2017-2018

JOINT APPROPRIATIONS

MINUTES

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION

You are hereby notified that the **House Committee on Appropriations** will meet as follows:

DAY & DATE: Tuesday, February 14, 2017
TIME: **8:30 AM**
LOCATION: **643 LOB**
COMMENTS: **The JT House and Senate Appropriations will meet to review the 2017-19 Consensus Revenue Forecast and Budget Outlook.**

Respectfully,
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 1:43 PM on Thursday, February 09, 2017.

___ Principal Clerk
___ Reading Clerk – House Chamber

Candace Slate (Committee Assistant)

HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES

February 14, 2017
8:30 AM
643 Legislative Office Building

AGENDA

I. Opening Remarks

Rep. Nelson Dollar, Senior Chair
Rep. Dean Arp
Rep. John Faircloth
Rep. Linda Johnson
Rep. Donny Lambeth
Rep. Chuck McGrady

Sen. Harry Brown
Sen. Kathy Harrington
Sen. Brent Jackson

II. Introduction of Pages and Sergeant at Arms

III. 2017-19 Consensus Revenue Forecast and Budget Outlook:

Dr. Barry Boardman and
Evan Rodewald,
Fiscal Research Division Staff

IV. Adjourn

2017-18 ATTENDANCE

Appropriations Committee ST Meeting

DATES	2-14-17														
Rep. Nelson Dollar, Senior Chair	✓														
Rep. Dean Arp, Chair	✓														
Rep. John Faircloth, Chair	✓														
Rep. Linda Johnson, Chair	✓														
Rep. Donny Lambeth, Chair	✓														
Rep. Chuck McGrady, Chair	✓														
Rep. Gale Adcock	✓														
Rep. John Ager	✓														
Rep. John Autry	✓														
Rep. Cynthia Ball	✓														
Rep. Mary Belk	✓														
Rep. John Bell															
Rep. Larry Bell	✓														
Rep. Hugh Blackwell	✓														
Rep. Jamie Boles	✓														
Rep. Beverly Boswell	✓														
Rep. Bill Brawley	✓														
Rep. William Brisson															
Rep. Cecil Brockman	✓														
Rep. Mark Brody	✓														
Rep. Dana Bumgardner	✓														
Rep. Justin Burr															
Rep. Mike Clampitt	✓														
Rep. George Cleveland	✓														
Rep. Debra Conrad	✓														
Rep. Kevin Corbin	✓														
Rep. Carla Cunningham	✓														

Rep. Ted Davis	✓														
Rep. Jimmy Dixon	✓														
Rep. Josh Dobson	✓														
Rep. Andy Dulin	✓														
Rep. Beverly Earle															
Rep. Jeffrey Elmore	✓														
Rep. Jean Farmer-Butterfield	✓														
Rep. Susan Fisher	✓														
Rep. Elmer Floyd	✓														
Rep. Carl Ford	✓														
Rep. Rep. John Fraley	✓														
Rep. Terry Garrison	✓														
Rep. Rosa Gill	✓														
Rep. C Graham															
Rep. G. Graham															
Rep. Holly Grange	✓														
Rep. Duane Hall															
Rep. Kyle Hall	✓														
Rep. Jon Hardister	✓														
Rep. Pricey Harrison	✓														
Rep. Craig Horn	✓														
Rep. Howard Hunter	✓														
Rep. Pat Hurley	✓														
Rep. Frank Iler															
Rep. Verla Insko															
Rep. Darren Jackson															
Rep. Joe John	✓														
Rep. Brenden Jones	✓														
Rep. David Lewis															
Rep. Marvin Lucas															
Rep. Chris Malone	✓														
Rep. Grier Martin	✓														
Rep. Mickey Michaux	✓														

Rep. Chris Millis															
Rep. Pat McElraft															
Rep. Allen McNeill	✓														
Rep. Greg Murphy, MD	✓														
Rep. Garland Pierce															
Rep. Larry Pittman	✓														
Rep. Larry Potts	✓														
Rep. Michele Presnell	✓														
Rep. Amos Quick	✓														
Rep. B. Richardson	✓														
Rep. W. Richardson	✓														
Rep. Dennis Riddell	✓														
Rep. David Rogers															
Rep. Stephen Ross															
Rep. Jason Saine															
Rep. John Sauls	✓														
Rep. Mitchell Setzer															
Rep. Phillip Shepard	✓														
Rep. Michael Speciale	✓														
Rep. Sarah Stevens	✓														
Rep. Larry Strickland															
Rep. Evelyn Terry															
Rep. John Torbett	✓														
Rep. Brian Turner	✓														
Rep. Rena Turner	✓														
Rep. Sam Watford	✓														
Rep. Donna McDowell White	✓														
Rep. Shelly Willingham	✓														
Rep. Michael Wray															
Rep. Larry Yarborough	✓														
Rep. Lee Zachary	✓														
Rodney Moore	✓														
John Faircloth	✓														

Appropriations Staff:

Karen Hammonds-Blanks

Brian Matteson

Phyllis Pickett

Joyce Jones

1.30.17

JOINT HOUSE and SENATE COMMITTEE ON APPROPRIATIONS
2017-19 CONSENSUS REVENUE FORECAST AND BUDGET OUTLOOK

Tuesday, February 14, 2017
8:30 a.m.
Room 643, Legislative Office Building

MINUTES

The Joint House and Senate Committee on Appropriations met at 8:30 a.m. on Tuesday, February 14th in Room 643 of the Legislative Office Building. Senator Harry Brown, Senate Chair, presided. The purpose of the meeting was to receive from staff the 2017-19 Consensus Revenue Forecast and Budget Outlook.

Chairman Harry Brown called the meeting to order at 8:38 a.m. He recognized the Sergeant-at-Arms who were assisting staff and Senate Pages.

Chairman Brown introduced Dr. Barry Boardman, Fiscal Research Division, to review the consensus revenue forecast for the current fiscal year and the 2017-19 biennium forecast. Dr. Boardman presented a detailed revenue forecast. He provided a breakdown of the FY 2015-16 General Fund totaling $22.15 billion of which slightly less than 90% is represented by Individual Income Tax and Sales & Use Tax. Dr. Boardman also reviewed the Consensus Revenue Process. He informed the committee that North Carolina has experienced steady and moderate growth since the recession of 2008-09 and predicts modest growth into 2019.

Evan Rodewald presented the preliminary Budget outlook. Mr. Rodewald identified major budget pressures related to public school and higher education enrollment growth, cost increases, teacher pay commitments, and disaster recovery. Several additional impacts to the budget could include federal changes, long term liabilities, and revenue law changes.

House Senior Chair Nelson Dollar praised the legislature's conservative efforts in passing a sound budget that affects North Carolina's steady economic growth.

Chairman Brown allowed questions from the floor.

The meeting adjourned at 9:58 a.m.

House Senior Chair Nelson Dollar

Panthea Briles, Committee Clerk

ATTACHMENTS:
1. Agenda
2. Attendance
3. Handout: 2017 Consensus Revenue Forecast and Budget Outlook
4. Visitors Sign-In

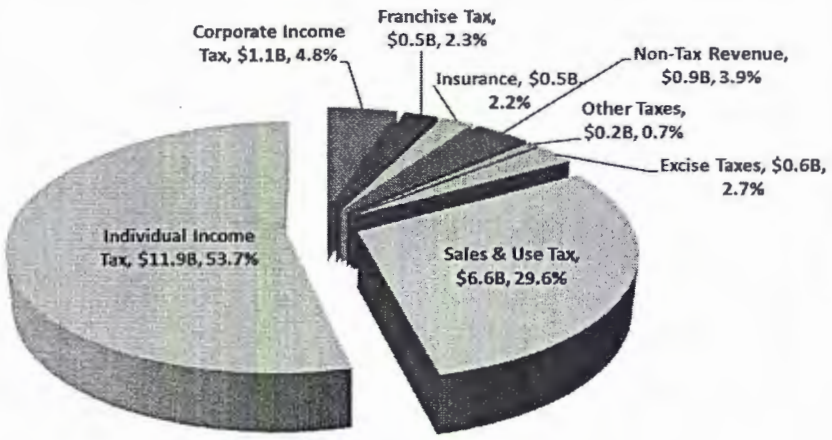
2017-19 CONSENSUS REVENUE FORECAST AND BUDGET OUTLOOK

Barry Boardman, Ph.D.
Evan Rodewald
Fiscal Research Division
February 14, 2017

Presentation Outline

- Consensus Revenue Forecast
  - Current Fiscal Year
  - 2017-19 Biennium Forecast
- Budget Outlook

FY 2015-16 GENERAL FUND, $22.15 B



3

Consensus Revenue Process

- Statutory Guidelines do not address the budget revenue forecast
- Fiscal Research and the Office of State Budget and Management develop independent forecasts
- Prior to release of Governor's biennial budget, forecasters meet to develop a consensus forecast

4

Consensus Revenue Process

- In early May, after April receipts have been recorded, the legislature and/or the Governor can request a revised consensus forecast
- In even-numbered years there is a revision to the forecast for the second year of the biennium. The revised forecast usually takes place in early May

5

2017-19 BIENNIUM CONSENSUS FORECAST

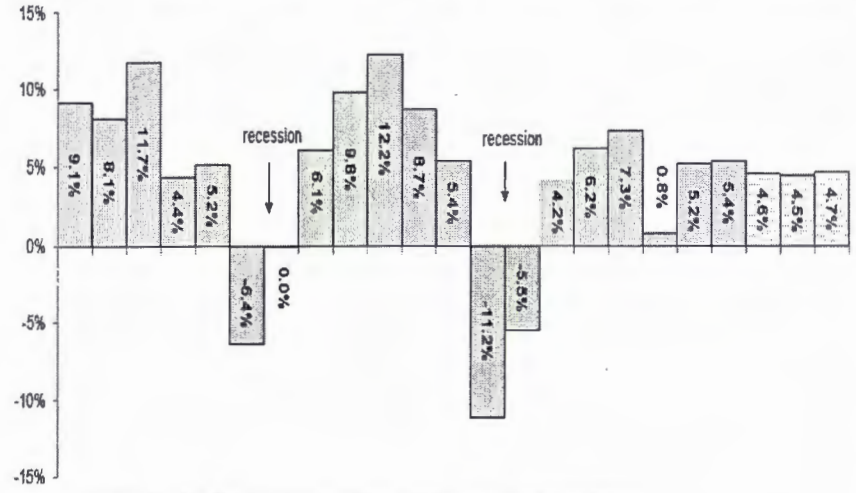


CONSENSUS FORECAST

Fiscal Year	Revenue ($ millions)	Y/Y Change ($ millions)	Percent Change
2016-17 (est.)	$22,672.6	$520.5	2.3%
2017-18 (est.)	$23,166.7	$494.1	2.2%
2018-19 (est.)	$24,155.4	$886.7	4.3%

7

Baseline Tax Revenue Growth, FY 1996-97 to FY 2018-19



Note: The last three bars represent the current forecast baseline estimate.

8

2017-2019 ECONOMIC OUTLOOK

- Economy expected to maintain steady, moderate growth
- The big difference is State and national economies are on much more solid footing than last biennium
- Employment gains have been steady since 2015, projected to grow above 1.8% during biennium
  - 80,000 to 90,000 jobs added each year
- Employment picture suggest greater pressure on wages to increase this year
- Improved household balance sheets and more confidence in economy help maintain solid retail sales growth

9

CONSENSUS FORECAST

Fiscal Year	General Fund Authorized Revenue ($000s)	Actual Revenue Collections ($000s)	Revenue Shortfall/Surplus ($000s)	Percent Shortfall/Surplus
2003-04	14,594,243	15,073,342	479,099	3.30%
2004-05	15,545,159	16,215,372	670,213	4.30%
2005-06	16,716,295	17,774,349	1,058,054	6.30%
2006-07	18,016,574	19,360,944	1,344,370	7.50%
2007-08	19,545,155	19,824,856	279,701	1.40%
2008-09*	20,849,735	17,626,702	(3,223,033)	-15.50%
2009-10*	18,927,580	18,636,781	(290,799)	-1.50%
2010-11	18,977,800	19,183,147	205,347	1.10%
2011-12	19,142,029	19,534,015	391,986	2.00%
2012-13	20,003,985	20,541,576	537,591	2.70%
2013-14**	20,603,500	20,153,218	(450,282)	-2.20%
2014-15	21,000,100	21,445,800	445,700	2.10%
2015-16	21,720,700	22,148,900	428,200	2.00%

10

CONSENSUS FORECAST

FY 2016-17 Revenue

- Collections projected to be $552.5 million (2.5%) above $22.12 billion revenue forecast
- **Personal Income** tax ahead of target by 3.8%
- **Sales** taxes ahead of target by 1.9%
- Business taxes, **Corporate Income** and **Franchise** tax, combined are 15.9% ahead of target

11

CONSENSUS FORECAST

FY 2016-17 Revenue

- No shift, up or down, in growth trends for second-half of fiscal year
- **Important assumption is that April expectations for refunds and final payments are met**
  - Estimated income tax payments made on the 2016 tax year provide little information on April outcomes
- Added complexity from recent income tax changes
  - Withholding changes (0.1% more withheld)
  - Increases in Standard Deduction in 2016, 2017

12

CONSENSUS FORECAST

2017- 2019 Biennium

- "Steady as she goes" – economic conditions driving forecast are similar to the last biennium forecast.
- Forecasters maintained the cautious approach adopted with recent consensus forecast as a result of, what is now, a combined $2+ billion in tax law changes –
  - Since 2013, 105 substantive changes enacted
  - Includes base expansions (+) and rate reductions (-)

13

CONSENSUS FORECAST

2017- 2019 Biennium

- During the upcoming biennium, key collections from Sales and Personal Income are expected to track at the long-run average pace (baseline).
- **Personal Income** – employment gains begin to put upward pressure on wages
  - Wage growth projected at 5.2% and 5.7%, respective fiscal years
  - 2.0% and 4.7% growth in collections
  - Growth rates reflect tax reductions enacted in 2015 and 2016

14

CONSENSUS FORECAST

2017- 2019 Biennium

- **Sales** tax growth projected to be slightly above average
  - First time forecast has Sales growing faster than averages since onset of recession in 2008
- **Corporate Income** tax is always volatile and while a smaller part of the overall tax structure with the lower rate, still a contributor to forecast error
  - Decline 9.8% in FY 2017-18, grow 4.6% in FY 2018-19

15

FORECAST SUMMARY

- Current collections reflect a stronger economy
  - projected over-collections of $552.5 million
- Despite stronger footing for the economy, modest growth is forecast into 2019
- In light of modest economic growth forecast and still developing tax impacts, General Fund forecast continues cautious approach
  - Baseline growth of 4.5% and 4.7%

16

GENERAL FUND BUDGET OUTLOOK

- FY 2016-17 Budget Recap
- FY 2017-19 Base Budget
- Major Budget Pressures
- Other Potential Budget Items

17

BUDGET RECAP: WHERE DOES THE MONEY GO?

FY 2016-17 Net State Appropriations by Committee/Area

Education	12,681,654,413	57%
Health & Human Services	5,020,897,501	22%
Justice & Public Safety	2,601,712,738	12%
Agriculture, Natural & Economic Resources	536,329,317	2%
General Government	427,507,960	2%
Debt Service	742,718,618	3%
Statewide Reserves, Information Tech. & Capital	330,617,043	1%
Total (excluding Disaster Recovery Act)	**$22,341,437,590**	

18

Budget Recap

Key Budget Drivers

(FY 2016-17 Net Appropriations)

Public Schools	8,733,375,580	39%	78%
Higher Education	3,948,278,833	18%	
Medicaid	3,605,912,350	16%	
Prisons	1,163,962,549	5%	
Debt Service	742,718,618	3%	
Mental Health	563,035,124	3%	
Judicial (excluding Indigent Defense)	511,770,044	2%	
All Other	3,072,384,492	14%	
Total	**$22,341,437,590**		

19

FY 2017-19 BASE BUDGET

(GENERAL FUND)

- **Base Budget (as defined in G.S. 143C-1-1(d)(1c))**
  - Continues most funding at FY 2016-17 levels.
  - Allows for specific adjustments (annualizations, nonrecurring, receipts, leases on real property, federal payroll taxes, reconciliation of transfers)

	FY 2017-18	**FY 2018-19**
Governor's Base Budget	22,175,602,923	22,202,057,767

20

MAJOR BUDGET PRESSURES

Factors related to enrollment growth, cost increases and other major funding commitments.
Examples:

- Public school enrollment growth
- Higher education enrollment growth
- Retirement/pension actuarial recommendations
- State Health Plan cost increases
- Medicaid rebase
- Public school teacher pay commitments
- Disaster recovery

21

MAJOR BUDGET PRESSURES

	FY 2017-18	FY 2018-19
K-12 Enrollment	45,000,000	120,000,000
Higher Ed. Enrollment	55,000,000	103,000,000
Retirement System	11,000,000	71,000,000
State Health Plan	80,000,000	160,000,000
Medicaid Rebase	133,000,000	270,000,000
Teacher Pay	180,000,000	361,000,000
Debt Service	24,000,000	67,000,000
Disaster Recovery Match	80,000,000	
Disaster Recovery Other	???	
Subtotal	**608,000,000**	**1,153,000,000**

22

BUDGET PRESSURES IN CONTEXT OF REVENUES ($ MILLIONS)

	FY 2017-18	FY 2018-19
Consensus Revenue Forecast	23,166.7	24,155.4
Governor's Base Budget	(22,175.6)	(22,202.1)
Major Budget Pressures (from slides 20-21)	(608.0)	(1,153.0)
Subtotal*	**383.1**	**800.3**

*Does not include projections of Unreserved Fund Balance.

23

Other Potential Budget Items

FY 2017-19

- State employee salary increases excluding public school teachers (1%=$85.5 M)
- Retiree COLA (1% = $43.0 M)
- Other pay plans (step increases):
  - Teacher step increase ($12.2 M)
  - School based administrators step increase ($3.8 M)
  - Troopers, magistrates & clerks of court ($7.0 M)
- Pay plan for correctional officers ($18.4 M)

24

Other Potential Budget Items (Cont.)
FY 2017-19

- Impacts of federal changes (e.g., FMAP)
- Long term liabilities
- Savings Reserve (NR)
- Repairs & Renovations (NR)
- Revenue law changes

25

Questions?

Fiscal Research Division

919-733-4910

Legislative Office Building

Suites 203 and 619

26

VISITOR REGISTRATION SHEET

Full Appropriations — 2/14/17

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ryan Mcnald	WM
Katy Kirgsbury	DP
Rhaegan Jackson	Focus Carolina
Chris Broughton	MWC
Amanda Donovan	TSS
Tonya Hijar	TSS
Kim Siomkos	NCRLA
Padraig Gibbons	Connect C
Sarah Sturdivant	SBE
Henry M Lancaster III	LCA
Richard Bostic	NC SBA
Kim M	Dan

VISITOR REGISTRATION SHEET

Full Appropriations — 2/14/17

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Brent Johnson	NASW-NC
Kay Castillo	NASW-NC
NICHOLE KARIM	NAMI NC
Mary Powell	ADCNC
Dick Carlton	Law Offices of R Hc PLLC
Josh Cooper	Connect C
Marsha Overby	DPS SHP
Elizabeth Dworet	NCCCS
caroline Miller	AMGA
Ann Rodriguez	NC Council of Comm. Programs
Sa [illegible]	KOANC

VISITOR REGISTRATION SHEET

Full Appropriations — 2/14/17

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Drew Morelz	UNC GA
Jonathan Keppler	UNC GA
Bruce Muldrow	NCSGA
Jim Lawallee	WakeEd Partnership
Sarah Stine	NCSU
David Collins	SEANC
Flint Benson	SEANC
Jerry Williams	LPA; RAK; NCPBA & NCMA
Ed Lindsey	BP
Michael Houser	THCG
Paul Taylor	Infocus

VISITOR REGISTRATION SHEET

Full Appropriations — 2/14/17

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cason Chrisman	NCGA

VISITOR REGISTRATION SHEET

Full Appropriations — 2/14/17

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susanna Davis	OSHR
Elizabeth Biser	Brooks Pierce
[illegible]	Carolinas HealthCare
[illegible]	JSC
TYLER NEWMAN	BASE
Seth Pitcher	NCAIR
Jason Saper	NC Chamber
Sarah Hardin	NCEL
Bre Hager	CapMont
[illegible]	NCDA&CS
[illegible]	Vista
[illegible]	MWC

VISITOR REGISTRATION SHEET

Full Appropriations — 2/14/17

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Gerry Cohen	Nelson Mullins
Laura Gunter	NCBIO
Jaron Dunning	Intern Rep Insko
Emily Walter	Intern Rep Fisher
Cedric Johnson	NC Budget & Tax Center
Will Morgan	MFS
Josh Lanz	SGL
Jessica Englert	Office of Gov. Cooper
Stan Williams	NCS
Dawn Bagrowe	CJPC
Lee Teague	NCAPCS

VISITOR REGISTRATION SHEET

Full Appropriations — 2/14/17

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Fred Dorn	Com. Ag SO,
Amy Zachman	Rep Glen Martin
Dan Gurley	FTA
David Dorn	Town of Boiling
Hayden Burgess	FSP
Ed Dennison	Moore County Schs BOE
Rob Harris	RH
Amy C	NCRMP
Doug Austin	NCFA

Senate Committee on Appropriations/Base Budget
Tuesday, February 14, 2017 at 8:30 AM
Room 643 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:30 AM on February 14, 2017 in Room 643 of the Legislative Office Building. Fourteen members were present. Senator Harry Brown, Chair, presided. The purpose of the meeting was to receive from staff the 2017-19 Consensus Revenue Forecast and Budget Outlook.

Chairman Harry Brown called the meeting to order at 8:38 a.m. He recognized the Sergeant-at-Arms who were assisting staff and Senate Pages.

Chairman Brown introduced Dr. Barry Boardman, Fiscal Research Division, to review the consensus revenue forecast for the current fiscal year and the 2017-19 biennium forecast. Dr. Boardman presented a detailed forecast. He provided a breakdown of the FY 2015-16 General Fund totaling $22.15 billion of which slightly less than 90% is represented by Individual Income Tax and Sales Use Tax. Dr. Boardman also reviewed the Consensus Revenue Process. He informed the committee that North Carolina has experienced steady and moderate growth since the recession of 2008-09 and predicts modest growth into 2019.

Chairman Brown recognized Evan Rodewald, Fiscal Research Division, who presented the preliminary Budget outlook. Mr. Rodewald identified major budget pressures related to public school and higher education enrollment growth, State Health Plan cost increases, teach pay commitments, and disaster recovery. Several additional potential impacts to the budget could include federal changes, long term liabilities and revenue law changes.

Chairman Brown allowed questions from the floor.

The meeting adjourned at 9:58 a.m.

Senator Harry Brown, Chair
Presiding

Lorie Byrd, Committee Clerk

ATTACHMENTS:

1. Committee Notice
2. Agenda
3. Minutes
4. Handout: 2017 Consensus Revenue Forecast and Budget Outlook
5. Visitor Registration Sign-in Log

ATTACHMENT 1

Principal Clerk _____
Reading Clerk _____

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations/Base Budget** will meet at the following time:

DAY	DATE	TIME	ROOM
Tuesday	February 14, 2017	8:30 AM	643 LOB

The Joint House and Senate Appropriations will meet to review the 2017-19 Consensus Revenue Forecast and Budget Outlook.

Senator Harry Brown, Co-Chair
Senator Kathy Harrington, Co-Chair
Senator Brent Jackson, Co-Chair

ATTACHMENT 2

HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES

February 14, 2017
8:30 AM
643 Legislative Office Building

AGENDA

I. Opening Remarks

Rep. Nelson Dollar, Senior Chair
Rep. Dean Arp
Rep. John Faircloth
Rep. Linda Johnson
Rep. Donny Lambeth
Rep. Chuck McGrady

Sen. Harry Brown
Sen. Kathy Harrington
Sen. Brent Jackson

II. Introduction of Pages and Sergeant at Arms

III. 2017-19 Consensus Revenue Forecast and Budget Outlook:

Dr. Barry Boardman and
Evan Rodewald,
Fiscal Research Division Staff

IV. Adjourn

Senate Committee on Appropriations/Base Budget
Tuesday, February 14, 2017 at 8:30 AM
Room 643 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:30 AM on February 14, 2017 in Room 643 of the Legislative Office Building. Fourteen members were present. Senator Harry Brown, Chair, presided. The purpose of the meeting was to receive from staff the 2017-19 Consensus Revenue Forecast and Budget Outlook.

Chairman Harry Brown called the meeting to order at 8:38 a.m. He recognized the Sergeant-at-Arms who were assisting staff and Senate Pages.

Chairman Brown introduced Dr. Barry Boardman, Fiscal Research Division, to review the consensus revenue forecast for the current fiscal year and the 2017-19 biennium forecast. Dr. Boardman presented a detailed forecast. He provided a breakdown of the FY 2015-16 General Fund totaling $22.15 billion of which slightly less than 90% is represented by Individual Income Tax and Sales Use Tax. Dr. Boardman also reviewed the Consensus Revenue Process. He informed the committee that North Carolina has experienced steady and moderate growth since the recession of 2008-09 and predicts modest growth into 2019.

Chairman Brown recognized Evan Rodewald, Fiscal Research Division, who presented the preliminary Budget outlook. Mr. Rodewald identified major budget pressures related to public school and higher education enrollment growth, State Health Plan cost increases, teach pay commitments, and disaster recovery. Several additional potential impacts to the budget could include federal changes, long term liabilities and revenue law changes.

Chairman Brown allowed questions from the floor.

The meeting adjourned at 9:58 a.m.

Senator Harry Brown, Chair
Presiding

Lorie Byrd, Committee Clerk

ATTACHMENTS:
1. Committee Notice
2. Agenda
3. Minutes
4. Handout: 2017 Consensus Revenue Forecast and Budget Outlook
5. Visitor Registration Sign-in Log

2017-19 CONSENSUS REVENUE FORECAST AND BUDGET OUTLOOK

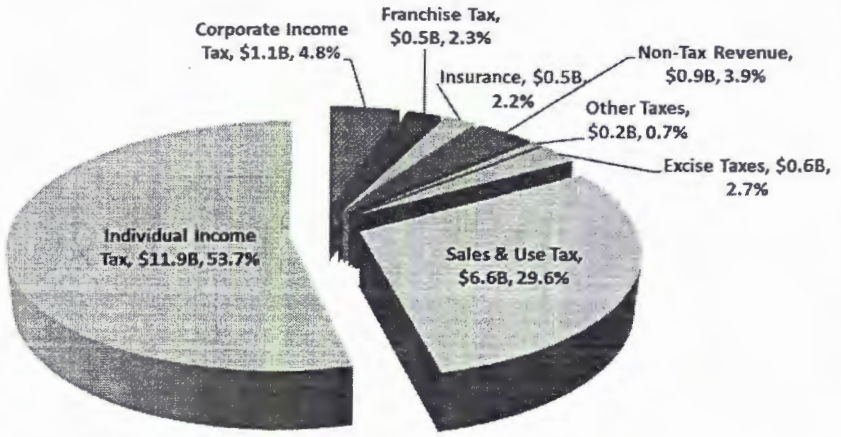
Barry Boardman, Ph.D.
Evan Rodewald
Fiscal Research Division
February 14, 2017

Presentation Outline

- Consensus Revenue Forecast
  - Current Fiscal Year
  - 2017-19 Biennium Forecast
- Budget Outlook

2

FY 2015-16 GENERAL FUND, $22.15 B



3

Consensus Revenue Process

- Statutory Guidelines do not address the budget revenue forecast
- Fiscal Research and the Office of State Budget and Management develop independent forecasts
- Prior to release of Governor's biennial budget, forecasters meet to develop a consensus forecast

4

Consensus Revenue Process

- In early May, after April receipts have been recorded, the legislature and/or the Governor can request a revised consensus forecast
- In even-numbered years there is a revision to the forecast for the second year of the biennium. The revised forecast usually takes place in early May

5

2017-19 BIENNIUM CONSENSUS FORECAST

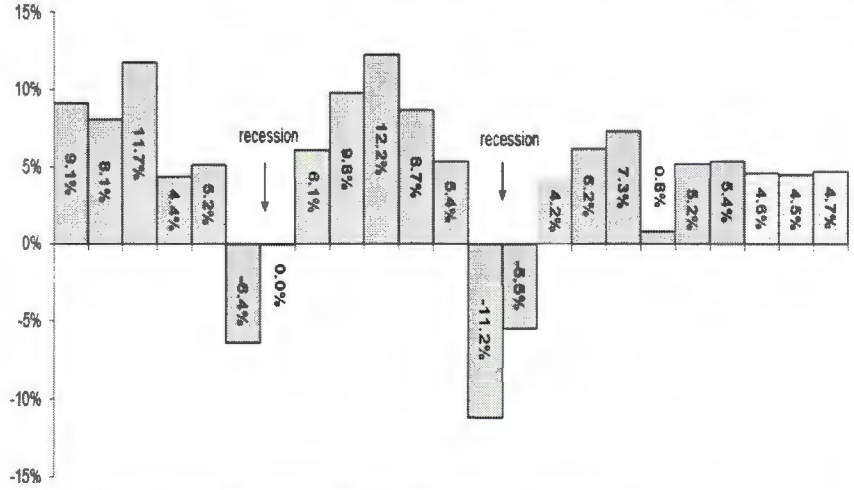


CONSENSUS FORECAST

Fiscal Year	Revenue ($ millions)	Y/Y Change ($ millions)	Percent Change
2016-17 (est.)	$22,672.6	$520.5	2.3%
2017-18 (est.)	$23,166.7	$494.1	2.2%
2018-19 (est.)	$24,155.4	$886.7	4.3%

7

Baseline Tax Revenue Growth, FY 1996-97 to FY 2018-19



Note: The last three bars represent the current forecast baseline estimate.

8

2017-2019 ECONOMIC OUTLOOK

- Economy expected to maintain steady, moderate growth
- The big difference is State and national economies are on much more solid footing than last biennium
- Employment gains have been steady since 2015, projected to grow above 1.8% during biennium
  - 80,000 to 90,000 jobs added each year
- Employment picture suggest greater pressure on wages to increase this year
- Improved household balance sheets and more confidence in economy help maintain solid retail sales growth

9

CONSENSUS FORECAST

Fiscal Year	General Fund Authorized Revenue ($000s)	Actual Revenue Collections ($000s)	Revenue Shortfall/Surplus ($000s)	Percent Shortfall/Surplus
2003-04	14,594,243	15,073,342	479,099	3.30%
2004-05	15,545,159	16,215,372	670,213	4.30%
2005-06	16,716,295	17,774,349	1,058,054	6.30%
2006-07	18,016,574	19,360,944	1,344,370	7.50%
2007-08	19,545,155	19,824,856	279,701	1.40%
2008-09*	20,849,735	17,626,702	(3,223,033)	-15.50%
2009-10*	18,927,580	18,636,781	(290,799)	-1.50%
2010-11	18,977,800	19,183,147	205,347	1.10%
2011-12	19,142,029	19,534,015	391,986	2.00%
2012-13	20,003,985	20,541,576	537,591	2.70%
2013-14**	20,603,500	20,153,218	(450,282)	-2.20%
2014-15	21,000,100	21,445,800	445,700	2.10%
2015-16	21,720,700	22,148,900	428,200	2.00%

10

CONSENSUS FORECAST

FY 2016-17 Revenue

- Collections projected to be $552.5 million (2.5%) above $22.12 billion revenue forecast
- **Personal Income** tax ahead of target by 3.8%
- **Sales** taxes ahead of target by 1.9%
- Business taxes, **Corporate Income** and **Franchise** tax, combined are 15.9% ahead of target

11

CONSENSUS FORECAST

FY 2016-17 Revenue

- No shift, up or down, in growth trends for second-half of fiscal year
- **Important assumption is that April expectations for refunds and final payments are met**
  - Estimated income tax payments made on the 2016 tax year provide little information on April outcomes
- Added complexity from recent income tax changes
  - Withholding changes (0.1% more withheld)
  - Increases in Standard Deduction in 2016, 2017

12

CONSENSUS FORECAST

2017- 2019 Biennium

- "Steady as she goes" – economic conditions driving forecast are similar to the last biennium forecast.
- Forecasters maintained the cautious approach adopted with recent consensus forecast as a result of, what is now, a combined $2+ billion in tax law changes –
  - Since 2013, 105 substantive changes enacted
  - Includes base expansions (+) and rate reductions (-)

13

CONSENSUS FORECAST

2017- 2019 Biennium

- During the upcoming biennium, key collections from Sales and Personal Income are expected to track at the long-run average pace (baseline).
- **Personal Income** – employment gains begin to put upward pressure on wages
  - Wage growth projected at 5.2% and 5.7%, respective fiscal years
  - 2.0% and 4.7% growth in collections
  - Growth rates reflect tax reductions enacted in 2015 and 2016

14

CONSENSUS FORECAST

2017- 2019 Biennium

- **Sales** tax growth projected to be slightly above average
  - First time forecast has Sales growing faster than averages since onset of recession in 2008
- **Corporate Income** tax is always volatile and while a smaller part of the overall tax structure with the lower rate, still a contributor to forecast error
  - Decline 9.8% in FY 2017-18, grow 4.6% in FY 2018-19

15

FORECAST SUMMARY

- Current collections reflect a stronger economy
  - projected over-collections of $552.5 million
- Despite stronger footing for the economy, modest growth is forecast into 2019
- In light of modest economic growth forecast and still developing tax impacts, General Fund forecast continues cautious approach
  - Baseline growth of 4.5% and 4.7%

16

GENERAL FUND BUDGET OUTLOOK

- FY 2016-17 Budget Recap
- FY 2017-19 Base Budget
- Major Budget Pressures
- Other Potential Budget Items

17

BUDGET RECAP: WHERE DOES THE MONEY GO?

FY 2016-17 Net State Appropriations by Committee/Area

Education	12,681,654,413	57%
Health & Human Services	5,020,897,501	22%
Justice & Public Safety	2,601,712,738	12%
Agriculture, Natural & Economic Resources	536,329,317	2%
General Government	427,507,960	2%
Debt Service	742,718,618	3%
Statewide Reserves, Information Tech. & Capital	330,617,043	1%
Total (excluding Disaster Recovery Act)	**$22,341,437,590**	

18

Budget Recap

Key Budget Drivers

(FY 2016-17 Net Appropriations)

Public Schools	8,733,375,580	39%	78%
Higher Education	3,948,278,833	18%	
Medicaid	3,605,912,350	16%	
Prisons	1,163,962,549	5%	
Debt Service	742,718,618	3%	
Mental Health	563,035,124	3%	
Judicial (excluding Indigent Defense)	511,770,044	2%	
All Other	3,072,384,492	14%	
Total	**$22,341,437,590**		

19

FY 2017-19 BASE BUDGET

(GENERAL FUND)

- **Base Budget (as defined in G.S. 143C-1-1(d)(1c))**
  - Continues most funding at FY 2016-17 levels.
  - Allows for specific adjustments (annualizations, nonrecurring, receipts, leases on real property, federal payroll taxes, reconciliation of transfers)

	FY 2017-18	**FY 2018-19**
Governor's Base Budget	22,175,602,923	22,202,057,767

20

MAJOR BUDGET PRESSURES

Factors related to enrollment growth, cost increases and other major funding commitments.
Examples:

- Public school enrollment growth
- Higher education enrollment growth
- Retirement/pension actuarial recommendations
- State Health Plan cost increases
- Medicaid rebase
- Public school teacher pay commitments
- Disaster recovery

21

MAJOR BUDGET PRESSURES

	FY 2017-18	FY 2018-19
K-12 Enrollment	45,000,000	120,000,000
Higher Ed. Enrollment	55,000,000	103,000,000
Retirement System	11,000,000	71,000,000
State Health Plan	80,000,000	160,000,000
Medicaid Rebase	133,000,000	270,000,000
Teacher Pay	180,000,000	361,000,000
Debt Service	24,000,000	67,000,000
Disaster Recovery Match	80,000,000	
Disaster Recovery Other	???	
Subtotal	**608,000,000**	**1,153,000,000**

22

BUDGET PRESSURES IN CONTEXT OF REVENUES ($ MILLIONS)

	FY 2017-18	FY 2018-19
Consensus Revenue Forecast	23,166.7	24,155.4
Governor's Base Budget	(22,175.6)	(22,202.1)
Major Budget Pressures (from slides 20-21)	(608.0)	(1,153.0)
Subtotal*	**383.1**	**800.3**

*Does not include projections of Unreserved Fund Balance.

23

Other Potential Budget Items

FY 2017-19

- State employee salary increases excluding public school teachers (1%=$85.5 M)
- Retiree COLA (1% = $43.0 M)
- Other pay plans (step increases):
  - Teacher step increase ($12.2 M)
  - School based administrators step increase ($3.8 M)
  - Troopers, magistrates & clerks of court ($7.0 M)
- Pay plan for correctional officers ($18.4 M)

24

Other Potential Budget Items (Cont.)
FY 2017-19

- Impacts of federal changes (e.g., FMAP)
- Long term liabilities
- Savings Reserve (NR)
- Repairs & Renovations (NR)
- Revenue law changes

25

Questions?

Fiscal Research Division

919-733-4910

Legislative Office Building

Suites 203 and 619

26

ATTACHMENT 5

VISITOR REGISTRATION SHEET

PAN

Full Appropriations — 2/14/17

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susanna Davis	ASHE
Elizabeth Biser	Brooks Pierce
[illegible]	Carolinas Healthcare
[illegible]	JSC
TYLER NEWMAN	BASF
Seth Pcher	NCAIC
Jason Saper	NC chamber
Susan Hardin	NCEL
Bre Hager	CarMont
Joy Hilton	NCDA&CS
[illegible]	[illegible]
[illegible]	NWC

VISITOR REGISTRATION SHEET

Full Appropriations — Name of Committee

2/14/17 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
GERRY COHEN	Nelson Mullins
Laura Gunter	NCBIO
Jaron Dunning	Intern Rep Insko
Emily Walter	Intern Rep Fisher
Cedric Johnson	NC Budget & Tax Center
Will Morgan	MFS
Josh Lanz	SGL
Jessica Englert	Office of Gov. Cooper
Stan Williams	NCS
Dawn Iburner	CTPC
Lee Terry	NCAPCS

VISITOR REGISTRATION SHEET

Full Appropriations — Name of Committee

2/14/17 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Fred Box	Box : Assoc
Max Eastman	Rep Grier Martin
Dan Gurley	FH
David Pope	Pope Strategies
Hayden Burgess	FSP
Ed Dennison	Moore County Schs BOE
Rob Lamm	PH
Amy C	NCRMF
Doug Hall	NCSBA

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION

You are hereby notified that the **House Committee on Appropriations** will meet **JOINTLY** as follows:

DAY & DATE: Thursday, March 2, 2017
TIME: **8:30 AM**
LOCATION: **643 LOB**
COMMENTS: **The House and Senate Appropriations Committees will meet jointly for the presentation of the Governor's FY 2017-2019 Recommended Budget. Members should bring their copy of the budget with them to the presentation.**

Respectfully,
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 4:26 PM on Tuesday, February 28, 2017.

___ Principal Clerk
___ Reading Clerk – House Chamber

Candace Slate (Committee Assistant)

HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES

March 2, 2017
8:30 AM
643 Legislative Office Building

AGENDA

I. Opening Remarks

Rep. Nelson Dollar, Senior Chair
Rep. Dean Arp
Rep. John Faircloth
Rep. Donny Lambeth
Rep. Linda Johnson
Rep. Chuck McGrady

Sen. Harry Brown
Sen. Kathy Harrington
Sen. Brent Jackson

II. Introduction of Pages and Sergeants at Arms

III. Presentation on the Governor's Recommended Budget 2017-19:

Charles Perusse
State Budget Director
Office of State Budget and Management

IV. Adjourn

64

2017-18 ATTENDANCE

Appropriations Committee

DATES	5-2-17														
Rep. Nelson Dollar, Senior Chair	✓														
Rep. Dean Arp, Chair	✓														
Rep. John Faircloth, Chair	✓														
Rep. Linda Johnson, Chair	✓														
Rep. Donny Lambeth, Chair	✓														
Rep. Chuck McGrady, Chair	✓														
Rep. Gale Adcock	✓														
Rep. John Ager	✓														
Rep. John Autry															
Rep. Cynthia Ball	✓														
Rep. Mary Belk	✓														
Rep. John Bell	✓														
Rep. Larry Bell	✓														
Rep. MaryAnn Black	✓														
Rep. Hugh Blackwell	✓														
Rep. Jamie Boles	✓														
Rep. Beverly Boswell	✓														
Rep. Bill Brawley															
Rep. William Brisson	✓														
Rep. Cecil Brockman															
Rep. Mark Brody	✓														
Rep. Dana Bumgardner															
Rep. Justin Burr															
Rep. Mike Clampitt															
Rep. George Cleveland	✓														
Rep. Debra Conrad	✓														
Rep. Kevin Corbin															

Rep. Carla Cunningham	✓														
Rep. Ted Davis															
Rep. Jimmy Dixon	✓														
Rep. Josh Dobson	✓														
Rep. Andy Dulin	✓														
Rep. Beverly Earle	✓														
Rep. Jeffrey Elmore	✓														
Rep. Jean Farmer-Butterfield	✓														
Rep. Susan Fisher	✓														
Rep. Elmer Floyd	✓														
Rep. Carl Ford															
Rep. Rep. John Fraley	✓														
Rep. Terry Garrison	✓														
Rep. Rosa Gill	✓														
Rep. C Graham	✓														
Rep. G. Graham	✓														
Rep. Holly Grange	✓														
Rep. Duane Hall															
Rep. Kyle Hall	✓														
Rep. Jon Hardister	✓														
Rep. Pricey Harrison	✓														
Rep. Craig Horn															
Rep. Howard Hunter															
Rep. Pat Hurley	✓														
Rep. Frank Iler	✓														
Rep. Verla Insko	✓														
Rep. Darren Jackson															
Rep. Joe John	✓														
Rep. Brenden Jones	✓														
Rep. David Lewis															
Rep. Marvin Lucas	✓														
Rep. Chris Malone			✓												
Rep. Grier Martin	✓														

Rep. Mickey Michaux	✓														
Rep. Chris Millis															
Rep. Pat McElraft															
Rep. Allen McNeill	✓														
Rep. Greg Murphy, MD															
Rep. Garland Pierce	✓														
Rep. Larry Pittman	✓														
Rep. Larry Potts	✓														
Rep. Michele Presnell	✓														
Rep. Amos Quick	✓														
Rep. B. Richardson	✓														
Rep. W. Richardson															
Rep. Dennis Riddell	✓														
Rep. David Rogers															
Rep. Stephen Ross	✓														
Rep. Jason Saine															
Rep. John Sauls	✓														
Rep. Mitchell Setzer															
Rep. Phillip Shepard	✓														
Rep. Michael Speciale															
Rep. Sarah Stevens	✓														
Rep. Larry Strickland	✓														
Rep. Evelyn Terry															
Rep. John Torbett	✓														
Rep. Brian Turner	✓														
Rep. Rena Turner	✓														
Rep. Sam Watford															
Rep. Donna McDowell White	✓														
Rep. Shelly Willingham	✓														
Rep. Michael Wray															
Rep. Larry Yarborough															
Rep. Lee Zachary															

Appropriations Staff:															
Karen Hammonds-Blanks	✓														
Brian Matteson	✓														
Phyllis Pickett	✓														
Joyce Jones	✓														
Rep. Edward Hanes	✓														
2.16.17															

JOINT HOUSE and SENATE COMMITTEE ON APPROPRIATIONS
GOVERNOR'S RECOMMENDED BUDGET 2017 - 19

Tuesday, March 2nd, 2017
8:30 a.m.
Room 643, Legislative Office Building

MINUTES

The Joint House and Senate Committee on Appropriations met at 8:30 a.m. on Thursday, March 7th in Room 643 of the Legislative Office Building. Senator Kathy Harrington, Senate Chair, presided. The purpose of the meeting was to receive Governor Roy Cooper's Recommended Budget FY 2017 - 19

Chairman Harrington called the meeting to order at 8:36 a.m. She recognized the Sergeant-at-Arms who were assisting staff and Senate Pages.

Chairman Harrington introduced Charles Perusse, State Budget Director, to review Policy Priorities, Guiding Budget Principles, and highlights of the Governor's recommended Budget. Highlights of the Governor's Budget include:

- $271 million teacher pay – This equates to over a %5 average increase
- No tax or fee increases
- $300 million increase in Savings Reserve
- $100 million for Repairs and Renovations
- $178 million to support compensation increase of 2% or $800 (whichever is greater) for all state workers (excluding teachers)
- $65 million for retirees with a 1.5% one-time cost of living increase
- $30 million Tier I or II sites for development
- $20 million for principals and assistants
- $15 million for SmartStart
- $58 million to match Federal programs in Emergency Management
- $30 million for public assistance to repair damaged dams
- $351 million in new Bond debt for large scale building projects.

Mr. Perusse described the recommended budget fiscally responsible and structurally sound in moving the state forward, paying strict attention to recurring and non-recurring funds in proposed allocations.

Chairman Brown allowed questions from the floor. In response to Representative Charles Graham's concern regarding disaster relief, Mr. Perusse stated that $100 million is ready to be disbursed.

The meeting adjourned at 9:56 a.m.

House Senior Chair Nelson Dollar

Panthea Briles, Committee Clerk

ATTACHMENTS:

1. Agenda
2. Attendance
3. Handout: 2017 Consensus Revenue Forecast and Budget Outlook
4. Visitors Sign-In

	Governor's Budget Recommendations for FY 2017-19		
		FY 2017-18	FY 2018-19
1	**Budget Availability**		
2	Unappropriated Balance from Prior Fiscal Year	108,607,042	-
3	Over Collection of Revenues FY 2016-17 (as of 2/9/17 Consensus Forecast)	552,600,000	-
4	Reversions (estimated)	271,000,000	-
5	Carryforward Reserve Reversion (estimated)	50,000,000	-
6	Transfers to Reserves:		
7	Savings Reserve	(312,721,303)	-
8	Retiree Healthcare Reserve (OPEB Liability)	(150,000,000)	-
9	State Emergency Response & Disaster Relief Reserve	(100,000,000)	-
10	Repairs and Renovations Reserve	(100,000,000)	-
11	**Beginning Unreserved Fund Balance**	**319,485,739**	**-**
12			
13	**Base Revenue (as of 2/9/17 Consensus Forecast)**	**23,166,700,000**	**24,155,400,000**
14			
15	Revenue Changes:		
16	Child and Dependent Care Tax Credit	-	(52,500,000)
17	Film & Entertainment Tax Incentive (annualized cost of $40 million)	-	(20,000,000)
18	Direct Additional Funds to Golden LEAF Foundation	(10,000,000)	(10,000,000)
19	Treasurer and Insurance Nontax Transfers	2,556,461	2,473,890
20			
21	**Total Budget Availability**	**23,478,742,200**	**24,075,373,890**
22			
23			
24	**Recommended Appropriations**		
25	Base Budget	22,174,602,923	22,201,057,767
26			
27	Supporting NC's Human Capital		
28	Teacher Pay Plan (best in Southeast in 3 years; national average in 5 years)	271,000,000	542,000,000
29	School Based Administrators (SBAs) - 6.5% average raise	20,000,000	20,000,000
30	Teacher Stipend for Supplies ($150)	14,033,461	14,033,461
31	State Agency Teachers	1,414,136	2,828,273
32	State-funded Employees (excluding Teachers and SBAs) - greater of 2% or $800	177,944,210	177,944,210
33	All Employees (excluding Teachers and SBAs) $500 Bonus	78,593,785	-
34	Step Increases (Clerks, Magistrates, Highway Patrol)	6,400,377	6,400,377
35	Correctional Officer Pay Plan	18,382,021	18,382,021
36	SBI & ALE Salary Adjustments (5% average)	1,500,000	1,500,000
37	Labor - Occupational Safety & Health Inspectors Salary Adjustments	300,000	300,000
38	Community Colleges Salary Restoration	10,000,000	10,000,000
39	Market Adjustments (all to minimum; 5+ years additional)	16,017,467	16,017,467
40	Salary Adjustment Fund	5,000,000	5,000,000
41	State Health Plan Premiums	80,241,125	160,482,242
42	TSERS and Judicial Retirement System Actuarial Requirements	9,138,392	68,876,074
43	State LEO's Full Retirement at 25 Years of Service	6,800,000	7,300,000
44	Retiree Cost of Living Adjustment - one-time 1.5%	66,764,409	-
45	**Subtotal**	**783,529,383**	**1,051,064,125**
46			
47	Growing North Carolina's Economy		
48	Local Government Infrastructure & Assistance	86,340,000	2,340,000
49	University Research & Innovation	21,345,000	9,145,000
50	Business Recruitment & Development	48,250,000	4,000,000
51	State Infrastructure	48,322,770	71,290,832
52	**Subtotal**	**204,257,770**	**86,775,832**
53			
54	Making NC a Top Ten Educated State by 2025		
55	Public Schools	55,974,635	98,798,489
56	Community Colleges	38,396,083	39,037,583
57	UNC System	29,105,181	84,399,797
58	**Subtotal**	**123,475,899**	**222,235,869**
59			
60	Helping People Live Healthy, Productive Lives	58,501,051	198,080,148
61			
62	Keeping Communities Safe	37,722,221	51,999,446
63			
64	Making NC a Welcoming State for its People and Businesses	37,667,436	23,391,758
65			
66	Strengthening & Modernizing Core Government Services	58,985,517	14,723,769
67			
68	**Total Expansion Items**	**1,304,139,277**	**1,648,270,947**
69			
70	**Total Recommended Budget**	**23,478,742,200**	**23,849,328,714**
71			
72	**Balance**	**-**	**226,045,176**
73			
74	**Percent Growth from Prior Year**	**5.1%**	**1.6%**
75	**Percent Growth in Recurring Expenditures from Prior Year**	**3.2%**	**1.5%**
76			

FY 2017-19
Presentation of Governor Roy Cooper's Recommended Budget

Charles Perusse
State Budget Director
Office of State Budget and Management
March 2, 2017

Common Ground Solutions
for NORTH CAROLINA



TABLE OF CONTENTS

Common Ground Solutions for NORTH CAROLINA


State Highlights


Revenue and Budget Summary


Disaster Recovery


Education


Health and Human Services


Justice and Public Safety


Natural and Economic Resources


General Government


Capital Improvements


Transportation

Policy Priorities

- Making NC a Top 10 Educated State by 2025
- Growing Middle Class Paychecks
- Building Healthier and Safer Communities
- Protecting and Growing Our Natural and Cultural Resources
- Exercising Fiscal Responsibility

Focused on Identifying Common Ground Solutions

Guiding Budget Principles – Living Within Our Means

- No new taxes or fee increases
- No nonrecurring funds spent on recurring items
- No borrowing from special funds
- Substantial transfers to reserves
- Recurring availability on the bottom line in FY 2018-19

		FY 2017-18	FY 2018-19
1	**Budget Availability**		
2	Unappropriated Balance from Prior Fiscal Year	108,607,042	-
3	Over Collection of Revenues FY 2016-17 (as of 2/9/17 Consensus Forecast)	552,600,000	-
4	Reversions (estimated)	271,000,000	-
5	Carryforward Reserve Reversion (estimated)	50,000,000	-
6	Transfers to Reserves:		
7	Savings Reserve	(312,721,303)	-
8	Retiree Healthcare Reserve (OPEB Liability)	(150,000,000)	-
9	State Emergency Response & Disaster Relief Reserve	(100,000,000)	-
10	Repairs and Renovations Reserve	(100,000,000)	-
11	**Beginning Unreserved Fund Balance**	**319,485,739**	**-**
12			
13	**Base Revenue (as of 2/9/17 Consensus Forecast)**	**23,166,700,000**	**24,155,400,000**
14			
15	Revenue Changes:		
16	Child and Dependent Care Tax Credit	-	(52,500,000)
17	Film & Entertainment Tax Incentive (annualized cost of $40 million)	-	(20,000,000)
18	Direct Additional Funds to Golden LEAF Foundation	(10,000,000)	(10,000,000)
19	Treasurer and Insurance Nontax Transfers	2,556,461	2,473,890
20			
21	**Total Budget Availability**	**23,478,742,200**	**24,075,373,890**
22			
23			
24	**Recommended Appropriations**		
25	Base Budget	22,174,602,923	22,201,057,767

STATE HIGHLIGHTS

Common Ground Solutions for NORTH CAROLINA

		FY 2017-18	FY 2018-19
27	Supporting NC's Human Capital		
28	Teacher Pay Plan (best in Southeast in 3 years; national average in 5 years)	271,000,000	542,000,000
29	School Based Administrators (SBAs) - 6.5% average raise	20,000,000	20,000,000
30	Teacher Stipend for Supplies ($150)	14,033,461	14,033,461
31	State Agency Teachers	1,414,136	2,828,273
32	State-funded Employees (excluding Teachers and SBAs) - greater of 2% or $800	177,944,210	177,944,210
33	All Employees (excluding Teachers and SBAs) $500 Bonus	78,593,785	-
34	Step Increases (Clerks, Magistrates, Highway Patrol)	6,400,377	6,400,377
35	Correctional Officer Pay Plan	18,382,021	18,382,021
36	SBI & ALE Salary Adjustments (5% average)	1,500,000	1,500,000
37	Labor - Occupational Safety & Health Inspectors Salary Adjustments	300,000	300,000
38	Community Colleges Salary Restoration	10,000,000	10,000,000
39	Market Adjustments (all to minimum; 5+ years additional)	16,017,467	16,017,467
40	Salary Adjustment Fund	5,000,000	5,000,000
41	State Health Plan Premiums	80,241,125	160,482,242
42	TSERS and Judicial Retirement System Actuarial Requirements	9,138,392	68,876,074
43	State LEO's Full Retirement at 25 Years of Service	6,800,000	7,300,000
44	Retiree Cost of Living Adjustment - one-time 1.5%	66,764,409	-
45	**Subtotal**	**783,529,383**	**1,051,064,125**

		FY 2017-18	FY 2018-19
47	Growing North Carolina's Economy		
48	Local Government Infrastructure & Assistance	86,340,000	2,340,000
49	University Research & Innovation	21,345,000	9,145,000
50	Business Recruitment & Development	48,250,000	4,000,000
51	State Infrastructure	48,322,770	71,290,832
52	**Subtotal**	**204,257,770**	**86,775,832**
53			
54	Making NC a Top Ten Educated State by 2025		
55	Public Schools	55,974,635	98,798,489
56	Community Colleges	38,396,083	39,037,583
57	UNC System	29,105,181	84,399,797
58	**Subtotal**	**123,475,899**	**222,235,869**
59			
60	Helping People Live Healthy, Productive Lives	58,501,051	198,080,148
61			
62	Keeping Communities Safe	37,722,221	51,999,446
63			
64	Making NC a Welcoming State for its People and Businesses	37,667,436	23,391,758
65			
66	Strengthening & Modernizing Core Government Services	58,985,517	14,723,769
67			
68	**Total Expansion Items**	**1,304,139,277**	**1,648,270,947**
69			
70	**Total Recommended Budget**	**23,478,742,200**	**23,849,328,714**
71			
72	**Balance**	**-**	**226,045,176**
73			
74	**Percent Growth from Prior Year**	**5.1%**	**1.6%**
75	**Percent Growth in Recurring Expenditures from Prior Year**	**3.2%**	**1.5%**

General Fund Revenue Outlook

Current-year overcollections estimated at **$552.6 million** (February revised consensus forecast)

- **Better-than-expected growth in wages and business income**

The consensus forecast, adjusted for two proposed revenue changes, projects growth of:

- **2.2% for FY 2017-18**
- **4.0% for FY 2018-19**

Baseline revenue growth projected to exceed 5.0% each year of the biennium

- **Above the long-term average**
- **Below levels experienced during prior economic expansions**

Revenue Proposal 1: NC Child & Dependent Care Credit

Provide a credit equal to:

- 50% of federal child and dependent care credit for children under age 6
- 35% for other eligible dependents

Phase out credit for households with AGI between $150k and $200k

Proposed credit:

- ✓ Is simpler to administer than previous NC child and dependent care credit
- ✓ Provides a larger credit to families with younger children, who typically have higher child care expenses and lower family incomes
- ✓ Uses credit phase-out for higher-income households to reduce the revenue cost and target benefits to moderate and middle-income families

Estimated revenue impact of -$52.5M/year

Revenue Proposal 1: NC Child & Dependent Care Credit Hypothetical Taxpayer Examples

Family Description	North Carolina Tax Liability (Tax Change in Parentheses)		
	Current Law	Restore Pre-2014 NC CDCTC	Proposed NC CDCTC
Single parent with two children, ages 4 and 8, with $35,000 in earnings and $8,000 in daycare expenses for younger child	$955	$655 (-$300)	$580 (-$375)
Single parent with one child, age 2, with $40,000 in earnings and $8,000 in daycare expenses	$1,330	$1,030 (-$300)	$1,000 (-$330)
Married couple with two children, ages 4 and 8, with $110,000 in earnings and $10,000 in daycare expenses for younger child and $2,000 in after-school care expenses for older child	$5,087	$4,647 (-$440)	$4,647 (-$440)
Married couple with two children, ages 7 and 9, with $80,000 in earnings and $5,000 in after-school care expenses for their children	$3,237	$2,887 (-$350)	$2,887 (-$350)

Revenue Proposal 2: Film & Entertainment Tax Incentive Rebate

Provision	Production Tax Credit (2011-2014 version)	Film & Entertainment Grant Program	Proposed Film & Entertainment Tax Incentive
Effective	January 1, 2011	January 1, 2015	January 1, 2018
Per Project Cap	$20 million (no cap for television series)	$9 million for television series $5 million for feature films $250,000 for commercials	$9 million for television series $12 million for feature films $250,000 for commercials
Incentive	25% of qualified spending	25% of qualified spending	25% of qualified spending
Qualified Labor	First $1 million per individual qualify	First $1 million per individual qualify	First $1 million per individual qualify
Qualified Expenses	Goods/ Services/ Compensation & Wages/ Insurance/ Fringes/ Per Diems/ Living Expenses & Stipends	Goods/ Services/ Compensation & Wages/ Fringes/ Per Diems/ Living Expenses & Stipends	Goods/ Services/ Compensation & Wages/ Fringes/ Per Diems/ Living Expenses & Stipends
Minimum Spend	$250,000	$1 million (average) per TV episode $5 million for feature films $250,000 for commercials	$1 million (avg.) per TV episode $5 million for feature films $250,000 for commercials
Annual Cap	No cap	$30 million in FY 2016-17	No cap
Fiscal Impact	FY 2011-12: -$24.3 million FY 2012-13: -$60.1 million FY 2013-14: -$43.0 million FY 2014-15: -$59.5 million	FY 2014-15: -$10 million FY 2015-16: -$30 million FY 2016-17: -$30 million FY 2017-18: -$15 million (proposed)	*Projected Impacts:* FY 2018-19: -$20 million FY 2019-20 & later: -$40 million

Rebuilding North Carolina After Disasters

- Timing is critical in developing a comprehensive estimate of unmet needs and total state dollars needed
- A state request for additional federal disaster assistance is being developed and will be submitted within the next month
- Final estimates of the state's unmet needs are contingent on identification of FEMA-approved projects and Congressional action on a second federal assistance package
- Recommends $100 million to the Disaster Reserve and also adds over $300 million to the Savings Reserve to ensure adequate funds are available for critical disaster recovery projects

Rebuilding North Carolina After Disasters

Utilizes $15 million in unspent funds from FY 2016-17 and the $100 million allocated to the Disaster Reserve to meet immediate cash flow needs for FY 2017-18:

- $65 million in state match funds for federal emergency assistance programs
- $10 million to continue transitioning individuals from temporary to more stable housing solutions
- $10 million for 50 counties that received major disaster declarations to accelerate recovery planning and implementation efforts
- $30 million for critical unmet needs that are not eligible for federal funding for public assistance, soil and water, and damaged dam projects

Education Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Public Instruction						
Net Appropriation	$8,739,220,986	$527,860,902	$9,267,081,888	$8,723,720,986	$863,280,117	$9,587,001,103
FTEs	1,138.4	2.0	1,140.4	1,138.4	2.0	1,140.4
Community Colleges						
Net Appropriation	$1,068,233,344	$ 94,754,132	$1,162,987,476	$1,068,233,344	$ 91,211,831	$1,159,445,175
FTEs	198.5	-	198.5	198.5	-	198.5
Universities						
Net Appropriation	$2,781,596,348	$132,172,394	$2,913,768,742	$2,821,602,607	$175,103,488	$2,996,706,095
FTEs	35,141.1	45.1	35,186.2	35,141.1	45.1	35,186.2

Investments in education training will benefit the next generation, keep North Carolina's economy competitive, and make NC a Top Ten Educated State by 2025.

Make NC a Top 10 Educated State by 2025

Why it's Important

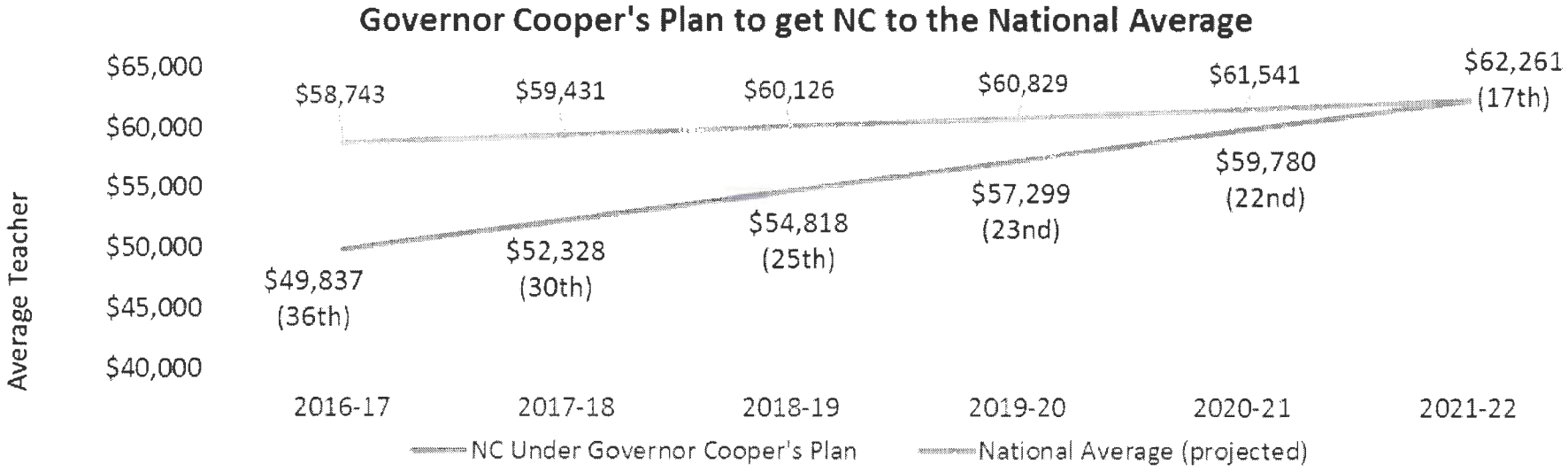
- Critical to North Carolina's economic competitiveness.
- 95% of all jobs created during economic recovery required some post-secondary education.

Overarching Goals

- Increase enrollment of 4 year-olds in pre-kindergarten programs from 22% to 55%.
- Improve high school graduation rate from 85.6% to 91%.
- Increase the percentage of adults (over 25) with an associates degree or higher from 39% to 55%.

Raising Teacher Pay

- Multi-year plan to invest $271M each year in teacher salaries
- More than a 5% average salary increase each year
- NC projected to **lead Southeast in 3 years** and reach national average in 5
- Provides $150 annual supply stipend to classroom teachers



- Assumes 1.17% annual growth in NEA National Average Teacher Salary.
- Assumes 1.17% annual growth for each state's average teacher salary, based on 2015-16 estimated state salaries reported to NEA. All states were re-ranked each year using projected figures.
- NC Average Teacher Salary assumes 2.68% annual growth in local supplement and accounts for attrition.

K-12 Education

- Provides $20M to raise principal and assistant principal salaries an average of 6.5%
- **Improves student outcomes** by investing $20M in flexible funding for additional school staff (e.g. behavioral staff, nurses, teacher assistants)
- Invests $13M for new textbooks and digital resources
- Provides an additional $10M to transform low-performing schools and improve student achievement

NC Community Colleges

- Creates **NC GROW** (Getting Ready for Opportunities in the Workforce) Scholarship in 2018-19
- Provides financial assistance to students pursuing short-term training that leads to an industry credential
- Invests $15M for workforce training programs and $3M to seed new, high-cost industry requested programs
- Includes $7.5M for advising, mentoring, streamlined curriculum, and other proven student supports

University of North Carolina

- Creates **NC Invents**, a $10M program to help universities identify technologies with commercial potential and attract investors
- Provides additional $2M for the UNC Research Opportunities Initiative which funds innovative research projects in science and technology
- Provides funding for NCSU to participate in two, innovative manufacturing partnerships in the fields of food processing and biopharmaceutical manufacturing

University of North Carolina - Continued

- Establishes a $3M competitive grant to fund strategies that raise UNC graduation rates
- Fully-Funds NC Promise Tuition Plan offering $500 tuition per semester for residents attending ECSU, UNCP, and WCU
- Creates **NC Best & Brightest** Program in 2018-19
  - Draws talented North Carolinians into teaching profession
  - Offers $10k per year forgivable loans to pursue education degree
  - Loan forgiven after 4 years of teaching in NC public school or 3 years teaching in a low-performing or low-wealth school

NC Education Lottery

Increase of 0.5% in advertising generates additional $29M

Total additional availability:

- 2017-18 $62.5M
- 2018-19 $90.7M

Governor recommends investing additional lottery revenues to fund:

- NC Promise Tuition Plan ($11M Increase)
- NC GROW
- NC Best & Brightest
- Financial Assistance for Short-Term Industry Credentials
- Increased Textbooks and Digital Learning Funding
- Additional School-Based Personnel to Improve Student Outcomes
- Advanced Teaching Roles and Student Outcomes Pilot

HHS Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Health and Human Services						
Net Appropriation	$5,273,912,402	$ 73,095,546	$5,347,007,948	$5,273,936,338	$211,389,824	$5,485,326,162
FTEs	17,095.7	146.0	17,241.7	17,095.7	224.0	17,319.7

Protecting the most vulnerable and helping people live healthy, productive lives.

Net Total Recommended Appropriations by DHHS Division

Division	FY 2017-18 Recommended	FY 2017-18 FTE	FY 2018-19 Recommended	FY 2018-19 FTE
Central Administration	$ 133,055,474	884.75	$ 147,700,477	906.75
Aging Services	$ 50,085,295	76	$ 50,085,295	76
Child Development	$ 286,443,810	327	$ 292,643,810	327
Public Health	$ 153,598,499	1,955.26	$ 157,681,288	1,997.26
Social Services	$ 197,195,172	428	$ 199,836,617	428
Medicaid	$ 3,735,442,930	416.51	$ 3,860,291,362	416.51
Health Choice	$ 458,280	2	$ 394,925	2
Health Benefits	$ 9,671,582	28	$ 9,671,582	28
Deaf/Blind Services	$ 8,333,453	332.09	$ 8,333,453	332.09
Mental Health	$ 714,714,598	11,218.30	$ 696,291,911	11,218.30
Health Services Regulation	$ 18,606,701	583.5	$ 22,975,875	597.5
Vocational Rehabilitation	$ 39,402,154	990.25	$ 39,419,567	990.25
TOTAL DHHS	$ ***5,347,007,948***	***17,241.66***	$ ***5,485,326,162***	***17,319.66***

Medicaid Rebase

	Net Appropriations		
	FY2016-17	FY 2017-18	FY2018-19
2016-17 Authorized Budget	$3,600,949,467	$3,600,949,467	$3,600,949,467
Budget Need (Based on Forecast)	$3,504,450,095	$3,688,557,389	$3,797,388,141
Increment of Change	***($96,499,372)***	***$87,607,922***	***$196,438,674***
Appropriations in Base Budget		*$83,846,588*	*$83,846,673*
Appropriations in Change Budget		*$3,761,334*	*$112,592,001*

- Provides funds for changes to enrollment, utilization, costs, rates and services associated with Medicaid program
- Assumes 5.6% and 5.0% enrollment growth for FY 2017-18 and FY 2018-19 respectively
- Federal Matching Funds increase from 66.88% in FY 2016-17 to 67.61% in FY 2017-18

Investments in Early Learning

- Expands funding and **eliminates the waitlist** for NC Pre-K to serve an estimated additional **4,668** at-risk four-year olds
- Invests $15 million in **Smart Start** to support early childhood educational outcomes and better prepare children for school
- Adds **2,000** subsidized child care slots for children from low-income working families

Mental Health

Base budget increases state-funded community mental health services by $152.8M, a portion of which is reinvested to targeted mental health needs

Priorities Supported from Reinvestment of Community Mental Health Funds	FY 2017-18	FY 2018-19
Invest in Key Rental Assistance	$2,000,000	$2,000,000
Extend Innovations Waiver Program: Lower-Acuity Individuals with Developmental Disabilities	$5,000,000	$10,000,000
Expand Innovations Waiver Program: Additional slots to serve individuals with Developmental Disabilities	$10,333,440	$20,666,880
Disability Rights of North Carolina Settlements: Specialty Treatment and Assessments	$6,247,128	$6,283,492
Local, In-Patient Three-Way Crisis Beds	$2,500,000	$2,500,000
US DOJ Settlement/Transition to Community Living	$8,889,875	$17,036,022
Opioid Package: Mental Health Services	$12,090,498	$10,869,498
Total Reinvestments	***$47,060,941***	***$69,355,892***

Other Major Recommendations

- Funds Graduate Medical Education payments paid to teaching hospitals in support of medical residents
- Supports low-income, elderly citizens by investing in the Home and Community Care Block Grant to help an estimated **1,500 citizens in all 100 counties** receive in-home aide, transportation and meals
- Makes a robust supply of state of the art adaptive equipment and assistive technologies available to disabled citizens to enable them to live, work, and be educated in their communities

Other Major Recommendations - Continued

- Provides permanent funds to implement the child welfare program improvement plan to improve outcomes for children and families
- Develops and implements the child welfare case management system in NC FAST to better track and serve children in the child welfare system
- Provides foster care payments to support growth in the number of children placed in a licensed foster home

JPS Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Justice and Public Safety						
Net Appropriation	$2,623,873,739	$139,391,709	$2,763,265,448	$2,625,721,976	$145,394,190	$2,771,116,166
FTEs	32,097.3	249.0	32,346.3	32,097.3	326.0	32,423.3

Keeping communities safe by responding to disasters, training and deploying law enforcement, and operating effective prisons.

Investing in Safer Communities

- Adds $13 million to reduce recidivism, continue Justice Reinvestment implementation, and promote successful re-entry
- Provides funding to support proposed Raise the Age legislation
- Provides $2 million to local, evidence-based intervention initiatives to reduce juvenile crime through the Juvenile Crime Prevention Councils
- Assists local law enforcement in its fight against opioid abuse through $2 million in grants awarded through the Governor's Crime Commission

Ensuring Equitable Justice

- Invests $1.8 million in core operations of the State Crime Lab
- Adds instructors to train local law enforcement on de-escalating confrontations and interacting with individuals with mental illness
- Provides a $5 per hour increase for private counsel representing persons declared indigent by the courts

NER Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Natural and Economic Resources						
Net Appropriation	$ 541,874,593	$168,296,722	$ 710,171,315	$ 541,888,192	$ 36,792,551	$ 578,680,743
FTEs	6,090.8	41.0	6,131.8	6,090.8	74.0	6,164.8

Making North Carolina a welcoming state for its people and businesses.

Economic Development

Invests $85M for local government infrastructure and assistance

- **NC Ready Sites - $30 million NR**
  Invests in developing publicly owned or controlled sites of 50-200 acres ready to attract significant economic development projects

- **Enhance Statewide Broadband Access - $20 million NR**
  Provides for broadband infrastructure enhancement including grants to local governments and telephone and electrical cooperatives for last mile and middle mile broadband projects

- **Building Reuse Program - $5 million NR**
  Finances grants to rural communities for the renovation of vacant and underutilized buildings to encourage business development

- **Main Street Solutions - $5 million NR**
  Provides reimbursable matching grants to local governments to assist planning agencies and small businesses with efforts to revitalize downtown areas

Economic Development - Continued

Promotes NC's favorable business climate with $48M for job retention and development

- **Manufacturing Site Development Fund - $20 million NR**
  Supports site acquisition and onsite preparation that is essential to attract major manufacturing employers

- **One NC Fund - $4 million NR - both years**
  Requires companies meet certain job creation and wage requirements, depending upon county tier classification

- **One NC Small Business Fund - $3 million NR**
  Provides early-stage technology development grants for small businesses that receive federal awards

- **Film & Entertainment Grant Program - $15 million NR**
  Provides funds to encourage the production of movies, TV shows, and commercials. Extends grant through 12/31/17 with new tax credit to start 1/1/18

- **F35 Lift Fan Facility Project - $3 million NR**
  Supports military presence in NC to assist with the capital construction costs of the proposed Lift Fan Facility at Marine Corps Air Station Cherry Point

Economic Development - Continued

Capitalizes on University innovation with $21M to promote commercialization of academic research and technology

- **NC Invents Program - $10 million NR**
  Establishes program to assist universities with identifying technologies with commercial potential and developing plan to make the technologies attractive to investors

- **UNC Cancer Research Fund - $4 million R**
  Restores total funding for the University Cancer Research Fund to $50 million annually

- **Food Processing Innovation Center - $700,000 R & $2.2 million NR**
  Provides funds for the Food Processing Innovation Center, to be housed at the NC Research Campus

- **NCSU Innovation in Manufacturing Biopharmaceuticals- $2 million R**
  Provides state matching funds for NCSU's participation in initiative designed to advance NC's leadership in the biopharmaceutical manufacturing sector

- **Innovation Fellowship Program - $445,000 R**
  Creates a statewide, competitive fellowship program to provide incentives to recent college graduates who are startup company founders

Protecting our Cultural and Natural Landscape

- **Protects NC's land and water resources** through investments in the Clean Water Management, Parks and Recreation, and Farmland Preservation trust funds
- **Safeguards our state for future generations** with $2 million to build capacity in the areas of sediment and erosion control, dam safety, water quality, and coal ash management
- **Enriches communities and classrooms** through $4 million for museum, school, and local arts programs
- **Enhances recreational opportunities** by supporting operating costs of NC Connect bond projects in state parks

General Government/IT Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
General Government/IT						
Net Appropriation	$ 435,672,893	$ 46,927,635	$ 482,600,528	$ 435,735,706	$ 21,990,647	$ 457,726,353
FTEs	4,124.3	103.6	4,227.9	4,124.3	103.6	4,227.9

Investments in North Carolina's military, small businesses, affordable housing, and cyber security will keep the state competitive and open for business.

General Government and IT Highlights

- Provides $40 million to replace the state's financial backbone, the North Carolina Accounting System, and to provide a scalable platform for other business and human resource functions
- Protects taxpayers' personal information with nearly $30 million to develop a more efficient tax collection platform and to combat identity theft and tax fraud
- Invests $4 million to retain and enhance military bases in NC through the Base Realignment and Closure (BRAC) process and to assist construction of the F-35 Lift Fan Facility at Marine Corps Air Station Cherry Point
- Restores $1.5 million for scholarships for children of war veterans
- Supports efforts to increase affordable housing availability with more than $25 million for the Housing Trust Fund and the Workforce Housing Loan program, and $4.2 million to improve access to housing for individuals with disabilities

Capital Budget Overview

Source of Funds	FY 2017-18	FY 2018-19	% of Total
General Fund	$23,141,000	$0	5.1%
Receipts	$54,289,900	$21,937,000	16.9%
Limited Obligation Bonds (State Agency)	$175,749,000	$0	39.0%
Limited Obligation Bonds (University)	$175,000,000	$0	38.9%

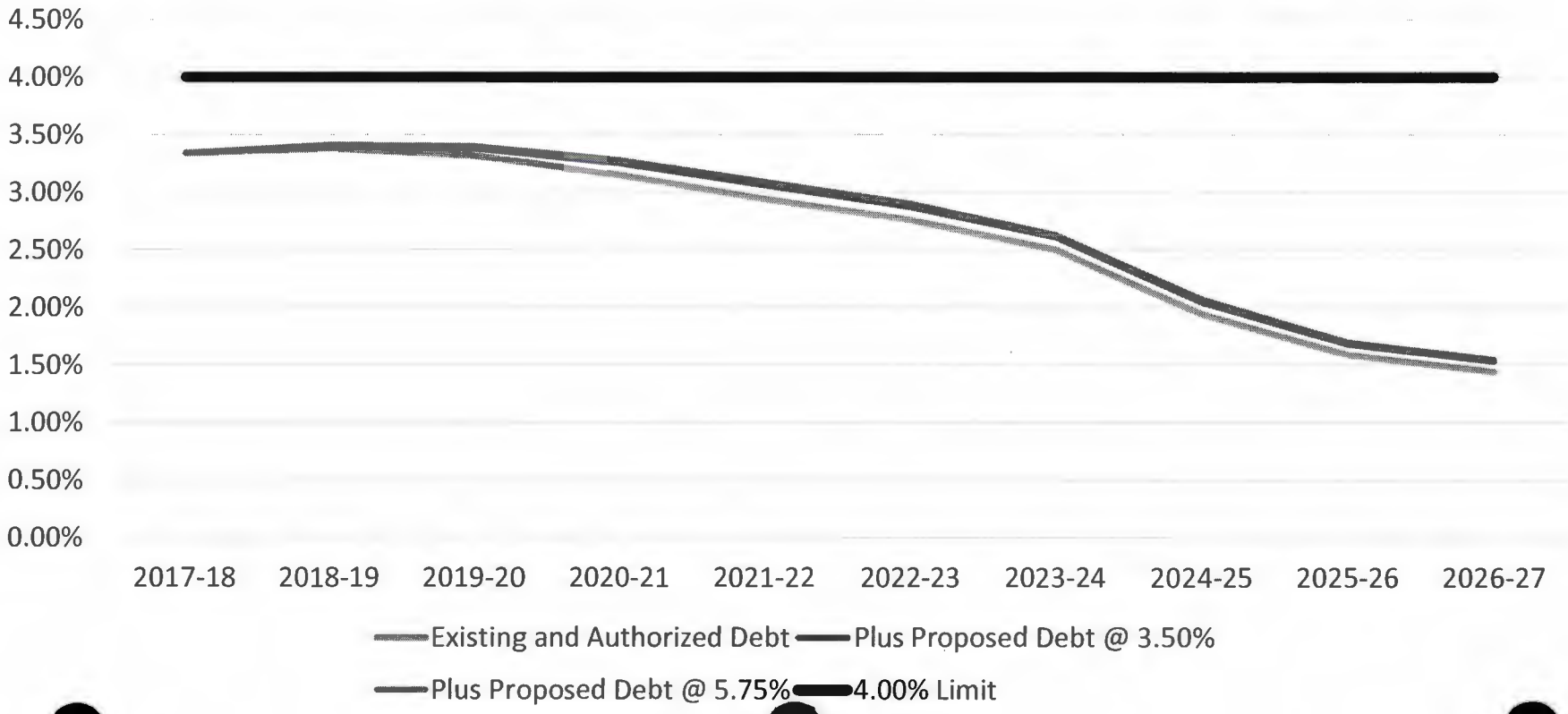
Location of Expenditure

Location	Amount	Percent
Wake County	$87,823,300	19.5%
Outside of Wake County*	$362,291,600	80.5%

* Includes "Statewide" items

Impact on Debt Affordability

- Impacts on Debt Affordability from this budget is negligible
- Remains $201.3 million below statutory limit for non-General Obligation Debt
- Leaves adequate Debt Affordability to address state emergencies



Transportation Budget Overview

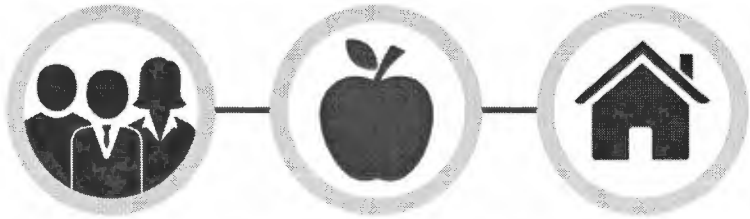
	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Highway Fund						
Net Appropriation	$2,048,690,000	$106,409,657	$2,155,099,657	$2,048,690,000	$135,609,657	$2,184,299,657
FTEs	12,316.0	27.0	12,343.0	12,316.0	35.0	12,351.0
Highway Trust Fund						
Net Appropriation	$1,371,280,000	$146,120,000	$1,517,400,000	$1,371,280,000	$171,520,000	$1,542,800,000
FTEs	-	-	-	-	-	-

Reliable roads, bridges, and transit infrastructure are critical to North Carolina's economic success.

Transportation Highlights

- Provides additional Highway Funds of over $76 million in in FY 2017-18 and over $114 million FY 2018-19 for highway maintenance, system preservation, and contract resurfacing
- Provides additional Highway Trust Funds of over $153 million in FY 2017-18 and over $181 million in FY 2018-19 to enhance transportation infrastructure supporting economic growth and job creation
- Provides an additional $3 million to DMV to meet customer needs through enhance online services, a new license office, and additional support staff
- Invests over $11 million in funds for upgrades and equipment at ferry facilities and to maintain rail services

Common Ground Solutions *for* NORTH CAROLINA



HOUSE

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: 03/02/17

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joy Hatley	NCDOT
Andy Miller	PEQ
Will Morgan	MFS
John Hardin	MFS
Mary Penny Kelley	DEQ
Laura Kilian	Vista
Brian Merrill	WRM
Jessica English	Office of Governor Cooper
Ann Anderson	OSBM
Shannon Creech	OSBM
Allison Diego	OSBM
CHRIS KAPSCH	OSBM
Sarah Grimsrud	OSBM
Providence HAKIZIMANA	OSBM
Josh Lanier	SML
Dodie Renfer	CCR
Rhaegan Jackson	Focus Carolina

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: 03/02/17

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Connor Bullard	House Intern (NCSU)
Maritza Avila	Rep Stevens
Amanda Donovan	TJS
Catherine Stagner	NCDA&CS
Jon Lanier	NCDA&CS
NICHOLE KARIM	NAMI NC
Jennifer Haywood	NCDOL
Sarah Beth Kanoy	NCDOL
Dawn Blagrove	CJPC
Rachel Batch	FBLaw
Isabel Villa-Garcia	NC REALTORS
Adam Ridenour	NCASA
Matthew Bullard	PPAB
Keri Arthur	NCRMA
Sarah McQuillan	KofNC
Thom Mayer	C CA
Robb Jansen	State Board of Ed.

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: 03/02/17

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susanna Davis	OSHR
Elizabeth Bise	Brooke Pierce
[illegible]	[illegible]
Christian Jones	Sen Waddell
SAM WATTS	NCDOT
[illegible]	UNC-[illegible]

Senate Committee on Appropriations/Base Budget
Thursday, March 2, 2017 at 8:30 AM
Room 643 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:35 AM on March 2, 2017 in Room 643 of the Legislative Office Building. Ten Senate members were present and sixty-four House members were present. Senator Kathy Harrington presided. Senator Harrington called the meeting to order and recognized the Sergeant-at-Arms and Pages.

Presentation of the Governor's 2017-2019 Recommended Budget
Charles Perusse

Director Perusse provided members with an overview of each section of the Governor's Recommended Budget entitled *Common Ground Solutions for North Carolina* and an executive summary entitled the Governor's Budget Recommendations for FY 2017-19.

Questions
Charles Perusse
State Budget Director

The meeting adjourned at 9:55 AM.

Kathy Harrington
Senator Kathy Harrington, Chair
Presiding

Mary Marchman
Mary Marchman, Committee Clerk

Attachments:

1. Committee Meeting Notice
2. Agenda
3. Minutes
4. Governor's Budget Recommendation: *Common Solutions for North Carolina*
5. An executive summary of the Governor's Budget Recommendations for FY 2017-19
6. Visitor's Registration

Principal Clerk ____
Reading Clerk ____

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations/Base Budget** will meet at the following time:

DAY	DATE	TIME	ROOM
Thursday	March 2, 2017	8:30 AM	643 LOB

The House and Senate Appropriations Committees will meet jointly for the presentation of the Governor's FY 2017-2019 Recommended Budget. Members should bring their copy of the budget with them to the presentation.

Senator Harry Brown, Co-Chair
Senator Kathy Harrington, Co-Chair
Senator Brent Jackson, Co-Chair

HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES

March 2, 2017
8:30 AM
643 Legislative Office Building

AGENDA

I. Opening Remarks

Rep. Nelson Dollar, Senior Chair
Rep. Dean Arp
Rep. John Faircloth
Rep. Donny Lambeth
Rep. Linda Johnson
Rep. Chuck McGrady

Sen. Harry Brown
Sen. Kathy Harrington
Sen. Brent Jackson

II. Introduction of Pages and Sergeants at Arms

III. Presentation on the Governor's Recommended Budget 2017-19:

Charles Perusse
State Budget Director
Office of State Budget and Management

IV. Adjourn

Senate Committee on Appropriations/Base Budget
Thursday, March 2, 2017 at 8:30 AM
Room 643 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:35 AM on March 2, 2017 in Room 643 of the Legislative Office Building. Ten Senate members were present and sixty-four House members were present. Senator Kathy Harrington presided. Senator Harrington called the meeting to order and recognized the Sergeant-at-Arms and Pages.

Presentation of the Governor's 2017-2019 Recommended Budget
Charles Perusse

Director Perusse provided members with an overview of each section of the Governor's Recommended Budget entitled *Common Ground Solutions for North Carolina* and an executive summary entitled the Governor's Budget Recommendations for FY 2017-19.

Questions
Charles Perusse
State Budget Director

The meeting adjourned at 9:55 AM.

Senator Kathy Harrington, Chair
Presiding

Mary Marchman, Committee Clerk

Attachments:

1. Committee Meeting Notice
2. Agenda
3. Minutes
4. Governor's Budget Recommendation: *Common Solutions for North Carolina*
5. An executive summary of the Governor's Budget Recommendations for FY 2017-19
6. Visitor's Registration

FY 2017-19
Presentation of Governor Roy Cooper's Recommended Budget

Charles Perusse
State Budget Director
Office of State Budget and Management
March 2, 2017

Common Ground Solutions *for* NORTH CAROLINA



ATTACHMENT 4

TABLE OF CONTENTS


State Highlights


Revenue and Budget Summary


Disaster Recovery


Education


Health and Human Services


Justice and Public Safety


Natural and Economic Resources


General Government


Capital Improvements


Transportation

Policy Priorities

- Making NC a Top 10 Educated State by 2025
- Growing Middle Class Paychecks
- Building Healthier and Safer Communities
- Protecting and Growing Our Natural and Cultural Resources
- Exercising Fiscal Responsibility

Focused on Identifying Common Ground Solutions

Guiding Budget Principles – Living Within Our Means

- No new taxes or fee increases
- No nonrecurring funds spent on recurring items
- No borrowing from special funds
- Substantial transfers to reserves
- Recurring availability on the bottom line in FY 2018-19

		FY 2017-18	FY 2018-19
1	**Budget Availability**		
2	Unappropriated Balance from Prior Fiscal Year	108,607,042	-
3	Over Collection of Revenues FY 2016-17 (as of 2/9/17 Consensus Forecast)	552,600,000	-
4	Reversions (estimated)	271,000,000	-
5	Carryforward Reserve Reversion (estimated)	50,000,000	-
6	Transfers to Reserves:		
7	Savings Reserve	(312,721,303)	-
8	Retiree Healthcare Reserve (OPEB Liability)	(150,000,000)	-
9	State Emergency Response & Disaster Relief Reserve	(100,000,000)	-
10	Repairs and Renovations Reserve	(100,000,000)	-
11	**Beginning Unreserved Fund Balance**	**319,485,739**	**-**
12			
13	**Base Revenue (as of 2/9/17 Consensus Forecast)**	**23,166,700,000**	**24,155,400,000**
14			
15	Revenue Changes:		
16	Child and Dependent Care Tax Credit	-	(52,500,000)
17	Film & Entertainment Tax Incentive (annualized cost of $40 million)	-	(20,000,000)
18	Direct Additional Funds to Golden LEAF Foundation	(10,000,000)	(10,000,000)
19	Treasurer and Insurance Nontax Transfers	2,556,461	2,473,890
20			
21	**Total Budget Availability**	**23,478,742,200**	**24,075,373,890**
22			
23			
24	**Recommended Appropriations**		
25	Base Budget	22,174,602,923	22,201,057,767

		FY 2017-18	FY 2018-19
27	Supporting NC's Human Capital		
28	Teacher Pay Plan (best in Southeast in 3 years; national average in 5 years)	271,000,000	542,000,000
29	School Based Administrators (SBAs) - 6.5% average raise	20,000,000	20,000,000
30	Teacher Stipend for Supplies ($150)	14,033,461	14,033,461
31	State Agency Teachers	1,414,136	2,828,273
32	State-funded Employees (excluding Teachers and SBAs) - greater of 2% or $800	177,944,210	177,944,210
33	All Employees (excluding Teachers and SBAs) $500 Bonus	78,593,785	-
34	Step Increases (Clerks, Magistrates, Highway Patrol)	6,400,377	6,400,377
35	Correctional Officer Pay Plan	18,382,021	18,382,021
36	SBI & ALE Salary Adjustments (5% average)	1,500,000	1,500,000
37	Labor - Occupational Safety & Health Inspectors Salary Adjustments	300,000	300,000
38	Community Colleges Salary Restoration	10,000,000	10,000,000
39	Market Adjustments (all to minimum; 5+ years additional)	16,017,467	16,017,467
40	Salary Adjustment Fund	5,000,000	5,000,000
41	State Health Plan Premiums	80,241,125	160,482,242
42	TSERS and Judicial Retirement System Actuarial Requirements	9,138,392	68,876,074
43	State LEO's Full Retirement at 25 Years of Service	6,800,000	7,300,000
44	Retiree Cost of Living Adjustment - one-time 1.5%	66,764,409	-
45	**Subtotal**	**783,529,383**	**1,051,064,125**

		FY 2017-18	FY 2018-19
47	Growing North Carolina's Economy		
48	Local Government Infrastructure & Assistance	86,340,000	2,340,000
49	University Research & Innovation	21,345,000	9,145,000
50	Business Recruitment & Development	48,250,000	4,000,000
51	State Infrastructure	48,322,770	71,290,832
52	**Subtotal**	**204,257,770**	**86,775,832**
53			
54	Making NC a Top Ten Educated State by 2025		
55	Public Schools	55,974,635	98,798,489
56	Community Colleges	38,396,083	39,037,583
57	UNC System	29,105,181	84,399,797
58	**Subtotal**	**123,475,899**	**222,235,869**
59			
60	Helping People Live Healthy, Productive Lives	58,501,051	198,080,148
61			
62	Keeping Communities Safe	37,722,221	51,999,446
63			
64	Making NC a Welcoming State for its People and Businesses	37,667,436	23,391,758
65			
66	Strengthening & Modernizing Core Government Services	58,985,517	14,723,769
67			
68	**Total Expansion Items**	**1,304,139,277**	**1,648,270,947**
69			
70	**Total Recommended Budget**	**23,478,742,200**	**23,849,328,714**
71			
72	**Balance**	**-**	**226,045,176**
73			
74	**Percent Growth from Prior Year**	**5.1%**	**1.6%**
75	**Percent Growth in Recurring Expenditures from Prior Year**	**3.2%**	**1.5%**

General Fund Revenue Outlook

Current-year overcollections estimated at **$552.6 million** (February revised consensus forecast)

- **Better-than-expected growth in wages and business income**

The consensus forecast, adjusted for two proposed revenue changes, projects growth of:

- **2.2% for FY 2017-18**
- **4.0% for FY 2018-19**

Baseline revenue growth projected to exceed 5.0% each year of the biennium

- **Above the long-term average**
- **Below levels experienced during prior economic expansions**

Revenue Proposal 1: NC Child & Dependent Care Credit

Provide a credit equal to:

- 50% of federal child and dependent care credit for children under age 6
- 35% for other eligible dependents

Phase out credit for households with AGI between $150k and $200k

Proposed credit:

- ✓ Is simpler to administer than previous NC child and dependent care credit
- ✓ Provides a larger credit to families with younger children, who typically have higher child care expenses and lower family incomes
- ✓ Uses credit phase-out for higher-income households to reduce the revenue cost and target benefits to moderate and middle-income families

Estimated revenue impact of -$52.5M/year

Revenue Proposal 1: NC Child & Dependent Care Credit Hypothetical Taxpayer Examples

Family Description	North Carolina Tax Liability (Tax Change in Parentheses) Current Law	Restore Pre-2014 NC CDCTC	Proposed NC CDCTC
Single parent with two children, ages 4 and 8, with $35,000 in earnings and $8,000 in daycare expenses for younger child	$955	$655 (-$300)	$580 (-$375)
Single parent with one child, age 2, with $40,000 in earnings and $8,000 in daycare expenses	$1,330	$1,030 (-$300)	$1,000 (-$330)
Married couple with two children, ages 4 and 8, with $110,000 in earnings and $10,000 in daycare expenses for younger child and $2,000 in after-school care expenses for older child	$5,087	$4,647 (-$440)	$4,647 (-$440)
Married couple with two children, ages 7 and 9, with $80,000 in earnings and $5,000 in after-school care expenses for their children	$3,237	$2,887 (-$350)	$2,887 (-$350)

Revenue Proposal 2: Film & Entertainment Tax Incentive Rebate

Provision	Production Tax Credit (2011-2014 version)	Film & Entertainment Grant Program	Proposed Film & Entertainment Tax Incentive
Effective	January 1, 2011	January 1, 2015	January 1, 2018
Per Project Cap	$20 million (no cap for television series)	$9 million for television series $5 million for feature films $250,000 for commercials	$9 million for television series $12 million for feature films $250,000 for commercials
Incentive	25% of qualified spending	25% of qualified spending	25% of qualified spending
Qualified Labor	First $1 million per individual qualify	First $1 million per individual qualify	First $1 million per individual qualify
Qualified Expenses	Goods/ Services/ Compensation & Wages/ Insurance/ Fringes/ Per Diems/ Living Expenses & Stipends	Goods/ Services/ Compensation & Wages/ Fringes/ Per Diems/ Living Expenses & Stipends	Goods/ Services/ Compensation & Wages/ Fringes/ Per Diems/ Living Expenses & Stipends
Minimum Spend	$250,000	$1 million (average) per TV episode $5 million for feature films $250,000 for commercials	$1 million (avg.) per TV episode $5 million for feature films $250,000 for commercials
Annual Cap	No cap	$30 million in FY 2016-17	No cap
Fiscal Impact	FY 2011-12: -$24.3 million FY 2012-13: -$60.1 million FY 2013-14: -$43.0 million FY 2014-15: -$59.5 million	FY 2014-15: -$10 million FY 2015-16: -$30 million FY 2016-17: -$30 million FY 2017-18: -$15 million (proposed)	*Projected Impacts:* FY 2018-19: -$20 million FY 2019-20 & later: -$40 million

Rebuilding North Carolina After Disasters

- Timing is critical in developing a comprehensive estimate of unmet needs and total state dollars needed
- A state request for additional federal disaster assistance is being developed and will be submitted within the next month
- Final estimates of the state's unmet needs are contingent on identification of FEMA-approved projects and Congressional action on a second federal assistance package
- Recommends $100 million to the Disaster Reserve and also adds over $300 million to the Savings Reserve to ensure adequate funds are available for critical disaster recovery projects

Rebuilding North Carolina After Disasters

Utilizes $15 million in unspent funds from FY 2016-17 and the $100 million allocated to the Disaster Reserve to meet immediate cash flow needs for FY 2017-18:

- $65 million in state match funds for federal emergency assistance programs
- $10 million to continue transitioning individuals from temporary to more stable housing solutions
- $10 million for 50 counties that received major disaster declarations to accelerate recovery planning and implementation efforts
- $30 million for critical unmet needs that are not eligible for federal funding for public assistance, soil and water, and damaged dam projects

Education Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Public Instruction						
Net Appropriation	$8,739,220,986	$527,860,902	$9,267,081,888	$8,723,720,986	$863,280,117	$9,587,001,103
FTEs	1,138.4	2.0	1,140.4	1,138.4	2.0	1,140.4
Community Colleges						
Net Appropriation	$1,068,233,344	$ 94,754,132	$1,162,987,476	$1,068,233,344	$ 91,211,831	$1,159,445,175
FTEs	198.5	-	198.5	198.5	-	198.5
Universities						
Net Appropriation	$2,781,596,348	$132,172,394	$2,913,768,742	$2,821,602,607	$175,103,488	$2,996,706,095
FTEs	35,141.1	45.1	35,186.2	35,141.1	45.1	35,186.2

Investments in education training will benefit the next generation, keep North Carolina's economy competitive, and make NC a Top Ten Educated State by 2025.

Make NC a Top 10 Educated State by 2025

Why it's Important

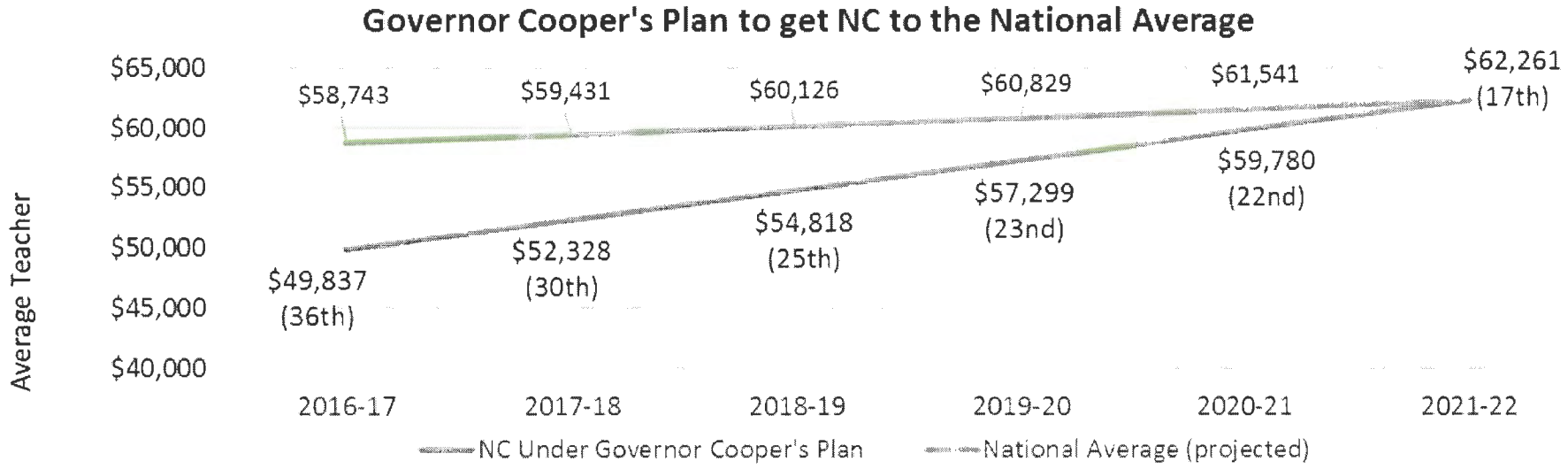
- Critical to North Carolina's economic competitiveness.
- 95% of all jobs created during economic recovery required some post-secondary education.

Overarching Goals

- Increase enrollment of 4 year-olds in pre-kindergarten programs from 22% to 55%.
- Improve high school graduation rate from 85.6% to 91%.
- Increase the percentage of adults (over 25) with an associates degree or higher from 39% to 55%.

Raising Teacher Pay

- Multi-year plan to invest $271M each year in teacher salaries
- More than a 5% average salary increase each year
- NC projected to **lead Southeast in 3 years** and reach national average in 5
- Provides $150 annual supply stipend to classroom teachers



- Assumes 1.17% annual growth in NEA National Average Teacher Salary.
- Assumes 1.17% annual growth for each state's average teacher salary, based on 2015-16 estimated state salaries reported to NEA. All states were re-ranked each year using projected figures.
- NC Average Teacher Salary assumes 2.68% annual growth in local supplement and accounts for attrition.

K-12 Education

- Provides $20M to raise principal and assistant principal salaries an average of 6.5%
- **Improves student outcomes** by investing $20M in flexible funding for additional school staff (e.g. behavioral staff, nurses, teacher assistants)
- Invests $13M for new textbooks and digital resources
- Provides an additional $10M to transform low-performing schools and improve student achievement

NC Community Colleges

- Creates **NC GROW** (Getting Ready for Opportunities in the Workforce) Scholarship in 2018-19
- Provides financial assistance to students pursuing short-term training that leads to an industry credential
- Invests $15M for workforce training programs and $3M to seed new, high-cost industry requested programs
- Includes $7.5M for advising, mentoring, streamlined curriculum, and other proven student supports

University of North Carolina

- Creates **NC Invents**, a $10M program to help universities identify technologies with commercial potential and attract investors
- Provides additional $2M for the UNC Research Opportunities Initiative which funds innovative research projects in science and technology
- Provides funding for NCSU to participate in two, innovative manufacturing partnerships in the fields of food processing and biopharmaceutical manufacturing

University of North Carolina - Continued

- Establishes a $3M competitive grant to fund strategies that raise UNC graduation rates
- Fully-Funds NC Promise Tuition Plan offering $500 tuition per semester for residents attending ECSU, UNCP, and WCU
- Creates **NC Best & Brightest** Program in 2018-19
  - Draws talented North Carolinians into teaching profession
  - Offers $10k per year forgivable loans to pursue education degree
  - Loan forgiven after 4 years of teaching in NC public school or 3 years teaching in a low-performing or low-wealth school

NC Education Lottery

Increase of 0.5% in advertising generates additional $29M

Total additional availability:

- 2017-18 $62.5M
- 2018-19 $90.7M

Governor recommends investing additional lottery revenues to fund:

- NC Promise Tuition Plan ($11M Increase)
- NC GROW
- NC Best & Brightest
- Financial Assistance for Short-Term Industry Credentials
- Increased Textbooks and Digital Learning Funding
- Additional School-Based Personnel to Improve Student Outcomes
- Advanced Teaching Roles and Student Outcomes Pilot

HHS Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Health and Human Services						
Net Appropriation	$5,273,912,402	$ 73,095,546	$5,347,007,948	$5,273,936,338	$211,389,824	$5,485,326,162
FTEs	17,095.7	146.0	17,241.7	17,095.7	224.0	17,319.7

Protecting the most vulnerable and helping people live healthy, productive lives.

Net Total Recommended Appropriations by DHHS Division

Division	FY 2017-18 Recommended	FY 2017-18 FTE	FY 2018-19 Recommended	FY 2018-19 FTE
Central Administration	$ 133,055,474	884.75	$ 147,700,477	906.75
Aging Services	$ 50,085,295	76	$ 50,085,295	76
Child Development	$ 286,443,810	327	$ 292,643,810	327
Public Health	$ 153,598,499	1,955.26	$ 157,681,288	1,997.26
Social Services	$ 197,195,172	428	$ 199,836,617	428
Medicaid	$ 3,735,442,930	416.51	$ 3,860,291,362	416.51
Health Choice	$ 458,280	2	$ 394,925	2
Health Benefits	$ 9,671,582	28	$ 9,671,582	28
Deaf/Blind Services	$ 8,333,453	332.09	$ 8,333,453	332.09
Mental Health	$ 714,714,598	11,218.30	$ 696,291,911	11,218.30
Health Services Regulation	$ 18,606,701	583.5	$ 22,975,875	597.5
Vocational Rehabilitation	$ 39,402,154	990.25	$ 39,419,567	990.25
TOTAL DHHS	$ ***5,347,007,948***	***17,241.66***	$ ***5,485,326,162***	***17,319.66***

Medicaid Rebase

	Net Appropriations		
	FY2016-17	FY 2017-18	FY2018-19
2016-17 Authorized Budget	$3,600,949,467	$3,600,949,467	$3,600,949,467
Budget Need (Based on Forecast)	$3,504,450,095	$3,688,557,389	$3,797,388,141
Increment of Change	***($96,499,372)***	***$87,607,922***	***$196,438,674***
Appropriations in Base Budget		*$83,846,588*	*$83,846,673*
Appropriations in Change Budget		*$3,761,334*	*$112,592,001*

- Provides funds for changes to enrollment, utilization, costs, rates and services associated with Medicaid program
- Assumes 5.6% and 5.0% enrollment growth for FY 2017-18 and FY 2018-19 respectively
- Federal Matching Funds increase from 66.88% in FY 2016-17 to 67.61% in FY 2017-18

Investments in Early Learning

- Expands funding and **eliminates the waitlist** for NC Pre-K to serve an estimated additional **4,668** at-risk four-year olds
- Invests $15 million in **Smart Start** to support early childhood educational outcomes and better prepare children for school
- Adds **2,000** subsidized child care slots for children from low-income working families

Mental Health

Base budget increases state-funded community mental health services by $152.8M, a portion of which is reinvested to targeted mental health needs

Priorities Supported from Reinvestment of Community Mental Health Funds	FY 2017-18	FY 2018-19
Invest in Key Rental Assistance	$2,000,000	$2,000,000
Extend Innovations Waiver Program: Lower-Acuity Individuals with Developmental Disabilities	$5,000,000	$10,000,000
Expand Innovations Waiver Program: Additional slots to serve individuals with Developmental Disabilities	$10,333,440	$20,666,880
Disability Rights of North Carolina Settlements: Specialty Treatment and Assessments	$6,247,128	$6,283,492
Local, In-Patient Three-Way Crisis Beds	$2,500,000	$2,500,000
US DOJ Settlement/Transition to Community Living	$8,889,875	$17,036,022
Opioid Package: Mental Health Services	$12,090,498	$10,869,498
Total Reinvestments	***$47,060,941***	***$69,355,892***

Other Major Recommendations

- Funds Graduate Medical Education payments paid to teaching hospitals in support of medical residents
- Supports low-income, elderly citizens by investing in the Home and Community Care Block Grant to help an estimated **1,500 citizens in all 100 counties** receive in-home aide, transportation and meals
- Makes a robust supply of state of the art adaptive equipment and assistive technologies available to disabled citizens to enable them to live, work, and be educated in their communities

Other Major Recommendations - Continued

- Provides permanent funds to implement the child welfare program improvement plan to improve outcomes for children and families
- Develops and implements the child welfare case management system in NC FAST to better track and serve children in the child welfare system
- Provides foster care payments to support growth in the number of children placed in a licensed foster home

JPS Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Justice and Public Safety						
Net Appropriation	$2,623,873,739	$139,391,709	$2,763,265,448	$2,625,721,976	$145,394,190	$2,771,116,166
FTEs	32,097.3	249.0	32,346.3	32,097.3	326.0	32,423.3

Keeping communities safe by responding to disasters, training and deploying law enforcement, and operating effective prisons.

Investing in Safer Communities

- Adds $13 million to reduce recidivism, continue Justice Reinvestment implementation, and promote successful re-entry
- Provides funding to support proposed Raise the Age legislation
- Provides $2 million to local, evidence-based intervention initiatives to reduce juvenile crime through the Juvenile Crime Prevention Councils
- Assists local law enforcement in its fight against opioid abuse through $2 million in grants awarded through the Governor's Crime Commission

Ensuring Equitable Justice

- Invests $1.8 million in core operations of the State Crime Lab
- Adds instructors to train local law enforcement on de-escalating confrontations and interacting with individuals with mental illness
- Provides a $5 per hour increase for private counsel representing persons declared indigent by the courts

NER Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Natural and Economic Resources						
Net Appropriation	$ 541,874,593	$168,296,722	$ 710,171,315	$ 541,888,192	$ 36,792,551	$ 578,680,743
FTEs	6,090.8	41.0	6,131.8	6,090.8	74.0	6,164.8

Making North Carolina a welcoming state for its people and businesses.

Economic Development

Invests $85M for local government infrastructure and assistance

- **NC Ready Sites - $30 million NR**
  Invests in developing publicly owned or controlled sites of 50-200 acres ready to attract significant economic development projects

- **Enhance Statewide Broadband Access - $20 million NR**
  Provides for broadband infrastructure enhancement including grants to local governments and telephone and electrical cooperatives for last mile and middle mile broadband projects

- **Building Reuse Program - $5 million NR**
  Finances grants to rural communities for the renovation of vacant and underutilized buildings to encourage business development

- **Main Street Solutions - $5 million NR**
  Provides reimbursable matching grants to local governments to assist planning agencies and small businesses with efforts to revitalize downtown areas

Economic Development - Continued

Promotes NC's favorable business climate with $48M for job retention and development

- **Manufacturing Site Development Fund - $20 million NR**
  Supports site acquisition and onsite preparation that is essential to attract major manufacturing employers

- **One NC Fund - $4 million NR - both years**
  Requires companies meet certain job creation and wage requirements, depending upon county tier classification

- **One NC Small Business Fund - $3 million NR**
  Provides early-stage technology development grants for small businesses that receive federal awards

- **Film & Entertainment Grant Program - $15 million NR**
  Provides funds to encourage the production of movies, TV shows, and commercials. Extends grant through 12/31/17 with new tax credit to start 1/1/18

- **F35 Lift Fan Facility Project - $3 million NR**
  Supports military presence in NC to assist with the capital construction costs of the proposed Lift Fan Facility at Marine Corps Air Station Cherry Point

Economic Development - Continued

Capitalizes on University innovation with $21M to promote commercialization of academic research and technology

- **NC Invents Program - $10 million NR**
  Establishes program to assist universities with identifying technologies with commercial potential and developing plan to make the technologies attractive to investors

- **UNC Cancer Research Fund - $4 million R**
  Restores total funding for the University Cancer Research Fund to $50 million annually

- **Food Processing Innovation Center - $700,000 R & $2.2 million NR**
  Provides funds for the Food Processing Innovation Center, to be housed at the NC Research Campus

- **NCSU Innovation in Manufacturing Biopharmaceuticals- $2 million R**
  Provides state matching funds for NCSU's participation in initiative designed to advance NC's leadership in the biopharmaceutical manufacturing sector

- **Innovation Fellowship Program - $445,000 R**
  Creates a statewide, competitive fellowship program to provide incentives to recent college graduates who are startup company founders

Protecting our Cultural and Natural Landscape

- **Protects NC's land and water resources** through investments in the Clean Water Management, Parks and Recreation, and Farmland Preservation trust funds
- **Safeguards our state for future generations** with $2 million to build capacity in the areas of sediment and erosion control, dam safety, water quality, and coal ash management
- **Enriches communities and classrooms** through $4 million for museum, school, and local arts programs
- **Enhances recreational opportunities** by supporting operating costs of NC Connect bond projects in state parks

General Government/IT Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
General Government/IT						
Net Appropriation	$ 435,672,893	$ 46,927,635	$ 482,600,528	$ 435,735,706	$ 21,990,647	$ 457,726,353
FTEs	4,124.3	103.6	4,227.9	4,124.3	103.6	4,227.9

Investments in North Carolina's military, small businesses, affordable housing, and cyber security will keep the state competitive and open for business.

General Government and IT Highlights

- Provides $40 million to replace the state's financial backbone, the North Carolina Accounting System, and to provide a scalable platform for other business and human resource functions
- Protects taxpayers' personal information with nearly $30 million to develop a more efficient tax collection platform and to combat identity theft and tax fraud
- Invests $4 million to retain and enhance military bases in NC through the Base Realignment and Closure (BRAC) process and to assist construction of the F-35 Lift Fan Facility at Marine Corps Air Station Cherry Point
- Restores $1.5 million for scholarships for children of war veterans
- Supports efforts to increase affordable housing availability with more than $25 million for the Housing Trust Fund and the Workforce Housing Loan program, and $4.2 million to improve access to housing for individuals with disabilities

Capital Budget Overview

Source of Funds	FY 2017-18	FY 2018-19	% of Total
General Fund	$23,141,000	$0	5.1%
Receipts	$54,289,900	$21,937,000	16.9%
Limited Obligation Bonds (State Agency)	$175,749,000	$0	39.0%
Limited Obligation Bonds (University)	$175,000,000	$0	38.9%

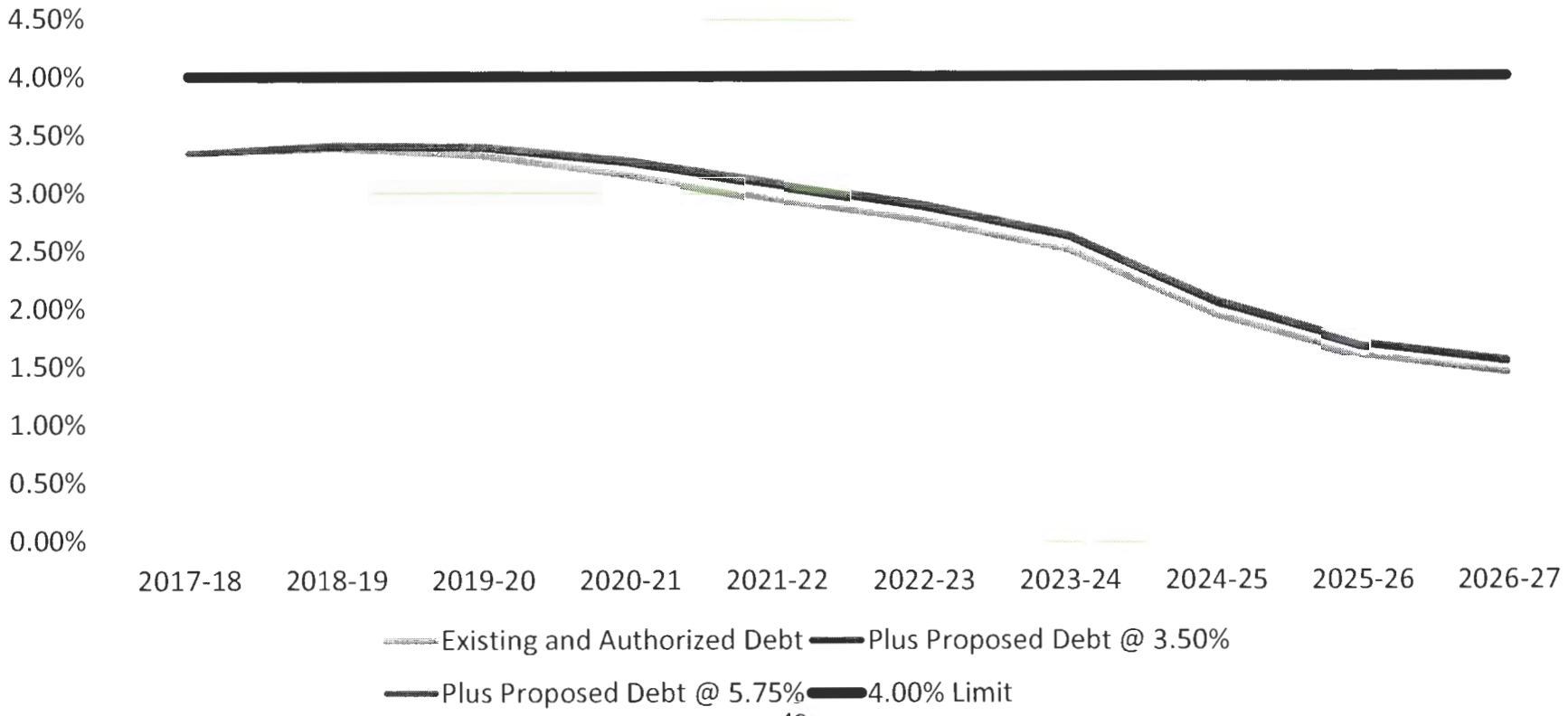
Location of Expenditure

Location	Amount	Percent
Wake County	$87,823,300	19.5%
Outside of Wake County*	$362,291,600	80.5%

* Includes "Statewide" items

Impact on Debt Affordability

- Impacts on Debt Affordability from this budget is negligible
- Remains $201.3 million below statutory limit for non-General Obligation Debt
- Leaves adequate Debt Affordability to address state emergencies



Transportation Budget Overview

	FY 2017-18			FY 2018-19		
	Base Budget	Change	Recommended	Base Budget	Change	Recommended
Highway Fund						
Net Appropriation	$2,048,690,000	$106,409,657	$2,155,099,657	$2,048,690,000	$135,609,657	$2,184,299,657
FTEs	12,316.0	27.0	12,343.0	12,316.0	35.0	12,351.0
Highway Trust Fund						
Net Appropriation	$1,371,280,000	$146,120,000	$1,517,400,000	$1,371,280,000	$171,520,000	$1,542,800,000
FTEs	-	-	-	-	-	-

Reliable roads, bridges, and transit infrastructure are critical to North Carolina's economic success.

Transportation Highlights

- Provides additional Highway Funds of over $76 million in in FY 2017-18 and over $114 million FY 2018-19 for highway maintenance, system preservation, and contract resurfacing
- Provides additional Highway Trust Funds of over $153 million in FY 2017-18 and over $181 million in FY 2018-19 to enhance transportation infrastructure supporting economic growth and job creation
- Provides an additional $3 million to DMV to meet customer needs through enhance online services, a new license office, and additional support staff
- Invests over $11 million in funds for upgrades and equipment at ferry facilities and to maintain rail services

Common Ground Solutions *for* NORTH CAROLINA



	Governor's Budget Recommendations for FY 2017-19		
		FY 2017-18	FY 2018-19
1	**Budget Availability**		
2	Unappropriated Balance from Prior Fiscal Year	108,607,042	-
3	Over Collection of Revenues FY 2016-17 (as of 2/9/17 Consensus Forecast)	552,600,000	-
4	Reversions (estimated)	271,000,000	-
5	Carryforward Reserve Reversion (estimated)	50,000,000	-
6	Transfers to Reserves:		
7	Savings Reserve	(312,721,303)	-
8	Retiree Healthcare Reserve (OPEB Liability)	(150,000,000)	-
9	State Emergency Response & Disaster Relief Reserve	(100,000,000)	-
10	Repairs and Renovations Reserve	(100,000,000)	-
11	**Beginning Unreserved Fund Balance**	**319,485,739**	-
12			
13	**Base Revenue (as of 2/9/17 Consensus Forecast)**	**23,166,700,000**	**24,155,400,000**
14			
15	Revenue Changes:		
16	Child and Dependent Care Tax Credit	-	(52,500,000)
17	Film & Entertainment Tax Incentive (annualized cost of $40 million)	-	(20,000,000)
18	Direct Additional Funds to Golden LEAF Foundation	(10,000,000)	(10,000,000)
19	Treasurer and Insurance Nontax Transfers	2,556,461	2,473,890
20			
21	**Total Budget Availability**	**23,478,742,200**	**24,075,373,890**
22			
23			
24	**Recommended Appropriations**		
25	Base Budget	22,174,602,923	22,201,057,767
26			
27	Supporting NC's Human Capital		
28	Teacher Pay Plan (best in Southeast in 3 years; national average in 5 years)	271,000,000	542,000,000
29	School Based Administrators (SBAs) - 6.5% average raise	20,000,000	20,000,000
30	Teacher Stipend for Supplies ($150)	14,033,461	14,033,461
31	State Agency Teachers	1,414,136	2,828,273
32	State-funded Employees (excluding Teachers and SBAs) - greater of 2% or $800	177,944,210	177,944,210
33	All Employees (excluding Teachers and SBAs) $500 Bonus	78,593,785	-
34	Step Increases (Clerks, Magistrates, Highway Patrol)	6,400,377	6,400,377
35	Correctional Officer Pay Plan	18,382,021	18,382,021
36	SBI & ALE Salary Adjustments (5% average)	1,500,000	1,500,000
37	Labor - Occupational Safety & Health Inspectors Salary Adjustments	300,000	300,000
38	Community Colleges Salary Restoration	10,000,000	10,000,000
39	Market Adjustments (all to minimum; 5+ years additional)	16,017,467	16,017,467
40	Salary Adjustment Fund	5,000,000	5,000,000
41	State Health Plan Premiums	80,241,125	160,482,242
42	TSERS and Judicial Retirement System Actuarial Requirements	9,138,392	68,876,074
43	State LEO's Full Retirement at 25 Years of Service	6,800,000	7,300,000
44	Retiree Cost of Living Adjustment - one-time 1.5%	66,764,409	-
45	**Subtotal**	**783,529,383**	**1,051,064,125**
46			
47	Growing North Carolina's Economy		
48	Local Government Infrastructure & Assistance	86,340,000	2,340,000
49	University Research & Innovation	21,345,000	9,145,000
50	Business Recruitment & Development	48,250,000	4,000,000
51	State Infrastructure	48,322,770	71,290,832
52	**Subtotal**	**204,257,770**	**86,775,832**
53			
54	Making NC a Top Ten Educated State by 2025		
55	Public Schools	55,974,635	98,798,489
56	Community Colleges	38,396,083	39,037,583
57	UNC System	29,105,181	84,399,797
58	**Subtotal**	**123,475,899**	**222,235,869**
59			
60	Helping People Live Healthy, Productive Lives	58,501,051	198,080,148
61			
62	Keeping Communities Safe	37,722,221	51,999,446
63			
64	Making NC a Welcoming State for its People and Businesses	37,667,436	23,391,758
65			
66	Strengthening & Modernizing Core Government Services	58,985,517	14,723,769
67			
68	**Total Expansion Items**	**1,304,139,277**	**1,648,270,947**
69			
70	**Total Recommended Budget**	**23,478,742,200**	**23,849,328,714**
71			
72	**Balance**	**-**	**226,045,176**
73			
74	**Percent Growth from Prior Year**	**5.1%**	**1.6%**
75	**Percent Growth in Recurring Expenditures from Prior Year**	**3.2%**	**1.5%**
76			

ATTACHMENT 6

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: 03/02/17

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
George Robinson	DOI
Betty Baxter	UNC Chapel Hill
[illegible]	Policy Group
[illegible]	[illegible]
Bryan Conrad	OSBM
James Robinson	OSBM
Jennifer Nusner	OSBM
[illegible]	NCCCS
[illegible]	OSBM
Bonnie Queen	OSBM
[illegible]	OSBM
Andrew Shaw	OSBM
Monica Scott	OSBM
Marks Bond	OSBM
Mildred Spearman	NCAOC
[illegible]	

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: 03/02/17

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Troughton	NWC
John Brame	NCGA - Rep John Bell
Jonathan Yeomans	OSBM
[illegible]	None
[illegible]	NCFPC
Caitlin Saunders	Rep. Craig Meyer
Michael Leighs	NCPC
Julia Adams-Sidwick	Jack Cely, SE
LT McCrimmon	DHHS

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: 03/02/17

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Marsha Overby	DPS- SHP
Alan Melvin	DPS- SHP
Richard Bostic	NC SBM
Bonnie Muldwurf	NCSBA
Jonathan Kappler	UNC GA
Tom Vest	NCICU
Henry M Lancaster	LCA
	NWC
	NCS
Lex Janes	DNCR
Kim Burgess	Gateway Health
David McNeil	UNC-GA
Ken Wright	NCDOR
Starnes	OST
David Collins	SEANC
Andy Bandon	NCDPS
Nick Tilm	

Corrected #4: JT Appropriations will meet at 5:00pm. The bill is the Conference report for SB582. Members please bring your electronic devices-computers.Time is 5:00pm

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION

You are hereby notified that the **House Committee on Appropriations** will meet **JOINTLY** as follows:

DAY & DATE: Wednesday, October 4, 2017
TIME: **5:00 PM**
LOCATION: **643 LOB**

Respectfully,
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 4:16 PM on Wednesday, October 04, 2017.

___ Principal Clerk
___ Reading Clerk – House Chamber

Candace Slate (Committee Assistant)

2017-18 ATTENDANCE

Appropriations Committee JT Meeting

DATES	10-4-17														
Rep. Nelson Dollar, Senior Chair	X														
Rep. Dean Arp, Chair	X														
Rep. Justin Burr, Chair	X														
Rep. John Faircloth, Chair	X														
Rep. Linda Johnson, Chair	X														
Rep. Donny Lambeth, Chair	X														
Rep. Chuck McGrady, Chair	X														
Rep. Gale Adcock															
Rep. John Ager	X														
Rep. John Autry	X														
Rep. Cynthia Ball	X														
Rep. Mary Belk	X														
Rep. John Bell	X														
Rep. Larry Bell	X														
Rep. MaryAnn Black	X														
Rep. Hugh Blackwell															
Rep. Jamie Boles	X														
Rep. Beverly Boswell	X														
Rep. Bill Brawley	X														
Rep. William Brisson	X														
Rep. Cecil Brockman	X														
Rep. Mark Brody	X														
Rep. Dana Bumgardner	X														
Rep. Mike Clampitt	X														
Rep. George Cleveland	X														
Rep. Debra Conrad	X														
Rep. Kevin Corbin	X														

Rep. Carla Cunningham	X														
Rep. Ted Davis	X														
Rep. Jimmy Dixon	X														
Rep. Josh Dobson	X														
Rep. Andy Dulin	X														
Rep. Beverly Earle	X														
Rep. Jeffrey Elmore															
Rep. Jean Farmer-Butterfield															
Rep. Susan Fisher	X														
Rep. Elmer Floyd	X														
Rep. Carl Ford	X														
Rep. Rep. John Fraley	X														
Rep. Terry Garrison	X														
Rep. Rosa Gill	X														
Rep. C Graham															
Rep. G. Graham	X														
Rep. Holly Grange	X														
Rep. Duane Hall															
Rep. Kyle Hall	X														
Rep. Jon Hardister	X														
Rep. Pricey Harrison	X														
Rep. Craig Horn	X														
Rep. Howard Hunter	X														
Rep. Pat Hurley	X														
Rep. Frank Iler	X														
Rep. Verla Insko	X														
Rep. Darren Jackson	X														
Rep. Joe John	X														
Rep. Brenden Jones	X														
Rep. David Lewis	X														
Rep. Marvin Lucas															
Rep. Chris Malone	X														
Rep. Grier Martin	X														

Rep. Mickey Michaux	X														
Rep. Pat McElraft	X														
Rep. Allen McNeill	X														
Rep. Greg Murphy, MD															
Rep. Garland Pierce	X														
Rep. Larry Pittman	X														
Rep. Larry Potts	X														
Rep. Michele Presnell	X														
Rep. Amos Quick	X														
Rep. B. Richardson															
Rep. W. Richardson															
Rep. Dennis Riddell	X														
Rep. David Rogers	X														
Rep. Stephen Ross	X														
Rep. Jason Saine	X														
Rep. John Sauls	X														
Rep. Mitchell Setzer															
Rep. Phillip Shepard	X														
Rep. Michael Speciale	X														
Rep. Sarah Stevens	X														
Rep. Larry Strickland	X														
Rep. Evelyn Terry	X														
Rep. John Torbett	X														
Rep. Brian Turner															
Rep. Rena Turner	X														
Rep. Sam Watford															
Rep. Donna McDowell White	X														
Rep. Shelly Willingham	X														
Rep. Michael Wray	X														
Rep. Larry Yarborough															
Rep. Lee Zachary	X														

Appropriations Staff:	
Karen Hammonds-Blanks	X
Brian Matteson	X
Phyllis Pickett	X
Joyce Jones	X
9.26.17	
(91)	

MINUTES
JOINT SENATE & HOUSE APPROPRIATIONS COMMITTEE
Wednesday, October 4, 2017
6:00 p.m.
Legislative Office Building, Room 643

ATTENDEES:
Chairmen: Representatives Dollar, Arp, Burr, Faircloth, L. Johnson, Lambeth, and McGrady

Members: Ager, Autry, Ball, Belk, J. Bell, L. Bell, Black, Boles, Boswell, Brawley, Brisson, Brockman, Brody, Bumgardner, Clampitt, Cleveland, Conrad, Corbin, Cunningham, Davis, Dixon, Dobson, Dulin, Earle, Fisher, Floyd, Ford, Fraley, Garrison, Gill, G. Graham, Grange, K. Hall, Hardister, Harrison, Horn, Hunter, Hurley, Iler, Insko, Jackson, John, Jones, Lewis, McElraft, McNeill, Malone, Martin, Michaux, Pierce, Pittman, Potts, Presnell, Quick, B. Richardson, Riddell, Rogers, Ross, Sauls, Shephard, Speciale, Stevens, Strickland, Terry, Torbett, R. Turner, White, Willingham, Wray, Zachary

I. Call to Order
Senior Chair, Nelson Dollar presided and called the meeting to order at 6:04 p.m.

II. Introductions
Representative Dollar introduced Sergeant-at-Arms Staff assisting with the meeting.

III. Review of Agenda
Representative Dollar stated that the purpose of the joint meeting was a time saving measure for the House to hear and take action on Proposed Conference Committee Substitute S582-CCSML-4 [.1] previously passed by the Senate.

IV. Action Agenda Items

A. Proposed Conference Committee Substitute S582-CCSML-4 [.1]
Representative Dollar called upon Rules Committee Chair, David Lewis, to review proposed changes.

The following committee members spoke to the Proposed Conference Committee Substitute: Micheux, Rogers, McGrady, Stevens, Chaudhuri, Dobson, Ager, David, K. Hall, Jackson, Insko, McNeil, Pittman, Speciale, Harrison, Chaudhuri, Riddel, B. Richardson, and John

Representative Lewis moved for a favorable report and adoption of Conference Committee Substitute S582-CCSML-4 [.1] A roll call vote was taken. The motion passed; 35 voting aye, 29 nay.

V. Adjournment

The Joint Senate and House Committee on Appropriations adjourned at 7:10 p.m.

Representative Nelson Dollar, Senior Chair

Panthea Briles, Committee Clerk

Attachment: S582: Conference Committee Report

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

S D

SENATE BILL 582
House Committee Substitute Favorable 6/28/17
Third Edition Engrossed 6/28/17
Proposed Conference Committee Substitute S582-CCSML-4 [v.1]
10/04/2017 05:50:00 PM

Short Title: Budget & Agency Technical Corrections. (Public)

Sponsors:

Referred to:

April 4, 2017

A BILL TO BE ENTITLED

AN ACT (I) TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017 AND TO RELATED LEGISLATION AND (II) TO MAKE AGENCY TECHNICAL CORRECTIONS.

The General Assembly of North Carolina enacts:

PART I. GENERAL PROVISIONS

SECTION 1.1. Section 5.3(e) of S.L. 2017-57 reads as rewritten:

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

(1) For a county designated as a development tier one area, the grant shall not exceed three dollars ($3.00) in grant funds for every one dollar ($1.00) provided by the county. Grant funds awarded to a tier one county shall not exceed fifteen million dollars ($15,000,000).

(2) For a county designated as a development tier two area, the grant shall not exceed one dollar ($1.00) for every one dollar ($1.00) in grant funds provided by the county. Grant funds awarded to a tier two county shall not exceed ten million dollars ($10,000,000).

Grant funds shall be used for the construction of new ~~capital projects~~school buildings only. Grant funds shall not be used for real property acquisition or for operational lease agreements. Notwithstanding subdivision (2) of this subsection, grant funds shall only be awarded to development tier one counties until the 2020-2021 fiscal year. Grant funds shall not be awarded to any county that has received over eight million seven hundred fifty thousand dollars ($8,750,000) in funds from the Public School Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal year."

SECTION 1.2. Section 3 of S.L. 2017-119 reads as rewritten:

"**SECTION 3.** Implementation. – The following actions and policy shall be taken to implement this section:

...

(7) All the following shall apply to the funds allocated to the Lumber River Council of Government as provided in sub-subdivision (1)b. of Section 1 of this act:

a. The Housing Finance Agency (HFA) shall coordinate with the Lumber River Council of Government (COG) to create a 30- to ~~35-unit~~36-unit

multifamily affordable housing complex (housing complex) within the Fair Bluff Town limits. All funds allocated to the COG under this act shall be used solely for the development, management, maintenance, and preservation of the housing complex. When filling units in the affordable housing complex, priority shall be given to low-income residents of Fair Bluff affected by the flooding and damage caused by Hurricane Matthew.

...."

SECTION 1.3. Section 3 of S.L. 2017-137 reads as rewritten:

"**SECTION 3.** ~~This~~ Section 2.5 of this act becomes effective January 1, 2018. The remainder of this act becomes effective October 1, ~~2017. Section~~2017, and Section 1 applies to ~~plans prepared for acquisitions~~ policies issued or renewed on or after ~~the effective~~ that date."

SECTION 1.4. The Department of Administration shall study the utilization of buildings by State agencies in the downtown Raleigh area and report its findings to the Joint Legislative Committee on Governmental Operations no later than April 1, 2018.

PART II. EDUCATION

SECTION 2.1. G.S. 115D-5(x), as enacted by Section 7.22(g) of S.L. 2017-57, reads as rewritten:

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

SECTION 2.2. G.S. 115C-64.17(c), as enacted by Section 7.23F(b) of S.L. 2017-57, reads as rewritten:

"(c) Selection of Recipients. – For the 2017-2018 fiscal year, the Commission shall accept applications for a grant until November ~~1~~,30, 2017. For subsequent fiscal years that funds are made available for the Program, the Commission shall accept applications for a grant until August 1 of each year. The Commission shall select recipients in a manner that considers diversity among the pool of applicants, including geographic location, location of industries in the area in which a local school administrative unit is located, and the size of the student population served by the unit, in order to award funds to the extent possible to grant recipients that represent different regions and characteristics of the State. The Commission shall recommend recipients of the grants to the State Board of Education. The State Board, upon consultation with the Superintendent of Public Instruction, shall approve the recipients of grant awards."

SECTION 2.3.(a) Section 8.2(b) of S.L. 2017-57 reads as rewritten:

"**SECTION 8.2.(b)** This section applies to teachers entering the profession in the 2017-2018 fiscal ~~year.~~year who were hired prior to the effective date of Section 8.2A of this act."

SECTION 2.3.(b) S.L. 2017-57 is amended by adding a new section to read:

"**SUPPORT FOR LATER-HIRED HIGHLY QUALIFIED NC TEACHING GRADUATES**

"**SECTION 8.2A.(a)** For purposes of this section, a "highly qualified graduate" or "graduate" is an individual entering the teaching profession and hired on or after the effective

date of this section who has graduated from an approved educator preparation program located in North Carolina with both of the following criteria:

(1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.

(2) A score of the following or higher on an edTPA assessment or an equivalent score on a nationally normed and valid pedagogy assessment used to determine clinical practice performance:

a. A score of 42 for the World Languages and Classical Languages edTPA assessment.

b. A score of 57 for the Elementary Education edTPA assessment.

c. A score of 48 for all other edTPA assessments.

Notwithstanding Section 8.1(a) of this act, a highly qualified graduate who is employed by a local board of education shall receive a salary supplement each month at the highest level for which the graduate qualifies, as follows:

(1) A graduate accepts initial employment at a school identified as low-performing by the State Board of Education pursuant to G.S. 115C-105.37 shall receive a salary supplement during the graduate's first three years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with three years of experience on the "A" Teachers salary schedule, as long as the graduate (i) remains teaching at the same school or (ii) accepts subsequent employment at another low-performing school or local school administrative unit identified as low-performing.

(2) A graduate licensed and employed to teach in the areas of special education, science, technology, engineering, or mathematics shall receive a salary supplement during the graduate's first two years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with two years of experience on the "A" Teachers salary schedule, as long as the graduate continues teaching in one of those areas.

(3) All other graduates shall receive a salary supplement during the graduate's first year of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with one year of experience on the "A" Teachers salary schedule.

"**SECTION 8.2A.(b)** This section is effective when it becomes law and applies to teachers entering the profession in the 2017-2018 fiscal year hired on or after that date."

SECTION 2.4.(a) Section 8.3(c) of S.L. 2017-57 reads as rewritten:

"**SECTION 8.3.(c)** A principal compensated in accordance with this section for the 2017-2018 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount determined pursuant to subsection (a) of this section.

(2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

(3) For principals who were not eligible for longevity in the 2016-2017 ~~school~~ fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94."

SECTION 2.4.(b) Section 8.5(e) of S.L. 2017-57 reads as rewritten:

"**SECTION 8.5.(e)** An assistant principal compensated in accordance with this section for the 2017-2018 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount determined pursuant to subsections (a) through (c) of this section.

(2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.

(3) For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94."

SECTION 2.4.(c) This section is effective when it becomes law and applies retroactively to July 1, 2017.

PART III. HEALTH AND HUMAN SERVICES

SECTION 3.1. Section 12F.1 of S.L. 2016-94 reads as rewritten:

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

(1) Department. – The North Carolina Department of Health and Human Services.

(2) FQHC. – A federally qualified health center located in this State.

(3) Prescriber. – Anyone authorized to prescribe drugs pursuant to the laws of this State.

(4) Program participant. – An individual who (i) has been clinically assessed and diagnosed with opioid addiction, (ii) is selected by an FQHC to participate in the pilot program authorized by this section, and (iii) as part of the pilot program, receives the nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence.

~~(5) Randomized control group member. – An individual who (i) has been clinically assessed and diagnosed with opioid addiction, (ii) is selected by a FQHC to participate in the pilot program authorized by this section, and (iii) as part of the pilot program, does not receive the nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence.~~

"**SECTION 12F.1.(b)** Pilot Program. – The Department shall oversee the administration of a three-year pilot program to be conducted by designated FQHCs to address North Carolina's growing opioid addiction and overdose crisis. The goal of the pilot program is to study the effectiveness of combining behavioral therapy with the utilization of a nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence. In conducting the pilot program, selected FQHCs may collaborate with the Department, the North Carolina

Institute of Medicine (NCIOM), and any other qualified entity or State agency that may be of assistance in accomplishing the objectives of the pilot program. Prior to the initiation of this pilot program, the Department shall, in collaboration with the NCIOM or any other qualified entity, determine the number of program participants ~~and randomized control group members~~ needed to participate in the pilot program in order to ensure sufficient statistical significance to support any conclusions about the effectiveness of the pilot program.

"**SECTION 12F.1.(c)** Selection of Participating FQHCs. – Not later than 30 days after the effective date of this section, the Department shall select a minimum of three and not more than five FQHCs located in different areas of the State to participate in the pilot program authorized by this section, giving first priority to FQHCs that have received supplemental grant funds from the United States Department of Health and Human Services, Health Resources and Services Administration, for substance abuse service expansion with a focus on medication-assisted treatment in opioid use disorders.

"**SECTION 12F.1.(d)** Selection of Program Participants. – Not later than 60 days after the effective date of this section, the Department shall develop, in collaboration with the NCIOM or any other qualified entity, a methodology for selecting program participants ~~and randomized control group members~~ at each FQHC. Only individuals who have been clinically assessed and diagnosed with opioid addiction may be selected and treated as program ~~participants and randomized control group members.~~participants. Individuals who have been referred from local criminal justice agencies may be selected as program ~~participants and randomized control group members.~~participants.

"**SECTION 12F.1.(e)** Treatment Standards. – As a condition of participating in the pilot program authorized by this section, each FQHC shall sign a written participation agreement provided by the Department that requires the FQHC to adhere to at least all of the following treatment standards for the duration of its participation in the pilot program:

(1) Treatment may be provided to program participants ~~and randomized control group members~~ only by a treatment provider who is affiliated with a participating FQHC.

(2) Only individuals who have been clinically assessed and diagnosed with opioid addiction may be selected and treated as program ~~participants and randomized control group members.~~participants.

(3) Treatment providers at participating FQHCs shall do all of the following:

a. Provide treatment based on an integrated service delivery model that consists of the coordination of care between a prescriber and an addiction services provider.

b. Conduct any necessary additional professional, comprehensive substance use disorder and mental health diagnostic assessments of individuals under consideration for selection as pilot program participants to determine if they would benefit from substance use disorder treatment and monitoring.

c. Determine, based on the assessments described in sub-subdivision b. of this subdivision, the treatment needs of the program participants served by the treatment provider.

d. Develop individualized treatment goals and objectives for each program participant.

e. Provide program participants with access to medication-assisted treatment utilizing a nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist.

f. In addition to medication-assisted treatment, provide program participants with other types of therapies, including behavioral therapies, outpatient programs, and community support, for opioid use

disorder and any other disorders that are determined by the treatment provider to be co-occurring disorders.

g. In the case of medication-assisted treatment provided under the pilot program, a drug may be used only if it has been approved by the United States Food and Drug Administration for use in combination with behavioral therapy for the prevention of relapse to opioid dependence.

h. Comply with all applicable federal opioid treatment standards.

i. Monitor the progress of program participants ~~and randomized control group members~~ through the use of regular drug testing, including urinalysis.

"**SECTION 12F.1.(f)** FQHC Reports. – No later than 60 days after the effective date of this section, the Department shall, in collaboration with the NCIOM or any other qualified entity, develop a standardized methodology for the collection of information on program participants ~~and randomized control group members~~ at each FQHC. As a condition of participating in the pilot program authorized by this section, each selected FQHC must agree to follow this standardized methodology for (i) collecting information on program participants ~~and randomized control group members~~ and (ii) annually reporting that information to the Department, in the format prescribed by the Department. The annual report shall include at least all of the following information, in the format prescribed by the Department:

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

(2) The total number of program participants ~~and the total number of randomized control group members~~ who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.

~~(3) A comparison of program participants to the randomized control group members.~~

~~(4)~~(3) The amount of State appropriations expended on a per program participant basis at each participating FQHC.

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

(1) The total number of program participants who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.

~~(2) A comparison of the program participants to the randomized control group members.~~

~~(3)~~(2) A cost-benefit analysis of the pilot program.

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

"**SECTION 12F.1.(i)** Funds in the amount of five hundred thousand dollars ($500,000) from the federal Substance Abuse Prevention and Treatment Block Grant shall be allocated to the Department of Health and Human Services, Division of Mental Health, Developmental

Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be allocated to the FQHCs selected to participate in the pilot program authorized by this section on a per program participant basis to offset the cost of the following services:

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

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

SECTION 3.2.(a) G.S. 147-86.70(b)(1) reads as rewritten:

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

(1) ABLE account. – An account established and owned by an eligible individual and maintained under this Article. A parent, guardian, ~~guardian~~ or agent under a power of attorney may act on behalf of an account owner."

SECTION 3.2.(b) G.S. 147-86.71 reads as rewritten:

"**§ 147-86.71. ABLE Program.**

…

(b) Accounts. – The following provisions apply to an ABLE account:

(1) An account owner or contributor may establish an account by making an initial contribution to the ABLE Program Trust, signing an application form approved by the Board or its designee, and naming the designated beneficiary. If the contributor is not the account owner, the account owner or the account owner's parent, guardian, trustee, or agent shall also sign the application form."

…

(d) Limitations. – The Board, in administering the ABLE Program Trust, shall ensure each of the following:

…

(9) A ~~trustee~~ parent, trustee, or guardian appointed as a signatory of an ABLE account does not have or acquire any beneficial interest in the account and administers the account for the benefit of the designated beneficiary."

SECTION 3.3. Section 11F.9 of S.L. 2017-57 reads as rewritten:

"**SECTION 11F.9.(a)** ~~Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred fifty thousand dollars ($150,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used to develop and implement an adult and pediatric traumatic brain injury pilot program.~~ The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall establish an adult and pediatric traumatic brain injury pilot program, to be conducted at not less than three and not more than five trauma hospitals licensed in this State. The purpose of the pilot program is to increase compliance with internationally approved evidence-based treatment guidelines for severe adult and pediatric traumatic brain injury in order to reduce patient mortality, improve patient level of recovery, and reduce long-term care costs.

"~~**SECTION 11F.9.(b)** The Department of Health and Human Services shall establish up to three program sites to implement the adult and pediatric traumatic brain injury pilot program authorized by this section, all of which shall be trauma hospitals. Each program site shall be awarded up to one hundred thousand dollars ($100,000) for the development and implementation of an interactive quality assessment and quality assurance clinical decision support tool to~~

~~provide real-time, evidence-based medical care guidance for intensive care unit patients with severe adult or pediatric traumatic brain injury.~~

"**SECTION 11F.9.~~(c)~~(b)** ~~The Department of Health and Human Services shall contract with a private entity to assist participating trauma hospitals in implementing the tool described in subsection (b) of this section.~~ Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred fifty thousand dollars ($150,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used to enter into a contract with an independent entity to operate the pilot program authorized by this section. In so doing, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall select an independent entity that has (i) developed software for an interactive quality assessment and quality assurance clinical decision support tool that provides real-time, evidence-based medical care guidance for intensive care unit patients with severe adult or pediatric traumatic brain injury and (ii) prior experience assisting trauma hospitals in other states in implementing this software. In consideration for payments made to the independent entity under the contract, the independent entity shall assume responsibility for all of the following:

(1) Initiating and operating the pilot program, including the selection of not less than three and not more than five trauma hospitals licensed in this State to serve as pilot program sites.

(2) Assisting participating trauma hospitals in implementing the software developed by the independent entity for use as an interactive quality assessment and quality assurance clinical decision support tool to provide real-time, evidence-based medical care guidance for intensive care unit patients with severe adult or pediatric traumatic brain injury. In providing such implementation assistance, the ~~private~~ independent entity shall utilize the treatment guidelines and practice recommendations that have been peer reviewed and approved by the American Association of Neurological Surgeons and are recognized as the current standard of care for individuals with severe traumatic brain injury.

"**SECTION 11F.9.~~(d)~~(c)** By February 1, 2018, the Department of Health and Human Services shall submit a progress report on the development and implementation of the pilot program authorized by this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

"**SECTION 11F.9.~~(e)~~(d)** By January 7, 2019, the Department of Health and Human Services shall submit a final report of the pilot program authorized by this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the final report shall include all of the following:

(1) The number and outcome of patients served at each program site, broken down by patient age and county of origin.

(2) A breakdown of expenditures at each program site by type of service.

(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."

SECTION 3.4. Part XI of S.L. 2017-57 is amended by adding a new section to read:

"**FUNDS FOR THE TOWN OF BOLTON**

"**SECTION 11D.3A.** Notwithstanding any other provision of law or descriptive language to the contrary in the Committee Report described in Section 39.2 of this act, nonrecurring funds

appropriated in this act to the Department of Health and Human Services, Division of Aging and Adult Services, for the 2017-2018 fiscal year, for allocation to the Bolton Senior Center shall instead be allocated to the Town of Bolton."

PART IV. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

SECTION 4.1. Section 15.9A of S.L. 2017-57 reads as rewritten:

"**SECTION 15.9A.** The funds appropriated in this act to the Department of Commerce as a grant-in-aid to the Town of Haw River shall be used to provide grants, loans, or both for a historic mill renovation project. In addition to the provisions governing reporting, oversight, and administration of grant funds contained in G.S. 143C-6-23, the Town of Haw River shall enter into an agreement with any ~~subgrantee~~ entity receiving ~~funds.~~funds (recipient). The agreement shall contain, at a minimum, (i) a provision that funds received under the agreement may be used only for mill rehabilitation purposes, (ii) a provision allowing the Town of Haw River to inspect all records of the ~~subgrantee~~ recipient that may be used to confirm compliance with the agreement, (iii) a provision establishing methods for determining compliance with the agreement, and (iv) a provision requiring recapture or repayment of all ~~grant~~ funds if the ~~subgrantee~~ recipient fails to comply with the terms of the agreement. In the event of a violation of the agreement, the Town of Haw River shall take action to ~~recapture all grant~~recoup all funds. The Town may retain up to twenty percent (20%) of the funds described in this section for the historic mill renovation project for infrastructure improvements necessary for and directly related to the project. For purposes of this section, the phrase "infrastructure improvements" is defined as street improvements, site improvements, including site utilities, sidewalks, parking, hardscape products, costs for demolition, engineering, and architecture, and fixtures for any spaces in the historic mill renovation project leased and used by the Town. The Commerce Finance Center shall, in cooperation with the Town of Haw River, conduct an annual review of the mill restoration project and shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on April 1 each year beginning April 1, 2021, until project completion."

SECTION 4.2. Section 13.22 of S.L. 2017-57, as amended by Section 4.2 of S.L. 2017-197, reads as rewritten:

"**SECTION 13.22.(a)** The following allocations are made from funds appropriated by this act to the Division of Water Infrastructure of the Department of Environmental Quality for water and sewer infrastructure grants:

...

(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.~~to be allocated as follows:

a. Fifty thousand dollars ($50,000) for a sewer project.

b. Notwithstanding any other provision of this section or Chapter 159G of the General Statutes to the contrary, fifty thousand dollars ($50,000) for preservation and restoration work on the Wil-Cox bridge.

...."

SECTION 4.3. Section 15.14B(c) of S.L. 2014-100 reads as rewritten:

"**SECTION 15.14B.(c)** This section becomes effective January 1, ~~2015, and expires July 1, 2020.~~2015. The Secretary shall not award a grant for any qualifying expenses for which a taxpayer receives a tax credit under G.S. 105-130.47 or G.S. 105-151.29."

SECTION 4.4. Section 10.24 of S.L. 2017-57 reads as rewritten:

"...

"**SECTION 10.24.(e)** The Committee shall develop a business plan for the Food Processing Research Center at the North Carolina Research Campus (Center) to implement. The business plan required by this subsection shall include processes for designing and marketing the Center.

Of the funds appropriated in this act to North Carolina State University for the Center, the University shall allocate not more than the sum of one hundred thousand dollars ($100,000) in nonrecurring funds for the 2017-2018 fiscal year to the Committee to cover costs incurred by the Committee in developing a business plan required under this subsection. The business plan required under this subsection shall ensure all of the following:

(1) The financial stability for the Center, including sources and uses for funds to operate the facility and maintain equipment for the Center.

(2) The creation and implementation of revenue models that can be used to support the expenses of the facility with the goal of positioning the facility to ultimately cease to need State funds for continued operations.

(3) The creation and implementation of policies that protect the State's investment in the initiative and provide for a return to the taxpayers by increasing job opportunities, private sector investment, and increased markets for value-added agricultural products.

(4) Any other provision the Committee deems necessary to carry out the intent and accomplish the goals established in this section.

Upon completion of the business plan required under this subsection, the Committee shall submit the business plan to the University.

"**SECTION 10.24.(f)** No less than 30 days prior to expending or encumbering any other funds provided in this act to the University for the Center, the University shall submit the business plan required under subsection (e) of this section to the Joint Legislative Commission on Government Operations. The business plan required under subsection (e) of this section is binding, and the University shall not deviate from the plan without having the plan amended by the Committee, which may adopt amendments by a majority vote.

...."

SECTION 4.5.(a) Of the funds appropriated in S.L. 2017-57 to the Wildlife Resources Commission, an additional fifty thousand dollars ($50,000) in recurring funds is allocated to the Outdoor Heritage Advisory Council to provide support for the operation of the Council, including the salaries and benefits of Council personnel.

SECTION 4.5.(b) Part 36 of Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-344.62. Outdoor Heritage Advisory Council – executive director; staff.**

The Council may, subject to appropriations or other funds that accrue to it, employ an executive director to carry out the day-to-day responsibilities and business of the Council. The executive director shall serve at the pleasure of the Council. The executive director, also subject to appropriations or other funds that accrue to the Council, may hire additional staff and consultants to assist in the discharge of the executive director's responsibilities, as determined by the Council."

SECTION 4.6.(a) G.S. 97-2(2) reads as rewritten:

"(2) Employee. – The term "employee" means every person engaged in an employment under any appointment or contract of hire or apprenticeship, express or implied, oral or written, including aliens, and also minors, whether lawfully or unlawfully employed, but excluding persons whose employment is both casual and not in the course of the trade, business, profession, or occupation of his employer, and as relating to those so employed by the State, the term "employee" shall include all officers and employees of the State, including such as are elected by the people, or by the General Assembly, or appointed by the Governor to serve on a per diem, part-time or fee basis, either with or without the confirmation of the Senate; as relating to municipal corporations and political subdivisions of the State, the term "employee" shall include all officers and employees thereof, including such as are elected by

the people. The term "employee" shall include members of the North Carolina National Guard while on State active duty under orders of the Governor and members of the North Carolina State Defense Militia while on State active duty under orders of the Governor. The term "employee" shall include deputy sheriffs and all persons acting in the capacity of deputy sheriffs, whether appointed by the sheriff or by the governing body of the county and whether serving on a fee basis or on a salary basis, or whether deputy sheriffs serving upon a full-time basis or a part-time basis, and including deputy sheriffs appointed to serve in an emergency, but as to those so appointed, only during the continuation of the emergency. The sheriff shall furnish to the board of county commissioners a complete list of all deputy sheriffs named or appointed by him immediately after their appointment and notify the board of commissioners of any changes made therein promptly after such changes are made. Any reference to an employee who has been injured shall, when the employee is dead, include also the employee's legal representative, dependents, and other persons to whom compensation may be payable: Provided, further, that any employee, as herein defined, of a municipality, county, or of the State of North Carolina, while engaged in the discharge of the employee's official duty outside the jurisdictional or territorial limits of the municipality, county, or the State of North Carolina and while acting pursuant to authorization or instruction from any superior officer, shall have the same rights under this Article as if such duty or activity were performed within the territorial boundary limits of their employer.

Except as otherwise provided herein, every executive officer elected or appointed and empowered in accordance with the charter and bylaws of a corporation shall be considered as an employee of such corporation under this Article.

Any such executive officer of a corporation may, notwithstanding any other provision of this Article, be exempt from the coverage of the corporation's insurance contract by such corporation's specifically excluding such executive officer in such contract of insurance, and the exclusion to remove such executive officer from the coverage shall continue for the period such contract of insurance is in effect, and during such period such executive officers thus exempted from the coverage of the insurance contract shall not be employees of such corporation under this Article.

All county agricultural extension service employees who do not receive official federal appointments as employees of the United States Department of Agriculture and who are field faculty members with professional rank as designated in the memorandum of understanding between the North Carolina Agricultural Extension Service, North Carolina State University, A & T State University, and the boards of county commissioners shall be deemed to be employees of the State of North Carolina. All other county agricultural extension service employees paid from State or county funds shall be deemed to be employees of the county board of commissioners in the county in which the employee is employed for purposes of workers' compensation.

The term "employee" shall also include members of the Civil Air Patrol currently certified pursuant to G.S. 143B-1031(a) when performing duties in the course and scope of a State-approved mission pursuant to Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes.

"Employee" shall not include any person performing voluntary service as a ski patrolman who receives no compensation for such services other than

meals or lodging or the use of ski tow or ski lift facilities or any combination thereof.

"Employee" shall not include any person elected or appointed and empowered as an executive officer, director, or committee member under the charter, articles, or bylaws of a nonprofit corporation subject to Chapter 47A, 47C, 47F, 55A, or 59B of the General Statutes, or any organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, who performs only voluntary service for the nonprofit corporation, provided that the person receives no remuneration for the voluntary service other than reasonable reimbursement for expenses incurred in connection with the voluntary service. When a nonprofit corporation as described herein employs one or more persons who do receive remuneration other than reasonable reimbursement for expenses, then any volunteer officers, directors, or committee members excluded from the definition of "employee" by operation of this paragraph shall be counted as employees for the sole purpose of determining the number of persons regularly employed in the same business or establishment pursuant to G.S. 97-2(1). Other than for the limited purpose of determining the number of persons regularly employed in the same business or establishment, such volunteer nonprofit officers, directors, or committee members shall not be "employees" under the Act. Nothing herein shall prohibit a nonprofit corporation as described herein from voluntarily electing to provide for workers' compensation benefits in the manner provided in G.S. 97-93 for volunteer officers, directors, or committee members excluded from the definition of "employee" by operation of this paragraph. This paragraph shall not apply to any volunteer firefighter, volunteer member of an organized rescue squad, an authorized pickup firefighter when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service, a duly appointed and sworn member of an auxiliary police department organized pursuant to G.S. 160A-282, or a senior member of the State Civil Air Patrol functioning under Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes, even if such person is elected or appointed and empowered as an executive officer, director, or committee member under the charter, articles, or bylaws of a nonprofit corporation as described herein.

Any sole proprietor or partner of a business or any member of a limited liability company may elect to be included as an employee under the workers' compensation coverage of such business if he is actively engaged in the operation of the business and if the insurer is notified of his election to be so included. Any such sole proprietor or partner or member of a limited liability company shall, upon such election, be entitled to employee benefits and be subject to employee responsibilities prescribed in this Article.

"Employee" shall include an authorized pickup firefighter of the North Carolina Forest Service of the Department of Agriculture and Consumer Services when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service. As used in this section, "authorized pickup firefighter" means an individual who has completed required fire suppression training as a wildland firefighter and who is available as needed by the North Carolina Forest Service for emergency fire suppression activities, including immediate dispatch to wildfires and standby for initial attack on fires during periods of high fire danger.

~~It shall be a rebuttable presumption that the term "employee" shall not include any person performing services in the sale of newspapers or magazines to ultimate consumers under an arrangement whereby the newspapers or magazines are to be sold by that person at a fixed price and the person's compensation is based on the retention of the excess of the fixed price over the amount at which the newspapers or magazines are charged to the person.~~"

SECTION 4.6.(b) This section becomes effective January 1, 2018.

SECTION 4.7.(a) Section 15.8(a) of S.L. 2017-57, as amended by Section 4.8(a) of S.L. 2017-197, reads as rewritten:

"**SECTION 15.8.(a)** Of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of five million ~~eight~~ seven hundred seventy-five thousand dollars ~~($5,875,000)~~($5,775,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide grants-in-aid for downtown revitalization projects for each of the following counties and municipalities in the following amounts:

...

(7) One hundred thousand dollars ($100,000) each to the City of Archdale, the City of Asheboro, the Village of Clemmons, the unincorporated community of Cliffside in Rutherford County, the Town of Emerald Isle, the City of Hendersonville, the City of Kannapolis, the Town of Kernersville, the City of Lumberton, the Town of Oakboro, the Town of Old Fort, the Town of Pembroke, the City of Randleman, the City of Roxboro, the City of Trinity, and the Town of ~~Troy, and the Town of Yadkinville.~~Troy.

...."

SECTION 4.7.(b) Section 15.8 of S.L. 2017-57 is amended by adding new subsections to read:

"**SECTION 15.8.(f)** Of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of twenty-five thousand dollars ($25,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide a grant-in-aid to the Town of Dover to be used for parks and recreation projects.

"**SECTION 15.8.(g)** Notwithstanding G.S. 143B-472.127, of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of seventy-five thousand dollars ($75,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide a grant-in-aid to Lincoln County for the Voice Interoperability Plan for Emergency Responders network."

SECTION 4.8.(a) G.S. 143B-293.2(a1) reads as rewritten:

"(a1) Members Selection. – The North Carolina Oil and Gas Commission shall consist of nine members appointed as follows:

...

(3) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in conformance with G.S. 120-121, who is a ~~representative~~member of a nongovernmental conservation interest.

...

(5) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in conformance with G.S. 120-121, who is a ~~representative~~member of a nongovernmental conservation interest.

...."

SECTION 4.8.(b) This section applies to appointments made on or after the effective date of this act.

SECTION 4.9. Section 14.19 of S.L. 2017-57 reads as rewritten:

"**SECTION 14.19.** Of the funds appropriated by this act to the Division of North Carolina Aquariums in the North Carolina Department of Natural and Cultural Resources, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2017-2018 fiscal year is allocated for planning and permitting of Blake Farms satellite aquarium area in Scotts Hill, North Carolina, and the Division is authorized to expend funds ~~for this purpose.~~to engage architects and other program consultants to (i) collaborate with Blake Farms to design and permit the building housing the satellite aquarium area; and (ii) produce schematic, design, and final construction documents for the satellite aquarium area."

SECTION 4.10.(a) Section 37.2(e) of S.L. 2016-94, as amended by Section 36.3(g) of S.L. 2017-57, reads as rewritten:

"**SECTION 37.2.(e)** Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments participate. This subsection shall not apply to, and there shall be no local match required for, any of the following, notwithstanding any other provision of law:

(1) The Environmental Quality Incentives Program. Furthermore, Section 36.3(e) of S.L. 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply to funds made available as part of the Environmental Quality Incentives Program in any fiscal year. ~~Any~~ Funds appropriated during the 2015-2017 biennium, and any remaining balance of funds appropriated prior to the 2015-2017 fiscal biennium for Environmental Quality Incentives Program projects shall be paid out to each of the original grantees for the full grant award amount, except that the Secretary may retain ten percent (10%) of the State share of funding until the Natural Resources Conservation Service of the United States Department of Agriculture has provided a final practice approval for the project.

…."

SECTION 4.10.(b) G.S. 143-215.72(d) reads as rewritten:

"(d) The following procedures apply only to grants for the purpose set forth in G.S. 143-215.71(8):

(1) A nongovernmental entity managing, administering, or executing the grant on behalf of a unit of local government may apply as a co-applicant for the grant and may be included as a responsible party on any required resolution issued by the unit of local government.

(2) ~~The~~ Upon request signed by the grant applicant and co-applicant, the Department ~~may~~ shall make periodic payments to the co-applicant for its share of nonfederal costs of a project prior to receipt of a final practice approval from the Natural Resources Conservation Service if the grantee has submitted a certified reimbursement request or invoice."

PART V. JUSTICE AND PUBLIC SAFETY

SECTION 5.1. G.S. 97-13 is amended by adding a new subsection to read:

"(c1) Certain Inmates. – Notwithstanding the thirty dollars ($30.00) per week limit in subsection (c) of this section, the average weekly wage of inmates employed pursuant to the Prison Industry Enhancement Program shall be calculated pursuant to G.S. 97-2(5)."

SECTION 5.2.(a) G.S. 114-2(1) reads as rewritten:

"(1) To defend all actions in the appellate division in which the State shall be interested, or a party, and to appear for the State in any other court or tribunal in any cause or matter, civil or criminal, in which the State may be a party or interested. The duty to represent the State in criminal appeals shall not be delegated to any district attorney's office or any other entity."

SECTION 5.2.(b) G.S. 7A-61 reads as rewritten:

"**§ 7A-61. Duties of district attorney.**

The district attorney shall prepare the trial dockets, prosecute in a timely manner in the name of the State all criminal actions and infractions requiring prosecution in the superior and district courts of ~~his~~the district attorney's prosecutorial ~~district,~~district and advise the officers of justice in ~~his~~the district attorney's district.~~district, and perform such duties related to appeals to the Appellate Division from his district as the Attorney General may require. Effective January 1, 1971, the~~ The district attorney shall also represent the State in juvenile cases in the superior and district courts in which the juvenile is represented by an attorney. The district attorney shall provide to the Attorney General any case files, records and additional information necessary for the Attorney General to conduct appeals to the Appellate Division for cases from the district attorney's prosecutorial district. The Attorney General shall not delegate to the district attorney, or any other entity, the duty to represent the State in criminal and juvenile appeals. Each district attorney shall devote his full time to the duties of his office and shall not engage in the private practice of law."

SECTION 5.2.(c) This section is effective July 1, 2017. It shall be the obligation of the Attorney General to work with each District Attorney to ensure that all criminal appeals delegated on or after July 1, 2017, to a District Attorney's office shall be properly returned to the Attorney General's office. Notwithstanding the previous two sentences, actions taken by the office of a District Attorney related to a criminal appeal delegated to that office on or after July 1, 2017, shall be deemed to have been taken with full legal authority to act on behalf of the State.

SECTION 5.3. Part XVII of S.L. 2017-57 is amended by adding a new section to read:

"**DWI MISDEMEANOR CLARIFICATIONS/EXPERT TESTIMONY REVISIONS**

"**SECTION 17.8.(a)** G.S. 15-1 reads as rewritten:

"**§ 15-1. Statute of limitations for misdemeanors.**

The crimes of deceit and malicious mischief, and the crime of petit larceny where the value of the property does not exceed five dollars ($5.00), and all misdemeanors except malicious misdemeanors, shall be ~~presented or found by the grand jury~~ charged within two years after the commission of the same, and not afterwards: Provided, that if any ~~indictment found within that time~~ pleading shall be defective, so that no judgment can be given thereon, another prosecution may be instituted for the same offense, within one year after the first shall have been abandoned by the State.""

"**SECTION 17.8.(b)** G.S. 8C-1, Rule 702(a1), reads as rewritten:

"**Rule 702. Testimony by experts.**

...

(a1) ~~A witness, qualified under subsection (a) of this section and with proper foundation,~~ Notwithstanding any other provision of law, a witness may give expert testimony solely on the issue of impairment and not on the issue of specific alcohol concentration level relating to the following:

(1) The results of a Horizontal Gaze Nystagmus (HGN) Test when the test is administered in accordance with the person's training by a person who has successfully completed training in HGN.

(2) Whether a person was under the influence of one or more impairing substances, and the category of such impairing substance or ~~substances. A witness who has received training and~~ substances, if the witness holds a

current certification as a Drug Recognition Expert, issued by the State Department of Health and Human ~~Services, shall be qualified to give the testimony under this subdivision.~~Services."

"**SECTION 17.8.(c)** Subsection (a) of this section becomes effective December 1, 2017, and applies to offenses committed on or after that date. The remainder of the section is effective when it becomes law.""

PART VI. TRANSPORTATION

SECTION 6.1. Section 34.28A(b) of S.L. 2017-57 reads as rewritten:

"**SECTION 34.28A.(b)** Submission of Analysis. – The Departments shall jointly submit the findings of the analysis required under subsection (a) of this section, including any legislative recommendations, to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources by ~~February~~April 1, 2018."

SECTION 6.2. Section 34.29 of S.L. 2017-57 reads as rewritten:

"**SECTION 34.29.** The Department of Transportation shall study the use of its new dredge vessel, the Dredge Manteo. As part of this study, the Department shall include (i) an approximation of the annual cost to the State to operate and maintain the dredge vessel and (ii) a plan to allow use of the dredge vessel by other State departments and agencies. The Department shall report its findings, including any recommended legislation, to the Joint Legislative Transportation Oversight Committee by ~~December 1, 2017.~~April 1, 2018."

PART VII. FINANCE

SECTION 7.1.(a) G.S. 105-244.4(a), as enacted by S.L. 2017-204, reads as rewritten:

"(a) Reduction – The Secretary may reduce an assessment against a taxpayer who requests relief for State and local sales and use taxes in the amount as provided in this section and waive any penalties imposed as part of the assessment when the assessment is the result of an audit of the taxpayer by the Department and all of the following apply:

...

(5) The taxpayer meets one of the following:

a. The taxpayer received a proposed assessment dated on or before August 15, 2017, did not file a request for review, paid the tax due, and files a written request with the Secretary ~~no later than 120 days following the receipt of a proposed assessment~~ on or before December 29, 2017, to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons therefor.

b. The taxpayer received a proposed assessment dated on or before September 30, 2017, timely filed a request for review, and files a written request with the Secretary on or before December 29, 2017, to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons therefor. The Department does not need to take further action on the taxpayer's request for review unless the taxpayer states in writing, when filing a request for reduction under this section, that the reduction does not resolve the taxpayer's objection to the proposed assessment and that the taxpayer wishes to continue the Departmental review.

c. ~~A~~ The taxpayer ~~who does not agree with a proposed assessment must also file~~ receives a proposed assessment after September 30, 2017, and timely files a request for review ~~within 120 days of the date of the notice of proposed assessment~~ as provided in G.S. 105-241.11 ~~in order~~

~~for a request to reduce the amount of tax as allowed by this section to be considered by the Secretary.~~and files a written request with the Secretary no later than 45 days from the date of the notice of the proposed assessment to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons therefor."

SECTION 7.1.(b) This section becomes effective August 11, 2017.

SECTION 7.2.(a) Section 38.8(a) of S.L. 2017-57 reads as rewritten:

"**SECTION 38.8.(a)** Article 5F of Chapter 105 of the General Statutes, G.S. 105-164.13(5a), and ~~G.S. 105-163.13(57a)~~G.S. 105-164.13(57a) are repealed."

SECTION 7.2.(b) This section is effective when it becomes law and applies retroactively to sales made on or after July 1, 2017.

PART VIII. AGENCY TECHNICAL CORRECTIONS

SECTION 8.1. G.S. 18B-1114.1, as amended by Section 18 of S.L. 2017-87 and by Section 19 of S.L. 2017-108, reads as rewritten:

"**§ 18B-1114.1. Authorization of winery special event permit.**

(a) Authorization. – The holder of an unfortified winery permit, a limited winery permit, a viticulture/enology course authorization, or a wine producer permit may obtain a winery special permit allowing the winery or wine producer to give free tastings of its wine, and to sell its wine by the glass or in closed containers, at trade shows, conventions, shopping malls, wine festivals, street festivals, holiday festivals, agricultural festivals, farmers markets, balloon races, local fund-raisers, ~~farmers markets,~~ and other similar events approved by the Commission.

(b) Limitation. – A winery special event permit is valid only in a jurisdiction that has approved the establishment of ABC stores or has approved the sale of unfortified wine."

SECTION 8.2. G.S. 28A-2B-2 reads as rewritten:

"**§ 28A-2B-2. Venue.**

The venue for a petition under G.S. 28A-2B-1 is the county of this State in which the petitioner whose will or codicil is the subject of the petition ~~is domiciled.~~resides."

SECTION 8.3. G.S. 28A-21-2, as amended by Section 10 of S.L. 2017-158, reads as rewritten:

"**§ 28A-21-2. Final accounts.**

(a) Unless the time for filing the final account has been extended by the clerk of superior court, the personal representative or collector must file the final account for settlement within one year after qualifying or within six months after receiving a State estate or inheritance tax release, or in the time period for filing an annual account pursuant to G.S. 28A-21-1, whichever is later. ~~If no estate or inheritance tax return was required to be filed for the estate, the personal representative or collector shall so certify in the final account filed with the clerk of superior court. Such certification shall list the amount and value of all of the decedent's property, and with respect to real estate, its particular location within or outside the State, including any property transferred by the decedent over which the decedent had retained any interest, or any property transferred within three years prior to the date of the decedent's death, and after being filed and accepted by the clerk of superior court shall be prima facie evidence that such property is free of any State inheritance or State estate tax liability. The personal representative or collector shall produce vouchers for all payments or verified proof for all payments in lieu of vouchers. With the approval of the clerk of superior court, such account may be filed voluntarily at any time. In all cases, the accounting shall be reviewed, audited and recorded by the clerk of superior court in the manner prescribed in G.S. 28A-21-1.~~

(a1) If no estate or inheritance tax return was required to be filed for the estate, the personal representative or collector shall so certify in the final account filed with the clerk of superior court. Such certification shall list the amount and value of all of the decedent's property and, with

respect to real estate, its particular location within or outside the State, including any property transferred by the decedent over which the decedent had retained any interest, or any property transferred within three years prior to the date of the decedent's death, and, after being filed and accepted by the clerk of superior court, shall be prima facie evidence that such property is free from any State inheritance or State estate tax liability. This subsection only applies to estates of decedents who died before January 1, 2013.

(a2) The personal representative or collector shall produce vouchers for all payments or verified proof for all payments in lieu of vouchers. With the approval of the clerk of superior court, such account may be filed voluntarily at any time. In all cases, the accounting shall be reviewed, audited, and recorded by the clerk of superior court in the manner prescribed by G.S. 28A-21-1.

(b) Except as provided in subsection (a), after the date specified in the general notice to creditors as provided for in G.S. 28A-14-1, if all of the debts and other claims against the estate of the decedent duly presented and legally owing have been paid in the case of a solvent estate or satisfied pro rata according to applicable statutes in the case of an insolvent estate, the personal representative or collector may file the personal representative's or collector's final account to be reviewed, audited and recorded by the clerk of superior court. Nothing in this subsection shall be construed as limiting the right of the surviving spouse or minor children to file for allowances under G.S. 30-15 through 30-18 and the right of a surviving spouse to file for property rights under G.S. 29-30."

SECTION 8.4.(a) G.S. 31D-5-505, as recodified by Section 13(b) of S.L. 2017-102, reads as rewritten:

"**§ 31D-5-505. Requisites of release ~~or limitation~~ as against creditors and purchasers for value.**

No release ~~or limitation~~ of a power of appointment after March 8, 1943, which is made by the owner of the legal title to real property in this State shall be valid as against creditors and purchasers for a valuable consideration until an instrument in writing setting forth the release ~~or limitation~~ is executed and acknowledged in the manner required for a deed and recorded in the county where the real property is."

SECTION 8.4.(b) The Revisor of Statutes shall cause to be printed all explanatory comments of the drafters of this section, as the Revisor may deem appropriate.

SECTION 8.5.(a) G.S. 36C-5-505 reads as rewritten:

"**§ 36C-5-505. Creditor's claim against settlor.**

...

(c) Subject to the Uniform Voidable Transactions Act, Article 3A of Chapter 39 of the General Statutes, for purposes of this section, property contributed to the following trusts is not considered to have been contributed by the settlor and a person who would otherwise be treated as a settlor or a deemed settlor of the following trusts may not be treated as a settlor:

(1) If the settlor is a beneficiary after the death of the settlor's spouse:

a. An irrevocable inter vivos marital trust that is treated as a general power of appointment trust described in section 2523(e) of the Internal Revenue Code.

b. An irrevocable inter vivos marital trust that is treated as a qualified terminable interest trust under section 2523(f) of the Internal Revenue Code.

c. An irrevocable inter vivos trust of which the settlor's spouse is a beneficiary during the spouse's lifetime but which does not qualify for the federal gift tax marital deduction, and during the lifetime of the settlor's spouse (i) the settlor's spouse is the only beneficiary or (ii) the settlor's spouse and ~~the settlor's issue~~ any issue of the settlor or the settlor's spouse, or both, are the only beneficiaries.

d. Another trust, to the extent that the property of the other trust is attributable to property passing from a trust described in sub-subdivisions a., b., and c. of this subdivision.

For purposes of this subdivision, notwithstanding the provisions of G.S. 36C-1-103(3), the settlor is a beneficiary whether so named under the initial trust instrument or through the exercise of a limited or general power of appointment.

(2) An irrevocable inter vivos trust for the benefit of a person if the settlor is the person's spouse, regardless of whether or when that person was a settlor of an irrevocable inter vivos trust for the benefit of the person's spouse.

For purposes of this subsection, the "settlor's spouse" refers to the person to whom the settlor was married at the time the irrevocable inter vivos trust was created, notwithstanding a subsequent dissolution of the marriage."

SECTION 8.5.(b) The Revisor of Statutes shall cause to be printed all explanatory comments of the drafters of this section, as the Revisor may deem appropriate.

SECTION 8.6. G.S. 42A-37(a) reads as rewritten:

"(a) Any member of the Armed Forces of the United States who executes a vacation rental agreement and subsequently receives (i) an order for deployment with a military unit for a period overlapping with the rental period or (ii) permanent change of station orders requiring the member to relocate on a date prior to the beginning of the lease term may terminate the member's vacation rental agreement by providing the landlord or landlord's agent with a written notice of termination within 10 calendar days of receipt of the order. The notice must be accompanied by either a copy of the official military orders or a written verification signed by the member's commanding officer. Termination of a lease pursuant to this subsection is effective immediately upon receipt of the notice by the landlord or landlord's agent. All monies paid by the terminating member, with the exception of nonrefundable fees paid to third parties as described in ~~G.S. 42-16(a),~~ G.S. 42A-16, in connection with the vacation rental agreement shall be refunded to the member within 30 days of termination of the agreement."

SECTION 8.7.(a) G.S. 57D-1-03, as amended by Section 4 of S.L. 2017-90, reads as rewritten:

"**§ 57D-1-03. Definitions.**

~~In this Chapter unless otherwise specifically provided:~~ Unless otherwise specifically provided, the following definitions apply in this Chapter:

...

~~(33b)~~(32b) Service-disabled veteran-owned small business. – A business that satisfies both of the following requirements:

a. The business's net annual receipts do not exceed one million dollars ($1,000,000).

b. One or more service-disabled veterans own more than fifty percent (50%) of the business."

SECTION 8.7.(b) This section becomes effective January 1, 2018.

SECTION 8.8.(a) G.S. 90-92(a) reads as rewritten:

"(a) This schedule includes the controlled substances listed or to be listed by whatever official name, common or usual name, chemical name, or trade name designated. In determining that a substance comes within this schedule, the Commission shall find: a low potential for abuse relative to the substances listed in Schedule III of this Article; currently accepted medical use in the United States; and limited physical or pyschological dependence relative to the substances listed in Schedule III of this Article. The following controlled substances are included in this schedule:

...

(5) Narcotic Drugs. – Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing limited quantities of any of the following narcotic drugs, or any salts thereof:

a. Not more than 1 milligram of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit.

b. Buprenorphine.

c. 2-[(dimethylamino)methyl]-1-(3-methoxyphenyl)cyclohexanol, its salts, optical and geometric isomers, and salts of these isomers (including tramadol)."

SECTION 8.8.(b) The sub-subdivision c. added to G.S. 90-92(a)(5) by Section 6 of S.L. 2017-115 is repealed.

SECTION 8.8.(c) This section becomes effective December 1, 2017, and subsection (a) of this section applies to offenses committed on or after that date.

SECTION 8.9.(a) G.S. 135-7(g)(2), as enacted by Section 5(a) of S.L. 2017-129, reads as rewritten:

"(2) Funding of the LEIA. – In the event that the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note required by Article 15 of Chapter 120 of the General Statutes, the Board of Trustees may direct up to one hundredth percent (0.01%) of the required contributions to fund the LEIA. These funds must be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. The Board of ~~Trustee~~ Trustees shall not direct any employer contributions into the LEIA after November 1, 2021."

SECTION 8.9.(b) This section becomes effective October 1, 2017.

SECTION 8.10. G.S. 143-47.7 reads as rewritten:

"**§ 143-47.7. Notice and record of appointment required.**

(a) Within 30 days after acceptance of appointment by a person appointed to public office, the appointing authority shall file written notice of the appointment with the Governor, the Secretary of State, the Legislative Library, ~~the State Library,~~ the State Ethics Commission, and the State Controller. For the purposes of this section, a copy of the letter from the appointing authority, a copy of the properly executed notice of appointment as set forth in subsection (c) of this section, or a copy of the properly executed Commission of Appointment shall be sufficient to be filed if the copy contains the information required in subsection (b) of this section.

(b) The notice required by this Article shall contain the following information:

(1) The name and office of the appointing authority;

(2) The public office to which the appointment is made;

(3) The name and address of the appointee;

(4) The county of residence of the appointee;

(5) The citation to the law or other authority authorizing the appointment;

(6) The specific statutory qualification for the public office to which the appointment is made, if applicable;

(7) The name of the person the appointee replaces, if applicable;

(8) The date the term of the appointment begins; and

(9) The date the term of the appointment ends.

(c) The following form may be used to comply with the requirements of this section:

"NOTICE OF APPOINTMENT

Notice is given that _____ is hereby appointed to the following
Name

public office:

Public Office: _____

Citation to Law or Other Authority Authorizing the Appointment:

_____

Specific Statutory Qualification for the Public Office, if Applicable:

_____

Address of the Appointee: _____

_____

_____

County of Residence of the Appointee: _____

Date Term of Appointment Begins: _____

Date Term of Appointment Ends: _____

Name of Person the Appointee Replaces, if applicable:

_____

_____ _____

Date of Appointment Signature

_____

Office of Appointing Authority

Distribution:

Governor
Secretary of State
Legislative Library
~~State Library~~
State Ethics Commission
State Controller""

SECTION 8.11. G.S. 143-138(b4)(2a), as enacted by Section 8(b) of S.L. 2017-108 and Section 8(a) of S.L. 2017-130, reads as rewritten:

"(2a) A "therapeutic equine facility" is an equine facility as described in ~~sub-subdivision a. of subdivision (1) of this subsection~~ sub-subdivision (1)a. of this subsection operated by an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code that provides therapeutic equine-related activities for persons who are physically, intellectually, or emotionally challenged."

SECTION 8.12. G.S. 143B-68 reads as rewritten:

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

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

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

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

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

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

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

SECTION 8.13. Part XII of S.L. 2006-248 is repealed.

SECTION 8.14. Section 6A.19(e) of S.L. 2011-145 is repealed.

PART IX. EFFECTIVE DATE

SECTION 9. Except as otherwise provided, this act is effective when it becomes law.

JT Meeting
10-4-17

ROLL CALL VOTE

HOUSE STANDING COMMITTEE ON APPROPRIATIONS

Amendment #_____

HB# _____

35 29 = _____(TOTAL) (91 Members) 2017-18

YES NO

SB# 582

Conference Report

YES	NO	MEMBER (last name)	YES	NO	MEMBER (last name)
		Adcock			Dobson
		Ager			Dulin
		Autry			Earle
		Ball			Elmore
		Belk			Farmer-Butterfield
		J. Bell			Fisher
		L. Bell			Floyd
		Black			Ford
		Blackwell			Fraley
		Boles			Garrison
		Boswell			Gill
		Brawley			C. Graham
		Brisson			G. Graham
		Brockman			Grange
		Brody			D. Hall
		Bumgardner			K. Hall
		Clampitt			Hardister
		Cleveland			Harrison
		Conrad			Horn
		Corbin			Hunter
		Cunningham			Hurley
		Davis			Iler
		Dixon			Insko
					Jackson

9.26.17

YES	NO	MEMBER (last name)
	✓	
		John
✓		Jones
✓		Lewis
		Lucas
		Malone
		Martin
	✓	Michaux
✓		McElraft
✓		McNeill
		Murphy
	✓	Pierce
	✓	Pittman
✓		Potts
✓		Presnell
	✓	Quick
	✓	B. Richardson
✓		W. Richardson
✓		Riddell
✓		Rogers
✓		Ross
✓		Saine
✓		Sauls
		Setzer
		Shepard
	✓	Speciale
		Stevens
✓		Strickland
	✓	Terry
✓		Torbett
		B. Turner
✓		R. Turner
		Watford

YES	NO	MEMBER (last name)
✓		White
	✓	Willingham
	✓	Wray
		Yarborough
		Zachary

Chairs

✓		Dollar
✓		Arp
✓		Burr
✓		Faircloth
✓		Johnson
		Lambeth
✓		McGrady

Yes 35
No 29

9.26.17

Senate

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: **10/04/17**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ashley Wilie	DCS
Deans Eatman	NCDOT
[illegible]	UNC
Jillian Tolman	MUSCLCC
Tom Fetzer	FSP
Dan Powers	PS, LLC
Ryan Menard	UNC
Geoff Coltrane	Gov Office
Bradford Sneed	NCDOT
Justin Cuaptra	Governor
Chris Cooks	NCAJ
Laura Carter	NCAIC
Kim Siomkos	NCRLA
Tom Marsh	CHAMBER
[illegible]	[illegible]
Nate Denson	DIT
Lex Jones	DNCR

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: **10/04/17**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Julie Robinson	NCSBA
Ken Melton	K M A
Joxi [illegible]	JLF
[illegible]	CSG
Hans Kaplan	NWC
George Robinson	DOI
[illegible]	STA
Elizabeth Robinson	LERMA
JERRY COHEN	NM
[illegible]	[illegible] Assoc.
[illegible]	Hoke County
Jason Sager	NC Chamber
Susanna Davis	DOI/IR
Sarah Bates	Babcock Assoc.
Jonathan Babcock	"
Chris McClure	Brooks Pierce
[illegible]	BP

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: **10/04/17**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Alex Mills	AMGA
Mike Forman	NCAE
Rachel Bacon	NCSBA
	UNC
	KTS
Dodie Kuster	CCL
Julia Adams Schauwecker	OCGR
Andy Chase	KMA
Stephen Lauba	KMA
Amanda Denover	KTS
Patrick Ballantine	BCI
Jonathan Harris	AOC
Mike McBrayer	Biggs
Ben Popkin	DHHS
Robb Jansen	SBE
C Holden	SBE

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: **10/04/17**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Adam Prideaux	NCASA
Tom Mat	NCICU
Rachel Bradley	Pfizer
Katherine Joyce	NCASA
Drew Moretz	UNCGA
Michelle Frazier	SML
Judy Brandon	NCSBE
Tom Bean	EDF, NCSEA, NCWF
Hugh Johnson	NICAC
Amber Harris	NCACC
Mary Humphrey	NCCCS
Jeff Lazio	SML
Spike Dunn	Innovate
Andy Ammer	Innovate
P/W	MWC

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

DATE: **10/04/17**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susan Vick	Duke Energy
[illegible]	NC REALTORS
[illegible]	NCA
Seth Pelner	NC REALTORS

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION

You are hereby notified that the **House Committee on Appropriations** will meet **JOINTLY** as follows:

DAY & DATE: Thursday, February 8, 2018
TIME: **2:00 PM**
LOCATION: **643 LOB**

Respectfully,
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 4:44 PM on Wednesday, February 07, 2018.

___ Principal Clerk
___ Reading Clerk – House Chamber

Candace Slate (Committee Assistant)

Candace Slate (Rep. Nelson Dollar)

From: Lorie Byrd (Sen. Harry Brown)
Sent: Wednesday, February 07, 2018 04:41 PM
To: Candace Slate (Rep. Nelson Dollar)
Subject: FW: <NCGA> Senate Appropriations/Base Budget Committee Meeting Notice for Thursday, February 08, 2018 at 2:00 PM (Joint)
Attachments: Add Meeting to Calendar_LINC_.ics

From: Lorie Byrd (Sen. Harry Brown)
Sent: Wednesday, February 07, 2018 4:40 PM
To: Lorie Byrd (Sen. Harry Brown) <Brownla2@ncleg.net>
Subject: <NCGA> Senate Appropriations/Base Budget Committee Meeting Notice for Thursday, February 08, 2018 at 2:00 PM (Joint)

Principal Clerk _____
Reading Clerk _____

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations/Base Budget** will meet at the following time:

DAY	DATE	TIME	ROOM
Thursday	February 8, 2018	2:00 PM	643 LOB

Senator Brown will chair.

Senator Harry Brown, Co-Chair
Senator Kathy Harrington, Co-Chair
Senator Brent Jackson, Co-Chair

2017-18 ATTENDANCE JT

Appropriations Committee JT Meeting

DATES	2-8-18														
Rep. Nelson Dollar, Senior Chair	X														
Rep. Dean Arp, Chair	X														
Rep. Justin Burr, Chair	X														
Rep. John Faircloth, Chair	X														
Rep. Linda Johnson, Chair	X														
Rep. Donny Lambeth, Chair	X														
Rep. Chuck McGrady, Chair	X														
Rep. Gale Adcock	X														
Rep. John Ager	X														
Rep. John Autry	X														
Rep. Cynthia Ball	X														
Rep. Mary Belk	X														
Rep. John Bell	X														
Rep. Larry Bell	X														
Rep. MaryAnn Black	X														
Rep. Hugh Blackwell	X														
Rep. Jamie Boles	X														
Rep. Beverly Boswell	X														
Rep. Bill Brawley	X														
Rep. William Brisson	X														
Rep. Cecil Brockman	X														
Rep. Mark Brody	X														
Rep. Dana Bumgardner	X														
Rep. Mike Clampitt	X														
Rep. George Cleveland	X														
Rep. Debra Conrad	X														
Rep. Kevin Corbin	X														

Rep. Carla Cunningham	X														
Rep. Ted Davis	X														
Rep. Jimmy Dixon	X														
Rep. Josh Dobson	X														
Rep. Andy Dulin	X														
Rep. Beverly Earle	X														
Rep. Jeffrey Elmore	X														
Rep. Jean Farmer-Butterfield	X														
Rep. Susan Fisher	X														
Rep. Elmer Floyd	X														
Rep. Carl Ford	X														
Rep. Rep. John Fraley	X														
Rep. Terry Garrison	X														
Rep. Rosa Gill	X														
Rep. C Graham	X														
Rep. G. Graham	X														
Rep. Holly Grange	X														
Rep. Duane Hall	X														
Rep. Kyle Hall	X														
Rep. Jon Hardister	X														
Rep. Pricey Harrison	X														
Rep. Craig Horn	X														
Rep. Howard Hunter	X														
Rep. Pat Hurley	X														
Rep. Frank Iler	X														
Rep. Verla Insko															
Rep. Darren Jackson	X														
Rep. Joe John	X														
Rep. Brenden Jones	X														
Rep. David Lewis	X														
Rep. Marvin Lucas	X														
Rep. Chris Malone	X														
Rep. Grier Martin	X														

Rep. Mickey Michaux	X															
Rep. Pat McElraft	X															
Rep. Allen McNeill	X															
Rep. Bob Muller	X															
Rep. Greg Murphy, MD																
Rep. Garland Pierce	X															
Rep. Larry Pittman	X															
Rep. Larry Potts	X															
Rep. Michele Presnell	X															
Rep. Amos Quick	X															
Rep. B. Richardson	X															
Rep. W. Richardson	X															
Rep. Dennis Riddell	X															
Rep. David Rogers	X															
Rep. Stephen Ross	X															
Rep. Jason Saine	X															
Rep. John Sauls																
Rep. Mitchell Setzer	X															
Rep. Phillip Shepard																
Rep. Michael Speciale	X															
Rep. Sarah Stevens	X															
Rep. Larry Strickland	X															
Rep. Evelyn Terry	X															
Rep. John Torbett	X															
Rep. Brian Turner	X															
Rep. Rena Turner	X															
Rep. Sam Watford	X															
Rep. Donna McDowell White	X															
Rep. Shelly Willingham	X															
Rep. Michael Wray	X															
Rep. Larry Yarborough	X															
Rep. Lee Zachary	X															

Appropriations Staff:															
Karen Hammonds-Blanks	X														
Brian Matteson	X														
Phyllis Pickett	X														
Joyce Jones	X														
9.26.17															
(92)															

HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES

February 8, 2018
2:00 PM
643 Legislative Office Building

AGENDA

I.	**Opening Remarks**	Rep. Nelson Dollar, Senior Chair Rep. Dean Arp Rep. John Faircloth Rep. Linda Johnson Rep. Donny Lambeth Rep. Chuck McGrady	Sen. Harry Brown, Presiding Sen. Kathy Harrington Sen. Brent Jackson
II.	**Introduction of Pages and Sergeant at Arms**		
III.	**Discussion of Proposed Conference Report for House Bill 90**	Senator Chad Barefoot	
IV.	**Adjourn**		

NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE REPORT

Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

FAVORABLE FOR ADOPTION

HB **90** **(CR)** NC Truth in Education.

Draft Number:	H90-PCCS40670-TC-5
Serial Referral:	None
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	Dollar

TOTAL REPORTED: 1



Joint Senate/House Committee on Appropriations
Thursday, February 8, 2018 at 2:00 PM
Room 643 of the Legislative Office Building

MINUTES

The Joint House-Senate Committee on Appropriations met at 2:00 PM on February 8, 2018 in Room 643 of the Legislative Office Building. 104 members were present.

Senator Harry Brown, Chair, presided.

Senator Brown called the meeting to order. He recognized the Sergeant-at-Arms' staff and thanked them for their service. He then recognized Evan Rodewald and noted this was his last Appropriations meeting. He thanked him for his years of service working with the Senate on the Appropriations/Base Budget Committee and congratulated him on his new position at the Department of Transportation.

Chairman Brown then recognized Lee Lilley, the new Legislative Director for the Governor. He congratulated him on his new position and asked him to introduce himself.

After Mr. Lilley introduced himself he answered questions from committee members. After a discussion among committee members, Senator Rabon asked if Mr. Lilley would agree to answer any questions he was not able to answer during the meeting in writing. Mr. Lilley agreed to take questions in writing.

Chairman Brown then recognized Senator Newton to explain the first section of the Conference Committee substitute for HB90 which pertains to the Atlantic Coast Pipeline funds.

.

Senator Barefoot and Representative Horn were then recognized to talk about the portion of the bill that phases in smaller class sizes and lower student to teacher ratios in Kindergarten through third grade, provides millions of additional state dollars to fund special subject area teachers and adds additional flexibility to a program to help students with special needs, and also eliminates the state's Pre-K waiting list. A discussion among committee members followed the presentation

Senator Brown then recognized Representative Lewis to present the final section of the conference report on the bill. After a brief discussion among committee members, the meeting recessed at 3:15 PM.

The meeting reconvened at 3:40 PM. Chairman Brown noted the House would be voting on the conference report and turned the meeting over to Chairman Dollar to chair the rest of the meeting.

The House Appropriations Committee then convened for the purpose of the consideration of the vote on the conference report. Chairman Dollar asked for any further questions. Representative

McGrady moved that the proposed conference committee report for HB90 be properly before the committee without objections.

Following discussion by the committee, Rep. Johnson moved that the House Appropriations Committee recommend that the House adopt the conference committee report for HB90. The motion carried.

The House Appropriations Meeting and the Joint Meeting adjourned at 3:55 PM.

Senator Harry Brown, Chair
Presiding

Lorie Byrd, Committee Clerk

Attachments:

1. Notice
2. Agenda
3. Conference Committee Report for HB90
4. Summary of HB90
5. Visitor Registration

ATTACHMENT 1

Principal Clerk ____
Reading Clerk ____

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations/Base Budget** will meet at the following time:

DAY	DATE	TIME	ROOM
Thursday	February 8, 2018	2:00 PM	643 LOB

Senator Brown will chair.

Senator Harry Brown, Co-Chair
Senator Kathy Harrington, Co-Chair
Senator Brent Jackson, Co-Chair

ATTACHMENT 2

HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES

February 8, 2018
2:00 PM
643 Legislative Office Building

AGENDA

I.	**Opening Remarks**	Rep. Nelson Dollar, Senior Chair Rep. Dean Arp Rep. John Faircloth Rep. Linda Johnson Rep. Donny Lambeth Rep. Chuck McGrady	Sen. Harry Brown, Presiding Sen. Kathy Harrington Sen. Brent Jackson
	Introduction of Pages and Sergeant at Arms		
III.	**Discussion of Proposed Conference Report for House Bill 90**	Senator Chad Barefoot	
IV.	**Adjourn**		

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H D

HOUSE BILL 90

Committee Substitute Favorable 3/21/17
Senate Education/Higher Education Committee Substitute Adopted 6/20/17
Proposed Conference Committee Substitute H90-PCCS40670-TC-5

Short Title: Changes to Education and Election Laws. (Public)

Sponsors:

Referred to:

February 15, 2017

A BILL TO BE ENTITLED

AN ACT TO PROVIDE ADDITIONAL FUNDS TO SCHOOLS LOCATED IN COUNTIES THROUGH WHICH THE ATLANTIC COAST PIPELINE RUNS; TO PHASE IN CLASS SIZE REQUIREMENTS OVER FOUR YEARS; TO CREATE AN ALLOTMENT FOR PROGRAM ENHANCEMENT TEACHERS; TO MODIFY TRANSFER REQUIREMENTS FOR THE CLASSROOM TEACHER AND PROGRAM ENHANCEMENT TEACHER ALLOTMENTS; TO PHASE IN FUNDING OF PROGRAM ENHANCEMENT TEACHERS STARTING IN 2018-2019; TO MAKE CHANGES TO PERSONAL EDUCATION SAVINGS ACCOUNTS; TO APPROPRIATE FUNDS FOR THE NC PRE-K PROGRAM IN FUTURE YEARS; AND TO IMPLEMENT THE NORTH CAROLINA SUPREME COURT'S HOLDING IN *COOPER V. BERGER* BY GIVING THE GOVERNOR INCREASED CONTROL OVER THE BIPARTISAN STATE BOARD OF ELECTIONS AND ETHICS ENFORCEMENT.

The General Assembly of North Carolina enacts:

PART I. ACP/MOU/ADDITIONAL FUNDING FOR PUBLIC SCHOOLS

SECTION 1.(a) Purpose. – The purpose of this section is to ensure that the local school administrative units (school units) located, in whole or in part, in the counties directly impacted by placement of the Atlantic Coast Pipeline (ACP) within their respective jurisdictions shall receive the benefit of any funds provided or gifted for the benefit of the State or the people of the State as a result of the ACP. In addition, the General Assembly finds that compensatory mitigation payments for proposed impacts to streams, buffers, and wetlands in those areas were assessed under the 401 Certification issued by the Department of Environmental Quality to the Atlantic Coast Pipeline, LLC, on January 26, 2018.

SECTION 1.(b) Memorandum of Understanding. – The Mitigation Project Memorandum of Understanding by and between Roy Cooper, Governor of North Carolina, in his Official Capacity and Atlantic Coast Pipeline, LLC, dated January 25, 2018, (MOU) purports to provide funding in the form of a gift, voluntary contribution, or otherwise (funds) to be used for (i) mitigation for the unavoidable effects of the ACP on the interior forest habitats, open-space lands, waterbodies, and natural resources of the communities along the ACP's route; (ii) support and funding for economic development in the counties that would be impacted by the ACP; and (iii) extension of renewable energy projects into certain local communities which may stand to be affected by the ACP's operation. Notwithstanding the terms of the MOU, the allocation of funds to State and local entities, officers, or officials falls

within the purview of the General Assembly; and, therefore, the General Assembly authorizes the acceptance of these funds only if the requirements of this section are met.

SECTION 1.(c) Required School Unit Allocation. – Notwithstanding any other provision of law, a state or local entity, officer, or official acting within an official capacity may accept, direct the use of, or otherwise participate in directing the disbursement of the funds received pursuant to the MOU, or any successive contract or document evidencing an intent to agree that funds be used for the benefit of the State or the people of the State for effects of the ACP, only if the school units located, in whole or in part, in counties through which the ACP runs are the sole recipients of these funds. Of the funds received, one-half shall be allocated among the school units based on the allotted average daily membership for the 2017-2018 fiscal year as determined and certified by the State Board of Education (ADM) as follows: the ADM allocation to a school unit is equal to one-half of the total amount of the funds multiplied by a fraction, the numerator of which is the ADM of the school unit located in the county through which the ACP runs and the denominator of which is the ADM of all school units located in all counties through which the ACP in the State runs. The remaining funds shall be allocated among the school units based on linear ACP miles as follows: the linear ACP miles allocation to a school unit is equal to the remainder of the total amount of the funds multiplied by a fraction, the numerator of which is the linear miles of the ACP in the county in which the school unit is located and the denominator of which is the total linear miles of the ACP in the State. If more than one school unit is located in a county through which the ACP runs, the linear ACP miles allocation for that county shall be allocated among the school units pro rata based on ADM.

SECTION 1.(d) Reports. – Each school unit receiving funds pursuant to subsection (c) of this section shall report to the Department of Public Instruction on funds received within 10 days of receipt of the funds. The Department of Public Instruction shall collate all reports required by this section and remit the collated information to the Joint Legislative Commission on Governmental Operations quarterly. The first submission of collated information shall be remitted no later than September 1, 2018, and the school units shall continue to report, and the Department shall continue to remit the collated information until the Department certifies that all funds governed by the MOU have been received by the school units.

SECTION 1.(e) No Conflict. – The legislative power of the State is vested in the General Assembly of the State of North Carolina. The Legislature must declare the policy of the law, fix legal principles which are to control in given cases, and provide standards for guidance in executing the law. The Governor shall take care that the laws be faithfully executed. Therefore, nothing in this section shall be construed, or is intended, to (i) be in conflict with the rights of any person or any mandatory provision of federal law or to infringe on the constitutional powers of the Governor to execute the laws of this State or (ii) preclude or supersede any mitigation agreement entered into under applicable State or federal law.

SECTION 1.(f) Effective date. – This section becomes effective January 25, 2018.

PART II. CLASS SIZE PHASE IN

SECTION 2.(a) Section 1(b) of S.L. 2017-9 reads as rewritten:

"**SECTION 1.(b)** Notwithstanding G.S. 115C-301, as amended by this act and any other provision of law, for the 2017-2018 and 2018-2019 school ~~year,~~years, the average class size for kindergarten through third grade in a local school administrative unit shall not exceed one teacher per 20 students. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed one teacher per 23 students. ~~The class size requirements set forth in G.S. 115C-301, as amended by this act, shall apply beginning with the 2018-2019 school year.~~"

SECTION 2.(b) Notwithstanding G.S. 115C-301, as amended by this act, and any other provision of law, for the 2019-2020 school year, the average class size for kindergarten

through third grade in a local school administrative unit shall not exceed one teacher per 19 students. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed one teacher per 22 students.

SECTION 2.(c) Notwithstanding G.S. 115C-301, as amended by this act, and any other provision of law, for the 2020-2021 school year, the average class size for kindergarten through third grade in a local school administrative unit shall not exceed one teacher per 18 students. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed one teacher per 21 students.

SECTION 2.(d) The class size requirements set forth in G.S. 115C-301, as amended by this act, shall apply beginning with the 2021-2022 school year.

PART III. PROGRAM ENHANCEMENT TEACHER ALLOTMENT

SECTION 3.(a) Effective July 1, 2018, G.S. 115C-301 is amended by adding a new subsection to read:

"(a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public School Fund shall consist of the following position allotments:

(1) Classroom teachers for kindergarten through twelfth grade, which shall include funds for program enhancement teachers, self-contained exceptional children teachers, math, science, and computer teachers, and matching benefits.

(2) Program enhancement teachers for kindergarten through fifth grade."

SECTION 3.(b) Effective July 1, 2021, G.S. 115C-301(a1), as enacted by subsection (a) of this section, reads as rewritten:

"(a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public School Fund shall consist of the following position allotments:

(1) Classroom teachers for kindergarten through twelfth grade, which shall include funds for program enhancement ~~teachers,~~teachers for sixth through twelfth grade, self-contained exceptional children teachers, math, science, and computer teachers, and matching benefits.

(2) Program enhancement teachers for kindergarten through fifth grade."

SECTION 3.(c) G.S. 115C-301(c1) reads as rewritten:

"(c1) Class Size Exceptions for Kindergarten Through Third Grade. – Class size requirements for kindergarten through third grade provided in subsection (c) of this section shall not apply to ~~dual~~ the following classes:

(1) Dual language immersion classes. For the purposes of this subsection, dual language immersion classes are classes in which (i) at least one-third of the students' dominant language is English and (ii) instruction involves both English and a target foreign language with a minimum of fifty percent (50%) of core content taught in the target foreign language in order to promote dual language proficiency for all students.

(2) Program enhancement classes."

SECTION 3.(d) G.S. 115C-301 is amended by adding a new subsection to read:

"(c2) Program Enhancement Teacher Allotment for Kindergarten Through Fifth Grade. –

(1) Definitions. – For the purposes of this section, "program enhancement" refers to any of the following:

a. Arts disciplines, including dance, music, theater, and the visual arts.

b. Physical education and health programs.

c. World languages.

d. Other supplemental classes as defined by the State Board of Education.

(2) Allotment ratio calculation. – The allotment ratio for kindergarten through fifth grade program enhancement teachers shall be one teacher per 191 students."

SECTION 3.(e) G.S. 115C-301(f)(2)a. reads as rewritten:

"a. The number of program enhancement teachers. ~~For the purposes of this subdivision, program enhancement teachers are teachers who teach any of the following:~~

~~1. Arts disciplines, including dance, music, theater, and the visual arts.~~

~~2. Physical education and health programs.~~

~~3. World languages.~~"

SECTION 3.(f) Effective July 1, 2018, Section 1(a)(2) of S.L. 1995-450 is repealed.

PART IV. ALLOTMENT TRANSFER RESTRICTIONS

SECTION 4.(a) Effective July 1, 2018, G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(5d) No positions shall be transferred out of the allocation for program enhancement teachers for kindergarten through fifth grade except as provided in this subdivision. Positions allocated for program enhancement teachers for kindergarten through fifth grade may be converted into positions allocated for classroom teachers for kindergarten through twelfth grade. For the purposes of this subdivision, the term "program enhancement" is as defined in G.S. 115C-301(c2)."

SECTION 4.(b) Effective July 1, 2021, G.S. 115C-105.25(b), as amended by subsection (a) of this section, reads as rewritten:

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

…

(5a) No positions shall be transferred out of the allocation for classroom teachers for kindergarten through twelfth grade, except as provided in this subdivision. Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange teachers through a visiting international exchange teacher program approved by the State. These positions shall be converted at the statewide average salary for classroom teachers, including benefits. The converted funds shall be used only to provide visiting international exchange teachers with salaries commensurate with their experience levels, to provide any State-approved bonuses, and to cover the costs associated with supporting visiting international exchange teachers within the local school administrative unit, including programming and related activities, background checks, medical coverage, and other program administration services in accordance with the federal regulations for the Exchange Visitor Program, 22 C.F.R. Part 62.

(5b) ~~Except as provided in subdivision (5a) of this subsection, positions~~Positions allocated for ~~classroom teachers and~~ instructional support personnel may be converted to dollar equivalents for any purpose authorized by the policies of the State Board of Education. These positions shall be converted at the salary on the first step of the "A" Teachers Salary Schedule. Certified

position allotments shall not be transferred to dollars to hire the same type of position.

...."

PART V. APPROPRIATIONS FOR PROGRAM ENHANCEMENT TEACHERS

SECTION 5.(a) Notwithstanding G.S. 143C-5-2, for the 2018-2019 fiscal year, there is appropriated from the unappropriated fund balance of the General Fund to the Department of Public Instruction the sum of sixty-one million three hundred fifty-nine thousand two hundred twenty-five dollars ($61,359,225) in recurring funds for a position allotment for program enhancement teachers for kindergarten through fifth grade.

SECTION 5.(b) Section 2.1 of S.L. 2017-57 reads as rewritten:

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

Current Operations – General Fund	**FY 2017-2018**	**FY 2018-2019**
EDUCATION		
...		
Department of Public Instruction ...	~~9,425,109,426~~9,486,468,651	
...		
TOTAL CURRENT OPERATIONS – GENERAL FUND ...	**$ ~~23,650,253,958~~23,711,613,183"**	

SECTION 5.(c) Section 2.2(a) of S.L. 2017-57 reads as rewritten:

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

	FY 2017-2018	**FY 2018-2019**
Unappropriated Balance	$ 208,607,416	$ 499,303,328
Disaster Recovery Appropriations (S.L. 2016-124)	(200,928,370)	0
Transfer From Savings Reserve	100,928,370	0
Revised Unappropriated Balance	**108,607,416**	**499,303,328**
Over Collections FY 2016-17	580,600,000	0
Reversions FY 2016-17	271,000,000	0
Replenish Savings Reserve (S.L. 2016-124)	(100,928,370)	0
Earmarkings of Year End Fund Balance:		
Savings Reserve	(263,000,000)	0
Repairs and Renovations	(125,000,000)	0
Beginning Unreserved Fund Balance	**471,279,046**	**499,303,328**
Revenues Based on Existing Tax Structure	**22,303,700,000**	**23,299,200,000**
Non-tax Revenues		
Investment Income	60,100,000	60,600,000
Judicial Fees	240,900,000	240,500,000
Disproportionate Share	164,700,000	149,600,000

Insurance	75,500,000	75,500,000
Master Settlement Agreement (MSA)	127,200,000	127,200,000
Other Non-Tax Revenues	180,600,000	182,900,000
Subtotal Non-tax Revenues	**849,000,000**	**836,300,000**
Total General Fund Availability	**23,623,979,046**	**24,634,803,328**
Adjustments to Availability: 2017 Session		
Tax Law Changes	(6,900,000)	(521,800,000)
Transfer of Taxes From Short-Term Lease or Rental of Motor Vehicles to Highway Fund	(10,000,000)	(10,000,000)
Transfer to Savings Reserve (S.L. 2017-5)	0	(72,090,000)
Transfer Additional MSA funds to Golden L.E.A.F.	(7,500,000)	(7,500,000)
Transfer to Medicaid Transformation Fund	(75,000,000)	0
Transfer from Contingency and Emergency Fund	7,000,000	0
Transfer from Department of Insurance	3,655,405	4,026,728
Transfer from the Department of the State Treasurer	(5,453,230)	(5,434,773)
Subtotal Adjustments to Availability: 2017 Session	**(94,197,825)**	**(612,798,045)**
Revised General Fund Availability	**$ 23,529,781,221**	**$ 24,022,005,283**
Less General Fund Net Appropriations	(23,030,477,893)	(23,652,171,951)
Unappropriated Balance Remaining	**$ 499,303,328**	**$ ~~369,833,332~~308,474,107"**

SECTION 5.(d) G.S. 115C-301(c2), as enacted by Section 3(d) of this act, is amended by adding a new subdivision to read:

"(3) Appropriation. – Beginning with the 2019-2020 fiscal year, there is appropriated from the General Fund to the Department of Public Instruction for the allotment for program enhancement teachers for kindergarten through fifth grade an amount equal to the percentage of the total funds required to allot program enhancement teacher positions for kindergarten through fifth grade on a basis of one teacher per 191 students for each fiscal year as follows:

Fiscal Year	Appropriation
2019-2020	50%
2020-2021	75%
2021-2022 and each subsequent fiscal year thereafter	100%.

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subdivision, the Director of the Budget shall include the appropriated amount for that fiscal year."

PART VI. CHANGES TO PERSONAL EDUCATION SAVINGS ACCOUNTS

SECTION 6.(a) G.S. 115C-591(3) reads as rewritten:

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

a. ~~Meets one of the following criteria:~~Is eligible to attend a North Carolina public school pursuant to G.S. 115C-366.

~~1. Was a full-time student (i) assigned to and attending a public school pursuant to G.S. 115C-366 or (ii) enrolled in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the previous semester.~~

~~2. Received scholarship funds for a personal education savings account during the previous school year.~~

~~3. Is entering either kindergarten or the first grade.~~

~~4. Is a child in foster care, as defined in G.S. 131D-10.2(9).~~

~~5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship application.~~

~~6. Is a child whose parent or legal guardian is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on 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.

d. Has not been placed in a nonpublic school or facility by a public agency at public expense."

SECTION 6.(b) G.S. 115C-591 is amended by adding a new subdivision to read:

"(5a) Part-time student. – A child enrolled part time in a public school and part time in a nonpublic school that exclusively provides services for children with disabilities."

SECTION 6.(c) G.S. 115C-592(b) reads as rewritten:

"(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.~~received, except for eligible part-time students, who shall be awarded scholarships each year for an amount not to exceed four thousand five hundred dollars ($4,500) 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-595. 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-595(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-595 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."

SECTION 6.(d) G.S. 115C-595(a)(2) reads as rewritten:

"(2) Unless the student is ~~an eligible student pursuant to G.S. 115C-591(3)a.7., a~~ part-time eligible student, release a local education agency in which the student is eligible to attend under G.S. 115C-366 of all obligations to educate the eligible student while the eligible student is receiving scholarship funds under this Article. A parent of a student, ~~other than a student who is an eligible student pursuant to G.S. 115C-591(3)a.7.,~~other than a part-time eligible student, who decides to enroll the student into the local education agency or other North Carolina public school during the term of the agreement shall notify the Authority to request a release from the agreement and shall return any unexpended funds to the Authority."

SECTION 6.(e) Notwithstanding G.S. 115C-592(a), for the 2018-2019 school year only, the State Education Assistance Authority shall give priority in award of scholarships to applicants with one or more of the following disabilities:

(1) Autism.
(2) Developmental disability.
(3) Hearing impairment.
(4) Moderate or severe intellectual disability.
(5) Multiple, permanent orthopedic impairments.
(6) Visual impairment.

PART VII. NC PRE-K STATUTORY APPROPRIATION

SECTION 7. Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-168.10B. NC Prekindergarten Program Funds.**

The General Assembly finds that due to the continued growth and ongoing need in this State to provide early childhood services and education to North Carolina children from birth to five years, it is imperative that the State provide an increase in funds to the General Fund for two fiscal years for the NC Prekindergarten (NC Pre-K) program. To that end, there is appropriated from the General Fund to the Department of Health and Human Services, Division of Child Development and Early Education, the following amounts each fiscal year to provide funds for NC Pre-K slots for the NC Pre-K program:

Fiscal Year	Appropriation
2019-2020	$82,001,394
2020-2021 and each subsequent fiscal year thereafter	$91,351,394

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this section, the Director of the Budget shall include the appropriated amount specified in this section for that fiscal year."

PART VIII. IMPLEMENT THE NORTH CAROLINA SUPREME COURT'S HOLDING IN *COOPER V. BERGER* BY GIVING THE GOVERNOR INCREASED CONTROL OVER THE BIPARTISAN STATE BOARD OF ELECTIONS AND ETHICS ENFORCEMENT

SECTION 8.(a) The General Assembly finds that the legislative intent in the enactment of S.L. 2017-6 and establishment of the Bipartisan State Board of Elections and Ethics Enforcement was to continue the practice of having an independent, quasi-judicial body for elections and ethics enforcement for the State and consolidate those bodies under a single entity. The General Assembly finds that the entity enforcing these laws must have sufficient distance from political interference due to the potential for abuse of oversight of elections and

ethics investigations for partisan purposes. The General Assembly further finds that appointment of a State Board member who is not affiliated with the two largest political parties will foster nonpartisan decision-making by the State Board. As such, by amending the section of the General Statutes establishing the membership of the State Board enacted in S.L. 2017-6, the purpose of this legislation is to implement the decision of the North Carolina Supreme Court on January 26, 2018, in *Cooper V. Berger* (No. 52PA17-2) to give the Governor executive control over the Bipartisan State Board of Elections and Ethics Enforcement and to provide for representation on the State Board by unaffiliated and third-party voters.

SECTION 8.(b) G.S. 163A-2 reads as rewritten:

"**§ 163A-2. Membership.**

(a) The State Board shall consist of ~~eight~~ nine individuals registered to vote in North Carolina, appointed by the Governor, as follows:

(1) ~~four of whom shall be of~~Four individuals registered with the political party with the highest number of registered ~~affiliates~~ affiliates in the State, from a list of six nominees submitted by the State party chairs of that party.

(2) ~~and four of whom shall be of~~ Four individuals registered with the political party with the second highest number of registered ~~affiliates,~~affiliates in the State, from a list of six nominees submitted by the State party chairs of that party.

(3) One individual not registered with either the political party with the largest number of registered affiliates in the State or of the political party with the second-largest number of registered affiliates in the State, from a list of two nominees selected by the other eight members of the State Board.

The number of registered affiliates shall be as reflected by the latest registration statistics published by the State Board. ~~The Governor shall appoint four members each from a list of six nominees submitted by the State party chairs of the two political parties with the highest number of registered affiliates, as reflected by the latest registration statistics published by the State Board.~~ The Governor shall make all appointments promptly upon receipt of the list of nominees from each nominating entity and in no instance shall appoint later than 30 days after receipt of the list.

(a1) Within 14 days of appointment by the Governor of the eight members appointed under subdivisions (1) and (2) of subsection (a) of this section, the eight members shall hold an initial appointment selection meeting for the sole purpose of selecting two nominees who meet the qualifications for appointment under subdivision (3) of subsection (a) of this section and shall promptly submit those names to the Governor. No additional actions, other than the oath of office, shall be taken by the eight members appointed under subdivisions (1) and (2) of subsection (a) of this section at the appointment selection meeting.

...

(c) ~~Members shall be removed by the Governor from the State Board only for misfeasance, malfeasance, or nonfeasance. Violation of G.S. 163A-3(d) shall be considered nonfeasance.~~Members may be removed from the State Board by the Governor, acting in the Governor's discretion. Vacancies created on the State Board by removal from office by the Governor shall be filled in accordance with subsection (d) of this section.

(d) Any vacancy occurring on the State Board shall be filled by an individual ~~affiliated with the same political party of~~meeting the same appointment criteria under subsection (a) of this section as the vacating member. Any vacancy occurring in the State Board shall be filled by the Governor, and the person so appointed shall fill the unexpired term. The Governor shall fill vacancies as follows:

(1) For a vacancy for an appointment under subdivision (1) or (2) of subsection (a) of this section, ~~The~~ the Governor shall fill the vacancy from a list of two names submitted by the State party chair of the political party with which the

vacating member was affiliated if that list is submitted within 30 days of the occurrence of the vacancy.

(2) For a vacancy for an appointment under subdivision (3) of subsection (a) of this section, the Governor shall fill the vacancy from a list of two names submitted by the remaining members of the State Board if that list is submitted within 30 days of the occurrence of the vacancy. The State Board shall hold a meeting within 21 days of the occurrence of the vacancy for the purpose of selecting two nominees for submission to the Governor to fill the vacancy.

(e) At the first meeting held after any new appointments are made, the members of the State Board shall take the following oath:

"I, _____, do solemnly swear (or affirm) that I will support the Constitution of the United States; that I will be faithful and bear true allegiance to the State of North Carolina and to the constitutional powers and authorities which are or may be established for the government thereof; that I will endeavor to support, maintain, and defend the Constitution of said State; and that I will well and truly execute the duties of the office of member of the Bipartisan State Board of Elections and Ethics Enforcement according to the best of my knowledge and ability, according to law, so help me God."

(f) At the first meeting ~~in May,~~held after the appointment of the member under subdivision (3) of subsection (a) of this section, the State Board shall organize by electing one of its members chair and one of its members vice-chair, each to serve a two-year term as such. In 2017 and every four years thereafter, the chair shall be a member of the political party with the highest number of registered affiliates, as reflected by the latest registration statistics published by the State Board, and the vice-chair a member of the political party with the second highest number of registered affiliates. In 2019 and every four years thereafter, the chair shall be a member of the political party with the second highest number of registered affiliates, as reflected by the latest registration statistics published by the State Board, and the vice-chair a member of the political party with the highest number of registered affiliates.

(g) At the first meeting held ~~after new appointments are made after taking the oath,~~ after the appointment under subdivision (3) of subsection (a) of this section, the State Board shall elect one of its members secretary, to serve a two-year term as such.

...."

SECTION 8.(c) Notwithstanding G.S. 163A-2, members appointed to the Bipartisan State Board of Elections and Ethics Enforcement in 2018 shall serve a term of office beginning March 1, 2018, and expiring April 30, 2019, and the State Board shall hold its first meeting in March 2018.

PART IX. EFFECTIVE DATE

SECTION 9. Except as otherwise provided herein, this act is effective when it becomes law.

ATTACHMENT 4

HOUSE BILL 90:
Changes to Education and Elections Laws.

2017-2018 General Assembly

Committee:		**Date:**	February 8, 2018
Introduced by:	Reps. Elmore, K. Hall, Hurley	**Prepared by:**	Brian Gwyn*
Analysis of:	Conference Committee Substitute (H90-CCSTC-5)		Staff Attorney

OVERVIEW: The Conference Committee Substitute to House Bill 90 would delete the contents of the 3rd edition of House Bill 90 and replace it with provisions that would do the following:

- ***Ensure local school administrative units ("LEAs") in counties impacted by the ACP are the sole recipients of the funds that are the subject of the Memorandum of Understanding associated with the ACP***
- ***Phase in class size requirements over a four-year time period***
- ***Create an allotment category for kindergarten through fifth grade program enhancement teachers separate from the classroom teacher allotment***
- ***Authorize local boards of education to transfer positions from the program enhancement allotment to the classroom teacher allotment***
- ***Starting in 2021, allow program enhancement teachers for kindergarten through fifth grade to only be funded by the program enhancement allotment***
- ***Phase in an appropriation for kindergarten through fifth grade program enhancement teachers over a period of four years***
- ***Modify eligibility criteria for personal education savings accounts (PESAs)***
- ***Establish a statutory appropriation for NC Pre-K***
- ***Make changes to the Bipartisan State Board of Elections and Ethics Enforcement (State Board)***

PART I: ACP/MOU/ADDITIONAL FUNDING FOR PUBLIC SCHOOLS

BILL ANALYSIS: Part I establishes parameters that must be met in order for any State or local officer to accept or use moneys covered by the Memorandum of Understanding entered between the Governor and the ACP, LLC, entity ("MOU"). Subsection (a) provides that the purpose of the section is to ensure local school administrative units ("LEAs") in ACP-affected counties receive funds provided by entities involved in the construction of the ACP and clarifies that any mitigation costs for streams, buffers, and wetlands have already been accounted for through the 401 certification process.

Subsection (b) narrows the scope of the use of funds contemplated in the MOU and makes acceptance or use of the funds contingent on uses consistent with subsection (c) of the section.

Karen Cochrane-Brown
Director

Legislative Analysis
Division
919-733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

Subsection (c) requires the funds to be allocated solely to the LEAs through which the ACP runs. The amount to be received by each LEA is the sum of two factors. Half is given in proportion to each LEA's ADM, and half is given in proportion to each ACP-affected county's linear miles. If more than one LEA is located in a county through which the ACP runs, the linear ACP miles allocation for that county is divided among the county's LEAs pro rata based on ADM. The anticipated amounts to be received by LEAs in the State, based on the assumption that the funds received will be equal to $57.8M, is as follows:

Pipeline Counties	Allocation based on ADM			Allocation based on Pipeline Mileage			Total
	FY 2017-18 Allotted ADM	% of Total ADM	Amount	Pipeline Miles	% of Total	Amount	
Cumberland	50,485	32.4%	$ 9,365,097	39 miles	19.9%	$ 5,750,510	$15,115,607
Halifax	2,593	1.7%	$ 481,008	24 miles	12.2%	$ 1,439,831	$ 1,920,839
Roanoke Rapids	2,912	1.9%	$ 540,183			$ 1,616,964	$ 2,157,148
Weldon City	868	0.6%	$ 161,016			$ 481,980	$ 642,996
Johnston	35,272	22.6%	$ 6,543,046	37 miles	18.9%	$ 5,455,612	$11,998,658
Nash	15,253	9.8%	$ 2,829,471	32 miles	16.3%	$ 4,718,367	$ 7,547,838
Northampton	1,783	1.1%	$ 330,751	22 miles	11.2%	$ 3,243,878	$ 3,574,629
Robeson	23,185	14.9%	$ 4,300,877	22 miles	11.2%	$ 3,243,878	$ 7,544,754
Sampson	8,358	5.4%	$ 1,550,430	8 miles	4.1%	$ 865,890	$ 2,416,321
Clinton City	3,028	1.9%	$ 561,702			$ 313,701	$ 875,403
Wilson	12,056	7.7%	$ 2,236,419	12 miles	6.1%	$ 1,769,388	$ 4,005,807
Total	**155,793**	**100.00%**	**$ 28,900,000**	**196 miles**	**100%**	**$ 28,900,000**	**$ 57,800,000**

Total Amount in Escrow = $57,800,000

Subsection (d) requires school unit reporting to DPI on receipt of funds and requires DPI to collate the information and submit it to GovOps quarterly beginning September 1, 2018, until such time as all funds covered by the MOU have been received by the LEAs.

The remaining subsections address potential conflict issues and provide for severability.

PART II: CLASS SIZE PHASE IN

CURRENT LAW: G.S. 115C-301(c) prohibits the average class size for kindergarten through third grade classes in an LEA from exceeding the funded allotment ratio. Individual kindergarten through third grade classes may not exceed the allotment ratio by more than three students. The funded class size allotment ratio for kindergarten through third grade is defined as the following:

- For kindergarten, one teacher per 18 students.
- For first grade, one teacher per 16 students.
- For second grade, one teacher per 17 students.
- For third grade, one teacher per 17 students.

S.L. 2017-9 phased in class size requirements for kindergarten through third grade as follows:

- For the 2017-2018 school year, the average class size for kindergarten through third grade in an LEA cannot exceed 20 students, and the size of an individual class in kindergarten through third grade cannot exceed 23 students.

- For the 2018-2019 school year and thereafter, the class size requirements in G.S. 115C-301 apply.

BILL ANALYSIS: Part II would phase in the class size requirements of G.S. 115C-301 over a four year period rather than the two year period outlined in S.L. 2017-9 as follows:

- For the 2017-2018 and 2018-2019 school years, the average class size for kindergarten through third grade classes in an LEA would be 20 students. An individual class could not exceed 23 students.
- For the 2019-2020 school year, the average class size for kindergarten through third grade could be no more than 19 students. An individual class could not exceed 22 students.
- For the 2020-2021 school year, the average class size for kindergarten through third grade could be no more than 18 students. An individual class could not exceed 21 students.
- For 2021-2022 and beyond, the class size requirements would be as set forth in G.S. 115C-301.

PART III: PROGRAM ENHANCEMENT TEACHER ALLOTMENT

CURRENT LAW: Sec. 1(a)(2) of S.L. 1995-450 collapsed allotment categories for various types of teachers into one classroom teacher allotment.

BILL ANALYSIS: Part III would repeal Sec. 1(a)(2) of S.L. 1995-450 and create an allotment category for kindergarten through fifth grade program enhancement teachers separate from the allotment category for classroom teachers. The allotment ratio would be one program enhancement teacher for every 191 students. "Program enhancement" would be defined as:

- Arts disciplines, including dance, music, theater, and the visual arts.
- Physical education and health programs.
- World languages.
- Other supplemental classes as defined by the State Board of Education.

Until July 1, 2021, the classroom teacher allotment could be used for any type of classroom teacher, including a kindergarten through fifth grade program enhancement teacher. After that date, funds for program enhancement teachers for kindergarten through fifth grade would only be allotted through the program enhancement teacher allotment.

Class size requirements for kindergarten through third grade would not apply to program enhancement classes.

PART IV: ALLOTMENT TRANSFER RESTRICTIONS

CURRENT LAW: G.S. 115C-105.25 authorizes local boards of education to convert positions allocated for classroom teachers to dollar equivalents at a rate equal to the first salary step for teachers on the "A" Teachers Salary Schedule. However, positions can be converted to dollar equivalents at a rate equal to the statewide average salary for classroom teachers, including benefits, to contract with visiting international exchange teachers.

BILL ANALYSIS: Part IV would restrict transfers outs of the program enhancement for kindergarten through fifth grade teacher allotment, with the exception that the positions could be converted from program enhancement to classroom teachers. Starting July 1, 2021, positions could not be transferred out of the classroom teacher allotment, except to contract with visiting international exchange teachers.

PART V: APPROPRIATIONS FOR PROGRAM ENHANCEMENT TEACHERS

BILL ANALYSIS: Part V would appropriate $61,359,225 from the unappropriated fund balance of the General Fund for the purpose of funding the program enhancement allotment for kindergarten through fifth grade teachers. This appropriation represents 25% of the funding required for the program enhancement allotment. Further, a statutory appropriation would be made to increase funding for this allotment by 25% annually as follows:

- 2019-2020: 50%
- 2020-2021: 75%
- 2021-2022 and thereafter: 100%

PART VI: CHANGES TO PERSONAL EDUCATION SAVINGS ACCOUNTS

CURRENT LAW: Under current law, a student is eligible to receive a personal education savings account (PESA) if the student meets the following five criteria:

(1) Resides in NC
(2) Has not yet received a high school diploma
(3) Has not enrolled in a postsecondary institution in a matriculated statutes eligible for 2 hours of academic credit
(4) Is a child with a disability.
(5) Meets one of the following criteria:
   - Is a full-time student assigned to and attending in the previous semester either a public school in North Carolina or a Department of Defense school.
   - Previously received scholarship funds from a PESA in the prior school year
   - Is entering kindergarten of first grade
   - Is in foster care
   - Had a finalized adoption decree entered in the last year
   - Is a child of a full-time, active duty member of the military
   - Is enrolled part-time in a public school and part time in a nonpublic school exclusively providing services for children with disabilities.

Under current North Carolina law, any child whose parents or legal guardians are domiciled in the State are eligible to attend public school in North Carolina. Additionally, students whose parents or legal guardians are not domiciled in the state may also be eligible to attend public schools when certain criteria are met, including natural disasters, deployments of parents in the military, or the student residing with another adult under certain circumstances related to the parent. Under current federal law,

a student may be placed in a nonpublic school based on the student's individualized education plan at State expense if that placement is most appropriate for the student.

BILL ANALYSIS: Part VI would eliminate all of the criteria in number (5) and replace them with the requirements that the student be eligible to attend public school in North Carolina, and that the child also not be currently attending a nonpublic school at State expense. Students enrolled part time in a public school and part time in a nonpublic school that exclusively provides services for children with disabilities would continue to be eligible for the program, though they could only be awarded a maximum of $4,500 per year.

As a result of the proposed change, the student would have to show the following to be eligible for a PESA:

(1) Resides in NC
(2) Has not yet received a high school diploma and is eligible to attend public school in North Carolina.
(3) Has not enrolled in a postsecondary institution in a matriculated statutes eligible for 12 hours of academic credit
(4) Is a child with a disability.
(5) Has not been placed in a nonpublic school or facility by a public agency at public expense.

Students would no longer have to enroll in a public school the prior semester, or meet one of the other criteria in lieu of that requirement, in order to be eligible to receive a PESA.

PART VII: NC PRE-K STATUTORY APPROPRIATION

BILL ANALYSIS: Part VII would require the Director of the Budget to include funding for NC Pre-K in the base budget. In fiscal year 2019-2020, the base budget would have to include $82 million and in fiscal year 2020-2021, the base budget would have to include $91.4 million for NC Pre-K. This would increase the NC Pre-K budget by $9.35 million each year and provide enough funding to eliminate the current NC Pre-K waitlist over the two-year period.

PART VIII: IMPLEMENT THE NORTH CAROLINA SUPREME COURT'S HOLDING IN *COOPER V. BERGER* BY GIVING THE GOVERNOR INCREASED CONTROL OVER THE BIPARTISAN STATE BOARD OF ELECTIONS AND ETHICS ENFORCEMENT

CURRENT LAW: G.S. 163A-2 establishes the membership for the Bipartisan State Board of Elections and Ethics Enforcement (State Board). The State Board is comprised of 8 registered voters in the State, appointed by the Governor as follows:

- 4 members are affiliated with the political party with the highest number of registered affiliates.
- 4 members are affiliated with the political party with the second-highest number of registered affiliates.

The Governor makes appointments from a list of 6 nominees submitted by the State party chairs, respectively, of the 2 parties with the highest number of registered affiliates. Members are subject to

removal by the Governor from the State Board only for misfeasance, malfeasance, or nonfeasance. Vacancy appointments are filled for the unexpired term by individuals affiliated with the same political party as the vacating member. The Governor fills vacancies from a list of 2 names submitted by the State party chair of the political party of vacating member, if submitted within 30 days of the occurrence of the vacancy.

At the first meeting in May, the State Board elects a chair and vice-chair, and at the first meeting held after new appointments are made after taking the oath, the State Board elects a secretary.

BILL ANALYSIS: Part VIII would make the following changes to the membership of the State Board:

- Add a ninth member. The ninth member must be an individual who is not affiliated with either of the 2 parties with the highest number of registered affiliates. The Governor would appoint the member from a list of 2 nominees selected by the other 8 members of the State Board within 14 days of the appointment of the 8 members. The State Board could not select the chair, vice-chair, or secretary until the 9th member is appointed.
- Vacancies for the ninth member would be filled from a list of nominees submitted to the Governor by the remaining members of the State Board, if received within 30 days. The State Board would be required to meet within 21 days of the vacancy to select the nominees.
- The Governor must make all appointments to the State Board promptly, and no later than 30 days after receipt of the list of nominees from the nominating entity.
- The Governor would have authority to remove members of the State Board in the Governor's discretion. Vacancies created by removal would be filled in the same manner as other vacancies.

BACKGROUND: In Cooper v. Berger (No. 52PA17-2), January 26, 2018, the North Carolina Supreme Court held that "the provisions of Session Law 2017-6 concerning the membership and appointments to the Bipartisan State Board, taken in context with the other provisions of that legislation, impermissibly interfere with the Governor's ability to faithfully execute the laws in violation of Article III, Section 5(4) of the North Carolina Constitution."

EFFECTIVE DATE: Except as otherwise provided, the act would be effective when it becomes law. Part I would be effective January 25, 2018. Sec. 3(a) and Sec. 4(a) would be effective July 1, 2018. Sec. 3(b) and Sec. 4(b) would be effective July 1, 2021.

**The following General Assembly staff members substantially contributed to this summary: Kara McCraw (Legislative Analysis), Dan Ettefagh (Legislative Drafting), Lisa Wilks (Legislative Drafting), and Deborah Landry (Fiscal Research).*

ATTACHMENT 5

VISITOR REGISTRATION SHEET

JOINT HOUSE/SENATE APPROPRIATIONS

DATE: February 8, 2018

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY AND ADDRESS
1	John Trump	CJ
2	Penny Hulse	Sec G
3	Laura Brown	NCDHHS
4	Sue Ann Forrest	NCMS
5	Kara Weishaar	SA
6	Peter Vetter	AHA
7	Carla Obuse	Care4Carolina
8	Asha Clayton	Governor
9	Jen Ferrell	constituent
10	Susanna Davis	DPS
11	Alicia Davis	DPS
12	Anna Sheko	TPG
13	Meann Dohm	NC Cast
14	Blair Borsuk	Staff
15	Zane Stilwell	TSG
16	Matt Ellinwood	NCJC
17	Doug Mistun	PSG

VISITOR REGISTRATION SHEET

JOINT HOUSE/SENATE APPROPRIATIONS

DATE: February 8, 2018

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY AND ADDRESS
35	Rhaegan Jackson	Focus Carolina
36	Dirk Carlton	Law Off of DRC PLLC
37	Chloe Grossage	NC DPI
38	Kevin Wilkinson	Office of the NC Superintendent
39	Leanne Winner	NCSBA
40	Tom Fetzer	FSD
41	Susan	
42	Brad Young	OSA
43	John Murawski	N&O
44	Mark Freeman	NCHE
45	Sheila Davis	Williams Mullen
46	Andy Miller	DEQ
47	Leah Sutton	The Hunt Institute
48	NATE McGAHA	ARTS NC
49	PAT HALL	NC Music Educators Assoc.
50	Chris Kuss	
51	Rachel Bealin	KB Law

VISITOR REGISTRATION SHEET

JOINT HOUSE/SENATE APPROPRIATIONS

DATE: February 8, 2018

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY AND ADDRESS
52	Susan Bean	SEANC
53	David Collins	Wallchest
54	Michelle Frazier	SML
55	Katye Tobe	SML
56		
57	Joe McClees	McClees Consulting
58	T Jerry Williams	Misc Clients
59	Carrie Gavin	Sierra Club
60	LT McCrimmon	DHHS
61	Drew Moretz	UNC System
62	Brooks Rainey Powers	SELC
63	Mary Maile Ashley	SELC
64	Tom Bean	EDF, NCWF
65		
66	Matt Gross	DHHS
67	Susan Mayo	NCIW
68	Tom Oliver	NCIW

VISITOR REGISTRATION SHEET

JOINT HOUSE/SENATE APPROPRIATIONS

DATE: February 8, 2018

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY AND ADDRESS
18	Courtney Crowder	Crowder Consulting Co.
19	Julia Adams-Scheurich	Oak City GR
20	Ken Melton	KMA.
21	Adam Pridemore	NCAEC
22	Amber Horn	NCAEC
23	Hugh Johnson	NCAEC
24	Kory Kaus	NCRMA
25	Andy Ellen	NCRMA
26	Deana Eatman	NCDOT
27	C Feldman	GA
28		
29		
30		
31		
32		
33		
34		

VISITOR REGISTRATION SHEET

JOINT HOUSE/SENATE APPROPRIATIONS

DATE: February 8, 2018

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

	NAME	FIRM OR AGENCY AND ADDRESS
69	Bruce Muldwurf	NCSBA
70		MWC
71	Alex Brock	PSRNC
72	Bonnie Lewis	New Frame
73	Amanda Fallin	JDA
74	Lynne Greene	ICRW
75	Leo John	Secretary of State
76	Alberto Florez	Cumberland County
77	Francisco Diaz	Duplin Co.
78		
79		
80		
81		
82		
83		
84		

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION

You are hereby notified that the **House Committee on Appropriations** will meet **JOINTLY** as follows:

DAY & DATE: Tuesday, May 29, 2018
TIME: **10:00 AM**
LOCATION: **643 LOB**
COMMENTS: **The bill under consideration is the Conference Report for SB99.**

Respectfully,
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 1:24 PM on Thursday, May 24, 2018.

___ Principal Clerk
___ Reading Clerk – House Chamber

Candace Slate (Committee Assistant)

2017-18 ATTENDANCE

Appropriations Committee JT Meeting

DATES	5-29-18													
Rep. Nelson Dollar, Senior Chair	✓													
Rep. Dean Arp, Chair	✓													
Rep. Justin Burr, Chair	✓													
Rep. John Faircloth, Chair	✓													
Rep. Linda Johnson, Chair	✓													
Rep. Donny Lambeth, Chair	✓													
Rep. Chuck McGrady, Chair	✓													
Rep. Gale Adcock	✓													
Rep. John Ager	✓													
Rep. John Autry	✓													
Rep. Cynthia Ball	✓													
Rep. Mary Belk	✓													
Rep. John Bell	✓													
Rep. Larry Bell	✓													
Rep. MaryAnn Black	✓													
Rep. Hugh Blackwell	✓													
Rep. Jamie Boles	✓													
Rep. Beverly Boswell	✓													
Rep. Bill Brawley	✓													
Rep. William Brisson														
Rep. Cecil Brockman	✓													
Rep. Mark Brody	✓													
Rep. Dana Bumgardner	✓													
Rep. Mike Clampitt	✓													
Rep. George Cleveland	✓													
Rep. Debra Conrad	✓													
Rep. Kevin Corbin	✓													

Rep. Carla Cunningham	✓													
Rep. Ted Davis	✓													
Rep. Jimmy Dixon	✓													
Rep. Josh Dobson	✓													
Rep. Andy Dulin	✓													
Rep. Beverly Earle	✓													
Rep. Jeffrey Elmore	✓													
Rep. Jean Farmer-Butterfield	✓													
Rep. Susan Fisher	✓													
Rep. Elmer Floyd	✓													
Rep. Carl Ford	✓													
Rep. Rep. John Fraley	✓													
Rep. Terry Garrison	✓													
Rep. Rosa Gill	✓													
Rep. C Graham														
Rep. G. Graham														
Rep. Holly Grange	✓													
Rep. Duane Hall														
Rep. Kyle Hall	✓													
Rep. Jon Hardister	✓													
Rep. Pricey Harrison	✓													
Rep. Craig Horn	✓													
Rep. Howard Hunter	✓													
Rep. Pat Hurley	✓													
Rep. Frank Iler	✓													
Rep. Verla Insko	✓													
Rep. Darren Jackson	✓													
Rep. Joe John	✓													
Rep. Brenden Jones	✓													
Rep. David Lewis	✓													
Rep. Marvin Lucas	✓													
Rep. Chris Malone	✓													
Rep. Grier Martin	✓													

Rep. Mickey Michaux	✓														
Rep. Pat McElraft	✓														
Rep. Allen McNeill	✓														
Rep. Bob Muller	✓														
Rep. Greg Murphy, MD	✓														
Rep. Garland Pierce	✓														
Rep. Larry Pittman	✓														
Rep. Larry Potts	✓														
Rep. Michele Presnell	✓														
Rep. Amos Quick	✓														
Rep. B. Richardson	✓														
Rep. W. Richardson	✓														
Rep. Dennis Riddell	✓														
Rep. David Rogers	✓														
Rep. Stephen Ross	✓														
Rep. Jason Saine	✓														
Rep. John Sauls	✓														
Rep. Mitchell Setzer															
Rep. Phillip Shepard	✓														
Rep. Michael Speciale	✓														
Rep. Sarah Stevens	✓														
Rep. Larry Strickland	✓														
Rep. Evelyn Terry	✓														
Rep. John Torbett	✓														
Rep. Brian Turner	✓														
Rep. Rena Turner	✓														
Rep. Sam Watford	✓														
Rep. Donna McDowell White	✓														
Rep. Shelly Willingham	✓														
Rep. Michael Wray	✓														
Rep. Larry Yarborough	✓														
Rep. Lee Zachary															

Appropriations Staff:

Karen Hammonds-Blanks

Brian Matteson

Phyllis Pickett

Joyce Jones

9.26.17

(92)

SENATE AND HOUSE OF REPRESENTATIVES APPROPRIATIONS COMMITTEES

May 29, 2018
10:00 AM
643 Legislative Office Building

AGENDA

I. Opening Remarks

Sen. Brent Jackson, Presiding
Sen. Harry Brown
Sen. Kathy Harrington

Rep. Nelson Dollar, Senior Chair
Rep. Dean Arp
Rep. Justin Burr
Rep. John Faircloth
Rep. Linda Johnson
Rep. Donny Lambeth
Rep. Chuck McGrady

II. Overview of the Conference Report on Senate Bill 99 (Appropriations Act of 2018)

- Budget Overview
- Salaries and Benefits
- School Safety
- Prison Safety
- Disaster Relief

III. Review of Area Specific Appropriations

- Education
- Health and Human Services
- Agriculture, Natural and Economic Resources
- Justice and Public Safety
- General Government
- Transportation
- Information Technology
- Capital

IV. Committee Discussion and Questions

V. Adjourn

JOINT HOUSE and SENATE COMMITTEE ON APPROPRIATIONS
CONFERENCE REPORT ON SENATE BILL 99
Appropriations Act of 2018

Tuesday, May 29, 2018
10:00 a.m.
Room 643, Legislative Office Building

MINUTES

I. Welcome and Opening Remarks

Chairman Brent Jackson called the meeting to order at 10:13 a.m. The purpose of the meeting was to review and make adjustments to the Conference Report on Senate Bill 99, the Appropriations Act of 2018.

Chairman Jackson recognized the Sergeant-at-Arms who were assisting staff and offered appreciation to the staffs of Fiscal Research and Bill Drafting who worked diligently throughout the process.

Members of the committee were provided minutes of the previous meeting. Chairman Jackson asked for a motion. Chairman Chuck McGrady moved approval of the minutes of February 8, 2018. Vote on the motion was unanimous.

II. Overview of the Conference Report on Senate Bill 99 – Appropriations Act of 2018

- **Budget Overview/Salary and Benefits**
  House Chair Nelson Dollar began by echoing Chairman Jackson's appreciation to Fiscal Research and Bill Drafting staffs who served not only the Joint Appropriations Committee, the committees in the House and the Senate but also the members of the "great joint body." He also expressed appreciation to the co-chairs, as well as the area chairs for their tremendous work in a short period of time. Chairman Dollar also noted that this report is an adjustment to the biennial budget that was approved last year; approximately 90 percent of the budget that will be in effect for 2018-19 will be those provisions and funds that were allocated and passed in the budget last year as well as the additional classroom size reduction funds and pre-K funds that were passed earlier in the year.

Chairman Dollar first addressed state employee salary and benefits which is a statewide issue. He was pleased to announce that provisions include: a 2% salary increase for most state employees and state agencies; and, $22.2 million provided to correctional officers and correctional staff for a 4% salary increase. Additional provisions particular to correctional officers include past increases that were provided and reclassifications in conjunction with the prior administration. He informed the committee of the addition of a special provision that allows correctional officers, who are temporarily assigned to a higher custody level, to receive the specified pay for which they are assigned. Chairman Dollar stated, "This body values the daily work of correctional officers to keep North Carolina citizens safe."

He announced that funds had been committed to the state's workforce to raise workers to a living wage of $31,200 annually. All fulltime, permanent state employees' salary will move up. Starting salary for Highway Patrol troopers will be moved to $44,000 and increasing top trooper pay to $64,200 which is an approximate 8% increase. Additionally, the timeframe will be accelerated to six years for troopers to move into the top pay bracket. The University System will receive $20 million to increase salaries based on priorities set by the University Board of Governors.

With respect to benefits, he announced a one-time, one percent retirement supplement for all state retirees. An additional $12 million will be provided to fund the ARC—the actuarially determined contribution for our retirement system. Chairman Dollar reminded the audience that North Carolina has kept a very strong pension program. "It only stays that way because we have been vigilant to contribute to it." He continued that a strong, five-phased drawdown on the long-term assumption of return on investment for our pension fund was instituted last year. Its purpose is to ensure that North Carolina has one of the soundest pension plans serving its retirees for generations to come.

Other highlights included:

- Five, non-expiring bonus leave days will be added to the benefits package. "These days do not count against the state's pension obligations," he added.
- For state-funded local employees, a $12.1 million increase to community colleges, based on the priorities of the Community College System and the local community colleges.
- A $28.2 million for a 2% salary increase to all of the non-certified employees of the local school systems.

In conclusion, Chairman Dollar reflected upon those correctional officers, along with maintenance personnel, and most recently a highway patrolman who gave the full measure of their service to the State of North Carolina. Previously, the death benefit budget line item for correctional officers was in the range of $10 million – the same as all state employees. However, law enforcement had a death benefit of $50 thousand. This budget raises the death benefit for not only correctional officers and correctional personnel inside prison walls to $100 thousand but also raises all other first responders, fire fighters and law enforcement up to $100 thousand in terms of the death benefit for the surviving families of those victims. He announced that a provision had been added to make this benefit retroactive to the first of April so that the families of the five officers who lost their lives serving North Carolina receive this benefit.

Chairman Harry Brown thanked staff and other members for their input and assistance in putting together the document before the committee. Chairman Brown stated that the budget totals slightly more than $23.9 billion which is approximately a 3.85% increase or $885.6 million more than the previous year's budget. In addition to Chairman Dollar's report, Chairman Brown highlighted several other key components. He reminded the committee that $270 million was allocated to teacher pay last year which equated to an approximate 6.2% increase. He touched on several other provisions that brought the total to an average of 6.5% raise for teachers.

He noted that, according to the National Educators Association, North Carolina was first in the nation in addressing teacher pay; this year North Carolina ranked second. "I think that is something that North Carolina can be proud of," he said. Continuing with education funding, he reported that the budget adds $12 million to the "A" pay schedule for teachers with 25+ years of experience, raising that schedule to $52 thousand annually or a pay raise of $700.

Chairman Brown also highlighted the addition of $12 million to the education budget which equates to approximately a $5 thousand pay raise on the base schedule for principals. He addressed teacher bonuses that totaled between $22 and $23 million on a non-recurring basis. In addition, this budget provides an additional $22.9 million for teacher bonuses for fourth- and fifth-grade reading and fourth- through eighth-grade math. "This equates to an approximate $2,000 bonus for each of those teachers who reach specific goals," he stated. These bonuses are now recurring dollars.

Chairman Dollar added that the Savings Reserve or *Rainy Day* Fund would be $2 billion. "This would allow the State to provide the services that victims of a disaster need without having to tax them at a time when they can least afford it," he said.

- **School Safety**

  Chairman Linda Johnson began her report by stating that School Safety is across budgets. She informed the audience that the House convened a committee on School Safety. It was the charge of the committee to determine how recommendations would work together. School Safety was divided into two categories: Justice and Public Safety and Health and Human Services working with and through the NC Department of Public Instruction. She explained that funding for school safety initiatives would be available to schools through a grant program, offering four different types of grants. The grants require a match that equates to $2.00 in state funding for every $1.00 of local money. Also included is an option allowing cities to assist schools with matching funding.

  Representative Josh Dobson described an application similar to the "Speak Up App" that was discussed in the School Safety Committee. He stated that Representative Donna White was instrumental in moving forward this recommendation. The appropriation equals $5 million that allows students to download the application to their phones. Six different protocols are available that allow the student to notify emergency personnel, principals, or school staffs of a situation.

  Representative John Faircloth identified School Resource Officers as important personnel within a school to ensure safety among students and staff. He informed the committee of an additional $5 million to assist local governments in finding SROs to serve local schools. A study of the SRO system concluded that an SRO should be fully trained and a sworn officer with arrest authority. Additionally, advanced training specific to the SRO's duties will be provided through the training facilities within the state that includes interaction with students and parents during a crisis situation.

  Senator Tamara Barringer reported that the School Safety bill recognizes that the GA must be on the offensive. The bill recognizes that the children who have been in crisis need intervention. She referenced the "Grants for Students in Crisis". There will be funding for respite services for parents and guardians who are trying to help these children and families. It will expand training for therapeutic foster families and licensed child placement agencies that provide services to these children.

Chairman Donny Lambeth discussed the subcommittee that focused on mental health, which is a major component of the needs to be addressed in our schools. Very detailed areas of training will be included as part of this budget with expansion services for children in crisis with a goal of managing those situations:

Three million dollars in training are provided to increase school safety. This area includes training for behavioral health providers, school personnel and clinicians to expand the use of interventions and programs and strategies that address the impact of trauma, stress, and preventive strategies for children and families.

Ten million dollars as a part of the grant program will enable schools to access for nurses, psychologists or other health professional who is best for their individual school district. The goal is to build upon the first year funding by expanding and meeting the Federal guidelines for definitions for services that are rendered to these children.

He reminded members that North Carolina school districts and charter schools are already allowed to access the Federal Medicaid Program, to reimburse for health services provided to special education (exceptional children) students for approximately $21 million for the match for services. Chairman Lambeth informed the committee that through collaborative efforts among the NC Legislature, State Superintendent, State Board of Education and DPI, DHHS/DMA, and NC CASE a plan was developed to access additional support for the school children of NC to support school safety initiatives.

He stated that the Centers for Medicare and Medicaid Services (CMS) recently confirmed that school districts may now access reimbursement for health services provided to all other Medicaid eligible students to include many more services such as transportation, service needs within individual IEPs.

"As many as 20 additional services could be eligible for Medicaid reimbursement that include: behavioral services; transportation services; mental health services; medication administration services; psychological referral services; personal and family counseling services; alternative learning programs; and, other medically necessary services that are provided to all students (hearing/vision screenings, immunizations, etc.)," he said.

Over the summer, school personnel will receive training and software rollout that will enable the schools to collect data so that schools may receive the Federal match and expand the pool of money that is used during the second year for school safety initiatives. He informed the committee that the current estimate of those dollars from DHHS is between $30 (on the conservative end) - $90 million of additional money to the state. Chairman Lambeth explained that current lack of data made it difficult to pinpoint an exact range. A state plan amendment will be submitted to the Federal government which will enable North Carolina to receive those funds in the second budget year of the long session.

Representative Linda Johnson explained Equipment Grants. She stated that the grant may be used for almost anything within the school system that applies to capital or assets. She gave the example of areas within schools such as cafeterias or auditoriums that need an interlocking door system. These funds may only be used in schools located on state-owned property.

- **Prison Safety**

  In addition to the salary increases discussed by Chairman Dollar, Senator Shirley Randleman stated that the budget also provides $15M for security equipment including *Man Down* technology for emergency communication and location tracking and additional internal and perimeter cameras.

  Representative John Faircloth added that the budget would provide back-up necessary to ensure that some conditions which have evolved over the years do not recur. An additional provision will eliminate loss of pay for minor infractions committed by security guards. The budget will also furnish more equipment and the modernizing of some prison systems in an effort to boost morale among officers.

  Representative Justin Burr spoke to the lack of adequate technology. The investment proposed will make major improvements to assist officers, maintenance staff and other workers within the correction facility to improve communications within the prisons.

- **Disaster Relief**

  Chairman Chuck McGrady called members attention to the Disaster Provision Relief efforts that are detailed on page 11. Within the Money Report, provisions are spread out in various departments. Sixty million dollars is allocated to Disaster Recovery. Chairman McGrady described this funding as "a bit of a pivot".

"We continue to address Hurricane Matthew-related needs; however, we are now beginning to pivot towards state emergency management for future disasters as well as landslide mapping in the West," he said.

Chairman McGrady added that the housing issue has been the most consistently difficult issue and asked Representative Bell to speak to that allocation.

Representative John Bell stated that the approximately $25 million is in direct support to the needs of individuals. Representative Bell reminded the committee that this funding is in addition to the $400 million of CDBG (Community Development Block Grant) funding that sits in conference waiting to be disbursed.

III. Review of Area Specific Appropriations

- **Education – K12**

Representative Craig Horn reminded the committee that the Education Budget is at $13.8 billion or 58% of the state's budget. He announced that:

- K-12 enrollment is fully funded
- Provides an additional $28 million for school safety
- Expands the advanced placement partnerships
- Expands grades six and seven career and technical education
- Doubles the number of LEAs that can participate in the Teacher Assistant Tuition Reimbursement Program
- Creates a *Schools-That-Lead* Pilot Program for professional development
- Maintains per-pupil allocation for textbooks
- Provides $140 Million to improve/streamline the licensure process

Senator Michael Lee called the committee's attention to the absence of the $61.4 million established in March for the first installment for program enhancement teachers. "It will be available during the 2018-19 year," he said.

Senator Lee reviewed highlights of special provisions.

- All governing bodies of public secondary schools will operate an anonymous Safety Tip Line
- Allows children within military families to enroll in traditional public and charter schools prior to establishing residency in North Carolina
- Extends Advanced Teaching Pilot for five additional years
- Extends Virtual Charter Schools for four additional years

- Approves five new cooperative and innovative high schools to begin operation in 2018-19. "There will not be a separate allotment associated with this but we are funding the FTE through the Community College System," he added.

- **Education – Community College System**
  Representative Patricia Hurley directed committee members to B20, Item 69. Community college enrollment growth is fully funded by providing $2.7 million in 2018-19 which includes an adjustment to offset the effect of Hurricane Matthew. She reported that increased funding is provided for Education and Workforce Development leading to industry credentials by $14.7 million; $6.4 million recurring and $8.3 million in non-recurring funds.

  Special provisions for the community colleges also extends the statewide implementation date for Career and College Ready graduate program by two years to 2021 and instructs the State Board of Community Colleges to conduct a study of the cost of earning regular budget, fulltime equivalents (FTE) for community college courses offered in local jails.

  Representative John Fraley reviewed priorities of the UNC System.
  - Data Analytics
  - Faculty Recruitment and Retention
  - The addition of three new lab schools at UNC-Wilmington, UNC-Greensboro, and Appalachian State
  - Continues funding for NC Promise @ $11 million
  - Extends Scholarship Grants for Special Education by $3 million;
    NC State Biopharmaceuticals, $2 million; and, $4.8 million in the Western School of Medicine (UNC School of Medicine Asheville Campus)
  - Removes a $500 thousand reduction at the UNC Law School and also funds an entrepreneurial program over three years
  - Continues a one-year tuition grant for students from NC School of Science and Math under special provisions
  - Adds need-based scholarships for veterans at private institutions

- **Health and Human Services**
  Senator Ralph Hise reviewed the Conference Report for Health and Human Services that provides a net appropriation of $5.4 billion. "This represents a 1.9 percent increase or $98 million above the amount enacted for Fiscal Year 2017-18.

Senator Hise called upon Representative Greg Murphy to review the highlights of the Conference Report:

- $250 thousand in recurring monies to expand two smoking cessation programs
- $250 thousand in non-recurring tobacco-prevention activities that will target youth and those of child-bearing age
- Adds fee increases to expand the State's newborn screening panel by three new diseases to fit the Federal program panel.

Senator Hise discussed another provision that would fully fund the pre-K waiting list in North Carolina and set-aside State funds for future years. He informed the committee that $50 million in additional Federal money was used for this provision. "We will continue to fully fund the pre-K waiting list which will result in a positive change in Early Childhood spending. However, it is a $50 million replacement of Federal dollars," he said.

Representative Chris Malone reported that, effective October 1, 2018, the childhood subsidy market rate increases for Tier 1 and Tier 2 counties by providing $3.7 million recurring and Federal Block Grant funds to increase the market rate. Additionally, the Child Care subsidy market rate for Tier 3 counties provides $9.8 million recurring in Federal Block Grant Funds to increase the market rate effective October 1, 2018 and reduces the childcare subsidy waitlist by providing another $19.6 million in recurring Federal Block Grants. "This will serve an estimated 3,700 additional children in the Childcare Subsidy Program." he said.

Senator Hise stated that, for the first time, North Carolina is looking for updates to the Star Rating System for childhood centers. The first request is to develop a separate star rating criteria for children aged birth-to-two years which differs from the criteria for centers serving children aged three-to-five years. He pointed out that the requirements of dealing with infants and small children are very different from toddlers and pre-school aged children. "We have also asked that the new rating system includes data that reflects staff retention, turnover, and the education/training of staff members so that parents know their child is attending a Five-Star Center operated by qualified staff," he added.

Representative Josh Dobson informed the committee of significant investments in the Division of Social Services: $8.6 million recurring in additional Federal funds for the Low-income Energy Assistance Program; and, an additional $8.6 million recurring in additional Federal funds for the Crisis Intervention Program.

Representative Dobson reported that he and Senator Joyce Krawiec chaired the Aging Committee during the Interim. He stated that every group, and several stakeholders that came before the committee said that we need to increase the Home and Community Care Block Grant. "These funds go directly to our seniors," he added.

He was delighted to report that the committee listened and the block grant was doubled by an additional $1.1 million in recurring monies to expand the Home and Community Care Block Grant. "I believe it's safe to say we will move forward in the years to come," he concluded.

Senator Hise concluded the HHS Conference Report by informing committee members of the plan to allow the Eastern band of Cherokee Indians to administer its own Home and Community Care Block Grant. He informed the committee that some non-recurring reductions are in single-stream funding. "For the first time, the General Assembly will be setting the standards for their fund balance; and, should they exceed their established fund balance; requiring them to develop corrective action plans.

In addition, a total of $5 million is being provided for the opening of the New Broughton Hospital; $10 million in non-recurring monies from the Dorothea Dix Fund for additional school mental health needs and support personnel; a $6 million appropriation is being provided to the TROSA Facility in the Triad Area; and, $1.4 million for a facility-based, crisis center in Wilkes County.

Representative Murphy added that, in the division of medical assistance, the budget provides for $360 thousand to audit Medicaid-eligibility processes. Additionally, $3.2 million in recurring monies will provide 60 additional residency slots for the Medicaid position in the upper payment limit plan to address the dearth of primary care physicians within the rural areas of our state.

Senator Hise informed the committee of two requests for approval from the Federal Government in order to receive Medicaid funds: 1) Nurse Family Partnership; and, 2) Ambulance transport to areas other than emergency rooms. "We believe both of these requests will be cost savers across the state," he said. "We are waiting on a response from the Federal Government."

In conclusion, Senator Hise stated, "We are looking for a detailed seven-year forecast for the Medicaid Budget to cover the entire transition time period. A transfer of $60 million from the Transformation Fund was authorized to cover the new Information Technology System expenses and billing system that will be necessary for a transformed Medicaid System."

- **Justice and Public Safety**

  Senator Shirley Randleman informed the committee that the Conference Report provides a net appropriation of $2.8 million for the State's four judicial and public safety agencies. "This reflects a 2.2% increase over the 2017-18 budget appropriation," she stated.

  Representative Jamie Boles reviewed the Department of Public Safety's adjustments to the appropriations that include: Hardware and software upgrades to the State's VibraSystem for emergency responders @ $16.5 million; additional technology to enhance prison safety and security, $15 million; funding for court services to implement *Raise the Age* legislation, $1.9 million and 65 new fulltime employees; funding for disaster recovery efforts related to emergency management hazard mitigation and risk management programs as well as the Federal match, $30.5 million in the General Fund and $14.5 million in special funds. Representative McNeill reported the total disaster recovery appropriation is $60 million.

  Representative Boles also reported the Special Provisions category that includes:

  - Samarcand Training Academy for a safety simulator;
  - NC Sheriff's Association for a statewide sex offender database; and,
  - Governor's Crime Commission for Body-worn Camera Grant in rural parts of the state.

The appropriation directs DPS to gather additional information on the VIPER System including contributions made to the system by local governments and overall user satisfaction. In addition, DPS is to report quarterly on the implementation status of the recommendations of the National Institute of Corrections (NIC) regarding facility safety, infrastructure improvements, and policy and procedure modifications included in disciplinary policies, security audits and prison staffing.

Funding is designated for a second firearm instructor to be housed at the Western Justice Academy in Edneyville. Additionally, provisions to create a criminal justice fellows program is included that will provide a forgivable loan to exceptional individuals to increase the number of criminal justice professionals. Senator Randleman stated that, "This is the General Assembly's attempt to attract graduating seniors and displaced workers into law enforcement."

Additional provisions include: 1) a new public defender in McDowell and Rutherford Counties; and, 2) Expansion of the public defender district in District 3B from Carteret County into Pamlico and Craven Counties.

Within the administrative office of the courts, funding of $1.5 million is provided to begin a multi-year project that will create an integrated e-Courts Technology System. The appropriation also includes provisions for the DPS and the Sheriff's Department to study the most effective setting to house and provide appropriate services for driving while impaired offenders. It also directs the same commission to study available bed space in local jails for sheriffs who participate in the statewide misdemeanor confinement program.

Representative Davis continued by reporting special provisions: The Administrative Office of the Courts is to build over time a balance to support the e-Courts Technology System project; it transfers a superior court judgeship from District 17A to District 19B; and, eliminates a superior court judgeship in District 17B. Additionally, an assistant district attorney position is transferred from District 22 to District 10.

- **Agriculture, Natural and Economic Resources**
  Representative Kyle Hall reported that the ANER portion of the budget totals approximately $603 million which is a 9.6% or $52.9 million increase. Beginning with the Department of Environmental Quality, $300 thousand recurring was repurposed, at $400 thousand non-recurring from cultch planning funds for shell fish, oyster, and agriculture projects.

A total of $3.7 million in non-recurring funds to drawdown an additional $19 million in Federal funds for the State Revolving Loan Funds. The budget also provides one million dollars recurring and $2.9 non-recurring for various items related to Pfas (Per- and polyfluoroalkyl substances) including GenX. Additionally, $5 million non-recurring will be transferred from the utility account and commerce to the coastal storm damage mitigation fund.

Representative Pat McElraft spoke to the special provisions that address Pfas by authorizing the Governor to close facilities that are illegally discharging Pfas. The provisions also require the collaborator to conduct testing for Pfas across the State and create a grant fund for local governments to connect affected communities to public water lines and specifies the use of various funds appropriated to address Pfas including GenX.

Additional allocations include $15 million from the Shallow Draft Fund to provide a forgivable loan to a private partner for the purchase of a shallow draft hopper dredge to be used within the State of North Carolina.

Representative Jimmy Dixon reviewed the $8 million adjustment in non-recurring funds for grants to the state and local governments and non-profits for parks and clean water initiatives, the Parks and Recreation Trust Fund and the Clean Water Management Trust Fund. The adjustments to the Department of Agriculture and Consumer Services provide $14.7 million non-recurring for the Farmland Preservation Trust Fund.

Department of Commerce adjustments to appropriations was reviewed by Senator Rick Gunn. It moves the International Recruiting Coordination Office and the Outdoor Recreation Recruitment Office to the Economic Development Partnership of North Carolina and provides funds for an office in India. Additionally, $1 million is provided to the One NC Small Business Fund and $2.5 million to the Carolina Small Business Development Fund.

Senator Bill Cook reviewed the special provision that expands the $35 million cap each year and $45 million in those years with high-yield projects in order to attract new businesses to North Carolina. The provision also sets geographic limitations for the cap, strategizes Job Development Investment Grant application fees by tiers, sets withholding and utility account transfers for high-yield and transformative projects and eliminates the adjustment factors in economic development programs.

Senator Cook took a moment of privilege to thank his fellow chairs.

- **General Government**
  Senator Jeff Tarte reported a total of $438.4 million in the General Government appropriations budget for the coming fiscal year. Special projects include: Improvement in veteran cemeteries and Help America Voting Act for election machines around the state. "The majority of the projects are around Information Technology," he reported.

- **Transportation**
  Representative John Torbett stated, "If you drive anywhere in North Carolina you will see evidence of transportation funds being used."

  Representative Frank Iler reported that the transportation budget was increased by $1.9 million to fund repair and renovation needs – particularly structural repairs and HVAC, electrical, and fire suppression system upgrades as well as addressing shortfalls of approximately $26.9 million in the highway fund and $45.3 million in the highway trust fund due to lower DMV fees and lower projected growth in highway use tax revenues.

  To also address the shortfall, contract resurfacing was also reduced. The Bridge Preservation Fund, Mobility Economic Development Small Construction Fund and urban public transit systems grant funds were each reduced by $8.6 million. An additional $2.7 million reduction was also made to the Roadside Environmental Payment Preservation and General Maintenance Reserve Funds. Representative Iler noted that the Bridge Preservation and resurfacing programs remain in the $500 million category even with the reported reductions.

  "The Strategic Transportation Investment Plan Step Fund" is decreased by $45.3 million," he said.

  Senator Jim Davis reviewed special provisions.

  Provision 1 authorizes DOT to use up to $30 million, non-recurring from the General Maintenance Reserve Fund to cover costs incurred for an economic development project. "These funds will be repaid beginning in Fiscal Year 2021-22 over four equal yearly installments."

Provision 2 clarifies that revenues from toll roads can only be used on the project that generated the tolls or a contiguous roll road. It requires DOT to report 90 days prior to a project's letting on toll projects financed without a revenue bond and amends the STI bonus allocation provision to allow toll projects financed without a toll revenue bond to receive a bonus allocation based on an amount equal to one-half of the revenues expected during the project's first ten years.

Provision 3 clarifies the STI Law:

- Expands the number of Federal programs to be programmed in the STIP using alternate criteria to include congestion mitigation and air-quality improvement program funds;
- Changes the limitation on variance from 10% over any five-year period to 15% over any five-year period and 10% over a ten-year period;
- Changes the amount of program funds for economic development from $10 million each year to $100 million over five years; and,
- Increases the per-project cap from $5 million to $10 million.

Provision 4 SDI additional requirement for high cost projects stipulates that no light rail project may receive State funds until DOT receives written confirmation that all non-State funding required to complete the project has been secured. The provision requires DOT to remove them from the current and any future STIP projects that fail to meet the above requirement. Any project removed from the STIP may not be resubmitted for scoring until the next prioritization scoring process.

Provision 5 extends the MAP Act moratorium for one additional year.

Provision 6 requires DOT to report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division 60 days prior to any modification or cancellation of the I-77 Managed Lane Project. Senator Davis stated that, "STI funds cannot be used to pay damages or other monetary compensation for canceling or modifying the contract. The General Assembly must expressly approve the payment."

Provision 7 is a pilot program. It allows DOT flexibility for a period of two years in setting salaries for DOT employees who voluntarily relinquish longevity and career status. It also enables DOT to use up the two percent or $11.7 million per payroll for the purpose of salary adjustments, reallocation of positions, retention and recruitment programs.

It also authorizes the Secretary of Transportation flexibility in recruitment by enabling DOT to designate vacant positions not subject to open recruitment requirements.

Representative Michele Presnell addressed additional provisions to include a requirement that all DMV employees vacate the property at 1100 New Bern Avenue by October 1, 2020.

The provision also requires the Department of Administration to issue a RFP for lease space by the DMV by August 1, 2018.

The Airport Funding, Reporting, and Deadline for Use provision requires commercial airports to report by August 31, 2018 the use of funds or future use of funds allocated to them in the 2017-18 Budget.

"Beginning in 2018-19, commercial airports must report on planned uses for State funding prior to the DOT making an allocation," she added.

The DOT Study Passenger Rail Station Maintenance Needs requires DOT to study the maintenance needs of rail stations along DOT's supported passenger rail corridors. The study must identify the owner of the station, the type of maintenance required, why the maintenance has been deferred and the cost and time required to complete the maintenance project. DOT must submit its report with recommendations by December 1, 2018.

- **Information Technology**

Representative Jason Saine reported that the Conference Report provides net appropriations of $61.8 million for the Department of Information Technology, a 20% increase or $10.2 million above the amount enacted for Fiscal Year 2017-18.

Senator Hise highlighted three areas of the Conference Committee actions regarding Information Technology.

- Provides $10 million, non-recurring to the IT Department for the creation of the GREAT Program -- Growing Rural Economics with Access to Technology program which is a grant program for broadband providers for the expansion of broadband infrastructure into rural areas. "It will also emphasize the changing to higher-speed broadband across the state as well," he said.

- Provides $27 million to the Office of State Comptroller to complete this year's funding for the ERP Project
- Provides a $2 million grant for the Cyber Security Center at Montreat College

- **Capital**
  Representative Dean Arp reported $15 million in additional funding allocated to supplement the Bond project at the North Carolina School of Science and Mathematics with a conditional $5 million match. To the Department of Natural and Cultural Resources, $13 million was provided for the North Carolina Zoo, Fort Fisher, and the Museum of History planning. He reported that provisions continue for the replacement of the boiler at Western Carolina University.

  Representative Arp reviewed several bond projects included: UNC-Pembroke for $6 million; NC Central University, $8.6 million; Western Carolina University, the first-half of boiler replacement; UNC-Wilmington, library project; UNC-Asheville, Owens Hall and Carmichael renovation at $2.7 million; the Department of Justice for renovation of the eastern dorm at $3.5 million; and, the State Crime Lab at $4 million.

IV. Committee Discussion and Questions

Chairman Jackson opened the floor for comments and questions.

Representative Pricey Harrison questioned the use of the mass spectrometer that is being funded by the Budget within the GenX provision to perform the type of targeted analysis of emerging compounds.

Representative McGrady acknowledged that Representative Harrison's observation was correct in that the spectrometer included in the budget is different from the spectrometer identified by the administration. Not wanting the department to simply expand into a range of other emerging compounds, the GenX provisions put the study of emerging compounds with academic institutions and leaves the testing for specific compounds that are being regulated with the department. It desires the department to simply expand into a range of other emerging compounds. This process targets specifically whatever is being regulated and that was the reason why that specific type of spectrometer was being requested rather the broad spectrum spectrometer. "It was the subject of compromise and discussions between the House and Senate," he concluded.

In response, Representative Harrison shared information received from the Water Quality Committee report that emerging compounds are contained in the water and allowing the regulatory agency with the authority to oversee our water quality have the tools it needs would be a sound decision.

She questioned the provision that provides permanent replacement of drinking water to wells that are contaminated by Pfas compounds noting that, "This provision is effective when a standard is established by the EPA. There is no EPA standard for GenX or state standard for GenX. Does this mean that anyone with current contamination will have access to alternative water supply," she asked.

Chairman McGrady will follow up.

Representatives Black, Jackson, Micheaux, McKissick and Martin had questions/expressed concern regarding the provision for the Orange/Durham Light Rail Project, and in particular, the way by which Federal funds would be authorized.

Representative John Torbett, chair of the House Transportation Committee, stated that the Federal government requires that funding must be available before it will commit to contribute to a project. "There is a very large question mark that rests both here in the state and at the Federal level for the light rail," he said.

Chairman Jackson responded that the allocation was placed in the budget so that funds would be available once the State receives the commitment from the Federal government.

Luke Gillenwater, Fiscal Research, recognized the ambiguity present as to whether Federal funding may be secured prior to any State commitment. "What this is saying is: If you can get the commitment from the Federal government, then you can also get the commitment for State funding."

Chairman Brown added that the issue the State is dealing with is that transportation dollars are beginning to fall due to fewer car sales and reduction in gas tax dollars. Committed dollars cannot be spent making it more difficult if those dollars continue to drop. "We just need to move some of these projects," he said.

Representative Susan Fisher questioned incidences of salary increases in the education budget being non-recurring. Chairman Jackson responded that all salary is recurring. Representative Fisher also expressed concern regarding the ratio of school psychologists and school counselors to students.

Representative Darren Jackson asked the amount of pay raise for psychologists.

Timothy Dale, Fiscal Research, responded that the salary for school psychologists, along with speech pathologists and audiologists, is tied to the teacher salary schedule.

Representative Jackson questioned the "transformative project language" found on page 137 of the Conference Report. Based on his interpretation of the language, he asked if this language would allow an unlimited number or unlimited size of projects to come to North Carolina without further approval from the General Assembly.

In response, Chairman Dollar stated that the provision is geared toward ensuring that the General Assembly has the flexibility to accommodate projects in which the state is a candidate to win and that are good for the area.

"We have always stood ready to bring jobs to North Carolina. I think we have a great track record of that," he concluded.

In follow-up, Representative Jackson asked, "Does it have to come back to the General Assembly or does this language allow an unlimited number/size of projects to come to North Carolina without further GA approval?

Dan Ettefagh, Bill Drafting, responded that, under current law, transforming of the projects is accepted from the cap. This changes the metrics for transforming the projects but does not change the number of transformative projects that the State can land in any given year. The only requirement would be evidence that, for each project landed, the benefits to the State outweigh the cost to the State.

Representative Mike Clampitt inquired if a number was tied to the disaster of the wildfires in Western North Carolina.

In response, Chairman McGrady referenced the provision and the law that was passed in late December 2016. Funding for the fire was part of the 2016 Disaster Relief. No specific funding in SB99 relates to the fires in 2016 although funding is allocated for two bulldozers and heavy equipment -- one of which would be positioned in the western part of the state.

Senator McKissick asked for clarification regarding the movement of money from International Recruiting Coordination to the Economic Development Partnership.

Senator Gunn replied that EDP offers more support and synergy for this program. The staff is already in place and is very confident that they would be able to better recruit and market the international office. "The same applies for the outdoor recreational office. Funds followed the position and should be able to create some very exciting benefits," he said.

Representative Bobbie Richardson inquired about the pre-K supplement.

Chairman Dollar responded that funds are shifting between various block grants and the TANF money is picking up a larger share of the pre-K program. Chairman Dollar added that, during February, the General Assembly made the commitment to eliminate the wait list for pre-K and make it a statutory appropriation. "We are making a State commitment on pre-K that will last far beyond this General Assembly," he added.

Senator Gladys Robinson asked if Medicaid rebase was being funded. Chairman Jackson responded that it was being fully funded and added that it was also fully funded the previous year.

Senator Robinson expressed concern that schools were not constructed properly in order to install safety equipment and inquired about a statewide bond issue.

Chairman Brown replied that $100 million in lottery funds was allocated for school construction or repairs the previous year. Additionally, $30 million in new dollars, which was needs-based, also was allocated last year. This year, the amount is $142 million which will go toward school construction in Tier I schools. Chairman Brown indicated that next year, Tier I and Tier II schools will be eligible for the funds. "This funding did not affect the $100 million which means that this year $242 million will be going toward school construction," he said.

Senator Robinson inquired about a statewide school bond referendum. In response, Chairman Brown stated that the funding mentioned does not address a statewide school bond but instead, what it does do, is put $142 million in the budget each year designated for school construction. Chairman Brown added that the debate is whether a bond referendum is the right approach or if recurring dollars is the right one. "The downside of a bond referendum is that after the money is spent, the debt is there and no more money," he concluded.

Representative Grier Martin stated his concern, in addition to the Orange/Durham Light Rail Project, regarding the delay of the Falls Lake and Jordan Lake water quality rules.

Representative Carla Cunningham asked if a mother would be charged if she declined the newborn screening. Representative Murphy replied that decision would be left up to the hospital.

Representative Cunningham further inquired about the safety provisions that are a part of School Safety, specifically, will it provide support and relief to professional school staff.

Chairman Lambeth offered to provide a fact sheet for the second year of funding. He stated that services rendered to these children and students actually qualifies for Medicaid reimbursement. He expressed the need to put in place a mechanism to capture the information needed in order to bill the Federal government for services.

"The State will actually submit a plan amendment that will capture the information and services to affect additional funding," he said. Chairman Lambeth explained that this additional funding will then fuel the addition of staff whom the school district believes best meets those needs -- nurses, psychologists, etc. As staff is added, additional Medicaid money will come into the state that can be distributed out into the districts. "As we capture that funding, the money will be turned into grants for the districts to be able to add staff," he concluded.

Representative Martin asked if the $250 thousand being transferred from the Department of Military and Veterans Affairs to the Department of Health and Human Services would continue to be used for a crisis calling center that is staffed by certified veteran peers.

Senator Hise responded that the transfer originated in the Governor's proposal that has been transferred over for a couple of years. This transfer is a continuation of what has been occurring. Chairman Jackson added that the transfer is more a "technical correction."

Representative John Autry inquired about the Volkswagen Settlement Funds where any funds from the Trust cannot be distributed until they are submitted to the State Treasurer and approved by action of the General Assembly.

Chairman Brown stated that the General Assembly decides how dollars are disbursed. This provision brings it to the Treasurer and the General Assembly will decide how those dollars will be allocated.

Representative Autry replied that, in the original appropriation, the Governor would designate the lead agency and the appropriation would then be consistent. This is a change from the language last year. Why was the change made?

Representative McGrady responded that the Governor has now designated the lead agency and this is reflecting the Governor's designated lead agency. He stated, "The appropriation reflects that by beginning, 'The Department of Environmental Quality' . . . which is the lead agency that the governor selected."

Representative Amos Quick inquired how the decision was made regarding university funding – specifically, four universities that will receive a reduction—three of the four for supplies, including two in Greensboro.

Senator Jackson replied that these reductions represent technical adjustments and is based on actual spend.

Representative Quick had a follow-up question related to SRO cognitive and youth development training being added to elementary and middle schools. She asked if high schools would be added to the training and if funding also being provided.

Senator Jackson responded that the training would be a mandate within the year.

Eric Moore, Fiscal Research, provided clarification stating that no statewide requirements for mandatory training of SROs is currently in place. "This language does not define the nature of the training, only that the training shall be provided in partnership among the public schools, the community colleges, a law enforcement agency and the Justice Academy."

Representative Quick added that training should be mandatory. Proper training of law enforcement officers on how to deal with youth development behavior is imperative if the goal is to reduce the number of juveniles in our court system.

Representative Cynthia Ball inquired about the purpose of the provision in Section 13.8 (a) related to water safety: 1) what it does related to the implementation of the Jordan Lake rules; and, 2) the impact to improving the water quality in Falls Lake?

Christine Leggett, Fiscal Research, responded that the Jordan Lake and Falls Lake rules implementation is being delayed due to the collaborator's study of these issues and the delay of the collaborator's report.

Representative Gale Adcock asked how much is being allocated for increased funding of school nurses as well as funding for improvement in the nurse-to-student ratio in order to meet the national average of 1-to-750.

Chairman Johnson stated that no increased funding is allocated to address nurse-to-student ratio. Schools will have the option to apply for funding through the School Safety Grant should they choose to do so.

Representative Mary Belk inquired how schools were chosen to be recipients of funding through Donor's Choose, Inc.

Chairman Jackson responded that a legislator made the request.

Representative Harrison questioned the funding of the $5 million allocation to the Resource Institute.

Senator Brown responded that The Resource Institute has been using the Western part of North Carolina for quite a while. A couple of million has been allocated for several years for frame restoration and other projects. The Institute also has ideas pertaining to assistance on Eastern part of the state.

Representative Harrison questioned the $2 million proposed matching grant on the conversion of a pre-regulatory landfill. She asked if this is the normal process and why specific item in the budget?

Chairman Jackson responded that the request originated from the Charlotte Motor Speedway and requires a 2–to-1 match from the residents of Charlotte.

Representative Joe John asked the origin of the Administrative Officer of the Counts being given the capability of submitting a name and nomination as opposed to the members of the local bar. He expressed concern that typically these nominations are made by members of the local bar, not only in the public defender area but in other areas and this provision, "unique in my recollection" includes the AOC in that process.

Chairman Jackson dismissed members of the Senate at 12:55 p.m. House members remained to take action on the Conference Report on Senate Bill 99.

Chairman Dollar convened the House Committee on Appropriations at 12:56 p.m. He called upon Chairman Chuck McGrady for a motion. Chairman McGrady moved that the House Committee on Appropriations recommend the adoption of the Conference Report of Senate Bill 99: Appropriations Act of 2018.

The motion passed.

V. Adjournment

The House Committee on Appropriations adjourned at 12:57 p.m.

Senate Presiding Chair Brent Jackson

House Senior Chair Nelson Dollar

Panthea Briles, Committee Clerk

ATTACHMENTS:
1. Agenda
2. Attendance
3. Handout: Senate Bill 99:
   Joint Conference Committee Report
   On the Base and Expansion Budget

LAMBETH

NORTH CAROLINA MEDICAID FUNDING

School Safety Plan

North Carolina School-Based Medicaid Programs

North Carolina school districts and charter schools are already allowed to access the Federal Medicaid program, to reimburse for health services provided to special education (exceptional children) students.

Additional Funding Sources For Schools

Recently, the Centers for Medicare and Medicaid Services (CMS) confirmed that school districts can now access reimbursement for health services provided to all other Medicaid eligible students.
Through collaborative efforts the NC Legislature, State Superintendent, Board and DPI, DHHS/DMA, and NC CASE have developed a plan to access additional support for the school children of NC to support school safety initiatives.

What Is Possible?

An estimated 20 additional services currently being provided could be eligible for reimbursement in North Carolina including: behavioral services; transportation services; mental health services; medication administration services; psychological referral services; personal and family counseling services; alternative learning programs; and, other medically necessary services provided to all students (hearing/vision screenings, immunizations, etc.).

What Will It Cost?

There is no additional cost to NC for schools to receive an estimated $30-$90 million in additional Federal Medicaid reimbursement by using existing state school expenditures as the match for the above named services.

What Will Change?

Additional documentation will be required; however, NC DPI will provide first in the nation state of the art software (ECATS) and training for free to all school districts and charter schools this summer.

How Is This Happening?

Currently, school districts are providing these services to students out of their own budgets. A new Medicaid State Plan Amendment (SPA), developed in collaboration among the DMA, DPI, and NC CASE* will be necessary for this change. Implementation steps are:

1. DMA published a study in 2016, at the request of the State legislature, listing newly eligible school-based services.
2. DMA, DPI, and NC CASE have collaborated to gather the necessary data and draft policy changes.
3. DMA is drafting a SPA to be submitted to CMS this summer.
4. DMA, DPI and NC CASE will continue to collaborate to ensure that the policy changes are in the best interest of students and schools.
5. Once the SPA is approved, DMA will update State policy to reflect the new services.
6. School districts will begin using the ECATS software to document the services.

Moving Forward In North Carolina

Working together the NC Legislature, State Superintendent, State Board, DPI, DHHS/DMA, and NC CASE are opening the door to significant funding increases and enhanced services for the children of NC. Our schools will be more effective and safer as our children grow into the next generation of NC citizens

*North Carolina Council of Administrators of Special Education

NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE REPORT

Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

FAVORABLE FOR ADOPTION AND RE-REFERRED

SB 99 **(CR)** Report Certain CTR Data/Auto Ins. Accuracy.

Draft Number:	S99-PCCS55094-MMxr-2
Serial Referral:	**FINANCE**
Recommended Referral:	None
Long Title Amended:	Yes
Floor Manager:	Dollar

TOTAL REPORTED: 1



VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE — 5-29-18

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lee Lilley	Ofc of Gov
Starnes	OST
Watts	OST
David Crawford	AIANC
Richard Bostic	NCSBA
Tyler Ford	McGuireWoods
Harry Kaplan	McGuireWoods
Amy Auth	UNC-Chapel Hill
Alex Poljo	Parents & Education Reform in NC
Shannon Miller	
Jennifer Hauseman	DPI
Ben McNair	NCCA
Drew Moretz	UNC SYSTEM
Tabby Cloud	Attic

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Will Morgan	MFS
JRuHazel	MFS
Angel Sams	D&S
Ivan Petropoulos	D&S
Laura DeVivo	D&S
Jennifer Haigwood	NCDOL
Carter Conner	NCDOL
Paul Tefera	HTGAC
Nick Billman	Williams Mullen
Amber Harris	NCATC
Laura Gunter	NCBIO
Matt Gross	DHHS

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Amanda Allred	NDA
Justin Clayton	Governor
Carson Butts	Sen. Tarte Intern
DYLAN BLACKBURN	STATE BOARD of EDUCATION
CECILIA HADEN	STATE BOARD of EDUCATION
Jamie Lassiter	Cont. of Clerks
Christopher [illegible]	[illegible] Clerks
Deborah L. Parker	Clerk of Court - Person Co.
Claire Hagan	Sen Chaudhuri
Laura Collins	Sen Chaudhuri
Abbie Mcgilvary	NCGA

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	Public Education
Logan Martin	Benchmarks
Brad [illegible]	OSA
Bruce Muldowney	NCSBA
Resha Fortson	SEANC
Flint Benson	SEANC
Suzanne Seaks	SEANC
Mark Lanier	UNCW
Orch Cain	Law Off. of [illegible] PLLC
Jenna Caldarone	PFNC
Hayden Burgess	Elected Offices of NC

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
	NAC
JA Jason Joyner	[illegible]
Steve David	[illegible]
Tom Hoist	NCJCU
Susan P Mayer	NCJCU
David Heiner	NC Center for Nonprofits
Mike Leighis	NCSC
Susana Davis	NCDPS
Chris Agner	NCDOA
Shelly Craddock	intern DOA

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE — May 29

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cady Thomas	Foc Conclu
[illegible]	CGA
Scott Palmer	NCR
Christina Stone	RCP. LAMorin
Matt Ellinwood	NCJC
Katherine Joyce	NCASA
Jacqueline Wyatt	NCASA
Adam Pridemore	NCAEC
Blair Burr	Staff
Trai Baird	SHIFT NC
Rob Lamme	PLA

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sarah McMillan	Kaufman Gov Affairs
Meaghan Lewis	NC Chamber
Cole Hughes	NC Chamber
Sam Bridges	Town of Garner
Sarah Sands	NCP
JOHN THOMPSON	TPC
Kathy Kirkman	DP
Chris Millsaps	BC
Phil Carter	WL
Martha McConnell	Atrium Health
Dan Vaughan	V.d.t Health

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE — 5-28-18

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Vicki Bayer	Self
Laura Kilian	NCOA+CS
Swann Forest	NCMS
Rhaegan Jackson	Focus Carolina
Abby Hammond	NCAJ
Sarah Bales	Bullaker & Asso.
Ashley Parkinson	Parkinson Law
Lucy Autrey	Student
Elizabeth Jackson	Student
Thomas Mahr	IDS
Lily Levin	ACLU

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sarah Gillody	ACLU
Susanna Birdsong	ACLU-NC
Jess Wilkinson	Duke NC
Donald McDonald	APNC
Brandy Dalby	DPS-SHP
Michael Power	ACC
Preston Howard	NCMA
Fred Bone	Bone & Asso.
Joy Hicks	NCDOT
McNeil Austin	RLNC
Grace Ann Carroll	visitor

VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE — 5-24-18

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Heather Neal	NCGA Intern
Cody Hand	NCHA
Deja Taliaferro	NCHA
Michele Wilson	126 Buckhurst Dr Cary
Susan Book	219 Tecumseh Ct Cary
William Wisser	NCGA staff
Emily Oakley	APNC
Leo John	Secretary of State
Bradford Sneeden	NCDOJ
Zane Stilwell	TSG
Nick Best	TSG

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION

You are hereby notified that the **House Committee on Appropriations** will meet **JOINTLY** as follows:

DAY & DATE: Tuesday, October 2, 2018
TIME: **11:00 AM**
LOCATION: **643 LOB**
COMMENTS: **Committee will take up Hurricane Disaster Relief.**

Respectfully,
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 11:18 A M on Friday, September 28, 2018.

___ Principal Clerk
___ Reading Clerk – House Chamber

Candace Slate (Committee Assistant)

HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES

October 2, 2018
11:00 AM
643 Legislative Office Building

AGENDA

I.	**Opening Remarks**	Rep. Nelson Dollar, Presiding Rep. Dean Arp Rep. John Faircloth Rep. Linda Johnson Rep. Donny Lambeth Rep. Chuck McGrady Rep. Justin Burr	Sen. Harry Brown Sen. Kathy Harrington Sen. Brent Jackson
II.	**Introduction of Sergeant at Arms**		
III.	**Hurricane Florence Damage and Needs Assessment Update**		**Charles Perusse, State Budget Director**
IV.	**Discussion of Proposed Hurricane Florence Legislation**		
	a. **Draft Hurricane Florence Emergency Response Act**		**Rep. Nelson Dollar**
	b. **Draft School Calendar & Pay/Hurricane Florence**		**Sen. Michael Lee** **Rep. Craig Horn**
V.	**Adjourn**		

JOINT HOUSE and SENATE COMMITTEE ON APPROPRIATIONS

Tuesday, October 2, 2018
11:00 a.m.
Room 643, Legislative Office Building

MINUTES

Senate Attendees:
Chairmen: Brown, Jackson
Members: Blue Davis, Gunn, Lowe, Rabon, Randleman, Robinson, Sanderson, Tarte, Tillman, Tucker

House Attendees:
Chairmen: Dollar, Arp, Burr, Faircloth, Johnson, Lambeth and McGrady

Members: Adcock, Ager, Autry, Ball, Belk, Black, Boles, Boswell, Brawley, Brisson, Brockman, Brody, Bumgardner, Clampitt, Cleveland, Conrad, Corbin, Cunningham, Davis, Dixon, Dobson, Dulin, Farmer-Butterfield, Fisher, Floyd, Ford, Fraley, Garrison, C. Graham, G. Graham, Grange, D. Hall, K. Hall, Hardister, Harrison, Horn, Hunter, Hurley, Iler, Insko, Jackson, John, Jones, Lewis, Lucas, Malone, McElraft, McNeill, Michaux, Muller, Murphy, Pierce, Pittman, Potts, Presnell, Quick, B. Richardson, W. Richardson, Riddell, Rogers, Saine, Sauls, Shephard, Speciale, Stevens, Strickland, Terry, Torbett, B. Turner, R. Turner, Watford, White, Willingham, Wray, Yarborough, Zachary

I. Welcome and Opening Remarks

Chairman Nelson Dollar called the meeting to order at 11:36 a.m. Chairman Dollar recognized the Senate and House Sergeant-at-Arms who were assisting with the meeting. The purpose of the meeting was to introduce legislation in the areas of Education and Hurricane Relief for those affected by Hurricane Florence.

Chairman Dollar reviewed how the meeting would be conducted. He informed the committee that both SB2: School Calendar and Pay/Hurricane Florence and HB4: Hurricane Florence Emergency Response Act would be presented. He indicated that questions would then be taken by staff and presenters of each bill. Both Senate and House members would vote on each bill. The Senate would then report out SB2 for its Chamber and the House report out HB4. The Bills would then crossover.

Representative Michaux asked if an opportunity for amendments would be given. Chairman Dollar responded that a time for amendments would be provided; however, today's bills are addressing issues that are most urgently needed, especially with respect to funding.

Chairman Dollar recognized Mark Johnson, Superintendent of North Carolina Department of Public Instruction, who commended legislators for coming together to assist North Carolinians in the recovery effort. He reported that 1.2 million school children were affected by Hurricane Florence and over 100 thousand students remain out of school. Superintendent Johnson stated that North Carolina schools will again be up and running. "However, many students have lost everything," he emphasized.

II. Hurricane Florence Damage and Needs Assessment Update

Charles Perusse, State Budget and Management Director, praised North Carolina's legislators and state personnel for their collaborative spirit as they worked behind the scenes to develop a needs assessment and recovery plan. Mr. Perusse shared the Governor's desire for the Executive Branch and legislators to work collaboratively to create a bold, comprehensive, data-driven recovery plan that, following recovery, makes and demonstrates that our communities are stronger and smarter. He reported that information is currently being gathered in ten distinct major program areas that were affected: Housing, Agriculture, State/Local Government Infrastructure, Education Operations and Infrastructure, Business, Transportation, Natural Resources and Resiliency, Human Resources, Utility, and Recovery Operations Support.

Mr. Perusse informed the committee that his department is working with all North Carolina agencies -- Council of State agencies, Education, as well as the Federal Government to gather damage assessment information. We will review past history, along with Rules and Regulations, to determine what may be covered by private insurance for individuals and what North Carolina can expect from Federal partners in those program areas to develop an overall, unmet needs assessment that State government may want to consider moving forward. He acknowledged that the information shared is an interim process which takes time to do correctly and in record-setting fashion. He stated that the department is looking at a three-week timeframe to provide a comprehensive and thoughtful plan that will set the stage for long-term recovery throughout North Carolina.

Mr. Perusse closed by thanking the Committee for the collaborative spirit and allowing them to look at and have input into the legislation which is supported by the Governor and the Executive Branch.

Mr. Perusse received questions from Representative Iler who asked about the process for getting information to the Director. Mr. Perusse responded that several hundred Emergency Management and FEMA personnel were out in the field gathering individual and public assistance estimates. He stated that individuals should be working through the normal Emergency Management and FEMA channels.

Mr. Perusse advised that State departments were also gathering information through leaders in local government entities, county managers and others as well as the North Carolina Department of Insurance. At the local government level that includes local government infrastructure, town halls, water/sewer plants, damaged equipment, vehicles – "It will be a comprehensive assessment of all the damage to both state government and local government," he concluded.

Representative McElraft asked that debris pick up along non-state roads within counties be included in the State's assessment.

She publically thanked Suzanna Davis, Carteret County's Emergency Management liaison, who helped folks immensely during this time.

Senator McKissick expressed the importance of students not becoming short-changed of instruction due to time away from school and asked the committee to consider how this time may be recaptured.

Chairman Brown responded that most counties will try to make up as many missed days as possible. "The thought in this legislation was to give to school districts as much flexibility as possible to make up as many days missed as possible as they work through their school calendars for the remainder of the school year," he explained.

Chairman Dollar added that school districts currently have the statutory flexibility to extend their school year beyond and as far into June as necessary should they choose to do so.

III. Discussion of Hurricane Florence Legislation

A. SB2: School Calendar and Pay/Hurricane Florence

Senator Michael Lee was recognized to present the bill with the assistance of Representative Craig Horn. Senator Lee began by sharing some personal experiences during Hurricane Florence and the sense of *disconnect* due to the total loss of communication with the world outside his community. He described the lack of movement with Florence that seemed as if she were three different hurricanes every day for three days. He stated that the purpose of the day's meeting was to introduce a scaled-down bill that would provide a semblance of certainty for families, children, teachers, and other school employees.

"There remains so much uncertainty and we will continue to work on hurricane relief for months to come," he said.

Part I of the bill would provide flexibility in the school calendar and compensation to school employees. An appropriation amount of six million five hundred thousand dollars in nonrecurring funds for the 2018-19 fiscal year is proposed to supplement federal receipts for reported positions if school employees were in school at that particular time.

Part II of the bill addresses the clinical internship requirement for a student who is enrolled in an educator preparation program (EPP), i.e., student teachers.

Representative Horn thanked Senator Lee for his work in drafting SB2 and his responsiveness, not just to his community but to all North Carolinians affected by the storm as well.

Representative Quick stated there would likely be a negative impact on testing and exam results due to loss of instructional time and asked if this legislation would have an impact on teacher and administrative salaries and bonuses. Senator Lee responded that these situations had not yet been discussed. "There is so much uncertainty right now," he said.

Other questions were asked by Representatives Cook, Farmer-Butterfield, Insko, Brodie, Michaux, Dixon and Cunningham.

Chairman Chuck McGrady assumed the role of chair during presentation of the proposed legislation before the committee.

IV. Discussion of Hurricane Florence Legislation

B. HB4: Hurricane Florence Emergency Response Act

Chairman McGrady asked Chairman Dollar to reviewed HB4: Hurricane Florence Emergency Response Act. The bill creates the Hurricane Florence Disaster Recovery Fund as a special fund to provide necessary and appropriate relief and assistance from the effects of Hurricane Florence. The Fund will be administered by the Office of State Budget and Management or by another agency designated by the Governor.

The bill further appropriates $56.5 million dollars to the Fund that includes $6.5 million dollars to the Department of Public Instruction to supplement or replace lost compensation of school lunch employees due to school closures and $50 million dollars to provide the State match for costs and programs authorized under G.S. 166A-19.42. Currently, it applies to 28 counties but could expand if more counties are designated under a major disaster declaration by the President.

Representative David Lewis, House Rules Chair, reviewed Section 5.3 pertaining to changes to elections laws that includes: 1) Extends the deadline for applications for voter registration to October 15th and facsimile or transmission of a scanned document delivered no later than October 20th; 2) Allows a county board of elections to unanimously vote to provide for a substitution of a one-stop site, if that one-stop site was damaged by Hurricane Florence; and, 3) Allows a county board of elections to alter voting places for Election Day, if the change is to substitute a voting place that was damaged by Hurricane Florence.

Additionally, Section 5.3 requires county boards of elections and the Bipartisan State Board of Elections and Ethic Enforcement to educate those impacted or displaced by Hurricane Florence about voting in the November 2018 election and it appropriates $400,000 to the Bipartisan State Board of Elections and Ethics Enforcement to implement these requirement.

Chairman Dollar continued by reviewing the legislation's intent to expedite mosquito control efforts to prevent adverse public health impacts due to the emergence of large populations of floodwater mosquitoes. And lastly, HB4 authorizes the Governor to waive certain fees charged by the Division of Motor Vehicles for residents of counties impacted by Hurricane Florence.

Chairman McGrady recognized Representative Farmer-Butterfield for a statement. Chairman McGrady called upon Representative Charles Graham who asked consideration to hold harmless a county regarding the 25% portion of cost to eradicate mosquitoes.

Senator Jackson expressed his appreciation to the Governor and stated that the $4 million is to be used to cover some of those expenses not covered by FEMA.

Chairman McGrady asked the State Budget Director, Mr. Perusse, for further clarification. Mr. Perusse responded that the local match had already been covered by the State. "We fronted the money out of the State Emergency Response Fund, provided it to the Department of Health and Human Services and that will be used to cover the 25% match to FEMA," he said

Following the presentation of the proposed legislation and question and answer period, Chairman McGrady turned the meeting over to Chairman Brown.

Chairman Brown expressed his appreciation to the committee for working through this legislation and with the understanding that a lot of information must be collected as we continue to move forward. "It will take a while; a lot of us got hit pretty hard," he said. He called upon Senator Brett Jackson for a motion on SB2. Senator Jackson moved favorable report of SB2. Vote on the motion was unanimous.

Chairman Dollar resumed as chair. He recognized Representative Darren Jackson. Representative Jackson informed Chairman Dollar that he submitted an amendment on HB4 and stated that he would hold it to the House Floor. Chairman Dollar called upon Representative John Torbett for a motion. Representative Torbett moved favorable report of HB4. Vote on the motion was unanimous.

For House purposes, Chairman Dollar called upon Representative Horn for a motion. He moved for a favorable report for HB3. Vote on the motion was unanimous.

V. Adjournment

The Joint House and Senate Committee on Appropriations adjourned at 12:46 p.m.

Senate Presiding Chair Harry Brown

House Senior Chair Nelson Dollar

Panthea Briles, Committee Clerk

ATTACHMENTS:
1. Agenda
2. Attendance
3. Handouts: Senate Bill2: School Calendar & Pay/Hurricane Florence
   Bill Draft 2017E3-MVa2E: School Calendar & Pay/Hurricane Florence
   House Bill4: Hurricane Florence Emergency Response Act
   Bill Draft 2017E3-MCa-1G: Hurricane Florence Emergency Response
4. Committee Reports

copy

2017-18 ATTENDANCE

Appropriations Committee

DATES	10-2-18														
Rep. Nelson Dollar, Senior Chair	X														
Rep. Dean Arp, Chair	X														
Rep. Justin Burr, Chair	X														
Rep. John Faircloth, Chair	X														
Rep. Linda Johnson, Chair	X														
Rep. Donny Lambeth, Chair	X														
Rep. Chuck McGrady, Chair	X														
Rep. Gale Adcock	X														
Rep. John Ager	X														
Rep. John Autry	X														
Rep. Cynthia Ball	X														
Rep. Mary Belk	X														
Rep. John Bell															
Rep. Larry Bell															
Rep. MaryAnn Black	X														
Rep. Hugh Blackwell	E														
Rep. Jamie Boles	X														
Rep. Beverly Boswell	X														
Rep. Bill Brawley	X														
Rep. William Brisson	X														
Rep. Cecil Brockman	X														
Rep. Mark Brody	X														
Rep. Dana Bumgardner	X														
Rep. Mike Clampitt	X														
Rep. George Cleveland	X														
Rep. Debra Conrad	X														
Rep. Kevin Corbin	X														

Rep. Carla Cunningham	X															
Rep. Ted Davis	X															
Rep. Jimmy Dixon	X															
Rep. Josh Dobson	X															
Rep. Andy Dulin	X															
Rep. Beverly Earle																
Rep. Jeffrey Elmore																
Rep. Jean Farmer-Butterfield	X															
Rep. Susan Fisher	X															
Rep. Elmer Floyd	X															
Rep. Carl Ford	X															
Rep. Rep. John Fraley	X															
Rep. Terry Garrison	X															
Rep. Rosa Gill																
Rep. C Graham	X															
Rep. G. Graham	X															
Rep. Holly Grange	X															
Rep. Duane Hall	X															
Rep. Kyle Hall	X															
Rep. Jon Hardister	X															
Rep. Pricey Harrison	X															
Rep. Craig Horn	X															
Rep. Howard Hunter	X															
Rep. Pat Hurley	X															
Rep. Frank Iler	X															
Rep. Verla Insko	X															
Rep. Darren Jackson	X															
Rep. Joe John	X															
Rep. Brenden Jones	X															
Rep. David Lewis	X															
Rep. Marvin Lucas	X															
Rep. Chris Malone	X															
Rep. Grier Martin																

Rep. Mickey Michaux	X														
Rep. Pat McElraft	X														
Rep. Allen McNeill	X														
Rep. Bob Muller	X														
Rep. Greg Murphy, MD	X														
Rep. Garland Pierce	X														
Rep. Larry Pittman	X														
Rep. Larry Potts	X														
Rep. Michele Presnell	X														
Rep. Amos Quick	X														
Rep. B. Richardson	X														
Rep. W. Richardson	X														
Rep. Dennis Riddell	X														
Rep. David Rogers	X														
Rep. Stephen Ross	X														
Rep. Jason Saine	X														
Rep. John Sauls	X														
Rep. Mitchell Setzer															
Rep. Phillip Shepard	X														
Rep. Michael Speciale	X														
Rep. Sarah Stevens	X														
Rep. Larry Strickland	X														
Rep. Evelyn Terry	X														
Rep. John Torbett	X														
Rep. Brian Turner	X														
Rep. Rena Turner	X														
Rep. Sam Watford	X														
Rep. Donna McDowell White	X														
Rep. Shelly Willingham	X														
Rep. Michael Wray	X														
Rep. Larry Yarborough	X														
Rep. Lee Zachary	X														

Appropriations Staff:	X														
Karen Hammonds-Blanks	X														
Brian Matteson	X														
Phyllis Pickett	X														
Joyce Jones	X														
9.26.17															
(92)															

Added Sen. Blue

13 Senators present

mm

ATTENDANCE

Committee: Joint **Appropriations - Base/Budget** 2017-2018

Date	10-2-18																
NAMES (18 Members)																	
Senator Brown, Co-Chair	✓																
Senator Harrington, Co-Chair	X																
Senator Jackson, Co-Chair	✓																
Senator Dan Blue	✓																
X Senator Barefoot																	
Senator Davis	✓																
X Senator Chaudhuri																	
Senator Gunn	✓																
Senator Jackson																	
Senator Lowe	✓																
X Senator Pate																	
Senator Rabon	✓																
Senator Randleman	✓																
Senator Robinson	✓																
Senator Sanderson	✓																
Senator Tarte	✓																
Senator Tillman	✓																
Senator Tucker	✓																

GENERAL ASSEMBLY OF NORTH CAROLINA
THIRD EXTRA SESSION 2018

H.B. 4
Oct 2, 2018
HOUSE PRINCIPAL CLERK

H D

HOUSE BILL DRH30005-MCa-1G

Short Title:	Hurricane Florence Emergency Response Act.	(Public)
Sponsors:	Representatives Dollar, McGrady, Arp, Ball, J. Bell, Blackwell, Boles, Boswell, Bradford, Brisson, Burr, Butler, Clampitt, Cleveland, Conrad, Davis, Dixon, Fisher, Floyd, Ford, Goodman, C. Graham, Grange, Hastings, Howard, Hunter, Hurley, Iler, John, Johnson, Brenden Jones, Jordan, Lambeth, Lewis, McElraft, McNeill, Meyer, Muller, Murphy, Potts, Reives, Ross, Saine, Sauls, Setzer, Shepard, Speciale, Steinburg, Strickland, Szoka, Torbett, White, Wray, Yarborough, Bumgardner, Corbin, Dulin, Faircloth, Gill, Harrison, Henson, Horn, Jackson, Lucas, Presnell, B. Richardson, Riddell, Stone, Blust, and Malone (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO ENACT THE HURRICANE FLORENCE EMERGENCY RESPONSE ACT.

The General Assembly of North Carolina enacts:

PART I. TITLE OF ACT

SECTION 1.1. This act shall be known as "The Hurricane Florence Emergency Response Act."

PART II. LEGISLATIVE FINDINGS

DAMAGE CAUSED BY HURRICANE FLORENCE

SECTION 2.1.(a) The General Assembly finds that Hurricane Florence was one of the strongest storms to form in the Atlantic Ocean in the history of North Carolina, reaching wind speeds of up to 140 miles an hour and covering 500 miles; making landfall on September 14, 2018; causing heavy rainfall, record flooding, high storm surge, and dozens of deaths in the State as of the date of this act; and necessitating the declaration of a State of Emergency for the State by the Governor and a Major Disaster Declaration by the President of the United States for multiple counties in the State.

SECTION 2.1.(b) The General Assembly finds that as a result of Hurricane Florence the following has occurred:

(1) Central and southeastern North Carolina suffered significant damage to public and private property.

(2) Essential utility services and systems and other critical infrastructure have been seriously disrupted.

(3) Over 880,000 people have lost power, thousands of people have been displaced from their homes, and 1,600 roads have been closed.

(4) Riverine flooding began at the start of Hurricane Florence, and the effects continue to be felt across the State. Several large rivers reached and exceeded major flooding levels.

(5) As of the date of this act, twenty-eight of the State's counties have been declared a major disaster by the President of the United States under the Stafford Act (P.L. 93-288), with others requested and pending approval.

(6) North Carolinians have lost their lives, their loved ones, their homes, their communities, their schools and houses of worship, their life savings, their businesses and places of employment, their possessions, their pets, and their ways of life.

(7) Entire towns throughout eastern North Carolina were flooded to the rooftops as the record storm surge combined with water levels of rivers and streams crested at flood-stage heights far beyond those ever seen before in this State.

(8) Thirty-four states assisted North Carolina in addressing the devastation caused by Hurricane Florence.

(9) Thousands of emergency responders, National Guard members, and other volunteers worked to respond and assist disaster areas during and after the time the storm made landfall.

(10) Swift action by the General Assembly is necessary to provide relief to and facilitate recovery efforts for the citizens of North Carolina devastated from the Hurricane.

(11) Assessments from the damages resulting from Hurricane Florence are ongoing, and Public Assistance projects are in planning stages to repair facilities and roads, remove debris, and otherwise effectuate cleanup and repair.

(12) Further assistance by the General Assembly will be needed on behalf of the people and local governments who have suffered damage to public buildings, roads, wastewater treatment plants, and other critical infrastructure.

PART III. CREATION OF HURRICANE FLORENCE DISASTER RECOVERY FUND

SECTION 3.1.(a) The Hurricane Florence Disaster Recovery Fund is established. The purpose of the Fund is to provide necessary and appropriate relief and assistance from the effects of Hurricane Florence, consistent with the provisions of this act, subsequent legislation addressing the effects of Hurricane Florence. The Fund shall be maintained as a special fund and administered by the Office of State Budget and Management or by another State agency, as determined by the Governor, to carry out the provisions of this and subsequent acts necessitated as a result of Hurricane Florence. All State and federal funds appropriated for Hurricane Florence relief and recovery efforts shall be budgeted and accounted for in the Fund established in this section.

SECTION 3.1.(b) Funds shall be drawn from the Fund only as needed upon justification by a State agency as evidence of the need for funds related to Hurricane Florence recovery efforts.

SECTION 3.1.(c) Funds in the Fund that are not expended, made subject to an encumbrance, or disbursed shall remain available to implement the provisions of this act and subsequent acts necessitated as a result of Hurricane Florence until the General Assembly directs the reversion of the unexpended funds. Funds received by a State agency from the Fund that are not expended, made subject to an encumbrance, or disbursed to another entity at the end of each fiscal year shall revert to the Fund. Funds received by a non-State entity from the Fund that, after three years, are not expended, made subject to an encumbrance, or disbursed to a subgrantee shall be returned to the Fund.

PART IV. FUNDING OF DISASTER RELIEF

APPROPRIATIONS AND ALLOCATIONS OF FUNDS FOR DISASTER RELIEF

SECTION 4.1. Notwithstanding G.S. 143C-4-2, the State Controller shall transfer the sum of fifty-six million five hundred thousand dollars ($56,500,000) for the 2018-2019 fiscal year from the Savings Reserve in the General Fund to the Hurricane Florence Disaster Recovery Fund and these funds are appropriated within the Fund and shall be allocated as follows:

(1) Six million five hundred thousand dollars ($6,500,000) to the Department of Public Instruction to supplement or replace lost compensation of school lunch employees due to school closures resulting from Hurricane Florence.

(2) Fifty million dollars ($50,000,000) for the following purposes related to Hurricane Florence:

a. To provide the State match for federal disaster assistance programs.

b. To pay for the costs and the relief and assistance authorized by G.S. 166A-19.42(b). This sub-subdivision applies to the North Carolina counties that are or become designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

EACH APPROPRIATION AND ALLOCATION IS MAXIMUM AND CONDITIONAL

SECTION 4.2. The appropriations and allocations made in this act are for maximum amounts necessary to implement this act. Savings shall be effected where the total amounts appropriated or allocated are not required to implement this act.

APPROPRIATION OF FEDERAL FUNDS

SECTION 4.3. Appropriation/Federal Funds. – Funds received on or after September 13, 2018, under the federal Stafford Act (P.L. 93-288) and other federal disaster assistance programs for State disasters as a result of Hurricane Florence are appropriated in the amounts provided in the notifications of award from the federal government or any entity acting on behalf of the federal government to administer federal disaster recovery funds. The Office of State Budget and Management and affected State agencies shall report all notifications of award to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the General Assembly.

PART V. IMPLEMENTATION OF ACT

INVOLVEMENT OF HISTORICALLY UNDERUTILIZED BUSINESSES

SECTION 5.1. It is the intent of the General Assembly that, during this time of rebuilding and relief efforts, each State agency should strive to acquire goods and services from historically underutilized business vendors, whether directly as principal contractors or indirectly as subcontractors or otherwise.

LEGISLATIVE REVIEW OF FEDERAL FUNDING AND REMAINING UNMET NEEDS

SECTION 5.2. It is the intent of the General Assembly to review in 2018 and 2019 the funds appropriated by Congress for disaster relief and to consider actions needed to address any remaining unmet needs. It is also the intent of the General Assembly to review the adequacy of the measures funded by Section 4.1 of this act at that time.

ELECTIONS RELIEF

SECTION 5.3.(a) In response to Hurricane Florence and its aftermath, for the November 2018 election only, the following shall apply:

(1) Notwithstanding G.S. 163A-865(d), 163A-883, and 163A-884, applications for voter registration for the November 2018 election may be submitted until 5:00 P.M. on October 15, 2018. If the application for voter registration is submitted by facsimile transmission or transmission of a scanned document, a permanent copy of the completed, signed form shall be delivered to the county board of elections no later than October 20, 2018.

(2) For any site that has previously been designated a one-stop site for absentee ballots to be applied for and cast during the period required by G.S. 163A-1300(b) for the November 2018 election under G.S. 163A-1303, a county board of elections by unanimous vote may provide for a substitution of the one-stop site, provided that the change is solely to substitute a one-stop site that was damaged by Hurricane Florence.

(3) A county board of elections may adopt a resolution altering voting places for the November 2018 election, provided that the change is solely to substitute a voting place that was damaged by Hurricane Florence. Notwithstanding G.S. 163A-1045(a) and any other notice requirements provided in statute, the county board shall provide notice of the change in location in the most expedient manner possible. This notice may be distributed through public service announcements, print, radio, television, online, and social media. If necessary to alter a voting place for a precinct that was damaged by Hurricane Florence, the county board may also make changes as provided in G.S. 163A-1047, 163A-1048, and 163A-1049.

SECTION 5.3.(b) Subsection (a) of this section (i) is effective when it becomes law, (ii) applies only in the counties designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence as of October 2, 2018, and (iii) applies for the November 2018 election only.

SECTION 5.3.(c) County boards of elections shall educate the public, particularly individuals impacted or displaced by Hurricane Florence, about voting in the November 2018 election as follows:

(1) Counties that maintain a board of elections Web site shall include information on that Web site about:

a. Options to register to vote, including same day registration during the early voting period, and how to determine residency for voting purposes.

b. Options to vote in the November 2018 election, including mail-in absentee voting and early one-stop voting. Information shall include locations and times of early one-stop voting.

(2) When publishing notices of elections under G.S. 163A-769(8) for the 2018 general election, the notice shall include a brief statement regarding how to obtain information on voting for individuals impacted or displaced by Hurricane Florence.

SECTION 5.3.(d) The Bipartisan State Board of Elections and Ethics Enforcement shall educate the public, particularly individuals impacted or displaced by Hurricane Florence, about voting in the November 2018 election. The State Board shall:

(1) Include on its Web site information about:

a. Options to register to vote, including same day registration during the early voting period, and how to determine residency for voting purposes.

b. Options to vote in the November 2018 election, including mail-in absentee voting and early one-stop voting.

(2) Distribute information about the options to register to vote, including same day registration during the early voting period, and options to vote in the November 2018 election, including mail-in absentee voting and early one-stop voting to State agencies, shelters, groups, and other organizations serving persons impacted or displaced by Hurricane Florence.

(3) Coordinate with the State and federal agencies to identify and notify as many persons as possible displaced by Hurricane Florence about the options to register to vote, including same day registration during the early voting period and options to vote in the November 2018 election, including mail-in absentee voting and early one-stop voting. When practicable, the State Board shall provide county specific information as to early one-stop voting locations and times.

(4) Disseminate information about the options to register to vote, including same day registration during the early voting period and options to vote in the November 2018 election, including mail-in absentee voting and early one-stop voting. Information may be distributed through public service announcements, print, radio, television, online, and social media.

(5) Assist any county board of elections altering one-stop sites and voting places for the November 2018 election under subsection (a) of this section in educating the public on the changes.

SECTION 5.3.(e) Notwithstanding G.S. 163A-1535 and G.S. 163A-1520, there is appropriated from the cash balance in Budget Code 68025 in the Bipartisan State Board of Elections and Ethics Enforcement the sum of four hundred thousand dollars ($400,000) for the purpose of implementing this section.

MOSQUITO VECTOR POPULATION CONTROL

SECTION 5.4. It is the intent of the General Assembly to prevent large populations of floodwater mosquitoes from emerging following Hurricane Florence, as this could adversely impact the public health by hindering the State's response and recovery efforts and increasing the number of vector-borne illnesses. To that end, the General Assembly encourages the Department of Health and Human Services, Division of Public Health, to continue to work with local health departments to expedite mosquito control efforts in counties that are or become part of a disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence. For purposes of this section, mosquito control efforts include mosquito abatement activities, integrated mosquito management activities, education regarding mosquito bite avoidance, and the purchase and distribution of materials for personal prevention measures.

WAIVER OF CERTAIN DMV FEES

SECTION 5.5.(a) Notwithstanding G.S. 20-14, 20-37.7, 20-85, and 20-88.03, the Governor may waive any fees assessed by the Division of Motor Vehicles under those sections for the following:

(1) A duplicate drivers license, duplicate commercial drivers license, or duplicate special identification card.

(2) A special identification card issued to a person for the first time.

(3) An application for a duplicate or corrected certificate of title.

(4) A replacement registration plate.

(5) An application for a duplicate registration card.

(6) Late payment of a motor vehicle registration renewal fee.

SECTION 5.5.(b) The waiver authorized under subsection (a) of this section only applies to residents of counties impacted by Hurricane Florence, as determined by the Governor. A resident is allowed a refund of any fee assessed and collected by the Division of Motor Vehicles and waived pursuant to this section. The Division shall post notice of the availability of a refund on its Web site.

SECTION 5.5.(c) This section is effective when it becomes law and applies to fees assessed or collected on or after September 13, 2018. This section expires December 31, 2018.

WAIVER OF HOMEOWNERS RECOVERY FEE

SECTION 5.6.(a) Notwithstanding G.S. 87-15.6, the Governor may waive the fee assessed by city and county building inspectors and credited to the Homeowners Recovery Fund for the reimbursement of homeowners suffering reimbursable losses in constructing or altering a single-family residential dwelling unit.

SECTION 5.6.(b) The waiver authorized under subsection (a) of this section only applies to residents of counties impacted by Hurricane Florence, as determined by the Governor. A permit applicant is allowed a refund of any fee assessed and collected by city and county building inspectors and waived pursuant to this section. A city or county subject to this section shall post notice of the availability of a refund on its Web site.

SECTION 5.6.(c) This section is effective when it becomes law and applies to applications for issuance of a permit subject to the Homeowners Recovery Fund fee that were received on or after September 13, 2018. This section expires December 31, 2018.

ADDITIONAL LIMITATIONS ON USE OF FUNDS

SECTION 5.7. The Governor shall ensure that funds appropriated in this act are expended in a manner that does not adversely affect any person's or entity's eligibility for federal funds that are made available, or that are anticipated to be made available, as a result of Hurricane Florence. The Governor shall also, to the extent practicable, avoid using State funds to cover costs that will be, or likely will be, covered by federal funds.

PART VI. EFFECTIVE DATE

SECTION 6.1. Except as otherwise provided, this act is effective when it becomes law.

Bill Draft 2017E3-MCa-1G: Hurricane Florence Emergency Response Act.

2017-2018 General Assembly

Committee:		**Date:**	October 2, 2018
Introduced by:		**Prepared by:**	Kory Goldsmith
Analysis of:	2017E3-MCa-1G		Staff Attorney

OVERVIEW: ***The Hurricane Florence Emergency Response Act creates the Hurricane Florence Disaster Recovery Fund (the Fund) and appropriates $56.5 million dollars to the Fund. Regarding Elections, the act extends certain deadlines related to voter registration, allows local election boards to alter the location of one-stop sites and Election Day voting places if the same have been damaged as a result of Hurricane Florence, directs voter education related to the same, and appropriates $400,000 to the Bipartisan State Board of Elections and Ethics Enforcement to carry out these purposes. The act also expresses the intent of the General Assembly to prevent adverse public health impacts related to the emergence of large populations of floodwater mosquitoes, and waives certain DMV fees in counties designated by the Governor.***

SECTION 1.1. designates the act as the "Hurricane Florence Emergency Response Act."

SECTION 2.1. outlines the legislative findings regarding the damage caused by Hurricane Florence.

SECTION 3.1. creates the Hurricane Florence Disaster Recovery Fund as a special fund to provide necessary and appropriate relief and assistance from the effects of Hurricane Florence. The Fund is administered by the Office of State Budget and Management or by another agency designated by the Governor. All State and federal funds appropriated for Hurricane Florence relief must be budgeted and accounted for in the Fund.

SECTION 4.1. transfers $56.5 million dollars from the Saving Reserve to the Hurricane Florence Disaster Recovery Fund, appropriates the funds within the Fund, and allocates them as follows:

- $6.5 million dollars to the Department of Public Instruction to supplement or replace lost compensation of school lunch employees due to school closures resulting from Hurricane Florence.
- $50 million dollars to provide the State match and also for costs and programs authorized under G.S. 166A-19.42. This section currently applies to 28 counties, but could expand if more counties are designated under a major disaster declaration by the President under the Stafford Act.

SECTION 4.3. – 4.4. provides appropriations are for maximum amounts and saving should be effected where possible and appropriates any federal funds received on or after September 13, 2018, as a result of Hurricane Florence.

SECTION 5.1 – 5.2. expresses the intent of the General Assembly that the State should strive to acquire goods and services from historically underutilized business vendors and that the General Assembly will continue to review the sufficiency of funding to meet disaster recovery needs.

SECTION 5.3. Elections Relief

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

Section 5.3(a) makes the following changes to elections laws, effective for the November 2018 election, for counties that have been designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence as of October 2, 2018:

- Extends the deadline for applications for voter registration to be submitted from 5:00 P.M. on October 12, 2018 to 5:00 P.M. on October 15, 2018. For any application for voter registration submitted by facsimile or transmission of a scanned document, a permanent copy of the completed and signed form must be delivered to the county board of elections no later than October 20, 2018.
- Allows a county board of elections to unanimously vote to provide for a substitution of a one-stop site, if that one-stop site was damaged by Hurricane Florence.
- Allows a county board of elections to alter voting places for Election Day, if the change is to substitute a voting place that was damaged by Hurricane Florence. Notice of any changes in voting places for Election Day must be provided in the most expedient manner possible, which may include public service announcements, print, radio, television, online, and social media.

Section 5.3(c) and Section 5.3(d) require county boards of elections and the Bipartisan State Board of Elections and Ethics Enforcement to educate the public, particularly those impacted or displaced by Hurricane Florence, about voting in the November 2018 election.

- County boards of elections must include information on registration and voting on its Web site, if applicable, and on any published notices of elections.
- The Bipartisan State Board of Elections and Ethics Enforcement must (i) include information on registration and voting on its Web site, (ii) distribute information to State agencies, shelters, groups, and organizations serving persons impacted or displaced, (iii) coordinate with State and federal agencies to notify displaced individuals about voting options, (iv) disseminate information on registration and voting, including any county-specific information, and (v) assist county boards with substituting one-stop sites and voting places for the November 2018 election.

Section 5.3(e) appropriates $400,000 to the Bipartisan State Board of Elections and Ethics Enforcement to implement these requirements.

SECTION 5.4. Mosquito Vector Population Control expresses the General Assembly's intent to prevent adverse public health impacts related to the emergence of large populations of floodwater mosquitoes, and encourages the Division of Public Health within the Department of Health and Human Services to continue working with local health departments to expedite mosquito control efforts (including mosquito abatement activities, integrated mosquito management activities, education regarding mosquito bite avoidance, and the purchase and distribution of materials for personal prevention measures) in counties that are or become part of a disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

SECTION 5.5.(a)-(c) Division of Motor Vehicle fees authorizes the governor to waive the Division of Motor Vehicle fees for (i) a duplicate drivers license, (ii) duplicate commercial drivers license, (iii) duplicate special identification card, (iv) a special identification card issued to a person for the first time, (v) an application for a duplicate or corrected certificate of title, (vi) a replacement registration plate, (vii) an application for a duplicate registration card, and (viii) late payment of a motor vehicle registration renewal fee. This waiver is for residents of counties impacted by Hurricane Florence, as determined by the governor. Any fee assessed and collected by the Division which is waived under this section is refundable and the Division shall post notice of the availability of the refund on its website. This section is effective when it becomes law and applies to fees assessed or collected on or after September 13, 2018. This section expires December 31, 2018..

SECTION 5.6. Waiver of Homeowners Recovery Fee authorizes the governor to waive the $10 fee charged by city and county building inspectors to fund the Homeowners Recovery Fund. This fee is charged on building permits for the construction or alteration of single-family residential dwelling units. This section is effective when it becomes law and applies to fees assessed or collected on or after September 13, 2018 within counties impacted by Hurricane Florence. This section expires December 31, 2018..

SECTION 5.7. directs the Governor to ensure the funds are expended in manner that does not adversely affect any person's eligibility for federal funds that are made available and avoid expending State funds when federal funds are available.

SECTION 6.1. Unless otherwise provided, the act is effective when it becomes law.

Staff attorneys, Jeff Cherry Joshua Freeman, Joyce Jones, and Jessica Sammons all contributed to this summary.

GENERAL ASSEMBLY OF NORTH CAROLINA
THIRD EXTRA SESSION 2018

S D

SENATE BILL DRS35003-MVa-2E

Short Title:	School Calendar & Pay/Hurricane Florence.	(Public)
Sponsors:	Senators Lee, Brown, B. Jackson, Rabon, Britt, Clark, D. Davis, Fitch, McInnis, Meredith, Sanderson, and Smith (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FLEXIBILITY IN THE SCHOOL CALENDAR, TO FACILITATE COMPENSATION TO SCHOOL EMPLOYEES, AND TO PROVIDE RELIEF TO STUDENTS ENROLLED IN AN EDUCATOR PREPARATION PROGRAM TO ACCOMMODATE EXTRAORDINARY CIRCUMSTANCES DUE TO HURRICANE FLORENCE.

The General Assembly of North Carolina enacts:

PART I. FLEXIBILITY IN THE SCHOOL CALENDAR AND COMPENSATION TO SCHOOL EMPLOYEES

SECTION 1.1. Calendar Flexibility. – Notwithstanding G.S. 115C-75.8(d)(9), 115C-84.2(a)(1), 115C-150.12, 115C-218.85(a)(1), 115C-238.53(d), 115C-238.66(1)d., 116-239.8(b)(2)c., Section 6(e) of S.L. 2018-32, and any other provision of State law to the contrary, if the governing body of a public school unit closed any school under its control due to unusual and extraordinary inclement weather conditions related to Hurricane Florence, calendar flexibility for instructional time missed due to Hurricane Florence during the months of September 2018 and October 2018 shall be provided as follows:

(1) If the school is located in a public school unit that is located in a county designated before, on, or after the effective date of this act under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence, in the discretion of its governing body, the public school unit may (i) make up any number of the instructional days or equivalent hours missed, (ii) deem as completed any number of the instructional days or equivalent hours missed up to a total of 20 days, or (iii) implement any combination of both of the above.

(2) If the school is located in a public school unit that is not located in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence, the following shall apply:

a. If the public school unit's scheduled calendar will already meet 185 instructional days or 1025 instructional hours, no additional days or hours for that school are required to comply with G.S. 115C-84.2.

b. For all other schools, for days missed in excess of two days, in the discretion of its governing body, the public school unit may do either or a combination of the following:

1. Make up any number of the instructional days or equivalent hours missed.
2. Deem as completed any number of the instructional days or equivalent hours missed.

For the purposes of this act, "public school unit" is defined as a local school administrative unit, regional school, innovative school, laboratory school, charter school, or residential school for the deaf or the blind.

SECTION 1.2. Employee Compensation. – Except for in the case of a charter school, all employees employed by a public school unit shall be deemed to have been employed for any scheduled instructional days missed due to Hurricane Florence during the months of September 2018 and October 2018 that a public school unit has deemed completed and is not required to make up. Employees shall be compensated in the same manner they would have had they worked on the scheduled instructional days missed. The board of directors of a charter school may, but is not required to, provide such compensation for its employees.

Of the funds allocated to the Department of Public Instruction from the Hurricane Florence Disaster Recovery Fund, the sum of up to six million five hundred thousand dollars ($6,500,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used to provide compensation authorized by this section to public school unit employees of schools participating in the National School Lunch Program or School Breakfast Program for scheduled instructional days when compensation would have been provided by school meal receipts or by federal funds. Employees compensated using funds described in this section shall be compensated in the same manner they would have had they worked on the scheduled instructional days missed.

If the funds described by this section are insufficient to provide compensation authorized by this section to public school unit employees in schools participating in the National School Lunch Program or School Breakfast Program for scheduled instructional days when compensation would have been provided by school meal receipts or by federal funds, the Department of Public Instruction shall develop a uniform criteria to determine the comparative economic need of public school units to which this section applies and shall ensure that priority is given to public school units with greatest economic need when awarding available funds.

SECTION 1.3. Reporting Requirement. – The Superintendent of Public Instruction shall report to the chairs of the House of Representatives Committee on Appropriations and the Senate Appropriations/Base Budget Committee, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division of the General Assembly on the implementation of this act by public school units by March 15, 2019, and shall also provide any additional reports or information requested by the Fiscal Research Division. The report required by this section shall include information on the following:

(1) Any days missed due to Hurricane Florence before, on, or after the effective date of this act.
(2) Of the days missed, any scheduled make up days due to Hurricane Florence before, on, or after the effective date of this act, and the dates of those make up days.
(3) Of the days missed, any days and hours deemed completed by the public school unit as a result of this act.
(4) Any compensation provided to employees pursuant to Section 1.2 of this act.

For each component of the report, separate information shall be included on any individual schools within the public school unit whose information differs from the rest of the unit as a whole. Public school units shall provide information on implementation of this act in the form requested by the Superintendent of Public Instruction no later than February 15, 2019.

PART II. COMPLETION OF THE EPP CLINICAL INTERNSHIP REQUIREMENT FOR CERTAIN STUDENTS IMPACTED BY HURRICANE FLORENCE

SECTION 2.1. Notwithstanding G.S. 115C-269.25(d)(1), a student who is enrolled in an educator preparation program (EPP) that is assigned the status of initially authorized or authorized by the State Board of Education pursuant to G.S. 115C-269.5 may have the clinical internship requirement set forth in G.S. 115C-269.25(d)(1) deemed completed if the student meets the following conditions:

(1) The student meets at least one of the following:

a. Is enrolled in an EPP that is located in a county declared a major disaster by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

b. Has been placed with an elementary or secondary partner school, as defined in G.S. 115C-269.1(14), that is located in a county declared a major disaster by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

(2) The student has completed as much time in a clinical internship as practicable during the 2018 fall academic semester.

(3) The student cannot graduate in December 2018 from the EPP without the clinical internship requirement being deemed completed pursuant to this section.

SECTION 2.2. By February 1, 2019, any EPP with an enrolled student who has his or her clinical internship requirement deemed completed pursuant to Section 2.1 of this act shall report to the State Board of Education with the following information:

(1) Number of students who had the clinical internship requirement deemed completed.

(2) Reasons for a clinical internship requirement being deemed completed.

(3) Amount of time completed for a clinical internship.

(4) Any other information required by the State Board.

By March 15, 2019, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on the information reported to the State Board by EPPs under this section.

PART III. EFFECTIVE DATE

SECTION 3. This act is effective when it becomes law.

Bill Draft 2017E3-MVa-2E: School Calendar & Pay/Hurricane Florence.

2017-2018 General Assembly

Committee:		**Date:**	October 2, 2018
Introduced by:		**Prepared by:**	Caroline Sorensen
Analysis of:	2017E3-MVa-2E		Staff Attorney

OVERVIEW: *In order to accommodate extraordinary circumstances due to Hurricane Florence, this bill would provide flexibility in the school calendar and facilitate compensation for school employees. It would also allow certain college students who are enrolled in an educator preparation program and who are affected by Hurricane Florence to have the clinical internship requirement of the program deemed completed.*

PART I: FLEXIBILITY IN THE SCHOOL CALENDAR AND COMPENSATION TO SCHOOL EMPLOYEES

CURRENT LAW: Under current law, schools must provide a minimum of 185 days or 1025 hours of instructional time.

BILL ANALYSIS: Part I would apply to all "public school units," and defines public school units to include all types of public schools in North Carolina, including charter schools. For instructional school days missed due to Hurricane Florence during September 2018 and October 2018, Section 1.1 of the bill would provide for the following:

(1) Public school units in FEMA designated counties may, in their discretion, make up days missed, deem completed up to 20 days missed, or any combination of those two options.

(2) Public school units in non-FEMA designated counties, for days in excess of the first two days missed, may, in their discretion, make up days missed, deem days completed, or any combination of those two options. If a public school unit's scheduled calendar will already meet the 185 day or 1025 hour requirement, the public school unit does not have to make up the first two days missed.

Section 1.2 of the bill provides that public school employees other than charter school employees would be deemed employed and would be provided compensation on days deemed complete that are not required to be made up. This section would appropriate $6,500,000 to provide compensation for school lunch employees whose compensation is normally provided by school lunch receipts and federal funds on instructional days.

Section 1.3 of the bill would require the Superintendent of Public Instruction to report certain data to the General Assembly on the implementation of this act by March 15, 2019.

Kory Goldsmith
Director

Legislative Drafting
919-733-6660

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

PART II: COMPLETION OF THE EPP CLINICAL INTERNSHIP REQUIREMENT FOR CERTAIN STUDENTS IMPACTED BY HURRICANE FLORENCE

CURRENT LAW: G.S. 115C-269.25(d) provides that an educator preparation program (EPP) shall require students to complete a clinical practice prior to graduation in the form of either a clinical internship of a minimum of 16 weeks or a clinical residency of a minimum of one year. The clinical internship may be over the course of two semesters and shall, to the extent practicable, provide field experiences at both the beginning and ending of the school year.

BILL ANALYSIS: Section 2.1 of the bill would allow for the internship requirement to be deemed completed if the student (i) is enrolled in an EPP located in a county declared a major disaster or is placed in a partner school for the clinical internship that is located in a county declared a major disaster as a result of Hurricane Florence, (ii) completes as much time in the clinical internship as practicable during the 2018 fall academic semester, and (iii) cannot graduate in December 2018 unless the clinical internship is deemed completed pursuant to this act.

Section 2.2 of the bill would require that an EPP with an enrolled student who has his or her clinical internship requirement deemed completed under Section 2.1 of the bill report to the State Board of Education by February 1, 2019, on the number of students affected, the reasons for the requirement being deemed completed, the time completed in the clinical internship, and any other information required by the State Board. By March 1, 2019, the State Board would report to the Joint Legislative Education Oversight Committee on the information collected from the EPPs.

EFFECTIVE DATE: The bill would take effect when it becomes law.

*The following General Assembly staff members substantially contributed to this OVERVIEW: Leslie Karkanawi (Legislative Drafting), Kara McCraw (Legislative Analysis), and Brian Gwyn (Legislative Analysis).

NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE REPORT
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

FAVORABLE

HB **3** School Calendar & Pay/Hurricane Florence.

Draft Number:	None
Serial Referral:	None
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	Dollar

TOTAL REPORTED: 1



NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE REPORT
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

FAVORABLE

HB **4** Hurricane Florence Emergency Response Act.

Draft Number:	None
Serial Referral:	None
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	Dollar

TOTAL REPORTED: 1

CMR1-V-2

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair

Tuesday, October 02, 2018

Senator Brown,
submits the following with recommendations as to passage:

FAVORABLE

SB **2** School Calendar & Pay/Hurricane Florence.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator Michael V. Lee will handle SB 2



VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Will Parry-Hinson	NCHFA
David McSwain	NCPC
TYLER NEWMAN	BASE
Jcalea Comat	NSS
George Bush	NCBFE
Seth Palmer	NCR
CASEY Thomas	FCP
Rhaelyn Jackson	FCP
Tonya Hutton	OSHR
Amanda Donovan	LTS
Richard Bostic	NCSBA

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Starnes	OST
[illegible]	[illegible]
Ashton Godwin	WRC
Lindsey [illegible]	TSS
[illegible]	SBE/DPI
Suzanne Davis	NCDPS
Martha Bird	NCDHHS (State CFAO)

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joe Maimone	office of Superintendent of Public Instruction
Kevin Wilkinson	NCDPI
Chloe Gossage	NCDPI
Ed Emerson	BP
Kathy Hirsberg	OP
Wade Butner	DPI
Tommy Swier	mwc
Brian Menard	SBI
Kathleen Riley	NC Biotech
Aylett Colston	Wooten
Anne O'Neal	NCIC

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kelli Kukura	Duke Energy
Kevin Daniels	Daniels Development Group
Will Robinson	The Nature Conservancy
[illegible]	ICA
Ruth Merkle	Gladly Retired!
Michelle Kistner	Senator Van Duyn's office
[illegible]	NC Electric Cooperatives
Chris Bullard	Assoc. Builders & Contractors
Angela Vacek	Vass, NC for flood victims of Lobelia
Kathy Beddow	Moore County Republican Party Vass
T. Anthony Spearman	NCNAACP

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Thomas Beddow	Moore Cty GOP
Linda Perone	Candidate, H44
Elizabeth Biser	Brooks Pierce
Chris McClure	Brooks Pierce
[illegible]	[illegible]
Kara Weisbaar	SA
SueAnn Forest	NCMS
Amanda Dearbury	DA
Bill Ramsaur	MCGOP
Karen Ginsberg	Golden Leaf

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Madison Gunning	National Association of Social Workers 412 Morson St, Raleigh
AMES SIMMONS	EQUALITY NC
Penny Gruffin	SOG
John Hardin	NFS
Durwin Jones	OSBM
NELS ROSECAND	OSBM
Amber Harris	NCACC
Tyler Ford	MWC
Demetrius Doleatch	TS
Margie Freeman	NCAE
Tiffany Stadnyk	NC Rural Center

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
	MWC
Greg Redfail	NC DOR
Will Futrell	NCDOR
Joy Hicks	NCDOT
Derrick Hunter	Senator Blue office
Asia A. Sayers	Sen. Blue's office
Justin Clanton	Governor
Doug Lassiter	NCSTA
Katie Hall	DOA
Mary Hughes	NCCCS
Seth Riggins	NCCCS

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jarrett Patrick	Senator Lowe's Office
Tom Bean	EDF, NCSEA, NCWF
O'Linda Watkins	Moore Co. NAACP, PO Box 1351, Southern Pines NC 28327
Atty Al McSurely	" "
Ana Blackburn	NC Poor People's Campaign: A National Call For Moral Revival
Margaret Larson	Ernst & Young
Charlie Fisher	Nitt O'Brien's
James Norment	Ward and Smith
Katherine Joyce	NCASA
Bryant Holloway	Holloway Group
Matt Ellinwood	NCSC

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Hugh Johnson	NC Association of County Commissioners
Kelly Parkinson	Parkinson Law
Leigh Tarr	Indy Week
JOHN D PANZA	NCDOR
Christie Channing	NCDOR
Laura Lansford	NCDOR
JOHN LUCCY	NC DOA
LT McCrimmon	DHHS
Skye David	newsframe
Jason Joyner	newsframe
Nate Denny	NCDIT

VISITOR REGISTRATION SHEET

St Appropriations
Name of Committee

Date 10/2/18

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom West	NCICU
Adam Pridemore	NCACC
David Curtis	
Leo John	Secretary of State
Elizabeth Yelverton	NC Association of School Administrators
Sara Svehla	Real Facts NC
Jeff Hauser	
Bradford Sneeden	NCDOJ
Laura Kilian	~~Laura Kilian~~ NCAS
JERRY SCHILL	NC Fisheries Assn.
Bill Morris	

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2018 THIRD EXTRA SESSION

You are hereby notified that the **House Committee on Appropriations** will meet **JOINTLY** as follows:

DAY & DATE: Monday, October 15, 2018
TIME: **4:00 PM**
LOCATION: **643 LOB**
COMMENTS: **Committee will take up Hurricane Florence Disaster Relief**

Respectfully,
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 1:09 PM on Thursday, October 11, 2018.

___ Principal Clerk
___ Reading Clerk – House Chamber

Candace Slate (Committee Assistant)

Updated #1: TIME CHANGE TO 5:00pm

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2018 THIRD EXTRA SESSION

You are hereby notified that the **House Committee on Appropriations** will meet **JOINTLY** as follows:

DAY & DATE: Monday, October 15, 2018
TIME: **4:00 PM**
LOCATION: **643 LOB**
COMMENTS: **Committee will take up Hurricane Florence Disaster Relief**

NOTE: Time Change to 5:00pm today not 4:00pm

Respectfully,
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 12:42 PM on Monday, October 15, 2018.

___ Principal Clerk
___ Reading Clerk – House Chamber

Candace Slate (Committee Assistant)

HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES

October 15, 2018
5:00 PM
643 Legislative Office Building

AGENDA

I. Opening Remarks

Rep. Nelson Dollar, Senior Chair
Rep. Dean Arp
Rep. Justin Burr
Rep. John Faircloth
Rep. Linda Johnson
Rep. Donny Lambeth
Rep. Chuck McGrady

Sen. Kathy Harrington, Presiding
Sen. Harry Brown
Sen. Brent Jackson

II. Introduction of Sergeant at Arms

III. Committee Report on the Hurricane Florence Disaster Recovery Fund and Proposed Committee Substitute for Senate Bill 3 and Proposed Committee Substitute for House Bill 3

Sen. Brent Jackson
Rep. Nelson Dollar

IV. Adjourn

2017-18 ATTENDANCE

Appropriations Committee

DATES	10-15-18														
Rep. Nelson Dollar, Senior Chair	✓														
Rep. Dean Arp, Chair	✓														
Rep. Justin Burr, Chair	✓														
Rep. John Faircloth, Chair	✓														
Rep. Linda Johnson, Chair	✓														
Rep. Donny Lambeth, Chair	✓														
Rep. Chuck McGrady, Chair	E														
Rep. Gale Adcock	✓														
Rep. John Ager	✓														
Rep. John Autry	✓														
Rep. Cynthia Ball	✓														
Rep. Mary Belk	✓														
Rep. John Bell	✓														
Rep. Larry Bell	✓														
Rep. MaryAnn Black	✓														
Rep. Hugh Blackwell															
Rep. Jamie Boles	✓														
Rep. Beverly Boswell	✓														
Rep. Bill Brawley	✓														
Rep. William Brisson	✓														
Rep. Cecil Brockman															
Rep. Mark Brody	✓														
Rep. Dana Bumgardner	✓														
Rep. Mike Clampitt	✓														
Rep. George Cleveland	✓														
Rep. Debra Conrad	✓														
Rep. Kevin Corbin															

Rep. Carla Cunningham	✓														
Rep. Ted Davis	✓														
Rep. Jimmy Dixon	✓														
Rep. Josh Dobson															
Rep. Andy Dulin	✓														
Rep. Beverly Earle															
Rep. Jeffrey Elmore	✓														
Rep. Jean Farmer-Butterfield	✓														
Rep. Susan Fisher	✓														
Rep. Elmer Floyd	✓														
Rep. Carl Ford	✓														
Rep. Rep. John Fraley	✓														
Rep. Terry Garrison	✓														
Rep. Rosa Gill															
Rep. C Graham	✓														
Rep. G. Graham	✓														
Rep. Holly Grange	✓														
Rep. Duane Hall	✓														
Rep. Kyle Hall	✓														
Rep. Jon Hardister	✓														
Rep. Pricey Harrison	✓														
Rep. Craig Horn	✓														
Rep. Howard Hunter															
Rep. Pat Hurley	✓														
Rep. Frank Iler	✓														
Rep. Verla Insko	✓														
Rep. Darren Jackson	✓														
Rep. Joe John	✓														
Rep. Brenden Jones															
Rep. David Lewis	✓														
Rep. Marvin Lucas	✓														
Rep. Chris Malone	✓														
Rep. Grier Martin	✓														

Rep. Mickey Michaux	✓														
Rep. Pat McElraft	✓														
Rep. Allen McNeill	✓														
Rep. Bob Muller	✓														
Rep. Greg Murphy, MD	✓														
Rep. Garland Pierce	✓														
Rep. Larry Pittman	✓														
Rep. Larry Potts	✓														
Rep. Michele Presnell	✓														
Rep. Amos Quick	✓														
Rep. B. Richardson	✓														
Rep. W. Richardson	✓														
Rep. Dennis Riddell	✓														
Rep. David Rogers	✓														
Rep. Stephen Ross	✓														
Rep. Jason Saine	✓														
Rep. John Sauls	✓														
Rep. Mitchell Setzer															
Rep. Phillip Shepard	✓														
Rep. Michael Speciale	✓														
Rep. Sarah Stevens	✓														
Rep. Larry Strickland	✓														
Rep. Evelyn Terry	✓														
Rep. John Torbett	✓														
Rep. Brian Turner	✓														
Rep. Rena Turner	✓														
Rep. Sam Watford															
Rep. Donna McDowell White	✓														
Rep. Shelly Willingham	✓														
Rep. Michael Wray															
Rep. Larry Yarborough	✓														
Rep. Lee Zachary	✓														

Appropriations Staff:	
Karen Hammonds-Blanks	✓
Brian Matteson	✓
Phyllis Pickett	✓
Joyce Jones	✓
9.26.17	
(92)	

Joint Committee on Appropriations/Base Budget
Monday, October 15, 2018 at 5:00 PM
Room 643 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 5:53 PM on October 15, 2018 in Room 643 of the Legislative Office Building. 14 Senators were present. The following 80 Representatives were present: Chairmen Dollar, Arp, Burr, Faircloth, Johnson, and Lambeth and Members Adcock, Ager, Autry, Ball, Belk, J. Bell, L. Bell, Black, Boles, Boswell, Brawley, Brisson, Brody, Bumgardner, Clampitt, Cleveland, Conrad, Cunningham, Davis, Dixon, Dulin, Elmore, Farmer-Butterfield, Fisher, Floyd, Ford, Fraley, Garrison, C. Graham, G. Graham, Grange, D. Hall, K. Hall, Hardister, Harrison, Horn, Hurley, Iler, Insko, Jackson, John, Lewis, Lucas, Malone, Martin, Michaux, McElraft, McNeill, Muller, Murphy, Pierce, Pittman, Potts, Presnell, Quick, B. Richardson, W. Richardson, Riddell, Rogers, Ross, Saine, Sauls, Shephard, Speciale, Stevens, Strickland, Terry, Torbett, B. Turner, R. Turner, White, Willingham, Yarborough, Zachary

Senator Kathy Harrington, Chair, presided.

Senator Harrington called the meeting to order. She recognized the Senate and House Sergeant-at-Arms' staff and thanked them for their service. Senator Harrington also announced public comment would be allowed and there would be no amendments.

Chairman Harrington then recognized Senator Brent Jackson, Chair, and Representative Nelson Dollar, Chair to present the Committee Report on the Hurricane Florence Disaster Recovery Fund and Proposed Committee Substitute for Senate Bill 3.

Representative Dollar began by stating it was an historic response to an historic event. He presented the Committee Report and the provisions of PCS for Senate Bill 3. He stated there would be no reversions or tax increases because of due diligence on the part of legislators who put a record $2 billion in the Rainy Day Fund. Senator Brent Jackson continued explaining provisions of the PCS for Senate Bill 3. Both presenters stressed several times that the goal was to provide for immediate needs. More study and assessments would be made and addressed in the November Session but the bill would allocate $793 million in additional Hurricane Florence relief if passed.

Chairman Harrington recognized Charlie Perusse, Office of State Budget and Management (OSBM) Director, who thanked his staff for compiling the 80 page Governor's Report in 3 weeks. He also stressed OSBM was trying to get immediate needs addressed now as part of a 5 year plan. Mr. Perusse concluded by stating he looked forward to working with the Committee.

After the presentations, Chairman Harrington recognized several members for a lengthy time of question and answer. A copy of the Governor's Report was promised to members of the Committee during that time.

There were no public presenters.

As there were no further questions by the members, Senator Harrington recognized Senator Tommy Tucker who made a motion for unfavorable to the bill, favorable as to the PCS, with leave for staff to make technical and clarifying changes. The motion carried.

Senator Harrington then adjourned the meeting at 7:23 PM.

For House purposes, Rep. Dollar, Chair, called for a motion. Rep. John Bell made a motion made a motion for unfavorable to the bill, favorable as to the PCS, with leave for staff to make technical and clarifying changes. Vote on the motion was unanimous.

Attachments:

1. Notice
2. Agenda
3. Committee Report on Hurricane Florence
4. PCS/Senate Bill 3
5. Summary of Senate Bill 3
6. PCS/House Bill 3
7. Committee Report
8. Governor's Report
9. Visitor Registration

Senator Kathy Harrington
Presiding

Mary Marchman, Committee Clerk

GENERAL ASSEMBLY OF NORTH CAROLINA
THIRD EXTRA SESSION 2018

H D

HOUSE BILL 3
PROPOSED COMMITTEE SUBSTITUTE H3-PCS10003-MMa-2

Short Title: 2018 Hurricane Florence Disaster Recovery Act. (Public)

Sponsors:

Referred to:

October 2, 2018

A BILL TO BE ENTITLED

AN ACT TO ENACT THE 2018 HURRICANE FLORENCE DISASTER RECOVERY ACT.

The General Assembly of North Carolina enacts:

PART I. TITLE OF ACT

SECTION 1.1. This act shall be known as "2018 Hurricane Florence Disaster Recovery Act."

SECTION 1.2. The appropriations and allocations made in this act are for maximum amounts necessary to implement this act. Savings shall be effected where the total amounts appropriated or allocated are not required to implement this act.

PART II. HURRICANE FLORENCE DISASTER RECOVERY APPROPRIATION AND AVAILABILITY

SECTION 2.1.(a) There is appropriated from the Hurricane Florence Disaster Recovery Fund the sum of three hundred ninety-eight million four hundred thirty thousand four hundred seventy-seven dollars ($398,430,477) for the 2018-2019 fiscal year.

SECTION 2.1.(b) The availability for Hurricane Florence disaster recovery activities in this act are set out below:

		FY 2018-19
Beginning Unreserved Fund Balance	$	0
Transfer from Savings Reserve, S.L. 2018-134	$	56,500,000
Transfer from Savings Reserve	$	700,000,000
Transfer from Education Lottery Reserve per G.S. 166A-19.40(c)	$	25,000,000
Transfer from Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund	$	2,000,000
Transfer of S.L. 2016-124 funds	$	930,477
Transfer from Highway Fund	$	65,000,000
Total Hurricane Florence Disaster Recovery Activities Availability	**$**	**849,430,477**
Less Appropriations in S.L. 2018-134	**$**	**56,500,000**
Less Additional FY 2018-19 Appropriations	**$**	**398,430,477**
Unappropriated Balance Remaining	**$**	**394,500,000**

SECTION 2.1.(c) The State Controller shall establish a Hurricane Florence Disaster Recovery Reserve in the State General Fund to maintain funds reserved for disaster recovery in this act. The State Controller shall transfer funds to the Hurricane Florence Disaster Recovery Fund only as needed to meet the appropriations set out in this act or other related acts of the General Assembly and only upon request by the Director of the Budget. Funds shall remain in the Reserve until funds are needed to comply with the allocations as set forth in this act. Funds reserved in the Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.1.(d) Effective October 2, 2018, Section 3.1(a) of S.L. 2018-134 reads as rewritten:

"**SECTION 3.1.(a)** The Hurricane Florence Disaster Recovery Fund is established. The purpose of the Fund is to provide necessary and appropriate relief and assistance from the effects of Hurricane Florence, consistent with the provisions of this ~~act,~~act and with subsequent legislation addressing the effects of Hurricane Florence. The Fund shall be maintained as a special fund and administered by the Office of State Budget and Management or by another State agency, as determined by the Governor, to carry out the provisions of this and subsequent acts necessitated as a result of Hurricane Florence. All State and federal funds appropriated or reallocated for Hurricane Florence relief and recovery efforts shall be budgeted and accounted for in the Fund established in this section."

SECTION 2.2. The State Controller shall transfer the sum of seven hundred million dollars ($700,000,000) for the 2018-2019 fiscal year from the Savings Reserve in the General Fund to the Hurricane Florence Disaster Recovery Reserve.

SECTION 2.3. The Office of State Budget and Management shall transfer the sum of twenty-five million dollars ($25,000,000) for the 2018-2019 fiscal year from the Education Lottery Reserve to the Hurricane Florence Disaster Recovery Reserve. The transfer authorized by this section and allocated in this act ratifies the prior budgetary action taken by the Governor and shall not be construed to duplicate that transfer of lottery funds.

SECTION 2.4. Notwithstanding G.S. 143-215.73F, the Department of Environmental Quality shall transfer the sum of two million dollars ($2,000,000) for the 2018-2019 fiscal year from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund to the Office of State Budget and Management to be credited to the Hurricane Florence Disaster Recovery Reserve.

SECTION 2.5. Of the funds allocated to the Department of Insurance, Office of the State Fire Marshal, by subdivision (11) of Section 4.1 of S.L. 2016-124 for grants to volunteer fire departments, the sum of nine hundred thirty thousand four hundred seventy-seven dollars ($930,477) is transferred to the Hurricane Florence Disaster Recovery Reserve.

SECTION 2.6. Notwithstanding any provision of law to the contrary, the Department of Transportation shall transfer from the Highway Fund the sum of sixty-five million dollars ($65,000,000) for the 2018-2019 fiscal year to the Office of State Budget and Management to be credited to the Hurricane Florence Disaster Recovery Reserve.

PART III. SCOPE OF ACT

SECTION 3. Unless otherwise provided, Section 2.1(a) of this act applies to the North Carolina counties designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

PART IV. FUNDING OF DISASTER RELIEF/REIMBURSEMENT

ALLOCATIONS OF FUNDS FOR DISASTER RELIEF

SECTION 4.1. The funds appropriated in Section 2.1(a) of this act in the Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134 shall be allocated as provided in the Committee Report described in Section 6.1 of this act and as follows:

Department of Agriculture and Consumer Services	$	70,000,000
Community Colleges System Office	$	18,500,000
Department of Environmental Quality	$	4,000,000
Department of Health and Human Services	$	12,000,000
Housing Finance Agency	$	10,000,000
Department of Insurance	$	930,477
Department of Public Instruction	$	60,000,000
Department of Public Safety	$	100,000,000
Office of State Budget and Management	$	25,000,000
Department of Transportation	$	65,000,000
University of North Carolina – Board of Governors	$	33,000,000

REIMBURSEMENT FOR FUNDS PROVIDED UNDER THIS ACT

SECTION 4.2.(a) A recipient of State funds under this act shall use best efforts and take all reasonable steps to obtain alternative funds that cover the losses or needs for which the State funds are provided, including funds from insurance policies in effect and available federal aid. Further, each institution of higher education and non-State entity that receives State funds under this act shall also seek private donations to help cover the losses or needs for which these State funds are provided.

SECTION 4.2.(b) If a recipient obtains alternative funds pursuant to subsection (a) of this section, the recipient shall remit the funds to the State agency from which the State funds were received. A recipient is not required to remit any amount in excess of the State funds provided to the recipient under this act. The State agency shall transfer these funds to the Hurricane Florence Disaster Recovery Fund. The funds shall further be transferred to the applicable fund or reserve from which the funds were originally transferred to the Fund, except that the first twenty-five million dollars ($25,000,000) deposited under this subsection as reimbursement for funds expended for repair and renovation of facilities damaged by Hurricane Florence for local school administrative units, lab schools, and any eligible Innovative School District shall be transferred to the Education Lottery Reserve Fund. Funds deposited into the Fund under this subsection are receipts that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 4.2.(c) Any contract or other instrument entered into by a recipient for receipt of funds under this act shall include the requirements set forth in subsections (a) and (b) of this section.

SECTION 4.2.(d) For purposes of this section, the term "recipient" means a local political subdivision of the State, a State agency, a State department, an institution of higher education as defined in Section 5.3(a) of this act, a public school unit as defined in Section 5.1 of this act, or a non-State entity.

ADDITIONAL LIMITATIONS ON USE OF FUNDS

SECTION 4.3.(a) The Governor shall ensure that funds appropriated in this act are expended in a manner that does not adversely affect any person's or entity's eligibility for federal funds that are made available, or that are anticipated to be made available, as a result of Hurricane Florence. The Governor shall also, to the extent practicable, avoid using State funds to cover costs that will be, or likely will be, covered by federal funds.

SECTION 4.3.(b) The Governor may not use the funds described in this act to make reallocations under G.S. 166A-19.40(c). Nothing in this act shall be construed to prohibit the

Governor from exercising the Governor's authority under this statute with respect to funds other than those described in this act.

PART V. IMPLEMENTATION OF ACT

AVERAGE DAILY MEMBERSHIP DETERMINATION

SECTION 5.1. Notwithstanding any other provision of law, in allocating funds for the 2018-2019 fiscal year, the State Board of Education shall adjust the allotted average daily membership (ADM) of public school units for the 2018-2019 school year in a manner that will assist units impacted by Hurricane Florence as follows: Allotment adjustments for ADM decreases shall be based on the highest of the first four months' ADM for public school units located in counties designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

Consistent with the Allotment Adjustments for ADM Growth provisions of the NC Public Schools Allotment Policy Manual applicable for the 2018-2019 school year, local school administrative units are encouraged to apply for additional funding to address needs related to extraordinary ADM growth due to an influx of displaced students as a result of Hurricane Florence.

If the State Board of Education does not have sufficient resources in the ADM Contingency Reserve line item to make allotment adjustments in accordance with this section, the State Board of Education may use funds appropriated to State Aid for Public Schools for this purpose.

For the purposes of this section, "public school unit" is defined as a local school administrative unit, regional school, innovative school, laboratory school, charter school, or residential school for the deaf or the blind.

CAPITAL RECOVERY FUNDS – PUBLIC SCHOOL FACILITIES

SECTION 5.2. The funds allocated to the Department of Public Instruction in this act shall not be subject to approval by the State Board of Education.

EMERGENCY SCHOLARSHIP GRANTS FOR POSTSECONDARY STUDENTS

SECTION 5.3.(a) Program Established; Purpose. – There is established the Hurricane Florence Emergency Grant Program for Postsecondary Students (Program) to provide emergency scholarship grants in an amount up to one thousand two hundred fifty dollars ($1,250) per student to eligible postsecondary students who have suffered financial hardship due to the damage and destruction from Hurricane Florence. An emergency scholarship grant shall be used to mitigate the impact of Hurricane Florence on a student so that his or her postsecondary education in a North Carolina institution of higher education continues uninterrupted. These funds may be used to cover any expenses that support a student's continued enrollment, including costs related to transportation, textbooks, tuition, fees, and living expenses.

For the purposes of this section, an "institution of higher education" is defined as a constituent institution of The University of North Carolina, a community college under the jurisdiction of the State Board of Community Colleges, or an eligible private postsecondary institution, as defined in G.S. 116-280(3).

SECTION 5.3.(b) Applications; Eligibility. – By November 1, 2018, each institution of higher education that is eligible for an allocation of funds pursuant to this section shall begin accepting applications from eligible postsecondary students. An application for an emergency scholarship grant must demonstrate that the student is an eligible postsecondary student by including documentation that the student meets the following criteria:

(1) The student is enrolled in the institution of higher education at the time of application.

(2) The student has a financial need related to the impact of Hurricane Florence.
(3) The student meets at least one of the following criteria:
a. The institution of higher education in which the student was enrolled as of September 10, 2018, is located in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.
b. The student resided, as of September 10, 2018, temporarily or permanently, in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

SECTION 5.3.(c) Award of Grants. – Within the funds available to an institution of higher education in accordance with this section, an institution shall award an emergency scholarship grant to an eligible postsecondary student within two weeks of the receipt of the application, or as soon as otherwise practicable, in an amount of up to one thousand two hundred fifty dollars ($1,250) based on the information provided in the student's application. An institution of higher education may establish priority in the award of emergency scholarship grants to eligible postsecondary students based on the funds available and the pool of applicants, including giving priority to students who have demonstrated the greatest financial need. If no priority in the award of funds is established, the emergency scholarship grants shall be awarded in the order in which applications are received. If the institution of higher education has unexpended funds remaining after the award of the initial emergency scholarship grants, the institution may increase the award to an eligible postsecondary student who previously received funds or solicit additional applications from eligible postsecondary students, provided that the award to an individual student does not exceed one thousand two hundred fifty dollars ($1,250) for each academic semester in which funds are awarded.

SECTION 5.3.(d) Reimbursement for Losses Covered by Other Funds. – An eligible postsecondary student who receives an emergency scholarship grant under the Program shall use best efforts and take all reasonable steps to obtain alternative funds that cover the losses or needs for which the emergency scholarship grant funds are provided, including funds from insurance policies in effect and available federal aid. If the student obtains alternative funds, the student shall remit the amount of the emergency scholarship grant covered by the alternative funds to the institution of higher education. A student is not required to remit any amount in excess of the funds provided to the student.

SECTION 5.3.(e) Funds for UNC Constituent Institutions. – Of the funds allocated to the Board of Governors of The University of North Carolina from the Hurricane Florence Disaster Recovery Fund for the 2018-2019 fiscal year, the sum of two million dollars ($2,000,000) in nonrecurring funds shall be allocated by the Board of Governors to constituent institutions of The University of North Carolina for the purpose of providing emergency scholarship grants to eligible postsecondary students in accordance with the Program. The Board of Governors shall prioritize the allocation of funds based on the impact of Hurricane Florence on enrolled students to the following constituent institutions:

(1) A constituent institution located in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.
(2) A constituent institution that is not located a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence but has an eligible postsecondary student enrolled at the institution who (i) resides, temporarily or permanently, in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a

result of Hurricane Florence or (ii) has transferred to the institution due to the damage and destruction caused by Hurricane Florence.

Constituent institutions allocated funds under this subsection shall have discretion to establish criteria for the eligibility of postsecondary students in addition to the criteria required by this section. However, the Board of Governors shall not establish additional eligibility requirements for the administration of the Program to those set forth in this section.

SECTION 5.3.(f) Funds for Community Colleges. – Of the funds allocated to the Community Colleges System Office from the Hurricane Florence Disaster Recovery Fund for the 2018-2019 fiscal year, the sum of five million dollars ($5,000,000) in nonrecurring funds shall be allocated by the State Board of Community Colleges to community colleges for the purpose of providing emergency scholarship grants to eligible postsecondary students in accordance with the Program. The State Board of Community Colleges shall prioritize the allocation of funds based on the impacts of Hurricane Florence on enrolled students to the following community colleges:

(1) A community college located in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

(2) A community college that is not located in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence but has an eligible postsecondary student enrolled at the community college who (i) resides, temporarily or permanently, in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence or (ii) has transferred to the community college due to the damage and destruction caused by Hurricane Florence.

Community colleges allocated funds under this subsection shall have discretion to establish criteria for the eligibility of postsecondary students in addition to the criteria required by this section. However, the State Board of Community Colleges shall not establish additional eligibility requirements for the administration of the Program to those set forth in this section.

SECTION 5.3.(g) Funds for Private Postsecondary Institutions. – Of the funds allocated to the Board of Governors of The University of North Carolina from the Hurricane Florence Disaster Recovery Fund for the 2018-2019 fiscal year, in addition to the two million dollars ($2,000,000) allocated to constituent institutions pursuant to subsection (e) of this section, the sum of one million dollars ($1,000,000) in nonrecurring funds shall be allocated to the State Education Assistance Authority (Authority) to provide funds to eligible private postsecondary institutions as defined in G.S. 116-280(3) for the purpose of providing emergency scholarship grants to eligible postsecondary students in accordance with the Program. The Authority shall prioritize the allocation of funds based on the impact of Hurricane Florence on enrolled students to the following eligible private postsecondary institutions:

(1) A private postsecondary institution with a campus located in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

(2) A campus of a private postsecondary institution that is not located in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence but has an eligible postsecondary student enrolled at the private postsecondary institution who (i) resides, temporarily or permanently, in a county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence or (ii) has

transferred to the private postsecondary institution due to the damage and destruction caused by Hurricane Florence.

Private postsecondary institutions allocated funds under this subsection shall have discretion to establish criteria for the eligibility of postsecondary students in addition to the criteria required by this section. However, the Authority shall not establish additional eligibility requirements for the administration of the Program to those set forth in this section. A private postsecondary institution receiving funds pursuant to this subsection shall report to the Authority on the implementation of the Program, including the information required for the report under subsection (h) of this section.

SECTION 5.3.(h) Reporting Requirements. – By April 1, 2019, the Board of Governors of The University of North Carolina, the State Board of Community Colleges, and the Authority shall report to the chairs of the House of Representatives Committee on Appropriations and the Senate Appropriations/Base Budget Committee, the Joint Legislative Education Oversight Committee, Office of Recovery and Resiliency in the Department of Public Safety, and to the Fiscal Research Division of the General Assembly on the implementation of the Program at the institutions of higher education that received funds pursuant to this section, including the number and type of institutions of higher education that were allocated funds, the amount of funds allocated to each institution, the number of emergency scholarship grants awarded to students and the amount of those grants, the use of emergency scholarship grant funds by eligible postsecondary students, any funds reimbursed to institutions due to coverage of losses by alternative funds, and any remaining funds available for awards in subsequent semesters.

BEHAVIORAL HEALTH SERVICES

SECTION 5.4.(a) The following definitions apply in this section:

(1) DMH/DD/SAS. – The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services within the Department of Health and Human Services.

(2) Federally declared disaster area. – Any county designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.

(3) LME/MCO. – As defined in G.S. 122C-3.

(4) Qualifying LME/MCO. – An LME/MCO with a catchment area that includes at least one federally declared disaster area.

SECTION 5.4.(b) It is the intent of the General Assembly to support individuals and families experiencing distress as a result of Hurricane Florence by meeting the increased demand for behavioral health services in the counties most impacted by Hurricane Florence. To that end, funds allocated in this act from the Hurricane Florence Disaster Recovery Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to increase single-stream funding, shall be allocated by DMH/DD/SAS among LME/MCOs with a catchment area that includes at least one federally declared disaster area. DMH/DD/SAS shall determine the basis for allocating these funds among qualifying LME/MCOs. Qualifying LME/MCOs shall not use these allocated funds for any purpose other than to fund mental health, developmental disabilities, and substance use disorder services that are (i) for individuals residing in a federally declared disaster area who have been determined by the LME/MCO to be in need of these services as a result of Hurricane Florence, and (ii) not reimbursable under the Medicaid program. Each qualifying LME/MCO shall offer at least the same level of single-stream service utilization required by Section 11F.2(b) of S.L. 2017-57, as amended, increased proportionately by the amount of single-stream funding allocated to the LME/MCO pursuant to this section.

SECTION 5.4.(c) Pursuant to its authority under G.S. 108A-54(e), the Department of Health and Human Services shall manage, within the Medicaid budget, any increased demand

for behavioral health services reimbursable under the Medicaid program for individuals residing in a federally declared disaster area.

ASSISTANCE FOR UNAFFILIATED COMMUNITY HOSPITALS

SECTION 5.5.(a) It is the intent of the General Assembly to assist unaffiliated community hospitals, especially those serving rural areas, in covering the increase in nursing and other staffing expenses related to Hurricane Florence. To that end, funds allocated in this act from the Hurricane Florence Disaster Recovery Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, shall be allocated to the North Carolina Hospital Foundation (NCHF), a nonprofit corporation. NCHF shall use these funds to award grants, on a basis determined by NCHF, to unaffiliated community hospitals located in counties designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence, with priority consideration given to unaffiliated community hospitals serving rural areas. Grant recipients shall not use these funds for any purpose other than to (i) offset the cost of increased nursing and other staffing expenses related to Hurricane Florence, and, after this purpose is fulfilled, (ii) assist the community hospital with other relief related to Hurricane Florence. Grant recipients are prohibited from using these funds to supplant existing funds for community recovery related to Hurricane Florence. Notwithstanding Section 3.1(c) of S.L. 2018-134, any funds allocated pursuant to this section that have not been expended or encumbered as of June 30, 2019, shall revert to the Hurricane Florence Disaster Recovery Fund.

SECTION 5.5.(b) By July 15, 2019, each unaffiliated community hospital receiving grant funding from NCHF pursuant to subsection (a) of this section shall submit to the Office of Rural Health and the Office of Recovery and Resiliency in the Department of Public Safety a written report of all expenses funded by State appropriations. By December 1, 2019, the Office of Rural Health shall submit a written report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of the funds allocated pursuant to subsection (a) of this section.

EXTEND 90-DAY TRANSITION PERIOD IN CERTAIN COUNTIES/CHILD CARE SUBSIDY

SECTION 5.6.(a) Notwithstanding any other provision of law or rule to the contrary, the Department of Health and Human Services, Division of Child Development and Early Education, shall extend the transition period from 90 days to 120 days for a child care subsidy recipient who is otherwise eligible for child care subsidy and resides in an area damaged or impacted by Hurricane Florence if the recipient is (i) temporarily absent from employment, training, or an educational program with arrangements to continue the same employment, training, or educational program, (ii) unemployed but seeking employment, or (iii) no longer attending a training or educational program but is seeking employment or to resume attendance at a training or educational program.

SECTION 5.6.(b) This Section applies only (i) in the counties designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence and (ii) for the 2018-2019 fiscal year.

CREATION OF OFFICE OF RECOVERY AND RESILIENCY/GRANTS

SECTION 5.7.(a) The Office of Recovery and Resiliency (Office) is created in the Department of Public Safety. The Office shall execute multi-year recovery and resiliency projects and administer funds provided by the Community Development Block Grant Disaster Recovery program. The Secretary may reassign up to 15 existing positions of the Division of Emergency Management to the Office. In addition, the Secretary may create up to 30 new three-year time-limited positions. The reassigned positions assigned to the Office shall retain the

employment status of the positions at the time of the reassignment after implementation of this act is completed. The three-year time-limited positions created in this section shall be temporary positions and are exempt from the provision of the State Human Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter. The Office will provide general disaster recovery coordination and public information; citizen outreach and application case management; audit, finance, compliance, and reporting on disaster recovery funds; and program and construction management services. The Office shall also contract for services from vendors specializing in housing, construction, and project management services.

SECTION 5.7.(b) The Office shall develop and administer a grant program for financially distressed local governments to assist with recovery capacity. The grants shall cover the salaries, benefits, and operating costs for up to two three-year positions and may also be used to purchase one vehicle per community as necessitated by the individual circumstances of each community. The Office shall also, in consultation with the Local Government Commission, develop and administer a one-time emergency fund for local governments in disaster-affected areas that need immediate cash flow assistance. These funds shall be used to meet local government debt service obligations, to meet payroll obligations for local governments, and to meet vendor payments where nonpayment would result in negative financial outcome.

OFFICE OF RECOVERY AND RESILIENCY REPORTS

SECTION 5.8.(a) Beginning January 1, 2019, the Office of Recovery and Resiliency (Office) shall provide quarterly reports to the Director of the Budget, the standing Appropriations Committees of the Senate and the House of Representatives, and the Fiscal Research Division on the use of State disaster recovery and assistance funds expended from the Hurricane Florence Recovery Fund. The reports shall summarize oversight activities and the results achieved as well as all of the following:

(1) Expenditures by program and by source of funds.
(2) Expenditures required to receive federal grants.
(3) Federal funding provided to the State to refund certain federally related spending.
(4) Actual and projected State spending data including time lines and milestones.
(5) State spending data classified by disaster phase to include preparedness, response, mitigation, and recovery.
(6) Total State spending data by agency and by program.
(7) Total State spending by program and county, where practicable.
(8) Location and job responsibilities of all time-limited State positions created under this act or paid for with federal funds received as a result of Hurricane Florence.

SECTION 5.8.(b) In addition to the quarterly reports required under subsection (a) of this section and beginning January 1, 2020, the Office shall provide annual reports that compile the information contained in the quarterly reports. The annual reports shall be submitted to the entities required under subsection (a) of this section.

NATIONAL GUARD MEMBERS/REEMPLOYMENT

SECTION 5.9. G.S. 127A-202(a) reads as rewritten:

"(a) Release From State Duty. – Upon an employee's release from state duty, the employee's previous employer shall reemploy the employee in the employee's previous position within five days of the employee's release from state duty. If the employee's state duty lasted 30 days or less, the employee shall make written application to the employee's previous employer for reemployment no later than the first regularly scheduled work period ~~which~~ that begins ~~eight hours~~ 24 hours after the employee has safely traveled from the place of state service to the employee's residence. If the employee's state duty lasted more than 30 days, the employee shall

make written application to the employee's previous employer for reemployment within 14 days of the employee's release from state duty. If the employee is still qualified for the employee's previous employment, the employee shall be restored to the employee's previous position or to a position of like seniority, status, and salary, unless the employer's circumstances ~~now~~ at that time make the restoration unreasonable. If the employee is no longer qualified for the employee's previous employment, the employee shall be placed in another ~~position,~~ position for which the employee is ~~qualified,~~ qualified and ~~which~~ that will give the employee appropriate seniority, status, and salary, unless the employer's circumstances ~~now~~ at that time make the placement unreasonable."

NORTH CAROLINA NATIONAL GUARD/OVERPAYMENT OF FUNDS

SECTION 5.10. Notwithstanding G.S. 143-64.80, the Office of State Controller shall waive any outstanding debt arising from, or as a result of, any State active duty performed by North Carolina National Guard Service members in response to Hurricane Matthew in 2016 due to overpayment of state active duty salary. The Department of Public Safety shall reimburse those North Carolina National Guard Service members who have already reimbursed the State for such overpayments.

HURRICANE FLORENCE AGRICULTURAL DISASTER PROGRAM OF 2018

SECTION 5.11.(a) The General Assembly finds that:

(1) The historic flood and other impacts of Hurricane Florence in September of 2018 caused unprecedented damage to the State and its people, with particular devastating statewide impacts on North Carolina farmers and the State's agriculture industry.

(2) The State has over 50,000 farms across over 8 million acres, which generates 87 billion dollars of economic impact annually and represents the State's number one industry, making it a vital component to a healthy state economy.

(3) The total loss of crops as a result of the flooding is estimated at over a billion dollars and the estimated federal crop insurance payments will only cover a percentage of the total crop loss.

(4) The federal crop insurance program as authorized in the 2014 Farm Bill is an inadequate method of indemnification as compared to traditional forms of insurance and is not sufficient to aid farmers with substantial losses due to catastrophic events of nature.

(5) The State has a significant public interest to prevent the economic collapse of many of the State's farms, which could cause a severe disruption in the State's economy and food supply chain.

(6) The most effective program for administration of financial assistance is two-fold. The first category shall be based on information available from the Farm Service Agency ("FSA") within the United States Department of Agriculture ("USDA"). The second category, for producers who do not participate in FSA programs, shall be based on verifiable documentation from producers.

SECTION 5.11.(b) For purposes of this section, the following definitions apply:

(1) Agricultural commodity. – Apples, barley, corn, cotton, dry peas, flax, forage, freezing and canning peas, grain sorghum, grapes, hay, industrial hemp, native grass, nursery crops, nuts, oats, peanuts, potatoes, rye, soybeans, sunflowers, sweet corn, tobacco, tomatoes, wheat, specialty crops and other fruits and vegetables, and aquacultural species propagated or reared in a controlled or selected environment. An agricultural commodity does not include stored grain.

(2) Department. – The Department of Agriculture and Consumer Services.
(3) Fund. – The Hurricane Florence Agricultural Disaster Fund.
(4) Livestock. – Cattle, sheep, swine, goats, farmed cervids, and bison. Livestock shall include horses, mules, or other equines only if they are used for production of agricultural commodities.
(5) Person. – Any individual, trust, estate, partnership, receiver, association, company, limited liability company, corporation, or other entity or group.
(6) Poultry. – Chickens, quail, or turkeys.
(7) State. – The State of North Carolina.
(8) USDA. – The United States Department of Agriculture.

SECTION 5.11.(c) The Hurricane Florence Disaster Fund is established as a special fund in the Department of Agriculture and Consumer Services. The Fund consists of allocations directed by the General Assembly and contributions and grants from public or private sources. The Fund shall be used for a financial assistance program that provides assistance to farmers affected by Hurricane Florence. The Department may not use funds for administrative purposes. Earnings on the contributions and grants deposited in the Fund shall be credited to the Fund. The Fund shall expire upon the complete expenditure of funds allocated for the purposes specified herein.

SECTION 5.11.(d) To be eligible for financial assistance for losses of agricultural commodities, a person must satisfy all of the following criteria:

(1) The person experienced a verifiable loss of agricultural commodities as a result of Hurricane Florence, and the person's farm is located in a North Carolina county that is or becomes any of the following:
a. Designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence.
b. Included in either a Secretarial Disaster Declaration for Hurricane Florence issued by the United States Secretary of Agriculture or the Presidential Federal Emergency Management Agency Declaration for Hurricane Florence.
(2) The agricultural commodity was planted on or before September 13, 2018, or, for aquaculture commodities, the commodities were being raised on or before September 13, 2018.

SECTION 5.11.(e) A person seeking financial assistance for losses of agricultural commodities shall submit to the Department a Form 578 on file with the USDA Farm Service Agency or a form provided by the Department for reporting acreage or plantings of crops not typically reported on Form 578, along with any other documentation deemed appropriate by the Department, on or before December 10, 2018. For nursery crops, fruit-bearing trees and bushes, and specialty crops where the survival level is not immediately known, the Department may extend this deadline to May 1, 2019, upon written request by the person received on or before December 10, 2018, and upon approval by the Department. A person receiving assistance under this program must provide a signed affidavit, under penalty of perjury, certifying that each fact of the loss presented by the person is accurate.

SECTION 5.11.(f) To be eligible for financial assistance for losses of livestock or poultry, a person must first qualify for and receive payment through the USDA Livestock Indemnity Program and be a participant in a livestock or poultry indemnity program administered by the USDA Farm Service Agency.

SECTION 5.11.(g) A person seeking financial assistance for losses of livestock or poultry shall submit documentation of loss and indemnity received from the USDA Livestock Indemnity Program, along with any other documentation deemed appropriate by the Department, to the Department on or before December 10, 2018. The Department may extend this deadline to

March 1, 2019, upon written request by the person received on or before December 10, 2018, and upon approval by the Department. A person receiving assistance under this program must provide a signed affidavit, under penalty of perjury, certifying that each fact of the loss presented by the person is accurate.

SECTION 5.11.(h) The Department shall administer the financial assistance program authorized by this section in accordance with the following criteria:

(1) In determining the payment calculation for agricultural commodities, the Department shall use a formula based on acreage, county loss estimates, and USDA National Agricultural Statistics Service averages, and any other measure the Department deems appropriate. Funds shall be distributed based on county averages for yields and State averages for price. Calculations shall be based on county or State averages in price, whichever the Department determines is appropriate.

(2) The payment calculation for livestock and poultry shall be based on twelve and one-half percent (12.5%) of the total loss reported to the USDA Livestock Indemnity Program.

(3) The Department shall gather all claim information, except from those applicants granted a deadline extension, no later than December 10, 2018. The Department shall, as closely as possible, estimate the amount of the appropriation needed to be held in reserve for payments related to losses of livestock, poultry, nursery, bush, tree, and specialty crops for which losses will not be fully known or calculated. The Department shall set aside funds as it deems appropriate based on the estimated percentage of these losses.

(4) Payments made under this program shall be made to the person who filed the Form 578 or Department form for claims related to agricultural commodity losses, or the person who received payment from the USDA Livestock Indemnity Program for claims related to livestock or poultry losses.

SECTION 5.11.(i) The Department may audit the financial and other records of each recipient of funds in order to ensure that the funds are used in accordance with the requirements of this program. The Department may require any documentation or proof it considers necessary to efficiently administer this program, including the ownership structure of each entity and the social security numbers of each owner. In order to verify losses, the Department may require the submission of dated, signed, and continuous records. These records may include, but are not limited to, commercial receipts, settlement sheets, warehouse ledger sheets, pick records, load summaries, contemporaneous measurements, truck scale tickets, contemporaneous diaries, appraisals, ledgers of income, income statements of deposit slips, cash register tape, invoices for custom harvesting, u-pick records, and insurance documents.

SECTION 5.11.(j) Awarded funds shall be used for agricultural production expenses and recovery of losses due to the impacts of Hurricane Florence. The Department shall develop guidelines and procedures to ensure that funds are expended for the purposes allowed by this section, and may require any documentation it determines necessary to verify the appropriate use of financial assistance awards including receipts. All distributed funds are subject to federal and State income tax.

SECTION 5.11.(k) If the Department determines that a person who received financial assistance provided inaccurate information, then the person shall refund the entire amount of the financial assistance. If the person does not refund the appropriate amount, the North Carolina Department of Revenue shall collect the money from the person pursuant to G.S. 105-242.

SECTION 5.11.(*l*) This section expires January 1, 2024.

COASTAL DEBRIS CLEANUP

SECTION 5.12. Funds allocated in this act to the Department of Environmental Quality for coastal debris cleanup will be used to provide a grant to the North Carolina Coastal Federation to contract with third parties to remove and properly dispose of marine debris deposited in and adjacent to the waters of the State by Hurricane Florence. The Federation shall not use any of the funds allocated to it by this section for administrative or overhead costs. The Federation shall report on the use of the funds to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Office of Recovery and Resiliency in the Department of Public Safety, and the Fiscal Research Division on or before April 1, 2019.

LIVING SHORELINES PERMIT REVISIONS

SECTION 5.13. The Coastal Resources Commission shall adopt temporary rules pursuant to G.S. 150B-21.1 to revise the Commission's general permit for the construction of riprap sills for wetland enhancement in estuarine and public trust waters (15A NCAC 07H .2700) (the Living Shorelines General Permit) in order to make the general permit consistent with the United States Army Corps of Engineers Wilmington District regional general permit for living shorelines. The temporary rules adopted by the Commission shall not include any changes to the Living Shorelines General Permit that would delay or otherwise alter general permits issued by the Commission for other types of coastal erosion control structures, including bulkheads and other hardened structures.

FERRY FEES WAIVER/SECRETARY OF TRANSPORTATION

SECTION 5.14. G.S. 136-82 is amended by adding a new subsection to read:

"(b2) Emergency Suspension of Tolling. – The Secretary of Transportation may suspend the collection of tolls for any ferry route serving an emergency area, as declared pursuant to G.S. 166A-19.20 or G.S. 166A-19.22, for the duration of the state of emergency."

DOT REPORTING REQUIREMENTS

SECTION 5.15. The Department of Transportation shall report within 30 days of the end of each calendar quarter to the Office of Recovery and Resiliency in the Department of Public Safety on the use of the funds allocated from the Hurricane Florence Disaster Recovery Fund and all matching funds received from the federal government. The report shall contain all of the following information itemized by DOT Highway Division and county:

(1) Project scope and ranking by priority; total cost; amount spent (federal and state); project status including percentage complete and timeline; the responsible entity, including names of private contractors; and any issues encountered with overall project management and delivery.

(2) The cash balance of the fund, the amount of funds expended, encumbered, and unencumbered.

CONSTRUCTION FEE MORATORIUM

SECTION 5.16.(a) Notwithstanding any other provision of law, for any single commercial or residential project, the Department of Insurance, counties, and cities shall not impose any fee associated with a permit, inspection, or certificate of occupancy required by law for construction, reconstruction, alteration, repair, movement to another site, removal, or demolition of a manufactured home, building, dwelling, or structure damaged as a direct result of Hurricane Florence.

SECTION 5.16.(b) The moratorium provided in subsection (a) of this section applies in North Carolina counties designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence. A person is allowed a refund of any fee assessed and collected that is subject to the moratorium imposed by

this section. The Department of Insurance, counties, and cities shall post a notice of the availability of a refund on their Web sites.

SECTION 5.16.(c) This section is effective when it becomes law and applies to applications for issuance of a permit dated on or after September 13, 2018. This section expires December 31, 2018.

EXCEPTION TO CONFIDENTIALITY OF TAX INFORMATION

SECTION 5.17.(a) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(55) To provide data drawn from an individual taxpayer's tax information to the Office of Recovery and Resiliency for the purpose of facilitating such a taxpayer's application for any means-tested federal or state disaster relief following a federal major disaster declaration; provided, however, that no federal tax information may be disclosed under this subpart unless such a disclosure is permitted by section 6103 of the Code."

SECTION 5.17.(b) The Department of Revenue and the Office of Recovery and Resiliency shall, within a reasonable time following the effective date of this act but not later than June 30, 2019, enter into a confidential information sharing agreement settling data transfer protocols, required security measures, audit mechanisms, and other issues necessary to develop and implement the information exchange provided in subsection (a) of this section.

EXPAND ELIGIBILITY FOR DISASTER HOUSING ASSISTANCE

SECTION 5.18. Notwithstanding G.S. 122E-6(a) and (b) and the provisions of G.S. 122E-6 relating to income limitations of individuals and families, funds allocated in this act to the North Carolina Housing Finance Agency for eligible projects under Chapter 122E of the General Statutes in counties impacted by Hurricane Matthew or Hurricane Florence may be used to assist individuals and families with household incomes that equal, but do not exceed, one hundred percent (100%) of the local area's median income, adjusted for family size, pursuant to the most recent available data from the United States Department of Housing and Urban Development.

AUDIT OF HURRICANE FLORENCE DISASTER RECOVERY FUND

SECTION 5.19. The State Auditor shall conduct a preliminary financial and performance audit of the Hurricane Florence Disaster Recovery Fund created in Section 3.1 of S.L. 2018-134 (Fund) no later than March 1, 2019. The State Auditor shall conduct additional periodic financial and performance audits of the Fund and a final financial and performance audit as requested by the Director of the Budget and the General Assembly.

DEPARTMENT OF INSURANCE REPORTING

SECTION 5.20. The Department of Insurance shall report to the Office of Recovery and Resiliency in the Department of Public Safety and the Fiscal Research Division on the funds allocated to it by this act for grants to volunteer fire departments. The report shall include the number of applications received, the number of grantees denied funding, and the amounts awarded to each grantee. The Department shall report within 30 days of the end of each calendar quarter until all funds allocated to the Department have been expended or have reverted.

INVOLVEMENT OF HISTORICALLY UNDERUTILIZED BUSINESSES

SECTION 5.21. It is the intent of the General Assembly that, during this time of rebuilding and relief efforts, each State agency should strive to acquire goods and services from historically underutilized business vendors, whether directly as principal contractors or indirectly as subcontractors or otherwise.

LEGISLATIVE REVIEW OF FEDERAL FUNDING AND REMAINING UNMET NEEDS

SECTION 5.22. It is the intent of the General Assembly to review in 2018 and 2019 the funds appropriated by Congress for disaster relief and to consider actions needed to address any remaining unmet needs. It is also the intent of the General Assembly to review the adequacy of the measures funded by Section 2.1 of this act at that time.

PROHIBITION ON USE OF STATE FUNDS TO CONSTRUCT CERTAIN RESIDENCES

SECTION 5.23.(a) No State funds appropriated in this act may be expended for the construction of any new residence within the 100-year floodplain unless the construction is in an area regulated by a unit of local government pursuant to a floodplain management ordinance and the construction complies with the ordinance. For purposes of this act, the term "100-year floodplain" means any area subject to inundation by the one percent (1%) annual chance flood event, as indicated on the most recent Flood Insurance Rate Map prepared by the Federal Emergency Management Agency under the National Flood Insurance Program.

SECTION 5.23.(b) Homeowners in the 100-year floodplain who receive homeowner's housing assistance pursuant to this act shall have in effect federal flood insurance, if available, as a precondition to receipt of State homeowner's housing assistance for losses resulting from future flooding.

SECTION 5.23.(c) Funds loaned to small and mid-sized businesses shall be used only for eligible purposes under the Small Business Administration (SBA) disaster loan assistance program, as described in the federal disaster declarations designated by the SBA as NC 14911 and NC 14912. Payments for economic losses shall be limited to documented business expenses necessary for the continued operation of the business.

SUBROGATION BY STATE OF RIGHT TO INSURANCE COVERAGE FOR DAMAGED HOMES PURCHASED OR RELOCATED UNDER THE HAZARD MITIGATION PROGRAM

SECTION 5.24. If a person's home is relocated or purchased with funds from the Hazard Mitigation Grant Program or the State Acquisition and Relocation Fund, the State Emergency Response and Disaster Relief Fund is subrogated to the person's rights under any insurance coverage for the damage to the home, and any monies received from the insurance coverage shall be paid to the State Emergency Response and Disaster Relief Fund. The Division of Emergency Management shall ensure that those potentially affected by this section are notified of, and adhere to, its requirements.

PART VI. MISCELLANEOUS PROVISIONS

COMMITTEE REPORT

SECTION 6.1. The document titled N.C. Senate Committee on Appropriations/Base Budget and N.C. House of Representatives Committee on Appropriations Committee Report on Hurricane Florence Disaster Recovery Fund for Senate Bill 3 and House Bill 3 (Committee Report) dated October 15, 2018, which was distributed in the Senate and the House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws. If the Committee Report conflicts with this act, the act prevails.

EFFECT OF HEADINGS

SECTION 6.2. The headings to the parts, subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a part or subpart.

SEVERABILITY CLAUSE

SECTION 6.3. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

PART VII. EFFECTIVE DATE

SECTION 7.1. Except as otherwise provided, this act is effective when it becomes law.

SENATE BILL 3:
2018 Hurricane Florence Disaster Recovery Act.

2017-2018 General Assembly

Committee:	Senate Appropriations/Base Budget	**Date:**	October 15, 2018
Introduced by:	Sens. Britt, Meredith, Brown, B. Jackson, Rabon, Clark, D. Davis, Fitch, Lee, McInnis, Sanderson, Smith	**Prepared by:**	Kory Goldsmith Staff Attorney
Analysis of:	PCS to First Edition S3-CSMMa-1		

OVERVIEW: ***The Hurricane Florence Disaster Recovery Act reserves $849,430,477 for disaster related activities and appropriates $398,430,477 in the Hurricane Florence Disaster Recovery Fund (the Fund).***

The substantive provisions of the act are as follows:

SECTION 1.1. designates the act as the "2018 Hurricane Florence Disaster Recovery Act."

SECTION 1.2. provides that appropriations and allocations are for maximum amounts, and savings should be realized where total amounts appropriated or allocated are not needed.

SECTION 2.1. appropriates $398,430,477 within the Hurricane Florence Disaster Recovery Fund, sets forth the availability of State funds for disaster related activities, instructs the State Controller to establish the Hurricane Florence Disaster Recovery Reserve (the Reserve) in the General Fund, specifies that funds in the Reserve are not appropriated funds, and amends the language establishing the Fund in S.L. 2018-34 to clarify that reallocated funds as well as appropriated funds shall be budgeted and accounted for in the Fund.

SECTIONS 2.2. –2.6. transfer $792,930,477 to the Reserve from the following sources:

- $700 million from the Savings Reserve.
- $25 million from the Education Lottery Reserve under G.S. 166A-19.40(c). This transfer ratifies the Governor's prior budgetary action and does not duplicate that action.
- $2 million from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund.
- $930 thousand in unused funds allocated by a previously enacted Hurricane Matthew relief bill to the Department of Insurance.
- $65 million from the Highway Fund.

SECTION 3.1. provides that unless otherwise provided, the allocations made in the bill apply to North Carolina counties designated under a major disaster declaration by the President as a result of Hurricane Florence.

SECTION 4.1. allocates $398,430,477 to eleven state departments, agencies, and entities as set forth with greater detail in the Committee Report.

Kory Goldsmith
Director

Legislative Drafting
919-733-6660

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

SECTION 4.2. requires certain recipients of State funds under the Hurricane Florence Disaster Recovery Act to seek insurance, federal aid, and private donations to reimburse the State for funds provided to the recipient under the Act. The funds are to be remitted to the State, deposited in the Hurricane Florence Disaster Recovery Fund, and remain unexpended and unencumbered until appropriated by the General Assembly. The term "recipient" only includes local political subdivisions of the State, State agencies, State departments, the UNC system and its universities, community colleges, public schools, and non-State entities. Private donations are only required to be sought and remitted by universities and non-State entities.

SECTION 4.3. directs the Governor to (i) ensure the funds are expended in a manner that does not adversely affect any person's eligibility for federal funds that are made available and (ii) avoid expending State funds when federal funds are available. Subsection (b) prohibits the Governor from reallocating funds allocated or reallocated by this act pursuant to the authority set forth in G.S. 166A-19.40(c).

SECTION 5.1. directs the State Board of Education to consider the highest student population during the first four months of school, rather than just the first two months of school, when determining the allotted average daily membership for schools in disaster counties. It also encourages all school districts to take advantage of current State Board policy by seeking allotment adjustments as needed for increased average daily membership due to an influx of displaced students.

SECTION 5.2. clarifies that funds allocated for repair and renovation of public school facilities are not subject to approval by the State Board of Education.

SECTION 5.3. establishes the Emergency Scholarship Grant Program for Postsecondary Students (Program) to provide emergency scholarship grants to eligible postsecondary students who are enrolled at institutions of higher education, which means a UNC constituent institution, community college, or eligible private postsecondary institution (private postsecondary institutions that are also eligible under the Need-Based Scholarship Program for Private Institutions). The Program provides up to $1,250 per student in an academic semester to cover expenses resulting from Hurricane Florence to support continued postsecondary enrollment. The Program provides for emergency scholarship grants to students who (i) were enrolled at an institution of higher education located in a county impacted by Hurricane Florence, (ii) reside in a county impacted by Hurricane Florence, or (iii) have been displaced and transferred to other institutions of higher education. To implement the Program, Section 5.2 allocates $2M to the Board of Governors to be allocated to constituent institutions, $5M to the Community Colleges System Office to be allocated to community colleges, and $1M to the State Education Assistance Authority to be allocated to eligible private postsecondary institutions.

SECTION 5.4. directs DMH/DD/SAS to allocate increased single-stream funding to LME/MCOs serving one or more federally declared disaster areas, to fund behavioral health services that are (i) for individuals residing in a federally declared disaster area who have been determined by the LME/MCO to be in need of these services as a result of Hurricane Florence, and (ii) not reimbursable under the Medicaid program. Requires each qualifying LME/MCO to offer at least the same level of single stream service utilization required by the 2018 Appropriations Act, increased proportionately by the amount of increased single stream funding allocated to that LME/MCO. Directs DHHS to manage, within the Medicaid budget, any Hurricane Florence-related increase in behavioral health services reimbursable under the Medicaid program for individuals residing in a federally declared disaster area.

SECTION 5.5. directs that funds allocated to the North Carolina Hospital Foundation (NCHF) be used for awarding grants to unaffiliated community hospitals located in federally declared disaster areas, with preference given to unaffiliated community hospitals serving rural areas. Recipient hospitals must use these funds to assist with (i) offseting the cost of increased nursing and other staffing expenses related to

Hurricane Florence, and after this purpose is fulfilled, (ii) other hospital relief related to Hurricane Florence. Prohibits recipient hospitals from using these funds to supplant existing funds for community recovery related to Hurricane Florence and specifies that any unexpended or unencumbered funds as of June 30, 2019, shall revert to the Hurricane Florence Disaster Recovery Fund. Establishes reporting requirements regarding use of these funds.

SECTION 5.6. extends the 90-day transition period to 120 days for certain child care subsidy recipients who reside in areas impacted by Hurricane Florence.

SECTION 5.7. creates an Office of Recovery and Resiliency within the Division of Emergency Management of the Department of Public Safety to provide oversight of recovery and resiliency projects and to administer federal CBDG-DR funds. Subsection (b) directs the Office to create and administer a local government grant program to (i) increase recovery capacity for financially-distressed local governments and (ii) provide a one-time emergency fund to assist local governments in disaster areas in need of immediate cash flow assistance.

SECTION 5.8. directs the Office of Recovery and Resiliency to report quarterly (beginning January 1, 2019) and annually (beginning in January, 2020) to the Director of the Budget and the General Assembly regarding use of state funds appropriated by this act, Federal funds provided to the State, and projects and timelines for current and future expenditures.

SECTION 5.9. permanently increases from eight hours to 24 hours the period within which a National Guard member must apply for reemployment after returning from State active duty lasting 30 days or less.

SECTION 5.10. directs the State Controller to waive outstanding debt from overpayment of active duty salary paid to state National Guard members during state active duty related to Hurricane Matthew in 2016, and to refund overpayment reimbursement already paid by state National Guard members.

SECTION 5.11. establishes within the Department of Agriculture and Consumer Services (DACS) a financial assistance program to provide assistance to farmers who experienced a verifiable loss of crops or livestock as a result of Hurricane Florence. An applicant must submit documentation of acreage or participation in the United States Department of Agriculture (USDA) Livestock Indemnity Program. DACS must determine a payment calculation based on acreage, county loss estimates, and USDA averages for crops and 12.5% of total reported losses for livestock. Applications for assistance will remain open until December 10, 2018, unless DACS grants an extension to an individual applicant. DACS may audit financial records, and awarded funds that are based on inaccurate information must be refunded.

SECTION 5.12. provides that funds allocated in this act for coastal storm debris removal should be used by the North Carolina Coastal Federation to contract with third parties for removal and proper disposal. This section also directs the Coastal Federation to report on the use of the funds to the General Assembly.

SECTION 5.13. directs the Coastal Resources Commission to adopt temporary rules revising its general permit for certain structures in estuarine and public trust waters to make it consistent with the regional general permit for living shorelines issued by the local district of the U.S. Army Corps of Engineers.

SECTION 5.14. authorizes the Secretary of the Department of Transportation to waive ferry tolls during a state of emergency declared by the Governor.

SECTION 5.15. requires the Department of Transportation to report quarterly to the Office of Recovery and Resiliency on the use of funds allocated in the act for repairs and cleanup. The report will include all costs and progress for each project by Highway Division.

SECTION 5.16. imposes a temporary moratorium on fees imposed by local governments for building permits and other construction activities in the areas impacted by Florence. The moratorium applies only

in counties designated under a major disaster declaration by the President as a result of Hurricane Florence, and is effective retroactively to September 13, 2018. The moratorium expires December 31. 2018.

SECTION 5.17. would allow disclosure of a taxpayer's tax information to provide to the Office of Recovery and Resiliency data drawn from tax information to facilitate the taxpayer's application for means-tested federal or state relief related to a federal major disaster declaration. Under existing law, DOR may only disclose a taxpayer's tax information for specified purposes. The Department and Emergency Management must execute a confidential information sharing agreement no later than June 20, 2019.

SECTION 5.18. notwithstands portions of G.S. 122E-6 governing types of activities and income level eligibility for funds allocated to the Housing Finance Agency for Hurricane Florence recovery. The Agency will be able to assist a broader range of income levels and will be able to both rehabilitate and build new construction with the funds.

SECTION 5.19. directs the State Auditor to conduct a preliminary audit of the Hurricane Florence Disaster Recovery Fund no later than March 1, 2019, and then conduct additional financial and performance audits as requested by the Director of the Budget or the General Assembly.

SECTION 5.20. directs the Department of Insurance to report quarterly to the Office of Recovery and Resiliency and the General Assembly regarding the funds allocated to the Department for grants to volunteer fire departments.

SECTION 5.21. expresses the intent of the General Assembly that the State should strive to acquire goods and services from historically underutilized business vendors and that the General Assembly will continue to review the sufficiency of funding to meet disaster recovery needs.

SECTION 5.22. expresses the intent of the General Assembly to review in 2018 and 2019 federal funding provided to the State for disaster relief and the adequacy of funds provided in this act and consider actions needed to address remaining unmet needs.

SECTION 5.23. provides that no State funds appropriated in this act may be used for new residential construction in the 100-year floodplain, requires that homeowners receiving housing assistance in a 100-year flood plain must be covered by the federal flood insurance program, and provides a definition of "100-year floodplain". Subsection (c) places various requirements on funds loaned to small and mid-sized businesses.

SECTION 5.24. provides a right of subrogation in favor of the State against persons who own a home purchased or relocated with certain State funds.

SECTION 6.1. provides that the Committee Report accompanying this act indicates action by the General Assembly on this act, is used to construe this act, and for those purposes is a part of this act. In the event of a conflict between the Committee Report and the act, the act prevails.

SECTIONS 6.2. – 6.3. contain standard appropriations bill language regarding the effect of headings and severability of the act.

SECTION 7.1. Unless otherwise provided, the act is effective when it becomes law.

N.C. SENATE COMMITTEE ON APPROPRIATIONS/BASE BUDGET
AND
N.C. HOUSE OF REPRESENTATIVES COMMITTEE ON APPROPRIATIONS

COMMITTEE REPORT
ON
HURRICANE FLORENCE DISASTER RECOVERY FUND

Senate Committee on Appropriations/Base Budget
Committee Substitute to Senate Bill 3

and

House Committee on Appropriations
Committee Substitute to House Bill 3

October 15, 2018

Hurricane Florence Disaster Recovery Fund (HFDRF)

HFDRF

FY 2018-19

1 State Match and Other Support for Disaster Recovery

S.L. 2018-134, The Hurricane Florence Emergency Response Act, allocated $50 million to the Hurricane Florence Disaster Recovery Fund to provide the State match for federal disaster assistance programs and to pay for the cost and the relief and assistance authorized by G.S. 166A-19.42(b).

2 School Nutrition Employee Compensation

S.L. 2018-134, The Hurricane Florence Emergency Response Act, allocated $6.5 million to the Department of Public Instruction for the compensation of school nutrition employees in counties impacted by Hurricane Florence whose compensation would otherwise have been provided by school meal receipts as part of the National School Lunch Program or School Breakfast Program.

3 State Match for Federal Disaster Assistance — $65,000,000 NR

Allocates funds to the Department of Public Safety for the required State match for various federal disaster assistance programs. The total estimated requirements for these programs are $260 million.

4 State Match for Federal Transportation Assistance — $65,000,000 NR

Allocates funds to the Department of Transportation for the required 25% State match for federal emergency management funds. Funds will be used for the purpose of repairs and debris removal for transportation infrastructure. The total estimated requirements for this purpose are $260 million.

5 Federal Emergency Management Agency/US Department of Agriculture Match — $20,000,000 NR

Allocates funds to the Department of Agriculture and Consumer Services to provide the State match for federal farmer assistance programs.

6	**Capital Recovery Funds - Public School Facilities** Allocates funds to the Department of Public Instruction for repair and renovation of facilities damaged by Hurricane Florence for local school administrative units, lab schools, and the Innovative School District.	$60,000,000	NR
7	**Capital Recovery Funds - University of North Carolina** Allocates funds to the University of North Carolina for repair and renovation of capital facilities damaged by Hurricane Florence on the campuses at Wilmington, Pembroke, and Fayetteville.	$30,000,000	NR
8	**Capital Recovery Funds - NC Community College System** Allocates funds to the North Carolina Community College System Office for repair and renovation of local community college facilities damaged by Hurricane Florence.	$5,000,000	NR
9	**Budget Stabilization Funds for the NC Community College System** Allocates funds to the North Carolina Community College System Office to offset an anticipated receipts shortfall at affected community colleges due to enrollment declines caused by Hurricane Florence.	$8,500,000	NR
10	**Emergency Grants for Affected Postsecondary Students (NCCCS)** Allocates funds to the North Carolina Community College System Office (NCCCS) to assist students from disaster-declared counties with paying for tuition, fees, and emergency expenses that impact a student's ability to remain enrolled.	$5,000,000	NR
11	**Emergency Grants for Affected Postsecondary Students (UNC)** Allocates funds to the University of North Carolina (UNC) to assist students from disaster-declared counties with paying for tuition, fees, and emergency expenses that impact a student's ability to remain enrolled.	$2,000,000	NR

12 Emergency Grants for Affected Postsecondary Students (NCICU) $1,000,000 NR

Allocates funds to the State Educational Assistance Authority for North Carolina Independent Colleges and Universities (NCICU) to assist students from disaster-declared counties with paying for tuition, fees, and emergency expenses that impact a student's ability to remain enrolled.

13 Behavioral Health Service $5,000,000 NR

Allocates funds to the Department of Health and Human Services, Division of Mental Health, Substance Abuse and Developmental Disabilities, to increase single stream payments in response to the increased demand for behavioral health services by the uninsured in the counties designated as a federally declared disaster area.

14 Unaffiliated Community Hospital Support $500,000 NR

Allocates funds to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, to provide funds to the North Carolina Hospital Foundation to assist unaffiliated community hospitals affected by Hurricane Florence in offsetting increases in nursing and staffing expenses. Priority consideration for the funds will be given to unaffiliated community hospitals serving rural areas.

15 Mosquito Abatement $2,000,000 NR

Allocates funds to the Department of Health and Human Services, Division of Public Health, for local health departments to support mosquito abaternent and other integrated mosquito management activities. Estimated total requirements for this purpose are $7.6 million.

16 Disaster Supplemental Nutrition Assistance Program (D-SNAP) $3,500,000 NR

Allocates funds to the Department of Health and Human Services, Division of Social Services, to provide funding to assist counties in matching federal funds for the administrative expenses incurred by local departments of social services in operating D-SNAP, a program to provide food assistance to low-income households with food loss or damages caused by Hurricane Florence.

17	**Emergency Prescription Assistance Program (EPAP)** Allocates funds to the Department of Health and Human Services, Division of Central Management and Support, to activate EPAP, providing prescription medications, medical supplies, vaccinations and certain medical equipment for eligible uninsured residents within the disaster area. Estimated total requirements for this purpose are $4 million.	$1,000,000	NR
18	**Coastal Beach and Dredging Needs Assessment** Allocates funds to the Department of Environmental Quality, Division of Water Resources, to conduct a survey of beaches and channels for hurricane related damage and to assess disposal areas for dredged material.	$2,000,000	NR
19	**Commercial Fishing Assistance** Allocates funds to the Department of Environmental Quality, Division of Marine Fisheries, to compensate commercial fishermen and shellfish harvesters for equipment and income losses from harvest reductions.	$1,600,000	NR
20	**Marine Debris Cleanup** Allocates funds to the Department of Environmental Quality, Division of Marine Fisheries, to support the North Carolina Coastal Federation's marine debris cleanup program.	$400,000	NR
21	**Local Government Infrastructure Fund** Allocates funds to the Office of State Budget and Management for Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., to provide funds to local governments to repair and replace vehicles, equipment, and facilities. Golden L.E.A.F. may also provide funds to local governments and to water and/or sewer authorities to repair and replace water, wastewater, and stormwater infrastructure affected by Hurricane Florence.	$20,000,000	NR

22 Small Business Recovery Loans $5,000,000 NR

Allocates funds to the Office of State Budget and Management for Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., to contract with nonprofits to administer loans to small businesses affected by Hurricane Florence.

23 Agricultural Recovery $50,000,000 NR

Allocates funds to the Department of Agriculture and Consumer Services to assist farmers with recovery activities such as hay relief, pasture renovation, non-field farm road repair, best management practices renovations, reforestation efforts, and to provide federal matches as needed.

24 Disaster Housing Recovery Support $23,000,000 NR

Allocates funds to the Department of Public Safety, Office of Recovery and Resiliency, for two programs. The Homeowner Repair and Rehabilitation Fund provides for homeowner reimbursements, repairs, and rehabilitation, forgivable loans or grants to help repay federal Small Business Administration loans, rental or mortgage assistance, and relocation gap funding. The State Acquisition and Relocation Fund facilitates home acquisition and buyouts to move families out of floodplains, interest buy down grants, gap funding assistance, and flood insurance assistance.

25 Local Government Assistance $8,000,000 NR

Allocates funds to the Department of Public Safety, Office of Recovery and Resiliency, to assist financially-distressed local governments with staff support and to provide one-time emergency funds for local governments in disaster areas that need immediate cash flow assistance.

26 Volunteer Organizations Assisting with Disasters $2,000,000 NR

Allocates funds to the Department of Public Safety, Division of Emergency Management, to provide financial assistance to volunteer non-profit organizations that provide shelters, housing repairs, and other emergency and disaster recovery services.

27	Office of Recovery and Resiliency Allocates funds to the Department of Public Safety to establish and operate an Office of Recovery and Resiliency to provide general disaster recovery coordination and public information; citizen outreach and application case management; audit, finance, compliance, and reporting on disaster recovery funds; and program and construction management services.	$2,000,000	NR
28	Housing Assistance Allocates funds to the Housing Finance Agency (HFA) to assist with the development of affordable housing and to repair damaged single-family homes and existing properties within the HFA portfolio in impacted counties.	$10,000,000	NR
29	Volunteer Fire Department Assistance Allocates funds to the Department of Insurance, Office of the State Fire Marshal, for financial assistance to volunteer fire departments for repairs of damages that were not covered by federal assistance or insurance policy proceeds.	$930,477	NR
Total Hurricane Florence Disaster Recovery Fund (HFDRF)		**$398,430,477**	NR

NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE REPORT
Representative Nelson Dollar, Senior Chair
Representative Dean Arp, Co-Chair
Representative Justin P. Burr, Co-Chair
Representative John Faircloth, Co-Chair
Representative Linda P. Johnson, Co-Chair
Representative Donny Lambeth, Co-Chair
Representative Chuck McGrady, Co-Chair

FAVORABLE COM SUB , UNFAVORABLE ORIGINAL BILL

HB 3 School Calendar & Pay/Hurricane Florence.

Draft Number:	H3-PCS10003-MMa-2
Serial Referral:	None
Recommended Referral:	None
Long Title Amended:	Yes
Floor Manager:	Dollar

TOTAL REPORTED: 1

