

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

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HOUSE BILL 2436*
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Short Title: Modify Appropriations Act of 2007.

(Public)

Sponsors:

Referred to:

May 26, 2008

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL
APPROPRIATIONS ACT OF 2007.

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 State Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year as provided in G.S. 143C-1-2(b).

TITLE

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2008."

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, 2009, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2008-2009 fiscal year.

1		
2	Current Operations – General Fund	FY 2008-2009
3		
4	EDUCATION	
5		
6	Community Colleges System Office	\$ 31,129,698
7		
8	Department of Public Instruction	75,762,945
9		
10	University of North Carolina – Board of Governors	
11	Appalachian State University	(175,179)
12	East Carolina University	
13	Academic Affairs	1,665,101
14	Health Affairs	0
15	Elizabeth City State University	0
16	Fayetteville State University	(250,409)
17	NC Agricultural and Technical University	(476,363)
18	North Carolina Central University	0
19	North Carolina School of the Arts	0
20	North Carolina State University	
21	Academic Affairs	(622,928)
22	Agricultural Extension	0
23	Agricultural Research	0
24	University of North Carolina at Asheville	(26,836)
25	University of North Carolina at Chapel Hill	
26	Academic Affairs	(589,752)
27	Health Affairs	(736,357)
28	Area Health Education Centers	0
29	University of North Carolina at Charlotte	(756,504)
30	University of North Carolina at Greensboro	0
31	University of North Carolina at Pembroke	(59,019)
32	University of North Carolina at Wilmington	(752,940)
33	Western Carolina University	(159,665)
34	Winston-Salem State University	0
35	General Administration	0
36	University Institutional Programs	100,837,867
37	Related Educational Programs	(52,965,000)
38	North Carolina School of Science and Mathematics	0
39	UNC Hospitals at Chapel Hill	0
40	Total University of North Carolina Board of Governors	\$ 44,932,016
41		
42	HEALTH AND HUMAN SERVICES	
43		
44	Department of Health and Human Services	
45	Office of the Secretary	\$ (9,759,966)
46	Division of Aging	2,500,000
47	Division of Blind Services/Deaf/HH	75,000
48	Division of Child Development	(5,602,422)
49	Division of Education Services	698,940
50	Division of Facility Services	822,028
51	Division of Medical Assistance	(186,500,748)

1	Division of Mental Health	25,847,833
2	NC Health Choice	2,376,893
3	Division of Public Health	6,880,537
4	Division of Social Services	1,929,632
5	Division of Vocation Rehabilitation	(2,000,000)
6	Total Health and Human Services	\$ (162,732,273)
7		
8	NATURAL AND ECONOMIC RESOURCES	
9		
10	Department of Agriculture and Consumer Services	\$ 460,589
11		
12	Department of Commerce	
13	Commerce	7,310,470
14	Commerce State-Aid	7,401,578
15	NC Biotechnology Center	(155,834)
16	Rural Economic Development Center	49,756,974
17		
18	Department of Environment and Natural Resources	
19	Environment and Natural Resources	8,706,305
20	Clean Water Management Trust Fund	0
21		
22	Department of Labor	51,392
23		
24	JUSTICE AND PUBLIC SAFETY	
25		
26	Department of Correction	\$ 132,088
27		
28	Department of Crime Control and Public Safety	2,387,175
29		
30	Judicial Department	(736,374)
31	Judicial Department – Indigent Defense	(435,057)
32		
33	Department of Justice	(601,079)
34		
35	Department of Juvenile Justice and Delinquency Prevention	19,894,280
36		
37	GENERAL GOVERNMENT	
38		
39	Department of Administration	\$ 950,548
40		
41	Office of Administrative Hearings	313,544
42		
43	Department of State Auditor	(283,938)
44		
45	Office of State Controller	(110,940)
46		
47	Department of Cultural Resources	
48	Cultural Resources	2,960,367
49	Roanoke Island Commission	(15,000)
50		
51	State Board of Elections	582,934

1		
2	General Assembly	(881,000)
3		
4	Office of the Governor	
5	Office of the Governor	(84,205)
6	Office of State Budget and Management	15,242
7	OSBM – Reserve for Special Appropriations	16,050,000
8	Housing Finance Agency	12,000,000
9		
10	Department of Insurance	
11	Insurance	633,492
12	Insurance – Volunteer Safety Workers' Compensation	(1,150,000)
13		
14	Office of Lieutenant Governor	0
15		
16	Department of Revenue	8,584,136
17		
18	Department of Secretary of State	135,771
19		
20	Department of State Treasurer	
21	State Treasurer	763,829
22	State Treasurer – Retirement for Fire and Rescue Squad Workers	1,027,851
23		
24	TRANSPORTATION	
25		
26	Department of Transportation	0
27		
28	RESERVES, ADJUSTMENTS, AND DEBT SERVICE	
29		
30	Compensation Increases	\$ 366,494,351
31		
32	Bonus Pay for Mental Health Nurses	500,000
33		
34	Salary Adjustment Fund 2007-2009 Biennium	0
35		
36	Teachers' & State Employees' Retirement Contributions	30,237,400
37		
38	Hospitalization Reserve	(5,000,000)
39		
40	Reserve for Eliminated Positions	0
41		
42	No Penalty for Teachers Taking Personal Leave Day	5,000,000
43		
44	Contingency and Emergency Fund	0
45		
46	Information Technology Fund	0
47		
48	Job Development Investment Grants Reserve	15,000,000
49		
50	Prevention of Pesticide Exposure	357,055
51		

1	Worker Safety Positions	350,000
2		
3	Criminal Justice Data Integration Pilot	5,000,000
4		
5	Pending Gang Prevention Legislation	10,000,000
6		
7	Debt Service	
8	General Debt Service	(17,500,000)
9	Federal Reimbursement	0
10		
11	TOTAL CURRENT OPERATIONS – GENERAL FUND	\$ 535,196,530

GENERAL FUND AVAILABILITY STATEMENT

14 **SECTION 2.2.(a)** Section 2.2.(a) of S.L. 2007-323 is repealed. The General
 15 Fund availability used in adjusting the 2008-2009 budget is shown below:

	FY 2008-2009	
18		
19	Unappropriated Balance from FY 2007-2008	\$ 270,504,098
20	Net Adjustments – S.L. 2007-540	(1,000,000)
21	Adjustment from Estimated to Actual 2007-2008	
22	Beginning Unreserved Balance	47,867,864
23	Projected Reversions from FY 2007-2008	150,000,000
24	Projected Over Collections from FY 2007-2008	151,500,000
25	Year-End Unreserved Credit Balance before Earmarkings	618,871,962
26	Less: Credit to Savings Reserve Account	(13,400,000)
27	Less: Credit to Repairs and Renovations Reserve Account	(100,000,000)
28	Revised Year-End Unreserved Credit Balance	\$ 505,471,962
29		
30	Revenues Based on Existing Tax Structure	\$ 19,903,800,000
31		
32	Nontax Revenues	
33	Investment Income	\$ 247,300,000
34	Judicial Fees	204,800,000
35	Disproportionate Share	100,000,000
36	Insurance	62,900,000
37	Other Nontax Revenues	160,600,000
38	Highway Trust Fund Transfer	172,500,000
39	Highway Fund Transfer	17,600,000
40	Subtotal Nontax Revenues	\$ 965,700,000
41		
42	Total General Fund Availability	\$ 21,374,971,962
43		
44	Adjustments to Availability: 2008 Session	
45	Reserve for Tax Relief	\$ (50,000,000)
46	Health Care Facility Construction Project Fee Increase	822,028
47	Adjust Securities Filing Fee	2,500,000
48	Reduce Transfer from Highway Trust Fund	(25,000,000)
49	Transfer from Disaster Relief Reserve (Western NC Disasters)	21,000,000
50	Transfer from NC Rx Unexpended Balance	3,500,000
51	Transfer from Tobacco Trust Fund	5,000,000

1	Transfer from Health & Wellness Trust Fund	5,000,000
2	Transfer from Coaching Scholarship Fund	267,000
3	Transfer from Principal Fellows Trust Fund	1,000,000
4	Transfer from NC Community College System Computer	
5	Information System (CIS) Unexpended Balance	4,500,000
6	Transfer from Focused Industrial Training Unexpended Balance	783,246
7	Transfer from Disproportionate Share Receipt Reserve	19,300,000
8	Adjust Transfer from Insurance Regulatory Fund	633,492
9	Adjust Transfer from Treasurer's Office	763,829
10	Adjust Asbestos Hazard Removal Program Cap	112,901
11		
12	Subtotal Adjustments to Availability: 2008 Session	\$ (9,817,504)
13		
14	Revised General Fund Availability for the 2008-2009 Fiscal Year	\$ 21,365,154,458
15		
16	Less: Total General Fund Appropriations	
17	for the 2008-2009 Fiscal Year	\$ (21,365,154,458)
18		
19	Unappropriated Balance Remaining	\$ 0
20		

21 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the
 22 State Controller shall transfer one hundred million dollars (\$100,000,000) from the
 23 unreserved fund balance to the Repairs and Renovations Reserve Account on June 30,
 24 2008. This subsection becomes effective June 30, 2008.

25 **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and
 26 Renovations Reserve Account are appropriated for the 2008-2009 fiscal year to be used
 27 in accordance with G.S. 143C-4-3.

28 **SECTION 2.2.(c1)** Notwithstanding G.S. 143C-4-2, the State Controller
 29 shall transfer only thirteen million four hundred thousand dollars (\$13,400,000) from
 30 the unreserved fund balance to the Savings Reserve Account on June 30, 2008. This is
 31 not an "appropriation made by law," as that phrase is used in Article V, Section 7(1) of
 32 the North Carolina Constitution. This subsection becomes effective June 30, 2008.

33 **SECTION 2.2.(d)** Section 2.2.(d) of S.L. 2007-323 reads as rewritten:
 34 "**SECTION 2.2.(d)** Notwithstanding the provisions of G.S. 105-187.9(b)(1), the
 35 sum to be transferred under that subdivision for the 2007-2008 fiscal year is one
 36 hundred seventy million dollars (\$170,000,000) and for the 2008-2009 fiscal year is ~~one~~
 37 ~~hundred seventy million dollars (\$170,000,000).~~ one hundred forty-five million dollars
 38 (\$145,000,000)."

39 **SECTION 2.2.(e)** Notwithstanding G.S. 143C-9-3, of the funds credited to
 40 the Tobacco Trust Fund, the sum of five million dollars (\$5,000,000) shall be
 41 transferred from the Department of Agriculture and Consumer Services, Budget Code
 42 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax Budget
 43 Code 19978 (Intra State Transfers) to support General Fund appropriations for the
 44 2008-2009 fiscal year.

45 **SECTION 2.2.(f)** Notwithstanding G.S. 143C-9-3, of the funds credited to
 46 the Health Trust Account, the sum of five million dollars (\$5,000,000) that would
 47 otherwise be deposited in the Fund Reserve shall be transferred from the Department of
 48 State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State
 49 Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to
 50 support General Fund appropriations for the 2008-2009 fiscal year.

1 **SECTION 2.2.(g)** On July 1, 2008, the State Controller shall transfer
 2 twenty-one million dollars (\$21,000,000) from the Disaster Reserve Fund to Nontax
 3 Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for
 4 the 2008-2009 fiscal year.

5 **SECTION 2.2.(h)** On July 1, 2008, the State Controller shall transfer
 6 nineteen million three hundred thousand dollars (\$19,300,000) from the
 7 Disproportionate Share Receipt Reserve to Nontax Budget Code 19978 (Intra State
 8 Transfers) to support General Fund appropriations for the 2008-2009 fiscal year.

9 **SECTION 2.2.(i)** Transfers of additional availability in the amount of ten
 10 million eight hundred fourteen thousand seventy-five dollars (\$10,814,075) are made to
 11 the General Fund pursuant to Sections 8.9, 9.1, 9.4, and 10.1 of this act.

12 **SECTION 2.2.(j)** The Office of State Budget and Management and the
 13 Legislative Fiscal Research Division shall review the condition of revenues for the
 14 General Fund after the first four months of the fiscal year. This examination shall
 15 include assessments of revenues to date, trends in revenues and the economy expected
 16 for the remainder of the fiscal year, and any other relevant data. The Office and
 17 Division shall use conservative forecasting practices in order to ensure the viability of
 18 any review in the formation of a certified consensus estimate. If the Office of State
 19 Budget and Management and the Legislative Fiscal Research Division jointly certify
 20 that actual recurring General Fund revenues are expected to exceed the revenues
 21 included in subsection (a) of this section in the General Fund availability statement for
 22 the 2008-2009 fiscal year, the Governor may, after consultation with the Speaker of the
 23 House and the President Pro Tempore of the Senate, use fifty percent (50%) of funds
 24 made available by said certified estimate to reduce or eliminate to the extent feasible the
 25 disparity between North Carolina teacher pay and the national average for teachers of
 26 similar levels of education and experience, pursuant to Section 2.2(j) of S.L. 2005-276.
 27 The Governor shall use these funds to increase each step on the teacher salary schedule
 28 by an equal flat-dollar amount.

29 Notwithstanding any other provision of law, fifty percent (50%) of those
 30 excess recurring General Fund revenues that are collected or expected to be collected
 31 under the certified consensus estimate may be used to support this salary increase for
 32 the 2008-2009 fiscal year. These funds shall not exceed two hundred million dollars
 33 (\$200,000,000). Any such unused funds shall remain unspent at the end of the fiscal
 34 year.

35
 36 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

37
 38 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

39 **SECTION 3.1.** Appropriations from the State Highway Fund for the
 40 maintenance and operation of the Department of Transportation and for other purposes
 41 as enumerated are adjusted for the fiscal year ending June 30, 2009, according to the
 42 following schedule. Amounts set out in brackets are reductions from Highway Fund
 43 Appropriations for the 2008-2009 fiscal year.

	2008-2009
45 Department of Transportation	
46 Administration	(\$9,583,308)
47	
48 Repairs and Renovations	9,084,221
49	
50 Division of Highways	
51 Administration	0

1	Construction	1,807,592
2	Maintenance	24,542,804
3	Planning and Research	0
4	OSHA Program	0
5		
6	Ferry Operations	1,000,000
7		
8	Public Transportation	0
9		
10	Airports	0
11		
12	Railroads	1,000,000
13		
14	Governor's Highway Safety Program	0
15		
16	Division of Motor Vehicles	245,266
17		
18	State Aid to Municipalities	1,807,592
19		
20	Transfers to Other State Agencies	431,491
21		
22	Reserve for Compensation Increases	14,762,342
23		
24	Reserve for Teachers' and State Employees' Retirement Contribution	1,462,000
25		
26	TOTAL	\$46,560,000

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. Section 3.2 of S.L. 2007-323 is repealed. The Highway Fund availability used in adjusting the 2008-2009 fiscal year budget is shown below:

31		
32	Highway Fund Availability Statement	2008-2009
33		
34	Unappropriated Balance From Previous Year	0
35	Beginning Fund Balance	35,000,000
36	Estimated Revenue	1,822,550,000
37	Total Highway Fund Availability	\$1,857,550,000

PART IV HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2009, according to the following schedule. Amounts set out in brackets are reductions from Highway Trust Fund Appropriations for the 2008-2009 fiscal year.

47		
48	Current Operations – Highway Trust Fund	2008-2009
49		
50	Intrastate System	(40,691,943)
51	Urban Loops	(16,454,126)

1	Aid to Municipalities	(4,269,533)
2	Secondary Roads	(7,687,965)
3	Program Administration	3,627,360
4	Transfer to General Fund	(25,143,793)
5	North Carolina Turnpike Authority	25,000,000
6		
7	Total	(\$65,620,000)

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. Section 4.2 of S.L. 2007-323 is repealed. The Highway Trust Fund availability used in adjusting the 2008-2009 fiscal year budget is shown below:

Highway Trust Fund Availability **\$1,073,160,000**

PART V. OTHER AVAILABILITY AND APPROPRIATIONS

CIVIL PENALTIES AND FORFEITURES/FUND AVAILABILITY AND APPROPRIATION

SECTION 5.1.(a) Section 5.1(a) of S.L. 2007-323 reads as rewritten:

"SECTION 5.1.(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 2007-2008	FY 2008-2009		
24	Department of Revenue	\$63,000,000	\$63,000,000	\$85,200,000
25	Department of Transportation	\$15,000,000	\$15,000,000	\$22,000,000
26	Employment Security Commission	\$ 3,000,000	\$3,000,000	\$4,200,000
27	Department of Insurance	\$ 1,000,000	\$1,000,000	\$600,000
28	University of North Carolina	\$ 3,500,000	\$3,500,000	\$3,600,000
29	Other Agencies	\$10,000,000	\$10,000,000	\$10,900,000
30	Total Funds Available	\$95,500,000	\$95,500,000	\$126,500,000"

SECTION 5.1.(b) Section 5.1(b) of S.L. 2007-323 reads as rewritten:

"SECTION 5.1.(b) Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal ~~biennium~~ year ending June 30, 2009, as follows:

	FY 2007-2008	FY 2008-2009		
36	School Technology Fund	\$18,000,000	\$18,000,000	
37	State Public School Fund	\$77,500,000	\$77,500,000	\$108,500,000
38	Total Appropriation	\$95,500,000	\$95,500,000	\$126,500,000"

EDUCATION LOTTERY

SECTION 5.2.(a) Pursuant to G.S. 18C-164, the revenue used to support appropriations made in this act is transferred from the State Lottery Fund in the amount of three hundred eighty-five million five hundred thousand dollars (\$385,500,000) for the 2008-2009 fiscal year.

SECTION 5.2.(b) Notwithstanding G.S. 18C-164(b), funds in the amount of nineteen million seven hundred fifty thousand dollars (\$19,750,000) shall be transferred from the Education Lottery Reserve Fund to the Education Lottery Fund to support appropriations made in this act. These funds shall be allocated for class size reduction. Any unexpended funds not needed for this purpose shall be transferred back to the Education Lottery Reserve Fund at the end of the 2008-2009 fiscal year.

1 **SECTION 5.2.(c)** Notwithstanding G.S. 18C-164(d), the appropriations
 2 made from the Education Lottery Fund for the 2008-2009 fiscal year are as follows:

3 (1) Class Size Reduction	\$127,864,291
4 (2) Prekindergarten Program	84,635,709
5 (3) Public School Building Capital Fund	154,200,000
6 (4) Scholarships for Needy Students	38,550,000
7 Total	\$405,250,000

8
 9 **INFORMATION TECHNOLOGY FUND AVAILABILITY AND**
 10 **APPROPRIATION**

11 **SECTION 5.3.** Section 5.3 of S.L. 2007-323 reads as rewritten:

12 **"SECTION 5.3.(a)** The availability used to support appropriations made in this act
 13 from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2007-2008	FY 2008-2009
16 Receipts from Information		
17 Technology Enterprise Fee	\$9,800,000	\$9,800,000
18		
19 BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
20		
21 Interest Income	\$100,000	\$100,000
22		
23 IT Fund Balance June 30	\$600,000	\$690,000
24		
25 Appropriation from General Fund	\$4,140,000	\$2,840,000
26		
27 <u>Reversions</u>	<u>0</u>	<u>\$800,000</u>
28		
29 Total Funds Available	\$19,640,000	\$18,430,000
30		<u>\$19,230,000</u>

31
 32 **"SECTION 5.3.(b)** Appropriations are made from the Information Technology
 33 Fund for the 2007-2009 fiscal biennium as follows:

	FY 2007-2008	FY 2008-2009
35 Office of Information Technology Services		
36		
37 Information Technology Operations	\$9,452,835	\$8,152,835
38		<u>\$9,451,778</u>
39 Information Technology Projects	\$4,497,165	\$4,497,165
40		<u>\$4,129,362</u>
41 BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
42		
43 Total	\$18,950,000	<u>\$17,650,000</u>
44		<u>\$18,581,140</u>

45 "SECTION 5.3.(c) The State shall not enter into any information technology
 46 enterprise agreements without obtaining written agreements from participating State
 47 agencies regarding apportionment of funding. State agencies agreeing to participate (i)
 48 must ensure that sufficient funds are budgeted to support their agreed shares of
 49 enterprise agreements throughout the life of the contract and (ii) must transfer the funds
 50 agreed upon to the Office of Information Technology Services in sufficient time for ITS
 51 to meet contract requirements.

1 "SECTION 5.3.(d) The Office of State Budget and Management shall identify the
2 sum of eight hundred thousand dollars (\$800,000) in year-end reversions from State
3 agencies to support Information Technology Fund programs and operations."
4

5 **PART VI. GENERAL PROVISIONS**

6 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

7 **SECTION 6.2.** All funds appropriated by this act into reserves may be
8 expended only for the purposes for which the reserves were established.
9

10 **BUDGET CODE CONSOLIDATIONS**

11 **SECTION 6.3.** Notwithstanding G.S. 143C-6-4, the Office of State Budget
12 and Management may adjust the enacted budget by making transfers among purposes or
13 programs for the purpose of consolidating budget and fund codes or eliminating inactive
14 budget and fund codes. The Office of State Budget and Management shall change the
15 authorized budget to reflect these adjustments.
16

17 **CONSULTATION NOT REQUIRED PRIOR TO ESTABLISHING OR** 18 **INCREASING FEES PURSUANT TO THE STATE BUDGET ACT**

19 **SECTION 6.4.** Notwithstanding G.S. 12-3.1, an agency is not required to
20 consult with the Joint Legislative Commission on Governmental Operations prior to
21 establishing or increasing a fee as authorized or anticipated in this act.
22
23

24 **AUTHORIZATION TO ESTABLISH RECEIPT-SUPPORTED POSITIONS**

25 **SECTION 6.6.** Notwithstanding any other provision of law, a department,
26 institution, or other agency of State government may establish receipt-supported
27 positions authorized in this act upon approval by the Director of the Budget. The
28 Director, if necessary, may establish a receipt-supported position pursuant to this
29 section at an annual salary amount different from the salary amount set out in this act if
30 (i) funds are available from the proposed funding source and (ii) the alternative salary
31 amount remains within the established salary range grade identified for the job
32 classification of the affected receipt-supported position established in this act. The
33 Director shall not change the job classifications or increase the number of
34 receipt-supported positions specified in this act without prior consultation with the Joint
35 Legislative Commission on Governmental Operations.
36

37 **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND** 38 **DIVISIONS**

39 **SECTION 6.7.(a)** It is the intent of the General Assembly to establish a
40 process to periodically and systematically review the funds, agencies, divisions, and
41 programs financed by State government. This process shall be known as the
42 Continuation Review Program. The Continuation Review Program is intended to assist
43 the General Assembly in determining whether to continue, reduce, or eliminate funding
44 for the State's funds, agencies, divisions, and programs subject to continuation review.
45

46 **SECTION 6.7.(b)** The Appropriations Committees of the Senate and House
47 of Representatives may review the funds, programs, and divisions listed in this section
48 and shall determine whether to continue, reduce, or eliminate funding for the funds,
49 programs, and divisions, subject to the continuation review program. The Fiscal
50 Research Division may issue instructions to the State departments and agencies subject
to continuation review regarding the expected content and format of the reports required

1 by this section. No later than December 1, 2008, the following agencies shall report to
2 the Fiscal Research Division:

- 3 (1) Tarheel Challenge Academy – Department of Crime Control and
4 Public Safety.
- 5 (2) Spot Safety Program – Department of Transportation.
- 6 (3) Safety Inspection Program – Department of Commerce.
- 7 (4) Parking Office – Department of Administration.
- 8 (5) Military Business Center – Community College System.

9 **SECTION 6.7.(c)** The continuation review reports required in this section
10 shall include the following information:

- 11 (1) A description of the fund, agency, division, or program mission, goals,
12 and objectives.
- 13 (2) The statutory objectives for the fund, agency, division, or program and
14 the problem or need addressed.
- 15 (3) The extent to which the fund's, agency's, division's, or program's
16 objectives have been achieved.
- 17 (4) The fund, agency, division, or program's functions or programs
18 performed without specific statutory authority.
- 19 (5) The performance measures for each fund, agency, division, or program
20 and the process by which the performance measures determine
21 efficiency and effectiveness.
- 22 (6) Recommendations for statutory, budgetary, or administrative changes
23 needed to improve efficiency and effectiveness of services delivered to
24 the public.
- 25 (7) The consequences of discontinuing funding.
- 26 (8) Recommendations for improving services or reducing costs or
27 duplication.
- 28 (9) The identification of policy issues that should be brought to the
29 attention of the General Assembly.
- 30 (10) Other information necessary to fully support the General Assembly's
31 Continuation Review Program along with any information included in
32 instructions from the Fiscal Research Division.

33 **SECTION 6.7.(d)** State departments and agencies identified in subsection
34 (b) of this section shall submit a final report to the General Assembly by March 1, 2009.
35

36 STATE SUPPORT OF OUR MILITARY PERSONNEL

37 **SECTION 6.8.** The General Assembly finds that North Carolina has a rich
38 military heritage and is the site of some of the nation's major military installations,
39 including Camp Lejeune, Fort Bragg, Pope Air Force Base, Seymour Johnson Air Force
40 Base, New River Marine Corps Air Station, United States Coast Guard Air Station,
41 Elizabeth City, and Cherry Point Marine Corps Air Station. The General Assembly
42 further finds that North Carolina is the home to more than 770,000 veterans of our
43 nation's armed forces, more than 18,000 Army Reserve and National Guard personnel,
44 and about 120,000 active-duty military, one of the largest active-duty military
45 populations in our entire country. In appreciation of and gratitude to those North
46 Carolinians, both living and deceased, who have served in our armed forces in service to
47 our country, the General Assembly provides funding for and support of the following
48 initiatives:

- 49 (1) Defense and Security Technology Accelerator.
- 50 (2) Military Morale, Welfare, and Recreation Fund.
- 51 (3) "More at Four" for children of deployed military personnel.

- 1 (4) Traumatic Brain Injury (TBI) Services.
- 2 (5) Fayetteville Tech 3-D Technology Project.
- 3 (6) National Guard Pension Fund.
- 4 (7) National Guard Tuition Assistance Program.
- 5 (8) National Guard Family Assistance Centers.
- 6 (9) National Guard Armory Rehabilitations.
- 7 (10) Master Planning for Future Armory Needs.
- 8 (11) Latrines for Camp Butner.
- 9 (12) North Carolina State Veterans Park.

10 **FEDERAL AND OTHER RECEIPTS FROM PENDING GRANT AWARDS**

11 **SECTION 6.9.** Notwithstanding G.S. 143C-6-4, State agencies may, with
12 approval of the Director of the Budget, spend funds received from grants awarded
13 subsequent to the enactment of this act, provided the applications for the grants were
14 made prior to May 14, 2008. The Office of State Budget and Management shall work
15 with the recipient State agencies to budget grants award according to the annual
16 program needs and within the parameters of the respective granting entities. Depending
17 on the nature of the award, additional State personnel may be employed on a permanent
18 or time-limited basis. The Office of State Budget and Management shall consult with
19 the Joint Legislative Commission on Governmental Operations prior to expending any
20 funds received from grant awards. Funds received from such grants are hereby
21 appropriated and shall be incorporated into the certified budget of the recipient State
22 agency.
23
24

25 **STATE HOUSING SUPPORT**

26 **SECTION 6.9A.** The General Assembly finds that homeownership is the
27 primary means by which families and individuals of low and moderate incomes build
28 wealth. The General Assembly further finds that homeownership and a healthy housing
29 market are essential to the health and economic vitality of North Carolina. To help
30 stabilize the housing market, the General Assembly provides in excess of fourteen
31 million dollars (\$14,000,000) in funding for and support of the following initiatives:

- 32 (1) \$1,000,000 in nonrecurring funds from the State Banking Commission
33 for counseling services to assist homeowners at risk of foreclosure.
- 34 (2) \$2,000,000 in recurring funds for the Housing Trust Fund, located in
35 the Housing Finance Agency, to provide affordable housing to
36 low-income citizens.
- 37 (3) \$7,000,000 in nonrecurring funds for the Housing Trust Fund, located
38 in the Housing Finance Agency, to provide additional independent-
39 and supportive-living apartments for persons with disabilities.
- 40 (4) \$1,000,000 in recurring funds to the Department of Health and Human
41 Services for operating cost subsidies for independent- and
42 supportive-living apartments for individuals with disabilities.
- 43 (5) \$3,000,000 in recurring funds for the Home Protection Program,
44 located in the Housing Finance Agency, to provide counseling services
45 and mortgage assistance to citizens who are at risk of foreclosure due
46 to job loss.
- 47 (6) \$200,000 in recurring funds to the North Carolina State Bar to provide
48 legal assistance to low-income consumers in cases involving predatory
49 mortgage lending, mortgage broker and loan services abuses,
50 foreclosure defense, and other legal issues that relate to helping
51 low-income consumers avoid foreclosure and home loss. Of these

1 funds, \$100,000 recurring is provided to the Land Loss Prevention
2 Project and \$100,000 recurring is provided to the Financial Protection
3 Law Center.

- 4 (7) Amends G.S. 7A-474.3(b) to allow the use of a portion of the
5 estimated \$1,700,000 in increased revenue generated by Section 30.8
6 (a)(4) of S.L. 2007-323, to provide access to legal assistance to
7 homeowners in cases involving predatory mortgage lending, mortgage
8 broker and loan services abuses, foreclosure defense, and other legal
9 issues that relate to helping consumers avoid foreclosure and home
10 loss.

11 12 **IMPROVE DISASTER RECOVERY AND BUSINESS CONTINUITY**

13 **SECTION 6.10.(a)** The State Chief Information Officer (CIO) shall utilize
14 the business and disaster recovery plans submitted under G.S. 147-33.89 and any other
15 information at the CIO's disposal to determine whether State agencies have made
16 adequate preparations for backing up critical applications.

17 **SECTION 6.10.(b)** In cases where backup is not sufficient to minimize any
18 disruptions in critical State services caused by natural or man-made disasters, the State
19 CIO, in conjunction with the agencies and the Office of State Budget and Management,
20 shall develop plans to utilize the Western Data Center for providing backup.

21 **SECTION 6.10.(c)** By December 1, 2008, the State CIO shall report to the
22 Joint Legislative Oversight Committee on Information Technology on the number of
23 critical State applications without adequate backup, the State agencies utilizing the
24 applications, and the plans for providing adequate backup.

25 **SECTION 6.10.(d)** This section does not apply to the General Assembly, to
26 the Judicial Department, or to The University of North Carolina and its constituent
27 institutions.

28 29 **MULTIYEAR CONTRACTS FOR INFORMATION TECHNOLOGY**

30 **SECTION 6.11.(a)** Notwithstanding the cash management provisions of
31 G.S. 147-86.11, the Office of Information Technology Services (ITS) may procure
32 information technology goods and services for periods not exceeding three years where
33 the terms require payment of all or a portion of the purchase price at the beginning of
34 the agreement. All of the following conditions must be met before payment for these
35 agreements may be disbursed:

- 36 (1) Any advance payment complies with the ITS budget.
37 (2) The State Controller receives conclusive evidence that the proposed
38 agreement would be more cost-effective than a multiyear agreement
39 that complies with G.S. 147-86.11.
40 (3) The procurement complies in all other respects with applicable statutes
41 and rules.
42 (4) The proposed agreement contains contract terms that protect the
43 financial interests of the State against contractor nonperformance or
44 insolvency through the creation of escrow accounts for funds, source
45 codes, or both, or by other reasonable means that have legally binding
46 effect.

47 **SECTION 6.11.(b)** The Office of State Budget and Management (OSBM)
48 shall ensure that the savings from any authorized agreement will be included in the ITS
49 calculation of rates before OSBM annually approves the proposed rates.

1 **SECTION 6.11.(c)** The Office of Information Technology Services shall
2 report to the Office of State Budget and Management on any State agency budget
3 impacts resulting from the multiyear contracts.

4 **SECTION 6.11.(d)** By January 1, 2009, then quarterly thereafter, the Office
5 of Information Technology Services shall submit a written report of any authorizations
6 granted under this section to the Joint Legislative Oversight Committee on Information
7 Technology and to the Fiscal Research Division.

8
9 **STATE GEOGRAPHIC INFORMATION/CONSOLIDATION**
10 **IMPLEMENTATION**

11 **SECTION 6.13.** The State Chief Information Officer (SCIO), the Office of
12 State Budget and Management (OSBM), and the Geographic Information Coordinating
13 Council (GICC) shall develop a detailed plan to implement the recommendations
14 contained in the Geographic Information System Study mandated by Section 6.13 of
15 S.L. 2007-323. The implementation plan shall include, at a minimum, details relating to
16 all of the following:

- 17 (1) The current and future costs of unconsolidated State agency GIS
18 efforts and an estimate of savings to be realized by the consolidation of
19 GIS efforts.
- 20 (2) A cost estimate for implementing the consolidation plan, with specific
21 costs associated with each study report recommendation and the
22 amount of any additional funding requirements to accomplish the
23 consolidation and transfer.
- 24 (3) An accounting of funds, furniture, equipment, and other operational
25 resources to be transferred from the Department of Environment and
26 Natural Resources (DENR) to the SCIO to support the Center for
27 Geographic Information and Analysis (CGIA) and the GICC.
- 28 (4) A description of personnel positions to be (i) transferred from DENR
29 to SCIO and the sources and amount of funding associated with each
30 position and (ii) eliminated due to the consolidation, if any.
- 31 (5) Any new positions required and the costs associated with each new
32 position.
- 33 (6) Projects that can be consolidated as part of the plan implementation
34 and the State agencies or contractors, or both, responsible for each of
35 those projects.
- 36 (7) A time line for implementation, including specific benchmarks.

37 By December 1, 2008, this detailed implementation plan shall be submitted to the
38 Chairs of the House and Senate Appropriations Committees and to the Fiscal Research
39 Division of the Legislative Services Office.

40
41 **SINGLE ELECTRONIC MAIL SYSTEM**

42 **SECTION 6.14.(a)** The State Chief Information Officer shall develop a
43 detailed plan providing for the transition of all State agencies, departments, and
44 institutions except for The University of North Carolina and its constituent institutions
45 to a single statewide electronic mail system by January 1, 2010. This plan shall be
46 developed in consultation with each organization not currently using the Office of
47 Information Technology Services (ITS) electronic mail system and shall specifically
48 address any issues identified by these organizations.

49 **SECTION 6.14.(b)** The plan shall be presented to the Joint Legislative
50 Oversight Committee on Information Technology by November 1, 2008, and may be
51 implemented after consultation with the Committee.

1 **SECTION 6.14.(c)** In preparing the Governor's proposed budget for the
2 2009-2011 fiscal biennium, the Office of State Budget and Management shall utilize the
3 plan required under subsection (b) of this section.

4 **SECTION 6.14.(d)** The University of North Carolina and its constituent
5 institutions shall be added to the single statewide electronic mail system beginning
6 January 1, 2010.

7 8 **CRIMINAL JUSTICE DATA INTEGRATION PILOT PROGRAM**

9 **SECTION 6.15.(a)** The General Assembly finds that the State's Uniform
10 Crime Reporting technology is based on procedures developed in the 1930s and a
11 design plan developed in the late 1980s. Based on recent unfortunate events, it is
12 abundantly clear that the State must establish a framework for sharing critical
13 information, and the framework must be implemented as soon as possible. With
14 improved access to timely, complete, and accurate information, the members of the
15 General Assembly, leadership in State and local law enforcement agencies, law
16 enforcement officers, and everyone working in the criminal justice system can enhance
17 their ability to make decisions on behalf of the people of the State, with fewer decisions
18 based on instinct or guesswork.

19 The General Assembly further finds that the April 2008 Beacon Report on a
20 Strategic Plan for Data Integration recommends the development and implementation of
21 a Crime Reporting Re-Design Project, a statewide crime analysis system designed to
22 save time, save money, and save lives.

23 **SECTION 6.15.(b)** The Office of the State Controller, in cooperation with
24 the State Chief Information Officer, and under the governance of the BEACON Project
25 Steering Committee, shall by May 1, 2009, develop and implement a Criminal Justice
26 Data Integration Pilot Program in Wake County in cooperation and communication with
27 the advisory committee established pursuant to subsection (c) of this section and the
28 leadership of State and local agencies. This pilot program shall integrate and provide
29 up-to-date criminal information in a centralized location via a secure connection for use
30 by State and local government.

31 While it is the intent that this initiative provide a broad new access to
32 information across State government, the plan shall comply with all necessary security
33 measures and restrictions to ensure that access to any specific information held
34 confidential under federal and State law shall be limited to authorized persons.

35 **SECTION 6.15.(c)** The Advisory Committee to the Criminal Justice Data
36 Integration Pilot program is hereby established. The Advisory Committee shall consist
37 of the District Attorney for Prosecutorial District 10, who shall serve as chair, the senior
38 resident superior court judge for Superior Court Districts 10A through 10D, a Wake
39 County magistrate designated by the senior resident superior court judge, the Clerk of
40 Superior Court of Wake County, the sheriff of Wake County, the judicial district
41 manager for District 10 of the Division of Community Corrections, the chief court
42 counselor for District Court District 10, the president of Duke University, the chancellor
43 of the University of North Carolina at Chapel Hill, or their designees.

44 **SECTION 6.15.(d)** The Advisory Committee, the Department of Justice, the
45 Administrative Office of the Courts, the Department of Juvenile Justice and
46 Delinquency Prevention, the Department of Correction, the Department of Crime
47 Control and Public Safety, the Department of Transportation, and local law enforcement
48 agencies shall fully cooperate with the Office of the State Controller and the State Chief
49 Information Officer, under the guidance of the BEACON Steering Committee, to
50 identify the informational needs, develop a plan of action, provide access to data, and

1 implement secure integrated applications for information sharing of criminal justice and
2 corrections data.

3 **SECTION 6.15.(e)** Funds in the amount of five million dollars (\$5,000,000)
4 are appropriated to the Reserve for the Criminal Justice Data Integration Pilot to support
5 the Criminal Justice Data Integration Pilot Program. Other funds available to BEACON
6 may also be used for this purpose.

7 The Office of the State Controller, with the support of the Office of State
8 Budget and Management, shall identify and make all efforts to secure any matching
9 funds or other resources to assist in funding this initiative.

10 The BEACON Project Steering Committee shall use the State's software
11 enterprise licensing agreements to establish a foundation for data warehousing and
12 business analytics to implement the pilot program.

13 **SECTION 6.15.(f)** The provisions of Articles 3 and 3A of Chapter 143 of
14 the General Statutes shall not apply to the development of this pilot program.

15 **SECTION 6.15.(g)** The Office of the State Controller, with the support of
16 the Advisory Committee and the State Chief Information Officer, shall provide a written
17 report of the plan's implementation progress to the Chairs of the House of
18 Representatives Appropriations Committee, the Chairs of the Senate Committee on
19 Appropriations/Base Budget, the Information Technology Committee, and the Fiscal
20 Research Division on a quarterly basis beginning October 1, 2008.

21 22 **BEACON DATA INTEGRATION**

23 **SECTION 6.16.(a)** The Office of the State Controller, in cooperation with
24 the State Chief Information Officer, shall begin implementation of the Beacon Strategic
25 Plan for Data Integration, issued in April 2008. This plan shall be implemented under
26 the governance of the BEACON Project Steering Committee and in conjunction with
27 leadership in appropriate State agencies and with the support and cooperation of the
28 Office of State Budget and Management.

29 While it is the intent that this initiative provide broad access to information
30 across State government, the plan shall comply with all necessary security measures and
31 restrictions to ensure that access to any specific information held confidential under
32 federal and State law shall be limited to appropriate and authorized persons.

33 **SECTION 6.16.(b)** The State Controller shall serve as the Chairman of the
34 BEACON Project Steering Committee. The other members of the committee shall be
35 the State Chief Information Officer, the State Treasurer, the Attorney General, the
36 Secretary of Correction, the Administrative Officer of the Courts, the State Budget
37 Officer, and the Chief Financial Officer of the Department of Transportation.

38 **SECTION 6.16.(c)** Of the funds appropriated from the General Fund to the
39 North Carolina Information Technology Fund, the sum of five million dollars
40 (\$5,000,000) for the 2008-2009 fiscal year shall be used for BEACON data integration
41 as provided by subsection (a) of this section. Funds to support this activity shall also be
42 the unexpended balance from the funds appropriated for BEACON/Data Integration
43 Funds in Section 5.3(b) of S.L. 2007-323. The Office of the State Controller, with the
44 support of the Office of State Budget and Management, shall identify and make all
45 efforts to secure any matching funds or other resources to assist in funding this
46 initiative.

47 **SECTION 6.16.(d)** Funds authorized in this section may be used for the
48 following purposes:

- 49 (1) To support the cost of a project manager to conduct the activities
50 outlined herein reportable to the Office of the State Controller.

- 1 (2) To support two business analysts to provide support to the program
2 manager and agencies in identifying requirements under this program.
3 (3) To establish a Business Intelligence Competency Center (BICC), a
4 collaborative organization comprised of both technical and business
5 stakeholders, to support and manage the business need for analytics
6 through the development of standards and best practices.
7 (4) To engage a vendor to implement the Strategic Implementation Plan as
8 required herein.
9 (5) To conduct integration activities as approved by the BEACON Project
10 Steering Committee. The State Chief Information Officer shall use
11 current enterprise licensing to implement these integration activities.

12 **SECTION 6.16.(e)** Prior to the convening of the 2009 General Assembly,
13 the Office of the State Controller shall provide semiannual reports to the Joint
14 Legislative Oversight Committee for Information Technology. Written reports shall be
15 submitted not later than October 1, 2008, and April 1, 2009, with presentations of the
16 reports at the first session of the Joint Legislative Oversight Committee on Information
17 Technology following the written report submission date. The Joint Legislative
18 Oversight Committee on Information Technology shall then report to the Joint
19 Legislative Commission on Governmental Operations.

20 **SECTION 6.16.(f)** Neither the implementation of the Strategic Information
21 Plan nor the provisions of this section shall place any new or additional requirements
22 upon The University of North Carolina or the North Carolina Community College
23 System.
24

25 **PART VII. PUBLIC SCHOOLS**

26 **CHILDREN WITH DISABILITIES**

27 **SECTION 7.1.** The State Board of Education shall allocate funds for
28 children with disabilities on the basis of three thousand three hundred eighty-six dollars
29 and eighty-four cents (\$3,386.84) per child for a maximum of 172,079 children for the
30 2008-2009 school year. Each local school administrative unit shall receive funds for the
31 lesser of (i) all children who are identified as children with disabilities or (ii) twelve and
32 five-tenths percent (12.5%) of the 2008-2009 allocated average daily membership in the
33 local school administrative unit.
34

35 The dollar amounts allocated under this section for children with disabilities
36 shall also adjust in accordance with legislative salary increments, retirement rate
37 adjustments, and health benefit adjustments for personnel who serve children with
38 disabilities.
39

40 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

41 **SECTION 7.2.** The State Board of Education shall allocate funds for
42 academically or intellectually gifted children on the basis of one thousand one hundred
43 thirty-seven dollars and nineteen cents (\$1,137.19) per child. A local school
44 administrative unit shall receive funds for a maximum of four percent (4%) of its
45 2008-2009 allocated average daily membership, regardless of the number of children
46 identified as academically or intellectually gifted in the unit. The State Board shall
47 allocate funds for no more than 59,063 children for the 2008-2009 school year.

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

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.3.(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 2007-2008 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:
 - a. Up to one thousand five hundred dollars (\$1,500) for each teacher and for certified personnel; and
 - b. Up to five hundred dollars (\$500.00) for each teacher assistant.
- (2) Incentive awards in schools that meet the expected improvements may be:
 - a. Up to seven hundred fifty dollars (\$750.00) for each teacher and for certified personnel; and
 - b. Up to three hundred seventy-five dollars (\$375.00) for each teacher assistant.

SECTION 7.3.(b) The State Board of Education may use funds appropriated to the State Public School Fund to implement the consolidated assistance program, as directed in Section 7.6(b) of S.L. 2006-66. The Board shall report to the Joint Legislative Education Oversight Committee by January 15, 2009, on any restructuring of the program pursuant to this section.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

SECTION 7.4.(a) Section 7.20(d) of S.L. 2007-323 reads as rewritten:

"SECTION 7.20.(d) The State Board of Education shall implement an allotment formula developed pursuant to Section 7.16(d) of S.L. 2006-66, for funding e-learning, effective in the ~~2008-2009~~2009-2010 fiscal year. NCVPS shall be available at no cost to all students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs. The Department of Public Instruction shall communicate to local school administrative units all applicable guidelines regarding the enrollment of nonpublic school students in these courses.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2008, on its implementation of this section.

Funds appropriated for NCVPS shall not revert at the end of the 2007-2008 fiscal year but shall remain available for expenditure in the 2008-2009 fiscal year."

SECTION 7.4.(b) If the State Board of Education finds that it is appropriate to do so, the State Board may use funds appropriated for NCVPS to create up to 15 full-time positions to support the continued implementation of NCVPS.

SECTION 7.4.(c) Subsection (a) of this section becomes effective June 30, 2008.

LEARN AND EARN ONLINE CARRYFORWARD

SECTION 7.5.(a) Funds appropriated for Learn and Earn Online that are unexpended or unencumbered at the end of each fiscal year shall not revert, but shall remain available for expenditure.

SECTION 7.5.(b) This section becomes effective June 30, 2008.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.6.(a) Of the funds appropriated for the School Connectivity Initiative, up to three hundred thousand dollars (\$300,000), may be transferred to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century Teaching and Learning outcomes approved by the State Board of Education. The Friday Institute shall report annually to the State Board of Education on the evaluation results.

SECTION 7.6.(b) Funds allocated to the School Connectivity Initiative shall carry forward to the next fiscal year until the project is fully implemented by June 30, 2010.

SECTION 7.6.(c) Subsection (b) of this section becomes effective June 30, 2008.

ALLOTMENT FOR MENTORING SERVICES

SECTION 7.8. The State Board of Education shall allot funds for mentoring services to local school administrative units based on the highest number of employees in the preceding three school years who (i) are paid with State, federal, or local funds and (ii) are either teachers paid on the first or second steps of the teacher salary schedule or instructional support personnel paid on the first step of the instructional support personnel salary schedule.

Local school administrative units shall use these funds to provide mentoring support to eligible employees in accordance with a plan approved by the State Board of Education. The plan shall include information on how all mentors in the local school administrative unit will be adequately trained to provide mentoring support.

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.9. Section 7.8(c) of S.L. 2007-323 reads as rewritten:

"SECTION 7.8.(c) Funds appropriated to a local school administrative unit for disadvantaged student supplemental funding shall be allotted based on: (i) the local school administrative unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- (1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of ~~1:20.0~~; 19.9;
- (2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of ~~1:19.5~~; 1:19.41;
- (3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of ~~1:19.3~~; 1:19.18; and
- (4) For LEAs receiving DSSF funds in 2005-2006, a ratio of 1:16. These LEAs shall receive no less than the DSSF amount allotted in 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula."

MODIFY LOW-WEALTH SCHOOL FUNDING FORMULA

SECTION 7.10.(a) Local school administrative units shall receive the same amount of funds for the 2008-2009 fiscal year under the low-wealth supplemental formula that they received for the 2007-2008 fiscal year. This allotment shall be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel enacted by the General Assembly for the 2007-2008 fiscal year.

1 **SECTION 7.10.(b)** The provisions of Section 7.6 of S.L. 2007-323
2 regarding the expenditure of funds shall apply to low-wealth funds received for the
3 2008-2009 fiscal year.

4 5 **STUDY OF STUDENTS WITH DISABILITIES**

6 **SECTION 7.12.** The Department of Public Instruction shall analyze the
7 participation of students with disabilities in Learn and Earn Early College High Schools,
8 Redesigned High Schools, the North Carolina Virtual Public School, and North
9 Carolina public high schools that are on block schedules. In conducting its analysis, the
10 Department shall consider enrollment, graduation, and dropout rates for students with
11 disabilities in these different programs. The Department shall report its findings and
12 any recommendations to the Joint Legislative Education Oversight Committee and the
13 Committee on Dropout Prevention by March 15, 2009.

14 15 **FOCUSED ED. REFORM PROG. FUNDS DO NOT REVERT**

16 **SECTION 7.13.(a)** Funds appropriated for the Focused Education Reform
17 Pilot Program that are unexpended and unencumbered at the end of each fiscal year
18 shall not revert but shall remain available for expenditure for that purpose for the
19 duration of the pilot program.

20 **SECTION 7.13.(b)** This section becomes effective June 30, 2008.

21 22 **REESTABLISH COMMITTEE ON DROPOUT PREVENTION**

23 **SECTION 7.14.(a)** Section 7.32(e) of S.L. 2007-323 reads as rewritten:

24 "**SECTION 7.32.(e)** Report. – The Committee shall report to the Joint Legislative
25 Commission on Dropout Prevention and High School Graduation created in subsection
26 (f) of this section by December 1, 2007, on the grants awarded under subsection (d) of
27 this section, ~~after which time the Committee shall terminate section.~~ The Committee
28 shall terminate on December 31, 2010."

29 **SECTION 7.14.(b)** Committee. – The Committee on Dropout Prevention, as
30 created in Section 7.32 of S.L. 2007-323, is reestablished to determine which local
31 school administrative units, schools, agencies, and nonprofits shall receive dropout
32 prevention grants under this section, the amount of each grant, and eligible uses of the
33 grant funding. When utilizing outside grant reviewers and raters, the Committee is
34 encouraged to utilize individuals who represent public schools, universities, and
35 community-based organizations.

36 The Committee shall continue to be located administratively in the
37 Department of Public Instruction but shall exercise its powers and duties independently
38 of the Department of Public Instruction. The Department of Public Instruction shall
39 provide for the administrative costs of the Committee. The Department of Public
40 Instruction shall contract with an independent consultant to serve as staff to the
41 Committee, to provide technical assistance to the grant recipients for the length of the
42 grant, and to assist the Committee in evaluating the impact of the grants awarded.

43 The members of the Committee shall assure they are in compliance with laws
44 and rules governing conflicts of interest. The Committee shall meet on the call of the
45 cochairs provided that the Committee shall meet at least once every three months.

46 In the event of a vacancy on the Committee, the appointing authorities are
47 encouraged to provide representation on the Committee from each of the eight
48 educational districts as defined in G.S. 115C-65.

49 **SECTION 7.14.(c)** Dropout Prevention Grants. – The Committee shall
50 select grant recipients as follows:

- 1 (1) From applications received in the process outlined in Section 7.32(d)
2 of S.L. 2007-323 and using the process for the review of grant
3 applications in 2007, the Committee shall establish a new cutoff score
4 and award grants to applicants that both meet the new cutoff score and
5 did not previously receive funding under S.L. 2007-323. Priority for
6 additional funding of grants awarded under S.L. 2007-323 shall be
7 given to programs that would serve students in local schools that have
8 a four-year cohort graduation rate of less than sixty-five percent
9 (65%).
- 10 (2) From the recipients of grants awarded under S.L. 2007-323, the
11 Committee shall establish a process to award additional funds to those
12 grantees.
- 13 (3) Using the process outlined in Section 7.32(d) of S.L. 2007-323
14 consistent with subsection (d) of this section, the Committee may
15 award grants to new applicants that did not apply for funding under
16 that act.

17 **SECTION 7.14.(d)** Criteria for Dropout Prevention Grants. – The following
18 criteria apply to all types of dropout prevention grants approved by the Committee:

- 19 (1) Grants shall be issued in varying amounts up to a maximum of one
20 hundred fifty thousand dollars (\$150,000).
- 21 (2) These grants shall be provided to innovative programs and initiatives
22 that target students at risk of dropping out of school and that
23 demonstrate the potential to (i) be developed into effective,
24 sustainable, and coordinated dropout prevention and reentry programs
25 in middle schools and high schools and (ii) serve as effective models
26 for other programs.
- 27 (3) Priority shall be given to new programs and initiatives or to those that
28 have begun within the last five school years.
- 29 (4) Grants shall be distributed geographically throughout the State and
30 throughout the eight educational districts as defined in G.S. 115C-65.
31 No more than three grants shall be awarded in any one county under
32 this section in a single fiscal year.
- 33 (5) Grants may be made to local school administrative units, schools, local
34 agencies, or nonprofit organizations.
- 35 (6) Grants shall be to programs and initiatives that hold all students to
36 high academic and personal standards.
- 37 (7) Grant applications shall state (i) how grant funds will be used, (ii)
38 what, if any, other resources will be used in conjunction with the grant
39 funds, (iii) how the program or initiative will be coordinated to
40 enhance the effectiveness of existing programs, initiatives, or services
41 in the community, and (iv) a process for evaluating the success of the
42 program or initiative.
- 43 (8) Programs and initiatives that receive grants under this section shall be
44 based on best practices for helping at-risk students achieve successful
45 academic progress, preventing students from dropping out of school,
46 or for increasing the high school completion rate for those students
47 who already have dropped out of school.
- 48 (9) Priority for grants shall be given to proposals that demonstrate input
49 from the local community and coordination with other available
50 programs or resources.

1 (10) Grantees shall assure their compliance with applicable laws and rules
2 regulating conflicts of interest.

3 (11) Priority for grants shall be given to programs that would serve students
4 in local schools that have a four-year cohort graduation rate of less
5 than sixty-five percent (65%) and that are from counties that did not
6 receive funding under S.L. 2007-323. The Committee shall establish a
7 grant rating cutoff score at such a level as to allow for consideration of
8 all viable grants in this priority category. The Committee may require
9 grantees to provide supplemental information in response to any prior
10 reviewer comments.

11 (12) Grants shall be made no later than November 1, 2008.

12 The Committee shall report to the Joint Legislative Commission on Dropout
13 Prevention and High School Graduation and the Joint Legislative Education Oversight
14 Committee on the grants awarded under this section by March 1, 2009.

15 **SECTION 7.14.(e)** Evaluation. – The Committee shall evaluate the impact
16 of the dropout prevention grants awarded under S.L. 2007-323 and under this section.
17 In evaluating the impact of the grants, the Committee shall consider:

18 (1) How grant funds were used, including the services provided for teen
19 pregnancy prevention and for pregnant and parenting teens;

20 (2) The success of the program or initiative, as indicated by the evaluation
21 process stated in its grant application;

22 (3) The extent to which the program or initiative has improved students'
23 attendance, test scores, persistence, and graduation rates;

24 (4) How the program or initiative was coordinated to enhance the
25 effectiveness of existing programs, initiatives, or services in the
26 community;

27 (5) What, if any, other resources were used in conjunction with the grant
28 funds;

29 (6) The sustainability of the program;

30 (7) The number, gender, ethnicity, and grade level of students being
31 served as well as whether the student left school due to pregnancy or
32 parenting responsibilities;

33 (8) The potential for the program to serve as a model for achieving
34 successful academic progress for at-risk students; and

35 (9) Other indicators of the impact of the grant on dropout prevention.

36 The recipients of the dropout prevention grants awarded under S.L. 2007-323
37 shall report to the Committee on Dropout Prevention by January 31, 2009, and by
38 September 30, 2009. The Committee shall make an interim report of the results of its
39 evaluation of the grants awarded under S.L. 2007-323 by March 31, 2009, to the Joint
40 Legislative Commission on Dropout Prevention and High School Graduation and to the
41 Joint Legislative Education Oversight Committee. The Committee shall make a final
42 report of the results of its evaluation of the grants awarded under S.L. 2007-323 by
43 November 15, 2009, to the Joint Legislative Commission on Dropout Prevention and
44 High School Graduation and to the Joint Legislative Education Oversight Committee.

45 The recipients of the dropout prevention grants awarded under this section
46 shall report to the Committee on Dropout Prevention by January 31, 2010, and by
47 September 30, 2010. The Committee shall make an interim report of the results of its
48 evaluation of the grants awarded under this section by March 31, 2010, to the Joint
49 Legislative Commission on Dropout Prevention and High School Graduation and to the
50 Joint Legislative Education Oversight Committee. The Committee shall make a final
51 report of the results of its evaluation of the grants awarded under subsection (c) of this

1 section by November 15, 2010, to the Joint Legislative Commission on Dropout
2 Prevention and High School Graduation and to the Joint Legislative Education
3 Oversight Committee.

4 **SECTION 7.14.(f)** Dropout Prevention Network. – In addition to its other
5 duties, the Joint Legislative Commission on Dropout Prevention and High School
6 Graduation, established under Section 7.32 of S.L. 2007-323, shall study the
7 development of an effective network for the purpose of sharing best practices among the
8 grant recipients, the public schools, and other interested organizations. The
9 Commission shall consider interactive Web sites, electronic information sharing,
10 professional development opportunities, conferences, and other means that it believes
11 would be effective. The Commission may consult with the Department of Public
12 Instruction and the Committee on Dropout Prevention. The Commission shall report its
13 findings and any recommendations to the 2009 General Assembly.

14 **SECTION 7.14.(g)** Funds appropriated for the dropout prevention grants for
15 the 2007-2008 fiscal year shall not revert but shall remain available for expenditure
16 until August 31, 2009. Funds appropriated for the 2008-2009 fiscal year shall not revert
17 but shall remain available for expenditure until August 31, 2010.

18 **SECTION 7.14.(h)** Of the funds appropriated for the dropout prevention
19 grants, the sum of one hundred thousand dollars (\$100,000) for the 2008-2009 fiscal
20 year may be used to issue a request for proposals from qualified vendors on a
21 competitive basis to contract as a consultant to assist with the evaluation. The factors to
22 be considered in awarding the contract shall be identified in the request for proposals.

23 **SECTION 7.14.(i)** Of the funds appropriated for the dropout prevention
24 grants, the Department of Public Instruction may use up to fifty thousand dollars
25 (\$50,000) for its administrative assistance to the Committee and provide technical
26 assistance under this section.

27 **SECTION 7.14.(j)** Subsection (g) of this section becomes effective June 30,
28 2008.

30 **DROPOUT PREVENTION TECHNICAL CORRECTION**

31 **SECTION 7.14A.** Section 7.32(c) of S.L. 2007-323 reads as rewritten:

32 **"SECTION 7.32.(c)** Committee. – There is established the Committee on Dropout
33 Prevention. The Committee shall be located administratively in the Department of
34 Public Instruction but shall exercise its powers and duties independently of the
35 Department of Public Instruction. The Department of Public Instruction shall provide
36 for the administrative costs of the Committee and shall provide staff to the Committee.

37 The Committee shall determine which local school administrative units, schools,
38 agencies, and nonprofits shall receive dropout prevention grants under subsection (d) of
39 this section, the amount of each grant, and eligible uses of the grant funding. The
40 Committee shall consist of the following 15 members:

- 41 (1) The Governor shall appoint five members, of whom one is a
42 superintendent of schools, one is a representative of a nonprofit, and
43 one is a school social worker;
- 44 (2) The General Assembly upon the recommendation of the President Pro
45 Tempore of the Senate shall appoint five members, of whom one is a
46 principal, one is a representative of a school of education, and one is a
47 school counselor; and
- 48 (3) The General Assembly upon the recommendation of the Speaker of the
49 House of Representatives shall appoint five members, of whom one is
50 a teacher, one is a member of the business community, and one is a
51 representative of the juvenile justice system.

1 The President Pro Tempore of the Senate and the Speaker of the House of
2 Representatives shall each designate a cochair of the Committee. The members of the
3 Committee shall assure they are in compliance with laws and rules governing conflicts
4 of interest."
5

6 USE OF LEARN AND EARN ONLINE FOR HYBRID COURSES

7 **SECTION 7.15.** Local school administrative units may use funds
8 appropriated for Learn and Earn Online for college-level courses taught by university
9 instructors at public schools. Instruction for these courses shall be partially delivered
10 online. Payments related to the textbooks and the prorated cost of the instructor shall be
11 paid to the university supplying the instruction.

12 The State Board of Education shall adopt policies to establish guidelines and
13 reimbursement procedures.
14

15 COMPREHENSIVE SUPPORT FOR SCHOOL SYSTEMS AND SCHOOLS

16 **SECTION 7.16.** If a local school administrative unit is designated by the
17 State Board of Education as a targeted school district for comprehensive support, the
18 State Board may:

- 19 (1) Authorize additional flexibility with regard to State allotments to allow
20 the State Board's assigned support team and the local school
21 administrative unit's leadership to redirect State funding to address the
22 identified reform requirements. This additional flexibility shall not
23 increase overall State funding available to the unit.
- 24 (2) Use funds already appropriated to the State Board of Education to
25 allocate time-limited funds to implement strategies identified by the
26 State Board's assigned support team and the school unit's leadership.
27 The State Board shall adopt policies regarding (i) the strategies for
28 which these time-limited funds may be used and (ii) the maximum
29 time a unit may receive these funds. This funding shall not be allotted
30 for more than one fiscal year. This funding is intended to allow the
31 implementation of necessary reform initiatives while the unit obtains
32 local funding or identifies other State or federal funding to cover the
33 initiatives.
34

35 MORE AT FOUR PROGRAM

36 **SECTION 7.17.(a)** Section 7.24(f) of S.L. 2007-323 reads as rewritten:

37 **"SECTION 7.24.(f)** If a county is unable to increase "More at Four" slots because
38 of a documented lack of available resources necessary to provide the required local
39 contribution for the additional slots allocated to the county for the 2007-2008 fiscal
40 ~~year, year or the 2008-2009 fiscal year,~~ the contract agency for that county may appeal
41 to the Office of School Readiness for an exception to the required local amount for
42 those additional slots. The Office of School Readiness may grant an exception and allot
43 funds to pay up to ninety percent (90%) of the full cost of the additional slots for that
44 county if it finds that (i) there is in fact a documented lack of available resources in the
45 county and (ii) granting the exception will not reduce access statewide to "More at
46 Four" slots."
47

48 **SECTION 7.17.(b)** The Office of School Readiness shall develop a plan to
49 tier the local More at Four slots that are in child care facilities, based on child care
50 subsidy market rates. The Office of School Readiness shall report the plan to the House
51 of Representatives Appropriations Subcommittee on Education, the Senate
Appropriations Committee on Education, the House of Representatives Appropriations

1 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
2 Health and Human Services, the Education Oversight Committee, and the Fiscal
3 Research Division by January 1, 2009.

4 **SECTION 7.17.(c)** Section 7.24.(a)(11) of S.L. 2007-323 reads as rewritten:

5 **"SECTION 7.24.(a)** The Department of Public Instruction shall continue the
6 implementation of the "More at Four" prekindergarten program for at-risk
7 four-year-olds who are at risk of failure in kindergarten. The program is available
8 statewide to all counties that choose to participate, including underserved areas. The
9 goal of the program is to provide quality prekindergarten services to a greater number of
10 at-risk children in order to enhance kindergarten readiness for these children. The
11 program shall be consistent with standards and assessments established jointly by the
12 Department of Health and Human Services and the Department of Public Instruction.
13 The program shall include:

- 14 ...
- 15 (11) A system of ~~accountability~~-accountability to include a yearly review.
16 The Department shall contract with an independent research
17 organization not affiliated with the Department of Health and Human
18 Services, the Department of Public Instruction, the Office of the
19 Governor, or any entity currently funded by or affiliated with the
20 Department of Health and Human Services, the Department of Public
21 Instruction, or the Office of the Governor to produce an annual report
22 to include longitudinal review of the program and academic,
23 behavioral, and other child-specific outcomes. The review shall
24 include a quasi experimental research design of a representative
25 sample of children who complete the More at Four program every year
26 and shall report on their sustained progress until the end of grade 9.
27 The review shall also study a representative sample of children who do
28 not enter the More at Four program but who are of the same grade
29 level and demographic as those who complete the program and their
30 sustained progress shall also be reviewed until the end of grade 9. The
31 review shall be presented to the Joint Legislative Oversight Committee
32 on Education by January 31 of every year."

34 PLANT OPERATION FUNDING

35 **SECTION 7.18.(a)** G.S. 115C-546.2 reads as rewritten:

36 "(a) ~~Monies~~-Of the monies credited to the Fund by the Secretary of Revenue
37 pursuant to G.S. 115C-546.1(b), the State Board of Education may allocate up to one
38 million dollars (\$1,000,000) each year to the Department of Public Instruction. These
39 funds shall be used by the Plant Operation Section of the School Support Division to
40 assist each local school administrative unit with effective energy and environmental
41 management, effective water management, hazardous material management, clean air
42 quality, and engineering support for safe, effective environmental practices. The
43 remainder of the monies in the Fund shall be allocated to the counties on a per average
44 daily membership basis according to the average daily membership for the budget year
45 as determined and certified by the State Board of Education. Interest earned on funds
46 allocated to each county shall be allocated to that county."

47 **SECTION 7.18.(b)** The Department of Public Instruction shall report to the
48 Joint Legislative Education Oversight Committee by April 15 of each year on the
49 effectiveness of the program in accomplishing its purpose and on any other information
50 requested by the Committee.
51

ALLOTMENTS OF TEACHERS FOR SMALL SCHOOLS

SECTION 7.20. The State Board of Education shall modify its policy on the allotment of funds for small schools by:

- (1) Defining small schools to include schools of fewer than 110 students; and
- (2) Giving consideration to small, geographically isolated schools over other qualifying programs and schools.

MATH AND SCIENCE TEACHERS PILOT PROGRAM MODIFIED

SECTION 7.21. The pilot program providing for salary supplements for newly hired mathematics or science teachers is modified to permit both highly qualified and newly hired teachers in the pilot units to qualify to receive salary supplements.

REPORT TO PARENTS REGARDING LOW FUNDING EFFORT

SECTION 7.22. G.S. 115C-12 is amended by adding a new subdivision to read:

"§ 115C-12. Powers and duties of the Board generally.

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

- ...
- (35) Duty to Notify Parents of Their County's Low Effort to Fund Schools.
– The State Board of Education shall identify the 10 counties that provide the lowest funding per student for the public schools and shall prepare a letter to parents of schoolchildren in each of those counties indicating (i) the amount per student their county is providing and the impact of that funding on public school services, (ii) the amount per student other counties are providing and the potential impact of that additional funding on public school services in their county, and (iii) the relative amount of their county's commitment to funding public schools in light of their ability to pay. The board of county commissioners shall forward the letter to all parents of schoolchildren in the county."

INCREASES IN STUDENT POPULATION DUE TO BRAC ACTIVITY

SECTION 7.23. If a local school administrative unit employs more classroom teachers than are allotted to it due to a projected increase in student population resulting from BRAC activity, the State Board shall allot additional teachers to the unit based on the greater of (i) the local school administrative unit's first month average daily membership (ADM) or (ii) seventy-five percent (75%) of the projected increase in ADM resulting from BRAC activity that is in excess of the increase anticipated in the allotted ADM.

The Department of Public Instruction shall notify each impacted local school administrative unit as to the BRAC population increase in excess of allotted average daily membership on or before the distribution of the initial allotments.

Section 7.15(b) of S.L. 2007-323 does not apply to local school administrative units receiving an additional allotment of teachers pursuant to this section.

PART VIII. COMMUNITY COLLEGES**REORGANIZATION OF THE NORTH CAROLINA COMMUNITY COLLEGES SYSTEM OFFICE**

SECTION 8.1.(a) Notwithstanding any other provision of law, and consistent with the authority established in G.S. 115D-3, the President of the North Carolina Community College System may reorganize the System Office in accordance with recommendations and plans submitted to and approved by the State Board of Community Colleges.

SECTION 8.1.(b) This section expires June 30, 2009.

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM

SECTION 8.2.(a) Funds appropriated in this act to the Community Colleges System Office for the College Information System shall not revert at the end of the 2008-2009 fiscal year but shall remain available until expended. These funds may only be used to purchase periodic system upgrades.

SECTION 8.2.(b) Notwithstanding G.S. 143C-6-4, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management and in consultation with the Office of Information Technology Services, use funds appropriated in this act for the College Information System to create a maximum of three positions. Personnel positions created pursuant to this subsection shall be dedicated to maintaining and administering information technology and software upgrades to the College Information System.

SECTION 8.2.(c) The Community Colleges System Office shall report by January 1, 2009, to the Joint Legislative Education Oversight Committee on the transition from the implementation phase to the ongoing operations and maintenance phase of the College Information System Project.

REPORT ON EFFECT OF ADDITIONAL ALLIED HEALTH FUNDING

SECTION 8.3. The Community Colleges System Office shall report by March 1, 2009, to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management regarding the impact of the additional funding received for nursing and allied health programs during the 2006-2007, 2007-2008, and 2008-2009 fiscal years. This report shall include, at a minimum:

- (1) The number of FTE students enrolled in these programs;
- (2) The number of qualified applicants who were not admitted due to program capacity constraints;
- (3) The performance of students on nursing licensure exams; and
- (4) The average salary for allied health faculty by education level.

REPORT ON COST OF ALL PROGRAMS

SECTION 8.4. The Community Colleges System Office shall report by May 15, 2009, to the Fiscal Research Division and the Office of State Budget and Management regarding the instructional cost of all curriculum and non-curriculum programs. This report shall include an explanation of the differences in costs between programs, including faculty salaries and equipment costs.

MINORITY MALE MENTORING PROGRAM FUNDS

SECTION 8.5.(a) One hundred thousand dollars (\$100,000) of the funds appropriated for the Minority Male Mentoring Program shall not revert at the end of the

1 fiscal year but shall remain available until expended. The State Board of Community
2 Colleges may use these funds to recruit minority male students to community colleges,
3 market the 15 pilot programs statewide, and contract for summer enrichment programs
4 for program participants.

5 **SECTION 8.5.(b)** This section becomes effective June 30, 2008.

6 **LEARN AND EARN ONLINE FUNDS**

7 **SECTION 8.6.(a)** Funds reimbursed to the Community College System for
8 full-time equivalent (FTE) students participating in learn and earn online courses shall
9 not revert at the end of a fiscal year, but shall remain available for expenditure up to 12
10 months after the close of a fiscal year.

11 **SECTION 8.6.(b)** This section becomes effective June 30, 2008.

12 **CONSOLIDATE WORKFORCE DEVELOPMENT PROGRAMS**

13 **SECTION 8.7.(a)** G.S. 115D-5.1 reads as rewritten:

14 **"§ 115D-5.1. Workforce Development Programs.**

15 (a) Community colleges shall assist in the preemployment and in-service training
16 of employees in industry, business, agriculture, health occupation and governmental
17 agencies. Such training shall include instruction on worker safety and health standards
18 and practices applicable to the field of employment. The State Board of Community
19 Colleges shall make appropriate regulations including the establishment of maximum
20 hours of instruction which may be offered at State expense in each in-plant training
21 program. No instructor or other employee of a community college shall engage in the
22 normal management, supervisory and operational functions of the establishment in
23 which the instruction is offered during the hours in which the instructor or other
24 employee is employed for instructional or educational purposes.

25 (b) ~~The North Carolina Community College System's New and Expanding
26 Industry Training (NEIT) Program Guidelines, which were adopted by the State Board
27 of Community Colleges on April 18, 1997, apply to all funds appropriated for the
28 Program after June 30, 1997. A project approved as an exception under these
29 Guidelines, or these Guidelines as modified by the State Board of Community Colleges,
30 shall be approved for one year only.~~

31 (b1) ~~Notwithstanding any other provision of law, the State Board of Community
32 Colleges may adopt rules and guidelines that allow the New and Expanding Industry
33 Training Program and the Focused Industrial Training Program to use funds
34 appropriated for those programs to support training projects for the various branches of
35 the United States Armed Forces.~~

36 (c) ~~The State Board of Community Colleges shall report to the Joint Legislative
37 Education Oversight Committee on September 1 of each year on expenditures for the
38 New and Expanding Industry Training Program each fiscal year. The report shall
39 include, for each company or individual that receives funds for the New and Expanding
40 Industry Training Program:~~

- 41 (1) ~~The total amount of funds received by the company or individual;~~
 - 42 (2) ~~The amount of funds per trainee received by the company or
43 individual;~~
 - 44 (3) ~~The amount of funds received per trainee by the community college
45 training the trainee;~~
 - 46 (4) ~~The number of trainees trained by company and by community
47 college; and~~
 - 48 (5) ~~The number of years the companies or individuals have been funded.~~
- 49
50

1 ~~(d) Funds available to the New and Expanding Industry Training Program shall~~
2 ~~not revert at the end of a fiscal year but shall remain available until expended.~~

3 (e) There is created within the North Carolina Community College System the
4 Customized ~~Industry Training (CIT) Program.~~ The CIT Customized Training Program
5 shall offer programs and training services ~~as new options for assisting~~ to assist new and
6 existing business and industry to remain productive, profitable, and within the State.
7 Before a business or industry qualifies to receive assistance under the ~~CIT Customized~~
8 Training Program, the President of the North Carolina Community College System shall
9 determine that:

10 (1) The business is making an appreciable capital investment;

11 (2) The business is deploying new technology; ~~and~~

12 (2a) The business or individual is creating jobs, expanding an existing
13 workforce, or enhancing the productivity and profitability of the
14 operations within the State; and

15 (3) The skills of the workers will be enhanced by the assistance.

16 (f) The State Board shall report on an annual basis to the Joint Legislative
17 Education Oversight Committee on:

18 (1) The total amount of funds received by a company under the CIT
19 Program;

20 (2) The amount of funds per trainee received by that company;

21 (3) The amount of funds received per trainee by the community college
22 delivering the training;

23 (4) The number of trainees trained by the company and community
24 college; and

25 (5) The number of years that company has been funded.

26 (f1) Notwithstanding any other provision of law, the State Board of Community
27 Colleges may adopt rules and guidelines that allow the Customized Training Program
28 and the Focused Industrial Training Program to use funds appropriated for those
29 programs to support training projects for the various branches of the United States
30 Armed Forces.

31 (f2) Funds available to the Customized Training Program shall not revert at the
32 end of a fiscal year but shall remain available until expended. Up to ten percent (10%)
33 of the college-delivered training expenditures and up to five percent (5%) of the
34 contractor-delivered training expenditures for the prior fiscal year for Customized
35 Training may be allotted to each college for capacity building at that college.

36 (f3) Of the funds appropriated in a fiscal year for the Customized Training
37 Programs, the State Board of Community Colleges may approve the use of up to eight
38 percent (8%) for the training and support of regional community college personnel to
39 deliver Customized Industry Training Program services to business and industry.

40 (g) The State Board shall adopt rules and policies to implement this section."

41 **SECTION 8.7.(b)** The State Board of Community Colleges shall transfer
42 funds appropriated for the New and Expanding Industry Training Program and the
43 Focused Industrial Training Program to the Customized Industry Training Programs
44 appropriation. This transfer shall be completed by September 1, 2008.

45 **BASIC SKILLS BLOCK GRANT**

46 **SECTION 8.8.** The Community Colleges System Office shall develop a new
47 formula for the Basic Skills Block Grant for consideration during the 2009 Session of
48 the General Assembly. The revised formula shall incorporate the following changes:
49

- 1 (1) Federal funds shall be distributed to both community-based
- 2 organizations and community colleges using the same process and
- 3 shall only be awarded to programs that meet minimum standards; and
- 4 (2) A larger amount of funding shall be distributed on the basis of
- 5 performance using revised criteria.
- 6 (3) The formula shall not include funding for members of target
- 7 populations who do not receive basic skills services.
- 8

9 TRANSFERS OF CASH BALANCES TO THE GENERAL FUND

10 **SECTION 8.9.(a)** Notwithstanding any other provision of law, four million
11 five hundred thousand dollars (\$4,500,000) of the cash balance remaining in the North
12 Carolina Community College System Information Technology CIS Fund (Budget Code
13 26802, Fund 2201) on July 1, 2008, shall be transferred to the State Controller to be
14 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be
15 used to support the General Fund appropriations for the 2008-2009 fiscal year for
16 expansion funding for the North Carolina Community College System.

17 **SECTION 8.9.(b)** Notwithstanding any other provision of law, seven
18 hundred eighty-three thousand two hundred forty-six dollars (\$783,246) of the cash
19 balance remaining in the Focused Industrial Training (FIT) programs (Budget Code
20 16800, Fund 1603) on July 1, 2008, shall be transferred to the State Controller to be
21 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be
22 used to support the General Fund appropriations for the 2008-2009 fiscal year for
23 expansion funding for the North Carolina Community College System.

24 FUNDS FOR CAMPUS SECURITY

25 **SECTION 8.10.** Notwithstanding G.S. 115D-32 or any other provision of
26 law, a community college may use up to two percent (2%) of the noninstructional State
27 funds allocated to it in the institutional support allotment for the 2008-2009 fiscal year
28 for campus security. This may include the hiring of personnel, contracted professional
29 services, surveillance cameras, call boxes, alert systems, and other equipment-related
30 expenditures.

31 These funds shall be used to supplement and shall not be used to supplant
32 existing local funding for campus security.

33 CLARIFY USE OF FEES COLLECTED FOR GED TESTING

34 **SECTION 8.11.** G.S. 115C-5 is amended by adding a new subsection to
35 read:

36 "(s) The State Board of Community Colleges may retain and budget fees charged
37 to students taking the General Education Development (GED) test. Fees collected for
38 this purpose shall be used only to (i) offset the costs of the GED test, including the cost
39 of scoring the test, (ii) offset the course of printing GED certificates, and (iii) meet
40 federal and State reporting requirements related to the test."
41
42

43 CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS 44 BIOTECHNOLOGY TRAINING FUNDS

45 **SECTION 8.12.(a)** Funds appropriated in S.L. 2006-66 and S.L. 2007-323
46 for the Rowan-Cabarrus Community College Biotechnology Training Center and
47 Greenhouse at the North Carolina Research Campus in Kannapolis shall not revert, but
48 shall remain available until expended.

49 **SECTION 8.12.(b)** This section becomes effective June 30, 2008.

USE OF BASIC SKILLS FUNDS

SECTION 8.13. Notwithstanding any other provision of law, a local community college may use up to five percent (5%) of the Literacy Funds allocated to it by the State Board of Community Colleges to procure instructional technology for literacy labs. This technology may include computers, instructional software and software licenses, scanners for testing, and classroom projection equipment.

SURRY COMMUNITY COLLEGE VITICULTURE & ENOLOGY CENTER FUNDS

SECTION 8.14.(a) Funds appropriated for the 2007-2008 fiscal year to the Community Colleges System Office for the operations of the North Carolina Viticulture and Enology Center located at Surry Community College shall not revert at the end of the fiscal year. Surry Community College may use these funds for capital construction for the Center.

SECTION 8.14.(b) This section becomes effective June 30, 2008.

STUDY OF CHANGES NECESSARY TO IMPROVE FINANCIAL AID TO COMMUNITY COLLEGE STUDENTS

SECTION 8.15. The Joint Legislative Education Oversight Committee shall study the changes necessary to improve financial aid for community college students. Specifically the study shall include recommendations on how to better serve nontraditional students and how to increase the number of community colleges that participate in federal student loan programs.

USE OF HOSIERY CENTER FUNDS.

SECTION 8.16. Funds appropriated to the Community Colleges System Office for the Hosiery Technology Center at Catawba Valley Community College may be expended for the Center for Emerging Manufacturing Solutions (CEMS), which was established by Catawba Valley Community College in February 2008. The Hosiery Technology Center is now a division with the CEMS.

NO FEES FOR FIRST AID COURSES TAKEN BY SCHOOL EMPLOYEES

SECTION 8.17. G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds; provided, however, that the State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate, for training courses for volunteer firemen, local fire department personnel, volunteer rescue and lifesaving department personnel, local rescue and lifesaving department personnel, Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, local law-enforcement officers, patients in State alcoholic rehabilitation centers, all full-time custodial employees of the Department of Correction, employees of the Department's Division of Community Corrections and employees of

1 the Department of Juvenile Justice and Delinquency Prevention required to be certified
2 under Chapter 17C of the General Statutes and the rules of the Criminal Justice and
3 Training Standards Commission, trainees enrolled in courses conducted under the New
4 and Expanding Industry Program, clients of sheltered workshops, clients of adult
5 developmental activity programs, students in Health and Human Services Development
6 Programs, juveniles of any age committed to the Department of Juvenile Justice and
7 Delinquency Prevention by a court of competent jurisdiction, prison inmates,
8 ~~and~~ members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and
9 as administered under Article 5 of Chapter 127A of the General Statutes. ~~Statutes, and~~
10 elementary and secondary school employees enrolled in courses in first aid or
11 cardiopulmonary resuscitation (CPR). Provided further, tuition shall be waived for
12 senior citizens attending institutions operating under this Chapter as set forth in Chapter
13 115B of the General Statutes, Tuition Waiver for Senior Citizens. Provided further,
14 tuition shall also be waived for all courses taken by high school students at community
15 colleges, including students in early college and middle college high school programs,
16 in accordance with G.S. 115D-20(4) and this section."
17

18 **STUDENTS IN THE GATEWAY TO COLLEGE PROGRAM MAY ENROLL IN** 19 **DEVELOPMENTAL COURSES**

20 **SECTION 8.18.** G.S. 115D-5 is amended by adding a new subsection to
21 read:

22 "(s) The purpose of the first semester of the Gateway to College Program is to
23 address additional support to successfully complete the program. Students may need to
24 take developmental courses necessary for the transition to more challenging courses;
25 therefore, the State Board of Community Colleges shall (i) permit high school students
26 who are enrolled in Gateway to College Programs to enroll in developmental courses
27 based on an assessment of their individual student needs by a high school and
28 community college staff team and (ii) include this coursework in computing the budget
29 FTE for the colleges."
30

31 **USE OF FUNDS FOR ISOTHERMAL COMMUNITY COLLEGE**

32 **SECTION 8.19.(a)** Funds appropriated by the 2005 General Assembly as a
33 grant-in-aid for Isothermal Community College for a capital project shall remain
34 available to the college and may be used for another capital project at the college.

35 **SECTION 8.19.(b)** This section becomes effective June 30, 2008.
36

37 **PART IX. UNIVERSITIES**

38 39 **ELIMINATE COACHING SCHOLARSHIP LOAN PROGRAM/TRANSFER** 40 **FUND BALANCE TO GENERAL FUND**

41 **SECTION 9.1.(a)** G.S. 116-209.36 is repealed.

42 **SECTION 9.1.(b)** All financial obligations to any student awarded a
43 scholarship loan from the Coaching Scholarship Loan Fund before July 1, 2008, shall be
44 fulfilled provided the student remains eligible under the provisions of the Coaching
45 Scholarship Loan Fund. All contractual agreements between a student awarded a
46 scholarship loan from the Coaching Scholarship Loan Fund before July 1, 2008, and the
47 State Education Assistance Authority remain enforceable and the provisions of
48 G.S. 116-209.36 that would be applicable but for this section shall remain applicable
49 with regard to any scholarship loan awarded before July 1, 2008.

50 **SECTION 9.1.(c)** Effective June 30, 2008, the unencumbered balance of
51 funds in the Coaching Scholarship Loan Fund shall revert to the General Fund.

USE OF ESCHEAT FUNDS FOR CERTAIN EARN SCHOLARSHIPS

SECTION 9.2.(a) Section 9.7(b) of S.L. 2007-323 reads as rewritten:

"**SECTION 9.7.(b)** There is appropriated from the General Fund to the State Education Assistance Authority the sum of twenty-seven million six hundred five thousand two hundred ten dollars (\$27,605,210) for the 2007-2008 fiscal year and the sum of ~~sixty million dollars (\$60,000,000)~~ ten million dollars (\$10,000,000) for the 2008-2009 fiscal year."

SECTION 9.2.(b) Section 9.7(c) of S.L. 2007-323 reads as rewritten:

"**SECTION 9.7.(c)** There is appropriated from the Escheat Fund to the State Education Assistance Authority the sum of ~~forty million dollars (\$40,000,000)~~ fifty million dollars (\$50,000,000) for the 2008-2009 fiscal year. ~~Notwithstanding any other provision of law, no funds shall be used from the Escheat Fund until all monies from the General Fund appropriated under Section 9.7(c) have been exhausted.~~"

CLOSING THE ACHIEVEMENT GAP/GRANTS

SECTION 9.3.(a) Of the funds appropriated by this act for the 2008-2009 fiscal year to the Board of Governors of The University of North Carolina to be used for the North Carolina Historically Minority Colleges and Universities initiative for "Closing the Achievement Gap," North Carolina Central University may use up to fifteen percent (15%) of the funds to cover the costs for administering the grants and shall award at least eighty-five percent (85%) of the funds as grants to participating public and private institutions of higher education identified as historically minority colleges and universities. These funds shall be used to develop and implement after-school programs designed to close the academic achievement gap and to improve the academic performance of youth at risk of academic failure and school dropout. A grant recipient under this section may also allocate the grant funds to a community-based organization that is located in close proximity to the grant recipient for the purposes stated in this section.

SECTION 9.3.(b) North Carolina Central University shall report to the Joint Education Legislative Oversight Committee and to the Fiscal Research Division by April 1, 2009, regarding the number of grants awarded, the recipients of the grants, the amount of the grant awarded, the programs and purposes for which the grant was awarded, the cost of administering the grant, and any other information requested by the Committee or Fiscal Research Division. The grants awarded pursuant to this section shall also include as a term of the grant that the recipient of the grant report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division regarding the amount of the grant received, the program and purposes for which the grant was requested, the methodology used to implement the grant program and purposes, the results of the program funded by the grant, and any other information requested by the Joint Legislative Education Oversight Committee and the Fiscal Research Division.

OPTIONAL SCHOLARSHIP FOR CERTAIN GRADUATES OF THE PRINCIPAL FELLOWS PROGRAM

SECTION 9.4.(a) The North Carolina Principal Fellows Commission in collaboration with the State Education Assistance Authority shall make available an optional six-month scholarship in the amount of twenty thousand dollars (\$20,000) to any person who was a recipient of a scholarship loan through the Principal Fellows Program and who: (i) was in Class 10 of the Principal Fellows Program for the 2003-2004 academic year, (ii) completed the Principal Fellows Program, and (iii) has

1 either served as a school administrator for four years at a North Carolina public school
2 or at a school operated by the United States as required by G.S. 116-74.43, or who has
3 had the loan forgiven by the State Education Assistance Authority pursuant to
4 G.S. 116-74.43. A person may be eligible for the optional six-month scholarship only
5 after fulfilling all contractual obligations agreed to by the person upon receipt of the
6 original scholarship loan awarded to the person under G.S. 116-74.42. Exclusive of any
7 deferment for extenuating circumstances, a person remains eligible for the optional
8 six-month scholarship for two years after the six-year period of time allowed the person
9 to satisfy the original scholarship loan requirements under G.S. 116-74.43. Should a
10 person present extenuating circumstances, the State Education Assistance Authority
11 may extend the period of time for which a person remains eligible for the optional
12 six-month scholarship for a reasonable time period.

13 **SECTION 9.4.(b)** The Principal Fellows Commission shall develop the
14 criteria for awarding the scholarship. In developing the criteria, the Commission shall
15 require that the person agree to work at least another six months as a school
16 administrator in a North Carolina public school or at a school operated by the United
17 States after satisfying the four-year work requirement set out in G.S. 116-74.43. The
18 Commission, in collaboration with the State Education Assistance Authority, shall
19 develop a process for evaluating a scholarship recipient's work performance and for
20 issuing a final approval and certification of the work performance. The Commission
21 shall transfer to the State Education Assistance Authority the name of each recipient
22 that it certifies as successfully completing the optional scholarship program. The State
23 Education Assistance Authority shall pay the twenty thousand dollar (\$20,000) stipend
24 to the scholarship recipient within a reasonable time of receiving notification from the
25 Commission that the recipient has successfully completed the optional scholarship
26 program. The State Education Assistance Authority shall perform all of the
27 administrative functions necessary to implement this act, including rule making.

28 **SECTION 9.4.(c)** Effective June 30, 2008, the sum of one million dollars
29 (\$1,000,000) shall revert from the Principal Fellows Trust Fund to the General Fund.
30 The sum of one million seven hundred forty thousand dollars (\$1,740,000) in the
31 Principal Fellows Trust Fund shall be held in reserve to pay each participant in the
32 optional scholarship program the stipend of twenty thousand dollars (\$20,000) upon
33 successful completion of the optional scholarship program.

34
35 **UNC ENROLLMENT GROWTH REQUEST TO CONTAIN PREVIOUS**
36 **ACADEMIC YEAR'S ACTUAL STUDENT CREDIT HOURS (SCH) AND**
37 **FULL TIME EQUIVALENCIES (FTE)**

38 **SECTION 9.8.** G.S. 116-11(9) reads as rewritten:

39 "(9) a. The Board of Governors shall develop, prepare and present to
40 the Governor and the General Assembly a single, unified
41 recommended budget for all of the constituent institutions of
42 The University of North Carolina. The recommendations shall
43 consist of requests in three general categories: (i) funds for the
44 continuing operation of each constituent institution, (ii) funds
45 for salary increases for employees exempt from the State
46 Personnel Act and (iii) funds requested without reference to
47 constituent institutions, itemized as to priority and covering
48 such areas as new programs and activities, expansions of
49 programs and activities, increases in enrollments, increases to
50 accommodate internal shifts and categories of persons served,
51 capital improvements, improvements in levels of operation and

1 increases to remedy deficiencies, as well as other areas. The
 2 president may present to the General Assembly an updated
 3 estimate of tuition, fees, and other receipts by June 15 of each
 4 year to be included in the budget for the following fiscal year.

5 a1. The Board of Governors shall provide full documentation and
 6 justification of any enrollment change funding request at the
 7 time it is recommended. This documentation and justification
 8 shall include the most recent academic year's actual enrollment
 9 numbers in the same format in which the growth increase
 10 request is made. The actual enrollment numbers shall be the
 11 actual student credit hours (SCH) or full-time equivalencies
 12 (FTE).

13 b. Funds for the continuing operation of each constituent
 14 institution shall be appropriated directly to the institution. Funds
 15 for salary increases for employees exempt from the State
 16 Personnel Act shall be appropriated to the Board in a lump sum
 17 for allocation to the institutions. Funds for the third category in
 18 paragraph a of this subdivision shall be appropriated to the
 19 Board in a lump sum for allocation to the institutions. The
 20 Board shall make allocations among the institutions in
 21 accordance with the Board's schedule of priorities and any
 22 specifications in the Current Operations Appropriations Act.
 23 When both the Board and the Director of the Budget deem it to
 24 be in the best interest of the State, funds in the third category
 25 may be allocated, in whole or in part, for other items within the
 26 list of priorities or for items not included in the list. Provided,
 27 nothing herein shall be construed to allow the General
 28 Assembly, except as to capital improvements, to refer to
 29 particular constituent institutions in any specifications as to
 30 priorities in the third category.

31 c. The Director of the Budget may, on recommendation of the
 32 Board, authorize transfer of appropriated funds from one
 33 institution to another to provide adjustments for over or under
 34 enrollment or may make any other adjustments among
 35 institutions that would provide for the orderly and efficient
 36 operation of the institutions.

37 d. Repealed by Session Laws 1987, c. 795, s. 27."
 38

39 **REVERT THE 2007-2008 APPROPRIATION FOR THE EDUCATION ACCESS**
 40 **REWARDS NORTH CAROLINA (EARN) SCHOLARS FUND**

41 **SECTION 9.9.** Effective June 30, 2008, the unencumbered balance of the
 42 funds appropriated in 2007-2008 to The University of North Carolina Board of
 43 Governors and the State Education Assistance Authority in Section 9.7 of S.L.
 44 2007-323 shall revert to the General Fund. The amount reverted shall be no less than
 45 twenty-seven million six hundred five thousand two hundred ten dollars (\$27,605,210).
 46

47 **HIGHER EDUCATION STUDIES/DISTANCE EDUCATION AND UNC**
 48 **ENROLLMENT GROWTH FUNDING FORMULAS**

49 **SECTION 9.10.(a)** The Joint Legislative Program Evaluation Oversight
 50 Committee shall include in the 2009-2010 Work Plan for the Program Evaluation
 51 Division of the General Assembly a study of the start-up and ongoing cost of distance

1 education and compare it with the start-up and ongoing cost of on-campus education.
2 The Program Evaluation Division shall submit the study to the Joint Legislative
3 Program Evaluation Oversight Committee, the Joint Legislative Education Oversight
4 Committee, and the Fiscal Research Division at a date to be determined by the Joint
5 Legislative Program Evaluation Oversight Committee.

6 **SECTION 9.10.(b)** The Joint Legislative Program Evaluation Oversight
7 Committee shall include in the 2009-2010 Work Plan for the Program Evaluation
8 Division of the General Assembly a comprehensive review of the full-time
9 equivalencies (FTE) and student credit hours (SCH) enrollment growth funding
10 formulas used by The University of North Carolina. In its study, the Program
11 Evaluation Division shall consider and evaluate all of the following:

- 12 (1) The assumptions contained within each element of the funding
13 formulas.
- 14 (2) Benchmark information related to specific elements within the
15 formulas.
- 16 (3) How a formula based on full-time equivalencies (FTE) compares with
17 a formula based on Student Credit Hours (SCH).
- 18 (4) The types of formulas used by other states to fund university systems;
19 how those states use those formulas; the success of the formulas with
20 regard to indicating future financial needs, providing equitable funding
21 to different institutions within the system based on the size, mission,
22 and growth of each institution; and the types of support programs, if
23 any, addressed by the formulas.
- 24 (5) The objectives that the formulas are designed to meet and whether
25 those accurately reflect the goals of The University of North Carolina
26 System.
- 27 (6) How the current formulas should be modified, if at all, to more
28 accurately predict The University of North Carolina System's future
29 financial needs or whether different types of formulas would be more
30 helpful.

31 The Program Evaluation Division shall submit the study to the Joint
32 Legislative Program Evaluation Oversight Committee, the Joint Legislative Education
33 Oversight Committee, and the Fiscal Research Division at a date to be determined by
34 the Joint Legislative Program Evaluation Oversight Committee.
35

36 UNIVERSITY OF NORTH CAROLINA TO STUDY COASTAL SOUNDS WIND 37 ENERGY

38 **SECTION 9.12.** The University of North Carolina shall study the feasibility
39 of establishing wind turbines in the Pamlico and Albemarle Sounds. The study shall
40 include an analysis of energy production potential (including the resulting benefits due
41 to a reduction in dependence on fossil fuel combustion for generation of electricity),
42 siting, ecological impacts, and statutory or regulatory barriers to construction and
43 operation of one or more wind turbines and associated support and interconnection
44 facilities in the coastal sounds. The study shall also consider the feasibility and
45 potential synergistic benefits of co-siting wind turbines and artificial oyster reefs.

46 The Board of Governors shall use available funds from its budget in
47 conducting this study and may apply for, receive, or accept grants and contributions
48 from any source for the purposes of conducting the study. The Board of Governors shall
49 report the results of this study to the House Committee on Energy and Energy
50 Efficiency and the Senate Committee on Agriculture/Environment/Natural Resources by
51 July 1, 2009.

AGRICULTURE RESEARCH STATIONS

SECTION 9.13. The Dean of the College of Agriculture and Life Sciences at North Carolina State University, the Dean of the School of Agriculture and Environmental Sciences at North Carolina Agricultural and Technical State University, and the Commissioner of Agriculture shall jointly study and develop a comprehensive strategic plan for the management of both: (i) the agriculture research stations that are currently jointly managed by North Carolina State University and the Department of Agriculture and Consumer Services, and (ii) the university research farm managed by North Carolina Agricultural and Technical State University. The plan shall identify ways to improve the efficiency and effectiveness of the research stations and university research farm. The plan shall be submitted to the Chairs of the House Agriculture Committee, the Senate Agriculture, Environment, and Natural Resources Committee, and the House and Senate Appropriations Subcommittees on Natural and Economic Resources no later than May 1, 2009.

STUDY OF STRUCTURE & ORGANIZATION OF THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 9.14. The General Administration of The University of North Carolina shall conduct an independent review of the structure and organization of the Department of Public Instruction and the State Board of Education. The General Administration may hire an outside consultant to assist it in conducting the review.

The Board of Governors shall report the results of this review to the Joint Legislative Education Oversight Committee and the chairs of the appropriations committees of the Senate and the House of Representatives by May 1, 2009.

BIENNIAL PROJECTION OF UNC ENROLLMENT GROWTH

SECTION 9.15. Part 2A of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

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

By September 1 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), first year professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b)."

NORTH CAROLINA CENTER FOR NURSING

SECTION 9.16.(a) G.S. 90-171.70 reads as rewritten:

"§ 90-171.70. North Carolina Center for Nursing; establishment; goals.

~~There is established the North Carolina Center for Nursing to address issues of supply and demand for nursing, including issues of recruitment, retention, and utilization of nurse manpower resources. The General Assembly finds that the Center~~

1 will repay the State's investment by providing an ongoing strategy for the allocation of
 2 the State's resources directed towards nursing. The primary goals for the Center shall
 3 be: conduct research on nursing supply and demand in North Carolina, forecast the
 4 future nursing supply, and maintain databases on licensed nurses and student nurses.

- 5 (1) ~~To develop a strategic statewide plan for nursing manpower in North~~
 6 ~~Carolina by:~~
 7 a. ~~Establishing and maintaining a database on nursing supply and~~
 8 ~~demand in North Carolina, to include (i) current supply and~~
 9 ~~demand, and (ii) future projections; and~~
 10 b. ~~Selecting priorities from the plan to be addressed.~~
 11 (2) ~~To convene various groups representative of nurses, other health care~~
 12 ~~providers, business and industry, consumers, legislators, and educators~~
 13 ~~to:~~
 14 a. ~~Review and comment on data analysis prepared for the Center;~~
 15 b. ~~Recommend systemic changes, including strategies for~~
 16 ~~implementation of recommended changes; and~~
 17 c. ~~To evaluate and report the results of these efforts to the General~~
 18 ~~Assembly and others.~~
 19 (3) ~~To enhance and promote recognition, reward, and renewal activities~~
 20 ~~for nurses in North Carolina by:~~
 21 a. ~~Promoting continuation of Institutes for Nursing Excellence~~
 22 ~~programs as piloted by the Area Health Education Centers in~~
 23 ~~1989-90 or similar options;~~
 24 b. ~~Proposing and creating additional reward, recognition, and~~
 25 ~~renewal activities for nurses; and~~
 26 c. ~~Promoting media and positive image building efforts for~~
 27 ~~nursing."~~

28 **SECTION 9.16.(b)** G.S. 90-171.71 reads as rewritten:

29 **"§ 90-171.71. North Carolina Center for Nursing; governing board.**

30 (a) The North Carolina Center for Nursing shall be governed by a ~~policy setting~~
 31 board of directors. The Board shall consist of ~~16-7~~ members, with a simple majority of
 32 the Board being nurses representative of various practice areas. Other members shall
 33 include representatives of other health care professions, business and industry, health
 34 care providers, and consumers. The Board members shall be appointed as follows: by the
 35 President of The University of North Carolina and shall serve at the pleasure of the
 36 President. The terms of all of the members shall begin July 1 and shall be for one year.

- 37 (1) ~~Four members appointed by the General Assembly upon~~
 38 ~~recommendation of the President Pro Tempore of the Senate, at least~~
 39 ~~one of whom shall be a registered nurse and at least one other a~~
 40 ~~representative of the hospital industry;~~
 41 (2) ~~Four members appointed by the General Assembly upon the~~
 42 ~~recommendation of the Speaker of the House of Representatives, at~~
 43 ~~least one of whom shall be a registered nurse and at least one other a~~
 44 ~~representative of the long-term care industry;~~
 45 (3) ~~Four members appointed by the Governor, two of whom shall be~~
 46 ~~registered nurses; and~~
 47 (4) ~~Four nurse educators, one of whom shall be appointed by the Board of~~
 48 ~~Governors of The University of North Carolina, one other by the State~~
 49 ~~Board of Community Colleges, one other by the North Carolina~~
 50 ~~Association of Independent Colleges and Universities, and one by the~~
 51 ~~Area Health Education Centers Program.~~

1 (b) ~~The initial terms of the members shall be as follows:~~

- 2 (1) ~~Of the members appointed pursuant to subdivision (1) of subsection~~
3 ~~(a) of this section, two shall be appointed for terms expiring June 30,~~
4 ~~1994, one for a term expiring June 30, 1993, and one for a term~~
5 ~~expiring June 30, 1992;~~
6 (2) ~~Of the members appointed pursuant to subdivision (2) of subsection~~
7 ~~(a) of this section, one shall be appointed for a term expiring June 30,~~
8 ~~1994, two for terms expiring June 30, 1993, and one for a term~~
9 ~~expiring June 30, 1992;~~
10 (3) ~~Of the members appointed pursuant to subdivision (3) of subsection~~
11 ~~(a) of this section, one shall be appointed for a term expiring June 30,~~
12 ~~1994, one for a term expiring June 30, 1993, and two for terms~~
13 ~~expiring June 30, 1992; and~~
14 (4) ~~Of the members appointed pursuant to subdivision (4) of subsection~~
15 ~~(a) of this section, the terms of the members appointed by the Board of~~
16 ~~Governors of The University of North Carolina and the State Board of~~
17 ~~Community Colleges shall expire June 30, 1994; the term of the~~
18 ~~member appointed by the North Carolina Association of Independent~~
19 ~~Colleges shall expire June 30, 1993; and the term of the member~~
20 ~~appointed by the Area Health Education Centers Program shall expire~~
21 ~~June 30, 1992.~~

22 ~~After the initial appointments expire, the terms of all of the members shall be three~~
23 ~~years, with no member serving more than two consecutive terms.~~

24 (c) The Board of Directors shall have the following powers and duties:

- 25 (1) To employ the executive director;
26 (2) To determine operational policy;
27 (3) To elect a chairperson and officers, to serve ~~two year~~ one-year terms.
28 The chairperson and officers may not succeed themselves;
29 (4) To establish committees of the Board as needed;
30 ~~(5) To appoint a multidisciplinary advisory council for input and advice~~
31 ~~on policy matters;~~
32 (6) To implement the major functions of the Center for Nursing as
33 established in the goals set out in subsection (a) of this section; ~~and~~
34 (7) To seek and accept non-State funds for carrying out Center
35 ~~policy;~~ policy; and
36 (8) To evaluate the functions of the Center for Nursing, compare those
37 with the functions of the Cecil G. Sheps Center for Health Services
38 Research, and determine whether it is appropriate and more efficient to
39 transfer the functions of the Center for Nursing to the Cecil G. Sheps
40 Center for Health Services Research.

41 (d) The Board shall receive the per diem and allowances prescribed by
42 G.S. 138-5 for State boards and commissions.

43 (e) The North Carolina Center for Nursing shall be administered by The
44 University of North Carolina through the Center's Board of Directors established under
45 this section."

46 **SECTION 9.16.(c)** The terms of office for members of the Board of
47 Directors of the North Carolina Center for Nursing terminate on June 30, 2008. Any
48 person serving as a member on the Board of Directors whose term was terminated
49 pursuant to this section may be reappointed to the Board of Directors as provided by
50 G.S. 90-171.71 as amended by this section.
51

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**NC RX FUNDS TRANSFER**

SECTION 10.1. Notwithstanding G.S. 143C-9-3, the sum of three million five hundred thousand dollars (\$3,500,000) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be used to support General Fund appropriations for the 2008-2009 fiscal year in the following amounts and for the following purposes:

- (1) \$350,000 to HealthNet (Budget Code 536J30; Fund 1510),
- (2) \$2,300,000 to Community Health Centers (Budget Code 536E66; Fund 1510),
- (3) \$500,000 to the North Carolina Housing Trust Fund (Budget Code 13010), and
- (4) \$350,000 to the Department of Health and Human Services, Division of Public Health, Office of Chief Medical Examiner (Budget Code 14430; Fund Code 1420, Account 534523).

DHHS BUDGET FLEXIBILITY

SECTION 10.1A. Notwithstanding G.S. 143C-6-4, for the 2008-2009 fiscal year the Department of Health and Human Services may, with approval of the Office of State Budget and Management, take actions necessary to identify and realign or adjust the authorized budgets of the Department to fund payments for audit services provided by the Office of State Auditor and for data processing services billed by the State Information Technology Services office.

DHHS RECOMMENDATIONS ON CONSOLIDATION OF CERTAIN DIVISIONS

SECTION 10.1B.(a) The Department of Health and Human Services shall develop a plan for the consolidation of the following into a newly established Division of Disability Services:

- (1) The Office of Educational Services.
- (2) The Division of Vocational Rehabilitation.
- (3) The Division of Services to the Deaf and Hard of Hearing.
- (4) The Division of Services to the Blind.

SECTION 10.1B.(b) The Plan for Consolidation shall address the following:

- (1) Ensure the visibility and integrity of specialized services to visually impaired and deaf and hard-of-hearing adults and children.
- (2) Provide a mechanism for advocates and consumers of disability services to advise the Department on policy related to service delivery.
- (3) Establish procedures for addressing client complaints concerning services provided by the Department.
- (4) Transfer management of the schools for the deaf and blind to the Department of Public Instruction.
- (5) Determine how the nonresidential and non-day programs currently affiliated with the residential schools can continue to be provided effectively and efficiently and determine whether this can be done with management transferred to the newly established Division of Disability Services, to another division within the Department, or to the Department of Public Instruction.

1 **SECTION 10.1B.(c)** On or before January 1, 2009, the Department shall
2 provide to the Fiscal Research Division the following information:

- 3 (1) The number of consumers served by each division, and the extent to
4 which these consumer bases overlap among divisions.
5 (2) The specific services provided by each division, and the extent to
6 which efficiencies could be gained through consolidating the
7 services/agencies.
8 (3) The number of staff in each service provided by each office or division
9 named in subsection (a) of this section and the number of staff needed
10 for each proposed service under a division of disability services.
11 (4) The 2008-2009 fiscal year budgeted and the 2007-2008 fiscal year
12 actual expenditures, receipts, and State appropriations and the
13 proposed budgeted expenditures, receipts, and State appropriation for a
14 new division of disability services.
15 (5) Regional offices across the State currently in each program and how
16 these locations would be used by a new Disabilities Division.
17 (6) Potential gains in efficiency and benefits to consumers from
18 cross-training staff over time.

19 **SECTION 10.1B.(d)** The Department shall submit its Plan for Consolidation
20 to the Senate Committee on Appropriations, Senate Appropriations Committee on
21 Health and Human Services, the House of Representative Appropriations Committee
22 and the House of Representatives Subcommittee on Health and Human Services, and
23 the Fiscal Research Division not later than January 1, 2009.
24

25 STATE COUNTY SPECIAL ASSISTANCE

26 **SECTION 10.2.** Section 10.13 of S.L. 2007-323 is amended by adding the
27 following new subsection to read:

28 "SECTION 10.13.(c1) Effective January 1, 2009, the maximum monthly rate for
29 residents in adult care home facilities shall be one thousand two hundred eleven dollars
30 (\$1,211) per month per resident unless adjusted by the Department in accordance with
31 subsection (e) of this section."
32

33 AIDS DRUG ASSISTANCE PROGRAM

34 **SECTION 10.3.** Section 10.26 of S.L. 2007-323 reads as rewritten:

35 "SECTION 10.26.(a) For the 2007-2008 fiscal year and the 2008-2009 fiscal
36 year, year, the Department may adjust the financial eligibility criterion of the ADAP up
37 to an amount not exceeding two hundred fifty percent (250%) of the federal poverty
38 level in order to serve as many eligible North Carolinians living with HIV disease as
39 possible within existing resources plus any new federal resources. If the Department
40 raises the eligibility limit above one hundred twenty-five percent (125%) of the federal
41 poverty level and a waiting list develops as a result, the Department shall give priority
42 on the waiting list to those individuals at or below one hundred twenty-five percent
43 (125%) of the federal poverty level.

44 "SECTION 10.26.(b) For the 2008-2009 fiscal year, the Department may, within
45 existing ADAP Program resources, adjust the financial eligibility criterion of the ADAP
46 up to an amount not exceeding three hundred percent (300%) of the federal poverty
47 level in order to serve as many eligible North Carolinians living with HIV disease as
48 possible within existing resources plus any new federal resources. If a waiting list
49 develops as a result of the eligibility criterion being raised, the Department shall give
50 first priority to those individuals on the waiting list with income at or below one
51 hundred twenty-five percent (125%) of the federal poverty level, and second priority to

1 those individuals with income above one hundred twenty-five percent (125%) and at or
2 below two hundred fifty percent (250%) of federal poverty guidelines."

3
4 **CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH**
5 **DISPARITIES INITIATIVE**

6 **SECTION 10.4.** Section 10.22 of S.L. 2007-323 reads as rewritten:

7 "SECTION 10.22.(a) Of funds appropriated in this act from the General Fund to
8 the Department of Health and Human Services, the sum of two million five hundred
9 thousand dollars (\$2,500,000) for the 2007-2008 fiscal year and the sum of ~~two million~~
10 ~~dollars (\$2,000,000) for the~~ three million dollars (\$3,000,000) for the 2008-2009 fiscal
11 year shall be allocated for the Community-Focused Eliminating Health Disparities
12 Initiative (CFEHDI) to provide grants-in-aid to local public health departments,
13 American Indian tribes, and faith-based and community-based organizations to close the
14 gap in the health status of African-Americans, Hispanics/Latinos, and American Indians
15 as compared to the health status of white persons. These grants shall focus on the use of
16 preventive measures to support healthy lifestyles. The areas of focus on health status
17 shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer,
18 diabetes, and homicides and motor vehicle deaths.

19 The five hundred thousand dollars (\$500,000) in nonrecurring funds appropriated in
20 this act to the Department of Health and Human Services, Division of Public Health, for
21 the Health Disparities Initiative in the 2007-2008 fiscal year shall be awarded as a
22 grant-in-aid to honor the memory of the following recently deceased members of the
23 General Assembly: Bernard Allen, John Hall, Robert Holloman, Howard Hunter, Jeanne
24 Lucas, and William Martin. These funds shall be used for concerted efforts to address
25 large gaps in health status among North Carolinians who are African-American, as well
26 as disparities among other minority populations in North Carolina. These efforts shall
27 include:

- 28 (1) Providing enhanced education and outreach to minority populations on
29 the prevention, diagnosis, and treatment of heart disease, breast cancer,
30 diabetes, obesity, hypertension, sickle cell anemia, and HIV infection.
31 (2) Addressing cultural and communication barriers to quality care by
32 improving interpersonal processes between clinicians and patients.

33 The Secretary shall send to each grantee organization a letter stating that the award
34 is made in honor of the memory of and in recognition of the recent deaths of Senators
35 Robert Holloman, Jeanne Lucas, and William Martin and Representatives Bernard
36 Allen, John Hall, and Howard Hunter.

37 "SECTION 10.22.(b) The Department of Health and Human Services shall report
38 on the following with respect to funds appropriated to the CFEHDI program ~~in fiscal~~
39 ~~years 2005-2006, 2006-2007, and 2007-2008.~~ for the 2007-2008 and 2008-2009 fiscal
40 years. The report shall address for each fiscal year:

- 41 (1) Which community programs and local health departments received
42 CFEHDI grants.
43 (2) What amount of funding did each program or local health department
44 receive.
45 (3) Which of the minority populations were served by the programs or
46 local health departments.
47 (4) Which counties were served by the programs or local health
48 departments.
49 (5) What activities were planned and implemented by the programs or
50 local health departments to fulfill the community focus of the CFEHDI
51 program.

1 The report shall also contain a comprehensive evaluation of all grantees with regard
2 to fulfilling the goals of the program, assessing the difference the funded activities have
3 made in the community, and addressing and mitigating the health disparities identified
4 in the Racial and Ethnic Health Disparities in North Carolina, Report Card 2006. In
5 addition, ~~the~~The Department shall solicit from the grantees their observations and
6 recommendations on ways the CFEHDI program can best accomplish its goals. The
7 report shall also include specific activities undertaken pursuant to subsection (a) of this
8 section to address large gaps in health status among North Carolinians who are
9 African-American and other minority populations in this State. The Department shall
10 submit the report not later than October 1, 2009, to the House of Representatives
11 Appropriations Subcommittee on Health and Human Services, the Senate
12 Appropriations Committee on Health and Human Services, and the Fiscal Research
13 Division."
14

15 NICOTINE REPLACEMENT THERAPY PROGRAMS

16 **SECTION 10.4B.** Article 1 of Chapter 90 of the General Statutes is
17 amended by adding the following new section to read:

18 "§ 90-18.6. Requirements for certain nicotine replacement therapy programs.

19 The Health and Wellness Trust Fund ("Trust Fund") or the Department of Health
20 and Human Services ("Department") may contract for the operation of a tobacco use
21 cessation program through which the Trust Fund or the Department, as applicable, may
22 engage agents or contractors for the purpose of (i) recommending to individuals over-
23 the-counter nicotine replacement therapy products and supplying the products free-of-
24 charge to the individual, and (ii) discussing with the individual contraindications and all
25 other aspects of over-the-counter nicotine replacement therapy. All medical aspects of
26 the nicotine replacement therapy programs shall be supervised by a physician who is
27 licensed under this Article to practice medicine and who is under contract to the Trust
28 Fund or the Department, as applicable, for the purpose of supervising nicotine
29 replacement therapy programs. The physician under contract with the Trust Fund or the
30 Department, as applicable, shall be responsible for supervision of all agents or
31 contractors of nicotine replacement therapy programs that provide nicotine replacement
32 therapy services to members of the public. The Trust Fund or the Department, as
33 contracting entity, shall report the name of the supervising physician to the North
34 Carolina Medical Board."
35

36 CHILD CARE FUNDS MATCHING REQUIREMENT

37 **SECTION 10.6.** Section 10.17 of S.L. 2007-323 reads as rewritten:

38 "**SECTION 10.17.(a)** No local matching funds may be required by the Department
39 of Health and Human Services as a condition of any locality's receiving its initial
40 allocation of child care funds appropriated by this act unless federal law requires a
41 match. If the Department reallocates additional funds above twenty-five thousand
42 dollars (\$25,000) to local purchasing agencies beyond their initial allocation, local
43 purchasing agencies must provide a ~~fifteen percent (15%)~~ twenty percent (20%) local
44 match to receive the reallocated funds. Matching requirements shall not apply when
45 funds are allocated because of a disaster as defined in G.S. 166A-4(1).

46 "**SECTION 10.17.(b)** If funds are reallocated to local purchasing agencies in
47 accordance with subsection (a) of this section, the Department of Health and Human
48 Services shall evaluate the ~~fifteen percent (15%)~~ twenty percent (20%) local matching
49 requirement to determine its effect on local purchasing agencies and whether the
50 matching requirement should be adjusted. The Department shall report its findings and
51 recommendations to the House of Representatives Appropriations Subcommittee on

1 Health and Human Services, the Senate Appropriations Committee on Health and
2 Human Services, and the Fiscal Research Division no later than April 1, 2009."

4 CHANGES TO FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

5 SECTION 10.7. Section 10.29 of S.L. 2007-323 reads as rewritten:

6 "SECTION 10.29.(a) The maximum rates for State participation in the foster care
7 assistance program are established on a graduated scale as follows:

8 (1) ~~\$390.00~~\$475.00 per child per month for children aged birth through 5;

9 (2) ~~\$440.00~~\$581.00 per child per month for children aged 6 through 12;
10 and

11 (3) ~~\$490.00~~\$634.00 per child per month for children aged 13 through 18.

12 ~~Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.~~

13 "SECTION 10.29.(b) The maximum rates for the State participation in the
14 adoption assistance program are established on a graduated scale consistent with the
15 foster care rates as follows:

16 (1) ~~\$390.00~~\$475.00 per child per month for children aged birth through 5;

17 (2) ~~\$440.00~~\$581.00 per child per month for children aged 6 through 12;
18 and

19 (3) ~~\$490.00~~\$634.00 per child per month for children aged 13 through 18.

20 "SECTION 10.29.(c) In addition to providing board payments to foster and
21 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter
22 324 of the 1995 Session Laws, any additional funds remaining that were appropriated
23 for this purpose shall be used to provide medical training in avoiding HIV transmission
24 in the home.

25 "SECTION 10.29.(d) The maximum rates for the State participation in HIV foster
26 care and adoption assistance are established on a graduated scale as follows:

27 (1) \$800.00 per child per month with indeterminate HIV status;

28 (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;

29 (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and

30 (4) \$1,600 per child per month terminally ill with complex care needs.

31 "SECTION 10.29.(e) The State and a county participating in foster care and
32 adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of
33 the cost of care for a child placed by a county department of social services or child
34 placing agency in a family foster home or residential child care facility. A county shall
35 be held harmless from contributing fifty percent (50%) of the nonfederal share of the
36 cost for a child currently in a family foster home or residential child care facility until
37 the child leaves foster care or experiences a placement change.

38 "SECTION 10.29.(f) The Department of Health and Human Services may establish
39 foster care and adoption assistance rates based on the United States Department of
40 Agriculture (USDA) 'Expenditures on Children by Families' index subject to State
41 appropriations for each fiscal year.

42 "SECTION 10.29.(g) This section becomes effective January 1, 2009, and applies
43 to payments made on or after that date."

45 TICKET TO WORK IMPLEMENTATION DATE

46 SECTION 10.8. The Department of Health and Human Services shall
47 implement the Ticket to Work Program on July 1, 2008, whether or not the new MMIS
48 is operational.

50 IMPLEMENTATION OF MMIS/CONTRACT PROVISION

1 **SECTION 10.9.(a)** Section 10.40D(a) and (b) of S.L. 2007-323 read as
2 rewritten:

3 **"SECTION 10.40D.(a)** The Department of Health and Human Services
4 (Department) shall make full development of the replacement Medicaid Management
5 Information System (MMIS+) a top priority. During the development and
6 implementation of MMIS+, the Department shall develop plans to ensure the timely and
7 effective implementation of ~~future~~ enhancements to the system to provide the following
8 capabilities:

- 9 (1) Receiving and tracking premium or other payments required by law.
- 10 (2) Compatibility with the administration of NC Health Choice, NC Kids'
11 Care, the State Employees' Health Plan, the Health Information
12 System, Ticket to Work, Families pay part of the cost of services under
13 the CAP-MR/DD and CAP children's programs, and Medicaid waivers
14 and the Medicare 646 waiver.

15 These enhancements shall not delay the procurement or implementation of the core
16 system but shall be included in the development and implementation of the multipayor
17 initiatives included in the MMIS program currently under development between the
18 Department, the Federal Centers for Medicare and Medicaid Services, and the Office of
19 Information Technology Services (ITS). The Department shall make every effort to
20 expedite the implementation of the enhancements. ITS shall work in cooperation with
21 the Department to ensure the timely and effective implementation of the core system
22 and enhancements. The contract between the Department and the contract vendor shall
23 contain an explicit provision requiring that the MMIS+ system have the capability to
24 fully implement the administration of NC Health Choice, NC Kids' Care, and all
25 relevant Medicaid waivers and the Medicare 646 waiver and have the capability to
26 interface with the State Health Plan for Teachers and State Employees. The Department
27 must have detailed cost information for each requirement before signing the contract.
28 Any contract between the Department and a vendor for the MMIS+ system that does not
29 contain the explicit provision required under this subsection is void on its face.
30 Notwithstanding any other provision of law to the contrary, the Secretary of the
31 Department of Health and Human Services does not have the authority to sign a contract
32 for the MMIS+ system if the contract does not contain the explicit provision required
33 under this section.

34 **"SECTION 10.40D.(b)** Notwithstanding G.S. 114-2.3, the Department of Health
35 and Human Services shall engage the services of private counsel with the pertinent
36 information technology and computer law expertise to review requests for proposals and
37 to negotiate and review contracts associated with MMIS+. The counsel engaged by the
38 Department shall review the MMIS+ contract between the Department of Health and
39 Human Services and the vendor to ensure that the requirements of subsection (a) of this
40 section are met in their entirety."

41 **SECTION 10.9.(b)** Of the funds appropriated in this act to the Department
42 of Health and Human Services, the sum of three hundred thousand dollars (\$300,000)
43 for the 2008-2009 fiscal year may be used to contract with an outside consultant to
44 serve as project manager/coordinator to oversee the development and implementation of
45 the MMIS+ project.

46 **SECTION 10.9.(c)** The Department of Health and Human Services shall
47 develop a comprehensive schedule for the development and implementation of the
48 MMIS+ that fully incorporates federal and State project management and review
49 requirements. The Department shall ensure that the schedule is as accurate as possible.
50 Not later than October 1, 2008, the Department shall submit the schedule to the Chairs
51 of the House of Representatives Committee on Appropriations and the House of

1 Representatives Subcommittee on Health and Human Services, the Chairs of the Senate
2 Committee on Appropriations and the Senate Appropriations Committee on Health and
3 Human Services, and the Fiscal Research Division. Any adjustments to the schedule
4 shall be immediately reported to the Chairs of the House of Representatives Committee
5 on Appropriations and the House of Representatives Subcommittee on Health and
6 Human Services, the Chairs of the Senate Committee on Appropriations and the Senate
7 Appropriations Committee on Health and Human Services, and the Fiscal Research
8 Division with a full explanation of the reason for the adjustment.

9 **SECTION 10.9.(d)** Beginning December 1, 2008, the Department shall
10 make quarterly reports on the functionality and projected costs of the MMIS+ system.
11 Not later than April 1, 2009, the Department shall make a final report on the total costs
12 and functionality of MMIS+. The quarterly and final reports shall be made to the Chairs
13 of the House of Representatives Committee on Appropriations and the House of
14 Representatives Subcommittee on Health and Human Services, the Chairs of the Senate
15 Committee on Appropriations and the Senate Appropriations Committee on Health and
16 Human Services, and the Fiscal Research Division. A copy of the final report shall also
17 be submitted to the Joint Legislative Commission on Governmental Operations.
18

19 **MEDICAID POLICY CHANGE**

20 **SECTION 10.10.(a)** Section 10.36(b) of S.L. 2007-323 reads as rewritten:

21 **"SECTION 10.36.(b)** Policy. –

- 22 (1) Volume purchase plans and single source procurement. – The
23 Department of Health and Human Services, Division of Medical
24 Assistance, may, subject to the approval of a change in the State
25 Medicaid Plan, contract for services, medical equipment, supplies, and
26 appliances by implementation of volume purchase plans, single source
27 procurement, or other contracting processes in order to improve cost
28 containment.
- 29 (2) Cost-containment programs. – The Department of Health and Human
30 Services, Division of Medical Assistance, may undertake
31 cost-containment programs, including contracting for services,
32 preadmissions to hospitals, and prior approval for certain outpatient
33 surgeries before they may be performed in an inpatient setting.
- 34 (3) Fraud and abuse. – The Division of Medical Assistance, Department of
35 Health and Human Services, shall provide incentives to counties that
36 successfully recover fraudulently spent Medicaid funds by sharing
37 State savings with counties responsible for the recovery of the
38 fraudulently spent funds.
- 39 (4) Medical policy. – Unless required for compliance with federal law, the
40 Department shall not change medical policy affecting the amount,
41 sufficiency, duration, and scope of health care services and who may
42 provide services until the Division of Medical Assistance has prepared
43 a five-year fiscal analysis documenting the increased cost of the
44 proposed change in medical policy and submitted it for Departmental
45 review. If the fiscal impact indicated by the fiscal analysis for any
46 proposed medical policy change exceeds three million dollars
47 (\$3,000,000) in total requirements for a given fiscal year, then the
48 Department shall submit the proposed medical policy change with the
49 fiscal analysis to the Office of State Budget and Management and the
50 Fiscal Research Division. The Department shall not implement any
51 proposed medical policy change exceeding three million dollars

1 (\$3,000,000) in total requirements for a given fiscal year unless the
2 source of State funding is identified and approved by the Office of
3 State Budget and Management. For medical policy changes exceeding
4 three million dollars (\$3,000,000) in total requirements for a given
5 fiscal year that are required for compliance with federal law, the
6 Department shall submit the proposed medical policy or policy
7 interpretation change with the fiscal analysis to the Office of State
8 Budget and Management prior to implementing the change. The
9 Department shall provide the Office of State Budget and Management
10 and the Fiscal Research Division a quarterly report itemizing all
11 medical policy changes with total requirements of less than three
12 million dollars (\$3,000,000)."

13 **SECTION 10.10.(b)** Section 10.36(d)(21) of S.L. 2007-323 reads as
14 rewritten:

15 "SECTION 10.36.(d) Services and Payment Bases. – The Department shall spend
16 funds appropriated for Medicaid services in accordance with the following schedule of
17 services and payment bases. All services and payments are subject to the language at the
18 end of this subsection. Unless otherwise provided, services and payment bases will be
19 as prescribed in the State Plan as established by the Department of Health and Human
20 Services and may be changed with the approval of the Director of the Budget.

- 21 ...
- 22 (21) Personal care services. – Payment in accordance with the State Plan
23 developed by the Department of Health and Human Services. Effective
24 October 1, 2007, the Department of Health and Human Services shall
25 impose prior authorization on all personal care services. Criteria for
26 prior authorization shall be developed in consultation with the
27 Physician Advisory Group of the North Carolina Medical Society and
28 shall include a requirement that a determination and notification of
29 approval or denial of personal care services shall be made within seven
30 working days of receipt of the prior authorization request. The
31 Department shall provide periodic data on recipients of personal care
32 services to Community Care of North Carolina. Community Care of
33 North Carolina shall assist the Department in assessing personal care
34 services for medical necessity. The Department shall report on the
35 implementation of prior authorization of all personal care services to
36 the House of Representatives Appropriations Subcommittee on Health
37 and Human Services, the Senate Appropriations Committee on Health
38 and Human Services, and the Fiscal Research Division by May 1,
39 2008. The report on implementation of prior authorization shall
40 address the following:
- 41 a. Criteria for prior authorization developed in consultation with
42 the North Carolina Physician Advisory Group.
 - 43 b. Policies and procedures for the prior authorization program.
 - 44 c. Use of the Uniform Screening Tool and the Integrated
45 Assessment Tool for Medicaid Long Term Care Services in
46 determining the need for personal care services.
 - 47 d. Cost of implementing a prior authorization system.
 - 48 e. Estimated costs savings from the implementation of a prior
49 authorization system for personal care services."

50 **SECTION 10.10.(c)** Section 31.16.1(d) of S.L. 2007-323 reads as rewritten:

1 **"SECTION 31.16.1.(d)** Subsection (a) of this section becomes effective October 1,
2 2007, and applies to Medicaid claims paid by the State on or after that date and ends
3 with claims paid by the State through May 31, 2008. Subsection (b) of this section
4 becomes effective June 1, 2008, and applies to Medicaid claims paid by the State on or
5 after that date and ends with claims paid by the State through May 31, 2009. Subsection
6 (c) of this section becomes effective ~~June~~July 1, 2009, and applies to Medicaid claims
7 paid by the State on or after that date."
8

9 **DMA CONTRACT SHORTFALL**

10 **SECTION 10.10A.(a)** Budget approval by the Office of State Budget and
11 Management is required before the Department may enter into any new contract or the
12 renewal or amendment of existing contracts that exceed the current contract amounts.

13 **SECTION 10.10A.(b)** The Department of Health and Human Services,
14 Division of Medical Assistance, shall make every effort to effect savings within its
15 operational budget and to use those savings to offset its contract shortfall.
16

17 **PRESCRIPTION PADS/DHHS CERTIFICATION**

18 **SECTION 10.10B.(a)** The Department of Health and Human Services shall
19 accept a prescription pad or copy thereof submitted by any person and shall make a
20 determination if the prescription pad meets the requirements of 42 U.S.C. § 1396, as
21 amended by Sec. 7002(b) of P.L. 110-28, the U.S. Troop Readiness, Veterans' Care,
22 Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (hereafter
23 "Troop Readiness Act"). The Department shall provide a list of those prescription pads
24 certified by the Department as meeting the requirements of the Troop Readiness Act.
25 The Department shall post on its Web site and in its newsletters the list of certified
26 prescription pads and the requirements for certification, and shall make this information
27 available upon request. A person whose prescription pad has been certified by the
28 Department as meeting the requirements of the Troop Readiness Act may represent that
29 the person's prescription pad has been certified by the Department as meeting Troop
30 Readiness Act requirements. A prescription pad submitted to the Department for
31 certification shall be accompanied by a written statement under oath that the person
32 submitting the prescription pad shall resubmit the prescription pad for certification
33 should the features of the prescription pad change in any manner. Certification of a
34 prescription pad by the Department shall not be construed as Department endorsement
35 of one certified prescription pad over another certified prescription pad.
36

37 **SECTION 10.10B.(b)** Any person that fraudulently represents that the
38 person's prescription pad has been certified by the Department as meeting the
39 requirements of the Troop Readiness Act shall be in violation of G.S. 108A-63 and may
40 be held civilly liable to any party suffering damages due to the fraudulent
41 misrepresentation of Department certification.

42 **SECTION 10.10B.(c)** A physician or pharmacist who in good faith accepts a
43 prescription pad certified by the Department of Health and Human Services as meeting
44 the requirements of 42 U.S.C. § 1396, as amended by Sec. 7002(b) of P.L. 110-28, the
45 U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability
46 Appropriations Act of 2007, shall not be held civilly or criminally liable for accepting
47 the certified pad or for damages resulting from the physician's or pharmacist's good faith
48 reliance on the certification of the prescription pad.

49 **CCNC CHRONIC DISEASE/MEDICAL HOME AND PATIENT MODEL** 50 **PROGRAM**

1 **SECTION 10.10C.** Of the funds appropriated in this act to the Department
2 of Health and Human Services, Division of Medical Assistance, the sum of five hundred
3 thousand dollars (\$500,000) for the 2008-2009 fiscal year shall be used to develop a
4 plan for the implementation of a medical home and patient-centered collaborative model
5 program. The model program will build on and enhance CCNC's success in reducing
6 the cost of treating chronic disease among Medicaid enrollees through its initial
7 implementation in six to eight counties. The model program will also allow CCNC to
8 implement its disease management, patient-centered, medical home model to a greater
9 number of patients, including those who will be included in the pending Medicare 646
10 waiver.

11
12 **EXPAND HEALTH CHOICE/NC KIDS' CARE**

13 **SECTION 10.12.(a)** Section 10.48 of S.L. 2007-323 reads as rewritten:

14 **"SECTION 10.48.(a)** Of the funds appropriated in this act to the Department of
15 Health and Human Services, Division of Medical Assistance, the sum of three hundred
16 sixty-eight thousand dollars (\$368,000) for the 2007-2008 fiscal year shall be used by
17 the Department of Health and Human Services to produce a report that identifies the
18 most cost-efficient and cost-effective method for developing and implementing a
19 program of comprehensive health care benefits within available funding for children
20 ages 0 through 18 in families with annual incomes between two hundred percent
21 (200%) and three hundred percent (300%) of the federal poverty level. The report shall
22 consider and address the following:

- 23 (1) Congress' reauthorization of the State Children's Health Insurance
24 Program (SCHIP) with respect to:
25 a. The amount of federal funds authorized for each of the fiscal
26 years covered in the reauthorization;
27 b. The number of fiscal years that federal funding awarded to the
28 states remains available to each state;
29 c. The adequacy of the formula by which federal funds are
30 distributed to the states; and
31 d. The ability of states to expand SCHIP coverage to children
32 whose family incomes exceed two hundred percent (200%) of
33 the federal poverty level.

34 The Department shall determine whether the most effective use of
35 State funds is to develop a program that expands access to health
36 insurance for children whose family income exceeds two hundred
37 percent (200%) of the federal poverty level through NC Health Choice
38 or the State Medical Assistance Program.

- 39 (2) Eligibility and benefits are not an entitlement, are for legal residents of
40 North Carolina, and are subject to availability of State and federal
41 funds, and State and federal requirements.
42 (3) The most cost-effective use of limited State funds to offer health care
43 services to children in families between two hundred percent (200%)
44 and three hundred percent (300%) of the federal poverty level.
45 (4) Children enrolled in the program must be ineligible for Medicaid,
46 Medicare, or other government-sponsored health insurance. The
47 Department shall study whether children must also be without private
48 health insurance for a specified amount of time, e.g. six months.
49 (5) The health care benefits covered in the proposed expansion program
50 shall not exceed the benefits currently covered by the NC Health
51 Choice.

- 1 (6) The establishment of cost-sharing measures for the families of children
2 with an income above two hundred percent (200%) of the federal
3 poverty level, including:
4 a. A monthly premium per child that is at an optimal level that
5 simultaneously is affordable, encourages participation by
6 families, controls costs, and provides revenue to reduce the cost
7 of the program to the State. The amount of the premium may
8 increase as income increases above two hundred percent
9 (200%) of the federal poverty level.
10 b. Increased co-payments and cost-sharing that are affordable and
11 sufficient to control costs, while not discouraging families from
12 seeking and continuing prescribed treatment for children.
13 c. A deductible that is to be applied to certain health care benefits.
14 d. A limit on out-of-pocket expenses that is no more than five
15 percent (5%) of family income.
- 16 (7) The establishment of a comprehensive annual benefit limit per child
17 that is no more than the current annual benefit limit under NC Health
18 Choice.
- 19 (8) The most cost-effective and efficient way of administering and
20 managing enrollment in the program and the collection of premiums.
21 This may include having the current administrator of NC Health
22 Choice be the entity to collect premiums, or designating some other
23 benefit management or administrative entity to do so, including the
24 Department.

25 **"SECTION 10.48.(b)** Not later than January 1, 2008, the Department shall submit
26 an interim report of its findings and recommendations to the Senate Appropriations
27 Committee on Health and Human Services, the House of Representatives
28 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
29 Commission on Governmental Operations, and the Fiscal Research Division. The
30 Department shall submit its final report not later than February 1, 2008. It is the intent
31 of the General Assembly to review the Department's recommendations before the
32 Department implements a program to expand access to health insurance to children
33 above two hundred percent (200%) of the federal poverty level effective July 1, 2008, or
34 upon approval of all required federal waivers, whichever occurs later. level.

35 ~~"SECTION 10.48.(c) Of the funds appropriated in this act to the Department of
36 Health and Human Services, the sum of seven (\$7,000,000) for the 2008-2009 fiscal
37 year shall be used to implement a program to expand access to health insurance to
38 children above two hundred percent (200%) of the federal poverty level effective July
39 1, 2008.~~

40 **"SECTION 10.48.(d)** The Department of Health and Human Services, Division of
41 Medical Assistance, shall implement a health care assistance program, NC Kids' Care,
42 to provide health insurance coverage to children in families with incomes above two
43 hundred percent (200%) and not more than two hundred fifty percent (250%) of the
44 federal poverty level, by expanding the Health Insurance Program for Children
45 established under Part 8 of Article 2 of Chapter 108A of the General Statutes. Except as
46 otherwise provided, all the requirements of Part 8 of Article 2 of Chapter 108A of the
47 General Statutes shall apply to the NC Kids' Care program. The Department shall
48 submit any State Child Health Plan amendments required to implement this section.
49 Eligibility for and benefits under this program are not an entitlement and are subject to
50 availability of funds and other changes to State and federal law.

1 "SECTION 10.48.(e) Eligibility. – The Department may enroll eligible children
2 based on the availability of funds. Following are the eligibility and other requirements
3 for participation in NC Kids' Care. Children must:

- 4 (1) Be between the ages of birth through 18 years of age;
5 (2) Be ineligible for Medicaid, Medicare, or other government sponsored
6 health insurance, except that any child covered under
7 G.S. 108A-70.21(g) as of the effective date of this section shall be
8 eligible for participation in NC Kids' Care as provided in subsection
9 (o) of this section;
10 (3) If permitted by federal law, have been uninsured for a period of time
11 established by the Department in accordance with federal law. A child
12 enrolled in NC Health Choice pursuant to Part 8 of article 1 of Chapter
13 108A of the General statutes immediately prior to enrollment under
14 NC Kids' Care shall not be required to satisfy a waiting period in order
15 to receive coverage under NC Kids' Care.
16 (4) Be in a family whose family income is above two hundred percent
17 (200%) through two hundred fifty percent (250%) of the federal
18 poverty level;
19 (5) Be a resident of this State, meet applicable federal citizenship and
20 immigration requirements, and be eligible under federal law; and
21 (6) Have paid the monthly premiums required under this section.

22 "SECTION 10.48.(f) Benefits and Limitations. – Except as otherwise provided in
23 this section for eligibility and cost-sharing requirements, health benefits coverage
24 provided to children eligible for NC Kids' Care shall be the same as coverage provided
25 under Part 8 of Article 2 of Chapter 108A of the General Statutes.

26 "SECTION 10.48.(g) Community Care of North Carolina. – The Department of
27 Health and Human Services shall provide services to children enrolled in the NC Kids'
28 Care program through Community Care of North Carolina and shall pay Community
29 Care of North Carolina providers a care management fee for these services as allowed
30 under Medicaid.

31 "SECTION 10.48.(h) Cost-Sharing. – The Department shall require NC Kids' Care
32 enrollees to contribute to the cost of their care through the use of deductibles,
33 co-payments, and premiums as follows:

- 34 (1) No annual enrollment fee. – In lieu of an annual enrollment fee, a
35 monthly premium shall be charged for each child or family enrolled in
36 NC Kids' Care. The Department shall establish a procedure for sharing
37 a portion of premium receipts with each county department of social
38 services to cover the cost of determining eligibility for services under
39 NC Kids' Care.
40 (2) Premiums. – The premium amount charged for each child or family
41 shall vary depending on family income. Enrollees shall pay monthly
42 premiums as follows:
43 a. Enrollees whose family income is above two hundred percent
44 (200%) through two hundred twenty-five percent (225%) of the
45 federal poverty level shall pay a monthly premium not to
46 exceed thirty dollars (\$30.00) per child.
47 b. Enrollees whose family income is above two hundred
48 twenty-five percent (225%) through two hundred fifty percent
49 (250%) of the federal poverty level shall pay a monthly
50 premium not to exceed sixty dollars (\$60.00) per child.

- 1 (3) Co-payments. – NC Kids' Care enrollees shall be responsible for
2 co-payments to providers as follows:
3 a. Ten dollars (\$10.00) per child for each primary care physician
4 visit;
5 b. Twenty-five dollars (\$25.00) per child for each specialty care
6 physician visit;
7 c. Twenty-five dollars (\$25.00) per child for each physical
8 therapy, occupational therapy, or speech therapy visit;
9 d. Thirty dollars (\$30.00) per child for each outpatient hospital
10 visit;
11 e. Fifty dollars (\$50.00) per child for each inpatient hospital visit;
12 f. Twenty dollars (\$20.00) per child for durable medical
13 equipment, except there shall be no co-payment required for
14 diabetic supplies;
15 g. One hundred dollars (\$100.00) for each emergency room visit,
16 except the co-payment is waived if the enrollee is admitted to
17 the hospital;
18 h. One hundred fifty dollars (\$150.00) for each ambulance service,
19 except the co-payment is waived if the enrollee is admitted to
20 the hospital;
21 i. Outpatient prescription drugs, as follows:
22 1. Five dollars (\$5.00) for each generic prescription drug,
23 for each brand-name prescription drug for which there is
24 no generic substitution available, and for each covered
25 over-the-counter medication; and
26 2. Twenty dollars (\$20.00) for each brand-name
27 prescription drug for which there is a generic substitution
28 available.
29 (4) Deductible. – The Department may establish an annual deductible not
30 to exceed two hundred fifty dollars (\$250.00) per child.
31 (5) The Department shall establish maximum annual cost-sharing limits
32 per individual or family, provided that the total annual aggregate
33 cost-sharing, including premiums, with respect to all children in a
34 family receiving benefits under this section shall not exceed five
35 percent (5%) of the family's income for the year involved.

36 "SECTION 10.48.(i) Enrollment in NC Kids' Care shall not exceed 15,000 children
37 for the 2008-2009 fiscal year. This enrollment cap shall not be exceeded even if State
38 and federal funds are available to enroll additional children for the current fiscal year.

39 "SECTION 10.48.(j) The nonfederal costs of NC Kids' Care shall be paid with
40 State funds and enrollee premiums. Counties shall not be required to share in the
41 nonfederal costs of NC Kids' Care.

42 "SECTION 10.48.(k) To the extent allowed by federal law, providers of services
43 under NC Kids' Care shall be paid at rates equivalent to Medicaid rates, less any
44 applicable co-payments or deductibles.

45 "SECTION 10.48.(l) Administration of NC Kids' Care shall be in accordance with
46 Part 8 of Article 2 of Chapter 108A of the General Statutes.

47 "SECTION 10.48.(m) Enrollees covered under G.S. 108A-70.21(g) prior to the
48 effective date of subsection (n) of this section may choose to continue coverage under
49 that section through the end of their buy-in coverage period or enroll in NC Kids' Care
50 provided they meet the eligibility requirements, pay the applicable premium, and notify
51 their county department of social services within 60 days of receiving notice of their

1 potential eligibility under NC Kids' Care. For any enrollee electing to transfer coverage
2 from the buy-in program to NC Kids' Care, coverage under NC Kids' Care shall become
3 effective the first day of the next month immediately following the month in which they
4 notified their county department of social services of their intent to enroll in NC Kids'
5 Care.

6 "SECTION 10.48.(n) This section becomes effective April 1, 2009, or upon
7 approval of all State Child Health Plan amendments, whichever is later, and is
8 contingent upon the availability of sufficient federal funding. The Department shall not
9 apply for such amendments until the US Congress acts to reauthorize the State
10 Children's Health Insurance Program with sufficient funding to support the current
11 North Carolina program and the provisions of this section."

12 **SECTION 10.12.(b)** G.S. 108A-70.21(c) reads as rewritten:

13 "(c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
14 coverage for enrollees whose family income is at or below one hundred fifty percent
15 (150%) of the federal poverty level. The enrollment fee for Program coverage for
16 enrollees whose family income is above one hundred fifty percent (150%) through two
17 hundred percent (200%) of the federal poverty level shall be fifty dollars (\$50.00) per
18 year per child with a maximum annual enrollment fee of one hundred dollars (\$100.00)
19 for two or more children. The enrollment fee shall be collected by the county
20 department of social services and retained to cover the cost of determining eligibility for
21 services under the Program. County departments of social services shall establish
22 procedures for the collection of enrollment fees."

23 **SECTION 10.12.(c)** G.S. 108A-70.21(g) reads as rewritten:

24 "(g) Purchase of Extended Coverage. – An enrollee in the Program who loses
25 eligibility due to an increase in family income ~~above two hundred percent (200%) of the~~
26 ~~federal poverty level and up to and including two hundred twenty five percent (225%)~~
27 ~~of the federal poverty level~~ fifty percent (250%) of the federal poverty level and up to
28 and including two hundred seventy-five percent (275%) of the federal poverty level may
29 purchase at full premium cost continued coverage under the Program for a period not to
30 exceed one year beginning on the date the enrollee becomes ineligible under the income
31 requirements for the Program. ~~The same~~ benefits, copayments, and other conditions of
32 enrollment under the Program shall apply applicable to extended coverage purchased
33 under this ~~subsection~~ subsection shall be the same as those applicable to an NC Kids'
34 Care enrollee whose family income equals two hundred fifty percent (250%) of the
35 federal poverty level."

36 37 NC HEALTH CHOICE TRANSITION

38 **SECTION 10.13.(a)** G.S. 135-39.5(23), 135-39.6(d), and 135-39.6A(c) are
39 repealed.

40 **SECTION 10.13.(b)** G.S. 135-42 reads as rewritten:

41 **"§ 135-42. Undertaking Administration and processing of Program claims.**

42 (a) The State of North Carolina undertakes to make available a health insurance
43 program for ~~children (hereinafter called the "Program")~~ children (Program), which shall
44 be called North Carolina Health Choice for Children. The Program shall ~~to~~ provide
45 comprehensive acute medical care to low-income, uninsured children who are residents
46 of this State and who meet the eligibility requirements established for the Program
47 under Part 8 of Article 2 of Chapter 108A of the General Statutes. ~~The Executive~~
48 ~~Administrator and Board of Trustees of the State Health Plan for Teachers and State~~
49 ~~Employees (hereinafter called the "Plan") shall administer the Program under this Part~~
50 ~~and shall carry out their duties and responsibilities in accordance with Parts 2 and 3 of~~
51 ~~this Article and with applicable provisions of Part 8 of Article 2 of Chapter 108A. The~~

1 ~~Plan's self insured indemnity program shall not incur any financial obligations for the~~
2 ~~Program in excess of the amount of funds that the Plan's self insured indemnity program~~
3 ~~receives for the Program. Except as provided in this Part, the Program shall be~~
4 ~~administered by the Department of Health and Human Services in accordance with Part~~
5 ~~8 of Article 2 of Chapter 108A of the General Statutes and as required under applicable~~
6 ~~federal law.~~

7 (a1) Notwithstanding any other provision of law, the Secretary of the Department
8 of Health and Human Services shall delegate the responsibility for the administration
9 and processing of claims for benefits provided under the Program to the Executive
10 Administrator and Board of Trustees of the State Health Plan for Teachers and State
11 Employees (hereinafter called the "Plan") until such date, but not later than July 1, 2010,
12 the Secretary determines that the Department is prepared to assume some or all of these
13 responsibilities. In administering the processing of claims for benefits, the Executive
14 Administrator and Board of Trustees shall have the same type of powers and duties as
15 provided for these purposes under the Predecessor Plan. For the purposes of this Part,
16 "Predecessor Plan" means the "North Carolina Teachers' and State Employees'
17 Comprehensive Major Medical Plan in effect prior to July 1, 2008." The claims
18 payments shall be made against accounts maintained by the Department of Health and
19 Human Services. The Executive Administrator and Board of Trustees shall establish
20 premium rates for benefits provided under this Part. The Department of Health and
21 Human Services shall, from State and federal appropriations and from any other funds
22 made available for the Program, make payments to the Plan as determined by the Plan
23 for its administration, claims processing, and other services delegated by the Secretary
24 to provide coverage for acute medical care for children eligible for benefits provided
25 under the Program. The Plan shall not incur any financial obligations for the Program in
26 excess of the amount of funds that the Plan receives for the Program.

27 (b) The benefits provided under the Program shall be equivalent to the Teachers'
28 and State Employees' Comprehensive Major Medical Plan (hereafter "Predecessor
29 Plan") in effect through June 30, 2008, and as provided under Part 8 of Article 2 of
30 Chapter 108A of the General Statutes, and made available through the Plan pursuant to
31 Articles 2 and 3 of this Chapter and as provided under G.S. 108A 70.21(b) and
32 administered by the Plan's Executive Administrator and Board of Trustees. To the
33 extent there is a conflict between the provisions of Part 8 of Article 2 of Chapter 108A
34 and Part 3 of this Article the Predecessor Plan pertaining to eligibility, fees, deductibles,
35 copayments, and lifetime maximum benefits, and other cost-sharing charges, the
36 provisions of Part 8 of Article 2 of Chapter 108A shall control. In administering the
37 benefits provided by this Part, the Executive Administrator and Board of Trustees shall
38 have the same type of powers and duties that are provided under Part 3 of this Article
39 the Predecessor Plan for hospital and medical benefits.

40 (c) The benefits authorized by this Part are available only to children who are
41 residents of this State and who meet the eligibility requirements established for the
42 Program under Part 8 of Article 2 of Chapter 108A of the General Statutes."

43 **SECTION 10.13.(c)** Part 5 of Article 3 of Chapter 135 of the General
44 Statutes is amended by adding the following new sections to read:

45 **"§ 135-43. Child health insurance fund.**

46 There is established a Child Health Insurance Fund. All premium receipts or any
47 other receipts, including earnings on investments, occurring or arising in connection
48 with acute medical care benefits provided under the Program shall be deposited into the
49 Child Health Insurance Fund. Disbursements from the Child Health Insurance Fund
50 shall include any and all amounts required to pay the benefits and administrative costs
51 of the Health Insurance Program for Children.

"§ 135-44. Data reporting.

The Executive Administrator and Board of Trustees of the State Health Plan for Teachers and State Employees shall provide to the Department:

- (1) Data as necessary and in sufficient detail to meet federal reporting requirements under Title XXI; and
- (2) Data showing cost-sharing paid by Program enrollees to assist the Department in monitoring and ensuring that enrollees do not exceed the Program's cost of sharing limitations.
- (3) Data as necessary and in sufficient detail to meet the data collections and reporting requirements pursuant to G.S. 108A -70.27."

SECTION 10.13.(d) G.S. 108A-70.18 reads as rewritten:

"§ 108A-70.18. Definitions.

As used in this Part, unless the context clearly requires otherwise, the term:

- (1) "Comprehensive health coverage" means creditable health coverage as defined under Title XXI.
- (2) "Family income" has the same meaning as used in determining eligibility for the Medical Assistance Program.
- (3) "FPL" or "federal poverty level" means the federal poverty guidelines established by the United States Department of Health and Human Services, as revised each April 1.
- (4) "Medical Assistance Program" means the State Medical Assistance Program established under Part 6 of Article 2 of Chapter 108A of the General Statutes.
- (4a) "Predecessor Plan" means the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan in effect prior to July 1, 2008.
- (5) "Program" means The Health Insurance Program for Children established in this Part.
- (6) "State Plan" means the State Child Health Plan for the State Children's Health Insurance Program established under Title XXI.
- (7) "Title XXI" means Title XXI of the Social Security Act, as added by Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42 U.S.C. (1997).
- (8) "Uninsured" means the applicant for Program benefits is not covered under any private or employer-sponsored comprehensive health insurance plan on the date of enrollment."

SECTION 10.13.(e) G.S. 108A-70.20 reads as rewritten:

"§ 108A-70.20. Program established.

The Health Insurance Program for Children is established. The Program shall be known as North Carolina Health Choice for Children, and it shall be administered by the Department of Health and Human Services in accordance with this Part and as required under Title XXI and related federal rules and regulations. Administration of Program benefits and claims processing shall be as provided under Part 5 of Article 3 of Chapter 135 of the General Statutes."

SECTION 10.13.(f) Effective July 1, 2008, G.S. 108A-70.21 reads as rewritten:

"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing; coverage from private plans; purchase of extended coverage.

1 (a) Eligibility. – The Department may enroll eligible children based on
 2 availability of funds. Following are eligibility and other requirements for participation
 3 in the Program:

- 4 (1) Children must:
 5 a. Be between the ages of 6 through 18;
 6 b. Be ineligible for Medicaid, Medicare, or other federal
 7 government-sponsored health insurance;
 8 c. Be uninsured;
 9 d. Be in a family whose family income is above one hundred
 10 percent (100%) through two hundred percent (200%) of the
 11 federal poverty level;
 12 e. Be a resident of this State and eligible under federal law; and
 13 f. Have paid the Program enrollment fee required under this Part.

14 (2) Proof of family income and residency and declaration of uninsured
 15 status shall be provided by the applicant at the time of application for
 16 Program coverage. The family member who is legally responsible for
 17 the children enrolled in the Program has a duty to report any change in
 18 the enrollee's status within 60 days of the change of status.

19 (3) If a responsible parent is under a court order to provide or maintain
 20 health insurance for a child and has failed to comply with the court
 21 order, then the child is deemed uninsured for purposes of determining
 22 eligibility for Program benefits if at the time of application the
 23 custodial parent shows proof of agreement to notify and cooperate
 24 with the child support enforcement agency in enforcing the order.

25 If health insurance other than under the Program is provided to the
 26 child after enrollment and prior to the expiration of the eligibility
 27 period for which the child is enrolled in the Program, then the child is
 28 deemed to be insured and ineligible for continued coverage under the
 29 Program. The custodial parent has a duty to notify the Department
 30 within 10 days of receipt of the other health insurance, and the
 31 Department, upon receipt of notice, shall disenroll the child from the
 32 Program. As used in this paragraph, the term "responsible parent"
 33 means a person who is under a court order to pay child support.

34 (4) Except as otherwise provided in this section, enrollment shall be
 35 continuous for one year. At the end of each year, applicants may
 36 reapply for Program benefits.

37 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,
 38 copayments, and other cost-sharing charges, health benefits coverage provided to
 39 children eligible under the Program shall be equivalent to coverage provided for
 40 dependents under the ~~State Health Plan for Teachers and State Employees, including~~
 41 ~~optional prepaid plans.~~ Predecessor Plan.

42 In addition to the benefits provided under the ~~Plan,~~ Predecessor Plan, the following
 43 services and supplies are covered under the Health Insurance Program for Children
 44 established under this Part:

- 45 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a
 46 12-month period, full mouth X-rays once every 60 months,
 47 supplemental bitewing X-rays showing the back of the teeth once
 48 during a 12-month period, fluoride applications twice during a
 49 12-month period, fluoride varnish, sealants, simple extractions,
 50 therapeutic pulpotomies, prefabricated stainless steel crowns, and
 51 routine fillings of amalgam or other tooth-colored filling material to

1 restore diseased teeth. No benefits are to be provided for services and
2 materials under this subsection that ~~are not performed by or upon the~~
3 ~~direction of a dentist, doctor, or other professional provider approved~~
4 ~~by the Plan nor for services and materials that do not meet the~~
5 standards accepted by the American Dental Association.

6 (2) Vision: Scheduled routine eye examinations once every 12 months,
7 eyeglass lenses or contact lenses once every 12 months, routine
8 replacement of eyeglass frames once every 24 months, and optical
9 supplies and solutions when needed. Optical services, supplies, and
10 solutions must be obtained from licensed or certified ophthalmologists,
11 optometrists, or optical dispensing laboratories. Eyeglass lenses are
12 limited to single vision, bifocal, trifocal, or other complex lenses
13 necessary for a Plan enrollee's visual welfare. Coverage for oversized
14 lenses and frames, designer frames, photosensitive lenses, tinted
15 contact lenses, blended lenses, progressive multifocal lenses, coated
16 lenses, and laminated lenses is limited to the coverage for single
17 vision, bifocal, trifocal, or other complex lenses provided by this
18 subsection. Eyeglass frames are limited to those made of zylonite,
19 metal, or a combination of zylonite and metal. All visual aids covered
20 by this subsection require ~~prior approval of the Plan. Upon prior~~
21 ~~approval by the Plan, prior approval.~~ Upon prior approval refractions
22 may be covered more often than once every 12 months.

23 (3) Hearing: Auditory diagnostic testing services and hearing aids and
24 accessories when provided by a licensed or certified audiologist,
25 otolaryngologist, or other approved hearing aid specialist approved by
26 ~~the Plan. Prior approval of the Plan specialist. Prior approval is~~
27 required for hearing aids, accessories, earmolds, repairs, loaners, and
28 rental aids.

29 (4) Over-the-counter medications: Selected over-the-counter medications
30 provided the medication is covered under the State Medical Assistance
31 Plan. Coverage shall be subject to the same policies and approvals as
32 required under the Medicaid program.

33 ~~Effective January 1, 2006, the~~ The Department shall provide services to children
34 enrolled in the NC Health Choice Program through Community Care of North Carolina
35 and shall pay Community Care of North Carolina providers for these services as
36 allowed under Medicaid.

37 (b1) Payments. – Prescription drug providers shall accept as payment in full, for
38 outpatient prescriptions filled, amounts allowable for prescription drugs under
39 Medicaid. For all other providers, ~~effective no later than January 1, 2006, services~~
40 provided to children enrolled in the Program shall be provided at rates equivalent to one
41 hundred ~~fifteen percent (115%)~~ percent (100%) of Medicaid rates, less any co-payments
42 assessed to enrollees under this Part. ~~Effective July 1, 2006, services provided to these~~
43 ~~children shall be provided at rates equivalent to one hundred percent (100%) of~~
44 ~~Medicaid rates, less any co-payments assessed to enrollees under this Part. Effective~~
45 ~~until rates equivalent to one hundred fifteen percent (115%) of Medicaid rates become~~
46 ~~effective, providers of services to Program enrollees shall accept as payment in full for~~
47 ~~services rendered the maximum allowable charges under the State Health Plan for~~
48 ~~Teachers and State Employees for services less any co-payments assessed to enrollees~~
49 ~~under this Part.~~

50 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
51 coverage for enrollees whose family income is at or below one hundred fifty percent

1 (150%) of the federal poverty level. The enrollment fee for Program coverage for
2 enrollees whose family income is above one hundred fifty percent (150%) of the federal
3 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual
4 enrollment fee of one hundred dollars (\$100.00) for two or more children. The
5 enrollment fee shall be collected by the county department of social services and
6 retained to cover the cost of determining eligibility for services under the Program.
7 County departments of social services shall establish procedures for the collection of
8 enrollment fees.

9 (d) Cost-Sharing. – There shall be no deductibles, copayments, or other
10 cost-sharing charges for families covered under the Program whose family income is at
11 or below one hundred fifty percent (150%) of the federal poverty level, except that fees
12 for outpatient prescription drugs are applicable and shall be one dollar (\$1.00) for each
13 outpatient generic prescription ~~drug and drug~~, for each outpatient brand-name
14 prescription drug for which there is no generic substitution ~~available~~.available, and for
15 each covered over-the-counter medication. The fee for each outpatient brand-name
16 prescription drug for which there is a generic substitution available is three dollars
17 (\$3.00). Families covered under the Program whose family income is above one
18 hundred fifty percent (150%) of the federal poverty level shall be responsible for
19 copayments to providers as follows:

- 20 (1) Five dollars (\$5.00) per child for each visit to a provider, except that
21 there shall be no copayment required for well-baby, well-child, or
22 age-appropriate immunization services;
- 23 (2) Five dollars (\$5.00) per child for each outpatient hospital visit;
- 24 (3) A one dollar (\$1.00) fee for each outpatient generic prescription ~~drug~~
25 ~~and drug~~, for each outpatient brand-name prescription drug for which
26 there is no generic substitution ~~available~~.available, and for each
27 covered over-the-counter medication. The fee for each outpatient
28 brand-name prescription drug for which there is a generic substitution
29 available is ten dollars (\$10.00).
- 30 (4) Twenty dollars (\$20.00) for each emergency room visit unless:
 - 31 a. The child is admitted to the hospital, or
 - 32 b. No other reasonable care was available as determined by the
33 ~~Claims Processing Contractor of the State Health Plan for~~
34 ~~Teachers and State Employees~~.Department.

35 Copayments required under this subsection for prescription drugs apply only to
36 prescription drugs prescribed on an outpatient basis.

37 (e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing,
38 including fees, with respect to all children in a family receiving Program benefits under
39 this Part shall not exceed five percent (5%) of the family's income for the year involved.
40 ~~To assist the Department in monitoring and ensuring that the limitations of this~~
41 ~~subsection are not exceeded, the Executive Administrator and Board of Trustees of the~~
42 ~~State Health Plan for Teachers and State Employees shall provide data to the~~
43 ~~Department showing cost sharing paid by Program enrollees.~~

44 (f) Coverage From Private Plans. – The Department shall, from funds available
45 for the Program, pay the cost for dependent coverage provided under a private insurance
46 plan for persons eligible for coverage under the Program if all of the following
47 conditions are met:

- 48 (1) The person eligible for Program coverage requests to obtain dependent
49 coverage from a private insurer in lieu of coverage under the Program
50 and shows proof that coverage under the private plan selected meets
51 the requirements of this subsection;

- 1 (2) The dependent coverage under the private plan is actuarially
2 equivalent to the coverage provided under the Program and the private
3 plan does not engage in the exclusive enrollment of children with
4 favorable health care risks;
- 5 (3) The cost of dependent coverage under the private plan is the same as
6 or less than the cost of coverage under the Program; and
- 7 (4) The total annual aggregate cost-sharing, including fees, paid by the
8 enrollee under the private plan for all dependents covered by the plan,
9 do not exceed five percent (5%) of the enrollee's family income for the
10 year involved.

11 The Department may reimburse an enrollee for private coverage under this
12 subsection upon a showing of proof that the dependent coverage is in effect for the
13 period for which the enrollee is eligible for the Program.

14 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses
15 eligibility due to an increase in family income above two hundred percent (200%) of the
16 federal poverty level and up to and including two hundred twenty-five percent (225%)
17 of the federal poverty level may purchase at full premium cost continued coverage
18 under the Program for a period not to exceed one year beginning on the date the enrollee
19 becomes ineligible under the income requirements for the Program. The same benefits,
20 copayments, and other conditions of enrollment under the Program shall apply to
21 extended coverage purchased under this subsection.

22 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
23 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
24 subsection (f) of this section.

25 (i) No Lifetime Maximum Benefit Limit. – Benefits provided to an enrollee in
26 the Program shall not be subject to a maximum lifetime limit."

27 **SECTION 10.13.(g)** G.S. 108A-70.22 is repealed.

28 **SECTION 10.13.(h)** G.S. 108A-70.23 reads as rewritten:

29 **"§ 108A-70.23. Services for children with special needs established; definition;**
30 **eligibility; services; limitation; recommendations; no entitlement.**

31 (a) [Special Needs Services Authorized. –] The Department shall, from federal
32 funds received and State funds appropriated for the Program, pay for services for
33 children with special needs as authorized under this section. As used in this section, the
34 term "children with special needs" or "special needs child" means children who have
35 been diagnosed as having one or more of the following conditions which in the opinion
36 of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily
37 routine, and (iii) require extensive medical intervention and extensive family
38 management:

- 39 (1) Birth defect, including genetic, congenital, or acquired disorders;
40 (2) Developmental disability as defined under G.S. 122C-3;
41 (3) Mental or behavioral disorder; or
42 (4) Chronic and complex illnesses.

43 (b) Eligibility for Services. – In order to be eligible for services under this section
44 a special needs child must be enrolled in the Program.

45 (c) Services Provided. – The services authorized to be provided to children
46 eligible under this section are as follows:

- 47 (1) The same level of services as provided for special needs children under
48 the Medical Assistance Program as authorized in the Current
49 Operations Appropriations Act except that:
50 a. No services for long-term care shall be provided under this
51 section;

- 1 b. Services for respite care shall be provided only under
2 emergency circumstances; and
3 c. The Department may limit services for special needs children
4 after consultation with the Commission on Children with
5 Special Health Care Needs.

6 (2) Only those services eligible under this section that are not covered or
7 otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the~~
8 ~~General Statutes; the Predecessor Plan.~~

9 (d) Limitation. – Funds may be expended for services under this section only if
10 the special needs child is enrolled in the Program, the services provided under this
11 section are not provided under ~~Part 5 of Article 3 of Chapter 135 of the General~~
12 ~~Statutes; the Predecessor Plan~~ and the child meets the definition of a special needs child
13 under this section.

14 (e) Case Management Services. – The Department shall develop procedures for
15 the provision of case management services by the Department to eligible special needs
16 children. Case management services shall be developed to ensure to the maximum
17 extent possible that services are provided in the most efficient and effective manner
18 considering the special needs of the child. The cost of providing case management
19 services for children with special needs shall be paid from funds available for services
20 under this section.

21 (f) Recommendations by Commission on Children With Special Health Care
22 Needs. – In implementing this section the Department shall consider the
23 recommendations of the Commission on Children With Special Health Care Needs
24 established under ~~Article 71~~ Article 72 of Chapter 143 of the General Statutes. The
25 Department, in consultation with the Commission on Children With Special Health Care
26 Needs shall develop procedures for providing respite care services under emergency
27 circumstances.

28 (g) No Entitlement. – Nothing in this section shall be construed as entitling any
29 person to services under this section."

30 **SECTION 10.13.(i)** G.S. 108A-70.24 is repealed.

31 **SECTION 10.13.(j)** G.S. 108A-27(c) reads as rewritten:

32 "**§ 108A-70.27. Data collection; reporting.**

33 ...

34 (c) ~~The Executive Administrator and Board of Trustees of the North Carolina~~
35 ~~Teachers' and State Employees' Major Medical Plan ("Plan") shall provide to the~~
36 ~~Department data required under this section that are collected by the Plan. Data shall be~~
37 ~~reported by the Plan in sufficient detail to meet federal reporting requirements under~~
38 ~~Title XXI. The Plan~~ The Department shall report periodically to the Joint Legislative
39 Health Care Oversight Committee claims processing data for the Program and any other
40 information the Plan or the Committee deems appropriate and relevant to assist the
41 Committee in its review of the Program."

42 **SECTION 10.13.(k)** Effective July 1, 2009, G.S. 108A-70.21(b)(1), as
43 amended by subsection (g) of this section, reads as rewritten:

44 "**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**
45 **cost-sharing; coverage from private plans; purchase of extended**
46 **coverage.**

47 ...

48 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,
49 copayments, and other cost-sharing charges, health benefits coverage provided to
50 children eligible under the Program shall be equivalent to coverage provided for
51 dependents under the Predecessor Plan.

1 In addition to the benefits provided under the Predecessor Plan, dental services and
2 supplies as follows:

3 (1) ~~Dental:~~ Oral examinations, teeth cleaning, and ~~sealing~~ topical fluoride
4 treatments twice during a 12-month period, full mouth X-rays once
5 every 60 months, supplemental bitewing X-rays showing the back of
6 the teeth once during a 12-month period, ~~fluoride applications twice~~
7 ~~during a 12 month period, fluoride varnish, sealants, simple~~
8 ~~extractions, sealants, extractions, other than impacted teeth or wisdom~~
9 ~~teeth, therapeutic pulpotomies, space maintainers, root canal therapy~~
10 ~~for permanent anterior teeth and permanent first molars, prefabricated~~
11 ~~stainless steel crowns, and routine fillings of amalgam or other~~
12 ~~tooth-colored filling material to restore diseased teeth.~~

13 (1a) Orthognathic surgery to correct functionally impairing malocclusions
14 when orthodontics was approved and initiated while the child was
15 covered by Medicaid and the need for orthognathic surgery was
16 documented in the orthodontic treatment plan.

17 No benefits are to be provided for services and materials under this subsection that
18 do not meet the standards accepted by the American Dental Association."

19 **SECTION 10.13.(l)** The Secretary of the Department of Health and Human
20 Services shall develop and implement a plan for assuming administrative responsibility
21 for the North Carolina Health Choice for Children program by transitioning all
22 administrative oversight and claims processing activities from the Executive
23 Administrator and Board of Trustees of the State Health Plan for Teachers and State
24 Employees to the Division of Medical Assistance. The transition of all administrative
25 oversight and claims processing from the State Health Plan to the Division of Medical
26 Assistance shall be completed not later than July 1, 2010. The Secretary shall report to
27 the Joint Legislative Health Care Oversight Committee and the Committee on
28 Employee Hospital and Medical Benefits at least 30 days prior to effecting the transition
29 of the responsibilities for the administration and processing of claims for benefits
30 provided under the North Carolina Health Choice for Children program from the
31 Executive Administrator and Board of Trustees of the State Health Plan for Teachers
32 and State Employees to the Department.

33 **SECTION 10.13.(m)** The Secretary of the Department of Health and Human
34 Services shall develop a plan to ensure operation of the most cost-effective program on
35 a long-term basis, including identifying a new third-party administrator and
36 restructuring the benefits design for the North Carolina Health Choice program, if
37 necessary, and provide a progress report to the General Assembly by May 15, 2009. The
38 following factors should be considered in identifying and evaluating alternatives for a
39 long-term claims processing solution:

- 40 (1) The ability of the State and the amount of time required to realize a
41 return on its investment in the BCBSNC Power MHS system (i.e., the
42 cost to the State to move NCHC claims processing from the Legacy
43 System to MHS).
- 44 (2) The operational efficiency of the BCBSNC Power MHS system as an
45 interim solution.
- 46 (3) The amount of time, transition and operating costs required to select a
47 new vendor and develop, design, and implement an independent
48 claims processing system for NC Health Choice.
- 49 (4) Likely operational issues and additional costs associated with ensuring
50 compatability of an independent claims processing system with the
51 MMIS replacement system.

- 1 (5) The amount of time, transition, and operating costs required to modify
2 and enhance the core MMIS replacement system to process NC Health
3 Choice claims.
- 4 (6) The impact of decisions related to the benefit structure and coverage
5 policies, including the ability to implement future program changes.
- 6 (7) Any other factors or issues related to ensuring long-term
7 cost-effectiveness and operating efficiency of claims processing and
8 other administrative activities for NC Health Choice.

9 **SECTION 10.13.(n)** Subsections (a) through (c) and subsections (e) through
10 (k) of this section become effective July 1, 2008. Effective July 1, 2010, G.S. 135-42,
11 as amended by subsection (b) of this section, is repealed. The remainder of this section
12 is effective when this act becomes law.

13 14 **HEALTH CHOICE PENDING FEDERAL ACTION**

15 **SECTION 10.14.(a)** Section 10.47 of S.L. 2007-323 is repealed.

16 **SECTION 10.14.(b)** Not later than July 1, 2008, the Department of Health
17 and Human Services shall notify the Centers for Medicare and Medicaid Services that
18 on September 1, 2008, the Department of Health and Human Services will suspend the
19 enrollment of additional children in the NC Health Choice Program. The Department
20 shall begin enrolling new enrollees on April 1, 2009, only if the federal government
21 reauthorizes or provides additional federal funding to address the shortfall in federal
22 funding for federal fiscal year 2009 for the State Children's Health Insurance Program
23 (SCHIP). If the federal government reauthorizes the program or provides federal
24 funding prior to April 1, 2009, the Department shall, from available existing funds
25 within the Department, begin enrolling new enrollees in the NC Health Choice program.
26 Upon resuming enrollment of new enrollees, the Department may allow up to two and
27 four-tenths percent (2.4%) enrollment growth over the prior fiscal year's enrollment in
28 the NC Health Choice Program. The cap in enrollment growth shall be based on the
29 month of highest Program enrollment in the prior fiscal year.

30 **SECTION 10.14.(c)** Funds remaining due to the freeze on enrollment shall
31 be retained by NC Health Choice for use in the next fiscal year. This subsection
32 becomes effective June 30, 2008.

33 34 **MENTAL HEALTH CHANGES**

35 **SECTION 10.15.(a)** For the purpose of mitigating cash-flow problems that
36 many non-single-stream local management entities (LMEs) experience at the beginning
37 of each fiscal year, the Department of Health and Human Services, Division of Mental
38 Health, Developmental Disabilities, and Substance Abuse Services, shall adjust the
39 timing and method by which allocations of service dollars are distributed to each
40 non-single-stream LME. To this end, the allocations shall be adjusted such that at the
41 beginning of the fiscal year the Department shall distribute not less than one-twelfth of
42 the LME's continuation allocation and subtract the amount of the adjusted distribution
43 from the LME's total reimbursements for the fiscal year.

44 **SECTION 10.15.(b)** Of the funds appropriated for substance abuse services
45 to the Department of Health and Human Services, Division of Mental Health,
46 Developmental Disabilities, and Substance Abuse Services, for the 2007-2008 and
47 2008-2009 fiscal years, the sum of at least eight million dollars (\$8,000,000) shall be
48 allocated for regionally purchased locally hosted substance abuse services. These funds
49 shall be used to support LMEs in establishing additional regionally purchased and
50 locally hosted substance abuse programs. Funds appropriated shall be for the purpose
51 of developing and enhancing the American Society of Addiction Medicine (ASAM)

1 continuum of care at the community level. The Department of Health and Human
2 Services shall work with LMEs in establishing these programs. LMEs shall report to
3 the Department of Health and Human Services on the LMEs' use of the funds.
4 Reporting dates and frequency shall be as determined by the Department.

5 **SECTION 10.15.(c)** The Department shall encourage the conversion of the
6 remaining non-single-stream LMEs to single-stream funding as soon as possible. The
7 Department shall develop prompt-pay guidelines as part of single-stream funding
8 requirements. The Department shall also develop standards for the removal of
9 single-stream designation for those LMEs that do not continue to comply with the
10 applicable requirements for single-stream funding, except that the Department's
11 requirements shall allow for LMEs in the first year of single-stream funding to have a
12 six-month grace period to comply with the requirements from the time the LME begins
13 single-stream funding. For its report on performance measures, the Department shall
14 include a matrix by LME and performance measure of those LMEs that are not meeting
15 the performance measure.

16 **SECTION 10.15.(d)** The Department of Health and Human Services shall
17 simplify the current State Integrated Payment and Reporting System (IPRS) to
18 encourage more providers to serve State-paid clients. This effort shall include working
19 with LMEs to develop billing codes for relevant activities currently lacking such codes.

20 **SECTION 10.15.(e)** The Department of Health and Human Services shall
21 consult with LMEs and service providers to determine why there have been under- and
22 over-expenditure of State service dollars by LMEs and shall take the action necessary to
23 address the problem. In making its determination, the Department shall work with
24 LMEs and providers. Not later than January 1, 2009, the Department shall report to the
25 House of Representatives Appropriations Subcommittee on Health and Human
26 Services, the Senate Appropriations Committee on Health and Human Services, the
27 Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental
28 Health, Developmental Disabilities, and Substance Abuse Services on actions taken to
29 address the problem of LME under- and over-expenditure of service dollars. The report
30 shall include legislative action needed to address the problem.

31 **SECTION 10.15.(f)** The Department shall perform a services gap analysis
32 of the Mental Health, Developmental Disabilities, and Substance Abuse Services
33 System. The Department of Health and Human Services shall involve LMEs in
34 performing the gap analysis. The Department shall not contract with an independent
35 entity to perform the gap analysis. The Department shall report the results of its
36 analysis to the House of Representatives Appropriations Subcommittee on Health and
37 Human Services, the Senate Appropriations Committee on Health and Human Services,
38 the Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental
39 Health, Developmental Disabilities, and Substance Abuse Services not later than
40 January 1, 2010.

41 **SECTION 10.15.(g)** Notwithstanding any other provision of law to the
42 contrary, the Secretary of Health and Human Services shall delay the opening of Central
43 Regional Hospital until all Centers for Medicare and Medicaid Services (CMS) and
44 JCAHO staffing and safety requirements have been met. Not sooner than the date on
45 which all of these staffing and safety requirements have been met, the Secretary may
46 transfer patients from John Umstead Hospital to Central Regional Hospital. After
47 transferring patients from John Umstead Hospital, the Secretary may transfer patients
48 from Dorothea Dix Hospital to Central Regional Hospital if the Secretary finds that
49 Central Regional Hospital is operating in a safe and secure manner.

50 **SECTION 10.15.(h)** In order to temporarily address high admissions to
51 adult acute unit beds in the State psychiatric hospitals, the Secretary of the Department

1 of Health and Human Services may, notwithstanding G.S. 122C-181 and
2 G.S. 122C-112.1(a)(30), open and operate on a temporary basis up to 60 beds at the
3 Central Regional Hospital Wake Unit on the Dorothea Dix Campus and may maintain
4 the Wake Unit on the Dix Campus until beds become available in the system. Section
5 10.49(t) of S.L. 2007-323 does not apply to this subsection.

6 **SECTION 10.15.(i)** Onetime funds appropriated for the Dorothea Dix
7 Hospital overflow unit shall be used to support the temporary opening and operation of
8 the Central Regional Hospital Wake Unit on the Dorothea Dix Campus. It is the intent
9 of the General Assembly to fund the Wake Unit for three years. Notwithstanding any
10 other provision of law to the contrary, the Office of State Budget and Management shall
11 establish the positions for the Central Regional Hospital Wake Unit on the Dorothea
12 Dix campus as time-limited positions.

13 **SECTION 10.15.(j)** Of the funds appropriated in this act to the Department
14 of Health and Human Services, Division of Mental Health, Developmental Disabilities,
15 and Substance Abuse Services, for mobile crisis teams, the sum of five million seven
16 hundred fifty-five thousand dollars (\$5,755,000) shall be distributed to LMEs to support
17 30 mobile crisis teams. The new mobile crisis units shall be distributed across the State
18 according to need as determined by the Department.

19 **SECTION 10.15.(k)** Of the funds appropriated in this act to the Department
20 of Health and Human Services, Division of Mental Health, Developmental Disabilities,
21 and Substance Abuse Services, the sum of ten million six hundred twenty-one thousand
22 six hundred forty-four dollars (\$10,621,644) shall be allocated for the purchase of local
23 inpatient psychiatric beds. These beds shall be distributed across the State according to
24 need as determined by the Department. The Department shall enter into contracts with
25 the LMEs and community hospitals for the management of these beds. Local inpatient
26 psychiatric beds shall be managed and controlled by the LME, including the
27 determination of which local or State hospital the individual should be admitted to
28 pursuant to an involuntary commitment order. Funds shall not be allocated to LMEs but
29 shall be held in a statewide reserve at the Division of Mental Health, Developmental
30 Disabilities, and Substance Abuse Services to pay for services authorized by the LMEs
31 and billed by the hospitals through the LMEs. LMEs shall remit claims for payment to
32 the Division within 15 working days of receipt of a clean claim from the hospital and
33 shall pay the hospital within 10 working days of receipt of payment from the Division.
34 If the Department determines (i) that an LME is not effectively managing the beds for
35 which it has responsibility, as evidenced by beds in the local hospital not being utilized
36 while demand for services at the State psychiatric hospitals has not reduced, or (ii) the
37 LME has failed to comply with the prompt payment provisions of this subsection, the
38 Department may contract with another LME to manage the beds or, notwithstanding
39 any other provision of law to the contrary, may pay the hospital directly. The
40 Department shall develop reporting requirements for LMEs regarding the utilization of
41 the beds. Funds appropriated in this section for the purchase of local inpatient
42 psychiatric beds shall be used to purchase additional beds not currently funded by or
43 through LMEs and shall not be used to supplant other funds available or otherwise
44 appropriated for the purchase of psychiatric inpatient services under contract with
45 community hospitals, including beds being purchased through Hospital Pilot funds
46 appropriated in S.L. 2007-323.

47 **SECTION 10.15.(l)** Funds appropriated in this act in the amount of one
48 million eighty thousand nine hundred ninety-two dollars (\$1,080,992) for start-up and
49 ongoing support of respite beds for individuals with developmental disabilities shall be
50 distributed across the State by the Department according to need.

1 **SECTION 10.15.(m)** Of the funds appropriated in this act to the Department
2 of Health and Human Services, Division of Mental Health, Developmental Disabilities,
3 and Substance Abuse Services, the sum of six million one hundred thirteen thousand
4 nine hundred forty-seven dollars (\$6,113,947) shall be allocated for walk-in crisis and
5 immediate psychiatric aftercare and shall be distributed to the LMEs to support 30
6 psychiatrists and related support staff. Of these funds, the sum of one million six
7 hundred fifty thousand dollars (\$1,650,000) shall be used for telepsychiatry equipment
8 to be owned by the LMEs.

9 **SECTION 10.15.(n)** When implementing subsections (j) through (n) of this
10 section, the Department shall apply the Cross-Area Service Program model where
11 appropriate.

12 **SECTION 10.15.(o)** The independent and supportive living apartments for
13 persons with disabilities constructed from funds appropriated in this act for that purpose
14 shall be affordable to persons with incomes at the Supplemental Security Income (SSI)
15 level.

16 **SECTION 10.15.(p)** The Department of Health and Human Services,
17 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
18 shall implement the tiered CAP-MR/DD waiver program in accordance with Section
19 10.49(dd) of S.L. 2007-323. The Department shall implement the program with four
20 tiers: (i) up to fifteen thousand dollars (\$15,000); (ii) between fifteen thousand one
21 dollars (\$15,001) and forty-five thousand dollars (\$45,000); (iii) between forty-five
22 thousand one dollars (\$45,001) and seventy-five thousand dollars (\$75,000); and (iv)
23 between seventy-five thousand one dollars (\$75,001) and one hundred thousand dollars
24 (\$100,000). The Department shall review on a case-by-case basis tier funding in excess
25 of one hundred thousand dollars (\$100,000) and may authorize the excess amount based
26 on standards adopted by the Department.

27 **SECTION 10.15.(q)** Of the funds appropriated in this act to the Department
28 of Health and Human Services, Division of Medical Assistance, for the 2008-2009
29 fiscal year for additional CAP-MR/DD slots, a portion of these funds shall be allocated
30 for slots managed under the North Carolina CAP-MR/DD 1915(c) Medicaid waiver and
31 shall be used for tier one slots as described under subsection (n) of this section. In
32 addition a portion of these funds shall be allocated to fund CAP-MR/DD slots statewide
33 to fund a combination of slots managed under the North Carolina CAP-MR/DD 1915(c)
34 Medicaid waiver and slots managed under the North Carolina Piedmont Behavioral
35 Health Care 1915(b) and (c) Medicaid waiver.

36 **SECTION 10.15.(r)** The Department of Health and Human Services shall
37 implement a plan to catch up Piedmont Behavioral Health (PBH) CAP-MR/DD slots to
38 the State average such that one percent (1%) of the funds for turnover CAP-MR/DD
39 slots shall be transferred each year to PBH until PBH CAP-MR/DD slots reach the State
40 per capita average of slots.

41 **SECTION 10.15.(s)** The North Carolina Institute of Medicine (IOM) shall
42 study and report on the transition for persons with developmental disabilities from one
43 life setting to another, including barriers to transition and best practices in successful
44 transitions. The IOM should conduct this study using funds appropriated for IOM
45 studies in the 2007 Session. The study should encompass at least the following topics:
46 (i) the transition for adolescents leaving high school, including adolescents in foster care
47 and those in other settings; (ii) the transition for persons with developmental disabilities
48 who live with aging parents; and (iii) the transition from the developmental centers to
49 other settings. The IOM shall report its findings and recommendations to the House of
50 Representatives Appropriations Subcommittee on Health and Human Services, the
51 Senate Appropriations Committee on Health and Human Services, the Fiscal Research

1 Division, and the Joint Legislative Oversight Committee on Mental Health,
2 Developmental Disabilities, and Substance Abuse Services on or before March 1, 2009.

3 **SECTION 10.15.(t)** The Department of Health and Human Services,
4 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
5 shall assist local management entities (LMEs) in using up to five percent (5%) of the
6 LME's developmental disability funds to help successfully transition individuals from
7 developmental disability centers into the community. The Department of Health and
8 Human Services, Division of Mental Health, Developmental Disabilities, and Substance
9 Abuse Services, shall report on the progress of LMEs in successfully providing
10 discharge planning to individuals with developmental disabilities. The Department of
11 Health and Human Services shall make its report to the House of Representatives
12 Appropriations Subcommittee on Health and Human Services, the Senate
13 Appropriations Committee on Health and Human Services, the Joint Legislative
14 Oversight Committee on Mental Health, Developmental Disabilities, and Substance
15 Abuse Services, and the Fiscal Research Division not later than March 1, 2009.

16 **SECTION 10.15.(u)** The Department of Health and Human Services shall
17 review State-County Special Assistance rates to develop an appropriate rate for special
18 care units for persons with a mental health disability, including individuals with
19 Traumatic Brain Injury (TBI), and shall review current rules pertaining to special care
20 units for persons with a mental health disability to determine if additional standards are
21 necessary. The Department shall report its findings and recommendations to the House
22 of Representatives Appropriations Subcommittee on Health and Human Services, the
23 Senate Appropriations Committee on Health and Human Services, the Joint Legislative
24 Oversight Committee on Mental Health, Developmental Disabilities, and Substance
25 Abuse Services, and the Fiscal Research Division not later than January 1, 2009.

26 **SECTION 10.15.(v)** The Department of Health and Human Services shall
27 ensure that veterans and their families comprise one of the target populations for mental
28 health, developmental disabilities, and substance abuse services in order that this
29 population is eligible for existing funding.

30 **SECTION 10.15.(w)** The Department of Health and Human Services,
31 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
32 shall develop a service authorization process that requires a comprehensive clinical
33 assessment to be completed by a licensed clinician prior to service delivery, except
34 where this requirement would impede access to crisis or other emergency services. The
35 Department shall require that the licensed professional that signs a medical order for
36 behavioral health services must indicate on the order whether the licensed professional
37 (i) has had direct contact with the consumer, and (ii) has reviewed the consumer's
38 assessment. Failure of a licensed professional to comply with this requirement shall
39 subject the licensed professional to disciplinary action by the licensed professional's
40 occupational licensing board. The Department shall report on the development of the
41 service authorization process to the Joint Legislative Oversight Committee on Mental
42 Health, Developmental Disabilities, and Substance Abuse Services not later than
43 October 1, 2008. The Department shall not implement the service authorization process
44 until 15 days after it has notified the House of Representatives Appropriations
45 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
46 Health and Human Services, and the Joint Legislative Oversight Committee on Mental
47 Health, Developmental Disabilities, and Substance Abuse Services.

48 **SECTION 10.15.(x)** The Department of Health and Human Services shall
49 adopt policy such that provider agencies that employ or contract with both medical
50 doctors and licensed, provisionally licensed, or licensed eligible clinical staff, whereby
51 the doctor and the clinical staff provide services on the agency's premises, may bill

1 "incident to" the services of a physician for provisionally licensed staff using the
2 agency's provider number and the physician's provider number as the attending
3 physician. All requirements for supervision of provisionally licensed or licensed eligible
4 staff must be met.

5 **SECTION 10.15.(y)** The Department of Health and Human Services shall
6 develop a plan to return the service authorization, utilization review, and utilization
7 management functions to LMEs for all clients. Not later than February 1, 2009, the
8 Department shall report on the development of the plan to the House of Representatives
9 Appropriations Subcommittee on Health and Human Services, the Senate
10 Appropriations Committee on Health and Human Services, the Joint Legislative
11 Oversight Committee on Mental Health, Developmental Disabilities, and Substance
12 Abuse Services, and the Fiscal Research Division. Not later than July 1, 2009,
13 utilization review, utilization management, and service authorization for publicly
14 funded mental health, developmental disabilities, and substance abuse services should
15 be returned to LMEs representing in total at least thirty percent (30%) of the State's
16 population. The Department shall comply with the requirements of S.L. 2007-323,
17 Section 10.49(ee). The Department shall not contract with an outside vendor for service
18 authorization, utilization review, or utilization management functions, or otherwise
19 obligate the State for these functions beyond September 30, 2010. The Department
20 shall require LMEs to include in their service authorization, utilization management,
21 and utilization review a review of assessments, as well as person-centered plans and
22 random or triggered audits of services and assessments. The Department may also
23 develop and implement a plan to return plan authorization for CAP-MR/DD slots to
24 LMEs.

25 **SECTION 10.15.(z)** The Department of Health and Human Services,
26 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
27 shall study Medicaid waivers, including 1915(b) and (c) waivers, for all LMEs. In cases
28 where Medicaid waivers are not appropriate for an LME, the Department shall identify
29 and recommend strategies to increase LME flexibility to provide case management,
30 assessment, limit provider networks, or other innovative approach for managing care.
31 Not later than March 1, 2009, the Department shall report its findings and
32 recommendations to the House of Representatives Appropriations Subcommittee on
33 Health and Human Services, the Senate Appropriations Committee on Health and
34 Human Services, the Joint Legislative Oversight Committee on Mental Health,
35 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research
36 Division.

37 **SECTION 10.15.(aa)** The Piedmont Behavioral Health (PBH) local
38 management entity (LME) shall be deemed by the Department as a demonstration
39 model in the PBH LME catchment area. The Department shall also adopt as part of the
40 demonstration model the PBH 1915(b) and 1915(c) Medicaid waivers, and
41 single-stream funding for State services funds, which include funds previously
42 transferred from State institution budgets.

43 **SECTION 10.15.(bb)** There shall be no merger of local management
44 entities before July 1, 2009, except that local management entities (LMEs) that do not
45 meet the catchment area requirements of G.S. 122C-115 as of January 1, 2008, may
46 initiate, continue, or implement the LMEs' merger or consolidation plans to overcome
47 noncompliance with G.S. 122C-115. This section does not prohibit LMEs from
48 collaborating on their efforts to carry out their responsibilities for mental health,
49 developmental disabilities, and substance abuse services.

50 **SECTION 10.15.(cc)** If the Secretary of the Department of Health and
51 Human Services desires to merge LMEs, the Secretary shall develop a detailed plan for

1 General Assembly review on its recommendation to merge, consolidate, or establish
2 regional arrangements or consortia of LMEs. In developing the plan, the Secretary shall
3 consult with LMEs to obtain input on the feasibility and effectiveness of potential
4 mergers and the time frame needed to fully implement the mergers, regional
5 arrangements, or consortia at the local level. The Secretary shall provide the plan to the
6 House of Representatives Appropriations Subcommittee on Health and Human
7 Services, the Senate Appropriations Committee on Health and Human Services, the
8 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities,
9 and Substance Abuse Services, and the Fiscal Research Division not later than March
10 1, 2009.

11 **SECTION 10.15.(dd)** G.S. 122C-115.4(d) reads as rewritten:

12 "(d) Except as provided in G.S. 122C-124.1 and G.S. 122C-125, the Secretary
13 may neither remove from an LME nor designate another entity as eligible to implement
14 any function enumerated under subsection (b) of this section unless all of the following
15 applies:

- 16 (1) The LME fails during the previous consecutive three months to
17 achieve a satisfactory outcome on any of the critical performance
18 measures developed by the Secretary under G.S. 122C-112.1(33).
- 19 (2) The Secretary provides focused technical assistance to the LME in the
20 implementation of the function. The assistance shall continue for at
21 least ~~six~~-three months or until the LME achieves a satisfactory
22 outcome on the performance measure, whichever occurs first.
- 23 (3) If, after ~~six~~-three months of receiving technical assistance from the
24 Secretary, the LME still fails to achieve or maintain a satisfactory
25 outcome on the critical performance measure, the Secretary shall enter
26 into a contract with another LME or agency to implement the function
27 on behalf of the LME from which the function has been removed."

28 **SECTION 10.15.(ee)** G.S. 122C-3 is amended by adding the following new
29 subdivision to read:

30 "(23a) 'Minimally adequate services' means a level of service required for
31 compliance with all applicable State and federal laws, rules,
32 regulations, and policies and with generally accepted professional
33 standards and principles."

34 **SECTION 10.15.(ff)** The lead paragraph of G.S. 122C-124.1(b) reads as
35 rewritten:

36 "(b) Suspension of Funding; Assumption of Service Delivery or Management
37 Functions. – If the Secretary determines that a county, through an area authority or
38 county program, is not providing minimally adequate ~~services, in accordance with rules~~
39 ~~adopted by the Secretary or the Commission,~~ services to persons in need in a timely
40 manner, or fails to demonstrate reasonable efforts to do so, the Secretary, after
41 providing written notification of the Secretary's intent to the area authority or county
42 program and to the board of county commissioners of the area authority or county
43 program, and after providing the area authority or county program and the boards of
44 county commissioners of the area authority or county program an opportunity to be
45 heard, may:"

46 **IMPROVE AND STRENGTHEN FISCAL OVERSIGHT OF COMMUNITY** 47 **SUPPORT SERVICES**

48 **SECTION 10.15A.(a)** Not later than June 30, 2008, the Department of
49 Health and Human Services, Division of Medical Assistance, shall submit to the Centers
50 for Medicare and Medicaid Services, revised service definitions for two Medicaid
51

1 billable services: (i) community support—adults, and (ii) community
2 support-children/adolescents. The reviewed definitions shall focus on rehabilitative
3 services and be developed to ensure that community support services are provided as
4 efficiently and effectively as possible to minimize overexpenditures in community
5 support services in the 2008-2009 fiscal year and thereafter.

6 **SECTION 10.15A.(b)** In order to ensure accountability for services
7 provided and funds expended for community services, the Department of Health and
8 Human Services, Division of Mental Health, Developmental Disabilities, and Substance
9 Abuse Services, shall develop a tiered rate structure to replace the blended rate currently
10 used for community support services. Under the new tiered structure, services that are
11 necessary but do not require the skill, education, or knowledge of a qualified
12 professional should not be paid at the same rate as services provided by qualified skilled
13 professionals. The Department shall not implement the tiered rate structure until 15
14 days after it has notified the House of Representatives Appropriations Subcommittee on
15 Health and Human Services, the Senate Appropriations Committee on Health and
16 Human Services, and the Joint Legislative Oversight Committee on Mental Health,
17 Developmental Disabilities, and Substance Abuse Services. The Department shall report
18 on the development of the structure to the Joint Legislative Oversight Committee on
19 Mental Health, Developmental Disabilities, and Substance Abuse Services not later than
20 October 1, 2008.

21 **SECTION 10.15A.(c)** Article 3A of Chapter 122C of the General Statutes is
22 amended by adding the following new section to read:

23 **"§ 122C-81. National accreditation benchmarks.**

24 (a) As used in this section, the term 'national accreditation' applies to
25 accreditation by an entity approved by the Secretary that accredits mental health,
26 developmental disabilities, and substance abuse services.

27 (b) The Secretary, through the Medicaid State Plan, Medicaid waiver, or rules
28 adopted by the Secretary, shall designate the mental health, developmental disabilities,
29 and substance abuse services which require national accreditation.

30 (c) Facilities enrolled with the Medicaid program prior to July 1, 2008, and
31 providing services which require national accreditation per the approved Medicaid State
32 Plan shall successfully complete national accreditation requirements within three years
33 of enrollment with the Medicaid program. Facilities will meet the following benchmarks
34 to ensure continuity of care for consumers in the event the provider does not make
35 sufficient progress in achieving national accreditation in a timely manner:

36 (1) Nine months prior to the accreditation deadline – Formal selection of
37 an accrediting agency as documented by a letter from the agency to the
38 facility acknowledging the facility's selection of that accrediting
39 agency. A facility failing to meet this requirement will be prohibited
40 from admitting new clients to service. The LMEs will work with a
41 facility failing to meet this deadline to transition clients currently
42 receiving service to other facilities at the rate of twenty-five percent
43 (25%) of the facility's caseload each month. The facility will have its
44 enrollment in the Medicaid program terminated within four months of
45 failure to meet this deadline.

46 (2) Six months prior to the accreditation deadline – An on-site
47 accreditation review scheduled by the accrediting agency as
48 documented by a letter from the agency to the facility. A facility
49 failing to meet this requirement will be prohibited from admitting new
50 clients to service. The LMEs will work with a facility failing to meet
51 this deadline to transition clients currently receiving service to other

1 facilities at the rate of thirty-three percent (33%) of the facility's
2 caseload each month. The facility will have its enrollment in the
3 Medicaid program terminated within three months of failure to meet
4 this deadline.

5 (3) Three months prior to the accreditation deadline – Completion of an
6 on-site accreditation review, receipt of initial feedback from
7 accrediting agency, and submission of a Plan of Correction for any
8 deficiencies noted by the accrediting agency. A facility failing to meet
9 this requirement will be prohibited from admitting new clients to
10 service. The LMEs will work with a facility failing to meet this
11 deadline to transition clients currently receiving service to other
12 facilities at the rate of fifty percent (50%) of the facility's caseload
13 each month. The facility will have its enrollment in the Medicaid
14 program terminated within two months of failure to meet this deadline.

15 (4) Accreditation deadline – Approval as fully accredited by the national
16 accrediting agency. A facility failing to meet this requirement will be
17 prohibited from admitting new clients to service. The LMEs will work
18 with a facility failing to meet this deadline to transition clients
19 currently receiving service to other facilities within 60 days. The
20 facility will have its enrollment in the Medicaid program terminated
21 within 60 days of failure to meet this deadline.

22 (5) A facility that has its enrollment terminated in the Medicaid program
23 as a result of failure to meet benchmarks for national accreditation may
24 not apply for re-enrollment in the Medicaid program for at least one
25 year following its enrollment termination.

26 (d) Facilities enrolled in the Medicaid program or contracting for State-funded
27 services on or after July 1, 2008, and providing services which require national
28 accreditation shall successfully complete all accreditation requirements and be awarded
29 national accreditation within one year of enrollment in the Medicaid program or within
30 two years following the facility's first contract to deliver a State-funded service
31 requiring national accreditation. Facilities providing services which require national
32 accreditation will be required to discontinue service delivery and will have their
33 Medicaid enrollment and any service contracts terminated if they do not meet the
34 following benchmarks for demonstrating sufficient progress in achieving national
35 accreditation following the date of enrollment in the Medicaid program or initial
36 contract for State-funded services:

37 (1) Three months – On-site accreditation review scheduled by accrediting
38 agency as documented by a letter from the agency to the facility and
39 completion of self-study and self-evaluation protocols distributed by
40 the selected accrediting agency.

41 (2) Six months – On-site accreditation review scheduled by accrediting
42 agency as documented by a letter from the agency to the facility.

43 (3) Nine months – Completion of on-site accreditation review, receipt of
44 initial feedback from accrediting agency, plan to address any
45 deficiencies identified developed.

46 (4) If a facility's Medicaid enrollment or service delivery contracts are
47 terminated as a result of failure to meet accreditation benchmarks or
48 failure to continue to be nationally accredited, the facility will work
49 with the LME to transition consumers served by the facility to other
50 service providers in an orderly fashion within 60 days of notification
51 by the LME of such failure.

1 (5) A facility that has its Medicaid enrollment or service delivery contracts
 2 terminated as a result of failure to meet accreditation benchmarks or
 3 failure to continue to be nationally accredited may not reapply for
 4 enrollment in the Medicaid program or enter into any new service
 5 delivery contracts for at least one year following enrollment or
 6 contract termination."

7 **SECTION 10.15A.(d)** Section 10.36(e)(1) of S.L. 2007-323 reads as
 8 rewritten:

9 **"SECTION 10.36.(e) Provider payments-performance bonds and visits. –**

10 (1) Payment is limited to Subject to the provisions of this subdivision, the
 11 Department may require Medicaid-enrolled providers that to purchase
 12 a performance bond in an amount not to exceed one hundred thousand
 13 dollars (\$100,000) naming as beneficiary the Department of Health
 14 and Human Services, Division of Medical Assistance, or provide to the
 15 Department a validly executed letter of credit or other financial
 16 instrument issued by a financial institution or agency honoring a
 17 demand for payment in an equivalent amount. The Department may
 18 require the purchase of a performance bond or the submission of an
 19 executed letter of credit or financial instrument as a condition of initial
 20 enrollment, reenrollment, or reinstatement if the provider fails to
 21 demonstrate financial viability, or if the Department determines there
 22 is significant potential for fraud and abuse or otherwise finds it is in
 23 the best interest of the Medicaid program to do so. The Department
 24 shall specify the circumstances under which a performance bond or
 25 executed letter of credit will be required and, except for providers of
 26 community support services, may waive or limit the requirements of
 27 this paragraph for individual Medicaid-enrolled providers or for one or
 28 more classes of Medicaid-enrolled providers based on the provider's or
 29 provider class's dollar amount of monthly billings to Medicaid, or the
 30 length of time the an individual provider has been licensed in this State
 31 to provide services, the length of time an individual provider has been
 32 enrolled to provide Medicaid services in this State, or to ensure
 33 adequate access to care. The Department shall not waive the
 34 requirements of this paragraph for providers of community support
 35 services. In waiving or limiting requirements of this paragraph, the
 36 Department shall take into consideration the potential fiscal impact of
 37 the waiver or limitation on the State Medicaid Program. The
 38 Department may adopt temporary rules in accordance with
 39 G.S. 150B-21.1 as necessary to implement this provision."

40 **SECTION 10.15A.(e)** Article 4 of Chapter 108A of the General Statutes is
 41 amended by adding the following new section to read:

42 **"§ 108A-79.1. Medicaid community support services provider appeals of**
 43 **Department level decision.**

44 (a) A provider that provides community support services under the Medicaid
 45 program who is aggrieved by a decision of the Department to reduce, deny, recoup, or
 46 recover reimbursement for community support services, or to deny, suspend, or revoke
 47 a provider agreement to provide community support services, shall be entitled to a
 48 hearing by the Department. A hearing shall be commenced by filing a petition with the
 49 chief hearings clerk of the Department within 30 days of the mailing of the notice by the
 50 Department of the action giving rise to the contested case. The petition shall identify the
 51 petitioner, be signed by the party or representative of the party, and shall describe the

1 agency action giving rise to the contested case. As used in this section, "file or filing"
2 means to place the paper or item to be filed into the care and custody of the chief
3 hearings clerk of the Department and acceptance thereof by the chief hearings clerk,
4 except that the hearing officer may permit the papers to be filed with the hearing officer,
5 in which event the hearing officer shall note thereon the filing date. The Department
6 shall supply forms for use in these contested cases.

7 (b) If there is a timely request for an appeal, the Department shall promptly
8 designate a hearing officer who shall hold an evidentiary hearing. The hearing officer
9 shall conduct the hearing according to applicable federal law and regulations and shall
10 ensure that:

- 11 (1) Notice of the hearing is given not less than 15 days before the hearing.
12 The notice shall state the date, hour, and place of the hearing and shall
13 be deemed to have been given on the date that a copy of the notice is
14 mailed, via certified mail, to the address provided by the petitioner in
15 the petition for hearing.
- 16 (2) The hearing shall be held in Wake County, except that the hearing
17 officer may, after consideration of the numbers, locations, and
18 convenience of witnesses and in order to promote the ends of justice,
19 hold the hearing by telephone or other electronic means or hold the
20 hearing in a county in which the petitioner resides.
- 21 (3) Discovery shall be no more extensive or formal than that required by
22 federal law and regulations applicable to the hearings. Prior to and
23 during the hearing, a provider representative shall have adequate
24 opportunity to examine the provider's own case file. No later than five
25 days before the date of the hearing, each party to a contested case shall
26 provide to each other party a copy of any documentary evidence that
27 the party intends to introduce at the hearing and shall identify each
28 witness that the party intends to call.
- 29 (4) The hearing officer shall have the power to administer oaths and
30 affirmations, subpoena the attendance of witnesses, rule on prehearing
31 motions, and regulate the conduct of the hearing.
- 32 (5) At the hearing, the parties may present such sworn evidence, law, and
33 regulations as are relevant to the issues in the case.
- 34 (6) The petitioner and the respondent agency each have a right to be
35 represented by a person of his choice, including an attorney obtained at
36 the party's own expense.
- 37 (7) The petitioner and the respondent agency shall each have the right to
38 cross-examine witnesses as well as make a closing argument
39 summarizing his view of the case and the law.
- 40 (8) The appeal hearing shall be recorded; however, no transcript will be
41 prepared unless a petition for judicial review is filed pursuant to
42 subsection (f) of this section, in which case the transcript shall be made
43 a part of the official record. In the absence of the filing of a petition for
44 a judicial review, the recording of the appeal hearing may be erased or
45 otherwise destroyed 180 days after the final decision is mailed as
46 provided in G.S. 108A-79(i)(5).

47 (c) The hearing officer shall decide the case based upon a preponderance of the
48 evidence, giving deference to the demonstrated knowledge and expertise of the agency
49 as provided in G.S. 150B-34(a). The hearing officer shall prepare a proposal for the
50 decision, citing relevant law, regulations, and evidence, which shall be served upon the

1 petitioner or the petitioner's representative by certified mail, with a copy furnished to
2 the respondent agency.

3 (d) The petitioner and the respondent agency shall have 15 days from the date of
4 the mailing of the proposal for decision to present written arguments in opposition to or
5 in support of the proposal for decision to the designated official of the Department who
6 will make the final decision. If neither written arguments are presented, nor extension of
7 time granted by the final agency decision-maker for good cause, within 15 days of the
8 date of the mailing of the proposal for decision, the proposal for decision becomes final.
9 If written arguments are presented, such arguments shall be considered and the final
10 decision shall be rendered. The final decision shall be rendered not more than 90 days
11 from the date of the filing of the petition. This time limit may be extended by agreement
12 of the parties or by final agency decision-maker, for good cause shown, for an
13 additional period of up to 30 days. The final decision shall be served upon the petitioner
14 or the petitioner's representative by certified mail, with a copy furnished to the
15 respondent agency. In the absence of a petition for judicial review filed pursuant to
16 subsection (f) of this section, the final decision shall be binding upon the petitioner and
17 the Department.

18 (e) A petitioner who is dissatisfied with the final decision of the Department may
19 file, within 30 days of the service of the decision, a petition for judicial review in the
20 Superior Court of Wake County or of the county from which the case arose. The judicial
21 review shall be conducted according to Article 4 of Chapter 150B of the General
22 Statutes.

23 (f) In the event of a conflict between federal law or regulations and State law or
24 regulations, federal law or regulations shall control. This section applies to all petitions
25 that are filed by a Medicaid community support services provider on or after that date
26 and for all Medicaid community support services provider petitions that have been filed
27 at the Office of Administrative Hearings previous to this date but for which a hearing on
28 the merits has not been commenced prior to the effective date of this act. The
29 requirement that the agency decision must be rendered not more than 90 days from the
30 date of the filing of the petition for hearing shall not apply to community support
31 services provider petitions that were filed at the Office of Administrative Hearings prior
32 to the effective date of this act. The Office of Administrative Hearings shall transfer all
33 cases affected by this section to the Department of Health and Human Services within
34 30 days of the effective date of this section. This act preempts the existing informal
35 appeal process and reconsideration review process at the Department of Health and
36 Human Services and the existing appeal process at the Office of Administrative
37 Hearings with regard to all appeals filed by Medicaid community support services
38 providers under the Medical Assistance program."

39 **SECTION 10.15A.(f)** G.S. 150B-1(e) is amended by adding the following
40 new subdivision to read:

41 "(e) Exemptions From Contested Case Provisions. – The contested case
42 provisions of this Chapter apply to all agencies and all proceedings not expressly
43 exempted from the Chapter. The contested case provisions of this Chapter do not apply
44 to the following:

45 ...

46 (16) Hearings arising under the Medical Assistance program established
47 under Part 6 of Chapter 108A of the General Statutes and pursuant to
48 Title XIX of the Social Security Act and conducted in accordance with
49 G.S. 108A-79.1."

50 **SECTION 10.15A.(g)** The Department of Health and Human Services shall
51 adopt guidelines for LME periodic review and rules for endorsement and reendorsement

1 of providers to ensure that only qualified providers are endorsed and that LMEs hold
2 those providers accountable for the Medicaid and State-funded services they provide.

3 **SECTION 10.15A.(h)** G.S. 122C-151.4 reads as rewritten:

4 **"§ 122C-151.4. Appeal to State MH/DD/SA Appeals Panel.**

5 (a) Definitions. – The following definitions apply in this section:

6 (1) "Appeals Panel" means the State MH/DD/SA Appeals Panel
7 established under this section.

8 (1a) "Client" means an individual who is admitted to or receiving public
9 services from an area facility. "Client" includes the client's personal
10 representative or designee.

11 (1b) "Contract" means a contract with an area authority or county program
12 to provide services, other than personal services, to clients and other
13 recipients of services.

14 (2) "Contractor" means a person who has a contract or who had a contract
15 during the current fiscal ~~year~~ year, or whose application for
16 endorsement has been denied by an area authority or county program.

17 (3) "Former contractor" means a person who had a contract during the
18 previous fiscal year.

19 (b) Appeals Panel. – The State MH/DD/SA Appeals Panel is established. The
20 Panel shall consist of three members appointed by the Secretary. The Secretary shall
21 determine the qualifications of the Panel members. Panel members serve at the pleasure
22 of the Secretary.

23 (c) Who Can Appeal. – The following persons may appeal to the State
24 MH/DD/SA Appeals Panel after having exhausted the appeals process at the appropriate
25 area authority or county program:

26 (1) A contractor or a former contractor who claims that an area authority
27 or county program is not acting or has not acted within applicable
28 State law or rules in denying the contractor's application for
29 endorsement or in imposing a particular requirement on the contractor
30 on fulfillment of the contract;

31 (2) A contractor or a former contractor who claims that a requirement of
32 the contract substantially compromises the ability of the contractor to
33 fulfill the contract;

34 (3) A contractor or former contractor who claims that an area authority or
35 county program has acted arbitrarily and capriciously in reducing
36 funding for the type of services provided or formerly provided by the
37 contractor or former contractor;

38 (4) A client or a person who was a client in the previous fiscal year, who
39 claims that an area authority or county program has acted arbitrarily
40 and capriciously in reducing funding for the type of services provided
41 or formerly provided to the client directly by the area authority or
42 county program; and

43 (5) A person who claims that an area authority or county program did not
44 comply with a State law or a rule adopted by the Secretary or the
45 Commission in developing the plans and budgets of the area authority
46 or county program and that the failure to comply has adversely
47 affected the ability of the person to participate in the development of
48 the plans and budgets.

49 (d) Hearing. – All members of the State MH/DD/SA Appeals Panel shall hear an
50 appeal to the Panel. An appeal shall be filed with the Panel within the time required by
51 the Secretary and shall be heard by the Panel within the time required by the Secretary.

1 A hearing shall be conducted at the place determined in accordance with the rules
2 adopted by the Secretary. A hearing before the Panel shall be informal; no sworn
3 testimony shall be taken and the rules of evidence do not apply. The person who appeals
4 to the Panel has the burden of proof. The Panel shall not stay a decision of an area
5 authority during an appeal to the Panel.

6 (e) Decision. – The State MH/DD/SA Appeals Panel shall make a written
7 decision on each appeal to the Panel within the time set by the Secretary. A decision
8 may direct a contractor, an area authority, or a county program to take an action or to
9 refrain from taking an action, but it shall not require a party to the appeal to pay any
10 amount except payment due under the contract. In making a decision, the Panel shall
11 determine the course of action that best protects or benefits the clients of the area
12 authority or county program. If a party to an appeal fails to comply with a decision of
13 the Panel and the Secretary determines that the failure deprives clients of the area
14 authority or county program of a type of needed service, the Secretary may use funds
15 previously allocated to the area authority or county program to provide the service.

16 (f) Chapter 150B Appeal. – A person who is dissatisfied with a decision of the
17 Panel may commence a contested case under Article 3 of Chapter 150B of the General
18 Statutes. Notwithstanding G.S. 150B-2(1a), an area authority or county program is
19 considered an agency for purposes of the limited appeal authorized by this section. If
20 the need to first appeal to the State MH/DD/SA Appeals Panel is waived by the
21 Secretary, a contractor may appeal directly to the Office of Administrative Hearings
22 after having exhausted the appeals process at the appropriate area authority or county
23 program. The Secretary shall make a final decision in the contested case."

24 **SECTION 10.15A.(h1)** The Department of Health and Human Services and
25 the Office of Administrative Hearings shall work together to streamline the process for
26 hearing Medicaid recipient appeals. The process shall be designed to significantly
27 reduce the backlog of Medicaid recipient appeals pending as of July 1, 2008, and shall
28 ensure that Medicaid recipients continue to receive benefits at current levels pending the
29 outcome of the appeal. The Department shall further ensure that Medicaid applicants
30 who have been determined to be eligible for Medicaid shall be eligible to receive
31 community support services.

32 **SECTION 10.15A.(i)** Sections 10.49(ee)(5) and (6) of S.L. 2007-323 read as
33 rewritten:

34 "(5) All community support services are subject to prior approval ~~after the~~
35 ~~initial assessment and development of a person-centered plan has been~~
36 ~~completed; approval.~~

37 (6) Providers are limited to four hours of community support for adults
38 and eight hours of community support for children to develop the
39 person-centered plan. Those hours shall be provided only by a
40 qualified professional. Providers that determine that additional hours
41 are needed must seek and obtain prior approval. If additional hours are
42 authorized, the LME may participate in the development of the
43 person-centered plan as part of its care coordination and quality
44 management function as defined in G.S. 122C-115.4. Not less than
45 fifty percent (50%) of community services must be delivered by
46 qualified professionals."

47 **SECTION 10.15A.(j)** The Department of Health and Human Services,
48 Division of Medical Assistance, shall adopt a policy reducing the maximum allowable
49 hours for community support services to eight hours per week.

50 **SECTION 10.15A.(k)** The lead paragraph of Section 10.49(ee) of S.L.
51 2007-323 reads as rewritten:

1 ~~"SECTION 10.49.(ee) For This subsection does not apply to community support~~
 2 ~~services offered under a Medicaid managed care, capitated, at-risk waiver. For all other~~
 3 ~~community support services, for the purpose of avoiding overutilization of community~~
 4 ~~support services and overexpenditure of funds for these services, the Department of~~
 5 ~~Health and Human Services shall immediately conduct an in-depth evaluation of the use~~
 6 ~~and cost of community support services to identify existing and potential areas of~~
 7 ~~overutilization and overexpenditure. The Department shall also adopt or revise as~~
 8 ~~necessary management policies and practices that will ensure that at a minimum:"~~
 9

10 **NON-MEDICAID REIMBURSEMENT CHANGES**

11 **SECTION 10.16.** Section 10.5 of S.L. 2007-323 reads as rewritten:

12 **"SECTION 10.5.** Providers of medical services under the various State programs,
 13 other than Medicaid, offering medical care to citizens of the State shall be reimbursed at
 14 rates no more than those under the North Carolina Medical Assistance Program.

15 The Department of Health and Human Services may reimburse hospitals at the full
 16 prospective per diem rates without regard to the Medical Assistance Program's annual
 17 limits on hospital days. When the Medical Assistance Program's per diem rates for
 18 inpatient services and its interim rates for outpatient services are used to reimburse
 19 providers in non-Medicaid medical service programs, retroactive adjustments to claims
 20 already paid shall not be required.

21 Notwithstanding the provisions of paragraph one, the Department of Health and
 22 Human Services may negotiate with providers of medical services under the various
 23 Department of Health and Human Services programs, other than Medicaid, for rates as
 24 close as possible to Medicaid rates for the following purposes: contracts or agreements
 25 for medical services and purchases of medical equipment and other medical supplies.
 26 These negotiated rates are allowable only to meet the medical needs of its non-Medicaid
 27 eligible patients, residents, and clients who require such services which cannot be
 28 provided when limited to the Medicaid rate.

29 Maximum net family annual income eligibility standards for services in these
 30 programs shall be as follows:

31 DSB Medical Eye Care	125% FPL
32 DSB Independent Living <55	125% FPL
33 DSB Independent Living 55>	200% FPL
34 DSB Vocational Rehabilitation	125% FPL
35 DVR Independent Living	125% FPL
36 DVR Vocational Rehabilitation	125% FPL

37 ~~The eligibility level for adults in the Atypical Antipsychotic Medication Program in~~
 38 ~~the Division of Mental Health, Developmental Disabilities, and Substance Abuse~~
 39 ~~Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as~~
 40 ~~revised annually by the United States Department of Health and Human Services and in~~
 41 ~~effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical~~
 42 ~~Antipsychotic Medication Program who become gainfully employed may continue to be~~
 43 ~~eligible to receive State support, in decreasing amounts, for the purchase of atypical~~
 44 ~~antipsychotic medication and related services up to three hundred percent (300%) of the~~
 45 ~~poverty level.~~

46 ~~State financial participation in the Atypical Antipsychotic Medication Program for~~
 47 ~~those enrollees who become gainfully employed is as follows:~~

48 Income	<u>State Participation</u>	<u>Client Participation</u>
49 (% of poverty)		
50 0-150%	100%	0%
51 151-200%	75%	25%

1	201-250%	50%	50%
2	251-300%	25%	75%
3	300% and over	0%	100%

4 The Department of Health and Human Services shall contract at, or as close as
 5 possible to, Medicaid rates for medical services provided to residents of State facilities
 6 of the Department."
 7

8 **ADULT CARE HOME TRAINING/TECHNICAL ASSISTANCE**

9 **SECTION 10.16A.** Section 10.54(b) of S.L. 2007-323 reads as rewritten:

10 **"SECTION 10.54.(b)** Funds appropriated in this act to the Department of Health
 11 and Human Services, Division of Health Service Regulation, for the 2007-2008 fiscal
 12 year and the 2008-2009 fiscal year for implementation of rated certificates for adult care
 13 homes are contingent upon enactment of Senate Bill 56, 2007 Regular Session, by the
 14 2007 General Assembly. Funds appropriated for training and technical assistance to
 15 implement the rated certificate program shall be used to fund the development and
 16 implementation of a training and educational program by the North Carolina adult care
 17 home provider associations that will be integrated with the assessment, care planning,
 18 training, and quality improvement initiative being coordinated and financially supported
 19 by participating adult care home providers and associations as they are developed.
 20 Providers shall not be charged a fee for receiving the training."
 21

22 **DHHS BLOCK GRANTS**

23 **SECTION 10.17.(a)** Appropriations from federal block grant funds are
 24 made for the fiscal year ending June 30, 2009, according to the following schedule:
 25

26 **TEMPORARY ASSISTANCE TO NEEDY FAMILIES**
 27 **(TANF) BLOCK GRANT**

28 **Local Program Expenditures**

30 **Division of Social Services**

31		
32		
33	01. Work First Family Assistance (Cash Assistance)	\$90,857,234
34		
35	02. Work First County Block Grants	94,653,315
36		
37	03. Work First Functional Assessment	2,721,787
38		
39	04. Child Protective Services – Child Welfare	
40	Workers for Local DSS	14,452,391
41		
42	05. Work First – Boys and Girls Clubs	2,000,000
43		
44	06. Work First – After-School Services for	
45	At-Risk Children	1,549,642
46		
47	07. Work First – After-School Programs for	
48	At-Risk Youth in Middle Schools	500,000
49		
50	08. Work First – Connect, Inc.	550,000
51		

1	09.	Work First – Citizens Schools Program	700,000
2			
3	10.	Adoption Services – Special Children's	
4		Adoption Fund	3,000,000
5			
6	11.	Family Violence Prevention	2,200,000
7			
8		Division of Child Development	
9			
10	12.	Subsidized Child Care Program	61,087,077
11			
12		Division of Public Health	
13			
14	13.	Teen Pregnancy Prevention Initiatives	450,000
15			
16		DHHS Administration	
17			
18	14.	Division of Social Services	995,142
19			
20	15.	Office of the Secretary	66,101
21			
22	16.	Office of the Secretary/DIRM – TANF	
23		Automation Projects	595,541
24			
25	17.	Office of the Secretary/DIRM – NC FAST	
26		Implementation	1,300,000
27			
28		Transfers to Other Block Grants	
29			
30		Division of Child Development	
31			
32	18.	Transfer to the Child Care and	
33		Development Fund	84,330,900
34			
35		Division of Social Services	
36			
37	19.	Transfer to Social Services Block Grant for	
38		Department of Juvenile Justice and Delinquency	
39		Prevention – Support Our Students	2,749,642
40			
41	20.	Transfer to Social Services Block Grant for Child	
42		Protective Services – Child Welfare Training in	
43		Counties	2,738,827
44			
45	21.	Transfer to Social Services Block Grant for	
46		Maternity Homes	838,000
47			
48	22.	Transfer to Social Services Block Grant for Teen	
49		Pregnancy Prevention Initiatives	2,500,000
50			
51	23.	Transfer to Social Services Block Grant for County	

1	Departments of Social Services for Children's Services	4,620,619
2		
3	24. Transfer to Social Services Block Grant for	
4	Foster Care Services	2,372,587
5		
6	25. Transfer to Social Services Block Grant for	
7	Medically Fragile Children	190,000
8		
9	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
10	(TANF) BLOCK GRANT	\$378,018,805
11		
12	SOCIAL SERVICES BLOCK GRANT	
13		
14	Local Program Expenditures	
15		
16	Divisions of Social Services and Aging and Adult Services	
17		
18	01. County Departments of Social Services	\$ 28,868,189
19	(Transfer from TANF – \$4,620,619)	
20		
21	02. State In-Home Services Fund	2,101,113
22		
23	03. State Adult Day Care Fund	2,155,301
24		
25	04. Child Protective Services/CPS Investigative	
26	Services – Child Medical Evaluation Program	238,321
27		
28	05. Foster Care Services	2,372,587
29	(Transfer from TANF)	
30		
31	06. Child Protective Services – Child Welfare Training	
32	for Counties	2,738,827
33	(Transfer from TANF)	
34		
35	07. Maternity Homes	838,000
36	(Transfer from TANF)	
37		
38	08. Special Children Adoption Incentive Fund	500,000
39		
40	Division of Aging and Adult Services	
41		
42	09. Home and Community Care Block Grant (HCCBG)	1,834,077
43		
44	Division of Mental Health, Developmental Disabilities, and Substance	
45	Abuse Services	
46		
47	10. Mental Health Services Program	422,003
48		
49	11. Developmental Disabilities Services Program	5,000,000
50		
51	12. Mental Health Services – Adult and	

1	Child/Developmental Disabilities Program/ Substance Abuse Services – Adult	3,234,601
2		
3		
4	Division of Child Development	
5		
6	13. Subsidized Child Care Program	3,150,000
7		
8	Division of Vocational Rehabilitation	
9		
10	14. Vocational Rehabilitation Services – Easter Seal Society/UCP	188,263
11		
12		
13	Division of Public Health	
14		
15	15. Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000
16		
17		
18	16. Services to Medically Fragile Children	290,000
19		
20	DHHS Program Expenditures	
21		
22	Division of Aging and Adult Services	
23		
24	17. UNC-CARES Training Contract	247,920
25		
26	Division of Services for the Blind	
27		
28	18. Independent Living Program	3,633,077
29		
30	Division of Facility Services	
31		
32	19. Adult Care Licensure Program	411,897
33		
34	20. Mental Health Licensure and Certification Program	205,668
35		
36	DHHS Administration	
37		
38	21. Division of Aging and Adult Services	675,593
39		
40	22. Division of Social Services	869,058
41		
42	23. Office of the Secretary/Controller's Office	135,093
43		
44	24. Office of the Secretary/DIRM	82,009
45		
46	25. Division of Child Development	15,000
47		
48	26. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	28,860
49		
50		
51	27. Division of Facility Services	216,418

1		
2	28.	Office of the Secretary – NC Inter-Agency Council
3		For Coordinating Homeless Programs
4		250,000
5	29.	Office of the Secretary – Housing Coalition
6		100,000
7	30.	Office of the Secretary
8		46,819
9	Transfers to Other State Agencies	
10	Department of Administration	
11		
12		
13	31.	NC Commission of Indian Affairs In-Home
14		Services for the Elderly
15		203,198
16	Department of Juvenile Justice and Delinquency Prevention	
17		
18	32.	Support Our Students
19		(Transfer from TANF)
20		2,749,642
21	Transfers to Other Block Grants	
22	Division of Public Health	
23		
24		
25	33.	Transfer to Preventive Health Services Block Grant for
26		HIV/STD Prevention and Community Planning
27		145,819
28	TOTAL SOCIAL SERVICES BLOCK GRANT	
29		\$ 66,447,353
30	LOW-INCOME ENERGY BLOCK GRANT	
31	Local Program Expenditures	
32	Division of Social Services	
33		
34		
35		
36	01.	Low-Income Energy Assistance Program (LIHEAP)
37		\$ 19,510,559
38	02.	Crisis Intervention Program (CIP)
39		14,588,514
40	Office of the Secretary – Office of Economic Opportunity	
41		
42	03.	Weatherization Program
43		6,268,946
44	04.	Heating Air Repair & Replacement Program (HARRP)
45		2,923,950
46	Local Administration	
47	Division of Social Services	
48		
49		
50	05.	County DSS Administration
51		2,259,757

1	Office of the Secretary – Office of Economic Opportunity	
2		
3	06. Local Residential Energy Efficiency Service	
4	Providers – Weatherization	268,146
5		
6	07. Local Residential Energy Efficiency Service	
7	Providers – HARRP	125,067
8		
9	DHHS Administration	
10		
11	08. Division of Social Services	219,410
12		
13	09. Division of Mental Health, Developmental	
14	Disabilities, and Substance Abuse Services	7,389
15		
16	10. Office of the Secretary/DIRM	245,395
17		
18	11. Office of the Secretary/Controller's Office	11,211
19		
20	12. Office of the Secretary/Office of Economic	
21	Opportunity – Weatherization	268,146
22		
23	13. Office of the Secretary/Office of Economic	
24	Opportunity – HARRP	125,067
25		
26	Transfers to Other State Agencies	
27		
28	14. Department of Administration –	
29	N.C. State Commission of Indian Affairs	60,947
30		
31	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 46,882,504
32		
33	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
34		
35	Local Program Expenditures	
36		
37	Division of Child Development	
38		
39	01. Subsidized Child Care Services	\$146,676,063
40		
41	02. Child Care Services Support – Contract	504,695
42		
43	03. Subsidized Child Care Services	
44	(TANF to CCDF)	84,330,900
45		
46	DHHS Program Expenditures	
47		
48	Division of Child Development	
49		
50	04. Quality and Availability Initiatives	27,000,000
51		

1	Local Administration	
2		
3	Division of Child Development	
4		
5	05. Administrative Expenses (Nondirect Subsidy	
6	Services Support)	17,621,918
7		
8	DHHS Administration	
9		
10	06. DCD Administrative Expenses	6,540,707
11		
12	DHHS Central Management and Support	
13		
14	07. DHHS Central Administration – DIRM	
15	Technical Services	749,081
16		
17	TOTAL CHILD CARE AND DEVELOPMENT FUND	
18	BLOCK GRANT	\$283,423,364
19		
20	MENTAL HEALTH SERVICES BLOCK GRANT	
21		
22	Local Program Expenditures	
23		
24	01. Mental Health Services – Adult	\$ 6,854,932
25		
26	02. Mental Health Services – Child	3,921,991
27		
28	03. Comprehensive Treatment Service	
29	Program	1,500,000
30		
31	04. Mental Health Services – UNC School of Medicine,	
32	Department of Psychiatry	300,000
33		
34	Local Administration	
35		
36	05. Division of Mental Health	100,000
37		
38	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,676,923
39		
40	SUBSTANCE ABUSE PREVENTION	
41	AND TREATMENT BLOCK GRANT	
42		
43	Local Program Expenditures	
44		
45	01. Substance Abuse Services – Adult	\$ 21,938,080
46		
47	02. Substance Abuse Services – ADATC	
48	One-Time Expenses	70,000
49		
50	03. Substance Abuse Treatment Alternative for	
51	Women	8,069,524

1		
2	04. Substance Abuse – HIV and IV Drug	5,116,378
3		
4	05. Substance Abuse Prevention – Child	7,186,857
5		
6	06. Substance Abuse Services – Child	4,940,500
7		
8	Division of Public Health	
9		
10	07. Risk Reduction Projects	633,980
11		
12	08. Aid-to-Counties	209,576
13		
14	09. Maternal Health	37,779
15		
16	DHHS Administration	
17		
18	10. Division of Mental Health	500,000
19		
20	TOTAL SUBSTANCE ABUSE PREVENTION	
21	AND TREATMENT BLOCK GRANT	\$ 48,702,674
22		
23	MATERNAL AND CHILD HEALTH BLOCK GRANT	
24		
25	Local Program Expenditures	
26		
27	Division of Public Health	
28		
29	01. Children's Health Services	7,415,569
30		
31	02. Women's Health	7,504,019
32		
33	03. Oral Health	35,951
34		
35	DHHS Program Expenditures	
36		
37	Division of Public Health	
38		
39	04. Children's Health Services	1,654,428
40		
41	05. Women's Health	121,285
42		
43	06. State Center for Health Statistics	120,364
44		
45	07. Quality Improvement in Public Health	14,646
46		
47	08. Health Promotion	84,843
48		
49	09. Office of Minority Health	51,562
50		
51	10. Immunization Program – Vaccine Distribution	310,667

1		
2	DHHS Administration	
3		
4	11. Division of Public Health Administration	631,966
5		
6	TOTAL MATERNAL AND CHILD	
7	HEALTH BLOCK GRANT	\$ 17,945,300
8		
9	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
10		
11	Local Program Expenditures	
12		
13	01. NC Statewide Health Promotion	\$1,755,653
14		
15	02. Services to Rape Victims	197,112
16		
17	03. HIV/STD Prevention and Community Planning	
18	(Transfer from Social Services Block Grant)	145,819
19		
20	DHHS Program Expenditures	
21		
22	04. NC Statewide Health Promotion	1,508,889
23		
24	05. Oral Health	70,000
25		
26	06. State Laboratory of Public Health	16,600
27		
28	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,694,073
29		
30	COMMUNITY SERVICES BLOCK GRANT	
31		
32	Local Program Expenditures	
33		
34	Office of Economic Opportunity – Community Services Block Grant	
35		
36	01. Community Action Agencies	\$ 16,062,653
37		
38	02. Limited Purpose Agencies	892,370
39		
40	DHHS Administration	
41		
42	03. Office of Economic Opportunity	892,369
43		
44	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 17,847,392
45		

GENERAL PROVISIONS

47 **SECTION 10.17.(b)** Information to Be Included in Block Grant Plans. –
 48 The Department of Health and Human Services shall submit a separate plan for each
 49 Block Grant received and administered by the Department, and each plan shall include
 50 the following:

- 1 (1) A delineation of the proposed allocations by program or activity,
2 including State and federal match requirements.
- 3 (2) A delineation of the proposed State and local administrative
4 expenditures.
- 5 (3) An identification of all new positions to be established through the
6 Block Grant, including permanent, temporary, and time-limited
7 positions.
- 8 (4) A comparison of the proposed allocations by program or activity with
9 two prior years' program and activity budgets and two prior years'
10 actual program or activity expenditures.
- 11 (5) A projection of current year expenditures by program or activity.
- 12 (6) A projection of federal Block Grant funds available, including unspent
13 federal funds from the current and prior fiscal years.

14 **SECTION 10.17.(c)** Changes in Federal Fund Availability. – If the Congress
15 of the United States increases the federal fund availability for any of the Block Grants
16 administered by the Department of Health and Human Services from the amounts
17 appropriated in this section, the Department shall allocate the increase proportionally
18 across the program and activity appropriations identified for that Block Grant in this
19 section. In allocating an increase in federal fund availability, the Department shall not
20 propose funding for new programs or activities not appropriated in this section or
21 increase State administrative expenditures.

22 If the Congress of the United States decreases the federal fund availability for
23 any of the Block Grants administered by the Department of Health and Human Services
24 from the amounts appropriated in this section, the Department shall reduce State
25 administration by at least the percentage of the reduction in federal funds. After
26 determining the State administration, the remaining reductions shall be allocated
27 proportionately across the program and activity appropriations identified for that Block
28 Grant in this section. In allocating a decrease in federal fund availability, the
29 Department shall not eliminate the funding for a program or activity appropriated in this
30 section unless it is related to the State administration.

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

38 **SECTION 10.17.(d)** All changes to the budgeted allocations to the Block
39 Grants administered by the Department of Health and Human Services that are not
40 specifically addressed in this section shall be approved by the Office of State Budget
41 and Management, and a report shall be submitted to the Joint Legislative Commission
42 on Governmental Operations for review prior to implementing the changes. All changes
43 to the budgeted allocations to the Block Grant shall be reported immediately to the
44 House of Representatives Appropriations Subcommittee on Health and Human
45 Services, the Senate Appropriations Committee on Health and Human Services, and the
46 Fiscal Research Division. This subsection does not apply to Block Grant changes
47 caused by legislative salary increases and benefit adjustments.

48
49 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT**
50 **(TANF)**

1 **SECTION 10.17.(e)** The sum of nine hundred ninety-five thousand one
2 hundred forty-two dollars (\$995,142) appropriated in this section in the TANF Block
3 Grant to the Department of Health and Human Services, Division of Social Services, for
4 the 2008-2009 fiscal year shall be used to support administration of TANF-funded
5 programs.

6 **SECTION 10.17.(f)** The sum of two million two hundred thousand dollars
7 (\$2,200,000) appropriated under this section in the TANF Block Grant to the
8 Department of Health and Human Services, Division of Social Services, for the
9 2008-2009 fiscal year shall be used to provide domestic violence services to Work First
10 recipients. These funds shall be used to provide domestic violence counseling, support,
11 and other direct services to clients. These funds shall not be used to establish new
12 domestic violence shelters or to facilitate lobbying efforts. The Division of Social
13 Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to
14 support one administrative position within the Division of Social Services to implement
15 this subsection.

16 Each county department of social services and the local domestic violence
17 shelter program serving the county shall jointly develop a plan for utilizing these funds.
18 The plan shall include the services to be provided and the manner in which the services
19 shall be delivered. The county plan shall be signed by the county social services director
20 or the director's designee and the domestic violence program director or the director's
21 designee and submitted to the Division of Social Services by December 1, 2008. The
22 Division of Social Services, in consultation with the Council for Women, shall review
23 the county plans and shall provide consultation and technical assistance to the
24 departments of social services and local domestic violence shelter programs, if needed.

25 The Division of Social Services shall allocate these funds to county
26 departments of social services according to the following formula: (i) each county shall
27 receive a base allocation of five thousand dollars (\$5,000); and (ii) each county shall
28 receive an allocation of the remaining funds based on the county's proportion of the
29 statewide total of the Work First caseload as of July 1, 2008, and the county's proportion
30 of the statewide total of the individuals receiving domestic violence services from
31 programs funded by the Council for Women as of July 1, 2008. The Division of Social
32 Services may reallocate unspent funds to counties that submit a written request for
33 additional funds.

34 **SECTION 10.17.(g)** The sum of one million five hundred forty-nine
35 thousand six hundred forty-two dollars (\$1,549,642) appropriated in this section in the
36 TANF Block Grant to the Department of Health and Human Services, Division of
37 Social Services, for the 2008-2009 fiscal year shall be used to expand after-school
38 programs and services for at-risk children. The Department shall develop and
39 implement a grant program to award grants to community-based programs that
40 demonstrate the ability to reach children at risk of teen pregnancy, school dropout, and
41 gang participation. The Department shall award grants to community-based
42 organizations that demonstrate the ability to develop and implement linkages with local
43 departments of social services, area mental health programs, schools, and other human
44 services programs in order to provide support services and assistance to the child and
45 family. These funds may be used to fund one position within the Division of Social
46 Services to coordinate at-risk after-school programs and shall not be used for other State
47 administration.

48 **SECTION 10.17.(h)** The sum of fourteen million four hundred fifty-two
49 thousand three hundred ninety-one dollars (\$14,452,391) appropriated in this section to
50 the Department of Health and Human Services, Division of Social Services, in the
51 TANF Block Grant for the 2008-2009 fiscal year for child welfare improvements, shall

1 be allocated to the county departments of social services for hiring or contracting staff
2 to investigate and provide services in Child Protective Services cases; to provide foster
3 care and support services; to recruit, train, license, and support prospective foster and
4 adoptive families; and to provide interstate and postadoption services for eligible
5 families.

6 **SECTION 10.17.(i)** The sum of three million dollars (\$3,000,000)
7 appropriated in this section in the TANF Block Grant to the Department of Health and
8 Human Services, Special Children Adoption Fund, for the 2008-2009 fiscal year shall
9 be used in accordance with Section 10.31 of S.L. 2007-323. The Division of Social
10 Services, in consultation with the North Carolina Association of County Directors of
11 Social Services and representatives of licensed private adoption agencies, shall develop
12 guidelines for the awarding of funds to licensed public and private adoption agencies
13 upon the adoption of children described in G.S. 108A-50 and in foster care. Payments
14 received from the Special Children Adoption Fund by participating agencies shall be
15 used exclusively to enhance the adoption services program. No local match shall be
16 required as a condition for receipt of these funds.

17 **SECTION 10.17.(j)** The sum of one million three hundred thousand dollars
18 (\$1,300,000) in this section appropriated to the Department of Health and Human
19 Services in the TANF Block Grant for the 2008-2009 fiscal year shall be used to
20 implement N.C. FAST (North Carolina Families Accessing Services through
21 Technology). The N.C. FAST program involves the entire automation initiative through
22 which families access services and local departments of social services deliver benefits,
23 supervised by the Department of Health and Human Services, Divisions of Social
24 Services, Aging and Adult Services, Medical Assistance, and Child Development. The
25 statewide automated initiative shall be implemented in compliance with federal
26 regulations in order to ensure federal financial participation in the project. The
27 Department of Health and Human Services shall report on its compliance with this
28 subsection to the House of Representatives Appropriations Subcommittee on Health and
29 Human Services, the Senate Appropriations Committee on Health and Human Services,
30 and the Fiscal Research Division no later than January 1, 2009.

31 **SECTION 10.17.(k)** The sum of five hundred thousand dollars (\$500,000)
32 appropriated in this section to the Department of Health and Human Services, Division
33 of Social Services, in the TANF Block Grant for the 2008-2009 fiscal year shall be used
34 to expand after-school programs for at-risk children attending middle school. The
35 Department shall develop and implement a grant program to award funds to
36 community-based programs demonstrating the capacity to reach children at risk of teen
37 pregnancy, school dropout, and gang participation. These funds shall not be used for
38 training or administration at the State level. All funds shall be distributed to
39 community-based programs, focusing on those communities where similar programs do
40 not exist in middle schools.

41 **SECTION 10.17.(l)** In implementing the TANF Block Grant, the
42 Department of Health and Human Services shall review policies, programs, and
43 initiatives to ensure that they support men in their role as fathers and strengthen fathers'
44 involvement in their children's lives. The Department shall encourage county
45 departments of social services to ensure their Work First programs emphasize
46 responsible fatherhood and increased participation by noncustodial fathers.

47 **SECTION 10.17.(m)** The sum of five hundred fifty thousand dollars
48 (\$550,000) appropriated in this section to the Department of Health and Human
49 Services in the TANF Block Grant for the 2008-2009 fiscal year shall be transferred to
50 Connect, Inc. Connect, Inc., shall report on the number of people served and the
51 services received as a result of the receipt of funds. The report shall contain expenditure

1 data, including the amount of funds used for administration and direct training. The
2 report shall also include the number of people who have been employed as a direct
3 result of services provided by Connect, Inc., including the length of employment in the
4 new position. The Department of Health and Human Services shall evaluate the
5 program and ensure that services provided are not duplicative of local employment
6 security commissions in the nine counties served by Connect, Inc. The evaluation report
7 shall be submitted to the House of Representatives Appropriations Subcommittee on
8 Health and Human Services, the Senate Appropriations Committee on Health and
9 Human Services, and the Fiscal Research Division no later than May 1, 2008.

10 **SECTION 10.17.(n)** The sum of two million dollars (\$2,000,000)
11 appropriated in this section to the Department of Health and Human Services in the
12 TANF Block Grant for Boys and Girls Clubs for the 2008-2009 fiscal year shall be used
13 to make grants for approved programs. The Department of Health and Human Services,
14 in accordance with federal regulations for the use of TANF Block Grant funds, shall
15 administer a grant program to award funds to the Boys and Girls Clubs across the State
16 in order to implement programs that improve the motivation, performance, and
17 self-esteem of youths and to implement other initiatives that would be expected to
18 reduce gang participation, school dropout, and teen pregnancy rates. The Department
19 shall encourage and facilitate collaboration between the Boys and Girls Clubs and
20 Support Our Students, Communities in Schools, and similar programs to submit joint
21 applications for the funds if appropriate.

22 **SECTION 10.17.(o)** The Department of Health and Human Services,
23 Division of Social Services, shall continue implementing county demonstration grants
24 that began in the 2006-2007 fiscal year. The county demonstration grants may be
25 awarded for up to three years with all projects ending no later than the end of fiscal year
26 2009-2010. The purpose of the county demonstration grants is to identify best practices
27 that can be used by counties to improve the work participation rates. The Division of
28 Social Services is authorized to establish two time-limited positions to manage the grant
29 award process and monitor the demonstration projects through fiscal year 2009-2010.

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

33 The Department of Health and Human Services, Division of Social Services,
34 shall report on the status of county demonstration grants implemented pursuant to this
35 subsection to the House of Representatives Appropriations Subcommittee on Health and
36 Human Services, the Senate Appropriations Committee on Health and Human Services,
37 and the Fiscal Research Division no later than February 1, 2009.

38 **SECTION 10.17.(p)** The sum of seven hundred thousand dollars (\$700,000)
39 appropriated under this section in the TANF block grant to the Department of Health
40 and Human Services, Division of Social Services, for the 2008-2009 fiscal year shall be
41 used to implement a Citizens Schools Program, a three-year urban/rural dropout
42 prevention pilot program in the Durham and Vance county public school systems. The
43 Citizens Schools Program provides high-quality, extended learning time for middle
44 school students in schools with high percentages of minority students, poor students, or
45 both, and students with other risk factors for dropping out. Students in the Citizens
46 Schools Program receive after-school instruction in groups of eight to 12 students per
47 adult. The instruction includes: (i) 60 minutes of daily academic support with strong
48 study skills and critical thinking components, (ii) four 11-week apprenticeships, using
49 volunteers as leaders focusing on 21st century skills, and (iii) career exploration and
50 choice time to further explore a variety of interests. Citizens Schools Team Leaders

1 contact each student's family by telephone at least every two weeks to discuss the
2 student's participation and progress.

3 North Carolina State University shall evaluate the program to ensure that the
4 program is effectively helping students stay in school and successfully graduate in their
5 four-year cohort. The evaluation shall include a long-term study of the graduation
6 cohort rate increase as well as short-term measures, including attendance, grade point
7 average, discipline, the program dropout rate, credits earned, and postsecondary
8 education matriculation.

9 10 **SOCIAL SERVICES BLOCK GRANT**

11 **SECTION 10.17.(q)** Social Services Block Grant funds appropriated to the
12 North Carolina Inter-Agency Council for Coordinating Homeless Programs and the
13 North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R
14 .0201(3).

15 **SECTION 10.17.(r)** The sum of two million seven hundred forty-nine
16 thousand six hundred forty-two dollars (\$2,749,642) appropriated in this section in the
17 Social Services Block Grant to the Department of Health and Human Services and
18 transferred to the Department of Juvenile Justice and Delinquency Prevention for the
19 2008-2009 fiscal year shall be used to support the existing Support Our Students
20 program, including gang prevention, and to expand the program statewide, focusing on
21 low-income communities in unserved areas. These funds shall not be used for
22 administration of the program.

23 **SECTION 10.17.(s)** The sum of two million seven hundred thirty-eight
24 thousand eight hundred twenty-seven dollars (\$2,738,827) appropriated in this section
25 in the Social Services Block Grant to the Department of Health and Human Services,
26 Division of Social Services, for the 2008-2009 fiscal year shall be used to support
27 various child welfare training projects as follows:

- 28 (1) Provide a regional training center in southeastern North Carolina.
- 29 (2) Support the Master's Degree in Social Work/Baccalaureate Degree in
30 Social Work Collaborative.
- 31 (3) Provide training for residential child-caring facilities.
- 32 (4) Provide for various other child welfare training initiatives.

33 **SECTION 10.17.(t)** The sum of eight hundred thirty-eight thousand dollars
34 (\$838,000) appropriated in this section in the Social Services Block Grant to the
35 Department of Health and Human Services for the 2008-2009 fiscal year shall be used
36 to purchase services at maternity homes throughout the State.

37 **SECTION 10.17.(u)** The sum of two million three hundred seventy-two
38 thousand five hundred eighty-seven dollars (\$2,372,587) appropriated in this section in
39 the Social Services Block Grant for child-caring agencies for the 2008-2009 fiscal year
40 shall be allocated to the State Private Child-Caring Agencies Fund.

41 **SECTION 10.17.(v)** The sum of two hundred ninety thousand dollars
42 (\$290,000) appropriated in this section in the Social Services Block Grant for services
43 to medically fragile children for the 2008-2009 fiscal year shall be used for the child
44 care component of pediatric day treatment centers for medically fragile children.

45 **SECTION 10.17.(w)** The Department of Health and Human Services is
46 authorized, subject to the approval of the Office of State Budget and Management, to
47 transfer Social Services Block Grant funding allocated for departmental administration
48 between divisions that have received administrative allocations from the Social Services
49 Block Grant.

50 51 **LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

1 **SECTION 10.17.(x)** Additional emergency contingency funds received may
2 be allocated for Energy Assistance Payments or Crisis Intervention Payments without
3 prior consultation with the Joint Legislative Commission on Governmental Operations.
4 Additional funds received shall be reported to the Joint Legislative Commission on
5 Governmental Operations and the Fiscal Research Division upon notification of the
6 award. The Department of Health and Human Services shall not allocate funds for any
7 activities, including increasing administration, other than assistance payments, without
8 prior consultation with the Joint Legislative Commission on Governmental Operations.
9

10 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

11 **SECTION 10.17.(y)** The sum of no more than four hundred thousand dollars
12 (\$400,000) appropriated in this section to the Department of Health and Human
13 Services in the Child Care and Development Fund Block Grant for the 2008-2009 fiscal
14 year may be used for the operations of the Medical Child Care Pilot.

15 **SECTION 10.17.(z)** Payment for subsidized child care services provided
16 with federal TANF funds shall comply with all regulations and policies issued by the
17 Division of Child Development for the subsidized child care program.

18 **SECTION 10.17.(aa)** If funds appropriated through the Child Care and
19 Development Fund Block Grant for any program cannot be obligated or spent in that
20 program within the obligation or liquidation periods allowed by the federal grants, the
21 Department may move funds to child care subsidies, unless otherwise prohibited by
22 federal requirements of the grant, in order to use the federal funds fully.
23

24 **MENTAL HEALTH BLOCK GRANT**

25 **SECTION 10.17.(bb)** The sum of one million five hundred thousand dollars
26 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
27 Department of Health and Human Services, Division of Mental Health, Developmental
28 Disabilities, and Substance Abuse Services, for the 2008-2009 fiscal year and the sum
29 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
30 section in the Social Services Block Grant to the Department of Health and Human
31 Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to
32 continue a Comprehensive Treatment Services Program for Children in accordance with
33 Section 10.10 of S.L. 2007-323.

34 **SECTION 10.17.(cc)** Of the three hundred thousand dollars (\$300,000)
35 appropriated for the UNC School of Medicine, Department of Psychiatry, for the
36 2008-2009 fiscal year, the sum of two hundred thousand dollars (\$200,000) shall be
37 used to: (i) expand the Department of Psychiatry's Schizophrenia Treatment and
38 Evaluation Program (STEP) into a community setting, (ii) provide training for the next
39 generation of psychiatrists, social workers, psychologists, and nurses to address the
40 current workforce crisis, (iii) provide statewide training and consultation in
41 evidence-based practices, and (iv) provide ongoing support for the STEP and OASIS
42 clinics.

43 Of the three hundred thousand dollars (\$300,000) appropriated for the UNC
44 School of Medicine, Department of Psychiatry, for the 2008-2009 fiscal year, the sum
45 of one hundred thousand dollars (\$100,000) shall be used to provide bridge funding for
46 OASIS, a statewide program providing targeted, intense interventions to individuals in
47 the early stages of schizophrenia when chronicity and disability may be most
48 preventable. Funds shall be used to support OASIS as foundation support ends, allowing
49 OASIS to transition to funding through private insurance, Medicaid, State
50 appropriations for Mental Health, Developmental Disabilities, and Substance Abuse
51 Services, and other funding streams.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 10.17.(ee) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2008-2009 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 10.17.(ff) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**STUDY CERTAIN DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES FEES**

SECTION 11.1.(a) The Department of Agriculture and Consumer Services, in consultation with the Office of State Budget and Management and the Fiscal Research Division, shall study the following:

- (1) The feasibility and advisability of increasing the fees imposed by either the Board of Agriculture or the Department regarding services provided by the Rollins Laboratory System.
- (2) The feasibility and advisability of establishing fees for soil testing services provided by the Agronomics Division of the Department.
- (3) The feasibility and advisability of using alternative sources of funding for the "Agricultural Review", an agriculture newsletter published by the Department, including charging fees for advertisements or classified advertisements and soliciting private sponsors for the newsletter.

SECTION 11.1.(b) In the course of the study under subsection (a) of this section, the Department may consider other fees imposed by either the Board of Agriculture or the Department, the administrative costs associated with these fees, and current usage rates for various services provided by the Department.

SECTION 11.1.(c) No later than March 1, 2009, the Department of Agriculture and Consumer Services shall report the results of the study under this section, including any recommendations or legislative proposals, to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources.

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND AMENDMENTS.**

SECTION 12.1. G.S. 87-98 reads as rewritten:

"§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.

(a) The Bernard Allen Memorial Emergency Drinking Water Fund is established under the control and direction of the Department. The Fund shall be a nonreverting, interest-bearing fund consisting of monies appropriated by the General Assembly or

1 made available to the Fund from any other source and investment interest credited to the
2 Fund.

3 (b) The Fund may be used to pay for notification, to the extent practicable, of
4 persons aged 18 and older who reside in any dwelling unit, and the senior official in
5 charge of any business, at which drinking water is supplied from a private drinking
6 water well or improved spring that is located within 1,500 feet of, and at risk from,
7 known groundwater contamination. The senior official in charge of the business shall
8 take reasonable measures to notify all employees of the business of the groundwater
9 contamination, including posting a notice of the contamination in a form and at a
10 location that is readily accessible to the employees of the business. The Fund may also
11 be used by the Department to pay the costs of testing of private drinking water wells and
12 improved springs for suspected contamination up to once every three years upon request
13 by a person who uses the well and for the temporary or permanent provision of
14 alternative drinking water supplies to persons whose drinking water well or improved
15 spring is contaminated. Under this subsection, an alternative drinking water supply
16 includes the repair or replacement of a contaminated well or the connection to a public
17 water supply.

18 (c) The Department shall disburse monies from the Fund based on financial need
19 and on the risk to public health posed by groundwater contamination and shall give
20 priority to the provision of services under this section to instances when an alternative
21 source of funds is not available. ~~The Fund shall not be used for remediation of~~
22 ~~groundwater contamination. Nothing in this section expands, contracts, or modifies the~~
23 ~~obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General~~
24 ~~Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify~~
25 ~~receptors, or remediate groundwater or soil contamination.~~ The Fund shall not be used
26 to provide alternative water supply to households with incomes greater than three
27 hundred percent (300%) of the current federal poverty level. The Fund ~~shall not~~ may be
28 used to provide alternative drinking water supplies ~~unless if the Department determines~~
29 that the concentration of one or more contaminants in the private drinking water well or
30 improved spring exceeds the federal Maximum Contaminant Level maximum
31 contaminant level, or the federal drinking water action level as defined in 40 Code of
32 Federal Regulations § 141.1 through § 141.571 (1 July 2006)2007) and 40 Code of
33 Federal Regulations § 143.3 (1 July 2006).2007). For a contaminant for which a federal
34 maximum contaminant level or drinking water action level has not been established, the
35 State groundwater standard established by the Environmental Management Commission
36 for the concentration of that contaminant shall be used to determine whether the Fund
37 may be used to provide alternative drinking water supplies. The Fund may also be used
38 to provide alternative drinking water supplies as provided in this section if the
39 Department determines that the concentration of one or more contaminants in a private
40 drinking water well is increasing over time and that there is a significant risk that the
41 concentration of a contaminant will exceed the federal maximum contaminant level or
42 drinking water action level, or the State groundwater standard. A determination of the
43 concentration of a contaminant shall be based on a sample of water collected from the
44 private drinking water well within the past 12 months. The Fund shall not be used to
45 provide temporary water supplies in any calendar quarter until all needs for permanent
46 replacement water supplies that have been identified in that calendar quarter have been
47 met through hookups to public water supplies, repair, or replacement of contaminated
48 wells.

49 (c1) In disbursing monies from the Fund, ~~preference shall be given to providing the~~
50 Department shall give preference to provision of permanent replacement water supplies
51 by connection to public water supplies and repair or replacement of contaminated wells

1 over the provision of temporary water supplies. In providing alternative drinking water
2 supplies, the Department shall give preference to connection to a public water supply
3 system or to construction of a new private drinking water well over the use of a
4 filtration system if the Department determines that the costs of periodic required
5 maintenance of the filtration system would be cost-prohibitive for users of the
6 alternative drinking water supply.

7 (c2) If the Department provides an alternative drinking water supply by extension
8 of a waterline, the Department may disburse from the Fund no more than ten thousand
9 dollars (\$10,000) per household or other service connection. No more than one-third of
10 the total cost of the project may be paid from the Fund. The Department may combine
11 monies from the Fund with monies from other sources in order to pay the total cost of
12 the project.

13 (c3) The Fund shall be used to provide alternative drinking water supplies only if
14 the Department determines that the person or persons who are responsible for the
15 contamination of the private drinking water well is or are not financially viable or
16 cannot be identified or located and if the Department determines that one of the
17 following applies:

18 (1) The contamination of the private drinking water well is naturally
19 occurring.

20 (2) The owner of the property on which the private drinking water well is
21 located did not cause or contribute to the contamination or control the
22 source of the contamination.

23 (3) The source of the contamination is the application or disposal of a
24 hazardous substance or pesticide that occurred without the consent of
25 the owner of the property on which the private drinking water well is
26 located.

27 (c4) The Department may use up to one hundred thousand dollars (\$100,000) of
28 the monies in the Fund to pay the personnel and other direct costs associated with the
29 implementation of this section.

30 (c5) The Fund shall not be used for remediation of groundwater contamination.

31 (c6) Nothing in this section expands, contracts, or modifies the obligation of
32 responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this
33 Article, or Article 21A of this Chapter to assess contamination, identify receptors, or
34 remediate groundwater or soil contamination.

35 (d) The Department shall establish criteria by which the Department is to
36 evaluate applications and disburse monies from this Fund and may adopt any rules
37 necessary to implement this section.

38 (e) The Department, in consultation with the Commission for Public Health and
39 local health departments, shall report no later than 1 October of each year to the
40 Environmental Review Commission, the House of Representatives and Senate
41 Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal
42 Research Division of the General Assembly on the implementation of this section. The
43 report shall include the purpose and amount of all expenditures from the Fund during
44 the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of
45 the section, and may also include recommendations for any legislative action."

46 **INACTIVE HAZARDOUS WASTE SITES REPORT REQUIREMENT**

47 **SECTION 12.1A.(a)** G.S. 130A-310.2 reads as rewritten:

48 **"§ 130A-310.2. Inactive Hazardous Waste Sites Priority List.**

49 (a) No later than six months after July 1, 1987, the Commission shall develop a
50 system for the prioritization of inactive hazardous substance or waste disposal sites
51

1 based on the extent to which such sites endanger the public health and the environment.
2 The Secretary shall apply the prioritization system to the inventory of sites to create and
3 maintain an Inactive Hazardous Waste Site Priority List, which shall rank all inactive
4 hazardous substance or waste disposal sites in decreasing order of danger. This list shall
5 identify the location of each site and the type and amount of hazardous substances or
6 waste known or believed to be located on the site. The first such list shall be published
7 within two years after July 1, 1987, with subsequent lists to be published at intervals of
8 not more than two years thereafter. The Secretary shall notify owners, operators, and
9 responsible parties of sites listed on the Inactive Hazardous Waste Sites Priority List of
10 their ranking on the list. The Inactive Hazardous Sites Priority List shall be used by the
11 Department in determining budget requests and in allocating any State appropriation
12 which may be made for remedial action, but shall not be used so as to impede any other
13 action by the Department, or any remedial or other action for which funds are available.

14 (b) No later than January 1 of each year, the Department shall report to each
15 member of the General Assembly who has an inactive hazardous substance or waste
16 disposal site in the member's district. This report shall include the location of each
17 inactive hazardous substance or waste disposal site in the member's district, the type and
18 amount of hazardous substances or waste known or believed to be located on each of
19 these sites, the last action taken at each of these sites, and the date of that last action."

20 **SECTION 12.1A.(b)** The initial report under G.S. 130A-310.2(b), as
21 amended by this section, shall be due no later than January 1, 2009.
22

23 **INACTIVE HAZARDOUS WASTE SITES CLEANUP FUNDS**

24 **SECTION 12.5.** There is appropriated from the Dry Cleaning Solvent
25 Cleanup Fund to the Department of Environment and Natural Resources the sum of four
26 hundred thousand dollars (\$400,000) for the 2008-2009 fiscal year to be used,
27 notwithstanding G.S. 143-215.104C, to assess and remove contamination from inactive
28 hazardous waste sites throughout the State and to provide an alternative drinking water
29 supply to any person whose water supply was contaminated by an inactive hazardous
30 waste site.
31

32 **COMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE** 33 **TANK CLEANUP FUND**

34 **SECTION 12.6.(a)** There is appropriated from the Commercial Leaking
35 Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment
36 and Natural Resources the sum of seven hundred ninety-one thousand six hundred
37 fourteen dollars (\$791,614) for the 2008-2009 fiscal year. Notwithstanding
38 G.S. 143-215.94B, these funds shall be used to establish and support 11 positions within
39 the underground storage tank program as follows:

- 40 (1) \$92,643 shall be used to establish and support one Environmental
41 Program Supervisor II position.
- 42 (2) \$615,953 shall be used to establish and support nine Environmental
43 Specialist positions.
- 44 (3) \$83,018 shall be used to establish and support one Environmental
45 Engineer I position.

46 **SECTION 12.6.(b)** The positions under subsection (a) of this section shall
47 be used to increase compliance inspection frequency for the underground storage tank
48 program within the Department and to conduct operator training for those underground
49 storage tank systems that are subject to regulation under Part 2A or Part 2B of Article
50 21A of Chapter 143 of the General Statutes. It is the intent of the General Assembly that
51 funds for these positions under this section are recurring funds and that these funds are

1 in addition to funds previously appropriated to the Department of Environment and
2 Natural Resources for the 2008-2009 fiscal year.

3 4 **FUNDS FOR PENDING CIVIL LITIGATION EXPENSES**

5 **SECTION 12.7.** From funds in the I & M Air Pollution Control Account,
6 there is appropriated the sum of seven hundred fifty thousand dollars (\$750,000) for the
7 2008-2009 fiscal year to the Office of State Budget and Management, Litigation
8 Reserve. Notwithstanding G.S. 143-215.3A, these funds shall be used by the
9 Department of Justice solely for expenses related to either ex rel. Cooper v. Tennessee
10 Valley Authority, No. 1:06CV20 (W.D.N.C. filed Jan. 30, 2006) or South Carolina v.
11 North Carolina, No. 220138 ORG (U.S. Sup. Ct. filed June 7, 2007). Any of these funds
12 that remain unused on June 30, 2009, shall revert to the I & M Air Pollution Control
13 Account.

14 15 **STORMWATER PILOT PROGRAM**

16 **SECTION 12.8.(a)** G.S. 143-214.7 reads as rewritten:

17 **"§ 143-214.7. Stormwater runoff rules and programs.**

18 ...
19 (d3) The Department shall establish a stormwater pilot program that exempts
20 development in coastal counties otherwise subject to a stormwater permitting program
21 under this section from the requirement to obtain a permit if the development includes a
22 stormwater control system that meets the following requirements:

23 (1) The control system is an infiltration system, wet detention pond,
24 bioretention system, constructed stormwater wetland, sand filter, or
25 alternative stormwater management system that meets the General
26 Engineering Design Criteria established by the Department pursuant to
27 its rule-making authority.

28 (2) The control system is designed to store, control, and treat the
29 stormwater runoff from all surfaces generated by three and one-half
30 inches of rainfall.

31"

32 **SECTION 12.8.(b)** G.S. 143-215.6A reads as rewritten:

33 **"§ 143-215.6A. Enforcement procedures: civil penalties.**

34 (a) A civil penalty of not more than twenty-five thousand dollars (\$25,000) may
35 be assessed by the Secretary against any person who:

36 ...
37 (12) Violates or fails to act in accordance with G.S. 143-214.7(d3).

38"

39 40 **ESTABLISH NC CONSERVATION EASEMENT ENDOWMENT FUND**

41 **SECTION 12.9.(a)** Article 18 of Chapter 113A of the General Statutes is
42 amended by adding a new section to read:

43 **"§ 113A-253.2. North Carolina Conservation Easement Endowment Fund.**

44 (a) The North Carolina Conservation Easement Endowment Fund is established
45 as a special fund in the Office of the State Treasurer. The principal of the Endowment
46 Fund shall consist of a portion of grant funds transferred by the Trustees to the
47 Endowment Fund from the Clean Water Management Trust Fund for stewardship
48 activities related to projects for conservation easements funded from the Clean Water
49 Management Trust Fund. The principal of the Endowment Fund may also consist of any
50 proceeds of any gifts, grants, or contributions to the State that are specifically
51 designated for inclusion in the Endowment Fund and any investment income that is not

1 used in accordance with subsection (b) of this section. The State Treasurer shall hold the
 2 Endowment Fund separate and apart from all other moneys, funds, and accounts. The
 3 State Treasurer shall invest the assets of the Endowment Fund in accordance with the
 4 provisions of G.S. 147-69.2 and G.S. 147-69.3. The State Treasurer shall disburse the
 5 endowment investment income only upon the written direction of the Chair of the Board
 6 of Trustees. No expenditure or disbursement shall be made from the principal of the
 7 Endowment Fund.

8 (b) The Trustees may authorize the disbursement of the endowment investment
 9 income only for activities related to stewardship of conservation easements owned by
 10 the State."

11 **SECTION 12.9.(b)** G.S. 147-69.2(a) is amended by adding a new
 12 subdivision to read:

13 "(17i) The North Carolina Conservation Easement Endowment Fund."
 14

15 **YADKIN POWER AUTHORITY CREATION STUDY COMMISSION**

16 **SECTION 12.10.(a)** Commission Created. – The Yadkin Power Authority
 17 Creation Study Commission (Study Commission) is created.

18 **SECTION 12.10.(b)** Membership. – The Study Commission shall consist of
 19 16 members as follows:

- 20 (1) The Governor or the Governor's designee.
- 21 (2) A member of the Senate, appointed by the President Pro Tempore of
 22 the Senate.
- 23 (3) A member of the House of Representatives, appointed by the Speaker
 24 of the House of Representatives.
- 25 (4) The Chairman of the North Carolina Utilities Commission or the
 26 Chairman's designee.
- 27 (5) A representative of the Centralina Council of Governments, appointed
 28 by the Centralina Council of Governments.
- 29 (6) A representative of the County Board of Commissioners of each of the
 30 following nine counties: Anson, Cabarrus, Davidson, Iredell,
 31 Montgomery, Randolph, Rowan, Stanly, and Union; each appointed by
 32 its Board of Commissioners.
- 33 (7) A representative of the City of Albemarle, appointed by the City's
 34 governing body.
- 35 (8) A representative of the City of Salisbury, appointed by the City's
 36 governing body.

37 **SECTION 12.10.(c)** Duties. – The Study Commission shall study whether it
 38 is feasible and desirable to establish a body corporate and politic to be known as the
 39 Yadkin Power Authority. This Study Commission shall consider and develop proposals
 40 regarding all of the following issues:

- 41 (1) Whether the Yadkin Power Authority, if created, could participate in
 42 the recapture of the hydroelectric dam license and facilities of the
 43 existing Yadkin Hydroelectric Project, including all necessary dams,
 44 powerhouses, and related project works.
- 45 (2) The process by which the Yadkin Power Authority, if created, could
 46 acquire, purchase, hold, use, lease, mortgage, sell, transfer, and dispose
 47 of any real property, personal property, or any interest in any of real or
 48 personal property, including a Federal Energy Regulatory Commission
 49 (FERC) license for the Yadkin Hydroelectric Project.

- 1 (3) Whether the Yadkin Power Authority, if created, could produce,
2 distribute, and sell hydroelectric power for the benefit of the people of
3 North Carolina.

4 **SECTION 12.10.(d)** Additional Duties. – The Study Commission also shall
5 consider issues concerning governance of the Yadkin Power Authority, if created,
6 including all of the following:

- 7 (1) Membership and terms of any Board of Directors or other governing
8 board of the Yadkin Power Authority.
9 (2) The means for payment of the acquisition and maintenance of the
10 Yadkin Hydroelectric Project.
11 (3) The allocation of the power from the Yadkin Hydroelectric Project.
12 (4) The allocation of water from the Yadkin Hydroelectric Project.
13 (5) The use and disposition of any net earnings of the Yadkin Power
14 Authority.

15 **SECTION 12.10.(e)** Vacancies. – A vacancy in the membership of the
16 Study Commission or a vacancy of a Cochair of the Study Commission resulting from
17 the resignation of a member or otherwise shall be filled in the same manner in which the
18 original appointment was made.

19 **SECTION 12.10.(f)** Reports. – The Study Commission shall submit an
20 interim report to the 2009 General Assembly. The Study Commission shall make a
21 final report to the 2011 General Assembly. Each report shall include findings and any
22 recommendations, including, if the Study Commission recommends the creation of the
23 Yadkin Power Authority, any legislative proposals that would assist in the creation and
24 operation of a Yadkin Power Authority. The Study Commission shall terminate upon
25 the filing of its final report.

26 **SECTION 12.10.(g)** Expenses of Members. – Members of the Commission
27 shall receive per diem, subsistence, and travel allowances in accordance with
28 G.S. 120-3.1, 138-5, or 138-6, as appropriate.

29 **SECTION 12.10.(h)** Chair; Meetings. – The President Pro Tempore of the
30 Senate and the Speaker of the House of Representatives shall each designate one
31 member to serve as Cochair of the Study Commission. The Cochairs shall call the initial
32 meeting of the Commission on or before October 15, 2008. The Study Commission
33 shall subsequently meet upon such notice and in such manner as its members determine.
34 A majority of the members of the Study Commission shall constitute a quorum. The
35 Study Commission may meet in the Legislative Building or the Legislative Office
36 Building upon the approval of the Legislative Services Commission.

37 **SECTION 12.10.(i)** Staff. – Upon the prior approval of the Legislative
38 Services Commission, the Legislative Services Officer may assign professional and
39 clerical staff and other services and supplies, as needed for the Study Commission to
40 carry out its duties in an effective manner.

41 **SECTION 12.10.(j)** Cooperation by Government Agencies. – The Study
42 Commission may call upon any department, agency, institution, or officer of the State or
43 any political subdivision thereof for data or other assistance.

44 **SECTION 12.10.(k)** Current Relicensing Procedure. – Nothing in this
45 section shall preclude the Governor or any State agency or department from taking any
46 action necessary to protect the interest of the State in the current relicensing procedure
47 for the Yadkin Hydroelectric Project before the Federal Energy Regulatory Commission
48 or any related proceeding.

49 **SECTION 12.10.(l)** Action Suspended Pending Study. – The Department of
50 Environment and Natural Resources shall not take any final action on Alcoa Power
51 Generating, Inc.'s Section 401 Water Quality Certification for FERC Relicensing

1 Project No. P-2197-0000 before the General Assembly acting upon the Study
2 Commission's recommendations or May 1, 2009, whichever occurs sooner.

3
4 **MARINE FISHERIES FUNDS FOR THE FISHERY RESOURCE GRANT**
5 **PROGRAM**

6 **SECTION 12.11.** Of the funds appropriated in this act to the Department of
7 Environment and Natural Resources for the Division of Marine Fisheries for the Fishery
8 Resource Grant Program established under G.S. 113-200, the sum of one hundred
9 forty-six thousand three hundred twelve dollars (\$146,312) for the 2008-2009 fiscal
10 year shall be used for river herring research in the Department. The remaining funds
11 appropriated in this act to the Department for the Fishery Resource Grant Program for
12 the 2008-2009 fiscal year shall be used for research related to the Sea Grant College
13 Program only and shall not be used for any other purpose.

14
15 **STUDY ADDING AREA SURROUNDING RUTHERFORD TRACE TO STATE**
16 **PARKS SYSTEM**

17 **SECTION 12.12.** The Division of Parks and Recreation of the Department
18 of Environment and Natural Resources shall study the feasibility and the desirability of
19 acquiring land and establishing a State park for inclusion in the State Parks System on
20 property surrounding Rutherford Trace in McDowell County. The study shall include
21 estimates of the cost of purchasing the land and the costs of developing and operating
22 the proposed State park. The Division shall report its findings and recommendations,
23 including any legislative proposals, to the Environmental Review Commission and to
24 the Chairs of the House of Representatives and Senate Appropriations Subcommittees
25 on Natural and Economic Resources no later than February 1, 2009.

26
27 **CONSERVATION GRANT FUND INVESTMENTS**

28 **SECTION 12.13.** G.S. 147-69.2(a) is amended by adding a new subdivision
29 to read:

30 "(17j) The Conservation Grant Fund."

31
32 **PART XIII. DEPARTMENT OF COMMERCE**

33
34 **ONE NORTH CAROLINA FUND**

35 **SECTION 13.1.** Section 13.1 of S.L. 2007-323 reads as rewritten:

36 **"SECTION 13.1.(a)** Of the funds appropriated in this act to the One North Carolina
37 Fund for the ~~2007-2008~~2008-2009 fiscal year, the Department of Commerce may use
38 up to three hundred thousand dollars (\$300,000) to cover its expenses in administering
39 the One North Carolina Fund and other economic development incentive grant
40 programs during the ~~2007-2008~~2008-2009 fiscal year.

41 **SECTION 13.1.(b)** Of the funds appropriated in this act to the One North Carolina
42 Fund for the 2007-2008 fiscal year, the sum of six hundred fifty thousand dollars
43 (\$650,000) shall be transferred to the Department of Environment and Natural
44 Resources, Division of Information Technology Services, for the development of a Tier
45 II hazardous chemicals inventory database and Web-based access application.

46 **SECTION 13.1.(c)** If any One North Carolina funds that have been previously
47 awarded and disbursed are recovered by the Department of Commerce during the
48 2007-2008 fiscal year, the Department of Commerce may use up to one million dollars
49 (\$1,000,000) of the recovered funds to supplement the Department's budget for
50 statewide economic development marketing and business assistance, including
51 continued development and maintenance of the Department's Web site, development of

1 software and systems to improve service to North Carolina businesses, and the
2 promotion of North Carolina nationally and internationally as a location for business
3 growth and expansion through advertising, events-related marketing, and hosting
4 international economic development conferences. Funds recovered by the Department
5 of Commerce under this subsection in the 2007-2008 fiscal year that are unencumbered
6 and unexpended as of June 30, 2008, may be used by the Department in the 2008-2009
7 fiscal year for Client Relationship Management software and to upgrade the building
8 and sites database and website for the Certified Sites Program."
9

10 NC GREEN BUSINESS FUND

11 **SECTION 13.2.** Of the funds appropriated in this act to the NC Green
12 Business Fund for the 2008-2009 fiscal year, the Department of Commerce may use up
13 to fifty thousand dollars (\$50,000), if necessary, to cover the Department's expenses in
14 administering the NC Green Business Fund.
15

16 CIAA BASKETBALL TOURNAMENT TOURISM AND MARKETING

17 **SECTION 13.2A.** Of the funds available to the Tourism, Film, and Sports
18 Development Division of the Department of Commerce, the sum of five hundred
19 thousand dollars (\$500,000) for fiscal year 2008-2009 shall be used to support
20 marketing and tourism promotion for the Central Intercollegiate Athletic Association
21 Tournament to be held in Charlotte February 23-28, 2009.
22

23 WELCOME/VISITOR CENTER CONSTRUCTION

24 **SECTION 13.3.** S.L. 2007-356 reads as rewritten:

25 "SECTION 1. The Department of Commerce and the Department of Transportation
26 shall consult with the Joint Legislative Commission on Governmental Operations and
27 the House and Senate Appropriations Subcommittees on Natural and Economic
28 Resources before beginning the design or construction of any new welcome center or
29 visitor center buildings.

30 "SECTION 2. The Department of Commerce and the Department of Transportation
31 shall immediately cease the planning, design, or construction of any new welcome
32 center buildings in Randolph County and shall not resume the planning, design, or
33 construction of any new welcome center buildings in that county before consulting with
34 the Joint Legislative Commission on Governmental Operations and the House and
35 Senate Appropriations Subcommittees on Natural and Economic Resources.

36 "SECTION 3. Nothing in this act shall be interpreted to prohibit or restrict the
37 Department of Transportation from constructing visitor center buildings in Randolph
38 County and Wilkes County that were in the planning, design, or construction phase
39 prior to the effective date of this act. ~~The Department of Commerce shall operate the~~
40 ~~Randolph County visitor center with funding sources consistent with the existing nine~~
41 ~~welcome centers, excluding use of funds from the Special Registration Plate Account~~
42 ~~and the Highway Fund."~~
43

44 WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

45 **SECTION 13.4.** Section 13.3A of S.L. 2007-323 reads as rewritten:

46 "SECTION 13.3A.(a) Funds appropriated to the Department of Commerce for the
47 ~~2006-2007~~2007-2008 fiscal year for the Wanchese Seafood Industrial Park that are
48 unexpended and unencumbered as of ~~June 30, 2007~~June 30, 2008, shall not revert to
49 the General Fund on ~~June 30, 2007~~June 30, 2008, but shall remain available to the
50 Department to be expended by the Wanchese Seafood Industrial Park for operations,
51 maintenance, repair, and capital improvements in accordance with Article 23C of

Chapter 113 of the General Statutes. These funds shall be in addition to funds available to the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements under Article 23C of Chapter 113 of the General Statutes.

"SECTION 13.3A.(b) Funds appropriated to the Department of Commerce for the ~~2006-2007~~2007-2008 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of ~~June 30, 2007, June 30, 2008,~~ shall not revert to the General Fund on ~~June 30, 2007, June 30, 2008,~~ but shall remain available to the Department to be expended by the Wanchese Seafood Industrial Park for securing adequate channel maintenance of the Oregon Inlet and for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes. These funds shall be in addition to funds available to the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements under Article 23C of Chapter 113 of the General Statutes.

"SECTION 13.3A.(c) This section becomes effective ~~June 30, 2007, June 30, 2008.~~"

NER BLOCK GRANTS

SECTION 13.5.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2009, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$ 1,000,000
02. Urgent Needs and Contingency	1,000,000
03. Scattered Site Housing	13,200,000
04. Economic Development	8,710,000
05. Small Business/Entrepreneurship	1,000,000
06. Community Revitalization	13,000,000
07. State Technical Assistance	450,000
08. Housing Development	1,500,000
09. Infrastructure	5,140,000

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2009 Program Year **\$ 45,000,000**

SECTION 13.5.(b) Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 13.5.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as

1 follows: each program category under the Community Development Block Grant shall
2 be increased by the same percentage as the increase in federal funds.

3 **SECTION 13.5.(d)** Limitations on Community Development Block Grant
4 Funds. – Of the funds appropriated in this section for the Community Development
5 Block Grant, the following shall be allocated in each category for each program year: up
6 to one million dollars (\$1,000,000) may be used for State Administration; not less than
7 one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to
8 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered
9 Site Housing; eight million seven hundred ten thousand dollars (\$8,710,000) may be
10 used for Economic Development; up to one million dollars (\$1,000,000) may be used
11 for Small Business/Entrepreneurship; not less than thirteen million dollars
12 (\$13,000,000) shall be used for Community Revitalization; up to four hundred fifty
13 thousand dollars (\$450,000) may be used for State Technical Assistance; up to one
14 million five hundred thousand dollars (\$1,500,000) may be used for Housing
15 Development; up to five million one hundred forty thousand dollars (\$5,140,000) may
16 be used for Infrastructure. If federal block grant funds are reduced or increased by the
17 Congress of the United States after the effective date of this act, then these reductions or
18 increases shall be allocated in accordance with subsection (b) or (c) of this section, as
19 applicable.

20 **SECTION 13.5.(e)** Increase Capacity for Nonprofit Organizations. –
21 Assistance to nonprofit organizations to increase their capacity to carry out
22 CDBG-eligible activities in partnership with units of local government is an eligible
23 activity under any program category in accordance with federal regulations. Capacity
24 building grants may be made from funds available within program categories, program
25 income, or unobligated funds.

26 **SECTION 13.5.(f)** The Department of Commerce shall consult with the
27 Joint Legislative Commission on Governmental Operations prior to reallocating
28 Community Development Block Grant Funds. Notwithstanding the provisions of this
29 subsection, whenever the Director of the Budget finds that:

- 30 (1) A reallocation is required because of an emergency that poses an
31 imminent threat to public health or public safety, the Director of the
32 Budget may authorize the reallocation without consulting the
33 Commission. The Department of Commerce shall report to the
34 Commission on the reallocation no later than 30 days after it was
35 authorized and shall identify in the report the emergency, the type of
36 action taken, and how it was related to the emergency.
- 37 (2) The State will lose federal block grant funds or receive less federal
38 block grant funds in the next fiscal year unless a reallocation is made.
39 The Department of Commerce shall provide a written report to the
40 Commission on the proposed reallocation and shall identify the reason
41 that failure to take action will result in the loss of federal funds. If the
42 Commission does not hear the issue within 30 days of receipt of the
43 report, the Department may take the action without consulting the
44 Commission.

45 **EMPLOYMENT SECURITY COMMISSION FUNDS**

46 **SECTION 13.6.** Section 13.4 of S.L. 2007-323 reads as rewritten:

47 **"SECTION 13.4.(a)** Funds from the Employment Security Commission Reserve
48 Fund shall be available to the Employment Security Commission of North Carolina to
49 use as collateral to secure federal funds and to pay the administrative costs associated
50 with the collection of the Employment Security Commission Reserve Fund surcharge.
51

1 The total administrative costs paid with funds from the Reserve in the
2 ~~2007-2008~~2008-2009 fiscal year shall not exceed two million five hundred thousand
3 dollars (\$2,500,000).

4 "**SECTION 13.4.(b)** There is appropriated from the Employment Security
5 Commission Reserve Fund to the Employment Security Commission of North Carolina
6 the sum of ~~seven million three hundred thousand dollars (\$7,300,000)~~twenty million
7 dollars (\$20,000,000) for the ~~2007-2008~~2008-2009 fiscal year to be used for the
8 following purposes:

9 (1) ~~Seven million dollars (\$7,000,000)~~Nineteen million seven hundred
10 thousand dollars (\$19,700,000) for the operation and support of local
11 ESC offices.

12 (2) Two hundred thousand dollars (\$200,000) for the State Occupational
13 Information Coordinating Committee to develop and operate an
14 interagency system to track former participants in State education and
15 training programs.

16 (3) One hundred thousand dollars (\$100,000) to maintain compliance with
17 Chapter 96 of the General Statutes, which directs the Commission to
18 employ the Common Follow-Up Management Information System to
19 evaluate the effectiveness of the State's job training, education, and
20 placement programs.

21 "**SECTION 13.4.(c)** There is appropriated from the Employment Security
22 Commission Reserve Fund to the Employment Security Commission of North Carolina
23 an amount not to exceed ~~two million five hundred thousand dollars (\$2,500,000)~~one
24 million dollars (\$1,000,000) for the ~~2007-2008~~2008-2009 fiscal year to fund State
25 initiatives not currently funded through federal grants.

26 "**SECTION 13.4.(d)** There is appropriated from the Employment Security
27 Commission Reserve Fund to the Employment Security Commission of North Carolina
28 an amount not to exceed three hundred fifty thousand dollars (\$350,000) for the
29 ~~2007-2008~~2008-2009 fiscal year to allow the Commission to continue to work with
30 Connect, Inc., to provide dislocated workers with assistance in obtaining health care
31 benefits, receiving vocational training, and securing employment.

32 "**SECTION 13.4.(e)** This section becomes effective ~~July 1, 2007.~~July 1, 2008."
33

34 **NC WINE AND GRAPE GROWERS COUNCIL/ADDITIONAL FUNDS FOR** 35 **RESEARCH AND DEVELOPMENT**

36 **SECTION 13.6A.(a)** G.S. 105-113.81A reads as rewritten:

37 "**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina**
38 **wine.**

39 (a) Industry Promotion. – The Secretary shall on a quarterly basis credit to the
40 Department of Commerce two hundred thousand dollars (\$200,000) from the net
41 proceeds of the excise tax collected on unfortified wine. The Department of Commerce
42 shall allocate the funds received under this ~~section~~subsection to the North Carolina
43 Wine and Grape Growers Council to be used to promote the North Carolina grape and
44 wine industry and to contract for research and development services to improve
45 ~~viticultural and enological practices in North Carolina industry.~~industry. Any funds credited to
46 the Department of Commerce under this subsection that are not expended by June 30 of
47 any fiscal year do not revert to the General Fund, but remain available to the
48 Department for the uses set forth in this ~~section~~subsection.

49 (b) Research and Development. – The Secretary shall on a quarterly basis credit
50 to the Department of Commerce twenty-five thousand dollars (\$25,000) from the net
51 proceeds of the excise tax collected on unfortified wine. The Department of Commerce

1 shall allocate the funds received under this subsection to the North Carolina Wine and
2 Grape Growers Council to be used to contract for research and development services to
3 improve viticultural and enological practices in North Carolina. Any funds credited to
4 the Department of Commerce under this subsection that are not expended by June 30 of
5 any fiscal year do not revert to the General Fund, but remain available to the
6 Department for the uses set forth in this subsection."

7 **SECTION 13.6A.(b)** This section becomes effective October 1, 2008.
8

9 **STATE BANKING COMMISSION/GRANTS TO NONPROFIT AGENCIES TO**
10 **PROVIDE HOUSING COUNSELING AND RELATED SERVICES**

11 **SECTION 13.6B.(a)** The Commissioner of Banks shall use one million
12 dollars (\$1,000,000) of the funds available to the State Banking Commission in the
13 2008-2009 fiscal year to make grants to nonprofit counseling agencies in the State that
14 are designated and approved by the North Carolina Housing Finance Agency. Grants
15 made under this section shall be used to provide housing counseling and related services
16 to help homeowners avoid home loss and foreclosure and to preserve home equity.
17 Grants may also be used to provide training for counselors.

18 **SECTION 13.6B.(b)** The State Banking Commission shall report to the
19 Joint Legislative Commission on Governmental Operations regarding the
20 implementation of this program by February 15, 2009.
21

22 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

23 **SECTION 13.7.(a)** Funds appropriated in this act to the Department of
24 Commerce for regional economic development commissions shall be allocated to the
25 following commissions in accordance with subsection (b) of this section: Western North
26 Carolina Regional Economic Development Commission, Research Triangle Regional
27 Partnership, Southeastern North Carolina Regional Economic Development
28 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional
29 Economic Development Commission, North Carolina's Eastern Region Economic
30 Development Partnership, and Carolinas Partnership, Inc.

31 **SECTION 13.7.(b)** Funds appropriated pursuant to subsection (a) of this
32 section shall be allocated to each regional economic development commission as
33 follows:

- 34 (1) First, the Department shall establish each commission's allocation by
35 determining the sum of allocations to each county that is a member of
36 that commission. Each county's allocation shall be determined by
37 dividing the county's development factor by the sum of the
38 development factors for eligible counties and multiplying the resulting
39 percentage by the amount of the appropriation. As used in this
40 subdivision, the term "development factor" means a county's
41 development factor as calculated under G.S. 143B-437.08; and
42 (2) Next, the Department shall subtract from funds allocated to the North
43 Carolina's Eastern Region Economic Development Partnership the
44 sum of four hundred sixty-nine thousand seven hundred forty dollars
45 (\$469,740) in the 2008-2009 fiscal year, which sum represents: (i) the
46 total interest earnings in the prior fiscal year on the estimated balance
47 of seven million five hundred thousand dollars (\$7,500,000)
48 appropriated to the Global TransPark Development Zone in Section 6
49 of Chapter 561 of the 1993 Session Laws; and (ii) the total interest
50 earnings in the prior fiscal year on loans made from the seven million
51 five hundred thousand dollars (\$7,500,000) appropriated to the Global

1 TransPark Development Zone in Section 6 of Chapter 561 of the 1993
2 Session Laws; and

- 3 (3) Next, the Department shall redistribute the sum of four hundred
4 sixty-nine thousand seven hundred forty dollars (\$469,740) in the
5 2008-2009 fiscal year to the seven regional economic development
6 commissions named in subsection (a) of this section. Each
7 commission's share of this redistribution shall be determined according
8 to the development factor formula set out in subdivision (1) of this
9 subsection. This redistribution shall be in addition to each
10 commission's allocation determined under subdivision (1) of this
11 subsection.

12 **SECTION 13.7.(c)** No more than one hundred twenty thousand dollars
13 (\$120,000) in State funds shall be used for the annual salary of any one employee of a
14 regional economic development commission.

15 **SECTION 13.7.(d)** The General Assembly finds that successful economic
16 development requires the collaboration of the State, regions of the State, counties, and
17 municipalities. Therefore, the regional economic development commissions are
18 encouraged to seek supplemental funding from their county and municipal partners to
19 continue and enhance their efforts to attract and retain business in the State.
20

21 **RURAL CENTER/FUNDS FOR LOCAL GOVERNMENT WATER, SEWER, 22 AND NATURAL GAS IMPROVEMENT GRANTS**

23 **SECTION 13.8.(a)** Appropriation. – Of the funds appropriated to the North
24 Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of fifty
25 million dollars (\$50,000,000) for the 2008-2009 fiscal year shall be used to provide
26 grants to local government units for wastewater-related projects, public water
27 system-related projects, and natural gas line projects as provided by this section. Funds
28 may also be used to provide drought-related emergency water and sewer grants.

29 **SECTION 13.8.(b)** Definitions. – The definitions in G.S. 159G-20 apply in
30 this section, except that all census calculations are based on the most recent federal
31 decennial census. In addition, the following definitions shall apply in this section unless
32 otherwise provided:

- 33 (1) Ability to pay. – An assessment of the ability of a local government
34 unit to pay for a water infrastructure project or natural gas line project
35 as calculated annually by the Division of Community Assistance in the
36 Department of Commerce.
- 37 (2) Economically distressed area. – Any of the following:
- 38 a. An economically distressed county as defined in
39 G.S. 143B-437.01.
- 40 b. That part of a county in which the poverty rate is at least one
41 hundred fifty percent (150%) of the State poverty rate. The
42 poverty rate is the percentage of the population whose income
43 is below the most recent federal poverty level set by the U.S.
44 Bureau of the Census.
- 45 c. If it is not a county, its ability to pay is less than fifty percent
46 (50%) of the ability to pay of the county in which it is located.
- 47 (3) Rural county. – A county with a population density of fewer than 250
48 people per square mile based on the most recent federal decennial
49 census.

50 **SECTION 13.8.(c)** Eligible Applicants; Eligible Projects. – A local
51 government unit is eligible for a grant under this section if it meets the eligibility

1 requirements under subsections (d) or (e) of this section for the specific type of grant.
2 The funds appropriated under this section may be used to provide either a planning
3 grant that meets the requirements under subsection (d) of this section or a supplemental
4 grant that meets the requirements of subsection (e) of this section. The following
5 projects are eligible for receiving a grant under this section:

- 6 (1) Wastewater collection system.
- 7 (2) Wastewater treatment works.
- 8 (3) Public water system.
- 9 (4) Wastewater and drinking water infrastructure planning.
- 10 (5) Multi-jurisdictional wastewater, drinking water, water quality, and
11 stormwater planning.
- 12 (6) Natural gas line project.

13 **SECTION 13.8.(d) Planning Grants.** – A planning grant under this section is
14 available for the costs associated with preliminary planning for wastewater collection
15 system projects, wastewater treatment works projects, public water system projects, and
16 natural gas line projects. Preliminary planning includes developing a capital
17 improvement plan, developing a comprehensive land-use plan that provides for water
18 quality protection, conducting a feasibility study, developing a regional or
19 multi-jurisdictional infrastructure or water quality improvement plan, assembling a
20 financing plan to carry out a project, completing a grant application, and preparing a
21 preliminary engineering report for a proposed project. A planning grant is subject to the
22 following restrictions:

- 23 (1) Eligibility. – A local government unit is eligible for a planning grant if
24 it meets the following criteria:
 - 25 a. It is a rural county or is located in one of these counties.
 - 26 b. It is an economically distressed county or is located in an
27 economically distressed county or an economically distressed
28 area.
 - 29 c. For purposes of this subsection, a regional council of
30 governments organized under G.S. 160A-460 or a regional
31 planning and development commission organized under
32 G.S. 153A-391 is considered a local government unit. A
33 regional council of governments or regional planning and
34 development commission is eligible for a grant if it serves a
35 rural county and is applying for a regional or
36 multi-jurisdictional planning project involving two or more
37 units of local government.
- 38 (2) Maximum. – A planning grant shall not exceed forty thousand dollars
39 (\$40,000) for each unit of local government.
- 40 (3) Matching funds. – A local government unit shall match a planning
41 grant on a dollar-for-dollar basis unless the unit meets one or more of
42 the following descriptions, in which instance the Rural Center may
43 require a match of fifty percent (50%) or less:
 - 44 a. It is an economically distressed county or located in an
45 economically distressed county.
 - 46 b. Its poverty rate is at least one hundred fifty percent (150%) of
47 the State poverty rate.
 - 48 c. If it is not a county, its ability to pay is less than fifty percent
49 (50%) of the ability to pay of the county in which it is located.

50 **SECTION 13.8.(e) Supplemental Grants.** – A supplemental grant is
51 available to match other funds to be applied to the construction costs of an eligible

1 project. Other funds include federal funds, State funds, and local funds. A supplemental
2 grant is subject to the following restrictions:

3 (1) Eligibility. – A local government unit is eligible for a supplemental
4 grant if it meets the following criteria:

5 a. It is a rural county or is located in one of these counties.

6 b. It adopts a resolution to set the household user fee for water and
7 sewer service or natural gas service in the area served by the
8 project at an amount that equals or exceeds the high-unit-cost
9 threshold.

10 (2) Maximum. – A supplemental grant shall not exceed five hundred
11 thousand dollars (\$500,000) unless the applicant meets one or more of
12 these descriptions:

13 a. It is an economically distressed county or is located in an
14 economically distressed county.

15 b. Its poverty rate is at least one hundred fifty percent (150%) of
16 the State poverty rate.

17 c. If it is not a county, its ability to pay is less than fifty percent
18 (50%) of the ability to pay of the county in which it is located.

19 The maximum supplemental grant for an applicant meeting at least one
20 of these descriptions is the lesser of one million dollars (\$1,000,000) or
21 twenty-five percent (25%) of the total project cost.

22 (3) Matching funds. – A local government unit shall match a supplemental
23 grant on a dollar-for-dollar basis unless the unit meets one or more of
24 the following descriptions, in which instance the Rural Center may
25 require a match of fifty percent (50%) or less:

26 a. It is an economically distressed county or is located in an
27 economically distressed county.

28 b. Its poverty rate is at least one hundred fifty percent (150%) of
29 the State poverty rate.

30 c. If it is not a county, its ability to pay is less than fifty percent
31 (50%) of the ability to pay of the county in which it is located.

32 A local government unit that meets one or more of these descriptions
33 may not provide less than a dollar-for-dollar match if the supplemental
34 grant amount requested exceeds five hundred thousand dollars
35 (\$500,000).

36 **SECTION 13.8.(f)** Criteria for Grants. – All projects must document a
37 current critical water or wastewater need affecting human health or the environment or
38 must document a current critical natural gas line project. The criteria in G.S. 159G-23,
39 the criteria set out in this section, and any other criteria established by the Board of
40 Directors of the Rural Center shall apply to a grant provided under this section. An
41 application for a project that serves an economically distressed area shall have priority
42 over a project that does not. The Board of Directors of the Rural Center may determine
43 that a crisis need exists that merits special consideration and may establish a
44 subcategory of this program to address one or more crisis applications.

45 **SECTION 13.8.(g)** Grant Applications. – Any application for a grant under
46 this section shall be submitted by the local government unit to the Rural Center. An
47 application shall be submitted on a form prescribed by the Rural Center and shall
48 contain the information required by the Rural Center. An applicant shall submit to the
49 Rural Center any additional information requested by the Rural Center to enable the
50 Rural Center to make a determination on the application. An application that does not
51 contain information required on the application or requested by the Rural Center is

1 incomplete and is not eligible for consideration. An applicant may submit an application
2 in as many categories as it is eligible for consideration under this section.

3 **SECTION 13.8.(h)** Environmental Assessment. – An application submitted
4 under this section for a supplemental grant shall state whether the project to be funded
5 by the grant requires an environmental assessment. If the application indicates that an
6 environmental assessment is not required, it must identify the exclusion in the North
7 Carolina Environmental Policy Act, Article 1 of Chapter 113A of the General Statutes,
8 that applies to the project. The Rural Center shall give the Department of Environment
9 and Natural Resources a copy of an application that indicates an environmental
10 assessment is not required. If the Department of Environment and Natural Resources
11 determines that the project requires an environmental assessment, the Department shall
12 notify the Rural Center and the applicant, and the applicant shall submit the assessment
13 to the Department before the Center continues its review of the application. An
14 application that does not identify an exclusion in the North Carolina Environmental
15 Policy Act shall include the environmental assessment of the project's probable impacts
16 on the environment that was submitted to the Department of Environment and Natural
17 Resources. If the Department notifies the Rural Center that an environmental impact
18 statement is required, the Rural Center shall not award the applicant a grant until a final
19 environmental assessment impact statement has been completed and approved as
20 provided in the Environmental Policy Act.

21 **SECTION 13.8.(i)** Review of Applications and Award of Grant. – The Rural
22 Center shall review grant applications and award grants as provided by this subsection:

- 23 (1) Point assignment. – The Rural Center shall review all grant
24 applications submitted under this section for an application period, to
25 be determined by the Rural Center, and shall rank each application in
26 accordance with the points assigned to the evaluation criteria.
27 Applications addressing a crisis need may be ranked according to a
28 special set of criteria or be reviewed for a specifically determined
29 application period. The Rural Center shall make a written
30 determination of an application's rank and attach the determination to
31 the application. The Rural Center's determination of rank is
32 conclusive.
- 33 (2) Reconsideration. – When an application's rank is too low to receive an
34 award of a grant for the application period, the Rural Center may
35 reconsider an amended application, provided the application addresses
36 questions from the previous grant round.
- 37 (3) Notification of decision. – When the Rural Center determines that an
38 application's rank makes it eligible for an award of a grant, the Rural
39 Center shall send the applicant a letter of intent to award the grant. The
40 notice shall set out any conditions the applicant must meet to receive
41 an award of a grant. When the applicant satisfies the conditions set out
42 in the letter of intent, the Rural Center shall send the applicant an offer
43 to award a grant. The applicant shall give the Rural Center written
44 notice of whether it accepts or rejects the offer. A grant is considered
45 awarded the date the offer to award the grant is sent by the Rural
46 Center.

47 **SECTION 13.8.(j)** Disbursement of Grant. – A planning grant awarded
48 under this section shall be disbursed in two payments. Other grants awarded under this
49 section shall be disbursed in two or more payments based on the progress of the project
50 for which the grant was awarded. To obtain a payment, a grant recipient shall submit a
51 request for payment to the Rural Center and shall document the expenditures for which

1 the payment is requested. The Rural Center shall review the payment request for
2 compliance with all grant conditions.

3 **SECTION 13.8.(k) Withdrawal of Grant.** – An award for a supplemental
4 grant for a project is withdrawn if the applicant fails to enter into a construction contract
5 for the project within one year after the date of the award for supplemental grants under
6 subsection (e) of this section, unless the Board of Directors of the Rural Center finds
7 that the applicant has good cause for the failure. If the Rural Center finds good cause for
8 an applicant's failure, the Rural Center shall set a date by which the applicant must take
9 action or forfeit the grant. Planning grants may be withdrawn if there is insufficient
10 progress in meeting the scope of work within one year of the award date.

11 **SECTION 13.8.(l) Inspection of Project.** – The Rural Center may inspect a
12 project as provided by this subsection:

13 (1) **Authority.** – The Rural Center may inspect a project for which it
14 awards a grant under this section to determine the progress made on
15 the project and whether the construction of the project is consistent
16 with the project described in the grant application. The inspection may
17 be performed by personnel of the Rural Center or by a professional
18 engineer licensed under Chapter 89C of the General Statutes.

19 (2) **Disqualification.** – An individual may not perform an inspection of a
20 project under this section if the individual meets any of the following
21 criteria:

22 a. Is an officer or employee of the local government unit that
23 received the grant award for the project.

24 b. Is an owner, officer, employee, or agent of a contractor or
25 subcontractor engaged in the construction of the project for
26 which the grant was made.

27 **SECTION 13.8.(m) Administration Costs.** – The Rural Center may use a
28 portion of the funds appropriated in this section for administration, not to exceed two
29 percent (2%), for the life of the grant program created by this section.

30 **SECTION 13.8.(n) Reporting Requirement.** – The Rural Center shall report
31 to the Joint Legislative Commission on Governmental Operations on a quarterly basis
32 concerning the progress of the grant program created under this section. The first report
33 is due no later than December 1, 2008.

34 **SECTION 13.8.(o) Separate Accounts.** – Each grant that is provided under
35 this section shall be administered through a separate account.

36 **SECTION 13.8.(p) Loans Prohibited.** – The Rural Center shall not use the
37 funds appropriated in this section to make loans.

38 39 **RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE** 40 **PROGRAM**

41 **SECTION 13.10.(a)** Section 13.13(a) of S.L. 2007-323 reads as rewritten:

42 "SECTION 13.13.(a) Of the funds appropriated in this act to the Rural Economic
43 Development Center, Inc., the sum of nineteen million five hundred thousand dollars
44 (\$19,500,000) for the 2007-2008 fiscal year and the sum of nineteen million five
45 hundred thousand dollars (\$19,500,000) for the 2008-2009 fiscal year shall be allocated
46 as follows:

47 (1) To continue the North Carolina Infrastructure Program. The purpose of
48 the Program is to provide grants to local governments to construct
49 critical water and wastewater facilities and to provide other
50 infrastructure needs, including technology needs, to sites where these
51 facilities will generate private job-creating investment. At least

1 ~~fifteen~~ million dollars ~~(\$15,000,000)~~(\$10,000,000) of the funds
 2 appropriated in this act for each year of the biennium must be used to
 3 provide grants under this Program.

4 (2) To provide matching grants to local governments in distressed areas
 5 and equity investments in public-private ventures that will
 6 productively reuse vacant buildings and properties, with priority given
 7 to towns or communities with populations of less than 5,000.

8 (3) To provide economic development research and demonstration grants.

9 (4) To provide financial assistance to financially responsible small
 10 businesses that are unable to obtain adequate financing and bonding
 11 assistance in connection with contracts. To qualify for assistance under
 12 this subdivision, an applicant must meet criteria that are substantially
 13 similar to those set forth in G.S. 143B-472.103. In selecting applicants
 14 for assistance the Rural Center must consider the need to serve all
 15 geographic and political areas and subdivisions of the State. Up to \$5
 16 million of the funds appropriated in this section for the 2008-2009
 17 fiscal year may be used for this purpose."

18
 19 **FUNDS FOR ONE NORTH CAROLINA SMALL BUSINESS AND FOR THE**
 20 **GREEN BUSINESS FUND**

21 **SECTION 13.14.(a)** Expansion budget funds in the amount of three million
 22 four hundred ten thousand five hundred dollars (\$3,410,500) in nonrecurring funds are
 23 appropriated in Section 2.1 of this act to the Department of Commerce for the One
 24 North Carolina Small Business Fund.

25 **SECTION 13.14.(b)** Expansion budget funds in the amount of one million
 26 dollars (\$1,000,000) in nonrecurring funds are appropriated in Section 2.1 of this act to
 27 the Department of Commerce for the Green Business Fund.

28
 29 **PART XIV. JUDICIAL DEPARTMENT**

30
 31 **PILOT PROGRAM FOR ALTERNATIVE SCHEDULING**

32 **SECTION 14.1.** Of the funds appropriated to the Office of Indigent Defense
 33 Services in this act, the Office of Indigent Defense Services may spend up to the sum of
 34 twenty-five thousand dollars (\$25,000) to support one or more pilot programs of
 35 alternative scheduling in district or superior court that would reduce defense attorney
 36 wait time and State expense. The establishment of any pilot program under this section
 37 would require the prior agreement of the district attorney, chief district court judge, and
 38 senior resident superior court judge for the district.

39
 40 **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION OF EXISTING**
 41 **PUBLIC DEFENDER OFFICES**

42 **SECTION 14.3.(a)** Section 14.4(a) of S.L. 2007-323 reads as rewritten:

43 **"SECTION 14.4.(a)** The Judicial Department, Office of Indigent Defense Services,
 44 may use up to the sum of two million one hundred ninety-two thousand three hundred
 45 fifty dollars (\$2,192,350) in appropriated funds during the 2007-2008 fiscal year ~~and up~~
 46 ~~to the sum of two million eighty two thousand five hundred ten dollars (\$2,082,510) in~~
 47 ~~appropriated funds during the 2008-2009 fiscal year~~ for the expansion of existing or
 48 new public defender offices currently providing legal services to the indigent population
 49 under the oversight of the Office of Indigent Defense Services by creating up to 20 new
 50 attorney positions and 10 new support staff ~~positions.~~ positions during the 2007-2008
 51 fiscal year. In addition, the Office of Indigent Defense Services may use up to the sum

1 of two million three hundred thousand eight hundred fifty dollars (\$2,300,850) in
 2 appropriated funds during the 2008-2009 fiscal year to create up to 20 new attorney and
 3 10 new support staff positions in existing offices during the 2008-2009 fiscal year.
 4 These funds may be used for salaries, benefits, equipment, and related expenses. Prior
 5 to using funds for this purpose, the Office of Indigent Defense Services shall report to
 6 the Chairs of the House of Representatives and the Senate Appropriations
 7 Subcommittees on Justice and Public Safety on the proposed expansion."

8 **SECTION 14.3.(b)** Section 14.4(c) of S.L. 2007-323 reads as rewritten:

9 **"SECTION 14.4.(c)** In addition to the new public defender offices established
 10 pursuant to subsection (b) of this section, the Office of Indigent Defense Services shall
 11 use funds from the Indigent Persons Attorney Fee Fund as follows:

12 (1) Up to the sum of one million three hundred thirty-five thousand five
 13 hundred forty-three dollars (\$1,335,543) for the 2007-2008 fiscal year
 14 and up to the sum of ~~one million two hundred sixty four thousand six~~
 15 ~~hundred seventy nine dollars (\$1,264,679)~~ one million two hundred
 16 ninety-five thousand sixty dollars (\$1,295,060) for the 2008-2009
 17 fiscal year to establish Public Defender District 5 as provided for in
 18 subsection (d) of this section.

19 (2) Up to the sum of seven hundred eighty-eight thousand two hundred
 20 sixty-four dollars (\$788,264) for the 2007-2008 fiscal year and up to
 21 the sum of ~~seven hundred forty two thousand four hundred~~
 22 ~~seventy seven dollars (\$742,477)~~ seven hundred sixty-two thousand
 23 eight hundred thirty-seven dollars (\$762,837) for the 2008-2009 fiscal
 24 year to establish Public Defender District 29B as provided for in
 25 subsection (d) of this section."
 26

27 **REPEAL PUBLIC DEFENDER EXPANSION AUTHORITY**

28 **SECTION 14.4.** Section 14.4(b) of S.L. 2007-323 is repealed.
 29

30 **ADDITIONAL ASSISTANT DISTRICT ATTORNEYS**

31 **SECTION 14.6.** G.S. 7A-60(a1) reads as rewritten:

32 "(a1) The counties of the State are organized into prosecutorial districts, and each
 33 district has the counties and the number of full-time assistant district attorneys set forth
 34 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 8
3A	Pitt	11
3B	Carteret, Craven, Pamlico	12
4	Duplin, Jones, Onslow, Sampson	18
5	New Hanover, Pender	17 18
6A	Halifax	5
6B	Bertie, Hertford, Northampton	6
7	Edgecombe, Nash, Wilson	18 19

1	8	Greene, Lenoir, Wayne	14
2	9	Franklin, Granville,	12
3		Vance, Warren	
4	9A	Person, Caswell	5 6
5	10	Wake	39 42
6	11	Harnett, Johnston, Lee	17 19
7	12	Cumberland	22 23
8	13	Bladen, Brunswick, Columbus	13
9	14	Durham	16 18
10	15A	Alamance	40 11
11	15B	Orange, Chatham	10
12	16A	Scotland, Hoke	6 7
13	16B	Robeson	13
14	17A	Rockingham	6 7
15	17B	Stokes, Surry	7 8
16	18	Guilford	31 32
17	19A	Cabarrus	9
18	19B	Montgomery, Randolph	9 10
19	19C	Rowan	7 8
20	19D	Moore	5
21	20A	Anson, Richmond,	11 12
22		Stanly	
23	20B	Union	9 10
24	21	Forsyth	24 25
25	22	Alexander, Davidson, Davie,	20
26		Iredell	
27	23	Alleghany, Ashe, Wilkes,	8
28		Yadkin	
29	24	Avery, Madison, Mitchell,	7
30		Watauga, Yancey	
31	25	Burke, Caldwell, Catawba	18 19
32	26	Mecklenburg	53 58
33	27A	Gaston	14 15
34	27B	Cleveland,	40 11
35		Lincoln	
36	28	Buncombe	13 14
37	29A	McDowell, Rutherford	7
38	29B	Henderson, Polk, Transylvania	8
39	30	Cherokee, Clay, Graham,	11
40		Haywood, Jackson, Macon,	
41		Swain."	
42			

FEASIBILITY STUDY ON PROVIDING THE OFFICE OF INDIGENT DEFENSE SERVICES WITH INDIGENT CASE INFORMATION WHEN CASES ARE INITIATED

SECTION 14.7. The Office of Indigent Defense Services and the Administrative Office of the Courts shall consult on developing a statewide system to enable the Office of Indigent Defense Services to obtain information about indigent cases when counsel is first appointed and shall develop a proposal for statewide implementation of such a system. A report on this proposal shall be included in the Office of Indigent Defense Services' annual report due March 1, 2009.

JCPC EFFECTIVENESS STUDY

SECTION 14.8.(a) The Judicial Department, through the North Carolina Sentencing and Policy Advisory Commission, shall conduct a feasibility study for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council (JCPC) grant funds. All State agencies and community-based programs that receive JCPC funding shall provide data as requested by the Commission.

The Sentencing and Policy Advisory Commission shall provide an interim report on the results of the feasibility study to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, 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 December 1, 2008. The final plan for measuring the effectiveness of JCPC programs shall be provided to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by May 1, 2009.

SECTION 14.8.(b) G.S. 143B-519 is repealed.

LEGAL ASSISTANCE TO HOMEOWNERS

SECTION 14.9. G.S. 7A-474.3(b) reads as rewritten:

"(b) Eligible Cases. – Legal assistance shall be provided to eligible clients under this Article only in the following types of cases:

- (1) Family violence or spouse abuse;
- (2) Assistance for the disabled in obtaining federal Social Security benefits;
- (2a) Assistance for eligible clients in obtaining benefits or assistance under any federal law or program providing benefits or assistance for human trafficking victims;
- (3) Representation of eligible farmers faced with the potential of farm foreclosure;
- (4) Representation of eligible clients over the age of 60 regarding the following matters:
 - a. Wills and estates;
 - b. Safe and sanitary housing;
 - c. Pensions and retirement rights;
 - d. Social Security and Medicare rights;
 - e. Access to health care;
 - f. Food and nutrition; and
 - g. Transportation.
- (5) Representation of eligible clients designed to enable them to obtain the necessary skills and means to obtain meaningful employment at a decent wage and reduce the public welfare rolls; and
- (6) Representation of eligible clients under the age of 21 or eligible families with legal problems affecting persons under the age of 21 regarding the following matters:
 - a. Financial support and custody of children;
 - b. Child care;
 - c. Child abuse or neglect;
 - d. Safe and sanitary housing;
 - e. Food and nutrition; and
 - f. Access to health care.

(7) Legal assistance to consumers in cases involving predatory mortgage lending, mortgage broker and loan services abuses, foreclosure defense, and other legal issues that relate to helping consumers avoid foreclosure and home loss."

ADDITIONAL DISTRICT COURT JUDGES

SECTION 14.13.(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	6	Craven Pamlico Carteret
4	8	Sampson Duplin Jones Onslow
5	9	New Hanover Pender
6A	3	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

1	9B	2	Warren
2			(part of Vance see
3			subsection(b))
4	10	18 19	Wake
5	11	10 11	Harnett
6			Johnston
7			Lee
8	12	10	Cumberland
9	13	6	Bladen
10			Brunswick
11			Columbus
12	14	7	Durham
13	15A	4	Alamance
14	15B	5	Orange
15			Chatham
16	16A	3	Scotland
17			Hoke
18	16B	5	Robeson
19	17A	3	Rockingham
20	17B	4	Stokes
21			Surry
22	18	14	Guilford
23	19A	4	Cabarrus
24	19B	7	Montgomery
25			Moore
26			Randolph
27	19C	5	Rowan
28	20A	4	Stanly
29			Anson
30			Richmond
31	20B	1	(part of Union
32			see subsection(b))
33	20C	2	(part of Union
34			see subsection(b))
35	20D	1	Union
36	21	10	Forsyth
37	22A	5	Alexander
38			Iredell
39	22B	6	Davidson
40			Davie
41	23	4	Alleghany
42			Ashe
43			Wilkes
44			Yadkin
45	24	4	Avery
46			Madison
47			Mitchell
48			Watauga
49			Yancey
50	25	9	Burke
51			Caldwell

1			Catawba
2	26	20 21	Mecklenburg
3	27A	7	Gaston
4	27B	5	Cleveland
5			Lincoln
6	28	7	Buncombe
7	29A	3	McDowell
8			Rutherford
9	29B	4	Henderson
10			Polk
11			Transylvania
12	30	6	Cherokee
13			Clay
14			Graham
15			Haywood
16			Jackson
17			Macon
18			Swain."

19 **SECTION 14.13.(b)** The Governor shall appoint the additional district court
 20 judges for Districts 10, 11, and 26 authorized by subsection (a) of this section, and those
 21 judges' successors shall be elected in the 2010 election for four-year terms commencing
 22 January 1, 2011.

23 **SECTION 14.13.(c)** As to District 11, subsection (a) of this section becomes
 24 effective January 15, 2009, or 15 days after preclearance under section 5 of the Voting
 25 Rights Act of 1965, whichever is later. The remainder of this section becomes effective
 26 January 15, 2009.

27
 28 **CONFERENCE OF DISTRICT ATTORNEYS AND CONFERENCE OF**
 29 **CLERKS OF SUPERIOR COURT SHALL NOT LOBBY OR CONDUCT**
 30 **STUDIES OF ADMINISTRATIVE MATTERS/STUDY DUPLICATION OF**
 31 **TRAINING**

32 **SECTION 14.14.(a)** G.S. 7A-413 is amended by adding two new
 33 subsections to read:

34 "(c) The Conference shall not use State funds or employees paid with State funds
 35 to promote or oppose in any manner the passage by the General Assembly of any
 36 legislation. Lobbying on behalf of the district attorneys may be conducted by the
 37 Administrative Office of the Courts in the course of its lobbying for legislative action.

38 (d) The Conference shall not use State funds or employees paid with State funds
 39 to conduct studies of salaries, workload formulas, or the administrative functions of the
 40 General Court of Justice."

41 **SECTION 14.14.(b)** G.S. 7A-807 is amended by adding two new
 42 subsections to read:

43 "(c) The Conference shall not use State funds or employees paid with State funds
 44 to promote or oppose in any manner the passage by the General Assembly of any
 45 legislation. Lobbying on behalf of the clerks of superior court may be conducted by the
 46 Administrative Office of the Courts in the course of its lobbying for legislative action.

47 (d) The Conference shall not use State funds or employees paid with State funds
 48 to conduct studies of salaries, workload formulas, or the administrative functions of the
 49 General Court of Justice."

50 **SECTION 14.14.(c)** The Administrative Office of the Courts, in
 51 consultation with the Department of Justice, the UNC School of Government, and the

1 North Carolina Community College System shall study methods for reducing the
2 duplication and overlap in the training provided to judges, prosecutors, clerks of
3 superior court, magistrates, law enforcement officers, and others receiving training from
4 the Justice Academy, the School of Government, the Conference of District Attorneys,
5 the Conference of Clerks of Superior Court, or the community colleges. The
6 Administrative Office of the Courts shall report its findings to the Chairs of the Senate
7 and House of Representatives Subcommittees on Justice and Public Safety and the
8 Fiscal Research Division by March 1, 2009.

9
10 **PROBATION OFFICER ACCESS TO AUTOMATED COURT INFORMATION**
11 **SYSTEM**

12 **SECTION 14.15.** The Administrative Office of the Courts shall use up to
13 the sum of one hundred thousand dollars (\$100,000) from the Court Information
14 Technology Fund established in G.S. 7A-343.2 to develop an interface between the case
15 management functions of the Offender Population Unified System (OPUS) of the
16 Department of Correction and the Automated Court Information System, in order to
17 provide probation parole officers with access to the most recent information on arrests
18 and pending charges against probationers.

19
20 **COUNTY COURTHOUSE TELEPHONE COSTS**

21 **SECTION 14.16.(a)** If Senate Bill 2107 of the 2007 General Assembly or
22 similar legislation increasing judicial facilities fees does not become law, the
23 Administrative Office of the Courts may use up to three million three hundred sixty
24 thousand dollars (\$3,360,000) of funds available for the 2008-2009 fiscal year to pay for
25 county courthouse telephone service and equipment costs.

26 **SECTION 14.16.(b)** Section 14.16 of S.L. 2007-323 is repealed.

27
28 **PART XV. DEPARTMENT OF JUSTICE**

29
30 **USE OF GRANT FUNDS OR OTHER RECEIPT FUNDS FOR REPLACEMENT**
31 **LABORATORY EQUIPMENT AND FORENSIC FIREARMS ANALYST**
32 **START-UP COSTS**

33 **SECTION 15.2.** The Department of Justice is authorized to use up to three
34 hundred fifteen thousand dollars (\$315,000) of grant funding or other receipt funds
35 available to purchase replacement laboratory equipment and for start-up costs associated
36 with the forensic firearms analyst positions approved in this act. Notwithstanding
37 Section 15.3 of S.L. 2007-323, the Department is not required to seek prior approval to
38 use these funds for the purposes described in this section.

39
40 **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**
41 **PREVENTION**

42
43 **JCPC GRANT REPORTING AND CERTIFICATION**

44 **SECTION 16.1.(a)** Section 18.2(a) of S.L. 2007-323 reads as rewritten:

45 "**SECTION 18.2.(a)** On or before ~~April 1~~ October 1 of each year, the Department
46 of Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative
47 Commission on Governmental Operations and the Appropriations Committees of the
48 Senate and House of Representatives a list of the recipients of the grants awarded, or
49 preapproved for award, from funds appropriated to the Department for local Juvenile
50 Crime Prevention Council grants. ~~The list shall include for each recipient grants,~~
51 including:

- 1 (1) ~~the~~ The amount of the grant awarded, awarded.
 2 (2) ~~the~~ The membership of the local committee or council administering
 3 the award funds on the local level, and level.
 4 (3) The type of program funded.
 5 (4) a A short description of the local services, programs, or projects that
 6 will receive funds. funds.
 7 (5) ~~The list shall also identify~~ Identification of any programs that received
 8 grant funds at one time but for which funding has been eliminated by
 9 the Department of Juvenile Justice and Delinquency Prevention.
 10 Department.
 11 (6) The number of at-risk, diverted, and adjudicated juveniles served by
 12 county.
 13 (7) The Department's actions to ensure that county JCPC's prioritize
 14 funding for dispositions of intermediate and community-level
 15 sanctions for court-adjudicated juveniles under minimum standards
 16 adopted by the Department.
 17 (8) The total cost for each funded program, including the cost per juvenile
 18 and the essential elements of the program.

19 A written copy of the list and other information regarding the projects shall also be
 20 sent to the Fiscal Research Division of the General Assembly."

21 **SECTION 16.1.(b)** Section 18.2(d) of S.L. 2007-323 is repealed.
 22

23 **SUPPORT OUR STUDENTS (SOS) GRANT ELIGIBILITY**

24 **SECTION 16.2.** G.S. 143B-152.4(a) reads as rewritten:

25 "(a) ~~A~~ Any of the following may apply for a grant:

- 26 (1) ~~A community- or neighborhood-based 501(c)(3) entity or a consortium~~
 27 ~~consisting of one or more local 501(c)(3) entities and one or more~~
 28 ~~local school administrative units may apply for a grant.~~ entity.
 29 (2) A community-based, public or private nonprofit, tax exempt
 30 organization.
 31 (3) A school system.
 32 (4) A local government agency."
 33

34 **JUVENILE CRIME PREVENTION COUNCILS (JCPC) FORMULA REVISION**

35 **SECTION 16.3.** The Department of Juvenile Justice and Delinquency
 36 Prevention, the NC Juvenile Services Association, and the Community Alternatives for
 37 Youth, in consultation with the Fiscal Research Division, shall develop and propose a
 38 revision to the county allocation formula for Juvenile Crime Prevention Councils. The
 39 Department shall report the recommendations to the Joint Legislative Corrections,
 40 Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of
 41 Representatives and Senate Appropriations Committees and the Chairs of the
 42 Subcommittees on Justice and Public Safety of the House of Representatives and Senate
 43 Appropriations Committees by December 1, 2008.
 44

45 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

46 **SECTION 16.4.** Section 18.5 of S.L. 2007-323 reads as rewritten:

47 "**SECTION 18.5.** Funds appropriated in this act from the General Fund to the
 48 Department of Juvenile Justice and Delinquency Prevention for the ~~2007-2008 fiscal~~
 49 ~~year—2008-2009 fiscal year~~ may be used as matching funds for the Juvenile
 50 Accountability Incentive Block Grants. If North Carolina receives Juvenile
 51 Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of

1 State Budget and Management and the Governor's Crime Commission shall consult
2 with the Department of Juvenile Justice and Delinquency Prevention regarding the
3 criteria for awarding federal funds. The Office of State Budget and Management, the
4 Governor's Crime Commission, and the Department of Juvenile Justice and
5 Delinquency Prevention shall report to the Appropriations Committees of the House of
6 Representatives and Senate and the Joint Legislative Commission on Governmental
7 Operations prior to allocation of the federal funds. The report shall identify the amount
8 of funds to be received for the ~~2007-2008 fiscal year~~, 2008-2009 fiscal year, the amount
9 of funds anticipated for the ~~2008-2009 fiscal year~~, 2009-2010 fiscal year, and the
10 allocation of funds by program and purpose."
11

12 PART XVII. DEPARTMENT OF CORRECTION

13 TEMPORARY HOUSING FUNDS

14 **SECTION 17.1.(a)** The Department of Correction may use funds available
15 during the 2008-2009 fiscal year to secure appropriate temporary housing for offenders
16 on post-release supervision, probation, or parole who do not have a viable residence
17 plan and are at risk of being homeless. The Department may use available funds to
18 secure housing for post-release supervisees, probationers, and parolees in a transitional
19 housing shelter, halfway house, or other community-based residential facility that
20 provides housing for offenders. The Department shall not expend funds to secure
21 housing for post-release supervisees, probationers, and parolees in a nursing home, adult
22 care facility, group home containing the physically or developmentally disabled, or
23 residential facility where minors are housed.
24

25 **SECTION 17.1.(b)** The Department may not use available funds as
26 authorized by this section to provide housing for any offender for a continuous period
27 exceeding 30 days.

28 **SECTION 17.1.(c)** The Department of Correction shall evaluate the most
29 effective means to provide temporary housing for offenders on post-release supervision,
30 probation, or parole who do not have a viable residence plan and are at risk of being
31 homeless. The evaluation shall include a review of practices in other states, an
32 evaluation of the feasibility of contracting with community-based facilities to provide
33 housing and an assessment of the feasibility of establishing a central facility or facilities
34 to house offenders on post-release supervision, probation, or parole. The Department
35 shall report its findings to the Joint Legislative Corrections, Crime Control, and Juvenile
36 Justice Oversight Committee by January 1, 2009.
37

38 FEDERAL GRANT MATCHING FUNDS

39 **SECTION 17.2.** Section 17.12 of S.L. 2007-323 reads as rewritten:

40 **"SECTION 17.12.** Notwithstanding the provisions of G.S.143C-6-9, the
41 Department of Correction may use up to the sum of one million two hundred thousand
42 dollars (\$1,200,000) during the 2007-2008 fiscal year and up to the sum of one million
43 five hundred thousand dollars (\$1,500,000) during the 2008-2009 fiscal year from funds
44 available to the Department to provide the State match needed in order to receive
45 federal grant funds. Prior to using funds for this purpose, the Department shall report to
46 the Chairs of the House of Representatives and Senate Appropriations Subcommittees
47 on Justice and Public Safety and the Joint Legislative Commission on Governmental
48 Operations on the grants to be matched using these funds."
49

50 RESERVE FUND FOR PROBATION AND PAROLE STAFFING AND 51 RESOURCES

1 **SECTION 17.3.** Of the funds appropriated in this act to the Department of
2 Correction, a reserve fund of two million five hundred thousand dollars (\$2,500,000) is
3 established in the Office of State Budget and Management to address critical staffing
4 and resource needs in Probation and Parole Field Services, Department of Correction.
5 The designation of these funds is pending the outcome of a National Institute of
6 Corrections review. The sum of five hundred thousand dollars (\$500,000) in
7 nonrecurring funds in the reserve shall not revert at the end of the fiscal year but shall
8 remain available to the Department for the purposes identified in the NIC review.

9 Prior to using any funds from the reserve authorized by this section, the
10 Department of Correction shall consult with the Joint Legislative Commission on
11 Governmental Operations, the Joint Legislative Corrections, Crime Control, and
12 Juvenile Justice Oversight Committee, and the Chairs of the House of Representatives
13 and Senate Appropriations Subcommittees on Justice and Public Safety on the proposed
14 use of the funds and the reasons for the proposal. The consultation shall include a report
15 on the Department's proposed policies and procedures for maximizing the efficiency of
16 the probation violation staffing process.

17 18 **REPORT ON PROBATION AND PAROLE CASELOADS**

19 **SECTION 17.4.** Section 17.16 of S.L. 2007-323 reads as rewritten:

20 **"SECTION 17.16.(a)** The Department of Correction shall report by March 1 of
21 each year to the Chairs of the House of Representatives and Senate Appropriations
22 Subcommittees on Justice and Public Safety and the Joint Legislative Corrections,
23 Crime Control, and Juvenile Justice Oversight Committee on caseload averages for
24 probation and parole officers. The report shall include:

- 25 (1) Data on current caseload averages for Probation Parole Officer I,
26 Probation Parole Officer II, ~~and Probation Parole Officer III positions;~~
27 III, and Chief Probation Parole Officer positions;
- 28 (2) An analysis of the optimal caseloads for these officer classifications;
- 29 (3) An assessment of the role of surveillance officers;
- 30 (4) The number and role of paraprofessionals in supervising low-risk
31 caseloads;
- 32 (5) An update on the Department's implementation of the
33 recommendations contained in the National Institute of Correction
34 study conducted on the Division of Community Corrections in 2004;
- 35 (6) ~~The selection of a risk assessment and the resulting distribution of~~
36 ~~offenders among risk levels; The process of assigning offenders to an~~
37 appropriate supervision level based on a risk assessment and an
38 examination of other existing resources for assessment and case
39 planning, including the Sentencing Services Program in the Office of
40 Indigent Defense Services, and the range of screening and assessment
41 services provided by the Division of Mental Health, Developmental
42 Disability, and Substance Abuse Services in the Department of Health
43 and Human Services; and
- 44 (7) Any position reallocations in the previous 12 months, and the reasons
45 for and fiscal impact of those reallocations.

46 **"SECTION 17.16.(b)** The Department of Correction shall conduct a study of
47 probation/parole officer workload at least biannually. The study shall include analysis of
48 the type of offenders supervised, the distribution of the probation/parole officers' time
49 by type of activity, the caseload carried by the officers, and comparisons to practices in
50 other states. The study shall be used to determine whether the caseload goals established

1 by the Structured Sentencing Act are still appropriate, based on the nature of the
2 offenders supervised and the time required to supervise those offenders.

3 "SECTION 17.16.(c) The Department of Correction shall report the results of the
4 study and recommendations for any adjustments to caseload goals to the House of
5 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety
6 by January 1, 2009.

7 "SECTION 17.16.(d) The Office of State Personnel, in conjunction with the
8 Department of Correction, shall conduct a compensation study of probation parole
9 officers, including the identification and assessment of relevant labor market
10 comparisons for which:

11 (1) The job duties are similar;

12 (2) The education and experience requirements are similar; and

13 (3) The labor markets are representative of markets that typically seek to
14 draw qualified applicants from similar backgrounds.

15 The Office of State Personnel shall report the results of the study and
16 recommendations for any adjustments to the House of Representatives and Senate
17 Appropriations Subcommittees on Justice and Public Safety by March 1, 2009."

18 19 **LIABILITY INSURANCE/DEPARTMENT OF CORRECTION**

20 **SECTION 17.6.** Section 10.2(c) of S.L. 2007-323 reads as rewritten:

21 "SECTION 10.2.(c) The coverage provided pursuant to this section shall not
22 require any additional appropriations and shall not apply to any individual providing
23 contractual service to the Department of Health and Human Services, or the Department
24 of Environment and Natural Resources, ~~or the Department of Correction,~~ with the
25 exception that coverage may include physicians in all residency training programs from
26 The University of North Carolina who are in training at institutions operated by the
27 Department of Health and Human Services and licensed physicians who are faculty
28 members of The University of North Carolina who work for the Division of Mental
29 Health, Developmental Disabilities, and Substance Abuse Services."

30 31 **CRIMINAL JUSTICE PARTNERSHIP/NOTIFICATION OF AMOUNT OF** 32 **FORMULA FUNDING/SCHEDULE FOR APPLICATION TO RECEIVE** 33 **REALLOCATION OF UNOBLIGATED FUNDS**

34 **SECTION 17.7.(a)** G.S. 143B-273.15 reads as rewritten:

35 "**§ 143B-273.15. Funding formula.**

36 (a) To determine the grant amount for which a county or counties may apply, the
37 granting authority shall apply the following formula:

38 (1) Twenty-five percent (25%) based on a fixed equal dollar amount for
39 each county;

40 (2) Fifty percent (50%) based on the county share of the State population;
41 and

42 (3) Twenty-five percent (25%) based on the intermediate punishment
43 entry rate for the county, using the total of the three most recent years
44 of data available divided by the average county population for that
45 same period.

46 The sum of the amounts in subdivisions (1), (2), and (3) is the total amount of the
47 funding that a county may apply for under this subsection.

48 Grants to participating counties are for a period of one fiscal year with unobligated
49 funds being returned to the Account at the end of the grant period. Funds are provided
50 to participating counties on a reimbursement basis unless a county documents a need for

1 an advance of grant funds. The data used for this funding formula shall be updated at
2 least once every three years.

3 (b) Each year that the Department of Correction updates the data for the funding
4 formula pursuant to subsection (a) of this section, the Department of Correction shall
5 send a written notification by January 15 to each program participating in the State-
6 County Criminal Justice Partnership of the amount of the grant that the program will
7 receive pursuant to the revised formula for the fiscal year beginning July 1 of that year
8 subject to funds being appropriated by the General Assembly."

9 **SECTION 17.7.(b)** Article 6A of Chapter 143B of the General Statutes is
10 amended by adding the following:

11 **"§ 143B-273.15A. Reallocation of unspent or unclaimed funds.**

12 Notwithstanding the provisions of G.S. 143B-273.15 specifying that grants to
13 participating counties are for the full fiscal year and that unobligated funds are returned
14 to the State-County Criminal Justice Partnership Account at the end of the grant period,
15 the Department of Correction may reallocate unspent or unclaimed funds distributed to
16 counties participating in the State-County Criminal Justice Partnership in an effort to
17 maintain the level of services realized in previous fiscal years. A program may apply
18 for a grant from the reallocated funds at least semiannually beginning July 1 of each
19 year."

20
21 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

22
23 **GOVERNOR'S CRIME COMMISSION STUDY/EXPAND JUVENILE**
24 **JURISDICTION**

25 **SECTION 18.1.(a)** The Governor's Crime Commission and its adjunct
26 committees shall study the legal, systematic, and organizational impact of expanding the
27 jurisdiction of the Department of Juvenile Justice and Delinquency Prevention to
28 include persons 16 and 17 years of age who commit crimes or infractions under State
29 law or under an ordinance of local government. In particular, the Commission shall
30 perform the following functions regarding the proposed expansion of the jurisdiction of
31 the Department of Juvenile Justice and Delinquency Prevention to include 16- and
32 17-year-olds who commit crimes or infractions under State or local law:

- 33 (1) Identify the costs to the State court system and State and local law
34 enforcement.
- 35 (2) Review the relevant State laws that should be conformed or amended,
36 including, but not limited to, the motor vehicle and criminal laws, the
37 laws regarding expunction of criminal records, and other juvenile laws.
- 38 (3) Review the experience of any other states which have within recent
39 years expanded the juvenile justice jurisdiction to 16- and
40 17-year-olds.
- 41 (4) Identify the practical issues for the Department of Juvenile Justice and
42 Delinquency Prevention to implement best practices for programs and
43 facilities that would meet the unique needs of the older youth under the
44 proposal without adversely affecting the existing departmental
45 programming.
- 46 (5) Review the relevant State laws on sharing of juvenile information with
47 other State departments and agencies.
- 48 (6) Create a specific plan of the actions that are necessary to implement
49 the expansion of the jurisdiction of the Department of Juvenile Justice
50 and Delinquency Prevention.

1 (7) Determine the total cost of expanding the jurisdiction of the
2 Department of Juvenile Justice and Delinquency Prevention.

3 (8) Conduct a cost benefit analysis of expanding the jurisdiction of the
4 Department of Juvenile Justice and Delinquency Prevention with
5 specific information on possible future fiscal savings anywhere within
6 State government as a result of expenditures necessary to implement
7 the expansion.

8 (9) Determine whether federal or other funds are available to aid in the
9 transition and expansion, or both, of the age of juvenile jurisdiction to
10 16- and 17-year-olds.

11 **SECTION 18.1.(b)** The Commission may contract with an independent
12 group or groups for the oversight and management of this study project, a service needs
13 study, and a courts study, and to periodically report those findings to the Commission.

14 **SECTION 18.1.(c)** The Department of Juvenile Justice and Delinquency
15 Prevention and all other departments, agencies, institutions, or officers of the State or
16 any political subdivision of the State, shall cooperate with the Commission in this study,
17 shall provide the Commission with any requested facilities, data, or other assistance,
18 and help the Commission identify any collateral effect which might result from
19 implementation of the proposal on the program and operations of the relevant State
20 department, agency, or the political subdivision.

21 **SECTION 18.1.(d)** The Commission shall submit a report of its findings and
22 legislative, administrative, and funding recommendations by April 1, 2009, to the
23 General Assembly and the Governor.

24 In addition to its final report, the Commission shall report in writing on the
25 progress of this study on a quarterly basis beginning on October 1, 2008, and by the first
26 day of every quarter thereafter until the Commission submits its final report to the
27 General Assembly, to the chairs and cochairs, as applicable, of the standing committees
28 or subcommittees of the General Assembly listed in subsections (e) and (f) of this
29 section. A copy of each progress report made to the standing committee and
30 subcommittee chairs shall also be filed in the Legislative Library.

31 **SECTION 18.1.(e)** The Commission shall report to all of the following
32 standing committees or subcommittees in the House of Representatives pursuant to this
33 section:

- 34 (1) Appropriations: Justice and Public Safety.
35 (2) Children, Youth, and Families.
36 (3) Education: Preschool, Elementary, and Secondary Education.
37 (4) Juvenile Justice.
38 (5) All of the Judiciary Committees.

39 **SECTION 18.1.(f)** The Commission shall report to all of the following
40 standing committees or subcommittees in the Senate pursuant to this section:

- 41 (1) Appropriations: Justice and Public Safety.
42 (2) Education and Higher Education.
43 (3) All of the Judiciary Committees.

44 **SECTION 18.1.(g)** Of the funds appropriated by this act to the Department
45 of Crime Control and Public Safety, the Governor's Crime Commission for the
46 2008-2009 fiscal year, the Commission may use up to two hundred thousand dollars
47 (\$200,000) to conduct the study authorized by this section. The Commission may also
48 apply for, receive, or accept grants and contributions from any source of money or any
49 other thing of value to be held and used for the purposes of the study authorized by this
50 section.

ENHANCE RAPE VICTIMS ASSISTANCE PROGRAM

SECTION 18.2.(a) G.S. 143B-480.2 reads as rewritten:

"§ 143B-480.2. Victim assistance.

(a) Eligibility for Assistance. – Sexual assault victims or victims of attempted sexual assault are eligible for assistance under this Program if the sexual assault or the attempted sexual assault is reported to a law enforcement officer within ~~five days~~72 hours of the occurrence of the assault or the attempted sexual assault and if a forensic medical examination is performed within ~~five days~~72 hours of the sexual assault or the attempted sexual assault. The Secretary may waive either ~~five day~~72-hour requirement for good cause. The term "sexual assault" as used in this section refers to the following crimes: first-degree rape as defined in G.S. 14-27.2, second-degree rape as defined in G.S. 14-27.3, first-degree sexual offense as defined in G.S. 14-27.4, second-degree sexual offense as defined in G.S. 14-27.5, or statutory rape as defined in G.S. 14-27.7A.

(b) Eligible Expenses. – Assistance is limited to the following expenses incurred by the victim:

- (1) Immediate and short-term medical expenses.
- (2) Ambulance services from the place of the attack to a place where medical treatment is provided.
- (3) Mental health services provided by a professional licensed or certified by the State to provide such services.
- (4) A forensic medical examination. As used in this section, the term "forensic medical examination" means an examination provided to a sexual assault victim eligible for assistance under subsection (a) of this section by medical ~~medical~~-personnel who gather evidence of a sexual assault in a manner suitable for use in a court of law. The examination should include an examination of physical trauma, a patient interview, and a collection and evaluation of evidence.
- (5) Counseling treatment following the attack.

(c) Amount of Assistance. – The Program shall pay for the ~~full out of pocket~~ cost of the victim's forensic medical ~~examination~~examination up to eight hundred dollars (\$800.00). Specifically, the Program shall pay amounts for services in accordance with the following schedule:

<u>Service:</u>	<u>Maximum Amount Paid by Program:</u>
<u>Physician or SANE Nurse</u>	<u>\$350.00</u>
<u>Hospital/Facility Fee</u>	<u>\$250.00</u>
<u>Ambulance Fee</u>	<u>\$200.00</u>
 <u>Total:</u>	 <u>\$800.00</u>

The Program shall pay for all other eligible expenses set out in subsection (b) of this section in an amount not to exceed the difference between the ~~full out of pocket~~ cost of the forensic medical examination and one thousand dollars (\$1,000). ~~If the full out of pocket cost for the forensic medical examination costs more than one thousand dollars (\$1,000), then the Program shall pay only for the full out of pocket cost of the forensic medical examination.~~ Assistance not to exceed fifty dollars (\$50.00) shall be provided to victims to replace clothing that was held for evidence tests.

(d) Payment Directly to Provider. – ~~With the exception of assistance authorized under subsection (f) of this section, assistance for expenses authorized under this section is to be paid directly to any hospital, ambulance service, attending physicians, or mental health professionals providing counseling, upon the filing of proper forms. Payment for~~

1 ~~the full out of pocket cost of the forensic medical examination shall be paid to the~~
2 ~~provider no later than 90 days after receiving the required written notification of the~~
3 ~~victim's expense. If the entity seeking payment for expenses authorized under this~~
4 ~~section is a hospital, ambulance service, or mental health professional providing~~
5 ~~counseling, the Program shall make payment directly to that entity upon the filing of~~
6 ~~proper forms. If the entity seeking payment for expenses authorized under this section is~~
7 ~~an attending physician or licensed registered nurse, the Program shall make payment to~~
8 ~~a hospital, which shall then pay the entity seeking payment. Attending physicians and~~
9 ~~licensed registered nurses shall not bill or otherwise seek payment directly from the~~
10 ~~Program, but shall instead seek payment from the hospital that accepted payment on the~~
11 ~~entity's behalf. No payment for the cost of the forensic medical examination shall be~~
12 ~~made under this subsection unless the recipient agrees in writing that receipt of that~~
13 ~~payment shall constitute payment in full for the amount owed for the cost of the~~
14 ~~examination and expenses related to the examination.~~

15 (e) **Judicial Review.** – Upon an adverse determination by the Secretary on a
16 claim for medical expenses, a victim is entitled to judicial review of that decision. The
17 person seeking review shall file a petition in the Superior Court of Wake County.

18 (f) ~~Examinations by Licensed Registered Nurse.~~ — ~~If the forensic medical~~
19 ~~examination is conducted by a licensed registered nurse who has successfully completed~~
20 ~~a program approved under G.S. 90-171.38(b), payment for the full out of pocket cost of~~
21 ~~the forensic medical examination may be made directly to the licensed registered nurse~~
22 ~~in lieu of any payment which may otherwise have been made under subsection (d) of~~
23 ~~this section. Payment for the full out of pocket costs of a forensic medical examination~~
24 ~~under this subsection shall be paid no later than 90 days after receiving the required~~
25 ~~written notification of the victim's expense. The Secretary shall adopt rules to facilitate~~
26 ~~the payments authorized under this subsection and to encourage, whenever practical, the~~
27 ~~use of licensed registered nurses trained under G.S. 90-171.38(b) to conduct medical~~
28 ~~examinations and procedures."~~

29 **SECTION 18.2.(b)** G.S. 143B-480.3 reads as rewritten:

30 **"§ 143B-480.3. Reduction of benefits; restitution; actions.**

31 (a) Assistance shall be reduced or denied to the extent the medical expenses are
32 recouped through a public or private insurance plan or other victim benefit
33 ~~source.~~ source, except that the Program shall pay any co-payment that the victim is
34 required to pay in connection with the forensic medical examination up to the maximum
35 amount that the Program will pay for a forensic medical exam under
36 G.S. 143B-480.2(c).

37 (b) The Program shall be an eligible recipient for restitution or reparation under
38 G.S. 15A-1021, 15A-1343, 148-33.1, 148-33.2, 148-57.1, and any other applicable
39 statutes.

40 (c) When any victim who:

- 41 (1) Has received assistance under this Part;
- 42 (2) Brings an action for damages arising out of the rape, attempted rape,
43 sexual offense, or attempted sexual offense for which she received that
44 assistance; and
- 45 (3) Recovers damages including the expenses for which she was awarded
46 assistance,

47 the court shall make as part of its judgment an order for reimbursement to the Program
48 of the amount of any assistance awarded less reasonable expenses allocated by the court
49 to that recovery.

1 (d) Funds appropriated to the Department of Crime Control and Public Safety for
2 this program may be used to purchase and distribute rape evidence collection kits
3 approved by the State Bureau of Investigation."

4 **SECTION 18.2.(c)** Of the funds appropriated by this act to the Department
5 of Crime Control and Public Safety for the 2008-2009 fiscal year, the sum of one
6 million seventy-eight thousand seventy-eight dollars (\$1,078,078) may be used to
7 enhance the ability of the Assistance Program for Victims of Rape and Sex Offenses to
8 provide assistance to victims of rape and sexual offenses.
9

10 **REPORT ON THE USE OF ILLEGAL IMMIGRATION PROJECT FUNDS**

11 **SECTION 18.3.** No later than March 1, 2009, the North Carolina Sheriffs'
12 Association shall submit a report to the Chairs of the House and Senate Appropriations
13 Committees and the Chairs of the House and Senate Appropriations Subcommittees on
14 Justice and Public Safety on the operations and effectiveness of the Illegal Immigration
15 Project. The report shall include all of the following:

- 16 (1) An overview of the program.
- 17 (2) The program budget.
- 18 (3) A summary of work done with funds received, which shall include the
19 following information:
 - 20 a. The total number of law enforcement agencies that received
21 funding from the program for officer training.
 - 22 b. The total number of officers trained.
 - 23 c. The total number of training sessions administered.
 - 24 d. Copies of educational/informational materials distributed.
- 25 (4) Recommendations on ways that federal, State, and local resources can
26 be used to further improve the effectiveness of the Illegal Immigration
27 Project and other immigration enforcement initiatives.
28

29 **PART XIX. DEPARTMENT OF ADMINISTRATION**

30 **SEXUAL ASSAULT AND RAPE CRISIS CENTER FUND**

31 **SECTION 19.1.** Article 11 of Chapter 143B of the General Statutes is
32 amended by adding a new Part to read:

33 "Part 3B. Sexual Assault and Rape Crisis Center Fund.

34 **"§ 143B-480.20. Sexual Assault and Rape Crisis Center Fund.**

35 (a) The Sexual Assault and Rape Crisis Center Fund is established within the
36 State Treasury. The fund shall be administered by the Department of Administration,
37 North Carolina Council for Women, and shall be used to make grants to centers for
38 victims of sexual assault or rape crisis and to the North Carolina Coalition Against
39 Sexual Assault, Inc. This fund shall be administered in accordance with the provisions
40 of the State Budget Act under Chapter 143C of the General Statutes. The Department of
41 Administration shall make quarterly grants to each eligible sexual assault or rape crisis
42 center and to the North Carolina Coalition Against Sexual Assault, Inc. To be eligible to
43 receive funds under this section, a sexual assault or rape crisis center shall meet the
44 following requirements:

- 45 (1) Have been in operation on the preceding July 1 and continue to be in
46 operation.
- 47 (2) Offer all of the following services: a hotline, transportation services,
48 community education programs, daytime services, and call forwarding
49 during the night; and fulfill other criteria established by the
50 Department of Administration.
51

- 1 (3) Be a nonprofit corporation or a local governmental entity.
2 (4) Have a mission statement that clearly specifies rape crisis services are
3 provided.
4 (5) Act in support of victims of rape or sexual assault by providing
5 assistance to ensure victims' interests are represented in law
6 enforcement and legal proceedings and support and referral services
7 are provided in medical and community settings.

8 (b) Funds appropriated from the General Fund to the Department of
9 Administration, North Carolina Council for Women, for the Sexual Assault and Rape
10 Crisis Center Fund shall be distributed in two shares. The North Carolina Coalition
11 Against Sexual Assault, Inc., and sexual assault or rape crisis centers whose services are
12 confined to rape crisis or sexual assault services shall receive an equal share of
13 thirty-five percent (35%) of the funds. Organizations whose services contain sexual
14 assault or rape crisis services and domestic violence services or other support services
15 shall receive an equal share of the remaining sixty-five percent (65%) of the funds."

16 17 **STATE AGENCIES TO PURCHASE WATER IN BIODEGRADABLE** 18 **BOTTLES**

19 **SECTION 19.3.(a)** The General Assembly finds that the sale and use of
20 bottled water in plastic bottles derived from petroleum products negatively impacts the
21 State's solid waste stream and reliance upon imported fossil fuels.

22 **SECTION 19.3.(b)** G.S. 143-64 reads as rewritten:

23 **"§ 143-64. Beverages contracts.**

24 (a) In order to encourage the use of biodegradable plastic bottles derived from
25 renewable resources as a substitute for traditional plastic bottles manufactured from
26 petroleum products, and notwithstanding any other provision of law, single serving
27 bottled water purchased by State departments, agencies, boards, and commissions shall
28 be packaged in bottles made of biodegradable materials.

29 (b) Notwithstanding any other provision of law, local school administrative units,
30 community colleges, and constituent institutions of The University of North Carolina
31 shall competitively bid contracts that involve the sale of juice or bottled water.
32 Contracts for the sale of juice and contracts for the sale of bottled water shall each be
33 bid separately from each other and separately from any other contract, including
34 contracts for other beverages or vending machine services. The local school
35 administrative units, community colleges, and constituent institutions may set quality
36 standards for these beverages, and these standards may be used to accept or reject a
37 bid."

38 **SECTION 19.3.(c)** This section becomes effective October 1, 2008, and
39 applies to purchases of bottled water on or after that date.

40 41 **PART XIXA. CULTURAL RESOURCES**

42 43 **BENTONVILLE BATTLEFIELD FUND**

44 **SECTION 19A.1.** Article 1 of Chapter 121 of the General Statutes is
45 amended by adding a new section to read:

46 **"§ 121-7.5. Bentonville Battlefield Fund.**

47 (a) Fund. – The Bentonville Battlefield Fund is created as a special fund in the
48 Department of Cultural Resources, Division of State Historic Sites. The interest earned
49 by the Fund shall be credited to the Fund by the State Treasurer pursuant to
50 G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be used for operation, interpretation,

1 maintenance, preservation, development, and expansion at Bentonville Battlefield State
2 Historic Site.

3 (b) Disposition of Fees. – Notwithstanding Chapter 146 of the General Statutes,
4 all receipts derived from donations or the lease, rental, or other disposition of structures
5 or products of the land owned by or under the supervision or control of the Division of
6 Historic Sites in Johnston County shall be credited to the Fund.

7 (c) The monies credited to this Fund pursuant to this section are annually
8 appropriated to the Department of Cultural Resources."

10 **ESTABLISH AFRICAN-AMERICAN HERITAGE COMMISSION**

11 **SECTION 19A.2.** Article 2 of Chapter 143B of the General Statutes is
12 amended by adding a new Part to read:

13 "Part 30. African-American Heritage Commission.

14 **"§ 143B-135. Commission established.**

15 (a) Creation and Duties. – There is created the African-American Heritage
16 Commission in the Department of Cultural Resources to advise and assist the Secretary
17 of Cultural Resources in the preservation, interpretation, and promotion of
18 African-American history, arts, and culture. The Commission shall have the following
19 powers and duties:

20 (1) To advise the Secretary of Cultural Resources on methods and means
21 of preserving African-American history, arts, and culture.

22 (2) To promote public awareness of historic buildings, sites, structures,
23 artwork, and culture associated with North Carolina's
24 African-American heritage through special programs, exhibits, and
25 publications.

26 (3) To support African-American heritage education in elementary and
27 secondary schools in coordination with North Carolina Public Schools.

28 (4) To build a statewide network of individuals and groups interested in
29 the preservation of African-American history, arts, and culture.

30 (5) To develop a program to catalog, preserve, assess, and interpret all
31 aspects of African-American history, arts, and culture.

32 (6) To advise the Secretary of Cultural Resources upon any matter the
33 Secretary may refer to it.

34 (b) Composition and Terms. – The Commission shall consist of 10 members who
35 shall serve staggered terms. The initial board shall be selected on or before October 1,
36 2008, as follows:

37 (1) Four appointed by the Governor, two of whom shall serve terms of
38 three years, one of whom shall serve a term of two years, and one of
39 whom shall serve a term of one year. At least one appointee shall be a
40 member of the North Carolina Historical Commission.

41 (2) Three appointed by the General Assembly upon the recommendation
42 of the President Pro Tempore of the Senate, one of whom shall serve a
43 term of three years, one of whom shall serve a term of two years, and
44 one of whom shall serve a term of one year.

45 (3) Three appointed by the General Assembly upon the recommendation
46 of the Speaker of the House of Representatives, one of whom shall
47 serve a term of three years, one of whom shall serve a term of two
48 years, and one of whom shall serve a term of one year.

49 Upon the expiration of the terms of the initial Commission members, each member
50 shall be appointed for a three-year term and shall serve until a successor is appointed.

1 (c) Vacancies. – A vacancy shall be filled in the same manner as the original
2 appointment, except that all unexpired terms appointed by the General Assembly shall
3 be filled in accordance with G.S. 120-122. Appointees to fill vacancies shall serve the
4 remainder of the unexpired term and until their successors have been duly appointed
5 and qualified.

6 (d) Removal. – The Commission may remove any of its members for neglect of
7 duty, incompetence, or unprofessional conduct. A member subject to disciplinary
8 proceedings shall be disqualified from participating in the official business of the
9 Commission until the charges have been resolved.

10 (e) Officers. – The officers of the Commission shall be a chair, a vice-chair, and
11 other officers deemed necessary by the Commission to carry out the purposes of this
12 Article. All officers shall be elected annually by the Committee for two-year terms and
13 shall serve until their successors are elected and qualified.

14 (f) Meetings; Quorum. – The Commission shall meet at least semiannually to
15 conduct business. The Board shall establish the procedures for calling, holding, and
16 conducting regular and special meetings. A majority of Commission members shall
17 constitute a quorum.

18 (g) Compensation. – The Commission members shall receive no salary as a result
19 of serving on the Commission but shall receive per diem, subsistence, and travel
20 expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as
21 applicable."

22 23 **PART XX. OFFICE OF THE STATE CONTROLLER**

24 25 **BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING** 26 **PROGRAM**

27 **SECTION 20.1.** The Office of the State Controller shall use existing
28 BEACON receipts to establish eight full-time time-limited positions to support the
29 statewide enterprise training program as follows:

- 30 (1) \$80,375 nonrecurring in fiscal year 2008-2009 for one SAP/NCAS
31 Training Technology Specialist.
- 32 (2) \$141,500 nonrecurring in fiscal year 2008-2009 for two SAP/NCAS
33 Staff Development Specialists.
- 34 (3) \$353,750 nonrecurring in fiscal year 2008-2009 for five SAP/NCAS
35 Trainers.

36 37 **PART XXI. HOUSING FINANCE AGENCY**

38 39 **HOUSING FINANCE AGENCY SHALL CONTINUE AND EXPAND THE** 40 **HOME PROTECTION PROGRAM**

41 **SECTION 21.1.(a)** G.S. 122A-3 reads as rewritten:

42 **"§ 122A-3. Definitions.**

43 ~~The following words and terms, unless the context clearly indicates a different~~
44 ~~meaning, shall have the following respective meanings:~~ The following definitions apply
45 in this section:

- 46 (1) ~~"Bonds" or "notes" mean the bonds or the bond anticipation notes or~~
47 ~~construction loan notes authorized to be issued by the Agency under~~
48 ~~this Chapter;~~
- 49 (2) ~~"Agency" means the North Carolina Housing Finance Agency created~~
50 ~~by this Chapter;~~
- 51 (3) ~~Repealed by Session Laws 1973, c. 1296, s. 5;~~

- 1 (4) Repealed by Session Laws 1973, c. 1296, s. 6;
2 (5) "Governmental agency" means any department, division, public
3 agency, political subdivision or other public instrumentality of the
4 State, the federal government, any other State or public agency, or any
5 two or more thereof;
6 (6) Repealed by Session Laws 1973, c. 1296, s. 8;
7 (7) Repealed by Session Laws 1973, c. 1296, s. 9;
8 (8) " Mortgage " or " mortgage loan " means a mortgage loan for residential
9 housing, including, without limitation, a mortgage loan to finance,
10 either temporarily or permanently, the construction, rehabilitation,
11 improvement, or acquisition and rehabilitation or improvement of
12 residential housing and a mortgage loan insured or guaranteed by the
13 United States or an instrumentality thereof or for which there is a
14 commitment by the United States or an instrumentality thereof to
15 insure such a mortgage;
16 (9) Repealed by Session Laws 1973, c. 1296, s. 11;
17 (10) "Obligations" means any bonds or bond anticipation notes authorized
18 to be issued by the Agency under the provisions of this Chapter;
19 (11) "Persons and families of lower income" means persons and families
20 deemed by the Agency to require such assistance as is made available
21 by this Chapter on account of insufficient personal or family income,
22 taking into consideration, without limitation, (i) the amount of the total
23 income of such persons and families available for housing needs, (ii)
24 the size of the family, (iii) the cost and condition of housing facilities
25 available, (iv) the eligibility of such persons and families for federal
26 housing assistance of any type predicated upon a lower income basis
27 and (v) the ability of such persons and families to compete
28 successfully in the normal housing market and to pay the amounts at
29 which private enterprise is providing decent, safe and sanitary housing
30 and deemed by the Agency therefore to be eligible to occupy
31 residential housing financed wholly or in part, with mortgages, or with
32 other public or private assistance;
33 (12) "Residential housing" means a specific work or improvement
34 undertaken primarily to provide dwelling accommodations for persons
35 and families of lower income, including the rehabilitation of buildings
36 and improvements, and such other nonhousing facilities as may be
37 incidental or appurtenant thereto;
38 (13) "State" means the State of North Carolina;
39 (14) " Federally insured securities " means an evidence of indebtedness
40 secured by a first mortgage lien on residential housing for persons of
41 lower income and insured or guaranteed as to repayment of principal
42 and interest by the United States or any agency or instrumentality
43 thereof; and
44 (15) " Mortgage lenders " means any bank or trust company, savings bank,
45 national banking association, savings and loan association, or building
46 and loan association, life insurance company, mortgage banking
47 company, the federal government and any other financial institution
48 authorized to transact business in the State;
49 (16) "Energy conservation loan" means a loan obtained from a mortgage
50 lender for the purpose of satisfying an existing obligation of a
51 borrower who is the resident owner of a single family dwelling or of

1 ~~"residential housing." The existing obligation of the owner in an~~
2 ~~"energy conservation loan" must have been incurred to pay for the~~
3 ~~purchase of materials or the installation of materials, or both, which~~
4 ~~results in a significant decrease in the amount of consumption of~~
5 ~~nonrenewable sources of energy in order to provide or maintain a~~
6 ~~comfortable level of room temperatures in his residence during the~~
7 ~~winter. "Energy conservation loan" does not include a loan obtained to~~
8 ~~refinance an existing loan agreement unless payment or collection of~~
9 ~~the original loan was guaranteed by the agency.~~

10 (17) ~~"Rehabilitation" means the renovation or improvement of residential~~
11 ~~housing by the owner of said residential housing.~~

12 (1) Agency. – The North Carolina Housing Finance Agency created by
13 this Chapter.

14 (2) Bonds or notes. – The bonds or the bond anticipation notes or
15 construction loan notes authorized to be issued by the Agency under
16 this Chapter.

17 (3) Counseling agency. – A nonprofit counseling agency located in North
18 Carolina that is approved by the North Carolina Housing Finance
19 Agency.

20 (4) Energy conservation loan. – A loan obtained from a mortgage lender
21 for the purpose of satisfying an existing obligation of a borrower who
22 is the resident owner of a single-family dwelling or of "residential
23 housing." The existing obligation of the owner in an "energy
24 conservation loan" must have been incurred to pay for the purchase of
25 materials or the installation of materials, or both, which results in a
26 significant decrease in the amount of consumption of nonrenewable
27 sources of energy in order to provide or maintain a comfortable level
28 of room temperatures in his residence during the winter. "Energy
29 conservation loan" does not include a loan obtained to refinance an
30 existing loan agreement unless payment or collection of the original
31 loan was guaranteed by the Agency.

32 (5) Federally insured securities. – An evidence of indebtedness secured by
33 a first mortgage lien on residential housing for persons of lower
34 income and insured or guaranteed as to repayment of principal and
35 interest by the United States or any agency or instrumentality thereof.

36 (6) Governmental agency. – Any department, division, public agency,
37 political subdivision, or other public instrumentality of the State, the
38 federal government, any other State or public agency, or any two or
39 more thereof.

40 (7) Mortgage or mortgage loan. – A mortgage loan for residential housing,
41 including, without limitation, a mortgage loan to finance, either
42 temporarily or permanently, the construction, rehabilitation,
43 improvement, or acquisition and rehabilitation or improvement of
44 residential housing and a mortgage loan insured or guaranteed by the
45 United States or an instrumentality thereof or for which there is a
46 commitment by the United States or an instrumentality thereof to
47 insure such a mortgage. A mortgage obligation may be evidenced by a
48 security document and secured by a lien upon real property, including
49 a deed of trust and land sale agreement. Mortgage also means an
50 obligation evidenced by a security lien on real property upon which an
51 owner-occupied mobile home is located.

- 1 (8) Mortgage lenders. – Any bank or trust company, savings bank,
2 national banking association, savings and loan association, or building
3 and loan association, life insurance company, mortgage banking
4 company, the federal government, and any other financial institution
5 authorized to transact business in the State.
- 6 (9) Mortgagee. – The owner of a beneficial interest in a mortgage loan, the
7 servicer for the owner of a beneficial interest in a mortgage loan, or the
8 trustee for a securitized trust that holds title to a beneficial interest in a
9 mortgage loan.
- 10 (10) Obligations. – Any bonds or bond anticipation notes authorized to be
11 issued by the Agency under the provisions of this Chapter.
- 12 (11) Persons and families of lower income. – Persons and families deemed
13 by the Agency to require such assistance as is made available by this
14 Chapter on account of insufficient personal or family income, taking
15 into consideration, without limitation, (i) the amount of the total
16 income of such persons and families available for housing needs, (ii)
17 the size of the family, (iii) the cost and condition of housing facilities
18 available, (iv) the eligibility of such persons and families for federal
19 housing assistance of any type predicated upon a lower-income basis,
20 and (v) the ability of such persons and families to compete
21 successfully in the normal housing market and to pay the amounts at
22 which private enterprise is providing decent, safe, and sanitary housing
23 and deemed by the Agency therefore to be eligible to occupy
24 residential housing financed wholly or in part, with mortgages, or with
25 other public or private assistance.
- 26 (12) Residential housing. – A specific work or improvement undertaken
27 primarily to provide dwelling accommodations for persons and
28 families of lower income, including the rehabilitation of buildings and
29 improvements, and such other nonhousing facilities as may be
30 incidental or appurtenant thereto.
- 31 (13) State. – The State of North Carolina.
- 32 (14) Rehabilitation. – The renovation or improvement of residential
33 housing by the owner of said residential housing."

34 **SECTION 21.1.(b)** G.S. 122A-5.4(b) reads as rewritten:

35 "(b) The terms "persons and families of lower income" and "persons of lower
36 income" wherever they appear in this Chapter, except where they appear in G.S. 122A-2
37 and ~~122A-3(11)~~, G.S. 122A-3, shall be deemed to include "persons and families of
38 moderate income" as defined in clause (c) of this section."

39 **SECTION 21.1.(c)** Chapter 122A of the General Statutes is amended by
40 adding a new section to read:

41 "**§ 122A-5.14. Home Protection Program and Fund.**

42 (a) The North Carolina Housing Finance Agency shall establish and administer
43 the Home Protection Program ("Program") to assist North Carolina workers who have
44 lost jobs as a result of changing economic conditions in North Carolina when the
45 workers are in need of assistance to avoid losing their homes to foreclosure. The
46 Agency shall do all of the following:

- 47 (1) Develop and administer the Home Protection Program Fund ("Fund")
48 to ensure that workers in North Carolina have assistance to avoid
49 losing their homes to foreclosure.
- 50 (2) Make loans secured by liens on residential real property located in
51 North Carolina to property owners who are eligible for those loans.

- 1 (3) Develop and administer procedures by which property owners at risk
2 of being foreclosed upon may qualify for assistance.
3 (4) Designate, approve, and fund nonprofit counseling agencies in North
4 Carolina to be available to assist the Agency in implementing the
5 provisions of this section, provide services such as direct mortgagee
6 negotiations on behalf of unemployed workers, and process loan
7 applications for the Agency.
8 (5) Develop and fund enhanced methods by which workers may be
9 notified of foreclosure mitigation services, may easily contact local
10 nonprofit counseling agencies, and may apply for loans from the
11 Agency.

12 (b) Home Protection Period. – Notwithstanding Chapters 23, 24, and 45 of the
13 General Statutes or any other provision of law, upon the proper filing of an application
14 for loan assistance by a mortgagor under this section, a mortgagee shall not do the
15 following for a period of 120 days following the date of the mortgagor's properly filed
16 application:

- 17 (1) Accelerate the maturity of any mortgage obligation covered under this
18 section.
19 (2) Commence or continue any legal action, including mortgage
20 foreclosure pursuant to Chapter 45 of the General Statutes, to recover
21 the mortgage obligation.
22 (3) Take possession of any security of the mortgagor for the mortgage
23 obligation.
24 (4) Procure or receive a deed in lieu of foreclosure.
25 (5) Enter judgment by confession pursuant to a note accompanying a
26 mortgage.
27 (6) Proceed to enforce the mortgage obligation pursuant to applicable
28 rules of civil procedure.

29 The provisions of this section shall not apply if the mortgagee receives notice from
30 the Agency that the mortgagor's application has been denied.

31 If a mortgagee acts as proscribed in subdivisions (1) through (6) of this subsection, a
32 mortgagor shall be entitled to injunctive relief without the necessity of providing a
33 bond. This relief shall be in addition to any defenses available under G.S. 45-21.16(d)
34 and any other remedies at law or equity.

35 Upon the Agency's receipt of a properly filed mortgagor's application for loan
36 assistance, the Agency shall mail notice of the application to the mortgagor's mortgagee
37 within 10 business days of the Agency's receipt of the application. The Agency shall
38 also mail notice of the acceptance or denial of the mortgagor's application to the
39 mortgagee within five days of the Agency's determination. Notice shall be deemed
40 sufficient if sent to the last known address of the mortgagee.

41 (c) Rule making. – Solely with respect to the adoption of procedures for the
42 program by which property owners at risk of being foreclosed upon may qualify for
43 assistance, the Agency is exempt from the requirements of Article 2A of Chapter 150B
44 of the General Statutes. Prior to adoption or amendment of procedures, the Agency
45 shall:

- 46 (1) Publish the proposed procedures in the North Carolina Register at least
47 30 days prior to the adoption of the final procedures.
48 (2) Accept oral and written comments on the proposed procedures.
49 (3) Hold at least one public hearing on the proposed procedures.

50 (d) Annual Report. – By April 1 of each year, the Agency shall report to the
51 House Appropriations Subcommittee on General Government and Senate

1 Appropriations Subcommittee on General Government and Information Technology on
2 the effectiveness of the Program in accomplishing its purposes and provide any other
3 information the Agency determines is pertinent or that the General Assembly requests."

4 **SECTION 21.1.(d)** Of the funds appropriated to the Housing Finance
5 Agency and allocated to the Home Protection Program Fund in this act, at least
6 two-thirds shall be used for loans to North Carolina workers who have lost jobs as a
7 result of changing economic conditions. If less than two-thirds of the funds allocated to
8 the program go to loans, the Housing Finance Agency shall account for and explain the
9 failure to meet this requirement during the Housing Finance Agency's annual report to
10 the House Appropriations Subcommittee on General Government and Senate
11 Appropriations Subcommittee on General Government and Information Technology.

12 13 **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

14 15 **STAFFING ANALYSIS OF THE ETHICS COMMISSION AND THE** 16 **LOBBYIST REGISTRATION SECTION OF THE DEPARTMENT OF** 17 **SECRETARY OF STATE**

18 **SECTION 22.1.** The Office of State Budget and Management shall conduct
19 a staffing analysis of the Ethics Commission and the Lobbyist Registration Section of
20 the Department of Secretary of State to determine if the staffing is appropriate for the
21 workload volume that has been generated by the enactment of Session Law 2006-201.
22 The Office of State Budget and Management shall submit a final report outlining its
23 findings and staffing recommendations to the House Appropriations Subcommittee on
24 General Government, Senate Appropriations Subcommittee on General Government
25 and Information Technology, and the Fiscal Research Division by March 1, 2009.

26 27 **MODIFY STATE FIRE PROTECTION GRANT FUND**

28 **SECTION 22.2.** Effective July 1, 2008, G.S. 58-85A-1(c) reads as rewritten:
29 "(c) It is the intent of the General Assembly to appropriate annually to the State
30 Fire Protection Grant Fund up to ~~three million eight hundred eighty thousand dollars~~
31 ~~(\$3,880,000)~~ four million one hundred eighty thousand dollars (\$4,180,000) from the
32 General Fund, one hundred fifty-eight thousand dollars (\$158,000) from the Highway
33 Fund, and one million three hundred forty-five thousand dollars (\$1,345,000) from
34 University of North Carolina receipts. Funds received from the General Fund shall be
35 allocated only for providing local fire protection for State-owned property supported by
36 the General Fund; funds received from the Highway Fund shall be allocated only for
37 providing local fire protection for State-owned property supported by the Highway
38 Fund; and funds received from University of North Carolina receipts shall be allocated
39 only for providing local fire protection for State-owned property supported by
40 University of North Carolina receipts."

41 42 **MILITARY MORALE, RECREATION, AND WELFARE FUNDS**

43 **SECTION 22.3.** Funds appropriated in this act to the Office of State Budget
44 and Management to the Reserve for the Military Morale, Recreation, and Welfare Fund
45 and distributed to each military installation on a per capita basis shall be deposited in
46 the Military Morale, Recreation, and Welfare Fund for each installation and used only
47 for community services and other expenditures to improve quality of life programs for
48 military members and their families in North Carolina.

49 50 **STAFFING ANALYSIS OF THE YOUTH ADVOCACY & INVOLVEMENT** 51 **OFFICE**

1 **SECTION 22.4.** The Office of State Budget and Management shall conduct
2 a staffing analysis of the Youth Advocacy and Involvement Office of the Department of
3 Administration to determine if the staffing is appropriate for the workload volume. The
4 Office of State Budget and Management shall submit a final report outlining its findings
5 and staffing recommendations to the House Appropriations Subcommittee on General
6 Government, the Senate Appropriations Subcommittee on General Government and
7 Information Technology, and the Fiscal Research Division by March 1, 2009.
8

9 **STAFFING SURVEY OF STATE AGENCIES AND UNIVERSITIES THAT USE**
10 **THE BEACON SYSTEM**

11 **SECTION 22.5.** The Office of State Budget and Management shall conduct
12 a staffing survey of all State agencies and universities that use the BEACON system and
13 determine the number of FTE staff assigned to BEACON training. The Office of State
14 Budget and Management shall submit a final report outlining its findings and staffing
15 recommendations to the House Appropriations Subcommittee on General Government,
16 the Senate Appropriations Subcommittee on General Government and Information
17 Technology, and the Fiscal Research Division by March 1, 2009.
18

19 **STUDY DOA ASSISTANCE TO COUNTY VETERANS SERVICE PROGRAMS**

20 **SECTION 22.6.(a)** The Office of State Budget and Management, in
21 consultation with the Department of Administration, shall study the level of State
22 assistance provided to county veterans service programs by the Aid to Counties program
23 within the Department of Administration pursuant to G.S. 165-6(9). The Office will
24 collect data from county programs, including a five-year analysis of county spending,
25 the number and type of veteran claims filed, and the number of FTE staff assigned to
26 the county programs, to assess the level of services provided. The study should examine
27 the effect of changing the amount of assistance that a county is eligible to receive
28 pursuant to G.S. 165-6(9). The study should include an analysis of the number of claims
29 filed with each veterans service program; total county spending for the programs; and
30 the county veteran population. The study should also include a section on recommended
31 statutory changes, budgetary increases, distribution reallocations, and administrative
32 changes to the Division of Veterans Affairs.

33 **SECTION 22.6.(b)** The Office of State Budget and Management shall
34 submit a final report of its findings and recommendations to the House Appropriations
35 Subcommittee on General Government, the Senate Appropriations Subcommittee on
36 General Government and Information Technology, and the Fiscal Research Division no
37 later than March 1, 2009.
38

39 **NORTH CAROLINA STATE VETERANS PARK**

40 **SECTION 22.7.(a)** The General Assembly finds that:

- 41 (1) It is fitting and appropriate that the State of North Carolina establish a
42 world-class, twenty-first century memorial park honoring the sacrifices
43 of members of the Armed Services and recognizing the special place
44 that the military occupies in the lives of the citizens of this State.
- 45 (2) Veterans from across this State and from all branches of the Armed
46 Services deserve a place for meaningful reflection, a place to take
47 pride in their service and to bond with their fellow veterans and
48 grateful countrymen.
- 49 (3) The optimal means of providing veterans with these opportunities is to
50 create a twenty-first century park that includes a formal garden, a

1 visitors center, and a Freedom Trail and that is beautiful, reflective,
2 and contemplative.

3 **SECTION 22.7.(b)** Of the funds appropriated in this act to the Office of State
4 Budget and Management, the sum of fifteen million dollars (\$15,000,000) for the
5 2008-2009 fiscal year shall be allocated as a grant-in-aid to the City of Fayetteville for
6 the construction of the North Carolina State Veterans Park. The Park shall provide a
7 place for meaningful reflection and inspiration in a community setting that is beautiful
8 and unique to honor the lives, service, and pride of veterans from across North Carolina.
9

10 **PART XXIII. DEPARTMENT OF REVENUE**

11 **USE OF COLLECTION ASSISTANCE FEE**

12 **SECTION 23.1.** Section 6.9(b) of S.L. 2007-323 reads as rewritten:

13 **"SECTION 6.9.(b)** The General Assembly finds that a computer system that
14 records tax payments and determines when the payments are overdue directly and
15 primarily relates to the collection of overdue tax debts and that the proceeds of the
16 collection assistance fee imposed by G.S. 105-243.1 may be applied to the cost of the
17 computer system is subject to the collection assistance fee set forth in G.S. 105-243.1.
18 system. The Department of Revenue is authorized to use funds in the 20% Collection
19 Assistance Fee Account, Budget Code 24704-2474, during the 2007-2008 and
20 2008-2009 fiscal year-years to replace the Department's current computer system, and
21 these funds are appropriated to the Department for that purpose. ~~The For fiscal year~~
22 ~~2007-2008, the Department shall not use more than fifteen million dollars (\$15,000,000)~~
23 ~~from the Account to replace the Department's current computer system. Funds~~
24 ~~appropriated to the Department in this subsection remain in the Account until~~
25 ~~withdrawn for expenditures for a replacement computer system and shall remain in the~~
26 ~~Account if not expended during the 2007-2008 fiscal year for the purposes set forth in~~
27 ~~this subsection. For fiscal year 2008-2009, the Department shall not use more than~~
28 ~~fifteen million dollars (\$15,000,000) from the Account to replace the Department's~~
29 ~~current computer system.~~

30 Funds appropriated under this subsection may be transferred to Budget Code
31 24708-2478 to be applied to expenditures for a replacement computer system. Funds
32 appropriated under this subsection that are not transferred to Budget Code 24708-2478
33 remain in the Account until they are transferred to that Budget Code or withdrawn for
34 expenditures for a replacement computer system. Funds appropriated under this
35 subsection that are not expended at the end of the 2007-2009 biennium remain available
36 for expenditure for the purpose designated in this subsection."
37

38 **PART XXIV. STATE BOARD OF ELECTIONS**

39 **2008 EARLY VOTING FUNDS**

40 **SECTION 24.1.** Section 25.1(a) of S.L. 2007-323 reads as rewritten:

41 **"SECTION 25.1.(a)** The State Board of Elections shall use funds in the
42 Maintenance of Effort Reserve as follows:

- 43 (1) \$1,500,000 nonrecurring in fiscal year 2007-2008 and \$500,000
44 nonrecurring in fiscal year 2008-2009 to rebuild the State Elections
45 Information Management System (SEIMS).
- 46 (2) \$100,000 recurring in fiscal year 2007-2008 for the required training
47 for all county boards of elections staff on voting equipment operating
48 procedures.
49
50

- 1 (3) \$427,500 recurring in fiscal year 2007-2008 to centralize ballot coding
2 in North Carolina to provide oversight, ensure accuracy of election
3 preparation, and reduce errors with ballot styles.
4 (4) \$150,000 recurring in fiscal year 2007-2008 to hire 20 additional
5 election technicians across the State to deal with technical problems
6 that arise on a 2008 Election Day in which a federal election is on the
7 ballot.
8 (5) \$1,000,000 nonrecurring in fiscal year 2008-2009 provided for
9 additional operating support for one-stop absentee voting (early
10 voting) sites for the 2008 general election."
11

12 PART XXV. DEPARTMENT OF TRANSPORTATION

13 INCREASE ADMINISTRATIVE APPROPRIATION FOR THE HIGHWAY 14 TRUST FUND

15 SECTION 25.1. G.S. 136-176(b) reads as rewritten:

16 "(b) Funds in the Trust Fund are annually appropriated to the Department of
17 Transportation to be allocated and used as provided in this subsection. A sum, not to
18 exceed ~~four percent (4%)~~ four and eight-tenths percent (4.8%) of the amount of revenue
19 deposited in the Trust Fund under subdivisions (a)(1), (2), and (3) of this section ~~for the~~
20 ~~2003-2004 fiscal year, three and eight tenths percent (3.8%) through fiscal year~~
21 ~~2006-2007, and four and two tenths percent (4.2%) thereafter,~~ may be used each fiscal
22 year by the Department for expenses to administer the Trust Fund. Operation and
23 project development costs of the North Carolina Turnpike Authority are eligible
24 administrative expenses under this subsection. Any funds allocated to the Authority
25 pursuant to this subsection shall be repaid by the Authority from its toll revenue as soon
26 as possible, subject to any restrictions included in the agreements entered into by the
27 Authority in connection with the issuance of the Authority's revenue bonds. Beginning
28 one year after the Authority begins collecting tolls on a completed Turnpike Project,
29 interest shall accrue on any unpaid balance owed to the Highway Trust Fund at a rate
30 equal to the State Treasurer's average annual yield on its investment of Highway Trust
31 Fund funds pursuant to G.S. 147-6.1. Interest earned on the unpaid balance shall be
32 deposited in the Highway Trust Fund upon repayment. The sum up to the amount
33 anticipated to be necessary to meet the State matching funds requirements to receive
34 federal-aid highway trust funds for the next fiscal year may be set aside for that purpose.
35 The rest of the funds in the Trust Fund shall be allocated and used as follows:
36

- 37 (1) Sixty-one and ninety-five hundredths percent (61.95%) to plan, design,
38 and construct projects on segments or corridors of the Intrastate
39 System as described in G.S. 136-178 and to pay debt service on
40 highway bonds and notes that are issued under the State Highway
41 Bond Act of 1996 and whose proceeds are applied to these projects.
42 (2) Twenty-five and five hundredths percent (25.05%) to plan, design, and
43 construct the urban loops described in G.S. 136-180 and to pay debt
44 service on highway bonds and notes that are issued under the State
45 Highway Bond Act of 1996 and whose proceeds are applied to these
46 urban loops.
47 (3) Six and one-half percent (6.5%) to supplement the appropriation to
48 cities for city streets under G.S. 136-181.
49 (4) Six and one-half percent (6.5%) for secondary road construction as
50 provided in G.S. 136-182 and to pay debt service on highway bonds

1 and notes that are issued under the State Highway Bond Act of 1996
2 and whose proceeds are applied to secondary road construction.

3 The Department must administer funds allocated under subdivisions (1), (2), and (4)
4 of this subsection in a manner that ensures that sufficient funds are available to make
5 the debt service payments on bonds issued under the State Highway Bond Act of 1996
6 as they become due."
7

8 **DEPARTMENT OF TRANSPORTATION TO PRODUCE BIENNIAL STATE** 9 **TRANSPORTATION MAPS AND COASTAL BOATING GUIDES**

10 **SECTION 25.2.(a)** The Department of Transportation shall cease annual
11 production of the North Carolina State Transportation Map and Coastal Boating Guide
12 and shall produce a biennial North Carolina State Transportation Map and may provide
13 funding for a biennial Coastal Boating Guide, in conjunction with the Wildlife
14 Resources Commission, beginning in the 2008-2009 fiscal year.

15 **SECTION 25.2.(b)** The Department shall provide a written report to the
16 Joint Legislative Transportation Oversight Committee on the biennial map production
17 plan and identify any cost savings for nonproduction years. The report shall also include
18 historical budget and production information for the past five years. The report is due by
19 November 14, 2008.
20

21 **ONE-STOP SHOPS FOR DRIVERS LICENSE AND REGISTRATION PLATES**

22 **SECTION 25.3.(a)** The Department of Transportation, Division of Motor
23 Vehicles, is prohibited from opening drivers license issuance and vehicle registration
24 issuance and renewal One-Stop Shops until the General Assembly has considered and
25 appropriated funds for the purpose of One-Stop Shops.

26 **SECTION 25.3.(b)** The Department of Transportation shall develop a plan
27 that thoroughly outlines the operational plans of combined function centers designated
28 as One-Stop Shops. The plan may contain recommendations regarding making
29 necessary changes to G.S. 20-63(h) to expand Division services. The plan should detail
30 a cost-effectiveness comparison between the current means for delivery of service and
31 the proposed combined function center services. The plan should also include a
32 thorough justification for each proposed One-Stop Shop location, including any
33 assumptions made in the justification process. The plan should clearly highlight the
34 benefits to the State, including customer service enhancements for Division customers
35 obtained by implementation of One-Stop Shops. The Division shall also conduct an
36 analysis of the anticipated number of transactions at the One-Stop Shops and consider
37 the impact on commission contracts for independent license plate agents, as well as any
38 other interested party affected by the change.

39 **SECTION 25.3.(c)** The Division shall report to the Joint Legislative
40 Transportation Oversight Committee, the Joint Appropriations Subcommittee for
41 Transportation, and the Fiscal Research Division no later than October 31, 2008.
42

43 **REALIGN THE CONTINUATION AND CERTIFIED BUDGETS OF EACH** 44 **DIVISION WITHIN THE DEPARTMENT**

45 **SECTION 25.4.(a)** The Department of Transportation and the Office of
46 State Budget and Management shall review each of the Department's division's
47 expenditure patterns and realign the continuation and certified budget. The certified
48 budget shall become the current expenditure plan for each division based on actual
49 expenditure patterns from repeated annually approved budget adjustments for the
50 Department.

1 **SECTION 25.4.(b)** The Department of Transportation shall prepare reports
2 on the cash spending plan based on the certified budget's line item detail. The first
3 report shall show cash expenditure plans for the 2008-2009 fiscal year and the second
4 report shall include the next biennium's budget. This does not authorize or require the
5 Department of Transportation to spend funds to reprogram or upgrade existing
6 accounting software. This requires reports on the plan for cash expenditures by certified
7 budget codes.

8 **SECTION 25.4.(c)** The Department of Transportation and the Office of
9 State Budget and Management shall report on the realignment of the budget and cash
10 spending plan based on the certified budget to the Joint Legislative Transportation
11 Oversight Committee, Appropriations Subcommittee for Transportation, and the Fiscal
12 Research Division no later than September 30, 2008, on the 2008-2009 fiscal year cash
13 expenditure plan and March 15 for the next biennium's budget.

14
15 **TRANSFER HIGHWAY TRUST FUND MONIES IN THE AMOUNT OF**
16 **TWENTY-FIVE MILLION DOLLARS BEGINNING IN FISCAL YEAR**
17 **2008-2009, SIXTY-FOUR MILLION DOLLARS BEGINNING IN FISCAL**
18 **YEAR 2009-2010, AND NINETY-NINE MILLION DOLLARS BEGINNING**
19 **IN FISCAL YEAR 2010-2011 TO THE NC TURNPIKE AUTHORITY FOR**
20 **DEBT SERVICE ON BONDS**

21 **SECTION 25.5.(a)** G.S. 105-187.9(b) reads as rewritten:

22 "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts
23 provided below from the taxes deposited in the Trust Fund to the General Fund. The
24 transfer of funds authorized by this section may be made by transferring one-fourth of
25 the amount at the end of each quarter in the fiscal year or by transferring the full amount
26 annually on July 1 of each fiscal year, subject to the availability of revenue.

27 (1) The sum of one hundred seventy ~~million~~ dollars
28 ~~(\$170,000,000)~~ forty-five million dollars (\$145,000,000).

29 (2) In addition to the amount transferred under subdivision (1) of this
30 subsection, the sum of one million seven hundred thousand dollars
31 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The
32 amount distributed under this subdivision shall increase in the
33 2002-2003 fiscal year to the sum of two million four hundred thousand
34 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred
35 under this subdivision shall be the amount distributed in the previous
36 fiscal year plus or minus a percentage of this sum equal to the
37 percentage by which tax collections under this Article increased or
38 decreased for the most recent 12-month period for which data are
39 available."

40 **SECTION 25.5.(b)** G.S. 136-176 is amended by adding a new subsection to
41 read:

42 "(b2) There is annually appropriated to the North Carolina Turnpike Authority from
43 the Highway Trust Fund the sum of twenty-five million dollars (\$25,000,000) to be
44 used to service debt on bonds issued for the construction of the Triangle Expressway.
45 The amounts appropriated to the Authority pursuant to this subsection shall be used by
46 the Authority to pay debt service or related financing costs and expenses on revenue
47 bonds or notes issued by the Authority to finance the costs of one or more Turnpike
48 Projects or to refund such bonds or notes. The appropriations established by this
49 subsection constitute an agreement by the State to pay the funds appropriated hereby to
50 the Authority within the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is
51 the intention of the General Assembly that the enactment of this provision and the

1 issuance of bonds or notes by the Authority in reliance thereon shall not in any manner
2 constitute a pledge of the faith and credit and taxing power of the State, and nothing
3 contained herein shall prohibit the General Assembly from amending the appropriations
4 set forth in this act at any time to decrease or eliminate the amount annually
5 appropriated to the Authority."

6 **SECTION 25.5.(c)** G.S. 105-187.9(b) as amended by subsection (a) of this
7 section reads as rewritten:

8 "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts
9 provided below from the taxes deposited in the Trust Fund to the General Fund. The
10 transfer of funds authorized by this section may be made by transferring one-fourth of
11 the amount at the end of each quarter in the fiscal year or by transferring the full amount
12 annually on July 1 of each fiscal year, subject to the availability of revenue.

13 (1) The sum of one hundred forty five million dollars (\$145,000,000).six
14 million dollars (\$106,000,000).

15 (2) In addition to the amount transferred under subdivision (1) of this
16 subsection, the sum of one million seven hundred thousand dollars
17 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The
18 amount distributed under this subdivision shall increase in the
19 2002-2003 fiscal year to the sum of two million four hundred thousand
20 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred
21 under this subdivision shall be the amount distributed in the previous
22 fiscal year plus or minus a percentage of this sum equal to the
23 percentage by which tax collections under this Article increased or
24 decreased for the most recent 12-month period for which data are
25 available."

26 **SECTION 25.5.(d)** G.S. 136-176(b2), as enacted by subsection (b) of this
27 section, reads as rewritten:

28 "(b) There is annually appropriated to the North Carolina Turnpike Authority from
29 the Highway Trust Fund the sum of ~~twenty five~~sixty-four million dollars
30 ~~(\$25,000,000).~~(\$64,000,000). Of the amount allocated by this subsection, twenty-five
31 million dollars (\$25,000,000) shall be used to pay debt service or related financing costs
32 and expenses on revenue bonds or notes issued for the construction of the Triangle
33 Expressway, twenty-four million dollars (\$24,000,000) shall be used to pay debt service
34 or related financing expenses on revenue bonds or notes issued for the construction of
35 the Monroe Connector/Bypass, and fifteen million dollars (\$15,000,000) shall be used
36 to pay debt service or related financing expenses on revenue bonds or notes issued for
37 the construction of the Mid-Currituck Bridge or to refund such bonds and notes. The
38 amounts appropriated to the Authority pursuant to this subsection shall be used by the
39 Authority to pay debt service or related financing costs and expenses on revenue bonds
40 or notes issued by the Authority to finance the costs of one or more Turnpike Projects or
41 to refund such bonds or notes. The appropriations established by this subsection
42 constitute an agreement by the State to pay the funds appropriated hereby to the
43 Authority within the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is the
44 intention of the General Assembly that the enactment of this provision and the issuance
45 of bonds or notes by the Authority in reliance thereon shall not in any manner constitute
46 a pledge of the faith and credit and taxing power of the State, and nothing contained
47 herein shall prohibit the General Assembly from amending the appropriations set forth
48 in this act at any time to decrease or eliminate the amount annually appropriated to the
49 Authority."

50 **SECTION 25.5.(e)** G.S. 105-187.9(b) as amended by subsections (a) and (c)
51 of this section reads as rewritten:

1 "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts
2 provided below from the taxes deposited in the Trust Fund to the General Fund. The
3 transfer of funds authorized by this section may be made by transferring one-fourth of
4 the amount at the end of each quarter in the fiscal year or by transferring the full amount
5 annually on July 1 of each fiscal year, subject to the availability of revenue.

6 (1) The sum of ~~one hundred six million dollars~~
7 ~~(\$106,000,000)~~ seventy-one million dollars (\$71,000,000).

8 (2) In addition to the amount transferred under subdivision (1) of this
9 subsection, the sum of one million seven hundred thousand dollars
10 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The
11 amount distributed under this subdivision shall increase in the
12 2002-2003 fiscal year to the sum of two million four hundred thousand
13 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred
14 under this subdivision shall be the amount distributed in the previous
15 fiscal year plus or minus a percentage of this sum equal to the
16 percentage by which tax collections under this Article increased or
17 decreased for the most recent 12-month period for which data are
18 available."

19 **SECTION 25.5.(f)** G.S. 136-176(b2), as enacted by subsection (b) of this
20 section and as amended by subsection (d) of this section, reads as rewritten:

21 "(b2) There is annually appropriated to the North Carolina Turnpike Authority from
22 the Highway Trust Fund the sum of ~~sixty four million dollars (\$64,000,000)~~ ninety-nine
23 million dollars (\$99,000,000). Of the amount allocated by this subsection, twenty-five
24 million dollars (\$25,000,000) shall be used to pay debt service or related financing costs
25 and expenses on revenue bonds or notes issued for the construction of the Triangle
26 Expressway, twenty-four million dollars (\$24,000,000) shall be used to pay debt service
27 or related financing expenses on revenue bonds or notes issued for the construction of
28 the ~~Monroe Connector/Bypass, and Connector/Bypass,~~ fifteen million dollars
29 (\$15,000,000) shall be used to pay debt service or related financing expenses on
30 revenue bonds or notes issued for the construction of the Mid-Currituck ~~Bridge~~ Bridge,
31 and thirty-five million dollars (\$35,000,000) shall be used to pay debt service or related
32 financing expenses on revenue bonds or notes issued for the construction of the Garden
33 Parkway or to refund such bonds and notes. The amounts appropriated to the Authority
34 pursuant to this subsection shall be used by the Authority to pay debt service or related
35 financing costs and expenses on revenue bonds or notes issued by the Authority to
36 finance the costs of one or more Turnpike Projects or to refund such bonds or notes. The
37 appropriations established by this subsection constitute an agreement by the State to pay
38 the funds appropriated hereby to the Authority within the meaning of G.S. 159-81(4).
39 Notwithstanding the foregoing, it is the intention of the General Assembly that the
40 enactment of this provision and the issuance of bonds or notes by the Authority in
41 reliance thereon shall not in any manner constitute a pledge of the faith and credit and
42 taxing power of the State, and nothing contained herein shall prohibit the General
43 Assembly from amending the appropriations set forth in this act at any time to decrease
44 or eliminate the amount annually appropriated to the Authority."

45 **SECTION 25.5.(g)** Subsections (a), (b), and (g) of this section become
46 effective July 1, 2008. Subsections (c) and (d) of this section become effective July 1,
47 2009. Subsections (e) and (f) of this section become effective July 1, 2010.

49 **FUNDS FOR UNSAFE AND OBSOLETE FIELD FACILITIES**

50 **SECTION 25.6.** Section 27.6 of S.L. 2007-323 is repealed.

1 **CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND**
2 **APPROPRIATIONS**

3 **SECTION 25.7.(a)** Section 27.2 of S.L. 2007-323 is repealed.

4 **SECTION 25.7.(b)** The General Assembly authorizes and certifies
5 anticipated revenues of the Highway Fund as follows:

6 For Fiscal Year 2009-2010	\$2,070.8 million
7 For Fiscal Year 2010-2011	\$2,066.0 million
8 For Fiscal Year 2011-2012	\$2,064.5 million
9 For Fiscal Year 2012-2013	\$2,075.6 million

10 **SECTION 25.7.(c)** The General Assembly authorizes and certifies
11 anticipated revenues of the Highway Trust Fund as follows:

12 For Fiscal Year 2009-2010	\$1,178.4 million
13 For Fiscal Year 2010-2011	\$1,199.8 million
14 For Fiscal Year 2011-2012	\$1,226.9 million
15 For Fiscal Year 2012-2013	\$1,263.4 million

16
17 **DEPARTMENT OF TRANSPORTATION TO APPLY FOR INTERSTATE**
18 **CORRIDOR GRANT FUNDS**

19 **SECTION 25.8.** The Department of Transportation and the North Carolina
20 Turnpike Authority shall apply for all federal grant monies available for Interstate
21 corridors. The grant funds shall be used for the preservation of the highway
22 infrastructure and to provide for improvements and enhancements to the Interstate.

23 The Department shall report on the status of all grant applications made and
24 any funding awarded for Interstate corridors to the Joint Legislative Transportation
25 Oversight Committee no later than December 1, 2008.

26
27 **CLOSURE OF EXITS ON INTERSTATE HIGHWAYS**

28 **SECTION 25.10.(a)** From the date this act becomes effective through July
29 1, 2009, the Department of Transportation shall not expend any funds to effect a
30 permanent closure of an existing exit on an Interstate highway unless such exit was
31 created and exists solely as a temporary exit in a construction zone that would be closed
32 upon completion of the construction project.

33 **SECTION 25.10.(b)** If any exits on an Interstate highway are scheduled for
34 permanent closure before July 1, 2009, other than an exit that was created and exists
35 solely as a temporary exit in a construction zone that would be closed upon completion
36 of the construction project, the Department of Transportation shall apply for a waiver
37 from the United States Department of Transportation or any other federal agency, as
38 required, to keep the exit or exits open to vehicular traffic exiting from the Interstate
39 highway.

40
41 **BLENDING OF PETROLEUM PRODUCT AND ETHANOL**

42 **SECTION 25.11.(a)** Article 3 of Chapter 119 of the General Statutes is
43 amended by adding a new section to read:

44 **"§ 119-26.4. Availability of petroleum product that is suitable for blending with**
45 **ethanol; blender of record upon filing of certain form.**

46 (a) A terminal located within the State shall offer for sale a petroleum product
47 that is not pre-blended with ethanol and that is suitable for subsequent blending of the
48 product with ethanol.

49 (b) A person shall not take any action to deny a distributor or retailer who is
50 doing business in this State and who has registered with the Internal Revenue Service on

1 Form 637(M) from being the blender of record. A blender becomes the blender of
2 record when the Internal Revenue Service accepts the Form 637(M) from the blender.

3 (c) The following definitions apply in this section:

4 (1) Blender. – Defined in G.S. 105-449.60.

5 (2) Petroleum product. – Defined in G.S. 143-215.94A.

6 (d) A violation of this section is an unfair method of competition under Chapter
7 75 of the General Statutes."

8 **SECTION 25.11.(b)** Notwithstanding any provision of Part 2A, Article 21A,
9 of Chapter 143 of the General Statutes, the Department of Environment and Natural
10 Resources may use up to fifty thousand dollars (\$50,000) of funds credited to the
11 Commercial Leaking Underground Storage Tank Trust Fund, in fiscal year 2008-2009,
12 to study the effect of petroleum products blended with ethanol on underground storage
13 tank components.

14 **SECTION 25.11.(c)** Subsection (a) of this section becomes effective
15 October 1, 2008.

16 **DEPARTMENT OF TRANSPORTATION TO PLANT SEEDLINGS IN** 17 **RIGHTS-OF-WAY**

18 **SECTION 25.12.(a)** Of the funds appropriated to the Department of
19 Transportation up to one million dollars (\$1,000,000) per year, for five years, beginning
20 with the 2008-2009 fiscal year, shall be used to develop and implement a plan to plant
21 trees and shrubs native to North Carolina along the State's roads and highways in the
22 rights-of-way. The Department shall consult with and use the expertise of the United
23 States Forest Service and the Division of Forest Resources of the North Carolina
24 Department of Environment and Natural Resources in the development and
25 implementation of the plan. The plan shall include the planting of trees, shrubs, and
26 other vegetation that (i) are native to the various regions and areas of the State in which
27 they are being planted, (ii) will provide clean air and otherwise benefit the State's
28 environment, (iii) are appropriately placed for the safety of those traveling on the roads
29 and highways, and (iv) reduce the costs of mowing and maintaining the rights-of-way
30 along the State's roads and highways.

31 **SECTION 25.12.(b)** The Department shall procure the seedlings from the
32 North Carolina Division of Forest Resources or any State institution that cultivates
33 seedling trees. If the seedlings are cultivated from within the State, the Department shall
34 revegetate the cleared area with the same tree, shrub, or other vegetation harvested
35 within the first planting season after the area is cleared. If no State agency cultivates
36 seedling trees, then the Department shall procure seedlings grown in North Carolina.
37 The Department shall, to the fullest extent possible, use inmates of the Department of
38 Correction to plant and maintain the trees. The Department shall submit the plan to the
39 Joint Legislative Commission on Governmental Operations and the Joint Legislative
40 Transportation Oversight Committee by October 1, 2008, and begin implementation of
41 the plan by January 1, 2009.

42 **DRIVERS LICENSE FORMAT CHANGE**

43 **SECTION 25.13.** Up to fifty thousand dollars (\$50,000) of any private
44 funding received by the Division of Motor Vehicles to help fund the drivers license
45 format change from horizontal to vertical, for drivers less than 21 years of age, shall be
46 appropriated to the Department of Transportation, System Preservation Account, to
47 replace funds previously expended by the Division for this initiative.
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SHORT LINE RAIL IMPROVEMENTS FOR THE PIEDMONT & NORTHERN CORRIDOR

SECTION 25.14.(a) Of the funds appropriated to the Department of Transportation, Divisions of Rail and Public Transportation, up to five million dollars (\$5,000,000) shall be spent to improve the railroad track for the Piedmont & Northern corridor to current operating standards after the Rail Division has entered into a formal lease with a qualified operator. The lease shall contain terms that provide for a cost share of at least ten percent (10%), by the operator, for any improvements to the corridor for the operation of the rail line.

SECTION 25.14.(b) The Department of Transportation shall report the terms of any proposed lease for the Piedmont & Northern rail corridor to the Joint Legislative Transportation Oversight Committee no later than 30 days after a final lease has been proposed for the rail corridor.

FUNDS TRANSFER TO SUPPORT GLOBAL TRANSPARK FREIGHT TRANSPORTATION SYSTEM

SECTION 25.15. G.S. 136-176(a1)(2) reads as rewritten:

"(2) For preliminary engineering costs not included in the current year Transportation Improvement Program. – Fifteen million dollars (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004. If any funds allocated by this subdivision, in the cash balance of the Highway Trust Fund, remain unspent on June 30, 2008, the Department may transfer up to twenty-nine million dollars (\$29,000,000) of available funds to the Global TransPark to support freight transportation system improvements."

KEEP AMERICA BEAUTIFUL ORGANIZATION STAFF FUNDS

SECTION 25.16. Of the funds appropriated to the Department of Transportation, the sum of forty thousand dollars (\$40,000), in recurring funds, for the 2008-2009 fiscal year is allocated to The North Carolina Clean Foundation, a nonprofit organization, to support a program coordinator for the North Carolina Keep America Beautiful organization.

REPAIRS AND RENOVATIONS FUNDS

SECTION 25.17.(a) Of the funds appropriated to the Highway Trust Fund, Highway Construction Program, for fiscal year 2008-2009, up to five million two hundred fifty thousand dollars (\$5,250,000) may be used by the Department of Transportation for repairs and renovations of Department facilities throughout the State.

SECTION 25.17.(b) The Department of Transportation shall report to Joint Legislative Transportation Oversight Committee on the repair and renovations program, the planned use of funds for repairs and renovations, and the prioritization of needs for fiscal years 2009-2010 and 2010-2011 no later than October 30, 2008.

STORMWATER RUNOFF FROM BRIDGES

SECTION 25.18. Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-76.2. Stormwater runoff collection; water quality management.

In order to protect and maintain water quality, any bridge the Department plans to construct or upgrade after July 1, 2008, shall be designed to collect and treat any stormwater runoff from the bridge by creating a filtration system in or on the bridge or

1 the Department may develop a piping system that allows the water to be directed to a
 2 ground unit to be filtered and treated before being released."

3
 4 **PART XXVI SALARIES AND BENEFITS**

5
 6 **GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES**

7 **SECTION 26.1.(a)** Effective July 1, 2008, G.S. 147-11(a) reads as
 8 rewritten:

9 "(a) The salary of the Governor shall be ~~one hundred thirty five thousand eight~~
 10 ~~hundred fifty four dollars (\$135,854)~~ one hundred thirty-nine thousand five hundred
 11 ninety dollars (\$139,590) annually, payable monthly."

12 **SECTION 26.1.(b)** Section 28.1(b) of S.L. 2007-323 reads as rewritten:

13 "**SECTION 28.1.(b)** Effective ~~July 1, 2007, July 1, 2008,~~ the annual salaries for the
 14 members of the Council of State, payable monthly, for the ~~2007-2008 and 2008-2009~~
 15 ~~fiscal years-year~~ are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$119,901 <u>\$123,198</u>
Attorney General	119,901 <u>123,198</u>
Secretary of State	119,901 <u>123,198</u>
State Treasurer	119,901 <u>123,198</u>
State Auditor	119,901 <u>123,198</u>
Superintendent of Public Instruction	119,901 <u>123,198</u>
Agriculture Commissioner	119,901 <u>123,198</u>
Insurance Commissioner	119,901 <u>123,198</u>
Labor Commissioner	119,901 <u>123,198"</u>

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 28 **NONELECTED DEPARTMENT HEAD/SALARY INCREASES**

29 **SECTION 26.2.** Effective July 1, 2008, Section 28.2 of S.L. 2007-323 reads
 30 as rewritten:

31 "**SECTION 28.2.** In accordance with G.S. 143B-9, the maximum annual salaries,
 32 payable monthly, for the nonelected heads of the principal State departments for the
 33 ~~2007-2008 and 2008-2009~~ fiscal years-year are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	\$117,142 <u>\$120,363</u>
Secretary of Correction	117,142 <u>120,363</u>
Secretary of Crime Control and Public Safety	117,142 <u>120,363</u>
Secretary of Cultural Resources	117,142 <u>120,363</u>
Secretary of Commerce	117,142 <u>120,363</u>
Secretary of Environment and Natural Resources	117,142 <u>120,363</u>
Secretary of Health and Human Services	117,142 <u>120,363</u>
Secretary of Juvenile Justice and Delinquency Prevention	117,142 <u>120,363</u>
Secretary of Revenue	117,142 <u>120,363</u>
Secretary of Transportation	117,142 <u>120,363"</u>

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

49 **SECTION 26.3.** Effective July 1, 2008, Section 28.3 of S.L. 2007-323 reads
 50 as rewritten:

1 **"SECTION 28.3.** The annual salaries, payable monthly, for the ~~2007-2008~~ and
2 2008-2009 fiscal ~~years-year~~ for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>	
Chairman, Alcoholic Beverage Control Commission	\$106,624	<u>\$109,553</u>
State Controller	149,216	<u>153,319</u>
Commissioner of Motor Vehicles	106,624	<u>109,553</u>
Commissioner of Banks	119,901	<u>123,198</u>
Chairman, Employment Security Commission		<u>133,161</u>
State Personnel Director	117,142	<u>120,363</u>
Chairman, Parole Commission	97,358	<u>100,035</u>
Members of the Parole Commission	44,942	<u>46,178</u>
Chairman, Utilities Commission	133,531	<u>137,203</u>
Members of the Utilities Commission	119,901	<u>123,198</u>
Executive Director, Agency for Public Telecommunications	89,884	<u>92,356</u>
Director, Museum of Art	109,252	<u>112,256</u>
Executive Director, North Carolina Agricultural Finance Authority	103,781	<u>106,635</u>
State Chief Information Officer	149,126	<u>153,227"</u>

22 JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

23 **SECTION 26.4.** Effective July 1, 2008, Section 28.4 of S.L. 2007-323 reads
24 as written:

25 **"SECTION 28.4.(a)** The annual salaries, payable monthly, for specified judicial
26 branch officials for the ~~2007-2008~~ and 2008-2009 fiscal ~~years-year~~ are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>	
Chief Justice, Supreme Court	\$137,160	<u>\$140,932</u>
Associate Justice, Supreme Court	133,576	<u>137,249</u>
Chief Judge, Court of Appeals	130,236	<u>133,817</u>
Judge, Court of Appeals	128,011	<u>131,531</u>
Judge, Senior Regular Resident Superior Court	124,532	<u>127,957</u>
Judge, Superior Court	121,053	<u>124,382</u>
Chief Judge, District Court	109,923	<u>112,946</u>
Judge, District Court	106,445	<u>109,372</u>
District Attorney	116,112	<u>119,305</u>
Administrative Officer of the Courts	123,346	<u>126,738</u>
Assistant Administrative Officer of the Courts	112,665	<u>115,763</u>
Public Defender	116,112	<u>119,305</u>

42 **"SECTION 28.4.(b)** The district attorney or public defender of a judicial district,
43 with the approval of the Administrative Officer of the Courts or the Commission on
44 Indigent Defense Services, respectively, shall set the salaries of assistant district
45 attorneys or assistant public defenders, respectively, in that district such that the average
46 salaries of assistant district attorneys or assistant public defenders in that district do not
47 exceed sixty-nine thousand forty-seven dollars (\$69,047), and the minimum salary of
48 any assistant district attorney or assistant public defender is at least thirty-six thousand
49 eighty-two dollars (\$36,082), effective July 1, 2007.

50 **"SECTION 28.4.(b1)** The district attorney or public defender of a judicial district,
51 with the approval of the Administrative Officer of the Courts or the Commission on

1 Indigent Defense Services, respectively, shall set the salaries of assistant district
 2 attorneys or assistant public defenders, respectively, in that district such that the average
 3 salaries of assistant district attorneys or assistant public defenders in that district do not
 4 exceed seventy thousand nine hundred forty-six dollars (\$70,946), and the minimum
 5 salary of any assistant district attorney or assistant public defender is at least
 6 thirty-seven thousand one hundred eighty-two dollars (\$37,182), effective July 1, 2008.

7 "SECTION 28.4.(c) Effective July 1, 2007, the annual salaries of permanent,
 8 full-time employees of the Judicial Department whose salaries are not itemized in this
 9 act shall be increased by four percent (4.0%). Effective July 1, 2008, the annual salaries
 10 of permanent, full-time employees of the Judicial Department whose salaries are not
 11 itemized in this act shall be increased by the greater of one thousand one hundred
 12 dollars (\$1,100) or two and seventy-five hundredths percent (2.75%).

13 "SECTION 28.4.(d) Effective July 1, 2007, the annual salaries of permanent,
 14 part-time employees of the Judicial Department whose salaries are not itemized in this
 15 act shall be increased by four percent (4.0%). Effective July 1, 2008, the annual salaries
 16 of permanent, part-time employees of the Judicial Department whose salaries are not
 17 itemized in this act shall be increased by pro rata amounts of one thousand one hundred
 18 dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) whichever is
 19 greater."

20
 21 **CLERK OF SUPERIOR COURT/SALARY INCREASES**

22 **SECTION 26.5.** Effective July 1, 2008, G.S. 7A-101(a) reads as rewritten:

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

Population	Annual Salary
Less than 100,000	\$ 80,196 <u>\$82,401</u>
100,000 to 149,999	89,993 <u>92,468</u>
150,000 to 249,999	99,792 <u>102,536</u>
250,000 and above	109,593 <u>112,607.</u>

32 When a county changes from one population group to another, the salary of the clerk
 33 shall be changed, on July 1 of the fiscal year for which the change is reported, to the
 34 salary appropriate for the new population group, except that the salary of an incumbent
 35 clerk shall not be decreased by any change in population group during his continuance
 36 in office."
 37

38 **ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES**

39 **SECTION 26.6.** Effective July 1, 2008, G.S. 7A-102(c1) reads as rewritten:

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

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$31,122 <u>\$32,222</u>
Maximum	53,304 <u>54,767</u>
Deputy Clerks	Annual Salary
Minimum	\$26,788 <u>\$27,888</u>
Maximum	41,456. <u>42,596."</u>

MAGISTRATES' SALARY INCREASES

SECTION 26.7.(a) Effective July 1, 2008, 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	\$31,533 <u>\$32,633</u>
Step 1	34,425 <u>35,525</u>
Step 2	37,571 <u>38,671</u>
Step 3	41,006 <u>42,134</u>
Step 4	44,768 <u>45,999</u>
Step 5	49,007 <u>50,355</u>
Step 6	53,760 <u>55,238</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 that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

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

SECTION 26.7.(b) Effective July 1, 2008, G.S. 7A-171.1(a1)(1) reads as rewritten:

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

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

1	Less than 1 year of service	\$25,428	\$26,528
2	1 or more but less than 3 years of service	26,595	27,695
3	3 or more but less than 5 years of service	28,944.	30,044.

4 Upon completion of five years of service, those magistrates shall
 5 receive the salary set as the Entry Rate in the table in subsection (a)."
 6

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

8 **SECTION 26.8.** Effective July 1, 2008, G.S. 120-37(c) reads as rewritten:

9 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
 10 entitled to other benefits available to permanent legislative employees and shall be paid
 11 an annual salary of ~~one hundred one thousand two hundred ninety eight dollars~~
 12 ~~(\$101,298)~~ one hundred four thousand eighty-four dollars (\$104,084) payable monthly.
 13 Each principal clerk shall also receive such additional compensation as approved by the
 14 Speaker of the House of Representatives or the President Pro Tempore of the Senate,
 15 respectively, for additional employment duties beyond those provided by the rules of
 16 their House. The Legislative Services Commission shall review the salary of the
 17 principal clerks prior to submission of the proposed operating budget of the General
 18 Assembly to the Governor and shall make appropriate recommendations for changes in
 19 those salaries. Any changes enacted by the General Assembly shall be by amendment to
 20 this paragraph."
 21

22 **SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES**

23 **SECTION 26.9.** Effective July 1, 2008, G.S. 120-37(b) reads as rewritten:

24 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
 25 salary of ~~three hundred fifty nine dollars (\$359.00)~~ three hundred eighty dollars
 26 (\$380.00) per week plus subsistence at the same daily rate provided for members of the
 27 General Assembly, plus mileage at the rate provided for members of the General
 28 Assembly for one round trip only from their homes to Raleigh and return. The
 29 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
 30 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
 31 be authorized by the Legislative Services Commission. The reading clerks shall serve
 32 during sessions only."
 33

34 **LEGISLATIVE EMPLOYEES/SALARY INCREASES**

35 **SECTION 26.10.** Effective July 1, 2008, the Legislative Services Officer
 36 shall increase the salaries of nonelected employees of the General Assembly in effect
 37 for fiscal year 2007-2008 by the greater of one thousand one hundred dollars (\$1,100)
 38 or two and seventy-five hundredths percent (2.75%). Nothing in this act limits any of
 39 the provisions of G.S. 120-32.
 40

41 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

42 **SECTION 26.11.** Section 28.11 of S.L. 2007-323 reads as rewritten:

43 "**SECTION 28.11.(a)** The Director of the Budget shall transfer from the Reserve
 44 for Compensation Increases, created in this act for fiscal years 2007-2008 and
 45 2008-2009, funds to the North Carolina Community Colleges System Office necessary
 46 to provide an annual salary increase of four percent (4.0%) including funds for the
 47 employer's retirement and social security contributions, commencing July 1, 2007, for
 48 all community college employees supported by State funds.

49 "**SECTION 28.11.(a1)** Effective July 1, 2008, the Director of the Budget shall
 50 transfer from the Reserve for Compensation Increases, created in this act for fiscal year

1 2008-2009, funds to the North Carolina Community Colleges System Office necessary
 2 to provide an annual salary increase of:

- 3 (1) Three percent (3.0%) including funds for the employer's retirement
 4 and social security contributions, commencing July 1, 2008, for all
 5 community college faculty and professional staff supported by State
 6 funds.
 7 (2) The greater of one thousand one hundred dollars (\$1,100) or two and
 8 seventy-five hundredths percent (2.75%) including funds for the
 9 employer's retirement and social security contributions, commencing
 10 July 1, 2008, for all other community college employees supported by
 11 State funds.

12 "SECTION 28.11.(b) The Director of the Budget shall transfer from the Reserve
 13 for Compensation Increases, created in this act for fiscal years 2007-2008 and
 14 2008-2009, funds to the North Carolina Community Colleges System Office necessary
 15 to provide an additional annual salary increase of one percent (1.0%) for Community
 16 College faculty and professional staff, including funds for the employer's retirement and
 17 social security contributions, supported by State funds."
 18

19 **COMMUNITY COLLEGE FACULTY SALARIES**

20 **SECTION 26.11A.** Section 8.5 of S.L. 2007-323 is amended by adding a
 21 new subsection to read:

22 "**SECTION 8.5.(h)** For the 2008-2009 school year, the minimum salaries for
 23 nine-month, full-time curriculum community college faculty shall be as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
<u>Vocational Diploma/Certificate or Less</u>	<u>\$34,314</u>
<u>Associate Degree or Equivalent</u>	<u>\$34,819</u>
<u>Bachelor's Degree</u>	<u>\$37,009</u>
<u>Master's Degree or Education Specialist</u>	<u>\$38,952</u>
<u>Doctoral Degree</u>	<u>\$41,753.</u>

30 No full-time faculty member shall earn less than the minimum salary for his or her
 31 education level.

32 The pro rata hourly rate of the minimum salary for each education level shall be
 33 used to determine the minimum salary for part-time faculty members."
 34

35 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**

36 **SECTION 26.12.** Section 28.12 of S.L. 2007-323 reads as rewritten:

37 "**SECTION 28.12.(a)** Effective July 1, 2007, the Director of the Budget shall
 38 transfer to the Board of Governors of The University of North Carolina sufficient funds
 39 from the Reserve for Compensation Increases, created in this act for fiscal years
 40 2007-2008 and 2008-2009, including funds for the employer's retirement and social
 41 security contributions, to provide to employees of The University of North Carolina,
 42 other than teachers of the North Carolina School of Science and Mathematics, whose
 43 salaries are supported by State funds and who are exempt from the State Personnel Act
 44 (EPA) an annual salary increase of five percent (5%) for faculty. The percentage annual
 45 salary increase of five percent (5%) authorized by this section shall be made on an
 46 aggregated average basis, according to the rules adopted by the Board of Governors of
 47 The University of North Carolina and may not be used for any purpose other than for
 48 salary increases and necessary employer contributions provided by this section. The
 49 Board of Governors may use a portion of the annual salary increase provided by this
 50 section to improve competitive national peer rankings for faculty.

1 "SECTION 28.12.(a1) Effective July 1, 2008, the Director of the Budget shall
2 transfer to the Board of Governors of The University of North Carolina sufficient funds
3 from the Reserve for Compensation Increases, created in this act for fiscal year
4 2008-2009, including funds for the employer's retirement and social security
5 contributions, to provide to employees of The University of North Carolina, other than
6 teachers of the North Carolina School of Science and Mathematics, whose salaries are
7 supported by State funds and who are exempt from the State Personnel Act (EPA) an
8 annual salary increase of three percent (3%) for faculty and non-faculty. The percentage
9 annual salary increase of three percent (3%) authorized by this section shall be made on
10 an aggregated average basis, according to the rules adopted by the Board of Governors
11 of The University of North Carolina, and may not be used for any purpose other than for
12 salary increases and necessary employer contributions provided by this section.

13 "SECTION 28.12.(b) Effective July 1, 2007, the Director of the Budget shall
14 transfer to the Board of Governors of The University of North Carolina sufficient funds
15 from the Reserve for Compensation Increases, created in this act for fiscal years
16 2007-2008 and 2008-2009, including funds for the employer's retirement and social
17 security contributions, to provide to employees of The University of North Carolina,
18 other than teachers of the North Carolina School of Science and Mathematics, whose
19 salaries are supported by State funds and who are exempt from the State Personnel Act
20 (EPA) an annual salary increase of four percent (4.0%) for nonfaculty.

21 "SECTION 28.12.(c) The Director of the Budget shall transfer to the Board of
22 Governors of The University of North Carolina sufficient funds from the Reserve for
23 Compensation Increases, created in this act for fiscal years 2007-2008 and 2008-2009 to
24 provide an average annual salary increase of five percent (5%) but at least an annual
25 increase of one thousand two hundred forty dollars (\$1,240), including funds for the
26 employer's retirement and social security contributions, commencing July 1, 2007, for
27 all teaching employees of the North Carolina School of Science and Mathematics,
28 supported by State funds and whose salaries are exempt from the State Personnel Act
29 (EPA). These funds shall be allocated to individuals according to the rules adopted by
30 the Board of Trustees of the North Carolina School of Science and Mathematics and
31 may not be used for any purpose other than for salary increases and necessary employer
32 contributions provided by this section.

33 "SECTION 28.12.(c1) The Director of the Budget shall transfer to the Board of
34 Governors of The University of North Carolina sufficient funds from the Reserve for
35 Compensation Increases, created in this act for fiscal year 2008-2009, to provide an
36 average annual salary increase of three percent (3%), but at least an annual increase of
37 four hundred seventy dollars (\$470.00), including funds for the employer's retirement
38 and social security contributions, commencing July 1, 2008, for all teaching employees
39 of the North Carolina School of Science and Mathematics, supported by State funds and
40 whose salaries are exempt from the State Personnel Act (EPA). These funds shall be
41 allocated to individuals according to the rules adopted by the Board of Trustees of the
42 North Carolina School of Science and Mathematics and may not be used for any
43 purpose other than for salary increases and necessary employer contributions provided
44 by this section."

45

46 **LOTTERY COMMISSION COMPENSATION INCREASES**

47 **SECTION 26.12A.** Article 8 of Chapter 18C of the General Statutes is
48 amended by adding a new section to read:

49 **"§ 18C-120.173. Limits on compensation increases.**

50 (a) Notwithstanding G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery
51 Commission, during any fiscal year, may not expend funds for merit and

1 performance-based salary increases in excess of the funds that would have been
2 expended had the Lottery Commission employees received the same across-the-board
3 salary increases granted by the General Assembly to State employees subject to the
4 State Personnel Act. These merit and performance-based salary increases may be
5 awarded on an aggregated average basis according to rules adopted by the Lottery
6 Commission.

7 (b) In addition to the amount that may be expended for merit and
8 performance-based increases authorized by subsection (a) of this section, the Lottery
9 Commission may expend for those increases an amount equal to what would have been
10 paid for longevity pay if Lottery Commission employees were subject to the State
11 Personnel Act."

12 13 **MENTAL HEALTH NURSES/SIGN-ON BONUS**

14 **SECTION 26.12B.(a)** Notwithstanding the provisions of G.S. 126-4(10), the
15 sum of up to five hundred thousand dollars (\$500,000) for the 2008-2009 fiscal year
16 may be used by the Department of Health and Human Services to pay sign-on bonuses
17 to newly employed registered nurses hired during the fiscal year to work in State
18 operated facilities in the Division of Mental Health, Developmental Disabilities, and
19 Substance Abuse Services.

20 **SECTION 26.12B.(b)** These sign-on bonuses may not exceed:

- 21 (1) \$8,000 per full-time registered nurse or
- 22 (2) \$4,000 per part-time registered nurse hired to work at least 20 hours
23 but less than 30 hours per week.

24 One-half of the sign-on bonus shall be paid in the employee's first paycheck with the
25 second installment to be paid after the completion of 36 months of consecutive State
26 service as a registered nurse in the Division of Mental Health, Developmental
27 Disabilities, and Substance Abuse Services. Employees whose performance ratings, at
28 any time, are not rated at or above level three on the five-level rating scale, or who have
29 documented disciplinary actions for misconduct or performance, shall be ineligible for
30 the second installment of the sign-on bonus.

31 **SECTION 26.12B.(c)** Employees who terminate, either voluntarily or
32 involuntarily, before the completion of 36 months of consecutive service shall repay a
33 prorated amount of the sign-on bonus as determined by the Secretary of the Department
34 of Health and Human Services.

35 36 **LICENSED FERRY PERSONNEL/CLASSIFICATION STUDY/REPORT**

37 **SECTION 26.12C.** The Office of State Personnel (OSP) shall conduct a
38 classification study of licensed ferry personnel within the Ferry Division of the
39 Department of Transportation to ensure that the Division retains and recruits the most
40 qualified personnel, in the interests of public safety and efficiency, to accomplish the
41 State's important ferry transportation function. By the convening of the 2009 General
42 Assembly, the OSP shall report to the Senate and House Appropriations Committees on
43 the findings of the study, any related actions of the State Personnel Commission, and
44 any related salary increases or adjustments based upon the study.

45 46 **SALARY ADJUSTMENT FUND CHANGES**

47 **SECTION 26.12D.** Section 28.18 of S.L. 2007-323 reads as rewritten:

48 **"SECTION 28.18.(a)** Any remaining appropriations in the General Fund Reserve
49 for Compensation Increases authorized for employee salary increases not required for
50 that purpose may be used to supplement the General Fund Salary Adjustment Fund to
51 support salary adjustments for positions supported by the General Fund. Any remaining

1 appropriations in the Highway Fund Reserves and Transfers authorized for employee
2 salary increases not required for that purpose may be used to supplement the Highway
3 Fund Salary Adjustment Fund to support salary adjustments for positions supported by
4 the Highway Fund.

5 **"SECTION 28.18.(b)** Funds appropriated or otherwise transferred to the General
6 Fund Salary Adjustment Fund or to the Highway Fund Salary Adjustment Fund by this
7 act or any other provision of law shall be used to fund agency requests for the following
8 purposes:

- 9 (1) Salary range revisions, special minimum rates, grade to band transfers
10 and geographic site differential adjustments to provide competitive
11 salary rates for affected job classifications/groups in response to
12 changes in labor market rates as documented through data collection
13 and analysis according to accepted human resource professional
14 practices and standards.
- 15 (2) Reallocation of positions to higher level job classifications to
16 compensate employees for more difficult duties at competitive salary
17 rates as documented through data collection and analysis according to
18 accepted human resource professional practices and standards.

19 The terms 'salary range revision' and 'reallocation' as used in this section shall conform
20 to the definitions of those terms as previously contained in the State Personnel Manual
21 and adopted by the State Personnel Commission effective immediately prior to
22 November 1, 2005. Funds shall only be used for salary adjustments that are in
23 compliance with State Personnel Commission policies. ~~Funding~~ Except as provided by
24 subsections (g) and (h) of this section, funding shall first be provided to the earliest
25 actions approved on or before July 1, 2007, by the State Personnel Commission or the
26 Office of State Personnel and shall not be used for other purposes including, but not
27 limited to, in-range adjustments, career progression adjustments, or other adjustments as
28 these terms may be defined by State personnel policy.

29 **"SECTION 28.18.(c)** The Director of the Budget shall consult with the Joint
30 Legislative Commission on Governmental Operations prior to transferring any salary
31 adjustment funds for any State agency.

32 **"SECTION 28.18.(d)** The Director of the Budget may:

- 33 (1) Transfer to General Fund budget codes from the General Fund Salary
34 Adjustment Fund amounts required to support salary adjustments
35 authorized by this section with the oldest of the pending adjustments to
36 be funded first.
- 37 (2) Transfer to Highway Fund budget codes from the Highway Fund
38 Salary Adjustment Fund amounts required to support salary
39 adjustments authorized by this section.

40 **"SECTION 28.18.(e)** The Judicial Department is eligible for the funding authorized
41 in subsection (a) of this section.

42 **"SECTION 28.18.(f)** Employees subject to the State Personnel Act in The
43 University of North Carolina System are eligible for funding authorized in subsection
44 (a) of this section and for the purposes outlined in subsection (b) of this section.

45 **"SECTION 28.18.(g)** Of the funds available in the General Fund Salary
46 Adjustment Fund, the State Construction Office of the Department of Administration
47 shall receive from the Salary Adjustment Fund up to the sum of four hundred
48 eighty-four thousand dollars (\$484,000) for the 2008-2009 fiscal year to adjust salaries
49 for engineering and architect positions due to the career banding of these positions.
50 These grade to band transfers shall receive the highest funding priority.

1 "SECTION 28.18.(h) Of the funds available in the Highway Fund Salary
2 Adjustment Fund, the Ferry Division of the Department of Transportation shall receive
3 the highest funding priority in fiscal year 2008-2009 to increase salaries of licensed
4 ferry personnel in the event that reallocations or range revisions are approved by the
5 State Personnel Commission resulting from the classification study of licensed ferry
6 personnel."

7
8 **MOST STATE EMPLOYEES/SALARY INCREASES**

9 **SECTION 26.13.** Effective July 1, 2008, Section 28.14 of S.L. 2007-323
10 reads as rewritten:

11 **"SECTION 28.14.(a)** The salaries in effect June 30, 2007, of all permanent
12 full-time State employees whose salaries are set in accordance with the State Personnel
13 Act, and who are paid from the General Fund or the Highway Fund, shall be increased,
14 effective July 1, 2007, by four percent (4%). Effective July 1, 2008, the salaries in effect
15 June 30, 2008, of all permanent, full-time State employees whose salaries are set in
16 accordance with the State Personnel Act, and who are paid from the General Fund or
17 Highway Fund shall be increased by the greater of one thousand one hundred dollars
18 (\$1,100) or two and seventy-five hundredths percent (2.75%).

19 **"SECTION 28.14.(b)** Except as otherwise provided in this act, the fiscal year
20 2007-2008 salaries for permanent full-time State officials and persons in exempt
21 positions that are recommended by the Governor and set by the General Assembly shall
22 be increased by four percent (4%), effective July 1, 2007. Effective July 1, 2008, the
23 compensation of permanent, full-time State officials and persons in exempt positions
24 that are recommended by the Governor and set by the General Assembly shall be
25 increased by the greater of one thousand one hundred dollars (\$1,100) or two and
26 seventy-five hundredths percent (2.75%).

27 **"SECTION 28.14.(c)** The salaries in effect for fiscal year 2007-2008 for all
28 permanent part-time State employees shall be increased, effective July 1, 2007, by the
29 four percent (4%) salary increase provided for permanent full-time employees covered
30 under this part. Effective July 1, 2008, the salaries of permanent, part-time State
31 employees shall be increased by the greater of pro rata amounts of one thousand one
32 hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%).

33 **"SECTION 28.14.(d)** The Director of the Budget may allocate out of special
34 operating funds or from other sources of the employing agency, except tax revenues,
35 sufficient funds to allow ~~a salary increase, effective July 1, 2007, increases~~ in
36 accordance with subsection (a), (b), or (c) of this section including funds for the
37 employer's retirement and social security contributions, for the permanent full-time and
38 part-time employees of the agency, provided the employing agency elects to make
39 available the necessary funds.

40 **"SECTION 28.14.(e)** ~~Within~~ For the 2007-2008 fiscal year, within regular State
41 Budget Act procedures as limited by this act, all State agencies and departments may
42 increase on an equitable basis the rate of pay of temporary and permanent hourly State
43 employees, subject to availability of funds in the particular agency or department, by
44 pro rata amounts of the four percent (4%) salary increase provided for permanent
45 full-time employees covered by the provisions of subsection (a) of this section,
46 commencing July 1, 2007. For the 2008-2009 fiscal year, within regular State Budget
47 Act procedures as limited by this act, all State agencies and departments may increase
48 on an equitable basis the rate of pay of temporary and permanent hourly State
49 employees, subject to availability of funds in the particular agency or department, by the
50 greater of pro rata amounts of one thousand one hundred dollar (\$1,100) or two and
51 seventy-five hundredths percent (2.75%) salary increase provided for permanent

1 full-time employees covered by the provisions of subsection (a) of this section,
2 commencing July 1, 2008."

3
4 **ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES**

5 **SECTION 26.14.** Effective July 1, 2008, Section 28.15 of S.L. 2007-323
6 reads as rewritten:

7 "SECTION 28.15.(a) Salaries and related benefits for positions that are funded
8 partially from the General Fund or Highway Fund and partially from sources other than
9 the General Fund or Highway Fund shall be increased from the General Fund or
10 Highway Fund appropriation only to the extent of the proportionate part of the salaries
11 paid from the General Fund or Highway Fund.

12 "SECTION 28.15.(b) The granting of the salary increases under this act does not
13 affect the status of eligibility for salary increments for which employees may be eligible
14 unless otherwise required by this act.

15 "SECTION 28.15.(c) The fiscal year 2007-2008 salary increases provided in this
16 act are to be effective July 1, 2007, do not apply to persons separated from State service
17 due to resignation, dismissal, reduction in force, death, or retirement, or whose last
18 workday is prior to July 1, 2007. The fiscal year 2008-2009 salary increases provided in
19 this act are to be effective July 1, 2008, do not apply to persons separated from State
20 service due to resignation, dismissal, reduction in force, death, or retirement, or whose
21 last workday is prior to July 1, 2008.

22 Payroll checks issued to employees ~~after July 1, 2007,~~ which represent payment of
23 services provided prior to ~~July 1, 2007,~~ ~~these increases~~ shall not be eligible for salary
24 increases provided for in this act. This subsection shall apply to all employees, subject
25 to or exempt from the State Personnel Act, paid from State funds, including public
26 schools, community colleges, and The University of North Carolina.

27 "SECTION 28.15.(d) The Director of the Budget shall transfer from the Reserve
28 for Compensation Increases in this act for fiscal year 2007-2008 and fiscal year
29 2008-2009 all funds necessary for the salary increases provided by this act, including
30 funds for the employer's retirement and social security contributions.

31 "SECTION 28.15.(e) Nothing in this act authorizes the transfer of funds between
32 the General Fund and the Highway Fund for salary increases.

33 "SECTION 28.15.(f) ~~Permanent~~ For the 2007-2008 fiscal year, permanent,
34 full-time employees who work a nine-, ten-, or eleven-month work year schedule shall
35 receive the four percent (4.0%) annual increase provided by this act. For the 2008-2009
36 fiscal year, permanent, full-time employees who work a nine-, ten-, or eleven-month
37 work year schedule shall receive the greater of the one thousand one hundred dollar
38 (\$1,100) or two and seventy-five hundredths percent (2.75%) annual increase provided
39 by this act."

40
41 **TEACHER SALARY SCHEDULES**

42 **SECTION 26.16.(a)** Effective for the 2008-2009 school year, the Director of
43 the Budget shall transfer from the Reserve for Compensation Increases funds necessary
44 to implement the teacher salary schedules set out in subsection (b) of this section and
45 for longevity in accordance with subsection (d) of this section, including funds for the
46 employer's retirement and social security contributions for all teachers whose salaries
47 are supported from the State's General Fund.

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

50 **SECTION 26.16.(b)** The following monthly salary schedules shall apply for
51 the 2008-2009 fiscal year to certified personnel of the public schools who are classified

1 as teachers. The schedule contains 32 steps with each step corresponding to one year of
 2 teaching experience.

3
 4 2008-2009 Monthly Salary Schedule

5 "A" Teachers

6	Years of Experience	"A" Teachers	NBPTS Certification
7	0	\$3,022	N/A
8	1	\$3,064	N/A
9	2	\$3,108	N/A
10	3	\$3,264	\$3,656
11	4	\$3,404	\$3,812
12	5	\$3,538	\$3,963
13	6	\$3,667	\$4,107
14	7	\$3,771	\$4,224
15	8	\$3,819	\$4,277
16	9	\$3,868	\$4,332
17	10	\$3,918	\$4,388
18	11	\$3,967	\$4,443
19	12	\$4,018	\$4,500
20	13	\$4,069	\$4,557
21	14	\$4,122	\$4,617
22	15	\$4,176	\$4,677
23	16	\$4,231	\$4,739
24	17	\$4,286	\$4,800
25	18	\$4,345	\$4,866
26	19	\$4,403	\$4,931
27	20	\$4,461	\$4,996
28	21	\$4,523	\$5,066
29	22	\$4,584	\$5,134
30	23	\$4,650	\$5,208
31	24	\$4,714	\$5,280
32	25	\$4,779	\$5,352
33	26	\$4,845	\$5,426
34	27	\$4,913	\$5,503
35	28	\$4,984	\$5,582
36	29	\$5,055	\$5,662
37	30	\$5,153	\$5,771
38	31+	\$5,255	\$5,886

39
 40 2008-2009 Monthly Salary Schedule

41 "M" Teachers

42	Years of Experience	"M" Teachers	NBPTS Certification
43	0	\$3,324	N/A
44	1	\$3,370	N/A
45	2	\$3,419	N/A
46	3	\$3,590	\$4,021
47	4	\$3,744	\$4,193
48	5	\$3,892	\$4,359
49	6	\$4,034	\$4,518
50	7	\$4,148	\$4,646
51	8	\$4,201	\$4,705

1	9	\$4,255	\$4,766
2	10	\$4,310	\$4,827
3	11	\$4,364	\$4,888
4	12	\$4,420	\$4,950
5	13	\$4,476	\$5,013
6	14	\$4,534	\$5,078
7	15	\$4,594	\$5,145
8	16	\$4,654	\$5,212
9	17	\$4,715	\$5,281
10	18	\$4,780	\$5,354
11	19	\$4,843	\$5,424
12	20	\$4,907	\$5,496
13	21	\$4,975	\$5,572
14	22	\$5,042	\$5,647
15	23	\$5,115	\$5,729
16	24	\$5,185	\$5,807
17	25	\$5,257	\$5,888
18	26	\$5,330	\$5,970
19	27	\$5,404	\$6,052
20	28	\$5,482	\$6,140
21	29	\$5,561	\$6,228
22	30	\$5,668	\$6,348
23	31+	\$5,781	\$6,475

24
25 **SECTION 26.16.(c)** Annual longevity payments for teachers shall be at the
26 rate of one and one-half percent (1.5%) of base salary for 10 to 14 years of State
27 service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19
28 years of State service, three and twenty-five hundredths percent (3.25%) of base salary
29 for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary
30 for 25 or more years of State service. The longevity payment shall be paid in a lump
31 sum once a year.

32 **SECTION 26.16.(d)** Certified public schoolteachers with certification based
33 on academic preparation at the six-year degree level shall receive a salary supplement of
34 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation
35 provided for certified personnel of the public schools who are classified as "M"
36 teachers. Certified public schoolteachers with certification based on academic
37 preparation at the doctoral degree level shall receive a salary supplement of two
38 hundred fifty-three dollars (\$253.00) per month in addition to the compensation
39 provided for certified personnel of the public schools who are classified as "M"
40 teachers.

41 **SECTION 26.16.(e)** The first step of the salary schedule for school
42 psychologists shall be equivalent to Step 5, corresponding to five years of experience,
43 on the salary schedule established in this section for certified personnel of the public
44 schools who are classified as "M" teachers. Certified psychologists shall be placed on
45 the salary schedule at an appropriate step based on their years of experience. Certified
46 psychologists shall receive longevity payments based on years of State service in the
47 same manner as teachers.

48 Certified psychologists with certification based on academic preparation at
49 the six-year degree level shall receive a salary supplement of one hundred twenty-six
50 dollars (\$126.00) per month in addition to the compensation provided for certified
51 psychologists. Certified psychologists with certification based on academic preparation

1 at the doctoral degree level shall receive a salary supplement of two hundred fifty-three
 2 dollars (\$253.00) per month in addition to the compensation provided for certified
 3 psychologists.

4 **SECTION 26.16.(f)** Speech pathologists who are certified as speech
 5 pathologists at the master's degree level and audiologists who are certified as
 6 audiologists at the master's degree level and who are employed in the public schools as
 7 speech and language specialists and audiologists shall be paid on the school
 8 psychologist salary schedule.

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

16 **SECTION 26.16.(g)** Certified school nurses who are employed in the public
 17 schools as nurses shall be paid on the "M" salary schedule.

18 **SECTION 26.16.(h)** As used in this section, the term "teacher" shall also
 19 include instructional support personnel.

20
 21 **SCHOOL BASED ADMINISTRATOR SALARY SCHEDULE**

22 **SECTION 26.17.(a)** Effective for the 2008-2009 school year, the Director of
 23 the Budget shall transfer from the Reserve for Compensation Increases funds necessary
 24 to implement the salary schedules for school-based administrators as provided in this
 25 section. These funds shall be used for State-paid employees only.

26 **SECTION 26.17.(b)** The base salary schedule for school-based
 27 administrators shall apply only to principals and assistant principals. The base salary
 28 schedule for the 2008-2009 fiscal year, commencing July 1, 2008, is as follows:
 29

30 2008-2009 Principal and Assistant Principal Salary Schedules

31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51	Years of Exp	31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51				
		Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
34	0-4	\$3,781	-	-	-	-
35	5	\$3,931	-	-	-	-
36	6	\$4,074	-	-	-	-
37	7	\$4,189	-	-	-	-
38	8	\$4,243	\$4,243	-	-	-
39	9	\$4,298	\$4,298	-	-	-
40	10	\$4,353	\$4,353	\$4,408	-	-
41	11	\$4,408	\$4,408	\$4,464	-	-
42	12	\$4,464	\$4,464	\$4,521	\$4,579	-
43	13	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701
44	14	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762
45	15	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
46	16	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
47	17	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
48	18	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
49	19	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
50	20	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
51	21	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237

1	22	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
2	23	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
3	24	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458
4	25	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
5	26	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617
6	27	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
7	28	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
8	29	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
9	30	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
10	31	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
11	32	-	\$5,956	\$6,075	\$6,197	\$6,321
12	33	-	-	\$6,197	\$6,321	\$6,447
13	34	-	-	\$6,321	\$6,447	\$6,576
14	35	-	-	-	\$6,576	\$6,708
15	36	-	-	-	\$6,708	\$6,842
16	37	-	-	-	-	\$6,979

2008-2009 Principal and Assistant Principal Salary Schedules

Classification

Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)	
22	0-14	\$4,828	-	-	
23	15	\$4,891	-	-	
24	16	\$4,956	\$5,025	-	
25	17	\$5,025	\$5,092	\$5,237	
26	18	\$5,092	\$5,166	\$5,310	\$5,383
27	19	\$5,166	\$5,237	\$5,383	\$5,458
28	20	\$5,237	\$5,310	\$5,458	\$5,537
29	21	\$5,310	\$5,383	\$5,537	\$5,617
30	22	\$5,383	\$5,458	\$5,617	\$5,725
31	23	\$5,458	\$5,537	\$5,725	\$5,839
32	24	\$5,537	\$5,617	\$5,839	\$5,956
33	25	\$5,617	\$5,725	\$5,956	\$6,075
34	26	\$5,725	\$5,839	\$6,075	\$6,197
35	27	\$5,839	\$5,956	\$6,197	\$6,321
36	28	\$5,956	\$6,075	\$6,321	\$6,447
37	29	\$6,075	\$6,197	\$6,447	\$6,576
38	30	\$6,197	\$6,321	\$6,576	\$6,708
39	31	\$6,321	\$6,447	\$6,708	\$6,842
40	32	\$6,447	\$6,576	\$6,842	\$6,979
41	33	\$6,576	\$6,708	\$6,979	\$7,119
42	34	\$6,708	\$6,842	\$7,119	\$7,261
43	35	\$6,842	\$6,979	\$7,261	\$7,406
44	36	\$6,979	\$7,119	\$7,406	\$7,554
45	37	\$7,119	\$7,261	\$7,554	\$7,705
46	38	\$7,261	\$7,406	\$7,705	\$7,859
47	39	-	\$7,554	\$7,859	\$8,016
48	40	-	\$7,705	\$8,016	\$8,176
49	41	-	-	\$8,176	\$8,340

1 **SECTION 26.17.(c)** The appropriate classification for placement of
 2 principals and assistant principals on the salary schedule, except for principals in
 3 alternative schools and in cooperative innovative high schools, shall be determined in
 4 accordance with the following schedule:

Classification	Number of Teachers Supervised
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18 The number of teachers supervised includes teachers and assistant principals
 19 paid from State funds only; it does not include teachers or assistant principals paid from
 20 non-State funds or the principal or teacher assistants.

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

25 **SECTION 26.17.(d)** A principal shall be placed on the step on the salary
 26 schedule that reflects total number of years of experience as a certificated employee of
 27 the public schools and an additional step for every three years of experience as a
 28 principal. A principal or assistant principal shall also continue to receive any additional
 29 State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000
 30 school years for improvement in student performance or maintaining a safe and orderly
 31 school.

32 **SECTION 26.17.(e)** Principals and assistant principals with certification
 33 based on academic preparation at the six-year degree level shall be paid a salary
 34 supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral
 35 degree level shall be paid a salary supplement of two hundred fifty-three dollars
 36 (\$253.00) per month.

37 **SECTION 26.17.(f)** Longevity pay for principals and assistant principals
 38 shall be as provided for State employees under the State Personnel Act.

39 **SECTION 26.17.(g)** If a principal is reassigned to a higher job classification
 40 because the principal is transferred to a school within a local school administrative unit
 41 with a larger number of State-allotted teachers, the principal shall be placed on the
 42 salary schedule as if the principal had served the principal's entire career as a principal
 43 at the higher job classification.

44 If a principal is reassigned to a lower job classification because the principal
 45 is transferred to a school within a local school administrative unit with a smaller number
 46 of State-allotted teachers, the principal shall be placed on the salary schedule as if the
 47 principal had served the principal's entire career as a principal at the lower job
 48 classification.

49 This subsection applies to all transfers on or after the effective date of this
 50 section, except transfers in school systems that have been created, or will be created, by
 51 merging two or more school systems. Transfers in these merged systems are exempt

1 from the provisions of this subsection for one calendar year following the date of the
 2 merger.

3 **SECTION 26.17.(h)** Participants in an approved full-time master's in school
 4 administration program shall receive up to a 10-month stipend at the beginning salary of
 5 an assistant principal during the internship period of the master's program. For the
 6 2006-2007 fiscal year and subsequent fiscal years, the stipend shall not exceed the
 7 difference between the beginning salary of an assistant principal plus the cost of tuition,
 8 fees, and books and any fellowship funds received by the intern as a full-time student,
 9 including awards of the Principal Fellows Program. The Principal Fellows Program or
 10 the school of education where the intern participates in a full-time master's in school
 11 administration program shall supply the Department of Public Instruction with
 12 certification of eligible full-time interns.

13 **SECTION 26.17.(i)** During the 2008-2009 fiscal year, the placement on the
 14 salary schedule of an administrator with a one-year provisional assistant principal's
 15 certificate shall be at the entry-level salary for an assistant principal or the appropriate
 16 step on the teacher salary schedule, whichever is higher.

17
 18 **CENTRAL OFFICE SALARIES**

19 **SECTION 26.18.(a)** The monthly salary ranges that follow apply to
 20 assistant superintendents, associate superintendents, directors/coordinators, supervisors,
 21 and finance officers for the 2008-2009 fiscal year, beginning July 1, 2008.

22	School Administrator I	\$3,309	\$6,207
23	School Administrator II	\$3,508	\$6,583
24	School Administrator III	\$3,724	\$6,984
25	School Administrator IV	\$3,874	\$7,262
26	School Administrator V	\$4,030	\$7,556
27	School Administrator VI	\$4,275	\$8,013
28	School Administrator VII	\$4,447	\$8,336

29 The local board of education shall determine the appropriate category and
 30 placement for each assistant superintendent, associate superintendent,
 31 director/coordinator, supervisor, or finance officer within the salary ranges and within
 32 funds appropriated by the General Assembly for central office administrators and
 33 superintendents. The category in which an employee is placed shall be included in the
 34 contract of any employee.

35 **SECTION 26.18.(b)** The monthly salary ranges that follow apply to public
 36 school superintendents for the 2008-2009 fiscal year, beginning July 1, 2008.

37	Superintendent I	\$4,720	\$8,843
38	Superintendent II	\$5,011	\$9,377
39	Superintendent III	\$5,316	\$9,948
40	Superintendent IV	\$5,642	\$10,552
41	Superintendent V	\$5,988	\$11,196

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

46 **SECTION 26.18.(c)** Longevity pay for superintendents, assistant
 47 superintendents, associate superintendents, directors/coordinators, supervisors, and
 48 finance officers shall be as provided for State employees under the State Personnel Act.

49 **SECTION 26.18.(d)** Superintendents, assistant superintendents, associate
 50 superintendents, directors/coordinators, supervisors, and finance officers with
 51 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 26.18.(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 26.18.(f)** The annual salary increase for all permanent full-time
11 personnel paid from the Central Office Allotment shall be the greater of one thousand
12 one hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%),
13 commencing July 1, 2008. The State Board of Education shall allocate these funds to
14 local school administrative units. The local boards of education shall establish
15 guidelines for providing salary increases to these personnel.

16 **NONCERTIFIED PERSONNEL SALARIES**

17 **SECTION 26.19.(a)** The annual salary increase for permanent, full-time
18 noncertified public school employees whose salaries are supported from the State's
19 General Fund shall be the greater of one thousand one hundred dollars (\$1,100) or two
20 and seventy-five hundredths percent (2.75%) commencing July 1, 2008.

21 **SECTION 26.19.(b)** Local boards of education shall increase the rates of
22 pay for such employees who were employed for all or part of fiscal year 2007-2008 and
23 who continue their employment for fiscal year 2008-2009 by providing an annual salary
24 increase for employees of the greater of one thousand one hundred dollars (\$1,100) or
25 two and seventy-five hundredths percent (2.75%).

26 For part-time employees, the pay increase shall be pro rata based on the
27 number of hours worked.

28 **SECTION 26.19.(c)** The State Board of Education may adopt salary ranges
29 for noncertified personnel to support increases of the greater of one thousand one
30 hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) for the
31 2008-2009 fiscal year.

32 **BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY** 33 **SCHEDULES**

34 **SECTION 26.20.** Effective July 1, 2008, any permanent personnel
35 employed on July 1, 2008, and paid at the top of the principal and assistant principal
36 salary schedule shall receive a onetime bonus equivalent to two percent (2%).

37 Effective July 1, 2008, any permanent certified personnel employed on July
38 1, 2008, and paid on the teacher salary schedule with 31+ years of experience shall
39 receive a onetime bonus equivalent to one and eight-tenths percent (1.8%). Personnel
40 defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.
41
42

43 **NO PENALTY FOR TEACHERS TAKING ONE DAY OF PERSONAL LEAVE**

44 **SECTION 26.21.(a)** G.S. 115C-302.1(d) reads as rewritten:

45 "(d) Personal Leave. – Teachers earn personal leave at the rate of .20 days for
46 each full month of employment not to exceed two days per year. Personal leave may be
47 accumulated without any applicable maximum until June 30 of each year. A teacher
48 may carry forward to July 1 a maximum of five days of personal leave; the remainder of
49 the teacher's personal leave shall be converted to sick leave on June 30. At the time of
50

1 retirement, a teacher may also convert accumulated personal leave to sick leave for
2 creditable service towards retirement.

3 Personal leave may be used only upon the authorization of the teacher's immediate
4 supervisor. A teacher shall not take personal leave on the first day the teacher is
5 required to report for the school year, on a required teacher workday, on days scheduled
6 for State testing, or on the day before or the day after a holiday or scheduled vacation
7 day, unless the request is approved by the principal. On all other days, if the request is
8 made at least five days in advance, the request shall be automatically granted subject to
9 the availability of a substitute teacher, and the teacher cannot be required to provide a
10 reason for the request. Teachers may transfer personal leave days between local school
11 administrative units. The local school administrative unit shall credit a teacher who has
12 separated from service and is reemployed within 60 months from the date of separation
13 with all personal leave accumulated at the time of separation. Local school
14 administrative units shall not advance personal leave. Teachers using up to one day of
15 personal leave per year shall receive full salary less the required substitute
16 deduction salary. Teachers using more than one day per year shall receive full salary
17 less the required substitute deduction. As used in this subsection, 'teachers' means
18 classroom teachers and media specialists who require a substitute."

19 **SECTION 26.21.(b)** This section expires June 30, 2009.
20

21 SALARY-RELATED CONTRIBUTIONS/EMPLOYER

22 **SECTION 26.22.** Section 28.19(c) of S.L. 2007-323 reads as rewritten:

23 "**SECTION 28.19.(c)** Effective July 1, 2008, the State's employer contribution rates
24 budgeted for retirement and related benefits as percentage of covered salaries for the
25 2008-2009 fiscal year are: (i) ~~seven and eighty three hundredths percent (7.83%)~~ eight
26 and fourteen hundredths percent (8.14%) – Teachers and State Employees; (ii) ~~twelve~~
27 ~~and eighty three hundredths percent (12.83%)~~ thirteen and fourteen hundredths percent
28 (13.14%) – State Law Enforcement Officers; (iii) eleven and forty-six hundredths
29 percent (11.46%) – University Employees' Optional Retirement System; (iv) eleven and
30 forty-six hundredths percent (11.46%) – Community College Optional Retirement
31 Program; (v) seventeen and thirty-one hundredths percent (17.31%) – Consolidated
32 Judicial Retirement System; and (vi) four and ten hundredths percent (4.10%) –
33 Legislative Retirement System. Each of the foregoing contribution rates includes four
34 and ten hundredths percent (4.10%) for hospital and medical benefits. The rate for
35 Teachers and State Employees, State Law Enforcement Officers, Community College
36 Optional Retirement Program, and for the University Employees' Optional Retirement
37 Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.
38 The rates for Teachers and State Employees and State Law Enforcement Officers
39 include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for
40 State Law Enforcement Officers includes five percent (5%) for Supplemental
41 Retirement Income."
42

43 PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE 44 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE 45 JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE 46 RETIREMENT SYSTEM

47 **SECTION 26.23.(a)** G.S. 135-5 is amended by adding a new subsection to
48 read:

49 "~~(rrr)~~ From and after July 1, 2008, the retirement allowance to or on account of
50 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased
51 by two and two-tenths percent (2.2%) of the allowance payable on June 1, 2008, in

1 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2008, the retirement
2 allowance to or on account of beneficiaries whose retirement commenced after July 1,
3 2007, but before June 30, 2008, shall be increased by a prorated amount of two and
4 two-tenths percent (2.2%) of the allowance payable as determined by the Board of
5 Trustees based upon the number of months that a retirement allowance was paid
6 between July 1, 2007, and June 30, 2008."

7 **SECTION 26.23.(b)** G.S. 135-65 is amended by adding a new subsection to
8 read:

9 "(cc) From and after July 1, 2008, the retirement allowance to or on account of
10 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased
11 by two and two-tenths percent (2.2%) of the allowance payable on June 1, 2008.
12 Furthermore, from and after July 1, 2008, the retirement allowance to or on account of
13 beneficiaries whose retirement commenced after July 1, 2007, but before June 30, 2008,
14 shall be increased by a prorated amount of two and two-tenths percent (2.2%) of the
15 allowance payable as determined by the Board of Trustees based upon the number of
16 months that a retirement allowance was paid between July 1, 2007, and June 30, 2008."

17 **SECTION 26.23.(c)** G.S. 120-4.22A is amended by adding a new subsection
18 to read:

19 "(w) In accordance with subsection (a) of this section, from and after July 1, 2008,
20 the retirement allowance to or on account of beneficiaries whose retirement commenced
21 on or before January 1, 2008, shall be increased by two and two-tenths percent (2.2%)
22 of the allowance payable on June 1, 2008. Furthermore, from and after July 1, 2008, the
23 retirement allowance to or on account of beneficiaries whose retirement commenced
24 after January 1, 2008, but before June 30, 2008, shall be increased by a prorated amount
25 of two and two-tenths percent (2.2%) of the allowance payable as determined by the
26 Board of Trustees based upon the number of months that a retirement allowance was
27 paid between January 1, 2008, and June 30, 2008."

28 **INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S** 29 **AND RESCUE SQUAD WORKERS' PENSION FUND**

30 **SECTION 26.25.** G.S. 58-86-55 reads as rewritten:

31 **"§ 58-86-55. Monthly pensions upon retirement.**

32 Any member who has served 20 years as an "eligible fireman" or "eligible rescue
33 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and
34 G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly
35 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~
36 ~~sixty seven dollars (\$167.00)~~ one hundred seventy dollars (\$170.00) per month. Any
37 retired fireman receiving a pension shall, effective ~~July 1, 2007,~~ July 1, 2008, receive a
38 pension of ~~one hundred sixty seven dollars (\$167.00)~~ one hundred seventy dollars
39 (\$170.00) per month.

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

47 A member who is totally and permanently disabled while in the discharge of the
48 member's official duties as a result of bodily injuries sustained or as a result of extreme
49 exercise or extreme activity experienced in the course and scope of those official duties
50 and who leaves the fire or rescue squad service because of this disability shall be
51

1 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred~~
 2 ~~sixty seven dollars (\$167.00)~~ one hundred seventy dollars (\$170.00) per month
 3 beginning the first month after the member's fifty-fifth birthday. All applications for
 4 disability are subject to the approval of the board who may appoint physicians to
 5 examine and evaluate the disabled member prior to approval of the application, and
 6 annually thereafter. Any disabled member shall not be required to make the monthly
 7 payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

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

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

29 The pensions provided shall be in addition to all other pensions or benefits under any
 30 other statutes of the State of North Carolina or the United States, notwithstanding any
 31 exclusionary provisions of other pensions or retirement systems provided by law."
 32

33 **PART XXVII. CAPITAL APPROPRIATIONS.**

34
 35 **CAPITAL APPROPRIATIONS/GENERAL FUND**

36 **SECTION 27.1.** There is appropriated from the General Fund for the
 37 2008-2009 fiscal year the following amounts for capital improvements:
 38

Capital Improvements – General Fund	2008-2009
Department of Administration	
North Carolina Freedom Monument Planning	\$400,000
Department of Agriculture and Consumer Services	
Motor Fuels/Metrology Laboratory Planning	300,000
Department of Commerce	
Wanchese Seafood Industrial Park – Capital Improvements	605,700
Department of Crime Control and Public Safety	
Butner Training Site Sewer Extension and Latrine Replacement	245,430

1	Master Facilities Planning Statewide – Phase II	300,300
2		
3	Department of Environment and Natural Resources	
4	Research Oyster Hatchery	4,303,944
5	Water Resources Development Projects	20,000,000
6	Zoo Polar Bear Exhibit Addition and Renovation	2,700,000
7		
8	Department of Justice	
9	Addition to SBI Buildings 17 and 18	1,792,006
10		
11	University of North Carolina System	
12	Appalachian State University – College of Nursing and	
13	Health Sciences Building Planning	4,200,000
14		
15	Elizabeth City State University – School of Aviation Complex	
16	Planning and Site Development	1,500,000
17		
18	Fayetteville State University – Teaching Education	
19	and General Classroom Building Planning	4,272,110
20		
21	North Carolina State University	
22	4-H Camps Improvements	4,500,000
23	Engineering Complex Planning	21,373,400
24		
25	University of North Carolina – Board of Governors	
26	Upper Coastal Plain Higher Education Center Planning	1,000,000
27		
28	University of North Carolina at Asheville – Replace Carmichael	
29	Hall & University Lecture Hall Planning	1,100,000
30		
31	University of North Carolina at Chapel Hill	
32	Biomedical Research Imaging Center Planning	31,000,000
33	Morehead Planetarium Renovation/Expansion Planning	3,480,000
34	Carolina North Phase I and Replacement Law School Planning	16,900,000
35		
36	University of North Carolina at Charlotte – Science Building Planning	2,400,000
37		
38	University of North Carolina at Pembroke – Information	
39	Commons Building Planning	2,000,000
40		
41	University of North Carolina at Wilmington – Allied Health and	
42	Human Sciences Building Planning	4,320,000
43		
44	Western Carolina University– Education and Allied Professions	
45	Building Planning	4,018,700
46		
47	Winston-Salem State University	
48	Sciences and General Office Building Planning	3,000,000
49		
50	TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$135,711,590
51		

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 27.2.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project	2008-2009
(1) Wilmington Harbor Deepening	\$ 1,000,000
(2) Wilmington Harbor Maintenance	500,000
(3) Morehead City Harbor Maintenance	0
(4) B. Everett Jordan Water Supply Storage	200,000
(5) Dredging Contingency Fund	3,619,000
(6) Deep Creek Structure 5-D (Yadkin County)	5,444,000
(7) North Carolina Beach and Inlet Management Plan	250,000
(8) Neuse River Basin Study	33,000
(9) Manteo (Shallowbag Bay) Channel Maintenance	100,000
(10) Currituck Sound Water Management Study	50,000
(11) Planning Assistance to Communities	100,000
(12) Bogue Banks Beach Protection	120,000
(13) West Onslow Beach (Topsail Beach, Pender County)	0
(14) Belhaven Harbor Feasibility Study	15,000
(15) Princeville Flood Control	0
(16) Surf City – N. Topsail Beach Protection (Pender County)	0
(17) North Carolina International Terminal	500,000
(18) AIWW Dredging	3,119,000
(19) State-Local Projects	2,000,000
(20) Swan Quarter Dike Project (Hyde County)	250,000
(21) Aquatic Plant Control, Statewide and Lake Gaston	200,000
(22) Aquatic Weed Program Storage Facility	100,000
(23) Dillsboro Dam Removal	400,000
(24) Topsail Beach Emergency Nourishment	2,000,000
TOTALS	\$20,000,000

SECTION 27.2.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2008-2009 fiscal year, or if the projects funded under subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) U.S. Army Corps of Engineers project feasibility studies.
- (2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2008-2009.
- (3) State-local water resources development projects.

Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2009-2010 fiscal year.

SECTION 27.2.(c) The Department shall make semiannual reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- 1 (1) All projects listed in this section.
- 2 (2) The estimated cost of each project.
- 3 (3) The date that work on each project began or is expected to begin.
- 4 (4) The date that work on each project was completed or is expected to be
- 5 completed.
- 6 (5) The actual cost of each project.

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

10 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

11 **SECTION 27.3.(a)** Of the funds in the Reserve for Repairs and Renovations
12 for the 2008-2009 fiscal year, fifty percent (50%) shall be allocated to the Board of
13 Governors of The University of North Carolina for repairs and renovations pursuant to
14 G.S. 143C-4-3, in accordance with guidelines developed in The University of North
15 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as
16 approved by the Board of Governors of The University of North Carolina, and fifty
17 percent (50%) shall be allocated to the Office of State Budget and Management for
18 repairs and renovations pursuant to G.S. 143C-4-3.

19 Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds
20 for the repair and renovation of facilities not supported from the General Fund if the
21 Board determines that sufficient funds are not available from other sources and that
22 conditions warrant General Fund assistance. Any such finding shall be included in the
23 Board's submission to the Joint Legislative Commission on Governmental Operations
24 on the proposed allocation of funds.

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

28 **SECTION 27.3.(b)** Of the funds allocated to the Board of Governors of The
29 University of North Carolina in subsection (a) of this section, a portion shall be used by
30 the Board of Governors for the installation of fire sprinklers in University residence
31 halls. This portion shall be in addition to funds otherwise appropriated in this act for the
32 same purpose. Such funds shall be allocated among the University's constituent
33 institutions by the President of The University of North Carolina, who shall consider the
34 following factors when allocating those funds:

- 35 (1) The safety and well-being of the residents of campus housing
36 programs.
- 37 (2) The current level of housing rents charged to students and how that
38 compares to an institution's public peers and other UNC institutions.
- 39 (3) The level of previous authorizations to constituent institutions for the
40 construction or renovation of residence halls funded from the General
41 Fund, or from bonds or certificates of participation supported by the
42 General Fund, since 1996.
- 43 (4) The financial status of each constituent institution's housing system,
44 including debt capacity, debt coverage ratios, credit rankings, required
45 reserves, the planned use of cash balances for other housing system
46 improvements, and the constituent institution's ability to pay for the
47 installation of fire sprinklers in all residence halls.
- 48 (5) The total cost of each proposed project, including the cost of installing
49 fire sprinklers and the cost of other construction, such as asbestos
50 removal and additional water supply needs.
- 51

1 The Board of Governors shall submit progress reports to the Joint Legislative
 2 Commission on Governmental Operations. Reports shall include the status of
 3 completed, current, and planned projects. Reports shall also include information on the
 4 financial status of each constituent institution's housing system, the constituent
 5 institution's ability to pay for fire protection in residence halls, and the timing of
 6 installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until
 7 all residence halls have fire sprinklers.

8 **SECTION 27.3.(c)** Of the funds allocated to the Office of State Budget and
 9 Management in subsection (a) of this section:

- 10 (1) \$6,615,500 shall be used for Mattamuskeet Lodge renovations.
- 11 (2) \$2,600,000 shall be used for the Museum of History Chronology
 12 Exhibit.
- 13 (3) \$1,225,000 shall be used for plans and specifications to renovate the
 14 Department of Agriculture and Consumer Service's main office
 15 building in Raleigh.
- 16 (4) \$1,300,000 shall be used to renovate the North Carolina Museum of
 17 Forestry.

18
 19 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

20 **SECTION 27.4.(a)** The General Assembly authorizes the following capital
 21 projects to be funded with receipts or from other non-General Fund sources:

22 23 24 Name of Project	25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 Amount of Non-General Fund Funding Authorized for 2008-2009
Department of Agriculture and Consumer Services	
Piedmont Research Station – Grain Storage Facility Renovation	\$ 400,000
Raleigh Farmers Market – Capital Improvements	900,000
Research Stations – Irrigation System Renovation	200,000
Research Stations – Irrigation System Renovation – Horticulture Crops and Peanut Belt Research Stations	200,000
Senator Bob Martin Eastern Agricultural Center – Capital Improvements	500,000
State Fair – Campground	6,341,601
State Fair – Infrastructure Improvements	500,000
State Fair – Pond Improvements	500,000
Tidewater Research Station – Phase II of Headhouse/Greenhouse Facility Renovation	750,000
Triad Farmers Market – Capital Improvements	3,000,000
WNC Agricultural Center – New Vision Plan	900,000
Department of Correction	
Broughton Correctional Center – Laundry Steam Plant	1,400,000
Umstead Correctional Center – Laundry Steam Plant	1,322,965
Wayne Correctional Center – Chase Laundry Steam Plant	1,368,926
Department of Crime Control and Public Safety	
NC National Guard – Armory Improvements	8,402,273
NC National Guard – Asheville Field Maintenance Shop	3,743,000
NC National Guard – Camp Butner Training Site – Cantonment Complex	15,617,000

1	NC National Guard – Fixed Wing Hanger Complex – Morrisville	6,466,000
2		
3	Department of Cultural Resources	
4	Museum of Art – Enhanced Landscaping	7,500,000
5	USS North Carolina Battleship Memorial – Phase 3 Renovations	1,977,000
6		
7	Department of Environment and Natural Resources	
8	Bladen Lakes State Forest – Shop Building	943,800
9	Forest Resources – Region 2 Training Building	460,500
10		
11	Department of Transportation	
12	Statewide Transportation Operations Center	7,650,000
13		
14	Wildlife Resources Commission	
15	Armstrong Hatchery – Lower Raceway Renovation	1,725,000
16	Boating Access Area Improvements	2,800,000
17	Centennial Campus Center for Wildlife Education –	
18	Exhibit Completion	200,000
19	Centennial Campus Center for Wildlife Education –	
20	Heat and Humidity Controls	6,000
21	Chowan Bridge Fishing Pier and Boating Access	2,000,000
22	Hampstead – Waterfront Access Marine Industry Fund	10,000,000
23	Land Acquisitions – State Game Lands	62,660,000
24	Manns Harbor – Waterfront Access Marine Industry Fund	5,750,000
25	Marion Depot – Drainage Repairs	200,000
26	McKinney Lake Hatchery – Kettle Replacement	1,955,000
27	New Coldwater Fish Hatchery	7,900,000
28	New Construction Depot	500,000
29	Outer Banks Center for Wildlife Education – Repairs and	
30	Improvements	223,000
31	Outer Banks Center for Wildlife Education – Teaching Facility	700,000
32	Pisgah Center for Wildlife Education – Gift Shop Extension	200,000
33	Pisgah Center for Wildlife Education – Outdoor Exhibit	450,000
34	Pisgah Center for Wildlife Education – Repairs and	
35	Improvements	148,000
36	Pisgah Center for Wildlife Education – Storage Building	150,000
37	Pisgah Center for Wildlife Education – Teaching Facility	564,905
38	Pisgah Center for Wildlife Education – Teaching Facility	
39	Upfit and Pavilion	280,000
40	Rhodes Pond Dam Repairs	500,000
41	Sneads Ferry – Waterfront Access Marine Industry Fund	6,500,000
42	Sunset Harbor – Waterfront Access Marine Industry Fund	950,000
43	Swan Lake – Waterfront Access Marine Industry Fund	1,700,000
44	Table Rock Hatchery – New Building	575,000
45	Table Rock Hatchery – Office Building and Workshop	345,000
46	Watha Fish Hatchery – Residence Replacement	707,250
47		
48	TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL	
49	PROJECTS AUTHORIZED	\$180,732,220
50		

1 **SECTION 27.4.(b)** From funds deposited with the State Treasurer in a
 2 capital improvement account to the credit of the Department of Agriculture and
 3 Consumer Services pursuant to G.S. 146-30, the sum of thirty thousand dollars
 4 (\$30,000) for the 2008-2009 fiscal year shall be transferred to the Department of
 5 Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the
 6 Department for its plant conservation program under Article 19B of Chapter 106 of the
 7 General Statutes for costs incidental to the acquisition of land, such as land appraisals,
 8 land surveys, title searches, environmental studies, and for the management of the plant
 9 conservation program preserves owned by the Department.

10 **SECTION 27.4.(c)** Of the funds previously authorized to be used for the
 11 construction of a frozen dough manufacturing facility at Maury Correctional Institution,
 12 the Department of Correction may use one million five hundred thousand dollars
 13 (\$1,500,000) to upfit a general industry operation at Tabor Correctional Institution.
 14

15 **STUDY RELOCATION OF HIGHWAY PATROL TRAINING FACILITIES**

16 **SECTION 27.5.** The Department of Crime Control and Public Safety, in
 17 consultation with the Department of Administration, shall study suitable locations all
 18 across this State outside of Raleigh for a relocation of the Highway Patrol's Garner
 19 Road complex and shall report its findings and recommendations to the Chairs of the
 20 House and Senate Appropriations Committees and to the Chairs of the House
 21 Appropriations Subcommittee on Capital no later than February 1, 2009.
 22

23 **CHRONOLOGY EXHIBIT ON FIRST FLOOR OF NC MUSEUM OF HISTORY**

24 **SECTION 27.7.** The Department of Cultural Resources may use all of the
 25 funds appropriated in this act and in Section 29.1 of S.L. 2007-323 for the North
 26 Carolina Museum of History Chronology Exhibit to make capital improvements
 27 necessary to ensure that the entire exhibit is located on the first floor of the Museum.
 28

29 **DESIGN AND CONSTRUCTION OF NORTH CAROLINA FREEDOM**
 30 **MONUMENT**

31 **SECTION 27.7A.** The Department of Administration shall contract with
 32 North Carolina Freedom Monument Project, Inc., a nonprofit corporation, for the design
 33 and construction of the North Carolina Freedom Project. Notwithstanding
 34 G.S. 143-64.31 through 143-64.34 and G.S. 143-135.26, North Carolina Freedom
 35 Monument Project, Inc., shall select the designer and consultant for the project.
 36

37 **BIOMEDICAL RESEARCH IMAGING CENTER**

38 **SECTION 27.7B.** Chapter 116 of the General Statutes is amended by adding
 39 a new section to read:

40 **"§ 116-29.5. Biomedical Research Imaging Center.**

41 The General Assembly finds that the construction of the Biomedical Research
 42 Imaging Center at the University of North Carolina at Chapel Hill is a vital component
 43 of the State's efforts to improve the health and wellness of its citizens. Therefore, there
 44 is appropriated from the General Fund to the Board of Governors of The University of
 45 North Carolina the following sums for the corresponding fiscal year to be used for the
 46 planning and construction of the Biomedical Research Imaging Center:
 47

<u>Fiscal Year</u>	<u>Amount:</u>
<u>2009-2010</u>	<u>\$176,000,000</u>
<u>2010-2011</u>	<u>\$45,000,000"</u>

1 **TRANSFER OF PRAIRIE RIDGE LAND TO DEPARTMENT OF**
2 **ENVIRONMENT AND NATURAL RESOURCES**

3 **SECTION 27.7C.** The land currently allocated to the Department of
4 Administration and used for the Prairie Ridge Ecostation for Wildlife and Learning is
5 hereby reallocated to the Department of Environment and Natural Resources.
6

7 **SPECIAL INDEBTEDNESS PROJECTS**

8 **SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer
9 and the Council of State, as provided in Article 9 of Chapter 142 of the General
10 Statutes, is authorized to issue or incur special indebtedness in order to provide funds to
11 the State to be used, together with other available funds, to pay the capital facility costs
12 of the projects described in this subsection. In accordance with G.S. 142-83, this
13 subsection authorizes the issuance or incurrence of special indebtedness:

- 14 (1) In the maximum aggregate principal amount of sixty-nine million
15 dollars (\$69,000,000) to finance the capital facility costs of completing
16 a School of Dentistry building at East Carolina University and no more
17 than 10 satellite dental clinics across the State. No more than a
18 maximum aggregate amount of twenty-two million dollars
19 (\$22,000,000) of special indebtedness may be issued or incurred under
20 this subdivision prior to July 1, 2009. No more than a maximum
21 aggregate amount of sixty million dollars (\$60,000,000) of special
22 indebtedness may be issued or incurred under this subdivision prior to
23 July 1, 2010.
- 24 (2) In the maximum aggregate principal amount of thirty-six million eight
25 hundred thousand dollars (\$36,800,000) to finance the capital facility
26 costs of completing a family medicine building at East Carolina
27 University. No more than a maximum aggregate amount of sixteen
28 million eight hundred thousand dollars (\$16,800,000) of special
29 indebtedness may be issued or incurred under this subdivision prior to
30 July 1, 2009.
- 31 (3) In the maximum aggregate principal amount of eighteen million
32 dollars (\$18,000,000) to finance the capital facility costs of completing
33 a School of Education building at Elizabeth City State University. No
34 more than a maximum aggregate amount of five million dollars
35 (\$5,000,000) of special indebtedness may be issued or incurred under
36 this subdivision prior to July 1, 2009. No more than a maximum
37 aggregate amount of fifteen million dollars (\$15,000,000) of special
38 indebtedness may be issued or incurred under this subdivision prior to
39 July 1, 2010.
- 40 (4) In the maximum aggregate principal amount of twenty million four
41 hundred ninety thousand dollars (\$20,490,000) to finance the capital
42 facility costs of completing a general classroom building at North
43 Carolina Agricultural and Technical State University. No more than a
44 maximum aggregate amount of ten million dollars (\$10,000,000) of
45 special indebtedness may be issued or incurred under this subdivision
46 prior to July 1, 2009.
- 47 (5) In the maximum aggregate principal amount of two million four
48 hundred thirty-eight thousand dollars (\$2,438,000) to finance the
49 capital improvement costs of acquiring land and constructing capital
50 facilities for a horse park in Rockingham County for North Carolina
51 Agricultural and Technical State University.

- 1 (6) In the maximum aggregate principal amount of eleven million one
2 hundred thousand dollars (\$11,100,000) to finance the capital facility
3 costs of completing the Central Storage Facility at the North Carolina
4 School of the Arts. No more than a maximum aggregate amount of two
5 million dollars (\$2,000,000) of special indebtedness may be issued or
6 incurred under this subdivision prior to July 1, 2009. No more than a
7 maximum aggregate amount of nine million dollars (\$9,000,000) of
8 special indebtedness may be issued or incurred under this subdivision
9 prior to July 1, 2010.
- 10 (7) In the maximum aggregate principal amount of twelve million nine
11 hundred thousand dollars (\$12,900,000) to finance the capital facility
12 costs of completing the Film School Production Facility at the North
13 Carolina School of the Arts. No more than a maximum aggregate
14 amount of two million dollars (\$2,000,000) of special indebtedness
15 may be issued or incurred under this subdivision prior to July 1, 2010.
16 No more than a maximum aggregate amount of seven million nine
17 hundred thousand dollars (\$7,900,000) of special indebtedness may be
18 issued or incurred under this subdivision prior to July 1, 2011.
- 19 (8) In the maximum aggregate principal amount of one hundred nine
20 million one hundred thousand dollars (\$109,100,000) to finance the
21 capital facility costs of completing the Centennial Campus library at
22 North Carolina State University. No more than a maximum aggregate
23 amount of thirty million dollars (\$30,000,000) of special indebtedness
24 may be issued or incurred under this subdivision prior to July 1, 2009.
25 No more than a maximum aggregate amount of seventy million one
26 hundred thousand dollars (\$70,100,000) of special indebtedness may
27 be issued or incurred under this subdivision prior to July 1, 2010. No
28 more than a maximum aggregate amount of one hundred million one
29 hundred thousand dollars (\$100,100,000) of special indebtedness may
30 be issued or incurred under this subdivision prior to July 1, 2011.
- 31 (9) In the maximum aggregate principal amount of sixty-nine million
32 dollars (\$69,000,000) to finance the capital facility costs of completing
33 a School of Dentistry expansion at the University of North Carolina at
34 Chapel Hill. No special indebtedness may be issued or incurred under
35 this subdivision prior to July 1, 2009. No more than a maximum
36 aggregate amount of twenty-five million dollars (\$25,000,000) of
37 special indebtedness may be issued or incurred under this subdivision
38 prior to July 1, 2010. No more than a maximum aggregate amount of
39 sixty-one million dollars (\$61,000,000) of special indebtedness may be
40 issued or incurred under this subdivision prior to July 1, 2011.
- 41 (10) In the maximum aggregate principal amount of fifty-seven million two
42 hundred eighteen thousand dollars (\$57,218,000) to finance the capital
43 facility costs of completing the Energy Production Infrastructure
44 Center at the University of North Carolina at Charlotte. No more than
45 a maximum of ten million dollars (\$10,000,000) of special
46 indebtedness may be issued or incurred under this subdivision prior to
47 July 1, 2009. No more than a maximum aggregate amount of
48 thirty-two million two hundred eighteen thousand dollars
49 (\$32,218,000) of special indebtedness may be issued or incurred under
50 this subdivision prior to July 1, 2010.

- 1 (11) In the maximum aggregate principal amount of forty-two million six
2 hundred seventy thousand dollars (\$42,670,000) to finance the capital
3 facility costs of completing an academic classroom and office building
4 at the University of North Carolina at Greensboro. No more than a
5 maximum aggregate amount of twenty-one million dollars
6 (\$21,000,000) of special indebtedness may be issued or incurred under
7 this subdivision prior to July 1, 2009.
- 8 (12) In the maximum aggregate principal amount of ten million dollars
9 (\$10,000,000) to finance the capital facility costs of installing fire
10 sprinklers in The University of North Carolina System residence halls.
- 11 (13) In the maximum aggregate principal amount of thirty-five million
12 dollars (\$35,000,000) to finance the capital improvement costs of
13 acquiring State land throughout The University of North Carolina
14 System.
- 15 (14) In the maximum aggregate principal amount of forty-five million one
16 hundred seventy thousand dollars (\$45,170,000) to finance the capital
17 facility costs of completing a health care and mental health facility at
18 the North Carolina Correctional Institute for Women. No more than a
19 maximum aggregate amount of seventeen million dollars
20 (\$17,000,000) of special indebtedness may be issued or incurred under
21 this subdivision prior to July 1, 2009. No more than a maximum
22 aggregate amount of forty-one million dollars (\$41,000,000) of special
23 indebtedness may be issued or incurred under this subdivision prior to
24 July 1, 2010.
- 25 (15) In the maximum aggregate principal amount of thirteen million ten
26 thousand dollars (\$13,010,000) to finance the capital facility costs of
27 completing a minimum security addition at Scotland Correctional
28 Institution. No more than a maximum aggregate amount of six million
29 dollars (\$6,000,000) of special indebtedness may be issued or incurred
30 under this subdivision prior to July 1, 2009. No more than a maximum
31 aggregate amount of ten million dollars (\$10,000,000) of special
32 indebtedness may be issued or incurred under this subdivision prior to
33 July 1, 2010.
- 34 (16) In the maximum aggregate principal amount of eighteen million nine
35 hundred fifty thousand dollars (\$18,950,000) to finance the capital
36 facility costs of completing a medium security addition at Bertie
37 Correctional Institution. No more than a maximum aggregate amount
38 of seven million dollars (\$7,000,000) of special indebtedness may be
39 issued or incurred under this subdivision prior to July 1, 2009. No
40 more than a maximum aggregate amount of fourteen million dollars
41 (\$14,000,000) of special indebtedness may be issued or incurred under
42 this subdivision prior to July 1, 2010.
- 43 (17) In the maximum aggregate principal amount of thirteen million ten
44 thousand dollars (\$13,010,000) to finance the capital facility costs of
45 completing a minimum security addition at Tabor Correctional
46 Institution. No more than a maximum aggregate amount of six million
47 dollars (\$6,000,000) of special indebtedness may be issued or incurred
48 under this subdivision prior to July 1, 2009. No more than a maximum
49 aggregate amount of ten million dollars (\$10,000,000) of special
50 indebtedness may be issued or incurred under this subdivision prior to
51 July 1, 2010.

(18) In the maximum aggregate principal amount of eighteen million nine hundred fifty thousand dollars (\$18,950,000) to finance the capital facility costs of completing a medium security addition at Lanesboro Correctional Institution. No more than a maximum aggregate amount of seven million dollars (\$7,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009. No more than fourteen million dollars (\$14,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2010.

(19) In the maximum aggregate principal amount of eleven million eight hundred thousand dollars (\$11,800,000) to finance the capital facility costs of Department of Agriculture and Consumer Services capital improvements. Sales proceeds shall be allocated between the projects in the following manner:

Project	Allocation of Sales Proceeds
Bathroom and truckshed expansion at The Western North Carolina Farmers' Market	\$650,000
Davis Arena renovation and expansion at The Western North Carolina Agricultural Center	\$7,450,000
Southeastern North Carolina Agricultural Center Pavilion	\$3,700,000

(20) In the maximum aggregate principal amount of thirty-four million dollars (\$34,000,000) to finance the capital improvement costs of purchasing State judicial facilities located at 901 Corporate Drive, Raleigh, NC, and more particularly described as Phase Two, Tract A of Raleigh Corporate Center consisting of 17.28 acres and as shown on the map recorded in Map book 1987, page 720, and Map book 1990, page 576, of the Wake County Register of Deeds. This subdivision becomes effective only if the judicial department facilities fees created in Senate Bill 2107, 2007 Regular Session, or substantially similar legislation, become law.

(21) In the maximum aggregate principal amount of seven million dollars (\$7,000,000) to finance the capital facility costs of completing Port of Morehead City Berth Improvements and Phase I of Port of Wilmington Berth 8 Improvements.

SECTION 27.8.(b) Section 1.1 of S.L. 2004-179, as amended by Section 30.3A of S.L. 2005-276 and Section 2.1 of S.L. 2006-146, reads as rewritten:

"SECTION 1.1. In accordance with G.S. 142-83, this section authorizes the issuance or incurrence of special indebtedness in the following maximum aggregate principal amounts to finance the costs of the following projects. The table below provides the maximum principal amounts. The first column is the aggregate maximum principal amount. The second column is the maximum portion of this amount that can be issued or incurred before July 1, 2005. The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide

1 funds to the State to be used, together with other available funds, to pay the cost of these
 2 projects.
 3

Aggregate Maximum	Maximum before 7/1/05	Project
\$180,000,000	\$110,000,000	Acquiring, constructing, and equipping a new cancer rehabilitation and treatment center, a nearby physicians' office building, and a walkway between the two, all to be located at the University of North Carolina Hospitals at Chapel Hill.
60,000,000	30,000,000	Acquiring, constructing, and equipping the North Carolina Cardiovascular Diseases Institute at East Carolina University.
35,000,000	25,000,000	Acquiring, constructing, and equipping a Bioinformatics Center at the University of North Carolina at Charlotte.
28,000,000	25,000,000	Acquiring, constructing, and equipping a stand-alone facility to house the new Pharmacy School program to be located at Elizabeth City State University, and interim temporary facilities to house the program during construction of the facility.
35,000,000	25,000,000	Acquiring, constructing, and equipping a Center for Health Promotion and Partnerships at the University of North Carolina at Asheville.
10,000,000	10,000,000	Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction for the Southeastern North Carolina Nursing Education and Research Center at Fayetteville State University.
10,000,000	10,000,000	Site preparation, engineering, architectural, and other consulting services and the construction of a research building on the joint Millennial Campus of North Carolina Agricultural and Technical State University and the University of North Carolina at Greensboro.
10,000,000	10,000,000	Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a Nursing and Allied Health Building at the University of North Carolina at Pembroke.
10,000,000	10,000,000	To Western Carolina University for land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a building for Western Carolina University and the Mountain Area

Health Education Consortium for the North Carolina Center for Health and Aging to be operated as a consortium among Western Carolina University, the University of North Carolina at Asheville, and the Mountain Area Health Education Consortium.

10,000,000 11,500,000 10,000,000

Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a Center for Design Innovation in the Piedmont Triad Research Park to be operated jointly by Winston-Salem State University and the North Carolina School of the Arts.

TOTAL:

\$388,000,000 \$389,500,000 \$265,000,000"

SECTION 27.8.(c) Section 23.12(a) of S.L. 2006-66 reads as rewritten:

"**SECTION 23.12.(a)** In accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special indebtedness in the maximum aggregate principal amount of ~~forty million dollars (\$40,000,000)~~ forty-five million one hundred thirty thousand dollars (\$45,130,000) to finance the costs of constructing new buildings and pavilions and renovating existing buildings at the North Carolina Museum of Art. The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the costs of constructing and renovating the project described in this subsection."

SECTION 27.8.(d) Section 29.13(a)(11) of S.L. 2007-323 reads as rewritten:

"(11) In the maximum aggregate principal amount of ~~eighteen million seven hundred eight thousand dollars (\$18,708,000)~~ twenty-eight million five hundred seven dollars (\$28,507,000) to finance the capital facility costs of completing a new student activities center at Winston-Salem State University. No more than a maximum aggregate amount of two million dollars (\$2,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2008. No more than a maximum aggregate amount of ~~five million dollars (\$5,000,000)~~ fourteen million seven hundred ninety-nine thousand dollars (\$14,799,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009."

SECTION 27.8.(e) This section is effective when it becomes law.

PART XXX. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 30.1. The provisions of the State Budget Act, Chapter 143C 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 30.2.(a) The Senate Appropriations Committee Report On The Continuation, Expansion and Capital Budgets for House Bill 2436, Committee

1 Substitute, 5th Edition, dated June 17, 2008, which was distributed in the Senate and the
2 House of Representatives and used to explain this act, shall indicate action by the
3 General Assembly on this act and shall therefore be used to construe this act, as
4 provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate,
5 for these purposes shall be considered a part of this act and as such shall be printed as a
6 part of the Session Laws.

7 **SECTION 30.2.(b)** The budget enacted by the General Assembly is for the
8 maintenance of the various departments, institutions, and other spending agencies of the
9 State for the 2008-2009 budget as provided in G.S. 143C-3-5. This budget includes the
10 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

11 The Director of the Budget submitted recommended adjustments to the
12 2008-2009 budget to the General Assembly in May 2008 in the documents "The North
13 Carolina State Budget Recommended Adjustments 2008-2009" and "Governor's
14 Recommended Budget Governmental and Proprietary Funds and Selected Component
15 Units 2008-2009" for the 2008-2009 fiscal year for the various departments, institutions,
16 and other spending agencies of the State. The adjustments to these documents made by
17 the General Assembly are set out in the Committee Report.

18 **SECTION 30.2.(c)** The budget enacted by the General Assembly shall also
19 be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and
20 other appropriate legislation.

21 In the event that there is a conflict between the line-item budget certified by
22 the Director of the Budget and the budget enacted by the General Assembly, the budget
23 enacted by the General Assembly shall prevail.

24 25 **MOST TEXT APPLIES ONLY TO 2008-2009**

26 **SECTION 30.3.** Except for statutory changes or other provisions that clearly
27 indicate an intention to have effects beyond the 2008-2009 fiscal year, the textual
28 provisions of this act apply only to funds appropriated for, and activities occurring
29 during, the 2008-2009 fiscal year.

30 31 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

32 **SECTION 30.4A.(a)** Except where expressly repealed or amended by this
33 act, the provisions of S.L. 2007-145 and S.L. 2007-323 remain in effect.

34 **SECTION 30.4A.(b)** Notwithstanding any modifications by this act in the
35 amounts appropriated, except where expressly repealed or amended, the limitations and
36 directions for the 2008-2009 fiscal year in S.L. 2007-145 and S.L. 2007-323 that
37 applied to appropriations to particular agencies or for particular purposes apply to the
38 newly enacted appropriations and budget reductions of this act for those same particular
39 purposes.

40 41 **SEVERABILITY CLAUSE**

42 **SECTION 30.5.** If any section or provision of this act is declared
43 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
44 whole or any part other than the part so declared to be unconstitutional or invalid.

45 46 **EFFECTIVE DATE**

47 **SECTION 30.6.** Except as otherwise provided, this act becomes effective
48 July 1, 2008.