedness may be issued or incurred under this subsection prior to July 1, 2011."

#### 42 43 **DPS EXISTING FACILITIES MAXIMIZATION**

44 **SECTION 36.10.** If House Bill 280 of the 2017 Regular Session becomes law, the  
45 Department of Public Safety shall accommodate any new requirements resulting from its  
46 enactment by maximizing the use of existing facilities. The Department shall demonstrate that  
47 the use of existing facilities has been maximized prior to requesting funding for additional  
48 facilities.

#### 49 50 **PAY-AS-YOU-GO CAPITAL AND INFRASTRUCTURE FUND ESTABLISHED JULY** 51 **1, 2019**

1           **SECTION 36.12.(a)** Effective July 1, 2019, G.S. 143C-4-3 is repealed.

2           **SECTION 36.12.(b)** Effective July 1, 2019, Article 4 of Chapter 143C of the  
3 General Statutes is amended by adding a new section to read:

4 **"§ 143C-4-3.1. State Capital and Infrastructure Fund.**

5           (a) Legislative Intent. – The General Assembly recognizes the need to establish and  
6 maintain a sufficient funding source to address the ongoing capital and infrastructure needs of  
7 the State. The General Assembly further recognizes the need to protect the State's substantial  
8 improvements in existing public facilities while providing a stable funding source to pay for  
9 new facilities to meet the needs of a growing population.

10          (b) Creation and Source of Funds. – There is established in the General Fund the State  
11 Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be  
12 maintained as a special fund and administered by the Office of State Budget and Management  
13 to carry out the provisions of this section. With the exception of debt service obligations,  
14 appropriations from the Fund may be administered by other State agencies as deemed  
15 necessary by the Office of State Budget and Management. Interest accruing from the monies in  
16 the Fund shall be credited to the Fund. The Fund shall consist of the following sources of  
17 funding:

18           (1) One-fourth of any unreserved fund balance, as determined on a cash basis,  
19 remaining in the General Fund at the end of each fiscal year.

20           (2) Four percent (4%) of the net State tax revenues that are deposited in the  
21 General Fund during the fiscal year.

22           (3) All monies appropriated by the General Assembly for the purposes of capital  
23 improvements, as defined in G.S. 143C-1-1(d).

24           (4) All interest and investment earnings received on monies in the Fund.

25           (5) Any other funds, as directed by the General Assembly.

26          (c) Funding Requirements. – Each Current Operations Appropriations Act enacted by  
27 the General Assembly shall include (i) a transfer to the Fund of four percent (4%) of each fiscal  
28 year's estimated net State tax revenues that are deposited in the General Fund and (ii)  
29 one-fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the  
30 end of each fiscal year.

31          (d) Transfer of Funds to the Fund. – Each fiscal year, the Office of State Controller  
32 shall transfer to the Fund the estimated amounts required pursuant to subsection (c) of this  
33 section. Upon calculation of the actual net State tax revenue collections that are deposited in the  
34 General Fund, the Office of State Controller shall adjust the amount of the transfer to the Fund  
35 to achieve an amount equivalent to four percent (4%) of collections. Each fiscal year, the Office  
36 of State Controller shall transfer to the Fund one-fourth of the General Fund unreserved fund  
37 balance, as determined on a cash basis, at the end of the fiscal year.

38          (e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service  
39 obligations of the State. In addition to meeting the State's debt service obligations, monies in  
40 the Fund may be used for the following purposes:

41           (1) New State and The University of North Carolina capital projects governed  
42 pursuant to Article 8 of Chapter 143C of the General Statutes.

43           (2) Repair and renovation of existing capital assets, as provided in  
44 G.S. 143C-8-13.

45          (f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be  
46 available for expenditure only upon an act of appropriation by the General Assembly."

47           **SECTION 36.12.(c)** Effective July 1, 2019, Article 8 of Chapter 143C of the  
48 General Statutes is amended by adding a new section to read:

49 **"§ 143C-8-13. Repairs and Renovations.**

50          (a) Use of Funds. – Funds for repairs and renovations shall be available for expenditure  
51 only upon an act of appropriation by the General Assembly. Funds appropriated for repairs and

1 renovations shall be used only for State facilities and related infrastructure that are supported  
 2 from the General Fund and for Department of Information Technology facilities and related  
 3 infrastructure. Funds appropriated for repairs and renovations projects shall not be used for new  
 4 construction or the expansion of the building area (sq. ft.) of an existing facility unless required  
 5 in order to comply with federal or State codes or standards. Allowable projects include any of  
 6 the following:

- 7 (1) Roof repairs and replacements.
- 8 (2) Structural repairs.
- 9 (3) Repairs and renovations to meet federal and State standards.
- 10 (4) Repairs to or installation of new electrical, plumbing, and heating,  
11 ventilating, and air-conditioning systems.
- 12 (5) Improvements to meet the requirements of the Americans with Disabilities  
13 Act, 42 U.S.C. § 12101, et seq., as amended.
- 14 (6) Improvements to meet fire safety needs.
- 15 (7) Improvements to existing facilities for energy efficiency.
- 16 (8) Improvements to remove asbestos, lead paint, and other contaminants,  
17 including the removal and replacement of underground storage tanks.
- 18 (9) Improvements and renovations to improve use of existing space.
- 19 (10) Historical restoration.
- 20 (11) Improvements to roads, walks, drives, and utilities infrastructure.
- 21 (12) Drainage and landscape improvements.
- 22 (13) Building demolition.

23 (b) Allocation and Reallocation of Funds for Particular Projects. – Any funds that are  
 24 allocated to the Board of Governors of The University of North Carolina or to the Office of  
 25 State Budget and Management may be allocated or reallocated by those agencies for repairs  
 26 and renovations projects so long as all of the following conditions are satisfied:

- 27 (1) Any project that receives an allocation or reallocation satisfies the  
28 requirements of subsection (a) of this section.
- 29 (2) If the allocation or reallocation of funds from one project to another under  
30 this section is two million five hundred thousand dollars (\$2,500,000) or  
31 more for a particular project, the Office of State Budget and Management or  
32 the Board of Governors, as appropriate, consults with the Joint Legislative  
33 Commission on Governmental Operations prior to the expenditure or  
34 reallocation.
- 35 (3) If the allocation or reallocation of funds from one project to another under  
36 this section is less than two million five hundred thousand dollars  
37 (\$2,500,000) for a particular project, the allocation or reallocation of funds is  
38 reported to the Joint Legislative Commission on Governmental Operations  
39 within 60 days of the expenditure or reallocation."

40 **SECTION 36.12.(d)** Effective July 1, 2019, G.S. 143C-3-5 reads as rewritten:

41 "**§ 143C-3-5. Budget recommendations and budget message.**

42 ...  
 43 (b) **Odd-Numbered Years.** – In odd-numbered years the budget recommendations shall  
 44 include the following components:

- 45 ...
- 46 (6) The Governor's Recommended State Budget shall include a transfer to the  
47 State Capital and Infrastructure Fund of four percent (4%) of the estimated  
48 net State tax revenues that are deposited in the General Fund for each fiscal  
49 year of the upcoming biennium.

50 ...."

1           **SECTION 36.12.(e)** Effective July 1, 2019, G.S. 143B-135.188(d)(2) reads as  
2 rewritten:

3           "(2) The project meets the requirements of ~~G.S. 143C-4-3(b)~~.G.S. 143C-8-13(a)."

4           **SECTION 36.12.(f)** Effective July 1, 2019, G.S. 143B-135.209(c)(2) reads as  
5 rewritten:

6           "(2) The project meets the requirements of ~~G.S. 143C-4-3(b)~~.G.S. 143C-8-13(a)."

7           **SECTION 36.12.(g)** Effective July 1, 2019, G.S. 143B-135.225(c)(2) reads as  
8 rewritten:

9           "(2) The project meets the requirements of ~~G.S. 143C-4-3(b)~~.G.S. 143C-8-13(a)."

10          **SECTION 36.12.(h)** Effective July 1, 2019, G.S. 143C-5-4(b)(8) reads as  
11 rewritten:

12          "(8) Statutory transfers to reserves. – Notwithstanding G.S. 143C-4-2 and  
13 ~~G.S. 143C-4-3, G.S. 143C-4-3.1~~, funds shall not be reserved to the Savings  
14 Reserve Account or the ~~Repairs and Renovations Reserve Account~~State  
15 Capital and Infrastructure Fund and the State Controller shall not transfer  
16 funds from the unreserved fund balance to those accounts on June 30 of the  
17 prior fiscal year."

18          **SECTION 36.12.(i)** Effective July 1, 2019, G.S. 143C-6-5(a) reads as rewritten:

19          "(a) Notwithstanding any other provision of law, no funds from any source, except for  
20 gifts, grants, or funds allocated from the ~~Repair and Renovations Account~~State Capital and  
21 Infrastructure Fund in accordance with ~~G.S. 143C-4-3, G.S. 143C-4-3.1~~, funds allocated from  
22 the Contingency and Emergency Fund in accordance with G.S. 143C-4-4, and funds exempted  
23 from Chapter 143C in accordance with G.S. 143C-1-3(c) may be expended for any new or  
24 expanded purpose, position, or other expenditure for which the General Assembly has  
25 considered but not enacted an appropriation of funds for the current fiscal period. For the  
26 purpose of this subsection, the General Assembly has considered a purpose, position, or other  
27 expenditure when that purpose is included in a bill which fails a reading, or if the purpose is  
28 included in the version of a bill that passes one house, but the bill is enacted without the  
29 purpose."

30          **SECTION 36.12.(j)** Effective July 1, 2019, G.S. 143C-8-12(b) reads as rewritten:

31          "(b) Carryforward Funds. – For purposes of this section, the term "non-General Fund  
32 money" includes funds carried forward from one fiscal year to another pursuant to  
33 G.S. 116-30.3 and G.S. 116-30.3B. These funds shall only be used for projects listed in ~~G.S.~~  
34 ~~143C-4-3(b)~~.G.S. 143C-8-13(a)."

## 36   **PART XXXVII. DEPARTMENT OF INFORMATION TECHNOLOGY**

### 38   **GOVERNMENT DATA ANALYTICS CENTER/INFRASTRUCTURE AND** 39   **OPERATIONS**

40          **SECTION 37.1.** Of the funds appropriated in this act to the Department of  
41 Information Technology, Government Data Analytics Center (GDAC), the sum of two million  
42 dollars (\$2,000,000) for the 2017-2018 fiscal year and the sum of two million dollars  
43 (\$2,000,000) for the 2018-2019 fiscal year shall be used to fund contract additions that support  
44 GDAC infrastructure and operations improvements, including security upgrades to comply  
45 with State and federal requirements, and to provide enhanced and expanded GDAC user  
46 services, data storage, data integration, and system maintenance.

### 48   **GOVERNMENT BUDGETS TRANSPARENCY/ACCOUNTABILITY/REPORTING**

49          **SECTION 37.2.(a)** By September 1, 2017, the State Chief Information Officer, the  
50 State Controller, the Office of State Budget and Management (OSBM), and the State Chief  
51 Information Officer (State CIO) shall make a detailed written report to the chairs of the Joint

1 Legislative Oversight Committee on Information Technology and the Fiscal Research Division  
2 on the status of efforts to effectuate the State budget transparency Internet Web site as  
3 mandated in Section 7.17 of S.L. 2015-241 to provide information on budget expenditures for  
4 each State agency for each fiscal year beginning 2015-2016. Specifically, the reports shall:

- 5 (1) Include an explanation of coordination efforts with counties and local  
6 education agencies to facilitate the posting of their respective local entity  
7 budgetary and spending data on their respective Internet Web sites.
- 8 (2) Account for how the appropriated General Funds in the amount of eight  
9 hundred fourteen thousand dollars (\$814,000) for the 2015-2016 fiscal year  
10 were or were not spent toward the purposes of implementation of the  
11 mandated transparency requirements.

12 **SECTION 37.2.(b)** By January 1, 2018, the Internet Web sites mandated by  
13 Section 7.17 of S.L. 2015-241 must be fully functional and:

- 14 (1) User friendly with easy-to-use search features and data provided in formats  
15 that can be readily downloaded and analyzed.
- 16 (2) Include budgeted amounts and actual expenditures for each State agency or  
17 local entity budget code.
- 18 (3) Include information on receipts and expenditures from and to all sources,  
19 including vendor payments, updated on a monthly basis.

20 **SECTION 37.2.(c)** Of the funds appropriated to the Department of Information  
21 Technology for the 2017-2019 fiscal biennium, the sum of up to one million dollars  
22 (\$1,000,000) from the Information Technology Reserve Fund balance shall be used to  
23 implement fully the government transparency initiative mandated in Section 7.17 of S.L.  
24 2015-241, including collection of all financial information from all State government agencies,  
25 public universities, community colleges, counties, and local school administrative units, with  
26 the option for full local government participation (with cities encouraged, but not required, to  
27 participate).

28 **SECTION 37.2.(d)** Section 7.17 of S.L. 2015-241 reads as rewritten:

29 **"SECTION 7.17.(a)** In coordination with the State Controller and the Office of State  
30 Budget and Management (OSBM), the State Chief Information Officer (State CIO) shall  
31 establish a State budget transparency Internet Web site to provide information on budget  
32 expenditures for each State agency for each fiscal year beginning 2015-2016.

33 **"SECTION 7.17.(b)** In addition, the State CIO shall coordinate with ~~counties, cities,~~  
34 counties and local education agencies to facilitate the posting of their respective local entity  
35 budgetary and spending data on their respective Internet Web sites and to provide the data to  
36 the Local Government Commission (LGC) to be published, in a standardized format, on the  
37 State budget transparency Internet Web site established in subsection (a) of this section.

38 **"SECTION 7.17.(c)** The Internet Web sites mandated by this section shall be fully  
39 functional by April 1, 2016. Each Internet Web site shall:

- 40 (1) Be user-friendly with easy-to-use search features and data provided in  
41 formats that can be readily downloaded and analyzed by the public.
- 42 (2) Include budgeted amounts and actual expenditures for each State agency or  
43 local entity budget code.
- 44 (3) Include information on receipts and expenditures from and to all sources,  
45 including vendor payments, updated on a monthly basis.

46 **"SECTION 7.17.(d)** Each State agency, county, ~~city,~~ and local education agency shall  
47 work with the State CIO, the State Controller, and the OSBM to ensure that complete and  
48 accurate budget and spending information is provided in a timely manner as directed by the  
49 State CIO. Each State agency Internet Web site shall include a hyperlink to the State's budget  
50 transparency Internet Web site. The LGC shall work with the State CIO to post data on the

1 LGC's Internet Web site in a consistent manner that allows comparisons between the local  
2 entities providing data under subdivision (2) of subsection (c) of this section.

3 "SECTION 7.17.(e) There is appropriated from the General Fund to the Office of State  
4 Budget and Management the sum of eight hundred fourteen thousand dollars (\$814,000) for the  
5 2015-2016 fiscal year for the purpose of implementing the provisions of this section.

6 "SECTION 7.17.(f) The Office of State Budget and Management, in coordination with the  
7 Department of Information Technology, shall submit a quarterly report to the Joint Legislative  
8 Oversight Committee on Information Technology and the Fiscal Research Division on the  
9 progress of the budget transparency Internet Web site development and implementation as  
10 directed by this section."

## 11 12 DATA CENTER CONSOLIDATION

13 SECTION 37.3.(a) The consolidation of State data centers shall continue as a  
14 priority for the 2017-2019 fiscal biennium, however, the Western Data Center in Rutherford  
15 County and the Eastern Data Center in Wake County may not be closed or consolidated  
16 without express authorization by the General Assembly.

17 SECTION 37.3.(b) Unless otherwise exempt, State agencies shall continue to use  
18 the State infrastructure to host their projects, services, data, and applications, except that the  
19 State Chief Information Officer may grant an exception if the State agency demonstrates any of  
20 the following:

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

26 SECTION 37.3.(c) By December 1, 2017, the State Chief Information Officer shall  
27 present a report on data center consolidations to the Joint Legislative Oversight Committee on  
28 Information Technology and the Fiscal Research Division. On or before May 1, 2018, the State  
29 Chief Information Officer shall report to the Joint Legislative Oversight Committee on  
30 Information Technology and the Fiscal Research Division on the number of physical servers  
31 eliminated across all departments as a result of data center consolidation and the savings  
32 associated with such elimination.

## 33 34 DEPARTMENT OF INFORMATION TECHNOLOGY TRANSFERS/COMPLETION 35 BY JULY 1, 2018

36 SECTION 37.4.(a) The transition period mandated by G.S. 143B-1325 for  
37 consolidation of the State's information technology functions and personnel under the  
38 Department of Information Technology ends effective June 30, 2018, except as provided by  
39 subsection (d) of that section.

40 SECTION 37.4.(b) Effective July 1, 2018, G.S. 143B-1325 reads as rewritten:

41 "§ 143B-1325. Transition to State information technology consolidated under  
42 Department of Information Technology.

43 (a) ~~Transition Period.~~—~~During the 2015-2016 fiscal year, the State CIO shall work~~  
44 ~~with appropriate State agencies to develop a State business plan. The State CIO shall develop~~  
45 ~~documentation to support Consolidation Completed.~~—Effective July 1, 2018, the consolidation  
46 of enterprise information technology functions within the executive branch to include the  
47 following is completed with the Secretary heading all of the information technology functions  
48 under the Department's purview, including all of the following:

- 49 (1) Information technology architecture.
- 50 (2) ~~Updated~~ State information technology strategic plan that reflects State and  
51 agency business plans and the State information technology architecture.



- 1 (3) Information technology funding process to include standardized, transparent  
2 rates that reflect market costs for information technology requirements.  
3 (4) Information technology personnel management.  
4 (5) Information technology project management.  
5 (6) Information technology procurement.  
6 (7) Hardware configuration and management.  
7 (8) Software acquisition and management.  
8 (9) Data center operations.  
9 (10) Network operations.  
10 (11) System and data security, including disaster recovery.
- 11 (b) Phased Transitions. – The State CIO shall develop detailed plans for the phased  
12 transition of participating agencies to the Department, as well as a plan that defines in detail  
13 how information technology support shall be provided to agencies that are not participating  
14 agencies. These plans shall be coordinated, in writing, with each agency and shall address any  
15 issues unique to a specific agency.
- 16 (c) Participating Agencies. – The State CIO shall prepare detailed plans to transition  
17 each of the participating agencies. As the transition plans are completed, the following  
18 participating agencies shall transfer information technology personnel, operations, projects,  
19 assets, and appropriate funding to the Department of Information Technology:
- 20 (1) Department of Natural and Cultural Resources.  
21 (2) Department of Health and Human Services.  
22 (3) Department of Revenue.  
23 (4) Department of Environmental Quality.  
24 (5) Department of Transportation.  
25 (6) Department of Administration.  
26 (7) Department of Commerce.  
27 (8) Governor's Office.  
28 (9) Office of State Budget and Management.  
29 (10) Office of State Human Resources.  
30 (11) Repealed by Session Laws 2016-94, s. 7.11(a), effective July 1, 2016.  
31 (12) Department of Military and Veterans Affairs.  
32 (13) Department of Public Safety, with the exception of the following:  
33 a. State Bureau of Investigation.  
34 b. State Highway Patrol.  
35 c. Division of Emergency Management.

36 The State CIO shall ensure that State agencies' operations are not adversely impacted during the  
37 transition under the State agency information technology consolidation.

38 (d) Report on Transition Planning. – The Community College System ~~Office-Office,~~ the  
39 Department of Public Instruction, and the State Board of Elections shall work with the State  
40 CIO to plan their transition to the Department. By October 1, 2018, these agencies, in  
41 conjunction with the State CIO, shall report to the Joint Legislative Oversight Committee on  
42 Information Technology and the Fiscal Research Division on their respective transition plans.

43 (e) Separate agencies may transition their information technology to the Department  
44 following completion of a transition plan."  
45

## 46 INFORMATION TECHNOLOGY INTERNAL SERVICE FUND/RATES

### 47 SECTION 37.5.(a) During the 2017-2019 fiscal biennium:

- 48 (1) Information Technology Internal Service Fund receipts for the 2017-2018  
49 fiscal year shall not exceed two hundred five million dollars (\$205,000,000).  
50 (2) Information Technology Internal Service Fund receipts for the 2018-2019  
51 fiscal year shall not exceed two hundred five million dollars (\$205,000,000).

1 Rates approved by the Office of State Budget and Management during the  
2 2017-2019 fiscal biennium to support the Information Technology Internal Service Fund shall  
3 be based on the fund limit set in this section.

4 Information Technology Internal Service Fund receipts may be increased for  
5 specific purposes only after consultation with the Joint Legislative Commission on  
6 Governmental Operations each time a requirement necessitating an increase is identified.

7 **SECTION 37.5.(b)** For the 2017-2018 fiscal year, receipts in excess of  
8 requirements, including information technology equipment and fixtures, shall be maintained in  
9 a separate account to be managed by the Office of State Budget and Management. The amounts  
10 received shall be used for the following purposes:

11 (1) To offset agency budget shortfalls resulting from Department of Information  
12 Technology rate increases.

13 (2) To offset Department of Information Technology Internal Service Fund  
14 budget shortfalls, if approved by the Office of State Budget and  
15 Management.

16 **SECTION 37.5.(c)** For the 2018-2019 fiscal year, budget requirements and  
17 associated rates shall be developed based on actual service costs for fiscal year 2016-2017.  
18 These budget requirements and associated rates shall be developed and reported to the Joint  
19 Legislative Oversight Committee on Information Technology and the Fiscal Research Division  
20 by October 1, 2018.

21 **SECTION 37.5.(d)** Receipts collected for Information Technology Internal Service  
22 Fund services shall only be used for the specific purposes for which they were collected and, to  
23 the extent not already appropriated, are hereby appropriated for those purposes. Funds collected  
24 for information technology equipment and fixtures shall be separately maintained and  
25 accounted for by the Department of Information Technology, and such funds shall be used only  
26 for the replacement of the fixtures and equipment for which the funds were collected.

27 **SECTION 37.5.(e)** By December 1, 2017, the Department of Information  
28 Technology shall report to the Joint Legislative Oversight Committee on Information  
29 Technology and the Fiscal Research Division on the development of rates and the means and  
30 methods by which it is in compliance with the requirements of this section.

31 **SECTION 37.5.(f)** The State Chief Information Officer shall ensure that bills from  
32 the Department of Information Technology are easily understandable and fully transparent. If a  
33 State agency fails to pay its IT Internal Service Fund bill within 30 days of receipt, the Office  
34 of State Budget and Management may transfer funds from the agency to fully or partially cover  
35 the cost of the bill from that agency to the IT Internal Service Fund following notification of  
36 the affected agency.

## 37 38 **ENTERPRISE RESOURCE PLANNING**

39 **SECTION 37.6.(a)** The Department of Information Technology shall collaborate  
40 with the Office of State Budget and Management and the Office of State Controller to continue  
41 to develop a fully consolidated statewide Enterprise Resource Planning (ERP) solution. To that  
42 end, of the funds appropriated in this act to the Statewide Reserves, the sum of three million  
43 dollars (\$3,000,000) for the 2017-2018 fiscal year and the sum of ten million dollars  
44 (\$10,000,000) for the 2018-2019 fiscal year shall be allocated to the Department of Information  
45 Technology for ERP projects.

46 **SECTION 37.6.(b)** The Department of Information Technology shall annually  
47 report on the progress of the ERP projects to the Joint Legislative Oversight Committee on  
48 Information Technology and the Fiscal Research Division on or before January 1. In its January  
49 1, 2019, report, and prior to entering into any contract, the Department shall include the results  
50 of the ERP request for proposals process.

1 **COMMUNITY COLLEGE SYSTEM ENTERPRISE RESOURCE PLAN DESIGN AND**  
2 **IMPLEMENTATION REVISIONS**

3 **SECTION 37.7.** Section 7.10A of S.L. 2016-94 reads as rewritten:

4 **"COMMUNITY COLLEGES SYSTEM ERP DESIGN AND IMPLEMENTATION**

5 **"SECTION 7.10A.(a)** The North Carolina Community Colleges System Office, in  
6 consultation with the Department of Information Technology, shall begin planning and design  
7 of a modernized ERP for the State's 58 community colleges. The ERP system shall address, at a  
8 minimum, student information system, core financial management, grants, human resource  
9 management, and payroll. The planning and design of the ERP system may include either a  
10 modernization of the current system or a replacement system. ~~A request for proposal for a~~  
11 ~~replacement system implementation shall be prepared for release~~ The North Carolina  
12 Community Colleges System Office shall initiate a competitive solicitation process for  
13 implementation of a replacement system no later than October 1, 2017. The North Carolina  
14 Community Colleges System Office may use funds from the North Carolina Community  
15 College IT Systems Budget Code 26802 to support planning and request for proposal  
16 development efforts; ~~provided, that the total amount expended for the project does not exceed~~  
17 ~~one million dollars (\$1,000,000) efforts.~~ To the extent that these funds have not been  
18 appropriated for the 2016-2017 fiscal year elsewhere, they are hereby appropriated.

19 **"SECTION 7.10A.(b)** The North Carolina Community Colleges System Office shall  
20 submit a preliminary report on the planning and implementation of the enterprise resource  
21 planning system to the Joint Legislative Oversight Committee on Information Technology on  
22 or before January 15, 2017. ~~The report shall identify~~ By no later than October 1, 2017, the  
23 System Office shall report on the results of the planning and design effort, including at least all  
24 of the following information:

- 25 (1) Proposed sequence of functional and site implementation.
- 26 (2) A phased-in contracting plan with checkpoints to facilitate budgeting and  
27 program management.
- 28 (3) The feasibility of a cloud-based component.
- 29 (4) Cost estimate for full implementation."  
30

31 **ESTABLISH ROTATIONAL DEVELOPMENT PROGRAM FOR STATE**  
32 **INFORMATION TECHNOLOGY**

33 **SECTION 37.8.** The Department of Information Technology shall develop a  
34 rotational development program (RDP) for its Statewide Information Technology Division and  
35 for information technology procurement. The RDP shall coordinate with participating agencies,  
36 as defined in G.S. 143B-1320, to utilize existing agency staff on a quarterly basis to supplement  
37 Department resources and to expand opportunities for education and cross-functional training.  
38

39 **RISK AND VULNERABILITY ASSESSMENT**

40 **SECTION 37.9.(a)** The Department of Information Technology shall coordinate  
41 with each participating agency, as defined in G.S. 143B-1320, to conduct a risk and  
42 vulnerability assessment (RVA). The RVA shall consider, at a minimum, all of the following  
43 for each participating agency:

- 44 (1) The existing network infrastructure and configuration, including all  
45 interconnectivity and supported protocols and network services offered.
- 46 (2) Publicly available information and data accessible via agency Web sites.
- 47 (3) An inventory of all agency hardware and its operating systems and network  
48 management systems.
- 49 (4) An inventory of all applications, data storage devices and systems, and  
50 identification and authentication measures.

- 1 (5) Existing security systems and components, including antivirus, firewalls,  
2 and network monitoring.  
3 (6) Network application processes and formal and informal policies, procedures,  
4 and guidelines.  
5 (7) All applicable laws, regulations, and industry best practices.

6 **SECTION 37.9.(b)** Of the funds appropriated to the Department of Information  
7 Technology for the 2017-2019 fiscal biennium, the sum of two million dollars (\$2,000,000)  
8 from the Information Technology Reserve Fund balance shall be used to conduct the RVA  
9 pursuant to this section.

#### 10 11 **DIT ENCRYPTED DEVICE STUDY**

12 **SECTION 37.10.** The Department of Information Technology shall conduct a  
13 study on the use of encrypted mobile information storage devices. The study shall consider  
14 potential benefits, risks, and costs of implementing and utilizing encrypted mobile information  
15 storage devices, including any identifiable issues relating to interfacing or networking with  
16 existing State resources. The Department shall submit the results of the study to the Joint  
17 Legislative Oversight Committee on Information Technology and the Fiscal Research Division  
18 on or before January 15, 2018.

#### 19 20 **NETWORK SEGMENTATION AND AUTOMATION**

21 **SECTION 37.11.** In an effort to better protect critical State infrastructure and data,  
22 the Department of Information Technology shall incorporate network segmentation and  
23 automation into its statewide cybersecurity policy and shall require participating agencies, as  
24 defined in G.S. 143B-1320, to adopt solutions and security controls that isolate and segment  
25 sensitive information.

#### 26 27 **WIRELESS BROADBAND NETWORK FOR PUBLIC SAFETY/COMPETITIVE 28 GRANTS PROGRAM**

29 **SECTION 37.12.** The Department of Information Technology shall use a  
30 competitive request for proposals (RFP) process as necessary during the 2017-2019 fiscal  
31 biennium to continue the work of the FirstNet program for wireless broadband networking  
32 capabilities. The Department shall submit a report to the Joint Legislative Oversight Committee  
33 on Information Technology and the Fiscal Research Division on the outcome of the RFP  
34 process upon its completion.

### 35 36 **PART XXXVIII. FINANCE PROVISIONS**

#### 37 38 **LOWER PERSONAL INCOME TAX RATE**

39 **SECTION 38.1.(a)** G.S. 105-153.7(a) reads as rewritten:

40 "(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income  
41 of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and~~  
42 ~~four hundred ninety nine thousandths percent (5.499%)~~ five and one-quarter percent (5.25%) of  
43 the taxpayer's North Carolina taxable income."

44 **SECTION 38.1.(b)** This section is effective for taxable years beginning on or after  
45 January 1, 2019.

#### 46 47 **INCREASE STANDARD DEDUCTION**

48 **SECTION 38.2.(a)** G.S. 105-153.5(a)(1) reads as rewritten:

49 "(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may  
50 deduct from adjusted gross income either the standard deduction amount provided in  
51 subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2)

1 of this subsection that the taxpayer claimed under the Code. The deduction amounts are as  
 2 follows:

- 3 (1) Standard deduction amount. – The standard deduction amount is zero for a  
 4 person who is not eligible for a standard deduction under section 63 of the  
 5 Code. For all other taxpayers, the standard deduction amount is equal to the  
 6 amount listed in the table below based on the taxpayer's filing status:

<b>Filing Status</b>	<b>Standard Deduction</b>
Married, filing jointly/surviving spouse	<del>\$17,500</del> <u>\$20,000</u>
Head of Household	<del>14,000</del> <u>15,000</u>
Single	<del>8,750</del> <u>10,000</u>
Married, filing separately	<del>8,750</del> <u>10,000</u> ."

11  
 12 **SECTION 38.2.(b)** This section is effective for taxable years beginning on or after  
 13 January 1, 2019.

14  
 15 **CONVERT CHILD TAX CREDIT TO A DEDUCTION**

16 **SECTION 38.4.(a)** G.S. 105-153.5 is amended by adding a new subsection to read:  
 17 "**§ 105-153.5. Modifications to adjusted gross income.**

18 ...

19 (a1) Child Deduction Amount. – A taxpayer who is allowed a federal child tax credit  
 20 under section 24 of the Code for the taxable year is allowed a deduction under this subsection  
 21 for each dependent child for whom the taxpayer is allowed the federal tax credit. The amount  
 22 of the deduction is equal to the amount listed in the table below based on the taxpayer's  
 23 adjusted gross income, as calculated under the Code:

<u>Filing Status</u>	<u>AGI</u>	<u>Deduction Amount</u>
<u>Married, filing jointly/ surviving spouse</u>	<u>Up to \$40,000</u>	<u>\$2,500.00</u>
	<u>Over \$40,000</u>	
	<u>Up to \$60,000</u>	<u>2,000.00</u>
	<u>Over \$60,000</u>	
	<u>Up to \$80,000</u>	<u>1,500.00</u>
	<u>Over \$80,000</u>	
	<u>Up to \$100,000</u>	<u>1,000.00</u>
	<u>Over \$100,000</u>	
	<u>Up to \$120,000</u>	<u>500.00</u>
	<u>Over \$120,000</u>	<u>0</u>
<u>Head of Household</u>	<u>Up to \$30,000</u>	<u>\$2,500.00</u>
	<u>Over \$30,000</u>	
	<u>Up to \$45,000</u>	<u>2,000.00</u>
	<u>Over \$45,000</u>	
	<u>Up to \$60,000</u>	<u>1,500.00</u>
	<u>Over \$60,000</u>	
	<u>Up to \$75,000</u>	<u>1,000.00</u>
	<u>Over \$75,000</u>	
	<u>Up to \$90,000</u>	<u>500.00</u>
	<u>Over \$90,000</u>	<u>0</u>
<u>Single</u>	<u>Up to \$20,000</u>	<u>\$2,500.00</u>
	<u>Over \$20,000</u>	
	<u>Up to \$30,000</u>	<u>2,000.00</u>
	<u>Over \$30,000</u>	
	<u>Up to \$40,000</u>	<u>1,500.00</u>

1		<u>Over \$40,000</u>	
2		<u>Up to \$50,000</u>	<u>1,000.00</u>
3		<u>Over \$50,000</u>	
4		<u>Up to \$60,000</u>	<u>500.00</u>
5		<u>Over \$60,000</u>	<u>0</u>
6			
7	<u>Married, filing separately</u>	<u>Up to \$20,000</u>	<u>\$2,500.00</u>
8		<u>Over \$20,000</u>	
9		<u>Up to \$30,000</u>	<u>2,000.00</u>
10		<u>Over \$30,000</u>	
11		<u>Up to \$40,000</u>	<u>1,500.00</u>
12		<u>Over \$40,000</u>	
13		<u>Up to \$50,000</u>	<u>1,000.00</u>
14		<u>Over \$50,000</u>	
15		<u>Up to \$60,000</u>	<u>500.00</u>
16		<u>Over \$60,000</u>	<u>0.</u>

17 ...."

18 **SECTION 38.4.(b)** G.S. 105-153.10 is repealed.

19 **SECTION 38.4.(c)** This section is effective for taxable years beginning on or after  
 20 January 1, 2018.

21  
 22 **LOWER CORPORATE INCOME TAX RATE**

23 **SECTION 38.5.(a)** G.S. 105-130.3 reads as rewritten:

24 **"§ 105-130.3. Corporations.**

25 A tax is imposed on the State net income of every C Corporation doing business in this  
 26 State at the rate of ~~four percent (4%)~~ three percent (3%). An S Corporation is not subject to the  
 27 tax levied in this section."

28 **SECTION 38.5.(b)** G.S. 105-130.3, as amended by subsection (a) of this section,  
 29 reads as rewritten:

30 **"§ 105-130.3. Corporations.**

31 A tax is imposed on the State net income of every C Corporation doing business in this  
 32 State at the rate of ~~three percent (3%)~~ two and one-half percent (2.5%). An S Corporation is not  
 33 subject to the tax levied in this section."

34 **SECTION 38.5.(c)** G.S. 105-130.3C is repealed.

35 **SECTION 38.5.(d)** Subsection (a) of this section is effective for taxable years  
 36 beginning on or after January 1, 2017. Subsection (b) of this section is effective for taxable  
 37 years beginning on or after January 1, 2019. The remainder of this section is effective when this  
 38 act becomes law.

39  
 40 **LOWER FRANCHISE TAX FOR S CORPORATIONS**

41 **SECTION 38.6.(a)** G.S. 105-122 reads as rewritten:

42 **"§ 105-122. Franchise or privilege tax on domestic and foreign corporations.**

43 (a) Tax Imposed. – An annual franchise or privilege tax is imposed on a corporation  
 44 doing business in this State. ~~State for the privilege of doing business in this State and for the~~  
 45 continuance of articles of incorporation or domestication of each corporation in this State. The  
 46 tax is determined on the basis of the books and records of the corporation as of the close of its  
 47 income year. A corporation subject to the tax must file a return under affirmation with the  
 48 Secretary at the place and in the manner prescribed by the Secretary. The return must be signed  
 49 by the president, vice-president, treasurer, or chief financial officer of the corporation. The  
 50 return is due on or before the fifteenth day of the fourth month following the end of the  
 51 corporation's income year.

1 ...  
 2 (d) ~~Tax Base and Tax Rate. — After determining the Base. — A corporation's tax base is~~  
 3 ~~the greater of the following:~~

4 (1) ~~The proportion of its net worth as set out in subsection (c1) of this section,~~  
 5 ~~which amount shall not be less than fifty five percent (55%) section.~~

6 (2) ~~Fifty-five percent (55%) of the corporation's appraised value as determined~~  
 7 ~~for ad valorem taxation of all the real and tangible personal property in this~~  
 8 ~~State of each corporation nor less than its State. For purposes of this~~  
 9 ~~subdivision, the appraised value of tangible property including real estate is~~  
 10 ~~the ad valorem valuation for the calendar year next preceding the due date of~~  
 11 ~~the franchise tax return.~~

12 (3) ~~The corporation's total actual investment in tangible property in this State,~~  
 13 ~~every corporation taxed under this section shall annually pay to the Secretary~~  
 14 ~~of Revenue, at the time the return is due, a franchise or privilege tax at the~~  
 15 ~~rate of one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of~~  
 16 ~~the total amount of net worth as provided in this section. The tax imposed in~~  
 17 ~~this section shall not be less than two hundred dollars (\$200.00) and is for~~  
 18 ~~the privilege of carrying on, doing business, and/or the continuance of~~  
 19 ~~articles of incorporation or domestication of each corporation in this State.~~  
 20 ~~Appraised value of tangible property including real estate is the ad valorem~~  
 21 ~~valuation for the calendar year next preceding the due date of the franchise~~  
 22 ~~tax return. The term "total State. For purposes of this subdivision, the total~~  
 23 ~~actual investment in tangible property" as used in this section means~~  
 24 ~~property in this State is the total original purchase price or consideration to~~  
 25 ~~the reporting taxpayer of its tangible properties, including real estate, in this~~  
 26 ~~State plus additions and improvements thereto less reserve for depreciation~~  
 27 ~~as permitted for income tax purposes.~~

28 ...  
 29 (d2) ~~Tax Rate. — For a C Corporation, as defined in G.S. 105-130.2, the tax rate is one~~  
 30 ~~dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of the corporation's tax base as~~  
 31 ~~determined under subsection (d) of this section. For an S Corporation, as defined in~~  
 32 ~~G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars~~  
 33 ~~(\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section~~  
 34 ~~and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base that~~  
 35 ~~exceeds one million dollars (\$1,000,000). In no event may the tax imposed by this section be~~  
 36 ~~less than two hundred dollars (\$200.00).~~

37 ...."

38 **SECTION 38.6.(b)** This section is effective for taxable years beginning on or after  
 39 January 1, 2019, and is applicable to the calculation of franchise tax reported on the 2018 and  
 40 later corporate income tax returns.

#### 41 EXEMPT MILL MACHINERY FROM TAX AND STUDY

42 **SECTION 38.8.(a)** Article 5F of Chapter 105 of the General Statutes,  
 43 G.S. 105-164.13(5a), and G.S. 105-163.13(57a) are repealed.

44 **SECTION 38.8.(b)** G.S. 105-164.4I(b) reads as rewritten:

45 "(b) Exemptions. — The tax imposed by this section does not apply to the sales price of  
 46 or the gross receipts derived from a service contract applicable to any of the following items:

47 (1) An item exempt from tax under this Article.

48 (2) A transmission, distribution, or other network asset contained on  
 49 utility-owned land, right-of-way, or easement.  
 50

- 1 (3) A transmission, an engine, rear-end gears, and any other item purchased by a  
2 professional motorsports racing team or a related member of a team for  
3 which the team may receive a sales tax refund under  
4 G.S. 105-164.14A(a)(5). This subdivision expires January 1, 2020.
- 5 (4) ~~An item subject to tax under Article 5F of Chapter 105 of the General~~  
6 ~~Statutes.~~
- 7 (5) A qualified aircraft or a qualified jet engine."

8 **SECTION 38.8.(c)** G.S. 105-164.13 is amended by adding the following new  
9 subdivisions to read:

10 **"§ 105-164.13. Retail sales and use tax.**

11 The sale at retail and the use, storage, or consumption in this State of the following tangible  
12 personal property, digital property, and services are specifically exempted from the tax imposed  
13 by this Article:

- 14 ...
- 15 (5e) Sales of mill machinery or mill machinery parts or accessories to any of the  
16 following:
- 17 a. A manufacturing industry or plant. A manufacturing industry or plant  
18 does not include (i) a delicatessen, cafe, cafeteria, restaurant, or  
19 another similar retailer that is principally engaged in the retail sale of  
20 foods prepared by it for consumption on or off its premises or (ii) a  
21 production company.
- 22 b. A contractor or subcontractor if the purchase is for use in the  
23 performance of a contract with a manufacturing industry or plant.
- 24 c. A subcontractor if the purchase is for use in the performance of a  
25 contract with a general contractor that has a contract with a  
26 manufacturing industry or plant.
- 27 (5f) Sales to a major recycling facility of any of the following tangible personal  
28 property for use in connection with the facility:
- 29 a. Cranes, structural steel crane support systems, and foundations  
30 related to the cranes and support systems.
- 31 b. Port and dock facilities.
- 32 c. Rail equipment.
- 33 d. Material handling equipment.
- 34 (5g) Sales of equipment, or an attachment or repair part for equipment, that meets  
35 all of the following requirements:
- 36 a. Is sold to a company primarily engaged at the establishment in  
37 research and development activities in the physical, engineering, and  
38 life sciences included in industry group 54171 of NAICS.
- 39 b. Is capitalized by the company for tax purposes under the Code.
- 40 c. Is used by the company at the establishment in the research and  
41 development of tangible personal property.
- 42 (5h) Sales of equipment, or an attachment or repair part for equipment, that meets  
43 all of the following requirements:
- 44 a. Is sold to a company primarily engaged at the establishment in  
45 software publishing activities included in industry group 5112 of  
46 NAICS.
- 47 b. Is capitalized by the company for tax purposes under the Code.
- 48 c. Is used by the company at the establishment in the research and  
49 development of tangible personal property.
- 50 (5i) Sales of equipment, or an attachment or repair part for equipment, that meets  
51 all of the following requirements:



- 1           a.     Is sold to a company primarily engaged at the establishment in  
2           industrial machinery refurbishing activities included in industry  
3           group 811310 of NAICS.  
4           b.     Is capitalized by the company for tax purposes under the Code.  
5           c.     Is used by the company at the establishment in repairing or  
6           refurbishing tangible personal property.  
7       (5j)   Sales of the following to a company located at a ports facility for waterborne  
8           commerce:  
9           a.     Machinery and equipment that is used at the facility to unload or to  
10           facilitate the unloading or processing of bulk cargo to make it  
11           suitable for delivery to and use by manufacturing facilities.  
12           b.     Parts, accessories, or attachments used to maintain, repair, replace,  
13           upgrade, improve, or otherwise modify such machinery and  
14           equipment.  
15       (5k)   Sales of the following to a secondary metals recycler:  
16           a.     Equipment, or an attachment or repair part for equipment, that (i) is  
17           capitalized by the person for tax purposes under the Code, (ii) is used  
18           by the person in the secondary metals recycling process, and (iii) is  
19           not a motor vehicle or an attachment or repair part for a motor  
20           vehicle.  
21           b.     Fuel, piped natural gas, or electricity for use at the person's facility at  
22           which the primary activity is secondary metals recycling.  
23       (5l)   Sales of equipment, or an attachment or repair part for equipment, that meets  
24           all of the following requirements:  
25           a.     Is sold to a company primarily engaged at the establishment in  
26           processing tangible personal property for the purpose of extracting  
27           precious metals, as defined in G.S. 66-406, to determine the value for  
28           potential purchase.  
29           b.     Is capitalized by the company for tax purposes under the Code.  
30           c.     Is used by the company in the process described in this subdivision.  
31       (5m)   Sales of equipment, or an attachment or repair part for equipment, that meets  
32           all of the following requirements:  
33           a.     Is sold to a company that is engaged in the fabrication of metal work  
34           and that has annual gross receipts, including the gross receipts of all  
35           related persons, as defined in G.S. 105-163.010, from the fabrication  
36           of metal work of at least eight million dollars (\$8,000,000).  
37           b.     Is capitalized by the company for tax purposes under the Code.  
38           c.     Is used by the company at the establishment in the fabrication or  
39           manufacture of metal products or used by the company to create  
40           equipment for the fabrication or manufacture of metal products.  
41       (5n)   Sales of repair or replacement parts for a ready-mix concrete mill, regardless  
42           of whether the mill is freestanding or affixed to a motor vehicle, to a  
43           company that primarily sells ready-mix concrete.  
44           ...."

45       **SECTION 38.8.(d)** G.S. 105-164.3 is amended by adding a new subdivision to

46 read:

47       "(37g) Secondary metals recycler. – A person that gathers and obtains ferrous  
48       metals, nonferrous metals, and items that have served their original  
49       economic purpose and that converts them by processes, including sorting,  
50       cutting, classifying, cleaning, baling, wrapping, shredding, or shearing into a  
51       new or different product for sale consisting of prepared grades."

1           **SECTION 38.8.(e)** Sales of mill machinery to manufacturers and certain industrial  
2 processors have historically enjoyed preferential tax treatment, whether in the form of a  
3 reduced wholesale tax, a preferential rate of sales and use tax, or a one-percent (1%) privilege  
4 tax with an eighty-dollar (\$80.00) cap per article. Despite the nature of the tax, the operational  
5 language has remained virtually unchanged for over 60 years and lacks clear guidance with  
6 regard to its application. Specifically, Article 5F of Chapter 105 of the General Statutes, and its  
7 predecessors, did not define "manufacturing industry or plant" or "mill machinery." This lack  
8 of guidance has resulted in a substantial body of administrative interpretation being developed  
9 over the years by the Department of Revenue. These interpretations are not included in the  
10 statutes and may not necessarily comport with the traditional definition of manufacturing, but  
11 they may be consistent with the General Assembly's intent to provide preferential tax treatment  
12 to certain industrial equipment.

13           This act repeals the one-percent (1%) privilege tax on mill machinery and mill  
14 machinery parts and accessories and substitutes a sales and use tax exemption for the items.  
15 However, the General Assembly recognizes that, once this transition has occurred, efforts need  
16 to be made to provide more guidance and specificity to taxpayers and the Department of  
17 Revenue with respect to the treatment of manufacturing and industrial processing equipment.  
18 Therefore, the Revenue Laws Study Committee is directed to study ways in which to clarify the  
19 scope of the sales and use tax exemption for mill machinery, as enacted by this act, by  
20 modernizing and further defining the statutory language and by incorporating existing  
21 administrative interpretations of the Department of Revenue, to the extent the General  
22 Assembly desires to maintain those interpretations.

23           The Committee may report its findings, together with any recommended legislation,  
24 to the 2018 Regular Session of the 2017 General Assembly upon its convening. The study may  
25 include an examination of the following:

- 26           (1)    The criteria that had to be met under prior law to qualify for the preferential  
27                   rate under Article 5F of Chapter 105 of the General Statutes and whether  
28                   that criteria should be incorporated into or otherwise clarified in the  
29                   corresponding sales and use tax exemption, as enacted by this act, including  
30                   the following:
  - 31                   a.     What constitutes an eligible manufacturer or industrial processor.
  - 32                   b.     The extent to which a business's activities must consist of  
33                        manufacturing or processing items for sale in order for the sales and  
34                        use tax exemption, as enacted by this act, to apply.
  - 35                   c.     The types of activities that qualify as manufacturing or industrial  
36                        processing.
  - 37                   d.     The types of machinery, parts, accessories, and other supplies that  
38                        are eligible for the exemption and the degree to which they must be  
39                        used in that process to qualify.
- 40           (2)    A review of the Department's administrative interpretations of the mill  
41                   machinery statute, in all its forms, and whether and how to incorporate those  
42                   interpretations into the statutes.
- 43           (3)    Terminology used by surrounding states in their statutory provisions that  
44                   provide a sales and use tax exemption for manufacturing equipment.
- 45           (4)    Any other issues the Committee deems relevant.

46           **SECTION 38.8.(f)** Subsections (a), (b), (c), and (d) of this section become  
47 effective July 1, 2018, and apply to sales made on or after that date. The remainder of this  
48 section is effective when it becomes law.

## 49           **SALES TAX EXEMPTION FOR FULFILLMENT FACILITIES**

1           **SECTION 38.9.(a)** G.S. 105-164.3 is amended by adding a new subdivision to  
2 read:  
3           "(16f) Large fulfillment facility. – A facility that satisfies both of the following  
4           conditions:  
5           a.       The facility is used primarily for receiving, inventorying, sorting,  
6           repackaging, and distributing finished retail products for the purpose  
7           of fulfilling customer orders.  
8           b.       The Secretary of Commerce has certified that an investment of  
9           private funds of at least one hundred million dollars (\$100,000,000)  
10           has been or will be made in real and tangible personal property for  
11           the facility within five years after the date on which the first property  
12           investment is made and that the facility will achieve an employment  
13           level of at least 400 within five years after the date the facility is  
14           placed into service and maintain that minimum level of employment  
15           throughout its operation."

16           **SECTION 38.9.(b)** G.S. 105-164.13 is amended by adding a new subdivision to  
17 read:  
18           "(5o) Sales of equipment, or an accessory, an attachment, or a repair part for  
19           equipment, that meets all of the following requirements:  
20           a.       Is sold to a large fulfillment facility.  
21           b.       Is used at the facility in the distribution process, which includes  
22           receiving, inventorying, sorting, repackaging, or distributing finished  
23           retail products.  
24           c.       Is not electricity.  
25           If the level of investment or employment required by G.S. 105-164.3(16f)b.  
26           is not timely made, achieved, or maintained, then the exemption provided  
27           under this subdivision is forfeited. If the exemption is forfeited due to a  
28           failure to timely make the required investment or to timely achieve the  
29           minimum required employment level, then the exemption provided under  
30           this subdivision is forfeited on all purchases. If the exemption is forfeited  
31           due to a failure to maintain the minimum required employment level once  
32           that level has been achieved, then the exemption provided under this  
33           subdivision is forfeited for those purchases occurring on or after the date the  
34           taxpayer fails to maintain the minimum required employment level. A  
35           taxpayer that forfeits an exemption under this subdivision is liable for all  
36           past sales and use taxes avoided as a result of the forfeiture, computed at the  
37           applicable State and local rates from the date the taxes would otherwise have  
38           been due, plus interest at the rate established under G.S. 105-241.21. Interest  
39           is computed from the date the sales or use tax would otherwise have been  
40           due. The past taxes and interest are due 30 days after the date of forfeiture. A  
41           taxpayer that fails to pay the past taxes and interest by the due date is subject  
42           to the provisions of G.S. 105-236."

43           **SECTION 38.9.(c)** This section becomes effective July 1, 2017, and applies to  
44 sales made on or after that date.

#### 45 **SALES TAX REFUND FOR TRANSFORMATIVE PROJECTS**

46           **SECTION 38.9A.(a)** G.S. 105-164.14A(a) is amended by adding a new  
47 subdivision to read:  
48           "(8) Transformative projects. – An owner or lessee of a business that is the  
49           recipient of a grant under the Job Development Investment Grant Program  
50           on or before June 30, 2019, for a transformative project as defined in  
51

1 G.S. 143B-437.51(9a) is allowed a refund of the sales and use tax paid by it  
2 on building materials, building supplies, fixtures, and equipment that  
3 become a part of the real property of the facility. Liability incurred indirectly  
4 by the owner for sales and use taxes on these items is considered tax paid by  
5 the owner."

6 **SECTION 38.9A.(b)** This section becomes effective July 1, 2017, and applies to  
7 purchases made on or after that date.

## 9 **RENEWABLE ENERGY TAX CREDIT EXTENSION**

10 **SECTION 38.13.** G.S. 105-129.16A reads as rewritten:

11 **"§ 105-129.16A. Credit for investing in renewable energy property.**

12 ...

13 (f) Delayed Sunset. – This section is repealed effective for renewable energy property  
14 placed in service on or after ~~January 1, 2017.~~ January 1, 2017, except as provided in subsection  
15 (f1) of this section.

16 (f1) Alternate Delayed Sunset. – This section is repealed effective for renewable energy  
17 property utilizing renewable biomass resources placed in service on or after May 5, 2017.

18 (g) Delayed Sunset Conditions. – A taxpayer is eligible for the delayed sunset provided  
19 by ~~this subsection~~ subsection (f) or (f1) of this section if the taxpayer makes a timely application  
20 for the extension, pays the application fee, and meets both of the following conditions on or  
21 before January 1, 2016: (i) incurred at least the minimum percentage of costs of the project and  
22 (ii) completed at least the minimum percentage of the physical construction of the project. For a  
23 project with a total size of less than 65 megawatts of direct current capacity, the minimum  
24 percentage of incurred costs and partial construction is at least eighty percent (80%). For a  
25 project with a total size of 65 megawatts or more of direct current capacity, the minimum  
26 percentage of incurred costs and partial construction is at least fifty percent (50%).

27 An application and payment must be filed with the Secretary on or before October 1, 2015.  
28 The application must include the location of the project, an estimate of the total cost of the  
29 project, the total anticipated credit to be claimed, and the total size in megawatt capacity of  
30 each project proposed or under construction. The nonrefundable fee to be paid with the  
31 application is one thousand dollars (\$1,000) per megawatt of capacity, with a minimum fee of  
32 five thousand dollars (\$5,000).

33 A taxpayer must provide the documentation required under this subsection to the  
34 Department on or before March 1, 2016, to verify that the taxpayer meets the minimum  
35 percentage of incurred costs and partial construction required to be eligible for the sunset  
36 extension:

- 37 (1) A written certification signed by the taxpayer that, prior to January 1, 2016,  
38 at least the minimum percentage of the physical construction of the project  
39 was completed and that at least the minimum percentage of the total cost of  
40 the project was incurred.
- 41 (2) A notarized copy of a written report prepared by an independent engineer  
42 duly licensed in the State of North Carolina with expertise in the design and  
43 construction of installations of renewable energy property stating that at least  
44 the minimum percentage of the physical construction of the project was  
45 completed prior to January 1, 2016.
- 46 (3) A notarized copy of a written report prepared by a certified public  
47 accountant duly licensed to practice in the State of North Carolina with  
48 expertise in accounting for and taxation of renewable energy property and  
49 that was prepared in accordance with AT Section 201 of the American  
50 Institute of Certified Public Accountants Standards for Agreed-Upon  
51 Procedures Engagements stating that the minimum percentage of the total

1 cost of the project was paid or incurred as determined under Section 461 and  
2 other relevant sections of the Code prior to January 1, 2016."  
3

#### 4 **PART XXXIX. MISCELLANEOUS PROVISIONS**

##### 5 **STATE BUDGET ACT APPLIES**

6 **SECTION 39.1.** The provisions of the State Budget Act, Chapter 143C of the  
7 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
8 this act by reference.  
9

##### 10 **COMMITTEE REPORT**

11 **SECTION 39.2.(a)** The Joint Conference Committee Report on the Base, Capital,  
12 and Expansion Budgets for Senate Bill 257, dated June 19, 2017, which was distributed in the  
13 Senate and the House of Representatives and used to explain this act, shall indicate action by  
14 the General Assembly on this act and shall, therefore, be used to construe this act, as provided  
15 in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these  
16 purposes shall be considered a part of this act and, as such, shall be printed as a part of the  
17 Session Laws.  
18

19 **SECTION 39.2.(b)** The budget enacted by the General Assembly is for the  
20 maintenance of the various departments, institutions, and other spending agencies of the State  
21 for the 2017-2019 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
22 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

23 The Director of the Budget submitted a recommended base budget to the General  
24 Assembly in the Governor's Recommended Budget for the 2017-2019 fiscal biennium, dated  
25 March 2017, and in the Budget Support Document for the various departments, institutions, and  
26 other spending agencies of the State. The adjustments to the recommended base budget made  
27 by the General Assembly are set out in the Committee Report.

28 **SECTION 39.2.(c)** The budget enacted by the General Assembly shall also be  
29 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
30 appropriate legislation. In the event that there is a conflict between the line-item budget  
31 certified by the Director of the Budget and the budget enacted by the General Assembly, the  
32 budget enacted by the General Assembly shall prevail.

33 **SECTION 39.2.(d)** Notwithstanding subsection (a) of this section, the following  
34 portions of the Committee Report are for reference, and do not expand, limit, or define the text  
35 of the Committee Report:

- 36 (1) Summary pages setting forth the enacted budget, the legislative changes, the  
37 revised budget, and the related FTE information for a particular budget code  
38 and containing no other substantive information.  
39 (2) Summary pages setting forth the enacted budget, the legislative changes, the  
40 revised budget, and the related FTE information for multiple fund codes  
41 within a single budget code and containing no other substantive information.  
42

##### 43 **REPORT BY FISCAL RESEARCH DIVISION**

44 **SECTION 39.3.** The Fiscal Research Division shall issue a report on budget  
45 actions taken by the 2017 Regular Session of the General Assembly. The report shall be in the  
46 form of a revision of the Committee Report adopted for Senate Bill 257 pursuant to  
47 G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report  
48 issued pursuant to this section to the Director of the Budget. The report shall be published on  
49 the General Assembly's Internet Web site for public access.  
50

##### 51 **MOST TEXT APPLIES ONLY TO THE 2017-2019 FISCAL BIENNIUM**

1           **SECTION 39.4.** Except for statutory changes or other provisions that clearly  
2 indicate an intention to have effects beyond the 2017-2019 fiscal biennium, the textual  
3 provisions of this act apply only to funds appropriated for, and activities occurring during, the  
4 2017-2019 fiscal biennium.

5  
6 **EFFECT OF HEADINGS**

7           **SECTION 39.5.** The headings to the Parts, subparts, and sections of this act are a  
8 convenience to the reader and are for reference only. The headings do not expand, limit, or  
9 define the text of this act, except for effective dates referring to a Part or subpart.

10  
11 **SEVERABILITY CLAUSE**

12           **SECTION 39.6.** If any section or provision of this act is declared unconstitutional  
13 or invalid by the courts, it does not affect the validity of this act as a whole or any part other  
14 than the part so declared to be unconstitutional or invalid.

15  
16 **EFFECTIVE DATE**

17           **SECTION 39.7.** Except as otherwise provided, this act becomes effective July 1,  
18 2017.