

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 897
Appropriations/Base Budget Committee Substitute Adopted 5/18/10
Finance Committee Substitute Adopted 5/18/10
House Committee Substitute Favorable 6/1/10

Short Title: Appropriations Act of 2010.

(Public)

Sponsors:

Referred to:

March 26, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
3 APPROPRIATIONS ACT OF 2009 BY ADJUSTING APPROPRIATIONS FOR THE
4 2010-2011 FISCAL YEAR; TO CONFORM TO CHANGES MADE IN THE INTERNAL
5 REVENUE CODE; TO EXTEND AND ENHANCE THE TAX CREDIT FOR
6 INVESTMENTS IN QUALIFIED BUSINESS VENTURES; TO EXTEND THE TAX
7 CREDIT FOR SMALL BUSINESSES THAT PROVIDE HEALTH INSURANCE TO
8 THEIR EMPLOYEES; AND TO PROVIDE FOR A TAX CREDIT FOR SMALL
9 BUSINESSES THAT CREATE JOBS.

10 The General Assembly of North Carolina enacts:

11
12 **PART I. INTRODUCTION AND TITLE OF ACT**

13
14 **TITLE OF ACT**

15 **SECTION 1.1.** This act shall be known as "The Current Operations and Capital
16 Improvements Appropriations Act of 2010."
17

18 **INTRODUCTION**

19 **SECTION 1.2.** The appropriations made in this act are for maximum amounts
20 necessary to provide the services and accomplish the purposes described in the budget. Savings
21 shall be effected where the total amounts appropriated are not required to perform these
22 services and accomplish these purposes and, except as allowed by the State Budget Act, or this
23 act, the savings shall revert to the appropriate fund at the end of each fiscal year as provided in
24 G.S. 143C-1-2(b).
25

26 **PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**

27
28 **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

29 **SECTION 2.1.** Appropriations from the General Fund of the State for the
30 maintenance of the State departments, institutions, and agencies, and for other purposes as
31 enumerated, are adjusted for the fiscal year ending June 30, 2011, according to the schedule



1 that follows. Amounts set out in brackets are reductions from General Fund appropriations for
2 the 2009-2010 fiscal year.

3
4 **Current Operations – General Fund**

2010-2011

5
6 **EDUCATION**

7
8 Community Colleges System Office \$ 36,581,844
9
10 Department of Public Instruction (289,017,128)
11
12 University of North Carolina – Board of Governors
13 Appalachian State University 1,596,619
14 East Carolina University: Academic Affairs 4,801,587
15 Elizabeth City State University 535,182
16 Fayetteville State University 1,115,416
17 NC A&T State University 2,012,592
18 NC Central University 333,852
19 NC State University: Academic Affairs 7,926,606
20 UNC-Asheville 532,691
21 UNC-Chapel Hill
22 Academic Affairs 4,226,263
23 Health Affairs 156,027
24 AHEC 109,065
25 UNC-Charlotte 5,585,300
26 UNC-Greensboro 2,993,959
27 UNC-Pembroke 732,505
28 UNC-School of the Arts 410,161
29 UNC-Wilmington 2,621,171
30 Western Carolina University 750,510
31 Winston-Salem State University 798,672
32 General Administration (410,863)
33 University Institutional Programs (132,260,448)
34 Related Educational Programs 13,862,815
35 UNC Financial Aid Private Colleges 4,488,129
36 NC School of Science & Math 80,851
37 UNC Hospitals (15,000,000)
38 Total University of North Carolina – Board of Governors \$ (92,001,338)

39
40 **HEALTH AND HUMAN SERVICES**

41
42 Department of Health and Human Services
43 Central Management and Support \$ (1,894,959)
44 Division of Aging and Adult Services -
45 Division of Blind Services/Deaf/HH (707,912)
46 Division of Child Development (29,959,584)
47 Office of Education Services (2,885,539)
48 Division of Health Service Regulation (1,915,531)
49 Division of Medical Assistance (314,978,617)
50 Division of Mental Health, Dev. Disabilities and Sub. Abuse 16,785,760
51 NC Health Choice 3,135,450

1	Division of Public Health	(5,619,724)
2	Division of Social Services	(11,126,752)
3	Division of Vocation Rehabilitation	(1,805,713)
4	Total Health and Human Services	\$ (350,973,121)
5		
6	NATURAL AND ECONOMIC RESOURCES	
7		
8	Department of Agriculture and Consumer Services	\$ 826,343
9		
10	Department of Commerce	
11	Commerce	19,250,959
12	Commerce State-Aid	9,630,564
13	NC Biotechnology Center	4,274,905
14	Rural Economic Development Center	3,933,378
15		
16	Department of Environment and Natural Resources	3,490,981
17		
18	Department of Labor	(902,555)
19		
20	JUSTICE AND PUBLIC SAFETY	
21		
22	Department of Correction	\$ (41,669,163)
23		
24	Department of Crime Control and Public Safety	(1,106,592)
25		
26	Judicial Department	(11,216,251)
27	Judicial Department – Indigent Defense	(4,056,626)
28		
29	Department of Justice	(3,200,916)
30		
31	Department of Juvenile Justice and Delinquency Prevention	(1,456,758)
32		
33	GENERAL GOVERNMENT	
34		
35	Department of Administration	\$ (734,950)
36		
37	Department of State Auditor	(473,265)
38		
39	Office of State Controller	8,375,323
40		
41	Department of Cultural Resources	
42	Cultural Resources	(2,137,000)
43	Roanoke Island Commission	(71,663)
44		
45	State Board of Elections	380,559
46		
47	General Assembly	(2,229,859)
48		
49	Office of the Governor	
50	Office of the Governor	(217,832)
51	Office of State Budget and Management	(242,610)

1	OSBM – Reserve for Special Appropriations	496,661
2	Housing Finance Agency	(525,903)
3		
4	Department of Insurance	
5	Insurance	(2,213,620)
6		
7	Office of Lieutenant Governor	(33,539)
8		
9	Office of Administrative Hearings	(160,963)
10		
11	Department of Revenue	(2,319,341)
12		
13	Department of Secretary of State	(415,575)
14		
15	Department of State Treasurer	
16	State Treasurer	(380,086)
17		
18	RESERVES, ADJUSTMENTS, AND DEBT SERVICE	
19		
20	State Retirement System Contributions	\$ 40,000,000
21		
22	Judicial Retirement System Contributions	1,000,000
23		
24	Firemen's and Rescue Squad Workers System Contributions	1,000,000
25		
26	Job Development Investment Grants (JDIG)	(6,600,000)
27		
28	Reserve for Modernization of 1040 e-File Platform	1,504,718
29		
30	Debt Service	
31	General Debt Service	(9,799,385)
32		
33	TOTAL CURRENT OPERATIONS – GENERAL FUND	\$ (693,409,804)
34		
35	GENERAL FUND AVAILABILITY STATEMENT	
36	SECTION 2.2.(a) Section 2.2(a) of S.L. 2009-451 is repealed. The General Fund	
37	availability used in adjusting the 2010-2011 budget is shown below:	
38		
39		FY 2010-2011
40		
41	Unappropriated Balance Remaining from Previous Year	3,702,182
42	Adjustment from Estimated to Actual FY 2009-2010 Beginning Unreserved Fund	
43	Balance	270,080
44	Beginning Unreserved Fund Balance	3,972,262
45		
46	Revenues Based on Existing Tax Structure	18,199,339,016
47		
48	Nontax Revenues	
49	Investment Income	57,500,000
50	Judicial Fees	239,100,000
51	Disproportionate Share	100,000,000

1	Insurance	67,000,000
2	Other Nontax Revenues	182,700,000
3	Highway Trust Fund/Use Tax Reimbursement Transfer	72,800,000
4	Highway Fund Transfer	17,600,000
5	Subtotal Nontax Revenues	736,700,000
6		
7	Total General Fund Availability	18,940,011,278
8		
9	Adjustments to Availability: Senate Bill 897	
10	Internal Revenue Code Conformity	(7,700,000)
11	Tax Benefits for Investments in Small Business	(3,600,000)
12	Tax Benefits for Small Businesses That Provide Health Insurance	(7,200,000)
13	Tax Benefits for Putting People Back to Work	(7,200,000)
14	Reserve for Pending Finance Legislation	(34,300,000)
15	Department of Revenue Settlement Initiative	110,000,000
16	Transfer from Disproportionate Share Reserve	35,000,000
17	Loss of Estate Tax Revenue	(85,000,000)
18	Transfer from Wildlife Resources Commission Fund	3,000,000
19	Divert Funds from Scrap Tire Disposal Account	2,500,000
20	Divert Funds from White Goods Fund	1,200,000
21	Transfer from Mercury Pollution Prevention Fund	2,250,000
22	Transfer from Express Permitting Fund	600,000
23	Transfer from Bladen Lakes Special Fund	500,000
24	Transfer from Aquariums Fund	2,000,000
25	Revert Funds from ECU Magnetic Resonance Imaging Lease and Equipment	
26	Fund	2,000,000
27	Adjust Transfer from Insurance Regulatory Fund	(2,213,620)
28	Adjust Transfer from Treasurer's Office	(380,086)
29		
30	Subtotal Adjustments to Availability: Senate Bill 897	11,456,294
31		
32	Revised General Fund Availability	18,951,467,572
33	Less General Fund Appropriations	18,875,484,772
34		
35	Balance Remaining for Savings Reserve Account	75,982,800
36		

37 **SECTION 2.2.(b)** Except for funds transferred in Section 2.3 of this act and
38 notwithstanding G.S. 143C-4-2 and G.S. 143C-4-3, the State Controller shall reserve the
39 remaining balance specified in Section 2.1 of this act to the Savings Reserve Account.

40 **SECTION 2.2.(c)** Notwithstanding the provisions of G.S. 105-187.19(b), effective
41 for taxes levied during the 2010-2011 fiscal year, the Secretary of Revenue shall credit to the
42 General Fund the net tax proceeds that G.S. 105-187.19(b) directs the Secretary to credit to the
43 Scrap Tire Disposal Account.

44 **SECTION 2.2.(d)** Notwithstanding the provisions of G.S. 105-187.24, effective for
45 taxes levied during the 2010-2011 fiscal year, the Secretary of Revenue shall credit to the
46 General Fund the net tax proceeds that G.S. 105-187.24 directs the Secretary to credit to the
47 White Goods Management Account.

48 **SECTION 2.2.(e)** The Brody School of Medicine (formerly known as the East
49 Carolina University School of Medicine) shall transfer the sum of two million dollars
50 (\$2,000,000) from Budget Code 06067, Fund Code 0142, to the Office of State Controller for
51 deposit to Nontax Budget Code 19978 (Intrastate Transfers) for the 2010-2011 Fiscal Year.

1 **SECTION 2.2.(f)** Section 2.2(g) of S.L. 2009-451, as amended by Section 2 of
 2 S.L. 2009-575, reads as rewritten:

3 **"SECTION 2.2.(g)** Notwithstanding any other provision of law to the contrary, effective
 4 July 1, 2009, the following amounts shall be transferred to the State Controller to be deposited
 5 in Nontax Budget Code 19978 (Intrastate Transfers) or the appropriate budget code as
 6 determined by the State Controller. These funds shall be used to support the General Fund
 7 appropriations as specified in this act for the ~~2009-2011 fiscal biennium~~ 2009-2010 fiscal year.

			FY 2009-2010	FY 2010-2011
Budget Code	Fund Code	Description	Amount	Amount
67425		Trust Telecommunication	4,500,000	0
23515	2510	DPI IT Projects – Legacy Updates	3,000,000	0
63501	6801	DPI Trust Special-Teaching Fellows	5,500,000	0
63501	6112	Computer Loan Revolving Fund	120,677	0
63501	6117	Business and Education Technology Alliance	26,336	0
24600	2553	Grape Growers Council	194,929	0
24600	2821	Credit Union Supervision	760,411	0
24600	2851	Cemetery Commission	259,036	0
54600		Commerce Enterprise	10,501,726	0
64605		Utilities Commission/Public Staff	12,008,720	0
64612		NC Rural Electrification Authority	210,240	0
24308	2815	VRS Geodetic Survey & DOT	5,328	0
24317	2339	ADM Fines & Penalties	230,902	0
		Nurse Educators of Tomorrow Scholarship Loan	1,000,000	0"

27 **SECTION 2.2.(g)** Notwithstanding any other provision of law to the contrary,
 28 effective July 1, 2010, the following amounts shall be transferred to the State Controller to be
 29 deposited in Nontax Budget Code 19978 (Intrastate Transfers) or the appropriate budget code
 30 as determined by the State Controller. These funds shall be used to support the General Fund
 31 appropriations as specified in this act for the 2010-2011 fiscal year.

			FY 2010-2011
Budget Code	Fund Code	Description	Amount
24300	2119	Mercury Pollution Prevention	2,250,000
24300	2221	Forestry – Bladen Lakes	500,000
24300	2356	Express Permitting	600,000
24300	2865	N.C. Aquariums	2,000,000
24350		Wildlife Resources Commission Fund	3,000,000

43 **SECTION 2.2.(h)** Section 2.2(h) of S.L. 2009-451 reads as rewritten:

44 **"SECTION 2.2.(h)** Notwithstanding G.S. 143C-9-3, of the funds credited to the Tobacco
 45 Trust, the sum of five million dollars (\$5,000,000) shall be transferred from the Department of
 46 Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust Fund), to the State
 47 Controller to be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to support
 48 General Fund appropriations for the 2009-2010 and 2010-2011 fiscal years. These funds shall
 49 be transferred on or after April 30, ~~2010~~ 2011."

1 **DESIGNATE EXCESS FUNDS GENERATED BY THE DEPARTMENT OF REVENUE**
 2 **SETTLEMENT INITIATIVE TO SUPPLEMENT CONTRIBUTION TO THE**
 3 **STATE RETIREMENT SYSTEM**

4 **SECTION 2.3.(a)** The General Assembly finds that losses to the Teachers' and
 5 State Employees' Retirement System are substantial due to the decline in the State and national
 6 economies beginning in 2007. The General Assembly also finds that the Teachers' and State
 7 Employees' Retirement System is in need of additional funds to help rebuild the System's
 8 financial stability and provide assurance to the State's current and future employees and retirees
 9 of a sound retirement benefit. Therefore, it is the General Assembly's intent to address the
 10 System's financial needs and to establish a means to increase funding to the System by using
 11 certain excess revenue in the State's General Fund.

12 **SECTION 2.3.(b)** In the event that the State's General Fund revenues, including all
 13 transfers to the General Fund authorized by law, are at or above those projected by the
 14 Governor (or that officer's designee) and by the Fiscal Research Division and are sufficient to
 15 meet the level of appropriations authorized by law from the General Fund for the 2010-2011
 16 fiscal year, any excess accruing from additional tax revenue generated by the Department of
 17 Revenue Settlement Initiative to resolve outstanding disputes with businesses that owe taxes to
 18 the State shall be transferred to the Reserve for the Teachers' and State Employees' Retirement
 19 System.

20 **SECTION 2.3.(c)** Excess revenue realized pursuant to subsection (b) of this
 21 section is hereby appropriated for the 2010-2011 fiscal year up to the amount of one hundred
 22 thirty-five million dollars (\$135,000,000) and is to be transferred from the Reserve for
 23 Teachers' and State Employees' Retirement System to the Pension Accumulation Fund of the
 24 Teachers' and State Employees' Retirement System as provided for in G.S. 135-8(d).

25
 26 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

27
 28 **CURRENT OPERATIONS/HIGHWAY FUND**

29 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
 30 and operation of the Department of Transportation and for other purposes as enumerated are
 31 adjusted for the fiscal year ending June 30, 2011, according to the following schedule.
 32 Amounts set out in brackets are reductions from Highway Fund Appropriations for the
 33 2010-2011 fiscal year.

	2010-2011
36 Department of Transportation	
37 Administration	\$ (1,360,746)
38	
39 Division of Highways	
40 Administration	0
41 Construction	3,840,718
42 Maintenance	(2,078,811)
43 Planning and Research	0
44 OSHA Program	0
45	
46 Ferry Operations	11,349,869
47	
48 State Aid	
49 Municipalities	(785,319)
50 Public Transportation	0
51 Airports	500,000

1	Railroads	6,325,000
2		
3	Governor's Highway Safety Program	0
4		
5	Division of Motor Vehicles	200,325
6		
7	Transfers to Other State Agencies, and Reserves	34,898,964
8		
9	TOTAL	\$ 52,890,000

HIGHWAY FUND AVAILABILITY

12 **SECTION 3.2.** Section 3.2 of S.L. 2009-451 is repealed. The Highway Fund
 13 availability used in adjusting the 2010-2011 fiscal year budget is shown below:

15	Highway Fund Availability Statement	2010-2011
16		
17	Unappropriated Balance from Previous Year	\$0
18	Beginning Fund Balance	\$0
19	Estimated Revenue	\$1,792,540,000
20		
21	Total Highway Fund Availability	\$1,792,540,000
22		
23	Unappropriated Balance	\$0

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**CURRENT OPERATIONS/HIGHWAY TRUST FUND**

28 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the
 29 maintenance and operation of the Department of Transportation and for other purposes as
 30 enumerated are adjusted for the fiscal year ending June 30, 2011, according to the following
 31 schedule. Amounts set out in brackets are reductions from Highway Trust Fund Appropriations
 32 for the 2010-2011 fiscal year.

34	Current Operations – Highway Trust Fund	2010-2011
35		
36	Intrastate System	4,995,162
37	Urban Loops	2,019,836
38	Aid to Municipalities	524,109
39	Secondary Roads	(170,627)
40	Program Administration	371,520
41	North Carolina Turnpike Authority	0
42	Transfer to General Fund	0
43	Debt Service	0
44		
45	TOTAL	7,740,000

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

48 **SECTION 4.2.** Section 4.2 of S.L. 2009-451 is repealed. The Highway Trust Fund
 49 availability used in developing the 2010-2011 fiscal year budget is shown below:

1 **Total Highway Trust Fund Availability**

\$928,730,000

2
3 **PART V. OTHER APPROPRIATIONS**

4
5 **EDUCATION LOTTERY**

6 **SECTION 5.1.(a)** Pursuant to G.S. 18C-164, the revenue used to support
7 appropriations made in this act is transferred from the State Lottery Fund in the amount of four
8 hundred forty-one million three hundred forty-seven thousand five hundred dollars
9 (\$441,347,500) for the 2010-2011 fiscal year.

10 **SECTION 5.1.(b)** Notwithstanding G.S. 18C-164(f) or any other provision of law,
11 excess lottery receipts realized in the 2009-2010 fiscal year in the amount of thirty-one million
12 eight hundred eighty-one thousand forty-six dollars (\$31,881,046) shall be transferred to the
13 Public School Building Capital Fund and allocated on the basis of average daily membership
14 (ADM) to those local school administrative units that did not qualify for funding in the
15 2009-2010 fiscal year pursuant to G.S. 115C-546.2(d)(2). Notwithstanding G.S. 18C-164(f) or
16 any other provision of law, the balance of the excess lottery revenues realized in the 2009-2010
17 fiscal year shall be used for class size reduction.

18 **SECTION 5.1.(c)** Section 5.2(d) of S.L. 2009-451, as enacted by Section 3N of
19 S.L. 2009-575, is repealed.

20 **SECTION 5.1.(d)** Notwithstanding G.S. 18C-164(b), funds in the amount of
21 sixteen million eight hundred eight thousand seventy-six dollars (\$16,808,076) shall be
22 transferred from the Education Lottery Reserve Fund to the Education Lottery Fund to support
23 appropriations made in this act. These funds shall be allocated for class size reduction.

24 **SECTION 5.1.(e)** Notwithstanding G.S. 18C-164, the appropriations made from
25 the Education Lottery Fund pursuant to G.S. 18C-164(d) for the 2010-2011 fiscal year are as
26 follows:

27	(1) Class Size Reduction	\$ 226,038,041
28	(2) Prekindergarten Program	84,635,709
29	(3) Public School Building Capital Fund	130,008,122
30	(4) Scholarships for Needy Students	36,807,021
31	Total	\$ 477,488,893

32 **SECTION 5.1.(f)** Funds appropriated in subsection (e) of this section to the Public
33 School Building Capital Fund for the 2010-2011 fiscal year shall be allocated to counties in
34 accordance with G.S. 115C-546.2.

35 Notwithstanding G.S. 18C-164(f), if the actual net lottery revenues for the
36 2010-2011 fiscal year exceed the amounts appropriated in subsection (e) of this section, the
37 excess net revenues shall be allocated on the basis of average daily membership to local school
38 administrative units that did not qualify for funding for the 2010-2011 fiscal year pursuant to
39 G.S. 115C-546.2(d)(2). The maximum allocation shall be the amount received by other units
40 pursuant to G.S. 115C-546.2(d)(2) on the basis of per average daily membership.

41 **SECTION 5.1.(g)** Counties may authorize local school administrative units to use
42 funds received from the Public School Capital Fund pursuant to subsection (f) of this section
43 for one or more of the following purposes only: (i) for school construction projects in
44 accordance with G.S. 115C-546.2(d), (ii) to retire indebtedness incurred for school construction
45 projects incurred on or after January 1, 2003, in accordance with G.S. 115C-546.2(d), and (iii)
46 for classroom teachers. Funds used for classroom teachers shall supplement and not supplant
47 existing local current expense funding for the public schools.

48 These funds shall not be included in the computation of "average per pupil
49 allocation for average daily membership" or "per pupil local current expense appropriation"
50 under G.S. 115C-238.29H.

1 **SECTION 5.1.(h)** Subsections (b) and (c) of this section become effective June 30,
2 2010.

3
4 **APPROPRIATION OF CASH BALANCES**

5 **SECTION 5.3.** Section 5.4 of S.L. 2009-451 reads as rewritten:

6 **"SECTION 5.4.(a)** State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated ~~and~~
7 ~~authorized~~ as provided in G.S. 143C-1-2 for the 2009-2011 fiscal biennium as follows:

8 (1) For all budget codes listed in the Base Budget and Performance
9 Management Information sections of "North Carolina State Budget,
10 Recommended Operating Budget 2009-2011, Volumes 1 through 6," and in
11 the Budget Support Document, cash balances and receipts are appropriated
12 up to the amounts specified in Volumes 1 through 6, as adjusted by the
13 General Assembly, for the 2009-2010 fiscal year and the 2010-2011 fiscal
14 year. Funds may be expended only for the programs, purposes, objects, and
15 line items specified in Volumes 1 through 6, or otherwise authorized by the
16 General Assembly. Expansion budget funds listed in those documents are
17 appropriated only as otherwise provided in this act.

18 (2) For all budget codes that are not listed in "North Carolina State Budget,
19 Recommended Operating Budget 2009-2011, Volumes 1 through 6," or in
20 the Budget Support Document, cash balances and receipts are appropriated
21 for each year of the 2009-2011 fiscal biennium up to the level of actual
22 expenditures for the ~~2008-2009-2009-2010~~ fiscal year, unless otherwise
23 provided by law. Funds may be expended only for the programs, purposes,
24 objects, and line items authorized for the ~~2008-2009-2009-2010~~ fiscal year.

25 (3) Notwithstanding subdivisions (1) and (2) of this subsection, any receipts that
26 are required to be used to pay debt service requirements for various
27 outstanding bond issues and certificates of participation are appropriated up
28 to the actual amounts received for the 2009-2010 fiscal year and the
29 2010-2011 fiscal year and shall be used only to pay debt service
30 requirements.

31 (4) Notwithstanding subdivisions (1) and (2) of this subsection, cash balances
32 and receipts of funds that meet the definition issued by the Governmental
33 Accounting Standards Board of a trust or agency fund are appropriated for
34 and in the amounts required to meet the legal requirements of the trust
35 agreement for the 2009-2010 fiscal year and the 2010-2011 fiscal year.

36 **"SECTION 5.4.(b)** Receipts collected in a fiscal year in excess of the amounts authorized
37 by this section shall remain unexpended and unencumbered until appropriated by the General
38 Assembly in a subsequent fiscal year, unless the expenditure of overrealized receipts in the
39 fiscal year in which the receipts were collected is authorized by the State Budget Act.

40 Overrealized receipts are appropriated up to the amounts necessary to implement this
41 subsection.

42 In addition to the consultation and reporting requirements set out in G.S. 143C-6-4, the
43 Office of State Budget and Management shall report to the Joint Legislative Commission on
44 Governmental Operations and to the Fiscal Research Division within 30 days after the end of
45 each quarter on any overrealized receipts approved for expenditure under this subsection by the
46 Director of the Budget. The report shall include the source of the receipt, the amount
47 overrealized, the amount authorized for expenditure, and the rationale for expenditure.

48 **"SECTION 5.4.(c)** Notwithstanding subsections (a) and (b) of this section, there is
49 appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax
50 Revenues for each fiscal year an amount equal to the amount of the distributions required by
51 law to be made from that reserve for that fiscal year."

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 5.4. Section 5.6 of S.L. 2009-451 reads as rewritten:

"SECTION 5.6. Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget and after consultation with the Joint Legislative Committee on Governmental Operations, spend funds received from grants awarded subsequent to the enactment of this act. The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. The Office of State Budget and Management shall consult with the Joint Legislative Commission on Governmental Operations prior to expending any funds received from grant awards. Funds received from such grants are hereby appropriated and shall be incorporated into the ~~certified~~-authorized budget of the recipient State agency."

PART VI. GENERAL PROVISIONS**EXPENDITURE OF FUNDS IN RESERVES LIMITED**

SECTION 6.1. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

BUDGET CODE CONSOLIDATIONS

SECTION 6.2. Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management may adjust the enacted budget by making transfers among purposes or programs for the purpose of consolidating budget and fund codes or eliminating inactive budget and fund codes. The Office of State Budget and Management shall change the authorized budget to reflect these adjustments.

BUDGET REALIGNMENT

SECTION 6.3. Notwithstanding G.S. 143C-6-4(b), the Office of State Budget and Management, in consultation with the Office of the State Controller and the Fiscal Research Division, may adjust the enacted budget by making transfers among purposes or programs for the sole purpose of correctly aligning authorized positions and associated operating costs with the appropriate purposes or programs as defined in G.S. 143C-1-1(d)(23). The Office of State Budget and Management shall change the certified budget to reflect these adjustments only after reporting the proposed adjustments to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Under no circumstances shall total General Fund expenditures for a State department exceed the amount appropriated to that department from the General Fund for the fiscal year.

BUDGET ADJUSTMENTS AUTHORIZED

SECTION 6.4.(a) Notwithstanding G.S. 143C-6-4(b)(3), the maximum amount expended at the budget code level from funds appropriated in Section 2.1 of S.L. 2009-451, as amended, shall not exceed by more than three percent (3%) the amount appropriated for that budget code in Section 2.1 of S.L. 2009-451, as amended.

SECTION 6.4.(b) This section applies to the 2010-2011 fiscal year only.

ESTABLISHING OR INCREASING FEES PURSUANT TO THIS ACT

SECTION 6.5.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee as authorized or anticipated in this act.

1 **SECTION 6.5.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
2 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized
3 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
4 150B of the General Statutes.

5
6 **LEGISLATIVE BUDGET PRIORITIES FOR ECONOMIC DEVELOPMENT**

7 **SECTION 6.6.** The General Assembly finds North Carolina's citizens and
8 businesses are suffering from the effects of a significant State, national, and international
9 financial crisis and that this financial crisis has resulted in large reductions in revenues
10 available to fund the State's budget for the upcoming year and in large increases in demand for
11 State services. The General Assembly further finds that, in spite of the reduced revenues, the
12 State must act decisively to create jobs, encourage economic activity to keep our families
13 working, provide job training and higher education opportunities to the citizens of the State,
14 and protect core government services such as health care for the most vulnerable populations
15 and public safety for the citizens of the State; therefore, the General Assembly provides
16 funding for and support of the following initiatives:

- 17 (1) Retention of classroom teachers.
- 18 (2) Tax credits for small businesses.
- 19 (3) Small Business Assistance Fund to make loans available to businesses.
- 20 (4) Preservation of access to health care for vulnerable populations.
- 21 (5) Financial aid to needy college and community college students.
- 22 (6) Full funding for community college enrollment growth to be used to hire
23 additional faculty and student support staff.
- 24 (7) Small Business Centers at community colleges.
- 25 (8) Business Recruitment, Marketing, and Agricultural and Business
26 International Trade funds to create export opportunities and increase
27 investment in North Carolina.
- 28 (9) One North Carolina Small Business matching grants for federal incentives.
- 29 (10) One North Carolina Fund to enhance business recruitment.
- 30 (11) Job Maintenance and Capital Development Fund for employment in Tier 1
31 counties.
- 32 (12) Energy Research Grants that match federal funds for research in energy and
33 green jobs.
- 34 (13) Full funding for the seven Regional Economic Development Commissions.
- 35 (14) Home Grown Jobs to help rural communities compete for businesses.
- 36 (15) Main Street Solutions grants for downtown improvements that support small
37 businesses.
- 38 (16) Biofuels Center working to develop North Carolina's biofuels industry.
- 39 (17) North Carolina Biotechnology Center developing the State's biotechnology
40 industry.
- 41 (18) Indian Economic Development initiatives to assist Indian communities with
42 job creation.
- 43 (19) Family Farm Opportunity and Innovation grants to stimulate jobs and
44 innovation on small farms.
- 45 (20) Got to Be NC Marketing to promote North Carolina agricultural products.
- 46 (21) Agricultural Development and Farmland Preservation funds to sustain
47 working farms and promote agribusiness.
- 48 (22) Natural Gas and Petroleum Exploration to understand the State's natural gas
49 and petroleum potential.
- 50 (23) Funding restored for mental health programs.
- 51 (24) Tar Heel Works Program providing work-based training.

- 1 (25) UNCC Energy Production Infrastructure Center (EPIC).
 2 (26) ECU Dental School Operations.
 3 (27) NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering.
 4 (28) NC A&T College of Engineering.
 5 (29) Full funding for Clean Water State Revolving Fund.
 6 (30) Full funding for Drinking Water State Revolving Fund.
 7 (31) Minority Support Center funds for loans to small businesses with limited
 8 access to credit.
 9 (32) Tourism Marketing funds to promote North Carolina as a tourist destination.
 10 (33) In-Source NC creating buyer-supplier networks among businesses in North
 11 Carolina.
 12 (34) Capital projects.
 13 (35) Basic Skills Plus providing accelerated job training for people seeking their
 14 high school diploma or its equivalent.
 15 (36) Minority Male Mentoring Program.
 16

17 AMEND ARRA FUNDS

18 **SECTION 6.7.** Section 6.6C(b) of Session Law 2009-451 reads as rewritten:

19 **"SECTION 6.6C.(b)** Appropriation of ARRA Funds. – Funds received from ARRA grants
 20 and receipts not specified in this act are hereby appropriated in the amounts provided in the
 21 notification of award from the federal government or any entity acting on behalf of the federal
 22 government to administer federal ARRA funds. ~~Prior to allocation of funds not expressly~~
 23 ~~delineated in this act, the~~ Within 30 days after notification of the allocation of federal funds,
 24 OSBM and affected state ~~State agencies shall consult with report to the~~ Joint Legislative
 25 Commission on Governmental ~~Operations.~~ Operations on ARRA grants received that are not
 26 expressly delineated in this act."
 27

28 INFORMATION TECHNOLOGY OPERATIONS

29 **SECTION 6.8.** Section 6.7 of S.L. 2009-451 reads as rewritten:

30 **"SECTION 6.7.(a)** Office of Information Technology Services Budget. – Notwithstanding
 31 G.S. 147-33.88, the Office of Information Technology Services shall develop an annual budget
 32 for review and approval by the Office of State Budget and Management in accordance with a
 33 schedule prescribed by the Director of the Office of State Budget and Management. The
 34 approved Office of Information Technology Services budget shall be included in the
 35 Governor's budget recommendations to the General Assembly.

36 The Office of State Budget and Management shall ensure that State agencies have an
 37 opportunity to adjust their budgets based on any rate changes proposed by the Office of
 38 Information Technology Services.

39 **"SECTION 6.7.(b)** Enterprise Projects. – The State Chief Information Officer shall
 40 consult the respective State agency chief information officers to identify specific State agency
 41 requirements prior to the initiation of any enterprise ~~project.~~ project or contract. State agency
 42 requirements shall be incorporated into any enterprise agreement signed by the State Chief
 43 Information Officer. Enterprise projects shall not exceed the participating State agencies' ability
 44 to financially support the contracts.

45 The State Chief Information Officer shall not enter into any information technology
 46 contracts without obtaining written agreements from participating State agencies regarding
 47 apportionment of funding. State agencies agreeing to participate in a contract shall:

- 48 (1) Ensure that sufficient funds are budgeted to support their agreed shares of
 49 enterprise agreements throughout the life of the contract.

1 (2) Transfer the agreed-upon funds to the Office of Information Technology
2 Services in sufficient time for the Office of Information Technology
3 Services to meet contract requirements.

4 (3) Ensure that enterprise project costs are allocated to participating agencies in
5 an equitable manner.

6 "**SECTION 6.7.(c)** Notwithstanding the cash management provisions of G.S. 147-86.11,
7 the Office of Information Technology Services may procure information technology goods and
8 services for periods of up to a total of three years where the terms of the procurement contract
9 require payment of all, or a portion, of the contract purchase price at the beginning of the
10 agreement. All of the following conditions shall be met before payment for these agreements
11 may be disbursed:

12 (1) Any advance payment complies with the Office of Information Technology
13 Services budget.

14 (2) The State Controller receives conclusive evidence that the proposed
15 agreement would be more cost-effective than a multiyear agreement that
16 complies with G.S. 147-86.11.

17 (3) The procurement complies in all other aspects with applicable statutes and
18 rules.

19 (4) The proposed agreement contains contract terms that protect the financial
20 interests of the State against contractor nonperformance or insolvency
21 through the creation of escrow accounts for funds, source codes, or both, or
22 by any other reasonable means that have legally binding effect.

23 The Office of State Budget and Management shall ensure the savings from any authorized
24 agreement shall be included in the Office of Information Technology Services calculation of
25 rates before the Office of State Budget and Management annually approves the proposed rates.
26 The Office of Information Technology Services shall report to the Office of State Budget and
27 Management on any State agency budget impacts resulting from multiyear contracts.

28 The Office of Information Technology Services shall submit a quarterly written report of
29 any authorizations granted under this subsection to the Joint Legislative Oversight Committee
30 on Information Technology and to the Fiscal Research Division.

31 "**SECTION 6.7.(d)** State agencies developing and implementing information technology
32 projects shall use the State infrastructure to host their projects. The State Chief Information
33 Officer may grant an exception if the State agency can demonstrate any of the following:

34 (1) Using an outside contractor would be more cost-effective for the State.

35 (2) The Office of Information Technology Services does not have the technical
36 capabilities required to host the application.

37 (3) Valid security requirements preclude the use of State infrastructure, and a
38 contractor can provide a more secure environment.

39 "**SECTION 6.7.(e)** Service level agreements developed with supported State agencies
40 shall include metrics for ITS, as well as the supported agencies. When ITS or an agency fails to
41 meet metrics established by the SLA, a report will be provided to the Office of State Budget
42 and Management and the Fiscal Research Division of the General Assembly within 10 days
43 that details the shortfall and provides a corrective action plan with a time line.

44 "**SECTION 6.7.(f)** The Office of Information Technology Procurement shall assist State
45 agencies in identifying the least expensive source for the purchase of IT goods and services and
46 shall ensure that agencies receive every available discount when purchasing IT goods and
47 services.

48 "**SECTION 6.7.(g)** The State CIO shall ensure that the agency bills from ITS for
49 information technology goods and services are easily understood and fully transparent.

1 "SECTION 6.7.(h) If a State agency fails to pay its Information Technology Internal
2 Service Fund bills within 30 days of receipt, the Office of State Budget and Management may
3 transfer funds to cover the cost of the bill from that agency to the IT Internal Service Fund."
4

5 **COORDINATION OF INFORMATION TECHNOLOGY REQUIREMENTS AND**
6 **GEOGRAPHICAL INFORMATION SYSTEM EFFORTS**

7 **SECTION 6.9.(a)** The State Chief Information Officer (SCIO), through the
8 Enterprise Program Management Office (EPMO), shall adopt measures to avoid the duplication
9 of information technology capabilities and resources across State agencies. When multiple
10 State agencies require the same or a substantially similar information technology capability, the
11 SCIO shall designate one State agency as the lead to coordinate support and to manage that
12 capability for all State agencies requiring the capability, with the SCIO maintaining oversight
13 of the effort. Further, the EPMO shall:

- 14 (1) Review all ongoing and future information technology projects to determine
15 whether the capabilities required for each project, or the specific
16 requirements comprising a component within a project, already exist in a
17 planned, ongoing, or completed information technology project developed
18 by another State agency.
- 19 (2) When State agencies request approval for new projects determine if the
20 information technology project has transferable applicability to current or
21 future capabilities required by another State agency.
- 22 (3) Upon identifying an existing information technology capability needed by a
23 State agency, assist that agency in determining how best to access existing
24 projects.
- 25 (4) Identify all current instances of duplication and work with the affected State
26 agencies to develop and implement a plan to integrate their efforts. These
27 plans shall be reported to the Joint Legislative Oversight Committee on
28 Information Technology and to the Fiscal Research Division by January 1,
29 2011.

30 **SECTION 6.9.(b)** All State agencies shall coordinate any Geographic Information
31 System (GIS) initiatives through the Center for Geographic Information and Analysis (CGIA)
32 to ensure that they are not duplicating an existing function. The CGIA shall monitor and
33 approve all new GIS-related information technology projects and expansion budget requests.
34 By January 1, 2011, the CGIA shall make a written report to the Joint Legislative Oversight
35 Committee on Information Technology and to the Fiscal Research Division on the results of
36 these efforts.
37

38 **CRIMINAL JUSTICE LAW ENFORCEMENT AUTOMATED DATA SERVICES**
39 **(CJLEADS)**

40 **SECTION 6.10.(a)** The Department of Justice and the Office of the State
41 Controller, in cooperation with the State Chief Information Officer, shall:

- 42 (1) Continue the implementation of the Criminal Justice Data Integration Pilot
43 Program, which is now known as the Criminal Justice Law Enforcement
44 Automated Data Services (CJLEADS), in Wake County;
- 45 (2) Develop a plan to transition CJLEADS to the Department of Justice
46 beginning July 1, 2011, with all the elements of a Type I transfer as defined
47 in G.S. 143A-6, and
- 48 (3) Provide quarterly reports on the status of the Program and the transition plan
49 to the Joint Legislative Oversight Committee on Information Technology
50 beginning October 1, 2010.

1 The Office of the State Controller shall not expand CJLEADS beyond Wake County without
2 prior coordination with the Department of Justice.

3 **SECTION 6.10.(b)** The Department of Justice shall administer CJLEADS with the
4 assistance of a Leadership Council consisting of:

- 5 (1) The Attorney General;
- 6 (2) The Director of Administrative Office of the Courts;
- 7 (3) The Secretary of the Department of Correction;
- 8 (4) The Secretary of Crime Control and Public Safety;
- 9 (5) The Secretary of the Department of Juvenile Justice and Delinquency
10 Prevention;
- 11 (6) The Commissioner of Motor Vehicles, Department of Transportation;
- 12 (7) The President of The North Carolina Association of Chiefs of Police;
- 13 (8) The Executive Director of the North Carolina Sheriffs' Association;
- 14 (9) A representative of the Federal Bureau of Investigation who shall be a
15 nonvoting member;
- 16 (10) The State Controller; and
- 17 (11) The State Chief Information Officer.

18 **SECTION 6.10.(c)** The transfer of the hosting of CJLEADS to the Department of
19 Justice shall be completed by July 1, 2012.

20 21 **ITS NETWORK INTEGRATION**

22 **SECTION 6.11.** Section 6.13(c) of S.L. 2009-451, as amended by Sections 3A(b)
23 and 3A(c) of S.L. 2009-575, reads as rewritten:

24 "**SECTION 6.13.(c)** Following completion of the feasibility study by the Office of
25 Information and Technology Services and the Office of State Budget and Management, and if
26 the Program Evaluation Division and the Fiscal Research Division can verify that the
27 efficiencies and savings identified in the study are valid, accurate, and substantial enough to
28 justify increased coordination, then the Office of Information Technology Services and MCNC
29 shall develop a plan to identify areas in which it may be feasible to coordinate their operations.
30 The coordination plan shall include at least the following:

- 31 (1) Definition of requirements to achieve statewide integration.
- 32 (2) Detailed information on the allocation of responsibility for each requirement
33 and component.
- 34 (3) An estimate of the associated costs with each requirement or component,
35 including what the costs to each agency would be without coordination.
- 36 (4) Priorities for integration.
- 37 (5) A schedule for implementation.
- 38 (6) Detailed cost information for the development and integration of a single
39 network.
- 40 (7) A governance structure for management and oversight of the network.
- 41 (8) A means for resolution of any issues identified during the feasibility study.

42 The coordination plan shall be completed by ~~May 1, 2010~~, December 1, 2010, and shall be
43 presented to the Joint Legislative Commission on Governmental Operations and the Joint
44 Legislative Oversight Committee on Information Technology."
45

46 **INFORMATION TECHNOLOGY CONTRACTED PERSONNEL**

47 **SECTION 6.12.** Section 6.18 of S.L. 2009-451 reads as rewritten:

48 "**SECTION 6.18.(a)** Beginning July 1, 2009, and notwithstanding any provision of law to
49 the contrary:

- 50 (1) No contract for information technology personal services, or providing
51 personnel to perform information technology functions, may be established

1 or renewed for any term longer than 12 months unless otherwise specifically
2 ~~required by a contract in effect on June 30, 2009, without the express written~~
3 approval of the Statewide Information Technology Procurement Office
4 (SITPO). If a State agency is unable to hire an appropriately qualified
5 permanent State employee to perform specialized industry unique
6 information technology skills for any of the reasons set out in
7 sub-subdivisions a. through c. of this subdivision, then the agency may
8 renew the contract, if necessary, subject to the approval of the SITPO and
9 documentation that sufficient funds are available to renew the contract. The
10 renewed contract term shall be terminated when all of the following are
11 available: (i) adequate recurring funding, (ii) appropriate classified
12 positions, and (iii) qualified candidates. The reasons for which a contract
13 may be renewed under this subdivision are as follows:

14 a. There are no available or approved vacant positions.
15 b. There are no applicants or there are only unqualified applicants.
16 c. Failure to renew an existing contractor beyond the current contract
17 termination date would result in significant risk, hardship, liability,
18 exposure, loss of investment, or inability to conduct the agency's
19 duties on behalf of the State.

- 20 (2) Before any State agency, department, or institution may renew a contract
21 position for information technology personnel the State agency must report
22 to the SITPO, Office of State Budget and Management (OSBM), to the
23 Office of State Personnel (OSP), to the Office of Information Technology
24 Services (ITS), and to the Fiscal Research Division (FRD) of the Legislative
25 Services Office on the justification for the contract. The report shall explain:
26 a. The proposed duration of the contract position. If the contract term is
27 for more than 12 months, why recruitment for an in-house State
28 employee position is not feasible.
29 b. Whether the contract position requires unique skills for which the
30 State has a short-term need.
31 c. Whether the contract position is required by a specific information
32 technology project and if the position will be terminated upon
33 completion of the project.
34 d. The specific work products and completion time lines for the contract
35 position.
- 36 (3) Contract positions subject to this subsection shall be reviewed and approved
37 by the Statewide Information Technology Procurement Office and shall be
38 entered in the project portfolio management tool.
- 39 (4) Once approved, contract positions will be reviewed by the Office of State
40 Personnel to determine what the market rate is for the type of contractor
41 required, as well as to determine the comparable cost for a State employee.
42 Agencies may not exceed the market rate determined by OSP.
- 43 (5) After OSP provides cost data, OSBM must approve funding for the position.
- 44 (6) Whenever a State agency, department, or institution determines that only a
45 contractor can fill a position and the position is required to perform an
46 ongoing function within the agency, the head of the State agency must
47 develop and implement a plan to hire or train a qualified State employee to
48 fill that position within 12 months. Within 60 days of hiring the contractor,
49 this plan shall be forwarded to the Office of State Budget and Management,
50 to the Office of State Personnel, to the Office of Information Technology
51 Services, to the Joint Legislative Oversight Committee on Information

1 Technology, and to the Fiscal Research Division of the Legislative Services
2 Office.

3 (7) Any contract position requiring information technology skills is subject to
4 this provision. OSBM may immediately terminate the funding for any
5 information technology position that is filled without following defined
6 procedures.

7 (8) All information technology personnel contracts shall be competitive and
8 shall be subject to competition each time they expire. Exceptions must be
9 approved by ITS, OSP, and OSBM and can only be approved once for a
10 particular individual. Approved exceptions must be immediately reported to
11 the Joint Legislative Oversight Committee on Information Technology and
12 to the Fiscal Research Division of the Legislative Services Office.

13 (9) Deviations from these requirements shall be approved in advance only by
14 the SITPO.

15 **"SECTION 6.18.(b)** By October 1, 2009, and monthly thereafter, each State agency,
16 department, and institution employing information technology personal services contractors, or
17 personnel to perform information technology functions, shall provide a detailed report on those
18 contracts to the Office of State Budget and Management, to the Office of State Personnel, to the
19 Office of Information Technology Services, to the Joint Legislative Oversight Committee on
20 Information Technology, and to the Fiscal Research Division of the Legislative Services
21 Office. Each State agency's report shall include at least the following:

22 (1) For each contracted information technology position:

23 a. The title of the position, a brief synopsis of the essential functions of
24 the position, and how long the position has existed.

25 b. The name of the individual filling the position and the vendor
26 company, if any, that regularly employs that individual.

27 c. The type, start date, and the termination date of the contract.

28 d. The length of time that the individual filling the contracted position
29 has been employed as a contractor.

30 e. The contracted position salary or hourly rate, the number of hours per
31 year, and the total annualized cost of the contracted position.

32 f. The salary and benefits cost for a State employee performing the
33 same function.

34 g. The purchase order number for the position.

35 h. Whether the position can be converted to a State employee position.
36 This determination shall be made by the SITPO.

37 i. When the agency anticipates converting the position to a State
38 employee.

39 (2) The total annual cost for information technology contractors and the total
40 annual salary and benefits cost for filling the contract positions with State
41 employees.

42 (3) A determination of whether the information technology functions performed
43 by contractors can be performed by State employees, which shall be
44 validated by the Statewide Information Technology Procurement Office.

45 (4) All information required by this subsection related to information
46 technology contractors regardless of the contracting source.

47 (5) A detailed explanation for any differences between the agency report and the
48 Information Technology Expenditures Report annually published by the
49 Office of the State Controller.

50 **"SECTION 6.18.(c)** This section does not apply to The University of North Carolina and
51 its constituent institutions."

1
2 **CONTINUING PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS**
3 **TO MEET DEPARTMENT OF REVENUE TECHNOLOGY NEEDS**

4 **SECTION 6.13.** Section 6.20 of S.L. 2009-451 reads as rewritten:

5 **"SECTION 6.20.(a)** To speed the implementation of the Tax Information Management
6 System (TIMS) and the additional components of the Planning and Design Project (PDP)
7 ~~during the 2009-2011 fiscal biennium, through June 30, 2015,~~ the Secretary of the Department
8 of Revenue may enter into public-private arrangements where (i) the funding of projects under
9 the arrangement comes from revenue generated by the project and (ii) the project is related to
10 the implementation of TIMS and additional components of the PDP. As used in this section, the
11 "additional components of the PDP" are Enterprise Data Warehouse, Management Reporting
12 and Decision Analytics, Customer Relationship Management, Enterprise Case Management,
13 and E-Services.

14 Work under a public-private arrangement may be contracted by requests for proposals,
15 modifications to existing contracts, and purchases using existing contract vehicles.

16 The Secretary of Revenue shall establish a measurement process to determine the increased
17 revenue attributable to the public-private arrangements. To accomplish this, the Secretary shall
18 consult subject matter experts outside the Department of Revenue, both within State
19 government and from private industry. The measurement process shall include:

- 20 (1) Calculation of a revenue baseline against which the increased revenue
21 attributable to the project is measured;
22 (2) Periodic evaluation to determine if the baseline needs to be modified based
23 on significant measurable changes in the economic environment; and
24 (3) Monthly calculation of increased revenue attributable to contracts executed
25 under this program.

26 Of funds generated from collections above the baseline established by subdivision (1) of
27 this subsection, in both the General and Highway Funds, up to forty-one million dollars
28 (\$41,000,000) may be authorized by the Office of State Budget and Management (i) for the
29 purchases related to the implementation of TIMS and the additional components of the PDP,
30 including payment for services from non-State entities and (ii) toward internal State costs
31 related to the implementation of TIMS and PDP components. The total of any funds expended
32 during the 2009-2011 biennium for implementation of TIMS and the additional PDP
33 components shall not exceed the sum of forty-one million dollars (\$41,000,000).

34 If the Department of Revenue finds that it cannot generate additional benefits totaling
35 forty-one million dollars (\$41,000,000) ~~in the 2009-2011 biennium, through June 30, 2015, or~~
36 that total costs exceed the total available appropriations and earned benefits, then the
37 Department shall do all of the following: (i) immediately notify the Chairs of the House of
38 Representatives and Senate Appropriations Committees and Fiscal Research Division, (ii)
39 identify any obligations to vendors, (iii) identify options for meeting obligations to vendors,
40 and (iv) provide costs associated with each option. The Department shall ensure that this
41 notification is made in sufficient time to allow the General Assembly to properly evaluate the
42 options presented.

43 **"SECTION 6.20.(b)** Notwithstanding G.S. 114-2.3, the Department of Revenue shall
44 engage the services of private counsel with the pertinent information technology and computer
45 law expertise to review requests for proposals, and to negotiate and review contracts associated
46 with TIMS and the additional components of the Planning and Design Project (PDP)
47 (Enterprise Data Warehouse, Management Reporting and Decision Analytics, Customer
48 Relationship Management, Enterprise Case Management, and E-Services).

49 **"SECTION 6.20.(c)** There is established within the Department of Revenue the Oversight
50 Committee for reviewing and approving the benefits measurement methodology and
51 calculation process. The Oversight Committee shall review and approve all contracts executed

1 under this section. This shall include (i) details of each public-private contract, (ii) the benefits
2 from each contract, and (iii) a comprehensive forecast of the benefits of using public-private
3 agreements to implement TIMS and the additional PDP components, including the
4 measurement process established for the Secretary of Revenue. The Oversight Committee shall
5 approve all of the fund transfers for this project.

6 The members of the Committee shall include the following:

- 7 (1) The State Budget Director;
- 8 (2) The Secretary of the Department of Revenue;
- 9 (3) The State Chief Information Officer;
- 10 (4) Two persons appointed by the Governor;
- 11 (5) One member of the general public having expertise in information
12 technology appointed by the General Assembly upon the recommendation of
13 the Speaker of the House of Representatives; and
- 14 (6) One member of the general public having expertise in economic and revenue
15 forecasting appointed by the General Assembly upon recommendation of the
16 President Pro Tempore of the Senate.

17 The State Budget Director shall serve as chair of the Committee. The Committee shall set
18 its meeting schedule and adopt its rules of operation by majority vote. A majority of the
19 members constitutes a quorum. Vacancies shall be filled by the appointing authority.
20 Administrative support staff shall be provided by the Department of Revenue. Members of the
21 Committee shall receive reimbursements for subsistence and travel expenses as provided by
22 Chapter 138 of the General Statutes. The Committee shall terminate on ~~June 30, 2011~~ June 30,
23 2015.

24 "**SECTION 6.20.(d)** Beginning October 1, 2009, and quarterly thereafter, the Department
25 of Revenue shall submit reports to the Chairs of the House of Representatives and Senate
26 Committees on Appropriation, to the Joint Legislative Oversight Committee on Information
27 Technology, and to the Fiscal Research Division of the Legislative Services Office. The report
28 shall include (i) details of each public-private contract, (ii) the benefits from each contract, (iii)
29 a comprehensive forecast of the benefits of using public-private agreements to implement
30 TIMS and the additional PDP components, including cost savings and the acceleration of the
31 project timeline, (iv) and any issues associated with the operation of the public-private
32 partnership. Within 60 days of implementing the public-private partnership, the Department of
33 Revenue shall provide to the Chairs of the House of Representatives and Senate Appropriations
34 Committees, and Fiscal Research Division, a schedule for vendor payments that identifies
35 sources and amounts of funding anticipated as a result of the project's implementation.

36 "**SECTION 6.20.(e)** In addition to the oversight provided by the Oversight Committee
37 established in subsection (c) of this section, the TIMS project shall be subject to existing
38 Information Technology project oversight legislation, including, but not limited to,
39 G.S. 147-33.72C and G.S. 147-33.72E."
40

41 **FUNDING FOR DATA INTEGRATION ENTERPRISE LICENSING AGREEMENTS**

42 **SECTION 6.14.(a)** If the cost of data integration enterprise licensing agreements
43 for the 2010-2011 fiscal year is in excess of two million dollars (\$2,000,000), the Office of
44 Information Technology Services shall recover the excess cost through cost allocation to
45 participating agencies.

46 **SECTION 6.14.(b)** The State Chief Information Officer shall develop a plan for
47 the equitable distribution of all costs for executive agency data integration enterprise licensing
48 agreements to the participating agencies. By October 1, 2010, the State Chief Information
49 Officer shall present this plan to the Joint Legislative Oversight Committee on Information
50 Technology and shall provide a copy to Fiscal Research Division.

1 **SECTION 6.14.(c)** Beginning with the 2011-2012 fiscal year, all costs for
2 executive agency data integration enterprise licensing agreements shall be allocated to the
3 participating agencies.
4

5 **NETWORK SECURITY ASSESSMENTS**

6 **SECTION 6.15.(a)** G.S. 147-33.111 reads as rewritten:

7 "**§ 147-33.111. State CIO approval of security standards and security assessments.**

8 (a) Notwithstanding G.S. 143-48.3 or any other provision of law, and except as
9 otherwise provided by this section, all information technology security purchased using State
10 funds, or for use by a State agency or in a State facility, shall be subject to approval by the State
11 Chief Information Officer in accordance with security standards adopted under this Article.

12 (a1) The State Chief Information Officer shall conduct assessments of network
13 vulnerability, including network penetration or any similar procedure. The State Chief
14 Information Officer may contract with another party or parties to perform the assessments.
15 Detailed reports of the security issues identified shall be kept confidential as provided in
16 G.S. 132-6.1(c).

17 (b) If the legislative branch, the judicial branch, The University of North Carolina and
18 its constituent institutions, local school administrative units as defined by G.S. 115C-5, or the
19 North Carolina Community Colleges System develop their own security standards, taking into
20 consideration the mission and functions of that entity, that are comparable to or exceed those
21 set by the State Chief Information Officer under this section, then these entities may elect to be
22 governed by their own respective security standards, and approval of the State Chief
23 Information Officer shall not be required before the purchase of information technology
24 security. The State Chief Information Officer shall consult with the legislative branch, the
25 judicial branch, The University of North Carolina and its constituent institutions, local school
26 administrative units, and the North Carolina Community Colleges System in reviewing the
27 security standards adopted by those entities.

28 (c) Before a State agency may enter into any contract with another party for an
29 assessment of network ~~vulnerability, including network penetration or any similar procedure,~~
30 vulnerability, the State agency shall notify the State Chief Information Officer and obtain
31 approval of the request. ~~The State Chief Information Officer shall refer the request to the State~~
32 ~~Auditor for a determination of whether the Auditor's office can perform the assessment and~~
33 ~~testing. If the State Auditor determines that the Auditor's office can perform the assessment and~~
34 ~~testing, then the State Chief Information Officer shall authorize the assessment and testing by~~
35 ~~the Auditor. If the State Auditor determines that the Auditor's office cannot perform the~~
36 ~~assessment and testing, then with the approval of the State Chief Information Officer and State~~
37 ~~Auditor, the State agency may enter into a contract with another party for the assessment and~~
38 ~~testing.~~If the State agency enters into a contract with another party for assessment and testing,
39 after approval of the State Chief Information Officer, the State agency shall issue public reports
40 on the general results of the reviews. The contractor shall provide the State agency with
41 detailed reports of the security issues identified that shall not be disclosed as provided in
42 G.S. 132-6.1(c). The State agency shall provide the State Chief Information Officer ~~and the~~
43 ~~State Auditor~~ with copies of the detailed reports that shall not be disclosed as provided in
44 G.S. 132-6.1(c).

45 (d) Nothing in this section shall be construed to preclude the Office of the State Auditor
46 from assessing the security practices of State information technology systems as part of that
47 Office's duties and responsibilities."

48 **SECTION 6.15.(b)** G.S. 147-64.6(c)(18) is repealed.
49

50 **ENTERPRISE ELECTRONIC FORMS AND DIGITAL SIGNATURES**

1 **SECTION 6.17.(a)** Under the direction of the State Chief Information Officer
2 (SCIO), the State shall plan, develop, and implement a coordinated enterprise electronic forms
3 and digital signatures capability. In developing this capability, the SCIO shall complete an
4 inventory of paper and electronic forms currently in use by executive branch agencies within
5 the State, determine the cost of converting forms to an electronic format, determine priorities
6 for converting forms, and establish milestones for completing this conversion.

7 The SCIO's effort shall include integrating executive branch agencies already in the
8 process of developing electronic forms and digital signatures projects. Before beginning this
9 effort, the SCIO shall determine specific agency requirements and incorporate their
10 requirements into its planning efforts.

11 **SECTION 6.17.(b)** Beginning October 1, 2010, the SCIO shall present quarterly
12 reports on the status of the project to the Joint Legislative Oversight Committee on Information
13 Technology.

14
15 **ADDRESS NEEDS FOR BROADBAND FOR EDUCATION AND ECONOMIC**
16 **DEVELOPMENT/CREATE JOINT BROADBAND TASK FORCE**

17 **SECTION 6.18.(a)** There is created the Joint Broadband Task Force (Task Force).
18 The purpose of the Task Force is to bring together public and private Internet access providers,
19 legislators, and others to:

- 20 (1) Examine issues related to last mile broadband deployments in the State and
21 to improving the rate at which the general public accesses high-speed
22 broadband.
- 23 (2) Consider incentives and other funding mechanisms to advance last mile
24 deployments.
- 25 (3) Review the best and most cost-effective ways to address the needs of
26 communities and households that lack broadband access.
- 27 (4) Consider any other matters relating to last mile broadband deployment in
28 this State.

29 **SECTION 6.18.(b)** The Task Force shall consist of 21 voting members appointed
30 as follows:

- 31 (1) Ten members appointed by the Speaker of the House of Representatives,
32 including:
 - 33 a. Five members of the House of Representatives.
 - 34 b. One representative of the North Carolina League of Municipalities.
 - 35 c. One representative of the North Carolina Association of County
36 Commissioners.
 - 37 d. One representative of a large telephone company that provides
38 high-speed Internet service to 200,000 or more access lines.
 - 39 e. One representative of a wireless high-speed Internet access provider.
 - 40 f. One member of the general public.
- 41 (2) Ten members appointed by the President Pro Tempore of the Senate,
42 including:
 - 43 a. Five members of the Senate.
 - 44 b. One representative of the North Carolina League of Municipalities.
 - 45 c. One representative of the North Carolina Association of County
46 Commissioners.
 - 47 d. One representative of a small telephone company that provides
48 high-speed Internet service to less than 200,000 access lines.
 - 49 e. One representative of a cable television company that provides
50 high-speed Internet access.
 - 51 f. One member of the general public.

- 1 (3) One member elected by a vote of the other members of the Task Force from
2 nominees recommended by municipalities providing high-speed Internet
3 access within the State.

4 **SECTION 6.18.(c)** The State Chief Information Officer, a member of the Utilities
5 Commission, the Secretary of the Department of Transportation (or the Secretary's designee),
6 and a representative of the e-NC Authority shall serve as nonvoting ex officio members of the
7 Task Force.

8 **SECTION 6.18.(d)** The Speaker of the House of Representatives and the President
9 Pro Tempore of the Senate each shall appoint a cochair for the Task Force. The Task Force
10 may contract for consultant services as provided by G.S. 120-32.02. Upon approval of the
11 Legislative Services Commission, the Legislative Services Officer shall assign professional and
12 clerical staff to assist in the work of the Task Force. Clerical staff shall be furnished through the
13 offices of the House of Representatives' and the Senate's Directors of Legislative Assistants.
14 The Task Force may meet in the Legislative Building or the Legislative Office Building upon
15 the approval of the Legislative Services Commission. The appointing authority shall fill
16 vacancies. The Task Force, while in the discharge of its official duties, may exercise all the
17 powers provided under the provisions of G.S. 120-19 through G.S. 120-19.4, including the
18 power to request all officers, agents, agencies, and departments of the State to provide any
19 information, data, or documents within their possession, ascertainable from their records, or
20 otherwise available to them and the power to subpoena witnesses. Members of the Task Force
21 shall receive per diem, subsistence, and travel allowances as follows:

- 22 (1) Members of the General Assembly, at the rate established in G.S. 120-3.1.
23 (2) Members who are officials or employees of the State or of local government
24 agencies, at the rate established in G.S. 138-6.
25 (3) All other members, at the rate established in G.S. 138-5.

26 **SECTION 6.18.(e)** Beginning December 1, 2010, the Task Force shall provide
27 quarterly reports to the Joint Legislative Oversight Committee on Information Technology and
28 shall terminate upon filing its final report.

29 30 **SMART CARDS FOR EFFICIENCY, ENHANCED SERVICES, AND REDUCED** 31 **FRAUD**

32 **SECTION 6.19.** E-procurement receipts, in excess of required vendor payments,
33 up to the sum of one million dollars (\$1,000,000) for the 2010-2011 fiscal year may be used to
34 develop integrated circuit cards, or "smart cards," that have the capability to support financial
35 and health services transactions, particularly validation of the cardholder through the use of
36 biometrics. Development of any such systems shall be coordinated by the State Chief
37 Information Officer with other State agencies (including the Department of Health and Human
38 Services) that have programs for which the use of the cards are appropriate. Beginning October
39 1, 2010, the State Chief Information Officer shall submit quarterly progress reports to the Joint
40 Legislative Oversight Committee on Information Technology on the implementation of this
41 section.

42 43 **PART VII. PUBLIC SCHOOLS**

44 45 **FUNDS FOR CHILDREN WITH DISABILITIES**

46 **SECTION 7.1.** The State Board of Education shall allocate additional funds for
47 children with disabilities on the basis of three thousand five hundred ninety-eight dollars and
48 fifty-five cents (\$3,598.55) per child. Each local school administrative unit shall receive funds
49 for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and
50 five-tenths percent (12.5%) of the 2010-2011 allocated average daily membership in the local
51 school administrative unit. The dollar amounts allocated under this section for children with

1 disabilities shall also adjust in accordance with legislative salary increments, retirement rate
2 adjustments, and health benefit adjustments for personnel who serve children with disabilities.

4 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

5 **SECTION 7.2.** The State Board of Education shall allocate additional funds for
6 academically or intellectually gifted children on the basis of one thousand one hundred
7 ninety-two dollars and ninety cents (\$1,192.90) per child. A local school administrative unit
8 shall receive funds for a maximum of four percent (4%) of its 2010-2011 allocated average
9 daily membership, regardless of the number of children identified as academically or
10 intellectually gifted in the unit. The dollar amounts allocated under this section for
11 academically or intellectually gifted children shall also adjust in accordance with legislative
12 salary increments, retirement rate adjustments, and health benefit adjustments for personnel
13 who serve academically or intellectually gifted children.

15 **STATE FISCAL STABILIZATION FUND APPROPRIATION**

16 **SECTION 7.3.** In order to ensure compliance with the requirements of Title XIV
17 of the American Recovery and Reinvestment Act of 2009 and notwithstanding any other
18 provision of law, the Office of State Budget and Management shall adjust the State Fiscal
19 Stabilization Fund appropriation amounts, including any associated budget reductions, between
20 the State Public School Fund and The University of North Carolina budget to align with the
21 requirements of the North Carolina State Fiscal Stabilization Fund application as amended for
22 2010-2011. If associated budget reductions are required within the State Public School Fund,
23 the Office of State Budget and Management shall first adjust the Classroom
24 Materials/Instructional Supplies/Equipment allotment prior to adjusting any other allotments
25 within the State Public School Fund.

27 **MORE AT FOUR PROGRAM**

28 **SECTION 7.5.(a)** The Department of Public Instruction shall continue the
29 implementation of the More at Four prekindergarten program for four-year-olds who are at risk
30 for school failure in all counties. The State prekindergarten program shall serve children who
31 reach the age of four on or before August 31 of that school year and who meet eligibility
32 criteria that indicate a child's risk for school failure. Prekindergarten classrooms shall be
33 operated in public schools, Head Start programs, and licensed child care facilities that choose to
34 participate under procedures defined by the Office of Early Learning within the Department of
35 Public Instruction. All such classrooms shall be subject to the supervision of the Office of Early
36 Learning and shall be operated in accordance with standards adopted by the State Board of
37 Education.

38 **SECTION 7.5.(b)** The Office of Early Learning shall specify program standards
39 and requirements addressing:

- 40 (1) Early learning standards and curricula;
- 41 (2) Teacher education and specialized training;
- 42 (3) Teacher in-service training and professional development;
- 43 (4) Maximum class size;
- 44 (5) Staff-child ratio;
- 45 (6) Screenings, referrals, and support services;
- 46 (7) Meals; and
- 47 (8) Monitoring of sites to demonstrate adherence to State programs standards.

48 **SECTION 7.5.(c)** The State Board of Education shall submit an annual report no
49 later than March 15 of each year to the Joint Legislative Commission on Governmental
50 Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations
51 Committee on Education, the House of Representatives Appropriations Subcommittee on

1 Education, the Office of State Budget and Management, and the Fiscal Research Division. The
2 report shall include the following:

- 3 (1) The number of children participating in State prekindergarten.
- 4 (2) The number of children participating in State prekindergarten who have
5 never been served in other early education programs, such as child care,
6 public or private preschool, Head Start, Early Head Start, or early
7 intervention programs.
- 8 (3) The expected State prekindergarten expenditures for the programs and the
9 source of the local contributions.
- 10 (4) The results of an annual evaluation of the program.

11 **SECTION 7.5.(d)** The Office of Early Learning shall establish income eligibility
12 requirements for the program not to exceed seventy-five percent (75%) of the State median
13 income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of
14 seventy-five percent (75%) of median income if they have other designated risk factors.
15 Furthermore, any age-eligible child of (i) an active duty member of the armed forces of the
16 United States, including the North Carolina National Guard, State military forces, or a reserve
17 component of the armed forces, who is ordered to active duty by the proper authority within the
18 last 18 months or expected to be ordered within the next 18 months or (ii) a member of the
19 armed forces of the United States, including the North Carolina National Guard, State military
20 forces, or a reserve component of the armed forces, who was injured or killed while serving on
21 active duty, shall be eligible for the program.

22 **SECTION 7.5.(e)** The More at Four program funding shall not supplant any
23 funding for classrooms serving four-year-olds as of the 2005-2006 fiscal year. Support of
24 existing four-year-old classrooms with More at Four program funding shall be permitted when
25 current funding is eliminated, reduced, or redirected as required to meet other specified federal
26 or State mandates.

27 **SECTION 7.5.(f)** The Office of Early Learning shall develop a new More at Four
28 funding model to be implemented in the 2010-2011 fiscal year. The per-child funding rates
29 shall be based on participating provider cost structures and shall require a contribution of local
30 resources to support the full cost of providing high quality prekindergarten. The Office of Early
31 Learning shall implement an administrative cap on More at Four program funding and shall
32 establish parameters for allowable administrative costs.

33 **SECTION 7.5.(g)** The Office of Early Learning shall contract with an independent
34 research organization not affiliated with the Department of Health and Human Services, the
35 Department of Public Instruction, the Office of the Governor, or any entity currently funded by
36 or affiliated with the Department of Health and Human Services, the Department of Public
37 Instruction, or the Office of the Governor to produce an annual report to include longitudinal
38 review of the More at Four program and academic, behavioral, and other child-specific
39 outcomes. The review shall include a quasi-experimental research design of a representative
40 sample of children who complete the More at Four program every year and shall report on their
41 sustained progress until the end of grade 9. The review shall also study a representative sample
42 of children who do not enter the More at Four program but who are of the same grade level and
43 demographic as those who complete the program, and their sustained progress shall also be
44 reviewed until the end of grade 9. The review shall be presented to the Joint Legislative
45 Oversight Committee on Education by January 31 of every year.

46 **SECTION 7.5.(h)** To consolidate all of the regulatory functions regarding the
47 monitoring of early care and education providers in certain private settings, it is the intent of
48 the General Assembly that the Department of Health and Human Services and the Department
49 of Public Instruction authorize Division of Child Development staff to assume the regulatory
50 functions of the More at Four program in private classroom settings. The Department of Public
51 Instruction shall provide Division of Child Development staff with the training necessary to

1 monitor compliance with the More at Four program. The Division of Child Development shall
2 continue its current licensing functions for those classrooms voluntarily licensed in public
3 settings.

4 **LEADERSHIP ACADEMY**

5 **SECTION 7.6.** Of the funds appropriated in this act to the Department of Public
6 Instruction for the 2010-2011 fiscal year, up to two hundred thousand dollars (\$200,000) may
7 be used to support a Leadership Academy that provides professional development to principals
8 and assistant principals to address critical areas such as student achievement and teacher
9 recruitment and retention. The Leadership Academy is encouraged to utilize webinars and
10 other technologies to reduce travel expenses and to reach additional participants.

11 **DEPARTMENT OF PUBLIC INSTRUCTION**

12 **SECTION 7.7.(a)** The Department of Public Instruction is not required to
13 eliminate receipt-supported positions for the 2010-2011 fiscal year.

14 **SECTION 7.7.(b)** The Department of Public Instruction shall review expenditures
15 of federal funds for personnel and contracts at the State level. Unless the expenditure is a
16 condition of receiving the funds, the Department shall reallocate the funds to local school
17 administrative units whenever possible.

18 The Department shall report on the reallocation of these funds to local school
19 administrative units, to the Office of the Governor, the chairs of the House of Representatives
20 Committee on Appropriations and the House of Representatives Appropriations Subcommittee
21 on Education, the chairs of the Senate Committee on Appropriations/Base Budget and the
22 Senate Appropriations Committee on Education/Higher Education, and the Office of State
23 Budget and Management no later than January 15, 2011.

24 **CAREER AND COLLEGE – READY, SET, GO!**

25 **SECTION 7.8.(a)** The State Board of Education shall work with all member
26 institutions of the Education Cabinet and the Joint Governing Boards to focus funding and
27 program priorities to ensure that all North Carolina students graduate prepared to successfully
28 pursue a career or further education. Each Education Cabinet institution shall prioritize the
29 Governor's Ready, Set, Go! initiative and ensure to the extent practicable that all students
30 PK-20:

- 31 (1) Are prepared to be successful in school and can successfully progress
32 through PK-20 education. This includes, but is not limited to:
- 33 a. Establishment of the Governor's Child Advocacy Council to increase
34 ways for all children to come to school healthy and ready to learn;
 - 35 b. Investment in early child development programs like Smart Start and
36 More at Four;
 - 37 c. Investment in smaller class sizes in K-3;
 - 38 d. Implementation of student diagnostics in grades K-3 and 5 to ensure
39 that all students at a minimum possess grade-level reading, writing,
40 and math skills;
 - 41 e. Implementation of student diagnostics for career and college
42 readiness in grades 8 and 11 so students graduate prepared for work,
43 college, or technical training; and
 - 44 f. Implementation of the Student Learning Conditions Survey for
45 grades 7, 9, and 11 that is aligned with the Teacher Working
46 Conditions Survey.
- 47
48
49

- 1 (2) Receive clear standards and high expectations, and benefit from the best
2 teachers and principals that can most effectively help students reach those
3 standards. This includes, but is not limited to:
- 4 a. Adoption of the State-led National Common Standards, including
5 Career and College Ready Skills and assessments that prepare
6 students for the global economy;
 - 7 b. Evaluation of Teacher Preparation programs to identify best practices
8 and programs that produce effective teachers;
 - 9 c. Increased access to virtual learning opportunities for students and
10 teachers like those provided through the NC Virtual Public School;
 - 11 d. Increased access to Science, Technology, Engineering and
12 Mathematics (STEM) opportunities;
 - 13 e. Development of leadership academies that recruit and prepare
14 effective principals;
 - 15 f. Development of a PK-20 data system to provide comprehensive
16 information on students;
 - 17 g. Reduction and eventual elimination of low-performing status in
18 North Carolina schools; and
 - 19 h. Job-imbedded professional development for teachers and principals.
- 20 (3) Fully understand and complete the prerequisites for the career, certification,
21 or degree of choice that promotes workforce success. This includes, but is
22 not limited to:
- 23 a. Development of academic boot camps for high school students who
24 need additional support in reading, composition, and math;
 - 25 b. Consolidation of high school transition courses to provide high
26 school students with more college-level or career and technical
27 courses;
 - 28 c. Increased access to virtual college-level and specific career and
29 technical courses for high school students;
 - 30 d. Alignment between high school and college curricula so that all
31 students are prepared for higher education work; and
 - 32 e. Implementation of NCSuccess, a program designed to increase the
33 number of certificates and associate or bachelor's degrees in higher
34 education.

35 **SECTION 7.8.(b)** The Education Cabinet shall report by January 15, 2011, to the
36 Office of the Governor, the Joint Governing Boards, and the Joint Education Oversight
37 Committee on its progress toward reaching the Governor's goal that every North Carolina
38 student will graduate ready to be successful in a career, a 2- or 4-year college, or technical
39 training.
40

41 **SCHOOL CONNECTIVITY INITIATIVE**

42 **SECTION 7.9.** Section 7.12.(a) of S.L. 2009-451, as rewritten by Section 3E of
43 S.L. 2009-575, is repealed.
44

45 **SCHOOL CALENDAR PILOT PROGRAM**

46 **SECTION 7.10.** Section 7.40 of S.L. 2009-451 reads as rewritten:

47 **"SECTION 7.40.** The State Board of Education shall establish a school calendar pilot
48 program in the Wilkes County Schools. The purpose of the pilot program is to determine
49 whether and to what extent a local school administrative unit can save money during this
50 extreme fiscal crisis by consolidating the school calendar.

1 Notwithstanding G.S. 115C-84.2(a)(1), the school calendar for the 2009-2010 calendar year
2 years for the Wilkes County Schools shall include a minimum of 180 days or 1,000 hours of
3 instruction covering at least nine calendar months. Notwithstanding G.S. 115C-84.2(d), the
4 opening date for students shall not be before August 24.

5 If the Wilkes County Board of Education adds instructional hours to previously scheduled
6 days under this section, the local school administrative unit is deemed to have a minimum of
7 180 days of instruction and teachers employed for a 10-month term are deemed to have been
8 employed for the days being made up and shall be compensated as if they had worked the days
9 being made up.

10 The State Board of Education shall report to the Joint Legislative Education Oversight
11 Committee by ~~March 15, 2010~~, October 15, 2010, on the administration of the pilot program,
12 cost-savings realized by it, and its impact on student achievement."
13

14 NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS (NBPTS) 15 FUNDS

16 **SECTION 7.11.(a)** G.S. 115C-296.2(d1) reads as rewritten:

17 "(d1) Repayment of the Application Fee. – A teacher shall repay the application fee to the
18 State Education Assistance Authority within three years. The commencement of cash
19 repayment shall begin 12 months following the disbursement of the loan funds. The State
20 Education Assistance Authority may forgive the loan upon the death of the teacher or upon an
21 injury deemed to leave the teacher totally and permanently disabled.

22 All funds appropriated to, or otherwise received by, the Authority to provide loans to
23 teachers pursuant to this section, all funds received as repayment of loans, and all interest
24 earned on these funds shall be placed in a trust fund. This fund shall be used only for loans
25 made pursuant to this section and administrative costs of the Authority."

26 **SECTION 7.11.(b)** The State Board of Education shall transfer funds in the
27 amount of three million two hundred seventy-four thousand five hundred dollars (\$3,274,500)
28 from the State Public School Fund to the State Education Assistance Authority for the
29 2010-2011 fiscal year for NBPTS loans. It is the intent of the General Assembly that these
30 funds are included in the certified budget for the State Education Assistance Authority for the
31 2011-2012 fiscal year and subsequent fiscal years.

32 **SECTION 7.11.(c)** The Joint Legislative Education Oversight Committee is
33 directed to recommend a plan for implementing a National Board Certification Program for
34 Principals in conjunction with the pilot program being developed by the National Board for
35 Professional Teaching Standards. The Committee shall report its recommendation to the 2011
36 General Assembly by March 1, 2011.
37

38 DRIVER EDUCATION

39 **SECTION 7.12.** The Highway Safety Research Center Institute of the University
40 of North Carolina at Chapel Hill shall work in collaboration with the Department of Public
41 Instruction and the Governor's Highway Safety Commission to create a standard curriculum to
42 be used for the Driver Education Program in the Department of Public Instruction. The
43 curriculum shall be ready for use in the school year beginning in the fall of 2011 and shall be
44 used for all driver education programs funded with State funds.
45

46 PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY

47 **SECTION 7.13.** Section 7.8 of S.L. 2009-451 reads as rewritten:

48 "**SECTION 7.8.(a)** The State Board of Education is authorized to adopt emergency rules
49 in accordance with G.S. 150B-21.1A to grant maximum flexibility to local school
50 administrative units regarding the expenditure of State funds. These rules shall not be subject to

1 the limitations on transfers of funds between funding allotment categories set out in
2 G.S. 115C-105.25. These rules:

- 3 (1) Shall authorize the transfer of textbook funds to other allotments to manage
4 funding cuts; and
- 5 (2) Shall not permit the transfer of funds from school-based positions to the
6 central office.

7 **"SECTION 7.8.(b)** ~~For fiscal years 2009-2010 and 2010-2011,~~ For the 2010-2011 fiscal
8 year, local school administrative units shall make every effort to reduce spending whenever and
9 wherever such budget reductions are appropriate with the goal of to protecting protect direct
10 classroom-services services, and services for students at risk and children with special needs.
11 Local school administrative units shall implement administrative and other operating
12 efficiencies prior to and minimize the dismissal of classroom-based personnel personnel. Local
13 school administrative units shall maximize federal by maximizing funds received from the
14 including American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5; Keep Our
15 Educators Working Act or any other federal act that provides funding that can be expended on
16 positions; Individuals with Disabilities Act (IDEA); Title I; and Title II funds. Local school
17 administrative units are encouraged to designate all Title I-eligible schools and must maximize
18 attrition prior to the dismissal of classroom-based personnel. Notwithstanding G.S. 115C-301
19 or any other law, local school administrative units shall have the maximum flexibility to use
20 allotted teacher positions to maximize student achievement in grades 4-12. Allocation of
21 teachers and class size requirements in grades K-3 shall remain unchanged.

22 **"SECTION 7.8.(c)** Within 14 days of the date this act becomes law, the State Board of
23 Education shall notify each local school administrative unit and charter school of the amount
24 the unit must reduce from the State General Fund appropriations. The State Board shall
25 determine the amount of the reduction for each unit on the basis of average daily membership.

26 **"SECTION 7.8.(d)** Each unit shall report to the State Board of Education, the Office of
27 State Budget and Management, and the Department of Public Instruction on the flexibility
28 budget reductions it has identified for the unit, including an explanation of how administrative
29 efficiencies, federal funds, and attrition have been maximized prior to the dismissal of
30 classroom-based personnel, within 30 days of the date this act becomes law.

31 **"SECTION 7.8.(e)** For the 2010-2011 fiscal year, local school administrative units shall
32 make every effort to reduce spending from Career Technical Education – State: Program
33 Support Funds before making any reductions to Career Technical Education – State: Months of
34 Employment funds."

35 36 **PROBATIONARY TEACHERS**

37 **SECTION 7.14.(a)** G.S. 115C-325(c)(5) reads as rewritten:

- 38 "(5) Consecutive Years of Service. – If a probationary teacher in a full-time
39 permanent position does not work for at least 120 workdays in a school year
40 because the teacher is on sick leave, disability leave, or both, that school
41 year shall not be deemed to constitute (i) a consecutive year of service for
42 the teacher or (ii) a break in the continuity in consecutive years of service for
43 the teacher.

44 If a probationary teacher in a full-time permanent position resigns or is
45 not renewed because of a reduction in force and is subsequently rehired by
46 the same school system within three years, there shall be deemed to be no
47 break in the continuity in consecutive years of service for such teacher up to
48 a maximum of three consecutive years towards career status. If, at the time
49 the teacher resigns or is not renewed because of a reduction in force, the
50 teacher had been employed by a school system for four consecutive years
51 pursuant to G.S. 115C-325(c)(1), or one year pursuant to

1 G.S. 115C-325(c)(2), and the board subsequently rehires such teacher within
2 three years, the board may grant career status immediately upon
3 reemploying the teacher, or vote on the teacher's career status pursuant to
4 G.S. 115C-325(c)(1) or (c)(2) after one additional year of employment."

5 **SECTION 7.14.(b)** This act is effective when it becomes law and applies to
6 probationary teacher employed by a local school administrative unit in a full-time permanent
7 position for the 2010-2011 school year.

8
9 **JOINT LEGISLATIVE STUDY COMMITTEE ON THE CONSOLIDATION OF**
10 **EARLY CHILDHOOD EDUCATION AND CARE**

11 **SECTION 7.16.(a)** Committee Established. – There is created the Joint Legislative
12 Study Committee on the Consolidation of Early Childhood Education and Care. The
13 Committee shall consist of 10 members to be appointed as follows:

- 14 (1) Five members of the House of Representatives appointed by the Speaker of
15 the House of Representatives.
16 (2) Five members of the Senate appointed by the President Pro Tempore of the
17 Senate.

18 The Speaker of the House of Representatives shall designate one representative as
19 cochair, and the President Pro Tempore of the Senate shall designate one senator as cochair.
20 Vacancies on the Committee shall be filled by the same appointing authority making the initial
21 appointment.

22 The Committee, while in the discharge of its official duties, may exercise all powers
23 provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may
24 meet at any time upon the joint call of the cochairs. The Committee may meet in the Legislative
25 Building or the Legislative Office Building. The Committee may contract for professional,
26 clerical, or consultant services as provided by G.S. 120-32.02.

27 The Legislative Services Commission, through the Legislative Services Officer,
28 shall assign professional staff to assist the Committee in its work. The House of
29 Representatives and the Senate's Directors of Legislative Assistants shall assign clerical staff to
30 the Committee, and the expenses relating to the clerical employees shall be borne by the
31 Committee.

32 **SECTION 7.16.(b)** Duties. – The Committee shall continue the work of the Task
33 Force on the Consolidation of Early Childhood Education and Care created under S.L.
34 2009-451 by continuing to work toward the development of an integrated system of early
35 childhood education and care. To that end, the Committee may consult with and receive reports
36 from the appropriate State departments, agencies, and board representatives on issues related to
37 early childhood education and care and consider any other issues the Committee deems
38 relevant.

39 The Committee shall closely coordinate its activities with the Governor's State
40 Advisory Council on Early Childhood Education and Care.

41 **SECTION 7.16.(c)** Report. – The Committee shall make a final report of its
42 findings and recommendations to the 2011 Regular Session of the General Assembly. The
43 Committee shall terminate on December 31, 2010.

44
45 **UNIFORM BUDGET FORMAT**

46 **SECTION 7.17.** G.S. 115C-426(c) reads as rewritten:

- 47 "(c) The uniform budget format shall require the following funds:
48 (1) The State Public School Fund.
49 (2) The local current expense fund.
50 (3) The capital outlay fund.

1 In addition, other funds may be ~~required~~ used to account for reimbursements, including
2 indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem
3 method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use,
4 trust funds, federal grants restricted as to use, federal appropriations made directly to local
5 school administrative units, funds received for prekindergarten programs, and special
6 programs. Each local school administrative unit shall maintain those funds shown in the
7 uniform budget format that are applicable to its operations."
8

9 LEGISLATIVE COMMISSION ON DIVERSITY IN THE PUBLIC SCHOOLS

10 **SECTION 7.18.(a)** There is created the Legislative Commission on Diversity in
11 the Public Schools.

12 **SECTION 7.18.(b)** The Commission shall consist of 15 members as follows:

- 13 (1) Five members of the House of Representatives appointed by the Speaker of
14 the House of Representatives.
- 15 (2) Five members of the Senate appointed by the President Pro Tempore of the
16 Senate.
- 17 (3) Five public members appointed by the Governor.

18 **SECTION 7.18.(c)** The Speaker of the House of Representatives shall designate
19 one representative as cochair, and the President Pro Tempore of the Senate shall designate one
20 senator as cochair. Vacancies on the Commission shall be filled by the same appointing
21 authority that made the initial appointment. A quorum of the Commission shall be a majority
22 of its members.

23 **SECTION 7.18.(d)** The Commission shall study the effects of student diversity in
24 public school enrollment. As part of this study, the Commission shall:

- 25 (1) Consider whether schools in which students of various racial, ethnic, and
26 socioeconomic characteristics are balanced improve the quality of the
27 learning experience and the academic achievement of all students as
28 compared to schools with more homogeneous student enrollments.
- 29 (2) Examine whether diverse public schools are successful in closing the
30 achievement gap.
- 31 (3) Explore the level of parental involvement in schools with a diverse student
32 population.
- 33 (4) Examine best practices for creating and maintaining student diversity in
34 schools and school systems in other states.
- 35 (5) Consider whether diverse public schools improve student discipline.
- 36 (6) Consider the fiscal impact and efficiency of State funding streams given the
37 data accumulated in items (1) through (5).
- 38 (7) Study any other issue the Commission considers relevant.

39 **SECTION 7.18.(e)** The Commission, while in the discharge of its official duties,
40 may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through
41 G.S. 120-19.4. The Commission may meet at anytime upon the joint call of the cochairs. The
42 Commission may meet in the Legislative Building or the Legislative Office Building.

43 With approval of the Legislative Services Commission, the Legislative Services
44 Officer shall assign professional staff to assist the Commission in its work. The House of
45 Representatives' and the Senate's Directors of Legislative Assistants shall assign clerical staff to
46 the Commission, and the expenses relating to the clerical employees shall be borne by the
47 Commission. The Commission may contract for professional, clerical, or consultant services as
48 provided by G.S. 120-32.02. If the Commission hires a consultant, the consultant shall not be a
49 State employee or a person currently under contract with the State to provide services.

50 All State departments and agencies and local governments and their subdivisions
51 shall furnish the Commission with any information in their possession or available to them.

1 **SECTION 7.18.(f)** The Commission shall submit a final report of the results of its
2 study and its recommendations to the 2011 General Assembly. The Commission shall
3 terminate on March 1, 2011, or upon the filing of its final report, whichever occurs first.
4

5 **DROPOUT PREVENTION GRANTS**

6 **SECTION 7.19.(a)** Notwithstanding Section 7.13 of S.L. 2009-451, the Committee
7 on Dropout Prevention shall provide grants of one million dollars (\$1,000,000) each to the
8 following three evidence-based operators of dropout prevention initiatives:

- 9 (1) Communities in Schools of North Carolina, Inc., to expand service to
10 existing local programs, enable establishment of new local CIS programs,
11 and, as matching or sustaining funds become available, support the
12 placement of graduation coaches or creation of new Performance Learning
13 Centers (PLCs).
- 14 (2) North Carolina Congress of Parents and Teachers, Incorporated, to
15 implement the PTA Parental Involvement Initiative in additional school
16 sites.
- 17 (3) One other recipient selected by the Committee.

18 **SECTION 7.19.(b)** The Committee on Dropout Prevention shall identify a
19 minimum of three additional recipients of Dropout Prevention Grants that the Committee feels
20 show promise as statewide models for dropout prevention interventions. The Committee on
21 Dropout Prevention shall report its selected grantees and the reasons why they were chosen to
22 the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on
23 Dropout Prevention and High School Graduation by March 15, 2011.
24

25 **UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS**

26 **SECTION 7.20.(a)** Funds appropriated for the Uniform Education Reporting
27 System shall not revert at the end of the 2009-2010 fiscal year.

28 **SECTION 7.20.(b)** This act becomes effective June 30, 2010.
29

30 **COOPERATIVE AND INNOVATIVE HIGH SCHOOLS**

31 **SECTION 7.21.(a)** G.S. 115C-238.50(e) reads as rewritten:

32 "(e) Cooperative innovative high school programs may include the creation of a school
33 within a school, a technical high school, ~~or~~ a high school or technical center located on the
34 campus of a college or ~~university~~; university, or a five-year career academy operating as part of
35 an existing high school."

36 **SECTION 7.21.(b)** G.S. 115C-238.54 reads as rewritten:

37 **"§ 115C-238.54. Funds for programs.**

38 (a) The Department of Public Instruction shall assign a school code for each program
39 that is approved under this ~~Part~~ Part, with the exception of a five-year career academy
40 operating as part of an existing high school, which shall continue to use the existing school
41 code. All positions and other State and federal allotments that are generated for this program
42 shall be assigned to that school code. Notwithstanding G.S. 115C-105.25, once funds are
43 assigned to that school code, the local board of education may use these funds for the program
44 and may transfer these funds between funding allotment categories.

45 (a1) A five-year career academy operating as part of an existing high school shall
46 maintain records to identify and evaluate students enrolled in the five-year career academy
47 program distinct from the general school population.

48 "

49 **SECTION 7.21.(c)** The Department of Public Instruction shall study the fiscal
50 impacts of the Cooperative and Innovative High School Act (Part 9 of Article 16 of Chapter
51 115C of the General Statutes). The Department shall report the results of its study to the Joint

1 Legislative Education Oversight Committee and the Fiscal Research Division by March 15,
2 2011. The report shall include historical data on the number of new schools created each fiscal
3 year attributable to the Cooperative and Innovative High School Act (Part 9 of Article 16 of
4 Chapter 115C of the General Statutes).

5 **SECTION 7.21.(d)** The State Board of Education shall not approve any additional
6 schools under the Cooperative and Innovative High School Act (Part 9 of Article 16 of Chapter
7 115C of the General Statutes) that are to begin operation after July 1, 2010, unless the school
8 has received an explicit appropriation from the General Assembly.

9 **SECTION 7.21.(e)** Subsections (a) and (b) of this section are effective when this
10 act becomes law and apply beginning with the 2010-2011 school year.

11 12 **ELIMINATION OF CERTAIN REPORTS**

13 **SECTION 7.22.(a)** G.S. 115C-301(g) reads as rewritten:

14 "(g) Waivers and Allotment Adjustments. – Local boards of education shall report
15 exceptions to the State Board of Education as provided in G.S. 115C-47(10), and shall request
16 allotment adjustments or waivers from the standards set out above. Within 45 days of receipt of
17 reports, the State Board of Education, within funds available, may allot additional positions or
18 grant waivers for the excess class size or daily load.

19 (1) If the exception resulted from (i) exceptional circumstances, emergencies, or
20 acts of God, (ii) large changes in student population, (iii) organizational
21 problems caused by remote geographic location, or (iv) classes organized for
22 a solitary curricular area, and

23 (2) If the local board cannot organizationally correct the exception.

24 ~~All allotment adjustments and waivers submitted under this provision shall be reported to~~
25 ~~the Director of the Budget and to the General Assembly by May 15 of each year."~~

26 **SECTION 7.22.(b)** Sections 4 through 6 of S.L. 2007-453 are repealed.

27 **SECTION 7.22.(c)** Section 7.60 of S.L. 2005-276 is repealed.

28 **SECTION 7.22.(d)** Section 7.61(b) of S.L. 2005-276 reads as rewritten:

29 **"SECTION 7.61.(b)** To remain eligible for funds appropriated for the At-Risk/Alternative
30 Schools allotment and the Improving Student Accountability allotment, local school
31 administrative units must submit a report to the State Board of Education by October 31 of each
32 year detailing the expenditure of the funds and the impact of these funds on student
33 achievement. ~~The State Board of Education shall report this information annually by October~~
34 ~~31 to the Office of State Budget and Management, the Joint Legislative Education Oversight~~
35 ~~Committee, and the Fiscal Research Division."~~

36 37 **DISADVANTAGED STUDENTS SUPPLEMENTAL FUNDING**

38 **SECTION 7.23.** In determining whether to approve a local school administrative
39 unit's plan for the expenditure of funds allocated to it for disadvantaged student supplemental
40 funding, the State Board of Education shall take into consideration the extent to which the local
41 school administrative unit's policies or expenditures contribute to increased segregation of
42 schools on the basis of race or socioeconomic status.

43 44 **COMMUNITY COLLEGE COURSES FOR HIGH SCHOOL STUDENTS**

45 **SECTION 7.24.(a)** It is the intent of the General Assembly to implement a funding
46 formula in the 2011-2012 school year that will provide money to local school administrative
47 units for the purpose of paying the tuition of high school students taking community college
48 courses for which tuition is required.

49 **SECTION 7.24.(b)** It is the intent of the General Assembly to eliminate the tuition
50 waiver for courses taken by high school students at community colleges set forth in
51 G.S. 115D-5(b) effective July 1, 2011, except for the waiver that applies to students in

1 cooperative innovative high school programs established pursuant to Part 9 of Article 16 of
2 Chapter 115C of the General Statutes. Tuition shall continue to be waived for students in
3 cooperative innovative high school programs.

4 **SECTION 7.24.(c)** For the 2011-2012 school year, the North Carolina Community
5 College System General Fund appropriations shall be reduced by an amount calculated by
6 multiplying the number of FTE high school students for whom tuition is required by the per
7 capita budgeted receipts for community college curriculum instruction. This amount of funds
8 shall be transferred to the State Board of Education for distribution to the local school
9 administrative units.

10 **SECTION 7.24.(d)** For the 2011-2012 school year, the State Public School Fund
11 shall be reduced by an amount calculated by (i) subtracting the per capita budgeted receipts for
12 community college curriculum instruction from the in-State tuition amount per FTE and (ii)
13 multiplying the result by the number of FTE high school students for whom tuition is required.
14 This amount of funds shall be available to the State Board of Education for distribution to the
15 local school administrative units.

16 The State Board of Education shall ensure that appropriate and reliable data is
17 corrected in order to implement this section.

18 **SECTION 7.24.(e)** The amounts transferred to the State Board of Education under
19 subsections (c) and (d) of this section shall be distributed to local school administrative units
20 based on the pro rata share of each local school administrative unit's number of FTE high
21 school students for whom tuition is required.

22 **SECTION 7.24.(f)** The amounts allocated to local school administrative units
23 under this section shall not be transferred to other uses and shall only be available for paying
24 the tuition of high school students taking community college courses for which tuition is
25 required.

26 **ENVIRONMENTAL ENGINEER/SUPPORT SERVICES DIVISION**

27 **SECTION 7.25.** The State Board of Education may use up to two hundred
28 thousand dollars (\$200,000) of funds available to provide an environmental engineer in the
29 Department of Public Instruction, Support Services Division, to address increasing
30 environmental concerns in the public schools of North Carolina.
31

32 **LEA CONSTRUCTION CONTRACTING CLARIFICATION**

33 **SECTION 7.26.** G.S. 115C-530 reads as rewritten:

34 **"§ 115C-530. Operational leases of school buildings and school facilities.**

35 (a) Local boards of education may enter into operational leases of real or personal
36 property for use as school buildings or school facilities. Operational leases for terms of less
37 than three years shall not be subject to the approval of the board of county commissioners.
38 Operational leases for terms of three years or longer, including periods that may be added to the
39 original term through the exercise of options to renew or extend, are permitted if all of the
40 following conditions are met:
41

- 42 (1) The budget resolution includes an appropriation authorizing the current
43 fiscal year's portion of the obligation.
- 44 (2) An unencumbered balance remains in the appropriation sufficient to pay in
45 the current fiscal year the sums obligated by the lease for the current fiscal
46 year.
- 47 (3) The leases are approved by a resolution adopted by the board of county
48 commissioners. If an operational lease is approved by the board of county
49 commissioners, in each year the county commissioners shall appropriate
50 sufficient funds to meet the amounts to be paid during the fiscal year under
51 the lease.

1 (4) Any construction, repair, or renovation of the property is in compliance with
2 the requirements of G.S. 115C-521(c) relating to energy guidelines.
3 For purposes of this section, an operational lease is defined according to generally accepted
4 accounting principles and may be for new or renovated buildings.

5 (b) Local boards of education may enter into contracts for the construction, repair or
6 renovation of leased property if (i) the budget resolution includes an appropriation authorizing
7 the obligation, (ii) an unencumbered balance remains in the appropriation sufficient to pay in
8 the current fiscal year the sums obligated by the transaction for the current fiscal year, and (iii)
9 the repair or renovation is in compliance with the requirements of G.S. 115C-521(c) relating to
10 energy guidelines. Construction, repair, or renovation work undertaken or contracted by a
11 private developer is not subject to the requirements of Article 8 of Chapter 143 of the General
12 Statutes. Contracts for renovation that are subject to the bidding requirements of
13 G.S. 143-129(a) involve the expenditure of public funds in excess of five hundred thousand
14 dollars (\$500,000) and which do not constitute continuing contracts for capital outlay must be
15 approved by the board of county commissioners.

16 (c) Operational leases and contracts entered into under this section are subject to
17 approval by the Local Government Commission under Article 8 of Chapter 159 of the General
18 Statutes if they meet the standards set out in G.S. 159-148(a)(1), 159-148(a)(2), and
19 159-148(a)(3). For purposes of determining whether the standards set out in G.S. 159-148(a)(3)
20 have been met, only the five hundred thousand dollar (\$500,000) threshold shall apply."
21

22 PART VIII. COMMUNITY COLLEGES

23 CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

24 SECTION 8.1.(a) Of the funds appropriated to the Community Colleges System
25 Office for the 2009-2011 fiscal biennium for the College Information System, up to one million
26 two hundred fifty thousand dollars (\$1,250,000) shall not revert at the end of each fiscal year
27 but shall remain available until expended. These funds may only be used to purchase periodic
28 system upgrades.
29

30 SECTION 8.1.(b) This section becomes effective June 30, 2010.
31

32 STATE AID BUDGET FLEXIBILITY

33 SECTION 8.2. G.S. 115D-31 is amended by adding a new subsection to read:

34 "(b1) A local community college may use all State funds allocated to it, except for
35 Literacy funds and Customized Training funds, for any authorized purpose that is consistent
36 with the college's Institutional Effectiveness Plan. Each local community college shall include
37 in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to
38 meet the demands of the local community and to maintain a presence in all previously funded
39 categorical programs."
40

41 EDUCATION FOR PRISON INMATES

42 SECTION 8.3.(a) Funds appropriated for community college courses for prison
43 inmates shall be used only for inmates in State prisons. The first priority for the use of these
44 funds shall be to restore the FTE for basic skills courses to the FY 2008-2009 level. Funds not
45 needed for this purpose may be used for continuing education and curriculum courses related to
46 job skills training. These funds shall not be used for Associate of Arts, Associate of Science, or
47 Associate of General Education degrees.

48 SECTION 8.3.(b) Courses in federal prisons or local jails shall not earn regular
49 budget full-time equivalents, but may be offered on a self-supporting basis.

50 SECTION 8.3.(c) The Department of Correction and the Community Colleges
51 System Office shall report to the 2011 General Assembly on:

- 1 (1) The implementation of the new funding structure and requirements.
- 2 (2) Strategies for implementing their recommendations to:
 - 3 a. Enhance measurable goals, objectives, and outcomes.
 - 4 b. Enhance and standardize data collection.
 - 5 c. Strengthen the continuum of programming from entry to exit, based
 - 6 on assessment of skills and needs.
 - 7 d. Give individuals the opportunity to use specific skills through work
 - 8 assignments that meet system needs.
 - 9 e. Tailor programs to specific inmate needs.
 - 10 f. Increase Cognitive Behavioral Interventions (CBI) courses.
 - 11 g. Develop an offender-specific human resources development course.
 - 12 h. Explore additional funding sources.
 - 13 i. Explore federal grant for wiring courses.
- 14 (3) Strategies for reasonably limiting the number of courses an individual takes
- 15 while in prison.

16 **SECTION 8.3.(d)** G.S. 115D-5(c) reads as rewritten:

17 "(c) No course of instruction shall be offered by any community college at State expense
 18 or partial State expense to any captive or co-opted group of students, as defined by the State
 19 Board of Community Colleges, without prior approval of the State Board of Community
 20 Colleges. All course offerings approved for State prison inmates must be tied to clearly
 21 identified job skills, transition needs, or both. Approval by the State Board of Community
 22 Colleges shall be presumed to constitute approval of both the course and the group served by
 23 that institution. The State Board of Community Colleges may delegate to the President the
 24 power to make an initial approval, with final approval to be made by the State Board of
 25 Community Colleges. A course taught without such approval will not yield any full-time
 26 equivalent students, as defined by the State Board of Community Colleges."
 27

28 **TUITION WAIVERS**

29 **SECTION 8.4.(a)** G.S. 115D-5(b) reads as rewritten:

30 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
 31 curricular courses and of noncurricular extension courses at convenient locations away from
 32 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
 33 portion of the established regular tuition rate charged a full-time student shall be charged a
 34 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
 35 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
 36 registration fees, to be charged students enrolling in extension courses for which instruction is
 37 financed primarily from State funds; ~~provided, however, that the funds.~~ The State Board of
 38 Community Colleges may provide by general and uniform regulations for waiver of tuition and
 39 registration fees for persons for:

- 40 (1) Persons not enrolled in elementary or secondary schools taking courses
 41 leading to a high school diploma or equivalent ~~certificate, for training~~
 42 certificate;
- 43 (2) Training courses for (i) volunteer firemen, (ii) local fire department
 44 personnel, (iii) volunteer rescue and lifesaving department personnel, (iv)
 45 local rescue and lifesaving department personnel, (v) Radio Emergency
 46 Associated Citizens Team (REACT) members when the REACT team is
 47 under contract to a county as an emergency response agency, ~~local~~ (vi)
 48 municipal, county, or State law-enforcement officers, (vii) inpatients in State
 49 alcoholic rehabilitation centers, (viii) all full-time custodial employees of the
 50 Department of Correction, and (ix) employees of the Department's Division
 51 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, Commission;~~

(3) ~~Patients in State alcoholic rehabilitation centers; trainees~~

(4) ~~Trainees enrolled in courses conducted under the New and Expanding Industry Program, clients Customized Training Program;~~

(5) ~~Clients of sheltered workshops, clients workshops;~~

(6) ~~Clients of adult developmental activity programs, students programs;~~

(7) ~~Students in Health and Human Services Development Programs, juveniles Programs;~~

(8) ~~Juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction, members jurisdiction;~~

(9) ~~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 Statutes;~~

(10) ~~Elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation (CPR). Provided further, tuition shall be waived for up (CPR);~~

(11) ~~Up to six hours of credit instruction and 96 contact hours one course 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 Carolina;~~

(12) ~~All curriculum 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;~~

(13) ~~Human resources development courses for any individual who (i) is unemployed; (ii) has received notification of a pending layoff; (iii) is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or (iv) is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines; and~~

(14) ~~Prison inmates."~~

SECTION 8.4.(b) G.S. 115D-39 is amended by adding a new subsection to read:

"(a1) In addition, any federal law enforcement officer whose permanent duty station is within North Carolina shall also be eligible for the State resident community college tuition rate for law enforcement training courses."

SECTION 8.4.(c) The Community Colleges System Office shall report to the 2011 General Assembly on the number and cost of courses taken by State law enforcement officers and of courses taken by local law enforcement officers.

SECTION 8.4.(d) The Fiscal Research Division, in consultation with the Community Colleges System Office, shall make a comprehensive study of the currently authorized tuition waivers and shall report to the 2011 General Assembly on waivers that should be modified or abolished because they are not being used or for other reasons.

COMMUNITY COLLEGE FINANCIAL AID LOANS

SECTION 8.5.(a) The State Board of Community Colleges shall permanently realign its funding formula by increasing the amount allocated in the funding formula for students' services by fifty million dollars (\$50,000,000) and by reducing the amount in the funding formula for curriculum and continuing education instruction by a commensurate amount. The revised formula shall ensure that community colleges have the adequate funds and resources necessary to administer and provide financial aid services to students.

1 **SECTION 8.5.(b)** G.S. 115D-40.1 reads as rewritten:

2 "**§ 115D-40.1. Financial Assistance for Community College Students.**

3 (a) Need-Based Assistance Program. – It is the intent of the General Assembly that the
4 Community College System make these financial aid funds available to the neediest students
5 who are not eligible for other financial aid programs that fully cover the required educational
6 expenses of these students. The State Board may use some of these funds as short-term loans to
7 students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.

8 (b) Targeted Assistance. – Notwithstanding subsection (a) of this section, the State
9 Board may allocate no more than ten percent (10%) of the funds appropriated for Financial
10 Assistance for Community College Students to:

11 (1) Students who do not qualify for need-based assistance but who enroll in
12 low-enrollment programs that prepare students for high-demand
13 occupations, and

14 (2) Students with disabilities who have been referred by the Division of
15 Vocational Rehabilitation and are enrolled in a community college.

16 (c) Administration of Program. – The State Board shall adopt rules and policies for the
17 disbursement of the financial assistance provided in subsections (a) and (b) of this section.
18 Degree, diploma, and certificate students must complete a Free Application for Federal Student
19 Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the
20 State Education Assistance Authority for administration of these financial assistance funds.
21 These funds shall not revert at the end of each fiscal year but shall remain available until
22 expended for need-based financial assistance. The

23 ~~The State Board shall ensure that at least one counselor is available at each college to~~
24 ~~inform students about federal programs and funds available to assist community college~~
25 ~~students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax~~
26 ~~Credits and to actively encourage students to utilize these federal programs and funds. The~~
27 ~~interest earned on the funds provided in subsections (a) and (b) of this section may be used to~~
28 ~~support the costs of administering the Community College Grant Program.~~

29 (d) Participation in Federal Loan Programs. – All community colleges shall participate
30 in the William D. Ford Federal Direct Loan Program. The State Board shall ensure that at least
31 one counselor is available at each college to inform students about federal programs and funds
32 available to assist community college students, including, but not limited to, Pell Grants, HOPE
33 and Lifetime Learning Tax Credits, and the William D. Ford Federal Direct Loan Program, and
34 to actively encourage students to utilize these federal programs and funds."

35 **SECTION 8.5.(c)** Subsection (b) of this section becomes effective July 1, 2011,
36 and expires July 1, 2012. The remainder of this section becomes effective July 1, 2010.

37 38 **TUITION REFUNDS**

39 **SECTION 8.6.(a)** A refund of community college tuition shall not be made except
40 under the following circumstances:

41 (1) A one hundred percent (100%) refund shall be made if the student officially
42 withdraws prior to the first day of class of the academic semester or term as
43 noted in the college calendar. Also, a student is eligible for a 100 percent
44 refund if the class in which the student is officially registered is cancelled
45 due to insufficient enrollment.

46 (2) A seventy-five percent (75%) refund shall be made if the student officially
47 withdraws from the class prior to or on the official ten percent (10%) point
48 of the semester.

49 (3) For classes beginning at times other than the first week (seven calendar
50 days) of a semester a one hundred percent (100%) refund shall be made if
51 the student officially withdraws from the class prior to the first class

1 meeting. A seventy-five percent (75%) refund shall be made if the student
2 officially withdraws from the class prior to or on the ten percent (10%) point
3 of the class.

- 4 (4) A one hundred percent (100%) refund shall be made if the student officially
5 withdraws from a contact hour class prior to the first day of class of the
6 academic semester or term or if the college cancels the class. A seventy-five
7 percent (75%) shall be made if the student officially withdraws from a
8 contact hour class on or before the tenth calendar day of the class.

9 **SECTION 8.6.(b)** To comply with applicable federal regulations regarding
10 refunds, federal regulations supersede the provisions of this section.

11 **SECTION 8.6.(c)** Where a student, having paid the required tuition for a semester,
12 dies during that semester (prior to or on the last day of examinations of the college the student
13 was attending), all tuition and fees for that semester may be refunded to the estate of the
14 deceased.

15 **SECTION 8.6.(d)** Community colleges shall adopt local refund policies for classes
16 for which they collect receipts which are not required to be deposited into the State Treasury
17 account.

18 19 **MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES**

20 **SECTION 8.7.** Section 8.24 of S.L. 2009-451 reads as rewritten:

21 "**SECTION 8.24.** The management flexibility reduction for the North Carolina Community
22 College System shall be allocated by the State Board of Community Colleges in a manner that
23 accounts for the unique needs of each college and provides for the equitable distribution of
24 funds to the institutions consistent with G.S. 115D-5(a). Before taking reductions to
25 instructional budgets, the community colleges shall consider reducing budgets for senior and
26 middle management personnel and for programs that have both low-enrollment and
27 low-postgraduate success. Colleges shall minimize the impact on student support services and
28 on the retraining of dislocated workers. Colleges shall not reduce funding for the Small
29 Business Centers. The community colleges shall also review their institutional funds to
30 determine whether there are monies available in those funds that can be used to assist with
31 operating costs before taking reductions in instructional budgets."
32

33 **CATAWBA VALLEY COMMUNITY COLLEGE MANUFACTURING SOLUTIONS 34 CENTER**

35 **SECTION 8.8.(a)** G.S. 115D-67.2(b)(7) reads as rewritten:

36 "(7) The Director of the ~~Hosiery Technology Center~~Manufacturing Solutions
37 Center at Catawba Valley Community College who shall serve ex officio as
38 a nonvoting member."

39 **SECTION 8.8.(b)** Notwithstanding any other provision of law, all fees collected
40 by the Manufacturing Solutions Center of Catawba Valley Community College for the testing
41 of products shall be retained by the Center and used for the operations of the Center. Purchases
42 made by the Center using these funds are not subject to the provisions of Article 3 of Chapter
43 143 of the General Statutes.
44

45 **COMMUNITY COLLEGE EQUIPMENT FUNDS**

46 **SECTION 8.9.** Of the expansion funds appropriated for the 2010-2011 fiscal year
47 for community college equipment, up to two hundred fifty thousand dollars (\$250,000) may be
48 used for virtual 3-D equipment.
49

50 **BASIC SKILLS PLUS**

51 **SECTION 8.10.** Section 8.2 of S.L. 2009-451 reads as rewritten:

1 "~~SECTION 8.2.~~SECTION 8.2.(a) Notwithstanding any other provision of law, a local
2 community college may use up to five percent (5%) of the Literacy Funds allocated to it by the
3 State Board of Community Colleges to procure instructional technology for literacy labs. This
4 technology may include computers, instructional software and software licenses, scanners for
5 testing, and classroom projection equipment. The State Board may also authorize a local
6 community college to use up to twenty percent (20%) of the State Literacy Funds allocated to it
7 to provide employability skills, job-specific occupational and technical skills, and
8 developmental education instruction to students concurrently enrolled in a community college
9 course leading to a high school diploma or equivalent certificate.

10 "SECTION 8.2.(b) Notwithstanding any other provision of law, if a community college
11 provides employability skills, job-specific occupational or technical skills, or developmental
12 education instruction, to students concurrently enrolled in a community college course leading
13 to a high school diploma or equivalent certificate, the college may waive the tuition and
14 registration fees associated with this instruction."

15 16 **PART IX. UNIVERSITIES**

17 18 **REPEAL ESCHEAT FUND APPROPRIATION FOR MILLENNIUM TEACHING** 19 **SCHOLARSHIP LOAN PROGRAM**

20 **SECTION 9.1.** Section 9.1.(c) of S.L. 2009-451 is repealed.

21 22 **STUDY FINANCIAL AID CONSOLIDATION**

23 **SECTION 9.2.(a)** The State Education Assistance Authority, The University of
24 North Carolina, the North Carolina Community College System, and the Fiscal Research
25 Division of the General Assembly shall establish a work group to study jointly the
26 simplification and consolidation of State-funded financial aid for students. North Carolina
27 Independent Colleges and Universities, Inc., shall also be included as a joint member of the
28 work group if it chooses to participate in the study. The State Education Assistance Authority
29 shall be the lead agency for the work group and study.

30 **SECTION 9.2.(b)** The purpose of the study is to develop recommendations and
31 options for simplifying and consolidating the delivery of, administration of, and access to
32 State-funded financial aid for students. In conducting the study, the work group shall consider
33 the State's current student financial aid programs and how to consolidate those programs into
34 two categories of State-funded student aid programs: one program that consolidates the State's
35 major need-based programs and one program that consolidates many of the State's scholarship
36 and forgivable loan programs currently available to students who plan to earn degrees and
37 pursue careers in certain professional areas. More specifically the work group shall do the
38 following:

- 39 (1) Design a unified need-based financial aid program that combines at a
40 minimum the following three programs into a single need-based financial aid
41 program: The University of North Carolina Need-Based Grant program, the
42 North Carolina Community College Grant program, and the North Carolina
43 Education Lottery Scholarship program established under Article 35A of
44 Chapter 115C of the General Statutes. Currently each of these programs has
45 its own award criteria, formulas, target populations, and funding sources
46 (Escheat Fund, General Fund, and Lottery Funds). As part of its study, the
47 work group shall determine what the appropriate parameters may be for such
48 a unified program by using models that take into account income, expected
49 family contribution, college expenses, type of college attended, and any
50 other factors the work group deems relevant. In designing the program, the
51 work group shall address the issue of proportionality of funding and shall

1 take into account all of the following in its consideration of that issue: the
2 proportionality of funding that currently exists among The University of
3 North Carolina, the North Carolina Community College System, and the
4 North Carolina private colleges and universities; funding sources;
5 accounting for student enrollment change; monetary differences between
6 certain categories of students and whether based on those monetary
7 differences student financial aid should be based on cost of attendance or
8 tuition and fees. The work group may also consider whether it is appropriate
9 to redefine "need" for purposes of student financial aid and to develop a
10 common formula for the distribution of financial aid and the consequences
11 of any proposed modifications if the decision is made to redefine "need" and
12 develop a common formula. The program shall be designed to: (i) distribute
13 funds in a manner that is consistent with legislative intent, but more easily
14 understood by potential students, and (ii) retain the ability to track lottery
15 funds.

- 16 (2) Design a "forgivable loans for service" program that combines at a minimum
17 the following existing programs into one consolidated program that focuses
18 on loans for services: the Nurse Educators of Tomorrow; Nurse Scholars
19 Program; Nurse Education Scholarship Loan Program; Board of Governors
20 Medical Scholarship Loans; Board of Governors Dental Scholarship Loans;
21 Health, Science and Mathematics Student Loan Program; Prospective
22 Teacher Scholarship Loan Program; and the Teacher Assistant Scholarship
23 Program. This single consolidated program shall initially focus on two high
24 area needs: teaching and health professions (including nursing, allied health
25 and medical, dental, and pharmacy careers). In designing this program, the
26 work group may consider the current allocation of funds among the various
27 scholarship and forgivable loan programs, whether it would be appropriate
28 to allow the reallocation and award of funds not distributed as forgivable
29 loans in a specific service area to be awarded as forgivable loans in a
30 different service area, and, if so, what procedure and methodology would be
31 appropriate to trigger the reallocation of funds and provide for the
32 distribution of those funds as awards in a different service area.

33 **SECTION 9.2.(c)** In addition to the considerations set out in subsection (b) of this
34 section, the work group shall also consider all of the following:

- 35 (1) The time period required to phase out student loans from any of the
36 programs affected by the program consolidation.
37 (2) How federal funding may affect student financial aid services.
38 (3) How to deal with current recipients of funds from programs affected by the
39 consolidation.
40 (4) How to deal with recipients who are paying back loans made through
41 programs affected by the consolidation.
42 (5) Whether the State Education Assistance Authority should be authorized to
43 extend the repayment period for forgivable loans in hardship circumstances
44 when a good faith effort has been made to repay the loan in a timely manner,
45 and if so, what the appropriate procedure may be for making that
46 determination and extending the repayment period.
47 (6) Whether there are, and if so how to address, any significant abuses of the
48 financial aid system, particularly by persons who intentionally apply for and
49 receive financial aid but who intend to drop out of school after securing
50 financial aid funds.
51 (7) Any other issues the work group deems relevant to this study.

1 **SECTION 9.2.(d)** The work group shall present its proposed program designs and
2 report its findings and recommendations to the Joint Select Committee on State Funded Student
3 Financial Aid by October 1, 2010. In its report the work group shall also identify options that
4 may vary from the proposed program designs but that are alternatives that the work group
5 determines may also be workable and consistent with the legislative intent of this study. The
6 work group shall also include in the report any legislative changes that may be needed to
7 implement the program designs and work group recommendations.
8

9 **COORDINATE THE REPORT DUE DATES FOR VARIOUS TEACHER EDUCATION**
10 **REPORTS**

11 **SECTION 9.3.(a)** G.S. 116-11 is amended by adding a new subdivision to read:

12 "(12d) The Board of Governors shall provide a comprehensive annual report on
13 teacher education efforts at The University of North Carolina. The report
14 shall include information about teacher education and recruitment, 2+2
15 initiatives, distance education programs focused on teacher education, and
16 professional development programs for teachers and school administrators.
17 The teacher education report shall be due on April 15 of each year to the
18 Joint Legislative Education Oversight Committee and the State Board of
19 Education."

20 **SECTION 9.3.(b)** G.S. 116-74.21(c) reads as rewritten:

21 "(c) The Board of Governors shall study the issue of supply and demand of school
22 administrators to determine the number of school administrators to be trained in the programs
23 in each year of the biennium and report the results of this study to the Joint Legislative
24 Education Oversight Committee no later than ~~March 1~~ April 15 annually."

25 **SECTION 9.3.(c)** Section 9.7(c) of S.L. 2008-107 reads as rewritten:

26 "**SECTION 9.7.(c)** The University of North Carolina and Community Colleges System
27 Office shall report by ~~September 1, 2008, April 15, 2011,~~ and annually thereafter, to the Joint
28 Legislative Education Oversight ~~Commission, Committee,~~ the State Board of Education, the
29 Office of State Budget and Management, and the Fiscal Research Division of the General
30 Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report
31 shall include:

- 32 (1) The courses and programs within the 2+2 E-Learning Initiative;
- 33 (2) The total number of prospective teachers that have taken or are taking part in
34 this initiative to date broken down by the current academic period and each
35 of the previous academic periods since the program's inception;
- 36 (3) The total number of teachers currently in the State's classrooms, by local
37 school administrative unit, who have taken part in this initiative;
- 38 (4) The change in the number of teachers available to schools since the
39 program's inception;
- 40 (5) The qualitative data from students, teachers, local school administrative unit
41 personnel, university personnel, and community college personnel as to the
42 impact of this initiative on our State's teaching pool; and
- 43 (6) An explanation of the expenditures and collaborative programs between the
44 North Carolina Community College System and The University of North
45 Carolina, including recommendations for improvement."

46 **SECTION 9.3.(d)** Section 9.3(c) of S.L. 2005-276 reads as rewritten:

47 "**SECTION 9.3.(c)** These results shall be reported by ~~September 1, 2006, April 15, 2011,~~
48 and annually thereafter to the State Board of Education, the Board of Governors of The
49 University of North Carolina, the State Board of Community Colleges, the Education Cabinet,
50 the Joint Legislative Education Oversight ~~Commission, Committee,~~ and the Office of State
51 Budget and Management."

1 **SECTION 9.3.(e)** Section 9.9 of S.L. 2002-126 reads as rewritten:

2 **"SECTION 9.9.** The Board of Governors of The University of North Carolina may allow
3 Elizabeth City State University, the University of North Carolina at Pembroke, and Western
4 Carolina University each to allocate up to one hundred seventy-eight thousand three hundred
5 eighty dollars (\$178,380) of the funds allocated to them for focused enrollment growth for a
6 maximum of 20 Prospective Teacher Scholars. These funds may be used to recruit new
7 nonresident students to enter into agreements to: (i) pursue a full-time course of study that will
8 lead to teacher certification in North Carolina and (ii) teach in a North Carolina public school
9 or a school operated by the United States government in North Carolina for one year for each
10 year that they receive this benefit. The Board of Governors shall establish guidelines and
11 regulations for this pilot program, including methodology for determining its success in
12 increasing the supply of qualified teachers for North Carolina public schools. The Board shall
13 report its guidelines and regulations to guide these pilot programs to the Joint Legislative
14 Education Oversight Committee by ~~November 15, 2002.~~ April 15, 2011. The Board shall report
15 annually to the Committee on the progress of the pilot programs and their costs."
16

17 **ELIMINATE BIENNIAL DISTANCE EDUCATION REPORTS**

18 **SECTION 9.4.** Section 11.7 of S.L. 1998-212 reads as rewritten:

19 **"Section 11.7.** This act provides funding to The University of North Carolina Board of
20 Governors for degree-related courses provided away from the campus sites of the constituent
21 institutions of The University of North Carolina. The intent of this commitment is to provide
22 expanded opportunities for higher education to more North Carolina residents, including
23 nontraditional students, and to increase the number of North Carolina residents who earn
24 post-secondary degrees.

25 These funds shall be used for the provision of off-campus higher education programs,
26 including the costs for the development or adaptation of programs for this purpose, and the
27 funds may be used for the costs of providing space and services at the off-campus sites.

28 Prior to approving funding for off-campus programs in nursing, the Board shall consult
29 with the central office of the Area Health Education Centers (AHEC) to obtain information
30 about regional needs and priorities and to coordinate funding with AHEC efforts in nursing
31 education.

32 The Board of Governors shall track these funds separately in order to provide data on the
33 costs of providing these programs, including the different costs for various methods of delivery
34 of educational programs. The Board of Governors shall provide for evaluation of these
35 off-campus programs, including comparisons to the costs and quality of on-campus delivery of
36 similar programs, as well as the impact on access to higher education and the educational
37 attainment levels of North Carolina residents. ~~The Board shall provide a preliminary report to~~
38 ~~the General Assembly by May 1, 2000, and subsequent evaluations, including~~
39 ~~recommendations for changes, shall be made at least biennially to the Joint Legislative~~
40 ~~Education Oversight Committee."~~
41

42 **REPEAL DUPLICATE STUDY/STATE-FUNDED STUDENT FINANCIAL AID**

43 **SECTION 9.5.** Section 9.24 of S.L. 2009-451 is repealed.
44

45 **PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION** 46 **FOR PERFORMING ARTS**

47 **SECTION 9.6.** Section 9.4 of S.L. 2009-451 reads as rewritten:

48 **"SECTION 9.4.** The General Assembly finds that in order to expand opportunities for
49 students involved in the performing arts, existing funding for the Summer Institute on Roanoke
50 Island should not be allocated to one specific University of North Carolina institution but
51 instead be allocated directly to the Roanoke Island Commission, so that any interested

1 University of North Carolina institution may have the opportunity to participate in summer arts
2 enrichment and education programs. Therefore, of the funds appropriated by this act to the
3 Board of Governors of The University of North Carolina and allocated to the Summer Institute
4 of the University of North Carolina School of the Arts on Roanoke Island program for the
5 2009-2011 fiscal biennium, the sum of four hundred sixty-one thousand six hundred forty-six
6 dollars (\$461,646) shall be transferred for the 2009-2010 fiscal year to the Roanoke Island
7 Commission, and the ~~sum of four hundred sixty one thousand six hundred forty six dollars~~
8 ~~(\$461,646) shall be transferred for the 2010-2011 fiscal year to the Roanoke Island~~
9 ~~Commission.~~ recurring funds appropriated for the 2010-2011 fiscal year to the Board of
10 Governors of The University of North Carolina and allocated to the University of North
11 Carolina School of the Arts for the Summer Institute on Roanoke Island program shall be
12 permanently transferred to the Department of Cultural Resources and allocated to the Roanoke
13 Island Commission. The amount to be transferred shall be equal to the amount of the
14 appropriation remaining after all reductions, prior to and included in the act, are incorporated.
15 The Roanoke Island Commission may use these funds to purchase equipment and to contract
16 with any of the constituent institutions of The University of North Carolina System to provide
17 music and drama students an education in a professional performing environment while
18 providing a public service to the State. Any available funds may be used to contract with
19 community-based or nonprofit performing arts groups or other performing arts groups
20 supported with State or local funds to provide music and drama on Roanoke Island."

21 22 **REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING, AND** 23 **MATHEMATICS (STEM) PROGRAMS**

24 **SECTION 9.7.(a)** In order to assess the effectiveness of the science, technology,
25 engineering, and mathematics (STEM) programs administered by The University of North
26 Carolina, General Administration shall compile a comprehensive list of the programs within
27 The University System whose primary objective is to provide community outreach in the form
28 of either (i) teacher professional development programs to strengthen the quality of science or
29 mathematics instruction in the public schools; or (ii) K-12 student enrichment programs in the
30 areas of science, technology, engineering, or mathematics. The University of North Carolina
31 General Administration shall submit the list of STEM programs compiled pursuant to this
32 subsection to the Office of State Budget and Management and the Fiscal Research Division by
33 February 15, 2011.

34 At a minimum, all of the following programs shall be included in the list:

- 35 (1) Pre-College and Teacher Professional Development programs administered
36 through the North Carolina Mathematics and Science Education Network
37 (NC-MSEN).
- 38 (2) Summer Ventures Program.
- 39 (3) North Carolina Central University Center for Science, Math and Technology
40 Education.
- 41 (4) Fayetteville State University CHEER Summer Bridges.
- 42 (5) NCSTEM Community Collaborative.

43 **SECTION 9.7.(b)** The University of North Carolina General Administration shall
44 conduct a review of each of the programs identified pursuant to subsection (a) of this section
45 and shall report the results to the Office of State Budget and Management and the Fiscal
46 Research Division no later than September 30, 2011, to assist with future funding decisions.
47 The report shall contain the following information for each program:

- 48 (1) A description of the program mission, goals, and objectives.
- 49 (2) The statutory objectives for the program if applicable.
- 50 (3) Annual State appropriation and receipt funding for the program.

- 1 (4) Program effectiveness measures for Teacher Professional Development
2 programs to include at a minimum:
3 a. A measure of teachers' classroom effectiveness in STEM areas
4 before and after attending a university professional development
5 program.
6 b. A measure of math and science educators retained as a result of
7 attending a UNC professional development program.
- 8 (5) Program effectiveness measures for student enrichment programs to include
9 at a minimum:
10 a. A measure of students' expected college and career aspirations before
11 and after attending a STEM program.
12 b. A measure of students' math and science performance on
13 standardized tests before and after attending a STEM program.
14 c. A measure of declared STEM majors within the UNC system who
15 attended a UNC-sponsored STEM program.

16 **SECTION 9.7.(c)** In addition, the Department of Public Instruction shall survey
17 math and science educators in North Carolina to identify the number of current math and
18 science educators who attended a Pre-College or Summer Ventures program sponsored by The
19 University of North Carolina before entering college. The survey may be conducted in
20 cooperation with ongoing data collection efforts within The University of North Carolina
21 System. The data shall be reported to the Office of State Budget and Management and the
22 Fiscal Research Division by February 15, 2011.

23
24 **TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF**
25 **CULTURAL RESOURCES**

26 **SECTION 9.8.** The A+ Schools program is transferred from the University of
27 North Carolina at Greensboro to the North Carolina Arts Council in the Department of Cultural
28 Resources, as if by a Type I transfer as defined in G.S. 143A-6, with all the elements of such a
29 transfer. The program transfer shall include the sum of fifty-eight thousand six hundred
30 thirty-eight dollars (\$58,638).

31
32 **COASTAL DEMONSTRATION WIND TURBINES**

33 **SECTION 9.9.** Section 9.14(a) of S.L. 2009-451 reads as rewritten:

34 **"SECTION 9.14.(a)** Of the funds received by the State and appropriated by United States
35 Public Law 111-005, the American Recovery and Reinvestment Act of 2009, and appropriated
36 in this act to the State Energy Office for the 2009-2010 fiscal year, the sum of three hundred
37 thousand dollars (\$300,000) in nonrecurring funds shall be allocated to The University of North
38 Carolina to continue the coastal sounds wind energy study set forth in Section 9.12 of S.L.
39 2008-107. The University shall contract with a third party by October 1, 2009, to design,
40 permit, procure, construct, establish, ~~operate, and reclaim as appropriate at the end of their~~
41 ~~economic life~~ and operate up to three demonstration turbines and necessary support facilities in
42 the sounds or off the coast of ~~North Carolina by September 1, 2010.~~ North Carolina. The
43 contract shall provide for the reclamation and decommissioning of the project at the end of its
44 economic life. The demonstration project shall commence operations as soon as practicable,
45 and, in any event, no later than December 31, 2011.

46 Any contract entered into between The University and a third party pursuant to this section
47 shall ensure that The University is provided appropriate access to the demonstration turbines
48 and necessary support facilities for research purposes. The actual number and placement of the
49 wind turbines and necessary support facilities shall be determined by the coastal sounds wind
50 energy study in coordination with participating entities. The Director of the Budget shall ensure
51 that any available federal funds are secured by the State to construct the demonstration turbines

1 and necessary support facilities. The University may negotiate and execute any rights-of-way,
2 easements, leases, and any other agreements necessary to construct, establish, and operate the
3 demonstration turbines and supporting facilities, notwithstanding any other provisions of law
4 governing such negotiation and execution of any rights-of-way, easements, leases, or other
5 required agreements required for the facilities authorized under this section."
6

7 UNIVERSITY CANCER RESEARCH FUND

8 SECTION 9.12. G.S. 116-29.1 reads as rewritten:

9 "§ 116-29.1. University Cancer Research Fund.

10 ...

11 (c) Cancer Research Fund Committee. – The Cancer Research Fund Committee shall
12 consist of five ex officio members and two appointed members. The five ex officio members
13 shall consist of the following: (i) one member shall be the ~~President of The University of North~~
14 ~~Carolina, Chancellor of the University of North Carolina at Chapel Hill,~~ (ii) one member shall
15 be the Director of the Lineberger Comprehensive Cancer Center, (iii) one member shall be the
16 Dean of the School of Medicine at The University of North Carolina, (iv) one member shall be
17 the Dean of the School of Pharmacy at The University of North Carolina, and (v) one member
18 shall be the Dean of the School of Public Health at The University of North Carolina. The
19 remaining two members shall be appointed by a majority vote of the standing members of the
20 Committee and shall be selected from persons holding a leadership position in a nationally
21 prominent cancer program.

22 If any of the specified positions cease to exist, then the successor position shall be deemed
23 to be substituted in the place of the former one, and the person holding the successor position
24 shall become an ex officio member of the Committee."

25 (d) Chair. – The chair shall be the ~~President of The University of North~~
26 ~~Carolina, Chancellor of the University of North Carolina at Chapel Hill.~~

27"

28

29 RECRUITMENT OF PHARMACY STUDENTS

30 SECTION 9.15. The University of North Carolina at Chapel Hill shall collaborate
31 with the University of North Carolina at Asheville and Elizabeth City State University
32 regarding the recruitment of students of pharmacy. The universities shall develop and institute a
33 plan in which potential pharmacy students are informed of the pharmacy programs at each of
34 the public universities in an effort to recruit those students to State schools.
35

36 SUCCESS NC REPORT

37 SECTION 9.16. The Executive Director of UNC Tomorrow and the Executive
38 Vice President of the North Carolina Community College System shall report to the Joint
39 Legislative Education Oversight Committee by December 1, 2010, regarding the progress in
40 implementing Success NC. Success NC is a program that represents a collaborative effort
41 between The University of North Carolina and the North Carolina Community College System
42 with the goal of increasing the number of North Carolinians with college degrees and
43 workplace relevant credentials to prepare them for success in today's 21st century
44 knowledge-based workforce.
45

46 APPALACHIAN STATE UNIVERSITY CENTER AT HICKORY

47 SECTION 9.17.(a) Section 8.25 of S.L. 2009-451 is repealed.

48 SECTION 9.17.(b) Of the funds appropriated by this act to the Community
49 Colleges System Office and allocated to the Hickory Metropolitan Higher Education Center for
50 the 2010-2011 fiscal year the sum of two hundred sixty-four thousand eight hundred
51 thirty-three dollars (\$264,833) is transferred from the Community Colleges System Office to

1 the Board of Governors of The University of North Carolina to be allocated to Appalachian
2 State University to assist with the administrative costs of operating the Appalachian State
3 University Center at Hickory.
4

5 **ECU DENTAL SCHOOL FUNDS/CONTINUING STATE FINANCIAL SUPPORT TO**
6 **HELP SECURE ACCREDITATION**

7 **SECTION 9.18.** It is the intent of the General Assembly to appropriate funds in the
8 amount of three million five hundred thousand dollars (\$3,500,000) for the 2011-2012 fiscal
9 year and the sum of one million five hundred thousand dollars (\$1,500,000) for the 2012-2013
10 fiscal year to the Board of Governors of The University of North Carolina for East Carolina
11 University to provide continuing State financial support of the School of Dentistry at East
12 Carolina University in future fiscal years and to help secure accreditation of the School of
13 Dentistry by the American Dental Association's Commission on Accreditation.
14

15 **TRANSFER SURPLUS IN LEGISLATIVE TUITION GRANTS AND RELIGIOUS**
16 **COLLEGE GRANTS TO CONTRACTUAL SCHOLARSHIP FUND**

17 **SECTION 9.19.(a)** Notwithstanding any other provision of law, if the amount
18 appropriated by this act to the State Education Assistance Authority for the 2010-2011 fiscal
19 year for legislative tuition grants exceeds the amount required to pay the legislative tuition
20 grants in the amount of one thousand eight hundred fifty dollars (\$1,850) to each North
21 Carolina resident student attending the State's private colleges, then the State Education
22 Assistance Authority shall deposit the surplus balance of the funds into the State Contractual
23 Scholarship Fund and may use those funds to provide additional scholarships for or to increase
24 the scholarship amounts awarded to students who have financial need.

25 **SECTION 9.19.(b)** Notwithstanding any other provision of law, if the amount
26 appropriated by this act to the State Education Assistance Authority for the 2010-2011 fiscal
27 year for religious college grants exceeds the amount required to pay the religious college grants
28 in the amount of one thousand eight hundred fifty dollars (\$1,850) to each North Carolina
29 resident student attending the State's eligible institutions as defined by G.S. 116-43.5, then the
30 State Education Assistance Authority shall deposit the surplus balance of the funds into the
31 State Contractual Scholarship Fund and may use those funds to provide additional scholarships
32 for or to increase the scholarship amounts awarded to students who have financial need.
33

34 **CAMPUS INITIATED TUITION INCREASES/FIFTY PERCENT FOR STUDENT**
35 **FINANCIAL AID**

36 **SECTION 9.20.(a)** Section 9.23 of S.L. 2009-451 is repealed.

37 **SECTION 9.20.(b)** All campus initiated tuition increases approved by the Board of
38 Governors of The University of North Carolina may be implemented; however, each campus
39 that implements the tuition increase shall expend fifty percent (50%) of the increase on student
40 financial aid and may use as much of the remaining tuition income as needed to fully meet
41 student financial aid needs on that campus.
42

43 **ECU/REVERT BALANCE OF MAGNETIC RESONANCE IMAGING (MRI) LEASE &**
44 **EQUIPMENT FUNDS**

45 **SECTION 9.21.** Funds received by the East Carolina University School of
46 Medicine (now Brody School of Medicine) from Pitt County Memorial Hospital for the lease of
47 the Magnetic Resonance Imaging (MRI) building and equipment shall revert to the General
48 Fund.
49

1 **PROJECTION OF UNC ENROLLMENT GROWTH/SECOND YEAR OF**
2 **BIENNIUM/LIMIT FUTURE APPROPRIATIONS FOR ENROLLMENT**
3 **GROWTH**

4 **SECTION 9.22.(a)** G.S. 116-30.7 reads as rewritten:

5 **"§ 116-30.7. Biennial projection of enrollment growth for The University of North**
6 **Carolina.**

7 By October 15 of each even-numbered year, the General Administration of The University
8 of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to
9 the Office of State Budget and Management a projection of the total student enrollment in The
10 University of North Carolina that is anticipated for the next biennium. The enrollment
11 projection shall be divided into the following categories and shall include the projected growth
12 for each year of the biennium in each category at each of the constituent institutions:
13 undergraduate students, graduate students (students earning master's and doctoral degrees), first
14 professional students, and any other categories deemed appropriate by General Administration.
15 The projection shall also distinguish between on-campus and distance education students. The
16 projections shall be considered by the Director of the Budget when determining the amount the
17 Director proposes to fund as the continuation requirement for the enrollment increase in the
18 university system pursuant to G.S. 143C-3-5(b). The amount of the funds budgeted for
19 enrollment growth for the biennium shall not be increased in the second year of the biennium."

20 **SECTION 9.22.(b)** The General Assembly intends to appropriate funds for a
21 maximum of one percent (1%) growth in student credit hours in the 2011-2012 fiscal year.
22

23 **UNC BANNER SYSTEM/ASU HEALTH SCIENCES**

24 **SECTION 9.23.(a)** Of the funds appropriated to the Board of Governors of The
25 University of North Carolina for a "Strategic Initiatives Reserve," for the 2010-2011 fiscal year,
26 the sum of six hundred seventy-five thousand dollars (\$675,000) of the reserve shall be used to
27 complete the Central Banner Payroll project and the Banner Hosting project. The Central
28 Banner Payroll project serves nine constituent institutions. The Banner Hosting Project serves
29 three constituent institutions.

30 **SECTION 9.23.(b)** Of the funds appropriated to the Board of Governors of The
31 University of North Carolina for a "Strategic Initiatives Reserve," for the 2010-2011 fiscal year,
32 the sum of two hundred fifty thousand dollars (\$250,000) of the reserve shall be used to fund
33 the operating and staffing needs of the newly established College of Health Sciences and Allied
34 Professions at Appalachian State University.

35 **SECTION 9.23.(c)** By February 1, 2011, the President of The University of North
36 Carolina shall report to the House of Representatives Appropriations Subcommittee on
37 Education and the Senate Appropriations Committee on Education/Higher Education
38 regarding: (i) the progress in completing the installation and implementation of the Central
39 Banner Payroll project and the Banner Hosting Project, and (ii) the use of the funds for the
40 operating and staffing needs of the College of Health Sciences and Allied Professions at
41 Appalachian State University.
42

43 **NCSU/RESTORE MASTER GARDENER FUNDS**

44 **SECTION 9.24.** Of the funds appropriated by this act to the Board of Governors of
45 The University of North Carolina and allocated to North Carolina State University for the
46 2010-2011 fiscal year the sum of forty-eight thousand eight hundred seventy-eight dollars
47 (\$48,878) shall be restored to the master gardener account.
48

49 **ELIMINATE IN-STATE TUITION FOR ATHLETIC SCHOLARSHIPS**

50 **SECTION 9.25.** G.S. 116-143.6(a) reads as rewritten:

1 "(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent
2 institution of The University of North Carolina elects to do so, it may by resolution adopted
3 consider as residents of North Carolina all persons who receive full ~~scholarships-scholarships,~~
4 unless the scholarship is for athletics, to the institution from entities recognized by the
5 institution and attend the institution as undergraduate students. The aforesaid persons shall be
6 considered residents of North Carolina for all purposes by The University of North Carolina."
7

8 **AMEND TUITION WAIVER**

9 **SECTION 9.26.** G.S. 115B-2 reads as rewritten:

10 **"§ 115B-2. Tuition waiver authorized.**

11 (a) The constituent institutions of The University of North Carolina and the community
12 colleges as defined in G.S. 115D-2(2) shall permit the following persons to attend classes for
13 credit or noncredit purposes without the required payment of tuition:

- 14 (1) Repealed by Session Laws 2009-451, s. 8.11(a), effective July 1, 2009.
- 15 (2) Any person who is the survivor of a law enforcement officer, firefighter,
16 volunteer firefighter, or rescue squad worker killed as a direct result of a
17 traumatic injury sustained in the line of duty.
- 18 (3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or
19 rescue squad worker who is permanently and totally disabled as a direct
20 result of a traumatic injury sustained in the line of duty.
- 21 (4) Any child, if the child is at least 17 years old but not yet ~~23 years old,~~24
22 years old, whose parent is a law enforcement officer, firefighter, volunteer
23 firefighter, or rescue squad worker who is permanently and totally disabled
24 as a direct result of a traumatic injury sustained in the line of duty. However,
25 a child's eligibility for a waiver of tuition under this Chapter shall not
26 exceed: (i) ~~48 months, eight academic semesters~~ if the child is seeking a
27 baccalaureate degree, or (ii) if the child is not seeking a baccalaureate
28 degree, the number of months required to complete the educational program
29 to which the child is applying.
- 30 (5) Any child, if the child (i) is at least 17 years old but not yet ~~23 years old,~~24
31 years old, (ii) is a ward of North Carolina or was a ward of the State at the
32 time the child reached the age of 18, (iii) is a resident of the State; and (iv) is
33 eligible for services under the Chaffee Education and Training Vouchers
34 Program; but the waiver shall only be to the extent that there is any tuition
35 still payable after receipt of other financial aid received by the student.

36 (b) Persons eligible for the tuition waiver under subsection (a) of this section must meet
37 admission and other standards considered appropriate by the educational institution. In
38 addition, the constituent institutions of The University of North Carolina shall accept these
39 persons only on a space available basis."
40

41 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

42 **ELECTRONIC BENEFITS TRANSFER SYSTEM**

43 **SECTION 10.1.** The Department of Health and Human Services, Division of Child
44 Development, shall implement an Electronic Benefits Transfer system for child care subsidy.
45 The Department shall review all current electronic card system operations as related to Child
46 Support Enforcement and Food and Nutrition to determine whether coordination may occur
47 among the three-card systems that result in cost-savings.
48

49 The Department shall monitor the implementation of the "smart card" system pilot
50 program in Georgia and implementation of the Medicaid Access Card in Texas. The
51 Department shall submit a report to the Senate Appropriations Committee on Health and

1 Human Services, the House of Representatives Appropriations Subcommittee on Health and
2 Human Services, and the Fiscal Research Division on the implementation of Georgia's pilot
3 program and Texas' Medicaid Access Card and provide any recommendations for a card system
4 program in this State by May 1, 2011.

5 6 **CHANGES TO POLICIES TO FACILITATE AND EXPEDITE USE OF CHILD CARE** 7 **SUBSIDY FUNDS**

8 **SECTION 10.2.(a)** Section 10.4 of S.L. 2009-451 reads as rewritten:

9 "**SECTION 10.4.** The Division of Child Development of the Department of Health and
10 Human Services shall adopt temporary policies ~~that that:~~ (i) facilitate and expedite the prudent
11 expenditure of child care subsidy funds. ~~These policies will address the following:~~

- 12 (1) ~~Permitting the local purchasing agencies to issue time limited vouchers to~~
13 ~~assist counties in managing onetime, nonrecurring subsidy funding.~~
- 14 (2) ~~Extending the current 30/60 day job search policy to six months when a~~
15 ~~recipient experiences a loss of employment.~~
- 16 (3) ~~Providing an upfront job search period of six months for applicants who~~
17 ~~have lost employment since October 1, 2008.~~
- 18 (4) ~~Providing a job search period of six months for recipients who complete~~
19 ~~school and are entering the job market.~~
- 20 (5) ~~Notwithstanding any other provision of law, extending the 24 month~~
21 ~~education time limit for an additional 12 months for a child care recipient~~
22 ~~who has lost a job since October 1, 2008, or otherwise needs additional~~
23 ~~training to enhance his or her marketable skills for job placement due to the~~
24 ~~economic downturn and who has depleted his or her 24 month allowable~~
25 ~~education time.~~
- 26 (6) ~~Lowering funds, and (ii) address lowering~~ the number of hours a parent must
27 ~~be working in orderwork~~ to be eligible for subsidy to assist parents who are
28 continuing to ~~work but at reduced hours.~~ work at least 20 hours per week."

29 **SECTION 10.2.(b)** This section becomes effective October 1, 2010.

30 31 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 32 **ENHANCEMENTS**

33 **SECTION 10.3.** Section 10.7.(g) of S.L. 2009-451 reads as rewritten:

34 "**SECTION 10.7.(g)** For fiscal years 2009-2010 and 2010-2011, the local partnerships
35 shall spend an amount for child care subsidies that provides at least fifty-two million dollars
36 (\$52,000,000) for the TANF maintenance of effort requirement and the Child Care
37 Development Fund and Block Grant match requirement. ~~The Department of Health and Human~~
38 ~~Services shall determine the level of funds that need to be expended in order to draw down all~~
39 ~~federal recovery funds and shall direct the local partnerships to spend at least at the determined~~
40 ~~level. The local partnerships shall not spend at a level less than that directed by the~~
41 ~~Department."~~

42 43 **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL** 44 **SERVICES**

45 **SECTION 10.5.** Section 10.10 of S.L. 2009-451 reads as rewritten:

46 "**SECTION 10.10.** The Division of Child Development of the Department of Health and
47 Human Services shall increase the allowance that county departments of social services may
48 use for administrative costs from four percent (4%) to five percent (5%) of the county's total
49 child care subsidy funds allocated in the Child Care Development Fund Block Grant plan. The
50 increase shall be effective for the 2009-2010 ~~fiscal year~~ and 2010-2011 fiscal years."

1 **TERM LIMITS FOR COUNTY COMMISSIONERS AND COUNTY MANAGERS ON**
2 **AREA MENTAL HEALTH BOARDS**

3 **SECTION 10.7.** G.S. 122C-118.1(d) reads as rewritten:

4 "(d) Any member of an area board who is a county commissioner serves on the board in
5 an ex officio ~~capacity.~~ capacity at the pleasure of the initial appointing authority, for a term not
6 to exceed the member's service as a county commissioner. Any member of an area board who
7 is a county manager serves on the board at the pleasure of the initial appointing authority, for a
8 term not to exceed the duration of the member's employment as a county manager. ~~The terms~~
9 of county commissioners on an area board are concurrent with their terms as county
10 commissioners. The terms of the other members on the area board shall be for three years,
11 except that upon the initial formation of an area board one-third shall be appointed for one year,
12 one-third for two years, and all remaining members for three years. Members, other than
13 county commissioners and county managers, shall not be appointed for more than two
14 consecutive terms. Board members serving as of July 1, 2006, may remain on the board for one
15 additional term. This subsection applies to all area authority board members regardless of the
16 procedure used to appoint members under subsection (a) of this section."
17

18 **CAP-MR/DD STATE FUND SERVICE ELIGIBILITY**

19 **SECTION 10.7A.** Section 10.21B of S.L. 2009-451 reads as rewritten:

20 "**SECTION 10.21B.** Except as otherwise provided in this section for former Thomas S.
21 recipients and recipients with high behavioral needs described in this section, CAP-MR/DD
22 recipients are not eligible for any State-funded services except for those services for which
23 there is not a comparable service in the CAP-MR/DD waiver. The excepted services are limited
24 to guardianship, room and board, and time-limited supplemental staffing to stabilize residential
25 placement. Former Thomas S. recipients currently living in community placements may
26 continue to receive State-funded services. In recognition of CAP-MR/DD recipients with high
27 behavioral needs that exceed the services available under the current CAP-MR/DD waiver, and
28 in recognition of the need for supplemental staffing for these recipients in order to maintain
29 their placement in the community, the Department of Health and Human Services, Division of
30 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall develop a
31 procedure to review and approve or deny requests for State-funded supplemental staffing for
32 individuals receiving services through the CAP-MR/DD waiver who (i) reside in small
33 residential placements, (ii) have a high intensity of behavioral needs, and (iii) require
34 supervision 24 hours per day, seven days per week, as evidenced by a score of 4 or 5 for both
35 behavioral severity and supervision on the North Carolina Supports Needs Assessment Profile
36 and as corroborated by a behavior support plan and a Supports Intensity Scale assessment."
37

38 **JOINT STUDY COMMITTEE ON AUTISM SPECTRUM DISORDERS AND PUBLIC**
39 **SAFETY**

40 **SECTION 10.9.** Section 10.21D.(i) of S.L. 2009-451 reads as rewritten:

41 "**SECTION 10.21D.(i)** The Committee may submit an interim report on the results of its
42 study, including any proposed legislation, to the members of the Senate and the House of
43 Representatives on or before May 1, 2010, by filing a copy of the report with the Office of the
44 President Pro Tempore of the Senate, the Office of the Speaker of the House of
45 Representatives, and the Legislative Library. The Committee shall submit a final report on the
46 results of its study, including any proposed legislation, to the members of the Senate and the
47 House of Representatives ~~on or before December 31, 2010,~~ upon the completion of its work by
48 filing a copy of the report with the Office of the President Pro Tempore of the Senate, the
49 Office of the Speaker of the House of Representatives, and the Legislative Library. The
50 Committee shall terminate ~~on December 31, 2010, or upon the filing of its final report,~~
51 whichever occurs first, upon the completion of its work."

CLOSURE PLAN FOR DOROTHEA DIX HOSPITAL

SECTION 10.10. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall do all of the following with respect to Dorothea Dix Hospital:

- (1) By August 1, 2010, submit an operations budget for the 2010-2011 fiscal year 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.
- (2) By October 1, 2010, develop and submit a plan for closing the hospital no later than June 30, 2011, 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.

CHANGE EFFECTIVE DATE FOR WELL TESTING

SECTION 10.10A. Section 4 of S.L. 2009-124 reads as rewritten:

"**SECTION 4.** Section 1 of this act becomes effective October 1, ~~2010~~2012. The remainder of the act is effective when it becomes law."

CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.11. Section 10.23.(c) of S.L. 2009-451 reads as rewritten:

"**SECTION 10.23.(c)** The Department of Health and Human Services shall report on the following with respect to funds appropriated to the CFEHDI for the 2009-2010 fiscal year. The report shall address the following:

- (1) Which community programs and local health departments received CFEHDI grants.
- (2) The amount of funding each program or local health department received.
- (3) Which of the minority populations were served by the programs or local health departments.
- (4) Which counties were served by the programs or local health departments.
- (5) What activities were planned and implemented by the programs or local health departments to fulfill the community focus of the CFEHDI program.
- (6) How the activities implemented by the programs or local health departments fulfilled the goal of reducing health disparities among minority populations.

The report shall also include specific activities undertaken pursuant to subsection (a) of this section to address large gaps in health status among North Carolinians who are African-American and other minority populations in this State. The Department shall submit the report not later than ~~March 15, 2010~~March 14, 2011, 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."

IMMUNIZATION CHANGES

SECTION 10.13. Section 10.29A of S.L. 2009-451 is amended by adding a new subsection to read:

"(c) The General Assembly finds that health insurers licensed to practice in this State currently provide reimbursement for the full series of standard immunizations recommended by the federal Centers for Disease Control and Prevention (CDC) and the American Academy of Family Physicians and required by the North Carolina Immunization Program. The covered immunizations include all of the following:

- (1) Diphtheria, Pertussis, Tetanus Toxoid (DPT).
- (2) Polio.
- (3) Measles, Mumps, Rubella (MMR).
- (4) Influenza.
- (5) Pneumococcal vaccine.
- (6) Human Papilloma virus (HPV).
- (7) Haemophilus Influenzae Type b (Hib) vaccine.
- (8) Hepatitis B.
- (9) Meningococcal vaccine.
- (10) Chicken Pox.
- (11) Rotavirus.

The General Assembly also finds that, consistent with G.S. 130A-153, physicians and local health departments currently administer the required immunizations listed in subdivisions (1) through (11) of this subsection, which are supplied by the federal government at no cost through the Vaccine For Children (VFC) program, to uninsured and underinsured children with incomes below two hundred percent (200%) of the federal poverty level. Therefore, the General Assembly eliminates the State appropriation for the purchase of childhood vaccines for which health care providers, including local health departments, should be billing health insurers."

COMMUNITY CARE OF NORTH CAROLINA

SECTION 10.15. Section 10.36 of S.L. 2009-451 reads as rewritten:

~~"SECTION 10.36.(a) Given the primary care case management foundation established by Community Care of North Carolina (CCNC), the Department shall build upon that foundation to ensure quality care and cost control of care provided to Medicaid patients.~~

~~"SECTION 10.36.(b) The Department shall contract with CCNC participating physicians and local CCNC networks to manage the care of Medicaid recipients through a per member per month reimbursement.~~

~~"SECTION 10.36.(c) The Department shall ensure that, through CCNC participating physicians and networks, the Department is striving to follow tenets adapted from the National Committee of Quality Assurance's (NCQA) national measures for patient centered Medical Homes Models. The Department shall consult with local CCNC networks to achieve all of the following:~~

- ~~(1) Identify priority diseases, conditions, and patients for care management.~~
- ~~(2) Develop, adopt, and implement protocols for consistent and effective care management of those diseases, conditions, and patients.~~
- ~~(3) Identify data elements necessary for effective delivery and management of medical care and care management services.~~
- ~~(4) Develop and implement a system to measure, analyze, and report clinical performance and service performance by physicians and networks.~~

~~"SECTION 10.36.(d) Consistent with subdivision (1) of subsection (c) of this section, the Department shall (i) identify baseline data on priority diseases, conditions, patients, and populations, and on physicians and networks; (ii) identify patient, physician, and network performance measures, and (iii) develop and implement data systems to gather, analyze, and report on those performance measures. The Department shall begin work immediately to implement this subsection.~~

~~"SECTION 10.36.(e) The Department shall report 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 December 31, 2009, on the performance measures adopted pursuant to subsection (d) of this section. Beginning July 1, 2010, and every six months thereafter, the Department shall submit a~~

1 report to the House of Representatives Appropriations Subcommittee on Health and Human
2 Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal
3 Research Division evaluating the performance of each of the 14 CCNC Networks based on the
4 performance measures adopted pursuant to subsection (d) of this section.

5 **"SECTION 10.36.(f)** The Department of Health and Human Services (Department) shall
6 conduct a Request for Proposal process to solicit bids from qualified outside entities with
7 proven experience in conducting actuarial and health care studies and evaluations to annually
8 report on the Medicaid cost savings achieved by the CCNC-Community Care of North Carolina
9 (CCNC) networks during a 12-month period. Beginning ~~December 31, 2010, March 1, 2011,~~
10 and every year thereafter, the Department shall submit a report on the Medicaid cost savings
11 achieved by the CCNC networks, which shall include children, adults, and the aged, blind, and
12 disabled, to the House of Representatives Appropriations Subcommittee on Health and Human
13 Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal
14 Research Division.

15 **"SECTION 10.36.(g)** By October 1, 2010, the Department and the Division of Medical
16 Assistance (DMA) shall contract with North Carolina Community Care Networks, Inc.,
17 (NCCCN, Inc.) and the 14 participating local CCNC networks represented by NCCCN, Inc., to
18 provide standardized clinical and budgetary coordination, oversight, and reporting for a
19 statewide Enhanced Primary Care Management System for Medicaid enrollees. The contract
20 with NCCCN, Inc., shall build upon and expand the existing successful CCNC primary care
21 case management model to include comprehensive statewide quantitative performance goals
22 and deliverables which shall include all of the following areas: (i) service utilization
23 management, (ii) budget analytics, (iii) budget forecasting methodologies, (iv) quality of care
24 analytics, (v) participant access measures, and (vi) predictable cost containment methodologies.

25 **"SECTION 10.36.(g1)** NCCCN, Inc., shall report quarterly to the Department and to the
26 Office of State Budget and Management (OSBM) on the development of the statewide
27 Enhanced Primary Care Management System and its defined goals and deliverables as agreed
28 upon in the contract. Beginning July 1, 2010, NCCCN, Inc., shall submit a quarterly report to
29 the Secretary of Health and Human Services, OSBM, the House of Representatives
30 Appropriations Subcommittee on Health and Human Services, the Senate Appropriations
31 Committee on Health and Human Services, and the Fiscal Research Division on the progress
32 and results of implementing the quantitative, analytical, utilization, quality, cost containment,
33 and access goals and deliverables set out in the contract. NCCCN, Inc., shall conduct its own
34 analysis of the CCNC system to identify any variations from the development plan for the
35 Enhanced Primary Care Management System and its defined goals and deliverables set out in
36 the contract between DMA and NCCCN, Inc. Upon identifying any variations, NCCCN, Inc.,
37 shall develop and implement a plan to address the variations. NCCCN, Inc., shall report the
38 plan to DMA within 30 days after taking any action to implement the plan.

39 **"SECTION 10.36.(h)** By July 1, 2011, the Department and OSBM shall assess the
40 performance of NCCCN, Inc., and CCNC regarding the goals and deliverables established in
41 the contract. Based on this assessment, the Department and DMA shall expand, cancel, or alter
42 the contract with NCCCN, Inc., and CCNC effective October 1, 2011. Expansion or alteration
43 of the contract may reflect refinements based on clearly identified goals and deliverables in the
44 areas of quality of care, participant access, cost containment, and service delivery.

45 **"SECTION 10.36.(i)** By July 1, 2012, the Department, DMA, and NCCCN, Inc., shall
46 finalize a comprehensive plan that establishes management methodologies which include all of
47 the following: (i) quality of care measures, (ii) utilization measures, (iii) recipient access
48 measures, (iv) performance incentive models in which past experience indicates a benefit from
49 financial incentives, (v) accountable budget models, (vi) shared savings budget models, and
50 (vii) budget forecasting analytics as agreed upon by the Department, DMA, and NCCCN, Inc.
51 In the development of these methodologies, the Department, DMA, and NCCCN, Inc., shall

1 consider options for shared risk. The Department and DMA shall provide assistance to
2 NCCCN, Inc., in meeting the objectives of this section.

3 "SECTION 10.36.(j) Beginning with the 2010-2011 fiscal year, the Department shall
4 establish a separate line item in Budget Code 14445 for all expenditures in DMA associated
5 with managed care activities pertaining to the utilization of Medicaid expenditures through
6 CCNC.

7 "SECTION 10.36.(k) The Department shall not increase the per member per month
8 reimbursement rate to CCNC without prior approval from the General Assembly."

9
10 **MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)**
11 **FUNDS/IMPLEMENTATION OF MMIS**

12 **SECTION 10.16.** Section 10.41.(a) of S.L. 2009-451, as amended by Section 10A
13 of S.L. 2009-575, reads as rewritten:

14 "SECTION 10.41.(a) Of the funds appropriated in this act to the Department of Health
15 and Human Services (Department), the sum of ~~ten million seven hundred sixty five thousand~~
16 ~~one hundred fifty three dollars (\$10,765,153) for fiscal year 2009-2010 and the sum of eight~~
17 ~~million sixty four thousand one hundred twenty eight dollars (\$8,064,128)~~ eleven million seven
18 hundred thirty-seven thousand four hundred fourteen dollars (\$11,737,414) for fiscal year
19 2010-2011 shall be (i) deposited to the Department's information technology budget code and
20 (ii) used to match federal funds for the procurement, design, development, and implementation
21 of the new Medicaid Management Information System (MMIS) and to fund the central
22 management of the project. The Department shall utilize prior year earned revenues received
23 for the MMIS. In the event that the Department does not receive prior year earned revenues in
24 the amounts authorized by this section, the Department is authorized, with approval of the
25 Office of State Budget and Management, to utilize other overrealized receipts and funds
26 appropriated to the Department to achieve the level of funding specified in this section for the
27 MMIS."

28
29 **ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES**

30 **SECTION 10.17.** Section 10.46A of S.L. 2009-451 is amended by adding a new
31 subsection to read:

32 "SECTION 10.46A.(c) Notwithstanding G.S. 143-64.03 and G.S. 143-64.05, the Secretary
33 of the Department of Health and Human Services may transfer State-owned equipment,
34 including computers, printers, and furniture, used by State-operated child support offices to
35 administer child support enforcement programs to a county government or the Eastern Band of
36 the Cherokee Indians for the sole purpose of facilitating the county government or the Eastern
37 Band of the Cherokee Indians' administration of the child support program. The transfer shall
38 be at no cost to the county government or the Eastern Band of the Cherokee Indians and shall
39 occur no later than July 1, 2010.

40 The county government or the Eastern Band of the Cherokee Indians assuming
41 responsibility for the child support program effective July 1, 2010, shall identify from the
42 existing equipment and office furnishings which items will be needed to administer the child
43 support program. A comprehensive list of items to be transferred shall be compiled and signed
44 by the manager of the State-operated child support office and the manager of the county or
45 tribal child support office and the signed list shall serve as official documentation of the
46 transfer. Copies of the documentation shall be provided to the Department of Health and
47 Human Services Controller's Office and the Department of Administration. Any equipment not
48 included in the transfer shall revert to the Department of Administration, Division of Surplus
49 Property."

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT FUND

SECTION 10.18. Section 10.50 of S.L. 2009-451 reads as rewritten:

"SECTION 10.50.(a) There is appropriated from the Escheat Fund income to the Department of Health and Human Services the sum of three million one hundred sixty-eight thousand two hundred fifty dollars (\$3,168,250) for the 2009-2010 fiscal year. These funds shall be used to support the child welfare postsecondary support program for the educational needs of foster youth aging out of the foster care system and special needs children adopted from foster care after age 12 by providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 10871l. The Department shall collaborate with the State Education Assistance Authority to develop policies and procedures for the distribution of these funds.

If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

Funds appropriated by this subsection shall be allocated by the State Education Assistance Authority.

The purpose for which funds are appropriated under this section is in addition to other purposes for which Escheat Fund income is distributed under G.S. 116B-7 and shall not be construed to otherwise affect the distribution of funds under G.S. 116B-7.

"SECTION 10.50.(a1) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of ~~three million one hundred sixty-eight thousand two hundred fifty dollars (\$3,168,250)~~ one million five hundred eighty-four thousand one hundred twenty-five dollars (\$1,584,125) for the 2010-2011 fiscal year shall be used to support the child welfare postsecondary support program for the educational needs of foster youth aging out of the foster care system and special needs children adopted from foster care after age 12 by providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 10871l.

Funds appropriated by this subsection shall be allocated by the State Education Assistance Authority.

"SECTION 10.50.(b) Of the funds appropriated from the General Fund to the Department of Health and Human Services the sum of fifty thousand dollars (\$50,000) for the 2009-2010 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 2010-2011 fiscal year shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

"SECTION 10.50.(c) Of the funds appropriated from the General Fund to the Department of Health and Human Services the sum of five hundred thousand dollars (\$500,000) for the 2009-2010 fiscal year and the sum of ~~five hundred thousand dollars (\$500,000)~~ three hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for the 2010-2011 fiscal year shall be used to contract with an entity to develop and administer the child welfare postsecondary support program described under subsection (a) of this section, which development and administration shall include the performance of case management services.

"SECTION 10.50.(d) Funds appropriated to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State."

TANF BENEFIT IMPLEMENTATION

SECTION 10.19. Section 10.51 of S.L. 2009-451 reads as rewritten:

"SECTION 10.51.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY ~~2009-2011~~, 2010-2012," prepared by

1 the Department of Health and Human Services and presented to the General Assembly. The
2 North Carolina Temporary Assistance for Needy Families State Plan covers the period October
3 1, ~~2009,2010~~, through September 30, ~~2011,2012~~. The Department shall submit the State Plan,
4 as revised in accordance with subsection (b) of this section, to the United States Department of
5 Health and Human Services, as amended by this act or any other act of the 2009 General
6 Assembly.

7 "**SECTION 10.51.(b)** The counties approved as Electing Counties in the North Carolina
8 Temporary Assistance for Needy Families State Plan FY ~~2009-2011,2010-2012~~, as approved
9 by this section are: Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

10 "**SECTION 10.51.(c)** Counties that submitted the letter of intent to remain as an Electing
11 County or to be redesignated as an Electing County and the accompanying county plan for
12 fiscal years 2009 through 2011, pursuant to G.S. 108A-27(e), shall operate under the Electing
13 County budget requirements effective July 1, 2009. For programmatic purposes, all counties
14 referred to in this subsection ~~shall~~may remain under their current county designation through
15 September 30, ~~2009,2012~~.

16 "**SECTION 10.51.(d)** For the ~~2009-2010~~2010-2011 fiscal year, Electing Counties shall be
17 held harmless to their Work First Family Assistance allocations for the 2008-2009 fiscal year,
18 provided that remaining funds allocated for Work First Family Assistance and Work First
19 Diversion Assistance are sufficient for payments made by the Department on behalf of
20 Standard Counties pursuant to G.S. 108A-27.11(b).

21 "**SECTION 10.51.(e)** In the event that Departmental projections of Work First Family
22 Assistance and Work First Diversion Assistance for the ~~2009-2010~~2010-2011 fiscal year
23 indicate that remaining funds are insufficient for Work First Family Assistance and Work First
24 Diversion Assistance payments to be made on behalf of Standard Counties, the Department is
25 authorized to deallocate funds, of those allocated to Electing Counties for Work First Family
26 Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for
27 payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by
28 the Office of State Budget and Management. If the Department adjusts the allocation set forth
29 in subsection (d) of this section, then a report shall be made to the Joint Legislative
30 Commission on Governmental Operations, the House of Representatives Appropriations
31 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
32 and Human Services, and the Fiscal Research Division."
33

34 **EXTEND REPORTING DATE/EVALUATION OF CONSOLIDATION OF** 35 **ADMINISTRATIVE FUNCTIONS OF COUNTY DEPARTMENT OF SOCIAL** 36 **SERVICES**

37 **SECTION 10.20.** Section 10.52.(b) of S.L. 2009-451 reads as rewritten:

38 "**SECTION 10.52.(b)** The Program Evaluation Division shall report its findings and
39 recommendations to the Senate Appropriations Committee on Health and Human Services, the
40 House of Representatives Appropriations Subcommittee on Health and Human Services, and
41 the Fiscal Research Division by ~~December 1, 2010~~February 1, 2011."
42

43 **CHILDREN'S TRUST FUND**

44 **SECTION 10.20A.(a)** G.S. 7B-1302(a) reads as rewritten:

45 "(a) There is established a fund to be known as the "Children's Trust Fund," in the
46 ~~Department of State Treasurer, Department of Health and Human Services, Division of Social~~
47 Services, which shall be funded by a portion of the marriage license fee under G.S. 161-11.1
48 and a portion of the special license plate fee under G.S. 20-81.12. The money in the Fund shall
49 be used by the Division of Social Services to fund abuse and neglect prevention programs so
50 authorized by this Article."
51

SECTION 10.20A.(b) G.S. 161-11.1(a) reads as rewritten:

1 "(a) Five dollars (\$5.00) of each fee collected by a register of deeds on or after October
2 1, 1983, for issuance of a marriage license pursuant to G.S. 161-10(a)(2) shall be forwarded, as
3 soon as practical but no later than 60 days after collection by the register of deeds, to the county
4 finance officer, who shall forward same to the ~~State Treasurer~~Department of Health and Human
5 Services, Division of Social Services, for deposit in the Children's Trust Fund."

7 **OFFICE OF EDUCATION SERVICES/CONSOLIDATION OF PRINCIPAL** 8 **FUNCTIONS**

9 **SECTION 10.20B.(a)** The Office of Education Services (OES) within the
10 Department of Health and Human Services shall consolidate the functions of the School
11 Director OES Residential Schools and School Principal positions located at the North Carolina
12 School for the Deaf, Eastern North Carolina School for the Deaf, and Governor Morehead
13 School for the Blind. In addition to the minimum qualifications for School
14 Administrator-Principals outlined in Chapter 115C of the General Statutes and set by the
15 Department, a person occupying the position of School Director OES Residential Schools shall
16 be fully licensed as a School Administrator-Principal and shall have prior experience as an
17 educator of exceptional children or as a school administrator trained in the education of
18 exceptional children.

19 **SECTION 10.20B.(b)** The following positions in the Office of Education Services
20 are hereby eliminated:

- 21 (1) 60039101 – School Principal
- 22 (2) 60039225 – School Principal
- 23 (3) 60039380 – School Administrator
- 24 (4) 60039080 – School Assistant Principal

25 The Office of Education Services shall ensure that elimination of these positions does not
26 interrupt oversight of instructional programming by a fully licensed School
27 Administrator-Principal or School Administrator-Assistant Principal at the North Carolina
28 School for the Deaf, Eastern North Carolina School for the Deaf, or Governor Morehead
29 School for the Blind.

30 **SECTION 10.20B.(c)** The Office of Education Services (OES) shall reinstate the
31 residential and instructional schedules for the Governor Morehead School for the Blind,
32 Eastern North Carolina School for the Deaf, and North Carolina School for the Deaf in effect
33 before February 8, 2010. Residential students shall have the opportunity to arrive at their
34 respective schools on the evening of the day before commencement of academic instruction for
35 the week. OES shall also reinstate on-site summer school programming for these schools.

37 **MEDICAID POLICY CHANGES**

38 **SECTION 10.22.(a)** Section 10.58(d) of S.L. 2009-451 reads as rewritten:

39 **"SECTION 10.58.(d)** Services and Payment Bases. – The Department shall spend funds
40 appropriated for Medicaid services in accordance with the following schedule of services and
41 payment bases. All services and payments are subject to the language at the end of this
42 subsection. Unless otherwise provided, services and payment bases will be as prescribed in the
43 State Plan as established by the Department of Health and Human Services and may be
44 changed with the approval of the Director of the Budget.

45 ...

- 46 (28) Drugs. – Reimbursements. Reimbursements shall be available for
47 prescription drugs as allowed by federal regulations plus a professional
48 services fee per month, excluding refills for the same drug or generic
49 equivalent during the same month. Payments for drugs are subject to the
50 provisions of this subdivision or in accordance with the State Plan adopted
51 by the Department of Health and Human Services, consistent with federal

1 reimbursement regulations. Payment of the professional services fee shall be
2 made in accordance with the State Plan adopted by the Department of Health
3 and Human Services, consistent with federal reimbursement regulations. The
4 professional services fee shall be five dollars and sixty cents (\$5.60) per
5 prescription for generic drugs and four dollars (\$4.00) per prescription for
6 brand-name drugs. Adjustments to the professional services fee shall be
7 established by the General Assembly. In addition to the professional services
8 fee, the Department may pay an enhanced fee for pharmacy services.

9 Limitations on quantity. – The Department of Health and Human
10 Services may establish authorizations, limitations, and reviews for specific
11 drugs, drug classes, brands, or quantities in order to manage effectively the
12 Medicaid pharmacy program, ~~except that the Department shall not impose~~
13 ~~limitations on brand name medications for which there is a generic~~
14 ~~equivalent in cases where the prescriber has determined, at the time the drug~~
15 ~~is prescribed, that the brand name drug is medically necessary and has~~
16 ~~written on the prescription order the phrase "medically necessary."~~program.
17 The Department may impose prior authorization requirements on
18 brand-name drugs for which the phrase "medically necessary" is written on
19 the prescription.

20 Dispensing of generic drugs. – Notwithstanding G.S. 90-85.27 through
21 G.S. 90-85.31, or any other law to the contrary, under the Medical
22 Assistance Program (Title XIX of the Social Security Act), and except as
23 otherwise provided in this subsection for drugs listed in the narrow
24 therapeutic index, a prescription order for a drug designated by a trade or
25 brand name shall be considered to be an order for the drug by its established
26 or generic name, except when the prescriber has determined, at the time the
27 drug is prescribed, that the brand-name drug is medically necessary and has
28 written on the prescription order the phrase "medically necessary." An initial
29 prescription order for a drug listed in the narrow therapeutic drug index that
30 does not contain the phrase "medically necessary" shall be considered an
31 order for the drug by its established or generic name, except that a pharmacy
32 shall not substitute a generic or established name prescription drug for
33 subsequent brand or trade name prescription orders of the same prescription
34 drug without explicit oral or written approval of the prescriber given at the
35 time the order is filled. Generic drugs shall be dispensed at a lower cost to
36 the Medical Assistance Program rather than trade or brand-name drugs.
37 Notwithstanding this subdivision to the contrary, the Secretary of Health and
38 Human Services may prevent substitution of a generic equivalent drug,
39 including a generic equivalent that is on the State maximum allowable cost
40 list, when the net cost to the State of the brand-name drug, after
41 consideration of all rebates, is less than the cost of the generic equivalent. As
42 used in this subsection, "brand name" means the proprietary name the
43 manufacturer places upon a drug product or on its container, label, or
44 wrapping at the time of packaging; and "established name" has the same
45 meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic
46 Act, as amended, 21 U.S.C. § 352(e)(3).

47 Prior authorization. – The Department of Health and Human Services
48 shall not impose prior authorization requirements or other restrictions under
49 the State Medical Assistance Program on medications prescribed for
50 Medicaid recipients for the treatment of (i) mental illness, including, but not
51 limited to, medications for schizophrenia, bipolar disorder, major depressive

1 disorder or (ii) HIV/AIDS, except that the Department of Health and Human
 2 Services shall continually review utilization of medications under the State
 3 Medical Assistance Program prescribed for Medicaid recipients for the
 4 treatment of mental illness, including, but not limited to, medications for
 5 schizophrenia, bipolar disorder, or major depressive disorder. The
 6 Department may, however, with respect to drugs to treat mental illnesses,
 7 develop guidelines and measures to ensure appropriate usage of these
 8 medications, including FDA approved indications and dosage levels. (ii)
 9 HIV/AIDS. Medications prescribed for the treatment of mental illness shall
 10 be included on the Preferred Drug List (PDL). The Department of Health
 11 and Human Services, Division of Medical Assistance, may initiate prior
 12 authorization for the prescribing of drugs specified for the treatment of
 13 mental illness for the purpose of identifying providers who fail to prescribe
 14 those drugs in accordance with indications and dosage levels approved by
 15 the federal Food and Drug Administration. The Department may also require
 16 retrospective clinical justification for the use of multiple psychotropic drugs
 17 for a Medicaid patient. For individuals 18 years of age and under who are
 18 prescribed three or more psychotropic medications, the Department shall
 19 implement clinical edits that target inefficient, ineffective, or potentially
 20 harmful prescribing patterns. When such patterns are identified, the Medical
 21 Director for the Division of Medical Assistance and the Chief of Clinical
 22 Policy for the Division of Mental Health, Developmental Disabilities, and
 23 Substance Abuse Services shall require a peer-to-peer consultation with the
 24 target prescribers. Alternatives discussed during the peer-to-peer
 25 consultations shall be based upon:

- 26 a. Evidence-based criteria available regarding efficacy or safety of the
 27 covered treatments; and
- 28 b. Policy approval by a majority vote of the North Carolina Physicians
 29 Advisory Group (NCPAG).

30 The target prescriber has final decision-making authority to determine which
 31 prescription drug to prescribe or refill.

32 ...

33 (30) Experimental or trial procedures. – Coverage is limited to procedures that
 34 are recognized or approved by a nationally recognized professional specialty
 35 organization.

36 (31) Medicaid as secondary payer claims. – The Department shall apply
 37 Medicaid medical policy to recipients who have primary insurance other
 38 than Medicare, Medicare Advantage, and Medicaid. The Department shall
 39 pay an amount up to the actual coinsurance or deductible or both, in
 40 accordance with the State Plan, as approved by the Department of Health
 41 and Human Services. The Department may disregard application of this
 42 policy in cases where application of the policy would adversely affect
 43 patient care."

44 **SECTION 10.22.(b)** Section 10.58(e) of S.L. 2009-451 reads as rewritten:

45 **"SECTION 10.58.(e)** Provider Performance Bonds and Visits. –

- 46 (1) Subject to the provisions of this subdivision, the Department may require
 47 Medicaid-enrolled providers to purchase a performance bond in an amount
 48 not to exceed one hundred thousand dollars (\$100,000) naming as
 49 beneficiary the Department of Health and Human Services, Division of
 50 Medical Assistance, or provide to the Department a validly executed letter of
 51 credit or other financial instrument issued by a financial institution or agency

1 honoring a demand for payment in an equivalent amount. The Department
2 may require the purchase of a performance bond or the submission of an
3 executed letter of credit or financial instrument as a condition of initial
4 enrollment, reenrollment, or reinstatement if:

- 5 a. The provider fails to demonstrate financial viability,
- 6 b. The Department determines there is significant potential for fraud
7 and abuse,
- 8 c. The Department otherwise finds it is in the best interest of the
9 Medicaid program to do so.

10 The Department shall specify the circumstances under which a performance
11 bond or executed letter of credit will be required.

12 (1a) The Department may waive or limit the requirements of this paragraph for
13 individual Medicaid-enrolled providers or for one or more classes of
14 Medicaid-enrolled providers based on the following:

- 15 a. The provider's or provider class's dollar amount of monthly billings
16 to Medicaid.
- 17 b. The length of time an individual provider has been licensed,
18 endorsed, certified, or accredited in this State to provide services.
- 19 c. The length of time an individual provider has been enrolled to
20 provide Medicaid services in this State.
- 21 d. The provider's demonstrated ability to ensure adequate record
22 keeping, staffing, and services.
- 23 e. The need to ensure adequate access to care.

24 In waiving or limiting requirements of this paragraph, the Department shall
25 take into consideration the potential fiscal impact of the waiver or limitation
26 on the State Medicaid Program. The Department shall provide to the affected
27 provider written notice of the findings upon which its action is based and
28 shall include the performance bond requirements and the conditions under
29 which a waiver or limitation apply. The Department may adopt temporary
30 rules in accordance with G.S. 150B-21.1 as necessary to implement this
31 provision.

32 (2) Reimbursement is available for up to 30 visits per recipient per fiscal year
33 for the following professional services: ~~hospital-outpatient providers,~~
34 physicians, nurse practitioners, nurse midwives, clinics, health departments,
35 optometrists, chiropractors, and podiatrists. The Department of Health and
36 Human Services shall adopt medical policies in accordance with
37 G.S. 108A-54.2 to distribute the allowable number of visits for each service
38 or each group of services consistent with federal law. In addition, the
39 Department shall establish a threshold of some number of visits for these
40 services. The Department shall ensure that primary care providers or the
41 appropriate CCNC network are notified when a patient is nearing the
42 established threshold to facilitate care coordination and intervention as
43 needed.

44 Prenatal services, all EPSDT children, emergency room visits, and
45 mental health visits subject to independent utilization review are exempt
46 from the visit limitations contained in this subdivision. Subject to
47 appropriate medical review, the Department may authorize exceptions when
48 additional care is medically necessary. Routine or maintenance visits above
49 the established visit limit will not be covered unless necessary to actively
50 manage a life threatening disorder or as an alternative to more costly care
51 options."

SPECIALTY DRUG PROVIDER NETWORK

SECTION 10.23. The Department of Health and Human Services shall work with providers to develop ways to reduce expenditures for specialty drugs, maintain best practices, prevent overutilization, and allow for drug reimbursement rate negotiations for hemophilia, hepatitis C, and intravenous immunoglobulin (IVIG) drugs.

STATEWIDE EXPANSION OF CAPITATED 1915(B)/(C) BEHAVIORAL HEALTH WAIVERS

SECTION 10.24.(a) The Department of Health and Human Services (Department) shall select one additional Local Management Entity (LME) to implement the capitated 1915 (b)/(c) Medicaid waiver as a demonstration program. The waiver program shall include all Medicaid-covered mental health, developmental disabilities, and substance abuse services. Expansion of the waiver to one additional LME shall be contingent upon approval by the Centers for Medicare and Medicaid Services. The Department shall not approve any expansion of the Piedmont Behavioral Healthcare LME beyond its existing catchment area.

SECTION 10.24.(b) The Department shall conduct an evaluation of the two capitated 1915(b)/(c) Medicaid waiver demonstration program sites to determine the programs' impact on consumers with developmental disabilities. The evaluation shall include a satisfaction survey of consumers. The Department shall consider the impact on ICF/MR facilities included in the waiver to determine and, to the extent possible, minimize potential inconsistencies with the DMA-ICF/MR rate plan and the requirements of G.S. 131E-176 and G.S. 131E-178 without negatively impacting the viability and success of the waiver program. The Department shall consult with stakeholders and evaluate all other waiver options, including the possibility of a wavier without a 1915(b)/(c) combination. The Department shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division no later than April 1, 2012.

STUDY MEDICAID PROVIDER RATES

SECTION 10.25.(a) The Department of Health and Human Services, Division of Medical Assistance, shall initiate a study or contract out for a study of reimbursement rates for Medicaid providers and program benefits. The study shall include the following information:

- (1) A comparison of Medicaid reimbursement rates in North Carolina with reimbursement rates in surrounding states and with rates in two additional states; and
- (2) A comparison of Medicaid program benefits in North Carolina with program benefits provided in surrounding states and with rates in two additional states. Selected provider rates shall be studied for the initial report.

SECTION 10.25.(b) The Department shall report its initial findings to the Governor, 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 by April 1, 2011.

SECTION 10.25.(c) Funds appropriated to the Department of Health and Human Services may be used to complete this study.

MEDICAID FRAUD PREVENTION

SECTION 10.26.(a) The Department of Health and Human Services (Department) is authorized to create a fraud prevention program that uses information, lawfully obtained, from State and private databases to develop a fraud risk analysis of Medicaid providers and

1 recipients. This analysis would be used to prevent fraud before it takes place and to achieve
2 cost avoidance savings. For the purposes of the fraud prevention program created pursuant to
3 this subsection, State agencies shall provide the Department with access to their databases and
4 the Department shall comply with all necessary security measures and restrictions to ensure
5 that access to any specific information held confidential under federal and State law is limited
6 to authorized persons.

7 **SECTION 10.26.(b)** The information obtained by the Department pursuant to
8 subsection (a) of this section shall be privileged and confidential, is not a public record
9 pursuant to G.S. 132-1, and may only be used for investigative or evidentiary purposes related
10 to violations of State or federal law and regulatory activities. The Department shall release data
11 collected pursuant to this section to the following persons only:

- 12 (1) An individual who requests the individual's own Medicaid recipient
13 information.
- 14 (2) A provider who requests the provider's Medicaid provider information.
- 15 (3) Special agents of the North Carolina State Bureau of Investigation who are
16 assigned to the Medicaid Fraud Investigations Unit. The SBI shall notify the
17 Office of the Attorney General of North Carolina of each request for
18 inspection of records maintained by the Department.
- 19 (4) To a court pursuant to a lawful court order in a criminal action.

20 The Department may provide data to public or private entities for statistical,
21 research, or educational purposes only after removing information that could be used to identify
22 individual recipients or providers of Medicaid services.

23 **SECTION 10.26.(c)** Notwithstanding any other provision of law to the contrary,
24 the Department may modify or extend existing contracts to achieve Medicaid fraud prevention
25 savings in a timely manner, subject to review and approval by the Secretary of the Department
26 of Administration. The requirements of G.S. 143-59 apply to contracts entered into, modified,
27 or extended pursuant to this section.

28 **SECTION 10.26.(d)** The Department shall report on the activities conducted under
29 this section, including actions taken relating to compliance with G.S. 143-59 and any contract
30 modifications or extensions that are approved pursuant to this section to the House of
31 Representatives Appropriations Subcommittee on Health and Human Services, the Senate
32 Appropriations Committee on Health and Human Services, the Office of State Budget and
33 Management, and the Fiscal Research Division on or before April 1, 2011.

34 **SECTION 10.26.(e)** The authority granted to the Department under this section
35 expires one year following the effective date of this section. The Department shall destroy all
36 records and information obtained pursuant to this section after five years. Any records or
37 information turned over to the State Bureau of Investigation or a court of competent jurisdiction
38 shall not be subject to the destruction requirements of this subsection.

39 **STUDY HIV MEDICAID WAIVER**

40 **SECTION 10.27.** By November 1, 2010, the Department of Health and Human
41 Services, Divisions of Medical Assistance and Public Health, shall jointly study and report to
42 the Senate Appropriations Committee on Health and Human Services, the House of
43 Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal
44 Research Division on the financial and programmatic feasibility of reducing the waiting list for
45 the AIDS Drug Assistance Program (ADAP) by expanding eligibility for Medicaid to
46 HIV-positive individuals with incomes at or below one hundred thirty-three percent (133%) of
47 the federal poverty level. The study shall include an assessment of the cost-effectiveness of
48 using State dollars to expand Medicaid eligibility to this population as compared to using State
49 dollars for ADAP. The study may also consider any planning and coordination benefits the
50 State may derive from expanding Medicaid eligibility to HIV-positive individuals, in
51

1 preparation for the expansion of Medicaid eligibility in calendar year 2014 to all individuals
2 with incomes at or below one hundred thirty-three percent (133%) of the federal poverty level.
3 If, as a result of the study, the Divisions of Medical Assistance and Public Health conclude that
4 expanding Medicaid eligibility to HIV-positive individuals with incomes at or below one
5 hundred thirty-three percent (133%) of the federal poverty level is a cost-effective means for
6 the State to eliminate its ADAP waiting list, then the Division of Medical Assistance shall
7 apply to the Centers for Medicare and Medicaid Services (CMS) for an appropriate waiver to
8 implement this expansion in Medicaid eligibility. If approved by CMS, the Division shall not
9 implement the waiver except as authorized by an act of the General Assembly appropriating
10 funds for this purpose.

11 12 **ELIMINATE REIMBURSEMENT OF "NEVER EVENTS"**

13 **SECTION 10.28.** The Department of Health and Human Services, Division of
14 Medical Assistance, shall modify its Medicaid State Plan, as detailed by the Centers for
15 Medicare and Medicaid Services in its July 31, 2008 letter to State Medicaid Directors, to
16 ensure that inpatient hospital reimbursement is not provided for Hospital-Acquired Conditions
17 (HACs) that are identified as nonpayable by Medicare. The State Plan Amendment addressing
18 this "Never Event" modification shall apply to all Medicaid reimbursement provisions in
19 section 4.19A of the North Carolina Medicaid State Plan governing inpatient hospital
20 reimbursement, including Medicaid supplemental or enhanced payments and Medicaid
21 disproportionate share hospital payments.

22 23 **AMEND MEDICAID RECIPIENT APPEALS PROCESS**

24 **SECTION 10.30.(a)** Section 10.15A(h1) through (h6) of S.L. 2008-107, as
25 amended by Section 3.13(b) of S.L. 2008-118, Section 2(a) of S.L. 2009-526, Section 2(b) of
26 S.L. 2009-526, and by Section. 1.1(a) and (b) of S.L. 2009-550, reads as rewritten:

27 **"SECTION 10.15A.(h1)**

- 28 (1) General Rule. – Notwithstanding any provision of State law or rules to the
29 contrary, this subsection shall govern the process used by a Medicaid
30 applicant or recipient to appeal a determination made by the Department of
31 Health and Human Services to deny, terminate, suspend, or reduce Medicaid
32 covered services. For purposes of this subsection, the phrase "adverse
33 determination" means a determination by the Department to deny, terminate,
34 suspend, or reduce Medicaid covered services. For purposes of this
35 subsection, all references to an applicant or recipient include the applicant or
36 recipient's parent, guardian, or legal representative; however, notice need
37 only be given to a parent, guardian, or legal representative who has
38 requested in writing to receive the notice.
- 39 (2) Notice. – Except as otherwise provided by federal law or regulation, at least
40 10 days before the effective date of an adverse determination, the
41 Department shall notify the applicant or recipient, and the provider, if
42 applicable, in writing of the determination and of the applicant's or
43 recipient's right to appeal the determination. The notice shall be mailed on
44 the date indicated on the notice as the date of the determination. The notice
45 shall include:
- 46 a. An identification of the applicant or recipient whose services are
47 being affected by the adverse determination, including full name and
48 Medicaid identification number.
 - 49 b. An explanation of what service is being denied, terminated,
50 suspended, or reduced and the reason for the determination.

- 1 c. The specific regulation, statute, or medical policy that supports or
2 requires the adverse determination.
- 3 d. The effective date of the adverse determination.
- 4 e. An explanation of the applicant's or recipient's right to appeal the
5 Department's adverse determination in an evidentiary hearing before
6 an administrative law judge.
- 7 f. An explanation of how the applicant or recipient can request a
8 hearing and a statement that the applicant or recipient may represent
9 himself or use legal counsel, a relative, or other spokesperson.
- 10 g. A statement that the applicant or recipient will continue to receive
11 Medicaid services at the level provided on the day immediately
12 preceding the Department's adverse determination or the amount
13 requested by the applicant or recipient, whichever is less, if the
14 applicant or recipient requests a hearing before the effective date of
15 the adverse determination. The services shall continue until the
16 hearing is completed and a final decision is rendered.
- 17 h. The name and telephone number of a contact person at the
18 Department to respond in a timely fashion to the applicant's or
19 recipient's questions.
- 20 i. The telephone number by which the applicant or recipient may
21 contact a Legal Aid/Legal Services office.
- 22 j. The appeal request form described in subdivision (4) of this
23 subsection that the applicant or recipient may use to request a
24 hearing.
- 25 (3) Appeals. – Except as provided by this subsection and subsection 10.15A(h2)
26 of this act, a request for a hearing to appeal an adverse determination of the
27 Department under this section is a contested case subject to the provisions of
28 Article 3 of Chapter 150B of the General Statutes. The applicant or recipient
29 must request a hearing within 30 days of the mailing of the notice required
30 by subdivision (2) of this subsection by sending an appeal request form to
31 the Office of Administrative Hearings and the Department. Where a request
32 for hearing concerns the reduction, modification, or termination of Medicaid
33 services, upon the receipt of a timely appeal, the Department shall reinstate
34 the services to the level or manner prior to action by the Department as
35 permitted by federal law or regulation. The Department shall immediately
36 forward a copy of the notice to the Office of Administrative Hearings
37 electronically. The information contained in the notice is confidential unless
38 the recipient appeals. The Office of Administrative Hearings may dispose of
39 the records after one year. The Department may not influence, limit, or
40 interfere with the applicant's or recipient's decision to request a hearing.
- 41 (4) Appeal Request Form. – Along with the notice required by subdivision (2)
42 of this subsection, the Department shall also provide the applicant or
43 recipient with an appeal request form which shall be no more than one side
44 of one page. The form shall include the following:
- 45 a. A statement that in order to request an appeal, the applicant or
46 recipient must send the form by mail or fax to the address or fax
47 number listed on the form within 30 days of mailing of the notice.
- 48 b. The applicant's or recipient's name, address, telephone number, and
49 Medicaid identification number.

- 1 c. A preprinted statement that indicates that the applicant or recipient
2 would like to appeal the specific adverse determination of which the
3 applicant or recipient was notified in the notice.
4 d. A statement informing the applicant or recipient that he or she may
5 choose to be represented by a lawyer, a relative, a friend, or other
6 spokesperson.
7 e. A space for the applicant's or recipient's signature and date.
8 (5) Final Decision. – After a hearing before an administrative law judge, the
9 judge shall return the decision and record to the Department in accordance
10 with subsection 10.15A(h2) of this act. The Department shall make a final
11 decision in the case within 20 days of receipt of the decision and record from
12 the administrative law judge and promptly notify the applicant or recipient
13 of the final decision and of the right to judicial review of the decision
14 pursuant to Article 4 of Chapter 150B of the General Statutes.

15 **"SECTION 10.15A.(h2)**

- 16 (1) Application. – This subsection applies only to contested Medicaid cases
17 commenced by Medicaid applicants or recipients under subsection
18 10.15A(h1) of this act. Except as otherwise provided by subsection
19 10.15A(h1) and this subsection governing time lines and procedural steps, a
20 contested Medicaid case commenced by a Medicaid applicant or recipient is
21 subject to the provisions of Article 3 of Chapter 150B. To the extent any
22 provision in this subsection or subsection 10.15A(h1) of this act conflicts
23 with another provision in Article 3 of Chapter 150B, this subsection and
24 subsection 10.15A(h1) controls.
25 (2) Simple Procedures. – Notwithstanding any other provision of Article 3 of
26 Chapter 150B of the General Statutes, the chief administrative law judge
27 may limit and simplify the procedures that apply to a contested Medicaid
28 case involving a Medicaid applicant or recipient in order to complete the
29 case as quickly as possible. To the extent possible, the Office of
30 Administrative Hearings shall schedule and hear all contested Medicaid
31 cases within 55 days of submission of a request for appeal. Hearings shall be
32 conducted telephonically or by video technology, however the recipient or
33 applicant, or the recipient's or applicant's representative may request that the
34 hearing be conducted before the administrative law judge in-person. An
35 in-person hearing shall be conducted in Wake County, however for good
36 cause shown, the in-person hearing may be conducted in the county of
37 residence of the recipient or applicant. Good cause shall include but is not
38 limited to the applicant's or recipient's impairments limiting travel or the
39 unavailability of the applicant's or recipient's treating professional witnesses.
40 The Department shall provide written notice to the recipient or applicant of
41 the use of telephonic hearings, hearings by video conference, and in-person
42 hearings before the administrative law judge, and how to request a hearing in
43 the recipient's or applicant's county of residence. The simplified procedure
44 may include requiring that all prehearing motions be considered and ruled on
45 by the administrative law judge in the course of the hearing of the case on
46 the merits. An administrative law judge assigned to a contested Medicaid
47 case shall make reasonable efforts in a case involving a Medicaid applicant
48 or recipient who is not represented by an attorney to assure a fair hearing and
49 to maintain a complete record of the hearing. The administrative law judge
50 may allow brief extensions of the time limits contained in this section for
51 good cause and to ensure that the record is complete. Good cause includes

1 delays resulting from untimely receipt of documentation needed to render a
2 decision and other unavoidable and unforeseen circumstances. Continuances
3 shall only be granted in accordance with rules adopted by the Office of
4 Administrative Hearings, and shall not be granted on the day of the hearing,
5 except for good cause shown. If a petitioner fails to make an appearance at a
6 hearing that has been properly noticed via certified mail by the Office of
7 Administrative Hearings, the Office of Administrative Hearings shall
8 immediately dismiss the contested case provision.

9 (3) Mediation. – Upon receipt of an appeal request form as provided by
10 subdivision 10.15A(h1)(4) of this act or other clear request for a hearing by a
11 Medicaid applicant or recipient, the Office of Administrative Hearings shall
12 immediately notify the Mediation Network of North Carolina which shall
13 within five days contact the petitioner to offer mediation in an attempt to
14 resolve the dispute. If mediation is accepted, the mediation must be
15 completed within 25 days of submission of the request for appeal. Upon
16 completion of the mediation, the mediator shall inform the Office of
17 Administrative Hearings and the Department within 24 hours of the
18 resolution by facsimile or electronic messaging. If the parties have resolved
19 matters in the mediation, the case shall be dismissed by the Office of
20 Administrative Hearings. The Office of Administrative Hearings shall not
21 conduct any contested Medicaid cases hearings until it has received notice
22 from the mediator assigned that either: (i) the mediation was unsuccessful, or
23 (ii) the petitioner has rejected the offer of mediation, or (iii) the petitioner
24 has failed to appear at a scheduled mediation. Nothing in this subdivision
25 shall restrict the right to a contested case hearing.

26 (4) Burden of Proof. – The petitioner has the burden of proof to show
27 entitlement to a requested benefit or the propriety of requested agency action
28 when the agency has denied the benefit or refused to take the particular
29 action. The agency has the burden of proof when the appeal is from an
30 agency determination to impose a penalty or reduce, terminate, or suspend a
31 benefit previously granted. The party with the burden of proof on any issue
32 has the burden of going forward, and the administrative law judge shall not
33 make any ruling on the preponderance of evidence until the close of all
34 evidence.

35 (4a) New Evidence.- The petitioner shall be permitted to submit evidence
36 regardless of whether obtained prior to or subsequent to the Department's
37 actions and regardless of whether the Department had an opportunity to
38 consider the evidence in making its determination to deny, reduce, terminate
39 or suspend a benefit. When such evidence is received, at the request of the
40 Department, the administrative law judge shall continue the hearing for a
41 minimum of 15 days and a maximum of 30 days to allow for the
42 Department's review of the evidence. Subsequent to review of the evidence,
43 if the Department reverses its original decision, it shall immediately inform
44 the administrative law judge.

45 (4b) Issue for Hearing.- For each penalty imposed or benefit reduced, terminated,
46 or suspended, the hearing shall determine whether the Department
47 substantially prejudiced the rights of the petitioner and if the Department,
48 based upon evidence at the hearing:

- 49 a. Exceeded its authority or jurisdiction;
- 50 b. Acted erroneously;
- 51 c. Failed to use proper procedure;

- 1 d. Acted arbitrarily or capriciously; or,
2 e. Failed to act as required by law or rule.
3 (5) Decision. – The administrative law judge assigned to a contested Medicaid
4 case shall hear and decide the case without unnecessary delay. The Office of
5 Administrative Hearings shall send a copy of the audiotape or diskette of the
6 hearing to the agency within five days of completion of the hearing. The
7 judge shall prepare a written decision and send it to the parties. The decision
8 must be sent together with the record to the agency within 20 days of the
9 conclusion of the hearing.

10 **"SECTION 10.15A.(h3)** From funds available to the Department of Health and Human
11 Services for the ~~2008-2009~~2010-2011 fiscal year, the sum of ~~two~~one million dollars
12 (~~\$2,000,000~~) (\$1,000,000) shall be transferred by the Department of Health and Human
13 Services to the Office of Administrative Hearings (OAH). These funds shall be allocated by ~~the~~
14 ~~Office of Administrative Hearings~~ OAH for mediation services provided for Medicaid
15 applicant and recipient appeals and to contract for other services necessary to conduct the
16 appeals process. OAH shall continue the Memorandum of Agreement (MOA) with the
17 Department of Health and Human Services for mediation services provided for Medicaid
18 applicant and recipient appeals and contracted services necessary to conduct the appeals
19 process. The MOA will facilitate the Department's ability to draw down federal Medicaid funds
20 to support this administrative function. Upon receipt of invoices from OAH for covered
21 services rendered in accordance with the MOA, the Department shall transfer the federal share
22 of Medicaid funds drawn down for this purpose.

23 **"SECTION 10.15A.(h4)** Effective October 1, 2008, the Department of Health and Human
24 Services shall discontinue its current informal appeals process for Medicaid applicants and
25 recipients appealing a determination made by the Department to deny, terminate, suspend, or
26 reduce Medicaid covered services. All such informal appeals by Medicaid applicants or
27 recipients under the current system which are pending on that date and for which a hearing has
28 not been held shall be discontinued and the applicant or recipient offered an opportunity to
29 appeal to the Office of Administrative Hearings in accordance with the provisions of subsection
30 10.15A(h1) of this act. The Department shall make every effort to resolve or settle all of the
31 backlogged cases prior to the effective date of this act.

32 **"SECTION 10.15A.(h5)** Nothing in this act shall prevent the Department of Health and
33 Human Services from engaging in an informal review of the case with the applicant or recipient
34 prior to issuing a notice of adverse determination as provided by subsection 10.15A(h1) of this
35 act.

36 ~~**"SECTION 10.15A.(h6)** The appeals process for Medicaid applicants and recipients~~
37 ~~established under this section shall expire July 1, 2010. The Department of Health and Human~~
38 ~~Services and the Office of Administrative Hearings shall each report to the House of~~
39 ~~Representatives Appropriations Subcommittee on Health and Human Services, the Senate~~
40 ~~Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight~~
41 ~~Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and~~
42 ~~the Fiscal Research Division on March 1, 2009, October 1, 2009, and March 1, 2010, on the~~
43 ~~costs, effectiveness, and efficiency of the appeals process for Medicaid applicants and~~
44 ~~recipients and make recommendations regarding the continuation of the process."~~

45 **SECTION 10.30.(b)** The Revisor of Statutes shall codify the statutes set forth in
46 subsection (a) of this section.

47 **SECTION 10.30.(c)** Not later than October 1, 2011, the Department of Health and
48 Human Services and the Office of Administrative Hearings (OAH) shall submit a report to the
49 House of Representatives Appropriations Subcommittee on Health and Human Services, the
50 Senate Appropriations Subcommittee on Health and Human Services, the Joint Legislative
51 Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse

1 Services, and the Fiscal Research Division on the number, status, and outcome of contested
2 Medicaid cases handled by OAH pursuant to the appeals process established in subsection (a)
3 of this section. The report shall include information on the number of contested Medicaid cases
4 resolved through mediations and through formal hearings, the outcome of settled and
5 withdrawn cases, and the number of incidences in which the Division of Medical Assistance
6 (DMA) reversed the decision of an administrative law judge, along with DMA's rationale for
7 the reversal.

9 ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

10 **SECTION 10.31.** Section 10.64.(b) of S.L. 2009-451 reads as rewritten:

11 **"SECTION 10.64.(b)** For the 2009-2010 fiscal year, the Department of Health and Human
12 Services shall deposit from its revenues one hundred twenty-four million nine hundred
13 ninety-four thousand nine hundred fifty-four dollars (\$124,994,954) with the Department of
14 State Treasurer to be accounted for as nontax revenue. For the 2010-2011 fiscal year, the
15 Department of Health and Human Services shall deposit from its revenues ~~one hundred million~~
16 ~~dollars (\$100,000,000)~~ one hundred thirty-five million dollars (\$135,000,000) with the
17 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall
18 represent the return of General Fund appropriations provided to the Department of Health and
19 Human Services to provide indigent care services at State-owned and operated mental
20 hospitals. The treatment of any revenue derived from federal programs shall be in accordance
21 with the requirements specified in the Code of Federal Regulations, Volume 2, Part 225."
22

23 MEDICAID PREFERRED DRUG LIST

24 **SECTION 10.32.** Section 10.66.(c) of S.L. 2009-451 reads as rewritten:

25 **"SECTION 10.66.(c)** The Department, in consultation with the PAG, shall adopt and
26 publish policies and procedures relating to the preferred drug list, including:

- 27 (1) Guidelines for the presentation and review of drugs for inclusion on the
28 preferred drug list,
- 29 (2) The manner and frequency of audits of the preferred drug list for
30 appropriateness of patient care and cost-effectiveness,
- 31 (3) An appeals process for the resolution of disputes, and
- 32 (4) Such other policies and procedures as the Department deems necessary and
33 appropriate.

34 The Department and the pharmaceutical and therapeutics committee shall consider all
35 therapeutic classes of prescription drugs for inclusion on the preferred drug list, ~~except~~
36 ~~medications for treatment of human immunodeficiency virus or acquired immune deficiency~~
37 ~~syndrome shall not be subject to consideration for inclusion on the preferred drug list.~~

38 The Department shall maintain an updated preferred drug list in electronic format and shall
39 make the list available to the public on the Department's Internet Web site.

40 The Department shall: (i) enter into a multistate purchasing pool; (ii) negotiate directly with
41 manufacturers or labelers; (iii) contract with a pharmacy benefit manager for negotiated
42 discounts or rebates for all prescription drugs under the medical assistance program; or (iv)
43 effectuate any combination of these options in order to achieve the lowest available price for
44 such drugs under such program.

45 The Department may negotiate supplemental rebates from manufacturers that are in
46 addition to those required by Title XIX of the federal Social Security Act. The committee shall
47 consider a product for inclusion on the preferred drug list if the manufacturer provides a
48 supplemental rebate. The Department may procure a sole source contract with an outside entity
49 or contractor to conduct negotiations for supplemental rebates."
50

51 MEDICAID PREFERRED DRUG LIST (PDL) REVIEW PANEL

1 **SECTION 10.33.(a)** The Secretary of the Department of Health and Human
2 Services shall establish a Preferred Drug List (PDL) Policy Review Panel within 60 days after
3 the effective date of this section. The purpose of the PDL Policy Review Panel is to review the
4 Medicaid PDL recommendations from the Department of Health and Human Services, Division
5 of Medical Assistance, and the Physician Advisory Group Pharmacy and Therapeutics (PAG
6 P&T) Committee.

7 **SECTION 10.33.(b)** The Secretary shall appoint the following individuals to the
8 review panel:

- 9 (1) The Director of Pharmacy for the Division of Medical Assistance.
- 10 (2) A representative from the PAG P&T Committee.
- 11 (3) A representative from the Old North State Medical Society.
- 12 (4) A representative from the North Carolina Association of Pharmacists.
- 13 (5) A representative from Community Care of North Carolina.
- 14 (6) A representative from the North Carolina Psychiatric Association.
- 15 (7) A representative from the North Carolina Pediatric Society.
- 16 (8) A representative from the North Carolina Academy of Family Physicians.
- 17 (9) A representative from the North Carolina Chapter of the American College
18 of Physicians.
- 19 (10) A representative from a research-based pharmaceutical company.

20 Individuals appointed to the Review Panel, except for the Division's Director of
21 Pharmacy, shall only serve a two-year term.

22 **SECTION 10.33.(c)** Within 30 days after the Department, in consultation with the
23 PAG P&T Committee, publishes a proposed policy or procedure related to the Medicaid PDL,
24 the Review Panel shall hold an open meeting to review the recommended policy or procedure
25 along with any written public comments received as a result of the posting. The Review Panel
26 shall provide an opportunity for public comment at the meeting. After the conclusion of the
27 meeting, the Review Panel shall submit policy recommendations about the proposed Medicaid
28 PDL policy or procedure to the Secretary.

30 **LOCK NARCOTIC PRESCRIPTIONS INTO SINGLE PHARMACY/PROVIDER**

31 **SECTION 10.34.** The Department of Health and Human Services, Division of
32 Medical Assistance, shall lock narcotic prescription medications provided to Medicaid
33 enrollees into a single pharmacy and provider, as follows:

- 34 (1) Enrollees may be prescribed narcotic medications by only one prescribing
35 physician and may not change the prescribing physician at anytime without
36 prior approval or authorization by the Division.
- 37 (2) Enrollees may have prescriptions for narcotic medications filled at only one
38 pharmacy and may not change to another pharmacy at anytime without prior
39 approval or authorization by the Division.

41 **AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN** 42 **STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN** 43 **THE MEDICAID PROGRAM**

44 **SECTION 10.35.** Section 10.68A(a) of S.L. 2009-451, as amended by Section 5A
45 of S.L. 2009-575, reads as rewritten:

46 **"SECTION 10.68A.(a)** For the purpose of enabling the Department of Health and Human
47 Services, Division of Medical Assistance, to achieve the budget reductions enacted in this act
48 for the Medicaid program, the Department may take the following actions, notwithstanding any
49 other provision of this act or other State law or rule to the contrary and subject to the
50 requirements of subsection (e) of this section:

- 51 (1) Electronic transactions. –

- 1 a. Within 60 days of notification of its procedures via the DMA Web
2 site, Medicaid providers shall follow the Department's established
3 procedures for securing electronic payments. No later than
4 September 1, 2009, the Department shall cease routine provider
5 payments by check.
- 6 b. Effective September 1, 2009, all Medicaid providers shall file claims
7 electronically to the fiscal agent. Nonelectronic claims submission
8 may be required when it is in the best interest of the Department.
- 9 c. Effective September 1, 2009, enrolled Medicaid providers shall
10 submit Preadmission Screening and Annual Resident Reviews
11 (PASARR) through the Department's Web-based tool or through a
12 vendor with interface capability to submit data into the Web-based
13 PASARR.
- 14 (2) Clinical coverage. – The Department of Health and Human Services,
15 Division of Medical Assistance, shall amend applicable clinical policies and
16 submit applicable State Plan amendments to CMS to implement the budget
17 reductions authorized in the following clinical coverage areas in this act:
- 18 a. Consolidate and reduce Targeted Case Management and case
19 management functions bundled within other Medicaid services.
- 20 b. Take appropriate action to lower the cost of HIV case management,
21 including tightening service hours and limiting administrative costs.
22 The Department shall maintain HIV case management as a
23 stand-alone service outside of departmental efforts to consolidate
24 case management services.
- 25 c. Eliminate coverage of therapeutic camps. The Department shall
26 report on or before October 1, 2009, on the plan to transition children
27 out of mental health residential therapeutic camps. The Department
28 shall submit the report to the Joint Legislative Oversight Committee
29 on Mental Health, Developmental Disabilities, and Substance Abuse
30 Services.
- 31 (3) Medicaid Personal Care Service provision. – Upon the enactment of this act,
32 the Division of Medical Assistance shall implement the following new
33 criteria for personal care services (PCS):
- 34 a. Independent assessment by an entity that does not provide direct PCS
35 services for evaluation of the recipient prior to initiation of service.
36 The independent assessment will determine the qualifying Activities
37 of Daily Living (ADL), the level of assistance required, and the
38 amount and scope of PCS to be provided, according to policy
39 criteria.
- 40 b. Independent assessment or review from the assigned Community
41 Care of North Carolina (CCNC) physician of the continued
42 qualification for PCS services under the revised PCS policy criteria.
- 43 c. Establishment of time limits on physician service orders and
44 reauthorization in accordance with the recipient's diagnosis and
45 acuity of need.
- 46 d. Add the following items to the list of tasks that are not covered by
47 this service: nonmedical transportation, errands and shopping, money
48 management, cueing, and prompting, guiding, or coaching.
- 49 e. Online physician attestation of medical necessity.

- 1 f. If sufficient reduction in cost is not achieved with the revised policy,
2 the Secretary shall direct the Division of Medical Assistance to
3 further modify the policy to achieve targeted cost savings.
- 4 g. Essential errands that are critical to maintaining the health and
5 welfare of the recipient may be approved on a case-by-case basis by
6 the DMA nurse assessor when there is no family member, other
7 individual, program, or service available to meet this need. Approval,
8 including the amount of time required to perform this task, shall be
9 documented on the recipient's assessment form and plan of care.

10 Recipients currently receiving PCS services shall be reviewed under the
11 above criteria, and those recipients not meeting the new criteria shall be
12 terminated from the service within 30 days of the review. The Department
13 shall conduct a study determining the cost effectiveness, efficiencies gained,
14 and challenges associated with transitioning the performance of independent
15 assessments for PCS to CCNC and shall report its findings to the House of
16 Representatives Appropriations Subcommittee on Health and Human
17 Services, the Senate Appropriations Committee on Health and Human
18 Services, and the Fiscal Research Division on or before January 1, 2011.

- 19 (4) MH/DD/SA Personal Care and Personal Assistance Services Provision. – A
20 denial, reduction, or termination of Medicaid-funded personal care services
21 shall result in a similar denial, reduction, or termination of State-funded
22 MH/DD/SA personal care and personal assistance services.
- 23 (5) Community Support and other MH/DD/SA services. – The Department of
24 Health and Human Services shall transition community support child and
25 adult, individual and group services to other defined services on or before
26 June 30, 2010. The Division of Medical Assistance and the Division of
27 MH/DD/SA shall take the steps necessary for the Medicaid and the
28 State-funded community support program to provide for transition and
29 discharge planning to recipients currently receiving community support
30 services. The following shall occur:
- 31 a. The Department shall submit to CMS: (i) revised service definitions
32 that separate case management functions from the Community
33 Support definition and (ii) a new service definition for peer support
34 services for adults with mental illness and/or substance abuse
35 ~~disorders.~~ disorders, for implementation no sooner than January 1,
36 2011.
- 37 b. No new admissions for community support individual or group shall
38 be allowed during this transition period unless the Department
39 determines appropriate alternative services are not available, in
40 which case limited community support services may be provided
41 during the transition period. LMEs will be responsible for referring
42 eligible consumers to appropriate alternative services.
- 43 c. Authorizations currently in effect as of the date of enactment of this
44 act remain valid. Any new authorization or subsequent
45 reauthorization is subject to the provisions of this act.
- 46 d. No community support services shall be provided in conjunction
47 with other enhanced services. Until CMS approves the new case
48 management definition, professional level community support may
49 be provided in conjunction with residential Level III and IV to assist
50 in recipient discharge planning. Up to a maximum of 24 hours of
51 case management (professional level) functions may be provided

- 1 over a 90-day authorization period as approved by the prior
2 authorization vendor.
- 3 e. The current moratorium on community support provider
4 endorsement shall remain in effect.
- 5 f. A provider of community support services whose endorsement has
6 been withdrawn or whose Medicaid participation has been terminated
7 is not entitled to payment during the period the appeal is pending,
8 and the Department shall make no payment to the provider during
9 that period. If the final agency decision is in favor of the provider,
10 the Department shall remove the suspension, commence payment for
11 valid claims, and reimburse the provider for payments withheld
12 during the period of appeal.
- 13 g. Effective 60 days from the enactment of this act, the paraprofessional
14 level of community support shall be eliminated, and from this date
15 the Department shall not use any Medicaid or State funds to pay for
16 this level of service.
- 17 h. Thirty days after the enactment of this act, any concurrent request
18 shall be accompanied with a discharge plan. Submission of the
19 discharge plan will be a required document for a request to be
20 considered complete. Failure to submit the discharge plan will result
21 in the request being returned as "unable to process." Discharge from
22 the service must occur within 90 days after the submission of the
23 discharge plan.
- 24 i. Any community support provider that ceases to function as a
25 provider shall provide written notification to DMA, the Local
26 Management Entity, recipients, and the prior authorization vendor 30
27 days prior to closing of the business.
- 28 j. Medical and financial record retention is the responsibility of the
29 provider and shall be in compliance with the record retention
30 requirements of their Medicaid provider agreement or State-funded
31 services contract. Records shall also be available to State, federal,
32 and local agencies.
- 33 k. Failure to comply with notification, recipient transition planning, or
34 record maintenance shall result in suspension of further payment
35 until such failure is corrected. In addition, failure to comply shall
36 result in denial of enrollment as a provider for any Medicaid or
37 State-funded service. A provider (including its officers, directors,
38 agents, or managing employees or individuals or entities having a
39 direct or indirect ownership interest or control interest of five percent
40 (5%) or more as set forth in Title XI of the Social Security Act) that
41 fails to comply with the required record retention may be subject to
42 sanctions, including exclusion from further participation in the
43 Medicaid program, as set forth in Title XI.
- 44 (6) Community Support Team. – Authorization for a Community Support Team
45 shall be based upon medical necessity as defined by the Department and
46 shall not exceed 18 hours per week. The Division of Medical Assistance
47 shall do an immediate rate study of the Community Support Team to bring
48 the average cost of service per recipient in line with Assertive Community
49 Treatment Team (ACTT) services. The Division shall also revise provider
50 qualifications and tighten the service definition to contain costs in this line
51 item. Not later than December 1, 2009, the Division of Medical Assistance

1 shall report its findings on the rate study and any actions it has taken to
2 conform with this subdivision to the Joint Legislative Oversight Committee
3 on Mental Health, Developmental Disabilities, and Substance Abuse
4 Services.

5 (7) MH Residential. – The Department of Health and Human Services shall
6 restructure the Medicaid child mental health, developmental disabilities, and
7 substance abuse residential services to ensure that total expenditures are
8 within budgeted levels. All restructuring activities shall be in compliance
9 with federal and State law or rule. The Divisions of Medical Assistance and
10 Mental Health, Developmental Disabilities, and Substance Abuse Services
11 shall establish a team inclusive of providers, LMEs, and other stakeholders
12 to assure effective transition of recipients to appropriate treatment options.
13 The restructuring shall address all of the following:

- 14 a. Submission of the therapeutic family service definition to CMS.
- 15 b. The Department shall reexamine the entrance and continued stay
16 criteria for all residential services. The revised criteria shall promote
17 least restrictive services in the home prior to residential placement.
18 During treatment, there must be inclusion in community activities
19 and parent or legal guardian participation in treatment.
- 20 c. Require all existing residential providers or agencies to be nationally
21 accredited within one year of enactment of this act. Any providers
22 enrolled after the enactment of this act shall be subject to existing
23 endorsement and nationally accrediting requirements. In the interim,
24 providers who are nationally accredited will be preferred providers
25 for placement considerations.
- 26 d. Before a child can be admitted to Level III or Level IV placement,
27 one or more of the following shall apply:
 - 28 1. Placement shall be a step down from a higher level placement
29 such as a psychiatric residential treatment facility or ~~inpatient.~~
30 inpatient; or
 - 31 2. Multisystemic therapy or intensive in-home therapy services
32 have been ~~unsuccessful.~~ unsuccessful; or
 - 33 3. The Child and Family Team has reviewed all other
34 alternatives and recommendations and recommends Level III
35 or IV placement due to maintaining health and ~~safety.~~ safety;
36 or
 - 37 4. Transition or discharge plan shall be submitted as part of the
38 initial or concurrent request.
- 39 e. Length of stay is limited to no more than 120 days. Any exceptions
40 granted will require an independent psychiatric assessment, Child
41 and Family Team review of goals and treatment progress, family or
42 discharge placement setting are actively engaged in treatment goals
43 and objectives and active participation of the prior authorization of
44 vendor. The Department shall study the effectiveness of the length of
45 stay limitation imposed pursuant to this sub-subdivision, and the
46 number of children staying in Level II, III, and IV facilities, and
47 report its findings to the Joint Legislative Oversight Committee on
48 Mental Health, Developmental Disabilities, and Substance Abuse
49 Services on or before January 1, 2011, and shall provide update
50 reports on the number of children in these facilities to this same

- 1 committee every six months thereafter, for the following three-year
2 period.
- 3 f. Submission of discharge plan is required in order for the request to
4 be considered complete. Failure to submit a complete discharge plan
5 will result in the request being returned as unable to process.
- 6 g. Any residential provider that ceases to function as a provider shall
7 provide written notification to DMA, the Local Management Entity,
8 recipients, and the prior authorization vendor 30 days prior to closing
9 of the business.
- 10 h. Record maintenance is the responsibility of the provider and must be
11 in compliance with record retention requirements. Records shall also
12 be available to State, federal, and local agencies.
- 13 i. Failure to comply with notification, recipient transition planning, or
14 record maintenance shall be grounds for withholding payment until
15 such activity is concluded. In addition, failure to comply shall be
16 conditions that prevent enrollment for any Medicaid or State-funded
17 service. A provider (including its officers, directors, agents, or
18 managing employees or individuals or entities having a direct or
19 indirect ownership interest or control interest of five percent (5%) or
20 more as set forth in Title XI of the Social Security Act) that fails to
21 comply with the required record retention may be subject to
22 sanctions, including exclusion from further participation in the
23 Medicaid program, as set forth in Title XI.
- 24 j. On or before October 1, 2009, the Department shall report on its plan
25 for transitioning children out of Level III and Level IV group homes.
26 The Department shall submit the reports to the Joint Legislative
27 Oversight Committee on Mental Health, Developmental Disabilities,
28 and Substance Abuse Services.
- 29 (8) Reduce Medicaid rates. – Subject to the prior approval of the Office of State
30 Budget and Management, the Secretary shall reduce Medicaid provider rates
31 to accomplish the reduction in funds for this purpose enacted in this act. In
32 exercising authority under this subdivision, the Secretary shall not reduce
33 Medicaid provider rates in excess of the amount required to achieve the
34 budget reductions enacted in this act. The Secretary shall consider the impact
35 on access to care through primary care providers and critical access hospitals
36 and may adjust the rates accordingly. The rate reduction applies to all
37 Medicaid private and public providers with the following exceptions:
38 federally qualified health clinics, rural health centers, State institutions,
39 hospital outpatient, pharmacies, and the noninflationary components of the
40 case-mix reimbursement system for nursing facilities. Medicaid rates
41 predicated upon Medicare fee schedules shall follow Medicare reductions
42 but not Medicare increases unless federally required. Inflationary increases
43 for Medicaid providers paying provider fees (private ICF-MRs and nursing
44 facilities) can occur if the State share of the increases can be funded with
45 provider fees.
- 46 (9) Medicaid identification cards. – The Department shall issue Medicaid
47 identification cards to recipients on an annual basis with quarterly updates.
- 48 (10) The Department of Health and Human Services shall develop a plan for the
49 consolidation of case management ~~services.~~ services utilizing CCNC. The
50 plan shall address the time line and process for implementation, ~~the vendors~~
51 ~~involved,~~ the identification of savings, and the Medicaid recipients affected

1 by the consolidation. Consolidation under this subdivision does not apply to
2 HIV case management. By December 1, ~~2009~~,2010, the Department shall
3 report on the plan to the House of Representatives Appropriations
4 Subcommittee on Health and Human Services, the Senate Appropriations
5 Committee on Health and Human Services, and the Fiscal Research
6 Division.

7 (11) For the purpose of promoting cost-effective utilization of outpatient mental
8 health services for children, DMA shall require prior authorization for
9 services following the sixteenth visit.

10 (12) Provision of Medicaid Private Duty Nursing (PDN). – DMA shall change
11 the Medicaid Private Duty Nursing Program provided under the State
12 Medicaid Plan, as follows:

13 a. Restructure the current PDN Program to provide services that are:

14 1. Provided only to qualified recipients under the age of 21.

15 2. Authorized by the recipient's primary care or attending
16 physician.

17 3. Limited to 16 hours of service per day, unless additional
18 services are required to correct or ameliorate defects and
19 physical and mental illnesses and conditions as defined in 42
20 U.S.C. § 1396d(r)(5).

21 4. Approved based on an initial assessment and continuing need
22 reassessments performed by an Independent Assessment
23 Entity (IAE) that does not provide PDN services and
24 authorized in amounts that are medically necessary based on
25 the recipient's medical condition, amount of family assistance
26 available, and other relevant conditions and circumstances, as
27 defined by the Medicaid Clinical Coverage Policy for this
28 service.

29 5. Provided in accordance with a plan of care approved by DMA
30 or its designee.

31 b. Develop and submit to CMS a § 1915(c) Home and
32 Community-Based Services Waiver for individuals dependent on
33 technology to substitute for a vital body function.

34 c. Once approved by CMS and upon approval of the Medicaid Clinical
35 Coverage Policy, transition all qualified recipients age 21 and older
36 currently receiving PDN to waiver services provided under the
37 Technology Dependent Waiver."

39 **MEDICAID WAIVER FOR ASSISTED LIVING**

40 **SECTION 10.35A.** The Division of Medical Assistance (Division) shall develop a
41 plan for a 1915(c) Home and Community Based Services assisted living waiver in order to
42 continue Medicaid funding of personal care services for individuals living in adult care homes.
43 The plan shall include the following components:

44 (1) All adult care home residents who receive State-County Special Assistance
45 and meet the criteria for nursing facility level of care shall be eligible for
46 participation in the waiver.

47 (2) Waiver services shall be delivered according to the acuity-level of adult care
48 home residents.

49 (3) The Division shall develop a new Medicaid payment methodology for
50 waiver services that shall be associated with the acuity-based service
51 delivery model.

1 On or before January 1, 2011, the Division shall report the plan to the Joint
 2 Legislative Commission on Governmental Operations, the Senate Appropriations Committee
 3 on Health and Human Services, the House of Representatives Appropriations Subcommittee on
 4 Health and Human Services, and the Fiscal Research Division. The Division shall then apply to
 5 the Centers for Medicare and Medicaid Services (CMS) for the 1915(c) waiver. If approved by
 6 CMS, the Division shall not implement the waiver except as authorized by an act of the
 7 General Assembly appropriating funds for this purpose.

8
 9 **SENIOR SERVICES: PROJECT C.A.R.E. (CAREGIVER ALTERNATIVES TO**
 10 **RUNNING ON EMPTY)**

11 **SECTION 10.35B.** Of the funds appropriated to the Department of Health and
 12 Human Services, Division of Aging and Adult Services, for the 2010-2011 fiscal year, the sum
 13 of two hundred thousand dollars (\$200,000) in recurring funds shall be used to support
 14 Alzheimer's-related activities consistent with the goals of Project Caregiver Alternatives To
 15 Running On Empty (Project C.A.R.E.). The Division of Aging and Adult Services shall
 16 annually develop and implement a plan for use of these funds and beginning October 1, 2010,
 17 and annually thereafter, report the plan to the Governor's Advisory Council on Aging, the North
 18 Carolina Study Commission on Aging, and the Fiscal Research Division.

19
 20 **DHHS BLOCK GRANTS**

21 **SECTION 10.37.(a)** Appropriations from federal block grant funds are made for
 22 the fiscal year ending June 30, 2011, according to the following schedule:

23
 24 **TEMPORARY ASSISTANCE TO NEEDY FAMILIES**
 25 **(TANF) FUNDS**

26
 27 **Local Program Expenditures**

28
 29 **Division of Social Services**

30		
31	01. Work First Family Assistance	\$78,047,502
32		
33	02. Work First County Block Grants	94,453,315
34		
35	03. Work First Electing Counties	2,378,213
36		
37	04. Work First – Boys and Girls Clubs	2,000,000
38		
39	05. Work First – After-School Services	
40	for At-Risk Children	2,000,000
41		
42	06. Work First – After-School Programs	
43	for At-Risk Youth in Middle Schools	550,000
44		
45	07. Work First – Connect, Inc. (Work Central)	1,000,000
46		
47	08. Work First – Citizens Schools Program	360,000
48		
49	09. Adoption Services – Special Children's Adoption Fund	3,000,000
50		
51	10. Family Violence Prevention	2,200,000

1			
2	11.	Child Protective Services – Child Welfare	
3		Workers for Local DSS	14,452,391
4			
5	12.	Child Welfare Collaborative	1,129,115
6			
7	12A.	Children's Home Society	200,000
8			
9		Division of Child Development	
10			
11	13.	Subsidized Child Care Program	61,087,077
12			
13		Division of Public Health	
14			
15	14.	Teen Pregnancy Initiatives	450,000
16			
17		DHHS Administration	
18			
19	15.	Division of Social Services	1,093,176
20			
21	16.	Office of the Secretary	75,392
22			
23		Transfers to Other Block Grants	
24			
25		Division of Child Development	
26			
27	17.	Transfer to the Child Care and	
28		Development Fund	84,330,900
29			
30		Division of Social Services	
31			
32	18.	Transfer to Social Services Block Grant for Child	
33		Protective Services – Child Welfare Training in	
34		Counties	2,300,000
35			
36	19.	Transfer to Social Services Block Grant for	
37		Maternity Homes	943,002
38			
39	20.	Transfer to Social Services Block Grant for Teen	
40		Pregnancy Prevention Initiatives	2,500,000
41			
42	21.	Transfer to Social Services Block Grant for County	
43		Departments of Social Services for Children's Services	4,500,000
44			
45	22.	Transfer to Social Services Block Grant for	
46		Foster Care Services	390,000
47			
48		TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
49		(TANF) FUNDS	\$359,440,083
50			
51		TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	

1	EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH	
2	THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	
3		
4	Local Program Expenditures	
5		
6	Division of Social Services	
7		
8	01. Work First Family Assistance	\$ 9,780,494
9		
10	Division of Child Development	
11		
12	02. Subsidized Child Care	23,625,329
13		
14	Department of Public Instruction	
15		
16	03. More at Four	32,986,721
17		
18	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	
19	EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH THE	
20	AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	\$66,392,544
21		
22	SOCIAL SERVICES BLOCK GRANT	
23		
24	Local Program Expenditures	
25		
26	Divisions of Social Services and Aging and Adult Services	
27		
28	01. County Departments of Social Services	\$ 28,868,189
29	(Transfer from TANF – \$4,500,000)	
30		
31	02. State In-Home Services Fund	2,101,113
32		
33	03. State Adult Day Care Fund	2,155,301
34		
35	04. Child Protective Services/CPS Investigative	
36	Services-Child Medical Evaluation Program	609,455
37		
38	05. Foster Care Services	2,372,619
39	(Transfer from TANF – \$390,000)	
40		
41	06. Maternity Homes (Transfer from TANF)	943,002
42		
43	07. Special Children Adoption Incentive Fund	500,000
44		
45	08. Child Protective Services-Child Welfare Training	
46	for Counties	2,300,000
47	(Transfer from TANF)	
48		
49	09. Home and Community Care Block Grant (HCCBG)	1,834,077
50		
51	Division of Mental Health, Developmental Disabilities, and Substance	

1	Abuse Services	
2		
3	10. Mental Health Services Program	422,003
4		
5	11. Developmental Disabilities Services Program	5,000,000
6		
7	12. Mental Health Services-Adult and	
8	Child/Developmental Disabilities Program/	
9	Substance Abuse Services-Adult	3,234,601
10		
11	Division of Child Development	
12		
13	13. Subsidized Child Care Program	1,156,744
14		
15	Division of Vocational Rehabilitation	
16		
17	14. Vocational Rehabilitation Services – Easter Seal Society/UCP	
18	Community Health Program	188,263
19		
20	Division of Public Health	
21		
22	15. Teen Pregnancy Prevention Initiatives	2,500,000
23	(Transfer from TANF)	
24		
25	DHHS Program Expenditures	
26		
27	Division of Aging and Adult Services	
28		
29	16. UNC-CARES Training Contract	247,920
30		
31	Division of Services for the Blind	
32		
33	17. Independent Living Program	3,633,077
34		
35	Division of Health Service Regulation	
36		
37	18. Adult Care Licensure Program	411,897
38		
39	19. Mental Health Licensure and Certification Program	205,668
40		
41	DHHS Administration	
42		
43	20. Division of Aging and Adult Services	688,436
44		
45	21. Division of Social Services	892,624
46		
47	22. Office of the Secretary/Controller's Office	138,058
48		
49	23. Office of the Secretary/DIRM	87,483
50		
51	24. Division of Child Development	15,000

1			
2	25.	Division of Mental Health, Developmental	
3		Disabilities, and Substance Abuse Services	29,665
4			
5	26.	Division of Health Service Regulation	235,625
6			
7	27.	Office of the Secretary-NC Inter-Agency Council	
8		for Coordinating Homeless Programs	250,000
9			
10	28.	Office of the Secretary	48,053
11			
12	Transfers to Other State Agencies		
13			
14	Department of Administration		
15			
16	29.	NC Commission of Indian Affairs In-Home	
17		Services for the Elderly	203,198
18			
19	Transfers to Other Block Grants		
20			
21	Division of Public Health		
22			
23	30.	Transfer to Preventive Health Services Block Grant	
24		for HIV/STD Prevention and Community Planning	145,819
25			
26	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 61,417,890
27			
28	LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		
29			
30	Local Program Expenditures		
31			
32	Division of Social Services		
33			
34	01.	Low-Income Energy Assistance Program (LIEAP)	\$ 70,909,401
35			
36	02.	Crisis Intervention Program (CIP)	40,373,328
37			
38	Local Administration		
39			
40	Division of Social Services		
41			
42	03.	County DSS Administration	6,362,505
43			
44	DHHS Administration		
45			
46	04.	Division of Social Services	275,000
47			
48	05.	Division of Mental Health, Developmental	
49		Disabilities, and Substance Abuse Services	8,128
50			
51	06.	Office of the Secretary/DIRM	276,784

1		
2	07. Office of the Secretary/Controller's Office	12,332
3		
4	Transfers to Other State Agencies	
5		
6	Department of Commerce	
7		
8	08. Weatherization Program	500,000
9		
10	09. Heating Air Repair and Replacement	
11	Program (HARRP)	8,103,157
12		
13	10. Local Residential Energy Efficiency Service	
14	Providers – Weatherization	25,000
15		
16	11. Local Residential Energy Efficiency Service	
17	Providers – HARRP	266,375
18		
19	12. Department of Commerce Administration –	
20	Weatherization	25,000
21		
22	13. Department of Commerce Administration –	
23	HARRP	266,375
24		
25	14. Department of Administration –	
26	N.C. State Commission of Indian Affairs	129,807
27		
28	TOTAL LOW-INCOME HOME ENERGY ASSISTANCE	
29	BLOCK GRANT	\$ 127,533,192
30		
31	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
32		
33	Local Program Expenditures	
34		
35	Division of Child Development	
36		
37	01. Subsidized Child Care Services (CCDF)	\$153,889,889
38		
39	02. Contract Subsidized Child Care Services Support	547,600
40		
41	03. Subsidized Child Care Services	
42	(Transfer from TANF)	84,330,900
43		
44	04. Quality and Availability Initiatives	23,726,564
45		
46	05. TEACH	3,800,000
47		
48	Division of Social Services	
49		
50	06. Local Subsidized Child Care Services Support	\$19,340,596
51		

1	DHHS Administration	
2		
3	Division of Child Development	
4		
5	07. DCD Administrative Expenses	6,539,277
6		
7	Division of Central Administration	
8		
9	08. DHHS Central Administration – DIRM	
10	Technical Services	774,317
11		
12	TOTAL CHILD CARE AND DEVELOPMENT FUND	
13	BLOCK GRANT	\$292,949,143
14		
15	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH	
16	THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	
17		
18	Local Program Expenditures	
19		
20	Division of Child Development	
21		
22	01. Subsidized Child Care Services (CCDF)	\$5,980,997
23		
24	02. Electronic Benefits Transfer System	4,000,000
25		
26	DHHS Program Expenditures	
27		
28	Division of Child Development	
29		
30	03. Quality and Availability Initiatives	2,904,787
31		
32	TOTAL CHILD CARE AND DEVELOPMENT FUND	
33	BLOCK GRANT RECEIVED THROUGH THE AMERICAN	
34	RECOVERY AND REINVESTMENT ACT (ARRA)	\$12,885,784
35		
36	MENTAL HEALTH SERVICES BLOCK GRANT	
37		
38	Local Program Expenditures	
39		
40	01. Mental Health Services – Adult	\$ 6,706,212
41		
42	02. Mental Health Services – Child	5,421,991
43		
44	03. Mental Health Services – UNC School	
45	of Medicine, Department of Psychiatry	150,000
46		
47	04. Administration	100,000
48		
49	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,378,203
50		
51	SUBSTANCE ABUSE PREVENTION	

1	AND TREATMENT BLOCK GRANT	
2		
3	Local Program Expenditures	
4		
5	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
6		
7	01. Substance Abuse Services – Adult	\$ 22,008,080
8		
9	02. Substance Abuse Treatment Alternative for	
10	Women	8,107,303
11		
12	03. Substance Abuse – HIV and IV Drug	5,116,378
13		
14	04. Substance Abuse Prevention – Child	7,186,857
15		
16	05. Substance Abuse Services – Child	4,940,500
17		
18	06. Institute of Medicine	250,000
19		
20	07. Administration	250,000
21		
22	Division of Public Health	
23		
24	08. Risk Reduction Projects	633,980
25		
26	09. Aid-to-Counties	209,576
27		
28	TOTAL SUBSTANCE ABUSE PREVENTION	
29	AND TREATMENT BLOCK GRANT	\$ 48,702,674
30		
31	MATERNAL AND CHILD HEALTH BLOCK GRANT	
32		
33	Local Program Expenditures	
34		
35	Division of Public Health	
36		
37	01. Children's Health Services	7,534,865
38		
39	02. Women's Health	7,701,691
40		
41	03. Oral Health	38,041
42		
43	DHHS Program Expenditures	
44		
45	Division of Public Health	
46		
47	04. Children's Health Services	1,368,778
48		
49	05. Women's Health	135,452
50		
51	06. State Center for Health Statistics	179,483

1			
2	07.	Quality Improvement in Public Health	14,646
3			
4	08.	Health Promotion	88,746
5			
6	09.	Office of Minority Health	55,250
7			
8	10.	Immunization Program – Vaccine Distribution	382,648
9			
10	DHHS Administration		
11			
12	Division of Public Health		
13			
14	11.	Division of Public Health Administration	631,966
15			
16	TOTAL MATERNAL AND CHILD		
17	HEALTH BLOCK GRANT		
18			\$ 18,131,566
19	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
20			
21	Local Program Expenditures		
22			
23	Division of Public Health		
24			
25	01.	NC Statewide Health Promotion	\$1,730,653
26			
27	02.	Services to Rape Victims	197,112
28			
29	03.	HIV/STD Prevention and Community Planning	
30		(Transfer from Social Services Block Grant)	145,819
31			
32	DHHS Program Expenditures		
33			
34	Division of Public Health		
35			
36	04.	NC Statewide Health Promotion	1,623,117
37			
38	05.	Oral Health	70,000
39			
40	06.	State Laboratory of Public Health	16,600
41			
42	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		
43			\$3,783,301
44	COMMUNITY SERVICES BLOCK GRANT		
45			
46	Local Program Expenditures		
47			
48	Office of Economic Opportunity		
49			
50	01.	Community Action Agencies	\$ 17,968,944
51			

1	02. Limited Purpose Agencies	998,275
2		
3	DHHS Administration	
4		
5	03. Office of Economic Opportunity	998,274
6		
7	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 19,965,493
8		
9	COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH	
10	THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	
11		
12	Local Program Expenditures	
13		
14	Office of Economic Opportunity	
15		
16	01. Community Action Agencies	\$ 10,000,000
17		
18	TOTAL COMMUNITY SERVICES BLOCK GRANT	
19	RECEIVED THROUGH THE AMERICAN RECOVERY	
20	AND REINVESTMENT ACT (ARRA)	\$ 10,000,000
21		

GENERAL PROVISIONS

23 **SECTION 10.37.(b)** Information to Be Included in Block Grant Plans. – The
 24 Department of Health and Human Services shall submit a separate plan for each Block Grant
 25 received and administered by the Department, and each plan shall include the following:

- 26 (1) A delineation of the proposed allocations by program or activity, including
 27 State and federal match requirements.
- 28 (2) A delineation of the proposed State and local administrative expenditures.
- 29 (3) An identification of all new positions to be established through the Block
 30 Grant, including permanent, temporary, and time-limited positions.
- 31 (4) A comparison of the proposed allocations by program or activity with two
 32 prior years' program and activity budgets and two prior years' actual program
 33 or activity expenditures.
- 34 (5) A projection of current year expenditures by program or activity.
- 35 (6) A projection of federal Block Grant funds available, including unspent
 36 federal funds from the current and prior fiscal years.

37 **SECTION 10.37.(c)** Changes in Federal Fund Availability. – If the Congress of the
 38 United States increases the federal fund availability for any of the Block Grants or contingency
 39 funds and other grants related to existing Block Grants administered by the Department of
 40 Health and Human Services from the amounts appropriated in this section, the Department
 41 shall allocate the increase proportionally across the program and activity appropriations
 42 identified for that Block Grant in this section. In allocating an increase in federal fund
 43 availability, the Office of State Budget and Management shall not approve funding for new
 44 programs or activities not appropriated in this section.

45 If the Congress of the United States decreases the federal fund availability for any of
 46 the Block Grants or contingency funds and other grants related to existing Block Grants
 47 administered by the Department of Health and Human Services from the amounts appropriated
 48 in this section, the Department shall reduce State administration by at least the percentage of
 49 the reduction in federal funds. After determining the State administration, the remaining
 50 reductions shall be allocated proportionately across the program and activity appropriations

1 identified for that Block Grant in this section. The Office of State Budget and Management
2 shall report on these changes.

3 Prior to allocating the change in federal fund availability, the proposed allocation
4 must be approved by the Office of State Budget and Management. If the Department adjusts the
5 allocation of any Block Grant due to changes in federal fund availability, then a report shall be
6 made to the Joint Legislative Commission on Governmental Operations, the House of
7 Representatives Appropriations Subcommittee on Health and Human Services, the Senate
8 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

9 **SECTION 10.37.(d)** Appropriations from federal Block Grant funds are made for
10 the fiscal year ending June 30, 2011, according to the schedule enacted for State fiscal year
11 2010-2011 or until a new schedule is enacted by the General Assembly.

12 **SECTION 10.37.(e)** All changes to the budgeted allocations to the Block Grants or
13 contingency funds and other grants related to existing Block Grants administered by the
14 Department of Health and Human Services that are not specifically addressed in this section
15 shall be approved by the Office of State Budget and Management, and the Office of State
16 Budget and Management shall consult with the Joint Legislative Commission on Governmental
17 Operations for review prior to implementing the changes. The report shall include an itemized
18 listing of affected programs, including associated changes in budgeted allocations. All changes
19 to the budgeted allocations to the Block Grants shall be reported immediately to the House of
20 Representatives Appropriations Subcommittee on Health and Human Services, the Senate
21 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.
22 This subsection does not apply to Block Grant changes caused by legislative salary increases
23 and benefit adjustments.
24

25 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

26 **SECTION 10.37.(f)** The sum of one million ninety-three thousand one hundred
27 seventy-six dollars (\$1,093,176) appropriated in this section in TANF funds to the Department
28 of Health and Human Services, Division of Social Services, for the 2010-2011 fiscal year shall
29 be used to support administration of TANF-funded programs.

30 **SECTION 10.37.(g)** The sum of two million two hundred thousand dollars
31 (\$2,200,000) appropriated under this section in TANF funds to the Department of Health and
32 Human Services, Division of Social Services, for the 2010-2011 fiscal year shall be used to
33 provide domestic violence services to Work First recipients. These funds shall be used to
34 provide domestic violence counseling, support, and other direct services to clients. These funds
35 shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts.
36 The Division of Social Services may use up to seventy-five thousand dollars (\$75,000) in
37 TANF funds to support one administrative position within the Division of Social Services to
38 implement this subsection.

39 Each county department of social services and the local domestic violence shelter
40 program serving the county shall develop jointly a plan for utilizing these funds. The plan shall
41 include the services to be provided and the manner in which the services shall be delivered. The
42 county plan shall be signed by the county social services director or the director's designee and
43 the domestic violence program director or the director's designee and submitted to the Division
44 of Social Services by December 1, 2010. The Division of Social Services, in consultation with
45 the Council for Women, shall review the county plans and shall provide consultation and
46 technical assistance to the departments of social services and local domestic violence shelter
47 programs, if needed.

48 The Division of Social Services shall allocate these funds to county departments of
49 social services according to the following formula: (i) each county shall receive a base
50 allocation of five thousand dollars (\$5,000); and (ii) each county shall receive an allocation of
51 the remaining funds based on the county's proportion of the statewide total of the Work First

1 caseload as of July 1, 2010, and the county's proportion of the statewide total of the individuals
2 receiving domestic violence services from programs funded by the Council for Women as of
3 July 1, 2010. The Division of Social Services may reallocate unspent funds to counties that
4 submit a written request for additional funds.

5 **SECTION 10.37.(h)** The sum of two million dollars (\$2,000,000) appropriated in
6 this section in TANF funds to the Department of Health and Human Services, Division of
7 Social Services, for the 2010-2011 fiscal year shall be used to expand after-school programs
8 and services for at-risk children. The Department shall develop and implement a grant program
9 to award grants to community-based programs that demonstrate the ability to reach children at
10 risk of teen pregnancy, school dropout, and gang participation. The Department shall award
11 grants to community-based organizations that demonstrate the ability to develop and implement
12 linkages with local departments of social services, area mental health programs, schools, and
13 other human services programs in order to provide support services and assistance to the child
14 and family. These funds may be used to fund one position within the Division of Social
15 Services to coordinate at-risk after-school programs and shall not be used for other State
16 administration.

17 **SECTION 10.37.(i)** The sum of fourteen million four hundred fifty-two thousand
18 three hundred ninety-one dollars (\$14,452,391) appropriated in this section to the Department
19 of Health and Human Services, Division of Social Services, in TANF funds for the 2010-2011
20 fiscal year for child welfare improvements shall be allocated to the county departments of
21 social services for hiring or contracting staff to investigate and provide services in Child
22 Protective Services cases; to provide foster care and support services; to recruit, train, license,
23 and support prospective foster and adoptive families; and to provide interstate and postadoption
24 services for eligible families.

25 **SECTION 10.37.(j)** The sum of three million dollars (\$3,000,000) appropriated in
26 this section in TANF funds to the Department of Health and Human Services, Special Children
27 Adoption Fund, for the 2010-2011 fiscal year shall be used in accordance with G.S. 108A-50.2,
28 as enacted in Section 10.48 of S.L. 2009-451. The Division of Social Services, in consultation
29 with the North Carolina Association of County Directors of Social Services and representatives
30 of licensed private adoption agencies, shall develop guidelines for the awarding of funds to
31 licensed public and private adoption agencies upon the adoption of children described in
32 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund
33 by participating agencies shall be used exclusively to enhance the adoption services program.
34 No local match shall be required as a condition for receipt of these funds.

35 **SECTION 10.37.(k)** The sum of five hundred fifty thousand dollars (\$550,000)
36 appropriated in this section to the Department of Health and Human Services, Division of
37 Social Services, in TANF funds for the 2010-2011 fiscal year shall be used to expand
38 after-school programs for at-risk children attending middle school. The Department shall
39 develop and implement a grant program to award funds to community-based programs
40 demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and
41 gang participation. These funds shall not be used for training or administration at the State
42 level. All funds shall be distributed to community-based programs, focusing on those
43 communities where similar programs do not exist in middle schools.

44 **SECTION 10.37.(l)** In implementing the use of TANF funds, the Department of
45 Health and Human Services shall review policies, programs, and initiatives to ensure that they
46 support men in their role as fathers and strengthen fathers' involvement in their children's lives.
47 The Department shall encourage county departments of social services to ensure their Work
48 First programs emphasize responsible fatherhood and increased participation by noncustodial
49 fathers.

50 **SECTION 10.37.(m)** The sum of one million dollars (\$1,000,000) appropriated in
51 this section to the Department in TANF funds for the 2010-2011 fiscal year shall be transferred

1 to Connect, Inc. Connect, Inc., shall report on the number of people served and the services
2 received as a result of the receipt of funds. The report shall contain expenditure data, including
3 the amount of funds used for administration and direct training. The report shall also include
4 the number of people who have been employed as a direct result of services provided by
5 Connect, Inc., including the length of employment in the new position. The Department of
6 Health and Human Services shall evaluate the program and ensure that services provided are
7 not duplicative of local employment security commissions in the nine counties served by
8 Connect, Inc. The evaluation report shall be submitted to the House of Representatives
9 Appropriations Subcommittee on Health and Human Services, the Senate Appropriations
10 Committee on Health and Human Services, and the Fiscal Research Division no later than May
11 1, 2011.

12 **SECTION 10.37.(n)** The sum of two million dollars (\$2,000,000) appropriated in
13 this section to the Department in TANF funds for Boys and Girls Clubs for the 2010-2011
14 fiscal year shall be used to make grants for approved programs. The Department of Health and
15 Human Services, in accordance with federal regulations for the use of TANF funds, shall
16 administer a grant program to award funds to the Boys and Girls Clubs across the State in order
17 to implement programs that improve the motivation, performance, and self-esteem of youths
18 and to implement other initiatives that would be expected to reduce gang participation, school
19 dropout, and teen pregnancy rates. The Department shall encourage and facilitate collaboration
20 between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and
21 similar programs to submit joint applications for the funds if appropriate.

22 **SECTION 10.37.(o)** The sum of one million one hundred twenty-nine thousand
23 one hundred fifteen dollars (\$1,129,115) appropriated in this section to the Department of
24 Health and Human Services in TANF funds for the 2010-2011 fiscal year shall be used to
25 continue support for the Child Welfare Collaborative.

26 **SECTION 10.37.(p)** The sum of three hundred sixty thousand dollars (\$360,000)
27 appropriated to the Department of Health and Human Services, Division of Social Services,
28 under this section in TANF funds for the 2010-2011 fiscal year shall be used to continue
29 support for the Citizens Schools Program, a three-year urban/rural dropout prevention pilot
30 program in the Durham and Vance County public school systems.

31 32 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY** 33 **CONTINGENCY FUNDS**

34 **SECTION 10.37.(q)** The sum of twenty-three million six hundred twenty-five
35 thousand three hundred twenty-nine dollars (\$23,625,329) appropriated under this section from
36 TANF Emergency Contingency funds to the Department of Health and Human Services,
37 Division of Child Development, for the 2010-2011 fiscal year shall be used for subsidized child
38 care services. Payment for subsidized child care services provided with TANF Emergency
39 Contingency funds shall comply with all regulations and policies issued by the Division of
40 Child Development for the subsidized child care program.

41 **SECTION 10.37.(r)** The sum of nine million seven hundred eighty thousand four
42 hundred ninety-four dollars (\$9,780,494) appropriated under this section from TANF
43 Emergency Contingency funds to the Department of Health and Human Services, Division of
44 Social Services, for the 2010-2011 fiscal year shall be used to support assistance payments
45 provided under the Work First Family Assistance program.

46 47 **SOCIAL SERVICES BLOCK GRANT**

48 **SECTION 10.37.(s)** Social Services Block Grant funds appropriated to the North
49 Carolina Inter-Agency Council for coordinating homeless programs and child medical
50 evaluations are exempt from the provisions of 10A NCAC 71R .0201(3).

1 **SECTION 10.37.(t)** The sum of two million three hundred thousand dollars
2 (\$2,300,000) appropriated in this section in the Social Services Block Grant to the Department
3 of Health and Human Services, Division of Social Services, for the 2010-2011 fiscal year shall
4 be used to support various child welfare training projects as follows:

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

8 **SECTION 10.37.(u)** The sum of nine hundred forty-three thousand two dollars
9 (\$943,002) appropriated in this section to the Department of Health and Human Services in the
10 Social Services Block Grant for the 2010-2011 fiscal year shall be used to support maternity
11 home services.

12 **SECTION 10.37.(v)** The sum of two million three hundred seventy-two thousand
13 six hundred nineteen dollars (\$2,372,619) appropriated in this section in the Social Services
14 Block Grant for child caring agencies for the 2010-2011 fiscal year shall be allocated in support
15 of State foster home children.

16 **SECTION 10.37.(w)** The Department of Health and Human Services is authorized,
17 subject to the approval of the Office of State Budget and Management, to transfer Social
18 Services Block Grant funding allocated for departmental administration between divisions that
19 have received administrative allocations from the Social Services Block Grant.

20 **SECTION 10.37.(x)** Social Services Block Grant funds appropriated for the
21 Special Children's Adoption Incentive Fund will require a fifty percent (50%) local match.

22 **SECTION 10.37.(y)** The sum of four hundred twenty-two thousand three dollars
23 (\$422,003) appropriated in this section in the Social Services Block Grant to the Department of
24 Health and Human Services, Division of Social Services, for the 2010-2011 fiscal year shall be
25 used to continue a Mental Health Services Program for children.

26 27 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

28 **SECTION 10.37.(z)** Additional emergency contingency funds received may be
29 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
30 consultation with the Joint Legislative Commission on Governmental Operations. Additional
31 funds received shall be reported to the Joint Legislative Commission on Governmental
32 Operations and the Fiscal Research Division upon notification of the award. The Department of
33 Health and Human Services shall not allocate funds for any activities, including increasing
34 administration, other than assistance payments, without prior consultation with the Joint
35 Legislative Commission on Governmental Operations.

36 37 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

38 **SECTION 10.37.(aa)** Payment for subsidized child care services provided with
39 federal TANF funds shall comply with all regulations and policies issued by the Division of
40 Child Development for the subsidized child care program.

41 **SECTION 10.37.(bb)** If funds appropriated through the Child Care and
42 Development Fund Block Grant for any program cannot be obligated or spent in that program
43 within the obligation or liquidation periods allowed by the federal grants, the Department may
44 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the
45 grant, in order to use the federal funds fully.

46 **SECTION 10.37.(cc)** If American Recovery and Reinvestment Act of 2009 funds
47 appropriated through the Child Care and Development Fund Block Grant for any program
48 cannot be obligated or spent in that program within the obligation or liquidation periods
49 allowed by the federal grants, the Department may move funds to child care subsidies, unless
50 otherwise prohibited by federal requirements of the grant, in order to use the federal funds
51 fully.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 10.37.(dd) 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 2010-2011 fiscal year for the North Carolina Institute of Medicine (NCIOM) shall be used to study the following:

- (1) The availability of Medicaid and State-funded mental health, developmental disabilities, and substance abuse services to active duty, reserve, and veteran members of the military and National Guard. The study should discuss the current availability of services, the extent of use, and any gaps in services.
- (2) Issues related to cost, quality, and access to appropriate and affordable health care for all North Carolinians. The North Carolina Institute of Medicine (NCIOM) may use funds appropriated for the 2007-2009 fiscal biennium to continue the work of its Health Access Study Group to study these issues. The Health Access Study Group may include in its study the matters contained in Sections 31.1, 31.2, and 31.3 of S.L. 2008-181 and also may monitor federal health-related legislation to determine how the legislation would impact costs, quality, and access to health care.
- (3) Short-term and long-term strategies to address issues within adult care homes that provide residence to persons who are frail and elderly and to persons suffering from mental illness.

The Institute shall make an interim report to the Governor's Office, the Joint Legislative Health Care Oversight Committee, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services no later than January 15, 2011, which may include recommendations and proposed legislation, and shall issue its final report with findings, recommendations, and suggested legislation to the 2011 General Assembly upon its convening. In the event members of the General Assembly serve on the NCIOM Health Access Study Group, they shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1. The Health Access Study Group may include in its study the matters contained in Sections 31.1, 31.2, and 31.3 of S.L. 2008-181 and also may monitor federal health-related legislation to determine how the legislation would impact costs, quality, and access to health care.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 10.37.(ee) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2010-2011 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 10.37.(ff) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

PART XI. RESERVED**PART XII. RESERVED**

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**CONSOLIDATE THREE DENR SUBUNITS WITHIN THE NEW DIVISION OF ENVIRONMENTAL ASSISTANCE AND OUTREACH**

SECTION 13.1.(a) The Division of Environmental Assistance and Outreach is established as a new division within the environmental area of the Department of Environment and Natural Resources. All functions, powers, duties, and obligations previously vested in the following subunits of the Department of Environment and Natural Resources are transferred to, vested in, and consolidated within the Division of Environmental Assistance and Outreach by a Type I transfer, as defined in G.S. 143A-6:

- (1) The Customer Service Center.
- (2) The Division of Pollution Prevention and Environmental Assistance.
- (3) The Small Business Ombudsman.

SECTION 13.1.(b) G.S. 18B-902(h) reads as rewritten:

"(h) Recycling Plan Required. – Each applicant for an on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or a mixed beverages permit shall prepare and submit with the application a plan for the collection and recycling of all recyclable beverage containers of all beverages to be sold at retail on the premises. A permittee who is not able to find a recycler for its beverage containers may apply to the Alcoholic Beverage Control Commission for a one-year stay of the requirement to implement a recycling program in compliance with G.S. 18B-1006.1. The application shall be made in a form specified by the Commission, shall detail the efforts made by the permittee to provide for the collection and recycling of beverage containers, and shall specify the impediments to implementation of a recycling plan. The Commission shall submit all such applications to the Division of ~~Pollution Prevention and~~ Environmental Assistance and Outreach of the Department of Environment and Natural Resources for review and certification. The Division of ~~Pollution Prevention and~~ Environmental Assistance and Outreach shall investigate each application and prepare a summary of its investigation and shall submit the summary to the Commission along with a notation indicating certification or denial of the application. A permittee whose application for a stay is certified by the Division of ~~Pollution Prevention and~~ Environmental Assistance and Outreach shall not be required to comply with the recycling requirement of the alcoholic beverage laws and regulations during the one-year stay period so certified."

SECTION 13.1.(c) G.S. 130A-309.12(a)(6) reads as rewritten:

"(6) Providing funding for the activities of the Division of ~~Pollution Prevention and~~ Environmental Assistance Assistance and Outreach."

SECTION 13.1.(d) G.S. 130A-309.63(b)(2) reads as rewritten:

"(2) The Department may use up to forty percent (40%) of the revenue in the Account to make grants to encourage the use of processed scrap tire materials. These grants may be made to encourage the use of tire-derived fuel, crumb rubber, carbon black, or other components of tires for use in products such as fuel, tires, mats, auto parts, gaskets, flooring material, or other applications of processed tire materials. These grants shall be made in consultation with the Department of Commerce, the Division of ~~Pollution Prevention and~~ Environmental Assistance and Outreach of the Department, and, where appropriate, the Department of Transportation. Grants to encourage the use of processed scrap tire materials shall not be used to process tires."

SECTION 13.1.(e) G.S. 136-28.8(g) reads as rewritten:

"(g) On or before October 1 of each year, the Department shall report to the Division of ~~Pollution Prevention and~~ Environmental Assistance and Outreach of the Department of

1 Environment and Natural Resources as to the amounts and types of recycled materials that were
2 specified or used in contracts that were entered into during the previous fiscal year. On or
3 before December 1 of each year, the Division of ~~Pollution Prevention and~~ Environmental
4 Assistance and Outreach shall prepare a summary of this report and submit the summary to the
5 Joint Legislative Commission on Governmental Operations and the Joint Legislative
6 Transportation Oversight Committee. The summary of this report shall also be included in the
7 report required by G.S. 130A-309.06(c)."

8 **SECTION 13.1.(f)** G. S. 143-58.2(d) reads as rewritten:

9 "(d) The Department of Administration, in cooperation with the Division of ~~Pollution~~
10 ~~Prevention and~~ Environmental Assistance and Outreach of the Department of Environment and
11 Natural Resources, shall identify materials and supplies with recycled content that meet
12 appropriate standards for use by State departments, institutions, agencies, community colleges,
13 and local school administrative units."

14 **SECTION 13.1.(g)** The Revisor of Statutes shall make any other conforming
15 statutory changes necessary to reflect the transfer under subsection (a) of this section that are
16 not included in this section.
17

18 **CONSOLIDATE TWO DENR OFFICES INTO NEW OFFICE OF ENVIRONMENTAL** 19 **EDUCATION AND PUBLIC AFFAIRS**

20 **SECTION 13.1A.(a)** The Office of Environmental Education and Public Affairs is
21 established as a new office within the administrative area of the Department of Environment
22 and Natural Resources. All functions, powers, duties, and obligations previously vested in the
23 following offices of the Department of Environment and Natural Resources are transferred to,
24 vested in, and consolidated within the Office of Environmental Education and Public Affairs by
25 a Type I transfer, as defined in G.S. 143A-6:

- 26 (1) North Carolina Office of Environmental Education.
- 27 (2) Office of Public Affairs.

28 **SECTION 13.1A.(b)** The title of Part 4B of Article 7 of Chapter 143B of the
29 General Statutes reads as rewritten:

30 "Part 4B. Office of Environmental ~~Education~~ Education and Public Affairs."

31 **SECTION 13.1A.(c)** G.S. 143B-285.22 reads as rewritten:

32 **"§ 143B-285.22. Creation.**

33 There is hereby created a ~~North Carolina~~ the Office of Environmental Education and Public
34 Affairs (hereinafter referred to as "Office") within the Department of Environment and Natural
35 Resources."

36 **SECTION 13.1A.(d)** G.S. 143B-285.23 reads as rewritten:

37 **"§ 143B-285.23. Powers and duties of the Secretary of Environment and Natural** 38 **Resources.**

39 The Secretary of Environment and Natural Resources shall:

- 40 (1) Establish an Office of Environmental Education and Public Affairs to:
 - 41 a. Serve as a clearinghouse of environmental information for the State.

42 ...

43"

44 **SECTION 13.1A.(e)** The catch line of G.S. 143B-285.25 reads as rewritten:

45 **"§ 143B-285.25. Liaison between the Office of Environmental Education and Public** 46 **Affairs and the Department of Public Instruction."**

47 **SECTION 13.1A.(f)** The Revisor of Statutes shall make any other conforming
48 statutory changes that are necessary to reflect the transfers under subsection (a) of this section.
49

50 **CONSOLIDATE TWO SUBUNITS IN DENR IN THE OFFICE OF THE SECRETARY** 51 **OF ENVIRONMENT AND NATURAL RESOURCES**

1 **SECTION 13.1B.** All functions, powers, duties, and obligations previously vested
2 in the following subunits of the Department of Environment and Natural Resources are
3 transferred to, vested in, and consolidated within the Office of the Secretary of Environment
4 and Natural Resources by a Type I transfer, as defined in G.S. 143A-6:

- 5 (1) Office of Conservation and Community Affairs.
- 6 (2) Natural Resources Planning and Conservation.

7
8 **INCREASE ADMINISTRATIVE CAP FOR INACTIVE HAZARDOUS WASTE SITES**
9 **PROGRAM; ADD RECIPIENTS TO ANNUAL REPORT REQUIREMENT**

10 **SECTION 13.9.(a)** G.S. 130A-295.9(1) reads as rewritten:

11 "(1) Funds credited pursuant to G.S. 105-187.63(1) to the Inactive Hazardous
12 Sites Cleanup Fund shall be used by the Department of Environment and
13 Natural Resources to fund the assessment and remediation of pre-1983
14 landfills, except up to ~~seven percent (7%)~~ thirteen percent (13%) of the funds
15 credited under this subdivision may be used to fund administrative expenses
16 related to the assessment and remediation of pre-1983 landfills and other
17 inactive hazardous waste sites."

18 **SECTION 13.9.(b)** G.S. 130A-310.10(a) reads as rewritten:

19 "(a) The Secretary shall report on inactive hazardous sites to the Joint Legislative
20 Commission on Governmental Operations, the Environmental Review Commission
21 Commission, and the Fiscal Research Division on or before 1 October of each year. The report
22 shall include at least:

- 23 (1) The Inactive Hazardous Waste Sites Priority List;
- 24 "

25
26 **FUNDS FOR CLEANUP AND MONITORING OF TEXFI SITE CONTAMINATION**

27 **SECTION 13.9A.** There is appropriated from the Solid Waste Management Trust
28 Fund to the Department of Environment and Natural Resources, Division of Waste
29 Management, the sum of fifty thousand dollars (\$50,000) for the 2010-2011 fiscal year to be
30 used for the cleanup and monitoring of the groundwater and other contamination located at the
31 Texfi site in Fayetteville and for any emergency cleanup activities needed at that site.

32
33 **FUNDS FOR RECYCLING PROGRAMS FOR PRODUCTS THAT CONTAIN**
34 **MERCURY**

35 **SECTION 13.9B.(a)** Effective July 1, 2010, until December 31, 2017,
36 G.S. 130A-310.54 reads as rewritten:

37 **"§ 130A-310.54. Mercury ~~Switch Removal Account~~ Pollution Prevention Fund.**

38 (a) The Mercury ~~Switch Removal Account~~ Pollution Prevention Fund is established in
39 the Department. Revenue is credited to the ~~Account Fund~~ from the certificate of title fee under
40 G.S. 20-85.

41 (b) Revenue in the Mercury ~~Switch Removal Account~~ Pollution Prevention Fund shall
42 be used ~~to~~ for the following purposes:

- 43 (1) To reimburse the Department and others for costs incurred in implementing
44 the mercury switch removal program.
- 45 (2) To establish and implement recycling programs for products containing
46 mercury, including at least recycling programs for light bulbs and
47 thermostats.

48 **(b1)** The reimbursable costs under subdivision (1) of subsection (b) of this section are:

- 49 (1) Five dollars (\$5.00) for each mercury switch removed by a vehicle crusher,
50 vehicle dismantler, vehicle recycler, or scrap vehicle processing facility

1 pursuant to this Article and sent to destination facilities in accordance with
2 the NVMSRP for recycling or disposal.

3 (2) Costs incurred by the Department in administering the program.

4 (c) The Department shall reimburse vehicle crushers, vehicle dismantlers, vehicle
5 recyclers, and scrap vehicle processing facilities based on a reimbursement request that attests
6 to the number of switches sent to destination facilities for recycling or disposal in accordance
7 with the NVMSRP. Each reimbursement request shall be verified against information posted on
8 the Internet site provided by the vehicle manufacturers in accordance with the NVMSRP, or
9 against other information that verifies the reimbursement requested to the satisfaction of the
10 Department. The vehicle crusher, vehicle dismantler, vehicle recycler, or scrap vehicle
11 processing facility shall provide the Department with any information requested by the
12 Department to verify the accuracy of a reimbursement request. Each vehicle crusher, vehicle
13 dismantler, vehicle recycler, or scrap vehicle processing facility shall maintain accurate records
14 that support each reimbursement request for a minimum of three years from the date the
15 reimbursement request is approved."

16 **SECTION 13.9B.(b)** Effective December 31, 2017, G.S. 130A-310.54, as
17 amended by Sections 4 and 9 of S.L. 2007-142, reads as rewritten:

18 "**§ 130A-310.54. Funds to implement plan.**

19 (a) The Mercury Pollution Prevention ~~Account~~-Fund is established in the Department.
20 Revenue is credited to the ~~Account~~-Fund from the certificate of title fee under G.S. 20-85.

21 (b) Revenue in the Mercury Pollution Prevention ~~Account~~-Fund shall be used ~~to~~ for the
22 following purposes:

23 (1) To reimburse the Department and others for costs incurred in implementing
24 the mercury minimization plan.

25 (2) To establish and implement recycling programs for products containing
26 mercury, including at least recycling programs for light bulbs and
27 thermostats.

28 (b1) The reimbursable costs under subdivision (1) of subsection (b) of this section are:

29 (1) Five dollars (\$5.00) for each mercury switch removed by a vehicle recycler
30 or scrap metal recycling facility pursuant to this Article.

31 (2) Costs incurred by the Department in administering the plan.

32 (c) The Department shall reimburse vehicle recyclers and scrap metal recycling
33 facilities based on the quarterly reports submitted under G.S. 130A-310.53. The Department
34 may request any information needed to determine the accuracy of the reports."
35

36 **PARKS AND RECREATION TRUST FUND/AUTHORITY TO CONSIDER** 37 **OPERATING EXPENSES**

38 **SECTION 13.11.** G.S. 113-44.15 reads as rewritten:

39 "**§ 113-44.15. Parks and Recreation Trust Fund.**

40 (a) Fund Created. – There is established a Parks and Recreation Trust Fund in the State
41 Treasurer's Office. The Trust Fund shall be a nonreverting special revenue fund consisting of
42 gifts and grants to the Trust Fund, monies credited to the Trust Fund pursuant to
43 G.S. 105-228.30(b), and other monies appropriated to the Trust Fund by the General Assembly.
44 Investment earnings credited to the assets of the Fund shall become part of the Fund.

45 (b) Use. – Funds in the Trust Fund are annually appropriated to the North Carolina
46 Parks and Recreation Authority and, unless otherwise specified by the General Assembly or the
47 terms or conditions of a gift or grant, shall be allocated and used as follows:

48 (1) Sixty-five percent (65%) for the State Parks System for capital projects,
49 repairs and renovations of park facilities, and land acquisition, and to retire
50 debt incurred for these purposes under Article 9 of Chapter 142 of the
51 General Statutes.

1 (2) Thirty percent (30%) to provide matching funds to local governmental units
2 or public authorities as defined in G.S. 159-7 on a dollar-for-dollar basis for
3 local park and recreation purposes. The appraised value of land that is
4 donated to a local government unit or public authority may be applied to the
5 matching requirement of this subdivision. These funds shall be allocated by
6 the North Carolina Parks and Recreation Authority based on criteria
7 patterned after the Open Project Selection Process established for the Land
8 and Water Conservation Fund administered by the National Park Service of
9 the United States Department of the Interior.

10 (3) Five percent (5%) for the Coastal and Estuarine Water Beach Access
11 Program.

12 (b1) Geographic Distribution. – In allocating funds in the Trust Fund under this section,
13 the North Carolina Parks and Recreation Authority shall make geographic distribution across
14 the State to the extent practicable.

15 (b2) Administrative Expenses. – Of the funds appropriated to the North Carolina Parks
16 and Recreation Authority from the Trust Fund each year, no more than three percent (3%) may
17 be used by the Department for operating expenses associated with managing capital
18 improvements projects, acquiring land, and administration of local grants programs.

19 (b3) Operating Expenses for State Parks System Allocations. – In allocating funds in the
20 Trust Fund under subdivision (1) of subsection (b) of this section, the North Carolina Parks and
21 Recreation Authority shall consider the operating expenses associated with each capital project,
22 repair and renovation project, and each land acquisition. In considering the operating expenses,
23 the North Carolina Parks and Recreation Authority shall determine both:

24 (1) The minimal anticipated operating expenses, which are determined by the
25 minimum staff and other operating expenses needed to maintain the project.

26 (2) The optimal anticipated operating budget, which is determined by the level
27 of staff and other operating expenses required to achieve a more satisfactory
28 level of operation under the project.

29 (c) Reports. – The North Carolina Parks and Recreation Authority shall report no later
30 than October 1 of each year to the Joint Legislative Commission on Governmental Operations,
31 the House and Senate Appropriations Subcommittees on Natural and Economic Resources, the
32 Fiscal Research Division, and the Environmental Review Commission on allocations from the
33 Trust Fund from the prior fiscal year. For funds allocated from the Trust Fund under
34 subdivision (b1) of this section, this report shall include the operating expenses determined
35 under subdivisions (1) and (2) of subsection (b3) of this section.

36 ..."

37 38 **RECLASSIFY SEVEN VACANT POSITIONS IN THE DIVISION OF PARKS AND** 39 **RECREATION**

40 **SECTION 13.12.** The Division of Parks and Recreation of the Department of
41 Environment and Natural Resources shall reclassify seven vacant positions within the Division
42 and shall fill these reclassified positions in a timely manner in order to provide support for new
43 or expanding parks within the State Parks System, as defined in G.S. 113-44.9.

44 45 **STATE PARKS SYSTEM PLAN**

46 **SECTION 13.13.** G.S. 113-44.11 is amended by adding a new subsection to read:

47 "(d) No later than October 1 of each year, the Department shall submit electronically the
48 State Parks System Plan to the Environmental Review Commission, the Senate and the House
49 of Representatives Appropriations Subcommittees on Natural and Economic Resources, and
50 the Fiscal Research Division. Concurrently, the Department shall submit a summary of each
51 change to the Plan that was made during the previous fiscal year."

NO NEW FEES FOR PARKING IN STATE PARKS

SECTION 13.14. Notwithstanding any provision to the contrary, the funds appropriated to the Department of Environment and Natural Resources for State Parks for the 2010-2011 fiscal year shall not be reduced or replaced with fees for parking at State Parks, unless these fees were charged prior to the 2010-2011 fiscal year. No fees shall be charged and no fees shall be collected for parking in a State Park during the 2010-2011 fiscal year, unless these fees were charged prior to the 2010-2011 fiscal year.

AUTHORITY FOR THE DEPARTMENT OF REVENUE TO SHARE INFORMATION WITH DENR

SECTION 13.15. G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person except as provided in this subsection. Standards used or to be used for the selection of returns for examination and data used or to be used for determining the standards may not be disclosed for any purpose. All other tax information may be disclosed only if the disclosure is made for one of the following purposes:

...

(40) To furnish the Division of Forest Resources of the Department of Environment and Natural Resources pertinent contact and financial information concerning companies that are involved in the primary processing of timber products so that the Secretary of Environment and Natural Resources is able to comply with G.S. 113A-193 under the Primary Forest Product Assessment Act."

DIVISION OF MARINE FISHERIES AND DIVISION OF FOREST RESOURCES AIRCRAFT MAINTENANCE

SECTION 13.16.(a) The Division of Marine Fisheries of the Department of Environment and Natural Resources shall use mechanics employed by the Division of Forest Resources of the Department of Environment and Natural Resources for the purpose of performing aircraft maintenance for all aircraft of the Division of Marine Fisheries except for a particular instance when this would be impracticable.

SECTION 13.16.(b) The Division of Forest Resources of the Department of Environment and Natural Resources shall perform aircraft maintenance using its mechanics for all aircraft of the Division of Marine Fisheries, except for a particular instance when this would be impracticable. The Division of Forest Resources shall develop a process to establish priorities for the aviation maintenance needs of all the aircraft in both the Division of Forest Resources and the Division of Marine Fisheries.

PURCHASE OF COMPUTER SOFTWARE BY DENR FOR DENR AIRCRAFT FLIGHTS AND MAINTENANCE RECORDKEEPING

SECTION 13.17. The Department of Environment and Natural Resources shall purchase computer software to be used to establish and maintain a record of the flights and the maintenance of aircraft of the Department of Environment and Natural Resources. For the purchase under this section, the Department of Environment and Natural Resources shall use funds realized from the sale of aircraft by the divisions within the department that operate aircraft. The Department of Environment and Natural Resources shall work with the Division of Marine Fisheries, the Division of Forest Resources, and the Aviation Division of the Department of Transportation to develop the specifications for this software system and to

1 evaluate the best product available to accomplish the purpose set forth in this section. The
2 Department should evaluate all available options, including the purchase of a commercially
3 available system and the purchase of a license to use a software system that is currently used by
4 another State agency. The purchase under this section is subject to all State laws and rules
5 regarding the procurement of distributed information technology assets, as defined in
6 G.S. 147-33.81.

8 **REPORT ON DENR AVIATION ACTIVITIES**

9 **SECTION 13.18.(a)** No later than October 1, 2010, the Department of
10 Environment and Natural Resources shall submit a report to the Joint Legislative Commission
11 on Governmental Operations, the House of Representatives and Senate Appropriations
12 Subcommittees on Natural and Economic Resources, and the Fiscal Research Division. The
13 report shall:

- 14 (1) Describe the uses of the State aircraft fleet within the control of either the
15 Division of Forest Resources of the Department of Environment and Natural
16 Resources or the Division of Marine Fisheries of the Department of
17 Environment and Natural Resources; and
- 18 (2) Describe the progress of the Department of Environment and Natural
19 Resources in implementing the eight management practices that were
20 recommended by the Program Evaluation Division of the General Assembly
21 in its report entitled "Selling 25 Underutilized Aircraft May Yield Up to \$8.1
22 Million and Save \$1.5 Million Annually" (Report 2010-04), based upon its
23 study of the State's aircraft fleets, as authorized by Section 14.6 of S.L.
24 2009-451.

25 **SECTION 13.18.(b)** The Department of Environment and Natural Resources shall
26 include in its report under subsection (a) of this section a summary of the Conklin & de Decker
27 report that is due to be submitted to the Division of Forest Resources in August 2010, including
28 any recommendations included in the Conklin & de Decker report and a description of the
29 Department's plan to implement the Conklin & de Decker report recommendations.

30 **CLOSE/TRANSFER CERTAIN DENR SPECIAL FUNDS**

31 **SECTION 13.21.(a)** The Office of State Budget and Management, in conjunction
32 with the Office of the State Controller and the Department of Environment and Natural
33 Resources, shall transfer to the Division of Soil and Water Conservation (General Fund code
34 14300-1310) any unencumbered cash balance as of June 30, 2010, of each of the following
35 special funds within the Department and then close each of these special funds:

- 36 (1) SWC – CREP (Special Fund code 24308-2313).
- 37 (2) SWC – EEP Agreement (Special Fund code 24308-2317).

38 **SECTION 13.21.(b)** G.S. 113-36(d) is repealed.

39 **SECTION 13.21.(c)** The Office of State Budget and Management, in conjunction
40 with the Office of the State Controller and the Department of Environment and Natural
41 Resources, shall transfer to the Division of Forest Resources (General Fund code 14300-1210)
42 the operating budget, positions, and any unencumbered cash balance as of June 30, 2010, that
43 remains in the special fund Bladen Lakes (Special Fund code 24300-2221) after conducting the
44 transfer under Section 2.2 of this act and then close the special fund Bladen Lakes.

45 **SECTION 13.21.(d)** The Office of State Budget and Management, in conjunction
46 with the Office of the State Controller and the Department of Environment and Natural
47 Resources, shall transfer to the Division of Water Quality (General Fund code 14300-1695) the
48 operating budget, positions, and any unencumbered cash balance as of June 30, 2010, in the
49 special fund DWQ – Lab Certification Fees (Special Fund code 24300-2335) within the
50 Department and then close this special fund.
51

1 **SECTION 13.21.(e)** The Office of State Budget and Management, in conjunction
2 with the Office of the State Controller and the Department of Environment and Natural
3 Resources, shall transfer to the General Fund any unencumbered cash balance as of June 30,
4 2010, in each of the following special funds within the Department and then close each of these
5 special funds:

- 6 (1) DWM – Kernersville Site (Special Fund code 24308-2116).
- 7 (2) DWM – Meadowview Site (Special Fund code 24308-2118).
- 8 (3) DWR – Streamwatch Project (Special Fund code 24308-2180).
- 9 (4) DAQ – Terrorism Defense (Special Fund code 24308-2343).
- 10 (5) MNS – E A Publications (Special Fund code 24308-2461).
- 11 (6) MNS – Mus Nat Sci/School Science Fairs (Special Fund code 24308-2462).
- 12 (7) MNS – Mus Nat Sci/Scientific Pub. (Special Fund code 24308-2465).
- 13 (8) DFR – Hurricane Frances (Special Fund code 24310-2786).
- 14 (9) DFR – Hurricane Ivan (Special Fund code 24310-2797).
- 15 (10) DFR – Dare Bomb Range Isabel Interest (Special Fund code 24310-2249).

16 **SECTION 13.21.(f)** The Office of State Budget and Management, in conjunction
17 with the Office of the State Controller and the Department of Environment and Natural
18 Resources, shall transfer to Special Fund code 24317 any unencumbered cash balance as of
19 June 30, 2010, of each of the following special funds within the Department and then close
20 each of these special funds:

- 21 (1) SWC – Agricultural Cost Share Programs (Special Fund code 24308-2510).
- 22 (2) SWC – Animal Waste Cost Share (Special Fund code 24308-2520).
- 23 (3) NC07 – Network Date IT Project (Special Fund code 24308-2931).

24 **SECTION 13.21.(g)** The Office of State Budget and Management, in conjunction
25 with the Office of the State Controller and the Department of Environment and Natural
26 Resources, shall transfer to Special Fund code 64305 any unencumbered cash balance as of
27 June 30, 2010, of the special fund DWM – Noncommercial Leaking Petroleum Storage
28 (Special Fund code 64308-6371) within the Department and then close this special fund.

29 **SECTION 13.21.(h)** The Office of State Budget and Management, in conjunction
30 with the Office of the State Controller and the Department of Environment and Natural
31 Resources, shall transfer to Special Fund code 24300 the operating budget, positions, and any
32 unencumbered cash balance as of June 30, 2010, of each special fund within the Department
33 with Special Fund code 24308 that is not subject to closure under the provisions of other
34 subsections of this section.

35 36 **WILDLIFE RESOURCES COMMISSION FUNDING**

37 **SECTION 13.22.** Section 13.11 of S.L. 2009-451 reads as rewritten:

38 **"SECTION 13.11.** Notwithstanding G.S. 105-164.44B, during the 2009-2010 fiscal year
39 and the 2010-2011 fiscal year, the Secretary of Revenue shall transfer at the end of each quarter
40 from the State sales and use tax net collections received by the Department of Revenue under
41 Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife
42 Resources Fund one-fourth of the amount transferred the preceding fiscal year plus or minus
43 the percentage of that amount by which the total collection of State sales and use taxes
44 increased or decreased during the preceding fiscal year, not to exceed twenty-one million five
45 hundred thousand dollars ~~(\$21,500,000)~~ (\$18,500,000) for the 2009-2010 fiscal year and not to
46 exceed eighteen million five hundred thousand dollars (\$18,500,000) for the 2010-2011 fiscal
47 year."

48 49 **PART XIV. DEPARTMENT OF COMMERCE**

50 51 **ONE NORTH CAROLINA FUND**

1 **SECTION 14.1.** Section 14.1 of S.L. 2009-451 reads as rewritten:
 2 **"SECTION 14.1.** Of the funds appropriated in this act to the One North Carolina Fund for
 3 the ~~2009-2010~~2010-2011 fiscal year, the Department of Commerce may use up to three
 4 hundred thousand dollars (\$300,000) to cover its expenses in administering the One North
 5 Carolina Fund and other economic development incentive grant programs during the
 6 ~~2009-2010~~2010-2011 fiscal year."
 7

8 **NER BLOCK GRANTS**

9 **SECTION 14.2.(a)** Appropriations from federal block grant funds are made for the
 10 fiscal year ending June 30, 2011, according to the following schedule:
 11

12 **COMMUNITY DEVELOPMENT BLOCK GRANT**

13			
14	01. State Administration	\$	1,000,000
15			
16	02. Scattered Site Housing		16,500,000
17			
18	03. Economic Development		7,210,000
19			
20	04. Small Business/Entrepreneurship		3,000,000
21			
22	05. NC Catalyst		8,240,000
23			
24	06. State Technical Assistance		450,000
25			
26	07. Infrastructure		8,000,000
27			
28	08. Capacity Building		600,000
29			
30	TOTAL COMMUNITY DEVELOPMENT		
31	BLOCK GRANT – 2010 Program Year	\$	45,000,000
32			

33 **SECTION 14.2.(b)** Decreases in Federal Fund Availability. – If federal funds are
 34 reduced below the amounts specified above after the effective date of this act, then every
 35 program in each of these federal block grants shall be reduced by the same percentage as the
 36 reduction in federal funds.

37 **SECTION 14.2.(c)** Increases in Federal Fund Availability for Community
 38 Development Block Grant. – Any block grant funds appropriated by the Congress of the United
 39 States in addition to the funds specified in this section shall be expended as follows: each
 40 program category under the Community Development Block Grant shall be increased by the
 41 same percentage as the increase in federal funds.

42 **SECTION 14.2.(d)** Limitations on Community Development Block Grant Funds. –
 43 Of the funds appropriated in this section for the Community Development Block Grant, the
 44 following shall be allocated in each category for each program year: up to one million dollars
 45 (\$1,000,000) may be used for State Administration; up to sixteen million five hundred thousand
 46 dollars (\$16,500,000) may be used for Scattered Site Housing; up to seven million two hundred
 47 ten thousand dollars (\$7,210,000) may be used for Economic Development; up to three million
 48 dollars (\$3,000,000) may be used for Small Business/Entrepreneurship; not less than eight
 49 million two hundred forty thousand dollars (\$8,240,000) shall be used for NC Catalyst; up to
 50 four hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up
 51 to eight million dollars (\$8,000,000) may be used for Infrastructure; six hundred thousand

1 dollars (\$600,000) may be used for Capacity Building. If federal block grant funds are reduced
2 or increased by the Congress of the United States after the effective date of this act, then these
3 reductions or increases shall be allocated in accordance with subsection (b) or (c) of this
4 section, as applicable.

5 **SECTION 14.2.(e)** Increase Capacity for Nonprofit Organizations. – Assistance to
6 nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in
7 partnership with units of local government is an eligible activity under any program category in
8 accordance with federal regulations. Capacity building grants may be made from funds
9 available within program categories, program income, or unobligated funds.

10 **SECTION 14.2.(f)** The Department of Commerce shall consult with the Joint
11 Legislative Commission on Governmental Operations prior to reallocating Community
12 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever
13 the Director of the Budget finds that:

14 (1) A reallocation is required because of an emergency that poses an imminent
15 threat to public health or public safety, the Director of the Budget may
16 authorize the reallocation without consulting the Commission. The
17 Department of Commerce shall report to the Commission on the reallocation
18 no later than 30 days after it was authorized and shall identify in the report
19 the emergency, the type of action taken, and how it was related to the
20 emergency.

21 (2) The State will lose federal block grant funds or receive less federal block
22 grant funds in the next fiscal year unless a reallocation is made. The
23 Department of Commerce shall provide a written report to the Commission
24 on the proposed reallocation and shall identify the reason that failure to take
25 action will result in the loss of federal funds. If the Commission does not
26 hear the issue within 30 days of receipt of the report, the Department may
27 take the action without consulting the Commission.

28 **SECTION 14.2.(g)** By September 1, 2010, the Division of Community Assistance,
29 Department of Commerce, shall report to the Joint Legislative Commission on Governmental
30 Operations and the Fiscal Research Division on the use of Community Development Block
31 Grant Funds appropriated in the prior fiscal year.

32 33 **STATE AGENCIES AND INSTITUTIONS/GREATER ENERGY EFFICIENCY** 34 **REPORTING AND COMPLIANCE**

35 **SECTION 14.3.** G.S. 143-64.12 reads as rewritten:

36 **"§ 143-64.12. Authority and duties of the Department; State agencies and State**
37 **institutions of higher learning.**

38 (a) The Department of Commerce through the State Energy Office shall develop a
39 comprehensive program to manage energy, water, and other utility use for State agencies and
40 State institutions of higher learning and shall update this program annually. Each State agency
41 and State institution of higher learning shall develop and implement a management plan that is
42 consistent with the State's comprehensive program under this subsection to manage energy,
43 water, and other utility ~~use-use, and that addresses any findings or recommendations resulting~~
44 from the energy audit required by subsection (b1) of this section. The energy consumption per
45 gross square foot for all State buildings in total shall be reduced by twenty percent (20%) by
46 2010 and thirty percent (30%) by 2015 based on energy consumption for the 2002-2003 fiscal
47 year. Each State agency and State institution of higher learning shall update its management
48 plan annually and include strategies for supporting the energy consumption reduction
49 requirements under this subsection. Each community college shall submit to the State Energy
50 Office an annual written report of utility consumption and costs.

51 ...

1 (b1) The Department of Administration, as part of the Facilities Condition and
2 Assessment Program, shall identify and recommend energy conservation maintenance and
3 operating procedures that are designed to reduce energy consumption within the facility of a
4 State agency or a State institution of higher learning and that require no significant expenditure
5 of funds. Every State agency or State institution of higher learning shall implement these
6 recommendations. Where energy management equipment is proposed for any facility of a State
7 agency or of a State institution of higher learning, the maximum interchangeability and
8 compatibility of equipment components shall be required. As part of the Facilities Condition
9 and Assessment Program under this section, the Department of ~~Administration~~ Administration,
10 in consultation with the State Energy Office, shall develop an energy audit and a procedure for
11 conducting energy audits. Every five years the Department shall conduct an energy audit for
12 each State agency or State institution of higher ~~learning~~ learning, and the energy audits
13 conducted shall serve as a preliminary energy survey. The State Energy Office shall be
14 responsible for system-level detailed surveys.

15 (b2) The Department of Administration shall submit a report of the energy audit required
16 by subsection (b1) of this section to the affected State agency or State institution of higher
17 learning and to the State Energy Office. The State Energy Office shall review each audit and, in
18 consultation with the affected State agency or State institution of higher learning, incorporate
19 the audit findings and recommendations into the management plan required by subsection (a)
20 of this section.

21 ...

22 (h) When conducting ~~an energy audit~~ a facilities condition and assessment under this
23 section, the Department of Administration shall identify and recommend to the State Energy
24 Office any facility of a State agency or State institution of higher learning as suitable for
25 building commissioning to reduce energy consumption within the facility or as suitable for
26 installing an energy savings measure pursuant to a guaranteed energy savings contract under
27 Part 2 of this Article.

28 ...

29 (j) The State Energy Office shall submit a report by December 1 of each year to the
30 Joint Legislative Commission on Governmental Operations describing the comprehensive
31 program to manage energy, water, and other utility use for State agencies and State institutions
32 of higher learning required by subsection (a) of this section. The report shall also contain the
33 following:

- 34 (1) A comprehensive overview of how State agencies and State institutions of
35 higher learning are managing energy, water, and other utility use and
36 achieving efficiency gains.
- 37 (2) Any new measures that could be taken by State agencies and State
38 institutions of higher learning to achieve greater efficiency gains, including
39 any changes in general law that might be needed.
- 40 (3) A summary of the State agency and State institutions of higher learning
41 management plans required by subsection (a) of this section and the energy
42 audits required by subsection (b1) of this section.
- 43 (4) A list of the State agencies and State institutions of higher learning that did
44 and did not submit management plans required by subsection (a) of this
45 section and a list of the State agencies and State institutions of higher
46 learning that received an energy audit.
- 47 (5) Any recommendations on how management plans can be better managed
48 and implemented."

49
50 **LOCAL WORKFORCE DEVELOPMENT BOARDS/CONSUMER CHOICE**
51 **REQUIREMENTS**

1 **SECTION 14.4.** G.S. 143B-438.11(a) is amended by adding the following new
2 subdivision to read as follows:

3 "(a) Duties. – Local Workforce Development Boards shall have the following powers
4 and duties:

5 ...

6 (8) To provide the appropriate guidance and information to Workforce
7 Investment Act consumers to ensure that they are prepared and positioned to
8 make informed choices in selecting a training provider. Each local
9 workforce development board shall ensure that consumer choice is properly
10 maintained in the one-stop centers and that consumers are provided the full
11 array of public and private training provider information."

12 13 **CONSOLIDATE PASSENGER AIRCRAFT**

14 **SECTION 14.6.(a)** The Executive Aircraft Division of the Department of
15 Commerce is transferred to the Division of Aviation of the Department of Transportation. This
16 transfer shall have all the elements of a Type I transfer, as defined by G.S. 143A-6.

17 **SECTION 14.6.(b)** G.S. 143B-437.011 is repealed.

18 **SECTION 14.6.(c)** Article 7 of Chapter 136 of the General Statutes is amended by
19 adding a new section to read:

20 **"§ 136-102.20. Use of aircraft managed by the Department of Transportation.**

21 The use of aircraft for emergency or disaster response shall take precedence over all other
22 uses of the aircraft managed by the Department of Transportation. The use of aircraft for
23 economic development purposes shall have second priority followed by the use of aircraft for
24 all other legitimate purposes. The Department of Transportation shall annually review the rates
25 charged for the use of aircraft and shall adjust the rates, as necessary, to account for upgraded
26 aircraft and inflationary increases in operating costs, including jet fuel prices. If an aircraft is
27 used to attend athletic events or for any other purpose related to collegiate athletics, the rate
28 charged shall be equal to the direct cost of operating the aircraft as established by the aircraft's
29 manufacturer, adjusted for inflation."

30 31 **MAIN STREET SOLUTIONS FUND**

32 **SECTION 14.6A.** G.S. 143B-472.35 reads as rewritten:

33 **"§ 143B-472.35. Establishment of fund; use of funds; application for grants; disbursal;**
34 **repayment; inspections; rules; reports.**

35 (a) A fund to be known as the Main Street Solutions Fund is established in the
36 Department of Commerce. This Fund shall be administered by the Department of Commerce.
37 The Department of Commerce shall be responsible for receipt and disbursement of all funds as
38 provided in this section. Interest earnings shall be credited to the Main Street Solutions Fund.

39 (a1) The Main Street Solutions Fund is a reimbursable, matching grant program. The
40 Department of Commerce and the North Carolina Main Street Center are authorized to award
41 grants from the Main Street Solutions Fund totaling not more than two hundred thousand
42 dollars (\$200,000) to each eligible local government. Funds from eligible local governments,
43 main street organizations, downtown organizations, downtown economic development
44 organizations, and sources other than the State or federal government must be committed to
45 match the amount of any grant from the Main Street Solutions Fund on the basis of a minimum
46 of two non-State dollars (\$2.00) for every one dollar (\$1.00) provided by the State from the
47 Main Street Solutions Fund.

48 (a2) Definitions. – For purposes of this section, the following definitions shall apply:

49 (1) Active North Carolina main street community. – A community in a Tier 1, 2,
50 or 3 county that has been selected by the Department of Commerce to
51 participate in the Main Street Program or the Small Town Main Street

- 1 Program and that meets the reporting and eligibility requirements of the
2 respective Program.
- 3 (2) Designated micropolitan. – A geographic entity containing an urban core
4 and having a population of between 10,000 and 50,000 people, according to
5 the most recent federal decennial census.
- 6 (3) Designated downtown area. – A designated area within a community that is
7 considered the primary, traditional downtown business district of the
8 community.
- 9 (4) Downtown economic development organization. – An agency that is part of
10 a public-private partnership intended to develop and recruit business
11 opportunities or to undertake economic development projects that will create
12 jobs.
- 13 (5) Downtown organization. – An agency that is part of a public-private
14 partnership on the local level and whose core mission is to revitalize a
15 traditional downtown business district.
- 16 (6) Eligible local government. – A municipal government that is located in a
17 designated micropolitan or an active North Carolina main street community.
- 18 (7) Historic properties. – Properties that have been designated as historically
19 significant by the National Register of Historic Places or a local historic
20 properties commission.
- 21 (8) Interlocal small business economic development project. – A project or
22 group of projects in a cluster of communities or counties or in a region that
23 share a common economic development strategy for small business growth
24 and job creation.
- 25 (9) Main Street Organization. – An agency working in a public-private
26 partnership on the local level, guided by a professional downtown manager,
27 board of directors, or revitalization committee, and charged with
28 administering the local Main Street Program initiative and facilitating
29 revitalization initiatives in the traditional downtown business district through
30 appropriate design, promotion, and economic restructuring activities.
- 31 (10) Main Street Program. – The program developed by the National Trust for
32 Historic Preservation to promote downtown revitalization through economic
33 development within the context of historic preservation.
- 34 (11) Mixed-use centers. – Areas zoned and developed for a mix of uses, including
35 retail, service, professional, governmental, institutional, and residential.
- 36 (12) Main Street Center. – The agency within the North Carolina Department of
37 Commerce, Office of Urban Development, which receives applications and
38 makes decisions with respect to Main Street Solutions Fund grant
39 applications from eligible local governments.
- 40 (13) Private investment. – A project or group of projects in a designated
41 downtown area that will spur private investment and improve property. A
42 project must be owned and maintained by a private entity and must provide a
43 direct benefit to small businesses.
- 44 (14) Public improvements and public infrastructure. – The improvement of
45 property or infrastructure that is owned and maintained by a city or county.
- 46 (15) Revolving loan programs for private investment. – A property
47 redevelopment or small business assistance fund that is administered on the
48 local level and that may be used to stabilize or appropriately redevelop
49 properties located in the downtown area in connection with private
50 investment or that may be used to provide necessary operating capital for

1 small business creation or expansion in connection with private investment
2 in a designated downtown area.

3 (16) Small business. – An independently owned and operated business with less
4 than 100 employees and with annual revenues of less than six million dollars
5 (\$6,000,000).

6 (17) Small Town Main Street Program. – A program based upon the Main Street
7 Program developed by the National Trust for Historic Preservation to
8 promote downtown revitalization through economic development within the
9 context of historic preservation. The purpose of the Small Town Main Street
10 Program is to provide guidance to local communities that have a population
11 of less than 7,500 and do not have a downtown manager.

12 (18) Tier 1, 2, or 3 counties. – North Carolina counties annually ranked by the
13 Department of Commerce based upon the counties' economic well-being and
14 assigned a Tier designation. The 40 most distressed counties are designated
15 as Tier 1, the next 40 as Tier 2, and the 20 least distressed as Tier 3.

16 (a3) The purpose of the Main Street Program is to provide economic development
17 planning assistance and coordinated grant support to designated micropolitans located in Tier 2
18 and 3 counties and to active North Carolina main street communities. To achieve the purposes
19 of the Main Street Program, the Main Street Center shall develop criteria for community
20 participation and shall provide technical assistance and strategic planning support to eligible
21 local governments. Local governments, in collaboration with a main street organization,
22 downtown organization, or downtown economic development organization, and the small
23 businesses that will directly benefit from these funds may apply for grants from the Main Street
24 Solutions Fund as provided in this section.

25 (a4) The Secretary of Commerce, through the Main Street Center, shall award grants
26 from the Main Street Solutions Fund to eligible designated micropolitans and active North
27 Carolina main street communities. Grant funds awarded from the Main Street Solutions Fund
28 shall be used as provided by the provisions of this section and any rules or regulations adopted
29 by the Secretary of Commerce.

30 (b) Funds in the Main Street Solutions Fund shall be available only to micropolitan
31 cities in development tier two and three counties designated micropolitans in Tier 2 and 3
32 counties and to active North Carolina main street communities in the State. For purposes of this
33 section, a "micropolitan city" is a city located within the State with a population, according to
34 the most recent U.S. census, of between 10,000 and 50,000 people. Funds in the Main Street
35 Solutions Fund shall be used for any of the following eligible activities:

36 (1) The acquisition or rehabilitation of properties in connection with private
37 investment in a designated downtown area.

38 (1a) Downtown economic development initiatives that do any of the following:

39 a. Encourage the development or redevelopment of traditional
40 downtown areas by increasing the capacity for mixed-use centers of
41 activity within downtown core areas. Funds may be used to support
42 the rehabilitation of properties, utility infrastructure improvements,
43 new construction, and the development or redevelopment of parking
44 lots or facilities. Projects under this sub-subdivision must foster
45 private investment and provide direct benefit to small business
46 retention, expansion, or recruitment.

47 b. Attract and leverage private-sector investments and entrepreneurial
48 growth in downtown areas through strategic planning efforts, market
49 studies, and downtown master plans in association with direct benefit
50 to small business retention, expansion, or recruitment.

- 1 c. Attract and stimulate the growth of business professionals and
2 entrepreneurs within downtown core areas.
- 3 d. Establish revolving loan programs for private investment and small
4 business assistance in downtown historic properties.
- 5 e. Encourage public improvement projects that are necessary to create
6 or stimulate private investment in the designated downtown area and
7 provide a direct benefit to small businesses.
- 8 ~~(2) The establishment of revolving loan programs for private investment in a~~
9 ~~designated downtown area.~~
- 10 ~~(2a) Historic preservation initiatives outside of downtown core areas that~~
11 ~~enhance: (i) community economic development and small business~~
12 ~~retention, expansion, or recruitment; and (ii) regional or community job~~
13 ~~creation.~~
- 14 ~~(3) The subsidization of interest rates for these revolving loan programs.~~
- 15 ~~(3a) Public improvements and public infrastructure outside of downtown core~~
16 ~~areas that are consistent with sound municipal planning and that support~~
17 ~~community economic development, small business retention, expansion, or~~
18 ~~recruitment, and regional or community job creation.~~
- 19 ~~(4) The establishment of facade incentive grants in connection with private~~
20 ~~investment in a designated downtown area.~~
- 21 ~~(4a) Interlocal small business economic development projects designed to~~
22 ~~enhance regional economic growth and job creation.~~
- 23 ~~(5) Market studies, design studies, design assistance, or strategic planning~~
24 ~~efforts, provided the activity can be shown to lead directly to private~~
25 ~~investment in a designated downtown area.~~
- 26 ~~(6) Any approved project that provides construction or rehabilitation in a~~
27 ~~designated downtown area and can be shown to lead directly to private~~
28 ~~investment in the designated downtown area.~~
- 29 ~~(7) Public improvements and public infrastructure within a designated~~
30 ~~downtown area, provided these improvements are necessary to create or~~
31 ~~stimulate private investment in the designated downtown area.~~
- 32 ~~(e) Any micropolitan city located within a development tier two or three county may~~
33 ~~apply for assistance from the Main Street Solutions Fund by submitting an application to the~~
34 ~~Main Street Center in the Division of Community Assistance, Department of Commerce. Any~~
35 ~~city affiliated with the North Carolina Main Street Center Program may apply for a grant for a~~
36 ~~proposed project.~~
- 37 ~~(c1) The application shall include each of the following:~~
- 38 ~~(1) A copy of the consensus local economic development plan developed by the~~
39 ~~micropolitan city in conjunction with the Department's Main Street Program~~
40 ~~and the city's regional economic development commission or its local~~
41 ~~council of government or both.~~
- 42 ~~(1a) The proposed activities for which the funds are to be used and the projected~~
43 ~~cost of the project.~~
- 44 ~~(2) The amount of grant funds requested for these activities.~~
- 45 ~~(3) Projections of the dollar amount of public and private investment that is-are~~
46 ~~expected to occur in the designated micropolitan or designated downtown~~
47 ~~area as a direct result of the city's- proposed activities.~~
- 48 ~~(4) Whether local public dollars are required to match any grant funds according~~
49 ~~to the provisions of subdivision (g)(2) of this section, and if so, the amount~~
50 ~~of local public funds required.~~

- 1 (5) An explanation of the nature of the private investment in the designated
2 micropolitan or designated downtown area that will result from the city's
3 proposed activities.
- 4 (6) Projections of the time needed to complete the city's-proposed activities.
- 5 (7) Projections of the time needed to realize the private investment that is
6 expected to result from the city's- proposed activities.
- 7 ~~(8) Identification of the proposed source of funds to be used for repayment of
8 any loan obligations.~~
- 9 (9) Any additional or supplemental information requested by the Division.
- 10 (d) ~~A committee, comprised of representatives of: the Division of Community
11 Assistance of the Department of Commerce, the North Carolina Main Street Program, the
12 Local Government Commission, and the League of Municipalities shall do each of the
13 following:~~
- 14 (1) ~~Review a city's application.~~
- 15 (2) ~~Determine whether the activities listed in the application are activities that
16 are eligible for a grant.~~
- 17 (3) ~~Determine which applicants are selected to receive funds from the Main
18 Street Solutions Fund.~~
- 19 A city-local government whose application is denied may file a new or amended application.
- 20 (e) ~~A Main Street City that is selected may not receive a grant pursuant to this section
21 totaling less than twenty thousand dollars (\$20,000) or more than three hundred thousand
22 dollars (\$300,000).~~
- 23 (f) Repealed by Session Laws 2009-451, s. 14.10, effective July 1, 2009.
- 24 (g) (1) A city-local government that has been selected to receive a grant shall use
25 the full amount of the grant for the activities that were approved pursuant to
26 ~~subsection (d)~~the provisions of this section. Funds are deemed used if the
27 city-local government is legally committed to spend the funds on the
28 approved activities.
- 29 (2) ~~If a city has received approval to use the grant for public improvements or
30 public infrastructure, that city shall be required to raise, before funds for
31 these public improvements may be drawn from the city's account, local
32 public funds to match the amount of the grant from the Main Street
33 Solutions Fund on the basis of at least one local public dollar (\$1.00) for
34 every one dollar (\$1.00) from the Main Street Solutions Fund. This match
35 requirement applies only to those funds received for public improvements or
36 public infrastructure and is in addition to the requirement set forth in
37 subdivision (1) of this subsection.~~
- 38 (3) A city-local government that fails to satisfy the condition set forth in
39 subdivision (1) of this subsection shall lose any funds that have not been
40 used within three years of being selected. These unused funds shall be
41 credited to the Main Street Solutions Fund. A city-local government that
42 fails to satisfy the conditions set forth in ~~subdivisions (1) and (2)~~subdivision
43 (1) of this subsection may file a new application.
- 44 (4) Any funds repaid or credited to the Main Street Solutions Fund pursuant to
45 subdivision (3) of this subsection shall be available to other applicants as
46 long as the Main Street Solutions Fund is in effect.
- 47 (h) Repealed by Session Laws 2009-451, s. 14.10, effective July 1, 2009.
- 48 (i) After a project financed ~~in whole or in part~~ pursuant to this section has been
49 completed, the city-local government shall report the actual cost of the project to the
50 Department of Commerce. ~~If the actual cost of the project exceeds the projected cost upon
51 which the grant was based, the city may submit an application to the Department of Commerce~~

1 for a grant for the difference. If the actual cost of the project is less than the projected cost, the
 2 city shall arrange to pay the difference to the Main Street Solutions Fund according to terms set
 3 by the Department.

4 (j) Inspection of a project for which a grant has been awarded may be performed by
 5 personnel of the Department of Commerce. No person may be approved to perform inspections
 6 who is an officer or employee of the unit of local government to which the grant was made or
 7 who is an owner, officer, employee, or agent of a contractor or subcontractor engaged in the
 8 construction of any project for which the grant was made.

9 (k) The Department of Commerce may adopt, modify, and repeal rules establishing the
 10 procedures to be followed in the administration of this section and regulations interpreting and
 11 applying the provisions of this section, as provided in the Administrative Procedure Act.

12 (l) The Department of Commerce and ~~cities~~ local governments that have been selected
 13 to receive a grant from the Main Street Solutions Fund shall prepare and file on or before
 14 September 1 of each year with the Joint Legislative Commission on Governmental Operations
 15 and the Fiscal Research Division a consolidated report for the preceding fiscal year concerning
 16 the allocation of grants authorized by this section.

17 The portion of the annual report prepared by the Department of Commerce shall set forth
 18 for the preceding fiscal year itemized and total allocations from the Main Street Solutions Fund
 19 for grants. The Department of Commerce shall also prepare a summary report of all allocations
 20 made from the fund for each fiscal year; the total funds received and allocations made and the
 21 total unallocated funds in the Fund.

22 The portion of the report prepared by the ~~city~~ local government shall include each of the
 23 following:

- 24 (1) The total amount of public and private funds that was committed and the
 25 amount that was invested in the designated micropolitan or designated
 26 downtown area during the preceding fiscal year.
- 27 (2) ~~The total amount of local public matching funds that was raised, if required~~
 28 ~~by subdivision (g)(2) of this section.~~
- 29 (3) The total amount of grants received from the Main Street Solutions Fund
 30 during the preceding fiscal year.
- 31 (4) Repealed by Session Laws 2009-451, s. 14.10, effective July 1, 2009.
- 32 (5) A description of how the grant funds and funds from public and private
 33 investors were used during the preceding fiscal year.
- 34 (6) Details regarding the types of private investment created or stimulated, the
 35 dates of this activity, the amount of public money involved, and any other
 36 pertinent information, including any jobs created, businesses started, and
 37 number of jobs retained due to the approved activities.

38 (m) The Department of Commerce may annually use up to ~~fifty thousand dollars~~
 39 ~~(\$50,000)~~ seventy-five thousand dollars (\$75,000) of the funds in the Main Street Solutions
 40 Fund for expenses related to the administration of the Fund."
 41

42 AMEND JDIG REPORTING REQUIREMENTS

43 SECTION 14.8. G.S. 143B-437.55 reads as rewritten:

44 "§ 143B-437.55. Applications; fees; reports; study.

45 ...

46 (c) Annual Reports. – The Committee shall publish a report on the Job Development
 47 Investment Grant Program on or before April 30 of each year. The Committee shall submit the
 48 report electronically to the House of Representatives Finance Committee, the Senate Finance
 49 Committee, the House of Representatives Appropriations Subcommittee on Natural and
 50 Economic Resources, the Senate Appropriations Committee on Natural and Economic
 51 Resources, and the Fiscal Research Division. The report shall include the following:

1 ...
 2 (d) Quarterly Reports. – The Committee shall publish a report on the Job Development
 3 Investment Grant Program within two months of the end of each quarter. This report shall
 4 include a listing of each grant awarded during the preceding quarter, including the name of the
 5 business, the cost/benefit analysis conducted by the Committee during the application process,
 6 a description of the project, and the amount of the grant expected to be made under the
 7 agreement during the current fiscal year. The Committee shall submit the report to the Joint
 8 Legislative Commission on Governmental Operations and the Fiscal Research Division.

9 (e) Study. – The Committee shall conduct a study to determine the minimum funding
 10 level required to implement the Job Development Investment Grant Program successfully. The
 11 Committee shall report the results of this study to the House of Representatives Finance
 12 Committee, the Senate Finance Committee, the House of Representatives Appropriations
 13 Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on
 14 Natural and Economic Resources, and the Fiscal Research Division no later than ~~March 1~~April
 15 1 of each year."

17 INDUSTRIAL DEVELOPMENT FUND/REPORTING REQUIREMENTS

18 SECTION 14.9. G.S. 143B-437.01 reads as rewritten:

19 "**§ 143B-437.01. Industrial Development Fund.**

20 ...
 21 (c) Reports. – The Department of Commerce shall report ~~annually to the General~~
 22 ~~Assembly to the Joint Legislative Commission on Governmental Operations on September 1 of~~
 23 each year concerning the applications made to the fund and the payments made from the fund
 24 and the impact of the payments on job creation in the State. The Department of Commerce
 25 shall also report quarterly to the Joint Legislative Commission on Governmental Operations
 26 and the Fiscal Research Division on the use of the moneys in the fund, including information
 27 regarding to whom payments were made, in what amounts, and for what purposes.

28 (c1) In addition to the reporting requirements of subsection (c) of this section, the
 29 Department of Commerce shall report ~~annually to the General Assembly to the Joint Legislative~~
 30 Commission on Governmental Operations on September 1 of each year concerning the
 31 payments made from the Utility Account and the impact of the payments on job creation in the
 32 State. The Department of Commerce shall also report quarterly to the Joint Legislative
 33 Commission on Governmental Operations and the Fiscal Research Division on the use of the
 34 moneys in the Utility Account including information regarding to whom payments were made,
 35 in what amounts, and for what purposes.

36"

38 WINE AND GRAPE GROWERS COUNCIL/REPORTING REQUIREMENT

39 SECTION 14.10. G.S. 143B-437.90 is amended by adding a new subdivision to
 40 read:

41 "**§ 143B-437.90. North Carolina Wine and Grape Growers Council – Creation; powers**
 42 **and duties.**

43 There is created the North Carolina Wine and Grape Growers Council of the Department of
 44 Commerce. The North Carolina Wine and Grape Growers Council shall have the following
 45 powers and duties:

46 ...
 47 (14) By September 1 of each year, to report to the House of Representatives
 48 Appropriations Subcommittee on Natural and Economic Resources, the
 49 Senate Appropriations Committee on Natural and Economic Resources, the
 50 Joint Legislative Commission on Governmental Operations, and the Fiscal
 51 Research Division on the activities of the Council, the status of the wine and

1 grape industry in North Carolina and the United States, progress on the
2 development and implementation of the State Viticulture Plan, and any
3 contracts or agreements entered into by the Council for research, education,
4 or marketing."
5

6 EMPLOYMENT SECURITY COMMISSION FUNDS

7 **SECTION 14.13.** Section 14.17 of S.L. 2009-451 reads as rewritten:

8 "SECTION 14.17.(a) Funds from the Employment Security Commission Reserve Fund
9 shall be available to the Employment Security Commission of North Carolina to use as
10 collateral to secure federal funds and to pay the administrative costs associated with the
11 collection of the Employment Security Commission Reserve Fund surcharge. The total
12 administrative costs paid with funds from the Reserve in the ~~2009-2010~~2010-2011 fiscal year
13 shall not exceed two million five hundred thousand dollars (\$2,500,000).

14 "SECTION 14.17.(b) There is appropriated from the Employment Security Commission
15 Reserve Fund to the Employment Security Commission of North Carolina the sum of twenty
16 million dollars (\$20,000,000) for the ~~2009-2010~~2010-2011 fiscal year to be used for the
17 following purposes:

- 18 (1) Nineteen million five hundred thousand dollars (\$19,500,000) for the
19 operation and support of local Employment Security Commission offices.
- 20 (2) Two hundred thousand dollars (\$200,000) ~~for the State Occupational~~
21 ~~Information Coordinating Committee to develop and operate an~~
22 ~~interagency to operate the system to track that tracks~~ former participants in
23 State education and training programs.
- 24 (3) Three hundred thousand dollars (\$300,000) to maintain compliance with
25 Chapter 96 of the General Statutes, which directs the Commission to employ
26 the Common Follow-Up Management Information System to evaluate the
27 effectiveness of the State's job training, education, and placement programs.

28 "SECTION 14.17.(c) There is appropriated from the Employment Security Commission
29 Reserve Fund to the Employment Security Commission of North Carolina an amount not to
30 exceed one million dollars (\$1,000,000) for the ~~2009-2010~~2010-2011 fiscal year to fund State
31 initiatives not currently funded through federal grants.

32 "SECTION 14.17.(d) There is appropriated from the Employment Security Commission
33 Reserve Fund to the Employment Security Commission of North Carolina an amount not to
34 exceed ~~one million five hundred thousand dollars (\$1,500,000)~~one million two hundred
35 thousand dollars (\$1,200,000) for the ~~2009-2010~~2010-2011 fiscal year to fund a system
36 upgrade to the Common Follow-Up Management Information System.

37 ~~"SECTION 14.17.(e) The Employment Security Commission of North Carolina may use~~
38 ~~funds in the Employment Security Commission Reserve Fund to contract with nonprofit~~
39 ~~organizations to provide dislocated workers with assistance in obtaining health care benefits,~~
40 ~~receiving vocational training, and securing employment.~~

41 "SECTION 14.17.(f) There is appropriated from the Worker Training Trust Fund to the
42 Employment Security Commission of North Carolina the sum of one million dollars
43 (\$1,000,000) for the 2010-2011 fiscal year to fund the 'Tar Heel Works Program' which
44 provides work based training opportunities to recipients of unemployment insurance benefits.
45 In developing work based training opportunities, the Employment Security Commission shall
46 consider all of the following:

- 47 (1) The training is for the benefit of the trainees.
- 48 (2) The trainees work under the close supervision of regular employees instead
49 of displacing those employees.
- 50 (3) The trainees are not entitled to a job at the conclusion of the training period.

- 1 (4) The employer and trainees both understand that the trainees are not entitled
2 to wages for the time spent in training.

3 "**SECTION 14.17.(g)** Of the funds credited to and held in the State of North Carolina's
4 account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States
5 pursuant to and in accordance with section 903 of the Social Security Act and pursuant to Title
6 II of P.L. 111-5, the Assistance for Unemployed Workers and Struggling Families Act, the
7 Employment Security Commission of North Carolina may expend the sum of two hundred five
8 million sixty-three thousand five hundred fifty-two dollars (\$205,063,552) as follows: (i) one
9 hundred fifty million dollars (\$150,000,000) shall be used to design and build the integrated
10 unemployment insurance benefit and tax accounting system; and (ii) the remaining funds shall
11 be used for the operation of the unemployment insurance program."

12 13 **SET REGULATORY FEE FOR UTILITIES COMMISSION**

14 **SECTION 14.14.** Section 14.26 of S.L. 2009-451 reads as rewritten:

15 "**SECTION 14.26.(a)** The percentage rate to be used in calculating the public utility
16 regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent (0.12%) for
17 each public utility's North Carolina jurisdictional revenues earned during each quarter that
18 begins on or after ~~July 1, 2009~~ July 1, 2010.

19 **SECTION 14.26.(b)** The electric membership corporation regulatory fee imposed under
20 G.S. 62-302(b1) for the ~~2009-2010~~ 2010-2011 fiscal year is two hundred thousand dollars
21 (\$200,000).

22 **SECTION 14.26.(c)** This section becomes effective ~~July 1, 2009~~ July 1, 2010."

23 24 **REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS**

25 **SECTION 14.15.(a)** Funds appropriated in this act to the Department of
26 Commerce for regional economic development commissions shall be allocated to the following
27 commissions in accordance with subsection (b) of this section: Western North Carolina
28 Regional Economic Development Commission, Research Triangle Regional Partnership,
29 Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad
30 Partnership, Northeastern North Carolina Regional Economic Development Commission,
31 North Carolina's Eastern Region Economic Development Partnership, and Carolinas
32 Partnership, Inc.

33 **SECTION 14.15.(b)** Funds appropriated pursuant to subsection (a) of this section
34 shall be allocated to each regional economic development commission as follows:

- 35 (1) First, the Department shall establish each commission's allocation by
36 determining the sum of allocations to each county that is a member of that
37 commission. Each county's allocation shall be determined by dividing the
38 county's development factor by the sum of the development factors for
39 eligible counties and multiplying the resulting percentage by the amount of
40 the appropriation. As used in this subdivision, the term "development factor"
41 means a county's development factor as calculated under G.S. 143B-437.08;
42 and

- 43 (2) Next, the Department shall subtract from funds allocated to the North
44 Carolina's Eastern Region Economic Development Partnership the sum of
45 two hundred thirty thousand three hundred twenty-five dollars and
46 thirty-three cents (\$230,325.33) in the 2010-2011 fiscal year, which sum
47 represents: (i) the total interest earnings in the prior fiscal year on the
48 estimated balance of the seven million five hundred thousand dollars
49 (\$7,500,000) appropriated to the Global TransPark Development Zone in
50 Section 6 of Chapter 561 of the 1993 Session Laws; and (ii) the total interest
51 earnings in the prior fiscal year on loans made from the seven million five

1 hundred thousand dollars (\$7,500,000) appropriated to the Global TransPark
2 Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws;
3 and

- 4 (3) Next, the Department shall redistribute the sum of two hundred thirty
5 thousand three hundred twenty-five dollars and thirty-three cents
6 (\$230,325.33) in the 2010-2011 fiscal year to the seven regional economic
7 development commissions named in subsection (a) of this section. Each
8 commission's share of this redistribution shall be determined according to
9 the development factor formula set out in subdivision (1) of this subsection.
10 This redistribution shall be in addition to each commission's allocation
11 determined under subdivision (1) of this subsection.

12 **SECTION 14.15.(c)** No more than one hundred twenty thousand dollars
13 (\$120,000) in State funds shall be used for the annual salary of any one employee of a regional
14 economic development commission.

15 **SECTION 14.15.(d)** The General Assembly finds that successful economic
16 development requires the collaboration of the State, regions of the State, counties, and
17 municipalities. Therefore, the regional economic development commissions are encouraged to
18 seek supplemental funding from their county and municipal partners to continue and enhance
19 their efforts to attract and retain business in the State.

20 **E-NC AUTHORITY/REPORTING REQUIREMENT**

21 **SECTION 14.16.** G.S. 143B-437.47 reads as rewritten:

22 "**§ 143B-437.47. (This part has a delayed repeal date. See notes.) Powers, duties, and goals**
23 **of the Authority.**

24 ...

25 (e) Reports. – ~~The~~ By September 1 of each year, the Authority shall submit ~~quarterly~~
26 ~~reports~~ a report to the Governor, the Joint Legislative Oversight Committee on Information
27 Technology, and the Joint Legislative Commission on Governmental Operations. ~~The reports~~
28 report shall summarize the Authority's activities during the ~~quarter-prior State fiscal year~~ and
29 contain any information about the Authority's activities that is requested by the Governor, the
30 Committee, or the Commission."
31

32 **DEFENSE AND SECURITY TECHNOLOGY ACCELERATOR/REPORTING** 33 **REQUIREMENT**

34 **SECTION 14.17.** By September 1, 2010, the Defense and Security Technology
35 Accelerator shall report to the Joint Legislative Commission on Governmental Operations and
36 the Fiscal Research Division on prior State fiscal year program activities, objectives, and
37 accomplishments and prior State fiscal year itemized expenditures and fund sources.
38

39 **COUNCIL OF GOVERNMENT FUNDS**

40 **SECTION 14.18.** Section 14.21.(a) of S.L. 2009-451 reads as rewritten:

41 "**SECTION 14.21.(a)** Of the funds appropriated in this act to the Department of
42 Commerce, the sum of four hundred twenty-five thousand dollars (\$425,000) for the 2009-2010
43 fiscal year and the sum of ~~four hundred twenty-five thousand dollars (\$425,000)~~ four hundred
44 three thousand seven hundred fifty dollars (\$403,750) for the 2010-2011 fiscal year shall only
45 be used as provided by this section. Each regional council of government or lead regional
46 organization is allocated up to twenty-five thousand dollars (\$25,000) for the 2009-2010 and
47 the 2010-2011 fiscal years."
48

49 **RURAL ECONOMIC DEVELOPMENT CENTER**

50 **SECTION 14.19.** Section 14.27.(a) of S.L. 2009-451 reads as rewritten:
51

"SECTION 14.27.(a) Of the funds appropriated in this act to the North Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of four million six hundred two thousand four hundred thirty-six dollars (\$4,602,436) for the 2009-2010 fiscal year and the sum of ~~four million five hundred twenty seven thousand four hundred thirty six dollars (\$4,527,436)~~ three million nine hundred eighty-one thousand eight hundred sixty-four dollars (\$3,981,864) for the 2010-2011 fiscal year shall be allocated as follows:

	2009-2010	2010-2011	
Center Administration, Technical Assistance, & Oversight	\$1,555,000	\$1,523,000	<u>\$1,446,850</u>
Research and Demonstration Grants	\$351,000	\$344,000	<u>\$326,800</u>
Institute for Rural Entrepreneurship	\$136,000	\$134,000	<u>\$127,300</u>
Community Development Grants	\$987,436	\$987,436	<u>\$938,064</u>
Microenterprise Loan Program	\$185,000	\$182,000	<u>\$172,900</u>
Water/Sewer/Business Development Matching Grants	\$840,000	\$821,000	<u>\$779,950</u>
Statewide Water/Sewer Database	\$ 95,000	\$93,000	<u>\$88,350</u>
Agricultural Advancement Consortium	\$110,000	\$107,000	<u>\$101,650</u>

RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM

SECTION 14.20. Section 14.28 of S.L. 2009-451 reads as rewritten:

"SECTION 14.28.(a) Of the funds appropriated in this act to the North Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of nineteen million three hundred five thousand dollars (\$19,305,000) for the 2009-2010 fiscal year and the sum of ~~nineteen million three hundred five thousand dollars (\$19,305,000)~~ eighteen million three hundred thirty-nine thousand seven hundred fifty dollars (\$18,339,750) for the 2010-2011 fiscal year shall be allocated as follows:

- (1) To continue the North Carolina Infrastructure Program. The purpose of the Program is to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment. At least ~~fifteen million dollars (\$15,000,000)~~ fourteen million two hundred fifty thousand dollars (\$14,250,000) of the funds appropriated in this act for ~~each year of the biennium~~ the 2010-2011 fiscal year must be used to provide grants under this Program.
- (2) To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.
- (3) To provide economic development research and demonstration grants.

"SECTION 14.28.(b) The Rural Center may contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

"SECTION 14.28.(c) ~~During each year of the 2009-2011 biennium,~~ For the 2010-2011 fiscal year, the Rural Center may use up to ~~three hundred eighty five thousand dollars (\$385,000)~~ three hundred sixty-five thousand seven hundred fifty dollars (\$365,750) of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

"SECTION 14.28.(d) Of the funds appropriated in subsection (a) of this section to the Rural Center for the 2009-2010 fiscal year, the sum of one million five hundred forty-four

1 thousand four hundred dollars (\$1,544,400) shall be transferred to the Department of
2 Environment and Natural Resources to be used to provide the State match to draw down
3 maximum federal funds for the Clean Water State Revolving Loan Fund.

4 "SECTION 14.28.(e) By September 1 of each year, and more frequently as requested, the
5 Rural Center shall report to the Joint Legislative Commission on Governmental Operations and
6 the Fiscal Research Division concerning the progress of the North Carolina Economic
7 Infrastructure Program in the prior State fiscal year."
8

9 OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS

10 SECTION 14.21. Section 14.30.(a) of S.L. 2009-451 reads as rewritten:

11 "SECTION 14.30.(a) Of the funds appropriated in this act to the North Carolina Rural
12 Economic Development Center, Inc. (Rural Center), the sum of three hundred forty-three
13 thousand dollars (\$343,000) for the 2009-2010 fiscal year and the sum of ~~three hundred~~
14 ~~thirty six thousand dollars (\$336,000)~~ three hundred nineteen thousand two hundred dollars
15 (\$319,200) for the 2010-2011 fiscal year shall be equally distributed among the certified
16 Opportunities Industrialization Centers (OI Centers)."
17

18 RURAL CENTER/REALLOCATION OF CLEAN WATER BOND FUNDS

19 SECTION 14.22. Notwithstanding the provisions of S.L. 1998-132, S.L. 2000-156,
20 and S.L. 2001-416, if the North Carolina Rural Economic Development Center, Inc. (Rural
21 Center) determines that there has been a change in any fiscal year in the relative needs for
22 funds between the supplemental, capacity, and unsewered communities categories of Clean
23 Water Bond funding, the Rural Center may reallocate funds between these categories. The
24 Board of Directors of the Rural Center must approve in advance any reallocation under this
25 section. At least 30 days before making a reallocation under this section, the Rural Center must
26 consult with the Joint Legislative Commission on Governmental Operations.
27

28 PART XV. JUDICIAL DEPARTMENT

29 COLLECTION OF WORTHLESS CHECK FUNDS

30 SECTION 15.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
31 Department may use any balance remaining in the Collection of Worthless Check Fund on June
32 30, 2010, for the purchase or repair of office or information technology equipment during the
33 2010-2011 fiscal year. Prior to using any funds under this section, the Judicial Department
34 shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of
35 the House of Representatives and Senate Appropriations Subcommittees on Justice and Public
36 Safety on the equipment to be purchased or repaired and the reasons for the purchases.
37
38

39 OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

40 SECTION 15.3. Section 15.12 of S.L. 2009-451 reads as rewritten:

41 "SECTION 15.12. The Judicial Department, Office of Indigent Defense Services, may use
42 up to the sum of two million five hundred one thousand one hundred fifty dollars (\$2,501,150)
43 in appropriated funds during the 2009-2010 fiscal year and up to the sum of two million four
44 hundred thirty-three thousand seven hundred dollars (\$2,433,700) in appropriated funds during
45 the 2010-2011 fiscal year for the expansion of existing public defender offices currently
46 providing legal services to the indigent population under the oversight of the Office of Indigent
47 Defense Services, or for the creation of new public defender offices within existing public
48 defender districts currently providing those services, by creating up to 20 new attorney
49 positions and 10 new support staff ~~positions~~ positions during the 2009-2010 fiscal year. In
50 addition, the Office of Indigent Defense Services may use up to the sum of one million dollars
51 (\$1,000,000) in appropriated funds to create up to 12 new attorney positions and six new

1 support positions during the 2010-2011 fiscal year. These funds may be used for salaries,
2 benefits, equipment, and related expenses. Prior to using funds for this purpose, the Office of
3 Indigent Defense Services shall report to the Chairs of the House of Representatives and the
4 Senate Appropriations Subcommittees on Justice and Public Safety on the proposed
5 expansion."
6

7 **CORRECT DEATH PENALTY LITIGATION FUNDING AMOUNT**

8 **SECTION 15.4.** Section 15.3 of S.L. 2009-451 reads as rewritten:

9 **"SECTION 15.3.** Of the funds appropriated in this act to the Office of Indigent Defense
10 Services for the 2009-2011 fiscal biennium, the Office may use up to the sum of three hundred
11 seventy-six thousand one hundred twenty-five dollars (\$376,125) for the 2009-2010 fiscal year
12 and up to the sum of ~~three hundred seventy six thousand one hundred twenty five dollars~~
13 ~~(\$376,125)~~ four hundred fifty-two thousand six hundred four dollars (\$452,604) for the
14 2010-2011 fiscal year to contract with the Center for Death Penalty Litigation to provide
15 training, consultation, brief banking, and other assistance to attorneys representing indigent
16 capital defendants. The Office of Indigent Defense Services shall report by February 1 of each
17 year in the biennium to the Chairs of the House of Representatives and Senate Appropriations
18 Subcommittees on Justice and Public Safety on the activities funded by this section."
19

20 **CHILD SUPPORT FEE MODIFICATION**

21 **SECTION 15.6.** G.S. 110-134 reads as rewritten:

22 **"§ 110-134. Filing of affidavits, agreements, and orders; fees.**

23 All affidavits, agreements, and resulting orders entered into under the provisions of
24 G.S. 110-132 and G.S. 110-133 shall be filed by the clerk of superior court in the county in
25 which they are entered. The filing fee for the institution of an action through the entry of an
26 order under either of these provisions shall be ~~four dollars (\$4.00)~~ in an amount equal to that
27 provided in G.S. 7A-308(a)(18)."
28

29 **EXPERT FEES**

30 **SECTION 15.7.** G.S. 7A-314(d) reads as rewritten:

31 "(d) An expert witness, other than a salaried State, county, or municipal law-enforcement
32 officer, shall receive such compensation and allowances as the court, or the Judicial Standards
33 Commission, in its discretion, may authorize. A law-enforcement officer who appears as an
34 expert witness shall receive reimbursement for travel expenses only, as provided in subsection
35 (b) of this section. Compensation of experts acting on behalf of the court or prosecutorial
36 offices shall be paid in accordance with the rules established by the Administrative Office of
37 the Courts. Compensation of experts provided under G.S. 7A-454 shall be in accordance with
38 rules established by the Office of Indigent Defense Services."
39

40 **MODIFICATION TO THE DUTIES OF THE DIRECTOR OF THE** 41 **ADMINISTRATIVE OFFICE OF THE COURTS WITH RESPECT TO PAYMENT** 42 **OF INTERPRETERS AND EXPERT WITNESSES**

43 **SECTION 15.12.** G.S. 7A-343 is amended by adding two new subdivisions to
44 read:

45 "(9e) Prescribe policies and procedures for the appointment and payment of deaf
46 and hearing-impaired interpreters, in accordance with G.S. 8B-8(a), for those
47 cases specified in G.S. 8B-8(b) and (c). These policies and procedures shall
48 be applied uniformly throughout the General Court of Justice. After
49 consultation with the Joint Legislative Commission on Governmental
50 Operations, the Director may also convert contractual hearing-impaired

1 interpreter positions to permanent State positions when the Director
2 determines that it is more cost-effective to do so.

3 (9f) Prescribe policies and procedures for the payment of those experts acting on
4 behalf of the court or prosecutorial offices, as provided for in
5 G.S. 7A-314(d)."
6

7 **ESTABLISH A PILOT PROGRAM FOR ELECTRONIC FILING IN DOMESTIC** 8 **VIOLENCE AND CIVIL NO-CONTACT CASES IN ALAMANCE COUNTY**

9 **SECTION 15.13.(a)** A pilot program for electronic filing in domestic violence
10 cases is established in District Court District 15A. In order to implement the program, the chief
11 district court judge in District Court District 15A may adopt local rules that permit the clerk of
12 superior court for Alamance County to accept electronically filed complaints requesting
13 Chapter 50B of the General Statutes ex parte domestic violence protective orders, and Chapter
14 50C of the General Statutes ex parte civil no-contact orders, that are transmitted from the
15 Alamance County Family Justice Center.

16 **SECTION 15.13.(b)** This section expires June 30, 2012.
17

18 **PART XVI. DEPARTMENT OF JUSTICE**

19 **REPORTING BY MEDICAID FRAUD CONTROL UNIT**

20 **SECTION 16.1.** Article 1 of Chapter 114 of the General Statutes is amended by
21 adding a new section to read:

22 **"§ 114-2.5A. Report by the Medicaid Fraud Control Unit required annually.**

23 By September 1 of each year, the Medicaid Fraud Control Unit of the Department of Justice
24 shall file a written report about its activities with the Chairs of the Appropriations
25 Subcommittees on Justice and Public Safety and Health and Human Services of the Senate and
26 House of Representatives and with the Fiscal Research Division of the Legislative Services
27 Office. This report may be combined with the report required by G.S. 1-617 and shall include
28 the following information about the Unit's activities during the previous fiscal year:

29 (1) The number of matters reported to the Unit.

30 (2) The number of cases investigated.

31 (3) The number of criminal convictions and civil settlements.

32 (4) The total amount of funds recovered in each case.

33 (5) The allocation of recovered funds in each case to (i) the federal government;
34 (ii) the State Medical Assistance Program; (iii) the Civil Penalty and
35 Forfeiture Fund; (iv) the Department of Justice; and (v) other victims."
36
37

38 **PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

39 **AMEND LAW ENFORCEMENT SUPPORT SERVICES FEE AUTHORITY**

40 **SECTION 17.1.(a)** The General Assembly finds that a centralized evidence and
41 DNA storage facility will provide local law enforcement agencies and clerks of court with a
42 lower cost storage alternative, reducing or eliminating the need for local entities to provide
43 their own storage and streamlining the evidence storage process.

44 **SECTION 17.1.(b)** G.S. 143B-475.2 is repealed.

45 **SECTION 17.1.(c)** Part 7 of Article 11 of Chapter 143B of the General Statutes is
46 amended by adding a new section to read:

47 **"§ 143B-508.1. Fees for services provided by the Division.**

48 Fees shall be established and collected by the Department for all program services provided
49 by the Law Enforcement Support Services Division, except for Department of Defense
50 property being transferred pursuant to the National Defense Authorization Act of 1997. The
51

1 fees collected are departmental receipts and are applied to the Division's costs in providing
2 services to these entities. The fees apply to the following:

- 3 (1) A law enforcement agency that receives any services from the Division.
- 4 (2) An agency for which the Department stores evidence."

5 **SECTION 17.1.(d)** Subsections (b) and (c) of this section become effective July 1,
6 2010, and fees established pursuant to subsection (c) of this section apply to program services
7 provided on or after that date.

9 **REQUIRE DEVELOPMENT AND REPORTING OF LESS FEE SCHEDULE**

10 **SECTION 17.2.(a)** The Department of Crime Control and Public Safety, Law
11 Enforcement Support Services Division (LESS), shall, in consultation with the Fiscal Research
12 Division of the General Assembly, develop a fee schedule for the services provided by LESS.
13 In developing this fee schedule, the Department shall consider the following:

- 14 (1) Fees charged in other states for similar services.
- 15 (2) Utilization rates for each of the three main program areas of LESS for the
16 last five years.
- 17 (3) Actual workload requirements for each of the three main program areas of
18 LESS, including the average time to complete a single transaction for each
19 of the programs. For example, the Division shall determine, on average, how
20 many person hours it takes to log in a piece of evidence for storage.
- 21 (4) Projected evidence storage needs for the next five years.
- 22 (5) Projected space costs and the feasibility of purchasing a permanent storage
23 facility rather than continuing to lease space.

24 **SECTION 17.2.(b)** The fee schedule required to be developed pursuant to this
25 section shall be reported to the Joint Legislative Corrections, Crime Control, and Juvenile
26 Justice Oversight Committee and the Fiscal Research Division of the General Assembly not
27 later than October 1, 2010.

29 **TRANSFER TUITION ASSISTANCE PROGRAM**

30 **SECTION 17.3.(a)** The North Carolina National Guard Tuition Assistance
31 Program of the Department of Crime Control and Public Safety is transferred to the State
32 Education Assistance Authority. This transfer shall have all of the elements of a Type I
33 transfer, as defined in G.S. 143A-6.

34 **SECTION 17.3.(b)** Article 15 of Chapter 127A of the General Statutes is
35 recodified as Part 2 of Article 23 of Chapter 116 of the General Statutes, G.S. 116-209.50
36 through G.S. 116-209.55. The remainder of Article 23 of Chapter 116 of the General Statutes
37 is recodified as Part 1 of Article 23 of Chapter 116 of the General Statutes and shall be
38 designated "State Education Assistance Authority".

39 **SECTION 17.3.(c)** Part 2 of Article 23 of Chapter 116 of the General Statutes, as
40 recodified as Part 2 of Article 23 of Chapter 116 of the General Statutes by subsection (b) of
41 this section, reads as rewritten:

42 "Part 2. North Carolina National Guard Tuition Assistance Act of 1975.

43 **"§ 116-209.50. Short title.**

44 This Article shall be known and may be cited as the North Carolina National Guard Tuition
45 Assistance Act of 1975.

46 **"§ 116-209.51. Purpose.**

47 The General Assembly of North Carolina, recognizing that the North Carolina National
48 Guard is the only organized, trained and equipped military force subject to the control of the
49 State, hereby establishes a program of tuition assistance for qualifying guard members for the
50 purpose of encouraging voluntary membership in the guard, improving the educational level of
51 its members, and thereby benefiting the State as a whole.

1 **"§ 116-209.52. Definitions.**

2 (a) Academic Year. – Any period of 365 days beginning with the first day of
3 enrollment for a course of instruction.

4 (a1) Business or Trade School. – Any school within the State of North Carolina which is
5 licensed by the State Board of Education and listed by that Board as an approved private
6 business school or an approved private trade school.

7 (b) Private Educational Institutions. – Any junior college, senior college or university
8 which is operated and governed by private interests not under the control of the federal, State or
9 any local government, which is located within and licensed by the State of North Carolina,
10 which does not operate for profit, whose curriculum is primarily directed toward the awarding
11 of associate, baccalaureate or graduate degrees, which agrees to the applicable administration
12 and funding provisions of this Article.

13 (c) ~~Secretary. — The Secretary of Crime Control and Public Safety or his or her~~
14 ~~designee.~~

15 (d) State Educational Institutions. – Any of the constituent institutions of the University
16 of North Carolina, or any community college operated under the provisions of Chapter 115D of
17 the General Statutes of North Carolina.

18 (e) Repealed by Session Laws 2008-94, s. 2, effective July 1, 2008.

19 (f) Student Loan. – A loan or loans made to eligible students or parents of students to
20 aid in attaining an education beyond the high school level.

21 **"§ 116-209.53. Benefit.**

22 The benefit provided under this Article shall consist of a monetary educational assistance
23 grant not to exceed the highest amount charged by a State educational institution per academic
24 year or a lesser amount, as prescribed by the ~~Secretary, Authority,~~ to remain within the funds
25 appropriated, to qualifying members of the North Carolina National Guard. Benefits provided
26 under ~~G.S. 127A-195(g)~~ G.S. 116-209.55(g) shall be payable for a period of one year at a time,
27 renewable at the option of the ~~Secretary, Authority.~~ All other benefits provided under this
28 Article shall be payable for a period of one academic year at a time, renewable at the option of
29 the ~~Secretary, Authority.~~

30 **"§ 116-209.54. Eligibility.**

31 (a) Active members of the North Carolina National Guard who are enrolled or who
32 shall enroll in any business or trade school, private educational institution, or State educational
33 institution shall be eligible to apply for this tuition assistance benefit: Provided, that the
34 applicant has a minimum obligation of two years remaining as a member of the National Guard
35 from the end of the academic period for which tuition assistance is provided or that the
36 applicant commit himself or herself to extended membership for at least two additional years
37 from the end of that academic period.

38 (b) This tuition assistance benefit shall be applicable to students in the following
39 categories:

- 40 (1) Students seeking to achieve completion of their secondary school education
41 at a community college or technical institute.
- 42 (2) Students seeking trade or vocational training or education.
- 43 (3) Students seeking to achieve a two-year associate degree.
- 44 (4) Students seeking to achieve a four-year baccalaureate degree.
- 45 (5) Students seeking to achieve a graduate degree.

46 (c) The following persons shall be eligible to apply for disbursements to pay
47 outstanding student loans pursuant to ~~G.S. 127A-195(g)~~ G.S. 116-209.55(g):

- 48 (1) Persons described in subsections (a) and (b) of this section.
- 49 (2) Active members of the North Carolina National Guard who were previously
50 enrolled in any business or trade school, private educational institution, or
51 State educational institution, but only if:

- 1 a. The applicant has a minimum obligation of two years remaining as a
2 member of the National Guard from the time of the application; or
3 b. The applicant commits himself or herself to extended membership
4 for at least two additional years from the time of the application."

5 **"§ 116-209.55. Administration and funding.**

6 (a) ~~The Secretary of Crime Control and Public Safety Authority~~ is charged with the
7 administration of the tuition assistance program under this Article. ~~He may delegate~~
8 ~~administrative tasks to other persons within the Department of Crime Control and Public Safety~~
9 ~~as he deems best for the orderly administration of this program.~~

10 (b) ~~The Secretary Authority~~ shall determine the eligibility of applicants, select the
11 benefit recipients, establish the effective date of the benefit, and may suspend or revoke the
12 benefit if ~~he-the Authority~~ finds that the recipient does not maintain an adequate academic
13 status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational
14 buildings, or otherwise engages in disorderly conduct, breaches of the peace, or unlawful
15 assemblies. ~~The Secretary Authority~~ shall maintain such records and shall promulgate such
16 rules and regulations as ~~he-the Authority~~ deems necessary for the orderly administration of this
17 program. ~~The Secretary Authority~~ may require of business or trade schools or State or private
18 educational institutions such reports and other information as ~~he-the Authority~~ may need to
19 carry out the provisions of this Article and ~~he-the Authority~~ shall disburse benefit payments for
20 recipients upon certification of enrollment by the enrolling institutions.

21 (c) All tuition benefit disbursements shall be made to the business or trade school or
22 State or private educational institution concerned, for credit to the tuition account of each
23 recipient. Funds disbursed pursuant to subsection (g) of this section shall be made to the student
24 loan creditor concerned to be applied against the outstanding student loans of each National
25 Guard member beneficiary.

26 (d) The participation by any business or trade school or private educational institution
27 in this program shall be subject to the applicable provisions of this Article and to examination
28 by the State Auditor of the accounts of the benefit recipients attending or having attended such
29 private schools or institutions. ~~The Secretary Authority~~ may defer making an award or may
30 suspend an award in any business or trade school or private educational institution which does
31 not comply with the provisions of this Article relating to said institutions. The manner of
32 payment to any business or trade school or private educational institution shall be as prescribed
33 by the ~~Secretary Authority~~.

34 (e) Irrespective of other provisions of this Article, the ~~Secretary Authority~~ may
35 prescribe special procedures for adjusting the accounts of benefit recipients who, for reasons of
36 illness, physical inability to attend classes or for other valid reason satisfactory to the ~~Secretary~~,
37 ~~Authority~~, may withdraw from any business or trade school or State or private educational
38 institution prior to the completion of the term, semester, quarter or other academic period being
39 attended at the time of withdrawal.

40 (f) Any balance of the monetary educational assistance grant up to the maximum for
41 the academic year remaining after tuition is paid pursuant to subsection (c) of this section may
42 be disbursed to the recipient as reimbursement for required course books and materials. The
43 manner of obtaining the reimbursement payment for these required books and materials shall
44 be as prescribed by the ~~Secretary Authority~~.

45 (g) Any funds not needed to accomplish the other purposes of this Article may be used
46 to help members of the North Carolina National Guard repay outstanding student loans in
47 accordance with rules to be adopted by the ~~Secretary Authority~~. These rules shall provide that
48 the length of a member's deployment may be considered in determining whether or not, and in
49 what amount, a member receives assistance pursuant to this subsection. There shall be no
50 reimbursement under this subsection for payments already made on student loans, and funds
51 shall not be provided under this subsection for the purpose of paying student loans obtained for

1 courses from which the member withdrew or for which the member did not receive a passing
2 grade. Payments for outstanding loans shall not exceed the maximum benefit available under
3 G.S. 127A-193-G.S. 116-209.53.
4

5 **PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**
6 **PREVENTION**
7

8 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

9 **SECTION 18.1.** Funds appropriated in this act to the Department of Juvenile
10 Justice and Delinquency Prevention for the 2010-2011 fiscal year may be used as matching
11 funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives
12 Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office
13 of State Budget and Management and the Governor's Crime Commission shall consult with the
14 Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding
15 federal funds. The Office of State Budget and Management, the Governor's Crime
16 Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report
17 to the Appropriations Committees of the Senate and House of Representatives and the Joint
18 Legislative Commission on Governmental Operations prior to allocation of the federal funds.
19 The report shall identify the amount of funds to be received for the 2010-2011 fiscal year, the
20 amount of funds anticipated for the 2010-2011 fiscal year, and the allocation of funds by
21 program and purpose.
22

23 **REPEAL TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT**
24 **CENTERS**

25 **SECTION 18.2.** Section 18.4 of S.L. 2009-451 is repealed.
26

27 **PART XIX. DEPARTMENT OF CORRECTION**
28

29 **FEDERAL GRANT MATCHING FUNDS**

30 **SECTION 19.1.** Section 19.9 of S.L. 2009-451 reads as rewritten:

31 **"SECTION 19.9.** Notwithstanding the provisions of G.S. 143C-6-9, the Department of
32 Correction may use up to the sum of one million two hundred thousand dollars (\$1,200,000)
33 during the 2009-2010 fiscal year and up to the sum of one million two hundred thousand
34 dollars (\$1,200,000) during the 2010-2011 fiscal year from funds available to the Department
35 to provide the State match needed in order to receive federal grant funds. Prior to using funds
36 for this purpose, the Department shall report to the Chairs of the House of Representatives and
37 Senate Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
38 Commission on Governmental Operations on the grants to be matched using these funds."
39

40 **STUDY MISDEMEANOR CLASSIFICATION**

41 **SECTION 19.5.** It is the intent of the General Assembly that there be only three
42 misdemeanor punishment levels: Class A1, Class 1, and Class 2. The North Carolina
43 Sentencing and Policy Advisory Commission, in consultation with the Conference of District
44 Attorneys, the Office of Indigent Defense Services, and the School of Government, shall
45 review all Class 3 misdemeanor offenses and provide recommendations to the 2011 General
46 Assembly for reclassifying each Class 3 misdemeanor as either an infraction or a Class 2
47 misdemeanor. The Commission may, in its discretion, consider other misdemeanor offenses for
48 reclassification as infractions.
49

50 **INMATE MEDICAL COST CONTAINMENT**

1 **SECTION 19.6.(a)** The Department of Correction may reimburse those providers
2 and facilities providing inmate medical services at a rate not to exceed seventy percent (70%)
3 of the amount charged based on the usual and customary charges in effect for all other patients
4 as of June 30, 2010. This subsection applies to all medical and facility services provided
5 outside the correctional facility, including hospitalizations, professional services, medical
6 supplies, and other medications provided to any inmate confined in a correctional facility.

7 **SECTION 19.6.(b)** The Department of Correction shall make every effort to
8 contain inmate medical costs by making use of its own hospital and health care facilities to
9 provide health care services to inmates. To the extent that the Department of Correction must
10 utilize other facilities and services to provide health care services to inmates, the Department
11 shall make use of hospitals with available capacity or other health care facilities in a region to
12 accomplish that goal. The Department shall work to ensure that care usage is distributed
13 equitably among all hospitals or other appropriate health care facilities, with no one health care
14 facility being required to admit more than five percent (5%) of all patients requiring
15 hospitalization or hospital services, unless doing so would jeopardize the health of an inmate or
16 unless otherwise agreed to by contract. The Department shall also give preference to those
17 hospitals in the same county or an adjoining county to the correctional facility where an inmate
18 requiring hospitalization is incarcerated.

19 **SECTION 19.6.(c)** The Department of Correction shall consult with the Division
20 of Medical Assistance in the Department of Health and Human Services to develop protocols
21 for prisoners who would be eligible for Medicaid if they were not incarcerated to access
22 Medicaid while in custody or under extended limits of confinement. The Department shall seek
23 reimbursement from Medicaid for those health care costs incurred by the Department in those
24 instances when an inmate's Medicaid eligibility has been temporarily reinstated due to a
25 hospitalization.

26 **SECTION 19.6.(d)** The Department of Correction, in consultation with the Office
27 of State Budget and Management, shall study the impact on inmate medical costs resulting
28 from the measures set forth in subsections (a), (b), and (c) of this section. The Department shall
29 present its findings by March 1, 2011, to the Chairs of the House of Representatives and Senate
30 Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative
31 Corrections, Crime Control, and Juvenile Justice Oversight Committee.

32 **SECTION 19.6.(e)** The Department of Correction shall make every effort to
33 explore other cost containment methods not expressly outlined in this section. These methods
34 may include the following:

- 35 (1) Contracting with a private third party to manage and provide all inmate
36 medical services;
- 37 (2) Partnering with the federal government to allow for treatment of State
38 inmates in federal correctional hospitals; and
- 39 (3) Purchasing a fixed number of beds at a hospital.

40 **SECTION 19.6.(f)** The Department of Correction shall report to the Joint
41 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee no later than
42 October 1, 2010, on:

- 43 (1) The Department's progress with the RFP process initiated pursuant to
44 Section 19.20(b) of S.L. 2009-451, as rewritten by Section 15A of S.L.
45 2009-575, to contract for claims processing, medical management services,
46 and the development and management of a medical professional and facility
47 provider network.
- 48 (2) The anticipated effects on medical care provided to inmates as a result of the
49 new hospital at Central Prison and the updated facilities at the North
50 Carolina Correctional Institute for Women, as well as any other new medical

1 services capacity within the Department. Specifically, the Department shall
2 report on:

- 3 a. The types and volumes of services that the new and updated facilities
4 will provide that previously would have been provided by
5 community providers; and
6 b. The projected types and volumes of services that will still be referred
7 to community providers.

8 The report shall also address changes in statewide inmate custody that are
9 needed to maximize the utilization of the new facilities and the Department's
10 ability to contract with community providers with the available capacity
11 throughout the State.

12 **SECTION 19.6.(g)** The Department of Correction shall report to the Joint
13 Legislative Commission on Governmental Operations no later than October 1, 2010, and
14 quarterly thereafter on:

- 15 (1) The volume of services provided by community medical providers that can
16 be scheduled in advance and, of that volume, the percentage of those
17 services that are provided by contracted providers; and
18 (2) The volume of services provided by community medical providers that
19 cannot be scheduled in advance and, of that volume, the percentage of those
20 services that are provided by contracted providers.

21 **SECTION 19.6.(h)** Section 19.20(a) of S.L. 2009-451, as amended by Section 15A
22 of S.L. 2009-575, is repealed.

23
24 **COMMUNITY-BASED RESIDENTIAL REENTRY PROGRAM FOR INMATES –**
25 **PILOT INITIATIVE**

26 **SECTION 19.7.** The Department of Correction may contract with a
27 community-based residential facility that provides a range of offender services to pilot a
28 two-year reentry program for selected inmates. The Department may use funds available to
29 support the pilot. The eligible inmates shall be assessed by the Department of Correction as
30 low-risk and eligible for minimum custody security level. Selected inmates may be housed at a
31 community-based residential facility with other populations such as those on community
32 supervision and nonoffenders. The pilot will begin during the 2010-2011 fiscal year and end
33 during the 2011-2012 fiscal year. The Department shall report on the outcome of the pilot to
34 the Chairs of the House of Representatives and Senate Appropriations Subcommittees on
35 Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile
36 Justice Oversight Committee by February 1, 2012. The report shall include the number of
37 inmates served, the number who successfully completed the program/program services, a cost
38 comparison between placement in a community-based residential facility and incarceration in
39 the State prison system, and may make recommendations regarding continuing placement of
40 offenders in such facilities.

41
42 **PART XX. RESERVED**

43
44 **PART XXI. OFFICE OF THE STATE AUDITOR**

45
46 **BATTLESHIP COMMISSION PAY FOR AUDIT**

47 **SECTION 21.1.** G.S. 143B-74.1 reads as rewritten:

48 **"§ 143B-74.1. U.S.S. North Carolina Battleship Commission – funds.**

49 The Commission shall establish and maintain a "Battleship Fund" composed of the moneys
50 which may come into its hands from admission or inspection fees, gifts, donations, grants, or
51 bequests, which funds will be used by the Commission to pay all costs of maintaining and

1 operating the ship for the purposes herein set forth. The Commission shall maintain books of
2 accounting records concerning revenue derived and all expenses incurred in maintaining and
3 operating the ship as a public memorial. The operations of the Commission shall be subject to
4 the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General
5 Statutes. The Commission shall reimburse the State Auditor the cost of any audit. The
6 Commission shall establish a reserve fund in an amount to be determined by the Secretary of
7 Cultural Resources to be maintained and used for contingencies and emergencies beyond those
8 occurring in the course of routine maintenance and operation, and may authorize the deposit of
9 this reserve fund in a depository to be selected by the Treasurer of North Carolina."

10 11 **STATE PORTS AUTHORITY PAY FOR AUDIT**

12 **SECTION 21.2.** G.S. 143B-464 reads as rewritten:

13 **"§ 143B-464. Audit.**

14 The operations of the State Ports Authority shall be subject to the oversight of the State
15 Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. The State Ports
16 Authority shall reimburse the State Auditor the cost of any audit."

17 18 **PART XXII. DEPARTMENT OF CULTURAL RESOURCES**

19 20 **MODIFY TERMS OF THE 2007-2008 GRANT-IN-AID FOR FREEDOM MONUMENT**

21 **SECTION 22.1.** Funds appropriated by the 2007 General Assembly as a
22 grant-in-aid for North Carolina Freedom Monument Project, Inc., to fabricate and construct a
23 monument that have not been used for this purpose may be used by North Carolina Freedom
24 Monument Project, Inc., for planning and development of preconstruction stages of the
25 monument.

26 27 **FUNDS FOR NC SYMPHONY**

28 **SECTION 22.2.(a)** Of the funds appropriated in this act to the Office of State
29 Budget and Management-Special Appropriations, the sum of one million five hundred thousand
30 dollars (\$1,500,000) in nonrecurring funds for the 2010-2011 fiscal year shall be allocated to
31 the North Carolina Symphony in accordance with this section.

32 **SECTION 22.2.(b)** It is the intent of the General Assembly that the NC Symphony
33 achieve its goal of raising the sum of eight million dollars (\$8,000,000) in non-State funding to
34 support the operations of the Symphony. To that end, upon demonstrating to the Office of State
35 Budget and Management that the NC Symphony has reached fund-raising targets in the
36 amounts set forth in this subsection, the NC Symphony shall receive allocations from the
37 Office of State Budget and Management as follows:

- 38 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State
39 funding, the NC Symphony shall receive the sum of five hundred thousand
40 dollars (\$500,000).
- 41 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
42 non-State funding for a total amount of six million dollars (\$6,000,000) in
43 non-State funds, the NC Symphony shall receive the sum of five hundred
44 thousand dollars (\$500,000).
- 45 (3) Upon raising an additional sum of two million dollars (\$2,000,000) in
46 non-State funding for a total sum of eight million dollars (\$8,000,000) in
47 non-State funds, the NC Symphony shall receive the final sum of five
48 hundred thousand dollars (\$500,000) for the 2010-2011 fiscal year.

49 **SECTION 22.2.(c)** Funds allocated pursuant to this section are in addition to any
50 other funds allocated to the NC Symphony in this act.

PART XXIII. HOUSING FINANCE AGENCY**ALLOW HOUSING FINANCE AGENCY TO CREATE A CORPORATION TO RECEIVE FEDERAL FUNDS FROM THE "HARDEST HIT HOUSING MARKETS" PROGRAM**

SECTION 23.1. G.S. 122A-5 reads as rewritten:

"§ 122A-5. General powers.

The Agency shall have all of the powers necessary ~~or convenient~~ to carry out ~~and effectuate~~ the ~~purposes and~~ provisions of this Chapter, including, but without limiting the generality of the foregoing, the power:

...

(28) To form corporations for the purpose of receiving and administering funds from federal programs that prohibit an entity receiving funds from being a State agency."

PART XXIV. RESERVED**PART XXV. RESERVED****PART XXVI. RESERVED****PART XXVII. RESERVED****PART XXVII-A. OFFICE OF STATE BUDGET AND MANAGEMENT****MILITARY MORALE AND WELFARE FUND**

SECTION 27A.1.(a) Of the funds appropriated to the Office of State Budget and Management, the sum of five hundred thousand dollars (\$500,000) for the 2010-2011 fiscal year shall be placed in a Reserve for the Military Morale, Recreation, and Welfare Fund.

SECTION 27A.1.(b) The Office of State Budget and Management shall distribute for the purposes described in this section the amount appropriated by subsection (a) of this section. That amount shall be distributed to each military installation on a per capita basis.

SECTION 27A.1.(c) Funds distributed to a military installation exchange under this section must be deposited in the Military Morale, Recreation, and Welfare Fund for that installation and used only for community services and other expenditures to improve quality of life programs for military members and their families in North Carolina.

SECTION 27A.1.(d) Beginning with the 2010-2011 fiscal year, each military installation shall report at least annually on the allocation and use of the funding to the Joint Legislative Commission on Governmental Operations.

PART XXVII-B. OFFICE OF THE STATE CONTROLLER**ADD OFFICE OF STATE PERSONNEL DIRECTOR TO BEACON PROJECT STEERING COMMITTEE**

SECTION 27B.1. Section 6.16(b) of S.L. 2008-107, as amended by S.L. 2008-118, reads as rewritten:

"SECTION 6.16.(b) The State Controller shall serve as the Chairman of the BEACON Project Steering Committee. The other members of the committee shall be the State Chief Information Officer, the State Treasurer, the Attorney General, the Secretary of Correction, the Administrative Officer of the Courts, the State Budget Officer, the Secretary of Administration,

1 the State Personnel Director, and the Chief Financial Officer of the Department of
2 Transportation."

4 **PART XXVIII. DEPARTMENT OF TRANSPORTATION**

6 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

7 **SECTION 28.1.(a)** Section 25.1 of S.L. 2009-451 is repealed.

8 **SECTION 28.1.(b)** The General Assembly authorizes and certifies anticipated
9 revenues of the Highway Fund as follows:

10 For Fiscal Year 2011-2012 \$ 1,793.1 million

11 For Fiscal Year 2012-2013 \$ 1,880.6 million

12 For Fiscal Year 2013-2014 \$ 1,920.5 million

13 For Fiscal Year 2014-2015 \$ 1,958.9 million

14 **SECTION 28.1.(c)** The General Assembly authorizes and certifies anticipated
15 revenues of the Highway Trust Fund as follows:

16 For Fiscal Year 2011-2012 \$ 989.2 million

17 For Fiscal Year 2012-2013 \$ 1,046.4 million

18 For Fiscal Year 2013-2014 \$ 1,078.3 million

19 For Fiscal Year 2014-2015 \$ 1,120.4 million

21 **DRIVER EDUCATION PROGRAM FUND REVERSION AND STUDIES**

22 **SECTION 28.2.(a)** G.S. 20-88.1 reads as rewritten:

23 **"§ 20-88.1. Driver education.**

24 ...

25 (a1) For each fiscal year, the State Superintendent of Public Instruction shall calculate a
26 per student allocation for the driver education program by dividing the total funds allocated for
27 the program by the estimated number of qualified students throughout the State, as described in
28 subsection (a) of this section. The Superintendent shall distribute funds to local school
29 administrative units by giving each local school administrative unit an amount equal to the per
30 student allocation multiplied by the estimated number of qualified students within that local
31 school administrative unit's district, including students enrolled in both public and private
32 schools. If, at the end of the fiscal year, fewer than the expected number of students have
33 participated in the driver education program in a local school administrative unit, then the local
34 school administrative unit shall revert the per student allocation for each student that was
35 estimated to be eligible to participate but did not actually participate in the driver education
36 program.

37 ...

38 (c) All expenses incurred by the State in carrying out the provisions of this section shall
39 be paid out of the Highway Fund. At the end of each fiscal year, the Department of Public
40 Instruction shall collect and revert any unused funds allocated for this program back to the
41 Highway Fund.

42"

43 **SECTION 28.2.(b)** The Highway Safety Research Center Institute of the
44 University of North Carolina at Chapel Hill shall work in collaboration with the Department of
45 Public Instruction and the Governor's Highway Safety Commission to create a standard
46 curriculum to be used for the Driver Education Program in the Department of Public
47 Instruction. The curriculum shall be ready for use in the school year beginning in the fall of
48 2011 and shall be used for all driver education programs funded with State funds.

49 **SECTION 28.2.(c)** The Office of State Budget and Management (OSBM) shall
50 review the funding and efficacy of the Driver Education Program to determine the most
51 appropriate source of funds to support the program and outcomes of the funding on student

1 driving. The review shall include recommendations for improving services, reducing costs
2 and/or duplication, and alternative funding mechanisms including fees. OSBM shall also work
3 with the Department of Public Instruction to establish performance measures for the program to
4 be used to determine the program's effectiveness. OSBM shall make recommendations to the
5 Governor and the General Assembly no later than November 1, 2010.

6
7 **REQUIRE GLOBAL TRANSPARK TO REPORT ON ANTICIPATED REPAYMENT**
8 **SCHEDULE**

9 **SECTION 28.3.** The Board of Directors of the Global TransPark Authority shall
10 report on or before December 31, 2010, to the House Appropriations Subcommittee on
11 Transportation and the Senate Committee on Appropriations on Department of Transportation
12 on the Authority's strategic, business, and financial plans. The report shall include the
13 Authority's proposed schedule to achieve financial self-sufficiency and proposed schedule to
14 repay to the Escheat Fund the investment authorized under G.S. 147-69.2(b)(11) and any
15 accumulated interest, both of which totaled thirty-seven million seven hundred ninety-eight
16 thousand eight hundred ninety-eight dollars and fifty cents (\$37,798,898.50) as of March 31,
17 2010.

18
19 **ADJUST ROAD NAMING POLICY**

20 **SECTION 28.4.** The Department of Transportation shall remove the existing
21 prohibition on naming State roads after specific military veterans and shall adopt a policy for
22 naming highways after specific military veterans. This new policy shall be part of the
23 Department of Transportation's existing system for naming State roads after people. The
24 Department of Transportation shall report to the Joint Legislative Transportation Oversight
25 Committee no later than December 1, 2011, on the new policy and the Department's
26 implementation of the policy.

27
28 **STATE HIGHWAY PATROL TO USE FORFEITURE FUNDS FOR VIPER**
29 **PROGRAM**

30 **SECTION 28.5.** The Department of Crime Control and Public Safety, State
31 Highway Patrol Division, shall use two million five hundred thousand dollars (\$2,500,000) of
32 the funds in the State Highway Patrol's asset forfeiture account from its participation in the
33 United States Asset Forfeiture Program for the Voice Interoperability Plan for Emergency
34 Responders (VIPER) project for expenditures that would be permitted under the Asset
35 Forfeiture Program's rules.

36 In the event that the State Highway Patrol's 2010-2011 budget, as established by
37 S.L. 2009-451, this act, or any other act, is reduced in any way, the State Highway Patrol may
38 use, but shall not be required to use, two million five hundred thousand dollars (\$2,500,000) of
39 the funds in the State Highway Patrol's asset forfeiture account from its participation in the
40 Asset Forfeiture Program for the VIPER project.

41
42 **DEVELOP FEE SCHEDULE FOR FERRY SYSTEM**

43 **SECTION 28.6.** The Department of Transportation, Ferry Division, shall develop a
44 fee schedule for all ferry routes in an amount necessary to cover the operating costs of the
45 existing ferry routes. As part of developing a fee schedule, the Department of Transportation,
46 Ferry Division, shall provide a fee exception for schoolchildren and teachers who reside on a
47 barrier island and travel on a ferry to attend or teach at a primary or secondary school. The
48 Division shall also consider the needs of commuters and other frequent passengers in
49 developing the fee schedule. The Department of Transportation, Ferry Division, shall report on
50 its planned fee schedule and implementation time line to the House Appropriations

1 Subcommittee on Transportation and the Senate Committee on Appropriations on Department
2 of Transportation no later than February 1, 2011.

4 **ESTABLISH NC MOBILITY FUND**

5 **SECTION 28.7.(a)** Chapter 136 of the General Statutes is amended by adding a
6 new Article to read:

7 "Article 14A.

8 "North Carolina Mobility Fund.

9 **"§ 136-187. Creation of the North Carolina Mobility Fund.**

10 (a) A special fund designated as the North Carolina Mobility Fund is hereby created.
11 The Mobility Fund consists of revenue from appropriations or transfers by the General
12 Assembly.

13 (b) The amounts deposited to the Mobility Fund shall be used as provided in this
14 Article, notwithstanding any provision of Article 14 to the contrary. The provisions of
15 G.S. 136-17.2A shall not apply to the application of the Mobility Fund.

16 **"§ 136-188. Use of North Carolina Mobility Fund.**

17 (a) The Department of Transportation shall use the Mobility Fund to fund
18 transportation projects of statewide and regional significance that relieve congestion and
19 enhance mobility across all modes of transportation. The Department of Transportation shall
20 establish project selection criteria based on the provisions of this Article.

21 (b) The initial project funded from the Mobility Fund shall be the widening and
22 improvement of Interstate 85 north of the Yadkin River Bridge.

23 **"§ 136-189. Reports by Department of Transportation.**

24 The Department of Transportation shall develop, and update annually, a report containing a
25 completion schedule for all projects to be funded from the Mobility Fund, including the
26 selection criteria and reasoning used for each project. The annual update shall indicate the
27 projects, or portions thereof, that were completed during the preceding fiscal year, any changes
28 in the original completion schedules, and the reasons for the changes. The report shall also
29 include the Department's anticipated schedule for future projects. The Department shall submit
30 the report and the annual updates to the Joint Legislative Transportation Oversight Committee."

31 **SECTION 28.7.(b)** The Department of Transportation shall develop a selection
32 criteria under G.S. 136-188, as enacted by this act, and shall report to the Joint Legislative
33 Transportation Oversight Committee on its development of the selection criteria. A preliminary
34 report on the selection criteria for projects is due to the Joint Legislative Transportation
35 Oversight Committee by October 1, 2010. A final report is due to the Joint Legislative
36 Transportation Oversight Committee by December 15, 2010.

37 **SECTION 28.7.(c)** Any funds appropriated to the North Carolina Turnpike
38 Authority in fiscal year 2009-2010 under G.S. 136-176(b2) that remain unencumbered at the
39 end of fiscal year 2009-2010 are hereby transferred to the North Carolina Mobility Fund, as
40 enacted by this act, to be used for Phase II of the Yadkin River Bridge project.

42 **PART XXIX. SALARIES AND BENEFITS**

44 **TEACHER SALARY SCHEDULES**

45 **SECTION 29.2.(a)** The following monthly salary schedules shall apply for the
46 2010-2011 fiscal year to certified personnel of the public schools who are classified as teachers
47 and are intended to freeze compensation at the level paid certified personnel at the conclusion
48 of the 2009-2010 school year. The schedules contain 34 steps, with each step corresponding to
49 one year of teaching experience. Public school employees paid according to this salary
50 schedule shall not receive an increase in salary regardless of obtaining (i) NBPTS certification,
51 (ii) a master's degree, or (iii) certification based on academic preparation at the six-year degree

1 level or the doctoral degree level. Provided, however, teachers employed during the 2009-2010
 2 school year who did not work the required number of months to acquire an additional year of
 3 experience shall not receive a decrease in salary as otherwise would be required by the salary
 4 schedule below.

2010-2011 Monthly Salary Schedule

"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	\$3,043	N/A
1	\$3,043	N/A
2	\$3,043	N/A
3	\$3,085	\$3,455
4	\$3,129	\$3,504
5	\$3,264	\$3,656
6	\$3,404	\$3,812
7	\$3,538	\$3,963
8	\$3,667	\$4,107
9	\$3,771	\$4,224
10	\$3,819	\$4,277
11	\$3,868	\$4,332
12	\$3,918	\$4,388
13	\$3,967	\$4,443
14	\$4,018	\$4,500
15	\$4,069	\$4,557
16	\$4,122	\$4,617
17	\$4,176	\$4,677
18	\$4,231	\$4,739
19	\$4,286	\$4,800
20	\$4,345	\$4,866
21	\$4,403	\$4,931
22	\$4,461	\$4,996
23	\$4,523	\$5,066
24	\$4,584	\$5,134
25	\$4,650	\$5,208
26	\$4,714	\$5,280
27	\$4,779	\$5,352
28	\$4,845	\$5,426
29	\$4,913	\$5,503
30	\$4,984	\$5,582
31	\$5,055	\$5,662
32	\$5,153	\$5,771
33+	\$5,255	\$5,886

2010-2011 Monthly Salary Schedule

"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	\$3,347	N/A
1	\$3,347	N/A
2	\$3,347	N/A
3	\$3,394	\$3,801
4	\$3,442	\$3,855

1	5	\$3,590	\$4,021
2	6	\$3,744	\$4,193
3	7	\$3,892	\$4,359
4	8	\$4,034	\$4,518
5	9	\$4,148	\$4,646
6	10	\$4,201	\$4,705
7	11	\$4,255	\$4,766
8	12	\$4,310	\$4,827
9	13	\$4,364	\$4,888
10	14	\$4,420	\$4,950
11	15	\$4,476	\$5,013
12	16	\$4,534	\$5,078
13	17	\$4,594	\$5,145
14	18	\$4,654	\$5,212
15	19	\$4,715	\$5,281
16	20	\$4,780	\$5,354
17	21	\$4,843	\$5,424
18	22	\$4,907	\$5,496
19	23	\$4,975	\$5,572
20	24	\$5,042	\$5,647
21	25	\$5,115	\$5,729
22	26	\$5,185	\$5,807
23	27	\$5,257	\$5,888
24	28	\$5,330	\$5,970
25	29	\$5,404	\$6,052
26	30	\$5,482	\$6,140
27	31	\$5,561	\$6,228
28	32	\$5,668	\$6,348
29	33+	\$5,781	\$6,475

30 **SECTION 29.2.(b)** Annual longevity payments for teachers shall be at the rate of
31 one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and
32 twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three
33 and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service,
34 and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The
35 longevity payment shall be paid in a lump sum once a year.

36 **SECTION 29.2.(c)** Certified public schoolteachers with certification based on
37 academic preparation at the six-year degree level shall receive a salary supplement of one
38 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for
39 certified personnel of the public schools who are classified as "M" teachers. Certified public
40 schoolteachers with certification based on academic preparation at the doctoral degree level
41 shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in
42 addition to the compensation provided for certified personnel of the public schools who are
43 classified as "M" teachers. These salary supplements shall not be paid to those certified public
44 school teachers obtaining these certifications subsequent to the conclusion of the 2009-2010
45 school year.

46 **SECTION 29.2.(d)** The first step of the salary schedule for school psychologists
47 shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule
48 established in this section for certified personnel of the public schools who are classified as
49 "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate
50 step based on their years of experience. Certified psychologists shall receive longevity
51 payments based on years of State service in the same manner as teachers.

1 Certified psychologists with certification based on academic preparation at the
 2 six-year degree level shall receive a salary supplement of one hundred twenty-six dollars
 3 (\$126.00) per month in addition to the compensation provided for certified psychologists.
 4 Certified psychologists with certification based on academic preparation at the doctoral degree
 5 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month
 6 in addition to the compensation provided for certified psychologists. These salary supplements
 7 shall not be paid to those certified psychologists obtaining these certifications subsequent to the
 8 conclusion of the 2009-2010 school year.

9 **SECTION 29.2.(e)** Speech pathologists who are certified as speech pathologists at
 10 the master's degree level and audiologists who are certified as audiologists at the master's
 11 degree level and who are employed in the public schools as speech and language specialists and
 12 audiologists shall be paid on the school psychologist salary schedule.

13 Speech pathologists and audiologists with certification based on academic
 14 preparation at the six-year degree level shall receive a salary supplement of one hundred
 15 twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech
 16 pathologists and audiologists. Speech pathologists and audiologists with certification based on
 17 academic preparation at the doctoral degree level shall receive a salary supplement of two
 18 hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for
 19 speech pathologists and audiologists. These salary supplements shall not be paid to those
 20 speech pathologists and audiologists obtaining these certifications subsequent to the conclusion
 21 of the 2009-2010 school year.

22 **SECTION 29.2.(f)** Certified school nurses who are employed in the public schools
 23 as nurses shall be paid on the "M" salary schedule.

24 **SECTION 29.2.(g)** As used in this section, the term "teacher" shall also include
 25 instructional support personnel.
 26

27 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

28 **SECTION 29.3.(a)** The following base salary schedule for school-based
 29 administrators shall apply only to principals and assistant principals. This base salary schedule
 30 shall apply for the 2010-2011 fiscal year, commencing July 1, 2010, and is intended to freeze
 31 compensation at the level paid school-based administrators at the conclusion of the 2009-2010
 32 school year. Provided, however, school-based administrators (i) employed during the
 33 2009-2010 school year who did not work the required number of months to acquire an
 34 additional year of experience and (ii) employed during the 2010-2011 school year in the same
 35 classification shall not receive a decrease in salary as otherwise would be required by the salary
 36 schedule below.
 37

38 2010-2011 Principal and Assistant Principal Salary Schedules
 39 Classification

40 Years of Exp	41 Assistant Principal	42 Prin I (0-10)	43 Prin II (11-21)	44 Prin III (22-32)	45 Prin IV (33-43)
46 0-6	\$3,781	-	-	-	-
47 7	\$3,931	-	-	-	-
48 8	\$4,074	-	-	-	-
49 9	\$4,189	-	-	-	-
50 10	\$4,243	\$4,243	-	-	-
51 11	\$4,298	\$4,298	-	-	-
12	\$4,353	\$4,353	\$4,408	-	-
13	\$4,408	\$4,408	\$4,464	-	-
14	\$4,464	\$4,464	\$4,521	\$4,579	-
15	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701

1	16	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762
2	17	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
3	18	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
4	19	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
5	20	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
6	21	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
7	22	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
8	23	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237
9	24	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
10	25	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
11	26	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458
12	27	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
13	28	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617
14	29	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
15	30	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
16	31	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
17	32	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
18	33	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
19	34	-	\$5,956	\$6,075	\$6,197	\$6,321
20	35	-	-	\$6,197	\$6,321	\$6,447
21	36	-	-	\$6,321	\$6,447	\$6,576
22	37	-	-	-	\$6,576	\$6,708
23	38	-	-	-	\$6,708	\$6,842
24	39	-	-	-	-	\$6,979

2010-2011 Principal and Assistant Principal Salary Schedules
Classification

Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-16	\$4,828	-	-	-
17	\$4,891	-	-	-
18	\$4,956	\$5,025	-	-
19	\$5,025	\$5,092	\$5,237	-
20	\$5,092	\$5,166	\$5,310	\$5,383
21	\$5,166	\$5,237	\$5,383	\$5,458
22	\$5,237	\$5,310	\$5,458	\$5,537
23	\$5,310	\$5,383	\$5,537	\$5,617
24	\$5,383	\$5,458	\$5,617	\$5,725
25	\$5,458	\$5,537	\$5,725	\$5,839
26	\$5,537	\$5,617	\$5,839	\$5,956
27	\$5,617	\$5,725	\$5,956	\$6,075
28	\$5,725	\$5,839	\$6,075	\$6,197
29	\$5,839	\$5,956	\$6,197	\$6,321
30	\$5,956	\$6,075	\$6,321	\$6,447
31	\$6,075	\$6,197	\$6,447	\$6,576
32	\$6,197	\$6,321	\$6,576	\$6,708
33	\$6,321	\$6,447	\$6,708	\$6,842
34	\$6,447	\$6,576	\$6,842	\$6,979
35	\$6,576	\$6,708	\$6,979	\$7,119
36	\$6,708	\$6,842	\$7,119	\$7,261
37	\$6,842	\$6,979	\$7,261	\$7,406

1	38	\$6,979	\$7,119	\$7,406	\$7,554
2	39	\$7,119	\$7,261	\$7,554	\$7,705
3	40	\$7,261	\$7,406	\$7,705	\$7,859
4	41	-	\$7,554	\$7,859	\$8,016
5	42	-	\$7,705	\$8,016	\$8,176
6	43	-	-	\$8,176	\$8,340

SECTION 29.3.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

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

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

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

If a principal or assistant principal is reassigned to a higher job classification, the principal or assistant principal shall not receive an increase in salary.

SECTION 29.3.(c) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. Provided, however, a principal who acquires an additional step for the 2009-2010 or 2010-2011 fiscal years shall not receive a corresponding increase in salary during the 2009-2011 fiscal biennium. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 29.3.(d) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month. These salary supplements shall not be paid to those principals and assistant principals obtaining these certifications subsequent to the conclusion of the 2009-2010 school year.

SECTION 29.3.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 29.3.(f) If a principal is reassigned to a higher job classification, the principal shall not receive an increase in salary.

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

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

9 **SECTION 29.3.(g)** Participants in an approved full-time master's in school
10 administration program shall receive up to a 10-month stipend at the beginning salary of an
11 assistant principal during the internship period of the master's program. For the 2006-2007
12 fiscal year and subsequent fiscal years, the stipend shall not exceed the difference between the
13 beginning salary of an assistant principal plus the cost of tuition, fees, and books and any
14 fellowship funds received by the intern as a full-time student, including awards of the Principal
15 Fellows Program. The Principal Fellows Program or the school of education where the intern
16 participates in a full-time master's in school administration program shall supply the
17 Department of Public Instruction with certification of eligible full-time interns.

18 **NO SALARY INCREASES**

19 **SECTION 29.5.(a)** Section 26.1A(a) of S.L. 2009-451, as amended by Section 21
20 of S.L. 2009-575, reads as rewritten:

21 **"SECTION 26.1A.(a)** The salaries of those officers and employees, whose salaries for the
22 2008-2009 fiscal year were set or increased in Sections 26.1, 26.2, 26.3, 26.4, 26.5, 26.6, 26.7,
23 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
24 2008-107, and in effect on June 30, 2009, or the last date in pay status during the 2008-2009
25 fiscal year if earlier, shall remain in effect and shall not increase for the 2009-2010 ~~and~~
26 ~~2010-2011 fiscal years, fiscal year,~~ except:

- 27 (1) As provided for by Section 29.20A of S.L. 2005-276.
- 28 (2) For Community College faculty as otherwise provided in Section 8.1 of this
29 act.
- 30 (3) For University of North Carolina faculty as otherwise provided by the
31 Faculty Recruiting and Retention Fund or the Distinguished Professors
32 Endowment Fund.
- 33 (4) Salaries may be increased for reallocations or promotions, in-range
34 adjustments for job change, career progression adjustments for demonstrated
35 competencies, or any other adjustment related to an increase in job duties or
36 responsibilities, none of which are subject to the salary freeze otherwise
37 provided by this subsection. All other salary increases are prohibited."

38 **SECTION 29.5.(b)** Section 26.1 of S.L. 2009-451, as amended by S.L. 2009-575,
39 is further amended by adding a new subsection to read:

40 **"SECTION 26.1A.(a1)** Notwithstanding any provisions of law to the contrary, the
41 salaries, regardless of the funding source, of those officers and employees of:

- 42 (1) State agencies; departments; institutions; authorities; boards; commissions;
- 43 (2) The judicial branch;
- 44 (3) The legislative branch;
- 45 (4) The University of North Carolina, including, but not limited to, its
46 constituent institutions, affiliated enterprises, and foundations;
- 47 (5) The North Carolina Community College System; and
- 48 (6) Local boards of education;

49 and in effect on June 30, 2010, or the last date in pay status during the 2009-2010 fiscal year if
50 earlier, shall remain in effect and shall not increase for the 2010-2011 fiscal year."
51

1 **SECTION 29.5.(c)** Section 26.1 of S.L. 2009-451, as amended by S.L. 2009-575,
2 is further amended by adding a new subsection to read:

3 "**SECTION 26.1A.(a2)** The Office of State Budget and Management and the Office of
4 State Personnel shall monitor jointly the compliance of the following units of government with
5 the provisions of subsection (a1) of this section: (i) State agencies, departments, and
6 institutions, including authorities, boards, and commissions; (ii) the judicial branch; and (iii)
7 The University of North Carolina, its constituent institutions, and affiliated enterprises.
8 Beginning November 1, 2010, and through August 1, 2011, the Office of State Budget and
9 Management and the Office of State Personnel shall submit quarterly reports (covering the
10 preceding calendar quarter) of their monitoring activities to the President Pro Tempore of the
11 Senate, the Speaker of the House of Representatives, and the Fiscal Research Division.
12 Quarterly reports shall include a summary of the actions taken by the Office of State Budget
13 and Management and the Office of State Personnel with respect to any unauthorized salary
14 increases granted by the above units of government."

15

16 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

17 **SECTION 29.6.** Section 6(c) of S.L. 2009-16, as amended by Section 26.20(b) of
18 S.L. 2009-451, reads as rewritten:

19 "**SECTION 6.(c)** Effective July 1, 2010, the State's employer contribution rates budgeted
20 for retirement and related benefits as percentage of covered salaries for the 2010-2011 fiscal
21 year are: (i) ~~ten and fifty-one hundredths percent (10.51%)~~ ten and ninety-two hundredths
22 percent (10.92%) – Teachers and State Employees; (ii) ~~fifteen and fifty-one hundredths percent~~
23 ~~(15.51%)~~ fifteen and ninety-two hundredths percent (15.92%) – State Law Enforcement
24 Officers; (iii) twelve and twenty-six hundredths percent (12.26%) – University Employees'
25 Optional Retirement System; (iv) twelve and twenty-six hundredths percent (12.26%) –
26 Community College Optional Retirement Program; (v) ~~twenty and one hundredths percent~~
27 ~~(20.01%)~~ twenty-one and forty-six hundredths percent (21.46%) – Consolidated Judicial
28 Retirement System; and (vi) four and ninety hundredths percent (4.90%) – Legislative
29 Retirement System. Each of the foregoing contribution rates includes four and ninety
30 hundredths percent (4.90%) for hospital and medical benefits. The rate for Teachers and State
31 Employees, State Law Enforcement Officers, Community College Optional Retirement
32 Program, and for the University Employees' Optional Retirement Program includes fifty-two
33 hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State
34 Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%)
35 for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent
36 (5%) for Supplemental Retirement Income."

37

38 **PART XXX. CAPITAL APPROPRIATIONS**

39

40 **CAPITAL APPROPRIATIONS/GENERAL FUND**

41 **SECTION 30.1.** There is appropriated from the General Fund for the 2010-2011
42 fiscal year the following amounts for capital improvements:

44 Capital Improvements – General Fund	2010-2011
45	
46 Department of Environment and Natural Resources	
47 Water Resources Development Projects	\$9,130,000
48	
49 TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$9,130,000

50

51 **WATER RESOURCES DEVELOPMENT PROJECT FUNDS**

1 **SECTION 30.2.(a)** The Department of Environment and Natural Resources shall
 2 allocate the funds appropriated in this act for water resources development projects in
 3 accordance with the schedule that follows. These funds will provide a State match for an
 4 estimated twenty-seven million four hundred four thousand dollars (\$27,404,000) in federal
 5 funds.

7 Name of Project	2010-2011
9 (1) Wilmington Harbor Deepening	\$900,000
10 (2) Wilmington Harbor Maintenance	2,000,000
11 (3) Morehead City Harbor Maintenance	100,000
12 (4) B. Everett Jordan Lake Water Supply Storage	200,000
13 (5) Dredging Contingency Fund	1,250,000
14 (6) AIWW Dredging	1,000,000
15 (7) Bogue Banks Shore Protection Study	5,000
16 (8) John H. Kerr Dam and Reservoir Sec. 216	50,000
17 (9) Neuse River Basin PED	-
18 (10) Princeville Flood Damage Reduction	200,000
19 (11) Currituck Sound Environmental Restoration Study	50,000
20 (12) Belhaven Harbor – Cap – Sec 1135	350,000
21 (13) Surf City/North Topsail Beach Protection Study PED	-
22 (14) West Onslow Beach (Topsail Beach) PED	50,000
23 (15) Silver Lake Harbor Disposal Area Maintenance	800,000
24 (16) Manteo Old House Channel – CAP – Sec. 204	25,000
25 (17) Concord Streams Restoration – CAP – Sec. 206	-
26 (18) North Carolina International Terminal	-
27 (19) Planning Assistance to Communities	-
28 (20) State-Local Projects	1,800,000
29 (21) Aquatic Plant Control, Statewide and Lake Gaston	350,000
30	
31 TOTALS	\$9,130,000
32	

33 **SECTION 30.2.(b)** Where the actual costs are different from the estimated costs
 34 under subsection (a) of this section, the Department may adjust the allocations among projects
 35 as needed. If any projects funded under subsection (a) of this section are delayed and the
 36 budgeted State funds cannot be used during the 2010-2011 fiscal year, or if the projects funded
 37 under subsection (a) of this section are accomplished at a lower cost, the Department may use
 38 the resulting fund availability to fund any of the following:

- 39 (1) U.S. Army Corps of Engineers project feasibility studies.
- 40 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
 41 require State-matching funds in fiscal year 2010-2011.
- 42 (3) State-local water resources development projects.

43 Funds not expended or encumbered for these purposes shall revert to the General Fund at the
 44 end of the 2011-2012 fiscal year.

45 **SECTION 30.2.(c)** The Department shall make semiannual reports on the use of
 46 these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal
 47 Research Division, and the Office of State Budget and Management. Each report shall include
 48 all of the following:

- 49 (1) All projects listed in this section.
- 50 (2) The estimated cost of each project.
- 51 (3) The date that work on each project began or is expected to begin.

- 1 (4) The date that work on each project was completed or is expected to be
 2 completed.
 3 (5) The actual cost of each project.
 4 The semiannual reports shall also show those projects advanced in schedule, those
 5 projects delayed in schedule, and an estimate of the amount of funds expected to revert to the
 6 General Fund.
 7

8 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

9 **SECTION 30.3.(a)** Subject to subsection (c) of this section, the General Assembly
 10 authorizes the following capital projects to be funded with receipts or from other non-General
 11 Fund sources available to the appropriate department:
 12

13 Name of Project	14 Amount of Non-General Fund 15 Funding Authorized for FY 2010-2011
16 Department of Agriculture and Consumer Services	
17 Upgrade Steam Generation Capability at Food and Drug Facility	\$ 18,000
18 Western NC Agricultural Center – Storage Shed	23,000
19 Western NC Agricultural Center – Entertainment Stage	35,000
20 Western NC Agricultural Center – Youth Building Roof Replacement	3,000
21 Western NC Agricultural Center – RV Site Improvements	20,000
22 Western NC Agricultural Center – C&D Barn Access Road	125,000
23 Western NC Agricultural Center – Handicap Platform	8,000
24 Western NC Agricultural Center – Exhibits/Cashier Office	70,000
25 Western NC Agricultural Center – Retention Pond Parking	225,000
26 Constable Lab Standby Generator/Rollins Lab Security	363,245
27 Southeastern Agricultural Center – Multipurpose Pavilion	1,290,000
28 Southeastern Agricultural Center – Horse Stalls	700,000
29 Research Stations Irrigation Renovations	200,000
30 Piedmont Research Station – Grain Storage Renovation	400,000
31	
32 Department of Correction	
33 Southern Medium Programs Building	600,000
34 Caledonia Programs Building	600,000
35 Caswell Programs Building	600,000
36 Southern Minimum Programs Building	600,000
37 Randolph Programs Building	600,000
38	
39 Department of Cultural Resources	
40 USS NC Battleship Repairs, Dredging, Construction	
41 Commission Battleship Fund	1,700,000
42	
43 Department of Environment and Natural Resources	
44 Forest Resources – Bladen Lakes Ranger Residence	399,000
45	
46 Department of Justice	
47 NC Justice Academy Live Fire Shoot House	282,000
48	
49 Wildlife Resources Commission	
50 Pisgah Education Center Repairs & Renovation	60,000
51 Outer Banks Education Center Repairs and Renovation	26,000

1	Mt. Holly Depot Acquisition	150,000
2	Statewide Boating Access Areas (BAA) Renovations	3,610,000
3	Table Rock Hatchery Residence Renovation	150,000
4	McKinney Lake Equipment Shed	70,000
5	Fishing Access Areas Construction	180,000

6
7 **TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL**
8 **PROJECTS AUTHORIZED**

9
10
11
12
13
14
15
16
17
18
19
20
21
22 **\$13,107,245**

23 **SECTION 30.3.(b)** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of thirty thousand dollars (\$30,000) for the 2010-2011 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, environmental studies, and for the management of the plant conservation program preserves owned by the Department.

24 **SECTION 30.3.(c)** A project authorized in subsection (a) of this section is authorized only if upon completion the project will not require operating support from the General Fund.

25 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

26 **SECTION 30.4.(a)** Of the funds in the Reserve for Repairs and Renovations for the 2010-2011 fiscal year, fifty percent (50%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143C-4-3, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The University of North Carolina, and fifty percent (50%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143C-4-3.

27 Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

28 The Board of Governors and the Office of State Budget and Management shall consult with the Joint Legislative Commission on Governmental Operations prior to the allocation or reallocation of these funds.

29 **SECTION 30.4.(b)** In addition to any other funds in the Reserve for Repairs and Renovations for the 2010-2011 fiscal year, the proceeds of any bonds and notes issued pursuant to Section 30.7 of this act are transferred to that Reserve.

30 **SECTION 30.4.(c)** Of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used by the Board of Governors for the installation of fire sprinklers in university residence halls. This portion shall be in addition to funds otherwise appropriated in this act for the same purpose. Such funds shall be allocated among the university's constituent institutions by the President of The University of North Carolina, who shall consider the following factors when allocating those funds:

- 31 (1) The safety and well-being of the residents of campus housing programs.
- 32 (2) The current level of housing rents charged to students and how that compares to an institution's public peers and other UNC institutions.

- 1 (3) The level of previous authorizations to constituent institutions for the
- 2 construction or renovation of residence halls funded from the General Fund,
- 3 or from bonds or certificates of participation supported by the General Fund,
- 4 since 1996.
- 5 (4) The financial status of each constituent institution's housing system,
- 6 including debt capacity, debt coverage ratios, credit rankings, required
- 7 reserves, the planned use of cash balances for other housing system
- 8 improvements, and the constituent institution's ability to pay for the
- 9 installation of fire sprinklers in all residence halls.
- 10 (5) The total cost of each proposed project, including the cost of installing fire
- 11 sprinklers and the cost of other construction, such as asbestos removal and
- 12 additional water supply needs.

13 The Board of Governors shall submit progress reports to the Joint Legislative
 14 Commission on Governmental Operations. Reports shall include the status of completed,
 15 current, and planned projects. Reports also shall include information on the financial status of
 16 each constituent institution's housing system, the constituent institution's ability to pay for fire
 17 protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be
 18 submitted on January 1 and July 1 until all residence halls have fire sprinklers.

19 **SECTION 30.4.(d)** Of the funds allocated to the Board of Governors of The
 20 University of North Carolina in subsection (a) of this section, a portion shall be used by the
 21 Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b).

22 **SECTION 30.4.(e)** Of the funds allocated to the Office of State Budget and
 23 Management in subsection (a) of this section, five hundred thousand dollars (\$500,000) shall be
 24 transferred to the Department of Crime Control and Public Safety to be used for Armory Repair
 25 and Renovation.

26
 27 **AMEND 2009 WILDLIFE RESOURCES COMMISSION NON-GENERAL FUND**
 28 **CAPITAL IMPROVEMENT AUTHORIZATIONS**

29 **SECTION 30.5.(a)** Subsection 27.4(a) of S.L. 2009-451 reads as rewritten:

30 **"SECTION 27.4.(a)** The General Assembly authorizes the following capital projects to be
 31 funded with receipts or from other non-General Fund sources available to the appropriate
 32 department:

34 Name of Project	35 Amount of Non-General Fund
	36 Funding Authorized for FY 2009-2010
37 Department of Crime Control and Public Safety	
38 Additions and Renovations to Armories	\$ 9,303,442
39 Camp Butner Cantonment – Phase 1 Design	1,367,000
40 Family Assistance Centers	2,000,000
41 Gastonia Armory Renovation and Expansion	1,100,000
42 Tactical Unmanned Aerial Systems Facility	6,746,000
43	
44 Department of Cultural Resources	
45 Aycock Birthplace Picnic Shelter	86,100
46 Maritime Museum – Floating Dock	130,000
47 Museum of History Chronology Exhibit – Phase 2B (1900-1960)	1,200,000
48	
49 Department of Environment and Natural Resources	
50 Zoo – Elephant Exhibit New Restrooms	300,000
51	

1	Wildlife Resources Commission	
2	Armstrong Hatchery Lower Raceway Replacement	1,725,000
3	Centennial Campus Education Center Exhibit Completion	180,000
4	Chinquapin Equipment Storage Pole Shed	60,000
5	Chowan Bridge Fishing Pier and Edenton Boating Access	450,000
6	Emerald Isle New Boating Access Area	600,000
7	Falls Lake Office Building	550,000
8	Hampstead Land Acquisition	10,000,000
9	Land Acquisitions – State Gamelands	59,135,000 20,000,000
10	Lewelyn Branch New Boating Access Area	150,000
11	Manns Harbor Bridge Marina Acquisition	5,750,000
12	Marion Depot Drainage Repairs	200,000
13	<u>Marion Hatchery and Depot Renovation</u>	<u>4,000,000</u>
14	McKinney Lake Hatchery Kettles Replacement	1,700,000
15	Minor Boating Access Area Renovations – Various Locations	150,000
16	New Coldwater Fish Hatchery Construction	7,900,000
17	Ocean Isle Boating Access Area Renovations	150,000
18	Outer Banks Education Center Teaching Facility Repairs	245,000
19	Pechmann Fishing Education Center Pond Restoration	160,000
20	Pechmann Fishing Education Center Storage Building	220,000
21	Pisgah Education Center Gift Shop Renovation and Expansion	200,000
22	Pisgah Education Center Outdoor Exhibit Renovation	450,000
23	Pisgah Education Center Repairs	155,000
24	Pisgah Hatchery Water System Renovation	100,000
25	Rhodes Pond Dam Repairs	500,000
26	Sneads Ferry Land Acquisition	6,500,000
27	Sunset Harbor Land Acquisition	925,000
28	Swan Quarter Land Acquisition	1,700,000
29	Sykes Depot Pond, Office, Storage Construction	350,000
30	Table Rock Hatchery Office and Workshop Replacement	345,000

31
 32 **TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL**
 33 **PROJECTS AUTHORIZED** **\$122,782,542 79,747,542"**
 34

35 **SPECIAL INDEBTEDNESS FOR REPAIRS AND RENOVATIONS**

36 **SECTION 30.7.(a)** The State, with the prior approval of the State Treasurer and
 37 the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is
 38 authorized to issue or incur special indebtedness in order to provide funds to the State to be
 39 used, together with other available funds, to pay the capital facility costs of the projects
 40 described in this subsection. In accordance with G.S. 142-83, this subsection authorizes the
 41 issuance or incurrence of special indebtedness in the maximum aggregate principal amount of
 42 seventy million dollars (\$70,000,000) to finance the capital facility costs of repairing and
 43 renovating State facilities and related infrastructure, to be allocated in accordance with Section
 44 30.4 of this act.

45 **SECTION 30.7.(b)** This section is effective when it becomes law.
 46

47 **PHASE I OF STATE HIGHWAY PATROL TRAINING FACILITY**

48 **SECTION 30.8.(a)** Section 27.8(a) of S.L. 2008-107 is amended by adding a new
 49 subdivision to read:

50 "(29) In the maximum aggregate principal amount of twenty-three million
 51 forty-three thousand dollars (\$23,043,000) to finance the capital facility

1 costs of completing Phase I of the State Highway Patrol Training Facility, to
2 include an armory, computer security, medical office, and dorm facilities,
3 and related site work. No more than a maximum aggregate amount of ten
4 million dollars (\$10,000,000) of special indebtedness may be issued or
5 incurred under this subdivision prior to July 1, 2011."

6 **SECTION 30.8.(b)** Section 27.9(f)(1) of S.L. 2008-107, as amended by Section
7 2.7(d) of S.L. 2008-218 and Section 1(b) of S.L. 2009-209, reads as rewritten:

8 "(1) A maximum aggregate principal amount of ~~ninety nine million fifty four~~
9 ~~thousand five hundred eighty four dollars (\$99,054,584)~~ ninety-six million
10 five hundred fifty-four thousand five hundred eighty-four dollars
11 (\$96,554,584) to finance the capital facility costs of the Green Square
12 Project, Department of Environment and Natural Resources. The projected
13 allocation may be increased to reflect the availability of other funds,
14 including contingency funds, income earned on the investment of bond and
15 note proceeds, and the proceeds of any grants."

16 **SECTION 30.8.(c)** Section 27.9(f) of S.L. 2008-107, as amended by Section 2.7(d)
17 of S.L. 2008-118 and Section 1(b) of S.L. 2009-209, is amended by adding a new subdivision
18 to read:

19 "(3a) A maximum aggregate principal amount of two million five hundred
20 thousand dollars (\$2,500,000) to finance the capital facility costs of Phase I
21 of the State Highway Patrol Training Facility."

22 **SECTION 30.8.(d)** Section 27.9(f)(4) of S.L. 2008-107, as amended by Section
23 2.7(d) of S.L. 2008-118 and Section 1(b) of S.L. 2009-209, reads as rewritten:

24 "(4) An amount the Director of the Budget determines is not required for projects
25 listed in subdivisions (1), (2), ~~and (3)~~(3), and (3a) of this subsection to
26 finance a portion of those capital projects that have been approved by the
27 General Assembly for financing with the proceeds of special indebtedness as
28 hereinafter described."

29 **SECTION 30.8.(e)** Part XXVII of S.L. 2008-107 is amended by adding a new
30 section to read:

31 **"PHASE I OF STATE HIGHWAY PATROL TRAINING FACILITY**

32 **"SECTION 27.9.** In addition to the proceeds of special indebtedness authorized by Section
33 27.8(a)(29) of this act to finance the capital facility costs of completing Phase I of the State
34 Highway Patrol Training Facility, the proceeds of bonds and notes issued pursuant to Section
35 27.9(f)(3a) of S.L. 2008-107, as enacted by this act, shall be used for that purpose."

36 **SECTION 30.8.(f)** Subdivision (13) of Section 27.8(a) of S.L. 2008-107 reads as
37 rewritten:

38 "(13) In the maximum aggregate principal amount of ~~forty two million six~~
39 ~~hundred seventy thousand dollars (\$42,670,000)~~ thirty-four million one
40 hundred seventy thousand dollars (\$34,170,000) to finance the capital
41 facility costs of completing an academic classroom and office building at the
42 University of North Carolina at Greensboro. No more than a maximum
43 aggregate amount of twenty-one million dollars (\$21,000,000) of special
44 indebtedness may be issued or incurred under this subdivision prior to July
45 1, 2009."

46 **SECTION 30.8.(g)** Section 27.8(a)(15) of S.L. 2008-107, as amended by Section
47 2(a) of S.L. 2009-209, reads as rewritten:

48 "(15) In the maximum aggregate principal amount of ~~twenty five million dollars~~
49 ~~(\$25,000,000)~~ ten million four hundred fifty-seven thousand dollars
50 (\$10,457,000) to finance the capital improvement costs of acquiring State
51 land throughout The University of North Carolina System. No more than a

1 maximum aggregate amount of ten million dollars (\$10,000,000) of special
2 indebtedness may be issued or incurred under this subdivision prior to July
3 1, 2011."

4 **SECTION 30.8.(h)** This section is effective when it becomes law.

5
6 **STATUTORILY DEFINE "SCOPE"**

7 **SECTION 30.9.** G.S. 143C-1-1(d) is amended by adding a new subdivision to
8 read:

9 **"§ 143C-1-1. Purpose and definitions.**

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

11 ...

12 (16a) Increase in scope. – With respect to a capital improvement project, either an
13 increase in the square footage of a capital improvement project of more than
14 ten percent (10%) of the amount authorized or the programming of new
15 functions into the project."

16
17 **PART XXXI. TAX CHANGES**

18
19 **IRC UPDATE**

20 **SECTION 31.1.(a)** G.S. 105-228.90(b)(1b) reads as rewritten:

21 **"§ 105-228.90. Scope and definitions.**

22 ...

23 (b) Definitions. – The following definitions apply in this Article:

24 ...

25 (1b) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2009~~, May 1,
26 2010, including any provisions enacted as of that date which become
27 effective either before or after that date."

28 **SECTION 31.1.(b)** G.S. 105-134.6(d) reads as rewritten:

29 **"§ 105-134.6. Adjustments to taxable income.**

30 ...

31 (d) Other Adjustments. – The following adjustments to taxable income shall be made in
32 calculating North Carolina taxable income:

33 ...

34 (7) The taxpayer shall add to taxable income the amounts listed in this
35 subdivision. An addition is not required under this subdivision for a net
36 operating loss deduction of an eligible small business as defined under
37 section 172(b)(1)(H) of the Code. The amounts are:

38 a. For taxable years 2003, 2004, and 2005, the amount of any 2008 net
39 operating loss deduction claimed on a federal return under section
40 172(b)(1)(H) or section 810(b)(4) of the Code.

41 b. For taxable years 2004, 2005, and 2006, the amount of any 2009 net
42 operating loss deduction claimed on a federal return under section
43 172(b)(1)(H) or section 810(b)(4) of the Code.

44 (8) For taxable years 2011 through 2013, a taxpayer who made an addition
45 under subdivision (7) of this subsection may deduct one-third of the
46 taxpayer's net operating loss absorbed on the taxpayer's 2003, 2004, 2005,
47 and 2006 federal returns under section 172(b)(1)(H) or section 810(b)(4) of
48 the Code."

49 **SECTION 31.1.(c)** This section is effective when it becomes law.

50 Notwithstanding subsection (a) of this section, any amendments to the Internal Revenue Code

1 enacted after May 1, 2009, that increase North Carolina taxable income for the 2009 taxable
2 year become effective for taxable years beginning on or after January 1, 2010.

4 **INCREASE TAX BENEFITS FOR INVESTMENTS IN SMALL BUSINESSES**

5 **SECTION 31.12.(a)** G.S. 105-163.012(b) reads as rewritten:

6 "**§ 105-163.012. Limit; carry-over; ceiling; reduction in basis.**

7 ...

8 (b) The total amount of all tax credits allowed to taxpayers under G.S. 105-163.011 for
9 investments made in a calendar year may not exceed ~~seven million five hundred thousand~~
10 ~~dollars (\$7,500,000).~~ eight million dollars (\$8,000,000). The Secretary of Revenue shall
11 calculate the total amount of tax credits claimed from the applications filed pursuant to
12 G.S. 105-163.011(c). If the total amount of tax credits claimed for investments made in a
13 calendar year exceeds this maximum amount, the Secretary shall allow a portion of the credits
14 claimed by allocating the maximum amount in tax credits in proportion to the size of the credit
15 claimed by each taxpayer."

16 **SECTION 31.12.(b)** G.S. 105-163.015 reads as rewritten:

17 "**§ 105-163.015. Sunset.**

18 This Part is repealed effective for investments made on or after ~~January 1, 2011.~~ January 1,
19 2013."

20 **SECTION 31.12.(c)** Subsection (a) of this section is effective for investments
21 made on or after January 1, 2010. The remainder of this section is effective when it becomes
22 law.

24 **TAX BENEFITS FOR SMALL BUSINESSES THAT PROVIDE HEALTH** 25 **INSURANCE**

26 **SECTION 31.13.(a)** G.S. 105-129.16E(d) reads as rewritten:

27 "**§ 105-129.16E. Credit for small business employee health benefits.**

28 ...

29 (d) Sunset. – This section expires for taxable years beginning on or after ~~January 1,~~
30 ~~2010.~~ January 1, 2014."

31 **SECTION 31.13.(b)** This section is effective when it becomes law.

33 **TAX BENEFITS FOR PUTTING PEOPLE BACK TO WORK**

34 **SECTION 31.14.(a)** Article 3B of Chapter 105 of the General Statutes is amended
35 by adding a new section to read:

36 "**§ 105-129.16J. Credit for small businesses that create jobs.**

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

38 (1) Full-time job. – Defined in G.S. 105-129.81.

39 (2) Small business. – A taxpayer that employed no more than 25 full-time
40 employees at the beginning of the taxable year.

41 (b) Credit. – A small business that meets the eligibility requirements of this section and
42 creates a new, full-time job in this State is allowed a credit. The amount of the credit is equal to
43 one thousand dollars (\$1,000) for each new full-time job created and maintained for a period of
44 at least three years. The credit is taken in the taxable year in which the job is created.

45 (c) Calculation. – The number of new jobs a taxpayer creates or maintains during the
46 taxable year is determined by subtracting the average number of full-time employees the
47 taxpayer had in this State during the 12-month period preceding the beginning of the taxable
48 year from the average number of full-time jobs the taxpayer has in this State during the taxable
49 year.

50 (d) Eligibility Requirements. – In order to be eligible for a credit under this section, the
51 taxpayer must satisfy the following eligibility requirements:

- 1 (1) Environmental impact. – The taxpayer must satisfy the environmental
2 impact requirement under G.S. 105-129.83.
3 (2) Safety and health programs. – The taxpayer must satisfy the safety and
4 health programs requirement under G.S. 105-129.83.
5 (3) Overdue tax debts. – The taxpayer must not have any overdue tax debts that
6 have not been satisfied or otherwise resolved.

7 (e) Forfeiture. – A taxpayer forfeits a credit allowed under this section if the taxpayer
8 was not eligible for the credit for the calendar year in which the taxpayer created the job. In
9 addition, a taxpayer forfeits a credit if the taxpayer fails to maintain the job for at least three
10 years. A taxpayer that forfeits a credit under this Article is liable for all past taxes avoided as a
11 result of the credit plus interest at the rate established under G.S. 105-241.21, computed from
12 the date the taxes would have been due if the credit had not been allowed. The past taxes and
13 interest are due 30 days after the date the credit is forfeited; a taxpayer that fails to pay the past
14 taxes and interest by the due date is subject to the penalties provided in G.S. 105-236.

15 (f) Limitations. – A taxpayer may not claim a credit under this section with respect to a
16 job for which the taxpayer claims any other credit under this Chapter for job creation. The
17 credit allowed by this section may not exceed twenty-five thousand dollars (\$25,000).

18 (g) Report. – The Department must publish by May 1 of each year the total credits
19 claimed under this section, itemized by taxpayer, for the 12-month period ending the previous
20 December 31.

21 (h) Sunset. – This section is repealed for jobs created on or after January 1, 2013."

22 **SECTION 31.14.(b)** This section is effective for taxes imposed for taxable years
23 beginning on or after January 1, 2010, and for jobs created on or after January 1, 2010.

24 **PART XXXII. MISCELLANEOUS PROVISIONS**

25 **STATE BUDGET ACT APPLIES**

26 **SECTION 32.1.** The provisions of the State Budget Act, Chapter 143C of the
27 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
28 this act by reference.
29

30 **COMMITTEE REPORT**

31 **SECTION 32.2.(a)** The North Carolina House of Representatives Appropriations
32 Committee Report On The Continuation, Expansion and Capital Budgets for Senate Bill 897,
33 dated June 1, 2010 which was distributed in the House of Representatives and used to explain
34 this act, shall indicate action by the General Assembly on this act and shall therefore be used to
35 construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as
36 appropriate, and for these purposes shall be considered a part of this act and as such shall be
37 printed as a part of the Session Laws.
38

39 **SECTION 32.2.(b)** The budget enacted by the General Assembly is for the
40 maintenance of the various departments, institutions, and other spending agencies of the State
41 for the 2010-2011 budget as provided in G.S. 143C-3-5. This budget includes the
42 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).
43

44 The Director of the Budget submitted recommended adjustments to the budget to
45 the General Assembly in April 2010 in the documents "The North Carolina State Budget,
46 Recommended Operating Budget with Performance Management Information 2010-2011" for
47 the 2010-2011 fiscal year for the various departments, institutions, and other spending agencies
48 of the State. The adjustments to these documents made by the General Assembly are set out in
49 the Committee Report.

1 **SECTION 32.2.(c)** The budget enacted by the General Assembly shall also be
2 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
3 appropriate legislation.

4 In the event that there is a conflict between the line-item budget certified by the
5 Director of the Budget and the budget enacted by the General Assembly, the budget enacted by
6 the General Assembly shall prevail.

7
8 **MOST TEXT APPLIES ONLY TO THE 2010-2011 FISCAL YEAR**

9 **SECTION 32.3.** Except for statutory changes or other provisions that clearly
10 indicate an intention to have effects beyond the 2010-2011 fiscal year, the textual provisions of
11 this act apply only to funds appropriated for, and activities occurring during, the 2010-2011
12 fiscal year.

13
14 **EFFECT OF HEADINGS**

15 **SECTION 32.4.** The headings to the parts and sections of this act are a
16 convenience to the reader and are for reference only. The headings do not expand, limit, or
17 define the text of this act, except for effective dates referring to a part.

18
19 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

20 **SECTION 32.5.(a)** Except where expressly repealed or amended by this act, the
21 provisions of S.L. 2009-451 and S.L. 2009-575 remain in effect.

22 **SECTION 32.5.(b)** Notwithstanding any modifications by this act in the amounts
23 appropriated, except where expressly repealed or amended, the limitations and directions for
24 the 2010-2011 fiscal year in S.L. 2009-451 and S.L. 2009-575 that applied to appropriations to
25 particular agencies or for particular purposes apply to the newly enacted appropriations and
26 budget reductions of this act for those same particular purposes.

27
28 **SEVERABILITY CLAUSE**

29 **SECTION 32.6.** If any section or provision of this act is declared unconstitutional
30 or invalid by the courts, it does not affect the validity of this act as a whole or any part other
31 than the part so declared to be unconstitutional or invalid.

32
33 **EFFECTIVE DATE**

34 **SECTION 32.7.** Except as otherwise provided, this act becomes effective July 1,
35 2010.