

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 1741
Second Edition Engrossed 5/23/06
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House Committee Substitute Favorable 6/13/06

Short Title: Modify Appropriations Act of 2005. (Public)

Sponsors:

Referred to:

May 22, 2006

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL
APPROPRIATIONS ACT OF 2005.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2006."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2007, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2006-2007 fiscal year.

Current Operations – General Fund	FY 2006-2007
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EDUCATION

Community Colleges System Office	\$ 42,924,642
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1	Department of Public Instruction	138,683,178
2		
3	University of North Carolina System	
4	Appalachian State University	\$ 2,189
5	East Carolina University	
6	Academic Affairs	(1,589,622)
7	Health Affairs	0
8	Elizabeth City State University	(28,887)
9	Fayetteville State University	42,675
10	NC Agricultural and Technical University	(223,690)
11	North Carolina Central University	(312)
12	North Carolina School of the Arts	29,159
13	North Carolina State University	
14	Academic Affairs	(3,908,353)
15	Agricultural Extension	65,287
16	Agricultural Research	0
17	University of North Carolina at Asheville	(569,398)
18	University of North Carolina at Chapel Hill	
19	Academic Affairs	(846,370)
20	Health Affairs	(795,501)
21	Area Health Education Centers	0
22	University of North Carolina at Charlotte	(471,439)
23	University of North Carolina at Greensboro	(1,138)
24	University of North Carolina at Pembroke	(299,992)
25	University of North Carolina at Wilmington	(100,910)
26	Western Carolina University	(735,491)
27	Winston-Salem State University	0
28	General Administration	0
29	University Institutional Programs	141,936,597
30	Related Educational Programs	0
31	North Carolina School of Science and Mathematics	52,250
32	UNC Hospitals at Chapel Hill	0
33	Total University of North Carolina Board of Governors	\$ 132,557,054
34		
35	HEALTH AND HUMAN SERVICES	
36		
37	Department of Health and Human Services	
38	Office of the Secretary	\$ (56,346,653)
39	Division of Aging	5,741,765
40	Division of Blind Services/Deaf/HH	0
41	Division of Child Development	26,561,908
42	Division of Education Services	996,783
43	Division of Facility Services	0
44	Division of Medical Assistance	(109,150,000)
45	Division of Mental Health	57,068,476
46	NC Health Choice	0
47	Division of Public Health	21,414,501
48	Division of Social Services	17,619,957
49	Division of Vocation Rehabilitation	0
50	Total Health and Human Services	\$ (36,093,263)
51		
52	NATURAL AND ECONOMIC RESOURCES	
53		
54	Department of Agriculture and Consumer Services	\$ 3,748,123
55		

1	Department of Commerce	
2	Commerce	20,312,483
3	Commerce State-Aid	10,453,138
4	NC Biotechnology Center	4,000,000
5	Rural Economic Development Center	0
6		
7	Department of Environment and Natural Resources	
8	Environment and Natural Resources	13,615,057
9	Clean Water Management Trust Fund	0
10		
11	Department of Labor	613,894
12		
13	JUSTICE AND PUBLIC SAFETY	
14		
15	Department of Correction	\$ 36,877,659
16		
17	Department of Crime Control and Public Safety	6,623,243
18		
19	Judicial Department	26,734,418
20	Judicial Department – Indigent Defense	6,985,055
21		
22	Department of Justice	4,728,270
23		
24	Department of Juvenile Justice and Delinquency Prevention	3,554,520
25		
26	GENERAL GOVERNMENT	
27		
28	Department of Administration	\$ 4,108,759
29		
30	Office of Administrative Hearings	281,367
31		
32	Department of State Auditor	57,564
33		
34	Office of State Controller	0
35		
36	Department of Cultural Resources	
37	Cultural Resources	4,310,053
38	Roanoke Island Commission	0
39		
40	State Board of Elections	634,791
41		
42	General Assembly	168,346
43		
44	Office of the Governor	
45	Office of the Governor	100,000
46	Office of State Budget and Management	409,938
47	OSBM – Reserve for Special Appropriations	1,353,253
48	Housing Finance Agency	17,125,000
49		
50	Department of Insurance	
51	Insurance	388,398
52	Insurance – Volunteer Safety Workers' Compensation	0
53		
54	Office of Lieutenant Governor	88,433
55		

1	Department of Revenue	1,279,782
2		
3	Department of Secretary of State	468,067
4		
5	Department of State Treasurer	
6	State Treasurer	281,784
7	State Treasurer – Retirement for Fire and Rescue Squad Workers	514,000
8		
9	TRANSPORTATION	
10		
11	Department of Transportation	\$ 0
12		
13	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
14		
15	Reserve for Compensation Increases	\$ 693,676,935
16		
17	Reserve for Teachers' and State Employees' Retirement Contributions	29,650,000
18		
19	Retirement System Payback	30,000,000
20		
21	Information Technology Fund	42,087,229
22		
23	Reserve for Heating and Cooling Assistance	10,000,000
24		
25	Trust Fund for MH/DD/SAS	24,205,000
26		
27	State Emergency Response Account	20,000,000
28		
29	Targeted County Medicaid Relief	35,000,000
30		
31	Pending Ethics Legislation (HB 1843 & HB 1844)	422,871
32		
33	Economic Development Initiatives	10,000,000
34		
35	Higher Education and County Programs/Facilities	59,825,000
36		
37	Debt Service	
38	General Debt Service	(50,000,000)
39	Federal Reimbursement	0
40		
41	ADJUSTMENTS TO APPROPRIATIONS – GENERAL FUND	\$ 1,352,754,041
42		
43	GENERAL FUND AVAILABILITY STATEMENT	
44	SECTION 2.2.(a) Section 2.2(a) of S.L. 2005-276 is repealed. The General	
45	Fund availability used in adjusting the 2006-2007 budget is shown below:	
46		
47		FY 2006-2007
48	Unappropriated Balance from FY 2005-06, S.L. 2005-276	117,227,875
49	Net Adjustments - S.L. 2005-345	(4,148,833)
50	Net Adjustments - S.L. 2005-435, S.L. 2005-406,	
51	S.L. 2005-376, S.L. 2005-391	(5,826,000)
52	Adjustment From Estimated to Actual 2005-2006	
53	Beginning Unreserved Balance	6,133,946
54	Revised Unappropriated Balance Remaining 2005-2006	\$ 113,386,988
55		

1	Emergency Appropriation for	
2	Department of Correction, S.L. 2006-2	(15,000,000)
3	Projected Reversions from FY 2005-2006	125,000,000
4	Projected Over Collections from FY 2005-2006	1,072,100,000
5	Year End Unreserved Credit Balance before Earmarkings	\$ 1,295,486,988
6		
7	Credit to Savings Reserve	\$ (323,871,747)
8	Credit to Repairs and Renovation Reserve Account	(210,955,188)
9	Revised Year End Unreserved Credit Balance	\$ 760,660,053
10		
11	Revenues Based on Existing Tax Structure	\$ 16,951,416,000
12		
13	Nontax Revenues	
14	Investment Income	\$ 78,700,000
15	Judicial Fees	168,605,271
16	Disproportionate Share	100,000,000
17	Insurance	51,543,813
18	Other Nontax Revenues	202,719,921
19	Highway Trust Fund Transfer	252,663,009
20	Highway Fund Transfer	0
21	Subtotal Nontax Revenues	\$ 854,232,014
22		
23	Total General Fund Availability	\$ 18,566,308,067
24		
25	Adjustments to Availability: 2006 Session	
26	Baseline Revenue Forecast	\$ 698,864,995
27	Reserve for Sales Tax Reduction from	
28	4.5% to 4.25% – January 1, 2007	(118,000,000)
29	Reserve for Upper Income Tax from	
30	8.25% to 8.125% – January 1, 2007	(14,300,000)
31	Reserve for Small Business Health Insurance Tax Credit	(10,800,000)
32	Reserve for 529 Plan Tax Deduction	(2,000,000)
33	IRC Update Conformance	(5,100,000)
34	Mill Rehabilitation Tax Credit	(2,800,000)
35	Taxation of Logging Machinery	(2,900,000)
36	Bill Lee Adjustments	(800,000)
37	Aviation Fuel Credit Sunset – January 1, 2007	(90,000)
38	Tax Incentive for Ethyl Alcohol Sales	(50,000)
39	Reserve for Joint Filing Options	(1,000,000)
40	Reserve for Research & Development Sales Tax Rate Change	(4,100,000)
41	Reduce Transfer to Highway Trust Fund	(195,176,407)
42	Adjust Transfer from Insurance Regulatory Fund	388,398
43	Adjust Transfer from Treasurer's Office	281,784
44	Subtotal Adjustments to Availability: 2006 Session	\$ 342,418,770
45		
46	Revised General Fund Availability for 2006-2007 Fiscal Year	\$ 18,908,726,837
47		
48	Total General Fund Appropriations	
49	for 2006-2007 Fiscal Year	(18,908,726,837)
50		
51	Unappropriated Balance Remaining	\$ 0
52		

53 **SECTION 2.2.(b)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, the
54 State Controller shall transfer two hundred ten million nine hundred fifty-five thousand
55 one hundred eighty-eight dollars (\$210,955,188) from the unreserved credit balance to

1 the Repairs and Renovations Reserve Account on June 30, 2006. This subsection
 2 becomes effective June 30, 2006.

3 **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and
 4 Renovations Reserve Account are appropriated for the 2006-2007 fiscal year to be used
 5 in accordance with G.S. 143-15.3A.

6 **SECTION 2.2.(d)** Section 2.2(e) of S.L. 2005-276 is repealed effective June
 7 30, 2006. This subsection becomes effective June 30, 2006

8 **SECTION 2.2.(e)** Section 2.2.(f) of S.L. 2005-276 reads as rewritten:

9 "**SECTION 2.2.(f)** Notwithstanding G.S. 105-187.9(b)(1), the sum to be transferred
 10 under that subdivision for the 2005-2006 fiscal year is two hundred fifty million dollars
 11 (\$250,000,000) and for the 2006-2007 fiscal year is ~~two hundred fifty million dollars~~
 12 ~~(\$250,000,000)~~, fifty-five million dollars (\$55,000,000)."

13 **SECTION 2.2.(f)** Pursuant to G.S. 105-187.9(b)(2), the sum to be
 14 transferred under that subdivision for the 2006-2007 fiscal year is two million four
 15 hundred eighty-six thousand six hundred two dollars (\$2,486,602).

16
 17 **PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

18
 19 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

20 **SECTION 3.1.** Appropriations from the Highway Fund of the State for
 21 maintenance and operation of the Department of Transportation, and for other purposes
 22 as enumerated, are made for the fiscal year ending June 30, 2007, according to the
 23 schedule that follows. Amounts set out in brackets are reductions from Highway Fund
 24 Appropriations for the 2006-2007 fiscal year.

Current Operations – Highway Fund	2006-2007
Department of Transportation	
Administration	\$ 0
Division of Highways	
Administration	0
Construction	39,439,500
Maintenance	190,217,256
Planning and Research	0
OSHA Program	0
Aeronautics	2,000,000
Ferry Operations	1,000,000
State Aid	
Municipalities	1,439,500
Public Transportation	(14,000,000)
Railroads	3,198,750
Governor's Highway Safety	0
Division of Motor Vehicles	1,386,701
Other State Agencies	1,069,364
Reserves and Transfers	29,080,000
TOTAL	\$254,831,071

52
 53 **HIGHWAY FUND AVAILABILITY STATEMENT**

54 **SECTION 3.2.** The Highway Fund availability used in developing the
 55 2005-2007 biennial budget is shown below:

1		
2	Highway Fund Availability Statement	2006-2007
3		
4	Beginning Credit Balance	26,600,000
5	Estimated Revenue	1,767,140,000
6		
7	Total Highway Fund Availability	\$ 1,793,740,000

8

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

10

11 **HIGHWAY TRUST FUND APPROPRIATIONS**

12 **SECTION 4.1.** Appropriations from the Highway Trust Fund of the State for
 13 maintenance and operation of the Department of Transportation, and for other purposes
 14 as enumerated, are made for the fiscal year ending June 30, 2007, according to the
 15 schedule that follows. Amounts set out in brackets are reductions from Highway Trust
 16 Fund Appropriations for the 2006-2007 fiscal year.

17		
18	Current Operations – Highway Trust Fund	2006-2007
19		
20	Intrastate System	100,567,595
21	Urban Loops	40,665,346
22	Aid to Municipalities	10,551,886
23	Secondary Roads	9,271,360
24	Program Administration	(1,189,780)
25	Transfer to General Fund	(195,176,407)
26		
27	GRAND TOTAL CURRENT OPERATIONS	
28	AND EXPANSION	(\$35,310,000)

29

30 **PART V. BLOCK GRANTS**

31 **DHHS BLOCK GRANTS**

32 **SECTION 5.1.(a)** Appropriations from federal block grant funds are made
 33 for the fiscal year ending June 30, 2007, according to the following schedule:

34

35 **TEMPORARY ASSISTANCE TO NEEDY FAMILIES**
 36 **(TANF) BLOCK GRANT**

37		
38	Local Program Expenditures	
39		
40	Division of Social Services	
41		
42	01. Work First Family Assistance (Cash Assistance)	\$108,000,000
43		
44	02. Work First County Block Grants	94,653,315
45		
46	03. Child Protective Services – Child Welfare Workers for Local DSS	12,452,391
47		
48		
49	04. Work First – Boys and Girls Clubs	1,500,000
50		
51	05. Work First – After-School Services for At-Risk Children	2,249,642
52		
53		
54	06. Work First – After-School Programs for	

1	At-Risk Youth in Middle Schools	500,000
2		
3	07. Child Welfare Collaborative	1,000,000
4		
5	08. Work First – Work Central	550,000
6		
7	09. Adoption Services – Special Children's	
8	Adoption Fund	3,000,000
9		
10	10. Family Violence Prevention	2,200,000
11		
12	11. Foster Care	2,000,000
13		
14	12. Child and Family Mental Health Services	4,000,000
15		
16	13. Emergency Housing Assistance	4,000,000
17		
18	Division of Child Development	
19		
20	14. Subsidized Child Care Program	53,237,268
21		
22	DHHS Administration	
23		
24	15. Division of Social Services	586,931
25		
26	16. Office of the Secretary	65,836
27		
28	17. Office of the Secretary/DIRM – TANF	
29	Automation Projects	592,500
30		
31	18. Office of the Secretary/DIRM – NC FAST	
32	Implementation	1,800,000
33		
34	Transfers to Other Block Grants	
35		
36	Division of Child Development	
37		
38	19. Transfer to the Child Care and	
39	Development Fund	81,292,880
40		
41	Division of Social Services	
42		
43	20. Transfer to Social Services Block Grant for	
44	Department of Juvenile Justice and Delinquency	
45	Prevention – Support Our Students	2,749,642
46		
47	21. Transfer to Social Services Block Grant for Child	
48	Protective Services – Child Welfare Training in	
49	Counties	2,550,000
50		
51	22. Transfer to Social Services Block Grant for	
52	Maternity Homes	838,000
53		
54	23. Transfer to Social Services Block Grant for Teen	
55	Pregnancy Prevention Initiatives	2,500,000

1		
2	24.	Transfer to Social Services Block Grant for County
3		Departments of Social Services for Children's Services
4		4,500,000
5	25.	Transfer to Social Services Block Grant for
6		Foster Care Services
7		1,181,907
8	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
9	(TANF) BLOCK GRANT	
10		\$388,000,312
11	SOCIAL SERVICES BLOCK GRANT	
12		
13	Local Program Expenditures	
14		
15	Divisions of Social Services and Aging and Adult Services	
16		
17	01.	County Departments of Social Services
18		(Transfer from TANF – \$4,500,000)
19		\$ 28,868,189
20	02.	State In-Home Services Fund
21		2,101,113
22	03.	State Adult Day Care Fund
23		2,155,301
24	04.	Child Protective Services/CPS Investigative
25		Services-Child Medical Evaluation Program
26		238,321
27	05.	Foster Care Services
28		(Transfer from TANF – \$1,181,907)
29		1,706,063
30	06.	Child Protective Services-Child Welfare Training
31		for Counties
32		(Transfer from TANF)
33		2,550,000
34	07.	Maternity Homes
35		(Transfer from TANF)
36		838,000
37	08.	Local DSS Services for Hurricane Victims
38		509,272
39	Division of Aging and Adult Services	
40		
41	09.	Home and Community Care Block Grant (HCCBG)
42		1,834,077
43	Division of Mental Health, Developmental Disabilities, and Substance	
44	Abuse Services	
45		
46	10.	Mental Health Services Program
47		422,003
48	11.	Developmental Disabilities Services Program
49		5,000,000
50	12.	Mental Health Services-Adult/Mental Health Services-
51		Child/Developmental Disabilities Program/
52		Substance Abuse Services-Adult
53		3,234,601
54	Division of Child Development	
55		

1	13.	Subsidized Child Care Program	3,150,000
2			
3		Division of Vocational Rehabilitation	
4			
5	14.	Vocational Rehabilitation Services – Easter Seal	
6		Society/UCP	188,263
7			
8		Office of the Secretary – Office of Economic Opportunity	
9			
10	15.	Elderly Supplemental Grant Program	41,302
11			
12		Division of Public Health	
13			
14	16.	Teen Pregnancy Prevention Initiatives	2,500,000
15		(Transfer from TANF)	
16			
17		DHHS Program Expenditures	
18			
19		Division of Aging and Adult Services	
20			
21	17.	UNC-CARES Training Contract	247,920
22			
23		Division of Services for the Blind	
24			
25	18.	Independent Living Program	3,314,114
26			
27		Division of Facility Services	
28			
29	19.	Adult Care Licensure Program	411,897
30			
31	20.	Mental Health Licensure and Certification Program	205,668
32			
33		DHHS Administration	
34			
35	21.	Division of Aging and Adult Services	630,636
36			
37	22.	Division of Social Services	869,058
38			
39	23.	Office of the Secretary/Controller's Office	123,059
40			
41	24.	Office of the Secretary/DIRM	82,009
42			
43	25.	Division of Child Development	15,000
44			
45	26.	Division of Mental Health, Developmental	
46		Disabilities, and Substance Abuse Services	18,098
47			
48	27.	Division of Facility Services	62,986
49			
50	28.	Office of the Secretary-NC Inter-Agency Council	
51		For Coordinating Homeless Programs	250,000
52			
53	29.	Office of the Secretary-Housing Coalition	100,000
54			
55		Transfers to Other State Agencies	

1		
2	Department of Administration	
3		
4	30. NC Commission of Indian Affairs In-Home	
5	Services for the Elderly	203,198
6		
7	Department of Juvenile Justice and Delinquency Prevention	
8		
9	31. Support Our Students	2,749,642
10	(Transfer from TANF)	
11		
12	Transfers to Other Block Grants	
13		
14	Division of Public Health	
15		
16	32. Transfer to Preventive Health Services Block Grant for	
17	HIV/STD Prevention and Community Planning	145,819
18		
19	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 64,765,609
20		
21	LOW-INCOME ENERGY BLOCK GRANT	
22		
23	Local Program Expenditures	
24		
25	Division of Social Services	
26		
27	01. Low Income Energy Assistance Program (LIHEAP)	\$ 28,684,494
28		
29	02. Crisis Intervention Program (CIP)	20,831,114
30		
31	Office of the Secretary – Office of Economic Opportunity	
32		
33	03. Weatherization Program	9,431,545
34		
35	04. Heating Air Repair & Replacement Program (HARRP)	4,399,042
36		
37	Local Administration	
38		
39	Division of Social Services	
40		
41	05. County DSS Administration	2,057,992
42		
43	Office of the Secretary – Office of Economic Opportunity	
44		
45	06. Local Residential Energy Efficiency Service	
46	Providers – Weatherization	257,185
47		
48	07. Local Residential Energy Efficiency Service	
49	Providers – HARRP	119,955
50		
51	DHHS Administration	
52		
53	08. Division of Social Services	319,774
54		
55	09. Division of Mental Health, Developmental	

1	Disabilities, and Substance Abuse Services	7,146
2		
3	10. Office of the Secretary/DIRM	245,395
4		
5	11. Office of the Secretary/Controller's Office	11,211
6		
7	12. Office of the Secretary/Office of Economic	
8	Opportunity – Weatherization	257,185
9		
10	13. Office of the Secretary/Office of Economic	
11	Opportunity – HARRP	119,955
12		
13	Transfers to Other State Agencies	
14		
15	14. Department of Administration –	
16	N.C. State Commission of Indian Affairs	58,455
17		
18	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 66,800,448
19		
20	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
21		
22	Local Program Expenditures	
23		
24	Division of Child Development	
25		
26	01. Subsidized Child Care Services	\$165,102,685
27		
28	02. Subsidized Child Care Services	
29	(TANF to CCDF)	81,292,880
30		
31	DHHS Program Expenditures	
32		
33	Division of Child Development	
34		
35	03. Quality and Availability Initiatives	34,951,707
36		
37	Local Administrations	
38		
39	Division of Child Development	
40		
41	04. Administrative Expenses (Non-Direct Subsidy	
42	Services Support)	1,849,000
43		
44	DHHS Administration	
45		
46	05. DCD Administrative Expenses	6,028,354
47		
48	TOTAL CHILD CARE AND DEVELOPMENT FUND	
49	BLOCK GRANT	\$289,224,626
50		
51	MENTAL HEALTH SERVICES BLOCK GRANT	
52		
53	Local Program Expenditures	
54		
55	01. Mental Health Services – Adult	\$ 7,184,481

1			
2	02.	Mental Health Services – Child	3,921,991
3			
4	03.	Comprehensive Treatment Service	
5		Program	1,500,000
6			
7		Local Administration	
8			
9	04.	Division of Mental Health	100,000
10			
11		TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,706,472
12			
13		SUBSTANCE ABUSE PREVENTION	
14		AND TREATMENT BLOCK GRANT	
15			
16		Local Program Expenditures	
17			
18	01.	Substance Abuse Services – Adult	\$ 20,537,390
19			
20	02.	Substance Abuse Treatment Alternative for	
21		Women	8,069,524
22			
23	03.	Substance Abuse – HIV and IV Drug	4,816,378
24			
25	04.	Substance Abuse Prevention – Child	5,835,701
26			
27	05.	Substance Abuse Services – Child	4,940,500
28			
29	06.	Substance Abuse Strengthening Families –	
30		Prevention	851,156
31			
32		Division of Public Health	
33			
34	07.	Risk Reduction Projects	383,980
35			
36	08.	Aid-to-Counties	209,576
37			
38	09.	Maternal Health	37,779
39			
40		DHHS Administration	
41			
42	10.	Division of Mental Health	500,000
43			
44		TOTAL SUBSTANCE ABUSE PREVENTION	
45		AND TREATMENT BLOCK GRANT	\$ 46,181,984
46			
47		MATERNAL AND CHILD HEALTH BLOCK GRANT	
48			
49		Local Program Expenditures	
50			
51		Division of Public Health	
52			
53	01.	Healthy Mothers/Healthy Children	9,359,236
54			
55	02.	Children's Health Services	4,114,216

1			
2	03.	Healthy Beginnings	404,559
3			
4	04.	Maternal Health	397,761
5			
6	05.	Teen Pregnancy Prevention Initiatives	85,710
7			
8	DHHS Program Expenditures		
9			
10	Division of Public Health		
11			
12	06.	Children's Health Services	3,149,826
13			
14	07.	Maternal Health	185,488
15			
16	08.	State Center for Health Statistics	29,432
17			
18	09.	Local Technical Assistance & Training	47,424
19			
20	10.	Injury and Violence Prevention	149,438
21			
22	11.	Office of Minority Health	98,236
23			
24	12.	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	22,856
25			
26			
27	13.	Immunization Program – Vaccine Distribution	414,175
28			
29	DHHS Administration		
30			
31	14.	Division of Public Health Administration	550,681
32			
33	TOTAL MATERNAL AND CHILD		
34	HEALTH BLOCK GRANT		\$ 19,009,038
35			
36	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
37			
38	Local Program Expenditures		
39			
40	01.	NC Statewide Health Promotion	\$1,755,653
41			
42	02.	Services to Rape Victims	197,112
43			
44	03.	HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)	145,819
45			
46			
47	DHHS Program Expenditures		
48			
49	04.	NC Statewide Health Promotion	431,444
50			
51	05.	Oral Health	114,251
52			
53	06.	Osteoporosis Program	67,593
54			
55	DHHS Administration		

1		
2	07. Division of Public Health	109,211
3		
4	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$2,821,083
5		
6	COMMUNITY SERVICES BLOCK GRANT	
7		
8	Local Program Expenditures	
9		
10	Office of Economic Opportunity – Community Services Block Grant	
11		
12	01. Community Action Agencies	\$ 15,071,666
13		
14	02. Limited Purpose Agencies	823,261
15		
16	DHHS Administration	
17		
18	03. Office of Economic Opportunity	823,261
19		
20	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 16,718,188

GENERAL PROVISIONS

23 **SECTION 5.1.(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
 25 Grant received and administered by the Department, and each plan shall include the
 26 following:

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

40 **SECTION 5.1.(c)** Changes in Federal Fund Availability. – If the Congress
 41 of the United States increases the federal fund availability for any of the Block Grants
 42 administered by the Department of Health and Human Services from the amounts
 43 appropriated in this section, the Department shall allocate the increase proportionally
 44 across the program and activity appropriations identified for that Block Grant in this
 45 section. In allocating an increase in federal fund availability, the Department shall not
 46 propose funding for new programs or activities not appropriated in this section or
 47 increase State administrative expenditures.

48 If the Congress of the United States decreases the federal fund availability for
 49 any of the Block Grants administered by the Department of Health and Human Services
 50 from the amounts appropriated in this section, the Department shall reduce State
 51 administration by at least the percentage of the reduction in federal funds. After
 52 determining the State administration, the remaining reductions shall be allocated
 53 proportionately across the program and activity appropriations identified for that Block
 54 Grant in this section. In allocating a decrease in federal fund availability, the

1 Department shall not eliminate the funding for a program or activity appropriated in this
2 section unless it is related to the State administration.

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

10 **SECTION 5.1.(d)** All changes to the budgeted allocations to the Block
11 Grants administered by the Department of Health and Human Services that are not
12 specifically addressed in this section shall be approved by the Office of State Budget
13 and Management, and a report shall be submitted to the Joint Legislative Commission
14 on Governmental Operations for review prior to implementing the changes. All changes
15 to the budgeted allocations to the Block Grant shall be reported immediately to the
16 House of Representatives Appropriations Subcommittee on Health and Human
17 Services, the Senate Appropriations Committee on Health and Human Services, and the
18 Fiscal Research Division. This subsection does not apply to block grant changes caused
19 by legislative salary increases and benefit adjustments.

20 **SECTION 5.1.(e)** The Department of Health and Human Services shall
21 report to the House of Representatives Appropriations Subcommittee on Health and
22 Human Services, the Senate Appropriations Committee on Health and Human Services,
23 and the Fiscal Research Division on positions funded from federal Block Grants. The
24 report shall include the following for each Block Grant:

- 25 (1) All State positions currently funded through the Block Grant,
26 including permanent, temporary, and time-limited positions.
- 27 (2) Budgeted salary and fringe benefits for each position.
- 28 (3) Identify the percentage of Block Grant funds used to fund each
29 position.

30 The report shall be submitted no later than December 1, 2006.

31 32 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT** 33 **(TANF)**

34 **SECTION 5.1.(f)** The sum of five hundred eighty-six thousand nine hundred
35 thirty-one dollars (\$586,931) appropriated in this section in the TANF Block Grant to
36 the Department of Health and Human Services, Division of Social Services, for the
37 2006-2007 fiscal year shall be used to support administration of TANF-funded
38 programs.

39 **SECTION 5.1.(g)** The sum of two million two hundred thousand dollars
40 (\$2,200,000) appropriated under this section in the TANF Block Grant to the
41 Department of Health and Human Services, Division of Social Services, for the
42 2006-2007 fiscal year shall be used to provide domestic violence services to Work First
43 recipients. These funds shall be used to provide domestic violence counseling, support,
44 and other direct services to clients. These funds shall not be used to establish new
45 domestic violence shelters or to facilitate lobbying efforts. The Division of Social
46 Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to
47 support one administrative position within the Division of Social Services to implement
48 this subsection.

49 Each county department of social services and the local domestic violence
50 shelter program serving the county shall jointly develop a plan for utilizing these funds.
51 The plan shall include the services to be provided and the manner in which the services
52 shall be delivered. The county plan shall be signed by the county social services director
53 or the director's designee and the domestic violence program director or the director's
54 designee and submitted to the Division of Social Services by December 1, 2006. The
55 Division of Social Services, in consultation with the Council for Women, shall review

1 the county plans and shall provide consultation and technical assistance to the
2 departments of social services and local domestic violence shelter programs, if needed.

3 The Division of Social Services shall allocate these funds to county
4 departments of social services according to the following formula: (i) each county shall
5 receive a base allocation of five thousand dollars (\$5,000); and (ii) each county shall
6 receive an allocation of the remaining funds based on the county's proportion of the
7 statewide total of the Work First caseload as of July 1, 2006, and the county's proportion
8 of the statewide total of the individuals receiving domestic violence services from
9 programs funded by the Council for Women as of July 1, 2006. The Division of Social
10 Services may reallocate unspent funds to counties that submit a written request for
11 additional funds.

12 **SECTION 5.1.(h)** The sum of two million two hundred forty-nine thousand
13 six hundred forty-two dollars (\$2,249,642) appropriated in this section in the TANF
14 Block Grant to the Department of Health and Human Services, Division of Social
15 Services, for the 2006-2007 fiscal year shall be used to expand after-school programs
16 and services for at-risk children. The Department shall develop and implement a grant
17 program to award grants to community-based programs that demonstrate the ability to
18 reach children at risk of teen pregnancy, school dropout, and gang participation. The
19 Department shall award grants to community-based organizations that demonstrate the
20 ability to develop and implement linkages with local departments of social services,
21 area mental health programs, schools, and other human services programs in order to
22 provide support services and assistance to the child and family. These funds may be
23 used to fund one position within the Division of Social Services to coordinate at-risk
24 after-school programs and shall not be used for other State administration.

25 **SECTION 5.1.(i)** The sum of twelve million four hundred fifty-two
26 thousand three hundred ninety-one dollars (\$12,452,391) appropriated in this section to
27 the Department of Health and Human Services, Division of Social Services, in the
28 TANF Block Grant for the 2006-2007 fiscal year for child welfare improvements, shall
29 be allocated to the county departments of social services for hiring or contracting staff
30 to investigate and provide services in Child Protective Services cases; to provide foster
31 care and support services; to recruit, train, license, and support prospective foster and
32 adoptive families; and to provide interstate and postadoption services for eligible
33 families.

34 **SECTION 5.1.(j)** The sum of three million dollars (\$3,000,000)
35 appropriated in this section in the TANF Block Grant to the Department of Health and
36 Human Services, Special Children Adoption Fund, for the 2006-2007 fiscal year shall
37 be used in accordance with Section 10.48 of S.L. 2005-276. The Division of Social
38 Services, in consultation with the North Carolina Association of County Directors of
39 Social Services and representatives of licensed private adoption agencies, shall develop
40 guidelines for the awarding of funds to licensed public and private adoption agencies
41 upon the adoption of children described in G.S. 108A-50 and in foster care. Payments
42 received from the Special Children Adoption Fund by participating agencies shall be
43 used exclusively to enhance the adoption services program. No local match shall be
44 required as a condition for receipt of these funds.

45 **SECTION 5.1.(k)** The sum of one million eight hundred thousand dollars
46 (\$1,800,000) in this section appropriated to the Department of Health and Human
47 Services in the TANF Block Grant for the 2006-2007 fiscal year shall be used to
48 implement N.C. FAST (North Carolina Families Accessing Services through
49 Technology). The N.C. FAST Program involves the entire automation initiative through
50 which families access services and local departments of social services deliver benefits,
51 supervised by the Department of Health and Human Services, Divisions of Social
52 Services, Aging and Adult Services, Medical Assistance, and Child Development. The
53 statewide automated initiative shall be implemented in compliance with federal
54 regulations in order to ensure federal financial participation in the project. The
55 Department of Health and Human Services shall report on its compliance with this

1 subsection to the House of Representatives Appropriations Subcommittee on Health and
2 Human Services, the Senate Appropriations Committee on Health and Human Services,
3 and the Fiscal Research Division no later than January 1, 2007.

4 **SECTION 5.1.(l)** The sum of five hundred thousand dollars (\$500,000)
5 appropriated in this section to the Department of Health and Human Services, Division
6 of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year shall be used
7 to expand after-school programs for at-risk children attending middle school. The
8 Department shall develop and implement a grant program to award funds to
9 community-based programs demonstrating the capacity to reach children at risk of teen
10 pregnancy, school dropout, and gang participation. These funds shall not be used for
11 training or administration at the State level. All funds shall be distributed to
12 community-based programs, focusing on those communities where similar programs do
13 not exist in middle schools.

14 **SECTION 5.1.(m)** In implementing the TANF Block Grant, the Department
15 of Health and Human Services shall review policies, programs, and initiatives to ensure
16 that they support men in their role as fathers and strengthen fathers' involvement in their
17 children's lives. The Department shall encourage county departments of social services
18 to ensure their Work First programs emphasize responsible fatherhood and increased
19 participation by noncustodial fathers.

20 **SECTION 5.1.(n)** The sum of five hundred fifty thousand dollars
21 (\$550,000) appropriated in this section to the Department of Health and Human
22 Services in the TANF Block Grant for the 2006-2007 fiscal year shall be transferred to
23 Work Central, Inc. Work Central, Inc., shall report on the number of people served and
24 the services received as a result of the receipt of funds. The report shall contain
25 expenditure data, including the amount of funds used for administration and direct
26 training. The report shall also include the number of people who have been employed as
27 a direct result of services provided by Work Central, Inc., including the length of
28 employment in the new position. The Department of Health and Human Services shall
29 evaluate the program and ensure that services provided are not duplicative of local
30 employment security commissions in the nine counties served by Work Central, Inc.
31 The evaluation report shall be submitted to the House of Representatives Appropriations
32 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
33 Health and Human Services, and the Fiscal Research Division no later than May 1,
34 2007.

35 **SECTION 5.1.(o)** The sum of one million five hundred thousand dollars
36 (\$1,500,000) appropriated in this section to the Department of Health and Human
37 Services in the Social Services Block Grant for Boys and Girls Clubs for the 2006-2007
38 fiscal year shall be used to make grants for approved programs. The Department of
39 Health and Human Services, in accordance with federal regulations for the use of Social
40 Services Block Grant funds, shall administer a grant program to award funds to the
41 Boys and Girls Clubs across the State in order to implement programs that improve the
42 motivation, performance, and self-esteem of youths and to implement other initiatives
43 that would be expected to reduce gang participation, school dropout, and teen pregnancy
44 rates. The Department shall encourage and facilitate collaboration between the Boys and
45 Girls Clubs and Support Our Students, Communities in Schools, and similar programs
46 to submit joint applications for the funds if appropriate.

47 **SECTION 5.1.(p)** The sum of four million dollars (\$4,000,000) appropriated
48 in this section to the Department of Health and Human Services, Division of Social
49 Services, in the TANF Block Grant for the 2006-2007 fiscal year shall be used to
50 increase work participation rates by providing substance abuse and mental health
51 services. The services shall be provided to families and children with child welfare
52 issues and mental health or substance abuse problems that are an impediment to work.
53 The Division of Social Services shall work with the Division of Mental Health,
54 Developmental Disabilities, and Substance Abuse Services in the development and
55 implementation of this program.

1 **SECTION 5.1.(q)** The sum of four million dollars (\$4,000,000) appropriated
2 in this section to the Department of Health and Human Services, Division of Social
3 Services, in the TANF Block Grant for the 2006-2007 fiscal year shall be used to
4 increase work participation rates by providing targeted emergency housing assistance
5 for families and children receiving TANF. The funds shall be used to provide
6 short-term rent assistance or security deposits for families to maintain stable housing,
7 transition from homelessness, or prevent homelessness, including domestic violence
8 situations. The Division of Social Services shall work with the North Carolina Housing
9 Finance Agency in the development and implementation of this program.

10 **SECTION 5.1.(r)** The sum of one million dollars (\$1,000,000) appropriated
11 in this section to the Child Welfare Collaborative in the TANF Block Grant for the
12 2006-2007 fiscal year shall be used to provide service awards for students receiving
13 undergraduate or graduate degrees in social work.

14 **SECTION 5.1.(s)** It is the intent of the General Assembly that effective
15 beginning with the 2007-2008 fiscal year, North Carolina counties will use county
16 funding to replace any lost TANF and Maintenance of Effort (MOE) funds resulting
17 from North Carolina being penalized for not meeting work participation rates in the
18 2006-2007 fiscal year and thereafter. The Department of Health and Human Services,
19 Division of Social Services, shall develop a plan for implementation of county penalty
20 payments. The Department shall report on its development and implementation of the
21 plan to the House of Representatives Appropriations Subcommittee on Health and
22 Human Services, the Senate Appropriations Committee on Health and Human Services,
23 and the Fiscal Research Division no later than April 1, 2007.

24 25 **SOCIAL SERVICES BLOCK GRANT**

26 **SECTION 5.1.(t)** Social Services Block Grant funds appropriated to the
27 North Carolina Inter-Agency Council for Coordinating Homeless Programs and the
28 North Carolina Housing Coalition are exempt from the provisions of 10A NCAC
29 71R.0201(3).

30 **SECTION 5.1.(u)** The sum of two million seven hundred forty-nine
31 thousand six hundred forty-two dollars (\$2,749,642) appropriated in this section in the
32 Social Services Block Grant to the Department of Health and Human Services and
33 transferred to the Department of Juvenile Justice and Delinquency Prevention for the
34 2006-2007 fiscal year shall be used to support the existing Support Our Students
35 Program, including gang prevention, and to expand the Program statewide, focusing on
36 low-income communities in unserved areas. These funds shall not be used for
37 administration of the Program.

38 **SECTION 5.1.(v)** The sum of two million five hundred fifty thousand
39 dollars (\$2,550,000) appropriated in this section in the Social Services Block Grant to
40 the Department of Health and Human Services, Division of Social Services, for the
41 2006-2007 fiscal year shall be used to support various child welfare training projects as
42 follows:

- 43 (1) Provide a regional training center in southeastern North Carolina.
- 44 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
45 Social Work Collaborative.
- 46 (3) Provide training for residential child care facilities.
- 47 (4) Provide for various other child welfare training initiatives.

48 **SECTION 5.1.(w)** The sum of eight hundred thirty-eight thousand dollars
49 (\$838,000) appropriated in this section in the Social Services Block Grant to the
50 Department of Health and Human Services for the 2006-2007 fiscal year shall be used
51 to purchase services at maternity homes throughout the State.

52 **SECTION 5.1.(x)** The sum of one million seven hundred six thousand
53 sixty-three dollars (\$1,706,063) appropriated in this section in the Social Services Block
54 Grant for child caring agencies for the 2006-2007 fiscal year shall be allocated to the
55 State Private Child Caring Agencies Fund.

1 **SECTION 5.1.(y)** The Department of Health and Human Services is
2 authorized, subject to the approval of the Office of State Budget and Management, to
3 transfer Social Services Block Grant funding allocated for departmental administration
4 between divisions that have received administrative allocations from the Social Services
5 Block Grant.

6
7 **LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

8 **SECTION 5.1.(z)** Additional emergency contingency funds received may be
9 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
10 consultation with the Joint Legislative Commission on Governmental Operations.
11 Additional funds received shall be reported to the Joint Legislative Commission on
12 Governmental Operations and the Fiscal Research Division upon notification of the
13 award. The Department of Health and Human Services shall not allocate funds for any
14 activities, including increasing administration, other than assistance payments, without
15 prior consultation with the Joint Legislative Commission on Governmental Operations.

16
17 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

18 **SECTION 5.1.(aa)** The sum of no more than four hundred thousand dollars
19 (\$400,000) appropriated in this section to the Department of Health and Human
20 Services in the Child Care and Development Fund Block Grant for the 2006-2007 fiscal
21 year may be used for the operations of the Medical Child Care Pilot.

22 **SECTION 5.1.(bb)** Payment for subsidized child care services provided
23 with federal TANF funds shall comply with all regulations and policies issued by the
24 Division of Child Development for the subsidized child care program.

25 **SECTION 5.1.(cc)** If funds appropriated through the Child Care and
26 Development Fund Block Grant for any program cannot be obligated or spent in that
27 program within the obligation or liquidation periods allowed by the federal grants, the
28 Department may move funds to child care subsidies, unless otherwise prohibited by
29 federal requirements of the grant, in order to use the federal funds fully.

30
31 **MENTAL HEALTH BLOCK GRANT**

32 **SECTION 5.1.(dd)** The sum of one million five hundred thousand dollars
33 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
34 Department of Health and Human Services, Division of Mental Health, Developmental
35 Disabilities, and Substance Abuse Services, for the 2006-2007 fiscal year, and the sum
36 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
37 section in the Social Services Block Grant to the Department of Health and Human
38 Services, Division of Social Services, for the 2006-2007 fiscal year shall be used to
39 continue a Comprehensive Treatment Services Program for Children in accordance with
40 Section 10.25 of S.L. 2005-276.

41 **SECTION 5.1.(ee)** The Department of Health and Human Services shall
42 contract with the University of North Carolina at Chapel Hill for the purpose of
43 providing psychology student stipends in the amount of fifty thousand dollars (\$50,000)
44 for the 2006-2007 fiscal year. Twenty-five thousand dollars (\$25,000) of this contract
45 shall be paid from the Mental Health Block Grant.

46
47 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

48 **SECTION 5.1.(ff)** If federal funds are received under the Maternal and
49 Child Health Block Grant for abstinence education, pursuant to section 912 of Public
50 Law 104-193 (42 U.S.C. § 710), for the 2006-2007 fiscal year, then those funds shall be
51 transferred to the State Board of Education to be administered by the Department of
52 Public Instruction. The Department of Public Instruction shall use the funds to establish
53 an Abstinence Until Marriage Education Program and shall delegate to one or more
54 persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The

1 Department of Public Instruction shall carefully and strictly follow federal guidelines in
2 implementing and administering the abstinence education grant funds.

3 **SECTION 5.1.(gg)** The Department of Health and Human Services shall
4 ensure that there will be follow-up testing in the Newborn Screening Program.

5
6 **NER BLOCK GRANTS**

7 **SECTION 5.2.(a)** Appropriations from federal block grant funds are made
8 for fiscal year ending June 30, 2007, according to the following schedule:

9
10 **COMMUNITY DEVELOPMENT BLOCK GRANT**

11	01. State Administration	\$ 1,000,000
12	02. Urgent Needs and Contingency	1,000,000
13	03. Scattered Site Housing	13,200,000
14	04. Economic Development	8,710,000
15	05. Community Revitalization	13,500,000
16	06. State Technical Assistance	450,000
17	07. Housing Development	2,000,000
18	08. Infrastructure	5,140,000

19
20
21
22
23
24
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26
27
28 **TOTAL COMMUNITY DEVELOPMENT**
29 **BLOCK GRANT – 2007 Program Year** \$ 45,000,000

30
31 **SECTION 5.2.(b)** Decreases in Federal Fund Availability. – If federal funds
32 are reduced below the amounts specified above after the effective date of this act, then
33 every program in each of these federal block grants shall be reduced by the same
34 percentage as the reduction in federal funds.

35 **SECTION 5.2.(c)** Increases in Federal Fund Availability for Community
36 Development Block Grant. – Any block grant funds appropriated by the Congress of the
37 United States in addition to the funds specified in this section shall be expended as
38 follows: each program category under the Community Development Block Grant shall
39 be increased by the same percentage as the increase in federal funds.

40 **SECTION 5.2.(d)** Limitations on Community Development Block Grant
41 Funds. – Of the funds appropriated in this section for the Community Development
42 Block Grant, the following shall be allocated in each category for each program year: up
43 to one million dollars (\$1,000,000) may be used for State Administration; not less than
44 one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to
45 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered
46 Site Housing; up to eight million seven hundred ten thousand dollars (\$8,710,000) may
47 be used for Economic Development, including Urban Redevelopment Grants and Small
48 Business or Entrepreneurial Assistance; not less than thirteen million five hundred
49 thousand dollars (\$13,500,000) shall be used for Community Revitalization; up to four
50 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance;
51 up to two million dollars (\$2,000,000) may be used for Housing Development; up to
52 five million one hundred forty thousand dollars (\$5,140,000) may be used for
53 Infrastructure. If federal block grant funds are reduced or increased by the Congress of
54 the United States after the effective date of this act, then these reductions or increases
55 shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

1 **SECTION 5.2.(e)** Increase Capacity for Nonprofit Organizations. –
2 Assistance to nonprofit organizations to increase their capacity to carry out
3 CDBG-eligible activities in partnership with units of local government is an eligible
4 activity under any program category in accordance with federal regulations. Capacity
5 building grants may be made from funds available within program categories, program
6 income, or unobligated funds.

7 **SECTION 5.2.(f)** The Department of Commerce will create a small
8 business/entrepreneurship program in coordination with micro-lending programs and
9 other small business assistance groups in the State. The Department of Commerce shall
10 award up to one million dollars (\$1,000,000) in grants to local governments to provide
11 assistance to low-to-moderate income individuals for small business and
12 entrepreneurship development.

13 **SECTION 5.2.(g)** The Department of Commerce shall consult with the Joint
14 Legislative Commission on Governmental Operations prior to reallocating Community
15 Development Block Grant Funds. Notwithstanding the provisions of this subsection,
16 whenever the Director of the Budget finds that:

- 17 (1) A reallocation is required because of an emergency that poses an
18 imminent threat to public health or public safety, the Director of the
19 Budget may authorize the reallocation without consulting the
20 Commission. The Department of Commerce shall report to the
21 Commission on the reallocation no later than 30 days after it was
22 authorized and shall identify in the report the emergency, the type of
23 action taken, and how it was related to the emergency.
- 24 (2) The State will lose federal block grant funds or receive less federal
25 block grant funds in the next fiscal year unless a reallocation is made,
26 the Department of Commerce shall provide a written report to the
27 Commission on the proposed reallocation and shall identify the reason
28 that failure to take action will result in the loss of federal funds. If the
29 Commission does not hear the issue within 30 days of receipt of the
30 report, the Department may take the action without consulting the
31 Commission.

32 33 **PART VI. GENERAL PROVISIONS**

34 35 **CONTINGENCY AND EMERGENCY FUND ALLOCATIONS**

36 **SECTION 6.1.(a)** Section 6.2 of S.L. 2005-276 is repealed.

37 **SECTION 6.1.(b)** Funds in the amount of five million dollars (\$5,000,000)
38 for the 2006-2007 fiscal year are appropriated to the Contingency and Emergency Fund.
39 Except as provided in subsection (c) of this section, these funds shall be expended only
40 as:
41

- 42 (1) Required by a court, Industrial Commission, or administrative hearing
43 officer's order;
44 (2) Required to call out the national guard; or
45 (3) Required to respond to an unanticipated disaster such as a fire,
46 hurricane, or tornado, if funds for this purpose are not available in the
47 Reserve for Disaster Expenses as authorized in G.S. 166A.

48 **SECTION 6.1.(c)** Up to five hundred thousand dollars (\$500,000) may be
49 spent for purposes other than those set out in subsection (b) of this section.
50 Notwithstanding any other provision of law authorizing expenditures from the
51 Contingency and Emergency Fund, no more than five hundred thousand dollars
52 (\$500,000) of these funds shall be expended for purposes other than those set out in
53 subsection (b) of this section.

54 55 **STATE EMERGENCY RESPONSE ACCOUNT**

1 **SECTION 6.5.(a)** G.S. 166A-6.01(b)(2) reads as rewritten:

2 "(b) Disaster Assistance Programs – Type I Disaster. – In the event that a Type I
3 disaster is proclaimed, the Governor may make State funds available for disaster
4 assistance in the disaster area in the form of individual assistance and public assistance
5 as provided in this subsection.

6 (2) Public assistance. – State disaster assistance in the form of public
7 assistance grants may be made available to eligible entities located
8 within the disaster area on the following terms and conditions:

9 a. Eligible entities shall meet the following qualifications:

- 10 1. The eligible entity suffers a minimum of ten thousand
11 dollars (\$10,000) in uninsurable losses;
- 12 2. The eligible entity suffers uninsurable losses in an
13 amount equal to or exceeding ~~one half percent (0.5%)~~
14 one percent (1%) of the annual operating budget;
- 15 3. For a state of disaster proclaimed pursuant to
16 G.S. 166A-6(a) after the deadline established by the
17 Federal Emergency Management Agency pursuant to the
18 Disaster Mitigation Act of 2002, P.L. 106-390, the
19 eligible entity shall have a hazard mitigation plan
20 approved pursuant to the Stafford Act; and
- 21 4. For a state of disaster proclaimed pursuant to
22 G.S. 166A-6(a) after August 1, 2002, the eligible entity
23 shall be participating in the National Flood Insurance
24 Program in order to receive public assistance for
25 flooding damage.

26 b. Eligible entities shall be required to provide non-State matching
27 funds equal to twenty-five percent (25%) of the eligible costs of
28 the public assistance grant.

29 c. An eligible entity that receives a public assistance grant
30 pursuant to this subsection may use the grant for the following
31 purposes only:

- 32 1. Debris clearance.
- 33 2. Emergency protective measures.
- 34 3. Roads and bridges.
- 35 4. Crisis counseling.
- 36 5. Assistance with public transportation needs."

37 **SECTION 6.5.(b)** Article 1 of Chapter 166A of the General Statutes is
38 amended by adding a new section to read:

39 "**§ 166A-6.02. State Emergency Response Account.**

40 (a) Account Established. – There is established a State Emergency Response
41 Account as a reserve in the General Fund. Any funds appropriated to the Account shall
42 remain available for expenditure as provided by this section, unless directed otherwise
43 by the General Assembly.

44 (b) Purpose of Funds. – The Governor may spend funds from the Account for the
45 following purposes:

- 46 (1) To cover the start-up costs of State Emergency Response Team
47 operations for an emergency that poses an imminent threat of a Type I,
48 Type II, or Type III disaster as defined by G.S. 166A-6.
- 49 (2) To cover the cost of first responders to a Type I, Type II, or Type III
50 disaster and any related supplies and equipment needed by first
51 responders that are not provided for under subdivision (1) of this
52 subsection.

53 All other types of disaster assistance authorized by G.S. 166A-6 shall
54 continue to be financed by the funds made available under G.S. 166A-6.01.
55

(c) Reporting Requirement. – The Governor shall report to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and House of Representatives on any expenditures from the State Emergency Response Account no later than 30 days after making the expenditure. The report shall include a description of the emergency and type of action taken."

SECTION 6.5.(c) G.S. 166A-4(1) reads as rewritten:

"(1)(1a) Disaster. – An occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or man-made accidental, military or paramilitary cause."

SECTION 6.5.(d) G.S. 166A-4 is amended by adding a new subdivision to read:

"(1) Account. – The State Emergency Response Account established in G.S. 166A-6.02."

INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATIONS

SECTION 6.6.(a) Section 6.13(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 6.13.(a)** The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2005-2006	FY 2006-2007
<u>Estimated Information Technology Fund Balance, June 30, 2006</u>		<u>\$4,212,225</u>
Receipts from Information Technology Enterprise Fee (G.S. 147-33.82)	\$5,000,000	\$5,000,000
Transfer from June 30, 2005, Information Technology Services Internal Service Fund cash balance to support statewide IT initiatives	\$5,000,000	
Appropriation from General Fund	\$24,375,000	\$8,025,000
<u>Appropriation from General Fund</u>	<u>\$24,375,000</u>	<u>\$50,112,229</u>
Total Funds Available	\$34,375,000	\$13,025,000
Total Funds Available	\$34,375,000	\$59,324,454."

SECTION 6.6.(b) Appropriations from the Information Technology Fund established in G.S. 147-33.72H are adjusted for the fiscal year ending June 30, 2007, as follows:

Appropriations based on S.L. 2005-276, Section 6.14	\$ 13,025,000
ITS Operating Expenses	\$ 3,108,326
BEACON	<u>\$ 43,191,129</u>
Total Appropriation 2006-2007	\$ 59,324,454

AMEND CIVIL PENALTY AND FORFEITURE FUND AVAILABILITY

SECTION 6.9.(a) Section 6.37(a) of S. L. 2005-276 reads as rewritten:

"**SECTION 6.37.(a)** Availability. – The availability used to support appropriations made in this act from the Civil Penalty and Forfeiture Fund is based upon estimated collections of fines and forfeitures from the agencies and in the amounts listed below:

	FY 2005-2006	FY 2006-2007
Department of Revenue	\$ 80,000,000	\$ 85,000,000 <u>63,000,000</u>
Department of Transportation	\$ 15,000,000	\$ 15,000,000
Employment Security Commission	\$ 3,000,000	\$ 3,000,000
Department of Insurance	\$ 3,000,000	\$ 3,000,000 <u>1,000,000</u>

1	University of North Carolina	\$ 5,000,000	\$ 5,000,000	3,500,000
2	Other Agencies	\$ 14,500,000	\$ 14,500,000	10,000,000
3	Total Funds Available	\$ 120,500,000	\$ 125,500,000	95,500,000"

4 **SECTION 6.9.(b)** Section 6.37(b) of S.L. 2005-276 reads as rewritten:

5 **"SECTION 6.37.(b)** Appropriations. – Appropriations are made from the Civil
6 Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2007, as follows:

7		2005-2006	2006-2007	
8	School Technology Fund	\$ 18,000,000	\$ 18,000,000	
9	State Public School Fund	\$ 102,500,000	\$ 107,500,000	77,500,000
10	Total Appropriation	\$ 120,500,000	\$ 125,500,000	95,500,000"

11 **SECTION 6.9.(c)** G.S. 115C-457.2 reads as rewritten:

12 **"§ 115C-457.2. Remittance of moneys to the Fund.**

13 The clear proceeds of all civil penalties, civil forfeitures, and civil fines that are
14 collected by a State agency and that the General Assembly is authorized to place in a
15 State fund pursuant to Article IX, Section 7(b) of the Constitution shall be remitted to
16 the Office of State Budget and Management by the officer having custody of the funds
17 within 10 days after the close of the calendar month in which the revenues were
18 received or collected. Notwithstanding any other law, all such funds shall be deposited
19 in the Civil Penalty and Forfeiture Fund. The clear proceeds of these funds include the
20 full amount of all civil penalties, civil forfeitures, and civil fines collected under
21 authority conferred by the State, diminished only by the actual costs of collection, not to
22 exceed twenty percent (20%) of the amount collected. The collection cost percentage to
23 be used by a State agency shall be established and approved by the Office of State
24 Budget and Management on an annual basis based upon the computation of actual
25 collection costs by each agency for the prior fiscal year."

26
27 **TARGETED COUNTY MEDICAID RELIEF**

28 **SECTION 6.12.** Of the funds appropriated in this act to the Office of State
29 Budget and Management for the 2006-2007 fiscal year, the sum of thirty-five million
30 dollars (\$35,000,000) in nonrecurring funds for the 2006-2007 fiscal year shall be
31 reserved and allocated to reduce the county share of the nonfederal share of Medical
32 Assistance Program expenditures, as follows:

- 33 (1) Forty percent (40%) shall be allocated among counties with a
34 Medicaid-eligible population of twenty-five percent (25%) or greater
35 of the total county population. The allocation shall be based on a
36 county's percentage of the total Medicaid budget for all counties with a
37 Medicaid-eligible population of twenty-five percent (25%) or greater.
- 38 (2) Fifty-five percent (55%) shall be allocated among counties with a
39 Medicaid-eligible population of at least fifteen percent (15%) but less
40 than twenty-five percent (25%) of the total county population. The
41 allocation shall be based on a county's percentage of the total Medicaid
42 budget for all counties with a Medicaid population of at least fifteen
43 percent (15%) but less than twenty-five percent (25%).
- 44 (3) Five percent (5%) shall be allocated to counties with a Medicaid
45 population of less than fifteen percent (15%) of the total county
46 population. The allocation shall be based on a county's percentage of
47 the total Medicaid budget for all counties with a Medicaid population
48 of less than fifteen percent (15%).

49
50 **ELIZABETH CITY AVIATION RESEARCH AND DEVELOPMENT**
51 **COMMERCE PARK**

52 **SECTION 6.13.** Of the funds appropriated in this act to the Office of State
53 Budget and Management, the sum of four million dollars (\$4,000,000) shall be allocated
54 to the Elizabeth City/Pasquotank County Airport Authority for land acquisition and site
55 development to establish the Elizabeth City Aviation Research and Development

1 Commerce Park. The Authority shall transfer a minimum of 20 acres of acquired land
 2 to Elizabeth City State University, upon request of the Board of Governors of The
 3 University of North Carolina, to establish an aviation educational center and aviation
 4 educational programs at the Park.

6 COMMUNITY COLLEGE CAPITAL

7 **SECTION 6.14.(a)** Of the funds appropriated in this act to the Office of
 8 State Budget and Management, the sum of forty million dollars (\$40,000,000) shall be
 9 allocated to the Community Colleges System Office for a Community College Capital
 10 Fund to be used for the purpose of awarding grants to community colleges for capital
 11 needs. The Community Colleges System Office shall develop a competitive grant
 12 application process and guidelines for capital projects and shall award grants on the
 13 merit of the applications received. These grants shall be awarded on a matching basis of
 14 two State dollars for every one non-State dollar and no individual grant may exceed the
 15 sum of two million dollars (\$2,000,000).

16 **SECTION 6.14.(b)** Beginning September 1, 2006, the Community Colleges
 17 System Office shall submit a quarterly report to the Office of State Budget and
 18 Management and the Fiscal Research Division containing the following information
 19 about each capital project that was awarded a grant: (i) the name of the community
 20 college; (ii) a description of the project; (iii) the project location; (iv) the cost-benefit
 21 analysis conducted by the Community Colleges System Office and the rationale for
 22 awarding the grant; and (v) the amount of the grant.

24 EDUCATION LOTTERY FUND REVENUE AND APPROPRIATIONS

25 **SECTION 6.15.(a)** Pursuant to G.S. 18C-164, the revenue used to support
 26 appropriations made in this act is transferred from the State Lottery Fund in the amount
 27 of four hundred twenty-five million dollars (\$425,000,000) for the 2006-2007 fiscal
 28 year.

29 **SECTION 6.15.(b)** The appropriations made from the Education Lottery
 30 Fund pursuant to G.S. 18C-164(d) for the 2006-2007 fiscal year are as follows:

31		
32	Class Size Reduction	\$ 127,864,291
33	Prekindergarten Program	84,635,709
34	Public School Building Capital Fund	170,000,000
35	Scholarships for Needy Students	42,500,000

36

37	Total Appropriation	\$ 425,000,000
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39 ECONOMIC DEVELOPMENT INITIATIVES

40 **SECTION 6.16.(a)** There is established in the Department of Commerce a
 41 reserve to be known as the North Carolina Economic Development Reserve Fund.
 42 Funds from the Reserve Fund shall not be expended or transferred except in accordance
 43 with the provisions of this section.

44 **SECTION 6.16.(b)** Of the funds appropriated in this act to the Department
 45 of Commerce, the sum of ten million dollars (\$10,000,000) shall be allocated to the
 46 North Carolina Economic Development Reserve Fund for the purpose of awarding
 47 grants for statewide economic development projects. The Department of Commerce
 48 shall develop a competitive grant application process and guidelines for statewide
 49 economic development projects and shall award grants on the merits of the applications
 50 received. No individual grant shall exceed the sum of one million dollars (\$1,000,000).

51 **SECTION 6.16.(c)** Beginning September 1, 2006, the Department of
 52 Commerce shall submit a quarterly report to the Office of State Budget and
 53 Management and the Fiscal Research Division containing the following information
 54 about each economic development project that was awarded a grant: (i) the name of the
 55 business involved; (ii) a description of the project; (iii) the project location; (iv) the

1 cost-benefit analysis conducted by the Department and the rationale for awarding the
 2 grant; and (v) the amount of the grant.

3
 4 **PART VII. PUBLIC SCHOOLS**

5
 6 **TEACHER SALARY SCHEDULES**

7 **SECTION 7.1.(a)** Effective for the 2006-2007 school year, the Director of
 8 the Budget shall transfer from the Reserve for Experience Step Salary Increase for
 9 Teachers and Principals in Public Schools funds necessary to implement the teacher
 10 salary schedules set out in subsection (b) of this section and for longevity in accordance
 11 with subsection (c) of this section, including funds for the employer's retirement and
 12 social security contributions for all teachers whose salaries are supported from the
 13 State's General Fund.

14 These funds shall be allocated to individuals according to rules adopted by
 15 the State Board of Education.

16 **SECTION 7.1.(b)** The following monthly salary schedules shall apply for
 17 the 2006-2007 fiscal year to certified personnel of the public schools who are classified
 18 as teachers. The schedule contains 31 steps with each step corresponding to one year of
 19 teaching experience.

20
 21 2006-2007 Monthly Salary Schedule
 22 "A" Teachers

23	24 Years Of Experience	"A" Teachers	NBPTS Certification
25			
26	0	\$2,851	N/A
27	1	\$2,893	N/A
28	2	\$2,937	N/A
29	3	\$3,093	\$3,464
30	4	\$3,233	\$3,621
31	5	\$3,367	\$3,771
32	6	\$3,496	\$3,916
33	7	\$3,600	\$4,032
34	8	\$3,648	\$4,086
35	9	\$3,697	\$4,141
36	10	\$3,747	\$4,197
37	11	\$3,796	\$4,252
38	12	\$3,847	\$4,309
39	13	\$3,898	\$4,366
40	14	\$3,951	\$4,425
41	15	\$4,005	\$4,486
42	16	\$4,060	\$4,547
43	17	\$4,115	\$4,609
44	18	\$4,174	\$4,675
45	19	\$4,232	\$4,740
46	20	\$4,290	\$4,805
47	21	\$4,352	\$4,874
48	22	\$4,413	\$4,943
49	23	\$4,479	\$5,016
50	24	\$4,543	\$5,088
51	25	\$4,608	\$5,161
52	26	\$4,674	\$5,235
53	27	\$4,742	\$5,311
54	28	\$4,813	\$5,391
55	29	\$4,884	\$5,470

1	30+	\$4,982	\$5,580.
2			
3			
4	2006-2007 Monthly Salary Schedule		
5	"M" Teachers		
6			
7	Years Of Experience	"M" Teachers	NBPTS Certification
8			
9	0	\$3,136	N/A
10	1	\$3,182	N/A
11	2	\$3,231	N/A
12	3	\$3,402	\$3,810
13	4	\$3,556	\$3,983
14	5	\$3,704	\$4,148
15	6	\$3,846	\$4,308
16	7	\$3,960	\$4,435
17	8	\$4,013	\$4,495
18	9	\$4,067	\$4,555
19	10	\$4,122	\$4,617
20	11	\$4,176	\$4,677
21	12	\$4,232	\$4,740
22	13	\$4,288	\$4,803
23	14	\$4,346	\$4,868
24	15	\$4,406	\$4,935
25	16	\$4,466	\$5,002
26	17	\$4,527	\$5,070
27	18	\$4,591	\$5,142
28	19	\$4,655	\$5,214
29	20	\$4,719	\$5,285
30	21	\$4,787	\$5,361
31	22	\$4,854	\$5,436
32	23	\$4,927	\$5,518
33	24	\$4,997	\$5,597
34	25	\$5,069	\$5,677
35	26	\$5,141	\$5,758
36	27	\$5,216	\$5,842
37	28	\$5,294	\$5,929
38	29	\$5,372	\$6,017
39	30+	\$5,480	\$6,138.

42 **SECTION 7.1.(c)** Annual longevity payments for teachers shall be at the
 43 rate of one and one-half percent (1.5%) of base salary for 10 to 14 years of State
 44 service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19
 45 years of State service, three and twenty-five hundredths percent (3.25%) of base salary
 46 for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary
 47 for 25 or more years of State service. The longevity payment shall be paid in a lump
 48 sum once a year.

49 **SECTION 7.1.(d)** Certified public schoolteachers with certification based
 50 on academic preparation at the six-year degree level shall receive a salary supplement of
 51 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation
 52 provided for certified personnel of the public schools who are classified as "M"
 53 teachers. Certified public schoolteachers with certification based on academic
 54 preparation at the doctoral degree level shall receive a salary supplement of two
 55 hundred fifty-three dollars (\$253.00) per month in addition to the compensation

1 provided for certified personnel of the public schools who are classified as "M"
2 teachers.

3 **SECTION 7.1.(e)** The first step of the salary schedule for school
4 psychologists shall be equivalent to Step 5, corresponding to five years of experience,
5 on the salary schedule established in this section for certified personnel of the public
6 schools who are classified as "M" teachers. Certified psychologists shall be placed on
7 the salary schedule at an appropriate step based on their years of experience. Certified
8 psychologists shall receive longevity payments based on years of State service in the
9 same manner as teachers.

10 Certified psychologists with certification based on academic preparation at
11 the six-year degree level shall receive a salary supplement of one hundred twenty-six
12 dollars (\$126.00) per month in addition to the compensation provided for certified
13 psychologists. Certified psychologists with certification based on academic preparation
14 at the doctoral degree level shall receive a salary supplement of two hundred fifty-three
15 dollars (\$253.00) per month in addition to the compensation provided for certified
16 psychologists.

17 **SECTION 7.1.(f)** Speech pathologists who are certified as speech
18 pathologists at the masters degree level and audiologists who are certified as
19 audiologists at the masters degree level and who are employed in the public schools as
20 speech and language specialists and audiologists shall be paid on the school
21 psychologist salary schedule.

22 Speech pathologists and audiologists with certification based on academic
23 preparation at the six-year degree level shall receive a salary supplement of one hundred
24 twenty-six dollars (\$126.00) per month in addition to the compensation provided for
25 speech pathologists and audiologists. Speech pathologists and audiologists with
26 certification based on academic preparation at the doctoral degree level shall receive a
27 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to
28 the compensation provided for speech pathologists and audiologists.

29 **SECTION 7.1.(g)** Certified school nurses who are employed in the public
30 schools as nurses shall be paid on the "M" salary schedule.

31 **SECTION 7.1.(h)** As used in this section, the term "teacher" shall also
32 include instructional support personnel.
33

34 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

35 **SECTION 7.2.(a)** Effective for the 2006-2007 school year, the Director of
36 the Budget shall transfer from the Reserve for Compensation Increases funds necessary
37 to implement the salary schedules for school-based administrators as provided in this
38 section. These funds shall be used for State-paid employees only.

39 **SECTION 7.2.(b)** The base salary schedule for school-based administrators
40 shall apply only to principals and assistant principals. The base salary schedule for the
41 2006-2007 fiscal year, commencing July 1, 2006, is as follows:
42

43 2006-2007
44 Principal and Assistant Principal Salary Schedules
45 Classification

46 Yrs. of	Assistant	Prin I	Prin II	Prin III	Prin IV
47 Exp	Principal	(0-10)	(11-21)	(22-32)	(33-43)
48 0-4	\$3,592				
49 5	\$3,741				
50 6	\$3,884				
51 7	\$4,000				
52 8	\$4,053	\$4,053			
53 9	\$4,108	\$4,108			

1	10	\$4,163	\$4,163	\$4,218		
2	11	\$4,218	\$4,218	\$4,274		
3	12	\$4,274	\$4,274	\$4,331	\$4,389	
4	13	\$4,331	\$4,331	\$4,389	\$4,450	\$4,511
5	14	\$4,389	\$4,389	\$4,450	\$4,511	\$4,572
6	15	\$4,450	\$4,450	\$4,511	\$4,572	\$4,637
7	16	\$4,511	\$4,511	\$4,572	\$4,637	\$4,702
8	17	\$4,572	\$4,572	\$4,637	\$4,702	\$4,766
9	18	\$4,637	\$4,637	\$4,702	\$4,766	\$4,835
10	19	\$4,702	\$4,702	\$4,766	\$4,835	\$4,903
11	20	\$4,766	\$4,766	\$4,835	\$4,903	\$4,976
12	21	\$4,835	\$4,835	\$4,903	\$4,976	\$5,047
13	22	\$4,903	\$4,903	\$4,976	\$5,047	\$5,120
14	23	\$4,976	\$4,976	\$5,047	\$5,120	\$5,192
15	24	\$5,047	\$5,047	\$5,120	\$5,192	\$5,268
16	25	\$5,120	\$5,120	\$5,192	\$5,268	\$5,347
17	26	\$5,192	\$5,192	\$5,268	\$5,347	\$5,426
18	27	\$5,268	\$5,268	\$5,347	\$5,426	\$5,535
19	28	\$5,347	\$5,347	\$5,426	\$5,535	\$5,646
20	29	\$5,426	\$5,426	\$5,535	\$5,646	\$5,759
21	30	\$5,535	\$5,535	\$5,646	\$5,759	\$5,874
22	31	\$5,646	\$5,646	\$5,759	\$5,874	\$5,991
23	32		\$5,759	\$5,874	\$5,991	\$6,111
24	33			\$5,991	\$6,111	\$6,233
25	34			\$6,111	\$6,233	\$6,358
26	35				\$6,358	\$6,485
27	36				\$6,485	\$6,615
28	37					\$6,747

Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
0-14	\$4,637			
15	\$4,702			
16	\$4,766	\$4,835		
17	\$4,835	\$4,903	\$5,047	
18	\$4,903	\$4,976	\$5,120	\$5,192
19	\$4,976	\$5,047	\$5,192	\$5,268
20	\$5,047	\$5,120	\$5,268	\$5,347
21	\$5,120	\$5,192	\$5,347	\$5,426
22	\$5,192	\$5,268	\$5,426	\$5,535
23	\$5,268	\$5,347	\$5,535	\$5,646
24	\$5,347	\$5,426	\$5,646	\$5,759
25	\$5,426	\$5,535	\$5,759	\$5,874
26	\$5,535	\$5,646	\$5,874	\$5,991
27	\$5,646	\$5,759	\$5,991	\$6,111
28	\$5,759	\$5,874	\$6,111	\$6,233
29	\$5,874	\$5,991	\$6,233	\$6,358
30	\$5,991	\$6,111	\$6,358	\$6,485
31	\$6,111	\$6,233	\$6,485	\$6,615
32	\$6,233	\$6,358	\$6,615	\$6,747

1	33	\$6,358	\$6,485	\$6,747	\$6,882
2	34	\$6,485	\$6,615	\$6,882	\$7,020
3	35	\$6,615	\$6,747	\$7,020	\$7,160
4	36	\$6,747	\$6,882	\$7,160	\$7,303
5	37	\$6,882	\$7,020	\$7,303	\$7,449
6	38	\$7,020	\$7,160	\$7,449	\$7,598
7	39		\$7,303	\$7,598	\$7,750
8	40		\$7,449	\$7,750	\$7,905
9	41			\$7,905	\$8,063

SECTION 7.2.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 7.2.(d) 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. 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 7.2.(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 7.2.(f) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 7.2.(g) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the

1 principal had served the principal's entire career as a principal at the lower job
 2 classification.

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

8 **SECTION 7.2.(h)** Participants in an approved full-time masters in school
 9 administration program shall receive up to a 10-month stipend at the beginning salary of
 10 an assistant principal during the internship period of the masters program. For the
 11 2006-2007 fiscal year and subsequent fiscal years, the stipend shall not exceed the
 12 difference between the beginning salary of an assistant principal and any fellowship
 13 funds received by the intern as a full-time student, including awards of the Principal
 14 Fellows Program. The Principal Fellows Program or the school of education where the
 15 intern participates in a full-time masters in school administration program shall supply
 16 the Department of Public Instruction with certification of eligible full-time interns.

17 **SECTION 7.2.(i)** During the 2006-2007 fiscal year, the placement on the
 18 salary schedule of an administrator with a one-year provisional assistant principal's
 19 certificate shall be at the entry-level salary for an assistant principal or the appropriate
 20 step on the teacher salary schedule, whichever is higher.

21
 22 **CENTRAL OFFICE SALARIES**

23 **SECTION 7.3.(a)** The monthly salary ranges that follow apply to assistant
 24 superintendents, associate superintendents, directors/coordinators, supervisors, and
 25 finance officers for the 2006-2007 fiscal year, beginning July 1, 2006.

26	School Administrator I	\$3,079	\$6,012
27	School Administrator II	\$3,268	\$6,378
28	School Administrator III	\$3,468	\$6,765
29	School Administrator IV	\$3,608	\$7,035
30	School Administrator V	\$3,753	\$7,319
31	School Administrator VI	\$3,982	\$7,762
32	School Administrator VII	\$4,142	\$8,075

33 The local board of education shall determine the appropriate category and
 34 placement for each assistant superintendent, associate superintendent,
 35 director/coordinator, supervisor, or finance officer within the salary ranges and within
 36 funds appropriated by the General Assembly for central office administrators and
 37 superintendents. The category in which an employee is placed shall be included in the
 38 contract of any employee hired on or after July 1, 2006.

39 **SECTION 7.3.(b)** The monthly salary ranges that follow apply to public
 40 school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

41	Superintendent I	\$4,396	\$8,566
42	Superintendent II	\$4,667	\$9,084
43	Superintendent III	\$4,952	\$9,637
44	Superintendent IV	\$5,225	\$10,221
45	Superintendent V	\$5,578	\$10,844

46 The local board of education shall determine the appropriate category and
 47 placement for the superintendent based on the average daily membership of the local
 48 school administrative unit and within funds appropriated by the General Assembly for
 49 central office administrators and superintendents.

50 **SECTION 7.3.(c)** Longevity pay for superintendents, assistant
 51 superintendents, associate superintendents, directors/coordinators, supervisors, and
 52 finance officers shall be as provided for State employees under the State Personnel Act.

53 **SECTION 7.3.(d)** Superintendents, assistant superintendents, associate
 54 superintendents, directors/coordinators, supervisors, and finance officers with
 55 certification based on academic preparation at the six-year degree level shall receive a

1 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to
2 the compensation provided pursuant to this section. Superintendents, assistant
3 superintendents, associate superintendents, directors/coordinators, supervisors, and
4 finance officers 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
6 month in addition to the compensation provided for under this section.

7 **SECTION 7.3.(e)** The State Board of Education shall not permit local
8 school administrative units to transfer State funds from other funding categories for
9 salaries for public school central office administrators.

10 **SECTION 7.3.(f)** The annual salary increase for all permanent full-time
11 personnel paid from the Central Office Allotment shall be five percent (5%),
12 commencing July 1, 2006. The State Board of Education shall allocate these funds to
13 local school administrative units. The local boards of education shall establish
14 guidelines for providing salary increases to these personnel.

15 **SECTION 7.3.(g)** The Director of the Budget shall transfer from the
16 Reserve for Compensation Increases funds necessary to provide a one-time, lump-sum
17 compensation bonus payable at the end of the employee's first pay period after October
18 1, 2006, in the amount of three hundred dollars (\$300.00) for all central office
19 employees whose salaries are supported from the State's General Fund, who were
20 employed for all or part of fiscal year 2005-2006, and who are employed by the public
21 schools on October 1, 2006. The compensation bonus shall be adjusted pro rata for
22 permanent part-time employees and employees working on a schedule requiring less
23 than 12 months' service per year.

24 Local boards of education shall provide a one-time, lump-sum compensation
25 bonus payable at the end of the employee's first pay period after October 1, 2006, of
26 three hundred dollars (\$300.00) for all such employees whose salaries are not supported
27 from the State's General Fund, who were employed by a local board of education for all
28 or part of fiscal year 2005-2006, and who are employed by that local board of education
29 on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent
30 part-time employees and employees working on a schedule requiring less than 12
31 months' service per year.

32 **NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY**

33 **SECTION 7.4.(a)** The annual salary increase for permanent, full-time
34 noncertified public school employees whose salaries are supported from the State's
35 General Fund shall be five percent (5%), commencing July 1, 2006.

36 **SECTION 7.4.(b)** Local boards of education shall increase the rates of pay
37 for such employees who were employed for all or part of fiscal year 2005-2006 and who
38 continue their employment for fiscal year 2006-2007 by providing an annual salary
39 increase for employees of five percent (5%).

40 **SECTION 7.4.(c)** The State Board of Education may adopt salary ranges for
41 noncertified personnel to support increases of five percent (5%) for the 2006-2007 fiscal
42 year.

43 **SECTION 7.4.(d)** Effective July 1, 2006, permanent full-time noncertified
44 public school employees whose salaries are supported from the State's General Fund
45 shall be paid a minimum salary of at least twenty thousand one hundred twelve dollars
46 (\$20,112) per year. Permanent, full-time employees working on a schedule requiring
47 less than 12 months' service per year and permanent part-time employees, whose
48 salaries are supported from the State's General Fund, shall be paid the minimum salary
49 pro rata. The fair minimum wage salary adjustment provided by this section shall be
50 calculated and awarded after any across-the-board salary increases authorized by this
51 act.

52 **SECTION 7.4.(e)** The Director of the Budget shall transfer from the Reserve
53 for Compensation Increases funds necessary to provide a one-time, lump-sum
54 compensation bonus payable at the end of the employee's first pay period after October
55

1, 2006, in the amount of three hundred dollars (\$300.00) for all noncertified public school employees whose salaries are supported from the State's General Fund, who were employed for all or part of fiscal year 2005-2006, and who are employed by the public schools on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

Local boards of education shall provide a one-time, lump-sum compensation bonus payable at the end of the employee's first pay period after October 1, 2006, of three hundred dollars (\$300.00) for all such employees whose salaries are not supported from the State's General Fund, who were employed by a local board of education for all or part of fiscal year 2005-2006, and who are employed by that local board of education on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2006, any permanent personnel employed on July 1, 2006, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%). Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6.(a) The State Board of Education shall use funds appropriated in this act for State Aid to Local School Administrative Units to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 2005-2006 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy:

- (1) Incentive awards in schools that achieve higher than expected improvements may be up to:
 - a. One thousand five hundred dollars (\$1,500) for each teacher and for certified personnel; and
 - b. Five hundred dollars (\$500.00) for each teacher assistant.
- (2) Incentive awards in schools that meet the expected improvements may be up to:
 - a. Seven hundred fifty dollars (\$750.00) for each teacher and for certified personnel; and
 - b. Three hundred seventy-five dollars (\$375.00) for each teacher assistant.

SECTION 7.6.(b) Notwithstanding G.S. 143-23, the State Board of Education may use funds appropriated to the Department of Public Instruction and to the State Public School Fund to establish a consolidated, comprehensive program through which to provide assistance to low-performing schools. For this purpose only, the Board may, with approval from the Office of State Budget and Management, transfer funds between personal service and nonpersonal service line items currently supporting positions, related operating costs, and contracts for school improvement teams and for assistance teams. Funds transferred pursuant to this section shall not be used to raise the salary of existing employees.

The Board shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations by January 15, 2007, on any restructuring of the assistance program pursuant to this section.

SECTION 7.6.(c) The Joint Legislative Education Oversight Committee shall review the incentive award structure described in this section and determine

1 whether the relationship between awards for teachers and teacher assistants at each level
2 of achievement is appropriate.

4 CHILDREN WITH DISABILITIES

5 SECTION 7.7. The State Board of Education shall allocate funds for
6 children with disabilities on the basis of two thousand nine hundred seventy-two dollars
7 and fifty-two cents (\$2,972.52) per child for a maximum of 170,240 children for the
8 2006-2007 school year. Each local school administrative unit shall receive funds for the
9 lesser of (i) all children who are identified as children with disabilities, or (ii) twelve
10 and five-tenths percent (12.5%) of the 2006-2007 allocated average daily membership
11 in the local school administrative unit.

12 The dollar amounts allocated under this section for children with disabilities
13 shall also adjust in accordance with legislative salary increments, retirement rate
14 adjustments, and health benefit adjustments for personnel who serve children with
15 disabilities.

17 FUNDS FOR ACADEMICALLY GIFTED CHILDREN

18 SECTION 7.8. The State Board of Education shall allocate funds for
19 academically or intellectually gifted children on the basis of nine hundred sixty-one
20 dollars and sixty cents (\$961.60) per child. A local school administrative unit shall
21 receive funds for a maximum of four percent (4%) of its 2006-2007 allocated average
22 daily membership, regardless of the number of children identified as academically or
23 intellectually gifted in the unit. The State Board shall allocate funds for no more than
24 57,419 children for the 2006-2007 school year.

25 The dollar amounts allocated under this section for academically or
26 intellectually gifted children shall also adjust in accordance with legislative salary
27 increments, retirement rate adjustments, and health benefit adjustments for personnel
28 who serve academically or intellectually gifted children.

30 LEARN AND EARN HIGH SCHOOLS

31 SECTION 7.11. Section 7.32 of S.L. 2005-276 is amended by adding the
32 following new subsections:

33 "SECTION 7.32.(e) Enrollment fees and tuition for The University of North
34 Carolina courses in which Learn and Earn students are enrolled are allowable uses of
35 these funds. Tuition costs may include laboratory fees assessed to all students enrolled
36 in the course or a similar course.

37 SECTION 7.32.(f) Textbooks required for college courses in which Learn and Earn
38 students are enrolled may be purchased with these funds.

39 SECTION 7.32.(g) Payment of fees from these funds by local school
40 administrative units to partnering community colleges and universities are restricted to
41 technology or course fees. Funds appropriated in this act shall not be used to support the
42 cost of athletic or other student activity or campus fees not required by enrollment in a
43 specific course.

44 SECTION 7.32.(h) The State Board of Education shall allot funds for university
45 enrollment, tuition and fees, and textbooks on the basis of and after verification of the
46 credit hour enrollment of Learn and Earn students in university courses. The State
47 Board of Education shall allot funds for community college fees and textbooks on the
48 basis of and after verification of the credit hour enrollment of Learn and Earn students
49 in community college courses."

51 NC WISE POSITIONS

52 SECTION 7.12.(a) Notwithstanding G.S. 143-23, the State Board of
53 Education may, in consultation with the Office of Information Technology Services, use
54 funds appropriated in this act for NC WISE to create a maximum of 20 positions and

1 incur expenditures necessary to transfer the maintenance and administration of the NC
2 WISE system from the vendor to the Department of Public Instruction.

3 **SECTION 7.12.(b)** The Department of Public Instruction shall report on a
4 quarterly basis to the Joint Legislative Education Oversight Committee on the
5 implementation of the NC WISE project.

6 7 **EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT** 8 **SYSTEM (EVAAS)**

9 **SECTION 7.14.(a)** The State Board of Education shall identify local school
10 administrative units to receive funds for purchasing licenses to EVAAS diagnostic
11 software based on criteria that shall include (i) identified need, (ii) readiness, and (iii)
12 county wealth, as defined in the Low-Wealth Supplemental Funding Formula. The
13 Board shall identify as many units as possible within funds available for this purpose.

14 **SECTION 7.14.(b)** Funds appropriated for EVAAS in the 2005-2006 fiscal
15 year shall not revert, but shall be carried forward to the 2006-2007 fiscal year for
16 expenditures for training related to expanding local school administrative units' access
17 to the EVAAS tool. Any such funds not spent by June 30, 2007, shall revert to the
18 General Fund.

19 **SECTION 7.14.(c)** This section becomes effective June 30, 2006.

20 21 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOL**

22 **SECTION 7.16.(a)** The North Carolina Virtual Public School (NCVPS)
23 Program shall report to the State Board of Education and shall maintain an
24 administrative office at the Department of Public Instruction.

25 **SECTION 7.16.(b)** The Director of NCVPS will ensure that course quality
26 standards are established and met and that all e-learning opportunities offered by
27 State-funded entities to public school students are consolidated under the NC Virtual
28 Public School Program, eliminating course duplication. The Director shall report on the
29 proposed consolidation and operating plan for 2007-2008 to the Joint Legislative
30 Education Oversight Committee, the Office of State Budget and Management, and the
31 Fiscal Research Division no later than January 15, 2007. Consolidation will be
32 completed by June 30, 2007. Notwithstanding G.S 143-23, the State Board of Education
33 may move funds within the budget to implement the consolidation.

34 **SECTION 7.16.(c)** Subsequent to course consolidation, the Director will
35 prioritize e-learning course offerings for students residing in rural and low-wealth
36 county LEAs, in order to expand available instructional opportunities. First-available
37 e-learning instructional opportunities should include courses required as part of the
38 standard course of study for high school graduation and AP offerings not otherwise
39 available.

40 **SECTION 7.16.(d)** The State Board of Education shall develop an allotment
41 formula for funding e-learning, effective in the 2007-2008 fiscal year. In developing the
42 formula, the Board shall consider, at a minimum, the following:

- 43 (1) The number of students in average daily membership (ADM) projected
44 to enroll in e-learning,
- 45 (2) The projected cost of fees for e-learning courses,
- 46 (3) The extent to which projected enrollment in e-learning courses affects
47 funding required for other allotments that are based on ADM.

48 49 **DISTANCE EDUCATION**

50 **SECTION 7.17.** Notwithstanding G.S. 143-23, the State Board of Education
51 may use monies from the State Public School Fund in the 2006-2007 fiscal year only to
52 pay for the additional costs associated with an increased number of registration fees for
53 students enrolling in Distance Education courses.

54 55 **ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM**

1 **SECTION 7.19.(a)** G.S. 115C-363.23A(f) reads as rewritten:

2 "(f) All funds appropriated to or otherwise received by the Teaching Fellows
3 Program for scholarships, all funds received as repayment of scholarship loans, and all
4 interest earned on these funds, shall be placed in a revolving fund. This revolving fund
5 shall be used for scholarship loans granted under the Teaching Fellows Program. With
6 the prior approval of the General Assembly in the Current Operations Appropriations
7 Act, the revolving fund may also be used for campus and summer program support, and
8 costs related to disbursement of awards and collection of loan repayments.

9 ~~The With the prior approval of the General Assembly in the Current Operations~~
10 ~~Appropriations Act, the revolving fund may also be used by the Public School Forum,~~
11 ~~as administrator for the Teaching Fellows Program, may use up to one hundred fifty~~
12 ~~thousand dollars (\$150,000) annually from the fund balance for costs associated with~~
13 ~~administration of the Teaching Fellows Program."~~

14 **SECTION 7.19.(b)** The Public School Forum, as administrator for the
15 Teaching Fellows Program, may use up to eight hundred ten thousand dollars
16 (\$810,000) for the 2006-2007 fiscal year from the balance in the revolving fund
17 established in G.S. 115C-363.23A(f) for costs associated with administration of the
18 Teaching Fellows Program. The funding provided for administration of the Teaching
19 Fellows Program in this subsection shall be used to meet current administrative
20 expenses of the Program, expand minority recruitment initiatives, and expand the
21 Program to up to four additional campuses using a merit-based selection process
22 developed by the North Carolina Teaching Fellows Commission.

23 The Teaching Fellows Program shall report to the Joint Legislative Education
24 Oversight Committee by March 15, 2007, on:

- 25 (1) Actual expenditures for the 2005-2006 fiscal year and budgeted
26 expenditures for the 2006-2007 fiscal year for administration of the
27 Program;
28 (2) Initiatives to recruit minorities to the Program; and
29 (3) The additional campuses selected to participate in the Program and the
30 selection process.

31 32 **REFUND OF LOCAL SALES AND USE TAXES TO A LOCAL SCHOOL** 33 **ADMINISTRATIVE UNIT**

34 **SECTION 7.20.(a)** G.S. 105-467(b) reads as rewritten:

35 "(b) Exemptions and Refunds. – The State exemptions and exclusions contained
36 in G.S. 105-164.13, the State sales and use tax holiday contained in G.S. 105-164.13C,
37 and the State refund provisions contained in G.S. 105-164.14 apply to the local sales
38 and use tax authorized to be levied and imposed under this Article. Except as provided
39 in this subsection, a taxing county may not allow an exemption, exclusion, or refund
40 that is not allowed under the State sales and use tax. A local school administrative unit
41 and a joint agency created by interlocal agreement among local school administrative
42 units pursuant to G.S. 160A-462 to jointly purchase food service-related materials,
43 supplies, and equipment on their behalf is allowed an annual refund of sales and use
44 taxes paid by it under this Article on direct purchases of tangible personal property and
45 services, other than electricity and telecommunications service. Sales and use tax
46 liability indirectly incurred by the entity on building materials, supplies, fixtures, and
47 equipment that become a part of or annexed to any building or structure that is owned or
48 leased by the entity and is being erected, altered, or repaired for use by the entity is
49 considered a sales or use tax liability incurred on direct purchases by the entity for the
50 purpose of this subsection. A request for a refund shall be in writing and shall include
51 any information and documentation required by the Secretary. A request for a refund is
52 due within six months after the end of the entity's fiscal year. Refunds applied for more
53 than three years after the due date are barred."

54 **SECTION 7.20.(b)** Section 7.51(c) of S.L. 2005-276, as amended by
55 Section 7 of S.L. 2005-345, reads as rewritten:

1 "SECTION 7.51.(c) Subsection (b) of this section becomes effective July 1, 2006.
 2 Notwithstanding the provisions of G.S. 105-164.44H, for the 2006-2007 fiscal year, the
 3 amount transferred to the State Public School Fund each quarter shall equal one-fourth
 4 of the amount refunded under G.S. 105-164.14(c)(2b) and (2c) during the 2005-2006
 5 fiscal year for State sales and use taxes only plus or minus the percentage of that amount
 6 by which the total collection of State sales and use tax increased or decreased during the
 7 preceding fiscal year. The remainder of this section becomes effective July 1, 2005, and
 8 applies to sales made on or after that date."

9 SECTION 7.20.(c) This section becomes effective July 1, 2005, and applies
 10 to sales made on or after that date.

11
 12 **STUDY THE COMPENSATION OF SCHOOL PSYCHOLOGISTS WITH**
 13 **NATIONAL CERTIFICATION**

14 SECTION 7.22. The State Board of Education shall study the adequacy of
 15 the compensation of school psychologists who are designated as Nationally Certified
 16 School Psychologists by the National School Psychology Certification Board. In the
 17 course of the study, the State Board of Education shall consider (i) whether these school
 18 psychologists should be compensated at the same level as teachers who are certified by
 19 the National Board for Professional Teaching Standards (NBPTS) and (ii) the cost of
 20 compensating them at that level.

21 The State Board of Education shall report the results of its study to the Joint
 22 Legislative Education Oversight Committee prior to January 15, 2007.

23
 24 **PART VIII. COMMUNITY COLLEGES**

25
 26 **SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL**
 27 **STAFF**

28 SECTION 8.1.(a) Section 8.3 of S.L. 2005-276 is amended by adding a new
 29 subsection to read:

30 "SECTION 8.3.(b1) For the 2006-2007 school year, the minimum salaries for
 31 nine-month, full-time, curriculum community college faculty shall be as follows:

<u>Education Level</u>	<u>Minimum Salary</u> <u>2006-2007</u>
<u>Vocational Diploma/Certificate or Less</u>	<u>\$31,728</u>
<u>Associate Degree or Equivalent</u>	<u>\$32,195</u>
<u>Bachelors Degree</u>	<u>\$34,220</u>
<u>Masters Degree or Education Specialist</u>	<u>\$36,016</u>
<u>Doctoral Degree</u>	<u>\$38,607</u>

32
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 38
 39 No full-time faculty member shall earn less than the minimum salary for his or her
 40 education level.

41 The pro rata hourly rate of the minimum salary for each education level shall be
 42 used to determine the minimum salary for part-time faculty members."

43 SECTION 8.1.(b) Section 8.3(g) of S.L. 2005-276 reads as rewritten:

44 "SECTION 8.3.(g) Funds For the 2005-2006 fiscal year, funds appropriated in this
 45 act for salary increases shall be used to increase faculty and professional staff salaries
 46 by an average of two percent (2%). These increases are in addition to other salary
 47 increases provided for in this act and shall be calculated on the average salaries prior to
 48 the issuance of the compensation increase. For the 2006-2007 fiscal year, funds
 49 appropriated in this act for salary increases shall be used to increase faculty and
 50 professional staff salaries by an average of six percent (6%). Colleges may provide
 51 additional increases from funds available.

52 The State Board of Community Colleges shall adopt rules to ensure that these funds
 53 are used only to move faculty and professional staff to the respective national averages.
 54 These funds shall not be transferred by the State Board or used for any other budget
 55 purpose by the community colleges."

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.3.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

SECTION 8.3.(b) Notwithstanding G.S. 143-23, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management, in consultation with the Office of Information Technology Services, and after consultation with the Joint Legislative Commission on Governmental Operations, use funds appropriated in this act for the College Information System Project to create a maximum of 20 positions or incur expenditures necessary to transfer the maintenance and administration of the College Information System Project from the vendor to the System Office.

SECTION 8.3.(c) The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

SECTION 8.3.(d) Subsection (a) of this section becomes effective June 30, 2006.

CARRYFORWARD FOR EQUIPMENT

SECTION 8.4.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry forward an amount not to exceed ten million dollars (\$10,000,000) of the operating funds that were not reverted in fiscal year 2005-2006 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.4.(b) This section becomes effective June 30, 2006.

NC COMMUNITY COLLEGE SYSTEM MAY USE STATE FUNDS IN LIEU OF FEDERAL FUNDS DUE TO FEDERAL MANDATES

SECTION 8.5. Notwithstanding G.S. 143-23, the Community Colleges System Office may use State literacy funds to fund the State administration of the GED office. Federal funds previously used to support the State administration functions shall be reallocated to the colleges.

REPORT ON THE NCCCS BIONETWORK

SECTION 8.6. The Community Colleges System Office shall report by November 1, 2006, to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division on the implementation of the NCCCS BioNetwork. This report shall include an explanation of the BioNetwork's activities, accomplishments, and expenditures.

STUDY OF NEW AND EXPANDING INDUSTRY TRAINING

SECTION 8.7. The Office of State Budget and Management shall conduct a study to analyze and evaluate the New and Expanding Industry Training program of the North Carolina Community College System. This study shall examine the companies served, the number of times each company has been served, the number of jobs created, the length of time the company has remained in North Carolina after receiving New and Expanding Industry Training funds, and whether the company has maintained employment levels at the same level promised when training was received. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 1, 2007.

MATCHING REQUIREMENT FOR BOND FUNDS

SECTION 8.8. Section 3(d) of S.L. 2000-3 reads as rewritten:

1 **"Section 3.(d)** If the State Board of Community Colleges determines that a
2 community college has not met its matching requirements by July 1, ~~2006,2007~~, with
3 respect to a capital improvement project for which bond proceeds are allocated in this
4 act, the Board shall certify that fact to the State Treasurer by October 1, ~~2006,2007~~. All
5 of these bond proceeds with respect to which the Board certifies that the matching
6 requirement has not been met by July 1, ~~2006,2007~~, shall be placed by the State
7 Treasurer in a special account within the Community Colleges Bond Fund and shall be
8 used for making grants to community colleges. Bond proceeds in the special account
9 shall be allocated among the community colleges in accordance with the following
10 conditions:

- 11 (1) The State Board of Community Colleges shall generate, by October 1,
12 ~~2006,2007~~, a priority ranking of legitimate community college capital
13 improvement needs using a formula based on objective meaningful
14 factors relevant to capital needs, including actual and projected
15 enrollment, space requirements, current capacity, construction costs,
16 and any other factors the State Board considers relevant.
- 17 (2) The State Board of Community Colleges shall provide the State
18 Treasurer a projected allocation of the proceeds in the special account
19 in accordance with this priority ranking, except that:
 - 20 a. No projected allocation shall be made for a community college
21 that the Board certified in accordance with this subsection had
22 failed to meet a matching requirement.
 - 23 b. No more than four million dollars (\$4,000,000) shall be
24 allocated to a single community college.
 - 25 c. Funds shall not be allocated for more than one project per
26 community college.
- 27 (3) The proceeds of grants made from bond proceeds in the special
28 account shall be allocated and expended for paying the cost of
29 community college capital improvements in accordance with this
30 allocation by the State Board of Community Colleges, to the extent
31 and as provided in this act. The Director of the Budget is empowered,
32 when the Director of the Budget determines it is in the best interest of
33 the State and the North Carolina Community College System to do so,
34 and if the cost of a particular project is less than the projected
35 allocation, to use the excess funds to increase the size of that project or
36 increase the size of any other project itemized in this section, or to
37 increase the amount allocated to a particular community college within
38 the aggregate amount of funds available under this section. The
39 Director of the Budget shall consult with the Advisory Budget
40 Commission and the Joint Legislative Commission on Governmental
41 Operations before making these changes."
42

43 **PART IX. UNIVERSITIES**

44 **UNC-NCCCS 2+2 E-LEARNING INITIATIVE**

45 **SECTION 9.1.** The University of North Carolina and Community Colleges
46 System Office shall report by September 1, 2006, to the Joint Legislative Education
47 Oversight Committee, the Office of State Budget and Management, and the Fiscal
48 Research Division of the General Assembly on the implementation of the UNC-NCCCS
49 2+2 E-Learning Initiative. This report shall include:
50

- 51 (1) The courses and programs within the 2+2 E-Learning Initiative;
- 52 (2) The total number of prospective teachers that have taken or are taking
53 part in this initiative to date broken down by the current academic
54 period and each of the previous academic periods since the program's
55 inception;

- 1 (3) The total number of teachers currently in the State's classroom, by
- 2 local school administrative unit, who have taken part in this initiative;
- 3 (4) The change in the number of teachers available to schools since the
- 4 program's inception;
- 5 (5) The qualitative data from students, teachers, local school
- 6 administrative unit personnel, university personnel, and community
- 7 college personnel as to the impact of this initiative on our State's
- 8 teaching pool; and
- 9 (6) An explanation of the expenditures and collaborative programs
- 10 between the North Carolina Community College System and The
- 11 University of North Carolina, including recommendations for
- 12 improvement.
- 13

14 **TEACHER EDUCATION PROGRAM ENROLLMENT PLANS**

15 **SECTION 9.2.** The University of North Carolina Board of Governors' Task
16 Force on Meeting Teacher Supply and Demand called for the President to develop a
17 plan for enrollment growth in the University System's teacher education programs to
18 respond to the State's shortage of teachers. In a presentation to the Joint Legislative
19 Education Oversight Committee and to the Board of Governors, a commitment was
20 made to increase the number of teacher education graduates. The University of North
21 Carolina General Administration shall obtain plans from each constituent institution as
22 to how they will maintain their current enrollment in the teacher education programs
23 and achieve their growth targets to ensure such increases in those programs occur. Plans
24 may include using enrollment growth funds for targeted admissions, enhanced student
25 support, and advising, recruiting, increases in faculty in necessary instructional areas
26 that lead to certification, and other methods General Administration believes will
27 achieve those results. The University of North Carolina General Administration shall
28 report back to the Office of State Budget and Management and the Joint Legislative
29 Education Oversight Committee no later than December 30, 2006, on each constituent
30 institution's plan. No later than March 31, 2007, The University of North Carolina
31 General Administration shall submit a report on progress towards meeting this priority
32 for the 2007-2008 academic year, based on each constituent institution's current
33 students in the education programs, and the students who have been accepted for the
34 2007-2008 fiscal year who are enrolling in the education programs. The report shall also
35 explain the distribution of enrollment growth funds by specific initiative.

36 **NORTH CAROLINA IN THE WORLD PROJECT**

37 **SECTION 9.3.** In collaboration with the State Board of Education and the
38 NC Department of Commerce, the NC Center for International Understanding shall
39 develop a plan to ensure that public K-12 international education efforts such as teacher
40 and student exchanges, curriculum development, and other initiatives for students,
41 teachers, and administrators are focused on key countries and regions of strategic
42 economic interest to North Carolina. The NC Center for International Understanding
43 shall report to the Office of State Budget and Management and the Joint Legislative
44 Education Oversight Committee on the activities and accomplishments of the two
45 hundred thousand dollar (\$200,000) nonrecurring appropriation for North Carolina in
46 the World Project no later than March 31, 2007.

47 **A+ SCHOOLS – BUDGET TECHNICAL CORRECTION**

48 **SECTION 9.3A.** Recurring funds in the amount of one hundred thousand
49 dollars (\$100,000) appropriated to the Department of Public Instruction for the
50 2006-2007 fiscal year in S.L. 2005-276 as pass-through funds for A+ Schools shall be
51 transferred to the Board of Governors of The University of North Carolina to provide
52 pass-through funds for A+ Schools for the same purpose of providing support for the
53
54

1 program that assists schools in implementing comprehensive school reform by
2 integrating arts into the curriculum.

3
4 **CLARIFY REQUIREMENTS FOR STUDENTS RECEIVING PHYSICAL**
5 **EDUCATION – COACHING SCHOLARSHIP LOANS**

6 **SECTION 9.3B.(a)** G.S. 116-209.36(a) reads as rewritten:

7 "(a) There is established the Physical Education – Coaching Scholarship Loan
8 Fund. The purpose of the Fund is to provide scholarship loans to students who are
9 pursuing college degrees to become public schoolteachers and coaches or assistant
10 coaches. Coaching Fellows shall be offered a curriculum and extracurricular activities
11 that ~~advances~~ advance skills in physical education and coaching and that ~~instills~~ instill
12 a strong motivation not only to remain in the coaching profession but to provide
13 leadership in the schools where they coach. The State Education Assistance Authority
14 shall administer the Fund. The Fund shall provide 25 scholarship loans per year."

15 **SECTION 9.3B.(b)** The Board of Governors of The University of North
16 Carolina, in consultation with the North Carolina Independent Colleges and
17 Universities, Inc., the North Carolina High School Athletic Association, Inc., and the
18 North Carolina Coaches Association, shall study the curriculum and extracurricular
19 activities appropriate for recipients of scholarship loans. The extracurricular activities
20 may include programs and seminars with teachers currently coaching in North Carolina
21 public schools.

22 The Board of Governors shall report the results of the study, including the
23 costs of implementing its proposals, to the Joint Legislative Education Oversight
24 Committee prior to January 15, 2007.

25
26 **GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY**
27 **PRODUCTION**

28 **SECTION 9.6.(a)** Of the funds appropriated by this act to the Board of
29 Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum
30 of one million two hundred thousand dollars (\$1,200,000) shall be used to establish the
31 Graduate Nurse Scholarship Program for Faculty Production.

32 **SECTION 9.6.(b)** The allocation of funds under subsection (a) of this
33 section is contingent upon the enactment of House Bill 2003 of the 2005 Regular
34 Session of the General Assembly or substantially similar legislation that establishes the
35 Graduate Nurse Scholarship Program for Faculty Production. If House Bill 2003 of the
36 2005 Regular Session of the General Assembly or substantially similar legislation that
37 establishes the Graduate Nurse Scholarship Program for Faculty Production is not
38 enacted, then the funds allocated under subsection (a) of this act shall revert to the
39 General Fund.

40
41 **MANAGEMENT FLEXIBILITY TO REORGANIZE BUDGET CODE 16012**
42 **UNC BOARD OF GOVERNORS RELATED EDUCATIONAL PROGRAMS**

43 **SECTION 9.7.** Notwithstanding G.S. 143-23, for the 2006-2007 fiscal year,
44 the General Administration of The University of North Carolina and the State
45 Educational Assistance Authority shall, with the approval of the Office of State Budget
46 and Management, reorganize budget code 16012, UNC Board of Governors Related
47 Educational Programs, so that the budget reflects and segregates each specific program
48 individually. The Office of State Budget and Management shall work with The
49 University of North Carolina General Administration and the State Educational
50 Assistance Authority to ensure that each program represented in code 16012 is
51 identified and budgeted separately.

52
53 **TUITION AND CONTRACTUAL GRANTS FOR TEACHING/NURSING**

54 **SECTION 9.13.(a)** Of the funds appropriated by this act to the Board of
55 Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum

1 of one million five hundred thousand dollars (\$1,500,000) shall be used to implement
2 the provisions of House Bill 1928 of the 2005 Regular Session of the General
3 Assembly, Senate Bill 1476 of the 2005 Regular Session of the General Assembly, or
4 substantially similar legislation to provide State Contractual Scholarship Fund grants
5 and legislative tuition grants for students who have bachelors degrees but are pursuing
6 licensure as nurses or teachers.

7 **SECTION 9.13.(b)** The allocation of funds under subsection (a) of this
8 section is contingent upon the enactment of House Bill 1928 of the 2005 Regular
9 Session of the General Assembly, Senate Bill 1476 of the 2005 Regular Session of the
10 General Assembly, or substantially similar legislation that provides State Contractual
11 Scholarship Fund grants and legislative tuition grants for students who have bachelors
12 degrees but are pursuing licensure as nurses or teachers. If House Bill 1928 of the 2005
13 Regular Session of the General Assembly, Senate Bill 1476 of the 2005 Regular Session
14 of the General Assembly, or substantially similar legislation that provides State
15 Contractual Scholarship Fund grants and legislative tuition grants for students who have
16 bachelors degrees but are pursuing licensure as nurses or teachers is not enacted, then
17 the funds allocated under subsection (a) of this act shall revert to the General Fund.
18

19 **NORTH CAROLINA RESEARCH CAMPUS AT KANNAPOLIS**

20 **SECTION 9.14.(a)** The Director of the Office of State Budget and
21 Management shall not release funds appropriated in this act to the Board of Governors
22 of The University of North Carolina for the North Carolina Research Campus (NCRC)
23 at Kannapolis until the President of The University of North Carolina certifies to the
24 Director that The University System and the developers of NCRC have entered into a
25 Memorandum of Understanding concerning the participation in and use of space at the
26 North Carolina Research Campus that is approved by the President.

27 **SECTION 9.14.(b)** The Director of the Office of State Budget and
28 Management shall not release funds appropriated in this act to the North Carolina
29 Community Colleges System Office for the North Carolina Research Campus (NCRC)
30 at Kannapolis until the President of the North Carolina Community College System
31 certifies to the Director that the Community College System and the developers of
32 NCRC have entered into a Memorandum of Understanding concerning the participation
33 in and use of space at the North Carolina Research Campus that is approved by the
34 President.
35

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

37 **RATE SETTING FOR CHILD CARING INSTITUTIONS**

38 **SECTION 10.2.(a)** Section 10.47(b) of S.L. 2005-276 is repealed.

39 **SECTION 10.2.(b)** G.S. 110-93.1 is repealed.

40 **SECTION 10.2.(c)** G.S. 143B-153(2)d. reads as rewritten:

41 **"§ 143B-153. Social Services Commission – creation, powers and duties.**

42 There is hereby created the Social Services Commission of the Department of Health
43 and Human Services with the power and duty to adopt rules and regulations to be
44 followed in the conduct of the State's social service programs with the power and duty
45 to adopt, amend, and rescind rules and regulations under and not inconsistent with the
46 laws of the State necessary to carry out the provisions and purposes of this Article.
47 Provided, however, the Department of Health and Human Services shall have the power
48 and duty to adopt rules and regulations to be followed in the conduct of the State's
49 medical assistance program.
50

51
52 (2) The Social Services Commission shall have the power and duty to
53 establish standards and adopt rules and regulations:
54 ...

d. For the payment of State funds to private child-placing agencies as defined in G.S. 131D-10.2(4) and residential child care facilities as defined in G.S. 131D-10.2(13) for care and services provided to children who are in the custody or placement responsibility of a county department of social services; ~~and services.~~ The Commission shall establish standardized rates for child caring institutions in this State, which rates shall be updated annually on July 1. Rate-setting recommendations provided by the Office of the State Auditor shall be incorporated into the Department of Social Services' rate-setting methodology; and

...
"...."

SECTION 10.2.(d) The effective date for establishing standardized rates for child caring institutions in this State, as enacted in subsection (c) of this section, shall be July 1, 2007.

MEDICAID

SECTION 10.3.(a) Section 10.11 of S.L. 2005-276 is repealed.

SECTION 10.3.(b) Use of Funds, Allocation of Costs, Other Authorizations.

- (1) Use of Funds. – Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy.
- (2) Allocation of Nonfederal Cost of Medicaid. – The allocation of the nonfederal cost of Medicaid shall be as provided in this act.
- (3) Funds for Development and Acquisition of Equipment and Software. – If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing. The Department of Health and Human Services shall identify adequate funds to support the implementation and first year's operational costs that exceed the currently allocated funds for the new contract for the fiscal agent for the Medicaid Management Information System.
- (4) Reports. – Unless otherwise provided, whenever the Department of Health and Human Services is required by this section to report to the General Assembly, the report shall be submitted to the House of Representatives Appropriations Subcommittee for Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division of the Legislative Services Office. Reports shall be submitted on the date provided in the reporting requirement.

SECTION 10.3.(c) Policy. –

- (1) Volume purchase plans and single source procurement. – The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.
- (2) Cost-containment programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake

1 cost-containment programs, including contracting for services,
 2 preadmissions to hospitals, and prior approval for certain outpatient
 3 surgeries before they may be performed in an inpatient setting.

4 (3) Fraud and abuse. –

5 a. The Division of Medical Assistance, Department of Health and
 6 Human Services, may provide incentives to counties that
 7 successfully recover fraudulently spent Medicaid funds by
 8 sharing State savings with counties responsible for the recovery
 9 of the fraudulently spent funds.

10 b. For the purposes of investigating and reducing client fraud and
 11 abuse, the Department of Health and Human Services, Division
 12 of Medical Assistance, shall, unless prohibited by federal law,
 13 include in the Medicaid enrollment process the requirement that
 14 the applicant for Medicaid consent to or authorize in writing the
 15 release of the applicant's medical records for the three years
 16 immediately preceding the application for Medicaid benefits.
 17 The Department shall obtain and use information from the
 18 applicant's medical records in a manner and form that complies
 19 with the Health Insurance Portability and Accountability Act of
 20 1996 ("HIPAA"), P.L. 104-191, as amended, and that protects
 21 the privacy of the information as required by other applicable
 22 federal or State law. In addition to fraud and abuse detection,
 23 the Department may require the applicant's consent for other
 24 purposes permitted by HIPAA and required or authorized by
 25 other applicable federal or State law.

26 (4) Medical policy. –

27 Unless required for compliance with federal law, the Department shall
 28 not change medical policy affecting the amount, sufficiency, duration,
 29 and scope of health care services and who may provide services until
 30 the Division of Medical Assistance has prepared a five-year fiscal
 31 analysis documenting the increased cost of the proposed change in
 32 medical policy and submitted it for Departmental review. If the fiscal
 33 impact indicated by the fiscal analysis for any proposed medical policy
 34 change exceeds three million dollars (\$3,000,000) in total
 35 requirements for a given fiscal year, then the Department shall submit
 36 the proposed policy change with the fiscal analysis to the Office of
 37 State Budget and Management and the Fiscal Research Division. The
 38 Department shall not implement any proposed medical policy change
 39 exceeding three million dollars (\$3,000,000) in total requirements for a
 40 given fiscal year unless the source of State funding is identified and
 41 approved by the Office of State Budget and Management. The
 42 Department shall provide the Office of State Budget and Management
 43 and the Fiscal Research Division a quarterly report itemizing all
 44 medical policy changes with total requirements of less than three
 45 million dollars (\$3,000,000).

46 **SECTION 10.3.(d)** Eligibility. – Eligibility for Medicaid shall be
 47 determined in accordance with the following:

48 (1) Medicaid and Work First Family Assistance, Income Eligibility
 49 Standards. – The maximum net family annual income eligibility
 50 standards for Medicaid and Work First Family Assistance and the
 51 Standard of Need for Work First Family Assistance shall be as
 52 follows:

53		
54	Categorically Needy-WFFA*	Medically Needy
55	Family Standard	Families and Children

	Size	Of Need	Income Level	AA,AB,AD*
1				
2				
3	1	\$4,344	\$2,172	\$2,900
4	2	5,664	2,832	3,900
5	3	6,528	3,264	4,400
6	4	7,128	3,564	4,800
7	5	7,776	3,888	5,200
8	6	8,376	4,188	5,600
9	7	8,952	4,476	6,000
10	8	9,256	4,680	6,300
11				

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

These standards may be changed with the approval of the Director of the Budget with the advice of the Advisory Budget Commission.

- (2) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.
- (3) The Department of Health and Human Services shall provide Medicaid to 19 and 20-year-olds in accordance with federal rules and regulations.
- (4) Pregnant women and children. – The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:
 - a. Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
 - b. Effective January 1, 2006, infants under the age of one with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
 - c. Effective January 1, 2006, children aged one through five with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
 - d. Children aged six through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
 - e. The Department of Health and Human Services shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income. Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy. In order to reduce county administrative costs and to expedite the provision of medical services to pregnant women, to infants, and to children described in subparagraphs c. and d. of this subdivision, no resources test shall be applied.

1 (5) The Department of Health and Human Services shall provide Medicaid
 2 coverage for family planning services to men and women of
 3 childbearing age with family incomes equal to or less than one
 4 hundred eight-five percent (185%) of the federal poverty level.

5 (6) ICF and ICF/MR Work Incentive Allowances. – The Department of
 6 Health and Human Services may provide an incentive allowance to
 7 Medicaid-eligible recipients of ICF and ICF/MR services, who are
 8 regularly engaged in work activities as part of their developmental
 9 plan, and for whom retention of additional income contributes to their
 10 achievement of independence. The State funds required to match the
 11 federal funds that are required by these allowances shall be provided
 12 from savings within the Medicaid budget or from other unbudgeted
 13 funds available to the Department. The incentive allowances may be as
 14 follows:

Monthly Net Wages	Monthly Incentive Allowance
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00

15
16
17
18
19
20 (7) Medicaid enrollment of categorically needy families with children
 21 shall be continuous for one year without regard to changes in income
 22 or assets.

23 (8) For all Medicaid eligibility classifications for which the federal
 24 poverty level is used as an income limit for eligibility determination,
 25 the income limits will be updated each April 1 immediately following
 26 publication of federal poverty guidelines.

27 (9) When implementing the Supplemental Security Income (SSI) method
 28 for considering equity value of income producing property, the
 29 Department shall, to the maximum extent possible, employ procedures
 30 to mitigate the hardship to Medicaid enrollees occurring from
 31 application of the SSI method.

32 **SECTION 10.3.(e)** Services and Payment Bases. – Funds appropriated for
 33 Medicaid services shall be expended in accordance with the following schedule of
 34 services and payment bases. All services and payments are subject to the language at the
 35 end of this subsection. Unless otherwise provided, services and payment bases will be
 36 as prescribed in the State Plan as established by the Department of Health and Human
 37 Services and may be changed with the approval of the Director of the Budget.

38 (1) Hospital inpatient.

39 (2) Hospital outpatient. – Eighty percent (80%) of allowable costs or a
 40 prospective reimbursement plan as established by the Department of
 41 Health and Human Services.

42 (3) Nursing facilities. – Nursing facilities providing services to Medicaid
 43 recipients who also qualify for Medicare must be enrolled in the
 44 Medicare program as a condition of participation in the Medicaid
 45 program. State facilities are not subject to the requirement to enroll in
 46 the Medicare program. Residents of nursing facilities who are eligible
 47 for Medicare coverage of nursing facility services must be placed in a
 48 Medicare-certified bed. Medicaid shall cover facility services only
 49 after the appropriate services have been billed to Medicare. The
 50 Division of Medical Assistance shall allow nursing facility providers
 51 sufficient time from the effective date of this act to certify additional
 52 Medicare beds if necessary. In determining the date that the
 53 requirements of this subdivision become effective, the Division of
 54 Medical Assistance shall consider the regulations governing

- 1 certification of Medicare beds and the length of time required for this
2 process to be completed.
- 3 (4) Physicians, certified nurse midwife services, nurse practitioners. – Fee
4 schedules as development by the Department of Health and Human
5 Services.
- 6 (5) Community Alternative Program, EPSDT Screens. – Payments in
7 accordance with rate schedule developed by the Department of Health
8 and Human Services.
- 9 (6) Home health and related services, durable medical equipment. –
10 Payments according to reimbursement plans developed by the
11 Department of Health and Human Services.
- 12 (7) Hearing aids. – Wholesale cost plus dispensing fee to provider.
- 13 (8) Rural health clinical services. – Provider-based, reasonable cost;
14 non-provider-based, single-cost reimbursement rate per clinic visit.
- 15 (9) Family planning. – Negotiated rate for local health departments. For
16 other providers see specific services, e.g. hospitals, physicians.
- 17 (10) Independent laboratory and X-ray services. – Uniform fee schedules as
18 developed by the Department of Health and Human Services.
- 19 (11) Ambulatory surgical centers.
- 20 (12) Private duty nursing, clinic services, prepaid health plans.
- 21 (13) Intermediate care facilities for the mentally retarded.
- 22 (14) Chiropractors, podiatrists, optometrists, dentists.
- 23 (15) Limitations on Dental Coverage. – Dental services shall be provided
24 on a restricted basis in accordance with criteria adopted by the
25 Department to implement this subsection.
- 26 (16) Medicare Buy-In. – Social Security Administration premium.
- 27 (17) Ambulance services. – Uniform fee schedules as developed by the
28 Department of Health and Human Services. Public ambulance
29 providers will be reimbursed at cost.
- 30 (18) Optical supplies. – Payment for materials is made to a contractor in
31 accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing
32 providers are negotiated fees established by the State agency based on
33 industry charges.
- 34 (19) Medicare crossover claims. – The Department shall apply Medicaid
35 medical policy to Medicare claims for dually eligible recipients. The
36 Department shall pay an amount up to the actual coinsurance or
37 deductible or both, in accordance with the State Plan, as approved by
38 the Department of Health and Human Services.
- 39 (20) Physical therapy and speech therapy. – Services limited to
40 EPSDT-eligible children. Payments are to be made only to qualified
41 providers at rates negotiated by the Department of Health and Human
42 Services. Physical therapy (including occupational therapy) and speech
43 therapy services are subject to prior approval and utilization review.
- 44 (21) Personal care services.
- 45 (22) Case management services. – Reimbursement in accordance with the
46 availability of funds to be transferred within the Department of Health
47 and Human Services.
- 48 (23) Hospice.
- 49 (24) Medically necessary prosthetics or orthotics. – In order to be eligible
50 for reimbursement, providers must be Board certified. Medically
51 necessary prosthetics and orthotics are subject to prior approval and
52 utilization review.
- 53 (25) Health insurance premiums.
- 54 (26) Medical care/other remedial care. – Services not covered elsewhere in
55 this section include related services in schools; health professional

1 services provided outside the clinic setting to meet maternal and infant
2 health goals; and services to meet federal EPSDT mandates.

3 (27) Pregnancy-related services. – Covered services for pregnant women
4 shall include nutritional counseling, psychosocial counseling, and
5 predelivery and postpartum home visits by maternity care coordinators
6 and public health nurses.

7 (28) Drugs. – Reimbursements. Reimbursements shall be available for
8 prescription drugs as allowed by federal regulations plus a professional
9 services fee per month, excluding refills for the same drug or generic
10 equivalent during the same month. Payments for drugs are subject to
11 the provisions of this subdivision or in accordance with the State Plan
12 adopted by the Department of Health and Human Services, consistent
13 with federal reimbursement regulations. Payment of the professional
14 services fee shall be made in accordance with the State Plan adopted
15 by the Department of Health and Human Services, consistent with
16 federal reimbursement regulations. The professional services fee shall
17 be five dollars and sixty cents (\$5.60) per prescription for generic
18 drugs and four dollars (\$4.00) per prescription for brand-name drugs.
19 Adjustments to the professional services fee shall be established by the
20 General Assembly. In addition to the professional services fee, the
21 Department may pay an enhanced fee for pharmacy services.

22 Limitations on quantity. – The Department of Health and Human
23 Services may establish authorizations, limitations, and reviews for
24 specific drugs, drug classes, brands, or quantities in order to manage
25 effectively the Medicaid pharmacy program, except that the
26 Department shall not impose limitations on brand-name medications
27 for which there is a generic equivalent in cases where the prescriber
28 has determined, at the time the drug is prescribed, that the brand-name
29 drug is medically necessary and has written on the prescription order
30 the phrase "medically necessary". In addition to the entities listed in
31 subsection (a) of this section, the Department shall report to the Joint
32 Legislative Commission on Governmental Operations on
33 authorizations, limitations, and reviews established under this
34 subparagraph, including limitations on monthly brand-name and
35 generic prescriptions as well as restrictions on the total number of
36 medications. The Department shall submit the report not later than
37 May 1, 2006.

38 Dispensing of generic drugs. – Notwithstanding G.S. 90-85.27
39 through G.S. 90-85.31, or any other law to the contrary, under the
40 Medical Assistance Program (Title XIX of the Social Security Act),
41 and except as otherwise provided in this subsection for atypical
42 antipsychotic drugs and drugs listed in the narrow therapeutic index, a
43 prescription order for a drug designated by a trade or brand name shall
44 be considered to be an order for the drug by its established or generic
45 name, except when the prescriber has determined, at the time the drug
46 is prescribed, that the brand-name drug is medically necessary and has
47 written on the prescription order the phrase "medically necessary". An
48 initial prescription order for an atypical antipsychotic drug or a drug
49 listed in the narrow therapeutic drug index that does not contain the
50 phrase "medically necessary" shall be considered an order for the drug
51 by its established or generic name, except that a pharmacy shall not
52 substitute a generic or established name prescription drug for
53 subsequent brand or trade name prescription orders of the same
54 prescription drug without explicit oral or written approval of the
55 prescriber given at the time the order is filled. Generic drugs shall be

1 dispensed at a lower cost to the Medical Assistance Program rather
2 than trade or brand-name drugs. As used in this subsection, "brand
3 name" means the proprietary name the manufacturer places upon a
4 drug product or on its container, label, or wrapping at the time of
5 packaging; and "established name" has the same meaning as in section
6 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended,
7 21 U.S.C. § 352(e)(3).

8 Prior authorization. – The Department of Health and Human
9 Services shall not impose prior authorization requirements or other
10 restrictions under the State Medical Assistance Program on
11 medications prescribed for Medicaid recipients for the treatment of: (i)
12 mental illness, including, but not limited to, medications for
13 schizophrenia, bipolar disorder, and major depressive disorder, or (ii)
14 HIV/AIDS.

15 (29) Other mental health services. – Unless otherwise covered by this
16 section, coverage is limited to:

17 a. Services as defined by the Division of Mental Health,
18 Developmental Disabilities, and Substance Abuse Services and
19 approved by the Centers for Medicare and Medicaid Services
20 (CMS) when provided in agencies meeting the requirements of
21 the rules established by the Commission for Mental Health,
22 Developmental Disabilities, and Substance Abuse Services and
23 reimbursement is made in accordance with a State Plan
24 developed by the Department of Health and Human Services
25 not to exceed the upper limits established in federal regulations,
26 and

27 b. For children eligible for EPSDT services provided by:

28 1. Licensed or certified psychologists, licensed clinical
29 social workers, certified clinical nurse specialists in
30 psychiatric mental health advanced practice, nurse
31 practitioners certified as clinical nurse specialists in
32 psychiatric mental health advanced practice, licensed
33 psychological associates, licensed professional
34 counselors, licensed marriage and family therapists,
35 certified clinical addictions specialists, and certified
36 clinical supervisors, when Medicaid-eligible children are
37 referred by the Community Care of North Carolina
38 primary care physician, a Medicaid-enrolled psychiatrist,
39 or the area mental health program or local management
40 entity, and

41 2. Institutional providers of residential services as defined
42 by the Division of Mental Health, Developmental
43 Disabilities, and Substance Abuse Services and approved
44 by the Centers for Medicare and Medicaid Services
45 (CMS) for children and Psychiatric Residential
46 Treatment Facility services that meet federal and State
47 requirements as defined by the Department.

48 c. For Medicaid-eligible adults, services provided by licensed or
49 certified psychologists, licensed clinical social workers,
50 certified clinical nurse specialists in psychiatric mental health
51 advanced practice, and nurse practitioners certified as clinical
52 nurse specialists in psychiatric mental health advanced practice,
53 licensed psychological associates, licensed professional
54 counselors, licensed marriage and family therapists, licensed

1 clinical addictions specialists, and licensed clinical supervisors,
2 Medicaid-eligible adults may be self-referred.

3 d. Payments made for services rendered in accordance with this
4 subdivision shall be to qualified providers in accordance with
5 approved policies and the State Plan. Nothing in
6 sub-subdivision b. or c. of this subdivision shall be interpreted
7 to modify the scope of practice of any service provider,
8 practitioner, or licensee, nor to modify or attenuate any
9 collaboration or supervision requirement related to the
10 professional activities of any service provider, practitioner, or
11 licensee. Nothing in sub-subdivision b. or c. of this subdivision
12 shall be interpreted to require any private health insurer or
13 health plan to make direct third-party reimbursements or
14 payments to any service provider, practitioner, or licensee.

15 e. The Department of Health and Human Services shall not enroll
16 licensed psychological associates, licensed professional
17 counselors, licensed marriage and family therapists, licensed
18 clinical addiction specialists, and licensed clinical supervisors
19 until all of the following conditions have been met:

20 1. The fiscal impact of payments to these qualified
21 providers has been projected;

22 2. Funding for any projected requirements in excess of
23 budgeted Division of Medical Assistance funding has
24 been identified from within State funds appropriated to
25 the Department of Health and Human Services, Division
26 of Mental Health, Developmental Disabilities, and
27 Substance Abuse Services to support area mental health
28 programs or county programs, or identified from other
29 sources; and

30 3. Approval has been obtained from the Office of State
31 Budget and Management to transfer these State or other
32 source funds from the Division of Mental Health,
33 Developmental Disabilities, and Substance Abuse
34 Services to the Division of Medical Assistance. Upon
35 approval and implementation, the Department of Health
36 and Human Services shall, on a quarterly basis, provide a
37 status report to the Office of State Budget and
38 Management and the Fiscal Research Division.

39 Notwithstanding G.S. 150B-21.1(a), the Department of Health and
40 Human Services may adopt temporary rules in accordance with
41 Chapter 150B of the General Statutes further defining the
42 qualifications of providers and referral procedures in order to
43 implement this subdivision. Coverage policy for services defined by
44 the Division of Mental Health, Developmental Disabilities, and
45 Substance Abuse Services under sub-subdivisions a. and b.2 of this
46 subdivision shall be established by the Division of Medical Assistance.

47 **SECTION 10.3.(f) Limitations on payments. –**

48 (1) Payment is limited to Medicaid-enrolled providers that purchase a
49 performance bond in an amount not to exceed one hundred thousand
50 dollars (\$100,000) naming as beneficiary the Department of Health
51 and Human Services, Division of Medical Assistance, or provide to the
52 Department a validly executed letter of credit or other financial
53 instrument issued by a financial institution or agency honoring a
54 demand for payment in an equivalent amount. The Department may
55 waive or limit the requirements of this paragraph for one or more

1 classes of Medicaid-enrolled providers based on the provider's dollar
2 amount of monthly billings to Medicaid or the length of time the
3 provider has been licensed in this State to provide services. In waiving
4 or limiting requirements of this paragraph, the Department shall take
5 into consideration the potential fiscal impact of the waiver or
6 limitation on the State Medicaid Program. The Department may adopt
7 temporary rules in accordance with G.S. 150B-21.1 as necessary to
8 implement this provision.

- 9 (2) Reimbursement is available for up to 24 visits per recipient per year to
10 any one or combination of the following: physicians, clinics, hospital
11 outpatient, optometrists, chiropractors, and podiatrists. Prenatal
12 services, all EPSDT children, emergency rooms, and mental health
13 services subject to independent utilization review are exempt from the
14 visit limitations contained in this paragraph. Exceptions may be
15 authorized by the Department of Health and Human Services where
16 the life of the patient would be threatened without such additional care.

17 **SECTION 10.3.(g)** Exceptions and limitations on services; authorization of
18 co-payments and other services.

- 19 (1) Exceptions to Service Limitations, Eligibility Requirements, and
20 Payments. – Service limitations, eligibility requirements, and
21 payments bases in this section may be waived by the Department of
22 Health and Human Services, with the approval of the Director of the
23 Budget, to allow the Department to carry out pilot programs for
24 prepaid health plans, contracting for services, managed care plans, or
25 community-based services programs in accordance with plans
26 approved by the United States Department of Health and Human
27 Services or when the Department determines that such a waiver will
28 result in a reduction in the total Medicaid costs for the recipient. The
29 Department of Health and Human Services may proceed with planning
30 and development work on the Program of All-Inclusive Care for the
31 Elderly.
- 32 (2) Co-Payment for Medicaid Services. – The Department of Health and
33 Human Services may establish co-payments up to the maximum
34 permitted by federal law and regulation and required by this subsection
35 in order to achieve reductions in the budget in fiscal years 2005-2006
36 and 2006-2007.
- 37 (3) The Department of Health and Human Services shall provide Medicaid
38 coverage for family planning services to men and women of
39 childbearing age with family incomes equal to or less than one
40 hundred eighty-five percent (185%) of the federal poverty level. Of the
41 funds appropriated in this act to the Division of Medical Assistance,
42 the sum of seven hundred fifty thousand dollars (\$750,000) for the
43 2005-2006 fiscal year shall be used to provide the State-match for the
44 family planning demonstration waiver approved by the federal
45 government.

46 **SECTION 10.3.(h)** Rules, Reports, and Other Matters. –

- 47 (1) Rules. – The Department of Health and Human Services may adopt
48 temporary or emergency rules according to the procedures established
49 in G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that these rules
50 are necessary to maximize receipt of federal funds within existing
51 State appropriations, to reduce Medicaid expenditures, and to reduce
52 fraud and abuse. Prior to the filing of these temporary or emergency
53 rules with the Rules Review Commission and the Office of
54 Administrative Hearings, the Department shall consult with the Office
55 of State Budget and Management on the possible fiscal impact of the

- 1 temporary or emergency rule and its effect on State appropriations and
2 local governments.
- 3 (2) Changes to Medicaid program; reports. – The Department shall report
4 on any change it anticipates making in the Medicaid program that
5 impacts the type or level of service, reimbursement methods, or
6 waivers, any of which require a change in the State Plan or other
7 approval by the Centers for Medicare and Medicaid Services (CMS).
8 The reports shall be provided at the same time they are submitted to
9 CMS for approval. In addition to the entities listed in subsection (a)(4)
10 of this section, the report shall be submitted to the Joint Legislative
11 Health Care Oversight Committee.
12

13 PROCEDURES FOR CHANGES TO DHHS MEDICAL POLICY

14 **SECTION 10.4.** Article 2 of Chapter 108A of the General Statutes is
15 amended by adding the following new section to read:

16 "**§ 108A-54.2. Procedures for changing medical policy.**

17 The Department shall develop, amend, and adopt medical coverage policy in
18 accordance with the following:

- 19 (1) During the development of new medical coverage policy or
20 amendment to existing medical coverage policy, consult with and seek
21 the advice of the Physician Advisory Group of the North Carolina
22 Medical Society and other organizations the Secretary deems
23 appropriate. The Secretary shall also consult with and seek the advice
24 of officials of the professional societies or associations representing
25 providers who are affected by the new medical coverage policy or
26 amendments to existing medical coverage policy.
- 27 (2) At least 45 days prior to the adoption of new or amended medical
28 coverage policy, the Department shall:
- 29 a. Publish the proposed new or amended medical coverage policy
30 on the Department's Web site;
31 b. Notify all Medicaid providers of the proposed, new, or amended
32 policy; and
33 c. Upon request, provide persons copies of the proposed medical
34 coverage policy.
- 35 (3) During the 45-day period immediately following publication of the
36 proposed new or amended medical coverage policy, accept oral and
37 written comments on the proposed new or amended policy.
- 38 (4) If, following the comment period, the proposed new or amended
39 medical coverage policy is modified, then the Department shall, at
40 least 15 days prior to its adoption:
- 41 a. Notify all Medicaid providers of the proposed policy;
42 b. Upon request, provide persons notice of amendments to the
43 proposed policy; and
44 c. Accept additional oral or written comments during this 15-day
45 period."
46

47 MEDICAID RESERVE FUND TRANSFER

48 **SECTION 10.7.(a)** Of the funds transferred to the Department of Health and
49 Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of fifty
50 million dollars (\$50,000,000) for the 2006-2007 fiscal year shall be allocated as
51 prescribed by G.S. 143-23.2(b) for Medicaid programs. Notwithstanding the
52 prescription in G.S. 143-23.2(b) that these funds not reduce State general revenue
53 funding, these funds shall replace the reduction in general revenue funding effected in
54 this act.

1 **SECTION 10.7.(b)** Of the funds transferred to the Department of Health and
2 Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of five
3 million four thousand five hundred four dollars (\$5,004,504) for the 2006-2007 fiscal
4 year shall be allocated as prescribed by G.S. 143-23.2(b) for the implementation of the
5 Medicaid Management Information System (MMIS).
6

TICKET TO WORK EFFECTIVE DATE CHANGE

7 **SECTION 10.9.(a)** Section 10.18(c) of S.L. 2005-276 reads as rewritten:

8 **"SECTION 10.18.(c)** Subsection (b) of this section becomes effective July 1, 2006.
9 Subsection (a) of this section becomes effective ~~January 1, 2007, or within 30 days after~~
10 ~~the date on which the MMIS becomes operational, as determined by the Department of~~
11 ~~Health and Human Services, whichever occurs later. July 1, 2007.~~

12 Client enrollment shall begin not later than six months from the date subsection (a)
13 becomes effective. The remainder of this section is effective when it becomes law."

14 **SECTION 10.9.(b)** The Department of Health and Human Services shall
15 study and develop a plan for the implementation of the Ticket to Work Program. The
16 Department shall report to the Senate Appropriations Committee on Health and Human
17 Services, the House of Representatives Appropriations Subcommittee on Health and
18 Human Services, and the Fiscal Research Division not later than March 1, 2007, on the
19 results of its study. The report shall include what system changes need to be made to
20 implement the Ticket to Work Program, how soon the changes can be made, and an
21 analysis of the five-year fiscal impact of the Program.
22

MEDICAID/HEALTH CHOICE DENTAL ADMINISTRATIVE SERVICES STUDY

23 **SECTION 10.9A.** The Department of Health and Human Services, Division
24 of Medical Assistance, shall study the costs and benefits of implementing a carve-out of
25 dental administrative services provided by third-party administrators for Medicaid and
26 NC Health Choice recipients. In conducting the study, the Division shall review the
27 experiences of other states using carve-out for administrative services and the likelihood
28 that a carve-out will increase the number of dentists willing to serve Medicaid and NC
29 Health Choice recipients. The Department of Health and Human Services shall report its
30 findings and recommendations and shall include in the report a comparison of what
31 Medicaid and SCHIP dental programs in other states have done or are doing to increase
32 the number of Medicaid and SCHIP recipients accessing dental care. The Department
33 of Health and Human Services shall submit the report to the House of Representatives
34 Appropriations Committee on Health and Human Services, the Senate Appropriations
35 Committee on Health and Human Services, and the Fiscal Research Division of the
36 Legislative Services Office not later than March 1, 2007.
37

EXTEND EFFECTIVE DATE ON CHANGES TO LIENS ON REAL PROPERTY FOR PURPOSES OF ESTATE RECOVERY UNDER MEDICAID

38 **SECTION 10.9B.** Section 10.21C(c) of S.L. 2005-276, as amended by
39 Section 16 of S.L. 2005-345, reads as rewritten:
40

41 **"SECTION 10.21C.(c)** This section becomes effective July 1, ~~2006,~~2007, and
42 applies to recipients of medical assistance on or after that date."
43
44
45

PILOT PROGRAM TO EVALUATE USE OF TELEMONITORING EQUIPMENT IN HOME CARE SERVICES

46 **SECTION 10.9C.** The Department of Health and Human Services, Division
47 of Medical Assistance, may implement a pilot program to evaluate the use of
48 telemonitoring equipment in home care services and community-based long-term care
49 services. The pilot program may be implemented by October 1, 2006, and shall
50 evaluate the use of telemonitoring equipment as a tool to improve the health of home

1 care clients and community-based long-term care clients through increased monitoring
2 and responsiveness, and resulting in increased stabilization rates. The evaluation shall
3 include a representative number of older adults. Not later than July 1, 2007, the
4 Department shall report to the House of Representatives Appropriations Subcommittee
5 on Health and Human Services, the Senate Appropriations Committee on Health and
6 Human Services, the Fiscal Research Division, and the North Carolina Study
7 Commission on Aging on the implementation of the pilot program and its findings and
8 recommendations on the cost-effectiveness of telemonitoring and the benefits to
9 individuals and health care providers.

10
11 **DHHS TO DEVELOP STRATEGIES TO OFFSET THE COST TO**
12 **PHARMACISTS OF PROVIDING SERVICES TO MEDICAID RECIPIENTS**
13 **ENROLLED IN MEDICARE PART D.**

14 **SECTION 10.9D.** The General Assembly recognizes the critical need for
15 pharmacy management services to Medicaid recipients enrolled in Medicare Part D. In
16 light of the additional costs to pharmacists that provide pharmacy services to Medicaid
17 recipients enrolled in Medicare Part D, and in light of the fact that federal law does not
18 provide federal matching funds under the Medicaid program for these services, the
19 Department of Health and Human Services shall develop strategies for reimbursing or
20 otherwise assisting pharmacists in providing these services to Medicaid recipients
21 enrolled in Medicare Part D. Among the strategies to be considered is a State-funded
22 subsidy program to ensure that pharmacies adversely affected by the additional costs
23 may remain in business and thus continue to provide pharmacy services throughout the
24 State. As part of this effort, the Department shall also determine the impact of the
25 Deficit Reduction Act of 2005 on the payment for generic drugs under the Medicaid
26 Program. The Department shall report its findings and recommended strategies to the
27 House of Representatives Appropriations Subcommittee on Health and Human
28 Services, the Senate Appropriations Committee on Health and Human Services, and the
29 Fiscal Research Division not later than April 1, 2007.

30
31 **CAP MEDICAID COUNTY SHARE**

32 **SECTION 10.9E.(a)** Notwithstanding any other provision of law to the
33 contrary, each county's portion of the nonfederal share of Medical Assistance Program
34 costs, excluding administrative costs, for the 2006-2007 fiscal year and thereafter, shall
35 not exceed the amount paid by the county for the nonfederal share of Medical
36 Assistance Program costs, excluding administrative costs, for the 2005-2006 fiscal year.
37 The limitation on the county share shall be in effect regardless of growth in Medical
38 Assistance Program expenditures for the 2007-2008 fiscal year and thereafter.

39 **SECTION 10.9E.(b)** Of the funds appropriated in this act to the Department
40 of Health and Human Services, Division of Medical Assistance, the sum of eighteen
41 million dollars (\$18,000,000) in recurring funds for the 2006-2007 fiscal year shall be
42 used to cover the increased cost to the State resulting from the cap on county share
43 required by this section.

44 **STATE-COUNTY SPECIAL ASSISTANCE**

45 **SECTION 10.9F.** Effective October 1, 2006, the maximum monthly rate for
46 residents in adult care home facilities shall be one thousand one hundred forty-eight
47 dollars (\$1,148) per month per resident.

48 **HEALTH INFORMATION SYSTEMS (HIS) FUNDS**

49 **SECTION 10.13.(a)** The sum of nine million eight hundred thirty-five
50 thousand seven hundred ninety-five dollars (\$9,835,795) is appropriated from Budget
51 Code 24430, Fund Code 2117, to the Department of Health and Human Services,
52 Division of Public Health, for the 2006-2007 fiscal year. These funds shall be used for
53 the development and implementation of the Health Information Systems (HIS), an

1 initiative that will provide an automated means of capturing, monitoring, reporting, and
2 billing services provided in local health departments, CDSAs, and the State Public
3 Health Lab. The HIS will allow for interfaces to local health departments' own vendor
4 systems and is intended to replace the outdated Health Services Information System.
5 Allocation of these funds is contingent upon full compliance with the reporting
6 requirements of Section 10.59A.(b) of S.L. 2005-276 and the identification of total
7 estimated costs and future funding sources.

8 **SECTION 10.13.(b)** The Department of Health and Human Services,
9 Division of Public Health, shall report on the use of these funds to the House of
10 Representatives Appropriations Subcommittee on Health and Human Services, the
11 Senate Appropriations Committee on Health and Human Services, and the Fiscal
12 Research Division not later than March 1, 2007.

13 14 **EARLY INTERVENTION SERVICES REPORT**

15 **SECTION 10.15.** The Department of Health and Human Services, Division
16 of Public Health, shall report on Early Intervention services. The report shall include
17 the following information for all children, ages birth to three years, entering the Early
18 Intervention system as of July 1, 2006, through December 31, 2006:

- 19 (1) Children served: the number of children referred and the source of
20 referral, the number of children receiving initial evaluations, the
21 number of children determined eligible, the number of children
22 enrolled, and the number of IFS Plans developed.
- 23 (2) Services provided: the number and types of evaluation services,
24 treatment services, and other services provided and whether the service
25 was provided by an employee of a Children's Developmental Services
26 Agency or a private provider.
- 27 (3) Sliding scale participation: the percentage of enrolled children whose
28 family income falls into each of the following categories: at or below
29 200% of the federal poverty level, between 250% and 300% of the
30 federal poverty level, between 350% and 400% of the federal poverty
31 level, and over 400% of the federal poverty level. These percentages
32 shall be reported based on gross income and net income after
33 allowable deductions.

34 The Division of Public Health shall report its findings and recommendations
35 to the Senate Appropriations Committee on Health and Human Services, the House of
36 Representative Appropriations Subcommittee on Health and Human Services, and the
37 Fiscal Research Division not later than February 1, 2007.

38 39 **COMMUNITY HEALTH CENTER CHANGES**

40 **SECTION 10.16.** Section 10.9(a) of S.L. 2005-276 reads as rewritten:

41 **"SECTION 10.9.(a)** Of the funds appropriated in this act for Community Health
42 Grants, the sum of ~~two five~~ million dollars (\$5,000,000) ~~(\$2,000,000) in recurring funds~~
43 ~~for the 2005-2006 fiscal year, and the sum of two million dollars (\$2,000,000) in~~
44 ~~recurring funds for the 2006-2007 fiscal year shall be used for federally qualified health~~
45 ~~centers, for those health centers that meet the criteria for federally qualified health~~
46 ~~centers, and for State-designated rural health centers and public health departments and~~
47 ~~other clinics to:~~ allocated to federally qualified health centers and those health centers
48 that meet the criteria for federally qualified health centers, State-designated rural health
49 centers, free clinics, public health departments, and other nonprofit organizations that
50 provide primary and preventive medical services to uninsured or medically indigent
51 patients to:

- 51 (1) Increase access to preventative and primary care services by uninsured
52 or medically indigent patients in existing or new health center
53 locations;

- 1 (2) Establish community health center services in counties where no such
2 services exist;
- 3 (3) Create new services or augment existing services provided to
4 uninsured or medically indigent patients, including primary care and
5 preventative medical services, dental services, pharmacy, and
6 behavioral health; and
- 7 (4) Increase capacity necessary to serve the uninsured by enhancing or
8 replacing facilities, equipment, or technologies.

9 Grant funds may not be used to enhance or increase compensation or other benefits
10 of personnel, administrators, directors, consultants, or any other parties. Grant funds
11 may not be used to supplant federal funds traditionally received by federally qualified
12 community health centers and may not be used to finance or satisfy any existing debt.
13 ~~The Department of Health and Human Services shall distribute funds on the basis of the~~
14 ~~availability of other funds for the agency, and also on the basis of incidence of poverty~~
15 ~~or percentage of indigent clients served.~~In distributing funds, the Department of Health
16 and Human Services shall consider the availability of other funds for the agency, the
17 incidence of poverty or indigent clients served, arrangements for after-hours care, and
18 collaboration with the applicant's community hospital and other safety net
19 organizations."
20

COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

21 **SECTION 10.18.** Of funds appropriated in this act to the Department of
22 Health and Human Services for the 2006-2007 fiscal year, the sum of two million
23 dollars (\$2,000,000) shall be allocated for the Community-Focused Eliminating Health
24 Disparities Initiative (CFEHDI) to provide grants-in-aid to local public health
25 departments, American Indian tribes, and faith-based and community-based
26 organizations to close the gap in the health status of African-Americans,
27 Hispanics/Latinos, and American Indians as compared to white persons. These grants
28 shall focus on the use of preventive measures to support healthy lifestyles. The areas of
29 focus on health status shall be infant mortality, HIV-AIDS and sexually transmitted
30 infections, cancer, diabetes, and homicides and motor vehicle deaths.
31

CLARIFICATION OF CERTAIN AUDIT REQUIREMENTS

32 **SECTION 10.19.** G.S. 143B-139.4.(b) reads as rewritten:

33 "(b) A private, nonprofit organization that receives employee assistance or other
34 appropriate services in accordance with subsection (a) of this section, shall document all
35 contributions received, including employee time, supplies, materials, equipment, and
36 physical space. The documentation shall also provide an estimated value of all
37 contributions received as well as any compensation paid to or bonuses received by State
38 employees. This documentation shall be submitted annually to the Secretary of the
39 Department of Health and Human Services in a format approved by the Secretary.
40 Nonprofit organizations with less than five hundred thousand dollars (\$500,000) in
41 annual income shall submit an affidavit from the chief officer of the organization
42 providing and attesting to the financial condition of the organization and the expenditure
43 of funds or use of State employee services or other State services. The board of directors
44 of each private, nonprofit organization with an annual income of five hundred thousand
45 dollars (\$500,000) or more shall secure and pay for the services of the State Auditor's
46 Office or employ a certified public accountant to conduct an annual audit of the
47 financial accounts of the organization. The board of directors shall transmit to the
48 Secretary of the Department a copy of the annual financial audit report of the private
49 nonprofit organization. Nothing in this subsection shall be construed to relieve the
50 private, nonprofit organization from other applicable reporting requirements established
51 by law."
52
53

FUNDS TO ASSIST RURAL HOSPITALS

1 **SECTION 10.19A.** Of the funds appropriated in this act to the Department
2 of Health and Human Services, Office of Rural Health and Community Care, the sum of
3 three million dollars (\$3,000,000) for the 2006-2007 fiscal year shall be allocated to
4 small rural hospitals in need of assistance with the operations and infrastructure
5 maintenance of the hospital. These funds may be used for:

- 6 (1) Capital and operational needs of small rural hospitals. The Office of
7 Rural Health and Community Care shall convene an advisory group to
8 establish criteria for distribution of these funds. The criteria shall
9 include the number of indigent patients served, the number of
10 Medicaid recipients served, the per capita income of the area served by
11 the hospital, and the financial needs of the hospital; and
12 (2) Pilot demonstration programs that address issues critical to the
13 long-term survivability of rural hospitals such as: development of
14 regional care networks for mental health services; restructuring of
15 emergency department and outpatient services; and disease-focused
16 regional referral and care networks. The Office of Rural Health and
17 Community Care shall convene an advisory group to establish criteria
18 for the pilot demonstration projects, distribution of funds, and
19 monitoring and evaluation of the pilot projects.

20 The Office of Rural Health and Community Care shall report on the
21 allocation of funds appropriated under this section to the Senate Appropriations
22 Committee on Health and Human Services, the House of Representatives
23 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
24 Division not later than April 1, 2007.
25

AIDS DRUG ASSISTANCE PROGRAM

26 **SECTION 10.21.** Section 10.59(a) of S.L. 2005-276 reads as rewritten:

27 "**SECTION 10.59.(a)** ~~For the 2005-2006 fiscal year and for the 2006-2007 fiscal~~
28 ~~year, HIV positive individuals with incomes at or below one hundred twenty five~~
29 ~~percent (125%) of the federal poverty level are eligible for participation in ADAP.~~
30 ~~Eligibility for participation in ADAP during the 2005-2007 fiscal biennium shall not be~~
31 ~~extended to individuals with incomes above one hundred twenty five percent (125%) of~~
32 ~~the federal poverty level.~~For the 2006-2007 fiscal year, the Department may adjust the
33 financial eligibility criterion of the ADAP Program up to an amount not exceeding two
34 hundred fifty percent (250%) of the federal poverty level in order to serve as many
35 eligible North Carolinians living with HIV disease as possible within existing resources
36 plus any new federal resources. If the Department raises the eligibility limit above one
37 hundred twenty-five percent (125%) of the federal poverty level and a waiting list
38 develops as a result, the Department shall give priority on the waiting list to those
39 individuals at or below one hundred twenty-five percent (125%) of the federal poverty
40 level. The Commission for Health Services shall adopt temporary rules in accordance
41 with G.S. 150B-21.1 to implement adjustments in financial eligibility, including wait-
42 list priorities, as soon as possible in order to access additional federal funds made
43 available for ADAP program services."
44

AREA AUTHORITY AND COUNTY PROGRAM CRISIS REGIONS

45 **SECTION 10.26.(a)** Of the funds appropriated in this act to the Department
46 of Health and Human Services, the sum of five million two hundred fifty thousand
47 dollars (\$5,250,000) for the 2006-2007 fiscal year shall be allocated on a per capita
48 basis and shall be used by area authorities and county programs for operational start-up,
49 capital, or subsidies related to the development and implementation of a plan for a
50 continuum of regional crisis facilities and local crisis services ("crisis plan"). Funds not
51 expended during the 2006-2007 fiscal year shall not revert to the General Fund but shall
52 remain available for the purposes outlined in this subsection. As used in this subsection,

1 the term "crisis" includes services for individuals with mental illnesses, developmental
2 disabilities, and substance abuse addictions.

3 **SECTION 10.26.(b)** Of the funds appropriated in this act to the Department
4 of Health and Human Services, the sum of two hundred twenty-five thousand dollars
5 (\$225,000) for the 2006-2007 fiscal year shall be used by the Department to hire a
6 consultant to provide technical assistance to Local Management Entities (LMEs) to
7 develop and implement the crisis plans required under subsection (a) of this section. As
8 used in this subsection, the term "consultant" may refer to an individual or a business
9 entity such as a corporation, a partnership, or a limited liability company. The roles and
10 responsibilities of the Department, the consultant, and the LMEs are more fully
11 explained in subsection (c) of this section. Funds not expended during the 2006-2007
12 fiscal year shall not revert to the General Fund but shall remain available for the
13 purposes outlined in this subsection.

14 **SECTION 10.26.(c)** The Department of Health and Human Services shall
15 hire a consultant to assist LMEs to carry out the requirements of this section. In addition
16 to any other factors the Department determines are relevant when selecting the
17 consultant, the Department shall take into consideration whether an applicant has prior
18 experience evaluating crisis services at a local, regional, and statewide level, prior
19 experience assisting State and local public agencies develop and implement crisis
20 services, and the ability to implement its responsibilities within the time frames
21 established under this section.

22 The consultant shall do all of the following:

- 23 (1) Develop a model for a continuum of crisis services for an urban area
24 and for a rural area. The model shall outline how an LME, or a group
25 of LMEs, can develop over a period of time the following components:
26 24-hour crisis telephone lines, walk-in crisis services, mobile crisis
27 outreach, crisis respite/residential services, crisis stabilization units,
28 23-hour beds, regional crisis facilities, inpatient crisis and
29 transportation. Options for voluntary admissions to a secured facility
30 shall include at least one service appropriate to address the mental
31 health, developmental disability, and substance abuse needs of adults,
32 and the mental health, developmental disability, and substance abuse
33 needs of children. Options for involuntary commitment to a secured
34 facility shall include at least one option in addition to admission to a
35 State facility. These models shall be the first deliverable under the
36 consultant's contract.
- 37 (2) Review the findings and recommendations regarding crisis services
38 developed by the Department as part of the long-range plan required
39 under Section 10.24 of S.L. 2005-276. The consultant shall use this
40 information and any other information it determines to: identify local
41 and regional gaps in crisis services; identify options for providing
42 those services; assist LMEs with developing and implementing a plan
43 to provide a continuum of crisis services; and maintain transparency
44 and accountability for the use of funds appropriated under this section.
- 45 (3) Designate appropriate groupings of LMEs for the development of
46 regional crisis facilities. As used in this section, the term "regional
47 crisis facility" means a facility-based crisis unit that serves an area that
48 may be larger than the catchment area of a single LME. The consultant
49 shall consult with LMEs in determining the grouping of LMEs for
50 regional crisis facilities. The consultant shall also take into
51 consideration geographical factors, prior LME groupings and
52 partnerships, and existing community facilities. Each LME shall
53 participate in the regional grouping established by the consultant in
54 order to be eligible to receive funding under this section.

1 The consultant shall work with each regional group to determine
2 whether a facility-based crisis center is needed in that region and
3 whether one would be financially sustainable on a long-term basis. If
4 the regional group and the consultant determine that a regional crisis
5 facility is needed and sustainable, the regional group shall attempt to
6 secure those services through a community hospital or other
7 community facility first.

- 8 (4) Assist LMEs to develop a plan to implement a continuum of local
9 crisis services. The plan shall be consistent with the models developed
10 by the consultant under subdivision (1) of this subsection and shall
11 address any gaps in crisis services identified by the study required
12 under Section 10.24 of S.L. 2005-276. The plan for a continuum of
13 local crisis services may be combined with a plan for the
14 implementation of a regional crisis facility.

15 **SECTION 10.26.(d)** The Department may allocate up to three percent (3%)
16 of the funds appropriated under subsection (a) of this section to LMEs to assist them
17 with the cost of developing their crisis services plans. Each LME shall submit its crisis
18 services plan to the consultant and to the Department for review no later than March 1,
19 2007. The plan shall take into consideration all other sources of funds in addition to the
20 funds appropriated under this section. The consultant and the Department shall review
21 the plans to determine whether they meet all the requirements of this section. If the plan
22 meets all the requirements of this section, the LME shall receive funding to implement
23 the plan.

24 **SECTION 10.26.(e)** LMEs shall report monthly to the consultant and to the
25 Department regarding the use of the funds, whether there has been a reduction in the use
26 of State psychiatric hospitals for acute admissions, and any remaining gaps in local and
27 regional crisis services. The consultant and the Department shall report quarterly to the
28 Senate Appropriations Committee on Health and Human Services, the House of
29 Representatives Appropriations Subcommittee on Health and Human Services, the
30 Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental
31 Health, Developmental Disabilities, and Substance Abuse Services regarding each
32 LME's proposed and actual use of the funds appropriated under this section. The
33 reporting requirement under this subsection shall expire July 1, 2008.

34 **MH/DD/SA SERVICES CONSULTANT TASKS**

35 **SECTION 10.28.** Independent consultants hired by the Department of
36 Health and Human Services from funds appropriated in this act for consultation
37 purposes shall undertake the following tasks:

- 38 (1) Assist the Department with the strategic planning necessary to develop
39 the revised State Plan as required under G.S. 122C-102. The State Plan
40 shall be coordinated with local and regional crisis service plans by area
41 authorities and county programs.
- 42 (2) Study and make recommendations to increase the capacity of the
43 Department to implement system reform successfully and in a manner
44 that maintains strong management functions by area authorities and
45 county programs at the local level.
- 46 (3) Assist the Division of Mental Health, Developmental Disabilities, and
47 Substance Abuse Services to work with area authorities and county
48 programs to:
- 49 a. Develop and implement five to ten critical performance
50 indicators to be used to hold area authorities and county
51 programs accountable for managing the mental health,
52 developmental disabilities, and substance abuse services
53 system. The performance system indicators shall be

1 implemented no later than six months after the consultant's
2 contract is awarded and in no event later than July 1, 2007.

3 b. Standardize the utilization management functions for Medicaid
4 and non-Medicaid services and for the review and approval of
5 person-centered plans.

6 c. Develop area authorities' and county programs' expertise to
7 assume utilization management for Medicaid services. The goal
8 shall be to have a portion of the area authorities and county
9 programs assume that function beginning July 1, 2007, and the
10 remainder to assume the function no later than July 1, 2009.

11 d. Implement other uniform procedures for the management
12 functions of area authorities and county programs.

13 (4) Provide technical assistance and oversight to private service providers,
14 area authorities, and county programs to ensure that best practices and
15 new services are being delivered with fidelity to the service definition
16 model.
17

18 **INDEPENDENT- AND SUPPORTIVE-LIVING APARTMENTS INITIATIVE**

19 **SECTION 10.30.** The independent and supportive living apartments for
20 persons with disabilities constructed from funds appropriated in this act for that purpose
21 shall be affordable to persons with incomes at the Supplemental Security Income (SSI)
22 level. If the North Carolina Housing Finance Agency is able to finance the apartments
23 for less than the amount appropriated under this section, any remaining funds, as well as
24 any interest earned on the amount appropriated, may be used to finance additional
25 apartments, group homes, and transitional housing for individuals with disabilities.
26

27 **LOCAL MANAGEMENT ENTITY ADMINISTRATIVE FUNCTIONS**

28 **SECTION 10.32.** The Department of Health and Human Services shall
29 recalculate local management entity (LME) systems management allocations for fiscal
30 year 2006-2007 to include funds for each LME to implement the following:

- 31 (1) 24-hour, seven days a week screening, triage, and referral;
- 32 (2) Provider endorsement, monitoring, technical assistance, capacity
33 development, and quality control;
- 34 (3) Authorization of all State-funded services;
- 35 (4) Care coordination, including the direct monitoring of the effectiveness
36 of person-center plans;
- 37 (5) Community collaboration and consumer affairs; and
- 38 (6) Financial management and accountability and information
39 management.

40 **DISTRIBUTION OF MENTAL HEALTH, SUBSTANCE ABUSE AND CRISIS 41 SERVICES FUNDS**

42 **SECTION 10.33A.(a)** Funds appropriated in this act for mental health
43 services, substance abuse services, and crisis services shall be allocated to local
44 management entities such that each local management entity receives a percentage of
45 the total allocation that is equal to that local management entity's percentage of the
46 State's total population that is below the federal poverty level.

47 **SECTION 10.33A.(b)** Funds allocated pursuant to subsection (a) of this
48 section for substance abuse services may be used to replace lost federal funding for
49 substance abuse services in drug treatment courts, provided that such funds shall be
50 allocated only in the amount of lost funding and shall not exceed two million dollars
51 (\$2,000,000). Before allocating these funds, the Department of Health and Human
Services shall verify the loss of federal funding for substance abuse services in drug
treatment courts and the amount of federal funds lost.

1 **SECTION 10.33A.(c)** The local management entity shall consult with the
2 local drug treatment court team and shall select a treatment provider that meets all
3 provider qualification requirements and the drug treatment court's needs. A single
4 treatment provider may be chosen for non-Medicaid-eligible participants only. A single
5 provider may be chosen who can work with all of the non-Medicaid-eligible drug
6 treatment court participants in a single group.

7 **SECTION 10.33A.(d)** The Department of Health and Human Services,
8 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
9 shall study whether the target population for substance abuse services needs to be
10 expanded to include more participants of the drug treatment courts, and shall report its
11 findings to the House of Representatives Appropriations Subcommittee on Health and
12 Human Services, the Senate Appropriations Committee on Health and Human Services,
13 and the Fiscal Research Division not later than April 1, 2007.

14 15 **ACCESS TO PSYCHIATRIC SERVICES**

16 **SECTION 10.33G.** Funds appropriated in this act to increase access to
17 psychiatric services for the 2006-2007 fiscal year may be used for the following
18 purposes:

- 19 (1) To cover non-fee-for-service billable functions that psychiatrists
20 perform, including incentives to increase the participation of
21 psychiatrists in new best-practice models of service such as
22 Community Treatment Teams;
- 23 (2) Designing graduate medical education incentives to influence the
24 training of psychiatrists to produce more psychiatrists interested in
25 working with public sector communities;
- 26 (3) Designing programs for loan forgiveness and recruitment incentives
27 for new psychiatrists serving Medicaid and other State-funded
28 consumers.

29 30 **PSYCHIATRIC HOSPITAL DEBT SERVICE**

31 **SECTION 10.33H.(a) G.S. 143-15.3D(c) reads as rewritten:**

32 "(c) Notwithstanding G.S. 143-18, any nonrecurring savings in State
33 appropriations realized from the closure of any State psychiatric hospitals that are in
34 excess of the cost of operating and maintaining a new State psychiatric hospital shall not
35 revert to the General Fund but shall be placed in the Trust Fund and shall be used for the
36 purposes authorized in this section. Notwithstanding G.S. 143-18, recurring savings
37 realized from the closure of any State psychiatric hospitals shall not revert to the
38 General Fund but shall be used for the payment of debt service on financing contract
39 indebtedness authorized pursuant to Article 9 of Chapter 142 of the General Statutes for
40 the construction of a new State psychiatric hospital. Any remainder not needed for this
41 debt service shall be credited to the Department of Health and Human Services to be
42 used only for the purposes of subsections (b)(2) and (b)(3) of this section."

43 **SECTION 10.33H.(b)** This section becomes effective July 1, 2007. Debt
44 service authorized pursuant to Article 9 of Chapter 142 of the General Statutes for the
45 construction of a new State psychiatric hospital shall be paid with funds from the
46 General Fund. Any funds budgeted for debt service on the new psychiatric hospital
47 before July 1, 2007, shall be redirected for purposes authorized under G.S.
48 143-15.3D(b)(2) and (b)(3).

49 50 **USE OF FUNDS IN MENTAL HEALTH TRUST FUND**

51 **SECTION 10.33I.** Of the funds appropriated in this act for mental health,
52 developmental disabilities, and substance abuse services, the sum of twenty-four million
53 two hundred five thousand dollars (\$24,205,000) in nonrecurring funds for the fiscal
54 year 2006-2007 shall be deposited to the Trust Fund for Mental Health, Developmental
Disabilities, and Substance Abuse Services and Bridge Funding Needs. Of these funds,

1 the sum of nine million two hundred five thousand dollars (\$9,205,000) for the
2 2006-2007 fiscal year shall be used as follows:

- 3 (1) \$1,500,000 for mental health services to be distributed to local
4 management entities.
- 5 (2) \$1,500,000 for substance abuse services to be distributed to local
6 management entities.
- 7 (3) \$3,000,000 for mental health, developmental disabilities, and
8 substance abuse crisis services.
- 9 (4) \$2,000,000 to increase access to psychiatric services.
- 10 (5) \$1,205,000 to provide one-time operating support for
11 independent-living apartments. It is the intent of the General Assembly
12 to provide funds in future years for operating support for the 400
13 independent-living and supportive-living apartments as they are
14 constructed and ready for occupation.

15 16 **CHILD CARE ALLOCATION FORMULA**

17 **SECTION 10.34.** Section 10.61(c) of S.L. 2005-276 reads as rewritten:

18 "**SECTION 10.61.(c)** Notwithstanding subsection (a) of this section, the
19 Department of Health and Human Services shall allocate up to twenty-two million
20 dollars (\$22,000,000) in federal block grant funds and State funds appropriated for
21 fiscal years ~~2004-2005~~2005-2006 and ~~2005-2006~~2006-2007 for child care services.
22 These funds shall be allocated to prevent termination of child care services."
23

24 25 **CHILD CARE FUNDS MATCHING REQUIREMENT**

26 **SECTION 10.36.** Section 10.60 of S.L. 2005-276 reads as rewritten:

27 "**SECTION 10.60.** No local matching funds may be required by the Department of
28 Health and Human Services as a condition of any locality's receiving ~~any State's initial~~
29 allocation of child care funds appropriated by this act unless federal law requires a
30 match. This shall not prohibit any locality from spending local funds for child care
31 services. If the Department reallocates additional funds above twenty-five thousand
32 dollars (\$25,000) to local purchasing agencies beyond their initial allocation, local
33 purchasing agencies must provide a twenty-five percent (25%) local match to receive
34 the reallocated funds. Matching requirements shall not apply when funds are allocated
because of a disaster as defined in G.S. 166A-4(1)."

35 36 **REQUIRE MINIMUM OF SMART START FUNDS FOR CHILD CARE** 37 **SUBSIDY**

38 **SECTION 10.37.** Notwithstanding G.S. 143B-168.15(g), of the ten million
39 dollars (\$10,000,000) appropriated in this act to the North Carolina Partnership for
40 Children, Inc., for the 2006-2007 fiscal year for local partnership initiatives, a minimum
41 of thirty percent (30%) of the allocation to each local partnership shall be used for child
42 care subsidy. This percentage shall be in addition to the direct services allocation for
43 the 2006-2007 fiscal year.

44 45 **SMART START ALLOCATIONS FOR MORE AT FOUR AND TO HOLD** 46 **HARMLESS LOCAL PARTNERSHIPS**

47 **SECTION 10.38.** Of the funds appropriated in this act from NC Lottery
48 proceeds to the More at Four Program, the sum of three million dollars (\$3,000,000) for
49 the 2006-2007 fiscal year shall be used by the More at Four Program for a portion of the
50 funds allocated by local partnerships for the More at Four Program. The North Carolina
51 Partnership for Children shall not reduce allocations to local partnerships below the
52 2005-2006 allocation because of funds allocated to More at Four under this section.

53 54 **PART X-A. DEPARTMENT OF AGRICULTURE AND CONSUMER** 55 **SERVICES**

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS

SECTION 10A.1.(a) Section 11.2 of S.L. 2005-276 reads as rewritten:

"**SECTION 11.2.** The sum of ~~one million thirty three thousand one hundred dollars (\$1,033,100)~~ three hundred sixty-nine thousand six hundred dollars (\$369,600) shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of Agriculture and Consumer Services as such funds become available ~~during the 2005-2006 fiscal year,~~ during the 2006-2007 fiscal year and used by the Department for the following capital improvements projects at agricultural research ~~stations and research farms:~~ stations:

- (1) ~~\$378,000 for improvements at the swine facility at the Cherry Research Farm.~~
- (2) ~~\$285,500 for renovation of dairy facilities at the Cherry Research Farm.~~
- (3) ~~\$369,600 for land acquisition and development at the Tidewater Research Station."~~

SECTION 10A.1.(b) Section 11.3 of S.L. 2005-276 reads as rewritten:

"**SECTION 11.3.** From funds ~~received from the sale of timber~~ that are deposited with the State Treasurer pursuant to G.S. 146-30 to the credit of the Department of Agriculture and Consumer Services in a capital improvement account, the sum of ~~twenty thousand dollars (\$20,000)~~ thirty thousand dollars (\$30,000) for the 2006-2007 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be ~~used~~ 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, and environmental ~~studies:~~ studies and for the management of plant conservation program preserves owned by the Department."

SECTION 10A.1.(c) The sum of five hundred thousand dollars (\$500,000) shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of Agriculture and Consumer Services as such funds become available and shall be used by the Department for capital improvements to the grounds and facilities at the Eastern North Carolina Agricultural Center at Williamston.

PART XI. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSERVATION RESERVE ENHANCEMENT PROGRAM

SECTION 11.1. Funds appropriated to the Department of Environment and Natural Resources for the 2006-2007 fiscal year for the Division of Soil and Water Conservation for the Conservation Reserve Enhancement Program for acquiring conservation easements and leases or for contracts under the Program shall not revert, but shall remain available for these purposes.

GRASSROOTS SCIENCE PROGRAM

SECTION 11.3.(a) Section 12.5 of S.L. 2005-276, as amended by Section 23 of S.L. 2005-345, reads as rewritten:

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars (\$3,197,762) for the 2005-2006 fiscal year and the sum of three million one hundred ninety-seven thousand seven hundred sixty dollars (\$3,197,760) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	<u>2005-2006</u>	<u>2006-2007</u>
Aurora Fossil Museum	\$59,057	\$59,444

1	Cape Fear Museum	\$161,007	\$159,444
2	Carolina Raptor Center	\$112,174	\$107,658
3	Catawba Science Center	\$133,429	\$148,588
4	Colburn Gem and Mineral Museum, Inc. <u>Earth Science</u>		
5	<u>Museum, Inc.</u>	\$74,545	\$74,642
6	Discovery Place	\$662,865	\$646,907
7	Eastern NC Regional Science Center	\$50,000	\$50,820
8	Port Discover: Northeastern North Carolina's	\$50,000	
9	Center for Hands-On Science, Inc.		
10	Fascinate-U	\$80,742	\$81,792
11	Granville County Museum Commission,		
12	Inc.–Harris Gallery	\$56,422	\$56,059
13	Greensboro Children's Museum	\$135,076	\$119,418
14	The Health Adventure Museum of Pack		
15	Place Education, Arts and		
16	Science Center, Inc.	\$134,499	\$158,058
17	Highlands Nature Center	\$79,268	\$75,370
18	Imagination Station	\$86,034	\$84,129
19	<u>The Iredell Museums, Inc.</u>		\$61,568
20	Kidsenses	\$50,000	\$82,007
21	Museum of Coastal Carolina	\$74,192	\$72,655
22	The Natural Science Center of Greensboro <u>Greensboro, Inc.</u>	\$186,354	\$176,051
23	North Carolina Museum of Life		
24	and Science	\$379,826	\$337,062
25	<u>Port Discover: Northeastern North Carolina's</u>		
26	<u>Center for Hands-On Science, Inc.</u>	\$50,000	\$50,087
27	Rocky Mount Children's Museum	\$72,254	\$68,696
28	Schiele Museum of Natural History		
29	<u>and Planetarium, Inc.</u>	\$229,547	\$210,764
30	Sci Works Science Center and		
31	Environmental Park of Forsyth County	\$146,499	\$145,914
32	Western North Carolina Nature Center	\$112,879	\$104,809
33	Wilmington Children's Museum	\$71,093	\$65,820
34			
35	Total	\$3,197,762	\$3,197,760

36 **SECTION 12.5.(b)** No later than March 1, 2006, the Department of Environment
 37 and Natural Resources shall report to the Fiscal Research Division all of the following
 38 information for each museum that receives funds under this section:

- 39 (1) The operating budget for the 2004-2005 fiscal year.
- 40 (2) The operating budget for the 2005-2006 fiscal year.
- 41 (3) The total attendance at the museum during the 2005 calendar year.

42 **SECTION 12.5.(c)** No later than March 1, 2007, the Department of Environment
 43 and Natural Resources shall report to the Fiscal Research Division all of the following
 44 information for each museum that receives funds under this section:

- 45 (1) The operating budget for the 2005-2006 fiscal year.
- 46 (2) The operating budget for the 2006-2007 fiscal year.
- 47 (3) The total attendance at the museum during the 2006 calendar year."

48 **SECTION 11.3.(b)** The Department of Environment and Natural Resources,
 49 in consultation with the Fiscal Research Division, shall study the current formula used
 50 to calculate the allocations for members of the Grassroots collaborative and shall report
 51 no later than January 15, 2007, its findings and any recommendations for revising this
 52 formula to be used for the 2007-2009 fiscal biennium to the Appropriations
 53 Subcommittees on Natural and Economic Resources in both the Senate and the House
 54 of Representatives.

COASTAL RECREATIONAL FISHING LICENSES RECEIPTS

SECTION 11.5. As reimbursement for the funds appropriated under this act to the Division of Marine Fisheries of the Department of Environment and Natural Resources for the 2006-2007 fiscal year to establish and support two positions in the Division of Marine Fisheries to implement the coastal recreational fishing license provisions of S.L. 2005-455, which become effective January 1, 2007, the Marine Fisheries Commission and the Wildlife Resources Commission shall disburse from the Marine Resources Fund to the General Fund the sum of three hundred seventy-five thousand dollars (\$375,000) from receipts from license fees collected during the 2006-2007 fiscal year.

EMERGENCY DRINKING WATER FUND ESTABLISHED

SECTION 11.6. Article 21 of Chapter 143 of the General Statutes is amended by adding a new Part to read:

"Part 11. Private Drinking Water Wells.

"§ 143-215.74M. Emergency Drinking Water Fund.

The Emergency Drinking Water Fund is created within the Department. The Emergency Drinking Water Fund may be used to pay for the cleanup of contaminated private drinking water wells and for the provision of alternative drinking water supplies for persons affected by groundwater contamination on a temporary or permanent basis. The Commission shall establish criteria by which the Department is to evaluate applications and disburse funds from this Fund and may adopt any rules necessary to implement this section."

PART XII. DEPARTMENT OF COMMERCE**EMPLOYMENT SECURITY FUNDS**

SECTION 12.1. Section 13.4 of S.L. 2005-276 reads as rewritten:

"SECTION 13.4.(a) Funds from the Employment Security Commission Reserve Fund shall be available to the Employment Security Commission to use as collateral to secure federal funds and to pay the administrative costs associated with the collection of the Employment Security Commission Reserve Fund surcharge. The total administrative costs paid with funds from the Reserve shall not exceed the total administrative costs paid in fiscal year ~~2004-2005~~2005-2006.

SECTION 13.4.(b) There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina the sum of six million three hundred thousand dollars (\$6,300,000) for the ~~2005-2006~~2006-2007 fiscal year to be used for the following purposes:

- (1) Six million dollars (\$6,000,000) for the operation and support of local offices.
- (2) Two hundred thousand dollars (\$200,000) for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs.
- (3) One hundred thousand dollars (\$100,000) to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs."

ONE NORTH CAROLINA FUND

SECTION 12.2. Section 13.6 of S.L. 2005-276 reads as rewritten:

"SECTION 13.6.(a) Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars (\$300,000) to cover its expenses in administering the One North Carolina Fund and

1 other economic development incentive grant programs in the ~~2005-2006~~2006-2007
2 fiscal year.

3 **SECTION 13.6.(b)** Notwithstanding the provisions of G.S. 143B-437.71, of the
4 funds appropriated in this act to the One North Carolina Fund, the Department of
5 Commerce shall allocate one million dollars (\$1,000,000) for the ~~2005-2006~~2006-2007
6 fiscal year to Johnson and Wales University in Charlotte for the purpose of providing
7 financial assistance to the University."
8

9 **EXTEND E-NC AUTHORITY SUNSET**

10 **SECTION 12.3.** Section 4 of S.L. 2003-425 reads as rewritten:

11 "SECTION 4. Sections 1 and 2 of this act become effective December 31, 2003,
12 with the e-NC Authority hereby designated as the successor entity of the Rural Internet
13 Access Authority that will dissolve on that date, as provided by Section 5 of S.L.
14 2000-149. The remainder of this act is effective when it becomes law. The e-NC
15 Authority created in this act is dissolved effective ~~December 31, 2006.~~ December 31,
16 2011. This act is repealed effective ~~December 31, 2006.~~ December 31, 2011. Part 2F of
17 Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by
18 this act, are repealed effective ~~December 31, 2006.~~ December 31, 2011."
19

20 **COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER**

21 **SECTION 12.4.** Section 13.2(c) of S.L. 2005-276 reads as rewritten:

22 "SECTION 13.2.(c) Funds appropriated by this section shall be paid by electronic
23 transfer in two equal installments, the first no later than ~~September 1, 2005,~~ September
24 1, 2006, and the second subsequent to acceptable submission of the annual report due to
25 the Joint Legislative Commission on Governmental Operations and the Fiscal Research
26 Division by ~~January 15, 2006,~~ January 15, 2007, as specified in subdivision (e)(2) of this
27 section."
28

29 **ADVANCED VEHICLE RESEARCH CENTER /FUNDS SHALL NOT REVERT**

30 **SECTION 12.5.** Section 13.8A of S.L. 2005-276 reads as rewritten:

31 "SECTION 13.8A.(a) There is established in the Office of the State Budget and
32 Management a reserve to be known as the Advanced Vehicle Research Center Reserve.
33 Funds from the Reserve shall not be expended or transferred except in accordance with
34 the provisions of this section.

35 **SECTION 13.8A.(b)** Of the funds appropriated by this act to the Advanced Vehicle
36 Research Center ~~Reserve, Reserve, and the funds available in the Reserve on June 30,~~
37 2006, as provided in subsections (g) and (h) of this section, the Office of State Budget
38 and Management may transfer in up to four installments the sum of ~~seven million five~~
39 ~~hundred thousand dollars (\$7,500,000)~~ fifteen million dollars (\$15,000,000) for the
40 ~~2005-2006~~2006-2007 fiscal year to the Department of Commerce to be allocated to the
41 Advanced Vehicle Research Center of North Carolina, Inc., (Center) when the Office of
42 State Budget and Management, in consultation with the Department of Commerce,
43 determines the Center has completed goals and projects consistent with the Center's
44 business plan. The goals and projects shall include the following:

- 45 (1) The Center has obtained legal title to the property on which the
46 Advanced Vehicle Research Center will be built.
- 47 (2) The Center has determined and provided for the critical infrastructure
48 needed to support the Advanced Vehicle Research Center.
- 49 (3) The Center has entered into a contract for the use and operation of a
50 testing facility that will create new private sector jobs in Tier 1 or Tier
51 2 counties.

52 **SECTION 13.8A.(c)** The Center shall file with the Office of State Budget and
53 Management and the Department of Commerce a copy of the Center's policy addressing
54 conflicts of interest that may arise involving the Center's management employees and
55 the members of its board of directors or other governing body before funds may be

1 allocated to the Center. The policy shall address situations in which any of these
2 individuals may directly or indirectly benefit, except as the Center's employees or
3 members of the board or other governing body, from the Center's disbursing of State
4 funds, and shall include actions to be taken by the entity or the individual, or both, to
5 avoid conflicts of interest and the appearance of impropriety.

6 **SECTION 13.8A.(d)** By ~~December 31, 2005,~~ December 31, 2006, and ~~April 30,~~
7 ~~2006,~~ April 30, 2007, the Center shall report to the Governor, the Joint Legislative
8 Commission on Governmental Operations, and the Fiscal Research Division the
9 following information: (i) fiscal year ~~2005-2006~~ 2006-2007 projects, objectives, and
10 accomplishments; and (ii) fiscal year 2005-2006 itemized expenditures and fund
11 sources. The ~~April 30, 2006,~~ April 30, 2007, report shall also contain the following: (i)
12 fiscal year ~~2006-2007~~ 2007-2008 planned projects, objectives, and accomplishments;
13 and (ii) fiscal year 2006-2007 estimated expenditures and fund sources.

14 **SECTION 13.8A.(e)** The Center shall provide to the Governor, the Joint
15 Legislative Commission on Governmental Operations, and the Fiscal Research
16 Division: (i) a copy of the Center's annual audited financial statement within 30 days of
17 issuance of the statement; and (ii) a copy of the Center's IRS Form 990.

18 **SECTION 13.8A.(f)** The Center shall provide a report containing detailed budget
19 information to the Office of State Budget and Management in the same manner as State
20 departments and agencies in preparation for biennium budget requests. Specific salary
21 information will be provided upon written request by the Chairmen of the Joint
22 Legislative Commission on Governmental Operations or the Chairmen of the House
23 Appropriations Committee on Environment, Health, and Natural Resources and the
24 Chairman of the Senate Appropriations Committee on Natural and Economic
25 Resources.

26 **SECTION 13.8A.(g)** Funds appropriated to the Advanced Vehicle Research Center
27 Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of
28 North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall
29 not revert to the General Fund on June 30, 2006, but shall remain available in the
30 Reserve.

31 **SECTION 13.8A.(h)** Subsection (g) of this section becomes effective June 30,
32 2006."

33 34 **WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS**

35 **SECTION 12.6.** Section 13.1 of S.L. 2005-276 reads as rewritten:

36 **"SECTION 13.1.(a)** Funds appropriated to the Department of Commerce for the
37 ~~2004-2005~~ 2005-2006 fiscal year for the Wanchese Seafood Industrial Park that are
38 unexpended and unencumbered as of ~~June 30, 2005,~~ June 30, 2006, shall not revert to
39 the General Fund on ~~June 30, 2005,~~ June 30, 2006, but shall remain available to the
40 Department to be expended by the Wanchese Seafood Industrial Park for operations,
41 maintenance, repair, and capital improvements in accordance with Article 23C of
42 Chapter 113 of the General Statutes.

43 **SECTION 13.1.(b)** Funds appropriated to the Department of Commerce for the
44 ~~2004-2005~~ 2005-2006 fiscal year for the Oregon Inlet Project that are unexpended and
45 unencumbered as of ~~June 30, 2005,~~ June 30, 2006, shall not revert to the General Fund
46 on ~~June 30, 2005,~~ June 30, 2006.

47 **SECTION 13.1.(c)** This section becomes effective ~~June 30, 2005,~~ June 30, 2006."

48 49 **DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS**

50 **SECTION 12.7.(a)** The Department of Commerce (Department) shall report
51 on all funds available for companies or organizations designed to promote agribusiness
52 in North Carolina. The report shall include the following: (i) information on all
53 Department economic incentive funds, including Commerce State Aid funds; and (ii)
54 information on the number of agribusinesses and organizations that applied for State
55 funds through the Department or other organizations, including the number of requests

1	4	Duplin, Jones, Onslow,	14 <u>16</u>
2		Sampson	
3	5	New Hanover, Pender	14 <u>16</u>
4	6A	Halifax	4 <u>5</u>
5	6B	Bertie, Hertford,	4 <u>5</u>
6		Northampton	
7	7	Edgecombe, Nash, Wilson	16 <u>18</u>
8	8	Greene, Lenoir, Wayne	11 <u>13</u>
9	9	Franklin, Granville,	11 <u>12</u>
10		Vance, Warren	
11	9A	Person, Caswell	4 <u>5</u>
12	10	Wake	31 <u>38</u>
13	11	Harnett, Johnston, Lee	14 <u>16</u>
14	12	Cumberland	18 <u>21</u>
15	13	Bladen, Brunswick, Columbus	11 <u>12</u>
16	14	Durham	13 <u>15</u>
17	15A	Alamance	8 <u>10</u>
18	15B	Orange, Chatham	7 <u>9</u>
19	16A	Scotland, Hoke	5 <u>6</u>
20	16B	Robeson	10 <u>13</u>
21	17A	Rockingham	5 <u>6</u>
22	17B	Stokes, Surry	5 <u>7</u>
23	18	Guilford	27 <u>30</u>
24	19A	Cabarrus	6 <u>8</u>
25	19B	Montgomery, Moore, Randolph	11 <u>12</u>
26	19C	Rowan	5 <u>7</u>
27	20	Anson, Richmond,	15 <u>18</u>
28		Stanly, Union	
29	21	Forsyth	17 <u>20</u>
30	22	Alexander, Davidson, Davie,	16 <u>20</u>
31		Iredell	
32	23	Alleghany, Ashe, Wilkes,	5 <u>7</u>
33		Yadkin	
34	24	Avery, Madison, Mitchell,	4 <u>6</u>
35		Watauga, Yancey	
36	25	Burke, Caldwell, Catawba	15 <u>18</u>
37	26	Mecklenburg	36 <u>49</u>
38	27A	Gaston	12 <u>14</u>
39	27B	Cleveland,	9 <u>10</u>
40		Lincoln	
41	28	Buncombe	11 <u>13</u>
42	29	Henderson, McDowell, Polk,	11 <u>13</u>
43		Rutherford, Transylvania	
44	30	Cherokee, Clay, Graham,	9 <u>11</u>
45		Haywood, Jackson, Macon,	
46		Swain."	

SECTION 14.3.(b) Effective January 1, 2007, G.S. 7A-60(a1), as amended by subsection (a) of this section and by Section 14.2(1) of S.L. 2005-276, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
------------------------	----------	---

1	1	Camden, Chowan, Currituck,	11
2		Dare, Gates, Pasquotank,	
3		Perquimans	
4	2	Beaufort, Hyde, Martin,	7
5		Tyrrell, Washington	
6	3A	Pitt	11
7	3B	Carteret, Craven, Pamlico	11
8	4	Duplin, Jones, Onslow,	16
9		Sampson	
10	5	New Hanover, Pender	16
11	6A	Halifax	5
12	6B	Bertie, Hertford,	5
13		Northampton	
14	7	Edgecombe, Nash, Wilson	18
15	8	Greene, Lenoir, Wayne	13
16	9	Franklin, Granville,	12
17		Vance, Warren	
18	9A	Person, Caswell	5
19	10	Wake	38
20	11	Harnett, Johnston, Lee	16
21	12	Cumberland	21
22	13	Bladen, Brunswick, Columbus	12
23	14	Durham	15
24	15A	Alamance	10
25	15B	Orange, Chatham	9
26	16A	Scotland, Hoke	6
27	16B	Robeson	13
28	17A	Rockingham	6
29	17B	Stokes, Surry	7
30	18	Guilford	30
31	19A	Cabarrus	8
32	19B	Montgomery, Moore, Randolph	12
33	19C	Rowan	7
34	20A	Anson, Richmond,	8 10
35		Stanly	
36	20B	Union	7 8
37	21	Forsyth	20
38	22	Alexander, Davidson, Davie,	20
39		Iredell	
40	23	Alleghany, Ashe, Wilkes,	7
41		Yadkin	
42	24	Avery, Madison, Mitchell,	6
43		Watauga, Yancey	
44	25	Burke, Caldwell, Catawba	18
45	26	Mecklenburg	49
46	27A	Gaston	14
47	27B	Cleveland,	10
48		Lincoln	
49	28	Buncombe	13
50	29A	McDowell, Rutherford	5 6
51	29B	Henderson, Polk, Transylvania	6 7
52	30	Cherokee, Clay, Graham,	11
53		Haywood, Jackson, Macon,	
54		Swain."	
55			

ADDITIONAL DISTRICT COURT JUDGESHIPS

SECTION 14.4.(a) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	4	Martin Beaufort Tyrrell Hyde Washington
3A	5	Pitt
3B	5 <u>6</u>	Craven Pamlico Carteret
4	8	Sampson Duplin Jones Onslow
5	8	New Hanover Pender
6A	2	Halifax
6B	3	Northampton Bertie Hertford
7	7	Nash Edgecombe Wilson
8	6	Wayne Greene Lenoir
9	4	Granville (part of Vance see subsection (b)) Franklin
9A	2	Person Caswell
9B	2	Warren (part of Vance see subsection (b))
10	15 <u>16</u>	Wake
11	8 <u>9</u>	Harnett Johnston Lee
12	9	Cumberland
13	6	Bladen Brunswick
14	6 <u>7</u>	Columbus Durham

1	15A	4	Alamance
2	15B	4 <u>5</u>	Orange
3			Chatham
4	16A	3	Scotland
5			Hoke
6	16B	5	Robeson
7	17A	2 <u>3</u>	Rockingham
8	17B	4	Stokes
9			Surry
10	18	12	Guilford
11	19A	4	Cabarrus
12	19B	6 <u>7</u>	Montgomery
13			Moore
14			Randolph
15	19C	4 <u>5</u>	Rowan
16	20A	4	Stanly
17			Anson
18			Richmond
19	20B	3 <u>4</u>	Union
20	21	9	Forsyth
21	22	9	Alexander
22			Davidson
23			Davie
24			Iredell
25	23	4	Alleghany
26			Ashe
27			Wilkes
28			Yadkin
29	24	4	Avery
30			Madison
31			Mitchell
32			Watauga
33			Yancey
34	25	8 <u>9</u>	Burke
35			Caldwell
36			Catawba
37	26	17 <u>18</u>	Mecklenburg
38	27A	7	Gaston
39	27B	4 <u>5</u>	Cleveland
40			Lincoln
41	28	7	Buncombe
42	29A	3	McDowell
43			Rutherford
44	29B	4	Henderson
45			Polk
46			Transylvania
47	30	5 <u>6</u>	Cherokee
48			Clay
49			Graham
50			Haywood
51			Jackson
52			Macon
53			Swain."

SECTION 14.4.(b) The Governor shall appoint the additional district court judges for Districts 3B, 10, 11, 14, 15B, 17A, 19B, 19C, 20B, 25, 26, 27B, and 30

1 authorized by this act, and those judges' successors shall be elected in the 2008 election
 2 for four-year terms commencing on January 1, 2009.

3 **SECTION 14.4.(c)** This section becomes effective January 15, 2007, except
 4 that as to any district court district subject to section 5 of the Voting Rights Act of 1965,
 5 it becomes effective January 15, 2007, or the date upon which subsection (a) of this
 6 section is approved under section 5 of the Voting Rights Act of 1965, whichever is later.

7
 8 **PROVIDE ADDITIONAL MAGISTRATES/ELIMINATE MAXIMUM**
 9 **ALLOCATION OF MAGISTRATES**

10 **SECTION 14.5.** G.S. 7A-133(c) reads as rewritten:

11 "(c) Each county shall have the numbers of magistrates and additional seats of
 12 district court, as set forth in the following table:

County	Magistrates Min.—Max.	Additional Seats of Court
Camden	1 3	
Chowan	2 3	
Currituck	1 4	
Dare	3 8	
Gates	2 3	
Pasquotank	3 5	
Perquimans	2 4	
Martin	4 8	
Beaufort	4 8	
Tyrrell	1 3	
Hyde	2 4	
Washington	3 4	
Pitt	10 12	Farmville Ayden Havelock
Craven	7 10	
Pamlico	2 4	
Carteret	5 6 8	
Sampson	6 8	
Duplin	8 11	
Jones	2 3	
Onslow	8 14	
New Hanover	6 11	
Pender	4 6	
Halifax	9 14	Roanoke Rapids, Scotland Neck
Northampton	5 7	
Bertie	4 6	
Hertford	5 7	
Nash	7 10	Rocky Mount
Edgecombe	4 7	Rocky Mount
Wilson	4 7	
Wayne	5 12	Mount Olive
Greene	2 3 4	
Lenoir	4 10	La Grange
Granville	3 7	
Vance	3 6	
Warren	3 5	
Franklin	3 7	
Person	3 4	

1	Caswell	2	5	
2	Wake	12	21	Apex,
3				Wendell,
4				Fuquay-
5				Varina,
6				Wake Forest
7	Harnett	7	11	Dunn
8	Johnston	10	12	Benson,
9				Clayton,
10				Selma
11	Lee	4	6	
12	Cumberland	10	19	
13	Bladen	4	6	
14	Brunswick	4	9	
15	Columbus	6	10	Tabor City
16	Durham	8	13	
17	Alamance	7 8	11	Burlington
18	Orange	4	11	Chapel Hill
19	Chatham	3	9	Siler City
20	Scotland	3	5	
21	Hoke	4	5	
22	Robeson	8 9	16	Fairmont,
23				Maxton,
24				Pembroke,
25				Red Springs,
26				Rowland,
27				St. Pauls
28	Rockingham	4	9	Reidsville,
29				Eden,
30				Madison
31	Stokes	2	5	
32	Surry	5	9	Mt. Airy
33	Guilford	20	27	High Point
34	Cabarrus	5	9	Kannapolis
35	Montgomery	2 3	4	
36	Randolph	5	10	Liberty
37	Rowan	5	10	
38	Stanly	5	6	
39	Union	4	7	
40	Anson	4	6	
41	Richmond	5	6	Hamlet
42	Moore	5	8	Southern
43				Pines
44	Forsyth	3	15	Kernersville
45	Alexander	2	4	
46	Davidson	7	10	Thomasville
47	Davie	2	4	
48	Iredell	4	9	Mooresville
49	Alleghany	1	2	
50	Ashe	3	4	
51	Wilkes	4	6	
52	Yadkin	3	5	
53	Avery	3	5	
54	Madison	4	5	
55	Mitchell	3	4	

1	Watauga	4	6	
2	Yancey	2	4	
3	Burke	4	7	
4	Caldwell	4	7	
5	Catawba	6	10	Hickory
6	Mecklenburg	15	28	
7	Gaston	11 12	22	
8	Cleveland	5	8	
9	Lincoln	4	7	
10	Buncombe	6	15	
11	Henderson	4	7	
12	McDowell	3	6	
13	Polk	3	4	
14	Rutherford	6	8	
15	Transylvania	2	4	
16	Cherokee	3	4	
17	Clay	1	2	
18	Graham	2	3	
19	Haywood	5	7	Canton
20	Jackson	3	5	
21	Macon	3	5	
22	Swain	2	4."	

COURT INTERPRETERS

SECTION 14.11. The Director of the Administrative Office of the Courts shall develop (i) proposed policies and procedures for the appointment and payment of foreign language interpreters to be applied uniformly throughout the General Court of Justice and (ii) recommendations regarding the conversion of contractual foreign language interpreter positions to permanent State positions, including whether permanent interpreter positions are more efficient and cost-effective than contractual positions. On or before February 1, 2007, the Director shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the proposed policies and recommendations required by this section.

MONITORING OF COMMUNITY MEDIATION CENTERS

SECTION 14.12. G.S. 7A-38.6(a) reads as rewritten:

"(a) All community mediation centers currently receiving State funds shall report annually to the Mediation Network of North Carolina on the program's funding and activities, including:

- (1) Types of dispute settlement services provided;
- (2) Clients receiving each type of dispute settlement service;
- (3) Number and type of referrals received, cases actually mediated (identified by docket number), cases resolved in mediation, and total clients served in the cases mediated;
- (4) Total program funding and funding sources;
- (5) Itemization of the use of funds, including operating expenses and personnel;
- (6) Itemization of the use of State funds appropriated to the center;
- (7) Level of volunteer activity; and
- (8) Identification of future service demands and budget requirements.

The Mediation Network of North Carolina shall compile and summarize the information provided pursuant to this subsection and shall provide the information to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

1 The Mediation Network of North Carolina shall also submit a copy of its report to
2 the Administrative Office of the Courts. The receipt and review of this report by the
3 Administrative Office of the Courts shall satisfy any program monitoring, evaluation,
4 and contracting requirements imposed on the Administrative Office of the Courts by
5 G.S. 143-6.2 and any rules adopted under that section."
6

7 **INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS**

8 **SECTION 14.14.** The Office of Indigent Defense Services may use a sum
9 up to fifty thousand dollars (\$50,000) from funds available to provide the State
10 matching funds needed to receive grant funds. Prior to using funds for this purpose, the
11 Office shall report to the Chairs of the Senate and House of Representatives
12 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
13 Commission on Governmental Operations on the grants to be matched using these
14 funds.
15

16 **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS**

17 **SECTION 14.15.** Section 14.11 of S.L. 2005-276, as amended by Section 28
18 of S.L. 2005-345, reads as rewritten:

19 "**SECTION 14.11.** The Judicial Department, Office of Indigent Defense Services,
20 may use ~~up to the sum of one million sixty nine thousand six hundred forty five dollars~~
21 ~~(\$1,069,645) in appropriated funds during the 2005-2006 fiscal year and up to the sum~~
22 ~~of one million twenty three thousand one hundred thirty five dollars (\$1,023,135) two~~
23 million one hundred eighteen thousand five hundred eighty dollars (\$2,118,580) in
24 appropriated funds during the 2006-2007 fiscal year (i) for the expansion of existing
25 offices currently providing legal services to the indigent population under the oversight
26 of the Office of Indigent Defense Services by creating up to ~~40~~20 new attorney
27 positions and ~~five~~10 new support staff positions; and (ii) to create up to two new
28 assistant public defender positions and one new support staff position in the First
29 Defender District and up to one new assistant public defender position in Defender
30 District 3A, for the purpose of representing indigent persons eligible for the
31 appointment of counsel in Superior Court District 2 and District Court District 2. These
32 funds may be used for salaries, benefits, equipment, and related expenses. Prior to using
33 funds for this purpose, the Office of Indigent Defense Services shall report to the Chairs
34 of the House and the Senate Appropriations Subcommittees on Justice and Public Safety
35 on the proposed expansion."
36

37 **REVIEW OF OFFICE OF INDIGENT DEFENSE SERVICES**

38 **SECTION 14.16.** The State Auditor shall conduct an analysis of the fee
39 payment practices of the Office of Indigent Defense Services and make
40 recommendations for process improvements in payment of fee applications, including
41 recommendations regarding automation. The State Auditor shall report the results of
42 this analysis and the recommendations resulting from it to the Chairs of the House and
43 Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2007.
44

45 **INCREASE THE UNIFORM FEES PAID TO JURORS**

46 **SECTION 14.17.** G.S. 7A-312 reads as rewritten:

47 "**§ 7A-312. Uniform fees for jurors; meals.**

48 A juror in the General Court of Justice including a petit juror, or a coroner's juror,
49 but excluding a grand juror, shall receive twelve dollars (\$12.00) ~~per day, for the first~~
50 day of service and twenty dollars (\$20.00) per day afterwards, except that if any person
51 serves as a juror for more than five days in any 24-month period, the juror shall receive
52 ~~thirty dollars (\$30.00)~~ forty dollars (\$40.00) per day for each day of service in excess of
53 five days. A grand juror shall receive ~~twelve dollars (\$12.00)~~ twenty dollars (\$20.00)
54 per day. A juror required to remain overnight at the site of the trial shall be furnished
55 adequate accommodations and subsistence. If required by the presiding judge to remain

1 in a body during the trial of a case, meals shall be furnished the jurors during the period
 2 of sequestration. Jurors from out of the county summoned to sit on a special venire shall
 3 receive mileage at the same rate as State employees."
 4

5 **FUNDING TO INCREASE MILEAGE REIMBURSEMENT**

6 **SECTION 14.18.** In view of the increase in fuel prices and the limits on
 7 travel funds in the Judicial Department, the Administrative Office of the Courts may use
 8 up to five hundred thousand dollars (\$500,000) in funds available during the 2006-2007
 9 fiscal year to allow for an increase in the mileage reimbursement rate paid to Judicial
 10 Department employees from the current rate of thirty-seven cents (37¢) per mile to the
 11 maximum allowable under G.S. 138-6(a)(1).
 12

13 **DIVIDE PROSECUTORIAL DISTRICT 19B INTO DISTRICTS 19B AND 19D**

14 **SECTION 14.19.(a)** Effective January 15, 2007, G.S. 7A-60(a1), as
 15 amended by Section 14.3 of this act, reads as rewritten:

16 "(a1) The counties of the State are organized into prosecutorial districts, and each
 17 district has the counties and the number of full-time assistant district attorneys set forth
 18 in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	7
3A	Pitt	11
3B	Carteret, Craven, Pamlico	11
4	Duplin, Jones, Onslow, Sampson	16
5	New Hanover, Pender	16
6A	Halifax	5
6B	Bertie, Hertford, Northampton	5
7	Edgecombe, Nash, Wilson	18
8	Greene, Lenoir, Wayne	13
9	Franklin, Granville, Vance, Warren	12
9A	Person, Caswell	5
10	Wake	38
11	Harnett, Johnston, Lee	16
12	Cumberland	21
13	Bladen, Brunswick, Columbus	12
14	Durham	15
15A	Alamance	10
15B	Orange, Chatham	9
16A	Scotland, Hoke	6
16B	Robeson	13
17A	Rockingham	6
17B	Stokes, Surry	7
18	Guilford	30
19A	Cabarrus	8
19B	Montgomery, Moore , Randolph	12 8
19C	Rowan	7
19D	<u>Moore</u>	<u>4</u>

1	20A	Anson, Richmond,	10
2		Stanly	
3	20B	Union	8
4	21	Forsyth	20
5	22	Alexander, Davidson, Davie,	20
6		Iredell	
7	23	Alleghany, Ashe, Wilkes,	7
8		Yadkin	
9	24	Avery, Madison, Mitchell,	6
10		Watauga, Yancey	
11	25	Burke, Caldwell, Catawba	18
12	26	Mecklenburg	49
13	27A	Gaston	14
14	27B	Cleveland,	10
15		Lincoln	
16	28	Buncombe	13
17	29A	McDowell, Rutherford	6
18	29B	Henderson, Polk, Transylvania	7
19	30	Cherokee, Clay, Graham,	11
20		Haywood, Jackson, Macon,	
21		Swain."	

SECTION 14.19.(b) The district attorney position established for District 19B by subsection (a) of this section shall be filled by the district attorney currently serving District 19B who resides in Randolph County. The district attorney position established for District 19D by subsection (a) of this section shall be filled by appointment of the Governor for the remainder of the term expiring January 1, 2009. A district attorney for District 19D shall be elected in 2008 for a four-year term commencing January 1, 2009.

SECTION 14.19.(c) The eight assistant district attorney positions for District 19B under subsection (a) of this section shall be filled by eight assistant district attorneys currently serving Montgomery and Randolph Counties in District 19B. The four assistant district attorney positions for District 19D under subsection (a) of this section shall be filled by four assistant district attorneys currently serving Moore County in District 19B.

SECTION 14.19.(d) This section becomes effective January 15, 2007.

PART XV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

REPORTS ON CERTAIN PROGRAMS

SECTION 15.1. Section 16.3 of S.L. 2005-276 reads as rewritten:

"SECTION 16.3.(a) Project Challenge North Carolina, Inc., shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by April 1 each year on the operation and the effectiveness of its program in providing alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined. The report shall include information on:

- (1) The source of referrals for juveniles.
- (2) The types of offenses committed by juveniles participating in the program.
- (3) The amount of time those juveniles spend in the program.
- (4) The number of juveniles who successfully complete the program.
- (5) The number of juveniles who commit additional offenses after completing the program.

1 (6) The program's budget and expenditures, including all funding sources.
2 **SECTION 16.3.(b)** The Juvenile Assessment Center shall report to the Chairs of
3 the Senate and House of Representatives Appropriations Subcommittees on Justice and
4 Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
5 Oversight Committee on the effectiveness of the Center by April 1 each year. The report
6 shall include information on the number of juveniles served and an evaluation of the
7 effectiveness of juvenile assessment plans and services provided as a result of these
8 plans. In addition, the report shall include information on the Center's budget and
9 expenditures, including all funding sources.

10 **SECTION 16.3.(c)** Communities in Schools shall report to the Chairs of the Senate
11 and House of Representatives Appropriations Subcommittees on Justice and Public
12 Safety, ~~the Joint Legislative Commission on Governmental Operations,~~ the Joint
13 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and
14 the Joint Legislative Education Oversight Committee by April 1 each year on the
15 operation and effectiveness of its program. The report shall include information on:

- 16 (1) The number of children served.
- 17 (2) The number of volunteers used.
- 18 (3) The impact on children who have received services from Communities
19 in Schools.
- 20 (4) The program's budget and expenditures, including all funding
21 sources."

22 23 STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

24 **SECTION 15.2.** Section 16.5 of S.L. 2005-276 reads as rewritten:

25 "**SECTION 16.5.** Funds appropriated in this act to the Department of Juvenile
26 Justice and Delinquency Prevention for the ~~2005-2006-2006-2007~~ fiscal year may be
27 used as matching funds for the Juvenile Accountability Incentive Block Grants. If North
28 Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds
29 to be awarded, the Office of State Budget and Management and the Governor's Crime
30 Commission shall consult with the Department of Juvenile Justice and Delinquency
31 Prevention regarding the criteria for awarding federal funds. The Office of State Budget
32 and Management, the Governor's Crime Commission, and the Department of Juvenile
33 Justice and Delinquency Prevention shall report to the Appropriations Committees of
34 the Senate and House of Representatives and the Joint Legislative Commission on
35 Governmental Operations prior to allocation of the federal funds. The report shall
36 identify the amount of funds to be received for the ~~2005-2006-2006-2007~~ fiscal year,
37 the amount of funds anticipated for the ~~2006-2007-2007-2008~~ fiscal year, and the
38 allocation of funds by program and purpose."

39 40 ANNUAL EVALUATION OF COMMUNITY PROGRAMS

41 **SECTION 15.4.** Section 16.4 of S.L. 2005-276 reads as rewritten:

42 "**SECTION 16.4.** The Department of Juvenile Justice and Delinquency Prevention
43 shall conduct an evaluation of the Eckerd and Camp Woodson wilderness camp
44 programs, the teen court programs, the program that grants funds to the local
45 organizations of the Boys and Girls Clubs established pursuant to Section 21.10 of S.L.
46 1999-237, the Save Our Students program, the Governor's One-on-One Programs, and
47 multipurpose group homes. The teen court report shall include statistical information on
48 the number of juveniles served, the number and type of offenses considered by teen
49 courts, referral sources for teen courts, and the number of juveniles that become
50 court-involved after participation in teen courts. The report on the Boys and Girls Clubs
51 program shall include information on:

- 52 (1) The expenditure of State appropriations on the program;
- 53 (2) The operations and the effectiveness of the program; and
- 54 (3) The number of juveniles served under the program.

1 In conducting the evaluation of each of these programs, the Department shall
2 consider whether participation in each program results in a reduction of court
3 involvement among juveniles. The Department shall also identify whether the programs
4 are achieving the goals and objectives of the Juvenile Justice Act, S.L. 1998-202. The
5 Department shall report the results of the evaluation to the Joint Corrections, Crime
6 Control, and Juvenile Justice Oversight Committee, the Chairs of the House of
7 Representatives and Senate Appropriations Committees-Committees, and the Chairs of
8 the Subcommittees on Justice and Public Safety of the House of Representatives and
9 Senate Appropriations Committees by March 1 of each year."

10 11 **ALTERNATIVES TO JUVENILE COMMITMENT/JUVENILE CRIME** 12 **PREVENTION COUNCILS**

13 **SECTION 15.5.** Section 16.11 of S.L. 2005-276 reads as rewritten:

14 **"SECTION 16.11.(a)** Of the funds appropriated in this act to the Department of
15 Juvenile Justice and Delinquency Prevention, the sum of two hundred fifty thousand
16 dollars (\$250,000) shall be used to expand Juvenile Crime Prevention Councils
17 demonstration projects designed to reduce commitments to youth development centers.
18 Specifically, the funds shall be awarded to Juvenile Crime Prevention Councils to
19 provide residential and/or community-based intensive services to juveniles who have
20 been adjudicated delinquent with a level 2 or 3 disposition or who are reentering the
21 community after serving time in a youth development center. The Department shall
22 develop a competitive grant award process to allocate the funds to county Juvenile
23 Crime Prevention Councils. The programs must initiate services to the targeted
24 population no later than March 1, 2006. On June 30, 2006, any funds not awarded for
25 demonstration projects pursuant to this section by the Department shall revert to the
26 General Fund. The Department may award up to four grants to Juvenile Crime
27 Prevention Councils, and no individual grant may exceed one hundred thousand dollars
28 (\$100,000).

29 **SECTION 16.11.(b)** The Department of Juvenile Justice and Delinquency
30 Prevention shall report to the Joint Legislative Corrections, Crime Control, and Juvenile
31 Justice Oversight Committee no later than March 1, 2006, on the implementation and
32 award process. The report shall provide a detailed description of the services to be
33 provided by each program, the number and types of juveniles to be served, and the
34 amount awarded to each program.

35 **SECTION 16.11.(c)** The Department of Juvenile Justice and Delinquency
36 Prevention shall report to the Senate and House of Representatives Appropriations
37 Subcommittees on Justice and Public Safety no later than March 1, 2006, and annually
38 thereafter, on the results of the alternatives to commitment demonstration programs
39 funded by Section 16.7 of S.L. 2004-124. The 2007 report and all annual reports
40 thereafter shall also include projects funded by this section for the 2005-2006 fiscal
41 year. Specifically, the report shall provide a detailed description of each of the
42 demonstration programs, including the numbers of juveniles served, their adjudication
43 status at the time of service, the services/treatments provided, the length of service, the
44 total cost per juvenile, and the six- and 12-month recidivism rates for the juveniles after
45 the termination of program services.

46 **SECTION 16.11.(d)** The requirements of this section apply to all future allocations
47 by the Department of Juvenile Justice and Delinquency Prevention of the funds
48 appropriated to the Department by Section 16.11 of S.L. 2005-276 and Section 16.7 of
49 S.L. 2004-124."

50 51 **REPORTS ON YOUTH DEVELOPMENT CENTERS**

52 **SECTION 15.6.(a)** Section 16.6 of S.L. 2005-276 reads as rewritten:

53 **"SECTION 16.6.(a)** The Department of Juvenile Justice and Delinquency
54 Prevention shall report December 31, 2005, and quarterly thereafter during the
55 2005-2007 biennium to the Chairs of the Senate and House of Representatives

1 Appropriations Subcommittees on Justice and Public Safety and to the Joint
2 Corrections, Crime Control, and Juvenile Justice Oversight Committee on the treatment
3 staffing model being piloted at Samarkand and Stonewall Jackson Youth Development
4 Centers. The report shall include a list of total positions at each facility by job class,
5 whether the position is vacant or filled, whether positions were filled from internal
6 employees or new employees, and the training and certification status of each position.
7 The report shall also describe the nature of the treatment program, the criteria for
8 evaluating the program, and how the program is performing in comparison to these
9 criteria. The report shall also describe the training approach to be used to train staff in
10 using treatment methods in youth development centers and provide information on
11 current staff training and staff training planned for the next quarter. The Department
12 shall also develop indicators for evaluating staff performance once the model has been
13 implemented.

14 **SECTION 16.6.(b)** The Department of Juvenile Justice and Delinquency
15 Prevention shall report December 31, 2005, and quarterly thereafter during the
16 2005-2007 biennium to the Chairs of the Senate and House of Representatives
17 Appropriations Subcommittees on Justice and Public Safety and the Joint Corrections,
18 Crime Control, and Juvenile Justice Oversight Committee on the implementation of the
19 treatment staffing model at Dobbs, Dillon, and Juvenile Evaluation Center Youth
20 Development Centers. The Department shall identify the number of positions
21 reallocated to the new treatment job classes and the source of funding for those
22 positions.

23 **SECTION 16.6.(c)** The Department of Juvenile Justice and Delinquency
24 Prevention shall report to the Chairs of the Senate and House of Representatives
25 Appropriations Subcommittees on Justice and Public Safety and the Joint Corrections,
26 Crime Control, and Juvenile Justice Oversight Committee by November 10, 2006, on
27 the final recommended staffing plan for youth development centers for the 2007-2008
28 fiscal year. The report shall include:

- 29 (1) The latest results of the evaluation of the pilot treatment staffing
30 models at the Samarkand and Stonewall Jackson Youth Development
31 Centers and the progress in implementing the model at other youth
32 development centers.
- 33 (2) The total recommended staffing by position classification for each
34 youth development center. Staffing by shift shall be provided for each
35 housing unit as well as justification for the level and type of staff on
36 each shift.
- 37 (3) The total cost and cost per bed for each youth development center to
38 implement the staffing model.
- 39 (4) The primary basis for the number of staff at each youth development
40 center by classification.
- 41 (5) An identification of other states that have implemented a treatment
42 based staffing model, how the staffing patterns compare to the
43 Department of Juvenile Justice and Delinquency Prevention proposal,
44 and any research on the benefits and outcomes of using the treatment
45 based approach in these states."

46 **SECTION 15.6.(b)** It is the intent of the General Assembly to consider
47 appropriating funds for new treatment positions at youth development centers only
48 when the report required by subsection (a) of this section is received by the Chairs of
49 the Senate and House of Representatives Appropriations Subcommittees on Justice and
50 Public Safety.

51 PART XVI. DEPARTMENT OF CORRECTION

52 INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS AND 53 INMATE LAUNDRY SERVICES 54 55

1 **SECTION 16.1.** Section 17.6 of S.L. 2005-276 reads as rewritten:

2 **"SECTION 17.6.(a)** If the cost of providing food and health care to inmates housed
3 in the Division of Prisons is anticipated to exceed the continuation budget amounts
4 provided for that purpose in this act, the Department of Correction shall report the
5 reasons for the anticipated cost increase and the source of funds the Department intends
6 to use to cover those additional needs to the Joint Legislative Commission on
7 Governmental Operations, the Chairs of the Senate and House of Representatives
8 Appropriations Committees, and the Chairs of the Senate and House of Representatives
9 Appropriations Subcommittees on Justice and Public Safety.

10 **SECTION 17.6.(b)** Notwithstanding the provisions of G.S. 143-23(a2), the
11 Department of Correction may use funds available during the ~~2005-2006 fiscal year~~
12 2005-2007 biennium for the purchase of prescription drugs for inmates if expenditures
13 are projected to exceed the Department's inmate medical continuation budget for
14 prescription drugs. The Department shall consult with the Joint Legislative Commission
15 on Governmental Operations prior to exceeding the continuation budget amount.

16 **SECTION 17.6.(c)** Notwithstanding the provisions of G.S. 143-23(a2), the
17 Department of Correction may use funds available during the ~~2005-2006 fiscal year~~
18 2005-2007 biennium for the purchase of ~~clothing and~~ laundry services for inmates if
19 expenditures are projected to exceed the Department's budget for clothing and laundry
20 services. The Department shall consult with the Joint Legislative Commission on
21 Governmental Operations prior to exceeding the continuation budget amount."
22

23 **CONVERSION OF CONTRACTED MEDICAL POSITIONS**

24 **SECTION 16.2.** Section 17.7 of S.L. 2005-276 reads as rewritten:

25 **"SECTION 17.7.(a)** The Department of Correction may convert contract medical
26 positions to permanent State medical positions if the Department can document in each
27 request submitted to the Office of State Budget and Management that the total savings
28 generated will exceed the total cost of the new ~~positions for each facility.~~ positions.
29 ~~Where practical, the Department shall convert contract positions to permanent positions~~
30 ~~by using existing vacancies in medical positions.~~

31 **SECTION 17.7.(b)** The Department of Correction shall report by ~~April 1, 2006,~~
32 April of each year to the Joint Legislative Commission on Governmental Operations
33 and the Chairs of the Senate and House of Representatives Appropriations
34 Subcommittees on Justice and Public Safety on all conversions made pursuant to this
35 section, by type of position and location, and on the savings ~~generated at each~~
36 correctional facility. ~~generated."~~
37

38 **COMPUTER/DATA PROCESSING SERVICES FUNDS**

39 **SECTION 16.3.** Section 17.10. of S.L. 2005-276 reads as rewritten:

40 **"SECTION 17.10.** Notwithstanding the provisions of G.S. 143-23(a2), the
41 Department of Correction may use funds available during the ~~2005-2006 fiscal year~~
42 2005-2007 biennium for expenses for computer/data processing services if expenditures
43 exceed the Department's continuation budget amount for those services. The
44 Department shall report to the Joint Legislative Commission on Governmental
45 Operations prior to exceeding the continuation budget amount."
46

47 **REPORTS ON NONPROFIT PROGRAMS**

48 **SECTION 16.4.** Section 17.22 of Session Laws 2005-276 reads as rewritten:

49 **"SECTION 17.22.(a)** Funds appropriated in this act to the Department of
50 Correction to support the programs of Harriet's House may be used for program
51 operating costs, the purchase of equipment, and the rental of real property to serve
52 women released from prison with children in their custody. Harriet's House shall report
53 by February 1 of each year to the ~~Joint Legislative Commission on Governmental~~
54 Operations Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
55 Committee and the Chairs of the House of Representatives and Senate Appropriations

1 Subcommittees on Justice and Public Safety on the expenditure of State appropriations
2 and on the effectiveness of the program, including information on the number of clients
3 served, the number of clients who successfully complete the Harriet's House program,
4 and the number of clients who have been rearrested within three years of successfully
5 completing the program. The report shall provide financial and program data for the
6 complete fiscal year prior to the year in which the report is submitted. The financial
7 report shall identify all funding sources and amounts.

8 **SECTION 17.22.(b)** ~~Summit House shall report by February 1 of each year to the~~
9 ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative
10 Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs
11 of the House of Representatives and Senate Appropriations Subcommittees on Justice
12 and Public Safety on the expenditure of State appropriations and on the effectiveness of
13 the program, including information on the number of clients served, the number of
14 clients who have had their probation revoked, the number of clients who successfully
15 complete the program while housed at Summit House, Inc., and the number of clients
16 who have been rearrested within three years of successfully completing the program.
17 The report shall provide financial and program data for the complete fiscal year prior to
18 the year in which the report is submitted. The financial report shall identify all funding
19 sources and amounts.

20 **SECTION 17.22.(c)** ~~Women at Risk shall report by February 1 of each year to the~~
21 ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative
22 Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs
23 of the House of Representatives and Senate Appropriations Subcommittees on Justice
24 and Public Safety on the expenditure of State funds and on the effectiveness of the
25 program, including information on the number of clients served, the number of clients
26 who have had their probation revoked, the number of clients who have successfully
27 completed the program, and the number of clients who have been rearrested within three
28 years of successfully completing the program. The report shall provide financial and
29 program data for the complete fiscal year prior to the year in which the report is
30 submitted. The financial report shall identify all funding sources and amounts.

31 **SECTION 17.22.(d)** Our Children's Place shall report by February 1, 2007, to the
32 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee
33 and the Chairs of the House of Representatives and Senate Appropriations
34 Subcommittees on Justice and Public Safety on the status of the planning, design, and
35 construction of Our Children's Place, the proposed program components and evaluation
36 measures, and on the projected number of inmates and their children to be served. The
37 report shall also provide financial data, including the expenditure of State funds and all
38 funding sources and amounts."
39

40 **PAROLE ELIGIBILITY REPORT**

41 **SECTION 16.5.** Section 17.28 of S.L. 2005-276 reads as rewritten:

42 **"SECTION 17.28.(a)** The Post-Release Supervision and Parole Commission shall,
43 with the assistance of the North Carolina Sentencing and Policy Advisory Commission
44 and the Department of Correction, analyze the amount of time each ~~parole-eligible~~
45 inmate who is eligible for parole on or before July 1, 2007, has served compared to the
46 time served by offenders under Structured Sentencing for comparable crimes. The
47 Commission shall determine if the person has served more time in custody than the
48 person would have served if sentenced to the maximum sentence under the provisions
49 of Article 81B of Chapter 15A of the General Statutes. The "maximum sentence", for
50 the purposes of this section, shall be calculated as set forth in subsection (b) of this
51 section.

52 **SECTION 17.28.(b)** For the purposes of this section, the following rules apply for
53 the calculation of the maximum sentence:

- 54 (1) The offense upon which the person was convicted shall be classified as
55 the same felony class as the offense would have been classified if

1 committed after the effective date of Article 81B of Chapter 15A of
2 the General Statutes.

- 3 (2) The minimum sentence shall be the maximum number of months in
4 the presumptive range of minimum durations in Prior Record Level VI
5 of G.S. 15A-1340.17(c) for the felony class determined under
6 subdivision (1) of this subsection. The maximum sentence shall be
7 calculated using G.S. 15A-1340.17(d), (e), or (e1).
8 (3) If a person is serving sentences for two or more offenses that are
9 concurrent in any respect, then the offense with the greater
10 classification shall be used to determine a single maximum sentence
11 for the concurrent offenses. The fact that the person has been
12 convicted of multiple offenses may be considered by the Commission
13 in making its determinations under subsection (a) of this section.

14 **SECTION 17.28.(c)** The Commission shall report to the Joint Legislative
15 Corrections, Crime Control, and Juvenile Justice Oversight Committee ~~on the results of~~
16 ~~its analysis by October 1, 2005, and to the Chairs of the Senate and House of~~
17 Representatives Appropriations Committees, and the Chairs of the Senate and House of
18 Representatives Appropriations Subcommittees on Justice and Public Safety by April 1,
19 2007. The report shall include the following: the class of the offense for which each
20 parole-eligible inmate was convicted and whether an inmate had multiple criminal
21 convictions. The Commission shall reinstate the parole review process for each
22 offender who has served more time than that person would have under Structured
23 Sentencing as provided by subsections (a) and (b) of this section.

24 The Commission shall also report by February 1, 2006, regarding on the number of
25 parole-eligible inmates reconsidered in compliance with this section and the number
26 who were actually paroled."
27

28 **PROPOSAL FOR JOINT USE OF SWANNANOVA PROPERTY/ADULT** 29 **FEMALE CORRECTIONAL FACILITY AND JUVENILE YOUTH** 30 **DEVELOPMENT CENTER**

31 **SECTION 16.8.** The Department of Correction and the Department of
32 Juvenile Justice and Delinquency Prevention shall prepare a joint report regarding the
33 proposed joint use by both departments of the Swannanoa property currently used to
34 operate the Swannanoa Valley Youth Development Center. The report shall evaluate
35 the feasibility of using that property for both of the following: (i) to establish an adult
36 female correctional center and (ii) to continue to operate a juvenile youth development
37 center.

38 The report shall be submitted to the Joint Legislative Corrections, Crime
39 Control, and Juvenile Justice Oversight Committee by November 10, 2006. The report
40 shall include all of the following: the total costs for the project over a five-year period,
41 including operating costs, repair and renovation costs, and the anticipated source of
42 funding for those costs; the number and type of positions to be transferred from the
43 Department of Juvenile Justice and Delinquency Prevention to the Department of
44 Correction for the project; and the plan to employ existing Swannanoa Valley Youth
45 Development Center employees by the Department of Correction. The Department of
46 Correction shall also report on the plan for transferring employees from the Black
47 Mountain Correctional Center to the proposed new correctional center at Swannanoa.

48 There shall be no transfer of any property or positions between agencies until
49 the report is submitted in accordance with this section.
50

51 **FEDERAL GRANT MATCHING FUNDS**

52 **SECTION 16.9.** Section 17.9 of S.L. 2005-276 reads as rewritten:

53 **"SECTION 17.9.** Notwithstanding the provisions of G.S. 148-2, the Department of
54 Correction may use up to the sum of ~~seven hundred fifty thousand dollars (\$750,000)~~
55 one million dollars (\$1,000,000) during the 2006-2007 fiscal year from funds available

1 to the Department to provide the State match needed in order to receive federal grant
2 funds. Prior to using funds for this purpose, the Department shall report to the Chairs of
3 the Senate and House of Representatives Appropriations Subcommittees on Justice and
4 Public Safety and the Joint Legislative Commission on Governmental Operations on the
5 grants to be matched using these funds."
6

7 **GANG PREVENTION INITIATIVE**

8 **SECTION 16.10.** The Department of Correction shall report to the Chairs of
9 the Senate and House of Representatives Appropriations Subcommittees on Justice and
10 Public Safety regarding the Security Threat Group Unit Program at Foothills
11 Correctional Center. The report shall include information on the number of inmates in
12 the program during fiscal years 2005-2006 and 2006-2007 compared to program
13 capacity, describe the major program components, provide information on the measures
14 being used to evaluate the program, and analyze program performance in relation to
15 these measures. The Department of Correction shall submit the report as required by
16 this section no later than March 15, 2007.
17

18 **PART XVI-A. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

19 **GRANTS TO PREVENT GANG VIOLENCE**

20 **SECTION 16A.1.(a)** Of the funds appropriated in this act to the Governor's
21 Crime Commission within the Department of Crime Control and Public Safety, the sum
22 of one million five hundred thousand dollars (\$1,500,000) for the 2006-2007 fiscal year
23 shall be used to provide two-year grants for community street gang violence prevention
24 and intervention programs. The Governor's Crime Commission shall allocate the funds
25 using a competitive grant award process that includes a matching requirement of
26 twenty-five percent (25%), one-half of which may be in in-kind contributions, and the
27 presentation of a written plan for the services to be provided by the funds.
28

29 No individual grant awarded under this section may exceed one hundred
30 thousand dollars (\$100,000).

31 **SECTION 16A.1.(b)** The Governor's Crime Commission shall report to the
32 Chairs of the House of Representatives and Senate Appropriations Committees and the
33 Chairs of the Appropriations Subcommittees on Justice and Public Safety of the House
34 of Representatives and the Senate on the total number of grants awarded, a description
35 of each grantee's program, and the amount awarded to each grantee. The Commission
36 shall submit its report by April 1, 2007.
37

38 **PART XVII. DEPARTMENT OF ADMINISTRATION**

39 **EXAMINE FEASIBILITY OF COMBINING FUNDING SOURCES/NC** 40 **COUNCIL FOR WOMEN AND DOMESTIC VIOLENCE COMMISSION**

41 **SECTION 17.1.** The North Carolina Council for Women and the Domestic
42 Violence Commission, within the Department of Administration, shall examine the
43 feasibility of combining the funding sources to distribute domestic violence grants and
44 sexual assault grants. The North Carolina Council for Women and the Domestic
45 Violence Commission shall report their findings to the Chairs of the House and Senate
46 Appropriations Subcommittees on General Government by February 1, 2007.
47
48

49 **ENERGY DIVISION NEEDS ASSESSMENT**

50 **SECTION 17.2.** The Energy Division in the Department of Administration
51 will deplete all its funding sources on June 30, 2007. It has received federal funds which
52 will no longer be available, and it has no other funding source. The Energy Division and
53 the Office of State Budget and Management shall jointly conduct a needs assessment to
54 determine what functions currently being performed by the Energy Division need to be
55 performed in the 2007-2008 fiscal year. As part of this assessment, the mission

1 statement of the division shall be examined to clarify what existing needs the division
2 should continue in the future. In conducting the needs assessment, the two agencies
3 shall note any differences in the findings and recommendations that each may have
4 related to the needs assessment.

5 The needs assessment shall be completed and presented to the Chairs of the
6 House and Senate Appropriations Subcommittees on General Government no later than
7 February 1, 2007.

8 9 **HUB CONTRACTOR ACADEMY PROGRAM SPACE**

10 **SECTION 17.3.** For the 2006-2007 fiscal year the Department of
11 Administration shall work in conjunction with The University of North Carolina System
12 for the continued provision of space for the HUB Contractor Academy Program to
13 conduct training sessions. The Department of Administration shall determine whether
14 the HUB academies should continue to hold training sessions in facilities provided by
15 The University of North Carolina System or seek other sites for this purpose for the
16 2007-2008 fiscal year and future years.

17 18 **OLD REVENUE BUILDING**

19 **SECTION 17.4.** The Department of Administration shall examine the
20 feasibility of redesigning the Old Revenue Building to address security concerns and the
21 unused and underutilized space issues identified in the Space Utilization Study, which
22 was complete on June 5, 2006. The Department shall report its findings and
23 recommendations to the Joint Legislative Commission on Governmental Operations by
24 November 1, 2006.

25 26 **COMMISSION ON STATE PROPERTY FUNDS**

27 **SECTION 17.5.** Of the funds appropriated to the Department of
28 Administration for the 2006-2007 fiscal year, the Director of the Budget shall transfer
29 two hundred fifty thousand dollars (\$250,000) to the Commission on State Property
30 established in Article 78 of Chapter 143 of the General Statutes.

31 32 **PART XVIII. OFFICE OF ADMINISTRATIVE HEARINGS**

33 34 **CODIFIER'S AUTHORITY OVER THE REGISTER**

35 **SECTION 18.1.** G.S. 150B-21.17 reads as rewritten:

36 **"§ 150B-21.17. North Carolina Register.**

37 (a) Content. – The Codifier of Rules must publish the North Carolina Register.
38 The North Carolina Register must be published at least two times a month and must
39 contain the following:

- 40 (1) Temporary rules entered in the North Carolina Administrative Code.
- 41 (1a) The text of proposed rules and the text of permanent rules approved by
42 the Commission.
- 43 (1b) Emergency rules entered into the North Carolina Administrative Code.
- 44 (2) Notices of receipt of a petition for municipal incorporation, as required
45 by G.S. 120-165.
- 46 (3) Executive orders of the Governor.
- 47 (4) Final decision letters from the United States Attorney General
48 concerning changes in laws that affect voting in a jurisdiction subject
49 to section 5 of the Voting Rights Act of 1965, as required by
50 G.S. 120-30.9H.
- 51 (5) Orders of the Tax Review Board issued under G.S. 105-241.2.
- 52 (6) Other information the Codifier determines to be helpful to the public.

53 (b) Form. – When an agency publishes notice in the North Carolina Register of
54 the proposed text of a new rule, the Codifier of Rules must publish the complete text of

1 the proposed new rule. In publishing the text of a proposed new rule, the Codifier must
2 indicate the rule is new by underlining the proposed text of the rule.

3 When an agency publishes notice in the North Carolina Register of the proposed text
4 of an amendment to an existing rule, the Codifier must publish the complete text of the
5 rule that is being amended unless the Codifier determines that publication of the
6 complete text of the rule being amended is not necessary to enable the reader to
7 understand the proposed amendment. In publishing the text of a proposed amendment to
8 a rule, the Codifier must indicate deleted text with overstrikes and added text with
9 underlines.

10 When an agency publishes notice in the North Carolina Register of the proposed
11 repeal of an existing rule, the Codifier must publish the complete text of the rule the
12 agency proposes to repeal unless the Codifier determines that publication of the
13 complete text is impractical. In publishing the text of a rule the agency proposes to
14 repeal, the Codifier must indicate the rule is to be repealed.

15 (c) The Codifier may authorize and license nonprofit, private indexing,
16 marketing, sales, reproduction, and distribution of the Register."

17 18 **PART XIX. DEPARTMENT OF REVENUE**

19 20 **REVISED MAXIMUMS FOR COLLECTION ASSISTANCE FEES**

21 **SECTION 19.2.** G.S. 105-243.1(e) reads as rewritten:

22 "(e) Use. – The fee is a receipt of the Department and must be applied to the costs
23 of collecting overdue tax debts. The proceeds of the fee must be credited to a special
24 account within the Department and may be expended only as provided in this
25 subsection. The proceeds of the fee may not be used for any purpose that is not directly
26 and primarily related to collecting overdue tax debts. The Department may apply the
27 proceeds of the fee for the purposes listed in this subsection. The remaining proceeds of
28 the fee may be spent only pursuant to appropriation by the General Assembly. The fee
29 proceeds do not revert but remain in the special account until spent for the costs of
30 collecting overdue tax debts. The Department and the Office of State Budget and
31 Management must account for all expenditures using accounting procedures that clearly
32 distinguish costs allocable to collecting overdue tax debts from costs allocable to other
33 purposes and must demonstrate that none of the fee proceeds are used for any purpose
34 other than collecting overdue tax debts.

35 The Department may apply the fee proceeds for the following purposes:

- 36 (1) To pay contractors for collecting overdue tax debts under subsection
37 (b) of this section.
- 38 (2) To pay the fee the United States Department of the Treasury charges
39 for setoff to recover tax owed to North Carolina.
- 40 (3) To pay for taxpayer locator services, not to exceed ~~one hundred~~
41 ~~thousand dollars (\$100,000)~~ one hundred fifty thousand dollars
42 (\$150,000) a year.
- 43 (4) To pay for postage or other delivery charges for correspondence
44 directly and primarily relating to collecting overdue tax ~~debts.~~
45 not to exceed three hundred fifty-three thousand dollars (\$353,000) a
46 year.
- 47 (5) To pay for operating expenses for Project Collection Tax and the
48 Taxpayer Assistance Call Center.
- 49 (6) To pay for expenses of the Examination and Collection Division
50 directly and primarily relating to collecting overdue tax debts."
51

52 **CONSOLIDATE TAX PROJECTS REPORTS**

53 **SECTION 19.3.(a)** G.S. 105-243.1(f) reads as rewritten:

54 "(f) Reports. – The report of Department activities required by G.S. 105-256
55 contains information on the Department's efforts to collect tax debts and its use of the

1 ~~proceeds of the collection assistance fee. Department must report semiannually to the~~
 2 ~~Joint Legislative Commission on Governmental Operations and to the Revenue Laws~~
 3 ~~Study Committee on its efforts to collect tax debts. Each report must include a~~
 4 ~~breakdown of the amount and age of tax debts collected by collection agencies on~~
 5 ~~contract, the amount and age of tax debts collected by the Department through warning~~
 6 ~~letters, and the amount and age of tax debts otherwise collected by Department~~
 7 ~~personnel. The report must itemize collections by type of tax. Each report must also~~
 8 ~~include a long term collection plan, a timeline for implementing each step of the plan, a~~
 9 ~~summary of steps taken since the last report and their results, and any other data~~
 10 ~~requested by the Commission or the Committee.~~

11 ~~The Department must report by April 1, 2006, and annually thereafter, to the~~
 12 ~~Revenue Laws Study Committee and the Fiscal Research Division of the General~~
 13 ~~Assembly on the use of the fee proceeds for collecting overdue tax debts."~~

14 **SECTION 19.3.(b)** G.S. 105-256(a) reads as rewritten:

15 "(a) Reports. – The Secretary shall prepare and publish the following:

16 ...
 17 (6) ~~On an annual basis, a report on the quality of services provided to~~
 18 ~~taxpayers, including telephone and taxpayers through the Taxpayer~~
 19 ~~Assistance Call Center, walk-in assistance assistance, and taxpayer~~
 20 ~~education. The report must be submitted to the Joint Legislative~~
 21 ~~Commission on Governmental Operations.~~

22 ...
 23 (8) By January 1 and July 1 of each year, a semiannual report on the
 24 Department's activities listed in this subdivision. The report must be
 25 submitted to the Joint Legislative Commission on Governmental
 26 Operations and to the Revenue Laws Study Committee.

27 a. Its efforts to increase compliance with the tax laws. The report
 28 must describe the Department's existing initiatives in this area
 29 as of July 1, 2006, and must estimate, by tax type and amount,
 30 the revenue expected in the fiscal year by the initiative. The
 31 report must describe any new initiative implemented since July
 32 1, 2006, and estimate, by tax type and amount, the revenue
 33 expected in the fiscal year by the initiative.

34 b. Its efforts to identify and address fraud and other abuses of the
 35 voluntary tax compliance system that result in unreported and
 36 underreported tax. The report must describe the Department's
 37 long-term plan for achieving greater voluntary compliance and
 38 must summarize the steps taken since the last report and their
 39 results.

40 c. Its efforts to collect tax debts. The report must include a
 41 breakdown of the amount and age of tax debts collected through
 42 warning letters and by other means, must itemize collections by
 43 type of tax, must describe the Department's long-term collection
 44 plan, and must summarize the steps taken since the last report
 45 and their results.

46 d. Its use of the proceeds of the collection assistance fee imposed
 47 by G.S. 105-243.1.

48 **SECTION 19.3.(c)** The first report required under G.S. 105-256(a)(8), as
 49 enacted by this section, is due by January 1, 2007.

50
 51 **PAYMENT OF USUB PENALTIES TO CIVIL PENALTY AND FORFEITURE**
 52 **FUND**

53 **SECTION 19.4.** Notwithstanding G.S. 143-18, the Department of Revenue
 54 shall be allowed to expend up to two million four hundred thirty-four thousand two
 55 hundred seventy dollars and seventy-one cents (\$2,434,270.71) of unencumbered

1 maintenance appropriations as of June 30, 2006, for the purpose of paying the Civil
2 Penalty and Forfeiture Fund. The amount to be expended represents Unauthorized
3 Substance Tax penalty collections that were paid to local law enforcement agencies for
4 the period of July 1, 2005, through December 31, 2005. The source of the
5 unencumbered funds shall come entirely from the Department of Revenue. If
6 unencumbered funds are not sufficient at June 30, 2006, the Department shall use
7 anticipated unencumbered funds as of July 1, 2006.

8
9 **PART XX. RESERVED**

10
11 **PART XX – A. RESERVED**

12
13 **PART XXI. DEPARTMENT OF TRANSPORTATION**

14
15 **ONLINE DEALER REGISTRATION FUNDS**

16 **SECTION 21.2.(a)** Notwithstanding the provisions of Section 28.22(b) of
17 S.L. 2005-276, for fiscal year 2006-2007, the Division of Motor Vehicles is prohibited
18 from spending any funds appropriated to it for Online Dealer Registration
19 enhancements.

20 **SECTION 21.2.(b)** This section becomes effective June 30, 2006.

21
22 **CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND**
23 **APPROPRIATIONS**

24 **SECTION 21.4.(a)** The General Assembly authorizes and certifies
25 anticipated revenues of the Highway Fund as follows:

26	For Fiscal Year 2007-2008	\$1,798.0 million
27	For Fiscal Year 2008-2009	\$1,836.2 million
28	For Fiscal Year 2009-2010	\$1,859.2 million
29	For Fiscal Year 2010-2011	\$1,872.6 million

30 **SECTION 21.4.(b)** The General Assembly authorizes and certifies
31 anticipated revenues of the Highway Trust Fund as follows:

32	For Fiscal Year 2007-2008	\$1,128.9 million
33	For Fiscal Year 2008-2009	\$1,167.8 million
34	For Fiscal Year 2009-2010	\$1,203.0 million
35	For Fiscal Year 2010-2011	\$1,235.0 million

36
37 **FUNDS FOR ECONOMIC DEVELOPMENT, SPOT SAFETY, AND**
38 **TRANSPORTATION IMPROVEMENT PROGRAM PROJECTS**

39 **SECTION 21.6.** Of the funds appropriated by this act to the Department of
40 Transportation in fiscal year 2006-2007, twenty-eight million dollars (\$28,000,000)
41 shall be allocated equally among the 14 Highway Divisions for economic development
42 transportation projects recommended by the member of the Board of Transportation
43 representing the Division in which the project is to be constructed in consultation with
44 the Division Engineer and approved by the Board of Transportation. Funds in each
45 Division not needed for economic development projects shall be used on spot safety
46 needs to enhance safety, reduce congestion, improve traffic flow, reduce accidents, and
47 for system preservation. Any remaining funds in each Division shall be used on
48 Transportation Improvement Program projects. The Secretary of Transportation shall
49 not prevent or delay the implementation of any projects approved by the Board of
50 Transportation pursuant to this section.

51
52 **CHANGE SUNSET OF OPEN CONTAINER LAW**

53 **SECTION 21.7.** Section 21 of S.L. 2000-155, as amended by Section 1 of
54 S.L. 2002-25, reads as rewritten:

1 "SECTION 21. Section 4 of this act is effective September 1, 2000, and expires
2 September 30, 2006. Sections 19 and 20 of this act are effective when those
3 sections become law. The remainder of this act becomes effective September 1, 2000,
4 and applies to offenses committed on or after that date."
5

6 VIPER RADIO PROGRAM

7 SECTION 21.9. The State Highway Patrol shall issue a request for a
8 proposal for the maintenance of the Voice Interoperability Plan for Emergency
9 Responders (VIPER). The bid shall be for the current system in place and shall not
10 include installation of the system.

11 The Criminal Justice Information Network (CJIN) shall prepare a cost
12 allocation plan for the continued construction and operation or the leasing of the VIPER
13 system that shall include proposed shared costs for installation and use by all
14 government users, including, but not limited to, the Department of Health and Human
15 Services, the State Emergency Management Division, the Wildlife Resources
16 Commission, the State Bureau of Investigation, the State Highway Patrol, and Alcohol
17 Law Enforcement, and local agencies. This plan shall include the assessment of service
18 contracts to ensure functionality and technological updates of the Viper System.

19 The CJIN shall report to the Legislative Transportation Oversight Committee,
20 the Chairs of both the Appropriations Subcommittees for Transportation and Justice and
21 Public Safety, and the Fiscal Research Division by October 1, 2006.
22

23 CONFORM SEAT BELT LAW TO FEDERAL LAW TO PREVENT A LOSS OF 24 FEDERAL HIGHWAY FUNDS

25 SECTION 21.11. G.S. 20-135.2A.(c) reads as rewritten:

26 "(c) This section shall not apply to any of the following:

- 27 (1) A driver or occupant of a noncommercial motor vehicle with a medical
28 or physical condition that prevents appropriate restraint by a safety belt
29 or with a professionally certified mental phobia against the wearing of
30 vehicle restraints;
- 31 (2) A motor vehicle operated by a rural letter carrier of the United States
32 Postal Service while performing duties as a rural letter carrier and a
33 motor vehicle operated by a newspaper delivery person while actually
34 engaged in delivery of newspapers along the person's specified route;
- 35 (3) A driver or passenger frequently stopping and leaving the vehicle or
36 delivering property from the vehicle if the speed of the vehicle
37 between stops does not exceed 20 miles per hour;
- 38 (4) Any vehicle registered and licensed as a property-carrying vehicle in
39 accordance with G.S. 20-88, while being used for agricultural ~~or~~
40 ~~commercial purposes;~~ purposes in intrastate commerce; or
- 41 (5) A motor vehicle not required to be equipped with seat safety belts
42 under federal law."
43

44 UTILIZATION OF SMALL BUSINESS ENTERPRISES IN DEPARTMENT 45 PROJECTS OR THE USE OF FULLY OPERATED RENTAL EQUIPMENT

46 SECTION 21.12. From funds available to the Department of Transportation,
47 a goal of fifty million dollars (\$50,000,000) per year is established for the utilization of
48 small business enterprises through contracts or the use of fully operated rental
49 equipment.
50

51 PART XXII. SALARIES AND EMPLOYEE BENEFITS

52 GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES

53 SECTION 22.1.(a) Effective July 1, 2006, G.S. 147-11(a) reads as
54 rewritten:
55

1 "(a) The salary of the Governor shall be ~~one hundred twenty three thousand eight~~
 2 ~~hundred nineteen dollars (\$123,819)~~ one hundred thirty thousand ten dollars (\$130,010)
 3 annually, payable monthly."

4 **SECTION 22.1.(b)** Section 29.1(b) of S.L. 2005-276 reads as rewritten:

5 "**SECTION 29.1.(b)** Effective ~~July 1, 2005,~~ July 1, 2006, the annual salaries for the
 6 members of the Council of State, payable monthly, for the ~~2005-2006 and 2006-2007~~
 7 fiscal years-year are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$109,279 <u>114,743</u>
Attorney General	109,279 <u>114,743</u>
Secretary of State	109,279 <u>114,743</u>
State Treasurer	109,279 <u>114,743</u>
State Auditor	109,279 <u>114,743</u>
Superintendent of Public Instruction	109,279 <u>114,743</u>
Agriculture Commissioner	109,279 <u>114,743</u>
Insurance Commissioner	109,279 <u>114,743</u>
Labor Commissioner	109,279 <u>114,743</u> "

20 **NONELECTED DEPARTMENT HEADS/SALARY INCREASES**

21 **SECTION 22.2.** Section 29.2 of S.L. 2005-276 reads as rewritten:

22 "**SECTION 29.2.** In accordance with G.S. 143B-9, the maximum annual salaries,
 23 payable monthly, for the nonelected heads of the principal State departments for the
 24 ~~2005-2006 and 2006-2007~~ fiscal years-year are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	\$106,765 <u>112,103</u>
Secretary of Correction	106,765 <u>112,103</u>
Secretary of Crime Control and Public Safety	106,765 <u>112,103</u>
Secretary of Cultural Resources	106,765 <u>112,103</u>
Secretary of Commerce	106,765 <u>112,103</u>
Secretary of Environment and Natural Resources	106,765 <u>112,103</u>
Secretary of Health and Human Services	106,765 <u>112,103</u>
Secretary of Juvenile Justice and Delinquency	106,765 <u>112,103</u>
Secretary of Revenue	106,765 <u>112,103</u>
Secretary of Transportation	106,765 <u>112,103</u> "

38 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

39 **SECTION 22.3.** Section 29.3 of Section of S.L. 2005-276 reads as rewritten:

40 "**SECTION 29.3.** The annual salaries, payable monthly, for the ~~2005-2006 and~~
 41 ~~2006-2007~~ fiscal years-year for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$97,175 <u>102,034</u>
State Controller	135,997 <u>142,797</u>
Commissioner of Motor Vehicles	97,175 <u>102,034</u>
Commissioner of Banks	109,279 <u>114,743</u>
Chairman, Employment Security Commission	133,161 <u>133,161</u>
State Personnel Director	106,765 <u>112,103</u>
Chairman, Parole Commission	88,733 <u>93,170</u>
Members of the Parole Commission	40,960 <u>43,008</u>
Chairman, Utilities Commission	121,701 <u>127,786</u>
Members of the Utilities Commission	109,279 <u>114,743</u>
Executive Director, Agency for Public Telecommunications	81,921 <u>86,017</u>

1	Director, Museum of Art	99,573	<u>104,552</u>
2	Executive Director, North Carolina Agricultural		
3	Finance Authority	94,587	<u>99,316</u>
4	State Chief Information Officer	135,915	<u>142,711</u> "

JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

SECTION 22.4. Section 29.4 of S.L. 2005-276 reads as rewritten:

"**SECTION 29.4.(a)** The annual salaries, payable monthly, for specified Judicial Branch officials for the ~~2005-2006 and 2006-2007~~ fiscal ~~years-year~~ are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$123,819 <u>130,010</u>
Associate Justice, Supreme Court	120,583 <u>126,612</u>
Chief Judge, Court of Appeals	117,568 <u>123,446</u>
Judge, Court of Appeals	115,559 <u>121,337</u>
Judge, Senior Regular Resident Superior Court	112,419 <u>118,040</u>
Judge, Superior Court	109,279 <u>114,743</u>
Chief Judge, District Court	99,231 <u>104,193</u>
Judge, District Court	96,091 <u>100,896</u>
Administrative Officer of the Courts	112,419 <u>118,040</u>
Assistant Administrative Officer of the Courts	102,684 <u>107,818</u> "

SECTION 29.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed ~~sixty-two thousand nine hundred thirty dollars (\$62,930),~~ sixty-six thousand seventy-seven dollars (\$66,077), and the minimum salary of any assistant district attorney or assistant public defender is at least ~~thirty-two thousand eight hundred eighty-five dollars (\$32,885),~~ thirty-four thousand five hundred twenty-nine dollars (\$34,529) effective ~~July 1, 2005.~~ July 1, 2006.

SECTION 29.4.(c) Effective July 1, 2005, the annual salaries of permanent, full-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by the greater of eight hundred fifty dollars (\$850.00) or two percent (2%). Effective July 1, 2006, the annual salaries of permanent full-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by five percent (5%).

SECTION 29.4.(d) Effective July 1, 2005, the annual salaries of permanent, part-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by pro rata amounts of eight hundred fifty dollars (\$850.00) or two percent (2%), whichever is greater. Effective July 1, 2006 the annual salaries of permanent, part-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by five percent (5%)."

CLERK OF SUPERIOR COURT/SALARY INCREASES

SECTION 22.5. Effective July 1, 2006, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

<u>Population</u>	<u>Annual Salary</u>
Less than 100,000	\$73,092 <u>\$76,747</u>
100,000 to 149,999	82,021 <u>86,122</u>
150,000 to 249,999	90,952 <u>95,500</u>
250,000 and above	99,884. <u>104,878.</u>

The salary schedule in this subsection is intended to represent the following approximate percentage of the salary of a chief district court judge:

Population	Annual Salary
Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%.

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES

SECTION 22.6. Effective July 1, 2006, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$28,365 \$29,783
Maximum	48,579 <u>51,008</u>
Deputy Clerks	Annual Salary
Minimum	\$24,415 \$25,636
Maximum	37,784 <u>39,673.</u> "

MAGISTRATES' SALARY INCREASES

SECTION 22.7.(a) Effective July 1, 2006, G.S. 7A-171.1(a) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$28,739 \$30,176
Step 1	31,375 <u>32,944</u>
Step 2	34,243 <u>35,955</u>
Step 3	37,373 <u>39,242</u>
Step 4	40,802 <u>42,842</u>
Step 5	44,665 <u>46,898</u>
Step 6	48,997 <u>51,447.</u>

- (2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except

1 that no magistrate shall be assigned an average of less than 10 hours of
 2 work a week during the term. A part-time magistrate is included, in
 3 accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10)
 4 and G.S. 135-40.2(a). The Administrative Officer of the Courts
 5 designates whether a magistrate is a part-time magistrate. A part-time
 6 magistrate shall receive an annual salary based on the following
 7 formula: The average number of hours a week that a part-time
 8 magistrate is assigned work during the term shall be multiplied by the
 9 annual salary payable to a full-time magistrate who has the same
 10 number of years of service prior to the beginning of that term as does
 11 the part-time magistrate and the product of that multiplication shall be
 12 divided by the number 40. The quotient shall be the annual salary
 13 payable to that part-time magistrate.

- 14 (3) Notwithstanding any other provision of this subsection, a magistrate
 15 who is licensed to practice law in North Carolina or any other state
 16 shall receive the annual salary provided in the Table in subdivision (1)
 17 of this subsection for Step 4."

18 **SECTION 22.7.(b)** Effective July 1, 2006, G.S. 7A-171.1(a1) reads as
 19 rewritten:

20 "(a1) Notwithstanding subsection (a) of this section, the following salary provisions
 21 apply to individuals who were serving as magistrates on June 30, 1994:

- 22 (1) The salaries of magistrates who on June 30, 1994, were paid at a salary
 23 level of less than five years of service under the table in effect that date
 24 shall be as follows:

25	Less than 1 year of service	\$23,175	\$24,334
26	1 or more but less than 3 years of service	24,239	25,451
27	3 or more but less than 5 years of service	26,380	27,699

28 Upon completion of five years of service, those magistrates shall
 29 receive the salary set as the Entry Rate in the table in subsection (a).

- 30 (2) The salaries of magistrates who on June 30, 1994, were paid at a salary
 31 level of five or more years of service shall be based on the rates set out
 32 in subsection (a) as follows:

33	Salary Level	Salary Level
34	on June 30, 1994	on July 1, 1994
35	5 or more but less than 7 years of service	Entry Rate
36	7 or more but less than 9 years of service	Step 1
37	9 or more but less than 11 years of service	Step 2
38	11 or more years of service	Step 3

39 Thereafter, their salaries shall be set in accordance with the
 40 provisions in subsection (a).

- 41 (3) The salaries of magistrates who are licensed to practice law in North
 42 Carolina shall be adjusted to the annual salary provided in the table in
 43 subsection (a) as Step 4, and, thereafter, their salaries shall be set in
 44 accordance with the provisions in subsection (a).

- 45 (4) The salaries of "part-time magistrates" shall be set under the formula
 46 set out in subdivision (2) of subsection (a) but according to the rates
 47 set out in this subsection."
 48

49 **GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

50 **SECTION 22.8.** Effective July 1, 2006, G.S. 120-37(c) reads as rewritten:

51 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
 52 entitled to other benefits available to permanent legislative employees and shall be paid
 53 an annual salary of ~~ninety two thousand three hundred twenty four dollars (\$92,324)~~
 54 ninety-six thousand nine hundred forty dollars (\$96,940) payable monthly. Each
 55 principal clerk shall also receive such additional compensation as approved by the

1 Speaker of the House of Representatives or the President Pro Tempore of the Senate,
2 respectively, for additional employment duties beyond those provided by the rules of
3 their House. The Legislative Services Commission shall review the salary of the
4 principal clerks prior to submission of the proposed operating budget of the General
5 Assembly to the Governor and Advisory Budget Commission and shall make
6 appropriate recommendations for changes in those salaries. Any changes enacted by the
7 General Assembly shall be by amendment to this paragraph."
8

9 **SERGEANTS-AT-ARMS AND READING CLERKS**

10 **SECTION 22.9.** Effective July 1, 2006, G.S. 120-37(b) reads as rewritten:

11 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
12 salary of ~~three hundred twenty seven dollars (\$327.00)~~ three hundred forty-three dollars
13 (\$343.00) per week plus subsistence at the same daily rate provided for members of the
14 General Assembly, plus mileage at the rate provided for members of the General
15 Assembly for one round trip only from their homes to Raleigh and return. The
16 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
17 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
18 be authorized by the Legislative Services Commission. The reading clerks shall serve
19 during sessions only."
20

21 **LEGISLATIVE EMPLOYEES**

22 **SECTION 22.10.** Effective July 1, 2006, the Legislative Services Officer
23 shall increase the salaries of nonelected employees of the General Assembly in effect
24 for fiscal year 2005-2006 by five percent (5%). Nothing in this act limits any of the
25 provisions of G.S. 120-32.
26

27 **COMMUNITY COLLEGE PERSONNEL/SALARY INCREASES**

28 **SECTION 22.11.** Section 29.11 of S.L. 2005-276 reads as rewritten:

29 "**SECTION 29.11.** The Director of the Budget shall transfer from the Reserve for
30 Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007,
31 funds to the North Carolina Community Colleges System Office necessary to provide an
32 annual salary increase of the greater of eight hundred fifty dollars (\$850.00) or two
33 percent (2%), including funds for the employer's retirement and social security
34 contributions, commencing July 1, 2005, for all community college employees
35 supported by State funds. The Director of the Budget shall transfer from the Reserve for
36 Compensation Increases, created in this act for fiscal year 2006-2007, funds to the
37 North Carolina Community Colleges System Office necessary to provide:

- 38 (1) An annual salary increase for faculty and professional staff of six
39 percent (6%), plus a one-time, lump-sum compensation bonus in the
40 amount of six hundred dollars (\$600.00), including funds for the
41 employer's retirement and social security contributions, commencing
42 July 1, 2006, for all community college employees supported by State
43 funds. The one-time, lump-sum compensation bonus authorized by this
44 section shall be made in accordance with rules adopted by the State
45 Board of Community Colleges.
- 46 (2) An annual increase of five percent (5%), including funds for
47 employer's retirement and social security contributions, commencing
48 July 1, 2006, for all other community college employees supported by
49 State funds."
50

51 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION**

52 **SECTION 22.12.** Section 29.12 of S.L. 2005-276 reads as rewritten:

53 "**SECTION 29.12.(a)** ~~The~~ For the 2005-2006 fiscal year, the Director of the Budget
54 shall transfer to the Board of Governors of The University of North Carolina sufficient
55 funds from the Reserve for Compensation Increases, created in this act for fiscal years

1 2005-2006 and 2006-2007, to provide an annual salary increase of the greater of eight
2 hundred fifty dollars (\$850.00) or two percent (2%), including funds for the employer's
3 retirement and social security contributions, commencing July 1, 2005, for all
4 employees of The University of North Carolina, as well as employees other than
5 teachers of the North Carolina School of Science and Mathematics, supported by State
6 funds and whose salaries are exempt from the State Personnel Act (EPA). The flat
7 dollar increase of eight hundred fifty dollars (\$850.00) shall be made to all employees
8 whose annual salary is less than or equal to forty-two thousand five hundred dollars
9 (\$42,500). The percentage annual salary increase of two percent (2%) authorized by this
10 section shall be made on an aggregated average basis, and these funds shall be allocated
11 to individuals whose annual salary is greater than forty-two thousand five hundred
12 dollars (\$42,500), according to the rules adopted by the Board of Governors of The
13 University of North Carolina or the Board of Trustees of the North Carolina School of
14 Science and Mathematics, as appropriate, and may not be used for any purpose other
15 than for salary increases and necessary employer contributions provided by this section.

16 **SECTION 29.12.(a1)** For the 2006-2007 fiscal year, the Director of the Budget
17 shall transfer to the Board of Governors of The University of North Carolina sufficient
18 funds from the Reserve for Compensation Increases, created in this act for fiscal year
19 2006-2007, to provide an annual salary increase of six percent (6%), including funds for
20 the employer's retirement and social security contributions, commencing July 1, 2006,
21 for all employees of The University of North Carolina, as well as employees other than
22 teachers of the North Carolina School of Science and Mathematics, supported by State
23 funds and whose salaries are exempt from the State Personnel Act (EPA). The
24 percentage annual salary increase of six percent (6%) authorized by this section shall be
25 made on an aggregated average basis, according to the rules adopted by the Board of
26 Governors of The University of North Carolina or the Board of Trustees of the North
27 Carolina School of Science and Mathematics, as appropriate, and may not be used for
28 any purpose other than for salary increases and necessary employer contributions
29 provided by this section.

30 **SECTION 29.12.(b)** The Director of the Budget shall transfer to the Board of
31 Governors of The University of North Carolina sufficient funds from the Reserve for
32 Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007,
33 to provide an average annual salary increase of two and twenty-four hundredths percent
34 (2.24%), including funds for the employer's retirement and social security contributions,
35 commencing July 1, 2005, for all teaching employees of the North Carolina School of
36 Science and Mathematics, supported by State funds and whose salaries are exempt from
37 the State Personnel Act (EPA). These funds shall be allocated to individuals according
38 to the rules adopted by the Board of Trustees of the North Carolina School of Science
39 and Mathematics and may not be used for any purpose other than for salary increases
40 and necessary employer contributions provided by this section.

41 **SECTION 29.12.(b1)** The Director of the Budget shall transfer to the Board of
42 Governors of The University of North Carolina sufficient funds from the Reserve for
43 Compensation Increases, created in this act for fiscal year 2006-2007, to provide an
44 average annual salary increase of eight percent (8%), but at least an annual increase of
45 two thousand two hundred fifty dollars (\$2,250) including funds for the employer's
46 retirement and social security contributions, commencing July 1, 2006, for all teaching
47 employees of the North Carolina School of Science and Mathematics, supported by
48 State funds and whose salaries are exempt from the State Personnel Act (EPA). These
49 funds shall be allocated to individuals according to the rules adopted by the Board of
50 Trustees of the North Carolina School of Science and Mathematics and may not be used
51 for any purpose other than for salary increases and necessary employer contributions
52 provided by this section."

53 MOST STATE EMPLOYEES/SALARY INCREASES

54 **SECTION 22.13.** Section 29.13 of S.L. 2005-276 reads as rewritten:
55

1 **"SECTION 29.13.(a)** The salaries in effect June 30, 2005, of all permanent
2 full-time State employees whose salaries are set in accordance with the State Personnel
3 Act and who are paid from the General Fund or the Highway Fund shall be increased,
4 effective July 1, 2005, by the greater of eight hundred fifty dollars (\$850.00) or two
5 percent (2%), unless otherwise provided by this act. Effective July 1, 2006, the salaries
6 in effect June 30, 2006, of all permanent full-time State employees whose salaries are
7 set in accordance with the State Personnel Act, and who are paid from the General Fund
8 or Highway Funds shall be increased by five percent (5%).

9 **SECTION 29.13.(b)** Except as otherwise provided in this act, the fiscal year
10 2005-2006 salaries for permanent full-time State officials and persons in exempt
11 positions that are recommended by the Governor or the Governor and the Advisory
12 Budget Commission and set by the General Assembly shall be increased by the greater
13 of eight hundred fifty dollars (\$850.00) or two percent (2%), effective July 1, 2005,
14 unless otherwise provided by this act. Effective July 1, 2006, the compensation of
15 permanent full-time State officials and persons in exempt positions that are
16 recommended by the Governor or the Governor and the Advisory Budget Commission
17 and set by the General Assembly shall be increased by five percent (5%).

18 **SECTION 29.13.(c)** The salaries in effect for fiscal year 2005-2006 for all
19 permanent part-time State employees shall be increased, effective July 1, 2005, by pro
20 rata amounts of eight hundred fifty dollars (\$850.00) or two percent (2%), whichever is
21 greater. Effective July 1, 2006, the salaries of all permanent part-time State employees
22 shall be increased by five percent (5%).

23 **SECTION 29.13.(d)** The Director of the Budget may allocate out of special
24 operating funds or from other sources of the employing agency, except tax revenues,
25 sufficient funds to allow ~~a salary increase, effective July 1, 2005, salary increases,~~ in
26 accordance with subsection (a), (b), or (c) of this section, including funds for the
27 employer's retirement and social security contributions, for the permanent full-time and
28 part-time employees of the agency, provided the employing agency elects to make
29 available the necessary funds.

30 **SECTION 29.13.(e)** ~~Within~~ For the 2005-2006 fiscal year, within regular
31 Executive Budget Act procedures as limited by this act, all State agencies and
32 departments may increase on an equitable basis the rate of pay of temporary and
33 permanent hourly State employees, subject to availability of funds in the particular
34 agency or department, by pro rata amounts of the greater of the eight hundred fifty
35 dollar (\$850.00) or two percent (2%) increase provided for permanent full-time
36 employees covered by the provisions of subsection (a) of this section, commencing July
37 1, 2005. For the 2006-2007 fiscal year, within regular Executive Budget Act procedures
38 as limited by this act, all State agencies and departments may increase on an equitable
39 basis the rate of pay of temporary and permanent hourly State employees, subject to
40 availability of funds in the particular agency or department, by the five percent (5%)
41 increase provided for permanent full-time employees covered by the provisions of
42 subsection (a) of this section, commencing July 1, 2006."

43 44 **ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES**

45 **SECTION 22.14.** Section 29.14 of S.L. 2005-276 reads as rewritten:

46 **"SECTION 29.14.(a)** Salaries and related benefits for positions that are funded
47 partially from the General Fund or Highway Fund and partially from sources other than
48 the General Fund or Highway Fund shall be increased from the General Fund or
49 Highway Fund appropriation only to the extent of the proportionate part of the salaries
50 paid from the General Fund or Highway Fund.

51 **SECTION 29.14.(b)** The granting of the salary increases under this act does not
52 affect the status of eligibility for salary increments for which employees may be eligible
53 unless otherwise required by this act.

54 **SECTION 29.14.(c)** The fiscal year 2005-2006 salary increases provided in this act
55 are to be effective July 1, 2005, and do not apply to persons separated from State service

1 due to resignation, dismissal, reduction in force, death, or retirement, or whose last
2 workday is prior to July 1, 2005. The fiscal year 2006-2007 salary increases provided in
3 this act are to be effective July 1, 2006, and do not apply to persons separated from
4 State service due to resignation, dismissal, reduction in force, death, or retirement, or
5 whose last workday is prior to July 1, 2006.

6 Payroll checks issued to employees ~~after July 1, 2005~~, which represent payment of
7 services provided prior to ~~July 1, 2005~~, these increases shall not be eligible for salary
8 increases provided for in this act. This subsection shall apply to all employees, subject
9 to or exempt from the State Personnel Act, paid from State funds, including public
10 schools, community colleges, and The University of North Carolina.

11 **SECTION 29.14.(d)** The Director of the Budget shall transfer from the Reserve for
12 Compensation Increases in this act for fiscal year 2005-2006 and fiscal year 2006-2007
13 all funds necessary for the salary increases provided by this act, including funds for the
14 employer's retirement and social security contributions.

15 **SECTION 29.14.(e)** Nothing in this act authorizes the transfer of funds between the
16 General Fund and the Highway Fund for salary increases.

17 **SECTION 29.14.(f)** ~~Permanent~~ For the 2005-2006 fiscal year, permanent full-time
18 employees who work a nine-, ten-, or eleven-month work year schedule shall receive
19 the eight hundred fifty dollars (\$850.00) or two percent (2%) annual increase provided
20 by this act, whichever is greater. For the 2006-2007 fiscal year, permanent full-time
21 employees who work a nine-, ten-, or eleven-month work year schedule shall receive
22 the five percent (5%) annual increase provided by this act."

23 24 **COMPENSATION BONUS FOR FISCAL YEAR 2006-2007**

25 **SECTION 22.14A.(a)** Except as provided by subsection (b) of this section,
26 any person (i) whose salary is set pursuant to the State Personnel Act or under this act
27 and (ii) who is employed in a State-funded position on June 30, 2006, and who is in
28 service on August 1, 2006, shall be awarded a one-time, lump-sum compensation bonus
29 for the 2006-2007 fiscal year in the amount of three hundred dollars (\$300.00), payable
30 in August 2006. The compensation bonus shall be adjusted pro rata for permanent
31 part-time employees and employees working on a schedule requiring less than 12
32 months' service per year.

33 **SECTION 22.14A.(b)** The following persons shall not be eligible for the
34 three hundred dollar (\$300.00) compensation bonus authorized by subsection (a) of this
35 section:

- 36 (1) Any person whose salary is set under Sections 29.11(1) or 29.12 of
- 37 S.L. 2005-276, as amended by Sections 22.11 and 22.12 of this act.
- 38 (2) Any public school employee or State employee paid on the Teacher
- 39 Salary Schedule or the School Based Administrator Salary Schedule.

40 **SECTION 22.14A.(c)** The Director of the Budget shall transfer sufficient
41 funds from the Reserve for Compensation Increases provided in this act to implement
42 this section. The compensation bonus awarded by this section shall not be administered
43 under G.S. 126-7. The compensation bonus shall be awarded to eligible employees
44 without regard to an employee's placement within the salary range, including employees
45 at the top of the salary range.

46 47 **SALARY ADJUSTMENT FUND**

48 **SECTION 22.15.** Section 29.15 of S.L. 2005-276 reads as rewritten:

49 **"SECTION 29.15.(a)** Any remaining appropriations in the General Fund Reserve
50 for Compensation Increases authorized for employee salary increases not required for
51 that purpose may be used to supplement the General Fund Salary Adjustment Fund.
52 Fund to support salary adjustments for positions supported by the General Fund. Any
53 remaining appropriations in the Highway Fund Reserves and Transfers authorized for
54 employee salary increases not required for that purpose may be used to supplement the

1 Highway Fund Salary Adjustment Fund to support salary adjustments for positions
2 supported by the Highway Fund.

3 **SECTION 29.15.(b)** Funds appropriated or otherwise transferred to the General
4 Fund Salary Adjustment Fund or to the Highway Fund Salary Adjustment Fund by this
5 act or any other provision of law shall be used to fund agency requests for the following
6 purposes:

- 7 (1) Salary range revisions—revisions, including special minimum rate
8 adjustments, to provide competitive salary rates for affected job
9 classifications in response to changes in labor market salary rates as
10 documented through data collection and analysis according to accepted
11 human resource professional practices and standards.
12 (2) Reallocation of positions to higher-level job classifications to
13 compensate employees for more difficult duties at competitive salary
14 rates as documented through data collection and analysis according to
15 accepted human resource professional practices and standards.

16 The terms 'salary range revision' and 'reallocation' as used in this section shall
17 conform to the definitions of those terms as previously contained in the State Personnel
18 Manual and adopted by the State Personnel Commission effective immediately prior to
19 November 1, 2005. Priority funding—Funding shall be given only to those salary range
20 revisions previously approved by the State Personnel Commission and reallocations
21 previously approved by the Office of State Personnel or designee, designee on or before
22 May 1, 2006, and shall not be used for other purposes including, but not limited to,
23 in-range adjustments, career banding adjustments (whether by grade to band transfer
24 adjustments, career progression adjustments, or other similar methods), geographic
25 differentials, or other adjustments as these terms may be defined by State Personnel
26 Policy.

27 **SECTION 29.15.(c)** The Director of the Budget shall consult with the Joint
28 Legislative Commission on Governmental Operations prior to transferring any salary
29 adjustment funds for any State agency.

30 **SECTION 29.15.(d)** The Director of the Budget ~~may transfer~~ may:

- 31 (1) Transfer to General Fund budget codes from the General Fund Salary
32 Adjustment Fund and may transfer to Highway Fund budget codes
33 from the Highway Fund Salary Adjustment Fund—amounts required to
34 support salary adjustments authorized by this section, not to
35 exceed the sum of eighteen million nine hundred thousand dollars
36 (\$18,900,000), with the oldest of the pending adjustments to be funded
37 first.
38 (2) Transfer to Highway Fund budget codes from the Highway Fund
39 Salary Adjustment Fund amounts required to support salary
40 adjustments authorized by this section.

41 **SECTION 29.15.(e)** The Judicial Department is eligible for the funding authorized
42 in subsection (a) of this section."
43

44 **SUSPEND CAREER BANDING INITIATIVE**

45 **SECTION 22.15A.** Notwithstanding any other provision of law, the State
46 Personnel Commission, the Office of State Personnel, and each State department,
47 agency, and institution shall suspend further implementation of career banding pending
48 subsequent action by the General Assembly after its review of the State Personnel Act,
49 including the traditional graded classification system and career banding.
50

51 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

52 **SECTION 22.17.** Section 29.24(c) of S.L. 2005-276 reads as rewritten:

53 **"SECTION 29.24.(c)** Effective July 1, 2006, the State's employer contribution rates
54 budgeted for retirement and related benefits as percentage of covered salaries for the
55 2006-2007 fiscal year are: (i) ~~six and eighty two hundredths percent (6.82%)~~ seven and

1 seventeen hundredths percent (7.17%) – Teachers and State Employees; (ii) ~~eleven and~~
2 ~~eighty two hundredths percent (11.82%)~~ twelve and seventeen hundredths percent
3 (12.17%) – State Law Enforcement Officers; (iii) eleven and sixteen hundredths percent
4 (11.16%) – University Employees' Optional Retirement System; (iv) eleven and sixteen
5 hundredths percent (11.16%) – Community College Optional Retirement Program; (v)
6 sixteen and thirty-nine hundredths percent (16.39%) – Consolidated Judicial Retirement
7 System; and (vi) three and eight-tenths percent (3.8%) – Legislative Retirement System.
8 Each of the foregoing contribution rates includes three and eight-tenths percent (3.8%)
9 for hospital and medical benefits. The rate for Teachers and State Employees, State Law
10 Enforcement Officers, Community College Optional Retirement Program, and for the
11 University Employees' Optional Retirement Program includes fifty-two hundredths
12 percent (0.52%) for the Disability Income Plan. The rates for Teachers and State
13 Employees and State Law Enforcement Officers include sixteen hundredths percent
14 (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers
15 includes five percent (5%) for Supplemental Retirement Income."
16

17 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**
18 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
19 **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
20 **RETIREMENT SYSTEM**

21 **SECTION 22.18.(a)** G.S. 135-5 is amended by adding a new subsection to
22 read:

23 "(ooo) From and after July 1, 2006, the retirement allowance to or on account of
24 beneficiaries whose retirement commenced on or before July 1, 2005, shall be increased
25 by three and one-tenth percent (3.1%) of the allowance payable on June 1, 2006, in
26 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2006, the retirement
27 allowance to or on account of beneficiaries whose retirement commenced after July 1,
28 2005, but before June 30, 2006, shall be increased by a prorated amount of three and
29 one-tenth percent (3.1%) of the allowance payable as determined by the Board of
30 Trustees based upon the number of months that a retirement allowance was paid
31 between July 1, 2005, and June 30, 2006."

32 **SECTION 22.18.(b)** G.S. 120-4.22A is amended by adding a new
33 subsection to read:

34 "(u) In accordance with subsection (a) of this section, from and after July 1, 2006,
35 the retirement allowance to or on account of beneficiaries whose retirement commenced
36 on or before January 1, 2006, shall be increased by three and one-tenth percent (3.1%)
37 of the allowance payable on June 1, 2006. Furthermore, from and after July 1, 2006, the
38 retirement allowance to or on account of beneficiaries whose retirement commenced
39 after January 1, 2006, but before June 30, 2006, shall be increased by a prorated amount
40 of three and one-tenth percent (3.1%) of the allowance payable as determined by the
41 Board of Trustees based upon the number of months that a retirement allowance was
42 paid between January 1, 2006, and June 30, 2006."

43 **SECTION 22.18.(c)** G.S. 135-65 is amended by adding a new subsection to
44 read:

45 "(aa) From and after July 1, 2006, the retirement allowance to or on account of
46 beneficiaries whose retirement commenced on or before July 1, 2005, shall be increased
47 by three and one-tenth percent (3.1%) of the allowance payable on June 1, 2006.
48 Furthermore, from and after July 1, 2006, the retirement allowance to or on account of
49 beneficiaries whose retirement commenced after July 1, 2005, but before June 30, 2006,
50 shall be increased by a prorated amount of three and one-tenth percent (3.1%) of the
51 allowance payable as determined by the Board of Trustees based upon the number of
52 months that a retirement allowance was paid between July 1, 2005, and June 30, 2006."
53

54 **INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S**
55 **AND RESCUE SQUAD WORKERS' PENSION FUND**

1 **SECTION 22.19.** G.S. 58-86-55 reads as rewritten:

2 "**§ 58-86-55. Monthly pensions upon retirement.**

3 Any member who has served 20 years as an "eligible fireman" or "eligible rescue
4 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and
5 G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly
6 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~
7 ~~sixty three dollars (\$163.00)~~ one hundred sixty-five dollars (\$165.00) per month. Any
8 retired fireman receiving a pension shall, effective ~~July 1, 2005,~~ July 1, 2006, receive a
9 pension of ~~one hundred sixty three dollars (\$163.00)~~ one hundred sixty-five dollars
10 (\$165.00) per month.

11 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and
12 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad
13 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a
14 pension hereunder until the member's official duties as a fireman or rescue squad
15 worker for which the member is paid compensation shall have been terminated and the
16 member shall have retired as such according to standards or rules fixed by the board of
17 trustees.

18 A member who is totally and permanently disabled while in the discharge of the
19 member's official duties as a result of bodily injuries sustained or as a result of extreme
20 exercise or extreme activity experienced in the course and scope of those official duties
21 and who leaves the fire or rescue squad service because of this disability shall be
22 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred~~
23 ~~sixty three dollars (\$163.00)~~ one hundred sixty-five dollars (\$165.00) per month
24 beginning the first month after the member's fifty-fifth birthday. All applications for
25 disability are subject to the approval of the board who may appoint physicians to
26 examine and evaluate the disabled member prior to approval of the application, and
27 annually thereafter. Any disabled member shall not be required to make the monthly
28 payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

29 A member who is totally and permanently disabled for any cause, other than line of
30 duty, who leaves the fire or rescue squad service because of this disability and who has
31 at least 10 years of service with the pension fund, may be permitted to continue making
32 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made
33 contributions for a total of 240 months. The member shall upon attaining the age of 55
34 years be entitled to receive a pension as provided by this section. All applications for
35 disability are subject to the approval of the board who may appoint physicians to
36 examine and evaluate the disabled member prior to approval of the application and
37 annually thereafter.

38 A member who, because his residence is annexed by a city under Part 2 or Part 3 of
39 Article 4 of Chapter 160A of the General Statutes, or whose department is closed
40 because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A
41 of the General Statutes, or whose volunteer department is taken over by a city or county,
42 and because of such annexation or takeover is unable to perform as a fireman or rescue
43 squad worker of any status, and if the member has at least 10 years of service with the
44 pension fund, may be permitted to continue making a monthly contribution of ten
45 dollars (\$10.00) to the fund until the member has made contributions for a total of 240
46 months. The member upon attaining the age of 55 years and completion of such
47 contributions shall be entitled to receive a pension as provided by this section. Any
48 application to make monthly contributions under this section shall be subject to a
49 finding of eligibility by the Board of Trustees upon application of the member.

50 The pensions provided shall be in addition to all other pensions or benefits under any
51 other statutes of the State of North Carolina or the United States, notwithstanding any
52 exclusionary provisions of other pensions or retirement systems provided by law."
53

54 **INCREASE THE MAXIMUM MONTHLY PENSION BENEFITS FOR**
55 **RETIRED MEMBERS OF THE NORTH CAROLINA NATIONAL GUARD**

SECTION 22.20. G.S. 127A-40(a) reads as rewritten:

"(a) Every member and former member of the North Carolina national guard who meets the requirements hereinafter set forth shall receive, commencing at age 60, a pension of ~~seventy five dollars (\$75.00)~~ eighty dollars (\$80.00) per month for 20 years' creditable military service with an additional ~~seven dollars and fifty cents (\$7.50)~~ eight dollars (\$8.00) per month for each additional year of such service; provided, however, that the total pension shall not exceed ~~one hundred fifty dollars (\$150.00)~~ one hundred sixty dollars (\$160.00) per month. The requirements for such pension are that each member shall:

- (1) Have served and qualified for at least 20 years' creditable military service, including national guard, reserve and active duty, under the same requirement specified for entitlement to retired pay for nonregular service under Chapter 67, Title 10, United States Code.
- (2) Have at least 15 years of the aforementioned service as a member of the North Carolina national guard.
- (3) Have received an honorable discharge from the North Carolina national guard."

PART XXIII. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 23.1. There is appropriated from the General Fund for the 2006-2007 fiscal year the following amounts for capital improvements:

Capital Improvements – General Fund	2006-2007
Department of Administration	
Veterans Affairs Nursing Home	\$8,773,300
Department of Agriculture and Consumer Services	
Veterinary Laboratory System Study and Planning Funds	1,250,000
Rollins Laboratory – Bio Security Level 2 Lab Conversion	250,000
Oxford Complex Planning and Design Funds	1,000,000
Department of Commerce	
NC Ports Authority Container Cranes	7,500,000
Department of Correction	
Regional Medical Center and Mental Health Center	20,000,000
Department of Crime Control and Public Safety	
Emergency Management Operations Center	8,500,000
Marion Transportation Center Motor Fleet Lot	222,700
Department of Cultural Resources	
North Carolina History Education Center Planning Funds	3,000,000
Palmer Memorial Institute State Historic Site Renovations	2,800,000
Department of Environment and Natural Resources	
Water Resources Development Projects	20,000,000
NC Zoo Storage Shed	452,800
Forest Resources District 9 Headquarters	2,164,500
Office of State Budget and Management	
State Facilities Master Plan	1,000,000

1		
2	University of North Carolina System	
3	University of North Carolina at Wilmington –	
4	School of Nursing	27,000,000
5		
6	Appalachian State University College of Education	
7	Building Planning Funds	1,820,000
8		
9	Elizabeth City State University Parking Lots and	
10	Street Repair	1,900,000
11		
12	Fayetteville State University Science and Technology	
13	Complex Planning Funds	1,144,000
14		
15	North Carolina Agricultural and Technical State	
16	University General Classroom Facility Planning Funds	1,040,000
17		
18	North Carolina Central University	
19	Biomanufacturing Research Institute and Technology	
20	Enterprise (BRITE)	2,300,000
21	Repairs to Steam Lines	6,400,000
22		
23	North Carolina School of the Arts Library Planning Funds	1,258,400
24		
25	North Carolina State University	
26	Engineering Complex III Planning and Design Funds	5,280,303
27	Veterinary Hospital Planning Funds	7,000,000
28		
29	University of North Carolina at Asheville Rhodes Hall	
30	Renovation Planning Funds	416,000
31		
32	University of North Carolina at Chapel Hill Genomics	
33	Science Building Planning and Design Funds	10,313,988
34		
35	University of North Carolina at Charlotte Center City	
36	Classroom Building Planning and Design Funds	3,392,100
37		
38	University of North Carolina at Greensboro Academic	
39	Classroom and Office Building Planning Funds	2,279,028
40		
41	University of North Carolina at Pembroke Residence	
42	Hall Planning Funds	1,040,000
43		
44	Western Carolina University School of Health and	
45	Gerontological Building Planning Funds	2,402,661
46		
47	Winston Salem State University Student Activities Center	
48	Planning Funds	768,225
49		
50	Dental Schools Study, Planning, and Design Funds	7,000,000
51		
52	TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$159,668,005
53		
54	WATER RESOURCES DEVELOPMENT PROJECT FUNDS	

1 **SECTION 23.2.(a)** The Department of Environment and Natural Resources
 2 shall allocate the funds appropriated in this act for water resources development projects
 3 to the following projects whose costs are as indicated:

4 Name of Project	5 2006-2007
6 (1) Wilmington Harbor Deepening	\$ 5,275,000
7 (2) Morehead City Harbor Sand Management	1,200,000
8 (3) Manteo (Shallowbag) Bay Channel Maintenance	-
9 (4) Wilmington Harbor Maintenance Dredging	-
10 (5) Morehead City Harbor Maintenance Dredging	0
11 (6) Carolina Beach Renourishment	1,125,000
12 (7) Carolina Beach Renourishment (Kure Beach)	681,000
13 (8) Brunswick County Beaches Study	0
14 (9) Ocean Isle Beach Renourishment (Brunswick County)	435,000
15 (10) Beaufort Harbor Maintenance Dredging	300,000
16 (11) B. Everett Jordan Reservoir Water Supply Storage	100,000
17 (12) Aquatic Weed Control – Lake Gaston and Statewide	400,000
18 (13) Waterway Connecting Pamlico Sound to Beaufort Harbor (Carteret)	400,000
19 (14) John H. Kerr Reservoir Operations Evaluation	188,000
20 (15) Currituck Sound Water Management Study	386,000
21 (16) Surf City / North Topsail Beach Protection Study	-
22 (17) West Onslow Beach (Topsail) Study (Pender County)	85,000
23 (18) Hurricane Stream Restoration – Western NC (Phase II)	2,000,000
24 (19) Hurricane Isabel Emergency Management Stream Cleanup (Phase III)	850,000
25 (20) Bogue Banks Shore Protection Study (Carteret County)	-
26 (21) Neuse River Basin Study	280,000
27 (22) Beach and Inlet Management Study	500,000
28 (23) Dredging Contingency Fund	2,295,000
29 (24) Topsail Beach Renourishment	500,000
30 (25) State – Local Projects	3,000,000
31 TOTALS	\$ 20,000,000

32 **SECTION 23.2.(b)** Where the actual costs are different from the estimated
 33 costs under subsection (a) of this section, the Department may adjust the allocations
 34 among projects as needed. If any projects funded under subsection (a) of this section are
 35 delayed and the budgeted State funds cannot be used during the 2006-2007 fiscal year,
 36 or if the projects funded under subsection (a) of this section are accomplished at a lower
 37 cost, the Department may use the resulting fund availability to fund any of the
 38 following:

- 39 (1) U.S. Army Corps of Engineers project feasibility studies.
- 40 (2) U.S. Army Corps of Engineers projects whose schedules have
41 advanced and require State-matching funds in fiscal year 2006-2007.
- 42 (3) State-local water resources development projects.

43 Funds not expended or encumbered for these purposes shall revert to the
 44 General Fund at the end of the 2007-2008 fiscal year.

45 **SECTION 23.2.(c)** The Department shall make semiannual reports on the
 46 use of these funds to the Joint Legislative Commission on Governmental Operations,
 47 the Fiscal Research Division, and the Office of State Budget and Management. Each
 48 report shall include 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.
- 52 (4) The date that work on each project was completed or is expected to be
53 completed.
- 54 (5) The actual cost of each project.

1 The semiannual reports shall also show those projects advanced in schedule,
2 those projects delayed in schedule, and an estimate of the amount of funds expected to
3 revert to the General Fund.

4 5 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

6 **SECTION 23.3.** Of the funds in the Reserve for Repairs and Renovations
7 for the 2006-2007 fiscal year, forty-six percent (46%) shall be allocated to the Board of
8 Governors of The University of North Carolina for repairs and renovations pursuant to
9 G.S. 143-15.3A, in accordance with guidelines developed in The University of North
10 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as
11 approved by the Board of Governors of The University of North Carolina, and fifty-four
12 percent (54%) shall be allocated to the Office of State Budget and Management for
13 repairs and renovations pursuant to G.S. 143-15.3A.

14 Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds
15 for the repair and renovation of facilities not supported from the General Fund if the
16 Board determines that sufficient funds are not available from other sources and that
17 conditions warrant General Fund assistance. Any such finding shall be included in the
18 Board's submission to the Joint Legislative Commission on Governmental Operations
19 on the proposed allocation of funds.

20 The Board of Governors and the Office of State Budget and Management
21 shall consult with the Joint Legislative Commission on Governmental Operations prior
22 to the allocation or reallocation of these funds.

23 24 **STATE FACILITIES MASTER PLAN**

25 **SECTION 23.10.(a)** Of the funds appropriated to the Office of State Budget
26 and Management, up to one million dollars (\$1,000,000) shall be used to contract with a
27 consultant for the development of a new master plan for State facilities. In developing
28 this master plan, the consultant shall address the following as it relates to State
29 operations in Wake County:

- 30 (1) Inventory existing State real property, including land, buildings, and
31 land allocations to State agencies.
- 32 (2) Inventory lease space occupied by State agencies.
- 33 (3) Survey State agencies capital improvement needs, including the State's
34 Six-Year Capital Improvement Plan.
- 35 (4) Project the growth in personnel needed to support State operations.
- 36 (5) Analyze State agencies' existing facilities and requested capital
37 improvements against program missions, goals, and operations.
- 38 (6) Recommend a facilities master plan for State operations that meets the
39 facilities needs of State agencies and makes efficient use of State land
40 and buildings.
- 41 (7) Recommend State agency operations that should be relocated from the
42 City of Raleigh to achieve subsection (a)(6) of this section.
- 43 (8) Recommend a transit plan for State operations that may include the use
44 of parking structures, public transit, and park and ride facilities.
- 45 (9) Recommend an implementation plan for the facilities master plan. The
46 implementation plan shall include the sequencing of proposed capital
47 improvement projects and a proposal for financing the facilities master
48 plan. The implementation plan shall be consistent with capital
49 planning efforts in the Office of State Budget and Management.

50 **SECTION 23.10.(b)** If funds authorized in subsection (a) of this section are
51 sufficient, the Office of State Budget and Management shall expand the scope of the
52 facilities master plan to include State operations outside of Wake County.

53 **SECTION 23.10.(c)** The Office of State Budget and Management shall
54 deliver the facilities master plan to the Joint Legislative Oversight Committee on
55 Capital Improvements by October 1, 2007.

UNC-CH/ECU DENTAL SCHOOLS

SECTION 23.11.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year the sum of seven million dollars (\$7,000,000) shall be used as follows: (i) to complete the plan and design for expanding the School of Dentistry at the University of North Carolina at Chapel Hill, (ii) to conduct a study regarding the feasibility of establishing a School of Dentistry at East Carolina University and the impact that the School would have on the other dental programs provided by The University of North Carolina, and (iii) if the Board of Governors determines that it is appropriate to establish a School of Dentistry at East Carolina University based on the findings and recommendations of the feasibility study, to provide advance planning funds to East Carolina University for the capital improvements needed to establish a new dental school. The funds allocated by this section to East Carolina University shall be held in reserve by the Board of Governors and shall be allocated to East Carolina University only if the Board of Governors decides that it is appropriate to establish a School of Dentistry at that University.

SECTION 23.11.(b) The Board of Governors may contract with a private consultant to conduct the feasibility study required by subsection (a) of this section.

PART XXIV. RESERVED**PART XXV. RESERVED****PART XXVI. RESERVED****PART XXVII. RESERVED****PART XXVIII. MISCELLANEOUS PROVISIONS****EXECUTIVE BUDGET ACT APPLIES**

SECTION 28.1. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 28.2.(a) The House Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets, dated June 13, 2006, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 28.2.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2006-2007 fiscal year is a line-item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources, including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The General Assembly amended the requested adjustments to the budgets submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission in accordance with the steps that follow, and the line-item detail in the budget enacted by the General Assembly may be derived accordingly:

- 1 (1) The base budget was adjusted in accordance with the base budget cuts
2 and additions that were set out in the House Appropriations Committee
3 Report on the Continuation, Expansion, and Capital Budgets.
4 (2) Transfers of funds supporting programs were made in accordance with
5 the House Appropriations Committee Report on the Continuation,
6 Expansion, and Capital Budgets.

7 **SECTION 28.2.(c)** The budget enacted by the General Assembly shall also
8 be interpreted in accordance with the special provisions in this act and in accordance
9 with other appropriate legislation.

10 In the event that there is a conflict between the line-item budget certified by
11 the Director of the Budget and the budget enacted by the General Assembly, the budget
12 enacted by the General Assembly shall prevail.
13

14 **MOST TEXT APPLIES ONLY TO 2006-2007**

15 **SECTION 28.3.** Except for statutory changes or other provisions that clearly
16 indicate an intention to have effects beyond the 2006-2007 fiscal year, the textual
17 provisions of this act apply only to funds appropriated for, and activities occurring
18 during, the 2006-2007 fiscal year.
19

20 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

21 **SECTION 28.4.(a)** Except where expressly repealed or amended by this act,
22 the provisions of S.L. 2005-276 and S.L. 2005-345 remain in effect.

23 **SECTION 28.4.(b)** Notwithstanding any modifications by this act in the
24 amounts appropriated, except where expressly repealed or amended, the limitations and
25 directions for the 2006-2007 fiscal year in S.L. 2005-276 and S.L. 2005-345 that
26 applied to appropriations to particular agencies or for particular purposes apply to the
27 newly enacted appropriations and budget reductions of this act for those same particular
28 purposes.
29

30 **EFFECT OF HEADINGS**

31 **SECTION 28.5.** The headings to the parts and sections of this act are a
32 convenience to the reader and are for reference only. The headings do not expand,
33 limit, or define the text of this act, except for effective dates referring to a part.
34

35 **SEVERABILITY CLAUSE**

36 **SECTION 28.6.** If any section or provision of this act is declared
37 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
38 whole or any part other than the part so declared to be unconstitutional or invalid.
39

40 **EFFECTIVE DATE**

41 **SECTION 28.7.** Except as otherwise provided, this act becomes effective
42 July 1, 2006.