

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**SESSION LAW 2009-575  
HOUSE BILL 836**

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO  
THE APPROPRIATIONS ACT OF 2009.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 2.1 of that act is amended by rewriting the appropriation for the Department of Public Instruction to read:

"Department of Public Instruction 7,458,261,240 7,360,833,223".

**SECTION 1.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 2.1 of that act is amended by rewriting the appropriation for the Commerce to read:

"Commerce 44,528,421 40,915,209".

**SECTION 1.(c)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 2.1 of that act is amended by rewriting the appropriation for the Rural Economic Development Center to read:

"Rural Economic Development Center 24,407,436 23,832,436".

**SECTION 1.(d)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 2.1 of that act is amended by rewriting the appropriation for the Department of Crime Control and Public Safety to read:

"Department of Crime Control and Public Safety 34,320,831 33,718,963".

**SECTION 1.(e)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 2.1 of that act is amended by rewriting the appropriation for the Department of Juvenile Justice and Delinquency Prevention to read:

"Department of Juvenile Justice and  
Delinquency Prevention 148,752,858 147,183,945".

**SECTION 1.(f)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 2.1 of that act is amended by rewriting the total at the end of the section to read:

**"TOTAL CURRENT OPERATIONS –  
GENERAL FUND \$ 19,010,057,199 \$ 19,559,764,576".**

**SECTION 1A.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 2.2(a) of that act is rewritten to read:

**"SECTION 2.2.(a)** The General Fund availability used in developing the 2009-2011 biennial budget is shown below:

	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
Projected Reversions FY 2008-2009	91,967,011	3,702,182
Less Earmarkings of Year End Fund Balance	0	0
Savings Reserve Account	0	0
Repairs and Renovations	0	0
<b>Beginning Unreserved Fund Balance</b>	<b>91,967,011</b>	<b>3,702,182</b>
<b>Revenues Based on Existing Tax Structure</b>	<b>16,796,300,000</b>	<b>17,384,400,000</b>
<b>Nontax Revenues</b>		
Investment Income	67,300,000	93,100,000
Judicial Fees	200,700,000	208,300,000
Disproportionate Share	100,000,000	100,000,000



Insurance	77,700,000	81,900,000
Other Nontax Revenues	148,300,000	155,200,000
Highway Trust Fund/Use Tax Reimbursement Transfer	108,500,000	72,800,000
Highway Fund Transfer	17,600,000	17,600,000
<b>Subtotal Nontax Revenues</b>	<b>720,100,000</b>	<b>728,900,000</b>
<b>Total General Fund Availability</b>	<b>17,608,367,011</b>	<b>18,117,002,182</b>
<b>Adjustments to Availability: 2009 Session</b>		
Adjust Transfer from Insurance Regulatory Fund	(1,644,300)	(1,644,300)
Adjust Transfer from Treasurer's Office	(398,880)	(605,833)
Transfer from Disproportionate Share Reserve	25,000,000	0
Transfer of Cash Balances from Special Funds	38,318,305	0
Transfer from Capital and R&R Accounts	24,372,701	0
Transfer from Health and Wellness Trust Fund	5,000,000	5,000,000
Transfer from Tobacco Trust Fund	5,000,000	5,000,000
Transfer Excess Sales Tax for Wildlife Resources Commission	1,650,000	1,650,000
Transfer Funds for Grape Growers Council	900,000	900,000
Department of Revenue Improved Enforcement	60,000,000	90,000,000
Department of Revenue Compliance Initiative	150,000,000	0
Individual Income Surtax	172,800,000	177,100,000
Corporate Income Surtax	23,100,000	25,500,000
Increase Sales Tax Rate	803,500,000	1,061,300,000
Digital Products & Click-Throughs	11,800,000	24,100,000
IRC Conformity	(116,300,000)	(80,900,000)
Adjust Revenue Distributions	22,100,000	0
Increase Excise Taxes	68,800,000	93,800,000
Suspend Corp Income Tax Earmark-Schools	60,500,000	64,500,000
Increase General Government Fees	7,555,995	7,365,196
Increase Justice and Public Safety Fees	47,090,559	51,475,278
Increase Health Services Regulation Fees	1,122,990	1,122,990
<b>Subtotal Adjustments to Availability: 2009 Session</b>	<b>1,410,267,370</b>	<b>1,525,663,331</b>
<b>Revised General Fund Availability</b>	<b>19,018,634,381</b>	<b>19,642,665,513</b>
<b>Less: General Fund Appropriations</b>	<b>19,014,932,199</b>	<b>19,559,764,576</b>
Unappropriated Balance Remaining	3,702,182	82,900,937".

**SECTION 2.** If Senate Bill 202, 2009 Regular Session, becomes law, then the first sentence of Section 2.2(g) of that act is amended by deleting "18878" and substituting "19978".

**SECTION 3.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 6.6C(d) of that act reads as rewritten:

**"SECTION 6.6C.(d)** Guidance. – The Office of State Budget and Management shall work with the recipient State agencies to budget federal receipts awarded according to the annual program needs and within the parameters of the respective granting entities and to incorporate federal funds into the certified budgets of the recipient State agency. State agencies shall not use federal ARRA funds for recurring purposes unless provided for in this act. However, depending on the nature of the award, additional State personnel may be employed on a temporary or time-limited basis. Nothing in this subsection shall be construed to prohibit the use of federal ARRA funds to employ teachers and other school ~~personnel~~personnel, and faculty and other university personnel for the ~~2009-2010 school year~~2009-2011 fiscal biennium."

**SECTION 3A.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then the last sentence of Section 6.13(b) of that act is amended by deleting "October 31, 2009" and substituting "January 1, 2010."

**SECTION 3A.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then the first sentence of Section 6.13(c) of that act is amended by deleting "the Office of State Budget and Management" and substituting "the Office of Information and Technology Services and the Office of State Budget and Management."

**SECTION 3A.(c)** If Senate Bill 202, 2009 Regular Session, becomes law, then the last sentence of Section 6.13(c) of that act is amended by deleting "February 28, 2010" and substituting "May 1, 2010".

**SECTION 3B.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then the first sentence of Section 6.16(b) of that act is rewritten to read:

"The Office of State Budget and Management and the Office of the State Chief Information Officer shall develop a plan for converting one or more paper forms to an electronic format."

**SECTION 3B.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then the first sentence of Sections 6.16(e) and (f) are amended by deleting "Office of State Budget and Management" and substituting "Office of State Budget and Management and the Office of the State Chief Information Officer."

**SECTION 3C.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 6.8 of that act is amended by adding a new subsection to read:

**"SECTION 6.8.(h)** ESRI License Funding. – The State Chief Information Officer (i) shall use up to the sum of six hundred thousand dollars (\$600,000) from funding appropriated to the Information Technology Fund during the 2009-2010 fiscal year to support ESRI licenses for State agencies and (ii) may use anticipated carryforward from fiscal year 2009-2010 to provide the funding for those licensing fees. The State Chief Information Officer shall not charge subscription fees to fund ESRI licenses."

**SECTION 3E.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 7.12(a) of that act reads as rewritten:

**"SECTION 7.12.(a)** Up to three hundred fifty thousand dollars (\$350,000) may be transferred ~~annually~~ to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet and for the Education E-Learning Portal. These funds shall be used to provide services to coordinate e-learning activities across all State educational agencies and to make the Education E-Learning Portal fully operational by December 1, 2009."

**SECTION 3F.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 7.18(b) of that act is amended by adding a new paragraph at the end to read:

"Savings that result from eliminating tests shall be used to implement this section."

**SECTION 3G.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 7.19 of that act is amended by deleting the language "Department of Public Instruction" wherever it appears and substituting "State Board of Education".

**SECTION 3G.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 7.19(d) of that act reads as rewritten:

**"SECTION 7.19.(d)** Standards and specifications shall be submitted to the Education Cabinet no later than ~~January 1, 2010~~ March 1, 2010. The Education Cabinet shall review these standards and submit its recommendations regarding them to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by ~~March 1, 2010~~ April 1, 2010."

**SECTION 3H.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 7.41(b) of that act reads as rewritten:

**"SECTION 7.41.(b)** This section becomes effective ~~January 1, 2011~~ June 30, 2011."

**SECTION 3I.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act is amended by adding a new section to read:

**"SECTION 7.42.** Of the funds appropriated in this act to the Department of Public Instruction for the 2009-2010 fiscal year, up to two hundred thousand dollars (\$200,000) may be used to support a Leadership Academy that provides professional development to superintendents, enabling them to train principals to address critical areas such as student achievement and teacher recruitment and retention."

**SECTION 3J.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act is amended by adding a new section to read:

**"SECTION 7.43.(a)** The Joint Legislative Education Oversight Committee shall develop a plan to restructure the North Carolina Teacher Salary Schedule. It is North Carolina's goal to have a competitive system of compensation that attracts highly skilled and motivated individuals into the profession. Further, it should compensate teachers' knowledge, skills, and instructional expertise that lead to improved student learning. In developing the restructured salary system, the Committee should consider the following factors:

- (1) Designs a schedule that emphasizes increasing beginning teacher salary to make the starting salaries more competitive to attract recent graduates and promotes teacher retention.
- (2) Aligns with the newly adopted North Carolina Professional Teaching Standards.
- (3) Rewards expert, accomplished teachers for taking on challenging assignments, such as working in high-poverty, low-performing schools.
- (4) Provides incentives for becoming licensed in high-needs subject areas, such as math and science, and teaching in high-needs areas of the State.
- (5) Considers research and data that supports improved teaching and learning.
- (6) Provides optional pathways for salary increases that focus on strategies such as National Board Certified Teachers, Literacy Coach endorsement, and other options that lead to improved student learning.

**"SECTION 7.43.(b)** The Committee may contract for consultant services as provided by G.S. 120-32.02.

**"SECTION 7.43.(c)** The Committee is encouraged to seek partnerships with other State and national public and private groups in designing the new compensation system. The Committee shall report on the plan to the General Assembly no later than September 30, 2010."

**SECTION 3K.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act is amended by adding a new section to read:

**"SECTION 7.44.** The State Board of Education may use, out of funds available, up to one million five hundred thousand dollars (\$1,500,000) that had previously been set aside from G.S. 115C-546.2 to support positions in the Department of Public Instruction's Support Services Division."

**SECTION 3L.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 7.13(f) of that act reads as rewritten:

**"SECTION 7.13.(f)** Of the funds appropriated in this act for dropout prevention, the sum of:

- (1) One hundred thousand dollars (\$100,000) for the 2009-2010 fiscal year and one hundred thousand dollars (\$100,000) for the 2010-2011 fiscal years-year may be used to extend a current contract or to issue a request for proposals from qualified vendors on a competitive basis to contract as a consultant to assist with the evaluation. The factors to be considered in awarding the contract shall be identified in the request for proposals;
- (2) Up to one hundred seventy-five thousand dollars (\$175,000) for the 2009-2010 fiscal year and up to one hundred seventy-five thousand dollars (\$175,000) for the 2010-2011 fiscal years-year may be used by the Department of Public Instruction for its administrative assistance to the Committee and to provide technical assistance under this section;
- (3) Three hundred thousand dollars (\$300,000) in nonrecurring funds shall be used by the North Carolina Congress of Parents and Teachers, Incorporated, a nonprofit organization, to continue the North Carolina PTA Parent Involvement/Dropout Prevention Initiative; and

- (4) Fifty percent (50%) of the remainder shall be used by the Committee on Dropout Prevention to award grants to new recipients, and fifty percent (50%) shall be used to award successive grants to previous grant recipients. All grants shall be awarded in accordance with subsection (b) of this section."

**SECTION 3M.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 7.4(a)(5) of that act reads as rewritten:

- "(5) Provide a base for the consolidated funds allotment of at least ~~seven hundred seventeen thousand three hundred sixty dollars (\$717,360)~~, seven hundred eighty-eight thousand seven hundred eighty-nine dollars (\$788,789), excluding textbooks, for the 2009-2010 fiscal year and a base of ~~seven hundred seventeen thousand three hundred sixty dollars (\$717,360)~~ seven hundred eighty-eight thousand seven hundred eighty-nine dollars (\$788,789) for the 2010-2011 fiscal year."

**SECTION 3M.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then notwithstanding Item 27 on page F4 of the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009, there is no reduction in funds for small county supplemental funding.

**SECTION 3N.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 5.2 of that act is amended by adding a new subsection to read:

"**SECTION 5.2.(d)** Notwithstanding G.S. 18C-164(f), if the actual net lottery revenues exceed the amounts appropriated in subsection (b) of this section, the excess net revenues shall be allocated on the basis of average daily membership to local school administrative units that did not qualify for funding for the 2009-2010 and 2010-2011 fiscal years pursuant to G.S. 115C-546.2(d)(2)."

**SECTION 4.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 8.6(b) of that act reads as rewritten:

"**SECTION 8.6.(b)** The Office of State Budget and Management shall transfer sufficient funds from the State Public School Fund to the Community Colleges System Office to implement ~~subsection (b)~~ subsection (a) of this section."

**SECTION 5.** If Senate Bill 202, 2009 Regular Session, becomes law, then G.S. 115D-5(b), as enacted by Section 8.11(d) of that act, reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds; provided, however, that the State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate, for training courses for volunteer firemen, local fire department personnel, volunteer rescue and lifesaving department personnel, local rescue and lifesaving department personnel, Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, local law-enforcement officers, patients in State alcoholic rehabilitation centers, all full-time custodial employees of the Department of Correction, employees of the Department's Division of Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission, trainees enrolled in courses conducted under the New and Expanding Industry Program, clients of sheltered workshops, clients of adult developmental activity programs, students in Health and Human Services Development Programs, juveniles of any age committed to the Department of Juvenile

Justice and Delinquency Prevention by a court of competent jurisdiction, prison inmates, members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General Statutes, and elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation (CPR). Provided further, tuition shall be waived for up to six hours of credit instruction and 96 contact hours of noncredit instruction per academic semester for senior citizens age 65 or older who are qualified as legal residents of North Carolina. Provided further, tuition shall also be waived for all courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this section."

**SECTION 5A.** If Senate Bill 202, 2009 Regular Session, becomes law, then section 10.68A(a)(7)i. of that act reads as rewritten:

- "i. Failure to comply with notification, recipient transition planning, or record maintenance shall be grounds for withholding payment until such activity is concluded. In addition, failure to comply shall be conditions that prevent enrollment for any Medicaid or State-funded service. A provider (including its officers, directors, agents, or managing employees or individuals or entities having a direct or indirect ownership interest or control interest of five percent (5%) or more as set forth in Title XI of the Social Security Act) that fails to comply with the required record retention may be subject to sanctions, including exclusion from further participation in the Medicaid program, as set forth in Title XI."

**SECTION 6.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act is amended by adding the following new section to read:

**"MEDICAID UTILIZATION MANAGEMENT OF OUTPATIENT IMAGING SERVICES**

**"SECTION 10.68B.(a)** Contract Authorization. – The Department of Health and Human Services may contract for utilization management of the following outpatient imaging services: CT, PET, PET-CT, MRI, ultrasound, echocardiogram; nuclear imaging, including nuclear cardiology; and angiography. The contract shall not include any imaging service provided to hospital inpatients or patients in or referred through a hospital emergency department.

**"SECTION 10.68B.(b)** Vendor Requirements. – A vendor with whom the Department contracts for imaging utilization management services shall:

- (1) Ensure that patients obtain medically appropriate imaging services while not imposing unreasonable requirements on patients or medical providers ordering or providing those services. The term "medically appropriate" means care that is consistent with evidence-based guidelines, such as the Appropriateness Criteria recognized by the American College of Radiology or other physician specialty organizations. In addition:
  - a. The vendor shall not authorize imaging services from only selected Medicaid participating imaging providers.
  - b. The vendor shall provide the health care provider that provides services to Medicaid patients the capability for the electronic submission of authorization requests and appeals and shall evaluate and, as quickly as possible, implement electronic system interfaces with computerized provider order entry (CPOE) technology that the State determines meets or exceeds the standards set forth in this subdivision.
  - c. The vendor shall provide online availability of the criteria and the source upon which utilization management decisions are based.
- (2) Be accredited by a national accrediting organization for utilization management organizations, such as the Utilization Review Accreditation Commission (URAC).
- (3) Disclose in advance of entering into a contract with the Department any financial relationship, ownership involvement, or other relationship with

facilities or providers whose services are subject to utilization management by the vendor in North Carolina.

- (4) Provide adequate orientation, training, and technical assistance regarding the vendor's system and criteria for primary care physicians and other physicians who will be responsible for processing initial authorization requests.

**"SECTION 10.68B.(c)** Contract and Reporting. – The contract between the Department and the vendor shall seek to (i) continue to assure that the State Medicaid program provides medically necessary imaging services to enrollees consistent with evidence-based guidelines, (ii) protect enrollees from potentially harmful exposures that may result from excessive imaging, and (iii) minimize disruption to clinical services. The initial contract for the imaging management services vendor shall be for a period not to exceed two years. Before any new RFP or contract extension is executed, the Department shall:

- (1) Consult with medical providers affected by imaging management on an ongoing basis to evaluate how the program is being administered, to determine whether imaging utilization management through a third party has accomplished the goals set forth in this subdivision, and to explore newer models or technologies that might further improve care, treatment effectiveness, and value.
- (2) Report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division about the effects of the vendor's utilization management services on:
  - a. Consumer safety and access, including numbers of denials, appeals, reversals of appeals, and decreases in potentially harmful or questionable excessive exposures;
  - b. Providers;
  - c. Cost savings;
  - d. Utilization trends; and
  - e. Comparison with national norms and practices."

**SECTION 7.** If Senate Bill 202, 2009 Regular Session, becomes law, then the prefatory language of the first sentence of Section 10.78(ff) reads as rewritten:

"The sum of two hundred fifty thousand dollars (\$250,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2009-2010 fiscal year for the North Carolina Institute of Medicine (NCIOM) shall be used to study ~~the following:~~at least two of the following:".

**SECTION 8.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 10.31(b) of that act reads as rewritten:

**"SECTION 10.31.(b)** In consultation with the Department of Health and Human Services, Division of Medical Assistance, and other appropriate organizations, the Office of State Budget and Management shall conduct an independent analysis of the ~~cost to determine costs and~~ appropriate staffing levels to manage and implement the transition of NC Health Choice from the State Health Plan to the Division to ensure that the transition of NC Health Choice occurs with minimal disruption and that the Division has adequate staffing and an organizational structure that fits with its existing structure. The Office of State Budget and Management shall report with staffing recommendations by March 1, 2010, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division."

**SECTION 9.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 10.52(a) of that act reads as rewritten:

**"SECTION 10.52.(a)** The Program Evaluation Division of the North Carolina General Assembly shall study the consolidation of administrative functions among county departments of social services.

In conducting the study, the Program Evaluation Division shall identify opportunities for functional consolidation, affected administrative functions, estimated cost savings, and requisite policy changes, if applicable, to accommodate the consolidation of administrative

functions among county departments of social services. The Department of Health and Human Services, ~~Division of Social Services, Services~~ shall not consolidate these administrative functions except as directed by an act of the General Assembly."

**SECTION 10.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 10.19A(a) of that act reads as rewritten:

**"SECTION 10.19A.(a)** The Department of Health and Human Services shall reduce the allocation of State funds to each LME ~~by ten percent (10%) in each fiscal year. In no event shall an LME that has a fund balance or other resources available reduce or otherwise adversely affect services due to the reduction in State funds in each fiscal year. LMEs that have fund balances or other resources shall use those funds to supplant the reduction in State funds in each fiscal year. Monies from fund balances shall be used exclusively to provide services to LME clients, even if the dollar amount of the funds in the fund balance exceeds what is necessary to supplant the reduction in State funds. The use of fund balance monies to provide services is subject to the prior approval of the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. The Division shall track fund balance usage of each LME to ensure that the amount used from the fund balance in each fiscal year is at least equal to the reduction in State funds for that fiscal year and is used to provide services and for no other purpose, as necessary to achieve budget reductions in this act for this purpose giving consideration to the LME's unrestricted fund balance and the LME's ability to supplement funding of services without impairing its financial stability.~~"

**SECTION 10A.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 10.41(a) of that act reads as rewritten:

**"SECTION 10.41.(a)** Of the funds appropriated in this act to the Department of Health and Human Services (Department), the sum of ten million seven hundred sixty-five thousand one hundred fifty-three dollars (\$10,765,153) for fiscal year 2009-2010 and the sum of eight million sixty-four thousand one hundred twenty-eight dollars (\$8,064,128) for fiscal year 2010-2011 shall be (i) deposited to the Department's information technology budget code and (ii) used to match federal funds for the procurement, design, development, and implementation of the new Medicaid Management Information System (MMIS) and to fund the central management of the project. The Department shall utilize ~~all~~ prior year earned revenues received for the MMIS. In the event that the Department does not receive prior year earned revenues in the amounts authorized by this section, the Department is authorized, with approval of the Office of State Budget and Management, to utilize other overrealized receipts and funds appropriated to the Department to achieve the level of funding specified in this section for the MMIS."

**SECTION 10B.** If Senate Bill 202, 2009 Regular Session, becomes law, then the schedule in Section 10.78(a) is amended by changing the dollar amount for the entry entitled "TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH ARRA" from "\$67,543,143" to "\$67,543,134".

**SECTION 11.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 10.78(p) of that act reads as rewritten:

**"SECTION 10.78.(p)** The Department of Health and Human Services, Division of Social Services, shall continue implementing county demonstration grants that began in the 2006-2007 fiscal year. ~~The county demonstration grants may be awarded for up to three years/year~~ with all projects ending no later than the end of fiscal year 2009-2010. The purpose of the county demonstration grants is to identify best practices that can be used by counties to improve the work participation rates. The Division of Social Services is authorized to establish two time-limited positions to manage the grant award process and monitor the demonstration projects through fiscal year 2009-2010.

Funding provided under the county demonstration grants shall not be used to supplant local funds, and counties shall be required to maintain the current level of effort and funding for the Work First program.

The Department of Health and Human Services, Division of Social Services, shall report on the status of county demonstration grants implemented pursuant to this subsection to the House



of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than February 1, 2010."

**SECTION 12.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then, notwithstanding Item 84 on page H15 of the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009, the sum of five hundred thousand dollars (\$500,000) shall be appropriated to the North Carolina Rural Economic Development Center to be used to support existing small businesses.

**SECTION 12.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 14.3 of Senate Bill 202, 2009 Regular Session, is repealed.

**SECTION 12A.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 14.19(e2) reads as rewritten:

"**SECTION 14.19.(e2)** Prior to the expenditure of any of the cash balance that does not revert to the General Fund as required by subsection (e1) of this section, the agency responsible for administering the Fund shall report on the planned expenditure of the cash balance to the Joint Legislative Oversight Committee ~~Committee~~ Commission on Governmental Operations."

**SECTION 13.** If Senate Bill 202, 2009 Regular Session, becomes law, then G.S. 7A-44(a), as rewritten by Section 15.10 of that act, reads as rewritten:

"(a) A judge of the superior court, regular or special, shall receive the annual salary set forth in the Current Operations Appropriations Act, and in addition shall be paid the same travel allowance as State employees generally by ~~G.S. 138-6(a)(1) and (2)~~; G.S. 138-6(a), provided that no travel allowance be paid for travel within his county of residence. The Administrative Officer of the Courts may also reimburse superior court judges, in addition to the above funds for travel, for travel and subsistence expenses incurred for professional education."

**SECTION 13A.** If Senate Bill 202, 2009 Regular Session, becomes law, then G.S. 7A-304, as enacted by Section 15.20(c) of that act, reads as rewritten:

"(f) The court may allow a defendant owing ~~costs~~ monetary obligations under this section to either make payment in full when costs are assessed or make payment on an installment plan arranged with the court. Defendants making use of an installment plan shall pay a onetime setup fee of twenty dollars (\$20.00) to cover the additional costs to the court of receiving and disbursing installment payments. Fees collected under this ~~section~~ subsection shall be remitted to the State Treasurer for support of the General Court of Justice."

**SECTION 14.** If Senate Bill 202, 2009 Regular Session, becomes law, then the final paragraph of Section 15.20(n) reads as rewritten:

"Subsections (e), (g), and (i) of this section become effective July 1, 2010, and apply to fees assessed or collected on or after that date. ~~Subsection (m) becomes effective July 1, 2009.~~ The remainder of this section becomes effective September 1, 2009, and applies to fees assessed or collected on or after that date."

**SECTION 14A.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 17.4 of that act reads as rewritten:

**"STUDY CONSOLIDATION OF LAW ENFORCEMENT AGENCIES**

"**SECTION 17.4.** The Office of State Budget and Management shall study the feasibility of consolidating the law enforcement agencies ~~in the executive branch~~ of State government for the purpose of coordinating the activities of these agencies, and reducing duplication and overlapping of law enforcement responsibilities, training, and technical assistance among State law enforcement agencies. The Office of State Budget and Management may consider law enforcement functions within any State government agency where consolidation with other functions in other agencies, departments, or institutions can generate efficiencies and economies and improve the coverage of the required enforcement function. The Office of State Budget and Management shall report its findings and recommendations by February 1, 2010, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee."

**SECTION 15A.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 19.20 of that act is rewritten to read:

**"SECTION 19.20.(a)** The Department of Correction shall consult with the State Health Plan for Teachers and State Employees (Plan) and the Plan's claims processing contractor to develop a mutually agreed upon procedure by December 1, 2009, for the Department to obtain and pay for medically necessary services for inmates committed to its custody from providers and medical facilities. Such agreement may require the Plan to amend its contracts with its claims processing contractor. The Department may delegate the responsibility for administering the payment process for such services to the Executive Administrator of the Plan. It is the intent of the General Assembly that providers and medical facilities who provide medically necessary services to inmates in the Department's custody be paid by the Department through the Plan's claims processor for services provided in an amount equal to the rate paid by the claims processor for Plan beneficiaries for medically necessary services. If the medically necessary services provided are not included in the Plan's reimbursement schedule, the Department may pay the reasonable and customary rate for the services. The requirements of this subsection apply to all medical and facility services provided outside the correctional facility, including hospitalizations, professional services, medical supplies, and other medications provided to any inmate confined in a correctional facility. The Department is responsible for entering enrollment information for the inmates into the Plan's claims processor's system through one central location.

**"SECTION 19.20.(b)** The Department of Correction, in consultation with the State Health Plan, shall issue a Request for Proposals (RFP) for a contractor to process claims for medical services provided to inmates in the custody of the Department, to provide medical management services to the Department, and to develop and manage a medical professional and facility provider network to serve the medical needs of inmates. The State Health Plan shall provide the Department with any technical and consultative assistance in developing and evaluating the RFP. The Department shall issue the RFP by April 1, 2010. The Department shall not enter into any long-term contracts for claims processing or health care services before or during the pendency of the RFP process, except as may be required under subsection (a) of this section.

**"SECTION 19.20.(c)** The Department of Correction shall consult with the Division of Medical Assistance in the Department of Health and Human Services to develop protocols for prisoners who would otherwise be eligible for Medicaid if they were not incarcerated to access Medicaid while in custody or under extended limits of confinement. The Department may make recommendations to the 2010 Regular Session of the 2009 General Assembly for special purpose facilities designed to house inmates but preserve Medicaid eligibility.

**"SECTION 19.20.(d)** The Department of Correction shall, whenever possible, seek to make use of its own hospitals and health care facilities to provide health care services to inmates. To the extent that the Department of Correction must utilize other facilities and services to provide health care services to inmates, the Department shall, to the extent possible, use community hospitals with unused available capacity or other health care facilities in a region to accomplish that goal. The Department shall work to ensure that care usage is distributed equitably among all hospitals or other appropriate health care facilities in a region, unless doing so would jeopardize the health of the inmate. The Plan and its claims processor are not responsible for the equitable distribution of inmates among all hospitals or other appropriate health care facilities in a region.

**"SECTION 19.20.(e)** Subsection (a) of this section becomes effective upon being signed into law and expires upon the effective date of the execution of a contract authorized under subsection (b) of this section."

**SECTION 16.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 120 of S.L. 1989-1066, as rewritten by Section 19.22B of that act, reads as rewritten:

"Sec. 120. The Department of Correction shall permit the Gates County Board of Education to tie the wastewater treatment systems of the Gates County Junior High School and the Gates County High School into the wastewater treatment system of the Gates County Correctional Center. The Department of Correction shall continue to operate the wastewater treatment system for at least ~~six months~~ one year after closing of the Gates County Correctional Center, and then shall transfer the facility to Gates County for operation by that county or another unit of local government designated by Gates County. The transfer may be in accordance with G.S. 160A-274 or other applicable law."

**SECTION 16.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 19.22B(b) of that act reads as rewritten:

"**SECTION 19.22B.(b)** The Department of Correction shall continue to fund the operation of the wastewater treatment system for the six-month-one-year period from funds available to the Department."

**SECTION 16A.** If Senate Bill 202, 2009 Regular Session, becomes law, Section 19.26(f) of that act is rewritten to read:

"**SECTION 19.26.(f)** This section becomes effective September 1, 2009, and applies to persons ordered to perform community service on or after that date."

**SECTION 17.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 17.4A of that act is rewritten to read:

"**SECTION 17.4A.** Subsection 11 of S.L. 2008-220 reads as rewritten:

"**SECTION 11.(a)** Funds ~~are authorized to be allocated by S.L. 2008-107 to the Governor's Crime Commission shall be used for award as grants~~ a grant to eligible sheriffs' offices ~~the North Carolina Sheriffs' Association, Inc., to assist the sheriffs of North Carolina with training and technical assistance in the enforcement of the State's sex offender laws. The grants~~ grant shall be awarded specifically to enhance and support law enforcement efforts by sheriffs to do the following: (i) process and conduct in-person sex offender registrations, (ii) monitor compliance of sex offenders as required under Article 27A of Chapter 14 of the General Statutes, and (iii) conduct activities to investigate and apprehend persons who commit reportable offenses as defined under Article 27A of Chapter 14 of the General Statutes. Eligible sheriffs' offices are required to provide non-State matching funds equal to fifty percent (50%) of the grant amount awarded under this section, one half of which may be in-kind contributions.

"~~**SECTION 11.(b)** The Commission shall establish the criteria regarding the eligibility and amount of the awards for the grants described in this section. The grant criteria shall include consideration of all of the following:~~

- ~~(1) The number of convicted sex offenders in the county of the applicant.~~
- ~~(2) The level of community support for the grant award.~~
- ~~(3) Whether the application identifies a problem that is consistent with the purposes of this initiative.~~
- ~~(4) The applicant's development and maintenance of a process to regularly exchange information and intelligence with other public safety agencies.~~
- ~~(5) Whether the application articulates clearly the jurisdiction's goals, outcomes, and objectives and describes the accountability system and performance measures to determine progress towards achieving them.~~

"**SECTION 11.(c)** ~~Any grants allocated~~ The funds for this grant shall not revert to the General Fund but shall remain with the Commission for the purposes described in this section.

"**SECTION 11.(d)** ~~The grant funds described by this section shall supplement, and not supplant, existing funds and services provided for the tracking of registered sex offenders. The grants~~ grant shall be subject to established fiscal controls, annual reporting, and accountability requirements specified by the Commission.

"**SECTION 11.(e)** There is appropriated from the General Fund to the Department of Crime Control and Public Safety the sum of two hundred fifty thousand dollars (\$250,000) for fiscal year 2008-2009 to be allocated to the Governor's Crime Commission to award ~~as grants of up to twenty five thousand dollars (\$25,000) each to eligible sheriffs' offices~~ the grant specified by this section to assist with the enforcement of the State's sex offender laws.""

**SECTION 18.** If Senate Bill 202, 2009 Regular Session, becomes law, then notwithstanding Item 16 on page I3 of the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009, the six vacant positions eliminated in the Judicial Department, Public Defender Services, are:

- (1) Three assistant capital defender positions;
- (2) One assistant appellate defender position; and
- (3) Two assistant public defender positions.

**SECTION 18A.** If Senate Bill 202, 2009 Regular Session, becomes law, then notwithstanding Item 53 on page I10 of the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009, the elimination of the SOS program results in a reduction of six million one hundred seventy-one thousand sixty-two dollars (\$6,171,062) for the 2009-2010 fiscal year and six million one hundred seventy-one thousand sixty-two dollars (\$6,171,062) for the 2010-2011 fiscal year.

**SECTION 18B.** If Senate Bill 202, 2009 Regular Session, becomes law, then notwithstanding Item 56 (Close the Samarkand YDC) on page I10 of the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009:

- (1) Samarkand YDC shall close July 1, 2010, rather than September 1, 2009; and
- (2) The cut for the 2009-2010 fiscal year regarding the closure of Samarkand YDC shall be eliminated, and the cut to positions for the 2009-2010 fiscal year shall be eliminated.

**SECTION 18C.** If Senate Bill 202, 2009 Regular Session, becomes law, then notwithstanding Item 89 on page I15 of the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009, the continuation budget for the Department of Crime Control and Public Safety is adjusted to a level at or below the 2008-2009 Authorized Budget amount by reducing the continuation budget amount by the sum of two million one hundred twenty-four thousand nine hundred thirty-seven dollars (\$2,124,937) in the 2009-2010 fiscal year and by the sum of two million two hundred ninety-one thousand seven hundred twenty-nine dollars (\$2,291,729) in the 2010-2011 fiscal year.

**SECTION 18D.** If Senate Bill 202, 2009 Regular Session, becomes law, then notwithstanding Item 91 on page I16 of the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009, the Department of Crime Control and Public Safety shall not eliminate position numbers 60084440 and 60084582 but shall eliminate the following four vacant positions for a reduction of one hundred ninety thousand eighteen dollars (\$190,018):

60084186 Processing Assistant V  
60087071 Public Safety Officer  
60084174 Processing Assistant IV  
60084166 Information Processing Tech.

**SECTION 19.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 21A.2 of that act is rewritten to read:

**"REDUCE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS**

**"SECTION 21A.2.** Notwithstanding G.S. 143B-30.1(d), for fiscal year 2010-2011, members of the Rules Review Commission who are not officers or employees of the State shall receive compensation of one hundred fifty dollars (\$150.00) for each day or part of a day of service plus reimbursement for travel and subsistence expenses at the rates specified in G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6."

**SECTION 19A.** If Senate Bill 202, 2009 Regular Session, becomes law, then, notwithstanding Item 23 on page J5 of the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009, the following positions shall be funded from receipts from single audits of State agencies and institutions:

- (1) Asst. State Auditor (60008992);
- (2) Asst. State Auditor (60008926); and
- (3) Asst. State Auditor (60008862).

**SECTION 20.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act is amended by adding the following new section to read:

**"DMV TO MOVE EMISSIONS PROGRAM CALL CENTER TO NORTH CAROLINA**

"**SECTION 25.10.** The Department of Transportation, Division of Motor Vehicles, shall replace the current out-of-state contractors handling questions from service station operators about the State's emissions program with State employees at an existing Division of Motor Vehicles call center within the State. The Department of Transportation, Division of Motor Vehicles, is authorized to create up to 15 new receipt-supported positions to replace the current out-of-state contractors."

**SECTION 21.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section 26.1A(a) of that act reads as rewritten:

"**SECTION 26.1A.(a)** The salaries of those officers and employees, whose salaries for the 2008-2009 fiscal year were set or increased in Sections 26.1, 26.2, 26.3, 26.4, 26.5, 26.6, 26.7, 26.8, 26.9, 26.10, 26.11, 26.11A, 26.12, 26.12D, 26.13, 26.14, 26.18, and 26.19 of Session Law 2008-107, and in effect on June 30, 2009, or the last date in pay status during the 2008-2009 fiscal year if earlier, shall remain in effect and shall not increase for the 2009-2010 and 2010-2011 fiscal years, except:

- (1) As provided for by Section 29.20A of S.L. 2005-276.
- (2) For Community College faculty as otherwise provided in Section 8.1 of this act.
- (3) For University of North Carolina faculty as otherwise provided by the Faculty Recruiting and Retention ~~Fund or Fund~~, the Distinguished Professors Endowment ~~Fund-Fund~~, or retention adjustments funded from available non-State funding sources.
- (4) Salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this subsection. All other salary increases are prohibited."

**SECTION 22.** If Senate Bill 202, 2009 Regular Session, becomes law, then a retailer is not liable for an overcollection or undercollection of sales tax if the retailer has made a good faith effort to comply with the law and collect the proper amount of tax and has, due to the change under Section 27A.2 of Senate Bill 202, 2009 Regular Session, in the rate of tax imposed under G.S. 105-164.4(a), overcollected or undercollected the amount of sales tax that is due. This subsection applies only to the period beginning September 1, 2009, and ending October 1, 2009.

**SECTION 23.** Except as otherwise provided by this act, this act is effective July 1, 2009.

In the General Assembly read three times and ratified this the 11<sup>th</sup> day of August, 2009.

s/ Walter H. Dalton  
President of the Senate

s/ Joe Hackney  
Speaker of the House of Representatives

s/ Beverly E. Perdue  
Governor

Approved 3:30 p.m. this 10<sup>th</sup> day of September, 2009