A BILL TO BE ENTITLED

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER
PURPOSES.

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.

TITLE OF ACT

SECTION 1.2. This act shall be known as the "Current Operations and Capital
Improvements Appropriations Act of 2009."

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 made for the biennium ending June 30, 2011, according to the following
schedule:

Current Operations – General Fund 2009-2010 2010-2011

EDUCATION

Community Colleges System Office $ 955,114,318 $ 956,096,444

Department of Public Instruction 6,917,267,509 6,831,523,175
<table>
<thead>
<tr>
<th>University Name</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of North Carolina – Board of Governors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appalachian State University</td>
<td>143,009,361</td>
<td>142,916,867</td>
</tr>
<tr>
<td>East Carolina University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>231,022,436</td>
<td>230,803,882</td>
</tr>
<tr>
<td>Health Affairs</td>
<td>54,536,392</td>
<td>54,533,392</td>
</tr>
<tr>
<td>Elizabeth City State University</td>
<td>36,927,873</td>
<td>36,895,974</td>
</tr>
<tr>
<td>Fayetteville State University</td>
<td>57,937,868</td>
<td>57,920,041</td>
</tr>
<tr>
<td>North Carolina Agricultural and Technical University</td>
<td>100,706,068</td>
<td>100,706,068</td>
</tr>
<tr>
<td>North Carolina Central University</td>
<td>92,668,859</td>
<td>92,565,166</td>
</tr>
<tr>
<td>North Carolina State University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>403,847,290</td>
<td>403,865,631</td>
</tr>
<tr>
<td>Agricultural Research</td>
<td>59,265,025</td>
<td>59,238,001</td>
</tr>
<tr>
<td>Agricultural Extension</td>
<td>45,315,457</td>
<td>45,305,822</td>
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<tr>
<td>University of North Carolina at Asheville</td>
<td>38,310,913</td>
<td>38,276,547</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>291,283,117</td>
<td>291,272,017</td>
</tr>
<tr>
<td>Health Affairs</td>
<td>214,268,856</td>
<td>214,268,356</td>
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<tr>
<td>Area Health Education Centers</td>
<td>52,109,208</td>
<td>52,109,208</td>
</tr>
<tr>
<td>University of North Carolina at Charlotte</td>
<td>190,610,275</td>
<td>190,252,571</td>
</tr>
<tr>
<td>University of North Carolina at Greensboro</td>
<td>167,219,053</td>
<td>167,166,818</td>
</tr>
<tr>
<td>University of North Carolina at Pembroke</td>
<td>59,340,801</td>
<td>59,251,281</td>
</tr>
<tr>
<td>University of North Carolina School of the Arts</td>
<td>26,159,755</td>
<td>26,154,488</td>
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<tr>
<td>University of North Carolina at Wilmington</td>
<td>101,347,433</td>
<td>101,259,136</td>
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<tr>
<td>Western Carolina University</td>
<td>91,818,652</td>
<td>91,832,451</td>
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<tr>
<td>Winston-Salem State University</td>
<td>71,708,502</td>
<td>71,704,974</td>
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<tr>
<td>General Administration</td>
<td>41,963,781</td>
<td>41,961,395</td>
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<tr>
<td>University Institution Programs</td>
<td>(172,937,714)</td>
<td>(240,841,742)</td>
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<td>Related Educational Programs</td>
<td>69,440,698</td>
<td>54,109,344</td>
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<tr>
<td>UNC Financial Aid Private Colleges</td>
<td>100,230,515</td>
<td>100,259,515</td>
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<tr>
<td>North Carolina School of Science &amp; Math</td>
<td>18,712,479</td>
<td>18,711,799</td>
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<td>UNC Hospitals</td>
<td>36,011,882</td>
<td>36,011,882</td>
</tr>
<tr>
<td>Total University of North Carolina – Board of Governors</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$ 2,622,834,835</strong></td>
<td><strong>$ 2,538,510,884</strong></td>
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</table>

**HEALTH AND HUMAN SERVICES**

<table>
<thead>
<tr>
<th>Department Name</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Health and Human Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of the Secretary</td>
<td>$ 66,091,947</td>
<td>$ 67,247,574</td>
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<tr>
<td>Division of Aging and Adult Services</td>
<td>33,214,687</td>
<td>34,596,819</td>
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<tr>
<td>Division of Blind Services/Deaf/HH</td>
<td>10,728,223</td>
<td>10,714,951</td>
</tr>
<tr>
<td>Division of Child Development</td>
<td>242,626,859</td>
<td>255,080,245</td>
</tr>
<tr>
<td>Division of Education Services</td>
<td>35,463,888</td>
<td>35,463,888</td>
</tr>
<tr>
<td>Division of Health Service Regulation</td>
<td>16,803,751</td>
<td>16,791,135</td>
</tr>
<tr>
<td>Division of Medical Assistance</td>
<td>2,148,175,223</td>
<td>2,465,854,321</td>
</tr>
<tr>
<td>Division of Mental Health</td>
<td>575,874,271</td>
<td>584,027,011</td>
</tr>
<tr>
<td>Dev. Disabilities and Sub. Abuse</td>
<td>58,014,015</td>
<td>57,913,952</td>
</tr>
<tr>
<td>NC Health Choice</td>
<td>142,778,041</td>
<td>147,757,355</td>
</tr>
<tr>
<td>Division of Public Health</td>
<td>191,845,920</td>
<td>191,945,576</td>
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<tr>
<td>Division of Social Services</td>
<td>39,438,630</td>
<td>39,438,153</td>
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<tr>
<td>Division of Vocation Rehabilitation</td>
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<td></td>
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<tr>
<td>Department/Program</td>
<td>FY2009 Budget</td>
<td>FY2008 Budget</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------</td>
<td>-----------------</td>
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<tr>
<td><strong>Total Health and Human Services</strong></td>
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<td>$3,906,830,983</td>
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<td><strong>NATURAL AND ECONOMIC RESOURCES</strong></td>
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<tr>
<td>Department of Agriculture and Consumer Services</td>
<td>$62,711,579</td>
<td>$60,497,127</td>
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<tr>
<td>Department of Commerce</td>
<td></td>
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<tr>
<td>Commerce</td>
<td>$74,836,677</td>
<td>$73,985,398</td>
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<tr>
<td>Commerce State-Aid</td>
<td>$19,075,000</td>
<td>$13,764,000</td>
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<tr>
<td>NC Biotechnology Center</td>
<td>$14,193,000</td>
<td>$13,885,000</td>
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<tr>
<td>Rural Economic Development Center</td>
<td>$23,679,000</td>
<td>$23,584,000</td>
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<tr>
<td>Department of Environment and Natural Resources</td>
<td>$217,312,070</td>
<td>$206,820,167</td>
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<td>DENR Clean Water Management Trust Fund</td>
<td>$25,000,000</td>
<td>$25,000,000</td>
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<tr>
<td>Department of Labor</td>
<td>$17,306,011</td>
<td>$17,306,067</td>
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<tr>
<td><strong>JUSTICE AND PUBLIC SAFETY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Correction</td>
<td>$1,204,228,533</td>
<td>$1,201,943,569</td>
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<tr>
<td>Department of Crime Control and Public Safety</td>
<td>$26,583,536</td>
<td>$24,765,766</td>
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<tr>
<td>Judicial Department</td>
<td>$441,869,379</td>
<td>$438,383,757</td>
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<tr>
<td>Judicial Department – Indigent Defense</td>
<td>$112,942,013</td>
<td>$106,568,231</td>
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<tr>
<td>Department of Justice</td>
<td>$84,150,008</td>
<td>$77,185,192</td>
</tr>
<tr>
<td>Department of Juvenile Justice and Delinquency Prevention</td>
<td>$136,167,259</td>
<td>$134,166,809</td>
</tr>
<tr>
<td><strong>GENERAL GOVERNMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Administration</td>
<td>$71,484,697</td>
<td>$70,267,581</td>
</tr>
<tr>
<td>Department of State Auditor</td>
<td>$13,227,042</td>
<td>$13,055,123</td>
</tr>
<tr>
<td>Office of State Controller</td>
<td>$22,430,526</td>
<td>$22,112,060</td>
</tr>
<tr>
<td>Department of Cultural Resources</td>
<td></td>
<td></td>
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<tr>
<td>Cultural Resources</td>
<td>$66,676,230</td>
<td>$65,629,875</td>
</tr>
<tr>
<td>Roanoke Island Commission</td>
<td>$1,781,296</td>
<td>$1,754,203</td>
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<tr>
<td>State Board of Elections</td>
<td>$6,218,202</td>
<td>$6,132,187</td>
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<tr>
<td>General Assembly</td>
<td>$51,866,107</td>
<td>$53,622,698</td>
</tr>
<tr>
<td>Office of the Governor</td>
<td></td>
<td></td>
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<tr>
<td>Office of the Governor</td>
<td>$6,099,909</td>
<td>$6,017,739</td>
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<tr>
<td>Office of State Budget and Management</td>
<td>$6,452,520</td>
<td>$6,357,809</td>
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Senate Bill 202-Fifth Edition
<table>
<thead>
<tr>
<th>General Assembly Of North Carolina</th>
<th>Session 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. OSBM – Reserve for Special Appropriations</td>
<td>4,216,465</td>
</tr>
<tr>
<td>2. Housing Finance Agency</td>
<td>13,608,417</td>
</tr>
<tr>
<td>3. Department of Insurance</td>
<td></td>
</tr>
<tr>
<td>5. Insurance</td>
<td>31,864,073</td>
</tr>
<tr>
<td>6. Insurance – Volunteer Safety Workers' Compensation</td>
<td>2,000,000</td>
</tr>
<tr>
<td>7. Office of Lieutenant Governor</td>
<td>921,371</td>
</tr>
<tr>
<td>8. Office of Administrative Hearings</td>
<td>4,090,823</td>
</tr>
<tr>
<td>9. Department of Revenue</td>
<td>87,075,553</td>
</tr>
<tr>
<td>10. Department of Secretary of State</td>
<td>11,378,763</td>
</tr>
<tr>
<td>11. Department of State Treasurer</td>
<td></td>
</tr>
<tr>
<td>17. State Treasurer</td>
<td>17,340,746</td>
</tr>
<tr>
<td>18. State Treasurer – Retirement for Fire and Rescue Squad Workers</td>
<td>10,486,808</td>
</tr>
</tbody>
</table>

**RESERVES, ADJUSTMENTS, AND DEBT SERVICE**

| 23. Salary Adjustment Fund | $0 | $0 |
| 25. Contingency and Emergency Fund | 5,000,000 | 5,000,000 |
| 27. State Retirement System Contribution | 21,000,000 | 312,000,000 |
| 29. Judicial Retirement System Contribution | 1,300,000 | 1,300,000 |
| 31. State Health Plan | 132,214,752 | 276,179,709 |
| 34. Information Technology Fund | 7,840,000 | 7,840,000 |
| 35. Reserve for Job Development Investment Grants (JDIG) | 19,000,000 | 19,000,000 |
| 37. Reduce Debt Service Requirements | (7,500,000) | (4,000,000) |
| 39. Statewide Administrative Support Reduction | (3,000,000) | (6,600,000) |
| 41. Biomedical Research Imaging Center (BRIC) | 0 | 0 |
| 43. Debt Service |  |  |
| 45. General Debt Service | 670,494,697 | 739,878,445 |
| 46. Federal Reimbursement | 1,616,380 | 1,616,380 |
| 47. University Cancer Research Fund (adjusts UNC budget) | (15,500,000) | (15,500,000) |

**TOTAL CURRENT OPERATIONS – GENERAL FUND**

$17,778,011,559 $18,413,183,094
### General Assembly Of North Carolina

**Session 2009**

<table>
<thead>
<tr>
<th>Capital Improvements – General Fund</th>
<th>2009-2010</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Resources Development Projects</td>
<td>$ 7,150,000</td>
<td>$ 0</td>
</tr>
</tbody>
</table>

**TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND**

|  | $ 7,150,000 | $ 0 |

**Requested by:** Representative

**GENERAL FUND AVAILABILITY STATEMENT**

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

<table>
<thead>
<tr>
<th>FY 2009-2010</th>
<th>FY 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unappropriated Balance Remaining from Previous Year</td>
<td>0</td>
</tr>
<tr>
<td>Savings Reserve Account</td>
<td>0</td>
</tr>
<tr>
<td>Repairs and Renovations Reserve Account</td>
<td>0</td>
</tr>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
<td>0</td>
</tr>
</tbody>
</table>

**Revenues Based on Existing Tax Structure**

|  | 16,796,300,000 | 17,384,400,000 |
| **Nontax Revenues** | | |
| Investment Income | 67,300,000 | 93,100,000 |
| Judicial Fees | 200,700,000 | 208,300,000 |
| Disproportionate Share | 100,000,000 | 100,000,000 |
| Insurance | 77,700,000 | 81,900,000 |
| Other Nontax Revenues | 148,300,000 | 155,200,000 |
| Highway Trust Fund/Use Tax Reimbursement Transfer | 108,500,000 | 73,500,000 |
| Highway Fund Transfer | 17,600,000 | 17,600,000 |
| **Subtotal Nontax Revenues** | 720,100,000 | 729,600,000 |

**Total General Fund Availability**

|  | 17,516,400,000 | 18,182,656,820 |

**Adjustments to Availability: 2009 Session**

|  | 60,000,000 | 90,000,000 |
| Department of Revenue Improved Enforcement | | |
| Adjust Transfer from Insurance Regulatory Fund | (1,960,749) | (2,398,902) |
| Adjust Transfer from Treasurer’s Office | (816,699) | (976,717) |
| Transfer from Disproportionate Share Reserve | 25,000,000 | 0 |
| Reserve for Increased/New Fees | 81,167,651 | 86,422,367 |
| Transfers from Special Funds | 40,743,885 | 40,743,886 |
| Transfers of Cash Balances from Capital and R&R Accounts | 65,687,775 | 0 |
| Transfers of Cash Balances from Special Funds | 51,528,456 | 0 |
| Transfer from Health and Wellness Trust Fund | 5,000,000 | 5,000,000 |
| Transfer from Tobacco Trust Fund | 5,000,000 | 5,000,000 |
| Transfer Sales Tax for Wildlife Resources Commission | 23,150,000 | 22,230,000 |
| **Subtotal Adjustments to Availability: 2009 Session** | 352,419,965 | 246,020,634 |

**Revised General Fund Availability**

|  | 17,868,819,965 | 18,428,677,454 |

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Senate Bill 202-Fifth Edition
GENERAL ASSEMBLY OF NORTH CAROLINA

PRESIDENT pro tempore of the Senate

SPEAKER pro tempore of the House

SESSION 2009

PAGE 6

SENATE BILL 202—FIFTH EDITION

LESS: GENERAL FUND APPROPRIATIONS

<table>
<thead>
<tr>
<th></th>
<th>FY 2009-2010</th>
<th>FY 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Code Code Code</td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>64424 DHHS – Office of Education Services</td>
<td>175,321</td>
<td>0</td>
</tr>
<tr>
<td>67425 Trust Telecommunication</td>
<td>8,500,000</td>
<td>0</td>
</tr>
<tr>
<td>23515 2510 DPI IT Projects – Legacy Updates</td>
<td>3,000,000</td>
<td>0</td>
</tr>
<tr>
<td>63501 6801 DPI Trust Special-Teaching Fellows</td>
<td>5,500,000</td>
<td>0</td>
</tr>
<tr>
<td>63501 6112 Computer Loan Revolving Fund</td>
<td>120,677</td>
<td>0</td>
</tr>
<tr>
<td>63501 6117 Business and Education Technology Alliance</td>
<td>26,336</td>
<td>0</td>
</tr>
<tr>
<td>24600 2553 Grape Growers Council</td>
<td>1,146,811</td>
<td>900,000</td>
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<tr>
<td>24600 2821 Credit Union Supervision</td>
<td>2,487,848</td>
<td>1,628,853</td>
</tr>
<tr>
<td>24600 2851 Cemetery Commission</td>
<td>455,770</td>
<td>252,990</td>
</tr>
<tr>
<td>54600 Commerce Enterprise</td>
<td>48,361,480</td>
<td>37,766,466</td>
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<tr>
<td>64605 Utilities Commission/Public Staff</td>
<td>13,661,307</td>
<td>0</td>
</tr>
<tr>
<td>64612 NC Rural Electrification Authority</td>
<td>235,345</td>
<td>0</td>
</tr>
<tr>
<td>24308 2815 VRS Geodetic Survey &amp; DOT</td>
<td>8,048</td>
<td>0</td>
</tr>
<tr>
<td>24317 2339 ADM Fines &amp; Penalties</td>
<td>365,899</td>
<td>0</td>
</tr>
<tr>
<td>24600 2241 REA Administration</td>
<td>195,577</td>
<td>195,577</td>
</tr>
<tr>
<td>24600 2241 Wildlife Resources Commission Operating Expenses</td>
<td>23,150,000</td>
<td>22,230,000</td>
</tr>
<tr>
<td>Various Capital Accounts as specified in Section 27.11</td>
<td>65,687,775</td>
<td>0</td>
</tr>
<tr>
<td>Nurse Educators of Tomorrow Scholarship Loan</td>
<td>1,000,000</td>
<td>0</td>
</tr>
</tbody>
</table>

SECTION 2.2.(b) Notwithstanding the provisions of G.S. 143C-4-3, the State Controller shall not transfer funds to the Repairs and Renovations Reserve Account on June 30, 2009. This subsection becomes effective June 30, 2009.

SECTION 2.2.(c) Notwithstanding G.S. 143C-4-2, the State Controller shall not transfer funds to the Savings Reserve Account on June 30, 2009. This subsection becomes effective June 30, 2009.

SECTION 2.2.(d) Notwithstanding the provisions of G.S. 105-187.9(b)(1), the sum to be transferred under that subdivision for the 2009-2010 fiscal year is one hundred six million dollars ($106,000,000) and for the 2010-2011 fiscal year is seventy-one million dollars ($71,000,000).

SECTION 2.2.(e) Pursuant to G.S. 105-187.9(b)(2), the sum to be transferred under that subdivision for the 2009-2010 fiscal year is two million five hundred thousand dollars ($2,500,000) and for the 2010-2011 fiscal year is one million eight hundred thousand dollars ($1,800,000).

SECTION 2.2.(f) The appropriation made in this act to the Clean Water Management Trust Fund for the 2009-2010 fiscal year is twenty-five million dollars ($25,000,000) and for the 2010-2011 fiscal year is twenty-five million dollars ($25,000,000). The provisions of G.S. 113A-253.1 do not apply for the 2009-2011 fiscal biennium.

SECTION 2.2.(g) Notwithstanding any other provision of law to the contrary, effective July 1, 2009, the following amounts shall be transferred to the State Controller to be deposited in Nontax Budget Code 18878 (Intrastate Transfers) or the appropriate budget code as determined by the State Controller. These funds shall be used to support the General Fund appropriations as specified in this act for the 2009-2011 fiscal biennium.

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

SECTION 2.2.(i) Notwithstanding G.S. 143C-9-3, of the funds credited to the Health Trust Account, the sum of five million dollars ($5,000,000) that would otherwise be deposited in the Fund Reserve 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 (Intrastate Transfers) to support General Fund appropriations for the 2009-2010 and 2010-2011 fiscal years. These funds shall be transferred on or after April 30, 2010.

SECTION 2.2.(j) On July 1, 2009, the State Controller shall transfer seven million thirty-one thousand nine hundred twenty-three dollars ($7,031,923) from the Disaster Reserve Fund to Nontax Budget Code 19978 (Intrastate Transfers) to support General Fund appropriations for the 2009-2010 fiscal year.

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2011, according to the following schedule:

<table>
<thead>
<tr>
<th>Current Operations – Highway Fund</th>
<th>2009-2010</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation Administration</td>
<td>$73,429,805</td>
<td>$74,516,556</td>
</tr>
<tr>
<td>Division of Highways Administration</td>
<td>32,938,983</td>
<td>32,993,177</td>
</tr>
<tr>
<td>Construction</td>
<td>29,960,000</td>
<td>71,567,092</td>
</tr>
<tr>
<td>Maintenance</td>
<td>943,083,553</td>
<td>938,935,439</td>
</tr>
<tr>
<td>Planning and Research</td>
<td>4,055,402</td>
<td>4,055,402</td>
</tr>
<tr>
<td>OSHA Program</td>
<td>355,389</td>
<td>355,389</td>
</tr>
<tr>
<td>Ferry Operations</td>
<td>26,609,942</td>
<td>26,609,942</td>
</tr>
<tr>
<td>State Aid Municipalities</td>
<td>87,813,876</td>
<td>87,840,220</td>
</tr>
<tr>
<td>Public Trans</td>
<td>74,647,962</td>
<td>75,493,962</td>
</tr>
<tr>
<td>Airports</td>
<td>17,349,592</td>
<td>17,291,543</td>
</tr>
<tr>
<td>Railroads</td>
<td>17,101,153</td>
<td>17,101,153</td>
</tr>
<tr>
<td>Governor's Highway Safety</td>
<td>351,779</td>
<td>352,325</td>
</tr>
<tr>
<td>Division of Motor Vehicles</td>
<td>101,371,994</td>
<td>100,847,270</td>
</tr>
<tr>
<td>Other State Agencies, Reserves, Transfers</td>
<td>290,020,570</td>
<td>278,560,531</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,699,090,000</strong></td>
<td><strong>$1,726,520,000</strong></td>
</tr>
</tbody>
</table>

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2009-2011 biennial budget is shown below:
PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

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 made for the biennium ending June 30, 2011, according to the following schedule:

Current Operations – Highway Trust Fund

<table>
<thead>
<tr>
<th></th>
<th>FY 2009-2010</th>
<th>FY 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrastate</td>
<td>$359,883,973</td>
<td>$389,146,011</td>
</tr>
<tr>
<td>Urban Loops</td>
<td>$113,674,786</td>
<td>$126,402,179</td>
</tr>
<tr>
<td>Aid to Municipalities</td>
<td>$40,650,403</td>
<td>$43,615,503</td>
</tr>
<tr>
<td>Secondary Roads</td>
<td>$57,653,289</td>
<td>$61,638,133</td>
</tr>
<tr>
<td>Program Administration</td>
<td>$41,634,720</td>
<td>$43,930,560</td>
</tr>
<tr>
<td>Turnpike Authority</td>
<td>$64,000,000</td>
<td>$99,000,000</td>
</tr>
<tr>
<td>Transfer to Gen Fund</td>
<td>$108,561,829</td>
<td>$72,894,864</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$82,731,000</td>
<td>$79,992,750</td>
</tr>
</tbody>
</table>

GRAND TOTAL CURRENT OPERATIONS AND EXPANSION $868,790,000 $916,620,000

PART V. OTHER APPROPRIATIONS

CIVIL FORFEITURE FUNDS

SECTION 5.1.(a) Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2011, as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY 2009-2010</th>
<th>FY 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Technology Fund</td>
<td>$36,183,251</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>State Public School Fund</td>
<td>$120,362,790</td>
<td>$120,362,790</td>
</tr>
<tr>
<td>Total Appropriation</td>
<td>$156,546,041</td>
<td>$138,362,790</td>
</tr>
</tbody>
</table>

SECTION 5.1.(b) All University of North Carolina campuses shall remit all parking fines held in escrow in the amount of eighteen million one hundred eighty-three...
thousand two hundred fifty-one dollars ($18,183,251) to the Civil Penalty and Forfeiture Fund for appropriation.

EDUCATION LOTTERY

SECTION 5.2.(a) Notwithstanding 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 sixty-eight million seventy thousand two hundred eight dollars ($368,070,208) for the 2009-2010 fiscal year.

SECTION 5.2.(b) Notwithstanding G.S. 18C-164, the appropriations made from the Education Lottery Fund for the 2009-2010 fiscal year are as follows:

Teachers in Early Grades 99,399,395
Prekindergarten Program 84,635,709
Public School Building Capital Fund 147,228,083
Scholarships for Needy Students 36,807,021
Total Appropriation $368,070,208

SECTION 5.2.(c) Notwithstanding G.S. 18C-164, the North Carolina State Lottery Commission shall not transfer funds to the Education Lottery Reserve Fund for the 2009-2010 fiscal year or the 2010-2011 fiscal year.

INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATION

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

<table>
<thead>
<tr>
<th>FY 2009-2010</th>
<th>FY 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>$100,000</td>
</tr>
<tr>
<td>IT Fund Balance June 30</td>
<td>$3,359,419</td>
</tr>
<tr>
<td>Appropriation from General Fund</td>
<td>$7,840,100</td>
</tr>
<tr>
<td><strong>Total Funds Available</strong></td>
<td><strong>$11,299,519</strong></td>
</tr>
</tbody>
</table>

SECTION 5.3.(b) Appropriations are made from the Information Technology Fund for the 2009-2011 fiscal biennium as follows:

Office of Information Technology Services

<table>
<thead>
<tr>
<th>FY 2009-2010</th>
<th>FY 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology Operations</td>
<td>$4,934,197</td>
</tr>
<tr>
<td>Information Technology Projects</td>
<td>$4,878,536</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,812,733</strong></td>
</tr>
</tbody>
</table>

APPROPRIATION OF CASH BALANCES

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

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

(2) For all budget codes that are not listed in "North Carolina State Budget,
Recommended Operating Budget 2009-2011, Volumes 1 through 6," cash
balances and receipts are appropriated for each year of the 2009-2011 fiscal
biennium up to the level of actual expenditures for the 2007-2008 fiscal
year, unless otherwise provided by law. Funds may be expended only for the
programs, purposes, objects, and line items authorized for the 2007-2008
fiscal year.

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

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

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

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

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

OTHER RECEIPTS FROM PENDING GRANT AWARDS

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

CONTINGENT AVAILABILITY/RESTORATION RESERVE

SECTION 5.7(a). Contingent Availability. – Notwithstanding any other provision of this act, and contingent upon modifications to State law increasing revenues by the sum of nine hundred thirty-seven million six hundred thousand dollars ($937,600,000) in the 2009-2010 fiscal year and the sum of one billion one hundred forty-five million seven hundred thousand dollars ($1,145,700,000) in the 2010-2011 fiscal year, those funds shall be used to partially restore reductions made in this act as provided by the Restoration Schedule outlined in subsection (b) of this section.

SECTION 5.7.(b) Restoration Schedule. –

EDUCATION:
- Public School Teachers in the Classroom
- Funds for At-Risk Children and Low Wealth Supplemental Funding
- Community College Tuition Waivers
- Community College Equipment
- University Personnel
- Instructional Support Personnel and School Building Administrators.

HEALTH AND HUMAN SERVICES:
- Various Provider Rates
- Medicaid Services such as Physical and Occupational Therapy
- Mental Health Services to Communities
- Smart Start
- Personal Care Services
- Dental Services – Adult and Child Oral Health.

JUSTICE AND PUBLIC SAFETY:
- Court Personnel
- Local Juvenile Crime Prevention Councils
- Prison Medical and Other Operating Costs
- Prisoner Legal Services.

OTHER NEEDS:
- State Aid to Libraries and Housing Support for Low-Income Citizens
- Funds for Nonprofit Economic Development Initiatives
- Interstate Auditors
- State Agencies’ Operating Reserves
- Department of Labor Apprenticeship Program
- State Parks Parking.

PART VI. GENERAL PROVISIONS

EXPENDITURES OF FUNDS IN RESERVES LIMITED

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

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

BUDGET REALIGNMENT

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

ESTABLISHING OR INCREASING FEES PURSUANT TO THIS ACT

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

SECTION 6.4.(b) In establishing or increasing a fee as authorized or anticipated in this act, if adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes, an agency may adopt a temporary rule as this constitutes a "recent act of the General Assembly" under G.S. 150B-21.1(a)(2).

ALLOW STATE GOVERNMENT EMPLOYEES AND PUBLIC SCHOOL PERSONNEL TO TAKE VOLUNTARY FURLoughS TO EFFECT NECESSARY ECONOMIES IN STATE EXPENDITURE TO REDUCE THE NEED FOR REDUCTIONS IN FORCE AND MANDATORY FURLoughS DURING THE CURRENT AND ANY FUTURE ECONOMIC CRISIS

SECTION 6.6.(a) Article 2 of Chapter 126 of the General Statutes is amended by adding a new section to read:


(a) The following definitions apply in this section:

(1) Essential position. – Any position deemed by the head of a public agency to be necessary to perform the critical functions of that agency to protect the health or safety of the agency's employees, students, clients, or patients or to protect the general public.

(2) Nonessential position. – Any position in a public agency not designated as an essential position by the head of the public agency.

(3) Public agency. – A State agency, department, or institution in the executive branch of State government; The University of North Carolina; the North Carolina Community College System; and a local school administrative unit.

(4) Public employee. – An employee employed by a public agency.

(5) Voluntary furlough. – A temporary voluntary period of leave from employment without pay up to a maximum of 30 days per fiscal year for nonessential positions and a maximum of 10 days per fiscal year for essential positions.
(b) The Governor may effect necessary economies in State expenditures by authorizing voluntary furloughs of public employees. Prior to authorizing voluntary furloughs of public employees, the Governor shall determine that a voluntary furlough program is reasonable and necessary to meet the important public purpose of balancing the budget. The Governor shall consult with each public agency head to determine whether to implement a voluntary furlough for the entire public agency or within one or more designated units of the public agency.

c) Notwithstanding any other provision of law, a public employee on a voluntary furlough who is:

1. A member of any of the State-supported retirement plans administered by the Retirement Systems Division of the Department of State Treasurer, or an Optional Retirement Program (ORP) administered under G.S. 135-5.1 or G.S. 135-5.4, shall be considered in active service during any period of furlough and shall be entitled to all of the same benefits to which the employee was entitled on the workday immediately preceding the furlough. The member shall suffer no diminution of retirement average final compensation based on being on voluntary furlough, and the retirement average final compensation shall be calculated based on the undiminished compensation. During a voluntary furlough period, the employer shall pay both employee and employer contributions to the Retirement Systems Division or ORP on behalf of the voluntarily furloughed employee as though the employee were in active service.

2. A member of the State Health Plan for Teachers and State Employees shall be considered eligible for coverage under the Plan on the same basis as on the workday immediately preceding the furlough. The public employer shall pay contributions on behalf of the voluntarily furloughed public employee as though the employee were in active service.

The provisions of this subsection apply to all voluntary furloughs whether in a public agency, the legislative or judicial branches of State government, or in a local school administrative unit.

d) Public employees in essential positions are eligible to participate in the voluntary furlough program only if specifically authorized by the head of the public agency.

e) Public agencies with employees not subject to the State Personnel Act shall adopt emergency rules substantially equivalent to the rules of the State Personnel Commission. To the extent possible, public agencies shall ensure that all voluntarily furloughed employees are subject to the same rules. The Office of State Personnel shall provide technical assistance to public agency heads to expedite implementation of a voluntary furlough program."

SECTION 6.6.(b) G.S. 7A-343 is amended by adding a new subdivision to read:

"(11) Upon a determination by the Chief Justice that the voluntary furlough of judicial employees is necessary to effect economies in State expenditures, the Director shall implement a voluntary furlough program for employees of the Judicial Department. Judicial employees who are on a voluntary furlough pursuant to this subdivision shall be entitled to the benefits provided to public employees by G.S. 126-8.6(c). For purposes of this subdivision, the term 'voluntary furlough' has the same meaning as set forth in G.S. 126-8.6(a)(5)."

SECTION 6.6.(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"(51a) To Allow Voluntary Furloughs. – Local boards of education are authorized to provide for the voluntary furlough of employees upon their determination that the voluntary furlough of public school personnel is necessary to effect economies in expenditures. Public school personnel who are on a voluntary furlough pursuant to this subdivision shall be entitled to the benefits
provided to public employees by G.S. 126-8.6(c). For purposes of this subdivision, the term 'voluntary furlough' has the same meaning as set forth in G.S. 126-8.6(a)(5)."

SECTION 6.6.(d) G.S. 120-32 is amended by adding a new subdivision to read:
"(14) Provide for the voluntary furlough of legislative employees, if it determines that the furloughs are necessary to effect economies in State expenditures. Legislative employees who are on a voluntary furlough pursuant to this subdivision shall be entitled to the benefits provided to public employees by G.S. 126-8.6(c). For purposes of this subdivision, the term 'voluntary furlough' has the same meaning as set forth in G.S. 126-8.6(a)(5)."

SECTION 6.6.(e) The Office of State Personnel, in consultation with the Office of State Budget and Management, shall adopt emergency rules for the implementation of this section in accordance with G.S. 150B-21.1A, except that notwithstanding G.S. 150B-21.1A(d), those emergency rules may remain in effect until June 30, 2011.

SECTION 6.6.(f) This section is effective when it becomes law.

USE OF SAVINGS RESERVE ACCOUNT TO BALANCE BUDGET

SECTION 6.6A. G.S. 143C-4-2(b) prohibits the Director of the Budget from using funds in the Savings Reserve Account unless the use has been approved by an act of the General Assembly. The General Assembly hereby authorizes the Director of the Budget to use funds that were credited to the Savings Reserve Account on or before June 30, 2009, to the extent necessary to balance the State budget for the 2008-2009 fiscal year, and funds are hereby appropriated from the Savings Reserve Account for this purpose.

CONSULTATION REQUIRED BEFORE CREATION OF NEW FUND TYPES OR SPECIAL FUNDS

SECTION 6.6B. Notwithstanding G.S. 143C-1-3 or any other provision of law to the contrary, the Office of State Budget and Management and the Office of the State Controller shall consult with the Joint Legislative Commission on Governmental Operations prior to the establishment of a new budget or fund code or special fund as defined in G.S. 143C-1-3.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS APPROPRIATED

SECTION 6.6C.(a) Findings and Purpose. – The General Assembly finds that State government must serve as a facilitator in assisting local governments, communities, families, workers and other individuals, and businesses in accessing 2009 federal recovery and reinvestment funds. The purpose of this section is to fulfill the General Assembly's constitutional duty to appropriate all funds, including federal funding from the American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5, and to direct the use of those funds in a manner that responsibly provides for the economic well-being of the State.

SECTION 6.6C.(b) Appropriation of ARRA Funds. – Funds received from ARRA grants and receipts not specified in this act are hereby appropriated in the amounts provided in the notification of award from the federal government or any entity acting on behalf of the federal government to administer federal ARRA funds. Prior to allocation of funds not expressly delineated in this act, the OSBM and affected state agencies shall consult with the Joint Legislative Commission on Governmental Operations.

SECTION 6.6C.(c) Use of ARRA Funds. – Notwithstanding G.S. 143C-5-2 and G.S. 143C-6-4, or any other provision of law to the contrary, State agencies may, with approval of the Director of the Budget and in consultation with the North Carolina Office of Economic Recovery and Investment, spend State funds as defined in G.S. 143C-1-1(25) and, in accordance with subsection (b) of this section, funds received from federal receipts and federal...
grants resulting from enactment of the ARRA and awarded during the 2008-2009 State fiscal
year. State agencies may not allocate or otherwise obligate any ARRA funds prior to enactment
of this act, except that a State agency, as defined in G.S. 143C-1-1(24), may allocate or
otherwise obligate federal funds under this section if the federal government has issued rules or
formal guidance stipulating that a state's lack of allocation or obligation would otherwise
jeopardize its receipt of federal ARRA funds. Under these limited circumstances, the State may
allocate or obligate those funds for the 2008-2009 fiscal year only.

SECTION 6.6C.(d) Guidance. – The Office of State Budget and Management
shall work with the recipient State agencies to budget federal receipts awarded according to the
annual program needs and within the parameters of the respective granting entities and to
incorporate federal funds into the certified budgets of the recipient State agency. State agencies
shall not use federal ARRA funds for recurring purposes unless provided for in this act.
However, depending on the nature of the award, additional State personnel may be employed
on a temporary or time-limited basis.

SECTION 6.6C.(e) The State Office of Economic Investment and Recovery may
use up to one million dollars ($1,000,000) during fiscal year 2009-2010 for operating expenses.

SECTION 6.6C.(f) Effective Date. – This section is effective when it becomes
law.

UNIVERSITY CANCER RESEARCH FUND AMENDMENTS

SECTION 6.6D. G.S. 116-29.1 reads as rewritten:


(a) Fund. – The University Cancer Research Fund is established as a special revenue
fund in the Office of the President of The University of North Carolina. Allocations from the
fund shall be made in the discretion of the Cancer Research Fund Committee and shall be used
only for the purpose of cancer research under UNC Hospitals, the Lineberger Comprehensive
Cancer Center, or both.

(b) The General Assembly finds that it is imperative that the State provide a minimum
of fifty million dollars ($50,000,000) ongoing funding each calendar year to the University
Cancer Research Fund; therefore, effective July 1 of each calendar year:

(1) Notwithstanding G.S. 143C-9-3, of the funds credited to the Tobacco Trust
Account, the sum of eight million dollars ($8,000,000) is transferred from
the Tobacco Trust Account to the University Cancer Research Fund and
appropriated for this purpose.

(2) The funds remitted to the University Cancer Research Fund by the Secretary
of Revenue from the tax on tobacco products other than cigarettes pursuant
to G.S. 105-113.41 is appropriated for this purpose.

(3) An amount equal to the difference between (i) fifty million dollars
($50,000,000) and (ii) the amounts appropriated pursuant to subdivisions (1)
and (2) of this subsection is appropriated from the General Fund for this
purpose.

(c) Cancer Research Fund Committee. – The Cancer Research Fund Committee shall
consist of five ex officio members and two appointed members. The five ex officio members
shall consist of the following: (i) one member shall be the President of The University of North
Carolina, (ii) one member shall be the Director of the Lineberger Comprehensive Cancer
Center, (iii) one member shall be the Dean of the School of Medicine at The University of
North Carolina, (iv) one member shall be the Dean of the School of Pharmacy at The
University of North Carolina, and (v) one member shall be the Dean of the School of Public
Health at The University of North Carolina. The remaining two members shall be appointed by
a majority vote of the standing members of the Committee and shall be selected from persons
holding a leadership position in a nationally prominent cancer program.
If any of the specified positions cease to exist, then the successor position shall be deemed to be substituted in the place of the former one, and the person holding the successor position shall become an ex officio member of the Committee.

(d) Chair. – The chair shall be the President of The University of North Carolina.

(e) Quorum. – A majority of the members shall constitute a quorum for the transaction of business.

(f) Meetings. – The Committee shall meet at least once in each quarter and may hold special meetings at any time and place at the call of the chair or upon the written request of at least a majority of its members."

CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND DIVISIONS

SECTION 6.6E.(a) It is the intent of the General Assembly to establish a process to periodically and systematically review the funds, agencies, divisions, and programs financed by State government. This process shall be known as the Continuation Review Program. The Continuation Review Program is intended to assist the General Assembly in determining whether to continue, reduce, or eliminate funding for the State's funds, agencies, divisions, and programs subject to continuation review.

SECTION 6.6E.(b) The Appropriations Committees of the House of Representatives and the Senate may review the funds, programs, and divisions listed in this section and shall determine whether to continue, reduce, or eliminate funding for the funds, programs, and divisions, subject to the Continuation Review Program. The Fiscal 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 by this section. No later than December 1, 2009, the following agencies shall report to the Fiscal Research Division:

(1) Consumer Protection Program – Department of Justice.
(2) Driver's Education Program – Department of Transportation.
(3) Prisoner's Education Program – Community College System.
(4) Parking Office – Department of Administration.
(5) Young Offenders Forest Conservation Program (BRIDGE) – Department of Environment and Natural Resources.

SECTION 6.6E.(c) The continuation review reports required in this section shall include the following information:

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

SECTION 6.6E.(d) State departments and agencies identified in subsection (b) of this section shall submit a final report to the General Assembly by March 1, 2010.

INFORMATION TECHNOLOGY OPERATIONS

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

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

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

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

(1) Ensure that sufficient funds are budgeted to support their agreed shares of enterprise agreements throughout the life of the contract.
(2) Transfer the agreed-upon funds to the Office of Information Technology Services in sufficient time for the Office of Information Technology Services to meet contract requirements.

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

(1) Any advance payment complies with the Office of Information Technology Services budget.
(2) The State Controller receives conclusive evidence that the proposed agreement would be more cost-effective than a multiyear agreement that complies with G.S. 147-86.11.
(3) The procurement complies in all other aspects with applicable statutes and rules.
(4) The proposed agreement contains contract terms that protect the financial interests of the State against contractor nonperformance or insolvency through the creation of escrow accounts for funds, source codes, or both, or by any other reasonable means that have legally binding effect.

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

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

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

1. Using an outside contractor would be more cost-effective for the State.
2. The Office of Information Technology Services does not have the technical capabilities required to host the application.
3. Valid security requirements preclude the use of State infrastructure, and a contractor can provide a more secure environment.

**GEOGRAPHIC INFORMATION CONSOLIDATION**

**SECTION 6.8.(a)** Findings. – The General Assembly finds that there is a critical need for consolidating the investments made in geographic information systems and developing common infrastructures in order for the State to reap all the potential benefits of geographic information systems at the lowest cost.

**SECTION 6.8.(b)** Implementation Plan. – The recommendations outlined in the 2008 legislative report prepared by the State Chief Information Officer, the Geographic Information Coordinating Council, and the Office of State Budget and Management, made pursuant to Section 6.13 of S.L. 2008-107, entitled "State Geographic Information Consolidation Implementation Plan," shall be implemented in four distinct work streams, as follows:

1. Transferring the Center for Geographic Information and Analysis to the Office of the State Chief Information Officer and establishing appropriated funding for staff activities supporting the Geographic Information Coordinating Council, statewide standards, and the coordination of data acquisition.
2. Reestablishing the professional services component and refocusing that effort toward current needs of the community while reducing those overhead costs.
3. Revitalizing the NC OneMap project by leveraging new technology in the market to reduce costs while increasing utility of the service.

**SECTION 6.8.(c)** Transfers of Agencies, Powers, Duties. – The statutory authority, powers, duties, functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the State agencies and subunits listed in this subsection are transferred from those entities to the State Chief Information Officer, Office of Information Technology Services, with all of the elements of a Type II transfer as defined by G.S. 143A-6:

2. The Center for Geographic Information and Analysis.

The Center for Geographic Information and Analysis shall remain in its current office space unless the State Chief Information Officer determines otherwise.

**SECTION 6.8.(d)** Center for Geographic Information and Analysis Coordination. – The State Chief Information Officer shall coordinate a professional services component for geographic information systems coordination with the Center for Geographic Information and Analysis that is refocused toward current community needs.
SECTION 6.8.(e) North Carolina Geographic Information Coordinating Council Coordination. – The State Chief Information Officer, in cooperation with the North Carolina Geographic Information Coordinating Council, shall coordinate the refocusing of the NC OneMap geographic information systems infrastructure project to leverage new technology, to increase the utility of geographic information systems services, and to reduce geographic information systems data layer costs through singly managed contracts.

SECTION 6.8.(f) Information Technology Fund. – The Information Technology Fund shall be used for the purpose of acquiring and managing, at the lowest cost, data layers useful to multiple State and local organizations, according to the priorities set by the North Carolina Geographic Information Coordinating Council. The Information Technology Fund may receive private grants and may include State, federal, local, and matching funds. Any funding received for GIS may be used only for that purpose.

SECTION 6.8.(g) Information Technology Fund. – Of the funds appropriated in this act to the Information Technology Fund, the sum of six hundred four thousand five hundred dollars ($604,500) for the 2009-2010 fiscal year and the sum of six hundred four thousand five hundred dollars ($604,500) for the 2010-2011 fiscal year shall be used to effectuate the transfer of the Center for Geographic Information and Analysis, including the cost of moving personnel positions, as provided by this act.

BEACON DATA INTEGRATION

SECTION 6.9.(a) The Office of the State Controller, in cooperation with the State Chief Information Officer, shall continue the implementation of the BEACON Strategic Plan for Data Integration, issued in April 2008. The plan shall be implemented under the governance of the BEACON Project Steering Committee and in conjunction with leadership in appropriate State agencies and with the support and cooperation of the Office of State Budget and Management.

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

SECTION 6.9.(b) The Office of State Controller shall give the Criminal Justice Data Integration Pilot Program first priority for funding and for system development and implementation.

The Office of State Controller shall determine the amount of funding required to (i) fully support the Criminal Justice Data Integration Pilot Program effort and (ii) develop full operational capability in Wake County during the 2009-2010 fiscal year. The Office of State Controller shall not otherwise obligate these funds.

SECTION 6.9.(c) By September 1, 2009, the Office of State Controller shall report to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal Research Division on (i) funding requirements and sources of funds for the Criminal Justice Data Integration Pilot Program for the 2009-2010 fiscal year and (ii) the anticipated uses of any remaining funds for the BEACON Data Integration Program. The Office of State Controller shall spend funds to support the BEACON Data Integration Program only as is specifically authorized in Section 6.16(d) of S.L. 2008-107.

By October 1, 2009, the Office of State Controller, in coordination with the State Chief Information Officer, shall also report on future costs for implementing the BEACON Data Integration Program, including outside vendor costs. This report shall include a detailed explanation of potential costs and the efforts participating agencies are making to reduce these costs. This report shall be presented to the Joint Legislative Oversight Committee on Information Technology and written reports shall be provided to the House of Representatives and Senate Appropriations Committees and to the Fiscal Research Division.
CRIMINAL JUSTICE DATA INTEGRATION PILOT PROGRAM

SECTION 6.10.(a) The Office of the State Controller, in cooperation with the State Chief Information Officer and under the governance of the BEACON Project Steering Committee, shall continue the development of the Criminal Justice Data Integration Pilot Program in Wake County as specified in Section 6.15 of S.L. 2008-107. The Office of State Controller shall achieve and demonstrate full operational capability of the pilot program in Wake County before the system is expanded to other areas of the State.

SECTION 6.10.(b) The Criminal Justice Data Integration Pilot Program shall continue to comply with all necessary security measures and restrictions to ensure that access to any specific information held confidential under federal and State law shall be limited to authorized persons.

SECTION 6.10.(e) The Office of State Controller shall develop a detailed plan for the statewide expansion of the Criminal Justice Data Integration Pilot Program. This plan shall include the following:

(1) An implementation schedule;
(2) The requirements individual users must meet to participate in the program;
(3) Detailed cost information for the development and implementation of a statewide system, including any user costs;
(4) A governance structure for management and oversight of the system; and
(5) Any other issues associated with the implementation of the system.

The Office of State Controller shall submit this plan to the House of Representatives and Senate Appropriations Committees, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division by January 31, 2010.

SECTION 6.10.(d) The Office of State Controller shall work with the data integration software vendor to ensure that licenses are obtained at the least possible cost.

SECTION 6.10.(e) A State agency data center shall host the Criminal Justice Data Integration Pilot Program. The Office of State Controller shall identify a State data center to host the program and shall report its recommendation to the Joint Legislative Oversight Committee on Information Technology by August 31, 2009.

SECTION 6.10.(f) Funds appropriated for the Criminal Justice Data Integration Pilot Program shall only be used for that program. The Criminal Justice Data Integration Pilot Program shall have first priority for funds available to the BEACON Data Integration Program.

SECTION 6.10.(g) The Office of State Controller shall continue to provide quarterly written reports on the program's progress to the House of Representatives and Senate Appropriations Committees, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division beginning October 1, 2009.

UNIVERSITY OF NORTH CAROLINA GENERAL ADMINISTRATION BULK PRICING/PURCHASING OF INFORMATION TECHNOLOGY

SECTION 6.11.(a) The General Administration of The University of North Carolina, with assistance from the Office of Information Technology Services, to the extent practicable, shall consolidate information technology infrastructure purchasing which includes, but is not limited to, personal computer and printer purchases for all 16 State universities, the North Carolina School of Science and Mathematics, and General Administration, by ensuring access to a bulk and shared pricing process that will realize savings through efficiencies. General Administration may choose to utilize the Office of Information Technology Services' or existing bulk contracts of The University of North Carolina. Information technology infrastructure expenditure shall not be authorized by the General Administration of The University of North Carolina without complying with this section.
SECTION 6.11.(b) By April 1, 2010, the General Administration of The
University of North Carolina shall submit a written report to the Joint Legislative Oversight
Committee on Information Technology and to the Fiscal Research Division on the results of the
University's bulk pricing and purchasing initiative. The report shall explain the following
related to the initiative:

1. The procedures established for implementation.
2. Any savings realized as a result of the initiative.
3. Any issues associated with implementation of this initiative.

JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON INFORMATION
TECHNOLOGY/REVIEW AND REPORT ON CURRENT LAW

SECTION 6.12. By April 1, 2010, the Joint Legislative Oversight Committee on
Information Technology shall review State information technology-related legislation and
develop recommendations for amendment of current laws and shall submit its written report of
recommendations for legislative action to the Appropriations Committees of the Senate and the
House of Representatives. The Joint Legislative Oversight Committee on Information
Technology shall provide interested parties with the opportunity to identify and define pertinent
information technology issues by offering testimony on (i) issues associated with current
legislation, (ii) the impact of information technology laws on specific entities; and, (iii)
recommendations for improving information technology organization and operations within the
State.

PROGRAM EVALUATION DIVISION STUDY NETWORK INTEGRATION
FEASIBILITY AND COORDINATION PLAN

SECTION 6.13.(a) The State Chief Information Officer shall negotiate and
coordinate with MCNC to identify efficiencies that might be achieved through increased
cooperation and elimination of duplicative efforts in management of the State's network
infrastructure operated by the Office of Information Technology Services and by the North
Carolina Research and Education Network operated by MCNC. Potential efficiencies include,
but are not limited to, shared infrastructure, personnel, contracted services, and support.

SECTION 6.13.(b) The Program Evaluation Division (PED) shall conduct a study
to determine the feasibility of coordinating the operation of the North Carolina Research and
Education Network and the State network infrastructure. The feasibility study shall define the
capabilities and limitations of the Office of Information Technology Services and MCNC and
document services currently provided by the Office of Information Technology Services and
MCNC. Further, the feasibility study shall identify:

1. Current and potential State agency network requirements.
2. The organization currently supporting each network requirement.
3. Requirements that are currently unsupported by either organization.
4. Costs associated with each requirement.
5. Potential cost savings resulting from network integration.
6. Policy and operational issues associated with the coordination.

The PED shall complete the feasibility study and present it to the Joint Legislative Oversight
Committee on Information Technology by October 31, 2009.

SECTION 6.13.(c) Following completion of the feasibility study by the PED, if the
efficiencies and savings identified in the study are valid, accurate, and substantial enough to
justify increased coordination, then the Office of Information Technology Services and MCNC
shall develop a plan to coordinate their operations. The coordination plan shall include at least
the following:

1. Definition of requirements to achieve statewide integration.
(2) Detailed information on the allocation of responsibility for each requirement and component. 

(3) An estimate of the associated costs with each requirement or component, including what the costs to each agency would be without coordination. 

(4) Priorities for integration. 

(5) A schedule for implementation. 

(6) Detailed cost information for the development and integration of a single network. 

(7) A governance structure for management and oversight of the network. 

(8) A means for resolution of any issues identified during the feasibility study. 

The coordination plan shall be completed by February 28, 2010, and shall be presented to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Information Technology. 

SECTION 6.13.(d) Prior to implementation of the plan, the Office of Information Technology Services and MCNC shall complete a memorandum of agreement that specifies their respective roles and responsibilities and defines payment schedules. By January 1 each year, the Office of State Budget and Management shall report to the Joint Legislative Oversight Committee on Information Technology regarding the status of the coordination plan and the cost savings realized during the previous fiscal year. 

SECTION 6.13.(e) G.S. 147-33.92(b) reads as rewritten:

"(b) The State Chief Information Officer shall establish switched broadband telecommunications services and permit, in addition to State agencies, cities, counties, and other local government entities, the following organizations and entities to share on a not-for-profit basis:

(1) Nonprofit educational institutions. 

(2) MCNC. Local education agencies. 

(3) Research affiliates of MCNC for use only in connection with research activities sponsored or funded, in whole or in part, by MCNC, if such research activities relate to health care or education in North Carolina. 

(4) Agencies of the United States government operating in North Carolina for use only in connection with activities that relate to health care or education in North Carolina. 

(5) Hospitals, clinics, and other health care facilities for use only in connection with activities that relate to health care or education in North Carolina. 

Provided, however, that sharing of the switched broadband telecommunications services by State agencies with entities or organizations in the categories set forth in this subsection shall not cause the State, the Office of Information Technology Services, or the MCNC to be classified as a public utility as that term is defined in G.S. 62-3(23) a.6. Nor shall the State, the Office of Information Technology Services, or the MCNC engage in any activities that may cause those entities to be classified as a common carrier as that term is defined in the Communications Act of 1934, 47 U.S.C. § 153(10). Provided further, authority to share the switched broadband telecommunications services with the non-State agencies set forth in subdivisions (1) through (5) of this subsection shall terminate one year from the effective date of a tariff that makes the broadband services available to any customer."

UPGRADE STATE PORTAL 

SECTION 6.14.(a) The Office of State Budget and Management, in coordination with the Office of the State Chief Information Officer, shall develop a detailed plan to upgrade the State portal. The upgrade plan shall include consideration of the need to (i) improve State services for citizens and businesses; (ii) offer online services; (iii) provide crucial,
up-to-the-minute emergency information; and (iv) provide a multipurpose, interactive Web
portal.

SECTION 6.14.(b) Prior to developing the plan, the Office of State Budget and
Management shall obtain the advice and assistance of State and local government agencies,
businesses operating within the State, and private citizens to ensure that all potential users have
the opportunity to submit recommendations for inclusion in the final plan.

The Office of State Budget and Management shall also conduct an inventory of
capabilities that are available on other states' portals. With the assistance of State agencies, the
Office of State Budget and Management shall prioritize potential capabilities. Based on these
priorities, the Office of State Budget and Management shall develop a phased plan to allow
incremental implementation that includes a detailed time line for each phase and shall include
the cost associated with each phase.

SECTION 6.14.(c) The interactive Web portal shall include the capability for
citizens, businesses, and State and local government agencies to complete online transactions,
obtain live help from State agencies, and access emergency information in real time. The portal
shall include appropriate security measures and devices to include encryption, enterprise-class
firewalls/gateway security, real-time intrusion prevention and detection, virtual private
networks, vulnerability management, and virus protection.

SECTION 6.14.(d) By December 1, 2009, the Office of State Budget and
Management shall submit the upgrade plan to the Joint Legislative Oversight Committee on
Information Technology and to the Fiscal Research Division. The report shall include an
explanation of any recommendations that were not included in the final plan with an
explanation as to why each was not included and the cost associated with implementation of
those items.

IMPLEMENT GENERAL SERVICES ADMINISTRATION SCHEDULES FOR STATE
INFORMATION TECHNOLOGY PURCHASES

SECTION 6.14A.(a) G.S. 147-33.95(b) is amended by adding a new subdivision
to read:

"(2a) Establish procedures to permit State agencies and local government agencies
to use the General Services Administration (GSA) Cooperative Purchasing
Program to purchase information technology (i) awarded under General
Services Administration Supply Schedule 70 Information Technology and
(ii) from contracts under the GSA's Consolidated Schedule containing
information technology special item numbers."

SECTION 6.14A.(b) By October 1, 2009, the Office of Information Technology
Services shall report to the Joint Legislative Oversight Committee on Information Technology
and Fiscal Research Division on its plan for implementing GSA Schedules for information
technology procurement.

USE OF ELECTRONIC FORMS AND DIGITAL SIGNATURES

SECTION 6.16.(a) The Office of State Budget and Management shall develop a
plan to increase the use of electronic forms and digital signatures throughout State government.
In developing the plan, first the Office of State Budget and Management shall conduct an
inventory of all paper or electronic forms currently in use by executive branch agencies. The
Office of State Budget and Management may hire temporary help for the collection and
compiling of the data for the inventory.

SECTION 6.16.(b) After completing the inventory, the Office of State Budget and
Management shall develop a plan for converting one or more paper forms to an electronic
format. The plan shall include a detailed business case for the conversion, including cost, cost
savings, cost avoidance, and any impact on productivity.
SECTION 6.16.(c) The Office of State Budget and Management shall assess the potential cost of converting all identified forms in the inventory to an electronic format and establish a timetable for achieving conversion as soon as practicable.

SECTION 6.16.(d) The Office of Information Technology Services shall provide technical assistance to the Office of State Budget and Management in the development of the plan to increase the use of electronic forms and digital signatures.

SECTION 6.16.(e) Executive branch State agencies shall provide all information requested by Office of State Budget and Management in conducting the inventory and in all other issues related to the development of this plan.

SECTION 6.16.(f) The Office of State Budget and Management shall submit the plan to the Joint Legislative Oversight Committee on Information Technology on or before March 1, 2010.

POSITION TRANSFER REPORTS/OFFICE OF INFORMATION TECHNOLOGY SERVICES/OFFICE OF STATE CONTROLLER/OFFICE OF STATE BUDGET AND MANAGEMENT

SECTION 6.17.(a) By November 1, 2009, the Office of State Budget and Management (OSBM), in coordination with the Office of Information Technology Services, shall submit a written report to the Appropriation Committees of the Senate and the House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division regarding the transfer of information technology (IT) positions associated with IT consolidation. The report shall include the following:

(1) The numbers and types of positions transferred to the Office of Information Technology Services from other State agencies, an explanation as to why each position was moved to the Office of Information Technology Services, the cost associated with each position, and how that cost is allocated.

(2) The number and types of information technology positions remaining with each State agency, an explanation as to why the positions were retained by the agency, and the total cost for each position.

(3) The number and location of positions eliminated as a result of IT consolidation and the associated cost savings.

(4) Any new positions created within the Office of Information Technology Services to support IT consolidation, the reason each position was created, and the associated cost.

SECTION 6.17.(b) By November 1, 2009, OSBM, in coordination with the Office of the State Controller, shall submit a written report to the Appropriations Committees of the Senate and House of Representatives, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division on the transfer of positions associated with the implementation of the BEACON HR/Payroll project. The report shall include the following:

(1) The numbers and types of positions transferred to the Office of the State Controller from other State agencies, an explanation as to why each position was moved to the Office of the State Controller, the cost associated with each position, and how that cost is allocated.

(2) The number and types of positions remaining with each State agency, an explanation as to why the positions were retained by the agency, and the total cost for each position.

(3) The number and location of positions eliminated as a result of the implementation of the BEACON HR/Payroll system and the associated cost savings.
(4) Any new positions created within the Office of the State Controller to support BEACON HR/Payroll, the reason each position was created, and the associated cost.

INFORMATION TECHNOLOGY CONTRACTED PERSONNEL

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

(1) No contract for information technology personal services, or providing personnel to perform information technology functions, may be established or renewed for any term longer than 12 months unless otherwise specifically required by a contract in effect on June 30, 2009.

(2) Before any State agency, department, or institution may renew a contract position for information technology personnel the State agency must report to the Office of State Budget and Management (OSBM), to the Office of State Personnel (OSP), to the Office of Information Technology Services (ITS), and to the Fiscal Research Division (FRD) on the justification for the contract. The report shall explain:

a. The proposed duration of the contract position. If the contract term is for more than 12 months, why recruitment for an in-house State employee position is not feasible.

b. Whether the contract position requires unique skills for which the State has a short-term need.

c. Whether the contract position is required by a specific information technology project and if the position will be terminated upon completion of the project.

d. The specific work products and completion time lines for the contract position.

(3) Contract positions subject to this subsection shall be reviewed and approved by the Statewide Information Technology Procurement Office and shall be entered in the project portfolio management tool.

(4) Once approved, contract positions will be reviewed by the Office of State Personnel to determine what the market rate is for the type of contractor required, as well as to determine the comparable cost for a State employee. Agencies may not exceed the market rate determined by OSP.

(5) After OSP provides cost data, funding for the position is subject to the approval of OSBM.

(6) Whenever a State agency, department, or institution determines that only a contractor can fill a position and the position is required to perform an ongoing function within the agency, the head of the State agency must develop and implement a plan to hire or train a qualified State employee to fill that position within 12 months. Within 60 days of hiring the contractor, this plan shall be forwarded to the Office of State Budget and Management, to the Office of State Personnel, to the Office of Information Technology Services, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division of the Legislative Services Office.

(7) Any contract position requiring information technology skills is subject to this provision. OSBM may immediately terminate the funding for any information technology position that is filled without following defined procedures.
(8) All information technology personnel contracts shall be competitive and shall be subject to competition each time they expire. Exceptions must be approved by ITS, OSP, and OSBM and can only be approved once for a particular individual. Approved exceptions must be immediately reported to the Joint Legislative Oversight Committee on Information Technology and to the Fiscal Research Division of the Legislative Services Office.

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

(1) For each contracted information technology position:
   a. The title of the position, a brief synopsis of the essential functions of the position, and how long the position has existed.
   b. The name of the individual filling the position and the vendor company, if any, that regularly employees that individual.
   c. The type, start date, and the termination date of the contract.
   d. The length of time that the individual filling the contracted position has been employed as a contractor.
   e. The contracted position salary or hourly rate, the number of hours per year, and the total annualized cost of the contracted position.
   f. The salary and benefits cost for a State employee performing the same function.
   g. The purchase order number for the position.

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

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

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

STATE INFORMATION TECHNOLOGY INFRASTRUCTURE CONSOLIDATION

SECTION 6.19.(a) The Office of State Budget and Management (OSBM), in conjunction with the State Chief Information Officer (State CIO), shall continue to consolidate State government's information technology infrastructure where a statewide approach would be more economical, reduce security risks, or minimize potential disruption to services. In carrying out the consolidation, the Office of Information Technology Services shall utilize the authority set out in G.S. 147-33.83.

SECTION 6.19.(b) Information technology infrastructure includes personal computers, hosting and network environments, the help desk, and information technology security of personal computers, servers, and networks.

SECTION 6.19.(c) As part of the consolidation effort, OSBM shall identify (i) contractor positions that have been filled for 12 months or more, beginning March 1, 2009, (ii) the hourly cost of each position, and (iii) any cost savings or other benefits that could be achieved by using State employees to carry out the same duties and responsibilities.
SECTION 6.19.(d)  In setting consolidation priorities, OSBM and the State CIO shall target IT infrastructure issues that pose significant risk to agency operations or data, or that provide opportunities for immediate cost savings to the State.

SECTION 6.19.(e)  The consolidation of information technology infrastructure conducted by OSBM and the State CIO shall not include The University of North Carolina and its constituent institutions, the Administrative Office of the Courts, and the General Assembly.

SECTION 6.19.(f)  Beginning December 1, 2009, and regularly thereafter, the Office of State Budget and Management, in conjunction with the State CIO, shall provide written reports to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division relating to State information technology infrastructure consolidation.

PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS TO MEET DEPARTMENT OF REVENUE TECHNOLOGY NEEDS TO IMPLEMENT TIMS

SECTION 6.20.(a)  To speed the implementation of the Tax Information Management System (TIMS) during the 2009-2011 fiscal biennium, the Secretary of the Department of Revenue may enter into public-private arrangements where (i) the funding of projects under the arrangement comes from revenue generated by the project and (ii) the project is related to the implementation of TIMS. Work under a public-private arrangement may be contracted by requests for proposals, modifications to existing contracts, and purchases of existing contract vehicles.

The Secretary of Revenue shall establish a measurement process to determine the increased revenue attributable to the public-private arrangements. The measurement process shall include:

1. Calculation of a revenue baseline against which the increased revenue attributable to the project is measured.
2. Periodic evaluation to determine if the baseline needs to be modified based on significant changes in the economic environment.
3. Monthly calculation of increased revenue attributable to contracts executed under this program.

Funds generated by increased revenue shall go to the General Fund to be appropriated for the purchases related to the implementation of TIMS, including payment for services from non-State entities and toward internal State costs related to the implementation of TIMS. The total of any funds appropriated during the 2009-2011 biennium for implementation of TIMS shall not exceed the sum of forty-one million dollars ($41,000,000).

SECTION 6.20.(b)  Beginning October 1, 2009, and quarterly thereafter, the Department of Revenue shall submit reports to the Chairs of the House of Representatives and Senate Committees on Appropriation, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division of the Legislative Services Office. The report shall include (i) details of each public-private contract, (ii) the benefits from each contract, and (iii) a comprehensive forecast of the benefits of using public-private agreements to implement TIMS, including cost savings and the acceleration of the project timeline.

SECTION 6.20.(c)  There is established within the Department of Revenue the Oversight Committee for Implementation of the Tax Information Management System (Oversight Committee). The Oversight Committee shall review and approve all contracts to be executed under this section. The members of the Committee shall include the following:

1. The State Controller.
2. The Secretary of the Department of Revenue.
3. Three persons appointed by the Governor.
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(4) Two members of the general public having expertise in information technology appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.

(5) Two members of the general public having expertise in information technology appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.

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

PART VII. PUBLIC SCHOOLS

CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate funds for children with disabilities on the basis of three thousand five hundred dollars and seventy-seven cents ($3,500.77) per child for a maximum of 168,947 children for the 2009-2010 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities, or (ii) twelve and five-tenths percent (12.5%) of the 2009-2010 allocated average daily membership in the local school administrative unit.

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

Funds for Academically Gifted Children

SECTION 7.2. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of one thousand one hundred sixty-three dollars and seven cents ($1,163.07) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2009-2010 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The State Board shall allocate funds for no more than 58,597 children for the 2009-2010 school year.

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

Use of Supplemental Funding in Low-Wealth Counties

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II in grades 4 and 7.

SECTION 7.3.(b) Definitions. – As used in this section:
"Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

"Anticipated total county revenue availability" means the sum of the:

1. "Anticipated county property tax revenue availability",
2. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
3. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and
4. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

"Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

"Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

"Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

"County-adjusted property tax base" shall be computed as follows:

1. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
2. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
3. Add to the resulting amount the:
   1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
   2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
   3. Personal property value for the county.

"County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

"County wealth as a percentage of State average wealth" shall be computed as follows:

1. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
2. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.
(11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
(12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
(13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
(14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
(15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
(16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
(17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.3.(d) Allocation of Funds. – Except as provided in subsections (f) and (f1) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school
administrative units located in whole or in part in the county shall be allocated to each local
school administrative unit located in whole or in part in the county based on the average daily
membership of the county's students in the school units. If the funds appropriated for
supplemental funding are not adequate to fund the formula fully, each local school
administrative unit shall receive a pro rata share of the funds appropriated for supplemental
funding.

SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to
This Section Only. – The formula in this section is solely a basis for distribution of
supplemental funding for low-wealth counties and is not intended to reflect any measure of the
adequacy of the educational program or funding for public schools. The formula is also not
intended to reflect any commitment by the General Assembly to appropriate any additional
supplemental funds for low-wealth counties.

SECTION 7.3.(f) Minimum Effort Required. – Counties that had effective tax
rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that
had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall
receive reduced funding under this section. This reduction in funding shall be determined by
subtracting the amount that the county would have received pursuant to Section 17.1(g) of
Chapter 507 of the 1995 Session Laws from the amount that the county would have received if
qualified for full funding and multiplying the difference by ten percent (10%). This method of
calculating reduced funding shall apply one time only. This method of calculating reduced
funding shall not apply in cases in which the effective tax rate fell below the statewide average
effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the
minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507
of the 1995 Session Laws. If the county documents that it has increased the per student
appropriation to the school current expense fund in the current fiscal year, the State Board of
Education shall include this additional per pupil appropriation when calculating minimum
effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.3.(f1) For the 2009-2010 fiscal year, a county with wealth that is
greater than ninety percent (90%) of the State average wealth shall receive only seventy-five
percent (75%) of a full allotment of these funds.

For the 2010-2011 fiscal year, a county with wealth that is greater than ninety
percent (90%) of the State average wealth shall receive only fifty percent (50%) of a full
allotment of these funds.

SECTION 7.3.(g) Nonsupplant Requirement. – A county in which a local school
administrative unit receives funds under this section shall use the funds to supplement local
current expense funds and shall not supplant local current expense funds. For the 2009-2011
fiscal biennium, the State Board of Education shall not allocate funds under this section to a
county found to have used these funds to supplant local per student current expense funds. The
State Board of Education shall make a finding that a county has used these funds to supplant
local current expense funds in the prior year, or the year for which the most recent data are
available, if:

(1) The current expense appropriation per student of the county for the current
year is less than ninety-five percent (95%) of the average of the local current
expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or
(ii) that extraordinary circumstances caused the county to supplant local
current expense funds with funds allocated under this section. The State
Board of Education shall adopt rules to implement this section.

SECTION 7.3.(h) Reports. – The State Board of Education shall report to the Joint
Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties
have supplanted funds.
SECTION 7.3.(i) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

1. Round all fractions of positions to the next whole position.
2. Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.
3. Provide additional program enhancement teachers adequate to offer the standard course of study.
4. Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
5. Provide a base for the consolidated funds allotment of at least six hundred seventy-two thousand three hundred forty-three dollars ($672,343), excluding textbooks, for the 2009-2010 fiscal year and a base of six hundred seventy-two thousand three hundred forty-three dollars ($672,343) for the 2010-2011 fiscal year.
6. Allot vocational education funds for grade 6 as well as for grades 7-12. If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula also is not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.4.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2009-2011 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant
The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.4.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula because of (i) an increase in the population of the county in which the local school administrative unit is located or (ii) an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be continued for seven years after the unit becomes ineligible.

SECTION 7.4.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(3) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(4) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(5) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(6) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(7) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.4.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2010, if it determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or
mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7.

REPLACEMENT SCHOOL BUSES/FUNDS

SECTION 7.5.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

1. The local board of education shall use the funds only to make the first, second, third, or fourth year's payment on a financing contract entered into pursuant to G.S. 115C-528.
2. The term of a financing contract entered into under this section shall not exceed four years.
3. The local board of education shall purchase the buses only from vendors selected by the State Board of Education and on terms approved by the State Board of Education.
4. The Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for the direct purchase of school buses and activity buses and shall establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.
5. A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.
6. Any other condition the State Board of Education considers appropriate.

SECTION 7.5.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.6.(a) If the State Board of Education does not have sufficient resources in the ADM Contingency Reserve line item to make allotment adjustments in accordance with the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual, the State Board of Education may use funds appropriated to State Aid for Public Schools for this purpose.

SECTION 7.6.(b) If the higher of the first or second month average daily membership in a local school administrative unit is at least two percent (2%) or 100 students lower than the anticipated average daily membership used for allotments for the unit, the State Board of Education shall reduce allotments for the unit. The reduced allotments shall be based on the higher of the first or second month average daily membership plus one-half of the number of students overestimated in the anticipated average daily membership.

The allotments reduced pursuant to this subsection shall include only those allotments that may be increased pursuant to the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual.

LEA FLEXIBILITY

SECTION 7.8.(a) The State Board of Education shall adopt emergency rules in accordance with G.S. 150B-21.1A to grant additional flexibility to local school administrative units regarding the expenditure of State funds. These rules shall not be subject to the limitations on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These rules:
(1) May authorize modifications to class size requirements in addition to those set out in Section 7.23 of this act;
(2) Shall authorize the transfer of textbook funds to other allotments to manage funding cuts; and
(3) Shall not permit the transfer of funds from school-based positions to the central office.

SECTION 7.8.(b) This section applies only to the 2009-2011 fiscal biennium.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS

SECTION 7.9.(a) Beginning with the 2010-2011 fiscal year, the State Board of Education shall implement an allotment formula for e-learning developed pursuant to Section 7.16(d) of S.L. 2006-66.

The North Carolina Virtual Public School (NCVPS) shall be available at no cost to all high school 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.

SECTION 7.9.(b) In order to ensure funds are available to operate NCVPS for the 2009-2010 fiscal year, the State Board of Education shall only use funding sources in the following order:
(1) The General Fund appropriation for NCVPS; and
(2) Up to three million dollars ($3,000,000) of funds appropriated for school technology.

SECTION 7.9.(c) NCVPS courses shall be available only to high school students.

SECTION 7.9.(d) The State Board of Education shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, on its implementation of this section.

If the State Board of Education fails to report a new allotment formula for NCVPS to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2009, the State Treasurer, the Office of State Budget and Management, and the Office of State Controller shall prevent the expenditure of funds related to the operation of the State Board of Education.

ABCS OF PUBLIC EDUCATION

SECTION 7.11.(a) Notwithstanding G.S. 115C-105.36, the State Board of Education shall place a one-year moratorium on financial awards paid to school personnel in the 2009-2010 fiscal year based on 2008-2009 student academic performance.

SECTION 7.11.(b) The Joint Legislative Education Oversight Committee shall study the ABC Bonus Program. In the course of the study, the Committee shall consider (i) the current mechanism for determining which schools' employees are entitled to bonuses, (ii) the relationship of bonuses awarded to the improvement of student performance and outcomes and reduction in dropout rates, and (iii) any equities and inequities in the current program. The Committee shall report the results of this study to the General Assembly by March 31, 2010.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.12.(a) Up to two hundred fifty thousand dollars ($250,000) may be transferred annually to the Office of the Governor for NC Virtual (NCV) within the Education Cabinet. These funds may be used for services to coordinate e-learning activities across all State educational agencies.

SECTION 7.12.(b) Section 7.6(a) of S.L. 2008-107 reads as rewritten:
SECTION 7.6.(a) Up to six hundred thousand dollars ($600,000) may be transferred annually through June 30, 2013, 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, including recommendations for continued implementation of the school connectivity initiative that improves teaching and learning results.

DROP OUT PREVENTION GRANTS

SECTION 7.13.(a) Dropout Prevention Grants. – The Committee on Dropout Prevention, as reestablished in Section 7.14 of S.L. 2008-107, may use funds appropriated in this act to provide grants to new recipients or to extend additional funding to organizations that received funding previously.

SECTION 7.13.(b) Criteria for Dropout Prevention Grants. – The following criteria apply to all types of dropout prevention grants approved by the Committee:

1. Grants shall be issued in varying amounts up to a maximum of one hundred fifty thousand dollars ($150,000).
2. These grants shall be provided to innovative programs and initiatives that target students at risk of dropping out of school and that demonstrate the potential to (i) be developed into effective, sustainable, and coordinated dropout prevention and reentry programs in middle schools and high schools and (ii) serve as effective models for other programs.
3. Grants shall be distributed geographically throughout the State and throughout the eight educational districts as defined in G.S. 115C-65. No more than three grants shall be awarded in any one county under this section in a single fiscal year.
4. Grants may be made to local school administrative units, schools, local agencies, or nonprofit organizations.
5. Grants shall be to programs and initiatives that hold all students to high academic and personal standards.
6. Grant applications shall state (i) how grant funds will be used, (ii) what, if any, other resources will be used in conjunction with the grant funds, (iii) how the program or initiative will be coordinated to enhance the effectiveness of existing programs, initiatives, or services in the community, and (iv) a process for evaluating the success of the program or initiative.
7. Programs and initiatives that receive grants under this section shall be based on best practices for helping at-risk students achieve successful academic progress, preventing students from dropping out of school, or for increasing the high school completion rate for those students who already have dropped out of school.
8. Priority for grants shall be given to proposals that demonstrate input from the local community and coordination with other available programs or resources.
9. Grantees shall assure their compliance with applicable laws and rules regulating conflicts of interest.
10. Priority for grants shall be given to programs that would serve students in local schools that have a four-year cohort graduation rate of less than sixty-five percent (65%). The Committee shall establish a grant rating cutoff score at such a level as to allow for consideration of all viable grants in this priority category. The Committee may require grantees to provide supplemental information in response to any prior reviewer comments.
(11) The demonstrated need for a grant, level of collaboration, ability to increase attendance, persistence, academic success, ability to increase parental involvement, and graduation shall be given more weight than the quality of the written grant.

(12) Grants shall be made no later than November 1, 2009.

The Committee shall report to the Joint Legislative Commission on Dropout Prevention and High School Graduation and the Joint Legislative Education Oversight Committee on the grants awarded under this section by March 1, 2010.

SECTION 7.13.(c) Evaluation. – The Committee shall evaluate the impact of the dropout prevention grants awarded under this section. In evaluating the impact of the grants, the Committee shall consider:

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

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

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

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

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

(6) The sustainability of the program;

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

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

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

The recipients of the dropout prevention grants awarded under this section shall report to the Committee on Dropout Prevention by January 31, 2011, and by September 30, 2011. The reports shall provide information to assist the Committee in conducting its evaluation. The reports shall include a statement that the recipients used grant funds for the purposes appropriated by the General Assembly and complied with applicable laws, regulations, and terms and conditions of the grant documents. The Committee shall make an interim report of the results of its evaluation of the grants awarded under this section by March 31, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee. The Committee shall make a final report of the results of its evaluation of the grants awarded under subsection (c) of this section by November 15, 2011, to the Joint Legislative Commission on Dropout Prevention and High School Graduation and to the Joint Legislative Education Oversight Committee.

SECTION 7.13.(d) Of the funds appropriated in this act for Dropout Prevention, the sum of:

(1) One hundred thousand dollars ($100,000) for the 2009-2010 and 2010-2011 fiscal years may be used to issue a request for proposals from qualified vendors on a competitive basis to contract as a consultant to assist with the evaluation. The factors to be considered in awarding the contract shall be identified in the request for proposals; and

(2) Up to fifty thousand dollars ($50,000) for the 2009-2010 and 2010-2011 fiscal years may be used by the Department of Public Instruction for its administrative assistance to the Committee and to provide technical assistance under this section.
(3) The remainder shall be used by the Committee on Dropout Prevention to award grants, as well as successive grants to previous grant recipients, in accordance with subsection (b) of this section.

SECTION 7.13.(e) Grant funds shall be expended within one calendar year after the date a grant was issued.

BUSINESS EDUCATION TECHNOLOGY ALLIANCE

SECTION 7.15.(a) G.S. 115C-102.15 is repealed.

SECTION 7.15.(b) On July 1, 2009, the State Controller shall transfer twenty-six thousand three hundred thirty-five dollars ($26,335) from the Business Education Technology Alliance Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-2010 fiscal year.

ASSESSMENT AND ACCOUNTABILITY

SECTION 7.18.(a) Funds appropriated in this act for assessment and accountability shall be used to develop new end-of-course and end-of-grade tests, identify national assessments, or both, as determined by the State Board of Education. The development of any new tests replacing end-of-course and end-of-grade tests shall be aligned with the new essential standards and included in the State Board of Education's new accountability restructuring plan.

SECTION 7.18.(b) Notwithstanding G.S. 115C-174.11, the State Board of Education shall investigate and pilot a developmentally appropriate diagnostic assessment for students in elementary grades during the 2009-2010 school year. This assessment will (i) enable teachers to determine student learning needs and individualize instruction and (ii) ensure that students are adequately prepared for the next level of coursework as set out by the standard course of study.

The State Board of Education shall report the results of the pilot to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by December 1, 2010.

DEVELOPMENT OF A PREK-20 DATA SYSTEM

SECTION 7.19.(a) The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall collaboratively develop and systematically determine the technical specifications and data standards for a PreK-20 data system to centralize student data collected about students enrolled in prekindergarten programs through doctoral programs. The PreK-20 data system shall build upon the current capacity, programs, and initiatives of the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina.

The Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina shall also collaboratively develop a strategy for tracking students for five years after they complete their education at a North Carolina public educational institution.

The General Assembly urges private colleges and universities to advise and assist the Department of Public Instruction, the North Carolina Community College System, and The University of North Carolina on the implementation of this section.

SECTION 7.19.(b) The PreK-20 data standards and specifications shall include:

(1) The types and forms of data to be included in a PreK-20 data system, including longitudinal data and the use of a unique student identifier;

(2) The capacity of a shared PreK-20 data system;

(3) The degree and extent of cooperation between a shared PreK-20 data system and the current data collection systems of the Department of Public
Instruction, the North Carolina Community College System, and The
University of North Carolina;

(4) The minimum capacity and technical specifications needed for each data
system to feed into a shared PreK-20 data system; and

(5) The ability for data in a shared PreK-20 data system to be understood and
used by interested stakeholders, including federal and other State agencies.

SECTION 7.19.(c) Standards and specifications shall conform to the guidelines
and instructions governing any funds received through the American Recovery and
Reinvestment Act of 2009 for this purpose.

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

REMOVE BARRIERS TO LATERAL ENTRY INTO TEACHING

SECTION 7.21.(a) The State Board of Education shall:

(1) Review the lateral entry program and identify and remove from it barriers to
the lateral entry of skilled individuals from the private sector into the
teaching profession;

(2) Reduce the coursework requirements for lateral entry by consolidating the
required competencies into fewer courses and fewer semester hours of
coursework; and

(3) Provide additional opportunities for individuals to complete coursework
online and at community colleges.

SECTION 7.21.(b) The State Board of Education shall report to the Joint
Legislative Education Oversight Committee by January 15, 2010, on its implementation of this
section.

NO PAY DECREASE FOR TEACHERS WHO BECOME ASSISTANT PRINCIPALS

SECTION 7.22.(a) G.S. 115C-285(a) is amended by adding a new subdivision to
read:


(a) Principals and supervisors shall be paid promptly when their salaries are due
provided the legal requirements for their employment and service have been met. All principals
and supervisors employed by any local school administrative unit who are to be paid from local
funds shall be paid promptly as provided by law and as State-allotted principals and supervisors
are paid.

Principals and supervisors paid from State funds shall be paid as follows:

…

(8) A teacher who becomes an assistant principal without a break in service
shall be paid, on a monthly basis, at least as much as he or she would earn as
a teacher employed by that local school administrative unit."

SECTION 7.22.(b) This section becomes effective July 1, 2009, and applies to all
persons initially employed as assistant principals on or after that date.

INCREASE CLASS SIZE

SECTION 7.23. Notwithstanding any other provision of law, the allotment ratios,
the maximum class size, and the maximum average class size limits for each grade level in the
public schools shall be two students higher beginning with the 2009-2010 school year than they
were for the 2008-2009 school year.
Notwithstanding any other provision of law, the allotment ratios, the maximum
class size, and the maximum average class size limits for each grade level in the public schools
shall be three students higher beginning with the 2010-2011 school year than they were for the
2008-2009 school year.

DEPOSIT PUBLIC SCHOOL BUILDING CAPITAL FUNDS INTO STATE PUBLIC
SCHOOL FUND

SECTION 7.25. Notwithstanding the provisions of G.S. 115C-546.1(b), the
Secretary of Revenue shall not remit any funds for credit to the Public School Building Capital
Fund during the 2009-2011 fiscal biennium but shall deposit in the State Public School Fund
the funds that otherwise would have been deposited in the Public School Building Capital Fund
pursuant to G.S. 115C-546.1(b). The Department of Public Instruction may continue to use
these funds to support positions and operations in the School Support Services Division.

NBPTS APPLICATION COSTS

SECTION 7.30. G.S. 115C-296.2 reads as rewritten:

"§ 115C-296.2. National Board for Professional Teaching Standards Certification.
(a) State Policy. – It is the goal of the State to provide opportunities and incentives for
good teachers to become excellent teachers and to retain them in the teaching profession; to
attain this goal, the State shall support the efforts of teachers to achieve national certification by
providing approved paid leave time for teachers participating in the process, paying the
participation fee, lending teachers the participation fee, and paying a significant salary
differential to teachers who attain national certification from the National Board for
Professional Teaching Standards (NBPTS).

The National Board for Professional Teaching Standards (NBPTS) was established in 1987
as an independent, nonprofit organization to establish high standards for teachers' knowledge
and performance and for development and operation of a national voluntary system to assess
and certify teachers who meet those standards. Participation in the program gives teachers the
time and the opportunity to analyze in a systematic way their professional development as
teachers, successful teaching strategies, and the substantive areas in which they teach.
Participation also gives teachers an opportunity to demonstrate superior ability and to be
compensated as superior teachers. To receive NBPTS certification, a teacher must successfully
(i) complete a process of developing a portfolio of student work and videotapes of teaching and
learning activities and (ii) participate in NBPTS assessment center simulation exercises,
including performance-based activities and a content knowledge examination.

(b) Definitions. – As used in this subsection:

(1) A "North Carolina public school" is a school operated by a local board of
education, the Department of Health and Human Services, the Department of
Correction, the Department of Juvenile Justice and Delinquency Prevention
or The University of North Carolina; a school affiliated with The University
of North Carolina; or a charter school approved by the State Board of
Education.

(2) A "teacher" is a person who:

a. Either:
   1. Is certified to teach in North Carolina; or
   2. Holds a certificate or license issued by the State Board of
      Education that meets the professional license requirement for
      NBPTS certification;

b. Is a State-paid employee of a North Carolina public school;

c. Is paid on the teacher salary schedule; and

d. Fulfills one of the following:
1. Spends at least seventy percent (70%) of his or her work time in classroom instruction, if the employee is employed as a teacher. Most of the teacher's remaining time shall be spent in one or more of the following: mentoring teachers, doing demonstration lessons for teachers, writing curricula, developing and leading staff development programs for teachers;

2. Spends at least seventy percent (70%) of his or her work time in work within the employee's area of certification or licensure, if the employee is employed in an area of NBPTS certification other than direct classroom instruction; or

3. Serves as a full-time mentor under subsection (e1) of this section.

(c) Payment of the NBPTS Participation Fee; Paid Leave. – The State shall pay the NBPTS participation fee to all teachers the participation fee and shall provide up to three days of approved paid leave to all teachers participating in the NBPTS program who:

   (1) Have completed three full years of teaching in a North Carolina public school; and

   (2) Have (i) not previously received State funds for participating in any certification area in the NBPTS program, (ii) repaid any State funds previously received for the NBPTS certification process, or (iii) received a waiver of repayment from the State Board of Education.

Teachers participating in the program shall take paid leave only with the approval of their supervisors.

(d) Repayment by a Teacher Who Does Not Complete the Process. – A teacher for whom the State pays the participation fee who does not complete the process shall repay the certification fee to the State.

   Repayment is not required if a teacher does not complete the process due to the death or disability of the teacher. Upon the application of the teacher, the State Board of Education may waive the repayment requirement if the State Board finds that the teacher was unable to complete the process due to the illness of the teacher, the death or catastrophic illness of a member of the teacher's immediate family, parental leave to care for a newborn or newly adopted child, or other extraordinary circumstances.

(d1) Repayment of the Application Fee. – A teacher shall repay the application fee to the State Education Assistance Authority within three years.

(e) Repayment by a Teacher Who Does Not Teach for a Year After Completing the Process. – A teacher for whom the State pays the participation fee who does not teach for a year in a North Carolina public school after completing the process shall repay the certification fee to the State.

   Repayment is not required if a teacher does not teach in a North Carolina public school for at least one year after completing the process due to the death or disability of the teacher. Upon the application of the teacher, the State Board of Education may extend the time before which a teacher must either teach for a year or repay the participation fee if the State Board finds that the teacher is unable to teach the next year due to the illness of the teacher, the death or catastrophic illness of a member of the teacher's immediate family, parental leave to care for a newborn or newly adopted child, or other extraordinary circumstances.

(e1) Assignment of Teachers With NBPTS Certification to Serve as Full-Time Mentors. – A local board of education may assign teachers with NBPTS certification to serve as full-time mentors as follows:

   (1) The maximum number of teachers with NBPTS certification that a local board of education may assign to serve as full-time mentors is the greater of
(i) five or (ii) five percent (5%) of the number of teachers with NBPTS certification it has employed during the school year immediately preceding the assignment of teachers as full-time mentors.

(2) A teacher must teach in a classroom for at least two years after receiving NBPTS certification to be eligible for assignment as a full-time mentor.

(3) A teacher must have completed the mentor training required by the teacher's local school administrative unit to be eligible for assignment as a full-time mentor.

(4) A teacher may serve as a full-time mentor for up to three consecutive years.

(5) After service as a full-time mentor, a teacher must teach in a classroom for at least three years to be eligible for reassignment as a full-time mentor.

(6) A teacher serving as a full-time mentor shall be school-based, work at one or more schools, and mentor each year at least 15 newly hired teachers who are in their first through third year of teaching.

(f) Rules. – The State Education Assistance Authority shall adopt rules and guidelines regarding the loan and repayment of the NBPTS application fee. The State Board shall adopt policies and guidelines to implement the remainder of this section."

SCHOOL TECHNOLOGY PLANS

SECTION 7.31. Part 3A of Article 8 of Chapter 115C of the General Statutes reads as rewritten:

"Part 3A. School Technology.

§ 115C-102.5. Commission on School Technology created; membership.

(a) There is created the Commission on School Technology. The Commission shall be located administratively in the Department of Public Instruction but shall exercise all its prescribed statutory powers independently of the Department of Public Instruction.

The purpose of the Commission shall be to advise the State Board of Education on the development of a State School Technology Plan that (i) ensures the effective use of technology is built into the North Carolina Public School System for the purpose of preparing a globally competitive workforce and citizenry for the 21st century and (ii) ensures equity and access to school technology for all segments of the public school population in North Carolina.

The Commission shall meet at least twice each fiscal year and shall provide input and feedback on the State School Technology Plan prior to approval.

(b) The Commission shall consist of the following 19 members:

(1) The State Superintendent of Public Instruction or a designee;

(2) One representative of The University of North Carolina, appointed by the President of The University of North Carolina;

(3) One representative of the North Carolina Community College System, appointed by the President of the North Carolina Community College System;

(4) A person with management responsibility concerning information technology related State Government functions, designated by the Secretary of Commerce;

(5) Four members appointed by the Governor;

(6) Six members appointed by the President Pro Tempore of the Senate, two of whom shall be members of the Senate. One of these six members shall be appointed by the President Pro Tempore of the Senate to serve as cochair of the Senate;

(7) Six members appointed by the Speaker of the House of Representatives, two of whom shall be members of the House of Representatives. One of
these six members shall be appointed by the Speaker of the House of
Representatives to serve as cochair; and Representatives; and
(8) The Secretary of Health and Human Services or a designee.
(9) The State Chief Information Officer, or a designee.
In appointing members pursuant to subdivisions (5), (6), and (7) of this subsection, the
appointing persons shall select individuals with technical or applied knowledge or experience
in learning and instructional management technologies or individuals with expertise in
curriculum or instruction who have successfully used learning and instructional management
technologies.
No producers, vendors, or consultants to producers or vendors of learning or instructional
management technologies shall serve on the Commission.
Members shall serve for two-year terms. Vacancies in terms of members shall be filled by
the appointing officer. Persons appointed to fill vacancies shall qualify in the same manner as
persons appointed for full terms.
(c) Repealed by Session Laws 1997-443, s. 8.26(a).
(d) Members of the Commission who are also members of the General Assembly shall
be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the
Commission who are officials or employees of the State shall receive travel allowances at the
rate set forth in G.S. 138-6. All other members of the Commission shall be paid the per diem
and allowances set forth in G.S. 138-5.
(d1) The Chair of the State Board of Education shall select the Commission member or
members who shall serve as chair or cochairs of the Commission.
(e) The Department of Public Instruction, the Department of Community Colleges, and
the Office of Information Technology Services shall provide requested professional
and clerical staff to the Commission. The Commission may also employ professional and
clerical staff and may hire outside consultants to assist it in its work. The Commission shall use
an outside consultant to perform a requirements analysis for learning and instructional
management technologies on a statewide basis that is based on information gathered from each
local school administrative unit and that considers the needs of teachers, students, and
administrators.
§ 115C-102.6. Duty to prepare a requirements analysis and propose a State school
technology plan.
The Commission shall prepare a requirements analysis and propose a State school technology plan for improving student performance in the public schools through the use of learning and instructional management technologies, that ensures the effective use of technology is built into the North Carolina Public School System for the purpose of preparing a globally competitive workforce and citizenry for the 21st century. The Commission on School Technology will advise the State Board of Education on the State School Technology Plan and its components.
In developing this plan, the Commission shall:
(1) Assess factors related to the current use of learning and instructional
management technologies in the schools, including what is currently being
used, how the current use of technology relates to the standard course of
study, how the effectiveness of learning and instructional management
technologies is being evaluated, how schools are paying for learning and
instructional management technologies, and what training school employees
have received in the use of learning and instructional management
technology and networks.
(2) Identify the instructional goals that can be met through the use of learning
and instructional management technologies. The goals may include teaching
the standard course of study, reaching students with a broad range of
abilities, and ensuring that all students have access to a complete curriculum regardless of the geographical location or the financial resources of the school.

(3) Examine the types of learning and instructional management technologies available to meet the identified instructional goals, including computers, audiovisual aids, science laboratory equipment, vocational education equipment, and distance learning networks. The Commission shall consider the compatibility and accessibility of different types of learning and instructional management technologies, including compatibility with the planned statewide broadband ISDN network, and whether they may be easily communicated from one site to another. The Commission shall also consider linkages between learning and instructional management technologies and existing State and local administrative systems.

(4) Develop a basic level of learning and instructional management technology for every school in the State. The basic level may include:
   a. A computer lab with student stations or a specified number of student computer stations in each classroom for the use of instructional software such as computer-assisted instruction, integrated learning systems, instructional management systems, and applications software such as word processing, database, spreadsheet, and desktop publishing.
   b. A computer workstation in every classroom for teachers to use in preparation and delivery of instruction and for administrative record keeping.
   c. A television monitor and video cassette recorder in every classroom to take advantage of open-air broadcast programs, satellite programs, and instructional video tapes available from the library/media center.
   d. Computer workstations at each elementary and secondary school, housed in the library/media center, for individual students to use for basic skills instructional software.
   e. A telecommunications line, modem, and software in each school's library/media center that will allow students and teachers access to external databases and resources for research purposes.
   f. The availability of telephones for teachers.
   g. Initial training for the principal and teachers from each school in the use of the new technology.

(5) Consider staffing required to operate the learning and instructional management technologies and options for maintaining the equipment.

(6) Consider the types of staff development necessary to maximize the benefits of learning and instructional management technologies and determine the appropriate ways to provide the necessary staff development.

(7) Develop a cost analysis of any plans and proposals that it develops.

§ 115C-102.6A. Elements of the State school technology plan.
(a) The State school technology plan shall be a long-term comprehensive State implementation plan for using funds from the State School Technology Fund and other sources to improve student performance in the public schools through the use of learning and instructional management technologies. The purpose of the plan shall be to provide a cost-effective foundation of flexible and long-lasting technology and infrastructure to promote substantial gains in student achievement.

(b) In developing the plan the Commission shall consider and plan for the relationship of the North Carolina Information Highway to the plan. In particular the plan shall establish
priorities for the acquisition of school technologies including how the Information Highway fits into those priorities.

(c) Components of the State school technology plan shall include at least the following:

(1) Common technical standards and uniform practices and procedures that provide statewide economies of scale in procurements, training, support, planning, and operations.

(2) Conceptual technical architecture that includes:
   a. Principles – Statements of direction, goals, and concepts to guide the development of technical architecture;
   b. Standards for interoperability – Detailed specifications to ensure hardware, software, databases, and other products that may have been developed independently or purchased from different vendors or manufacturers will work together, to the extent that interoperability facilitates meeting instructional or administrative goals; and
   c. Implementation strategies – Approaches or guidelines for developing and installing the components of the technical infrastructure.

(3) A quality assurance policy for all school technology projects, training programs, systems documentation, and maintenance plans.

(4) Policies and procedures for the fair and competitive procurement of school technology that provide local school administrative units with a vendor-neutral operating environment in which different school technology hardware, software, and networks operate together easily and reliably, to the extent feasible consistent with meeting instructional or administrative goals. The operating environment includes all hardware and software components and configurations necessary to accomplish the integrated functions for school technology such as (i) types and sizes of computer platforms, telecommunications equipment, and associated communications protocols; (ii) operating systems for the computer processors; (iii) applications and other operating and support software; and (iv) other equipment, items, and software, such as printers, terminals, data and image storage devices, and other input, output, and storage devices.

(5) A comprehensive policy for inventory control.

(6) Parameters for continuous, ongoing training for all personnel involved in the use of school technology. Training shall focus on the integration of technology and instruction and on the use of particular applications.

(7) Recommendations to the State Board of Education of requirements for preservice teacher training on the integration of teaching and school technology.

(8) Proposals for leadership training on the use of school technology to improve instruction and as a management tool.

(9) Development of expertise at the State and regional levels on school technology.

(10) Flexibility to enable local school administrative units and individual schools to meet individual school unit and building needs.

(11) Flexibility to meet the needs of all students, allow support to students with a wide range of abilities, and ensure access to challenging curricula and instruction for children at risk of school failure.

(12) Use of technologies to support challenging State, federal, and local educational performance goals.
(13) Effective and integrated use of technologies compatible with (i) the standard course of study, (ii) the State assessment program, and (iii) related student data management.

(14) Use of technologies as a communication, instructional, and management tool and for problem-solving, exploration, and advanced skills.

(15) Proposals for addressing equipment needs for vocational education, Tech Prep, and science instruction. State curricula areas.

(16) Specifications for minimum components of local school system technology plans.

(17) A baseline template for:
   a. Technology and service application infrastructure, including broadband connectivity, personnel recommendations, and other resources needed to operate effectively from the classroom desktop to local, regional, and State networks, and
   b. An evaluation component that provides for local school administrative unit accountability for maintaining quality upgradeable systems.

"§ 115C-102.6B. Approval of State school technology plan.
   (a) The Commission shall present the State school technology plan it develops to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee for their comments prior to January 1, 1995. At least every two years thereafter, the Commission shall develop any necessary modifications to the State school technology plan and present them to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee. The State Board of Education shall review, revise as needed, and approve the State School Technology Plan at a minimum every two years in the odd-numbered year, beginning in 2011. The plan shall be updated more often, as required, as in cases where significant changes occur related to Board goals, curriculum standards, and available technology.

   (b) After presenting the plan or any proposed modifications to the plan to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee, the Commission—The Board shall submit the plan or any proposed modifications to (i) the State Chief Information Officer for approval of the technical components of the plan set out in G.S. 115C-102.6A(1) through (4), and (ii) the State Board of Education for information purposes only. The State Board shall adopt a plan that includes the components of a plan set out in G.S. 115C-103.6A(1) through (16). At (4). At least one-fourth of the members of any technical committee that reviews the plan for the State Chief Information Officer shall be people actively involved in primary or secondary education.

   The Board shall report annually by February 1 of each year to the Joint Legislative Education Oversight Committee on the status of the State School Technology Plan.

   (c) If no changes are made to the plan or the proposed modifications to the plan after the submission to the State Chief Information Officer and the State Board of Education, the plan or the proposed modifications shall take effect upon approval by the State Chief Information Officer and the State Board of Education.

"§ 115C-102.6C. Approval of local school system technology plans.
   (a) Each local board of education shall develop a local school system technology plan that is aligned with and meets the requirements of the State school technology plan. In developing a local school system technology plan, a local board of education is encouraged to incorporate this plan into its strategic planning and to bring together stakeholders from various areas of the local school administrative unit, including curriculum leaders, teachers, administrators, representatives from technology services and instructional technology, and
finance, as well as other departments of the unit as required. In addition, the local board is
encouraged to coordinate its planning with other agencies of State and local government,
including other local school administrative units.

The Office of Information Technology Services shall assist the local boards of education in
developing the parts of the plan related to its technological aspects, to the extent that resources
are available to do so. The Department of Public Instruction shall assist the local boards of
education in developing the instructional and technological aspects of the plan.

Each local board of education shall submit the local plan it develops to the Office of
Information Technology Services and the Department of Public Instruction for its evaluation of the
parts of the plan related to its technological aspects and to the Department of Public Instruction
for its evaluation of the technological and instructional aspects of the plan. The State Board of
Education, after consideration of the evaluations of the Office of Information Technology
Services and the Department of Public Instruction, shall approve all local plans that comply
with the requirements of the State school technology plan.

(b) After a local school system technology plan is approved by the State Board of
Education, all State funds spent by the local board of education for any aspect of school
technology shall be used to implement the local school system technology plan.

(c) After a local school system technology plan is approved by the State Board of
Education, the local board of education may use funds in the State School Technology Fund
dollars that are allocated to the local school administrative unit to implement the plan. The plan shall
not be expended until the plan has been approved by the State Board of Education.

§ 115C-102.6D. Establishment of the State School Technology Fund; allocation and use
of funds.

(a) There is established under the control and direction of the State Board of Education
the State School Technology Fund. This fund shall be a nonreverting special revenue fund
consisting of any monies appropriated to it by the General Assembly and any monies credited
to it under G.S. 20-81.12 from the sale of School Technology special license plates.

(b) Funds in the State School Technology Fund shall be allocated to local school
administrative units as directed by the General Assembly. Funds allocated to each local school
administrative unit shall be credited with interest by the State Treasurer pursuant to
G.S. 147-69.2 and G.S. 147-69.3.

(c) Each local school administrative unit with a local school system technology plan
approved by the State Board of Education may use funds allocated to it to implement its local
plan or as otherwise specified by the General Assembly.

(d) No local school administrative unit may access technology-related funds until the
State Board of Education has approved its school technology plan.

§ 115C-102.7. Monitoring and evaluation of State and local school system technology
plans; reports.

(a) The Commission shall monitor and evaluate the
development and implementation of the State and local school system technology plans. The
evaluation shall consider the effects of technology on student learning, the effects of
technology on students' workforce readiness, the effects of technology on teacher productivity,
and the cost-effectiveness of the technology.

(a1) Repealed by Session Laws 1997-18, s. 15(k).

(b) The Commission shall provide notice of meetings, copies of minutes, and periodic
briefings to the Office of Information Technology Services.

(c) The Department of Public Instruction shall randomly check local school system
technology plans to ensure that local school administrative units are implementing their plans
as approved. The Department shall report to the State Board of Education and the State Chief
Information Officer on which local school administrative units are not complying with their
plans. The report shall include the reasons these local school administrative units are out of
compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans."

IDEA FUNDS

SECTION 7.32.(a) To the extent that federal law and the conditions of federal grants permit, the General Assembly urges local school administrative units to redirect IDEA funds received under the American Recovery and Reinvestment Act of 2009 to other at-risk students.

SECTION 7.32.(b) Local school administrative units receiving IDEA funds under the American Recovery and Reinvestment Act of 2009 shall report to the Joint Legislative Education Oversight Committee on the detailed expenditure of funds by March 15, 2010, and by March 15, 2011.

ACCESS TO NCVPS

SECTION 7.33. The State Board shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division prior to October 15, 2009, on (i) its policy regarding access for nonpublic school children to the North Carolina Virtual Public School (NCVPS) Program and (ii) funding sources it authorizes, including tuition, for nonpublic school students in the program.

EDUCATION STABILIZATION FUNDS

SECTION 7.34. Local school administrative units may use funds received from the State Fiscal Stabilization Fund authorized in Title XIV of the American Recovery and Reinvestment Act of 2009 to offset budget cuts in the primary budget formulae for the State of North Carolina. The following allotment categories, presented in no particular order, constitute the primary budget formulae:

(1) Classroom Teachers;
(2) Instructional Support Personnel – Certified;
(3) Instructional Support Personnel – Noncertified;
(4) Noninstructional Support Personnel;
(5) Children with Disabilities;
(6) Teacher Assistants;
(7) Transportation of Pupils;
(8) At-Risk Student Services/Alternative Schools;
(9) Career Technical Education – Months of Employment;
(10) Career Technical Education – Program Support Funds;
(11) Classroom Materials/Instructional Supplies/Equipment;
(12) Mentor Positions;
(13) Academically or Intellectually Gifted;
(14) Limited English Proficiency;
(15) School Technology Fund;
(16) Staff Development;
(17) Textbooks;
(18) School Building Administration;
(19) Central Office Administration; and
(20) Driver Training.

SALARY OF TEACHERS WITH GRADUATE DEGREES

SECTION 7.35. G.S. 115C-302.1 is amended by adding a new section to read:

"(b1) Placement on a Salary Schedule for Teachers with Graduate Degrees. – The State Board of Education shall not authorize payment on the master's degree salary schedule for a
teacher who holds a master's degree or other advanced degree that does not lead to professional
educator certification unless the master's or higher degree is in an education or subject area
directly related to the teacher's existing area of certification and the teacher's current teaching
responsibilities."

ABOLISH COMPUTER LOAN REVOLVING FUND

SECTION 7.36.(a) Article 32B of Chapter 115C of the General Statutes is
repealed.

SECTION 7.36.(b) On July 1, 2009, the State Controller shall transfer one hundred
twenty thousand six hundred seventy-seven dollars ($120,677) from the Computer Loan
Revolving Fund to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund
appropriations for the 2009-2010 fiscal year.

LOANS FROM STATE LITERARY FUND PROHIBITED

SECTION 7.37.(a) G.S. 115C-458 reads as rewritten:

"§ 115C-458. Loans by State Board from State Literary Fund.

The State Literary Fund includes all funds derived from the sources enumerated in Sec. 6,
Article IX, of the Constitution, and all funds that may be hereafter so derived, together with any
interest that may accrue thereon. This Fund shall be separate and distinct from other funds of
the State.

The State Board of Education, under such rules and regulations as it may deem advisable,
not inconsistent with the provisions of this Article, may make loans from the State Literary
Fund to the counties for the use of local boards of education under such rules and regulations as
it may adopt and according to law for the purpose of aiding in the erection and equipment of
school plants, maintenance buildings and transportation garages. No warrant for the
expenditure of money for such purposes shall be issued except upon the order of the
Superintendent of Public Instruction with the approval of the State Board of Education.

The State Literary Fund shall be faithfully appropriated and used exclusively for
establishing and maintaining a uniform system of free public schools."

SECTION 7.37.(b) The title of Article 32 of Chapter 115C of the General Statutes
reads as rewritten:

"Article 32.

Loans from State Literary Fund."

SECTION 7.37.(c) G.S. 115C-460 through G.S. 115C-467 are repealed.

SECTION 7.37.(d) Subsection (c) of this section does not apply to outstanding
loans from the State Literary Fund.

SECTION 7.37.(e) There is appropriated from the State Literary Fund to the
Department of Public Instruction the sum of four hundred eleven thousand fifty-eight dollars
($411,058) for the 2009-2010 fiscal year for school technology.

PART VIII. COMMUNITY COLLEGES

COMMUNITY COLLEGE FACULTY SALARY PLAN

SECTION 8.1.(a)

(1) It is the intent of the General Assembly to encourage community colleges to
make faculty salaries a priority and to reward colleges that have taken steps
to achieve the national average community college faculty salary, therefore:

a. If the average faculty salary at a community college is one hundred
percent (100%) or more of the national average community college
faculty salary, the college may transfer up to eight percent (8%) of
the State funds allocated to it for faculty salaries.
b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.

c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

The State Board of Community Colleges shall adopt guidelines to implement the provisions of this subdivision.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for Customized Training to increase faculty salaries.

SECTION 8.1.(b) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.1.(c) The State Board of Community Colleges shall adopt guidelines to implement the provisions of this section.

USE OF BASIC SKILLS FUNDS

SECTION 8.2. 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.
FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

SECTION 8.4. G.S. 115D-40.1(c) reads as rewritten:
"(c) Administration of Program. – The State Board shall adopt rules and policies for the
disbursement of the financial assistance provided in this section. Degree, diploma, and
certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be
eligible for financial assistance. The State Board may contract with the State Education
Assistance Authority for administration of these financial assistance funds. These funds shall
not revert at the end of each fiscal year but shall remain available until expended for
need-based financial assistance.

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

MODIFY MULTICAMPUS AND OFF CAMPUS CENTER REPORT DATE

SECTION 8.8. G.S. 115D-5(o) reads as rewritten:
"(o) The General Assembly finds that additional data are needed to determine the
adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and
colleges with off-campus centers shall report annually, beginning September 1, 2005, to the
Community Colleges System Office on all expenditures by line item of funds used to support
their multicampuses and off-campus centers. The Community Colleges System Office shall
report on these expenditures to the Education Appropriation Subcommittees of the House of
Representatives and the Senate, the Office of State Budget and Management, and the Fiscal
Research Division by October 1-December 1 of each year."

REPEAL REPORT ON THE USE OF COMM COLL FACILITIES BY PRIVATE
BUSINESSES

SECTION 8.9. G.S. 115D-5(q) is repealed.

ELIMINATE SOME TUITION WAIVERS

SECTION 8.11.(a) G.S. 115B-2(a) reads as rewritten:
"§ 115B-2. Tuition waiver authorized.

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

(1) Legal residents of North Carolina who have attained the age of 65.

(2) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.

(3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.

(4) Any child, if the child is at least 17 years old but not yet 23 years old, whose parent is a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 48 months, if the child is seeking a baccalaureate degree, or (ii) if the child is
not seeking a baccalaureate degree, the number of months required to complete the educational program to which the child is applying.

(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student."

SECTION 8.11.(b) G.S. 115B-2.1 is repealed.

SECTION 8.11.(c) G.S. 115B-3 reads as rewritten:

The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall each, shall, with respect to the institutions governed by it, promulgate rules necessary for the implementation of this Chapter."

SECTION 8.11.(d) G.S. 115B-5(a) is repealed.

SECTION 8.11.(e) 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 funds:

(b1) The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for persons for:

(1) Persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate, for certificate;

(2) All courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this section;

(3) Students enrolled in Human Resources Development Program courses who (i) are unemployed, (ii) have received notification of pending layoff, (iii) are working and are eligible for federal Earned Income Tax Credit, or (iv) are working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines;

(4) Trainees enrolled in courses conducted under the Customized Training Program;

(5) Training courses for volunteer firemen, local fire department personnel, volunteer firemen and volunteer rescue and lifesaving department personnel; and

(6) Prison inmates.

(b2) The State Board of Community Colleges may provide by general and uniform regulations for the partial waiver of tuition and registration fees for:

(1) Training courses for local fire department personnel, local rescue and lifesaving department personnel, and local law enforcement officers;

(2) Training courses for Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency, local law enforcement officers, patients in State alcoholic rehabilitation centers, all full-time custodial employees of the Department of Correction, employees of the Department's Division of..."
Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission, trainees enrolled in courses conducted under the New and Expanding Industry Program, clients of sheltered workshops, clients of adult developmental activity programs, students in Health and Human Services Development Programs, juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction, prison inmates, members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General Statutes, and elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation (CPR). Provided further, tuition shall be waived for senior citizens attending institutions operating under this Chapter as set forth in Chapter 115B of the General Statutes, Tuition Waiver for Senior Citizens. Provided further, tuition shall also be waived for all courses taken by high school students at community colleges, including students in early college and middle college high school programs, in accordance with G.S. 115D-20(4) and this section.

(3) Patients in State alcoholic rehabilitation centers;
(4) Clients of sheltered workshops and adult developmental activity programs;
(5) Students in Health and Human Services Development Programs;
(6) Juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction;
(7) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty;
(8) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty;
(9) Any child, if the child is at least 17 years old but not yet 23 years old, whose parent is a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed the number of months required to complete the educational program to which the child is applying; and
(10) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State, and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student.

SECTION 8.11.(f) G.S. 115D-39(a) reads as rewritten:
§ 115D-39. Student tuition and fees.
(a) The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter. The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.
The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this Chapter; provided, however, that when an employer other than the armed services, as that term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition rate; provided further, however, a community college may charge in-State tuition to up to one percent (1%) of its out-of-state students, rounded up to the next whole number, to accommodate the families transferred by business, the families transferred by industry, or the civilian families transferred by the military, consistent with the provisions of G.S. 116-143.3, into the State. Notwithstanding these requirements, a refugee who lawfully entered the United States and who is living in this State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes as defined in G.S. 116-143.1(a)(2). Also, a nonresident of the United States who has resided in North Carolina for a 12-month qualifying period and has filed an immigrant petition with the United States Immigration and Naturalization Service shall be considered a State resident for community college tuition purposes.

The tuition set by the State Board of Community Colleges for students who receive a partial tuition waiver pursuant to G.S. 115D-5(b) shall be:

(1) For training courses set out in G.S. 115D-5(b2)(1) – A minimum of forty-five dollars ($45.00) per credit hour for curriculum courses and a minimum of forty-five dollars ($45.00) per course for continuing education courses.

(2) For all other courses set out in G.S. 115D-5(b2) – A minimum of twenty-five dollars ($25.00) per credit hour for curriculum courses and a minimum of twenty-five dollars ($25.00) per course for continuing education courses."

CONTINUING EDUCATION FEES

SECTION 8.12. The fees charged for community college continuing education courses shall be based on the number of hours of class time. The fees shall be:

<table>
<thead>
<tr>
<th>Class Hours</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-20</td>
<td>$65.00</td>
</tr>
<tr>
<td>21-50</td>
<td>$120.00</td>
</tr>
<tr>
<td>51-100+</td>
<td>$175.00</td>
</tr>
</tbody>
</table>

CONSOLIDATE NURSING AND ALLIED HEALTH ALLOTMENTS

SECTION 8.13. The State Board of Community Colleges shall consolidate the Nursing categorical allotment into the Allied Health categorical allotment before distributing funds appropriated in this act. These funds shall be awarded to community colleges based on the full-time equivalent (FTE) enrollment in allied health programs.

CUSTOMIZED TRAINING PROGRAM

SECTION 8.14.(a) Projects that create or retain jobs in North Carolina shall receive first priority for funds appropriated for the Customized Training Program.

SECTION 8.14.(b) G.S. 115D-5.1(f) is amended by adding a new subsection to read:

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

…

(1a) The types of services sought by the company, whether for new, expanding, or existing industry."
COMMUNITY COLLEGES URGED TO PARTICIPATE IN FEDERAL STUDENT LOAN PROGRAMS

SECTION 8.15. The General Assembly urges all community colleges to participate in federal student loan programs.

NORTH CAROLINA MILITARY BUSINESS CENTER

SECTION 8.16. The funds appropriated in this act to the Community Colleges System Office for the NC Military Business Center shall be used for the continued operations of the NC Military Business Center. The Military Business Center shall provide services to residents and businesses throughout the State. The purpose of the business center is to serve as a coordinator and facilitator for small- and medium-sized businesses throughout the State seeking to win and complete federal contracts, with a focus on military-related contracts. Activities of the business center shall include:

1. Training and mentoring eligible businesses on effectively marketing their products and services to military and other federal clients and contracting offices.
2. Assisting eligible businesses with any required accreditations and qualifications for government contracting.
3. Teaching eligible businesses about federal set-aside programs and how to take advantage of these programs directly or through partnering with other eligible businesses.
4. Training and assisting clients with the registration, proposal development, and bidding processes related to military and other federal contracts.
5. Training eligible businesses on legal and regulatory compliance.
6. Designing and implementing mentoring programs to facilitate the development of interrelationships between eligible businesses.
7. Forecasting the need for and assisting eligible businesses in obtaining advanced certifications and accreditations and advanced manufacturing skills and technologies.
8. Working with Small Business Centers throughout the State to carry out these activities on a statewide basis.
9. The maintenance of an Internet-based system to match the knowledge, skills, and abilities of active-duty military personnel, veterans, and their families throughout the State with the needs of North Carolina businesses.
10. The study of community resources and existing business capacity to meet the current and future needs of the military and the development of proposals for further developing community resources and developing or recruiting new businesses to meet those needs.
11. The marketing of the services provided by the Military Business Center.

REVISE COLLEGE FUNDING FORMULA CATEGORIES

SECTION 8.17.(a) The State Board of Community Colleges shall revise the college funding formula categories to accurately reflect where the colleges are spending their money. The revised formulas shall ensure that adequate funds are available for campus security, including the hiring of personnel, contracted professional services, surveillance cameras, call boxes, alert systems, and other equipment-related expenditures.

SECTION 8.17.(b) The State Board of Community Colleges shall adopt emergency rules in accordance with G.S. 150B-21.1A for the 2009-2011 fiscal biennium to grant community colleges the flexibility to transfer funds as necessary to minimize the impact of budget reductions on the educational program.
FIRE TRAINING COORDINATORS

SECTION 8.18. All community college fire training coordinators shall be under the direct supervision of the Community Colleges System Office. There shall be one fire training coordinator in the eastern part of the State, one in the central part of the State, and one in the western part of the State.

CONTINUATION REVIEW OF THE PRISONER EDUCATION PROGRAM

SECTION 8.19. The continuation review of the community college prisoner education program that is required by Section 6.6E of this act shall be prepared jointly by the Department of Correction and the Community Colleges System Office. The report shall include:

1. Information on the total cost of the program;
2. An analysis of the appropriate source of funding, including an analysis of prisoners' ability to pay;
3. A review of which programs are most vital to the prisoner population and a priority order for restoration of the programs;
4. An analysis of the cost per FTE to provide these programs to the prisoner population compared to the cost for the general population, including the FTE costs for curriculum, continuing education, and basic skills courses; and
5. An analysis of the feasibility of limiting access to the education program to those prisoners who will be released within a certain time frame and to programs that lower recidivism rates.

STUDY OF EFFICIENT AND EFFECTIVE COMMUNITY COLLEGE ADMINISTRATION

SECTION 8.20. The Joint Legislative Program Evaluation Oversight Committee shall include in the 2010-2011 Work Plan for the Program Evaluation Division of the General Assembly a study of the most efficient and effective way to administer the local community colleges system. In the course of the study, the Program Evaluation Division shall consider the advisability of consolidating community college administration and strategies for ensuring access for students. The Program Evaluation Division shall submit the study to the Joint Legislative Program Evaluation Oversight Committee, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division at a date to be determined by the Joint Legislative Program Evaluation Oversight Committee.

NO STATE FUNDS FOR INTERCOLLEGIATE ATHLETICS

SECTION 8.21. State funds, including student receipts and student aid funds, shall not be used to create, support, maintain, or operate an intercollegiate athletics program at a community college.

FUNDING FOR HIGH SCHOOL STUDENTS ENROLLED IN COMMUNITY COLLEGES, COLLEGES, AND UNIVERSITIES

SECTION 8.22. The Department of Public Instruction, the Community Colleges System Office, and the Board of Governors of The University of North Carolina shall study issues related to funding for high school students enrolled in community college, college, and university courses. The study shall include an analysis of the cost of serving these students by grade level and an analysis of how the State can most efficiently and effectively pay for those expenditures. The Department of Public Instruction, the Community Colleges System Office, and the Board of Governors shall report the results of the study to the Joint Legislative
FUNDING FOR NEW MULTICAMPUS COLLEGES

SECTION 8.23. The State Board of Community Colleges shall study the cost of funding all of the multicampus colleges in the North Carolina Community College System and shall develop a mechanism for ensuring that newly established multicampus colleges are funded at the same level as existing multicampus colleges. The Board shall further explore recommendations for including new multicampus colleges in the continuation budget. The State Board of Community Colleges shall report the results of its study to the Joint Legislative Education Oversight Committee by February 15, 2010.

PART IX. UNIVERSITIES

USE OF ESCEHAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of one hundred twenty-three million six hundred forty-one thousand forty dollars ($123,641,040) for each of fiscal years 2009-2010 and 2010-2011, to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for each of fiscal years 2009-2010 and 2010-2011, and to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for each of fiscal years 2009-2010 and 2010-2011. These funds shall be allocated by the State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated under this section remain uncommitted for need-based financial aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 9.1.(b) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the scholarship programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. SEAA may make recommendations for redistribution of funds to The University of North Carolina, Department of Administration, and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.1.(c) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of one million one hundred fifty-seven thousand dollars ($1,157,000) for the 2010-2011 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection. The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans,
the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.1.(d) The State Education Assistance Authority shall transfer to the Escheat Fund the balance of any monies appropriated by this section that are not disbursed for need-based student financial aid; however, the State Education Assistance Authority may retain the interest on those monies that is paid to the State Education Assistance Authority at the beginning of the 2009-2010 fiscal year and at the beginning of the 2010-2011 fiscal year.

THE EDUCATION ACCESS REWARDS NORTH CAROLINA SCHOLARS FUND
REDUCE/MAXIMUM GRANT AWARDS FOR 2009-2010 FISCAL YEAR AND
REPEAL EARN SCHOLARS FUND IN 2010-2011 FISCAL YEAR.

SECTION 9.2.(a) Of the funds appropriated by this act from the General Fund to the State Education Assistance Authority the sum of sixteen million two hundred twenty-five thousand dollars ($16,225,000) for the 2009-2010 fiscal year shall be allocated to the Education Access Rewards North Carolina Scholars Fund (EARN).

SECTION 9.2.(b) There is appropriated from the Escheat Fund to the State Education Assistance Authority the sum of thirty-seven million four hundred eighty-nine thousand dollars ($37,489,000) for the 2009-2010 fiscal year to be allocated to EARN.

SECTION 9.2.(c) The funds appropriated in subsections (a) and (b) of this section shall be used only to fund EARN grants for the 2009-2010 academic year.

SECTION 9.2.(d) Notwithstanding G.S. 116-209.26(d), the maximum grant for which a student is eligible for an EARN Scholarship shall be two thousand dollars ($2,000) for the 2009-2010 academic year. The State Education Assistance Authority shall pay the full amount of the grants awarded pursuant to this section in the 2009-2010 fall academic semester.

SECTION 9.2.(e) Effective July 1, 2010, G.S. 116-209.26 is repealed.

SECTION 9.2.(f) The campus financial aid offices at each eligible postsecondary institution as defined in G.S. 116-209.26 are encouraged to work with EARN recipients to secure replacement financial aid for the 2010-2011 academic year and appropriate subsequent academic years.

TRANSFERS OF CASH BALANCES TO THE GENERAL FUND

SECTION 9.3.(a) Notwithstanding any other provision of law, the unencumbered cash balance remaining in the Future Teachers Financial Aid fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

SECTION 9.3.(b) Notwithstanding any other provision of law, the unencumbered cash balance of the General Fund appropriation remaining in the Education Access Rewards North Carolina (EARN) Scholars fund on June 30, 2009, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers).

UNC CENTER FOR ALCOHOL STUDIES

SECTION 9.5.(a) G.S. 20-7(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than G.S. 20-17(2), G.S. 20-17(a)(2) shall pay a restoration fee of fifty dollars ($50.00). A person whose drivers license has been revoked under G.S. 20-17(2)-G.S. 20-17(a)(2) shall pay a restoration fee of seventy-five dollars ($75.00) until the end of the fiscal year in which the cumulative total amount of fees deposited under this subsection in the General Fund exceeds ten million dollars ($10,000,000), and shall pay a restoration fee of fifty dollars ($50.00) thereafter–seventy-five dollars ($75.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to
any and all fees which may be provided by law. This restoration fee shall not be required from
any licensee whose license was revoked or voluntarily surrendered for medical or health
reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The
fifty-dollar ($50.00) fee, and the first fifty dollars ($50.00) of the seventy-five-dollar ($75.00)
fee, shall be deposited in the Highway Fund. The remaining twenty-five dollars ($25.00) of the
seventy-five-dollar ($75.00) fee shall be deposited in the General Fund of the State. The Office
of State Budget and Management shall certify to the Department of Transportation and the
General Assembly when the cumulative total amount of fees deposited in the General Fund
under this subsection exceeds ten million dollars ($10,000,000), and shall annually report to the
General Assembly the amount of fees deposited in the General Fund under this subsection.

It is the intent of the General Assembly to annually appropriate from the funds deposited in
the General Fund under this subsection the sum of five hundred thirty-seven thousand four
hundred fifty-five dollars ($537,455) to the Board of Governors of The University of North
Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies
Endowment at The University of North Carolina at Chapel Hill, but not to exceed this
cumulative total of ten million dollars ($10,000,000).

SECTION 9.5.(b) Of the funds appropriated by this act to the Board of Governors
of The University of North Carolina the sum of five hundred thirty-seven thousand four
hundred fifty-five dollars ($537,455) for the 2009-2010 fiscal year and the sum of five hundred
thirty-seven thousand four hundred fifty-five dollars ($537,455) for the 2010-2011 fiscal year
shall be used for the operating expenses of the Bowles Center for Alcohol Studies at the
University of North Carolina at Chapel Hill.

REPEAL FULL TUITION GRANT FOR GRADUATES OF NORTH CAROLINA
SCHOOL OF SCIENCE AND MATHEMATICS WHO ATTEND A STATE
UNIVERSITY

SECTION 9.6.(a) G.S. 116-238.1(a) reads as rewritten:
"(a) There is granted to each State resident who graduates from the North Carolina
School of Science and Mathematics and who enrolls as a full-time student in a constituent
institution of The University of North Carolina a sum to be determined by the General
Assembly as a tuition grant. The tuition grant shall be for four consecutive academic years and
shall cover the tuition cost at the constituent institution in which the student is enrolled. The
tuition grant shall be distributed to the student as provided by this section. The grant provided
by this section is only available to a student enrolled at the North Carolina School of Science
and Mathematics for the 2008-2009 academic year or earlier."

SECTION 9.6.(b) Effective July 1, 2014, G.S. 116-238.1, as amended by this
section, is repealed.

CLOSING THE ACHIEVEMENT GAP/GRANTS

SECTION 9.7.(a) Funds appropriated by this act for the 2009-2010 fiscal year and
for the 2010-2011 fiscal year to the Board of Governors of The University of North Carolina
and allocated to the North Carolina Historically Minority Colleges and Universities Consortium
(HMCUC) for "Closing the Achievement Gap" shall be used for the sole purpose of supporting
the operations and program activities of the HMCUC. These funds shall be used by the
HMCUC members for the public purposes of developing and implementing after-school
programs designed to close the academic achievement gap and improving the academic
performance of youth at risk of academic failure and school dropout; provided, however, that
the HMCUC may use up to one hundred thousand dollars ($100,000) each fiscal year to cover
the cost of administering the grants. The HMCUC also may allocate funds to a
community-based and faith-based organization that is located in close proximity to the
HMCUC member institution for the public purposes stated in this section.
SECTION 9.7.(b) The North Carolina Historically Minority Colleges and Universities Consortium shall report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division by May 1 of each year regarding the number of programs funded by the Consortium to Close the Achievement Gap, the location and program structure of the programs, the amount allocated to the programs, and purposes for which the funds were awarded, the cost of administering and managing the funds, and any other information requested by the Committee or Fiscal Research Division. The grants awarded pursuant to this section also shall 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.

AMEND LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS

SECTION 9.8.(a) G.S. 116-21.2 reads as rewritten:

"§ 116-21.2. Legislative tuition grants to aid students and licensure students attending private institutions of higher education.

(a) Grants for Students. – In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to institutions, or to persons attending these institutions, there is granted to each North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, to be determined by the General Assembly for each academic year which shall be distributed to the undergraduate student as provided by this subsection. A full-time North Carolina undergraduate student shall be awarded the full amount of the tuition grant provided by this section. A part-time North Carolina undergraduate student who is enrolled to take at least six nine hours of academic credit per semester shall be awarded a tuition grant in an amount that is calculated on a pro rata basis.

(a1) Grants for Licensure Students. – The legislative tuition grant provided by this section shall also be granted to each full-time licensure student who is enrolled in a program intended to result in a license in teaching or nursing at an approved institution. The legislative tuition grant provided by this section shall be awarded on a pro rata basis to any part-time licensure student who is enrolled to take at least six nine hours of undergraduate academic credit per semester in a program intended to result in a license in teaching or nursing at an approved institution. The legislative tuition grant and prorated legislative tuition grant authorized under this subsection shall be paid for undergraduate courses only. If a course is required for licensure, but is designated as both an undergraduate and graduate course, for purposes of this subsection, the course shall be considered an undergraduate course.

(b) Administration of Grants. – The tuition grants provided for in this section shall be administered by the State Education Assistance Authority pursuant to rules adopted by the State Education Assistance Authority not inconsistent with this section. The State Education Assistance Authority shall not approve any grant until it receives proper certification from an approved institution that the student or licensure student applying for the grant is eligible. Upon receipt of the certification, the State Education Assistance Authority shall remit at the times as it prescribes the grant to the approved institution on behalf, and to the credit, of the student or licensure student.

(c) Student or Licensure Student Change of Status; Audits. – In the event a full-time student on whose behalf a grant has been paid in accordance with subsection (a) of this section or a full-time licensure student on whose behalf a grant has been paid in accordance with subsection (a1) of this section is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the grant was paid,
the institution shall refund the full amount of the grant to the State Education Assistance Authority. If a part-time student on whose behalf a prorated grant has been paid in accordance with subsection (a) of this section or a part-time licensure student on whose behalf a prorated grant has been paid in accordance with subsection (a1) of this section is not enrolled and carrying a minimum academic load of six to nine credit hours per semester in the undergraduate class as of the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund the full amount of the grant to the State Education Assistance Authority. If the matriculated status of a full-time student or a full-time licensure student changes to a matriculated status of part-time student or part-time licensure student by the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund only the difference between the amount of the full-time grant awarded and the amount of the part-time grant that is awarded pursuant to this section. Each approved institution shall be subject to examination by the State Auditor for the purpose of determining whether the institution has properly certified eligibility and enrollment of students and licensure students and credited grants paid on behalf of them.

(d) Shortfall. – In the event there are not sufficient funds to provide each eligible student or licensure student with a full or prorated grant as provided by subsection (a) of this section or a full or a prorated grant as provided by subsection (a1) of this section:

(1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a), (a1), and (b) of this section; and

(2) Each eligible student and licensure student shall receive a prorata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation.

(e) Reversions. – Any remaining funds shall revert to the General Fund."

SECTION 9.8.(b) This section applies to academic semesters beginning on or after July 1, 2009.

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION/REVERT PART OF FUND BALANCE

SECTION 9.9. Effective July 1, 2009, the sum of one million dollars ($1,000,000) shall transfer from the fund balance of the Graduate Nurse Scholarship Program for Faculty Production (also known as Nurse Educators of Tomorrow Scholarship Loan) to the General Fund.

CODIFY AND INCREASE UNC UNDERGRADUATE TUITION SURCHARGE

SECTION 9.10.(a) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-143.7. Tuition surcharge.

(a) The Board of Governors of The University of North Carolina shall impose a twenty-five percent (25%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. Courses and credit hours taken include those taken at a constituent institution or accepted for transfer. In calculating the number of degree credit hours taken:

(1) Included are courses that a student:

a. Fails.
b. Does not complete unless the course was officially dropped by the student pursuant to the academic policy of the appropriate constituent institution.

(2) Excluded are credit hours earned through:
   a. The College Board's Advanced Placement Program, CLEP examinations, or similar programs.
   b. Institutional advanced placement, course validation, or any similar procedure for awarding course credit.
   c. Summer term or extension programs.

(b) No surcharge shall be imposed on any student who exceeds the degree credit hour limits within the equivalent of four academic years of regular term enrollment or within five academic years of regular term enrollment in a degree program officially designated by the Board of Governors as a five-year program.

(c) Upon application by a student, the tuition surcharge shall be waived if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors shall establish the appropriate procedures to implement the waiver provided by this subsection.

SECTION 9.10.(b) G.S. 116-143.7(a), as enacted by subsection (a) of this section, reads as rewritten:

"(a) The Board of Governors of The University of North Carolina shall impose a twenty-five percent (25%) fifty percent (50%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. Courses and credit hours taken include those taken at that constituent institution or accepted for transfer. In calculating the number of degree credit hours taken:
   (1) Included are courses that a student:
       a. Fails.
       b. Does not complete unless the course was officially dropped by the student pursuant to the academic policy of the appropriate constituent institution.
   (2) Excluded are credit hours earned through:
       a. The College Board's Advanced Placement Program, CLEP examinations, or similar programs.
       b. Institutional advanced placement, course validation, or any similar procedure for awarding course credit.
       c. Summer term or extension programs."

SECTION 9.10.(c) Subsection (a) of this section is effective beginning with the 2009-2010 academic year; subsection (b) of this section is effective beginning with the 2010-2011 academic year.

ENROLLMENT GROWTH REPORTING

SECTION 9.11. G.S. 116-30.7 reads as rewritten:


By September 1 October 15 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

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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-first 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)."

TRANSFER THE NORTH CAROLINA CENTER FOR THE ADVANCEMENT OF TEACHING TO THE STATE BOARD OF EDUCATION

SECTION 9.13.(a) The North Carolina Center for the Advancement of Teaching is transferred from the Board of Governors of The University of North Carolina to the State Board of Education. The Center shall be located administratively under the State Board of Education but shall exercise its powers and duties through its own board of trustees. The board of trustees shall have full authority regarding all aspects of employment and contracts for the North Carolina Center for the Advancement of Teaching in accordance with State personnel policies and contract procedures.

This transfer shall include (i) ownership, possession, and control of the properties located at Cullowhee and Ocracoke, including buildings, grounds, personal property, vehicles, and equipment, and (ii) the resources, assets, liabilities, and operations maintained, possessed, or controlled by the North Carolina Center for the Advancement of Teaching prior to the transfer.

Upon the transfer, all duties and responsibilities of The University of North Carolina, including Western Carolina University, shall cease except as may be agreed upon by the parties; provided, however, that The University of North Carolina, Western Carolina University, and NCCAT shall work cooperatively in coordination with appropriate State agencies to effect an efficient and orderly transfer of duties and responsibilities to be completed on or before November 1, 2009.

The State of North Carolina shall reassign to Western Carolina University the original parcel of real property located in Cullowhee if it is no longer used or occupied by NCCAT.

SECTION 9.13.(b) G.S. 116-74.6 is recodified as G.S. 115C-296.5.

SECTION 9.13.(c) G.S. 115C-296.5 reads as rewritten:

"§ 115C-296.5. North Carolina Center for the Advancement of Teaching established; Teaching; powers and duties of trustees.

(a) The Board of Governors of The University of North Carolina established the North Carolina Center for the Advancement of Teaching pursuant to Section 74 of S.L. 1985-479. The Center shall be a center of The University of North Carolina Board of Governors. It shall be the function of the North Carolina Center for the Advancement of Teaching (hereinafter called "NCCAT"), through itself or agencies with which it may contract, to:

(1) provide career teachers with opportunities to study advanced topics in the sciences, arts, and humanities and to engage in informed discourse, assisted by able mentors and outstanding leaders from all walks of life; and otherwise to offer opportunity and

(2) offer opportunities for teachers to engage in scholarly pursuits, through a center dedicated exclusively to the advancement of teaching as an art and as a profession.

(b) NCCAT may also provide training and support for beginning teachers to enhance their skills and in support of the State's effort to recruit and retain beginning teachers.
(c) The Board of Governors of The University of North Carolina shall establish the Board of Trustees of the North Carolina Center for the Advancement of Teaching Board of Trustees and shall delegate to the Board of Trustees all the powers and duties the Board of Governors considers necessary or appropriate for the effective discharge of the functions of NCCAT."

SECTION 9.13.(d) G.S. 116-74.7 is recodified as G.S. 115C-296.6.

SECTION 9.13.(e) G.S. 115C-296.6 reads as rewritten:

"§ 115C-296.6. Composition of board of trustees; terms; officers.

(a) The NCCAT Board of Trustees shall be composed of the following membership:

(1) Three ex officio members: the President of The University of North Carolina, the Chairman of the State Board of Education and the State Superintendent of Public Instruction, and the Chancellor of Western Carolina University, or their designees;

(2) Two members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate;

(3) Two members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives; and

(4) Eight members appointed by the Board of Governors, Governor, one from each of the eight educational regions.

The appointing authorities shall give consideration to assuring, through Board membership, the statewide mission of NCCAT.

(b) Members of the NCCAT Board of Trustees shall serve four-year terms. Members may serve two consecutive four-year terms. The Board shall elect a new chairman every two years from its membership. The chairman may serve two consecutive two-year terms as chairman.

(c) The chief administrative officer of NCCAT shall be an executive director. The Board of Governors of The University of North Carolina shall appoint the executive director and set the compensation of the executive director on the recommendation of the President of The University of North Carolina. The President shall recommend the executive director from a list of not fewer than two names nominated by the NCCAT Board of Trustees.

The executive director shall report to and serve at the pleasure of the President of The University of North Carolina, provided that the President shall not terminate the employment of the executive director without prior consultation with the NCCAT Board of Trustees."

SECTION 9.13.(f) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(29) The Executive Director, Deputy Director, all other directors, assistant and associate directors, and center fellows of the North Carolina Center for the Advancement of Teaching."

SECTION 9.13.(g) Existing appointed members of the NCCAT Board of Trustees shall continue to serve until their current terms expire. Their successors shall be appointed as provided in G.S. 115C-296.6, as rewritten by subsections (d) and (e) of this section.

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.14.(a) The University of North Carolina shall continue the coastal sounds wind energy study set forth in Section 9.12 of S.L. 2008-107 and, pursuant to Section 9.12, shall apply for federal grants to continue the study. Funds appropriated by Public Law 111-5, the American Recovery and Reinvestment Act of 2009, for renewable energy and allocated to the State of North Carolina shall be used for the development, design, and construction of at least three demonstration wind turbines and necessary support facilities in the sounds or off the coast of North Carolina, and the Director of the Budget shall ensure any available federal funds are
secured. The actual placement of the wind turbines and necessary support facilities shall be
determined by the coastal sounds wind energy study. The Director of the Budget shall ensure
that any available federal funding is secured by the State to construct the wind turbines. The
University, in collaboration with the Director of the Budget, shall enter into a contract with a
third party by October 1, 2009, to construct, establish, and operate the demonstration turbines
and necessary support facilities on or before April 1, 2010.

SECTION 9.14.(b) With respect to the demonstration wind turbines and necessary
support facilities authorized by subsection (a) of this section, the facilities authorized under this
act shall be constructed in accordance with the provisions of general law applicable to the
construction of State facilities. The Department of Environment and Natural Resources is
directed to expedite permitting of the project to the extent allowed by law.

SECTION 9.14.(c) The last sentence of Section 9.12 of S.L. 2008-107 reads as
rewritten:
"The Board of Governors shall report the results of this study to the House Committee on
Energy and Energy Efficiency and the Senate Committee on Agriculture/Environment/Natural
Resources by July 1, August 1, 2009."

AMEND AID TO PRIVATE MEDICAL SCHOOLS

SECTION 9.15. G.S. 116-21.5 reads as rewritten:
"§ 116-21.5. Private medical schools-assistance funding formula.
(a) Funds shall be appropriated each year in the Current Operations Appropriations Act
to the Board of Governors of The University of North Carolina for continuation of financial
assistance to needy North Carolina students who are enrolled in the medical schools of
Duke University and Wake Forest University. The funds shall be disbursed on certifications of
the respective schools of medicine that show the number of North Carolina residents as
first-year, second-year, third-year, and fourth-year students in the medical school as of the
appropriate fiscal year.

(b) Disbursement to Wake Forest University shall be made in the amount of eight
thousand dollars ($8,000) for each medical student who is a North Carolina resident, one
thousand dollars ($1,000) of which shall be placed by the school in a fund to be used to provide financial aid to needy North
Carolina students who are enrolled in the medical school. The maximum aid given to any
student from this fund in a given year shall not exceed the amount of the difference in tuition
and academic fees charged by the school and those charged at the School of Medicine at the
University of North Carolina at Chapel Hill.

(c) Disbursement to Duke University shall be made in the amount of five thousand
dollars ($5,000) for each medical student who is a North Carolina resident, five hundred dollars
($500.00) of which shall be placed by the school in a fund to be used to provide student financial aid to financially needy
North Carolina students who are enrolled in the medical school. No individual student may be
awarded assistance from this fund in excess of two thousand dollars ($2,000) each year. In
addition to this basic disbursement for each year of the biennium, a disbursement of one
thousand dollars ($1,000) shall be made for each medical student who is a North Carolina
resident in the first year, second year, third year, and fourth year classes to the extent that
enrollment of each of these classes exceeds 30 North Carolina students. The maximum aid
given to any student from this fund in a given year shall not exceed the amount of the
difference in tuition and academic fees charged by the school and those charged at the School
of Medicine at the University of North Carolina at Chapel Hill.

(d) The Board of Governors shall establish the criteria for determining the eligibility for
financial aid of needy North Carolina students who are enrolled in the medical schools and
shall review the grants or awards to eligible students. The Board of Governors shall adopt rules
for determining which students are residents of North Carolina for the purposes of these programs. The Board of Governors shall also make any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board of Governors shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

(e) If the funds appropriated in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students."

Distinguished Professor Endowment Trust Fund/Prioritize Use of Funds

SECTION 9.16. Notwithstanding Part 4A of Article 1 of Chapter 116 of the General Statutes, of the funds appropriated by this act to the Board of Governors of The University of North Carolina and allocated to the Distinguished Professors Endowment Trust Fund established in G.S. 116-41.14, the sum of eight million dollars ($8,000,000) for the 2009-2010 fiscal year and the sum of eight million dollars ($8,000,000) for the 2010-2011 fiscal year shall first be used to match the grant from the C.D. Spangler Foundation. The balance of funds remaining from each appropriation of eight million dollars ($8,000,000), if any, after matching the grant from the C.D. Spangler Foundation, shall be used to address the backlog of professorships awaiting State matching funds.

Eliminate Enrollment Growth Funding for 2010-2011 Fiscal Year

SECTION 9.17. Notwithstanding any other provision of law, the General Assembly does not intend to appropriate funds for the 2010-2011 fiscal year for the purpose of funding enrollment growth at the constituent institutions of The University of North Carolina.

Phase Out Future Teachers Scholarship Loan Program

SECTION 9.18.(a) Notwithstanding any other provision of law, scholarship loans from the Future Teachers of North Carolina Scholarship Loan Fund established by G.S. 116-209.38 for the 2010-2011 academic year shall be awarded only to students who are seniors for that academic year scheduled to graduate at the end of the 2010-2011 academic year.

SECTION 9.18.(b) All financial obligations to any student awarded a scholarship loan from the Future Teachers of North Carolina Scholarship Loan Fund before July 1, 2011, shall be fulfilled provided the student remains eligible under the provisions of the Future Teachers of North Carolina Scholarship Loan Fund. All contractual agreements between a student awarded a scholarship loan from the Future Teachers of North Carolina Scholarship Loan Fund before July 1, 2011, and the State Education Assistance Authority remain enforceable, and the provisions of G.S. 116-209.38 that would be applicable but for this section shall remain applicable with regard to any scholarship loan awarded before July 1, 2011.

SECTION 9.18.(c) Effective July 1, 2011, G.S. 116-209.38 is repealed.

Unc Management Flexibility Reduction

SECTION 9.19.(a) The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but in a manner that recognizes the importance of the academic mission and differences among The University of North Carolina
entities. Before taking reductions in instructional budgets, the Board of Governors and the
campuses of the constituent institutions shall consider reducing budgets for senior and middle
management personnel, centers and institutes, low enrollment degree programs, and
nonacademic activities. The Board of Governors and the campuses of the constituent
institutions shall also review the institutional trust funds and the special funds held by or on
behalf of the The University of North Carolina and its constituent institutions to determine
whether there are monies available in those funds that can be used to assist with operating costs
before taking reductions in instructional budgets. In addition, the campuses of the constituent
institutions also shall require their faculty to have a teaching workload equal to the national
average in their Carnegie classification. Budget reductions shall not be considered in funding
available for need-based financial aid.

SECTION 9.19.(b) In administering the management flexibility reserve, the Board
of Governors shall ensure that funding is available to provide:

(1) The sum of three million dollars ($3,000,000) each year in recurring funds
for the accreditation of the dental school at East Carolina University;

(2) The sum of one million five hundred thousand dollars ($1,500,000) for the
2009-2010 fiscal year for the purchase of equipment for the Joint School of
Nanoscience and Nanotechnology at North Carolina Agricultural and
Technical State University and the University of North Carolina at
Greensboro. These funds shall replace funds reverted by the Governor for
the 2008-2009 fiscal year; and

(3) The sum of one million five hundred thousand dollars ($1,500,000) each
year in recurring funds to match a federal grant for the Engineering School
at North Carolina Agricultural and Technical State University.

REPEAL IN-STATE TUITION FOR FULL SCHOLARSHIP STUDENTS

SECTION 9.20. G.S. 116-143.6 is repealed.

REDUCE NUMBER OF COURSES UNC FACULTY AND STAFF MAY TAKE
TUITION-FREE

SECTION 9.21. G.S. 116-143(d) reads as rewritten:

"(d) Notwithstanding the above provision relating to the abolition of free tuition, the
Board of Governors of The University of North Carolina may, in its discretion, provide
regulations under which a full-time faculty member of the rank of full-time instructor or above,
and any full-time staff member of The University of North Carolina may during the period of
normal employment enroll for not more than three courses per year in The University of
North Carolina free of charge for tuition, provided such enrollment does not interfere with
normal employment obligations and further provided that such enrollments are not counted for
the purpose of receiving general fund appropriations."

NO SPECIAL TALENT TUITION WAIVERS FOR STUDENT ATHLETES

SECTION 9.22.(a) G.S. 116-143(c) reads as rewritten:

"(c) Inasmuch as the giving of tuition and fee waivers, or especially reduced rates,
represent in effect a variety of scholarship awards, the said practice is hereby prohibited except
when expressly authorized by statute or by the Board of Governors of The University of North
Carolina; and, furthermore, it is hereby directed and required that all budgeted funds expended
for scholarships of any type must be clearly identified in budget reports. The Board of
Governors of The University of North Carolina shall not authorize a reduced rate of tuition for
the special talent of athletics."
SECTION 9.22.(b) No policy adopted by the Board of Governors to authorize a special tuition rate for students who have athletics as a special talent shall be implemented for the 2009-2011 fiscal biennium.

NO IMPLEMENTATION OF CAMPUS INITIATED TUITION INCREASES

SECTION 9.23. Notwithstanding any other provision of law, no campus initiated tuition increase, including those approved by the Board of Governors of The University of North Carolina for the 2009-2010 academic year on February 13, 2009, shall be implemented for the 2009-2010 academic year.

ESTABLISH JOINT LEGISLATIVE COMMITTEE ON CONSOLIDATION OF STATE SCHOLARSHIPS

SECTION 9.24.(a) There is created the Joint Legislative Study Committee on Consolidation of State Scholarships. The Committee shall consist of 10 members. The Speaker of the House of Representatives shall appoint five members, and the President Pro Tempore of the Senate shall appoint five members.

The Speaker of the House of Representatives and the President Pro Tempore of the Senate each shall appoint a cochair for the Committee. The Committee may meet at any time upon the joint call of the cochairs. Vacancies on the Committee shall be filled by the same appointing authority as made the initial appointment.

The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

Subject to the approval of the Legislative Services Commission, the Committee may meet in the Legislative Building or the Legislative Office Building. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The House of Representatives' and the Senate's Director of Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 9.24.(b) The Committee shall study the feasibility of consolidating the scholarships available for students who attend any of the institutions of higher education that are part of The University of North Carolina. More specifically, the Committee shall consider consolidating those scholarships categorized as income-based scholarships and consolidating those scholarships categorized as merit-based scholarships. In its study the Committee shall review the qualifications for each scholarship, the purpose for which the scholarship is awarded, and any other criteria that make the scholarship either similar to other scholarships in the same category or that make the scholarship unique from others in its category. The Committee also shall consider marketing strategies for the scholarships and how to make the information regarding those scholarships more transparent, understandable, and accessible to the general public and to the students who may be interested in applying for the scholarships. In addition, the Committee may consider any other issues relevant to this study.

SECTION 9.24.(c) The Committee may make an interim report, including any legislative recommendations, to the 2009 General Assembly, 2010 Regular Session, and shall submit a final report, including any legislative recommendations, to the 2011 General Assembly. The Committee shall terminate upon filing its final report or upon the convening of the 2011 General Assembly, whichever is earlier.

SECTION 9.24.(d) From the funds appropriated by this act to the General Assembly for the 2009-2010 fiscal year and for the 2010-2011 fiscal year, the Legislative Services Commission may allocate monies to fund the work of the Committee.
ENCORE CENTER FOR LIFELONG ENRICHMENT AND THE WILLIAM AND IDA FRIDAY CENTER FOR CONTINUING EDUCATION/DISCRETIONARY FEE INCREASES TO COVER STATE BUDGET REDUCTIONS

SECTION 9.26.(a) Notwithstanding G.S. 116-40.22 and G.S. 116-143, the fees charged for courses offered by the Encore Center for Lifelong Enrichment at North Carolina State University may, upon approval of the Chancellor of North Carolina State University, be increased for the 2009-2010 fiscal year and the 2010-2011 fiscal year to cover the Center's budget reduction of seventy-one thousand two hundred forty-three dollars ($71,243) in State funds for each fiscal year.

SECTION 9.26.(b) Notwithstanding G.S. 116-40.22 and G.S. 116-143, the fees charged for courses offered by The William and Ida Friday Center for Continuing Education at the University of North Carolina at Chapel Hill may, upon approval of the Chancellor of the University of North Carolina at Chapel Hill, be increased for the 2009-2010 fiscal year and the 2010-2011 fiscal year to cover the Center's budget reduction of two hundred thousand dollars ($200,000) in State funds for each fiscal year.

ELIMINATE STATE FUNDING FOR MILLENNIUM SEMINARS AND PUBLIC SAFETY LEADERSHIP CENTER AT NORTH CAROLINA STATE UNIVERSITY

SECTION 9.27. Notwithstanding any provision of law, no State funds shall be used for the support of the millennium seminars or the public safety leadership center at North Carolina State University for the 2009-2011 fiscal biennium.

The amount spent for this purpose for the 2008-2009 fiscal year was one hundred five thousand dollars ($105,000).

LEGISLATIVE TUITION GRANTS AND RELIGIOUS COLLEGE GRANTS

SECTION 9.28.(a) Notwithstanding any other provision of law, if the amount appropriated by this act to the State Education Assistance Authority for the 2009-2010 fiscal year for legislative tuition grants exceeds the amount required to pay the legislative tuition grants in the amount of one thousand eight hundred fifty dollars ($1,850) to each North Carolina resident student attending the State's private colleges, then the State Education Assistance Authority shall disburse the surplus balance of the funds equally among each eligible student as defined by G.S. 116-21.2 as part of each student's legislative tuition grant for the 2009-2010 fiscal year. However, under no circumstances shall any student receive a legislative tuition grant that exceeds the amount of one thousand nine hundred fifty dollars ($1,950) for the 2009-2010 fiscal year.

SECTION 9.28.(b) Notwithstanding any other provision of law, if the amount appropriated by this act to the State Education Assistance Authority for the 2009-2010 fiscal year for religious college grants exceeds the amount required to pay the religious college grants in the amount of one thousand eight hundred fifty dollars ($1,850) to each North Carolina resident student attending the State's eligible institutions as defined by G.S. 116-43.5, then the State Education Assistance Authority shall disburse the surplus balance of the funds equally among each eligible student as defined by G.S. 116-43.5 as part of each student's religious college grant for the 2009-2010 fiscal year. However, under no circumstances shall any student receive a religious college grant that exceeds the amount of one thousand nine hundred fifty dollars ($1,950) for the 2009-2010 fiscal year.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CHILD CARE SUBSIDY RATES
SECTION 10.1.(a) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

SECTION 10.1.(b) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Fees shall be determined as follows:

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<tr>
<th>FAMILY SIZE</th>
<th>PERCENT OF GROSS FAMILY INCOME</th>
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<tr>
<td>1-3</td>
<td>10%</td>
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<tr>
<td>4-5</td>
<td>9%</td>
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<td>6 or more</td>
<td>8%</td>
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SECTION 10.1.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower.

(2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower.

(3) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.

(4) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency, and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

SECTION 10.1.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 10.1.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 10.1.(f) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.
COUNTY departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 10.1.(g) Payment for subsidized child care services provided with Work First Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 10.1.(h) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

1. The child for whom a child care subsidy is sought is receiving child protective services or foster care services.
2. The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.
3. The child for whom a child care subsidy is sought is a citizen of the United States.

CHILD CARE ALLOCATION FORMULA

SECTION 10.2.(a) The Department of Health and Human Services shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) Smart Start subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

1. Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than seventy-five percent (75%) of the State median income.
2. No county's allocation shall be less than ninety percent (90%) of its State fiscal year 2001-2002 initial child care subsidy allocation.

SECTION 10.2.(b) The Department of Health and Human Services may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including Smart Start funds, within a county.

SECTION 10.2.(c) Notwithstanding subsection (a) of this section, the Department of Health and Human Services shall allocate up to twenty million dollars ($20,000,000) in federal block grant funds and State funds appropriated for fiscal years 2009-2010 and 2010-2011 for child care services. These funds shall be allocated to prevent termination of child care services. Funds appropriated for specific purposes, including targeted market rate adjustments given in the past, may also be allocated by the Department separately from the allocation formula described in subsection (a) of this section.

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.3. No local matching funds may be required by the Department of Health and Human Services as a condition of any locality's receiving its initial allocation of child care funds appropriated by this act unless federal law requires a match. If the Department reallocates additional funds above twenty-five thousand dollars ($25,000) to local purchasing agencies beyond their initial allocation, local purchasing agencies must provide a twenty percent (20%) local match to receive the reallocated funds. Matching requirements shall not apply when funds are allocated because of a disaster as defined in G.S. 166A-4(1).
FACILITATE AND EXPEDITE USE OF CHILD CARE SUBSIDY FUNDS

SECTION 10.4. The Division of Child Development of the Department of Health and Human Services shall adopt temporary policies that facilitate and expedite the prudent expenditure of child care subsidy funds. These policies will address the following:

1. Permitting the local purchasing agencies to issue time-limited vouchers to assist counties in managing onetime, nonrecurring subsidy funding.
2. Extending the current 30/60 day job search policy to six months when a recipient experiences a loss of employment.
3. Providing an upfront job search period of six months for applicants who have lost employment since October 1, 2008.
4. Providing a job search period of six months for recipients that complete school and are entering the job market.
5. Notwithstanding any other provision of law, extending the 24-month education time limit for an additional 12 months for a child care recipient who has lost a job since October 1, 2008, or otherwise needs additional training to enhance his or her marketable skills for job placement due to the economic downturn and who has depleted his or her 24-month allowable education time.
6. Lowering the number of hours a parent must be working in order to be eligible for subsidy to assist parents who are continuing to work but at reduced hours.

CHILD CARE REVOLVING LOAN

SECTION 10.5. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or pay the Department's cost of administering the program.

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 10.7.(a) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management.

SECTION 10.7.(b) The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

1. For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy to be developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
2. For amounts greater than five thousand dollars ($5,000), but less than fifteen thousand dollars ($15,000), three written quotes.
3. For amounts of fifteen thousand dollars ($15,000) or more, but less than forty thousand dollars ($40,000), a request for proposal process.
4. For amounts of forty thousand dollars ($40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 10.7.(c) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the
total amount budgeted for the program in each fiscal year of the biennium as follows:

- contributions of cash equal to at least fifteen percent (15%) and in-kind donated resources equal
to no more than five percent (5%) for a total match requirement of twenty percent (20%) for
each fiscal year. The North Carolina Partnership for Children, Inc., may carry forward any
amount in excess of the required match for a fiscal year in order to meet the match requirement
of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to
the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for
the purpose of the match requirement of this subsection. Volunteer services that qualify as
professional services shall be valued at the fair market value of those services. All other
volunteer service hours shall be valued at the statewide average wage rate as calculated from
data compiled by the Employment Security Commission in the Employment and Wages in
North Carolina Annual Report for the most recent period for which data are available.

Expenses, including both those paid by cash and in-kind contributions, incurred by other
participating non-State entities contracting with the North Carolina Partnership for Children,
Inc., or the local partnerships, also may be considered resources available to meet the required
private match. In order to qualify to meet the required private match, the expenses shall:

1. Be verifiable from the contractor's records.
2. If in-kind, other than volunteer services, be quantifiable in accordance with
generally accepted accounting principles for nonprofit organizations.
3. Not include expenses funded by State funds.
4. Be supplemental to and not supplant preexisting resources for related
program activities.
5. Be incurred as a direct result of the Early Childhood Initiatives Program and
be necessary and reasonable for the proper and efficient accomplishment of
the Program's objectives.
6. Be otherwise allowable under federal or State law.
7. Be required and described in the contractual agreements approved by the
North Carolina Partnership for Children, Inc., or the local partnership.
8. Be reported to the North Carolina Partnership for Children, Inc., or the local
partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year shall
result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent
fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for
compiling information on the private cash and in-kind contributions into a report that is
submitted to the Joint Legislative Commission on Governmental Operations in a format that
allows verification by the Department of Revenue. The same match requirements shall apply to
any expansion funds appropriated by the General Assembly.

**SECTION 10.7.(d)** The Department of Health and Human Services shall continue
to implement the performance-based evaluation system.

**SECTION 10.7.(e)** The Department of Health and Human Services and the North
Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early
Childhood Education and Development Initiatives for State fiscal years 2009-2010 and
2010-2011 shall be administered and distributed in the following manner:

1. Capital expenditures are prohibited for fiscal years 2009-2010 and
2010-2011. For the purposes of this section, "capital expenditures" means
expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).
2. Expenditures of State funds for advertising and promotional activities are
prohibited for fiscal years 2009-2010 and 2010-2011.

**SECTION 10.7.(f)** A county may use the county's allocation of State and federal
child care funds to subsidize child care according to the county's Early Childhood Education
and Development Initiatives Plan as approved by the North Carolina Partnership for Children,
The use of federal funds shall be consistent with the appropriate federal regulations. Child care providers shall, at a minimum, comply with the applicable requirements for State licensure pursuant to Article 7 of Chapter 110 of the General Statutes.

SECTION 10.7.(g) For fiscal years 2009-2010 and 2010-2011, The North Carolina Partnership for Children, Inc., and the local partnerships shall spend at the level required in order to draw down all federal recovery funds for child care subsidies. The Department of Health and Human Services shall determine the level of funds that need to be expended in order to draw down all federal recovery funds.

TASK FORCE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION AND CARE

SECTION 10.7A.(a) Intent. – It is the intent of the General Assembly that not later than July 1, 2010, certain agencies and programs relating to early childhood education and care shall be consolidated.

SECTION 10.7A.(b) Task Force Established. – There is established the Joint Legislative Task Force on the Consolidation of Early Childhood Education and Care (Task Force). The Department of Health and Human Services and the Department of Public Instruction shall work with the Task Force to develop a Consolidation Plan (Plan) to implement the Plan as approved by the 2010 Regular Session of the 2009 General Assembly.

SECTION 10.7A.(c) Task Force Membership. –

(1) Appointments to the Task Force shall be as follows:
   a. Three members of the House of Representatives appointed by the Speaker of the House of Representatives.
   b. Three members of the Senate appointed by the President Pro Tempore of the Senate.
   c. Three members appointed by the Governor.

(2) Ex officio members. – For the purpose of providing needed expertise and advising, but also to avoid potential conflicts of interest, the following members shall serve as ex officio nonvoting members, appointed by the Governor.
   b. A representative of the Department of Public Instruction.
   b1. A representative of the North Carolina Partnership for Children, Inc.
   c. A representative of a local board of education.
   d. A representative of institutions of higher education appointed by the Board of Governors of the University of North Carolina.
   e. A representative of local providers of early childhood education and development services.
   f. A representative from Head Start agencies located in the State, including migrant and seasonal Head Start programs and Indian Head Start programs.
   g. The State Director of the Head Start Collaboration.
   h. A representative of the State agency responsible for programs under part C of the Individuals with Disabilities Education Act (IDEA).
   i. A representative of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.
   j. Any additional ad hoc members deemed beneficial to achieve the goals of the Task Force.

Appointments to the Task Force shall be made no later than September 1, 2009.
Vacancies in the Task Force or a vacancy as chair of the Task Force resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made.

SECTION 10.7A.(d) Duties of the Task Force. –

(1) In consultation with the Department of Health and Human Services and the Department of Public Instruction, develop a Plan for a highly coordinated and efficient system of early childhood education and care.

(2) Not later than January 15, 2010, establish and appoint a transition team to implement the Plan approved by the General Assembly. The transition team shall be responsible for guiding the transition from the multiagency/multiprogram system now in place to a consolidated system and to ensure continuity and quality of existing services to young children, families, and early childhood programs and personnel.

(3) Adhere to the following principles in the development and implementation of the Plan approved by the General Assembly.
   a. Ensuring high quality programs.
   b. Ensuring core functions remain intact.
   c. Maintaining the strengths and effectiveness of each program.
   d. Identifying and proposing efficiencies.
   e. Identifying needed improvements.
   f. Streamlining administrative savings.
   g. Promoting a seamless delivery of services from birth through kindergarten.
   h. Any other principles the Task Force deems relevant.

(4) Consider the following agencies and functions for consolidation:
   b. The "More at Four" Program.
   c. Title I Prekindergarten programs.
   d. Preschool Exceptional Children.
   e. Early Intervention programs.
   g. Child Care Regulatory and Subsidy.
   h. Licensing and Regulatory Functions.
   i. Workforce Professional Development and Recognition.
   j. Quality Initiatives.

(5) Consult with appropriate State departments, agencies, and board representatives on issues related to early childhood education and care.

(6) In developing the Plan, review and consider the proposal included in Ensuring School Readiness for North Carolina's Children: Bringing the Parts Together to Create an Integrated Early Care and Education System, November, 2004.

SECTION 10.7A.(e) Chair; Meetings. – The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate one member to serve as cochair of the Task Force.

The cochairs shall call the initial meeting of the Task Force on or before October 1, 2009. The Task Force shall subsequently meet upon such notice and in such manner as its members determine. A majority of the members of the Task Force shall constitute a quorum.

SECTION 10.7A.(f) Expenses of Members. – Members of the Task Force shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.
SECTION 10.7A.(g) Cooperation by Government Agencies. – The Task Force may call upon any department, agency, institution, or officer of the State or any political subdivision thereof for facilities, data, or other assistance.

SECTION 10.7A.(h) Report. – The Task Force shall report its findings and recommendations by January 15, 2010, to the Joint Legislative Oversight Committee on Government Operations, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Education, the Senate Appropriations Committee on Education, and the Fiscal Research Division. The Task Force shall terminate upon filing its final report.

SECTION 10.7A.(i) Proposal. – After reviewing the report submitted by the Task Force, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Education, and the Senate Appropriations Committee on Education shall develop language and a budget proposal by May 30, 2010, to present to the 2010 Regular Session of the 2009 General Assembly to implement the consolidation of early childhood education and care programs, which consolidation shall become effective July 1, 2010.

SECTION 10.7A.(j) Funding. – The Legislative Services Officer shall allocate funds to carry out the duties of the Task Force.

SECTION 10.7A.(k) Effective date. – This section becomes effective July 1, 2009. Effective July 1, 2010, the Consolidation as contained in the Plan approved by the 2010 Regular Session of the 2009 General Assembly, shall be implemented.

ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES

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

INCREASE CHILD CARE LICENSING FEES FOR CHILD CARE FACILITIES

SECTION 10.11. G.S. 110-90(1a) reads as rewritten:

"§ 110-90. Powers and duties of Secretary of Health and Human Services.

The Secretary shall have the following powers and duties under the policies and rules of the Commission:

…

(1a) To establish a fee for the licensing of child care centers. The fee does not apply to a religious-sponsored child care center facility operated pursuant to a letter of compliance. The amount of the fee may not exceed the amount listed in this subdivision.

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<thead>
<tr>
<th>Capacity of Center/Facility</th>
<th>Maximum Fee</th>
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<tbody>
<tr>
<td>12 or fewer children</td>
<td>$35.00-$52.00</td>
</tr>
<tr>
<td>13-50 children</td>
<td>$125.00-$187.00</td>
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<tr>
<td>51-100 children</td>
<td>$250.00-$375.00</td>
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<tr>
<td>101 or more children</td>
<td>$400.00-$600.00</td>
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MENTAL HEALTH CHANGES
SECTION 10.12.(a) For the purpose of mitigating cash flow problems that many nonsingle-stream local management entities (LMEs) experience at the beginning of each fiscal year, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall adjust the timing and method by which allocations of service dollars are distributed to each nonsingle-stream LME. To this end, the allocations shall be adjusted such that at the beginning of the fiscal year the Department shall distribute not less than one-twelfth of the LME's continuation allocation and subtract the amount of the adjusted distribution from the LME's total reimbursements for the fiscal year.

SECTION 10.12.(b) The Department shall evaluate the need to continue the temporary operation of Wake Hospital for one additional year and provide a recommendation to the Governor no later than February 15, 2010. Notwithstanding any other provision of law to the contrary, the Office of State Budget and Management shall establish the positions for the hospital unit on the Dorothea Dix campus as time-limited positions.

SECTION 10.12.(c) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of fourteen million one hundred forty-nine thousand one hundred fifteen dollars ($14,149,115) for the 2009-2010 fiscal year and the sum of fourteen million one hundred forty-nine thousand one hundred fifteen dollars ($14,149,115) for the 2010-2011 fiscal year shall be allocated for the purchase of local inpatient psychiatric beds or bed days. These beds or bed days shall be distributed across the State according to need as determined by the Department. The Department shall enter into contracts with the LMEs and community hospitals for the management of these beds or bed days. Local inpatient psychiatric beds or bed days shall be managed and controlled by the LME, including the determination of which local or State hospital the individual should be admitted to pursuant to an involuntary commitment order. Funds shall not be allocated to LMEs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LMEs and billed by the hospitals through the LMEs. LMEs shall remit claims for payment to the Division within 15 working days of receipt of a clean claim from the hospital and shall pay the hospital within 30 working days of receipt of payment from the Division. If the Department determines (i) that an LME is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not reduced, or (ii) the LME has failed to comply with the prompt payment provisions of this subsection, the Department may contract with another LME to manage the beds or bed days, or, notwithstanding any other provision of law to the contrary, may pay the hospital directly. The Department shall develop reporting requirements for LMEs regarding the utilization of the beds or bed days. Funds appropriated in this section for the purchase of local inpatient psychiatric beds or bed days shall be used to purchase additional beds or bed days not currently funded by or through LMEs and shall not be used to supplant other funds available or otherwise appropriated for the purchase of psychiatric inpatient services under contract with community hospitals, including beds or bed days being purchased through Hospital Utilization Pilot funds appropriated in S.L. 2007-323. Not later than March 1, 2010, the Department shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division on a uniform system for beds or bed days purchased (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv) purchased using funds appropriated under this subsection.

SECTION 10.12.(d) The Secretary of the Department of Health and Human Services shall not take any action prior to January 1, 2010, that would result in the merger or
consolidation of LMEs operating on January 1, 2008, or that would establish consortia or regional arrangements for the same purpose, except that LMEs that do not meet the catchment area requirements of G.S. 122C-115 as of January 1, 2010, may initiate, continue, or implement the LMEs' merger or consolidation plans to overcome noncompliance with G.S. 122C-115. This subsection does not prohibit LMEs from voluntarily merging if they are contiguous or consolidating administrative functions.

**SECTION 10.12.(e)**

(1) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall create an "incurred but not reported" category of expenditures such that services are paid based on the actual date of services rather than the date when the invoice is received. The Department may only implement this change with the approval of the Office of State Budget and Management.

(2) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services may require that providers of mental health, developmental disabilities, and substance abuse services submit bills to the LME for State-funded services within 60 days of the date the services were provided.

**SECTION 10.12.(f)** The Department of Health and Human Services may create a midyear process by which it can reallocate State service dollars away from LMEs that do not appear to be on track to spend the LMEs' full appropriation and toward LMEs that appear able to spend the additional funds.

**SECTION 10.12.(g)**

(1) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall continue implementation of the current Supports Intensity Scale (SIS) assessment tool pilot project if the pilot project has demonstrated that the SIS tool:

a. Is effective in identifying the appropriate array and intensity of services, including residential supports or placement, for individuals assessed.

b. Is valid for determining intensity of support related to resource allocation for CAP-MR/DD, public and private ICF-MR facilities, developmental disability group homes, and other State- or federally funded services.

c. Is used by an assessor that does not have a pecuniary interest in the determinations resulting from the assessment.

d. Determines the level of intensity and type of services needed from developmental disability service providers.

(2) The Department shall report on the progress of the pilot project by May 1, 2010. The Department shall submit the report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. The report shall include the following:

a. The infrastructure that will be needed to assure that the administration of the assessment tool is independent from service delivery, the qualifications of assessors, training and management of data, and test-retest accountability.

b. The cost to: (i) purchase the tool, (ii) implement the tool, (iii) provide training, and (iv) provide for future expansion of the tool statewide.
RENEACT 2007 SPECIAL PROVISION ON COLLABORATION ON SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE


SUBSTANCE ABUSE TASK FORCE RECOMMENDATIONS/AVAILABILITY OF SUBSTANCE ABUSE TREATMENT

SECTION 10.15.(a) Consistent with G.S. 122C-2, the General Assembly strongly encourages Local Management Entities (LMEs) to use a portion of the funds appropriated for substance abuse treatment services to support prevention and education activities.

SECTION 10.15.(b) An LME may use up to one percent (1%) of funds allocated to it for substance abuse treatment services to provide nominal incentives for consumers who achieve specified treatment benchmarks, in accordance with the federal substance abuse and mental health services administration best practice model entitled Contingency Management.

SECTION 10.15.(c) In providing treatment and services for adult offenders and increasing the number of Treatment Accountability for Safer Communities (TASC) case managers, local management entities shall consult with TASC to improve offender access to substance abuse treatment and match evidence-based interventions to individual needs at each stage of substance abuse treatment. Special emphasis should be placed on intermediate punishment offenders, community punishment offenders at risk for revocation, and Department of Correction (DOC) releasees who have completed substance abuse treatment while in custody.

SECTION 10.15.(d) In providing drug treatment court services, LMEs shall consult with the local drug treatment court team and shall select a treatment provider that meets all provider qualification requirements and the drug treatment court's needs. A single treatment provider may be chosen for non-Medicaid-eligible participants only. A single provider may be chosen who can work with all of the non-Medicaid-eligible drug treatment court participants in a single group. During the 52-week drug treatment court program, participants shall receive an array of treatment and aftercare services that meets the participant's level of need, including step-down services that support continued recovery.

TOTAL QUALITY MANAGEMENT

SECTION 10.16. The Secretary of the Department of Health and Human Services shall implement a Total Quality Management Program in hospitals and other State facilities for the purpose of providing a high level of customer service by well-trained staff throughout the organization. The focus of this management approach shall be on meeting customer needs by providing high-quality services.

The Department shall involve staff at all levels of the organization by soliciting suggestions and input into decision making by managers. The Department shall create staff committees composed of a representative distribution of rank and file employees, to evaluate policy changes and identify training opportunities and other necessary improvements.

The Department shall submit a report on the status of the Total Quality Management Program, including any activities associated with its implementation within State facilities, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division not later than December 1, 2009.

IOM STUDIES
SECTION 10.18.(a) Funds appropriated in this act to the Department of Health and Human Services for North Carolina Institute of Medicine (NCIOM) may be used to study the following:

(1) The availability of Medicaid and State-funded mental health, developmental disability, and substance abuse services to active duty, reserve, and veteran members of the military and National Guard. The study should discuss the current availability of services, the extent of use, and any gaps in services.

(2) Issues related to cost, quality, and access to appropriate and affordable health care for all North Carolinians. The NC Institute of Medicine (NCIOM) may use funds appropriated for the 2007-2009 fiscal biennium to continue the work of its Health Access Study Group to study these issues. The Health Access Study Group may include in its study the matters contained in Sections 31.1, 31.2, and 31.3 of S.L. 2008-181, and may also monitor federal health-related legislation to determine how the legislation would impact costs, quality, and access to health care.

(3) Short-term and long-term strategies to address issues within adult care homes that provide residence to persons who are frail and elderly and to persons suffering from mental illness.

SECTION 10.18.(b) The Institute shall make an interim report to the Governor's Office, the Joint Legislative Health Care Oversight Committee, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services no later than January 15, 2010, which may include recommendations and proposed legislation, and shall issue its final report with findings, recommendations, and suggested legislation to the 2011 General Assembly upon its convening. In the event members of the General Assembly serve on the NCIOM Health Access Study Group, they shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1. The Health Access Study Group may include in its study the matters contained in Sections 31.1, 31.2, and 31.3 of S.L. 2008-181, and may also monitor federal health-related legislation to determine how the legislation would impact costs, quality, and access to health care.

ALLOCATION OF RECURRING CUT IN MH/DD/SA SERVICES

SECTION 10.18A. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall allocate the fifty million dollars ($50,000,000) recurring reduction in services in an equitable manner across all LMEs based on population and the current services funding allocation.

TREATMENT OUTCOMES AND PROGRAM PERFORMANCE SYSTEM FORM REQUIREMENT CHANGE

SECTION 10.18B. For the 2009-2011 fiscal biennium only, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall suspend the use of the North Carolina Treatment Outcomes and Program Performance Systems (TOPPS) form for mental health patients that do not have substance abuse issues.

MULTICOUNTY LME FUND BALANCE REQUIREMENTS

SECTION 10.19A.(a) Notwithstanding any other provision of law to the contrary, requirements for the maintenance, deposit, and withdrawal from a multicounty LME's fund balance are as follows:

(1) The Department of Health and Human Services shall allocate the nonrecurring reduction in State funds in each fiscal year on a pro rata basis to each multicounty LME based on the LME's fund balance. The Department
shall not allocate State funds to the LME until the LME has supplanted its pro rata reduction from its fund balance to provide services to non-Medicaid eligible IPRS clients.

(2) LMEs shall use funds in the LME's fund balance to supplant nonrecurring reductions in State funds for the 2009-2010 fiscal year and the 2010-2011 fiscal year in an amount equal to or greater than the nonrecurring reduction in State funds in each fiscal year. Fund balance funds used to supplant nonrecurring reductions shall be used exclusively to provide services to LME clients. In no event shall the LME reduce or otherwise adversely affect services due to nonrecurring reductions in State funds in each fiscal year.

(3) LMEs shall not use fund balance funds for any purpose other than to provide services to LME clients, even if funds in the fund balance exceed what is necessary to provide services for the 2009-2010 and 2010-2011 fiscal years.

(4) The use of fund balance monies to provide services is subject to the prior approval of the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. The Division shall track fund balance usage of each LME to ensure that the amount used from the fund balance in each fiscal year is at least equal to the nonrecurring reduction in State funds for that fiscal year and is used to provide services and for no other purpose.

(5) Reimbursements received from the Department of Health and Human Services after July 1, 2009, for services provided in the 2008-2009, 2009-2010, and 2010-2011 fiscal years shall not be deposited in the LME's fund balance but shall be used to continue to provide services in each fiscal year.

SECTION 10.19A.(b) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall require quarterly reporting from single county LMEs in a format that will enable the Division to determine if any funds in the county's fund balance are funds allocated for but not used to provide mental health, developmental disabilities, and substance abuse services. The Department of Health and Human Services shall report the results of the quarterly reports to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on or before May 1, 2010.

SECTION 10.19A.(c) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall develop categories reflecting the source and original purpose of MH/DD/SA funds in an LME or county fund balance.

TRANSITION OF UTILIZATION MANAGEMENT OF COMMUNITY-BASED SERVICES TO LOCAL MANAGEMENT ENTITIES

SECTION 10.20. Consistent with the findings of the Mercer evaluation of Local Management Entities (LMEs), the Department of Health and Human Services shall collaborate with LMEs to enhance their administrative capabilities to assume utilization management responsibilities for the provision of community-based mental health, developmental disabilities, and substance abuse services. The Department may, with approval of the Office of State Budget and Management, use funds available to implement this section.

VENDING ACCOUNTS
SECTION 10.20A. The Office of State Budget and Management and the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall eliminate all Budget Codes within the 2000 range and the 6000 range that pertain to vending receipt accounts and patient and employee activities. These vending receipt accounts shall become part of the operating budgets within the State facilities and shall be budgeted for patient and employee activities and services on an ongoing basis. All receipts generated by vending machine services shall be retained for use in the facility in which the vending machine service is operated.

WESTERN REGIONAL MAINTENANCE OPERATIONS

SECTION 10.21A.(a) In coordination with Broughton Hospital, the Western School for the Deaf, the J. Iverson Riddle Developmental Center, and elected representatives of the workers in each trade assigned to Western Regional Maintenance (WRM), the Department of Health and Human Services shall develop and implement a plan for western regional maintenance operations that increases efficiency, improves facility support, and is more responsive to WRM customers. The plan shall provide for the following:

(1) WRM programs shall be decentralized.
(2) Staff shall be assigned directly to each facility and shall report to designated facility managers.
(3) Supervisors shall be responsible for filling work orders and supervising team members. Eliminate supervisor positions that are not needed to effectively carry out all supervisory duties.
(4) Make available to each supported organization general maintenance workers to allow the completion of simple tasks without requiring work orders through a central location.
(5) The maintenance programs of each facility shall share equipment and expertise to the extent possible to achieve savings.

SECTION 10.21A.(b) The Department shall decentralize the maintenance activities at the Butner facilities.

SECTION 10.21A.(c) The Department of Health and Human Services shall report on the implementation of these changes not later than October 1, 2009, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

CAP-MR/DD STATE FUND SERVICE ELIGIBILITY

SECTION 10.21B. CAP-MR/DD recipients are not eligible for any State-funded services except for those services for which there is not a comparable service in the CAP-MR/DD waiver. The excepted services are limited to guardianship, room and board, and time-limited supplemental staffing to stabilize residential placement.

VITAL RECORDS FEES

SECTION 10.22. G.S. 130A-93.1 reads as rewritten:

"§ 130A-93.1. Fees for vital records copies or search; automation fund.
(a) The State Registrar shall collect, process, and utilize fees for services as follows:
(1) A fee not to exceed fifteen dollars ($15.00) twenty-four dollars ($24.00) shall be charged for issuing any first copy of a vital record or for conducting a routine search of the files for the record when no copy is made. A fee of fifteen dollars ($15.00) shall be charged for each additional certificate copy requested from the same search. When certificates are issued or searches conducted for statewide issuance by local agencies using databases maintained by the State Registrar, the local agency shall charge
(2) A fee not to exceed fifteen dollars ($15.00) for in-State requests and not to exceed twenty dollars ($20.00) for out-of-state requests shall be charged in addition to the fee charged under subdivision (1) of this subsection and to all shipping and commercial charges when expedited service is specifically requested.

(2a) The fee for a copy of a computer or microform database shall not exceed the cost to the agency of making and providing the copy.

(3) Except as provided in subsection (b) of this section, fees collected under this subsection shall be used by the Department for public health purposes.

(b) The Vital Records Automation Account is established as a nonreverting account within the Department. Five dollars ($5.00) of each fee collected pursuant to subdivision (a)(1) shall be credited to this Account. The Department shall use the revenue in the Account to fully automate and maintain the vital records system. When funds sufficient to fully automate and maintain the system have accumulated in the Account, fees shall no longer be credited to the Account but shall be used as specified in subdivision (a)(3) of this section."

CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.23.(a) Funds appropriated in this act from the General Fund to the Department of Health and Human Services for the Community-Focused Eliminating Health Disparities Initiative (CFEHDI) shall be used to provide grants-in-aid to local public health departments, American Indian tribes, and faith-based and community-based organizations to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to the health status of white persons. These grants shall focus on the use of preventive measures to support healthy lifestyles. The areas of focus on health status shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer, diabetes, and homicides and motor vehicle deaths.

SECTION 10.23.(b) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the CFEHDI shall be awarded as a grant-in-aid to honor the memory of the following recently deceased members of the General Assembly: Bernard Allen, John Hall, Robert Holloman, Howard Hunter, Jeanne Lucas, and William Martin. These funds shall be used for concerted efforts to address large gaps in health status among North Carolinians who are African-American, as well as disparities among other minority populations in North Carolina.

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

(1) Which community programs and local health departments received CFEHDI grants.
(2) The amount of funding each program or local health department received.
(3) Which of the minority populations were served by the programs or local health departments.
(4) Which counties were served by the programs or local health departments.
(5) What activities were planned and implemented by the programs or local health departments to fulfill the community focus of the CFEHDI program.
(6) How the activities implemented by the programs or local health departments fulfilled the goal of reducing health disparities among minority populations.
The report shall also include specific activities undertaken pursuant to subsection (a) of this section to address large gaps in health status among North Carolinians who are African-American and other minority populations in this State. The Department shall submit the report not later than March 15, 2010, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

**AIDS DRUG ASSISTANCE PROGRAM**

**SECTION 10.25.(a)** For the 2009-2010 and 2010-2011 fiscal years, the Department may, within existing Aids Drug Assistance Program (ADAP) resources, adjust the financial eligibility criterion of the ADAP up to an amount not exceeding three hundred percent (300%) of the federal poverty level in order to serve as many eligible North Carolinians living with HIV disease as possible within existing resources plus any new federal resources. If a waiting list develops as a result of the eligibility criterion being raised, the Department shall give first priority to those individuals on the waiting list with income at or below one hundred twenty-five percent (125%) of the federal poverty level, and second priority to those individuals with income above one hundred twenty-five percent (125%) and at or below two hundred fifty percent (250%) of federal poverty guidelines.

**SECTION 10.25.(b)** The Department of Health and Human Services (DHHS) shall work with the Department of Correction (DOC) to use DOC funds to purchase pharmaceuticals for the treatment of DOC inmates with HIV/AIDS in a manner that allows these funds to be accounted for as State matching funds in DHHS drawing down federal Ryan White funds.

**PUBLIC HEALTH IMPROVEMENT PLAN**

**SECTION 10.26.(a)** The Department of Health and Human Services (DHHS) shall develop a five-year Public Health Improvement Plan (Plan) by March 31, 2010. In developing the Plan the Secretary shall:

1. Adopt a list of services and activities performed by local health departments that qualify as core public health functions of statewide significance.
2. Adopt a list of performance measures with the intent of improving health status indicators applicable to core public health functions of statewide significance that local health departments (LHDs) must provide.
3. Identify a set of health status indicators to be given priority by LHDs.

Under the Plan, all priorities and health status indicators must incorporate as an essential activity the disparity of diseases amongst populations and locales.

**SECTION 10.26.(b)** In order for measurable benefits to be realized through the implementation of the Plan, the Plan shall include the adoption of levels of performance necessary to promote:

1. Uniformity across local health departments,
2. Best evidence-based services,
3. National standards of performance,
4. Innovations in public health practice, and
5. Reduction of geographic and racial health disparities.

LHDs shall have the flexibility and opportunity to use the resources available to achieve the required performance measures in a manner that best suits the LHD.

**SECTION 10.26.(c)** The Plan will address the need to provide county health departments with financial incentives to encourage and increase local investment in public health functions. County governments shall not supplant existing local funding with State incentive resources. The Secretary may revise the list of activities and performance measures as appropriate, but before doing so, the Secretary shall provide a written explanation of the rationale for the addition, deletion, or revision.
SECTION 10.26.(d) In developing the Plan the Secretary shall establish and chair the Public Health Improvement Plan Task Force (Task Force), the members and expertise of which shall include:

1. Local health departments,
2. Department staff,
3. Individuals and entities with expertise in the development of performance measures, accountability, and systems management,
4. Experts in development of evidence-based medical guidelines or public health practice guidelines, and
5. Individuals and entities that will be affected by the performance measures.

SECTION 10.26.(e) The implementation schedule for the Plan shall be as follows:

1. July 1, 2009, establish the Task Force to develop the Plan,
2. March 31, 2010, submit the Plan to the 2010 Regular Session of the 2009 General Assembly,
3. July 1, 2010, implement the Plan, and

SECTION 10.26.(f) The Department will identify the programmatic activities and funding in the Division of Public Health associated with the core functions and activities in the Plan. Funds associated with these activities shall be subject to a flexible spending formula adopted by the Department, as follows:

1. Beginning in SFY 2010-2011, the flexible spending formula will begin to replace the current spending with a more effective method of funding public health activities at the local level and achieving the results expected.
2. The Task Force shall identify a reliable and consistent source of State revenue to fund the flexible spending formula.
3. If sufficient additional revenue is available to implement the Plan, a separate set-aside of available funds would be created. This set-aside would be available to contiguous LHDs that seek to address a specific women's health, child health, or adult health disease or chronic condition, and in doing so, choose to merge into a single Local Health District, thus saving administrative dollars to be focused on public health issues.

SECTION 10.26.(g) Funds appropriated to the Department for flexible spending shall be distributed to county health departments as follows:

1. Each of the county health departments will receive a base amount to be determined by the DHHS.
2. The balance of funds in the Flexible Spending Account is to be distributed to the counties on the basis of a formula that takes into consideration the following elements:
   a. Population,
   b. Per capita income,
   c. Rates of:
      1. Infant mortality,
      2. Teenage pregnancy,
      3. Tobacco use,
      4. Cancer,
      5. Heart disease,
      6. Diabetes, and
      7. Stroke.
   d. Percent of minorities in the county,
   e. Body Mass Index (BMI) of public school students, and
f. Other factors as the Secretary may find necessary to achieve the goals of the Plan.

(3) The use of the funds by the LHD would reflect the core public health functions. It will be incumbent upon the LHD to use the funds in a manner that assures its achievement of the performance measures adopted by the Secretary.

SECTION 10.26.(h) To ensure compliance with Department directives, the Task Force shall consider requiring each county health department to submit to the Secretary such data as the Secretary determines is necessary to allow the Secretary to assess whether the county health department has used the funds in a manner consistent with achieving the performance measures associated with this Plan.

SECTION 10.26.(i) Beginning November 15, 2011, and biannually thereafter, the Secretary shall report to the Governor and the General Assembly on:

(1) The distribution of funds to LHDs,
(2) The use of these funds by LHDs,
(3) The specific effect the funding from this Plan has had on:
   a. LHDs' performance,
   b. Health status indicators, and
   c. Health disparities.

The Secretary's initial report will focus on implementation. Subsequent reports will evaluate trends in performance and expenditures.

REPLACEMENT OF RECEIPTS FOR CHILD DEVELOPMENT SERVICE AGENCIES

SECTION 10.26A. Receipts earned by the Child Development Service Agencies (CDSAs) from any public or private third-party payor shall be budgeted on a recurring basis to replace reductions in State appropriations to CDSAs.

HOSPITAL-ACQUIRED INFECTIONS

SECTION 10.28. The Department of Health and Human Services shall apply for federal funds that are available through the American Recovery and Reinvestment Act of 2009, P.L. 111-5, to implement a mandatory statewide hospital-acquired infections surveillance and reporting system, as recommended by the Joint Study Committee on Hospital Infection Control and Disclosure.

FACILITATION OF ENROLLMENT AND REENROLLMENT OF ELIGIBLE CHILDREN IN MEDICAID AND NC HEALTH CHOICE

SECTION 10.30. The Department of Health and Human Services shall increase its efforts to simplify the eligibility determination and recertification process to facilitate the enrollment and reenrollment of eligible Medicaid and NC Health Choice individuals. The Department shall also:

(1) Explore various opportunities through public awareness campaigns and enlisting community organizations to alert families of the opportunities of Medicaid and NC Health Choice to provide preventive health care to their children; and
(2) Pursue opportunities in the federal Children's Health Insurance Program Reauthorization Act (CHIPRA) to enhance outreach efforts and enrollment for children in Medicaid and NC Health Choice. These enhancements may include funding for outreach and enrollment activities and implementation of the "Express Lane" option that uses agencies that determine eligibility for
TANF, IV-D SNAP, Head Start, and School Lunch programs to enroll children.

NC HEALTH CHOICE TRANSITION

SEC 10.31.(a) The Secretary of the Department of Health and Human Services shall develop and implement a plan for assuming administrative responsibility for the North Carolina Health Choice for Children program by transitioning all administrative oversight activities from the Executive Administrator and Board of Trustees of the State Health Plan for Teachers and State Employees to the Division of Medical Assistance. The transition of all administrative oversight from the State Health Plan to the Division of Medical Assistance shall be completed not later than July 1, 2010. The Secretary shall report to the Joint Legislative Health Care Oversight Committee and the Committee on Employee Hospital and Medical Benefits at least 30 days prior to effecting the transition of the responsibilities for the administration from the Executive Administrator and Board of Trustees of the State Health Plan for Teachers and State Employees to the Department.

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

NC HEALTH CHOICE MEDICAL POLICY

SEC 10.33. Unless required for compliance with federal law, the Department shall not change medical policy affecting the amount, sufficiency, duration, and scope of NC Health Choice health care services and who may provide services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the increased cost of the proposed change in medical policy and submitted it for Departmental review. If the fiscal impact indicated by the fiscal analysis for any proposed medical policy change exceeds one million dollars ($1,000,000) in total requirements for a given fiscal year, then the Department shall submit the proposed medical policy change with the fiscal analysis to the Office of State Budget and Management and the Fiscal Research Division. The Department shall not implement any proposed medical policy change exceeding one million dollars ($1,000,000) in total requirements for a given fiscal year unless the source of State funding is identified and approved by the Office of State Budget and Management. For medical policy changes exceeding one million dollars ($1,000,000) in total requirements for a given fiscal year that are required for compliance with federal law, the Department shall submit the proposed medical policy or policy interpretation change with a five-year fiscal analysis to the Office of State Budget and Management prior to implementing the change. The Department shall provide the Office of State Budget and Management and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than one million dollars ($1,000,000).

NC HEALTH CHOICE ENROLLMENT FREEZE
SECTION 10.34. The Department of Health and Human Services shall not enroll any more than 129,694 children in the NC Health Choice for Children Program during the 2009-2010 fiscal year.

NCHC FUNDS REDUCTION/CCNC

SECTION 10.35.(a) Effective July 1, 2009, G.S. 108A-70.21(b) reads as rewritten:
"(b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles, copayments, and other cost sharing charges, health benefits coverage provided to children eligible under the Program shall be equivalent to coverage provided for dependents under the Predecessor Plan.

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

1. Oral examinations, teeth cleaning, and topical fluoride treatments twice during a 12-month period, full mouth X-rays once every 60 months, supplemental bitewing X-rays showing the back of the teeth once during a 12-month period, sealants, extractions, other than impacted teeth or wisdom teeth, therapeutic pulpotomies, space maintainers, root canal therapy for permanent anterior teeth and permanent first molars, prefabricated stainless steel crowns, and routine fillings of amalgam or other tooth colored filling material to restore diseased teeth.

2. Orthognathic surgery to correct functionally impairing malocclusions when orthodontics was approved and initiated while the child was covered by Medicaid and the need for orthognathic surgery was documented in the orthodontic treatment plan.

3. Vision: Scheduled routine eye examinations once every 12 months, eyeglass lenses or contact lenses once every 12 months, routine replacement of eyeglass frames once every 24 months, and optical supplies and solutions when needed. Optical services, supplies, and solutions must be obtained from licensed or certified optometrists, optologists, or optical dispensing laboratories. Eyeglass lenses are limited to single vision, bifocal, trifocal, or other complex lenses necessary for a Plan enrollee's visual welfare. Coverage for oversized lenses and frames, designer frames, photosensitive lenses, tinted contact lenses, blended lenses, progressive multifocal lenses, coated lenses, and laminated lenses is limited to the coverage for single vision, bifocal, trifocal, or other complex lenses provided by this subsection. Eyeglass frames are limited to those made of zylonite, metal, or a combination of zylonite and metal. All visual aids covered by this subsection require prior approval. Upon prior approval refractions may be covered more often than once every 12 months.

4. Hearing: Auditory diagnostic testing services and hearing aids and accessories when provided by a licensed or certified audiologist, otolaryngologist, or other approved hearing aid specialist. Prior approval is required for hearing aids, accessories, earmolds, repairs, loaners, and rental aids.

5. Over the counter medications: Selected over the counter medications provided the medication is covered under the State Medical Assistance Plan. Coverage shall be subject to the same policies and approvals as required under the Medicaid program.

6. Routine diagnostic examinations and tests: annual routine diagnostic examinations and tests, including x-rays, blood and blood pressure checks,
urine tests, tuberculosis tests, and general health check-ups that are medically necessary for the maintenance and improvement of individual health are covered.

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

The Department shall provide services to children enrolled in the NC Health Choice Program through Community Care of North Carolina (CCNC) and shall pay Community Care of North Carolina providers for these services as allowed under Medicaid. The Department shall pay for these services only if sufficient information is available to the Department for utilization management of the services provided through CCNC."

SECTION 10.35.(b) The Department of Health and Human Services, Division of Medical Assistance, shall reduce or eliminate funding for per member, per month fees paid to Community Care of North Carolina (CCNC) if sufficient information is not available to the Department for utilization management of the provider services.

REPORT ON DHHS POSITION ELIMINATIONS

SECTION 10.35A. The Secretary of the Department of Health and Human Services may achieve the savings from position eliminations by reducing a lesser number of positions than prescribed in the money report for Department of Health and Human Services. The Secretary shall report on the number of positions eliminated in the budget for the 2009-2010 fiscal year. The report shall include the total number of positions, including positions filled and vacant positions, and savings generated through salary and fringe benefits and any severance paid out. The Secretary shall submit the report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on or before March 1, 2010.

COMMUNITY CARE OF NORTH CAROLINA

SECTION 10.36.(a) Given the primary care case management foundation established by Community Care of North Carolina (CCNC), the Department shall build upon that foundation to ensure quality care and cost control of CCNC by implementing the activities listed in subsection (b) of this section.

SECTION 10.36.(b) The Department shall contract with CCNC to manage the care of Medicaid recipients through a per member, per month reimbursement. In the contract, the Department shall ensure that CCNC is striving to follow tenets adapted from the National Committee of Quality Assurance's (NCQA) national measures for Medical Homes Models. The CCNC networks must demonstrate proficiency in all of the following areas:

1. Written standards for patient access and patient communication.
2. Use of data to show patients are meeting these standards.
3. Adoption and implementation of evidence-based guidelines for priority diseases and conditions identified by the Department.
4. Active support, monitoring, follow-up, and documentation on patient self-management.
5. Tracking system to test and identify abnormal results, and follow-up in a timely manner.
6. Tracking referrals from and to other acute and long-term care facilities and providers, so as to provide continuous management of patient care.
7. Measurement of clinical and/or service performance by physician or across a practice.
8. Reporting performance according to baseline data and performance measures established by the Department's Independent Advisory Group.
(IAG) across CCNC networks, practices, and physicians to achieve the maximum savings possible through improvement in the quality of care.

SECTION 10.36.(c) By July 1, 2009, or as soon as possible thereafter, the Department shall establish an IAG for the purpose of developing targeted (i) baseline data, (ii) clinically acceptable performance measures that recognize nationally accredited treatment protocols, and (iii) patient, physician, and practice goals that improve quality of care and realize necessary savings within Medicaid. The members of the IAG shall have demonstrated experience in actuarial analysis, health policy analysis, medical practice, hospital administration, or management of long-term chronic conditions. The IAG and the Department shall ensure the following:

1. The IAG shall begin work immediately so that baseline data, clinically acceptable performance measures, and practice goals to improve quality and cost savings can be implemented no later than January 1, 2010.

2. The Department shall prepare a report to the General Assembly on the baseline data, clinically acceptable performance measures, and practice goals adopted by the IAG and the improved quality and cost savings expected as a result of their implementation. This report will be due January 31, 2010.

3. The IAG shall establish baseline information and performance measures for the diseases and conditions listed in this subdivision, the focus of which shall be on Medicaid recipients who are children, adults, and those who are aged, blind, or disabled. The diseases and conditions shall include all of the following:
   a. Asthma.
   b. Diabetes.
   c. Heart disease.
   d. Chronic Obstructive Pulmonary Disease.
   e. Mental illness.
   f. Substance abuse.
   g. Obesity.
   h. High risk maternity care.

4. The baseline information, performance measures, and practice and physician goals developed for the continuing care of Medicaid recipients who are also eligible for Medicare shall include attention to all of the following for this population:
   a. Increased primary care visit rate.
   b. Hospital admission rate.
   c. Hospital readmission rate.
   d. Emergency department visit rate.
   e. Mortality rate.
   f. Prescription drug management, including:
      1. Number of prescriptions prescribed,
      2. Number of generic versus brand-name prescriptions, and
      3. Reconciliation of a patient's prescriptions between hospital, nursing facility, and primary care physician.

SECTION 10.36.(c1) Beginning July 1, 2010, and every six months thereafter, the Department shall submit a report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division evaluating the performance of each of the 14 CCNC networks based upon (i) CCNC performance measures, (ii) performance measures adopted by the IAG, and (iii) nationally accepted evidence-based performance measures.
SECTION 10.36.(d) The Department shall conduct a Request for Proposal process to solicit bids from qualified outside entities with proven experience in conducting actuarial and health care studies and evaluations to annually report on the Medicaid cost savings achieved by the CCNC networks during a 12-month period.

SECTION 10.36.(e) The contractor's report, information, and data shall be in a format that allows the Department to manipulate and assess the performance of CCNC as a whole and for its 14 networks individually. Not later than October 1, 2010, and annually thereafter, the Department shall provide to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division copies of the contractor's report for CCNC activities conducted during the 2009-2010 fiscal year.

SECTION 10.36.(f) The Children's Health Insurance Program Reauthorization Act, P.L. 111-1, directs the U.S. Secretary of Health and Human Services to:

(1) Develop a standardized reporting format that encourages states to report information regarding the quality of pediatric health care delivered through the State Children's Health Insurance Program, and

(2) Establish a set of pediatric quality measures not later than January 1, 2011.

Given this directive, the IAG shall develop targeted baseline data, clinically acceptable performance measures that recognize nationally accredited treatment protocols, and patient, physician, and practice goals that improve quality of care in order to realize necessary savings within North Carolina's Health Choice program. The IAG shall begin this effort so that baseline data, clinically acceptable performance measures, and practice goals to improve quality and cost savings can be implemented by July 1, 2010, the date on which the Department of Health and Human Services, Division of Medical Assistance, assumes management responsibility of the Health Choice program from the State Health Plan.

COMMUNITY HEALTH CENTER CHANGES

SECTION 10.37. Of the funds appropriated in this act for Community Health Grants, the sum of one million eight hundred sixty thousand dollars ($1,860,000) in recurring funds for the 2009-2010 fiscal year and the sum of one million eight hundred sixty thousand dollars ($1,860,000) for the 2010-2011 fiscal year shall be allocated as grants on a competitive basis to rural health centers, free clinics, public health departments, school-based health centers, qualified health centers, and other nonprofit organizations that provide primary care and preventive health services to uninsured and indigent persons.

LIABILITY INSURANCE

SECTION 10.38.(a) The Secretary of the Department of Health and Human Services, the Secretary of the Department of Environment and Natural Resources, and the Secretary of the Department of Correction may provide medical liability coverage not to exceed one million dollars ($1,000,000) per incident on behalf of employees of the Departments licensed to practice medicine or dentistry, on behalf of all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

SECTION 10.38.(b) The coverage provided under this section shall not cover any individual for any act or omission that the individual knows or reasonably should know...
constitutes a violation of the applicable criminal laws of any state or the United States or that arises out of any sexual, fraudulent, criminal, or malicious act or out of any act amounting to willful or wanton negligence.

SECTION 10.38.(c) The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Health and Human Services, the Department of Environment and Natural Resources, or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services and licensed physicians who are faculty members of The University of North Carolina who work for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES

SECTION 10.40. Subject to rules adopted by the State Controller, an employee of the Department of Health and Human Services may authorize, in writing, the periodic deduction from the employee's salary or wages for employment by the State, a designated lump sum to be paid to satisfy the cost of services received for child care provided by the

MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS) FUNDS/IMPLEMENTATION OF MMIS

SECTION 10.41.(a) Of the funds appropriated in this act to the Department of Health and Human Services (Department) from prior year earned revenues received by the Department for the Medicaid Management Information System (MMIS), the sum of eleven million seventy-one thousand five hundred two dollars ($11,071,502) for fiscal year 2009-2010 and the sum of nine million eight hundred twenty thousand six hundred eighty-nine dollars ($9,820,689) for fiscal year 2010-2011 shall be (i) deposited to the Department's information technology budget code and (ii) used to match federal funds for the procurement, design, development, and implementation of the new MMIS system and to fund the central management of the project. In the event that the Department does not receive prior year earned revenues in these amounts, the Department is authorized with approval of the Office of State Budget and Management to use other over-realized receipts to the level appropriated in this act for MMIS expenditures.

SECTION 10.41.(b) The Department shall make full development of the replacement MMIS a top priority. During the development and implementation of MMIS, the Department shall develop plans to ensure the timely and effective implementation of enhancements to the system to provide the following capabilities:

(1) Receiving and tracking premium or other payments required by law.
(2) Compatibility with the administration of the Health Information System.

The Department shall make every effort to expedite the implementation of the enhancements. The Office of Information Technology Services shall work in cooperation with the Department to ensure the timely and effective implementation of the MMIS and enhancements. The contract between the Department and the contract vendor shall contain an explicit provision requiring that the MMIS have the capability to fully implement the administration of NC Health Choice, NC Kids' Care, Ticket to Work, Families Pay Part of the Cost of Services under the CAP-MR/DD, CAP Children's Program, and all relevant Medicaid waivers and the Medicare 646 waiver as it applies to Medicaid eligibles. The Department must have detailed cost information for each requirement before signing the contract. Any contract between the Department and a vendor for the MMIS that does not contain the explicit provision required under this subsection is void on its face. Notwithstanding any other provision of law to
the contrary, the Secretary of the Department does not have the authority to sign a contract for 
the MMIS if the contract does not contain the explicit provision required under this section.

SECTION 10.41.(c) Notwithstanding G.S. 114-2.3, the Department shall engage 
the services of private counsel with the pertinent information technology and computer law 
expertise to review requests for proposals and to negotiate and review contracts associated with 
MMIS. The counsel engaged by the Department shall review the MMIS contract between the 
Department and the vendor to ensure that the requirements of subsection (a) of this section are 
met in their entirety.

SECTION 10.41.(d) The Department shall develop a comprehensive schedule for 
the development and implementation of the MMIS that fully incorporates federal and State 
project management and review requirements. The Department shall ensure that the schedule 
is as accurate as possible. Any changes to the design, development, and implementation 
schedule shall be reported as part of the Department's quarterly MMIS reporting requirements. 
The Department shall submit the schedule to the Chairs of the House of Representatives 
Committee on Appropriations and the House of Representatives Subcommittee on Health and 
Human Services, the Chairs of the Senate Committee on Appropriations and the Senate 
Appropriations Committee on Health and Human Services, and the Fiscal Research Division. 
Any change to key milestones in either schedule shall be immediately reported to the Chairs of 
the House of Representatives Committee on Appropriations and the House of Representatives 
Subcommittee on Health and Human Services, the Chairs of the Senate Committee on 
Appropriations and the Senate Appropriations Committee on Health and Human Services, and 
the Fiscal Research Division with a full explanation of the reason for the change.

SECTION 10.41.(e) Beginning July 1, 2009, the Department shall make quarterly 
reports on changes in the functionality and projected costs of the MMIS. The first quarterly 
submission shall contain a final report on the contract award to include total costs and 
functionality of the MMIS. Each report shall be made to the Chairs of the House of 
Representatives Committee on Appropriations and the House of Representatives Subcommittee 
on Health and Human Services, the Chairs of the Senate Committee on Appropriations and the 
Senate Appropriations Committee on Health and Human Services, and the Fiscal Research 
Division. A copy of the final report on the contract award shall also be submitted to the Joint 
Legislative Commission on Governmental Operations.

SECTION 10.41.(f) Upon initiation of the NC MMIS Program Reporting and 
Analytics Project and the Division of Health Services Regulation Project, the Department shall 
submit all reports regarding functionality, schedule, and cost in the next regular cycle of 
reporting identified in subsections (d) and (e) of this section. The Department shall ensure that 
the solution developed in the Reporting and Analytics Project supports the capability, in its 
initial implementation, to interface with the North Carolina Teachers' and State Employees' 
Health Plan. The costs for this capability shall be negotiated prior to the award of the 
Reporting and Analytics contract. The Reporting and Analytics solution must be completed 
simultaneously with the replacement MMIS.

NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH 
TECHNOLOGY (NC FAST) FUNDS

SECTION 10.42. The sum of eighteen million three hundred twenty-seven 
thousand four hundred seventy-eight dollars ($18,327,478) is appropriated from Budget Code 
24441, Fund Code 2006, to the Department of Health and Human Services, Division of Central 
Management Services, for the 2009-2010 fiscal year. These funds shall be used for the 
development and implementation of North Carolina Families Accessing Services Through 
Technology (NC FAST). Funds will be placed in the Department's information technology 
budget code and will match federal funds for project implementation.
PROGRAM ON PREVENTION OF ABUSE AND NEGLECT

SECTION 10.43.(a) The Children's Trust Fund, a program on prevention of abuse and neglect, is transferred from the Department of Public Instruction to the Division of Social Services in the Department of Health and Human Services, as if by a Type I transfer as defined in G.S. 143A-6, with all the elements of such a transfer.

SECTION 10.43.(b) G.S. 7B-1301 reads as rewritten:

"§ 7B-1301. Program on Prevention of Abuse and Neglect.
(a) The State Board of Education, through the Department of Public Instruction, shall implement the Program on Prevention of Abuse and Neglect. The Department of Public Instruction, subject to the approval of the State Board of Education, shall provide the staff and support services for implementing this program.

(b) In order to carry out the purposes of this Article:

(1) The Department of Public Instruction shall review applications and make recommendations to the State Board of Education concerning the awarding of contracts under this Article.

(2) The State Board of Education, with the assistance of the Department of Public Instruction, shall review applications and contract with public or private nonprofit organizations, agencies, schools, or with qualified individuals to operate community-based educational and service programs designed to prevent the occurrence of abuse and neglect. Every contract entered into by the State Board of Education shall contain provisions that at least twenty-five percent (25%) of the total funding required for a program be provided by the administering organization in the form of in-kind or other services and that a mechanism for evaluation of services provided under the contract be included in the services to be performed. In addition, every proposal to the Department of Public Instruction for funding under this Article shall include assurances that the proposal has been forwarded to the local department of social services for comment so that the Department of Public Instruction may consider coordination and duplication of effort on the local level as criteria in making recommendations to the State Board of Education.

(3) The State Board of Education, with the assistance of the Department of Public Instruction, shall develop appropriate guidelines and criteria for awarding contracts under this Article. These criteria shall include, but are not limited to: documentation of need within the proposed geographical impact area; diversity of geographical areas of programs funded under this Article; demonstrated effectiveness of the proposed strategy or program for preventing abuse and neglect; reasonableness of implementation plan for achieving stated objectives; utilization of community resources including volunteers; provision for an evaluation component that will provide outcome data; plan for dissemination of the program for implementation in other communities; and potential for future funding from private sources.

(4) The State Board of Education, with the assistance of the Department of Public Instruction, shall develop guidelines for regular monitoring of contracts awarded under this Article in order to maximize the investments in prevention programs by the Children's Trust Fund and to establish appropriate accountability measures for administration of contracts.
(5) The State Board of Education Division of Social Services shall develop a State plan for the prevention of abuse and neglect for submission to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

(c) To assist in implementing this Article, the State Board of Education Division of Social Services may accept contributions, grants, or gifts in cash or otherwise from persons, associations, or corporations. All monies received by the State Board of Education Division of Social Services from contributions, grants, or gifts and not through appropriation by the General Assembly shall be deposited in the Children's Trust Fund. Disbursements of the funds shall be on the authorization of the State Board of Education or that Board's duly authorized representative Department of Health and Human Services. In order to maintain an effective expenditure and revenue control, the funds are subject in all respects to State law and regulations, but no appropriation is required to permit expenditure of the funds.

(d) Programs contracted for under this Article are intended to prevent abuse and neglect of juveniles. Abuse and neglect prevention programs are defined to be those programs and services which impact on juveniles and families before any substantiated incident of abuse or neglect has occurred. These programs may include, but are not limited to:

   (1) Community-based educational programs on prenatal care, perinatal bonding, child development, basic child care, care of children with special needs, and coping with family stress; and

   (2) Community-based programs relating to crisis care, aid to parents, and support groups for parents and their children experiencing stress within the family unit.

(e) No more than twenty percent (20%) of each year's total awards may be utilized for funding State-level programs to coordinate community-based programs."

SECTION 10.43.(c) G.S. 7B-1302 reads as rewritten:

"§ 7B-1302. Children's Trust Fund.

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

(b) The Department of Public Instruction Health and Human Services shall report annually on revenues and expenditures of the Children's Trust Fund to the Joint Legislative Commission on Governmental Operations."

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

SECTION 10.44.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be developed and implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 10.44.(b) The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of Intensive Family Preservation Services shall provide information and data that allows for:

   (1) An established follow-up system with a minimum of six months of follow-up services.
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(2) Detailed information on the specific interventions applied, including utilization indicators and performance measurement.

(3) Cost-benefit data.

(4) Data on long-term benefits associated with Intensive Family Preservation Services. This data shall be obtained by tracking families through the intervention process.

(5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.

(6) The number and percentage by race of children who received Intensive Family Preservation Services compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 10.44.(c) The Department shall establish performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

SECTION 10.44.(d) The Department shall publish an annual report on the Intensive Family Preservation Services Program, including the information and data under subdivisions (b)(2) through (b)(6) of this section.

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 10.45.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;

(2) $440.00 per child per month for children aged 6 through 12; and

(3) $490.00 per child per month for children aged 13 through 18.

SECTION 10.45.(b) The maximum rates for the State adoption assistance program are established consistent with the foster care rates as follows:

(1) $390.00 per child per month for children aged birth through 5;

(2) $440.00 per child per month for children aged 6 through 12; and

(3) $490.00 per child per month for children aged 13 through 18.

SECTION 10.45.(c) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose shall be used to provide medical training in avoiding HIV transmission in the home.

SECTION 10.45.(d) The maximum rates for the State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

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

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

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

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

SECTION 10.45.(e) The State and a county participating in foster care and adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of the cost of care for a child placed by a county department of social services or child placing agency in a family foster home or residential child care facility. A county shall be held harmless from contributing fifty percent (50%) of the nonfederal share of the cost for a child placed in a family foster home or residential child care facility under an agreement with that provider as of October 31, 2008, until the child leaves foster care or experiences a placement change.

SECTION 10.45.(f) The Department of Health and Human Services may establish foster care and adoption assistance rates based on the United States Department of Agriculture (USDA) "Expenditures on Children by Families" index subject to State appropriations for each fiscal year.
SECTION 10.45.(g) This section becomes effective July 1, 2009, and applies to payments made on or after that date.

CHILD SUPPORT PROGRAM/ENHANCED STANDARDS

SECTION 10.46. G.S. 110-129.1(a) is amended by adding the following new subdivision to read:

"(a) In addition to other powers and duties conferred upon the Department of Health and Human Services, Child Support Enforcement Program, by this Chapter or other State law, the Department shall have the following powers and duties:

... (9) Implement and maintain performance standards for each of the State and county child support enforcement offices across the State. The performance standards shall include the following:

a. Cost per collections.
b. Consumer satisfaction.
c. Paternity establishments.
d. Administrative costs.
e. Orders established.
f. Collections on arrearages.
g. Location of absent parents.
h. Other related performance measures.

The Department shall monitor the performance of each office and shall implement a system of reporting that allows each local office to review its performance as well as the performance of other local offices. The Department shall publish an annual performance report that includes the statewide and local office performance of each child support office."

ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES

SECTION 10.46A.(a) G.S. 110-141 reads as rewritten:

"§ 110-141. Effectuation of intent of Article.

The North Carolina Department of Health and Human Services shall supervise the administration of this program in accordance with federal law and shall cause the provisions of this Article to be effectuated and to secure child support from absent, deserting, abandoning and nonsupporting parents.

Effective July 1, 1986, the entity, whether the board of county commissioners or the Department of Health and Human Services, that is administering, or providing for the administration of, this program in each county on June 30, 1986, shall continue to administer, or provide for the administration of, this program in that county, with one exception. If a county program is being administered by the Department of Health and Human Services on June 30, 1986, and if the board of county commissioners of this county desires on or after that date to assume responsibility for the administration of the program, the board of county commissioners shall notify the Department of Health and Human Services between July 1 and September 1 of the current fiscal year. The obligations of the board of county commissioners to assume responsibility for the administration of the program shall not commence prior to July 1 of the subsequent fiscal year. Until that time, it is the responsibility of the Department of Health and Human Services to administer or provide for the administration of the program in the county.

Effective July 1, 2010, each child support enforcement program being administered by the Department of Health and Human Services on behalf of counties shall be administered, or the administration provided for, by the board of county commissioners of those counties. Until July
1, 2010, it shall be the responsibility of the Department of Health and Human Services to
administer or provide for the administration of the program in those counties.

A county may negotiate alternative arrangements to the procedure outlined in G.S. 110-130
for designating a local person or agency to administer the provisions of this Article in that
county."

SECTION 10.46A.(b) Counties affected by this section shall submit plans to the
Department of Health and Human Services, Division of Social Services, no later than January
1, 2010, outlining the proposed operation of child support enforcement programs. The Division
shall establish the criteria to be included within county plans for operations and review
submitted plans to ensure the appropriate transitioning of administrative and programmatic
responsibility.

CHILD CARING INSTITUTIONS

SECTION 10.47. Until the Social Services Commission adopts rules setting
standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
maximum reimbursement for child caring institutions shall not exceed the rate established for
the specific child caring institution by the Department of Health and Human Services, Office of
the Controller. In determining the maximum reimbursement, the State shall include county and
IV-E reimbursements.

SPECIAL CHILDREN ADOPTION FUND

SECTION 10.48. Part 4 of Article 2 of Chapter 108A of the General Statutes is
amended by adding the following new section to read:

"§ 108A-50.2. Special Children Adoption Fund.

(a) Funds appropriated by the General Assembly in the Current Operations
Appropriations Act shall be used to support the Special Children Adoption Fund. The Division
of Social Services of the Department of Health and Human Services, in consultation with the
North Carolina Association of County Directors of Social Services and representatives of
licensed private adoption agencies, shall develop guidelines for the awarding of funds to
licensed public and private adoption agencies upon the adoption of children described in
G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund
by participating agencies shall be used exclusively to enhance the adoption services. No local
match shall be required as a condition for receipt of these funds. In accordance with State rules
for allowable costs, the Special Children Adoption Fund may be used for postadoption services
for families whose income exceeds two hundred percent (200%) of the federal poverty level.

(b) Of the total funds appropriated for the Special Children Adoption Fund each year,
twenty percent (20%) of the total funds available shall be reserved for payment to participating
private adoption agencies. If the funds reserved in this subsection for payments to private
agencies have not been spent on or before March 31 of each State fiscal year, the Division of
Social Services may reallocate those funds, in accordance with this section, to other
participating adoption agencies.

(c) The Division of Social Services shall monitor the total expenditures in the Special
Children Adoption Fund and redistribute unspent funds to ensure that the funds are used in
accordance with the guidelines established in subsection (a) of this section."

LIMITATION ON STATE ABORTION FUND

SECTION 10.49. The limitations on funding of the performance of abortion
established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section
23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2009-2010 and 2010-2011 fiscal
years.
CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT FUND

SECTION 10.50.(a) There is appropriated from the Escheat Fund income to the Department of Health and Human Services the sum of three million one hundred sixty-eight thousand two hundred fifty dollars ($3,168,250) for the 2009-2010 fiscal year and the sum of three million one hundred sixty-eight thousand two hundred fifty dollars ($3,168,250) for the 2010-2011 fiscal year. There is appropriated from the General Fund to the Department of Health and Human Services the sum of one million six hundred sixty-eight thousand two hundred fifty dollars ($1,668,250) for the 2010-2011 fiscal year. These funds shall be used to support the child welfare postsecondary support program for the educational needs of foster youth aging out of the foster care system and special needs children adopted from foster care after age 12 by providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087ll. The Department shall collaborate with the State Education Assistance Authority to develop policies and procedures for the distribution of these funds.

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

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

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

Funds appropriated under this section from the Escheat Fund that remain uncommitted as of the end of a fiscal year shall be returned to the Escheat Fund.

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

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

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

TANF BENEFIT IMPLEMENTATION

SECTION 10.51.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2009-2011," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2009, through September 30, 2011. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services, as amended by this act or any other act of the 2009 General Assembly.
SECTION 10.51.(b) The counties approved as Electing Counties in North Carolina Temporary Assistance for Needy Families State Plan FY 2009-2011, as approved by this section are: Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

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

OFFICE OF EDUCATION SERVICES/FUNDS TRANSFER AND CONSOLIDATION OF SCHOOLS

SECTION 10.51A.(a) There is transferred from the Office of Education Services Trust Fund, Budget Code 66424, the sum of one hundred seventy-five thousand three hundred twenty-one dollars ($175,321) to the Office of Education Services General Fund, Budget Code 14424. These funds shall be used to support the operations of the North Carolina School for the Deaf at Morganton, Eastern North Carolina School for the Deaf at Wilson, and Governor Morehead School for the Blind. Donations and bequests to these schools shall be used in accordance with their designated purpose.

SECTION 10.51A.(b) The Department of Health and Human Services, Office of Education Services (OES), shall not enroll new students at the Governor Morehead School for the Blind during the 2009-2010 and 2010-2011 school years. During these years, the Office of Education Services shall allow the census to decline and prepare to close the Governor Morehead School for the Blind.

SECTION 10.51A.(c) OES shall develop a plan for the consolidation of the Governor Morehead School for the Blind (GMS) at the existing campuses of the North Carolina School for the Deaf at Morganton (NCSD) and the Eastern North Carolina School for the Deaf at Wilson (ENCSD). Within the GMS consolidation plan, OES shall accomplish all of the following:

1. Determine the number of current students enrolled at GMS that would require continued residential instruction, and the number of students that could be more appropriately served within their area local education agencies (LEAs).
2. Require GMS school staff to work in conjunction with LEAs and others to revise individualized educational plans for each student, as needed, and prepare a transition plan for every student.
3. Collaborate with the Department of Public Instruction and affected LEAs to identify additional LEA resource requirements to appropriately educate transitioning GMS students.
4. Prepare a budget for the consolidated residential schools for students who are deaf, blind, or deaf-blind, which itemizes instructional, residential, and other personnel requirements, operating requirements, and physical improvements to the campuses.
5. Provide a specific timeline for the closure and transitioning of students currently enrolled at GMS.
6. Identify alternative instructional and operational models to improve the quality of instruction at the consolidated residential schools, and to improve the capacities of LEAs to educate students who are deaf, blind, or deaf-blind.

Not later than May 1, 2010, OES shall report on each of the required components of the consolidation plan set forth in subdivisions (1) through (6) of this subsection to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate
NON-MEDICAID REIMBURSEMENT CHANGES

**SECTION 10.55.(a)** Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no higher than those under the North Carolina Medical Assistance Program.

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

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

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

- DSB Medical Eye Care: 125% FPL
- DSB Independent Living <55: 125% FPL
- DSB Independent Living 55+: 200% FPL
- DSB Vocational Rehabilitation: 125% FPL
- DVR Independent Living: 125% FPL
- DVR Vocational Rehabilitation: 125% FPL

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

**SECTION 10.55.(b)** The Secretary shall reduce provider rates for medical and nonmedical services rendered for the Medical Eye Care, Independent Living, and Vocational Rehabilitation programs within the Division of Services for the Blind, and Independent Living and Vocational Rehabilitation programs within the Division of Vocational Rehabilitation to achieve an overall rate reduction of five and five-tenths percent (5.5%) in fiscal year 2009-2010 and six percent (6.0%) in fiscal year 2010-2011.

DIVISION OF SERVICES FOR THE DEAF AND HARD OF HEARING/FUNDS TRANSFER AND APPROPRIATION

**SECTION 10.56.(a)** Notwithstanding G.S. 62-157, on July 1, 2009, the State Controller shall transfer eight million five hundred thousand dollars ($8,500,000) from the Special Account for Telecommunications Relay Service to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2009-2010 fiscal year.

**SECTION 10.56.(b)** The Department of Health and Human Services shall, pursuant to G.S. 62-157, file a petition with the North Carolina Utilities Commission to reset the surcharge provided for in G.S. 62-157 to maintain a reasonable margin for reserve for the operation of the statewide telecommunications relay service.

STATE-COUNTY SPECIAL ASSISTANCE
SECTION 10.57.(a) The eligibility of Special Assistance recipients residing in adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report and Related Services, provided these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be one thousand two hundred thirty-one dollars ($1,231) per month per resident.

SECTION 10.57.(b) Effective October 1, 2009, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred seventy-three dollars ($1,173) per month per resident unless adjusted by the Department in accordance with subsection (d) of this section. The eligibility of Special Assistance recipients residing in adult care homes on September 30, 2009, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from the adoption of this maximum monthly rate, provided these recipients are otherwise eligible.

SECTION 10.57.(c) The maximum monthly rate for residents in Alzheimer/Dementia special care units shall be one thousand five hundred fifteen dollars ($1,515) per month per resident unless adjusted by the Department in accordance with subsection (d) of this section.

SECTION 10.57.(d) Notwithstanding any other provision of this section, the Department of Health and Human Services shall review activities and costs related to the provision of care in adult care homes and shall determine what costs may be considered to properly maximize allowable reimbursement available through Medicaid personal care services for adult care homes (ACH-PCS) under federal law. As determined, and with any necessary approval from the Centers for Medicare and Medicaid Services (CMS) and the approval of the Office of State Budget and Management, the Department may transfer necessary funds from the State-County Special Assistance program within the Division of Social Services to the Division of Medical Assistance and may use those funds as State match to draw down federal matching funds to pay for such activities and costs under Medicaid's personal care services for adult care homes (ACH-PCS), thus maximizing available federal funds. The established rate for State-County Special Assistance set forth in subsections (b) and (c) of this section shall be adjusted by the Department to reflect any transfer of funds from the Division of Social Services to the Division of Medical Assistance and related transfer costs and responsibilities from State-County Special Assistance to the Medicaid personal care services for adult care homes (ACH-PCS). Subject to approval by the Centers for Medicare and Medicaid Services (CMS) and prior to implementing this section, the Department may disregard a limited amount of income for individuals whose countable income exceeds the adjusted State-County Special Assistance rate. The amount of the disregard shall not exceed the difference between the Special Assistance rate prior to the adjustment and the Special Assistance rate after the adjustment and shall be used to pay a portion of the cost of the ACH-PCS and reduce the Medicaid payment for the individual's personal care services provided in an adult care home. In no event shall the reimbursement for services through the ACH-PCS exceed the average cost of the services as determined by the Department from review of cost reports as required and submitted by adult care homes. The Department shall report any transfers of funds and modifications of rates to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

SECTION 10.57.(e) The Department of Health and Human Services shall recommend rates for State-County Special Assistance and for Adult Care Home Personal Care Services. The Department may recommend rates based on appropriate cost methodology and cost reports submitted by adult care homes that receive State-County Special Assistance funds and shall ensure that cost reporting is done for State-County Special Assistance and Adult Care
MEDICAID

SECTION 10.58.(a) Use of Funds, Allocation of Costs, Other Authorizations.

(1) Use of funds. – Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy.

(2) Allocation of nonfederal cost of Medicaid. – The State shall pay one hundred percent (100%) of the nonfederal costs of all applicable services listed in this section. In addition, the State shall pay one hundred percent (100%) of the federal Medicare Part D clawback payments under the Medicare Modernization Act of 2004.

(3) Use of funds for development and acquisition of equipment and software. – If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may use funds that are identified to support the cost of development and acquisition of equipment and software and related operational costs through contractual means to improve and enhance information systems that provide management information and claims processing. The Department of Health and Human Services shall identify adequate funds to support the implementation and first year's operational costs that exceed funds allocated for the 2009-2010 and 2010-2011 fiscal years for the new contract for the fiscal agent for the Medicaid Management Information System.

(4) Reports. – Unless otherwise provided, whenever the Department of Health and Human Services is required by this section to report to the General Assembly, the report shall be submitted to the House of Representatives Appropriations Subcommittee for Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division of the Legislative Services Office. Reports shall be submitted on the date provided in the reporting requirement.

SECTION 10.58.(b) Policy.

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

(2) Cost containment programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

(3) Fraud and abuse. – The Division of Medical Assistance, Department of Health and Human Services, shall provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

(4) Medical policy. – Unless required for compliance with federal law, the Department shall not change medical policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide
services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the increased cost of the proposed change in medical policy and submitted it for Departmental review. If the fiscal impact indicated by the fiscal analysis for any proposed medical policy change exceeds three million dollars ($3,000,000) in total requirements for a given fiscal year, then the Department shall submit the proposed medical policy change with the fiscal analysis to the Office of State Budget and Management and the Fiscal Research Division. The Department shall not implement any proposed medical policy change exceeding three million dollars ($3,000,000) in total requirements for a given fiscal year unless the source of State funding is identified and approved by the Office of State Budget and Management. For medical policy changes exceeding three million dollars ($3,000,000) in total requirements for a given fiscal year that are required for compliance with federal law, the Department shall submit the proposed medical policy or policy interpretation change with the five-year fiscal analysis to the Office of State Budget and Management prior to implementing the change. The Department shall provide the Office of State Budget and Management and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than three million dollars ($3,000,000).

SECTION 10.58.(c) Eligibility. – Eligibility for Medicaid shall be determined in accordance with the following:

(1) Medicaid and Work First Family Assistance.

a. Income eligibility standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

<table>
<thead>
<tr>
<th>CATEGORICALLY NEEDY – WFFA*</th>
<th>MEDICALLY NEEDY</th>
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</thead>
<tbody>
<tr>
<td>Standard of Need</td>
<td></td>
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<tr>
<td>&amp;</td>
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<tr>
<td>Families and Families and</td>
<td>WFFA*</td>
</tr>
<tr>
<td>WFFA* Children &amp; Payment</td>
<td>AA, AB, AD*</td>
</tr>
<tr>
<td>Income Level Level Income Level</td>
<td>Income Level</td>
</tr>
<tr>
<td>1 $4,344 $2,172 $2,900</td>
<td>$2,900</td>
</tr>
<tr>
<td>2 5,664 2,832 3,800</td>
<td>3,800</td>
</tr>
<tr>
<td>3 6,528 3,264 4,400</td>
<td>4,400</td>
</tr>
<tr>
<td>4 7,128 3,564 4,800</td>
<td>4,800</td>
</tr>
<tr>
<td>5 7,776 3,888 5,200</td>
<td>5,200</td>
</tr>
<tr>
<td>6 8,376 4,188 5,600</td>
<td>5,600</td>
</tr>
<tr>
<td>7 8,952 4,476 6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>8 9,256 4,680 6,300</td>
<td>6,300</td>
</tr>
</tbody>
</table>

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

b. The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need. These standards may be changed with the approval of the Director of the Budget.
c. The Department of Health and Human Services shall provide Medicaid coverage to 19- and 20-year-olds in accordance with federal rules and regulations.

d. Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

(2) For the following Medicaid eligibility classifications for which the federal poverty guidelines are used as income limits for eligibility determinations, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines. The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to the following:

a. All elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines.

b. Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines and without regard to resources. Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy.

c. Infants under the age of one with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines and without regard to resources.

d. Children aged one through five with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines and without regard to resources.

e. Children aged six through 18 with family incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines and without regard to resources.

f. Family planning services to men and women of childbearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines and without regard to resources.

g. Workers with disabilities described in G.S. 108A-54.1 with unearned income equal to or less than one hundred fifty percent (150%) of the federal poverty guidelines.

(3) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

(4) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to "independent foster care adolescents," ages 18, 19, and 20, as defined in section 1905(w)(1) of the Social Security Act [42 U.S.C. § 1396d(w)(1)], without regard to the adolescent's assets, resources, or income levels.

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

<table>
<thead>
<tr>
<th>Monthly Net Wages</th>
<th>Monthly Incentive Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.00 to $100.99</td>
<td>Up to $50.00</td>
</tr>
<tr>
<td>$101.00 to $200.99</td>
<td>$80.00</td>
</tr>
<tr>
<td>$201.00 to $300.99</td>
<td>$130.00</td>
</tr>
<tr>
<td>$301.00 and greater</td>
<td>$212.00</td>
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</tbody>
</table>

(6) The Department of Health and Human Services, Division of Medical
Assistance, shall provide Medicaid coverage to women who need treatment
for breast or cervical cancer and who are defined in 42 U.S.C. §

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

(1) Hospital inpatient. – Payment for hospital inpatient services will be
prescribed by the State Plan as established by the Department of Health and
Human Services.

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

(3) Nursing facilities. – Nursing facilities providing services to Medicaid
recipients who also qualify for Medicare must be enrolled in the Medicare
program as a condition of participation in the Medicaid program. State
facilities are not subject to the requirement to enroll in the Medicare
program. Residents of nursing facilities who are eligible for Medicare
coverage of nursing facility services must be placed in a Medicare-certified
bed. Medicaid shall cover facility services only after the appropriate services
have been billed to Medicare.

(4) Physicians, certified nurse midwife services, certified registered nurse
anesthetists, nurse practitioners. – Fee schedules as developed by the
Department of Health and Human Services.

(5) Community Alternative Program, EPSDT Screens. – Payments in
accordance with rate schedule developed by the Department of Health and
Human Services.

(6) Home health and related services, durable medical equipment. – Payments
according to reimbursement plans developed by the Department of Health
and Human Services.

(7) Hearing aids. – Wholesale cost plus dispensing fee to provider.

(8) Rural health clinical services. – Provider-based, reasonable cost,
nonprovider-based, single-cost reimbursement rate per clinic visit.

(9) Family planning. – Negotiated rate for local health departments. For other
providers see specific services, e.g., hospitals, physicians.

(10) Independent laboratory and X-ray services. – Uniform fee schedules as
developed by the Department of Health and Human Services.

(11) Ambulatory surgical centers.

(12) Private duty nursing, clinic services, prepaid health plans.
(13) Intermediate care facilities for the mentally retarded.

(14) Chiropractors, podiatrists, optometrists, dentists.

(15) Limitations on dental coverage. – Dental services shall be provided on a restricted basis in accordance with criteria adopted by the Department to implement this subsection.

(16) Medicare Buy-In. – Social Security Administration premium.

(17) Ambulance services. – Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.

(18) Optical supplies. – Payment for materials is made to a contractor in accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing providers are negotiated fees established by the State agency based on industry charges.

(19) Medicare crossover claims. – The Department shall apply Medicaid medical policy to Medicare claims for dually eligible recipients. The Department shall pay an amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services. The Department may disregard application of this policy in cases where application of the policy would adversely affect patient care.

(20) [Reserved]

(21) Personal care services. – Payment in accordance with the State Plan developed by the Department of Health and Human Services.

(22) Case management services. – Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.

(23) Hospice.

(24) Medically necessary prosthetics or orthotics. – In order to be eligible for reimbursement, providers must be licensed or certified by the occupational licensing board or the certification authority having authority over the provider’s license or certification. Medically necessary prosthetics and orthotics are subject to prior approval and utilization review.

(25) Health insurance premiums.

(26) Medical care/other remedial care. – Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates.

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

(28) Drugs. – Reimbursements. Reimbursements shall be available for prescription drugs as allowed by federal regulations plus a professional services fee per month, excluding refills for the same drug or generic equivalent during the same month. Payments for drugs are subject to the provisions of this subdivision or in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee for generic and for brand-name drugs shall be
established per prescription by the Department based on the reductions made in this act. Further adjustments to the professional services fee shall be established by the General Assembly. In addition to the professional services fee, the Department may pay an enhanced fee for pharmacy services.

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

Dispensing of generic drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical Assistance Program (Title XIX of the Social Security Act), and except as otherwise provided in this subsection for drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand-name drug is medically necessary and has written on the prescription order the phrase "medically necessary." An initial prescription order for a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand-name drugs. As used in this subsection, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act, as amended, 21 U.S.C. § 352(e)(3).

Prior authorization. – The Department of Health and Human Services shall not impose prior authorization requirements or other restrictions under the State Medical Assistance Program on medications prescribed for Medicaid recipients for the treatment of HIV/AIDS.

Other mental health services. – Unless otherwise covered by this section, coverage is limited to:

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

b. For children eligible for EPSDT services provided by:
1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, licensed clinical addictions specialists, and certified clinical supervisors, when Medicaid-eligible children are referred by the Community Care of North Carolina primary care physician, a Medicaid-enrolled psychiatrist, or the area mental health program or local management entity, and

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

c. For Medicaid-eligible adults, services provided by licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, and nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and licensed clinical supervisors, Medicaid-eligible adults may be self-referred.

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

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

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

(1) Subject to the provisions of this subdivision, the Department may require Medicaid-enrolled providers to purchase a performance bond in an amount not to exceed one hundred thousand dollars ($100,000) naming as beneficiary the Department of Health and Human Services, Division of
Medical Assistance, or provide to the Department a validly executed letter of
credit or other financial instrument issued by a financial institution or agency
honoring a demand for payment in an equivalent amount. The Department
may require the purchase of a performance bond or the submission of an
executed letter of credit or financial instrument as a condition of initial
enrollment, reenrollment, or reinstatement if:

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

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

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

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

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

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

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

SECTION 10.58.(f) Exceptions and Limitations on Services; Authorization of Co-Payments and Other Services. –

(1) Exceptions to service limitations, eligibility requirements, and payments. – Service limitations, eligibility requirements, and payment bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, contracting for services, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient.

(2) Co-payment for Medicaid services. – The Department of Health and Human Services may establish co-payments up to the maximum permitted by federal law and regulation.

(3) The Department of Health and Human Services shall establish a fifty dollars ($50.00) per visit co-payment for non-emergent hospital emergency room visits.

SECTION 10.58.(g) Rules, Reports, and Other Matters. –

(1) Rules. – The Department of Health and Human Services may adopt temporary or emergency rules according to the procedures established in G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that these rules are necessary to maximize receipt of federal funds within existing State appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. The Department of Health and Human Services shall adopt rules requiring providers to attend training as a condition of enrollment and may adopt temporary or emergency rules to implement the training requirement. Prior to the filing of the temporary or emergency rules authorized under this subsection with the Rules Review Commission and the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary or emergency rule and its effect on State appropriations and local governments.

(2) Changes to Medicaid program; reports. – The Department shall report on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Centers for Medicare and Medicaid Services (CMS). The reports shall be provided at the same time they are submitted to CMS for approval. In addition to the entities listed in subdivision (a)(4) of this section, the report shall be submitted to the Joint Legislative Health Care Oversight Committee.

MEDICAID PROVIDER FEE

SECTION 10.58A. Effective September 1, 2009, the Department of Health and Human Services, Division of Medical Assistance, shall charge an enrollment fee of one hundred dollars ($100.00) to each provider enrolling in the Medicaid program for the first time. The fee shall be charged to all providers at reenrollment every three years.

ACCELERATED DHHS PROCUREMENT PROCESS TO ACHIEVE BUDGET REDUCTIONS
SECTION 10.58B.(a) Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may modify or extend existing contracts or as necessary enter into sole source contracts to timely achieve the provisions of this act. Any such modifications or contract extensions or sole source contracts must be approved by the Governor and reported to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Fiscal Research Division, and the Office of State Budget and Management. This subsection applies to the following activities and shall expire six months from the date of enactment of this act:

1. Acquisition of medical equipment, supplies, and appliances;
2. Maximizing technology to increase third-party recovery, increase cost avoidance activities, identify provider overbilling and other abuse or program integrity activities;
3. Implementing prior authorization efforts in imaging and other high-cost services;
4. Providing technical assistance to enhance care coordination, analysis, and reports to assess provider compliance and performance;
5. Conducting independent assessments; and
6. Providing technology services to establish physician/provider online attestation reporting and assist CCNC in care management activities.

SECTION 10.58B.(b) The Department shall report on the activities conducted under this section to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on or before April 1, 2010.

MEDICAID SPECIAL FUND TRANSFER

SECTION 10.61. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143C-9-1, there is appropriated from the Medicaid Special Fund to the Department of Health and Human Services the sum of forty-three million dollars ($43,000,000) for the 2009-2010 fiscal year and the sum of forty-three million dollars ($43,000,000) for the 2010-2011 fiscal year. These funds shall be allocated as prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act. The Department may also use funds in the Medicaid Special Fund to fund the settlement of the Disproportionate Share Hospital payment audit issues between the Department of Health and Human Services and the federal government related to fiscal years 1997-2002, and funds are appropriated from the Fund for the 2009-2010 fiscal year for this purpose.

EXTEND IMPLEMENTATION OF COMMUNITY ALTERNATIVES PROGRAMS REIMBURSEMENT SYSTEM

SECTION 10.62. Full implementation for the Community Alternatives Programs reimbursement system shall be not later than 12 months after the date on which the replacement Medicaid Management Information System becomes operational and stabilized.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 10.64.(a) Receivables reserved at the end of the 2009-2010 and 2010-2011 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years.

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


SECTION 10.65.(a) Subject to approval from the Centers for Medicare and Medicaid Services (CMS), the Department of Health and Human Services, Division of Medical Assistance, shall, in consultation with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and Community Alternatives Program (CAP) stakeholders, develop a schedule of cost-sharing requirements for families of children with incomes above the Medicaid allowable limit to share in the costs of their child's Medicaid expenses under the CAP-MR/DD (Community Alternatives Program for Mental Retardation and Developmentally Disabled) and the CAP-C (Community Alternatives Program for Children). The cost-sharing amounts shall be based on a sliding scale of family income and shall take into account the impact on families with more than one child in the CAP programs. In developing the schedule, the Department shall also take into consideration how other states have implemented cost-sharing in their CAP programs. The Division of Medical Assistance may establish monthly deductibles as a means of implementing this cost-sharing. The Department shall provide for at least one public hearing and other opportunities for individuals to comment on the imposition of cost-sharing under the CAP program schedule.

SECTION 10.65.(b) The Division of Medical Assistance shall also, in collaboration with the Controller's Office of the Department of Health and Human Services, the Division of Information Resource Management (DIRM), and the new vendor of the replacement Medicaid Management Information System, develop business rules, program policies and procedures, and define relevant technical requirements.

SECTION 10.65.(c) Prior to seeking approval from CMS, but not later than October 1, 2009, the Department shall report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs, and to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The report shall include a summary of comments the Department has received at the public hearing, business rules, policies and procedures, and technical requirements of the initiative and shall also indicate any barriers to implementing the cost-sharing.

IMPLEMENTATION PLAN FOR FOUR TIERS OF CAP-MR/DD PROGRAM

SECTION 10.65A. For the purposes of improving efficiency in the expenditure of available funds and effectively identifying and meeting the needs of CAP-MR/DD eligible individuals, on or before January 1, 2010, the Department of Health and Human Services, Division of Medical Assistance, in conjunction with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall submit a State Plan amendment to the Centers for Medicare and Medicaid services for the implementation of Tiers 1 through 4 of the CAP-MR/DD program. The State Plan amendment shall describe the
implementation of Tiers 1 and 4 and the proposed implementation of Tiers 2 and 3, and
revisions of Tier 4, and shall include detail on each of the following:

1. The array and intensity level of services that will be available under each of
the four Tiers;
2. The range of costs for the array and intensity level of services under each of
the four Tiers;
3. How the relative intensity of need for each current and future CAP-MR/DD
eligible individual will be reliably determined; and
4. How the determination of intensity of need will be used to assign individuals
appropriately into one of the four Tiers.

The Department may develop an application to the Centers for Medicare and
Medicaid services for additional Medicaid waivers for Tiers 2 and 3 of
CAP-MR/DD program. The Department shall not submit the application until after
it has submitted the State Plan amendment required under this subdivision. Nothing
in this subdivision obligates the General Assembly to appropriate additional funds
for the CAP-MR/DD waiver.

PREFERRED DRUG LIST PROGRAM

SECTION 10.66.(a) The Department of Health and Human Services shall establish
and implement a preferred drug list program under the Division of Medical Assistance. The
Department shall submit a medical assistance State Plan amendment to the Centers for
Medicare and Medicaid Services (CMS) of the United States Department of Health and Human
Services to implement the program.

SECTION 10.66.(b) The pharmaceutical and therapeutics committee of the
Physician's Advisory Group (PAG) shall provide ongoing review of the preferred drug list.
Members of the committee shall submit conflict of interest disclosure statements to the
Department and shall have an ongoing duty to disclose conflicts of interest not included in the
original disclosure.

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

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

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

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

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

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

**CLARIFYING CHANGES TO STATE MEDICAID RESPONSIBILITIES**

**SECTION 10.68.** Consistent with Sections 31.16.1(c) and (d) of S.L. 2007-323 that require the State to assume responsibility for the nonfederal share of the costs of medical services provided under the Medicaid Program starting June 1, 2009, the counties shall neither bear any responsibility for settlement payments to providers nor refunds of expenditures for program service claims paid on or before June 1, 2009. Counties will continue to participate in their share of administrative costs.

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

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

1. **Electronic transactions.** —
   a. Within 60 days of notification of its procedures via the DMA Web site, Medicaid providers shall follow the Department's established procedures for securing electronic payments. No later than September 1, 2009, the Department shall cease routine provider payments by check.
   b. Effective September 1, 2009, all Medicaid providers shall file claims electronically to the fiscal agent. Nonelectronic claims submission may be required when it is in the best interest of the Department.
   c. Effective September 1, 2009, enrolled Medicaid providers shall submit Preadmission Screening and Annual Resident Reviews (PASARR) through the Department's Web-based tool or through a vendor with interface capability to submit data into the Web-based PASARR.

2. **Clinical coverage.** — The Department of Health and Human Services, Division of Medical Assistance, shall amend applicable clinical policies and submit applicable State plan amendments to CMS to implement the budget reductions authorized in the following clinical coverage areas in this act:
   a. Modify or eliminate Physical Therapy, Speech Therapy, and Occupational Therapy.
   b. Modify or eliminate Dental Services.
   c. Consolidate and reduce Targeted Case Management and case management functions bundled within other Medicaid services.
   d. Eliminate coverage of HIV case management.
   e. Eliminate coverage of therapeutic camps.
   f. Modify or eliminate adult routine eye exams and visual aids.

3. **Medicaid Personal Care Service provision.** — Upon the enactment of this act, the Division of Medical Assistance shall implement the following new criteria for personal care services (PCS):
   a. Independent assessment by an entity that does not provide direct PCS services for evaluation of the recipient prior to initiation of service. The independent assessment will determine the qualifying Activities
of Daily Living (ADL), the level of assistance required, and the amount and scope of PCS to be provided, according to policy criteria.

b. Independent assessment or review from the assigned Community Care of North Carolina (CCNC) physician of the continued qualification for PCS services under the revised PCS policy criteria.

c. Establishment of four levels of qualifying criteria and service, as follows:

1. PCS I- requires limited assistance with three ADLs; up to 20 hours/month; no housekeeping.
2. PCS II- requires limited assistance with four ADLs; up to 40 hours/month; no housekeeping.
3. PCS III- requires extensive assistance with three ADLs, or limited assistance and extensive assistance with two ADLs; up to 60 hours/month; up to twenty-five percent (25%) housekeeping.
4. PCS-Plus- requires extensive assistance with four ADLs; up to 80 hours/month; up to twenty-five percent (25%) housekeeping.

d. Establishment of time limits on physician service orders and reauthorization in accordance with the recipient's diagnosis and acuity of need.

e. Add the following items to the list of tasks that are not covered by this service: non-medical transportation, errands and shopping, money management, cueing, and prompting, guiding, or coaching.

f. Online physician attestation of medical necessity.

g. Revision of audits and review process, including extending of the current contract with the postpayment vendor.

h. If sufficient reduction in cost is not achieved with the revised policy, the Secretary shall direct the Division of Medical Assistance to further modify the policy to achieve targeted cost savings.

Recipients currently receiving PCS services shall be reviewed under the above criteria, and those recipients not meeting the new criteria shall be terminated from the service within 30 days of the review. The Department shall review usage of personal care services in adult care homes to determine if overuse is occurring and shall report its findings to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on or before December 1, 2009.

(4) MH/DD/SAS Personal Care and Personal Assistance Services Provision. – A denial, reduction, or termination of Medicaid-funded personal care services shall result in a similar denial, reduction, or termination of State-funded MH/DD/SA personal care and personal assistance services.

(5) Community Support and other MH/DD/SA services. – The Department of Health and Human Services shall eliminate community support services on or before April 1, 2010. Upon enactment of this act, the Division of Medical Assistance and the Division of MH/DD/SA shall take the steps necessary for the Medicaid and the State-funded community support program to provide for transition and discharge planning to recipients currently receiving community support services. The following shall occur:

a. No new admissions shall be allowed.
b. Authorizations currently in effect as of the date of enactment of this act remain valid. Any new authorization or subsequent reauthorization is subject to the provisions of this act.

c. No community support services shall be provided in conjunction with other enhanced services, except through December 31, 2009, professional level community support may be provided in conjunction with residential Level III and IV to assist in recipient discharge planning. Up to a maximum of 24 hours over a 90-day authorization may be provided as approved by the prior authorization vendor.

d. The current moratorium on community support provider endorsement shall remain in effect.

e. A provider of community support services whose endorsement, Medicaid participation, or services have been suspended is not entitled to payment during the period the appeal is pending, and the Department shall make no payment to the provider during that period. If the final agency decision is in favor of the provider, the Department shall remove the suspension, commence payment for provider services, and reimburse the provider for payments withheld during the period of appeal.

f. Effective 60 days from the enactment of this act, the paraprofessional level of community support shall be eliminated, and from this date the Department shall not use any Medicaid or State funds to pay for this level of service.

g. Community support services are limited to no more than four hours per week. The four hours are solely for the purpose of transition and discharge planning.

h. Thirty days after the enactment of this act, any concurrent request shall be accompanied with a discharge plan. Submission of the discharge plan will be a required document for a request to be considered complete. Failure to submit the discharge plan will result in the request being returned as "unable to process." Discharge from the service must occur within 90 days after the submission of the discharge plan.

i. Any community support provider that ceases to function as a provider shall provide written notification to DMA, the Local Management Entity, recipients, and the prior authorization vendor 30 days prior to closing of the business.

j. Medical and financial record retention is the responsibility of the provider and shall be in compliance with the record retention requirements of their Medicaid provider agreement or State-funded services contract. Records shall also be available to State, federal, and local agencies.

k. Failure to comply with notification, recipient transition planning, or record maintenance shall result in suspension of further payment until such failure is corrected. In addition, failure to comply shall result in denial of enrollment as a provider for any Medicaid or State-funded service.

(6) Community Support Team. – Authorization for a Community Support Team shall be based upon medical necessity as defined by the Department and shall not exceed 18 hours per week. The Division of Medical Assistance
shall do an immediate rate study of the Community Support Team to bring
the average cost of service per recipient in line with Assertive Community
Treatment Team (ACTT) services. The Division shall also revise provider
qualifications and tighten the service definition to contain costs in this line
item. Not later than October 1, 2009, the Division of Medical Assistance
shall report its findings on the rate study and any actions it has taken to
conform with this subdivision to the Joint Legislative Oversight Committee
on Mental Health, Developmental Disabilities, and Substance Abuse
Services.

(7) MH Residential. – The Department of Health and Human Services shall
restructure the Medicaid and State-funded child MH/DD/SA residential
services. The Division of Medical Assistance and the Division of
MH/DD/SA shall establish a team inclusive of providers, LMEs, prior
authorization vendors, and other stakeholders to assure effective transition of
recipients to appropriate treatment options. Included in the restructuring
shall be the following:

a. On or before October 1, 2009, the Department shall eliminate High
Risk Intervention Residential Level III and Level IV service.

b. Submission to CMS of a therapeutic family service definition.

c. Within 30 days of this action, the Department shall institute a
moratorium on admissions to High Risk Intervention Residential
Level III and Level IV group homes.

d. Thirty days after enactment, any concurrent request must be
accompanied with a discharge plan. Discharge from the placement
must occur within six months after the submission of the discharge
plan.

e. All transition and discharge plans must be developed by the child and
family team and with active participation by the LME and/or the
prior authorization vendor.

f. Submission of a discharge plan is a required document in order for
the request to be considered complete. Failure to submit the
discharge plan will result in the request being returned as "unable to
process."

g. Any residential provider that ceases to function as a provider shall
provide written notification to DMA, the Local Management Entity,
recipients, and the prior authorization vendor 30 days prior to closing
of the business.

h. Medical and financial record retention is the responsibility of the
provider and shall be in compliance with the record retention
requirements of their Medicaid provider agreement or State-funded
services contract. Records shall also be available to State, federal,
and local agencies.

i. Failure to comply with notification, recipient transition planning, or
record maintenance shall result in suspension of further payment
until such failure is corrected. In addition, failure to comply shall
result in denial of enrollment as a provider for any Medicaid or
State-funded service.

(8) Reduce Medicaid rates. – Subject to the prior approval of the Office of State
Budget and Management, the Secretary shall reduce Medicaid provider rates
to accomplish an overall rate reduction of five and five-tenths percent (5.5%)
in the 2009-2010 fiscal year and six percent (6%) in the 2010-2011 fiscal
year. The Secretary shall consider the impact on access to care through primary care providers and safety net critical care access hospitals and may adjust the rates accordingly. The rate reduction applies to all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, State institutions, outpatient hospitals, pharmacies, and the noninflationary components of the case-mix reimbursement system for nursing facilities. Medicaid rates predicated upon Medicare fee schedules shall follow Medicare reductions but not Medicare increases unless federally required. Inflationary increases for Medicaid providers paying provider fees (private ICF-MRs and nursing facilities) can occur if the State share of the increases can be funded with provider fees.

(9) Medicaid identification cards. – The Department shall issue Medicaid identification cards to recipients on a quarterly basis.

SECTION 10.68A.(b) G.S. 108A-70.21(d) is amended by adding the following new subdivision to read:

"(5) Fifty dollars ($50.00) for each nonemergent emergency room visit."

SECTION 10.68A.(c) G.S. 108A-54.2(1) reads as rewritten:

"(1) During the development of new medical coverage policy or amendment to existing medical coverage policy, consult with and seek the advice of the Physician Advisory Group of the North Carolina Medical Society Department and other organizations the Secretary deems appropriate. The Secretary shall also consult with and seek the advice of officials of the professional societies or associations representing providers who are affected by the new medical coverage policy or amendments to existing medical coverage policy."

SECTION 10.68A.(d) Part 6 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

"§ 108A-55.5. Insurers must accept Departmental authorization for medical services.

Health insurers, as defined in G.S. 108A-55.4, shall accept authorization from the Division of Medical Assistance for the provision of medical services on behalf of a recipient of medical assistance as the insurer's authorization for the provision of those services and shall not deny a claim submitted by the Division solely on the basis that the insurer did not prior approve or prior authorize the service."

SECTION 10.68A.(e) At least 30 days prior to the adoption of new or amended medical coverage policies necessitated by the reductions to the Medicaid program enacted in this act, the Department shall:

(1) Publish the proposed new or amended medical coverage policies via the Medicaid Bulletin published on the Department's Web site, which shall include an invitation to readers to send written comments on the proposed new or amended policies to the Department's mailing address, including e-mail.

(2) Notify via direct mail the members of the Department's Physicians' Advisory Group (PAG) of the proposed policies and Medicaid recipients of clinical coverage changes.

(3) Update the policies published on the Web site to reflect any changes made as a result of written comments received from the PAG and others.

CO-PAYMENTS FOR TICKET TO WORK

SECTION 10.69. G.S. 108A-54.1(d) reads as rewritten:


..."
(d) Fees, Premiums, and Co-Payments. – Individuals who participate in HCWD and have countable income greater than one hundred fifty percent (150%) of FPG shall pay an annual enrollment fee of fifty dollars ($50.00) to their county department of social services. Individuals who participate in HCWD and have countable income greater than or equal to two hundred percent (200%) of FPG shall pay a monthly premium in addition to the annual fee. The Department shall set a sliding scale for premiums, which is consistent with applicable federal law. An individual with countable income equal to or greater than four hundred fifty percent (450%) of FPG shall pay not less than one hundred percent (100%) of the cost of the premium, as determined by the Department. The premium shall be based on the experience of all individuals participating in the Medical Assistance Program. Individuals who participate in HCWD are subject to co-payments equal to those required under the North Carolina Health Choice Program. Medical Assistance Program."

INFORMATION ON MEDICAID WAIVERS

SECTION 10.72A.(a) The Department of Health and Human Services, Division of Medical Assistance, shall report on the feasibility and efficacy of applying for Medicaid waivers from the Centers for Medicare and Medicaid Services. The report shall recommend whether the following waivers should be pursued and the reasons therefore:

(1) An 1115 waiver to permit individuals that test positive for HIV and have incomes at or below two hundred percent (200%) of the federal poverty level access to Medicaid services. The report and recommendation shall indicate the number of people that may be eligible for Medicaid services under the waiver, the resulting cost and cost savings to the State if all potentially eligible individuals applied for assistance, and the programmatic and technical impact should the waiver be implemented.

(2) An 1115 waiver or other available Medicaid options to provide interconceptional coverage to low-income women with incomes below one hundred eighty-five percent (185%) of the federal poverty guidelines who have given birth to a high-risk infant. A high-risk infant is defined as weighing less than 1,500 grams, is born less than 34 weeks gestation, is born with a congenital anomaly, or who has died within the first 28 days of life. Interconceptional care would be limited to two years following the birth of a high-risk infant, or until a subsequent birth, whichever comes first. The report and recommendations should include estimated cost savings from improved birth outcomes that will offset the cost of providing Medicaid coverage to this targeted population.

(3) A 1915(c) waiver to permit individuals who sustain traumatic brain injury after age 22 to access home and community-based Medicaid services. The report and recommendation shall include the estimated cost to implement the waiver.

(4) A waiver to prevent a Medicaid recipient from losing Medicaid eligibility due to Social Security and Railroad Retirement cost of living adjustments and federal poverty level adjustments. The report and recommendation shall provide the cost to cover all affected persons effective March 1, 2009.

The Department shall provide for each waiver the estimated time needed to prepare the waiver application and the earliest date upon which the waiver, if approved by CMS, could be implemented.

SECTION 10.72A.(b) The Department shall submit its report and recommendations to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the
DHSR LICENSE FEE INCREASES

SECTION 10.76.(a) G.S. 131D-2(b) reads as rewritten:

"(b) Licensure; inspections.—

(1) The Department of Health and Human Services shall inspect and license, under rules adopted by the Medical Care Commission, all adult care homes for persons who are aged or mentally or physically disabled except those exempt in subsection (c) of this section. Licenses issued under the authority of this section shall be valid for one year from the date of issuance unless revoked earlier by the Secretary for failure to comply with any part of this section or any rules adopted hereunder. Licenses shall be renewed annually upon filing and the Department's approval of the renewal application. The Department shall charge each adult care home with six or fewer beds a nonrefundable annual license fee in the amount of two hundred fifty dollars ($250.00) three hundred fifteen dollars ($315.00). The Department shall charge each adult care home with more than six beds a nonrefundable annual license fee in the amount of three hundred fifty dollars ($350.00) three hundred sixty dollars ($360.00) plus a nonrefundable annual per-bed fee of twelve dollars and fifty cents ($12.50) seventeen dollars and fifty cents ($17.50). A license shall not be renewed nor a new license issued for a change of ownership of an adult care home if outstanding fees, fines, and penalties imposed by the State against the home have not been paid. Fines and penalties for which an appeal is pending are exempt from consideration. The renewal application shall contain all necessary and reasonable information that the Department may by rule require. Except as otherwise provided in this subdivision, the Department may amend a license by reducing it from a full license to a provisional license for a period of not more than 90 days whenever the Department finds that:

a. The licensee has substantially failed to comply with the provisions of Articles 1 and 3 of Chapter 131D of the General Statutes and the rules adopted pursuant to these Articles;

b. There is a reasonable probability that the licensee can remedy the licensure deficiencies within a reasonable length of time; and

c. There is a reasonable probability that the licensee will be able thereafter to remain in compliance with the licensure rules for the foreseeable future.

The Department may extend a provisional license for not more than one additional 90-day period upon finding that the licensee has made substantial progress towardremedying the licensure deficiencies that caused the license to be reduced to provisional status.

The Department may revoke a license whenever:

a. The Department finds that:

1. The licensee has substantially failed to comply with the provisions of Articles 1 and 3 of Chapter 131D of the General Statutes and the rules adopted pursuant to these Articles; and

2. It is not reasonably probable that the licensee can remedy the licensure deficiencies within a reasonable length of time; or

b. The Department finds that:
1. The licensee has substantially failed to comply with the provisions of Articles 1 and 3 of Chapter 131D of the General Statutes and the rules adopted pursuant to these Articles; and
2. Although the licensee may be able to remedy the deficiencies within a reasonable time, it is not reasonably probable that the licensee will be able to remain in compliance with licensure rules for the foreseeable future; or

c. The Department finds that the licensee has failed to comply with the provisions of Articles 1 and 3 of Chapter 131D of the General Statutes and the rules adopted pursuant to these Articles, and the failure to comply endangered the health, safety, or welfare of the patients in the facility.

The Department may also issue a provisional license to a facility, pursuant to rules adopted by the Medical Care Commission, for substantial failure to comply with the provisions of this section or rules adopted pursuant to this section. Any facility wishing to contest the issuance of a provisional license shall be entitled to an administrative hearing as provided in the Administrative Procedure Act, Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 days after the Department mails written notice of the issuance of the provisional license."

"§ 131E-147. Licensure requirement."
(a) No person shall operate an ambulatory surgical facility without a license obtained from the Department.
(b) Applications shall be available from the Department, and each application filed with the Department shall contain all necessary and reasonable information that the Department may by rule require. A license shall be granted to the applicant upon a determination by the Department that the applicant has complied with the provisions of this Part and the rules promulgated by the Commission under this Part. The Department shall charge the applicant a nonrefundable annual base license fee in the amount of seven hundred dollars ($700.00) eight hundred fifty dollars ($850.00) plus a nonrefundable annual per-operating room fee in the amount of fifty dollars ($50.00) seventy-five dollars ($75.00)."

"§ 131E-167(a) reads as rewritten:
"(a) Applications for certification shall be available from the Department, and each application filed with the Department shall contain all necessary and reasonable information that the Department may by rule require. A certificate shall be granted to the applicant for a period not to exceed one year upon a determination by the Department that the applicant has substantially complied with the provisions of this Article and the rules promulgated by the Department under this Article. The Department shall charge the applicant a nonrefundable annual certification fee in the amount of two hundred fifty dollars ($250.00) three hundred eighty-five dollars ($385.00)."

"§ 131E-138(c) reads as rewritten:
"(c) An application for a license shall be available from the Department, and each application filed with the Department shall contain all information requested by the Department. A license shall be granted to the applicant upon a determination by the Department that the applicant has complied with the provisions of this Part and the rules promulgated by the Commission under this Part. The Department shall charge the applicant a nonrefundable annual license fee in the amount of four hundred dollars ($400.00) five hundred ten dollars ($510.00)."

"§ 131E-77. Licensure requirement."
(a) No person or governmental unit shall establish or operate a hospital in this state without a license. An infirmary is not required to obtain a license under this Part.

(b) The Commission shall prescribe by rule that any licensee or prospective applicant seeking to make specified types of alteration or addition to its facilities or to construct new facilities shall submit plans and specifications before commencement to the Department for preliminary inspection and approval or recommendations with respect to compliance with the applicable rules under this Part.

(c) An applicant for licensing under this Part shall provide information related to hospital operations as requested by the Department. The required information shall be submitted by the applicant on forms provided by the Department and established by rule.

(d) The Department shall renew each license in accordance with the rules of the Commission. The Department shall charge the applicant a nonrefundable annual base license fee plus a nonrefundable annual per-bed fee as follows:

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Number of Beds</th>
<th>Base Fee</th>
<th>Per-Bed Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Acute Hospitals:</td>
<td>1-49 beds</td>
<td>$250.00</td>
<td>$12.50</td>
</tr>
<tr>
<td></td>
<td>50-99 beds</td>
<td>$350.00</td>
<td>$12.50</td>
</tr>
<tr>
<td></td>
<td>100-199 beds</td>
<td>$450.00</td>
<td>$12.50</td>
</tr>
<tr>
<td></td>
<td>200-399 beds</td>
<td>$550.00</td>
<td>$12.50</td>
</tr>
<tr>
<td></td>
<td>400-699 beds</td>
<td>$750.00</td>
<td>$12.50</td>
</tr>
<tr>
<td></td>
<td>700+ beds</td>
<td>$950.00</td>
<td>$12.50</td>
</tr>
<tr>
<td>Other Hospitals:</td>
<td></td>
<td>$500.00</td>
<td>$12.50</td>
</tr>
</tbody>
</table>

(e) The Department shall issue the license to the operator of the hospital who shall not transfer or assign it except with the written approval of the Department. The license shall designate the number and types of inpatient beds, the number of operating rooms, and the number of gastrointestinal endoscopy rooms.

(f) The operator shall post the license on the licensed premises in an area accessible to the public.

SECTION 10.76.(f) G.S. 122C-23(h) reads as rewritten:

"(h) The Department shall charge facilities licensed under this Chapter a nonrefundable annual base license fee plus a nonrefundable annual per-bed fee as follows:

<table>
<thead>
<tr>
<th>Type of Facility</th>
<th>Number of Beds</th>
<th>Base Fee</th>
<th>Per-Bed Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities (non-ICF/MR):</td>
<td>0 beds</td>
<td>$175.00</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>1 to 6 beds</td>
<td>$250.00</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>More than 6 beds</td>
<td>$350.00</td>
<td>$12.50</td>
</tr>
<tr>
<td>ICF/MR Only:</td>
<td>1 to 6 beds</td>
<td>$650.00</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>More than 6 beds</td>
<td>$650.00</td>
<td>$12.50</td>
</tr>
</tbody>
</table>

SECTION 10.76.(g) G.S. 131E-102(b) reads as rewritten:

"(b) Applications shall be available from the Department, and each application filed with the Department shall contain all necessary and reasonable information that the Department may by rule require. A license shall be granted to the applicant upon a determination by the Department that the applicant has complied with the provisions of this Part and the rules promulgated under this Part. The Department shall charge the applicant a nonrefundable annual license fee in the amount of four hundred fifty dollars ($450.00), four hundred twenty dollars ($420.00), plus a nonrefundable annual per-bed fee of twelve dollars and fifty cents ($12.50), seventeen dollars and fifty cents ($17.50)."

SECTION 10.76.(h) G.S. 131E-202(b) reads as rewritten:
"(b) The Department shall provide applications for hospice licensure. Each application filed with the Department shall contain all information requested therein. A license shall be granted to the applicant upon determination by the Department that the applicant has complied with the provisions of this Article and with the rules adopted by the Commission thereunder. Each license shall be issued only for the premises and persons named therein, shall not be transferable or assignable except with the written approval of the Department, and shall be posted in a conspicuous place on the licensed premises. The Department shall charge the applicant a nonrefundable annual license fee in the amount of four hundred dollars ($400.00)."

DHSR INITIAL LICENSURE FEES NEW FACILITIES

SECTION 10.77. Article 16 of Chapter 131E of the General Statutes is amended by adding the following new section to read:

"§ 131E-272. Initial licensure fees for new facilities.

The following fees are initial licensure fees for new facilities and are applicable as follows:

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Number of Beds</th>
<th>Initial License Fee</th>
<th>Initial Bed Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Care Licensure</td>
<td>More than 6</td>
<td>$400.00</td>
<td>$19.00</td>
</tr>
<tr>
<td></td>
<td>6 or Fewer</td>
<td>$350.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Acute and Home Care</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Acute Hospitals</td>
<td>1-49</td>
<td>$550.00</td>
<td>$19.00</td>
</tr>
<tr>
<td></td>
<td>50-99</td>
<td>$750.00</td>
<td>$19.00</td>
</tr>
<tr>
<td></td>
<td>100-199</td>
<td>$950.00</td>
<td>$19.00</td>
</tr>
<tr>
<td></td>
<td>200-399</td>
<td>$1150.00</td>
<td>$19.00</td>
</tr>
<tr>
<td></td>
<td>400-699</td>
<td>$1550.00</td>
<td>$19.00</td>
</tr>
<tr>
<td></td>
<td>700+</td>
<td>$1950.00</td>
<td>$19.00</td>
</tr>
<tr>
<td>Other Hospitals</td>
<td></td>
<td>$1050.00</td>
<td>$19.00</td>
</tr>
<tr>
<td>Home Care</td>
<td></td>
<td>$560.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Ambulatory Surgical Ctrs.</td>
<td></td>
<td>$900.00</td>
<td>$85.00</td>
</tr>
<tr>
<td>Hospice (Free Standing)</td>
<td></td>
<td>$450.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Abortion Clinics</td>
<td></td>
<td>$750.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Cardiac Rehab. Centers</td>
<td></td>
<td>$425.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Nursing Home &amp; L&amp;C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing Homes</td>
<td></td>
<td>$470.00</td>
<td>$19.00</td>
</tr>
<tr>
<td>All Others</td>
<td></td>
<td>$ -</td>
<td>$19.00</td>
</tr>
<tr>
<td>Mental Health Facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonresidential</td>
<td></td>
<td>$265.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Non ICF-MR</td>
<td>6 or fewer</td>
<td>$350.00</td>
<td>$ -</td>
</tr>
<tr>
<td>ICF-MR only</td>
<td>6 or fewer</td>
<td>$900.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Non ICF-MR</td>
<td>More than 6</td>
<td>$525.00</td>
<td>$19.00</td>
</tr>
<tr>
<td>ICF-MR only</td>
<td>More than 6</td>
<td>$850.00</td>
<td>$19.00</td>
</tr>
</tbody>
</table>

DHHS BLOCK GRANTS

SECTION 10.78.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2010, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES

(TANF) BLOCK GRANT
<table>
<thead>
<tr>
<th>Local Program Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Division of Social Services</strong></td>
<td></td>
</tr>
<tr>
<td>01. Work First Family Assistance</td>
<td>$87,083,100</td>
</tr>
<tr>
<td>02. Work First County Block Grants</td>
<td>94,453,315</td>
</tr>
<tr>
<td>03. Child Protective Services – Child Welfare Workers for Local DSS</td>
<td>14,452,391</td>
</tr>
<tr>
<td>04. Child Welfare Collaborative</td>
<td>1,019,193</td>
</tr>
<tr>
<td><strong>Division of Child Development</strong></td>
<td></td>
</tr>
<tr>
<td>05. Subsidized Child Care Program</td>
<td>61,087,077</td>
</tr>
<tr>
<td><strong>Division of Public Health</strong></td>
<td></td>
</tr>
<tr>
<td>06. Teen Pregnancy Initiatives</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>DHHS Administration</strong></td>
<td></td>
</tr>
<tr>
<td>07. Division of Social Services</td>
<td>1,093,176</td>
</tr>
<tr>
<td>08. Office of the Secretary</td>
<td>75,392</td>
</tr>
<tr>
<td>09. Office of the Secretary/DIRM – TANF Automation Projects</td>
<td>720,000</td>
</tr>
<tr>
<td>10. Office of the Secretary/DIRM – NC FAST Implementation</td>
<td>1,200,000</td>
</tr>
<tr>
<td><strong>Transfers to Other Block Grants</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Division of Child Development</strong></td>
<td></td>
</tr>
<tr>
<td>11. Transfer to the Child Care and Development Fund</td>
<td>84,330,900</td>
</tr>
<tr>
<td><strong>Division of Social Services</strong></td>
<td></td>
</tr>
<tr>
<td>12. Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties</td>
<td>2,738,827</td>
</tr>
<tr>
<td>13. Transfer to Social Services Block Grant for Maternity Homes</td>
<td>943,002</td>
</tr>
<tr>
<td>14. Transfer to Social Services Block Grant for Teen</td>
<td></td>
</tr>
</tbody>
</table>
Pregnancy Prevention Initiatives 2,500,000

15. Transfer to Social Services Block Grant for County Departments of Social Services for Children’s Services 4,500,000

16. Transfer to Social Services Block Grant for Foster Care Services 390,000

17. Transfer to Social Services Block Grant for Medically Fragile Children 360,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT $357,396,373

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) CONTINGENCY FUNDS

Local Program Expenditures

Division of Social Services

01. Work First Family Assistance $2,236,284

02. Work First – Boys and Girls Clubs 1,600,000

03. Work First – After-school Services For At-Risk Children 1,639,714

04. Work First – After-school Programs For At-Risk Youth in Middle Schools 400,000

05. Work First – Connect, Inc. (Work Central) 440,000

06. Work First – Citizens Schools Program 360,000

07. County Demonstration Grants 3,239,789

08. Adoption Services – Special Children's Adoption Fund 3,000,000

09. Family Violence Prevention 1,760,000

10. Work First Functional Assessment 600,000

11. Electing County State Funding Swap Out 2,378,213

12. State Subsidized Child Care Funding Swap 12,452,484

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) CONTINGENCY FUNDS $30,106,484

SOCIAL SERVICES BLOCK GRANT
### Local Program Expenditures

**Divisions of Social Services and Aging and Adult Services**

<table>
<thead>
<tr>
<th>Number</th>
<th>Program Description</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>County Departments of Social Services</td>
<td>$28,868,189</td>
</tr>
<tr>
<td></td>
<td>(Transfer from TANF – $4,500,000)</td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>State In-Home Services Fund</td>
<td>2,101,113</td>
</tr>
<tr>
<td>03</td>
<td>State Adult Day Care Fund</td>
<td>2,155,301</td>
</tr>
<tr>
<td>04</td>
<td>Child Protective Services/CPS Investigative Services-Child Medical Evaluation Program</td>
<td>397,718</td>
</tr>
<tr>
<td>05</td>
<td>Foster Care Services</td>
<td>2,372,619</td>
</tr>
<tr>
<td></td>
<td>(Transfer from TANF – $390,000)</td>
<td></td>
</tr>
<tr>
<td>06</td>
<td>Maternity Homes (Transfer from TANF)</td>
<td>943,002</td>
</tr>
<tr>
<td>07</td>
<td>Special Children Adoption Incentive Fund</td>
<td>500,000</td>
</tr>
<tr>
<td>08</td>
<td>Child Protective Services-Child Welfare Training for Counties</td>
<td>2,738,827</td>
</tr>
<tr>
<td></td>
<td>(Transfer from TANF)</td>
<td></td>
</tr>
<tr>
<td>09</td>
<td>Home and Community Care Block Grant (HCCBG)</td>
<td>1,834,077</td>
</tr>
</tbody>
</table>

**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

<table>
<thead>
<tr>
<th>Number</th>
<th>Program Description</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Mental Health Services Program</td>
<td>422,003</td>
</tr>
<tr>
<td>11</td>
<td>Developmental Disabilities Services Program</td>
<td>5,000,000</td>
</tr>
<tr>
<td>12</td>
<td>Mental Health Services-Adult and Child/Developmental Disabilities Program/Substance Abuse Services-Adult</td>
<td>3,234,601</td>
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</table>

**Division of Child Development**

<table>
<thead>
<tr>
<th>Number</th>
<th>Program Description</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Subsidized Child Care Program</td>
<td>3,150,000</td>
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</table>

**Division of Public Health**

<table>
<thead>
<tr>
<th>Number</th>
<th>Program Description</th>
<th>Funding</th>
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<tbody>
<tr>
<td>14</td>
<td>Teen Pregnancy Prevention Initiatives</td>
<td>2,500,000</td>
</tr>
<tr>
<td></td>
<td>(Transfer from TANF)</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Services for Medically Fragile Children</td>
<td>360,000</td>
</tr>
<tr>
<td></td>
<td>(Transfer from TANF)</td>
<td></td>
</tr>
<tr>
<td>General Assembly Of North Carolina</td>
<td>Session 2009</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>DHHS Program Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Division of Aging and Adult Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. UNC-CARES Training Contract</td>
<td>247,920</td>
<td></td>
</tr>
<tr>
<td>Division of Vocational Rehabilitation</td>
<td></td>
<td></td>
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<tr>
<td>17. Independent Living Program</td>
<td>400,000</td>
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<tr>
<td>Division of Services for the Blind</td>
<td></td>
<td></td>
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<tr>
<td>18. Independent Living Program</td>
<td>3,633,077</td>
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<tr>
<td>Division of Health Service Regulation</td>
<td></td>
<td></td>
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<tr>
<td>19. Adult Care Licensure Program</td>
<td>411,897</td>
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<tr>
<td>20. Mental Health Licensure and Certification Program</td>
<td>205,668</td>
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<tr>
<td>DHHS Administration</td>
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<td></td>
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<tr>
<td>21. Division of Aging and Adult Services</td>
<td>688,436</td>
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<tr>
<td>22. Division of Social Services</td>
<td>892,624</td>
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<tr>
<td>23. Office of the Secretary/Controller's Office</td>
<td>138,058</td>
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<tr>
<td>24. Office of the Secretary/DIRM</td>
<td>87,483</td>
<td></td>
</tr>
<tr>
<td>25. Division of Child Development</td>
<td>15,000</td>
<td></td>
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<tr>
<td>26. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</td>
<td>29,665</td>
<td></td>
</tr>
<tr>
<td>27. Division of Health Service Regulation</td>
<td>235,625</td>
<td></td>
</tr>
<tr>
<td>28. Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>29. Office of the Secretary</td>
<td>48,053</td>
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</tr>
<tr>
<td>Transfers to Other State Agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30. NC Commission of Indian Affairs In-Home Services for the Elderly</td>
<td>203,198</td>
<td></td>
</tr>
<tr>
<td>Transfers to Other Block Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Division of Public Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>31. Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning</td>
<td>145,819</td>
<td></td>
</tr>
<tr>
<td>TOTAL SOCIAL SERVICES BLOCK GRANT</td>
<td>$64,209,973</td>
<td></td>
</tr>
<tr>
<td>LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Local Program Expenditures**

**Division of Social Services**

| 01. Low-Income Energy Assistance Program (LIEAP) | $22,612,198 |
| 02. Crisis Intervention Program (CIP) | 16,927,343 |

**Office of the Secretary – Office of Economic Opportunity**

| 03. Weatherization Program | 7,258,685 |
| 04. Heating Air Repair & Replacement Program (HARRP) | 3,385,583 |

**Local Administration**

**Division of Social Services**

| 05. County DSS Administration | 3,608,360 |
| 06. Local Residential Energy Efficiency Service Providers – Weatherization | 420,035 |
| 07. Local Residential Energy Efficiency Service Providers – HARRP | 195,910 |

**DHHS Administration**

<p>| 08. Division of Social Services | 275,000 |
| 09. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services | 11,577 |
| 10. Office of the Secretary/DIRM | 384,494 |
| 11. Office of the Secretary/Controller's Office | 17,566 |
| 12. Office of the Secretary/Office of Economic Opportunity – Weatherization | 420,035 |
| Transfers to Other State Agencies |
| 14. | Department of Administration – N.C. State Commission of Indian Affairs | 95,469 |
| <strong>TOTAL LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT</strong> | <strong>$ 55,808,166</strong> |
| <strong>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</strong> |
| Local Program Expenditures |
| Division of Child Development |
| 01. | Subsidized Child Care Services (CCDF) | $144,097,307 |
| 02. | Contract Subsidized Child Care Services Support | 507,617 |
| 03. | Subsidized Child Care Services (Transfer from TANF) | 84,330,900 |
| 04. | Quality and Availability Initiatives | 24,560,876 |
| Division of Social Services |
| 05. | Local Subsidized Child Care Services Support | $16,594,417 |
| DHHS Administration |
| Division of Child Development |
| 06. | DCD Administrative Expenses | 6,539,277 |
| Division of Central Administration |
| 07. | DHHS Central Administration – DIRM Technical Services | 763,356 |
| <strong>TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</strong> | <strong>$277,393,750</strong> |
| <strong>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)</strong> |
| Local Program Expenditures |
| Division of Child Development |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Subsidized Child Care Services (CCDF)</td>
<td>$53,993,329</td>
</tr>
<tr>
<td>02</td>
<td>Contract Subsidized Child Care Services Support</td>
<td>$29,030</td>
</tr>
<tr>
<td></td>
<td><strong>DHHS Program Expenditures</strong></td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>Division of Child Development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quality and Availability Initiatives</td>
<td>$7,719,144</td>
</tr>
<tr>
<td>04</td>
<td>TEACH</td>
<td>$3,800,000</td>
</tr>
<tr>
<td></td>
<td><strong>Local Administration</strong></td>
<td></td>
</tr>
<tr>
<td>05</td>
<td>Subsidy Services Support</td>
<td>$2,001,631</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH ARRA</strong></td>
<td>$67,543,143</td>
</tr>
<tr>
<td></td>
<td><strong>MENTAL HEALTH SERVICES BLOCK GRANT</strong></td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>Mental Health Services – Adult</td>
<td>$5,977,762</td>
</tr>
<tr>
<td>02</td>
<td>Mental Health Services – Child</td>
<td>$3,921,991</td>
</tr>
<tr>
<td>03</td>
<td>Comprehensive Treatment Service Program</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>04</td>
<td>Mental Health Services – UNC School of Medicine, Department of Psychiatry</td>
<td>$300,000</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL MENTAL HEALTH SERVICES BLOCK GRANT</strong></td>
<td>$11,699,753</td>
</tr>
<tr>
<td></td>
<td><strong>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</strong></td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>Substance Abuse Services – Adult</td>
<td>$22,258,080</td>
</tr>
<tr>
<td>02</td>
<td>Substance Abuse Treatment Alternative for Women</td>
<td>$8,069,524</td>
</tr>
<tr>
<td>03</td>
<td>Substance Abuse – HIV and IV Drug</td>
<td>$5,116,378</td>
</tr>
<tr>
<td>04</td>
<td>Substance Abuse Prevention – Child</td>
<td>$7,186,857</td>
</tr>
</tbody>
</table>

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Senate Bill 202-Fifth Edition  Page 131
<p>| 05. | Substance Abuse Services – Child | 4,940,500 |
| 06. | Institute of Medicine | 250,000 |
| | Division of Public Health | |
| 07. | Risk Reduction Projects | 633,980 |
| 08. | Aid-to-Counties | 209,576 |
| 09. | Maternal Health | 37,779 |
| | TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT | $ 48,702,674 |
| | MATERNAL AND CHILD HEALTH BLOCK GRANT | |
| | Local Program Expenditures | |
| | Division of Public Health | |
| 01. | Children's Health Services | 7,534,865 |
| 02. | Women's Health | 7,701,691 |
| 03. | Oral Health | 38,041 |
| | DHHS Program Expenditures | |
| | Division of Public Health | |
| 04. | Children's Health Services | 1,359,636 |
| 05. | Women's Health | 135,452 |
| 06. | State Center for Health Statistics | 179,483 |
| 07. | Quality Improvement in Public Health | 14,646 |
| 08. | Health Promotion | 88,746 |
| 09. | Office of Minority Health | 55,250 |
| 10. | Immunization Program – Vaccine Distribution | 382,648 |
| | DHHS Administration | |
| | Division of Public Health | |
| 11. | Division of Public Health Administration | 631,966 |</p>
<table>
<thead>
<tr>
<th>TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT</th>
<th>$18,122,424</th>
</tr>
</thead>
<tbody>
<tr>
<td>PREVENTIVE HEALTH SERVICES BLOCK GRANT</td>
<td></td>
</tr>
</tbody>
</table>

**Local Program Expenditures**

<table>
<thead>
<tr>
<th>Division of Public Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. NC Statewide Health Promotion</td>
</tr>
<tr>
<td>02. Services to Rape Victims</td>
</tr>
<tr>
<td>03. HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)</td>
</tr>
</tbody>
</table>

**DHHS Program Expenditures**

<table>
<thead>
<tr>
<th>Division of Public Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>04. NC Statewide Health Promotion</td>
</tr>
<tr>
<td>05. Oral Health</td>
</tr>
<tr>
<td>06. State Laboratory of Public Health</td>
</tr>
</tbody>
</table>

**TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT**

$3,859,228

<table>
<thead>
<tr>
<th>COMMUNITY SERVICES BLOCK GRANT</th>
</tr>
</thead>
</table>

**Local Program Expenditures**

<table>
<thead>
<tr>
<th>Office of Economic Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Community Action Agencies</td>
</tr>
<tr>
<td>02. Limited Purpose Agencies</td>
</tr>
</tbody>
</table>

**DHHS Administration**

<table>
<thead>
<tr>
<th>Office of Economic Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>03. Office of Economic Opportunity</td>
</tr>
</tbody>
</table>

**TOTAL COMMUNITY SERVICES BLOCK GRANT**

$18,525,929

**COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)**

<table>
<thead>
<tr>
<th>Office of Economic Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Program Expenditures</td>
</tr>
<tr>
<td>01. Office of Economic Opportunity</td>
</tr>
</tbody>
</table>
01. Community Action Agencies $ 25,980,693

DHHS Administration Expenditures

02. Division of Social Services 262,431

TOTAL COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH ARRA $ 26,243,124

GENERAL PROVISIONS

SECTION 10.78.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

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

SECTION 10.78.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Department shall not propose funding for new programs or activities not appropriated in this section.

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

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

SECTION 10.78.(d) Appropriations from federal Block Grant funds are made for the fiscal year ending June 30, 2010, according to the schedule enacted for State fiscal year 2009-2010 or until a new schedule is enacted by the General Assembly.

SECTION 10.78.(e) All changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and a report shall be submitted to the Joint Legislative Commission on Governmental Operations.
for review prior to implementing the changes. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) BLOCK GRANT AND TANF CONTINGENCY FUNDS**

**SECTION 10.78.(f)** The sum of one million ninety-three thousand one hundred seventy-six dollars ($1,093,176) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be used to support administration of TANF-funded programs.

**SECTION 10.78.(g)** The sum of one million seven hundred sixty thousand dollars ($1,760,000) appropriated under this section in TANF Contingency funds to the Department of Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be used to provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts. The Division of Social Services may use up to seventy-five thousand dollars ($75,000) in TANF funds to support one administrative position within the Division of Social Services to implement this subsection.

Each county department of social services and the local domestic violence shelter program serving the county shall develop jointly a plan for utilizing these funds. The plan shall include the services to be provided and the manner in which the services shall be delivered. The county plan shall be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by December 1, 2009. The Division of Social Services, in consultation with the Council for Women, shall review the county plans and shall provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of five thousand dollars ($5,000); and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2009, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2009. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

**SECTION 10.78.(h)** The sum of one million six hundred thirty-nine thousand seven hundred fourteen dollars ($1,639,714) appropriated in this section in TANF Contingency funds to the Department of Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy, school dropout, and gang participation. The Department shall award grants to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to fund one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration.
SECTION 10.78.(i) The sum of fourteen million four hundred fifty-two thousand three hundred ninety-one dollars ($14,452,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2009-2010 fiscal year for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and postadoption services for eligible families.

SECTION 10.78.(j) The sum of three million dollars ($3,000,000) appropriated in this section in TANF Contingency funds to the Department of Health and Human Services, Special Children Adoption Fund, for the 2009-2010 fiscal year shall be used in accordance with G.S. 108A-50.2, as enacted in Section 10.48 of this act. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 10.78.(k) The sum of one million two hundred thousand dollars ($1,200,000) appropriated in this section appropriated to the Department of Health and Human Services in the TANF Block Grant for the 2009-2010 fiscal year shall be used to implement N.C. FAST (North Carolina Families Accessing Services through Technology). The N.C. FAST Program involves the entire automation initiative through which families access services and local departments of social services deliver benefits, supervised by the Department of Health and Human Services, Divisions of Social Services, Aging and Adult Services, Medical Assistance, and Child Development. The statewide automated initiative shall be implemented in compliance with federal regulations in order to ensure federal financial participation in the project. The Department of Health and Human Services shall report on its compliance with this subsection to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than January 1, 2010.

SECTION 10.78.(l) The sum of four hundred thousand dollars ($400,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in TANF Contingency funds for the 2009-2010 fiscal year shall be used to expand after-school programs for at-risk children attending middle school. The Department shall develop and implement a grant program to award funds to community-based programs demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and gang participation. These funds shall not be used for training or administration at the State level. All funds shall be distributed to community-based programs, focusing on those communities where similar programs do not exist in middle schools.

SECTION 10.78.(m) In implementing the TANF Block Grants, the Department of Health and Human Services shall review policies, programs, and initiatives to ensure that they support men in their role as fathers and strengthen fathers' involvement in their children's lives. The Department shall encourage county departments of social services to ensure their Work First programs emphasize responsible fatherhood and increased participation by noncustodial fathers.

SECTION 10.78.(n) The sum of four hundred forty thousand dollars ($440,000) appropriated in this section to the Department in TANF Contingency funds for the 2009-2010 fiscal year shall be transferred to Connect, Inc. Connect, Inc., shall report on the number of people served and the services received as a result of the receipt of funds. The report shall contain expenditure data, including the amount of funds used for administration and direct
training. The report shall also include the number of people who have been employed as a direct result of services provided by Connect, Inc., including the length of employment in the new position. The Department of Health and Human Services shall evaluate the program and ensure that services provided are not duplicative of local employment security commissions in the nine counties served by Connect, Inc. The evaluation report shall be submitted to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than May 1, 2010.

SECTION 10.78.(o) The sum of one million six hundred thousand dollars ($1,600,000) appropriated in this section to the Department in TANF Contingency funds for Boys and Girls Clubs for the 2009-2010 fiscal year shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates. The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate.

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

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

The Department of Health and Human Services, Division of Social Services, shall report on the status of county demonstration grants implemented pursuant to this subsection to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than February 1, 2010.

SECTION 10.78.(q) The sum of one million nineteen thousand one hundred ninety-three dollars ($1,019,193) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for the 2009-2010 fiscal year shall be used to continue support for the Child Welfare Collaborative and to implement other recruitment initiatives.

SECTION 10.78.(r) The sum of three hundred sixty thousand dollars ($360,000) appropriated to the Department of Health and Human Services, Division of Social Services, under this section in TANF Contingency funds for the 2009-2010 fiscal year shall be used to continue support for the Citizens Schools Program, a three-year urban/rural dropout prevention pilot program in the Durham and Vance county public school systems.
Health and Human Services, Administration for Children & Families, for federal funding available through the Emergency Contingency Fund for State TANF Programs created by the American Recovery and Reinvestment Act of 2009.

Of the funds for which the Division qualifies, the sum of one million nine hundred fifty-nine thousand and twenty dollars ($1,959,020) shall be used to implement a Conversion Pay for Performance Work First Benefits Program to improve work participation among Work First Family Assistance recipients.

If, based on increased Work First Family Assistance caseloads and payments, the Division of Social Services qualifies for funding in excess of the amount appropriated in this section, such additional Emergency Contingency Funds shall be used to support the Work First Family Assistance program.

**SOCIAL SERVICES BLOCK GRANT**

**SECTION 10.78.(t)** Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Programs and funds appropriated for child medical evaluations are exempt from the provisions of 10A NCAC 71R .0201(3).

**SECTION 10.78.(u)** The sum of two million seven hundred thirty-eight thousand eight hundred twenty-seven dollars ($2,738,827) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be used to support various child welfare training projects as follows:

1. Provide a regional training center in southeastern North Carolina.
2. Provide training for residential child caring facilities.
3. Provide for various other child welfare training initiatives.

**SECTION 10.78.(v)** The sum of nine hundred forty-three thousand two dollars ($943,002) appropriated in this section to the Department of Health and Human Services in the Social Services Block Grant for the 2009-2010 fiscal year shall be used to support payments to maternity home providers.

**SECTION 10.78.(w)** The sum of three hundred sixty thousand dollars ($360,000) appropriated in this section to the Department of Health and Human Services, Division of Public Health, in the Social Services Block Grant for the 2009-2010 fiscal year shall be used to continue support for the Medically Fragile Children program.

**SECTION 10.78.(x)** The sum of two million three hundred seventy-two thousand six hundred nineteen dollars ($2,372,619) appropriated in this section in the Social Services Block Grant for child caring agencies for the 2009-2010 fiscal year shall be allocated in support of State foster home children.

**SECTION 10.78.(y)** The sum of four hundred thousand dollars ($400,000) appropriated in this section to the Department of Health and Human Services, Division of Vocational Rehabilitation, in the Social Services Block Grant for the 2009-2010 fiscal year shall be used for the Independent Living Program.

**SECTION 10.78.(z)** The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

**SECTION 10.78.(aa)** Social Services Block Grant funds appropriated for the Special Children's Adoption Incentive Fund will require fifty percent (50%) local match.

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

**SECTION 10.78.(bb)** Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations. Additional
funds received shall be reported to the Joint Legislative Commission on Governmental 
Operations and the Fiscal Research Division upon notification of the award. The Department of 
Health and Human Services shall not allocate funds for any activities, including increasing 
administration, other than assistance payments, without prior consultation with the Joint 
Legislative Commission on Governmental Operations.

In addition to funds available for weatherization appropriated within the 
Low-Income Home Energy Assistance Block Grant, funds available through the American 
Recovery and Reinvestment Act of 2009 shall be used to continue to enhance weatherization 
activities coordinated by local agencies.

**CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

**SECTION 10.78.(cc)** Payment for subsidized child care services provided with 
federal TANF funds shall comply with all regulations and policies issued by the Division of 
Child Development for the subsidized child care program.

**SECTION 10.78.(dd)** If funds appropriated through the Child Care and 
Development Fund Block Grant for any program cannot be obligated or spent in that program 
within the obligation or liquidation periods allowed by the federal grants, the Department may 
move funds to child care subsidies, unless otherwise prohibited by federal requirements of the 
grant, in order to use the federal funds fully.

**SECTION 10.78.(ee)** Funds from the Child Care and Development Fund Block 
Grant and Child Care and Development Fund Block Grant received through the American 
Recovery and Reinvestment Act of 2009 shall be used to increase access to child care subsidy. 
To help address the economic downturn and increasing unemployment in North Carolina, the 
Department of Health and Human Services, Division of Child Development, shall adopt 
temporary policies that facilitate and expedite the prudent expenditure of these funds as 
follows:

1. Permit the local purchasing agencies to issue time-limited vouchers to assist 
counties in managing onetime, nonrecurring subsidy funding.
2. Extend the current 30/60-day job search policy to six months when a 
recipient experiences a loss of employment.
3. Provide an up-front job search period of six months for applicants who have 
lost employment since October 1, 2008.
4. Provide a job search period of six months for recipients that complete school 
and are entering the job market.
5. Notwithstanding any other provision of law, extend the 24-month education 
time limit for an additional 12 months for a child care recipient who has lost 
a job since October 1, 2008, or otherwise needs additional training to 
enhance his or her marketable skills for job placement due to the economic 
downturn and who has depleted his or her 24-month allowable education 
time.
6. Lower the number of hours a parent must be working in order to be eligible 
for subsidy to assist parents who are continuing to work but at reduced 
hours.

**SECTION 10.78.(ff)** If American Recovery and Reinvestment Act of 2009 funds 
appropriated through the Child Care and Development Fund Block Grant for any program 
cannot be obligated or spent in that program within the obligation or liquidation periods 
allowed by the federal grants, the Department may move funds to child care subsidies, unless 
otherwise prohibited by federal requirements of the grant, in order to use the federal funds 
fully.

**MENTAL HEALTH BLOCK GRANT**
SECTION 10.78.(gg) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2009-2010 fiscal year and the sum of four hundred twenty-two thousand three dollars ($422,003) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be used to continue a Comprehensive Treatment Services Program for Children.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 10.78.(hh) 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 2009-2010 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.

The sum of three hundred ninety-one thousand six hundred forty-two dollars ($391,642) in the Department of Health and Human Services Block Grant Plan Management Plan for the 2009-2010 fiscal year funding request is designated for new initiatives, survey and immunization activities, and salary increases. This sum, along with the total amount appropriated in this section to the Department of Health and Human Services, Division of Public Health, for the 2009-2010 fiscal year shall be used for current ongoing activities only.

SECTION 10.78.(ii) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

COMMUNITY SERVICES BLOCK GRANT

SECTION 10.78.(kk) In accordance with the intent of the American Recovery and Reinvestment Act of 2009, the North Carolina General Assembly strongly encourages recipients of Community Services Block Grant and Community Services Block Grant Recovery funds to enhance cooperation with county departments of social services and regional food banks to increase benefits enrollment for eligible persons.

SECTION 10.78.(ll) The sum of two hundred sixty-two thousand four hundred thirty-one dollars ($262,431) appropriated in this section in the Community Services Block Grant, received through the American Recovery and Reinvestment Act of 2009 (ARRA), to the Department of Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be used for coordination activities relating to the identification and enrollment of eligible individuals and families in federal, State, and local benefit programs.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

COMMERCIAL FERTILIZER FEES

SECTION 11.1. G.S. 106-671(a) reads as rewritten:

"(a) For the purpose of defraying expenses on the inspection and of otherwise determining the value of commercial fertilizers in this State, there shall be paid to the Department of Agriculture and Consumer Services a charge of twenty-five cents (25¢) fifty cents (50¢) per ton on all commercial fertilizers other than packages of five pounds or less. Inspection fees shall be paid on all tonnage distributed into North Carolina to any person not having a valid reporting permit. On individual packages of five pounds or less there shall be
paid in lieu of the tonnage fee an annual registration fee of twenty-five dollars ($25.00) for each brand offered for sale, sold, or distributed; provided that any per annum (fiscal) tonnage of any brand sold in excess of one hundred tons may be subject to the charge of twenty-five cents (25¢) per ton on any amount in excess of one hundred tons as provided herein. Whenever any manufacturer of commercial fertilizer shall have paid the charges required by this section his goods shall not be liable to further tax, whether by city, town, or county; provided, this shall not exempt the commercial fertilizers from an ad valorem tax."

**INCREASE PESTICIDE REGISTRATION FEE**

SECTION 11.2. G.S. 143-442(b) reads as rewritten:

"(b) The applicant shall pay an annual registration fee of one hundred dollars ($100.00) one hundred fifty dollars ($150.00) plus an additional annual assessment for each brand or grade of pesticide registered. The annual assessment shall be fifty dollars ($50.00) if the applicant's gross sales of the pesticide in this State for the preceding 12 months for the period ending September 30th were more than five thousand dollars ($5,000.00) and twenty-five dollars ($25.00) if gross sales were less than five thousand dollars ($5,000.00). An additional two hundred dollars ($200.00) delinquent registration penalty shall be assessed against the registrant for each brand or grade of pesticide which is marketed in North Carolina prior to registration as required by this Article. In the case of multi-year registration, the annual fee and additional assessment for each year shall be paid at the time of the initial registration. The Board shall give a pro rata refund of the registration fee and additional assessment to the registrant in the event that registration is canceled by the Board or by the United States Environmental Protection Agency."

**BOARD OF AGRICULTURE REVIEW OF FEE SCHEDULES**

SECTION 11.3. G.S. 106-6.1 reads as rewritten:

"§ 106-6.1. Fees.

(a) A board or commission within the Department of Agriculture and Consumer Services may establish fees or charges for the services it provides. The Board of Agriculture, subject to the provisions of Chapter 146 of the General Statutes, may establish a rate schedule for the use of facilities operated by the Department of Agriculture and Consumer Services.

(b) No later than February 1 of each odd numbered year, the Board of Agriculture shall review the fees it established under this section to determine whether any of these fees should be changed and report to the Fiscal Research Division the amount of each fee reviewed, when the fee was last changed, the number of times the fee was collected during the prior fiscal year, the total receipts from the fee during the prior fiscal year, and any recommendations for increasing or decreasing the amount of any such fees. This report shall also include for each fee an evaluation of any inflationary change since the last change to the amount of the fee and any other information deemed relevant to this evaluation."

**FARMLAND PRESERVATION TRUST FUND**

SECTION 11.4.(a) G.S. 106-744(c) reads as rewritten:

"(c) There is established a "North Carolina Agricultural Development and Farmland Preservation Trust Fund" to be administered by the Commissioner of Agriculture. The Trust Fund shall consist of all monies received for the purpose of purchasing agricultural conservation easements or funding programs that promote the development and sustainability of farming and assist in the transition of existing farms to new farm families, or monies transferred from counties or private sources. The Trust Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3. The Commissioner shall use Trust Fund monies for any of the following purposes:
(1) The For the purchase of agricultural conservation easements, including transaction costs.

(2) Public For the costs of public and private enterprise programs that will promote profitable and sustainable family farms through assistance to farmers in developing and implementing plans for the production of food, fiber, and value-added products, agritourism activities, marketing and sales of agricultural products produced on the farm, and other agriculturally related business activities.

(3) To fund conservation agreements to bring into or maintain farmland in active production of food, fiber, and other agricultural products.

(4) The For the costs of administering the program under this Article, including the cost of staff and staff support."

SECTION 11.4.(b) G.S. 106-744(c1) reads as rewritten:
"(c1) The Commissioner shall distribute Trust Fund monies for such purchases only the purposes under subsection (c) of this section, including transaction costs, as follows:

(1) To a private nonprofit conservation organization that matches thirty percent (30%) of the Trust Fund monies it receives with funds from sources other than the Trust Fund.

(2) To counties according to the match requirements under subsection (c2) of this section."

SECTION 11.4.(c) G.S. 106-744(g)(11) reads as rewritten:
"(11) The Director of the Southeast Regional Office of the American Farmland Trust or the Executive Director of the Rural Advancement Foundation International – USA or the Executive Director's designee."

SECTION 11.4.(d) This section is effective when it becomes law and the change in membership of the Agricultural Development and Farmland Preservation Trust Fund Advisory Committee under G.S. 106-744, as amended by subsection (c) of this section, shall occur prior to the next quarterly meeting of the Advisory Committee that occurs on or after that date.

PART XII. DEPARTMENT OF LABOR

DEPARTMENT OF LABOR/APPRENTICESHIP PROGRAM

SECTION 12.1. Chapter 94 of the General Statutes is amended by adding a new section to read as follows:

"§ 94-12. Fees.

The following fees are imposed on each apprentice who is covered by a written apprenticeship agreement entered into under this Chapter: (i) a new registration fee of fifty dollars ($50.00); and (ii) an annual fee of fifty dollars ($50.00). Each fee authorized by this section is payable as thirty dollars ($30.00) by the sponsor and twenty dollars ($20.00) by the apprentice. The sponsor shall collect the fees authorized by this section from the apprentice and remit the total fees owed by the sponsor and the apprentice to the Department of Labor. The fees are departmental receipts and must be applied to the costs of administering the apprenticeship program. The Commissioner may adopt rules pursuant to Chapter 150B of the General Statutes to implement this section. The provisions of this section shall not apply to the State, a department or agency of the State, or any political subdivision of the State or any apprentice of the State, a department or agency of the State, or any political subdivision of the State."

DEPARTMENT OF LABOR/REVIEW ALL FEES BIENNIALY
SECTION 12.2. Article 1 of Chapter 95 of the General Statutes is amended by adding a new section to read as follows:

§ 95-14.1. Department review fees biennially.

No later than February 1 of each odd-numbered year, the Department of Labor shall review all fees charged under its authority to determine whether any of the fees should be changed and shall report its findings to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division. The report required by this section shall include all of the information reported to the Office of State Budget and Management for its Biennial Fee Report and all of the following:

1. The names of the programs or divisions supported by the fee.
2. The total expenditures of the programs or divisions.
3. Any recommendations for increasing or decreasing the amount of the fee.
4. An evaluation of inflation since the last change to the amount of the fee.
5. Any other information deemed relevant to the review.

DEPARTMENT OF LABOR/TRANSFER SPECIAL FUNDS TO GENERAL FUND AND TO APPRENTICESHIP PROGRAM

SECTION 12.3.(a) The Department of Labor shall, in consultation with the Office of State Budget and Management and the Office of the State Controller, transfer any unencumbered cash balance on June 30, 2009, in the Elevator and Amusement Device Bureau Special Fund (23800-2320) and the Boiler Bureau Special Fund (23800-2310) to a General Fund code and permanently close the Special Funds.

SECTION 12.3.(b) The Department of Labor shall, in consultation with the Office of State Budget and Management and the Office of the State Controller, transfer any unencumbered cash balance on June 30, 2009, in the Pre-Apprenticeship Special Fund (23800-2422) to the Apprenticeship Program to be used for operating expenses in the 2009-2010 fiscal year and permanently close the Special Fund.

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES REVIEW OF FEE SCHEDULES

SECTION 13.1A. G.S. 143B-279.2 reads as rewritten:

§ 143B-279.2. Department of Environment and Natural Resources – duties.

It shall be the duty of the Department:

1. To provide for the protection of the environment;
2. To administer the State Outer Continental Shelf (OCS) Task Force and coordinate State participation activities in the federal outer continental shelf resource recovery programs as provided under the OCS Lands Act Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS Lands Act Amendments of 1986 (43 USC §§ 1331 et seq.).
3. To provide for the protection of the environment and public health through the regulation of solid waste and hazardous waste management and the administration of environmental health programs.
4. Repealed by Session Laws 1997-443, s. 11A.5.
5. To provide and keep a museum or collection of the natural history of the State and to maintain the North Carolina Biological Survey; and
6. To provide for the management of the State's natural resources.
7. No later than February 1 of each odd-numbered year, to review all fees charged under any program under its authority to determine whether any of these fees should be changed and submit a report to the House and Senate.
Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division that includes all of the following:

a. The most recent Biennial Fee Report submitted by the Department to the Office of State Budget and Management.

b. A list of each fee charged under any program under the Department's authority that, for each fee, identifies the program, if any, and the division of the Department, if any, that is supported by the fee; the total expenditures for each program supported by fees; an evaluation of any inflationary change since the last change to the amount of the fee; and any other information deemed relevant to this review.

c. The Department's findings resulting from its review under this subdivision and any recommendations to increase or decrease any of these fees."

DENR TO STUDY ADVISABILITY OF ELIMINATING OR CONSOLIDATING ANY ENVIRONMENTAL BOARDS, COMMISSIONS, OR COUNCILS

SECTION 13.1B. The Department of Environment and Natural Resources shall, in consultation with the Fiscal Research Division, study the advisability of eliminating or consolidating any boards, commissions, or councils that are located within the Department of Environment and Natural Resources for organizational, budgetary, or administrative purposes and that are involved in environmental policy-making in North Carolina, with powers and duties ranging from advisory to rule making and quasi-judicial. In conducting this study, the Department of Environment and Natural Resources shall consider whether the number of these environmental boards, commissions, and councils has created any inefficiency or duplication in overall environmental program delivery and whether the members that comprise an environmental board, commission, or council generally have the time and expertise necessary to address the environmental issues coming before them. No later than May 1, 2010, the Department of Environment and Natural Resources shall report its findings and any recommendations resulting from the study under this section, including any legislative or administrative proposals, to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division.

JOINT DEPARTMENTAL STUDY OF TRANSFERRING GRADE "A" MILK SANITATION PROGRAM

SECTION 13.1C. The Department of Environment and Natural Resources and the Department of Agriculture and Consumer Services shall, in consultation with the Fiscal Research Division, jointly study the feasibility and the advisability of transferring the Grade "A" Milk Sanitation Program under Part 9 of Article 8 of Chapter 130A of the General Statutes that is currently located within the Division of Environmental Health of the Department of Environment and Natural Resources to the Department of Agriculture and Consumer Services. When conducting the study under this section, the Department of Environment and Natural Resources and the Department of Agriculture and Consumer Services may consult with entities outside the two departments, including entities regulated by either department. No later than May 1, 2010, the Department of Environment and Natural Resources and the Department of Agriculture and Consumer Services shall submit a report of their findings and any recommendations and legislative or administrative proposals to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division. This report shall include all of the following:

(1) A description and assessment of the current budget and staffing levels for the Grade "A" Milk Sanitation Program within the Department of Environment and Natural Resources.
A description and assessment of the current budget and staffing levels for the Dairy Section within the Food Program of the Food and Drug Protection Division of the Department of Agriculture and Consumer Services.

An evaluation of the advisability of transferring the Grade "A" Milk Sanitation Program to the Department of Agriculture and Consumer Services, including the fiscal impact of the transfer and any efficiency gains or losses.

LEGISLATIVE STUDY COMMISSION ON WATER AND WASTEWATER INFRASTRUCTURE

SECTION 13.1D.(a) There is created the Legislative Study Commission on Water and Wastewater Infrastructure. The Commission shall consist of 17 members appointed as follows:

(1) Four members of the House of Representatives appointed by the Speaker of the House of Representatives.
(2) Four members of the Senate appointed by the President Pro Tempore of the Senate.
(3) Two members appointed by the Governor.
(4) The Secretary of the North Carolina Department of Environment and Natural Resources or the Secretary's designee.
(5) The Secretary of the North Carolina Department of Commerce or the Secretary's designee.
(6) The President of the North Carolina Rural Economic Development Center or the President's designee.
(7) The Executive Director of the North Carolina Clean Water Management Trust Fund or the Executive Director's designee.
(8) The Executive Director of the North Carolina League of Municipalities or the Executive Director's designee.
(9) The Executive Director of the North Carolina Association of County Commissioners or the Executive Director's designee.
(10) The Chair of the State Water Infrastructure Commission.

SECTION 13.1D.(b) The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate a cochair. The Commission may meet at anytime upon the joint call of the cochairs. A quorum of the Commission shall be a majority of its members.

Vacancies on the Commission shall be filled by the same appointing authority as made the initial appointment.

Subject to the approval of the Legislative Services Commission, the Commission may meet in the Legislative Building or the Legislative Office Building.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical support staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission.

In addition, the State agencies and nonprofits serving on the Commission shall cooperate in providing information and additional staff resources as needed to accomplish the work of the Commission.

The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.
Members of the Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 13.1D.(c) The Legislative Study Commission on Water and Wastewater Infrastructure shall focus on the development of an ongoing process to identify and regularly report to the North Carolina General Assembly on statewide water and wastewater infrastructure needs and to improve the delivery of State appropriated water and wastewater programs. The Commission shall specifically do all of the following:

1. Evaluate the information provided through the drinking water and wastewater needs assessment prepared by the Environmental Protection Agency (EPA) every four years, the drinking water and wastewater needs surveys currently done by the North Carolina Department of Environment and Natural Resources in support of the EPA needs assessment; the data compiled as part of Water 2030 by the North Carolina Rural Economic Development Center, Inc., and any other existing data sets in order to determine what information currently exists and where there may be gaps in the data.

2. Conduct at least six meetings of stakeholders in locations across the State as part of determining the ongoing method for regularly determining and reporting on the State's water and wastewater infrastructure needs. One of these meetings shall focus on the subject of small towns whose water or sewer rates exceed the high-unit-cost threshold as defined in G.S. 159G-20.

3. Select a method for identifying and reporting on infrastructure needs in the future.

4. Review infrastructure funding priorities currently set out in State law to determine whether the priorities appropriately reflect the State's most pressing needs in light of future growth projections.

5. Recommend changes to infrastructure funding priorities and appropriations processes to ensure that funds are used to meet the State's most pressing needs.

6. Ascertain the capacity and role of the State in bridging identified gaps between funding priorities and available funds.

SECTION 13.1D.(d) The Legislative Study Commission on Water and Wastewater Infrastructure shall submit an interim report to the 2009 General Assembly, Regular Session 2010, on or before May 1, 2010. This interim report also may include any other finding or recommendation of the Commission at that time. In addition, the Commission shall submit a final report on any other findings and recommendations under this study, including any legislative or administrative proposals, no later than the convening of the 2011 Regular Session of the General Assembly. The Commission shall terminate upon the earlier of the filing of its final report or the convening of the 2011 General Assembly.

IMPROVE COORDINATION OF STATE WATER INFRASTRUCTURE FUNDING

SECTION 13.1E.(a) The Department of Commerce, the Department of Environment and Natural Resources, the Executive Director of the Clean Water Management Trust Fund, and the Rural Economic Development Center shall work cooperatively with the State Water Infrastructure Commission to accomplish all of the following:

1. Develop a common first page for applications for grants and loans for State water infrastructure funds, to be used by all of the State sources of water infrastructure projects funding.

2. Conduct regular joint meetings of the State sources of water infrastructure projects funding.
(3) Develop a process for sharing progress reports and other information among the State sources of water infrastructure projects funding and for making joint site visits, for the purpose of improving oversight of the State funded water infrastructure projects.

(4) Provide water funding data to the State Water Infrastructure Commission in order that the State Water Infrastructure Commission is able to provide a single annual report to the General Assembly on State investments in water infrastructure projects.

SECTION 13.1E.(b) As used in this section, "State sources of water infrastructure projects funding" means the Department of Commerce, the Department of Environment and Natural Resources, the Clean Water Management Trust Fund, and the Rural Economic Development Center.

SECTION 13.1E.(c) The State Water Infrastructure Commission shall submit a final report to the House and Senate Appropriations Subcommittees on Natural and Economic Resources on or before May 1, 2010. This report shall include specifically the Commission's final determination under this study of the steps funding agencies can take to improve the delivery of existing funding programs as determined by the Commission under subsection (a) of this section.

SECTION 13.1E.(d) The sum of fifty thousand dollars ($50,000) shall be transferred from the unencumbered cash balance of the Mercury Switch Removal Account established in G.S. 130A-310.54 to the Department of Environment and Natural Resources for the 2009-2010 fiscal year to be used by the State Water Infrastructure Commission to pay its expenses related to its work described in subsection (a) and subsection (c) of this section.

JOINT STUDY OF DENR SPECIAL FUNDS

SECTION 13.1F. The Department of Environment and Natural Resources, the Office of State Budget and Management, the Office of the State Controller, and the Fiscal Research Division shall jointly study the special funds within the Department of Environment and Natural Resources as of July 1, 2009. When conducting the study under this section, the Department of Environment and Natural Resources, the Office of State Budget and Management, the Office of the State Controller, and the Fiscal Research Division shall jointly evaluate each of these special funds to determine whether the receipts of each of these special fund are over- or under-realized. No later than May 1, 2010, the Department of Environment and Natural Resources, the Office of State Budget and Management, the Office of the State Controller, and the Fiscal Research Division shall report the results of this study, including their findings, recommendations, and any legislative proposals, to the Environmental Review Commission and the House and Senate Appropriations Subcommittees on Natural and Economic Resources. The report under this section shall include all of the following:

(1) A description of each of the special funds within the Department that were evaluated under this section.

(2) The sources of funds of each of these special funds.

(3) A list of these special funds that should be permanently closed.

(4) A list of these special funds that should be transferred to the General Fund.

(5) A list of these special funds that should remain as special funds.

(6) Any organizational or legal barriers to the creation or elimination of any of these special funds.

(7) Any changes in statutes needed as a result of this study.

CLOSE/TRANSFER CERTAIN DENR SPECIAL FUNDS

SECTION 13.1G.(a) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Environment and Natural Resources, shall jointly study the special funds within the Department of Environment and Natural Resources as of July 1, 2009. When conducting the study under this section, the Office of State Budget and Management, the Office of the State Controller, and the Fiscal Research Division shall jointly evaluate each of these special funds to determine whether the receipts of each of these special fund are over- or under-realized. No later than May 1, 2010, the Office of State Budget and Management, the Office of the State Controller, and the Fiscal Research Division shall report the results of this study, including their findings, recommendations, and any legislative proposals, to the Environmental Review Commission and the House and Senate Appropriations Subcommittees on Natural and Economic Resources. The report under this section shall include all of the following:

(1) A description of each of the special funds within the Department that were evaluated under this section.

(2) The sources of funds of each of these special funds.

(3) A list of these special funds that should be permanently closed.

(4) A list of these special funds that should be transferred to the General Fund.

(5) A list of these special funds that should remain as special funds.

(6) Any organizational or legal barriers to the creation or elimination of any of these special funds.

(7) Any changes in statutes needed as a result of this study.
Resources, shall close all of the following special funds within the Department and transfer any unencumbered cash balance of each on June 30, 2009, to the North Carolina Aquariums Fund (General Fund budget code 23400-2865):

1. Special Activities Roanoke Island (Special Fund code 24308-2850).
2. Events Roanoke Island (Special Fund code 24308-2851).
3. Special Activities Pine Knoll Shores (Special Fund code 24308-2860).
4. Events Pine Knoll Shores (Special Fund code 24308-2861).
5. Special Activities Fort Fisher (Special Fund code 24308-2855).
6. Events Fort Fisher (Special Fund code 24308-2856).

SECTION 13.1G.(b) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Environment and Natural Resources, shall close the Governor's Cup Trust Fund (Special Fund code 24302-2991), a special fund within the Department, and transfer any unencumbered cash balance of that fund on June 30, 2009, to the Division of Marine Fisheries (General Fund budget code 14300-1315).

SECTION 13.1G.(c) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Environment and Natural Resources, shall close the Environmental Education Certification special fund (Special Fund code 24308-2105) within the Department and transfer any unencumbered cash balance of that fund on June 30, 2009, to the Office of Environmental Education (General Fund budget code 14300-1120).

SECTION 13.1G.(d) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Environment and Natural Resources, shall transfer to the General Fund any unencumbered cash balance on June 30, 2009, in the special fund within the Department, ADM – Fines & Penalties (Special Fund code 24317-2339); move this special fund from a Special Fund code to a General Fund code; and permanently close the special fund.

SECTION 13.1G.(e) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Environment and Natural Resources, shall transfer to the General Fund any unencumbered cash balance on June 30, 2009, in each of the following special funds within the Department and permanently close each of these special funds:

1. DWQ – Groundwater Protection Permit Fees (Special Fund code 24300-2332).
2. DLR – SB7 Landslide Mapping (Special Fund code 24310-2766).
3. DLR – VRS Geodetic Survey & DOT (Special Fund code 24308-2815).

SECTION 13.1G.(f) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Environment and Natural Resources, shall transfer to the Information Technology Fund (24667) any unencumbered cash balance on June 30, 2009, in each of the following special funds within the Department and permanently close each of these special funds:

1. ADM – CGIA NGPOCS4 – Urban (Special Fund code 24300-2914)
2. ADM – CGIA (Special Fund code 24300-2915)
3. ADM – CGIA GIS Conference (Special Fund code 24300-2917)

FOOD AND LODGING INSPECTION FEES INCREASES

SECTION 13.2.(a) G.S. 130A-248(d) reads as rewritten:

"(d) The Department shall charge each establishment subject to this section, except nutrition programs for the elderly administered by the Division of Aging of the Department of Health and Human Services, establishments that prepare and sell meat food products or poultry products, and public school cafeterias, an annual fee of fifty dollars ($50.00) seventy-five dollars ($75.00). The Commission shall adopt rules to implement this subsection. Fees
collected under this subsection shall be used for State and local food, lodging, and institution sanitation programs and activities. No more than thirty-three and one-third percent (33 1/3%) of the fees collected under this subsection may be used to support State health programs and activities."

**SECTION 13.2.(b)** G.S. 130A-248(e) reads as rewritten:

"(e) In addition to the fees under subsection (d) of this section, the Department may charge a fee of two hundred dollars ($200.00) two hundred fifty dollars ($250.00) for plan review of plans for prototype franchised or chain facilities for food establishments subject to this section. All of the fees collected under this subsection may be used to support the State food, lodging, and institution sanitation programs and activities under this Part."

**SECTION 13.2.(c)** G.S. 130A-248(f) reads as rewritten:

"(f) Any local health department may charge a fee not to exceed two hundred dollars ($200.00) two hundred fifty dollars ($250.00) for plan review by that local health department of plans for food establishments subject to this section that are not subject to subsection (e) of this section. All of the fees collected under this subsection may be used for local food, lodging, and institution sanitation programs and activities. No food establishment that pays a fee under subsection (e) of this section is liable for a fee under this subsection."

**RADIATION PROTECTION SECTION SUPPORTED BY FEES/INCREASE FEES**

**SECTION 13.3.(a)** G.S. 104E-19 reads as rewritten:

"§ 104E-19. Fees.
(a) In order to meet the anticipated costs of administering the educational and training programs in G.S. 104E-11(c), of enforcing and carrying out the inspection provisions in G.S. 104E-7(a)(7) and G.S. 104E-11(a), and of administering the licensing program in G.S. 104E-10.3, the Department is authorized to charge and collect such reasonable fees as it may by rule establish. An annual fee in the amount set by the Department is imposed on a person who is required to be registered or licensed under this Chapter. The Department must set the fees at amounts that provide revenue to offset its costs in performing its duties under this Chapter.
(b) Repealed by Session Laws 1987, c. 850, s. 13.
(c) The annual fees under subsection (a) of this section shall not exceed the maximum amounts as follows:

(1) For tanning facilities: two hundred dollars ($200.00) for the first piece of tanning equipment and thirty dollars ($30.00) for each additional piece of tanning equipment.

(2) For the following categories of facilities registered to use X-ray tubes or X-ray equipment: clinics, chiropractors, dentists, educational, government, podiatrists, industrial, physicians, veterinarians, and other; two hundred dollars ($200.00) for the first X-ray tube or piece of X-ray equipment and thirty dollars ($30.00) for each additional X-ray tube or piece of X-ray equipment.

(3) For the following categories of facilities registered to use X-ray tubes or X-ray equipment: industrial medical, health departments, and service; three hundred dollars ($300.00) for the first X-ray tube or piece of X-ray equipment and forty dollars ($40.00) for each additional X-ray tube or piece of X-ray equipment.

(4) For the following categories of facilities registered to use X-ray tubes or X-ray equipment: hospitals and industrial radiography; four hundred dollars ($400.00) for the first X-ray tube or piece of X-ray equipment and fifty dollars ($50.00) for each additional X-ray tube or piece of X-ray equipment."
SECTION 13.3.(b) G.S. 104E-9(a)(8) reads as rewritten:

"(8) To establish annual fees for activities under this Chapter based on actual administrative costs to be applied to training, enforcement, and inspection pursuant to the provisions of this Chapter and to charge and collect fees from operators and users of low level radioactive waste facilities pursuant to the provisions of this Chapter. To establish fees in accordance with G.S. 104E-19."

SECTION 13.3.(c) Notwithstanding G.S. 104E-19, as amended by this section, the Department of Environment and Natural Resources shall impose the following annual fees during the 2009-2010 fiscal year on a person who is required to be registered or licensed to use sources of radiation under Chapter 104E of the General Statutes:

1. For tanning facilities: one hundred thirty-five dollars ($135.00) for the first piece of tanning equipment and twenty-two dollars ($22.00) for each additional piece of tanning equipment.

2. For the following categories of facilities registered to use X-ray tubes or X-ray equipment: educational, government, and veterinarians; ninety dollars ($90.00) for the first X-ray tube or piece of X-ray equipment and sixteen dollars ($16.00) for each additional X-ray tube or piece of X-ray equipment.

3. For the following categories of facilities registered to use X-ray tubes or X-ray equipment: chiropractors, dentists, podiatrists, industrial, physicians, and other; one hundred twenty-five dollars ($125.00) for the first X-ray tube or piece of X-ray equipment and twenty dollars ($20.00) for each additional X-ray tube or piece of X-ray equipment.

4. For the following categories of facilities registered to use X-ray tubes or X-ray equipment: industrial medical, health departments, and service; one hundred eighty dollars ($180.00) for the first X-ray tube or piece of X-ray equipment and, for industrial medical and health departments, twenty-five dollars ($25.00) for each additional X-ray tube or piece of X-ray equipment.

5. For the following categories of facilities registered to use X-ray tubes or X-ray equipment: hospitals and industrial radiography; two hundred seventy-five dollars ($275.00) for the first X-ray tube or piece of X-ray equipment and thirty-five dollars ($35.00) for each additional X-ray tube or piece of X-ray equipment.

SECTION 13.3.(d) Notwithstanding G.S. 104E-19, as amended by this section, the Department of Environment and Natural Resources shall impose the following annual fees during the 2010-2011 fiscal year on a person who is required to be registered or licensed to use sources of radiation under Chapter 104E of the General Statutes:

1. For tanning facilities: one hundred sixty-five dollars ($165.00) for the first piece of tanning equipment and twenty-five dollars ($25.00) for each additional piece of tanning equipment.

2. For the following categories of facilities registered to use X-ray tubes or X-ray equipment: educational, government, and veterinarians; one hundred twenty dollars ($120.00) for the first X-ray tube or piece of X-ray equipment and twenty dollars ($20.00) for each additional X-ray tube or piece of X-ray equipment.

3. For the following categories of facilities registered to use X-ray tubes or X-ray equipment: chiropractors, dentists, podiatrists, industrial, physicians, and other; one hundred sixty-five dollars ($165.00) for the first X-ray tube or piece of X-ray equipment and twenty-two dollars ($22.00) for each additional X-ray tube or piece of X-ray equipment.
(4) For the following categories of facilities registered to use X-ray tubes or X-ray equipment: industrial medical, health departments, and service; two hundred forty dollars ($240.00) for the first X-ray tube or piece of X-ray equipment and, for industrial medical and health departments, thirty dollars ($30.00) for each additional X-ray tube or piece of X-ray equipment.

(5) For the following categories of facilities registered to use X-ray tubes or X-ray equipment: hospitals and industrial radiography; three hundred sixty dollars ($360.00) for the first X-ray tube or piece of X-ray equipment and forty dollars ($40.00) for each additional X-ray tube or piece of X-ray equipment.

SECTION 13.3.(e) The annual fees under subsection (c) and subsection (d) of this section shall provide revenue to offset the Department's costs in performing its duties under Chapter 104E of the General Statutes during the 2009-2011 fiscal biennium. The Department of Environment and Natural Resources shall delay collecting the annual fees under subsection (c) of this section that are due July 1, 2009, until August 1, 2009.

EXPAND PERMISSIBLE USES OF THE SOLID WASTE MANAGEMENT TRUST FUND

SECTION 13.3A. G.S.130A-309.12(a) is amended by adding a new subdivision to read:
"(6) Providing funding for the activities of the Division of Pollution Prevention and Environmental Assistance."

CHANGE DISTRIBUTION OF SCRAP TIRE NET TAX PROCEEDS

SECTION 13.3B. G.S. 105-187.19(b) reads as rewritten:
"(b) Each quarter, the Secretary shall credit eight percent (8%) of the net tax proceeds to the Solid Waste Management Trust Fund and shall credit twenty-two percent (22%) of the net tax proceeds to the Scrap Tire Disposal Account Fund, seventeen percent (17%) of the net tax proceeds to the Scrap Tire Disposal Account, two and one-half percent (2.5%) of the net tax proceeds to the Inactive Hazardous Sites Cleanup Fund, and two and one-half percent (2.5%) of the net tax proceeds to the Bernard Allen Memorial Emergency Drinking Water Fund. The Secretary shall distribute the remaining seventy percent (70%) of the net tax proceeds among the counties on a per capita basis according to the most recent annual population estimates certified to the Secretary by the State Budget Officer."

INCREASE CAP FOR VOLUNTARY REMEDIAL ACTIONS AT INACTIVE HAZARDOUS DISPOSAL SITES/DENR MONITORING FEE

SECTION 13.3C.(a) G.S. 130A-310.9(a) reads as rewritten:
"(a) No one owner, operator, or other responsible party who voluntarily participates in the implementation of a remedial action program under G.S. 130A-310.3 or G.S. 130A-310.5 may be required to pay in excess of three million dollars ($3,000,000)five million dollars ($5,000,000) for the cost of implementing a remedial action program at a single inactive hazardous substance or waste disposal site. The owner, operator, or other responsible party who voluntarily participates in the implementation of a remedial action program under G.S. 130A-310.3 or G.S. 130A-310.5 shall be required to pay in addition to the cost of implementing the remedial action program a fee of one thousand dollars ($1,000) to be used for the Department's cost of monitoring and enforcing the remedial action program. The limitation of liability contained in this section subsection applies only to the cost of implementing the program and does not apply to the cost of developing the remedial action plan to the fee under this subsection. The limitation of liability contained in this subsection does not apply to the cost of developing the remedial action plan."
SECTION 13.3C.(b)  This section applies to any voluntary remedial action program that is developed or implemented on or after the effective date of this section and also applies to any voluntary remedial action program that is pending as of the effective date of this section.

NEW LEASE PURCHASE/INSTALLMENT CONTRACTS FOR FORESTRY EQUIPMENT

SECTION 13.6. Prior to the Division of Forest Resources of the Department of Environment and Natural Resources entering into either a new lease purchase contract for the purchase of forestry equipment or a new installment contract for the purchase of forestry equipment, the Division of Forest Resources shall submit a detailed list of the forestry equipment to be purchased under the contract to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Prior to the Department of Administration entering into either a new lease purchase contract for the purchase of forestry equipment or a new installment contract for the purchase of forestry equipment on behalf of the Division of Forest Resources, the Department of Administration shall submit a detailed list of the forestry equipment to be purchased under the contract to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. If a list is modified after it is submitted under this section, the modified list shall be submitted to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division prior to entering into the contract.

GRASSROOTS SCIENCE PROGRAM

SECTION 13.7.(a)  Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million two hundred two thousand eight hundred thirty-two dollars ($3,202,832) for the 2009-2010 fiscal year and the sum of three million one hundred thirty-three thousand two hundred five dollars ($3,133,205) for the 2010-2011 fiscal year is allocated as grants-in-aid for each fiscal year as follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>2009-2010</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aurora Fossil Museum</td>
<td>$54,332</td>
<td>$53,151</td>
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<tr>
<td>Cape Fear Museum</td>
<td>$148,126</td>
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<tr>
<td>Carolina Raptor Center</td>
<td>$103,200</td>
<td>$100,957</td>
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<tr>
<td>Catawba Science Center</td>
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<td>$131,720</td>
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<tr>
<td>Colburn Earth Science Museum, Inc.</td>
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<td>$67,091</td>
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<tr>
<td>Core Sound Waterfowl Museum</td>
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<td>$45,000</td>
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<tr>
<td>Discovery Place</td>
<td>$609,836</td>
<td>$596,579</td>
</tr>
<tr>
<td>Eastern NC Regional Science Center</td>
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<td>$45,000</td>
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<tr>
<td>Fascinate-U</td>
<td>$74,586</td>
<td>$72,965</td>
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<tr>
<td>Granville County Museum Commission, Inc.–Harris Gallery</td>
<td>$51,908</td>
<td>$50,780</td>
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<tr>
<td>Greensboro Children's Museum</td>
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<td>The Health Adventure Museum of Pack</td>
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<td>Place Education, Arts and Science Center, Inc.</td>
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<td>Highlands Nature Center</td>
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<td>Imagination Station</td>
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<td>$77,430</td>
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<td>The Iredell Museums, Inc.</td>
<td>$56,402</td>
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<td>Kidsenses</td>
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<td>$73,154</td>
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<tr>
<td>Museum of Coastal Carolina</td>
<td>$71,778</td>
<td>$70,218</td>
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General Assembly Of North Carolina  
Session 2009

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<table>
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</thead>
<tbody>
<tr>
<td>The Natural Science Center of Greensboro, Inc.</td>
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<tr>
<td>North Carolina Museum of Life and Science</td>
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<td>Pisgah Astronomical Research Institute</td>
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<td>$45,000</td>
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<td>Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.</td>
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<td>Rocky Mount Children's Museum</td>
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<td>Schiele Museum of Natural History and Planetarium, Inc.</td>
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<td>$206,592</td>
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<td>Sylvan Heights Waterfowl Park and Eco-Center</td>
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<td>Western North Carolina Nature Center</td>
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<td>Wilmington Children's Museum</td>
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<td>$66,497</td>
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</tbody>
</table>

Total | $3,202,832 | $3,133,205 |

SECTION 13.7.(b) No later than March 1, 2010, the Department of Environment and Natural Resources shall report to the Fiscal Research Division all of the following information for each museum that receives funds under this section:

1. The actual operating budget for the 2008-2009 fiscal year.
2. The proposed operating budget for the 2009-2010 fiscal year.
3. The total attendance at the museum during the 2009 calendar year.

SECTION 13.7.(c) No later than March 1, 2011, the Department of Environment and Natural Resources shall report to the Fiscal Research Division all of the following information for each museum that receives funds under this section:

1. The actual operating budget for the 2009-2010 fiscal year.
2. The proposed operating budget for the 2010-2011 fiscal year.
3. The total attendance at the museum during the 2010 calendar year.

SECTION 13.7.(d) As a condition for qualifying to receive funding under this section, all of the following documentation shall, no later than November 1 of each year of the 2009-2011 biennium, be submitted for each museum under this section to the Department of Environment and Natural Resources for fiscal years ending between July 1, 2007, and June 30, 2008, and only those costs that are properly documented under this subsection are allowed by the Department in calculating the distribution of funds under this section:

1. Each museum under this section shall submit its IRS (Internal Revenue Service) Form 990 to show its annual operating expenses, its annual report, and a reconciliation that explains any differences between expenses as shown on the IRS Form 990 and the annual report.
2. Each friends association of a museum under this section shall submit its IRS Form 990 to show its reported expenses for the museum, its annual report, and a reconciliation that explains any differences between expenses as shown on the IRS Form 990 and the annual report, unless the association does not have both an IRS Form 990 and an annual report available, in which case, it shall submit either an IRS Form 990 or an annual report.
3. The chief financial officer of each county or municipal government that provides funds for the benefit of the museum shall submit a detailed signed statement of documented costs spent for the benefit of the museum that includes documentation of the name, address, title, and telephone number of
the person making the assertion that the museum receives funds from the county or municipality for the benefit of the museum.

(4) The chief financial officer of each county or municipal government or each friends association that provides indirect or allocable costs that are not directly charged to a museum under this section but that benefit the museum shall submit in the form of a detailed statement enumerating each cost by type and amount that is verified by the financial officer responsible for the completion of the documentation and that includes the name, address, title, and telephone number of the person making the assertion that the county, municipality, or association provides indirect or allocable costs to the museum.

SECTION 13.7.(e) As used in subsection (d) of this section, "friends association" means a nonprofit corporation established for the purpose of supporting and assisting a museum that receives funding under this section.

SECTION 13.7.(f) The Department of Environment and Natural Resources shall study the advisability of the Department developing for museums that are members of the Grassroots collaborative, a competitive and need-based grant program for operating expense support, to be implemented and administered by the Office of Environmental Education within the Department, and shall study the advisability of using this competitive and need-based grant program for the 2011-2012 fiscal year and thereafter for specific museums that are members of the Grassroots collaborative in lieu of the allocations provided in subsection (a) of this section. In conducting this study, the Department shall, in consultation with the Fiscal Research Division and the Grassroots collaborative, consider establishing a process for applying for these grants, criteria for evaluating applications, and a process for allocating grants. The process and criteria should include giving special consideration to small museums and to the variation in access to development staff. No later than May 1, 2010, the Department shall submit a report to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division on the results of its study under this section, including its findings, recommendations, and any legislative or administrative proposals.

FOREST DEVELOPMENT FUND/FOREST PRODUCTS ASSESSMENT RATES

SECTION 13.9.(a) G.S. 113A-192(c) through G.S. 113A-192(e) are repealed. SECTION 13.9.(b) G.S. 113A-193(b) is amended by adding a new subdivision to read:

"(6) Determine the appropriate assessment to be levied on primary forest products in accordance with G.S. 113A-194."

SECTION 13.9.(c) G.S. 113A-194(b) reads as rewritten:

"(b) The assessment levied on primary forest products shall be at not exceed the following rates:

(1) Fifty cents (50¢) One dollar ($1.00) per thousand board feet for softwood sawtimber, veneer logs and bolts, and all other softwood products normally measured in board feet.

(2) Forty cents (40¢) Eighty cents (80¢) per thousand board feet for hardwood and bald cypress sawtimber, veneer, and all other hardwood and bald cypress products normally measured in board feet.

(3) Twenty cents (20¢) Forty cents (40¢) per cord for softwood pulpwood and other softwood products normally measured in cords.

(4) Twelve cents (12¢) Twenty-four cents (24¢) per cord for hardwood pulpwood and other hardwood and bald cypress products normally measured in cords."
(5) All material harvested within North Carolina for shipment outside the State for primary processing will be assessed at a percentage of the invoice value. This percentage will be established to yield rates equal to those if the material were processed within the State."

CONTINUATION REVIEW OF FOREST RESOURCES YOUNG OFFENDERS FOREST CONSERVATION PROGRAM (BRIDGE)

SECTION 13.9A.(a) In furtherance of the Continuation Review Program set forth under Section 6.7 of S.L. 2008-107, the Appropriations Committees of the House of Representatives and the Senate may review the Young Offenders Forest Conservation Program (BRIDGE) administered and supported by the Division of Forest Resources of the Department of Environment and Natural Resources and shall determine whether to continue, reduce, or eliminate funding for this program. The Fiscal Research Division may issue instructions to the Department regarding the expected content and format of the report required by this section. No later than December 1, 2009, the Division of Forest Resources shall report to the Fiscal Research Division. This report shall include the following information:

(1) A description of the Young Offenders Forest Conservation Program (BRIDGE) mission, goals, and objectives.
(2) The statutory objectives for the BRIDGE Program and the problem or need addressed.
(3) The extent to which the BRIDGE Program's objectives have been achieved.
(4) The BRIDGE Program's functions or programs performed without specific statutory authority.
(5) The performance measures for the BRIDGE Program and the process by which the performance measures determine efficiency and effectiveness.
(6) Recommendations for statutory, budgetary, or administrative changes needed to improve efficiency and effectiveness of services delivered to the public.
(7) The consequences of discontinuing funding.
(8) Recommendations for improving services or reducing costs or duplication.
(9) The identification of policy issues that should be brought to the attention of the General Assembly.
(10) Other information necessary to fully support the General Assembly's Continuation Review Program along with any information included in instructions from the Fiscal Research Division.

SECTION 13.9A.(b) The Division of Forest Resources of the Department of Environment and Natural Resources shall submit a final report that complies with subsection (a) of this section to the General Assembly by March 1, 2010.

DEVELOP PLAN TO CHARGE PARKING FEES AT STATE PARKS

SECTION 13.9B. The Division of Parks and Recreation of the Department of Environment and Natural Resources in consultation with the Fiscal Research Division shall study the costs and benefits of charging parking fees for parking at any or all State parks within the State Parks System. In the study, the Division shall consider each State park separately when determining the advisability of charging parking fees and the amount of any such parking fees. The Division also shall consider charging a separate parking fee for parking on a daily, weekly, monthly, and annual basis. The Division shall evaluate various mechanisms for collecting the parking fees and determine the collection method that is most reliable, efficient, and convenient to the public for each parking fee. No later than March 1, 2010, the Division shall report the results of the study to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic
Resources, and the Fiscal Research Division. This report shall include the date by which the
Division should begin to collect parking fees under this section, the amount of revenue that the
Division expects to raise on average in parking fees for any fiscal year, and the expected cost of
collecting this revenue.

BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION 13.10. G.S. 113-291.10(f) reads as rewritten:

"(f) Each county that volunteers to participate in this program for a given fiscal year
shall provide written notification of its wish to participate no later than September 30 of that
year and shall commit the sum of four thousand dollars ($4,000) in local funds no later than
September 30 of that year. At least three hundred forty-nine thousand dollars ($349,000) each
fiscal year of the biennium shall be paid from funds available to the Wildlife Resources
Commission to provide the State share necessary to support this program, provided the sum of
at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of
the biennium to provide the federal share."

FUNDS FOR WILDLIFE RESOURCES COMMISSION OPERATING BUDGET

SECTION 13.11.(a) G.S. 105-164.44B is repealed.

SECTION 13.11.(b) The Office of State Budget and Management, the State
Controller, and the Wildlife Resources Commission shall jointly effectuate, beginning with the
Wildlife Resources Commission's operating budget for the 2009-2010 fiscal year, the transition
from the Wildlife Resources Commission receiving sales tax proceeds to fund its operating
budget to the Wildlife Resources Commission receiving an appropriation from the General
Fund to fund its operating budget.

PART XIV. DEPARTMENT OF COMMERCE

ONE NORTH CAROLINA FUND

SECTION 14.1. Of the funds appropriated in this act to the One North Carolina
Fund for the 2009-2010 fiscal year, the Department of Commerce may use up to three hundred
thousand dollars ($300,000) to cover its expenses in administering the One North Carolina
Fund and other economic development incentive grant programs during the 2009-2010 fiscal
year.

ECONOMIC DEVELOPMENT FUNDS/REPORTING REQUIREMENTS

SECTION 14.1A.(a) G.S. 143B-437.02(k) reads as rewritten:

"(k) Monitoring and Reports. – The Department is responsible for monitoring
compliance with the performance criteria under each site development agreement and for
administering the repayment in case of default. The Department shall pay for the cost of this
monitoring from funds appropriated to it for that purpose or for other economic development
purposes.

Within two months after the end of each calendar quarter, On September 1 of each year until
all funds have been expended, the Department shall report to the Joint Legislative Commission
on Governmental Operations regarding the Site Infrastructure Development Program. This
report shall include a listing of each agreement negotiated and entered into during the preceding
quarter, year, including the name of the business, the cost/benefit analysis conducted by the
Committee during the application process, a description of the project, and the amount of the
site development incentive expected to be paid under the agreement during the current fiscal
year. The report shall also include detailed information about any defaults and repayment
during the preceding quarter, year. The Department shall publish this report on its web site and
shall make printed copies available upon request."
SECTION 14.1A.(b) G.S. 143B-437.012(m) reads as rewritten:

"(m) Monitoring and Reports. – The Department is responsible for monitoring compliance with the performance criteria under each grant agreement and for administering the repayment in case of default. The Department shall pay for the cost of this monitoring from funds appropriated to it for that purpose or for other economic development purposes.

Within two months after the end of each calendar quarter, On September 1 of each year until all funds have been expended, the Department shall report to the Joint Legislative Commission on Governmental Operations regarding the Job Maintenance and Capital Development Fund. This report shall include a listing of each grant awarded and each agreement entered into under this section during the preceding quarter, including the name of the business, the cost/benefit analysis conducted by the Committee during the application process, a description of the project, and the amount of the grant expected to be paid under the agreement during the current fiscal year. The report shall also include detailed information about any defaults and repayment during the preceding quarter. The Department shall publish this report on its Web site and shall make printed copies available upon request."

SECTION 14.1A.(c) G.S. 143B-437.83 reads as rewritten:

"§ 143B-437.83. Reports.

The Department of Commerce shall publish a report on the use of funds in the One North Carolina Small Business Account at the end of each fiscal quarter on September 1 of each year until all funds have been expended. The report shall contain information on the disbursement and use of funds allocated under the One North Carolina Small Business Program. The report is due no later than one month after the end of the fiscal quarter and must be submitted to the following:

(1) The Joint Legislative Commission on Governmental Operations.
(2) The chairs of the House of Representatives and Senate Finance Committees.
(3) The chairs of the House of Representatives and Senate Appropriations Committees.
(4) The Fiscal Research Division of the General Assembly."

SECTION 14.1A.(d) G.S. 143B-438.13(d) is repealed.

SECTION 14.1A.(e) 143B-438.17 reads as rewritten:

"§ 143B-438.17. Reporting.

(a) Beginning July 1, 2005, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a monthly written report on the Trade Jobs for Success (TJS) initiative. The monthly report shall provide information on the commitment, disbursement, and use of funds and the status of any grant proposals or waivers requested on behalf of the Trade Jobs for Success initiative. The monthly report shall be submitted to the Governor and to the Fiscal Research Division of the General Assembly.

(b) Beginning October 1, 2005, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a quarterly written report on the Trade Jobs for Success initiative. The quarterly report shall include legislative proposals and recommendations regarding statutory changes needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the quarterly report shall be provided to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly.

(c) Beginning January 1, 2006, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a comprehensive annual written report on the Trade Jobs for Success initiative. The annual report shall include a detailed explanation of outcomes and future planning for the TJS initiative, initiative and legislative proposals and recommendations regarding statutory changes.
needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the annual report shall be provided to the Governor, to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly."

SECTION 14.1A.(f) Part 15 of Article 10 of Chapter 143B of the General Statutes is repealed.

SECTION 14.1A.(g) G.S. 143B-472.80(5) is repealed.

STUDY STATE AIRCRAFT FLEETS

SECTION 14.1B. The Program Evaluation Division of the General Assembly (Division) shall study the number, use, and effectiveness of the State's aircraft fleets. The study shall consider ways to achieve efficiency savings and whether it is desirable or feasible to sell any of the aircraft or to transfer any of the aircraft to another State agency. No later than May 30, 2010, the Division shall prepare a report of the findings and recommendations of the study and submit it to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division.

EXECUTIVE AIRCRAFT/USE FOR ECONOMIC DEVELOPMENT PRIORITY

SECTION 14.1C. G.S. 143B-437.011 reads as rewritten:

"§ 143B-437.011. Executive aircraft used for economic development; other uses.

The use of executive aircraft by the Department of Commerce for economic development purposes shall take precedence over all other uses. The Department of Commerce shall annually review the rates charged for the use of executive aircraft and shall adjust the rates, as necessary, to account for upgraded aircraft and inflationary increases in operating costs, including jet fuel prices. If an executive aircraft is not being used by the Department of Commerce for economic development purposes, priority of use shall be given first to the Governor, second to the Council of State, and third to other State officials. For purposes, the aircraft may be used by the Governor or a State official who is employed by an agency that does not have its own aircraft and is traveling on State business. If an executive aircraft is used to attend athletic events or for any other purpose related to collegiate athletics, the rate charged shall be equal to the direct cost of operating the aircraft as established by the aircraft's manufacturer, adjusted for inflation."

NER BLOCK GRANTS

SECTION 14.5.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2010, 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
SECTION 14.5.(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 14.5.(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 follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 14.5.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State Administration; not less than one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; up to one million dollars ($1,000,000) may be used for Small Business/Entrepreneurship; not less than thirteen million dollars ($13,000,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to one million five hundred thousand dollars ($1,500,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 14.5.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

SECTION 14.5.(f) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

1. A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

2. The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made. The
Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

SECTION 14.5.(g) By September 1, 2009, the Division of Community Assistance, Department of Commerce, shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year.

NER CDBG/AMERICAN RECOVERY AND REINVESTMENT ACT 2009

SECTION 14.5A.(a) Appropriations from federal block grant funds are made for the 2009-2010 fiscal year, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. Administration:
   State $ 604,030.50
   Local Governments 604,030.50

02. Infrastructure 5,872,553

03. Housing 3,000,000

04. Special Projects 2,000,000

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – Recovery 2009-2010 Fiscal Year $ 12,080,614

SECTION 14.5A.(b) Limitations on Community Development Block Grant Funds.
– Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated: up to one million two hundred eight thousand and sixty-one dollars ($1,208,061) may be used for Administration; up to five million eight hundred seventy-two thousand five hundred fifty-three dollars ($5,872,553) may be used for Infrastructure; up to three million dollars ($3,000,000) may be used for Housing; and up to two million dollars ($2,000,000) may be used for Special Projects.

SECTION 14.5A.(c) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Recovery Funds appropriated under this section.

INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT

SECTION 14.7. The North Carolina Industrial Commission may retain the additional revenue generated as a result of an increase in the fee charged to parties for the filing of compromised settlements. These funds shall be used for the purpose of replacing existing computer hardware and software used for the operations of the Commission. These funds may also be used to prepare any assessment of hardware and software needs prior to purchase and to develop and administer the needed databases and new Electronic Case Management System, including the establishment of two time-limited positions for application development and support and mainframe migration. The Commission may not retain any fees under this section unless they are in excess of the former two-hundred-dollar ($200.00) fee charged by the Commission for filing a compromised settlement.
INDUSTRIAL COMMISSION/SAFETY EDUCATION SECTION

SECTION 14.8. G.S. 97-73 reads as rewritten:

"§ 97-73. Fees.
(a) Claims. – The Industrial Commission may establish by rule a schedule of fees for examinations conducted, reports made, documents filed, and agreements reviewed under this Article. The fees shall be collected in accordance with rules adopted by the Industrial Commission.
(b), (c) Repealed by Session Laws 2003-284, s. 10.33(d), effective July 1, 2003.
(d) Safety. – A fee in the amount set by the Industrial Commission is imposed on an employer for whom the Industrial Commission provides an educational training program on how to prevent or reduce accidents or injuries that result in workers' compensation claims or a person for whom the Industrial Commission provides other educational services. The fees are departmental receipts."

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 14.9.(a) Funds from the Employment Security Commission Reserve Fund shall be available to the Employment Security Commission of North Carolina to use as collateral to secure federal funds and to pay the administrative costs associated with the collection of the Employment Security Commission Reserve Fund surcharge. The total administrative costs paid with funds from the Reserve in the 2009-2010 fiscal year shall not exceed two million five hundred thousand dollars ($2,500,000).

SECTION 14.9.(b) There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina the sum of twenty million dollars ($20,000,000) for the 2009-2010 fiscal year to be used for the following purposes:

(1) Nineteen million five hundred thousand dollars ($19,500,000) for the operation and support of local Employment Security Commission offices.
(2) Two hundred thousand dollars ($200,000) for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs.
(3) Three hundred thousand dollars ($300,000) to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs.

SECTION 14.9.(c) There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina an amount not to exceed one million dollars ($1,000,000) for the 2009-2010 fiscal year to fund State initiatives not currently funded through federal grants.

SECTION 14.9.(d) There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina an amount not to exceed one million five hundred thousand dollars ($1,500,000) for the 2009-2010 fiscal year to fund a system upgrade to the Common Follow-Up Management Information System.

EMPLOYMENT SECURITY COMMISSION/AMERICAN RECOVERY AND REINVESTMENT ACT 2009

SECTION 14.10. Of the funds credited to and held in the State of North Carolina's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of fourteen million six hundred
forty-seven thousand three hundred ninety-seven dollars ($14,647,397) for the 2009-2011 fiscal biennium for the following purposes:

1. Implementing and administering the provisions of State law that qualify the State for the incentive payments.
2. Improved outreach to individuals who might be eligible by virtue of these provisions.
3. The improvement of unemployment benefits and tax operations, including responding to increased demand for unemployment benefits.
4. Staff-assisted reemployment services for unemployment claimants.

COMMERCE/ENTERPRISE FUNDS AND SPECIAL FUNDS

SECTION 14.10A.(a) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall close the following special funds and transfer the remaining fund balances to the General Fund:

1. 24600-2241 – Rural Electrification Authority Administration
2. 24600-2553 – North Carolina Grape Growers Council
3. 24600-2821 – Credit Union Supervision
4. 24600-2851 – Cemetery Commission
5. 54600-5211 – Utilities – Commission Staff
6. 54600-5217 – Utilities – Gas Pipeline Safety
7. 54600-5221 – Utilities – Public Staff
8. 54600-5811 – State Banking Commission
9. 54600-5881 – ABC Commission
10. 54600-5882 – ABC Warehouse
11. 64605 Commerce – Utilities Commission – Public Staff
12. 64612 Commerce – North Carolina Rural Electrification Authority
13. 64613 Commerce – Utilities Commission – Natural Gas

SECTION 14.10A.(b) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the following fund codes from Budget Code 24600 – Commerce Special Funds to Budget Code 24609 – Commerce Special Fund General Fund:

1. 2533 – One North Carolina Fund
2. 2534 – One North Carolina Small Business Account
3. 2581 – JDIG Fees
4. 2582 – JDIG Special Revenue Fund
5. 2711 – Industrial Development Fund
6. 2712 – Industrial Development Utility Account

SECTION 14.10A.(c) G.S. 18B-208 reads as rewritten:

§ 18B-208. ABC Commission bonds and funds.

(a) Issuance of Bonds. – As a means of raising the funds needed from time to time in the design, acquisition, construction, equipping, maintenance and operation of a warehouse under G.S. 18B-204(a)(3), the Commission may, with the approval of the Governor, at one time or from time to time issue negotiable revenue bonds of the Commission. The issuance of revenue bonds shall not directly or indirectly or contingently obligate the State to levy or to pledge any form of taxation or to make any appropriation for their payment. Revenue bonds issued pursuant to this subsection shall be repaid from the bailment surcharge as provided in subsection (b). These bonds and the income from them are exempt from all taxation within the State.

(b) Special Fund. – A special fund in the office of the State Treasurer, the ABC Commission Fund, is created. On and after November 1, 1982, all moneys derived from the collection of bailment charges and bailment surcharges shall be deposited in the ABC
Commission Fund for the purpose of carrying out the provisions of this Chapter. The ABC Commission Fund shall be subject to the provisions of the State Budget Act except that no unexpended surplus of this fund shall revert to the General Fund. The Commission shall fix the level of the bailment surcharges at an amount calculated to cover operating expenses of the Commission and the retirement of bonds issued for construction of a Commission warehouse and offices. Upon payment of the bonds issued pursuant to this section, the Commission shall reduce the bailment surcharge to an amount no greater than necessary to pay operating expenses of the Commission as authorized by the General Assembly.

All moneys credited to the ABC Commission Fund shall be used to carry out the intent and purposes of the ABC law in accordance with plans approved by the North Carolina ABC Commission and the Director of the Budget, and all these funds are appropriated, reserved, set aside, and made available until expended for the administration of the ABC law."

SECTION 14.10A.(d) G.S. 53-122(e) reads as rewritten:
"(e) In the first half of each calendar year, the State Banking Commission shall review the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year. If the estimated fees and assessments provided for under this section shall exceed the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year, then the State Banking Commission may reduce by uniform percentage the fees and assessments provided for in this section. If the estimated fees and assessments provided for under this section shall be less than the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year, then the State Banking Commission may increase by uniform percentage the fees and assessments provided for in this section to an amount which will increase the amount of the fees and assessments to be collected to an amount at least equal to the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year. In no event shall any surplus at the end of any fiscal year resulting from the collection of fees and assessments pursuant to this section revert to the general fund. The State Banking Commission shall report to the Joint Legislative Commission on Governmental Operations its conclusion that the estimated fees and assessments should be reduced or increased. Any reduction or increase of estimated fees and assessments provided for under this section shall become effective July 1 of the next fiscal year. All fees and assessments collected under this section shall be deposited in the General Fund."

SECTION 14.10A.(e) G.S. 54-109.14 reads as rewritten:
(a) Each credit union subject to supervision and examination by the Administrator of Credit Unions, including credit unions in process of voluntary liquidation, shall pay into the office of the Administrator of Credit Unions twice each year, in the months of January and July, supervision fees, except those credit unions which liquidate or convert its charter shall pay into the office of the Administrator of Credit Unions, to the date of dissolution, pro rata supervision fees. Examination fees shall be paid promptly upon receipt of the examination report and invoice.

The Administrator of Credit Unions, subject to the advice and consent of the Credit Union Commission, shall, on or before December 1 of each year, determine and fix the scale of supervisory and examination fees to be assessed during the next calendar year.

No credit union shall be required to pay any supervisory fee until the expiration of 12 months from the date of the issuance of a certificate of incorporation to such credit union.

(b) Moneys collected under this section shall be deposited with the State Treasurer of North Carolina and expended, under the terms of the Executive Budget Act, to defray expenses incurred by the office of the Administrator of Credit Unions in carrying out its supervisory and auditing functions in the General Fund.

(e) All revenue derived from fees will be placed into a special account to be administered solely for the operation of the Credit Union Division."
SECTION 14.10A.(f) G.S. 54B-57 reads as rewritten:

"§ 54B-57. Supervision and examination fees.

(a) Every State association, including associations in process of voluntary liquidation or savings and loan holding company, shall pay into the office of the Commissioner of Banks each July a supervisory fee. Examination fees shall be paid promptly upon an association's receipt of the examination billing. The Commissioner of Banks, subject to the advice and consent of the Commission, shall, on or before June 1 of each year:

(1) Determine and fix the scale of supervisory and examination fees to be assessed and collected during the next fiscal year;

(2) Determine and fix the amount of the fee and set the fee collection schedule for the fees to be assessed to and collected from applicants to defray the cost of processing their charter, branch, merger, conversion, location change, savings and loan holding company acquisition, and name change applications.

(b) All funds and revenue collected by the Division under the provisions of this section and the provisions of all other sections of this Chapter which authorize the collection of fees and other funds shall be deposited with the State Treasurer of North Carolina and expended under the terms of the Executive Budget Act, solely to defray expenses incurred by the office of the Commissioner of Banks in carrying out its supervisory and auditing functions in the General Fund.

(c) Notwithstanding any of the provisions of subsections (a) and (b) of this section, whenever the Commissioner of Banks under the provisions of G.S. 54B-56 appoints a suitable and competent person, other than a person employed by the Commissioner of Banks' office, to make an examination and investigation of the business of a State association, all costs and expenses relative to such examination and investigation shall be paid by such association."

SECTION 14.10A.(g) G.S. 54B-74 reads as rewritten:

"§ 54B-74. Annual license fees.

All State associations shall pay an annual license fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. Such license fee shall be used to defray the expenses incurred by the Division in supervising State associations. The Commissioner of Banks may license each State association upon receipt of the license fee and filing of an application in such form as the Commissioner of Banks may prescribe."

SECTION 14.10A.(h) G.S. 54B-75 reads as rewritten:

"§ 54B-75. Statement; fees.

Every State association shall file in the office of the Commissioner of Banks, on or before the first day of February in each year, in such form as the Commissioner of Banks shall prescribe, a statement of the business standing and financial condition of such association on the preceding 31st day of December. This statement shall be signed and sworn to by the secretary or other officer duly authorized by the board of directors of the association before a notary public. The statement shall be accompanied by a filing fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The filing fees shall be used to defray the expenses incurred by the Division in supervising State associations."

SECTION 14.10A.(i) G.S. 54C-55 reads as rewritten:

"§ 54C-55. Supervision and examination fees authorized; use of funds collected under Chapter.

(a) Every State savings bank, including savings banks in process of voluntary liquidation, or a holding company thereof, shall pay into the office of the Commissioner of Banks each July a supervisory fee. Examination fees shall be paid promptly upon an association's receipt of the examination billing. The Commissioner of Banks, subject to the advice and consent of the Commission, shall, on or before June 1 of each year:
(1) Determine and fix the scale of supervisory and examination fees to be assessed and collected during the next fiscal year; and
(2) Determine and fix the amount of the fee and set the fee collection schedule for the fees to be assessed to and collected from applicants to defray the cost of processing their charter, branch, merger, conversion, holding company acquisition, and name change applications.

(b) All funds and revenue collected by the Division under this section and all other sections of this Chapter that authorize the collection of fees and other funds shall be deposited with the State Treasurer and expended under the terms of the Executive Budget Act, solely to defray expenses incurred by the office of the Commissioner of Banks in carrying out its supervisory and auditing functions.

(c) Notwithstanding subsections (a) and (b) of this section, whenever the Commissioner of Banks under G.S. 54C-54 appoints a suitable and competent person, other than a person employed by the Commissioner of Banks' office, to make an examination and investigation of the business of a State savings bank, the savings bank shall pay all costs and expenses relative to the examination and investigation."

SECTION 14.10A.(j) G.S. 54C-61 reads as rewritten:

"§ 54C-61. Annual license fees.
A state savings bank shall pay an annual license fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The license fee shall be used to defray the expenses incurred by the Division in supervising State savings banks. The Commissioner of Banks may license each State savings bank upon receipt of the license fee and filing of an application in the form prescribed by the Commissioner of Banks."

SECTION 14.10A.(k) G.S. 54C-62 reads as rewritten:

"§ 54C-62. Statement filed by savings bank; fees.
A State savings bank shall file in the office of the Commissioner of Banks, on or before the first day of February in each year, in the form prescribed by the Commissioner of Banks, a statement of the business standing and financial condition of the savings bank on the preceding 31st day of December, signed and sworn to by the secretary or other officer duly authorized by the board of directors of the savings bank before a notary public. The statement shall be accompanied by a filing fee set by the Commissioner of Banks, subject to the advice and consent of the Commission. The filing fees shall be used to defray the expenses incurred by the Division in supervising State savings banks."

SECTION 14.10A.(l) G.S. 62-302 reads as rewritten:

(a) Fee Imposed. – It is the policy of the State of North Carolina to provide fair regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The cost of regulating public utilities is a burden incident to the privilege of operating as a public utility. Therefore, for the purpose of defraying the cost of regulating public utilities, every public utility subject to the jurisdiction of the Commission shall pay a quarterly regulatory fee, in addition to all other fees and taxes, as provided in this section. The fees collected shall be used only to pay the expenses of the Commission and the Public Staff in regulating public utilities in the interest of the public.

It is also the policy of the State to provide limited oversight of certain electric membership corporations as provided in G.S. 62-53. Therefore, for the purpose of defraying the cost of providing the oversight authorized by G.S. 62-53 and G.S. 117-18.1, each fiscal year each electric membership corporation whose principal purpose is to furnish or cause to be furnished bulk electric supplies at wholesale as provided in G.S. 117-16 shall pay an annual fee as provided in this section.

(b) Public Utility Rate. –
(2) The public utility regulatory fee for each fiscal year shall be the greater of (i) a percentage rate, established by the General Assembly, of each public utility's North Carolina jurisdictional revenues for each quarter or (ii) six dollars and twenty-five cents ($6.25) each quarter.

When the Commission prepares its budget request for the upcoming fiscal year, the Commission shall propose a percentage rate of the public utility regulatory fee. For fiscal years beginning in an odd-numbered year, that proposed rate shall be included in the budget message the Governor submits to the General Assembly pursuant to G.S. 143C-3-5. For fiscal years beginning in an even-numbered year, that proposed rate shall be included in a special budget message the Governor shall submit to the General Assembly. The General Assembly shall set the percentage rate of the public utility regulatory fee by law.

The percentage rate may not exceed the amount necessary to generate funds sufficient to defray the estimated cost of the operations of the Commission and the Public Staff for the upcoming fiscal year, including a reasonable margin for a reserve fund. The amount of the reserve may not exceed the estimated cost of operating the Commission and the Public Staff for the upcoming fiscal year. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Commission or the Public Staff or a possible unanticipated increase or decrease in North Carolina jurisdictional revenues.

(3) If the Commission, the Public Staff, or both experience a revenue shortfall, the Commission shall implement a temporary public utility regulatory fee surcharge to avert the deficiency that would otherwise occur. In no event may the total percentage rate of the public utility regulatory fee plus any surcharge established by the Commission exceed twenty-five hundredths percent (0.25%).

(4) As used in this section, the term "North Carolina jurisdictional revenues" means all revenues derived or realized from intrastate tariffs, rates, and charges approved or allowed by the Commission or collected pursuant to Commission order or rule, but not including tap-on fees or any other form of contributions in aid of construction.

(b1) Electric Membership Corporation Rate. – The electric membership corporation regulatory fee for each fiscal year shall be a dollar amount as established by the General Assembly by law.

When the Commission prepares its budget request for the upcoming fiscal year, the Commission shall propose the amount of the electric membership corporation regulatory fee. For fiscal years beginning in an odd-numbered year, the proposed amount shall be included in the budget message the Governor submits to the General Assembly pursuant to G.S. 143C-3-5. For fiscal years beginning in an even-numbered year, the proposed amount shall be included in a special budget message the Governor shall submit to the General Assembly.

The amount of the electric membership corporation regulatory fee proposed by the Commission may not exceed the amount necessary to defray the estimated cost of the operations of the Commission and the Public Staff for the regulation of the electric membership corporations in the upcoming fiscal year, including a reasonable margin for a reserve fund. The amount of the reserve may not exceed the estimated cost of the Commission and the Public Staff for the regulation of the electric membership corporations for the upcoming fiscal year.

(c) When Due. – The electric membership corporation regulatory fee imposed under this section shall be paid in quarterly installments. The fee is due and payable to the Commission on or before the 15th day of the second month following the end of each quarter.
The public utility regulatory fee imposed under this section is due and payable to the
Commission on or before the 15th day of the second month following the end of each quarter.
Every public utility subject to the public utility regulatory fee shall, on or before the date the
fee is due for each quarter, prepare and render a report on a form prescribed by the
Commission. The report shall state the public utility's total North Carolina jurisdictional
revenues for the preceding quarter and shall be accompanied by any supporting documentation
that the Commission may by rule require. Receipts shall be reported on an accrual basis.

If a public utility's report for the first quarter of any fiscal year shows that application of the
percentage rate would yield a quarterly fee of twenty-five dollars ($25.00) or less, the public
utility shall pay an estimated fee for the entire fiscal year in the amount of twenty-five dollars
($25.00). If, after payment of the estimated fee, the public utility's subsequent returns show that
application of the percentage rate would yield quarterly fees that total more than twenty-five
dollars ($25.00) for the entire fiscal year, the public utility shall pay the cumulative amount of
the fee resulting from application of the percentage rate, to the extent it exceeds the amount of
fees, other than any surcharge, previously paid.

(d) Use of Proceeds. – A special fund in the office of State Treasurer, the Utilities
Commission and Public Staff Fund, is created. The fees collected pursuant to this section and all
other funds received by the Commission or the Public Staff, except for the clear proceeds of
civil penalties collected pursuant to G.S. 62-50(d) and the clear proceeds of funds forfeited
pursuant to G.S. 62-310(a), shall be deposited in the Utilities Commission and Public Staff
Fund. The Fund shall be placed in an interest bearing account and any interest or other income
derived from the Fund shall be credited to the Fund. Moneys in the Fund shall only be spent
pursuant to appropriation by the General Assembly General Fund.

The Utilities Commission and Public Staff Fund shall be subject to the provisions of the
State Budget Act except that no unexpended surplus of the Fund shall revert to the General
Fund. All funds credited to the Utilities Commission and Public Staff Fund shall be used only
to pay the expenses of the Commission and the Public Staff in regulating public utilities in the
interest of the public as provided by this Chapter and in regulating electric membership
corporations as provided in G.S. 117-18.1.

The clear proceeds of civil penalties collected pursuant to G.S. 62-50(d) and the clear
proceeds of funds forfeited pursuant to G.S. 62-310(a) shall be remitted to the Civil Penalty and
Forfeiture Fund in accordance with G.S. 115C-457.2."

SECTION 14.10A.(m) G.S. 105-113.81A is repealed.
SECTION 14.10A.(n) G.S. 117-3.1 reads as rewritten:

"§ 117-3.1. Regulatory fee.

(a) Fee imposed. – It is the policy of the State of North Carolina to provide fair
regulation of electric and telephone membership corporations in the interest of the public. The
cost of regulating electric and telephone membership corporations is a burden incident to the
privilege of operating as an electric or telephone membership corporation. Therefore, for the
purpose of defraying the cost of regulating electric and telephone membership corporations,
every electric and telephone membership corporation subject to the jurisdiction of the Authority
shall pay a quarterly regulatory fee, in addition to all other fees and taxes, as provided in this
section. The fees collected shall be used only to pay the expenses of the Authority in regulating
electric and telephone membership corporations in the interest of the public.

(b) Rate. – For each fiscal year, the regulatory fee shall be the greater of the following:

(1) The rate established by the General Assembly for that year for each electric
membership corporation's North Carolina meter connected for service and
each telephone membership corporation's North Carolina access line
connected for service for each quarter of the year.

(2) Four cents (4¢) for each electric membership corporation's North Carolina
meter connected for service and for each telephone membership
corporation's North Carolina access line connected for service for each quarter of the year.

When the Authority prepares its budget request for the upcoming fiscal year, the Authority shall propose a rate for the regulatory fee. For fiscal years beginning in an odd-numbered year, that proposed rate shall be included in the budget message the Governor submits to the General Assembly pursuant to G.S. 143C-3-5. For fiscal years beginning in an even-numbered year, that proposed rate shall be included in a special budget message the Governor shall submit to the General Assembly. If the General Assembly decides to set the regulatory fee at a rate higher than the rate in subdivision (2) of this subsection, it shall set the regulatory fee by law.

The regulatory fee may not exceed the amount necessary to generate funds sufficient to defray the estimated cost of the operations of the Authority for the upcoming fiscal year, including a reasonable margin for a reserve fund. The amount of the reserve may not exceed the estimated cost of operating the Authority for the upcoming fiscal year. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Authority or a possible unanticipated increase or decrease in North Carolina electric meters and North Carolina telephone access lines.

(c) When Due. – The regulatory fee imposed under this section is due and payable to the Authority on or before the 15th day of the second month following the end of each quarter. Every electric and telephone membership corporation subject to the regulatory fee shall, on or before the date the fee is due for each quarter, prepare and render a report on a form prescribed by the Authority. The report shall state the electric or telephone membership corporation's total North Carolina electric meters or North Carolina telephone access lines connected for service for the preceding quarter and shall be accompanied by any supporting documentation that the Authority may by rule require.

(d) Use of Proceeds. – A special fund in the office of the State Treasurer, the North Carolina Rural Electrification Authority Fund (NCREA Fund), is created. The fees collected pursuant to this section and all other funds received by the Authority shall be deposited in the NCREA Fund. The NCREA Fund shall be placed in an interest bearing account and any interest or other income derived from the NCREA Fund shall be credited to the NCREA Fund. Moneys in the NCREA Fund shall only be spent pursuant to an appropriation by the General Assembly-General Fund.

The NCREA Fund shall be subject to the provisions of the State Budget Act except that no unexpended surplus of the NCREA Fund shall revert to the General Fund. All funds credited to the NCREA Fund shall be used only to pay the expenses of the Authority in regulating electric and telephone membership corporations in the interest of the public as provided by this Chapter.

STATE BANKING COMMISSION/FEES & ASSESSMENT CHANGES EFFECTIVE JULY 1

SECTION 14.10B. G.S. 53-122(e) reads as rewritten:

"(e) In the first half of each calendar year, the State Banking Commission shall review the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year. If the estimated fees and assessments provided for under this section shall exceed the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year, then the State Banking Commission may reduce by uniform percentage the fees and assessments provided for in this section. If the estimated fees and assessments provided for under this section shall be less than the estimated cost of maintaining the office of the Commissioner of Banks for the next fiscal year, then the State Banking Commission may increase by uniform percentage the fees and assessments provided for in this section to an amount which will increase the amount of the fees and assessments to be collected to an amount at least equal to the estimated cost of maintaining the office of the Commissioner of
Banks for the next fiscal year. Any reduction or increase of estimated fees and assessments provided for under this section shall become effective July 1 of the next fiscal year. In no event shall any surplus at the end of any fiscal year resulting from the collection of fees and assessments pursuant to this section revert to the general fund."

COUNCIL OF GOVERNMENT FUNDS

SECTION 14.11(a) Of the funds appropriated in this act to the Department of Commerce, the sum of four hundred twenty-five thousand dollars ($425,000) for the 2009-2010 fiscal year and the sum of four hundred twenty-five thousand dollars ($425,000) for the 2010-2011 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to twenty-five thousand dollars ($25,000) for the 2009-2010 and the 2010-2011 fiscal years.

SECTION 14.11(b) A regional council of government may use funds allocated to it by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 14.11(c) Funds allocated by this section shall be paid by electronic transfer in two equal installments. Upon receipt of the report required by subsection (e) of this section, the first installment shall be paid no later than September 15, 2009.

SECTION 14.11(d) Funds allocated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 14.11(e) By September 1 of each year, and more frequently as requested, each council of government or lead regional organization shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the General Assembly on prior State fiscal year program activities, objectives, and accomplishments, and prior State fiscal year itemized expenditures and fund sources. Each council of government or lead regional organization shall provide to the Fiscal Research Division of the General Assembly a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

STATE-AID REPORTING REQUIREMENTS


(1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments, and prior State fiscal year itemized expenditures and fund sources.

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 14.12(b) Remaining allotments after September 1 shall not be released to any nonprofit organization that does not satisfy the reporting requirements provided in subsection (a) of this section.

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS
SECTION 14.13.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Partnership, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, North Carolina's Eastern Region Economic Development Partnership, and Carolinas Partnership, Inc.

SECTION 14.13.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's development factor by the sum of the development factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "development factor" means a county's development factor as calculated under G.S. 143B-437.08; and

(2) Next, the Department shall subtract from funds allocated to the North Carolina's Eastern Region Economic Development Partnership the sum of three hundred eight thousand six hundred sixty-six dollars ($308,666) in the 2009-2010 fiscal year, which sum represents: (i) the total interest earnings in the prior fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and (ii) the total interest earnings in the prior fiscal year on loans made from the seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of three hundred eight thousand six hundred sixty-six dollars ($308,666) in the 2009-2010 fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the development factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

SECTION 14.13.(c) No more than one hundred twenty thousand dollars ($120,000) in State funds shall be used for the annual salary of any one employee of a regional economic development commission.

SECTION 14.13.(d) The General Assembly finds that successful economic development requires the collaboration of the State, regions of the State, counties, and municipalities. Therefore, the regional economic development commissions are encouraged to seek supplemental funding from their county and municipal partners to continue and enhance their efforts to attract and retain business in the State.

SET REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 14.14.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2009.
SECTION 14.14.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2009-2010 fiscal year is two hundred thousand dollars ($200,000).

SECTION 14.14.(c) This section becomes effective July 1, 2009.

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 14.15.(a) Of the funds appropriated in this act to the North Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of four million forty-four thousand dollars ($4,044,000) for the 2009-2010 fiscal year and the sum of three million nine hundred fifty-seven thousand dollars ($3,957,000) for the 2010-2011 fiscal year shall be allocated as follows:

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<th>2009-2010</th>
<th>2010-2011</th>
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<tbody>
<tr>
<td>Center Administration, Technical Assistance, &amp; Oversight</td>
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<td>$1,459,000</td>
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<tr>
<td>Research and Demonstration Grants</td>
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<td>$330,000</td>
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<tr>
<td>Institute for Rural Entrepreneurship</td>
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<td>$128,000</td>
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<td>Community Development Grants</td>
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<td>Microenterprise Loan Program</td>
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<td>Water/Sewer/Business Development Matching Grants</td>
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<td>Statewide Water/Sewer Database</td>
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<tr>
<td>Agricultural Advancement Consortium</td>
<td>$105,000</td>
<td>$103,000</td>
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SECTION 14.15.(b) Funds allocated in subsection (a) of this section for community development grants shall support development projects and activities within the State's minority communities. Any new or previously funded community development corporation, as that term is defined in subsection (c) of this section, is eligible to apply for community development grant funds. However, no community development grant funds shall be released to a community development corporation unless the corporation can demonstrate that there are no outstanding or proposed assessments or other collection actions against the corporation for any State or federal taxes, including related penalties, interest, and fees.

SECTION 14.15.(c) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

1. Chartered pursuant to Chapter 55A of the General Statutes;
2. Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;
3. Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;
4. Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and
5. Whose primary function is to act as deal maker and packager of projects and activities that will increase their constituencies’ opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 14.15.(d) The Rural Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 14.15.(e) By September 1 of each year, and more frequently as requested, the Rural Center shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities,
objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.

**RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM**

**SECTION 14.16.(a)** Of the funds appropriated in this act to the North Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of nineteen million three hundred five thousand dollars ($19,305,000) for the 2009-2010 fiscal year and the sum of nineteen million three hundred five thousand dollars ($19,305,000) for the 2010-2011 fiscal year shall be allocated as follows:

1. **(1)** To continue the North Carolina Infrastructure Program. The purpose of the Program is to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment. At least fifteen million dollars ($15,000,000) of the funds appropriated in this act for each year of the biennium must be used to provide grants under this Program.

2. **(2)** To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.

3. **(3)** To provide economic development research and demonstration grants.

**SECTION 14.16.(b)** The Rural Center may contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

**SECTION 14.16.(c)** During each year of the 2009-2011 biennium, the Rural Center may use up to three hundred eighty-five thousand dollars ($385,000) of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

**SECTION 14.16.(d)** Of the funds appropriated in subsection (a) of this section to the Rural Center for the 2009-2010 fiscal year, the sum of one million five hundred forty-four thousand four hundred dollars ($1,544,400) shall be transferred to the Department of Environment and Natural Resources to be used to provide the State match to draw down maximum federal funds for the Clean Water State Revolving Loan Fund.

**SECTION 14.16.(e)** By September 1 of each year, and more frequently as requested, the Rural Center shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division concerning the progress of the North Carolina Economic Infrastructure Program in the prior State fiscal year.

**OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS**

**SECTION 14.17.(a)** Of the funds appropriated in this act to the North Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of three hundred thirty thousand dollars ($330,000) for the 2009-2010 fiscal year and the sum of three hundred twenty-two thousand dollars ($322,000) for the 2010-2011 fiscal year shall be equally distributed among the certified Opportunities Industrialization Centers (OI Centers).

**SECTION 14.17.(b)** By September 1 of each year, and more frequently as requested, the Rural Center shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on OI Centers receiving funds pursuant to subsection (a) of this section. The report shall include data for each OI Center on all itemized expenditures and all fund sources for the prior State fiscal year. The report shall also contain a
written narrative on prior fiscal year program activities, objectives, and accomplishments that were funded with funds appropriated in subsection (a) of this section.

SECTION 14.17.(c) The Rural Center shall ensure that each OI Center files annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor.

SECTION 14.17.(d) No funds appropriated under this act shall be released to an OI Center listed in subsection (a) of this section if the OI Center has any overdue tax debts, as that term is defined in G.S. 105-243.1, at the federal or State level.

RURAL ECONOMIC DEVELOPMENT CENTER/CLEAN WATER PARTNERS FUNDING

SECTION 14.18. By September 1 of each year, and more frequently as requested, the North Carolina Rural Economic Development Center, Inc., shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division concerning the progress of the water/sewer improvement grants (commonly referred to as funding for Clean Water Partners) as appropriated in Section 13.13A of S.L. 2007-323 and Section 13.8 of S.L. 2008-107. Each report shall include a list of grants made since the last report, the total amount contracted, and the amount of funds remaining. This reporting requirement shall replace all previous reporting requirements and shall remain in effect until all funds from this program are expended.

RURAL ECONOMIC DEVELOPMENT CENTER/AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS

SECTION 14.19. If the North Carolina Rural Economic Development Center, Inc., (Rural Center) finds that North Carolina will not maximize the amount of funding for water and wastewater projects the State could receive under the American Recovery and Reinvestment Act of 2009, the Rural Center shall use funds appropriated to the Rural Center in this act to maximize such funding.

RURAL CENTER/PROVIDE ASSISTANCE TO RURAL COMMUNITIES TO ACCESS FEDERAL FUNDS

SECTION 14.20. The North Carolina Rural Economic Development Center, Inc. (Rural Center), shall provide assistance to rural communities in applying for funds under the American Recovery and Reinvestment Act of 2009. The assistance shall include, but not be limited to, advice on writing grants, applying for funds, and reviewing grant proposals.

PART XV. JUDICIAL DEPARTMENT

TRANSFER OF EQUIPMENT AND SUPPLY FUNDS

SECTION 15.1. Funds appropriated to the Judicial Department in the 2009-2011 fiscal biennium for equipment and supplies shall be certified in a reserve account. The Administrative Office of the Courts may transfer these funds to the appropriate programs and between programs as the equipment priorities and supply consumptions occur during the operating year. These funds shall not be expended for any other purpose.

DEATH PENALTY LITIGATION FUNDS

SECTION 15.3. Of the funds appropriated in this act to the Office of Indigent Defense Services for the 2009-2011 fiscal biennium, the Office may use up to the sum of four hundred seventy-six thousand four hundred twenty-five dollars ($476,425) for the 2009-2010 fiscal year and up to the sum of four hundred seventy-six thousand four hundred twenty-five dollars ($476,425) for the 2010-2011 fiscal year to contract with the Center for Death Penalty
Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants. The Office of Indigent Defense Services shall report by February 1 of each year in the biennium to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the activities funded by this section.

REPORT ON BUSINESS COURTS

SECTION 15.4. The Administrative Office of the Courts shall report to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on the activities of each North Carolina Business Court site, including the number of new, closed, and pending cases, average age of pending cases, and annual expenditures for the prior fiscal year.

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 15.5. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2009, for the purchase or repair of office or information technology equipment during the 2009-2010 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the equipment to be purchased or repaired and the reasons for the purchases.

DISPUTE RESOLUTION FEES

SECTION 15.6. Notwithstanding the provisions of G.S. 143C-1-2(b), certification and renewal fees collected by the Dispute Resolution Commission are nonreverting and are only to be used at the direction of the Commission.

REIMBURSEMENT FOR USE OF PERSONAL VEHICLES

SECTION 15.7. Notwithstanding the provisions of G.S. 138-6(a)(1), the Judicial Department, during the 2009-2011 fiscal biennium, may elect to establish a per-mile reimbursement rate for transportation by privately owned vehicles at a rate less than the business standard mileage rate set by the Internal Revenue Service.

GUIDELINES FOR MAXIMIZING EFFICIENCY OF PROCEEDINGS

SECTION 15.9. By December 1, 2009, the Administrative Office of the Courts shall develop guidelines to be applied to maximize efficient use of the time of probation officers and court personnel participating in probation revocation proceedings. The Administrative Office of the Courts may also adopt guidelines for maximizing the efficient use of the time of law enforcement personnel participating in the Criminal District Courts.

WEEKLY MILEAGE REIMBURSEMENT FOR SUPERIOR COURT JUDGES

SECTION 15.10. G.S. 7A-44(a) reads as rewritten:

"(a) A judge of the superior court, regular or special, shall receive the annual salary set forth in the Current Operations Appropriations Act, and in addition a regular superior court judge shall be paid a weekly mileage reimbursement for each week or fraction of a week that court is in regular or extra session. The amount of the weekly mileage reimbursement for regular judges shall be calculated for each judge by multiplying the actual round-trip mileage for one round-trip from that judge's home to the seat of court by the rate per mile, which is the business standard mileage rate set by the Internal Revenue Service in Rev. Proc. 93-51, December 27, 1993. A special superior court judge shall be paid the same travel allowance as
State employees generally by G.S. 138-6(a)(1) and (2), provided that no travel allowance be paid for travel within his the judge's county of residence. In addition, a judge of the superior court shall be allowed seven thousand dollars ($7,000) per year, payable monthly, in lieu of necessary subsistence expenses while attending court or transacting official business at a place other than in the county of his residence and in lieu of other professional expenses incurred in the discharge of his official duties. The Administrative Officer of the Courts may also reimburse superior court judges, in addition to the above funds for travel and subsistence, for travel and subsistence expenses incurred for professional education."

CLARIFY THAT DWI TREATMENT COURTS ARE A TYPE OF DRUG TREATMENT COURT UNDER THE DRUG TREATMENT COURT ACT

SECTION 15.11. G.S. 7A-791 reads as rewritten:

"§ 7A-791. Purpose.

The General Assembly recognizes that a critical need exists in this State for judicial programs that will reduce the incidence of alcohol and other drug abuse or dependence and crimes, including the offense of driving while impaired, delinquent acts, and child abuse and neglect committed as a result of alcohol and other drug abuse or dependence, and child abuse and neglect where alcohol and other drug abuse or dependence are significant factors in the child abuse and neglect. It is the intent of the General Assembly by this Article to create a program to facilitate the creation of local drug treatment court programs.

OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 15.12. The Judicial Department, Office of Indigent Defense Services, may use up to the sum of two million five hundred one thousand one hundred fifty dollars ($2,501,150) in appropriated funds during the 2009-2010 fiscal year and up to the sum of two million four hundred thirty-three thousand seven hundred dollars ($2,433,700) in appropriated funds during the 2010-2011 fiscal year for the expansion of existing public defender offices currently providing legal services to the indigent population under the oversight of the Office of Indigent Defense Services, or for the creation of new public defender offices within existing public defender districts currently providing those services, by creating up to 20 new attorney positions and 10 new support staff positions. These funds may be used for salaries, benefits, equipment, and related expenses. Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the Chairs of the House of Representatives and the Senate Appropriations Subcommittees on Justice and Public Safety on the proposed expansion.

OFFICE OF INDIGENT DEFENSE SERVICES REPORT

SECTION 15.13.(a) The Office of Indigent Defense Services shall report to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on:

(1) The volume and cost of cases handled in each district by assigned counsel or public defenders;
(2) Actions taken by the Office to improve the cost-effectiveness and quality of indigent defense, including the capital case program;
(3) Plans for changes in rules, standards, or regulations in the upcoming year; and
(4) Any recommended changes in law or funding procedures that would assist the Office in improving the management of funds expended for indigent defense services, including any recommendations concerning the feasibility and desirability of establishing regional public defender offices.
SECTION 15.13.(b) In its March 1, 2010 report, the Office of Indigent Defense Services shall provide a progress report on the pilot program for alternative scheduling authorized by Section 14.1 of S.L. 2008-107. In its March 1, 2011 report, the Office of Indigent Defense Services shall provide a final report on that pilot program.

SECTION 15.13.(c) In its March 1, 2010 report, the Office of Indigent Defense Services shall provide a progress report on the feasibility study directed by Section 14.7 of S.L. 2008-107 on developing a statewide system for obtaining indigent case information when counsel is first appointed. In its March 1, 2011 report, the Office of Indigent Defense Services shall provide a final report on that feasibility study.

STUDY STRATEGIES TO REDUCE DEMAND FOR SERVICES OF OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 15.17. The Office of Indigent Defense Services shall consult with the Administrative Office of the Courts, the Conference of District Attorneys, the North Carolina Sentencing and Policy Advisory Commission, and other court system actors in formulating proposals aimed at reducing future costs, including the possibility of decriminalizing minor misdemeanor offenses for which jail sentences are rarely or never imposed and improving the manner in which potentially capital cases are screened and processed. The Office shall include any proposals in its reports during the 2009-2011 fiscal biennium.

ABOLISH SPECIAL SUPERIOR COURT JUDGESHIPS

SECTION 15.17A. G.S. 7A-45.1 is amended by adding a new subsection to read:

"(a8) Notwithstanding any other provision of this section, except as to those three seats designated as of May 31, 2009, under G.S. 7A-45.3 as business court judges, effective on and after the date this subsection becomes law, any seat established by this section is abolished when any of the following first occurs prior to July 1, 2011:

(1) Retirement of the incumbent judge.
(2) Resignation of the incumbent judge.
(3) Removal from office of the incumbent judge.
(4) Death of the incumbent judge.
(5) Expiration of the term of office of the incumbent judge.

The three special superior court judgeships not abolished under the preceding paragraph of this subsection may be used only to hear and decide complex business cases as provided by G.S. 7A-45.3."

TRAVEL EXPENSES FOR DISTRICT COURT JUDGES, DISTRICT ATTORNEYS, ASSISTANT DISTRICT ATTORNEYS, PUBLIC DEFENDERS, AND ASSISTANT PUBLIC DEFENDERS

SECTION 15.17B.(a) G.S. 7A-144(a) reads as rewritten:

"(a) Each judge shall receive the annual salary provided in the Current Operations Appropriations Act, and reimbursement on the same basis as State employees generally, for his or her necessary travel and subsistence expenses and for travel expenses when on official business outside the judge's county of residence."

SECTION 15.17B.(b) G.S. 7A-65(a) reads as rewritten:

"(a) The annual salary of:

(1) District attorneys shall be as provided in the Current Operations Appropriations Act.
(2) Full-time assistant district attorneys shall be as provided in the Current Operations Appropriations Act.

When traveling on official business, each district attorney and assistant district attorney is entitled to reimbursement for his or her subsistence and travel expenses to the same extent as
State employees generally. When traveling on official business outside his or her county of residence, each district attorney and assistant district attorney is entitled to reimbursement for travel expenses to the same extent as State employees generally."

**SECTION 15.17B.(c)** G.S. 7A-498.7 is amended by adding a new subsection to read:

"(c1) When traveling on official business, each public defender and assistant public defender is entitled to reimbursement for his or her subsistence expenses to the same extent as State employees generally. When traveling on official business outside his or her county of residence, each public defender and assistant public defender is entitled to reimbursement for travel expenses to the same extent as State employees generally."

**REPEAL VACANT DISTRICT COURT JUDGESHIPS**

**SECTION 15.17C.(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:

<table>
<thead>
<tr>
<th>District</th>
<th>Judges</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5</td>
<td>Camden</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chowan</td>
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<tr>
<td></td>
<td></td>
<td>Currituck</td>
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<tr>
<td></td>
<td></td>
<td>Dare</td>
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<td></td>
<td></td>
<td>Gates</td>
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<td></td>
<td></td>
<td>Pasquotank</td>
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<tr>
<td></td>
<td></td>
<td>Perquimans</td>
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<tr>
<td>2</td>
<td>4</td>
<td>Martin</td>
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<tr>
<td></td>
<td></td>
<td>Beaufort</td>
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<td></td>
<td></td>
<td>Tyrrell</td>
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<td></td>
<td></td>
<td>Hyde</td>
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<tr>
<td></td>
<td></td>
<td>Washington</td>
</tr>
<tr>
<td>3A</td>
<td>5</td>
<td>Pitt</td>
</tr>
<tr>
<td>3B</td>
<td>6</td>
<td>Craven</td>
</tr>
<tr>
<td>3B</td>
<td></td>
<td>Pamlico</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Carteret</td>
</tr>
<tr>
<td>4</td>
<td>8</td>
<td>Sampson</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Duplin</td>
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<tr>
<td></td>
<td></td>
<td>Jones</td>
</tr>
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<td></td>
<td></td>
<td>Onslow</td>
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<tr>
<td>5</td>
<td>9,8</td>
<td>New Hanover</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pender</td>
</tr>
<tr>
<td>6A</td>
<td>3</td>
<td>Halifax</td>
</tr>
<tr>
<td>6B</td>
<td>3</td>
<td>Northampton</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bertie</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hertford</td>
</tr>
<tr>
<td>7</td>
<td>7,6</td>
<td>Nash</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Edgecombe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wilson</td>
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<tr>
<td>8</td>
<td>6</td>
<td>Wayne</td>
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<tr>
<td></td>
<td></td>
<td>Greene</td>
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<tr>
<td>9</td>
<td>4</td>
<td>Lenoir</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Granville</td>
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<tr>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>----</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

(part of Vance see subsection (b)) Franklin
Person
Caswell
Warren
(part of Vance see subsection (b)) Wake
Harnett
Johnston
Lee
Cumberland
Bladen
Brunswick
Columbus
Durham
Alamance
Orange
Chatham
Scotland
Hoke
Robeson
Rockingham
Stokes
Surry
Guilford
Cabarrus
Montgomery
Moore
Randolph
Rowan
Stanly
Anson
Richmond
(part of Union see subsection (b))
(part of Union see subsection (b))
Union
Forsyth
Alexander
Iredell
Davidson
Davie
Alleghany
Ash
Wilkes
Yadkin
Avery
Madison
Mitchell
Watauga
Yancey
Burke
Caldwell
Catawba
Mecklenburg
Gaston
Cleveland
Lincoln
Buncombe
McDowell
Rutherford
Henderson
Polk
Transylvania
Cherokee
Clay
Graham
Haywood
Jackson
Macon
Swain.

SECTION 15.17C.(b) Section 14.13(e) of S.L. 2007-323 reads as rewritten:

"SECTION 14.13.(e) The Governor shall appoint the additional district court judge for District 20 authorized by subsection (d) of this section. That judge's successor and those judges' successors shall be elected in the 2010 general election for a four-year term commencing January 1, 2011."

SECTION 15.17C.(c) Section 14.13(b) of S.L. 2008-107 reads as rewritten:

"SECTION 14.13.(b) The Governor shall appoint the additional district court judge for Districts 10, 11, and District 26 authorized by subsection (a) of this section, and those judges' successors that judge's successor shall be elected in the 2010 election for a four-year term commencing January 1, 2011."

SECTION 15.17C.(d) As to Districts 7, 11, and 30, subsection (a) of this section becomes effective July 1, 2009, or the date of preclearance under section 5 of the Voting Rights Act of 1965, whichever is later. The remainder of this section becomes effective July 1, 2009.

REPEAL ASSISTANT DISTRICT ATTORNEY AUTHORIZATIONS

SECTION 15.17D. G.S. 7A-60(a1) reads as rewritten:

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

<table>
<thead>
<tr>
<th>Prosecutorial District</th>
<th>Counties</th>
<th>No. of Full-Time Asst. District Attorneys</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>Beaufort, Hyde, Martin, Tyrrell, Washington</td>
<td>8</td>
</tr>
<tr>
<td>3A</td>
<td>Pitt</td>
<td>11</td>
</tr>
</tbody>
</table>
### General Assembly Of North Carolina
#### Session 2009

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

**DIVIDE PROSECUTORIAL DISTRICT 11 INTO DISTRICTS 11A AND 11B**
SECTION 15.17E.(a) G.S. 7A-60(a1), as amended by Section 15.17D of this act, reads as rewritten:

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

<table>
<thead>
<tr>
<th>Prosecutorial District</th>
<th>Counties</th>
<th>No. of Full-Time Prosecutors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

SECTION 15.17E.(b) The district attorney position established for District 11B by subsection (a) of this section shall be filled by the district attorney currently serving District 11 who resides in Johnston County. A district attorney for District 11A shall be elected in the 2010 election for a four-year term commencing January 1, 2011.

SECTION 15.17E.(c) This section becomes effective January 1, 2011.

ELIMINATE SENTENCING SERVICES PROGRAM

SECTION 15.17F. Article 61 of Chapter 7A of the General Statutes is repealed.

REPEAL INVESTIGATORIAL ASSISTANT AUTHORIZATIONS

SECTION 15.17G. G.S. 7A-69 reads as rewritten:

"§ 7A-69. Investigatorial assistants.

The district attorney in prosecutorial districts 1, 3B, 4, 5, 7, 8, 10, 11, 12, 13, 14, 15A, 15B, 16A, 18, 19B, 20A, 20B, 21, 22A, 22B, 24, 25, 26, 27A, 27B, 28, 29A, 29B, and 30 is entitled to one investigatorial assistant, and the district attorney in prosecutorial district 10 is entitled to two investigatorial assistants, to be appointed by the district attorney and to serve at his pleasure.

It shall be the duty of the investigatorial assistant to investigate cases preparatory to trial and to perform such other duties as may be assigned by the district attorney. The investigatorial assistant is entitled to reimbursement for his subsistence and travel expenses to the same extent as State employees generally."

REPEAL VACANT SUPERIOR COURT JUDGESHIP

SECTION 15.17H. G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

<table>
<thead>
<tr>
<th>Judicial Division</th>
<th>Superior Court District</th>
<th>Counties</th>
<th>No. of Resident Judges</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>1</td>
<td>Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans</td>
<td></td>
</tr>
<tr>
<td>First</td>
<td>2</td>
<td>Beaufort, Hyde,</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>First</td>
<td>3A</td>
<td>Martin, Tyrrell, Washington</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td>Pitt</td>
</tr>
<tr>
<td>3</td>
<td>Second</td>
<td>3B</td>
<td>Carteret, Craven, Pamlico</td>
</tr>
<tr>
<td>4</td>
<td>Second</td>
<td>4A</td>
<td>Duplin, Jones, Sampson</td>
</tr>
<tr>
<td>5</td>
<td>Second</td>
<td>4B</td>
<td>Onslow</td>
</tr>
<tr>
<td>6</td>
<td>Second</td>
<td>5A</td>
<td>(part of New Hanover, part of Pender, see subsection (b))</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td>(part of New Hanover, part of Pender, see subsection (b))</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td>(part of New Hanover, see subsection (b))</td>
</tr>
<tr>
<td>17</td>
<td>First</td>
<td>6A</td>
<td>Halifax</td>
</tr>
<tr>
<td>18</td>
<td>First</td>
<td>6B</td>
<td>Bertie, Hertford, Northampton</td>
</tr>
<tr>
<td>19</td>
<td>First</td>
<td>7A</td>
<td>Nash</td>
</tr>
<tr>
<td>20</td>
<td>First</td>
<td>7B</td>
<td>(part of Wilson, part of Edgecombe, see subsection (b))</td>
</tr>
<tr>
<td>21</td>
<td>Second</td>
<td>8A</td>
<td>Lenoir and Greene</td>
</tr>
<tr>
<td>22</td>
<td>Second</td>
<td>8B</td>
<td>Wayne</td>
</tr>
<tr>
<td>23</td>
<td>Third</td>
<td>9</td>
<td>Franklin, Granville, Vance, Warren</td>
</tr>
<tr>
<td>24</td>
<td>Third</td>
<td>9A</td>
<td>Person, Caswell</td>
</tr>
<tr>
<td>25</td>
<td>Third</td>
<td>10A</td>
<td>(part of Wake, see subsection (b))</td>
</tr>
<tr>
<td>26</td>
<td>Third</td>
<td>10B</td>
<td>(part of Wake, see subsection (b))</td>
</tr>
<tr>
<td>27</td>
<td>Third</td>
<td>10C</td>
<td>(part of Wake, see subsection (b))</td>
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MANDATORY APPOINTMENT FEE IN CRIMINAL CASES/REPORT ON COLLECTION OF INDIGENT APPOINTMENT FEES

SECTION 15.17I.(a) G.S 7A-455.1 reads as rewritten:

"§ 7A-455.1. Appointment fee in criminal cases.
(a) Each person for whom counsel is appointed in a criminal case at the trial level shall at the trial level, the judge shall order the defendant to pay to the clerk of court an appointment fee of fifty dollars ($50.00). No fee shall be due unless the person is convicted.
(b) The mandatory fifty-dollar ($50.00) fee may not be remitted or revoked by the court and shall be added to any amounts the court determines to be owed for the value of legal services rendered to the defendant and shall be collected in the same manner as attorneys' fees are collected for such representation.
(c) Repealed by Session Laws 2005-250 s. 3, effective August 4, 2005.
(d) Inability, failure, or refusal to pay the appointment fee shall not be grounds for denying appointment of counsel, for withdrawal of counsel, or for contempt.
(e) The appointment fee required by this section shall be assessed only once for each attorney appointment, regardless of the number of cases to which the attorney was assigned. An additional appointment fee shall not be assessed if the charges for which an attorney was appointed were reassigned to a different attorney.
(f) Of each appointment fee collected under this section, the sum of forty-five dollars ($45.00) shall be credited to the Indigent Persons' Attorney Fee Fund and the sum of five dollars ($5.00) shall be credited to the Court Information Technology Fund under G.S. 7A-343.2. These fees shall not revert.
(g) The Office of Indigent Defense Services shall adopt rules and develop forms to govern implementation of this section."

SECTION 15.17L(b) The Administrative Office of the Courts shall monitor the collection of indigent appointment fees under G.S. 7A-455.1 and the recoupment rates for each office of the clerk of superior court and shall report quarterly on its findings to the Joint Legislative Commission on Governmental Operations.

NEW FEE FOR COSTS OF SHERIFFS' EDUCATION AND TRAINING STANDARDS COMMISSION AND THE CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS COMMISSION

SECTION 15.18. G.S. 7A-304(a) is amended by adding a new subdivision to read:

"(3b) For the services, staffing, and operations of the Criminal Justice Education and Standards Commission and the Sheriffs’ Education and Training Standards Commission, the sum of two dollars ($2.00) to be remitted to the Department of Justice. One dollar and sixty-five cents ($1.65) of this sum shall be used exclusively for the Criminal Justice Education and Standards Commission, and thirty-five cents (35¢) shall be used exclusively for the Sheriffs' Education and Training Standards Commission."
INCREASE CONVICTED CRIMINAL LAB ANALYSIS FEE

SECTION 15.19.(a) G.S. 7A-304(a)(7) reads as rewritten:

"(7) For the services of the State Bureau of Investigation laboratory facilities, the district or superior court judge shall, upon conviction, order payment of the sum of three hundred dollars ($300.00) six hundred dollars ($600.00) to be remitted to the Department of Justice for support of the State Bureau of Investigation. This cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratories have performed DNA analysis of the crime, tests of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent. The court may waive or reduce the amount of the payment required by this subdivision upon a finding of just cause to grant such a waiver or reduction."

SECTION 15.19.(b) G.S. 7A-304(a)(8) reads as rewritten:

"(8) For the services of any crime laboratory facility operated by a local government or group of local governments, the district or superior court judge shall, upon conviction, order payment of the sum of three hundred dollars ($300.00) six hundred dollars ($600.00) to be remitted to the general fund of the local governmental unit that operates the laboratory to be used for law enforcement purposes. The cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratory has performed DNA analysis of the crime, test of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent. The costs shall be assessed only if the court finds that the work performed at the local government's laboratory is the equivalent of the same kind of work performed by the State Bureau of Investigation under subdivision (7) of this subsection. The court may waive or reduce the amount of the payment required by this subdivision upon a finding of just cause to grant such a waiver or reduction."

INCREASE CERTAIN COURT FEES

SECTION 15.20.(a) G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected, except that when the judgment imposes an active prison sentence, costs shall be assessed and collected only when the judgment specifically so provides, and that no costs may be assessed when a case is dismissed.

(1) For each arrest or personal service of criminal process, including citations and subpoenas, the sum of five dollars ($5.00), to be remitted to the county wherein the arrest was made or process was served, except that in those cases in which the arrest was made or process served by a law-enforcement officer employed by a municipality, the fee shall be paid to the municipality employing the officer.

(2) For the use of the courtroom and related judicial facilities, the sum of twelve dollars ($12.00) in the district court, including cases before a magistrate, and the sum of thirty dollars ($30.00) in superior court, to be remitted to the county in which the judgment is rendered. In all cases where the judgment is rendered in facilities provided by a municipality, the facilities fee shall be paid to the municipality. Funds derived from the facilities fees shall be used
exclusively by the county or municipality for providing, maintaining, and
constructing adequate courtroom and related judicial facilities, including:
adequate space and furniture for judges, district attorneys, public defenders
and other personnel of the Office of Indigent Defense Services, magistrates,
juries, and other court related personnel; office space, furniture and vaults
for the clerk; jail and juvenile detention facilities; free parking for jurors; and
a law library (including books) if one has heretofore been established or if
the governing body hereafter decides to establish one. In the event the funds
derived from the facilities fees exceed what is needed for these purposes, the
county or municipality may, with the approval of the Administrative Officer
of the Courts as to the amount, use any or all of the excess to retire
outstanding indebtedness incurred in the construction of the facilities, or to
reimburse the county or municipality for funds expended in constructing or
renovating the facilities (without incurring any indebtedness) within a period
of two years before or after the date a district court is established in such
county, or to supplement the operations of the General Court of Justice in the
county.

(2a) For the upgrade, maintenance, and operation of the judicial and county
courthouse phone systems, the sum of one dollar ($1.00), three dollars
($3.00), to be credited to the Court Information Technology Fund.

(3) For the retirement and insurance benefits of both State and local government
law-enforcement officers, the sum of six dollars and twenty-five cents
($6.25), to be remitted to the State Treasurer. Fifty cents (50¢) of this sum
shall be administered as is provided in Article 12C of Chapter 143 of the
General Statutes. Five dollars and seventy-five cents ($5.75) of this sum
shall be administered as is provided in Article 12E of Chapter 143 of the
General Statutes, with one dollar and twenty-five cents ($1.25) being
administered in accordance with the provisions of G.S. 143-166.50(e).

(3a) For the supplemental pension benefits of sheriffs, the sum of one dollar
twenty-five cents ($1.25) to be remitted to the Department of Justice and
administered under the provisions of Article 12G of Chapter 143 of the
General Statutes.

(4) For support of the General Court of Justice, the sum of ninety-five dollars
and fifty cents ($95.50) one hundred three dollars and fifty cents ($103.50)
in the district court, including cases before a magistrate, and the sum of one
hundred two dollars and fifty cents ($102.50) one hundred fifteen dollars and
fifty cents ($115.50) in the superior court, to be remitted to the State
Treasurer. For a person convicted of a felony in superior court who has made
a first appearance in district court, both the district court and superior court
fees shall be assessed. The State Treasurer shall remit the sum of two dollars
and five cents ($2.05) of each fee collected under this subdivision to the
North Carolina State Bar for the provision of services described in
G.S. 7A-474.4, and ninety-five cents ($.95) of each fee collected under this
subdivision to the North Carolina State Bar for the provision of services
described in G.S. 7A-474.19.

(4a) For support of the General Court of Justice, the sum of five dollars ($5.00)
for all offenses arising under Chapter 20 of the General Statutes, to be
remitted to the State Treasurer.

(5) For using pretrial release services, the district or superior court judge shall,
upon conviction, impose a fee of fifteen dollars ($15.00) to be remitted to
the county providing the pretrial release services. This cost shall be assessed
and collected only if the defendant had been accepted and released to the
supervision of the agency providing the pretrial release services.

(6) For support of the General Court of Justice, the sum of one hundred dollars
($100.00) two hundred dollars ($200.00) is payable by a defendant who fails
to appear to answer the charge as scheduled, unless within 20 days after the
scheduled appearance, the person either appears in court to answer the
charge or disposes of the charge pursuant to G.S. 7A-146. G.S. 7A-146, and
the sum of fifty dollars ($50.00) is payable by a defendant who fails to pay a
fine, penalty, or costs within 20 days of the date specified in the court's
judgment. Upon a showing to the court that the defendant failed to appear
because of an error or omission of a judicial official, a prosecutor, or a
law-enforcement officer, the court shall waive this fee. This fee shall be
remitted to the State Treasurer.

(7) For the services of the State Bureau of Investigation laboratory facilities, the
district or superior court judge shall, upon conviction, order payment of the
sum of three hundred dollars ($300.00) to be remitted to the Department of
Justice for support of the State Bureau of Investigation. This cost shall be
assessed only in cases in which, as part of the investigation leading to the
defendant's conviction, the laboratories have performed DNA analysis of the
crime, tests of bodily fluids of the defendant for the presence of alcohol or
controlled substances, or analysis of any controlled substance possessed by
the defendant or the defendant's agent. The court may waive or reduce the
amount of the payment required by this subdivision upon a finding of just
cause to grant such a waiver or reduction.

(8) For the services of any crime laboratory facility operated by a local
government or group of local governments, the district or superior court
judge shall, upon conviction, order payment of the sum of three hundred
dollars ($300.00) to be remitted to the general fund of the local
governmental unit that operates the laboratory to be used for law
enforcement purposes. The cost shall be assessed only in cases in which, as
part of the investigation leading to the defendant's conviction, the laboratory
has performed DNA analysis of the crime, test of bodily fluids of the
defendant for the presence of alcohol or controlled substances, or analysis of
any controlled substance possessed by the defendant or the defendant's
agent. The costs shall be assessed only if the court finds that the work
performed at the local government's laboratory is the equivalent of the same
kind of work performed by the State Bureau of Investigation under
subdivision (7) of this subsection. The court may waive or reduce the
amount of the payment required by this subdivision upon a finding of just
cause to grant such a waiver or reduction."

SECTION 15.20.(b) Effective July 1, 2010, G.S. 7A-304(a), as rewritten by
subsection (a) of this section, reads as rewritten:
 
"(a) In every criminal case in the superior or district court, wherein the defendant is
convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the
prosecuting witness, the following costs shall be assessed and collected, except that when the
judgment imposes an active prison sentence, costs shall be assessed and collected only when
the judgment specifically so provides, and that no costs may be assessed when a case is
dismissed.

(1) For each arrest or personal service of criminal process, including citations
and subpoenas, the sum of five dollars ($5.00), to be remitted to the county
wherein the arrest was made or process was served, except that in those
cases in which the arrest was made or process served by a law-enforcement officer employed by a municipality, the fee shall be paid to the municipality employing the officer.

(2) For the use of the courtroom and related judicial facilities, the sum of twelve dollars ($12.00) in the district court, including cases before a magistrate, and the sum of thirty dollars ($30.00) in superior court, to be remitted to the county in which the judgment is rendered. In all cases where the judgment is rendered in facilities provided by a municipality, the facilities fee shall be paid to the municipality. Funds derived from the facilities fees shall be used exclusively by the county or municipality for providing, maintaining, and constructing adequate courtroom and related judicial facilities, including: adequate space and furniture for judges, district attorneys, public defenders and other personnel of the Office of Indigent Defense Services, magistrates, juries, and other court related personnel; office space, furniture and vaults for the clerk; jail and juvenile detention facilities; free parking for jurors; and a law library (including books) if one has heretofore been established or if the governing body hereafter decides to establish one. In the event the funds derived from the facilities fees exceed what is needed for these purposes, the county or municipality may, with the approval of the Administrative Officer of the Courts as to the amount, use any or all of the excess to retire outstanding indebtedness incurred in the construction of the facilities, or to reimburse the county or municipality for funds expended in constructing or renovating the facilities (without incurring any indebtedness) within a period of two years before or after the date a district court is established in such county, or to supplement the operations of the General Court of Justice in the county.

(2a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of three dollars ($3.00), four dollars ($4.00), to be credited to the Court Information Technology Fund.

(3) For the retirement and insurance benefits of both State and local government law-enforcement officers, the sum of six dollars and twenty-five cents ($6.25), to be remitted to the State Treasurer. Fifty cents (50¢) of this sum shall be administered as is provided in Article 12C of Chapter 143 of the General Statutes. Five dollars and seventy-five cents ($5.75) of this sum shall be administered as is provided in Article 12E of Chapter 143 of the General Statutes, with one dollar and twenty-five cents ($1.25) being administered in accordance with the provisions of G.S. 143-166.50(e).

(3a) For the supplemental pension benefits of sheriffs, the sum of one dollar twenty-five cents ($1.25) to be remitted to the Department of Justice and administered under the provisions of Article 12G of Chapter 143 of the General Statutes.

(4) For support of the General Court of Justice, the sum of one hundred three dollars and fifty cents ($103.50) one hundred five dollars and fifty cents ($105.50) in the district court, including cases before a magistrate, and the sum of one hundred fifteen dollars and fifty cents ($115.50) one hundred thirty-five dollars and fifty cents ($135.50) in the superior court, to be remitted to the State Treasurer. For a person convicted of a felony in superior court who has made a first appearance in district court, both the district court and superior court fees shall be assessed. The State Treasurer shall remit the sum of two dollars and five cents ($2.05) of each fee collected under this subdivision to the North Carolina State Bar for the
provision of services described in G.S. 7A-474.4, and ninety-five cents ($0.95) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.19.

(4a) For support of the General Court of Justice, the sum of five dollars ($5.00) and ten dollars ($10.00) for all offenses arising under Chapter 20 of the General Statutes, to be remitted to the State Treasurer.

(5) For using pretrial release services, the district or superior court judge shall, upon conviction, impose a fee of fifteen dollars ($15.00) to be remitted to the county providing the pretrial release services. This cost shall be assessed and collected only if the defendant had been accepted and released to the supervision of the agency providing the pretrial release services.

(6) For support of the General Court of Justice, the sum of two hundred dollars ($200.00) is payable by a defendant who fails to appear to answer the charge as scheduled, unless within 20 days after the scheduled appearance, the person either appears in court to answer the charge or disposes of the charge pursuant to G.S. 7A-146, and the sum of fifty dollars ($50.00) is payable by a defendant who fails to pay a fine, penalty, or costs within 20 days of the date specified in the court's judgment. Upon a showing to the court that the defendant failed to appear because of an error or omission of a judicial official, a prosecutor, or a law-enforcement officer, the court shall waive this fee. This fee shall be remitted to the State Treasurer.

(7) For the services of the State Bureau of Investigation laboratory facilities, the district or superior court judge shall, upon conviction, order payment of the sum of three hundred dollars ($300.00) to be remitted to the Department of Justice for support of the State Bureau of Investigation. This cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratories have performed DNA analysis of the crime, tests of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent. The court may waive or reduce the amount of the payment required by this subdivision upon a finding of just cause to grant such a waiver or reduction.

(8) For the services of any crime laboratory facility operated by a local government or group of local governments, the district or superior court judge shall, upon conviction, order payment of the sum of three hundred dollars ($300.00) to be remitted to the general fund of the local governmental unit that operates the laboratory to be used for law enforcement purposes. The cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratory has performed DNA analysis of the crime, test of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent. The costs shall be assessed only if the court finds that the work performed at the local government's laboratory is the equivalent of the same kind of work performed by the State Bureau of Investigation under subdivision (7) of this subsection. The court may waive or reduce the amount of the payment required by this subdivision upon a finding of just cause to grant such a waiver or reduction."

SECTION 15.20.(c) G.S. 7A-304 is amended by adding a new subsection to read:

"(f) Defendants owing costs under this section may either make payment in full when costs are assessed or may make payment on an installment plan arranged with the court."
Defendants making use of an installment plan shall pay a one-time setup fee of twenty dollars ($20.00) to cover the additional costs to the court of receiving and disbursing installment payments. Notwithstanding the provisions of G.S. 7A-304(d)(1), the setup fee authorized by this subsection shall be paid prior to the disbursement of funds for any other purpose. Fees collected under this section shall be remitted to the State Treasurer for support of the General Court of Justice.

SECTION 15.20.(d) G.S. 7A-305(a) reads as rewritten:

"(a) In every civil action in the superior or district court, except for actions brought under Chapter 50B of the General Statutes, shall be assessed:

(1) For the use of the courtroom and related judicial facilities, the sum of twelve dollars ($12.00) in cases heard before a magistrate, and the sum of sixteen dollars ($16.00) in district and superior court, to be remitted to the county in which the judgment is rendered, except that in all cases in which the judgment is rendered in facilities provided by a municipality, the facilities fee shall be paid to the municipality. Funds derived from the facilities fees shall be used in the same manner, for the same purposes, and subject to the same restrictions, as facilities fees assessed in criminal actions.

(1a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of one dollar ($1.00), three dollars ($3.00), to be credited to the Court Information Technology Fund.

(2) For support of the General Court of Justice, the sum of ninety-three dollars ($93.00) one hundred thirty dollars ($130.00) in the superior court, except that if a case is assigned to a special superior court judge as a complex business case under G.S. 7A-45.3, an additional two hundred dollars ($200.00) one thousand dollars ($1,000) shall be paid upon its assignment, and the sum of seventy-three dollars ($73.00) seventy-eight dollars ($78.00) in the district court except that if the case is assigned to a magistrate the sum shall be sixty-three dollars ($63.00), fifty-five dollars ($55.00). Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of two dollars and five cents ($2.05) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4, and ninety-five cents of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.19."

SECTION 15.20.(d1) G.S. 7A-305 is amended by adding a new subsection to read:

"(a5) A cost of ten dollars ($10.00) shall be assessed against a party for each of the following motions filed:

(1) A motion for summary judgment pursuant to G.S. 1A-1, Rule 56.
(2) A motion for judgment by default pursuant to G.S. 1A-1, Rule 55.
(3) A motion to intervene pursuant to G.S. 1A-1, Rule 24.
(4) A motion to transfer pursuant to G.S. 7A-258.
(5) A motion to set aside foreclosure sale filed after final report of sale is filed pursuant to G.S. 45-21.33 or filed after commissioner's final report is filed pursuant to G.S. 105-374.
(6) A motion for peremptory setting pursuant to rules adopted under G.S. 7A-34.
(7) A motion for appointment of receiver pursuant to G.S. 1-502.
(8) A motion for offer of judgment pursuant to G.S. 1A-1, Rule 68.
(9) A motion for a view by jury pursuant to G.S. 15A-1229."
..."

SECTION 15.20.(e) Effective July 1, 2010, G.S. 7A-305(a), as rewritten by subsection (d) of this section, reads as rewritten:

"(a) In every civil action in the superior or district court, except for actions brought under Chapter 50B of the General Statutes, shall be assessed:

(1) For the use of the courtroom and related judicial facilities, the sum of twelve dollars ($12.00) in cases heard before a magistrate, and the sum of sixteen dollars ($16.00) in district and superior court, to be remitted to the county in which the judgment is rendered, except that in all cases in which the judgment is rendered in facilities provided by a municipality, the facilities fee shall be paid to the municipality. Funds derived from the facilities fees shall be used in the same manner, for the same purposes, and subject to the same restrictions, as facilities fees assessed in criminal actions.

(1a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of three dollars ($3.00), four dollars ($4.00), to be credited to the Court Information Technology Fund.

(2) For support of the General Court of Justice, the sum of one hundred thirty dollars ($130.00) one hundred forty dollars ($140.00) in the superior court, except that if a case is assigned to a special superior court judge as a complex business case under G.S. 7A-45.3, an additional one thousand dollars ($1,000) shall be paid upon its assignment, and the sum of seventy-eight dollars ($78.00) eighty dollars ($80.00) in the district court except that if the case is assigned to a magistrate the sum shall be fifty-five dollars ($55.00). Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of two dollars and five cents ($2.05) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4, and ninety-five cents ($0.95) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.19."

SECTION 15.20.(f) G.S. 7A-306(a) reads as rewritten:

"(a) In every special proceeding in the superior court, the following costs shall be assessed:

..."

(1a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of one dollar ($1.00), three dollars ($3.00), to be credited to the Court Information Technology Fund.

(2) For support of the General Court of Justice the sum of forty dollars ($40.00) seventy-five dollars ($75.00). In addition, in proceedings involving land, except boundary disputes, if the fair market value of the land involved is over one hundred dollars ($100.00), there shall be an additional sum of thirty cents (30¢) per one hundred dollars ($100.00) of value, or major fraction thereof, not to exceed a maximum additional sum of two hundred dollars ($200.00). Fair market value is determined by the sale price if there is a sale, the appraiser's valuation if there is no sale, or the appraised value from the property tax records if there is neither a sale nor an appraiser's valuation. Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of two dollars and five cents ($2.05) of each forty-dollar ($40.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4."
SECTION 15.20.(g) Effective July 1, 2010, G.S. 7A-306(a)(1a), as amended by subsection (f) of this section, reads as rewritten:

"(1a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of three dollars ($3.00), four dollars ($4.00), to be credited to the Court Information Technology Fund."

SECTION 15.20.(h) G.S. 7A-307 reads as rewritten:


(a) In the administration of the estates of decedents, minors, incompetents, of missing persons, and of trusts under wills and under powers of attorney, in trust proceedings under G.S. 36A-23.1, and in collections of personal property by affidavit, the following costs shall be assessed:

... 

(1a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of one dollar ($1.00), three dollars ($3.00), to be credited to the Court Information Technology Fund.

(2) For support of the General Court of Justice, the sum of fifty dollars ($50.00), seventy-five dollars ($75.00), plus an additional forty cents (40¢) per one hundred dollars ($100.00), or major fraction thereof, of the gross estate, not to exceed six thousand dollars ($6,000). Gross estate shall include the fair market value of all personalty when received, and all proceeds from the sale of realty coming into the hands of the fiduciary, but shall not include the value of realty. In collections of personal property by affidavit, the fee based on the gross estate shall be computed from the information in the final affidavit of collection made pursuant to G.S. 28A-25-3 and shall be paid when that affidavit is filed. In all other cases, this fee shall be computed from the information reported in the inventory and shall be paid when the inventory is filed with the clerk. If additional gross estate, including income, comes into the hands of the fiduciary after the filing of the inventory, the fee for such additional value shall be assessed and paid upon the filing of any account or report disclosing such additional value. For each filing the minimum fee shall be fifteen dollars ($15.00). Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of two dollars and five cents ($2.05) of each fifty-dollar ($50.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4."

... 

(b1) The clerk shall assess the following miscellaneous fees:

(1) Filing and indexing a will with no probate
   – first page..............................................................................................................$  1.00
   – each additional page or fraction thereof...............................................................  .25

(2) Issuing letters to fiduciaries, per letter over five letters issued..........................1.00

(3) Inventory of safe deposits of a decedent, per box, per day..............................15.00

(4) Taking a deposition................................................................................................10.00

(5) Docketing and indexing a will probated in another county in the State
   – first page..............................................................................................................6.00
   – each additional page or fraction thereof............................................................... .25

(6) Hearing petition for year's allowance to surviving spouse or child, in cases not assigned to a magistrate, and allotting the
   same......................................................................................................................... 8.00

(7) Assignment of title................................................................................................10.00
SECTION 15.20.(i) Effective July 1, 2010, G.S. 7A-307(a)(1a), as amended by subsection (h) of this section, reads as rewritten:

"(1a) For the upgrade, maintenance, and operation of the judicial and county courthouse phone systems, the sum of three dollars ($3.00), four dollars ($4.00), to be credited to the Court Information Technology Fund."

SECTION 15.20.(j) G.S. 20-135.2A(e) reads as rewritten:

"(e) Any driver or front seat passenger who fails to wear a seat belt as required by this section shall have committed an infraction and shall pay a penalty of twenty-five dollars and fifty cents ($25.50) plus the following court costs in the sum of seventy-five dollars ($75.00). The court costs assessed under this section are for the support of the General Court of Justice and shall be remitted to the State Treasurer. Conviction of an infraction under this section has no other consequence."

SECTION 15.20.(k) G.S. 20-140.4 reads as rewritten:

"§ 20-140.4. Special provisions for motorcycles and mopeds.
(a) No person shall operate a motorcycle or moped upon a highway or public vehicular area:
(1) When the number of persons upon such motorcycle or moped, including the operator, shall exceed the number of persons which it was designed to carry.
(2) Unless the operator and all passengers thereon wear on their heads, with a retention strap properly secured, safety helmets of a type that complies with Federal Motor Vehicle Safety Standard (FMVSS) 218.
(b) Violation of any provision of this section shall not be considered negligence per se or contributory negligence per se in any civil action.
(c) Any person convicted of violating this section shall have committed an infraction and shall be fined according to G.S. 20-135.2A(e) and (f), pay a penalty of twenty-five dollars and fifty cents ($25.50) plus the following court costs: the General Court of Justice fee provided for in G.S. 7A-304(a)(4), the telephone facilities fee provided for in G.S. 7A-304(a)(2a), and the law enforcement training and certification fee provided for in G.S. 7A-304(a)(3b). Conviction of an infraction under this section has no other consequence.
(d) No drivers license points or insurance surcharge shall be assessed on account of violation of this section."

SECTION 15.20.(l) G.S. 7A-305(a2) reads as rewritten:

"(a2) In every action for absolute divorce filed in the district court, a cost of seventy-five dollars ($75.00) one hundred fifty dollars ($150.00) shall be assessed against the person filing the divorce action. Costs collected by the clerk pursuant to this subsection shall be remitted to the State Treasurer, who shall deposit fifty-five dollars ($55.00) to the North Carolina Fund for Displaced Homemakers established under G.S. 143B-394.10 and twenty dollars ($20.00) to the Domestic Violence Center Fund established under G.S. 50B-9. The remainder shall be deposited in the General Fund as a nontax revenue. Costs assessed under this subsection shall be in addition to any other costs assessed under this section."

SECTION 15.20.(m) G.S. 7A-308(a) reads as rewritten:

"(a) The following miscellaneous fees and commissions shall be collected by the clerk of superior court and remitted to the State for the support of the General Court of Justice:
(1) Foreclosure under power of sale in deed of trust or mortgage. $75.00$150.00
If the property is sold under the power of sale, an additional amount will be charged, determined by the following formula:
forty-five cents (.45) per one hundred dollars ($100.00), or major
fraction thereof, of the final sale price. If the amount determined
by the formula is less than ten dollars ($10.00), a minimum ten
dollar ($10.00) fee will be collected. If the amount determined by
the formula is more than five hundred dollars ($500.00), a
maximum five hundred-dollar ($500.00) fee will be collected.

…

(3) Confession of judgment .......................................................... 25.00

…

(6) Notice of resumption of former name ........................................ 10.00

…

(17) Criminal record search except if search is requested by an agency
of the State or any of its political subdivisions or by an agency of
the United States or by a petitioner in a proceeding under Article 2
of General Statutes Chapter 20 .................................................... 15.00

"7A-321. Collection of offender fines and fees assessed by the court: collection
assistance fee.

(c) Should the Judicial Department use any method listed in subdivision (b)(1) or (2) of
this section to collect fines, fees, and costs owed by offenders not sentenced to supervised
probation, the department may not charge any additional cost of collection pursuant to
G.S. 115C-437.

(d) The court shall retain a collection assistance fee in the amount of ten percent (10%)
of any cost or fee collected by the Department pursuant to this Article or Chapter 20 of the
General Statutes and remitted to an agency of the State or any of its political subdivisions, other
than a cost or fee listed in this subsection. The court shall remit the collection assistance fee to
the State Treasurer for the support of the General Court of Justice. The collection assistance fee
shall not be retained from the following:

(1) Costs and fees designated by law for remission to or use by an agency or
program of the Judicial Department or for support of the General Court of
Justice.

(2) Costs and fees designated by law for remission to the General Fund."

SECTION 15.20.(o) Subsections (a), (j), and (k) of this section become effective
July 1, 2009, and apply to all costs assessed or collected on or after that date, except that in
misdemeanor or infraction cases disposed of on or after that date by written appearance, waiver
of trial or hearing, and plea of guilt or admission of responsibility pursuant to G.S. 7A-180(4)
or G.S. 7A-273(2), in which the citation or other criminal process was issued before that date,
the cost shall be the lesser of those specified in G.S. 7A-304(a), as amended by subsection (a)
of this section, or those specified in the notice portion of the defendant's or respondent's copy of
the citation or other criminal process, if any costs are specified in that notice.

Subsection (b) of this section becomes effective July 1, 2010, and applies to all costs
assessed or collected on or after that date, except that in misdemeanor or infraction cases
disposed of on or after that date by written appearance, waiver of trial or hearing, and plea of
guilt or admission of responsibility pursuant to G.S. 7A-180(4) or G.S. 7A-273(2), in which the
citation or other criminal process was issued before that date, the cost shall be the lesser of
those specified in G.S. 7A-304(a), as amended by subsection (b) of this section, or those
specified in the notice portion of the defendant's or respondent's copy of the citation or other
criminal process, if any costs are specified in that notice.
Subsections (e), (g), and (i) of this section become effective July 1, 2010, and apply to fees assessed or collected on or after that date. Subsection (n) becomes effective July 1, 2009. The remainder of this section becomes effective July 1, 2009, and applies to fees assessed or collected on or after that date.

SAFE ROADS FINE

SECTION 15.21.(a) G.S. 20-141(p) reads as rewritten:

"(p) A driver charged with speeding in excess of 25 miles per hour over the posted speed limit shall be ineligible for a disposition of prayer for judgment continued. A driver convicted of speeding in excess of 25 miles per hour over the posted speed limit shall pay a fine of three hundred fifty dollars ($350.00). This penalty shall be imposed in addition to those penalties established in this Chapter."

SECTION 15.21.(b) Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-179.5. Additional fine for impaired driving convictions.

In addition to any other fine or penalty assessed by the court, a defendant who is convicted of an offense involving impaired driving as defined in G.S. 20-4.01(24a) shall pay a fine of three hundred fifty dollars ($350.00)."

SECTION 15.21.(c) This act becomes effective July 1, 2009, and applies to offenses committed on or after that date.

INCREASE WAIVABLE OFFENSES COSTS

SECTION 15.22.(a) Notwithstanding any other provision of law, the chief district judges of the various district court districts shall increase by twenty-five dollars ($25.00) each amount listed on the schedule of penalties or fines adopted by the Conference of Chief District Court Judges on October 1, 2008, for the uniform schedule of offenses required under G.S. 7A-148 for the types of offenses specified in G.S. 7A-273(2) and G.S. 7A-273(2a).

SECTION 15.22.(b) Notwithstanding any other provision of law, the chief district judges of the various district court districts shall increase by ten dollars ($10.00) each amount listed on the schedule of penalties or fines adopted pursuant to subsection (a) of this section for the uniform schedule of offenses required under G.S. 7A-148 for the types of offenses specified in G.S. 7A-273(2) and G.S. 7A-273(2a).

SECTION 15.22.(c) G.S. 20-141 reads as rewritten:

"§ 20-141. Speed restrictions.

... (e1) Local authorities within their respective jurisdictions may authorize, by ordinance, lower speed limits than those set in subsection (b) of this section on school property. If the lower speed limit is being set on the grounds of a public school, the local school administrative unit must request or consent to the lower speed limit. If the lower speed limit is being set on the grounds of a private school, the governing body of the school must request or consent to the lower speed limit. Speed limits established pursuant to this subsection shall become effective when appropriate signs giving notice of the speed limit are erected upon affected property. A person who drives a motor vehicle on school property at a speed greater than the speed limit set and posted under this subsection is responsible for an infraction and is required to pay a penalty of not less than twenty-five dollars ($25.00) to fifty dollars ($50.00).

... (j2) A person who drives a motor vehicle in a highway work zone at a speed greater than the speed limit set and posted under this section shall be required to pay a penalty of two hundred fifty dollars ($250.00) to two hundred seventy-five dollars ($275.00). This penalty shall be imposed in addition to those penalties established in this Chapter. A "highway work zone" is the area between the first sign that informs motorists of the existence of a work zone on a..."
highway and the last sign that informs motorists of the end of the work zone. This subsection applies only if a sign posted at the beginning of the highway work zone states the penalty for speeding in the work zone. The Secretary shall ensure that work zones shall only be posted with penalty signs if the Secretary determines, after engineering review, that the posting is necessary to ensure the safety of the traveling public due to a hazardous condition.

A law enforcement officer issuing a citation for a violation of this section while in a highway work zone shall indicate the vehicle speed and speed limit posted in the work zone. Upon an individual's conviction of a violation of this section while in a highway work zone, the clerk of court shall report that the vehicle was in a work zone at the time of the violation, the vehicle speed, and the speed limit of the work zone to the Division of Motor Vehicles.

SECTION 15.22.(d) G.S. 20-141.1 reads as rewritten:

"§ 20-141.1. Speed limits in school zones.

The Board of Transportation or local authorities within their respective jurisdictions may, by ordinance, set speed limits lower than those designated in G.S. 20-141 for areas adjacent to or near a public, private or parochial school. Limits set pursuant to this section shall become effective when signs are erected giving notice of the school zone, the authorized speed limit, and the days and hours when the lower limit is effective, or by erecting signs giving notice of the school zone, the authorized speed limit and which indicate the days and hours the lower limit is effective by an electronic flasher operated with a time clock. Limits set pursuant to this section may be enforced only on days when school is in session, and no speed limit below 20 miles per hour may be set under the authority of this section. A person who drives a motor vehicle in a school zone at a speed greater than the speed limit set and posted under this section is responsible for an infraction and is required to pay a penalty of not less than twenty-five dollars ($25.00) but not more than fifty dollars ($50.00)."

SECTION 15.22.(e) G.S. 20-11(l) reads as rewritten:

"(l) Violations. – It is unlawful for the holder of a limited learner's permit, a temporary permit, or a limited provisional license to drive a motor vehicle in violation of the restrictions that apply to the permit or license. Failure to comply with a restriction concerning the time of driving or the presence of a supervising driver in the vehicle constitutes operating a motor vehicle without a license. Failure to comply with the restriction regarding the use of a mobile telephone while operating a motor vehicle is an infraction punishable by a fine of twenty-five dollars ($25.00)-fifty dollars ($50.00). Failure to comply with any other restriction, including seating and passenger limitations, is an infraction punishable by a monetary penalty as provided in G.S. 20-176. Failure to comply with the provisions of subsections (e) and (g) of this section shall not constitute negligence per se or contributory negligence by the driver or passenger in any action for the recovery of damages arising out of the operation, ownership or maintenance of a motor vehicle. Any evidence of failure to comply with the provisions of subdivisions (1), (2), (3), (4), and (5) of subsection (e) of this section shall not be admissible in any criminal or civil trial, action, or proceeding except in an action based on a violation of this section. No drivers license points or insurance surcharge shall be assessed for failure to comply with seating and occupancy limitations in subsection (e) of this section. No drivers license points or insurance surcharge shall be assessed for failure to comply with subsection (e) or (g) of this section regarding the use of a mobile telephone while operating a motor vehicle."

SECTION 15.22.(f) G.S. 20-37.6(f) reads as rewritten:

"(f) Penalties for Violation. – (1) A violation of G.S. 20-37.6(e)(1), (2) or (3) is an infraction which carries a penalty of at least one hundred dollars ($100.00) but not more than two hundred fifty dollars ($250.00) and whenever evidence shall be presented in any court of the fact that any automobile, truck, or other vehicle was found to be parked in a properly designated handicapped parking space in violation of the provisions of this
section, it shall be prima facie evidence in any court in the State of North
Carolina that the vehicle was parked and left in the space by the person,
firm, or corporation in whose name the vehicle is registered and licensed
according to the records of the Division. No evidence tendered or presented
under this authorization shall be admissible or competent in any respect in
any court or tribunal except in cases concerned solely with a violation of this
section.

(2) A violation of G.S. 20-37.6(e)(4) is an infraction which carries a penalty of
at least one hundred dollars ($100.00) one hundred twenty-five dollars
($125.00) but not more than two hundred fifty dollars ($250.00) and
whenever evidence shall be presented in any court of the fact that a
nonconforming sign is being used it shall be prima facie evidence in any
court in the State of North Carolina that the person, firm, or corporation with
ownership of the property where the nonconforming sign is located is
responsible for violation of this section. Building inspectors and others
responsible for North Carolina State Building Code violations specified in
G.S. 143-138(h) where such signs are required by the Handicapped Section
of the North Carolina State Building Code, may cause a citation to be issued
for this violation and may also initiate any appropriate action or proceeding
to correct such violation.

"...."

SECTION 15.22.(g) G.S. 20-79(e)(1) reads as rewritten:
"(e) Sanctions. – The following sanctions apply when a motor vehicle displaying a
dealer license plate is driven in violation of the restrictions on the use of the plate:
(1) The individual driving the motor vehicle is responsible for an infraction and
is subject to a penalty of fifty dollars ($50.00) seventy-five dollars ($75.00)."

SECTION 15.22.(h) G.S. 20-129(a)(4) reads as rewritten:
"(a) When Vehicles Must Be Equipped. – Every vehicle upon a highway within this
State shall be equipped with lighted headlamps and rear lamps as required for different classes
of vehicles, and subject to exemption with reference to lights on parked vehicles as declared in
G.S. 20-134:
...
(4) At any other time when windshield wipers are in use as a result of smoke,
fog, rain, sleet, or snow, or when inclement weather or environmental factors
severely reduce the ability to clearly discern persons and vehicles on the
street and highway at a distance of 500 feet ahead, provided, however, the
provisions of this subdivision shall not apply to instances when windshield
wipers are used intermittently in misting rain, sleet, or snow. Any person
violating this subdivision during the period from October 1, 1990, through
December 31, 1991, shall be given a warning of the violation only. Thereafter, any person violating this subdivision shall have committed an
infraction and shall pay a fine of five dollars ($5.00) thirty dollars ($30.00)
and shall not be assessed court costs. No drivers license points, insurance
points or premium surcharge shall be assessed on account of violation of this
subdivision and no negligence or liability shall be assessed on or imputed to
any party on account of a violation of this subdivision. The Commissioner of
Motor Vehicles and the Superintendent of Public Instruction shall
incorporate into driver education programs and driver licensing programs
instruction designed to encourage compliance with this subdivision as an
important means of reducing accidents by making vehicles more discernible
during periods of limited visibility."
**SECTION 15.22.(i)** G.S. 20-181 reads as rewritten:

"§ 20-181. Penalty for failure to dim, etc., beams of headlamps.

Any person operating a motor vehicle on the highways of this State, who shall fail to shift, depress, deflect, tilt or dim the beams of the headlamps thereon whenever another vehicle is met on such highways or when following another vehicle at a distance of less than 200 feet, except when engaged in the act of overtaking and passing may, upon a determination of responsibility for the offense, be required to pay a penalty of not more than ten dollars ($10.00), thirty-five dollars ($35.00)."

**SECTION 15.22.(j)** G.S. 20-135.2A(e) reads as rewritten:

"(e) Any driver or front seat passenger who fails to wear a seat belt as required by this section shall have committed an infraction and shall pay a penalty of twenty-five dollars ($25.00), fifty dollars ($50.00) plus court costs in the sum of seventy-five dollars ($75.00). Any rear seat occupant of a vehicle who fails to wear a seat belt as required by this section shall have committed an infraction and shall pay a penalty of ten dollars ($10.00), thirty-five dollars ($35.00) and no court costs. Court costs assessed under this section are for the support of the General Court of Justice and shall be remitted to the State Treasurer. Conviction of an infraction under this section has no other consequence."

**SECTION 15.22.(k)** G.S. 20-135.2B(c) reads as rewritten:

"(c) Any person violating this section shall have committed an infraction and shall pay a penalty of not more than twenty-five dollars ($25.00), fifty dollars ($50.00), even if more than one child less than 16 years of age is riding in the open bed or open cargo area of a vehicle. A person found responsible for a violation of this section may not be assessed court costs."

**SECTION 15.22.(l)** G.S. 20-137.1(c) reads as rewritten:

"(c) Any driver found responsible for a violation of this section may be punished by a penalty not to exceed twenty-five dollars ($25.00), fifty dollars ($50.00), even when more than one child less than 16 years of age was not properly secured in a restraint system. No driver charged under this section for failure to have a child under eight years of age properly secured in a restraint system shall be convicted if he produces at the time of his trial proof satisfactory to the court that he has subsequently acquired an approved child passenger restraint system for a vehicle in which the child is normally transported."

**SECTION 15.22.(m)** G.S. 20-137.3(e) reads as rewritten:

"(e) Penalty. – Any person violating this section shall have committed an infraction and shall pay a fine of twenty-five dollars ($25.00), fifty dollars ($50.00). This offense is an offense for which a defendant may waive the right to a hearing or trial and admit responsibility for the infraction pursuant to G.S. 7A-148. No drivers license points, insurance surcharge, or court costs shall be assessed as a result of a violation of this section."

**SECTION 15.22.(n)** G.S. 20-157(g) reads as rewritten:

"(g) Except as provided in subsections (a), (h), and (i) of this section, violation of this section shall be an infraction punishable by a fine of two hundred fifty dollars ($250.00), two hundred seventy-five dollars ($275.00)."

**SECTION 15.22.(o)** G.S. 20-158(b)(2)c. reads as rewritten:

"(b) Control of Vehicles at Intersections. –

(2) a. When a traffic signal is emitting a steady red circular light controlling traffic approaching an intersection, an approaching vehicle facing the red light shall come to a stop and shall not enter the intersection. After coming to a complete stop and unless prohibited by an appropriate sign, that approaching vehicle may make a right turn.
c. Failure to yield to a pedestrian under this subdivision shall be an infraction, and the court may assess a penalty of not more than five hundred dollars ($500.00) and not less than one hundred dollars ($100.00). One hundred twenty-five dollars ($125.00)."

SECTION 15.22.(p) G.S. 20-171.9(d) reads as rewritten:

"(d) Violation of this section shall be an infraction. Except as provided in subsection (e) of this section, any parent or guardian found responsible for violation of this section may be ordered to pay a civil fine of up to ten dollars ($10.00), thirty-five dollars ($35.00), inclusive of all penalty assessments and court costs."

SECTION 15.22.(q) G.S. 20-183.8(a) reads as rewritten:

"(a) Infractions. – A person who does any of the following commits an infraction and, if found responsible, is liable for a penalty of up to fifty dollars ($50.00), seventy-five dollars ($75.00):

..."

SECTION 15.22.(r) G.S. 20-384 reads as rewritten:

"§ 20-384. Penalty for certain violations.
A motor carrier who fails to conduct a safety inspection of a vehicle as required by Part 396 of the federal safety regulations or who fails to mark a vehicle that has been inspected as required by that Part commits an infraction and, if found responsible, is liable for a penalty of up to fifty dollars ($50.00), seventy-five dollars ($75.00)."

SECTION 15.22.(s) G.S. 14-399(c) and (c1) read as rewritten:

"(c) Any person who violates subsection (a) of this section in an amount not exceeding fifteen pounds and not for commercial purposes is guilty of a Class 3 misdemeanor punishable by a fine of not less than two hundred fifty-seven dollars ($250.00), ($275.00) nor more than one thousand dollars ($1,000) for the first offense. In addition, the court may require the violator to perform community service of not less than eight hours nor more than twenty-four hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed. Any second or subsequent violation of subsection (a) of this section in an amount not exceeding fifteen pounds and not for commercial purposes within three years after the date of a prior violation is a Class 3 misdemeanor punishable by a fine of not less than five hundred dollars ($500.00) nor more than two thousand dollars ($2,000). In addition, the court may require the violator to perform community service of not less than sixteen hours nor more than fifty hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed."

(c1) Any person who violates subsection (a1) of this section in an amount not exceeding fifteen pounds is guilty of an infraction punishable by a fine of not more than one hundred twenty-five dollars ($100.00), ($125.00). In addition, the court may require the violator to perform community service of not less than four hours nor more than twelve hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed. Any second or subsequent violation of subsection (a1) of this section in an amount not exceeding fifteen pounds within three years after the date of a prior violation is an infraction punishable by a fine of not more than two hundred dollars ($200.00). In addition, the court may require the violator to perform community service of not less than eight hours nor more than twenty-four hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed. For purposes of this subsection, the term "litter" shall not include nontoxic and biodegradable agricultural or garden products or supplies, including mulch, tree bark, and wood chips."

SECTION 15.22.(t) G.S. 113-291.8(b) reads as rewritten:
"(b) Any person violating this section during the 1987 big game hunting season shall be
given a warning of violation only. Thereafter, any person violating this section has committed
an infraction and shall pay a fine of twenty-five dollars ($25.00), fifty dollars ($50.00). An
infraction is an unlawful act that is not a crime. The procedure for charging and trying an
infraction is the same as for a misdemeanor, but conviction of an infraction has no consequence
other than payment of a fine. A person convicted of an infraction may not be assessed court
costs.

Wildlife Enforcement Officers are authorized to charge persons with the infraction created
by this section."

SECTION 15.22.(u) G.S. 113-135.1(a) reads as rewritten:

"(a) To prevent unsuspecting members of the public from being subject to harsh criminal
penalties for offenses created by rules of the Wildlife Resources Commission, the penalty for
an offense that is solely a violation of rules of the Wildlife Resources Commission is limited to
a fine of ten dollars ($10.00), thirty-five dollars ($35.00) except as follows:

(1) Offenses set out in subsection (b) of this section are punishable as set forth
in G.S. 113-135 or other sections of the General Statutes.

(2) A person who parks a vehicle in violation of a rule regulating the parking of
vehicles at boating access or boating launch areas is responsible for an
infraction and shall pay a fine of fifty dollars ($50.00), seventy-five dollars
($75.00)."

SECTION 15.22.(v) G.S. 20-141, as rewritten by subsection (c) of this section,
reads as rewritten:

"§ 20-141. Speed restrictions.

…

(e1) Local authorities within their respective jurisdictions may authorize, by ordinance,
lower speed limits than those set in subsection (b) of this section on school property. If the
lower speed limit is being set on the grounds of a public school, the local school administrative
unit must request or consent to the lower speed limit. If the lower speed limit is being set on the
grounds of a private school, the governing body of the school must request or consent to the
lower speed limit. Speed limits established pursuant to this subsection shall become effective
when appropriate signs giving notice of the speed limit are erected upon affected property. A
person who drives a motor vehicle on school property at a speed greater than the speed limit set
and posted under this subsection is responsible for an infraction and is required to pay a penalty
of not less than fifty dollars ($50.00), sixty dollars ($60.00).

…

(j2) A person who drives a motor vehicle in a highway work zone at a speed greater than
the speed limit set and posted under this section shall be required to pay a penalty of two
hundred seventy-five dollars ($275.00), ($285.00). This penalty shall be imposed in
addition to those penalties established in this Chapter. A "highway work zone" is the area
between the first sign that informs motorists of the existence of a work zone on a highway and
the last sign that informs motorists of the end of the work zone. This subsection applies only if
a sign posted at the beginning of the highway work zone states the penalty for speeding in the
work zone. The Secretary shall ensure that work zones shall only be posted with penalty signs
if the Secretary determines, after engineering review, that the posting is necessary to ensure the
safety of the traveling public due to a hazardous condition.

A law enforcement officer issuing a citation for a violation of this section while in a
highway work zone shall indicate the vehicle speed and speed limit posted in the work zone.
Upon an individual's conviction of a violation of this section while in a highway work zone, the
clerk of court shall report that the vehicle was in a work zone at the time of the violation, the
vehicle speed, and the speed limit of the work zone to the Division of Motor Vehicles."
SECTION 15.22.(w) G.S. 20-141.1, as rewritten by subsection (d) of this section, reads as rewritten:

"§ 20-141.1. Speed limits in school zones.

The Board of Transportation or local authorities within their respective jurisdictions may, by ordinance, set speed limits lower than those designated in G.S. 20-141 for areas adjacent to or near a public, private or parochial school. Limits set pursuant to this section shall become effective when signs are erected giving notice of the school zone, the authorized speed limit, and the days and hours when the lower limit is effective, or by erecting signs giving notice of the school zone, the authorized speed limit and which indicate the days and hours the lower limit is effective by an electronic flasher operated with a time clock. Limits set pursuant to this section may be enforced only on days when school is in session, and no speed limit below 20 miles per hour may be set under the authority of this section. A person who drives a motor vehicle in a school zone at a speed greater than the speed limit set and posted under this section is responsible for an infraction and is required to pay a penalty of not less than fifty dollars ($50.00), sixty dollars ($60.00)."

SECTION 15.22.(x) G.S. 20-11(l), as rewritten by subsection (e) of this section, reads as rewritten:

"(l) Violations. – It is unlawful for the holder of a limited learner's permit, a temporary permit, or a limited provisional license to drive a motor vehicle in violation of the restrictions that apply to the permit or license. Failure to comply with a restriction concerning the time of driving or the presence of a supervising driver in the vehicle constitutes operating a motor vehicle without a license. Failure to comply with the restriction regarding the use of a mobile telephone while operating a motor vehicle is an infraction punishable by a fine of fifty dollars ($50.00), sixty dollars ($60.00). Failure to comply with any other restriction, including seating and passenger limitations, is an infraction punishable by a monetary penalty as provided in G.S. 20-176. Failure to comply with the provisions of subsections (e) and (g) of this section shall not constitute negligence per se or contributory negligence by the driver or passenger in any action for the recovery of damages arising out of the operation, ownership or maintenance of a motor vehicle. Any evidence of failure to comply with the provisions of subdivisions (1), (2), (3), (4), and (5) of subsection (e) of this section shall not be admissible in any criminal or civil trial, action, or proceeding except in an action based on a violation of this section. No drivers license points or insurance surcharge shall be assessed for failure to comply with seating and occupancy limitations in subsection (e) of this section. No drivers license points or insurance surcharge shall be assessed for failure to comply with subsection (e) or (g) of this section regarding the use of a mobile telephone while operating a motor vehicle."

SECTION 15.22.(y) G.S. 20-37.6(f), as rewritten by subsection (f) of this section, reads as rewritten:

"(f) Penalties for Violation. –

(1) A violation of G.S. 20-37.6(e)(1), (2) or (3) is an infraction which carries a penalty of at least one hundred twenty-five thirty-five dollars ($125.00), ($135.00) but not more than two hundred fifty dollars ($250.00) and whenever evidence shall be presented in any court of the fact that any automobile, truck, or other vehicle was found to be parked in a properly designated handicapped parking space in violation of the provisions of this section, it shall be prima facie evidence in any court in the State of North Carolina that the vehicle was parked and left in the space by the person, firm, or corporation in whose name the vehicle is registered and licensed according to the records of the Division. No evidence tendered or presented under this authorization shall be admissible or competent in any respect in any court or tribunal except in cases concerned solely with a violation of this section.
A violation of G.S. 20-37.6(e)(4) is an infraction which carries a penalty of at least one hundred twenty-five thirty-five dollars ($125.00) ($135.00) but not more than two hundred fifty dollars ($250.00) and whenever evidence shall be presented in any court of the fact that a nonconforming sign is being used it shall be prima facie evidence in any court in the State of North Carolina that the person, firm, or corporation with ownership of the property where the nonconforming sign is located is responsible for violation of this section. Building inspectors and others responsible for North Carolina State Building Code violations specified in G.S. 143-138(h) where such signs are required by the Handicapped Section of the North Carolina State Building Code, may cause a citation to be issued for this violation and may also initiate any appropriate action or proceeding to correct such violation.

SECTION 15.22.(z) G.S. 20-79(e)(1), as rewritten by subsection (g) of this section, reads as rewritten:

"(e) Sanctions. – The following sanctions apply when a motor vehicle displaying a dealer license plate is driven in violation of the restrictions on the use of the plate:

(1) The individual driving the motor vehicle is responsible for an infraction and is subject to a penalty of seventy-eighty-five dollars ($75.00) ($85.00)."

SECTION 15.22.(aa) G.S. 20-129(a)(4), as rewritten by subsection (h) of this section, reads as rewritten:

"(a) When Vehicles Must Be Equipped. – Every vehicle upon a highway within this State shall be equipped with lighted headlamps and rear lamps as required for different classes of vehicles, and subject to exemption with reference to lights on parked vehicles as declared in G.S. 20-134:

…

(4) At any other time when windshield wipers are in use as a result of smoke, fog, rain, sleet, or snow, or when inclement weather or environmental factors severely reduce the ability to clearly discern persons and vehicles on the street and highway at a distance of 500 feet ahead, provided, however, the provisions of this subdivision shall not apply to instances when windshield wipers are used intermittently in misting rain, sleet, or snow. Any person violating this subdivision during the period from October 1, 1990, through December 31, 1991, shall be given a warning of the violation only. Thereafter, any person violating this subdivision shall have committed an infraction and shall pay a fine of thirty-fourty dollars ($30.00) ($40.00) and shall not be assessed court costs. No drivers license points, insurance points or premium surcharge shall be assessed on account of violation of this subdivision and no negligence or liability shall be assessed on or imputed to any party on account of a violation of this subdivision. The Commissioner of Motor Vehicles and the Superintendent of Public Instruction shall incorporate into driver education programs and driver licensing programs instruction designed to encourage compliance with this subdivision as an important means of reducing accidents by making vehicles more discernible during periods of limited visibility."

SECTION 15.22.(bb) G.S. 20-181, as rewritten by subsection (i) of this section, reads as rewritten:

"§ 20-181. Penalty for failure to dim, etc., beams of headlamps.

Any person operating a motor vehicle on the highways of this State, who shall fail to shift, depress, deflect, tilt or dim the beams of the headlamps thereon whenever another vehicle is met on such highways or when following another vehicle at a distance of less than 200 feet,
except when engaged in the act of overtaking and passing may, upon a determination of
responsibility for the offense, be required to pay a penalty of not more than thirty-five forty-five
dollars ($35.00) ($45.00).

SECTION 15.22.(cc) G.S. 20-135.2A(e), as rewritten by subsection (j) of this
section, reads as rewritten:
"(e) Any driver or front seat passenger who fails to wear a seat belt as required by this
section shall have committed an infraction and shall pay a penalty of fifty sixty dollars
($50.00) ($60.00) plus court costs in the sum of seventy-five dollars ($75.00). Any rear seat
occupant of a vehicle who fails to wear a seat belt as required by this section shall have
committed an infraction and shall pay a penalty of thirty-five forty-five dollars ($35.00) ($45.00)
and no court costs. Court costs assessed under this section are for the support of the General
Court of Justice and shall be remitted to the State Treasurer. Conviction of an infraction under
this section has no other consequence."

SECTION 15.22.(dd) G.S. 20-135.2B(c), as rewritten by subsection (k) of this
section, reads as rewritten:
"(c) Any person violating this section shall have committed an infraction and shall pay a
penalty of not more than fifty sixty dollars ($50.00) ($60.00), even if more than one child less
than 16 years of age is riding in the open bed or open cargo area of a vehicle. A person found
responsible for a violation of this section may not be assessed court costs."

SECTION 15.22.(ee) G.S. 20-137.1(c), as rewritten by subsection (l) of this
section, reads as rewritten:
"(c) Any driver found responsible for a violation of this section may be punished by a
penalty not to exceed fifty sixty dollars ($50.00) ($60.00), even when more than one child less
than 16 years of age was not properly secured in a restraint system. No driver charged under
this section for failure to have a child under eight years of age properly secured in a restraint
system shall be convicted if he produces at the time of his trial proof satisfactory to the court
that he has subsequently acquired an approved child passenger restraint system for a vehicle in
which the child is normally transported."

SECTION 15.22.(ff) G.S. 20-137.3(e), as rewritten by subsection (m) of this
section, reads as rewritten:
"(e) Penalty. – Any person violating this section shall have committed an infraction and shall pay a
fine of fifty sixty dollars ($50.00) ($60.00). This offense is an offense for which a
defendant may waive the right to a hearing or trial and admit responsibility for the infraction
pursuant to G.S. 7A-148. No drivers license points, insurance surcharge, or court costs shall be
assessed as a result of a violation of this section."

SECTION 15.22.(gg) G.S. 20-157(g), as rewritten by subsection (n) of this section,
reads as rewritten:
"(g) Except as provided in subsections (a), (h), and (i) of this section, violation of this
section shall be an infraction punishable by a fine of two hundred seventy-eighty-five
dollars ($275.00) ($285.00)."

SECTION 15.22.(hh) G.S. 20-158(b)(2)c., as rewritten by subsection (o) of this
section, reads as rewritten:
"(b) Control of Vehicles at Intersections. –

(2) a. When a traffic signal is emitting a steady red circular light
controlling traffic approaching an intersection, an approaching
vehicle facing the red light shall come to a stop and shall not enter
the intersection. After coming to a complete stop and unless
prohibited by an appropriate sign, that approaching vehicle may
make a right turn.

...
c. Failure to yield to a pedestrian under this subdivision shall be an infraction, and the court may assess a penalty of not more than five hundred dollars ($500.00) and not less than one hundred twenty-five thirty-five dollars ($125.00) ($135.00).

SECTION 15.22.(ii) G.S. 20-171.9(d), as rewritten by subsection (p) of this section, reads as rewritten:

"(d) Violation of this section shall be an infraction. Except as provided in subsection (e) of this section, any parent or guardian found responsible for violation of this section may be ordered to pay a civil fine of up to thirty-five dollars ($35.00)forty-five dollars ($45.00) inclusive of all penalty assessments and court costs."

SECTION 15.22.(jj) G.S. 20-183.8(a), as rewritten by subsection (q) of this section, reads as rewritten:

"(a) Infractions. – A person who does any of the following commits an infraction and, if found responsible, is liable for a penalty of up to seventy-five dollars ($75.00) eighty-five dollars ($85.00):

...."

SECTION 15.22.(kk) G.S. 20-384, as rewritten by subsection (r) of this section, reads as rewritten:

"§ 20-384. Penalty for certain violations.
A motor carrier who fails to conduct a safety inspection of a vehicle as required by Part 396 of the federal safety regulations or who fails to mark a vehicle that has been inspected as required by that Part commits an infraction and, if found responsible, is liable for a penalty of up to seventy-five dollars ($75.00) eighty-five dollars ($85.00)."

SECTION 15.22.(ll) G.S. 14-399(c) and (c1), as rewritten by subsection (s) of this section, read as rewritten:

"(c) Any person who violates subsection (a) of this section in an amount not exceeding 15 pounds and not for commercial purposes is guilty of a Class 3 misdemeanor punishable by a fine of not less than two hundred seventy-five eighty-five dollars ($275.00) ($285.00) nor more than one thousand dollars ($1,000) for the first offense. In addition, the court may require the violator to perform community service of not less than eight hours nor more than 24 hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed. Any second or subsequent violation of subsection (a) of this section in an amount not exceeding 15 pounds and not for commercial purposes within three years after the date of a prior violation is a Class 3 misdemeanor punishable by a fine of not less than five hundred dollars ($500.00) nor more than two thousand dollars ($2,000). In addition, the court may require the violator to perform community service of not less than 16 hours nor more than 50 hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed.

(c1) Any person who violates subsection (a1) of this section in an amount not exceeding 15 pounds is guilty of an infraction punishable by a fine of not more than one hundred twenty-five thirty-five dollars ($125.00) ($135.00). In addition, the court may require the violator to perform community service of not less than four hours nor more than 12 hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed. Any second or subsequent violation of subsection (a1) of this section in an amount not exceeding 15 pounds within three years after the date of a prior violation is an infraction punishable by a fine of not more than two hundred dollars ($200.00). In addition, the court may require the violator to perform community service of not less than eight hours nor more than 24 hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed. For purposes of this subsection, the term "litter" shall not include nontoxic..."
and biodegradable agricultural or garden products or supplies, including mulch, tree bark, and
wood chips."

SECTION 15.22.(mm) G.S. 113-291.8(b), as rewritten by subsection (t) of this
section, reads as rewritten:
"(b) Any person violating this section during the 1987 big game hunting season shall be
given a warning of violation only. Thereafter, any person violating this section has committed
an infraction and shall pay a fine of fifty-sixty dollars ($50.00-$60.00). An infraction is an
unlawful act that is not a crime. The procedure for charging and trying an infraction is the same
as for a misdemeanor, but conviction of an infraction has no consequence other than payment
of a fine. A person convicted of an infraction may not be assessed court costs.

Wildlife Enforcement Officers are authorized to charge persons with the infraction created
by this section."

SECTION 15.22.(nn) G.S. 113-135.1(a), as rewritten by subsection (u) of this
section, reads as rewritten:
"(a) To prevent unsuspecting members of the public from being subject to harsh criminal
penalties for offenses created by rules of the Wildlife Resources Commission, the penalty for
an offense that is solely a violation of rules of the Wildlife Resources Commission is limited to
a fine of thirty-five dollars ($35.00)-forty-five dollars ($45.00) except as follows:
(1) Offenses set out in subsection (b) of this section are punishable as set forth
in G.S. 113-135 or other sections of the General Statutes.
(2) A person who parks a vehicle in violation of a rule regulating the parking of
vehicles at boating access or boating launch areas is responsible for an
infraction and shall pay a fine of seventy-five dollars ($75.00)-eighty-five
dollars ($85.00)."

SECTION 15.22.(oo) Subsections (a) and (c)-(u) of this section become effective
October 1, 2009, and apply to offenses committed on or after that date. Subsections (b) and
(v)-(nn) of this section become effective October 1, 2010, and apply to offenses committed on
or after that date. The remainder of this section is effective when it becomes law.

BOND FORFEITURE SET ASIDE PROCESSING FEE

SECTION 15.23.(a) G.S. 15A-544.5 reads as rewritten:
"§ 15A-544.5. Setting aside forfeiture.

(c) Procedure When Failure to Appear Is Stricken. – If the court before which a
defendant's appearance was secured by a bail bond enters an order striking the defendant's
failure to appear and recalling any order for arrest issued for that failure to appear, that court
may simultaneously enter an order setting aside any forfeiture of that bail bond. If the court
enters an order setting aside a forfeiture of bail bond under this subsection, the court also shall
assess a fee against the defendant pursuant to subsection (i) of this section. When an order
setting aside a forfeiture is entered, the defendant's further appearances shall continue to be
secured by that bail bond unless the court orders otherwise.

(i) Fee. – If the court enters an order to set aside any forfeiture of bail bond pursuant to
subsection (c) of this section, the court shall, upon conviction, impose a processing fee of fifty
dollars ($50.00) against the defendant. The fee shall be collected in addition to other costs as
provided in G.S. 7A-304(c) and shall be remitted to the State Treasurer to be used for support
of the General Court of Justice. The fifty-dollar ($50.00) processing fee only applies when the
forfeiture process has been initiated."

SECTION 15.23.(b) G.S. 7A-304(c) reads as rewritten:
"(c) Witness fees, expenses for blood tests and comparisons incurred by G.S. 8-50.1(a),
jail fees, fees, bail bond processing fees assessed pursuant to G.S. 15A-544.5(i), and cost of
necessary trial transcripts shall be assessed as provided by law in addition to other costs set out in this section. Nothing in this section shall limit the power or discretion of the judge in imposing fines or forfeitures or ordering restitution.”

SECTION 15.23.(c) This section becomes effective December 1, 2009, and applies to any bail bond set aside for a failure to appear pursuant to G.S. 15A-544.5 on or after that date.

PART XVI. DEPARTMENT OF JUSTICE

PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS

PAY FOR USE OF STATE FACILITIES AND SERVICES

SECTION 16.1. The Private Protective Services and Alarm Systems Licensing Boards shall pay the appropriate State agency for the use of physical facilities and services provided to those Boards by the State.

CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS

SECTION 16.3. Client departments, agencies, and boards shall reimburse the Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other costs directly related to litigation in which the Department of Justice is representing the department, agency, or board.

NC LEGAL EDUCATION ASSISTANCE FOUNDATION REPORT ON FUNDS DISBURSED

SECTION 16.4. The North Carolina Legal Education Assistance Foundation shall report by March 1 of each year to the Joint Legislative Commission on Governmental Operations and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State funds, the purpose of the expenditures, the number of attorneys receiving funds, the average award amount, the average student loan amount, the number of attorneys on the waiting list, and the average number of years for which attorneys receive loan assistance.

HIRING OF SWORN STAFF POSITIONS FOR THE STATE BUREAU OF INVESTIGATION

SECTION 16.5. The Department of Justice may hire sworn personnel to fill vacant positions in the State Bureau of Investigation only in the following circumstances: (i) the position's regular responsibilities involve warrant executions, property searches, criminal investigations, or arrest activities that are consistent in frequency with the responsibilities of other sworn agents; (ii) the position is a promotion for a sworn agent who was employed at the State Bureau of Investigation prior to July 1, 2007; (iii) the position is a forensic drug chemist position which requires "responding to clandestine methamphetamine laboratories" as a primary duty; (iv) the position is a forensic impressions analyst position which requires "responding to clandestine methamphetamine laboratories" as a primary duty; or (v) the position primarily involves supervising sworn personnel.

REDUCE DEPARTMENT SHARE OF PAYMENT FOR JUDGMENTS AGAINST COUNTY AND CITY BOARDS OF EDUCATION

SECTION 16.6.(a) G.S. 143-300.1(c) reads as rewritten:

"(c) In the event of settlement pursuant to G.S. 143-295 or in the event the Industrial Commission awards damages against any county or city board of education under this section, the Attorney General shall draw a voucher for the amount required to pay the award. The funds necessary to cover the first one hundred fifty thousand dollars ($150,000) of liability per claim..."
the liability for claims against county and city boards of education for accidents involving
school buses and school transportation service vehicles shall be made available from funds
appropriated to the State Board of Education. The balance of any liability owed shall be paid in
accordance with G.S. 143-299.4. Education for that purpose. On January 1 and July 1 of each
year, each county and city board of education shall pay the State Board of Education an amount
equal to the damages paid by the State Board of Education on behalf of that county or city
board of education pursuant to this subsection during the preceding six months. Neither the
county or city boards of education, or the county or city administrative unit shall be liable for
the payment of any award made pursuant to the provisions of this section in excess of the
amount paid upon a voucher by the Attorney General. Settlement and payment may be made by
the Attorney General as provided in G.S. 143-295."

SECTION 16.6.(b) G.S. 143-300.1(d) reads as rewritten:

"(d) Except as otherwise provided in this subsection, the Attorney General may, upon the
request of an employee or former employee, defend any civil action brought against the driver,
transportation safety assistant, or monitor of a public school bus or school transportation
service vehicle or school bus maintenance mechanic when the driver or mechanic is employed
and paid by the local school administrative unit, when the monitor is acting in accordance with
G.S. 115C-245(d), when the transportation safety assistant is acting in accordance with
G.S. 115C-245(e), or when the driver is an unpaid school bus driver trainee under the
supervision of an authorized employee of the Department of Transportation, Division of Motor
Vehicles, or an authorized employee of a county or city board of education or administrative
unit. The Attorney General may afford this defense through the use of a member of his staff or,
in his discretion, employ private counsel. The Attorney General is authorized to pay any
judgment rendered in the civil action not to exceed the limit provided under the Tort Claims
Act. The funds necessary to cover the first one hundred fifty thousand dollars ($150,000) of
liability per claim shall be made available from funds appropriated to the State Board of Education. The balance of any liability owed shall be paid in accordance with G.S. 143-299.4. Education for that purpose. On January 1 and July 1 of each year, each county and city board of education shall pay the State Board of Education an amount equal to the damages paid by the State Board of Education on behalf of that county or city board of education pursuant to this subsection during the preceding six months. The Attorney General may compromise and settle any claim covered by this section to the extent that he finds the same to be valid, up to the limit provided in the Tort Claims Act, provided that the authority granted in this subsection shall be limited to only those claims that would be within the jurisdiction of the Industrial Commission under the Tort Claims Act.

The Attorney General shall refuse to provide for the defense of a civil action or proceeding
brought against an employee or former employee if the Attorney General determines that:

(1) The act or omission was not within the scope and course of his employment
as a State employee; or
(2) The employee or former employee acted or failed to act because of actual
fraud, corruption, or actual malice on his part; or
(3) Defense of the action or proceeding by the State would create a conflict of
interest between the State and the employee or former employee; or
(4) Defense of the action or proceeding would not be in the best interests of the
State."

SECTION 16.6.(c) G.S. 143-295 reads as rewritten:

"§ 143-295. Settlement of claims.
(a) Any claims except claims of minors pending or hereafter filed against the various
departments, institutions and agencies of the State may be settled upon agreement between the
claimant and the Attorney General for an amount not in excess of twenty-five thousand dollars
($25,000), without the approval of the Industrial Commission. The Attorney General may also
make settlements by agreement for claims in excess of twenty-five thousand dollars ($25,000) and claims of infants or persons non sui juris, provided such claims have been subject to review and approval by the Industrial Commission.

(a1) Notwithstanding subsection (a) of this section, no claim in which the Attorney General represents a county or city board of education or an employee or former employee of a county or city board of education pursuant to G.S. 143-300.1, shall be settled unless the board of education that will be liable in the event of a settlement agrees to the settlement.

(b) In settlements under twenty-five thousand dollars ($25,000), agreed upon between the Attorney General and the claimant, the filing of an affidavit as set forth in G.S. 143-297 shall not be required.

(c) Transfer of title of a motor vehicle acquired in behalf of the State in settlement of claim pursuant to the provisions of this Article may be transferred by the Attorney General in the same manner as provided for such transfer by an insurance company under the provisions of G.S. 20-75."

SECTION 16.6.(d) This section becomes effective July 1, 2009.

FEE FOR LAW ENFORCEMENT OFFICER CERTIFICATION AND SHERIFFS' DEPARTMENT PERSONNEL CERTIFICATION

SECTION 16.7.(a) Chapter 17C of the General Statutes is amended by adding a new section to read:

"§ 17C-14. Fees for training.
(a) In-Service Training Fee. – Whenever a criminal justice officer obtains training or instruction from a training entity for the purpose of completing the in-service training required by the Commission, the training entity shall collect a fee in the amount of one hundred dollars ($100.00) from the officer upon training completion, except that the amount of the fee shall be two hundred fifty dollars ($250.00) if the officer has never been assessed a fee pursuant to this subsection. The fee imposed by this subsection is a fee on the total amount of training required to satisfy an officer's annual in-service training requirements. An officer shall not be charged the fee imposed by this section more than once a year.

(b) Certification Training Fee. – Whenever a person obtains training or instruction from a training entity for the purpose of obtaining a certification issuable by the Commission, the Commission shall collect a fee in the amount of twenty-five dollars ($25.00) from the person upon training completion. The fee imposed by this subsection is a fee on the total amount of training required to obtain the applicable certification.

(c) Remittance to General Fund. – All fees collected by a training entity pursuant to this section shall be transferred to the Department of Justice upon training completion. Ninety-six percent (96%) of the fees shall be remitted to the General Fund on a monthly basis and shall be used for facilities maintenance and operating expenses of the North Carolina Justice Academy. The remaining four percent (4%) shall be retained by the Department of Justice to cover the administrative costs of implementing this section.

(d) Definition of 'Training Entity.' – Any entity that provides in-service training to criminal justice officers or provides the training and instruction necessary in order to receive a certification issuable by the Commission."

SECTION 16.7.(b) Chapter 17E of the General Statutes is amended by adding a new section to read:

(a) In-Service Training Fee. – Whenever a justice officer obtains training or instruction from a training entity for the purpose of completing the in-service training required by the Commission, the training entity shall collect a fee in the amount of one hundred dollars ($100.00) from the officer upon training completion, except that the amount of the fee shall be two hundred fifty dollars ($250.00) if the officer has never been assessed a fee pursuant to this
subsection. The fee imposed by this subsection is a fee on the total amount of training required
to satisfy an officer's annual in-service training requirements. An officer shall not be charged
the fee imposed by this section more than once a year.

(b) Certification Training Fee. – Whenever a person obtains training or instruction from
a training entity for the purpose of obtaining a certification issuable by the Commission, the
Commission shall collect a fee in the amount of twenty-five dollars ($25.00) from the person
upon training completion. The fee imposed by this subsection is a fee on the total amount of
training required to obtain the applicable certification.

(c) Remittance to General Fund. – All fees collected by a training entity pursuant to this
section shall be transferred to the Department of Justice upon training completion. Ninety-six
percent (96%) of the fees shall be remitted to the General Fund on a monthly basis and shall be
used for facilities maintenance and operating expenses of the North Carolina Justice Academy.
The remaining four percent (4%) shall be retained by the Department of Justice to cover the
administrative costs of implementing this section.

(d) Definition of 'Training Entity.' – Any entity that provides in-service training to
criminal justice officers or provides the training and instruction necessary in order to receive a
certification issuable by the Commission.

SECTION 16.7.(c) This section becomes effective July 1, 2009, and applies to
training commenced on or after that date.

PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

STUDY CONSOLIDATION OF LAW ENFORCEMENT AGENCIES

SECTION 17.4. The Office of State Budget and Management shall study the
feasibility of consolidating the law enforcement agencies in the executive branch of State
government for the purpose of coordinating the activities of these agencies, and reducing
duplication and overlapping of law enforcement responsibilities, training, and technical
assistance among State law enforcement agencies. The Office of State Budget and
Management shall report its findings and recommendations by February 1, 2010, to the Joint
Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

LAW ENFORCEMENT SUPPORT SERVICES FEES

SECTION 17.5. Article 11 of Chapter 143B of the General Statutes is amended by
adding a new section to read:

"§ 143B-475.2. Fees for services.
A fee in the amount set by the Department is imposed on the entities listed in this section.
The fees are departmental receipts and are applied to the Department's costs in providing
services to these entities. The fees apply to the following:

(1) A local law enforcement agency that receives equipment from the
Department, whether by transfer, loan, or procurement under an agreement
with the United States Department of Defense.

(2) A person for whom the Department stores evidence."

INCREASE CHARITABLE BINGO LICENSING FEE

SECTION 17.6. G.S. 14-309.7(a) reads as rewritten:

"(a) An exempt organization may not operate a bingo game at a location without a
license. Application for a bingo license shall be made to the Department of Crime Control and
Public Safety on a form prescribed by the Department. The Department shall charge an annual
application fee of one hundred dollars ($100.00) two hundred dollars ($200.00) to defray the
cost of issuing bingo licenses and handling bingo audit reports. The fees collected shall be
deposited in the General Fund of the State. This license shall expire one year after the granting
of the license. This license may be renewed yearly, if the applicant pays the application fee and
files an audit with the Department pursuant to G.S. 14-309.11. A copy of the application and
license shall be furnished to the local law-enforcement agency in the county or municipality in
which the licensee intends to operate before bingo is conducted by the licensee."

INCREASE FEES FOR LICENSING BOXERS AND FOR TICKETS SOLD AT
BOXING EVENTS

SECTION 17.7.(a) G.S. 143-655(a) reads as rewritten:
"(a) License Fees. – The Division shall collect the following license fees:
Announcer $75.00
Contestant $37.50
Judge $75.00
Manager $150.00
Matchmaker $300.00
Promoter $450.00
Referee $75.00
Timekeeper $75.00
Second $37.50 $50.00.
"

SECTION 17.7.(b) G.S. 143-655(b1) reads as rewritten:
"(b1) Admission Fees. – The Division shall collect a fee in the amount of one dollar and
fifty cents ($1.50) two dollars ($2.00) per each ticket sold to attend events regulated in this
Article."}

INCREASE REGISTRATION FEE FOR DEEDS OF TRUST AND MORTGAGES FOR
EMERGENCY MANAGEMENT DIVISION USE

SECTION 17.8.(a) G.S. 161-10(a)(1a) reads as rewritten:
"(1a) Deeds of Trust, Mortgages, and Cancellation of Deeds of Trust and
Mortgages. – For registering or filing any deed of trust or mortgage, whether
written, printed, or typewritten, the fee shall be twenty-two dollars
($22.00) thirty-two dollars ($32.00) for the first page plus three dollars
($3.00) for each additional page or fraction thereof.

When a deed of trust or mortgage is presented for registration that
contains one or more additional instruments, the fee shall be ten dollars
($10.00) for each additional instrument. A deed of trust or mortgage contains
one or more additional instruments if such additional instrument or
instruments has or have different legal consequences or intent, each of which
is separately executed and acknowledged and could be recorded alone.

For recording records of satisfaction, or the cancellation of record by any
other means, of deeds of trust or mortgages, there shall be no fee."

SECTION 17.8.(b) Article 1 of Chapter 161 of the General Statutes is amended by
adding a new section to read:
"§ 161-11.5. Fees for emergency management.
Nine dollars ($9.00) of each fee collected by the register of deeds for registering or filing a
deed of trust or mortgage pursuant to G.S. 161-10(a)(1a) shall be remitted by the register of
deeds to the county finance officer, who shall remit the funds to the Department of Crime
Control and Public Safety to be credited to the Statewide Emergency Management Fund
established under G.S. 166A-6.03. The county finance officer shall remit the funds to the
Department on a monthly basis."

SECTION 17.8.(c) Article 1 of Chapter 166A of the General Statutes is amended by
adding a new section to read:
"§ 166A-6.03. Statewide Emergency Management Fund.
The Statewide Emergency Management Fund is established as a special revenue fund. The Fund consists of the fees credited to it under G.S. 161-11.5. Revenue in the Fund shall be used to offset the Department's cost in performing its duties under this Chapter."

SECTION 17.8.(d) This section becomes effective October 1, 2009, and applies to deeds of trust and mortgages registered or filed on or after that date.

PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 18.1. The Department of Juvenile Justice and Delinquency Prevention shall conduct an evaluation of the Eckerd wilderness camp programs and of multipurpose group homes.

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

PROJECT CHALLENGE NORTH CAROLINA/REPORTING REQUIREMENT

SECTION 18.2. Project Challenge North Carolina, Inc., shall report to the Department of Juvenile Justice and Delinquency Prevention and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April 1 each year on the operation and the effectiveness of its program in providing alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined. The report shall include information on:

(1) The source of referrals for juveniles.
(2) The types of offenses committed by juveniles participating in the program.
(3) The amount of time those juveniles spend in the program.
(4) The number of juveniles who successfully complete the program.
(5) The number of juveniles who commit additional offenses after completing the program.
(6) The program's budget and expenditures, including all funding sources.

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 18.3. Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2009-2010 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 2009-2010 fiscal year, the
amount of funds anticipated for the 2009-2010 fiscal year, and the allocation of funds by program and purpose.

ELIMINATE SUPPORT OUR STUDENTS PROGRAM

SECTION 18.6. Part 5A of Article 3 of Chapter 143B of the General Statutes is repealed.

JUVENILE CRIME PREVENTION COUNCIL (JCPC) GRANT REPORTING AND CERTIFICATION

SECTION 18.7. On or before October 1 of each year, the Department of Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative Commission on Governmental Operations and the Appropriations Committees of the Senate and House of Representatives a list of the recipients of the grants awarded, or preapproved for award, from funds appropriated to the Department for local Juvenile Crime Prevention Council grants, including:

(1) The amount of the grant awarded.
(2) The membership of the local committee or council administering the award funds on the local level.
(3) The type of program funded.
(4) A short description of the local services, programs, or projects that will receive funds.
(5) Identification of any programs that received grant funds at one time but for which funding has been eliminated by the Department.
(6) The number of at-risk, diverted, and adjudicated juveniles served by each county.
(7) The Department's actions to ensure that county JCPCs prioritize funding for dispositions of intermediate and community-level sanctions for court-adjudicated juveniles under minimum standards adopted by the Department.
(8) The total cost for each funded program, including the cost per juvenile and the essential elements of the program.

A written copy of the list and other information regarding the projects shall also be sent to the Fiscal Research Division of the General Assembly.

ESTABLISHMENT OF A GANG PREVENTION AND INTERVENTION PILOT PROGRAM

SECTION 18.8.(a) As part of the Governor's Comprehensive Gang Initiative, the Department of Juvenile Justice and Delinquency Prevention shall establish a two-year Gang Prevention and Intervention Pilot Program that will focus on youth at risk for gang involvement and those who are already associated with gangs and gang activity. The Department of Juvenile Justice and Delinquency Prevention shall:

(1) Ensure that measurable performance indicators and systems are put in place to evaluate the effectiveness of the pilot program, and
(2) Conduct both process- and outcome-focused evaluations of the pilot program to determine community and institutional impacts of the pilot program pertaining to gang behavior, desistance, and activities. These evaluations may consider the degree of successful implementation of the program and measurable changes in gang-related and gang-affiliated behaviors noted in institutional, court system, communities, and related programs.
**SECTION 18.8.(b)** The Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the implementation and continuing operation of the pilot program by April 1 each year. The report shall include information on the number of juveniles served and an evaluation of the effectiveness of the pilot program. In addition, the report shall include the information set out in subsection (a) of this section.

**PART XIX. DEPARTMENT OF CORRECTION**

**SECTION 19.1.** Of the funds appropriated to the Department of Transportation in this act, the sum of nine million forty thousand dollars ($9,040,000) per year shall be transferred by the Department to the Department of Correction during the 2009-2010 and 2010-2011 fiscal years for the cost of operating medium custody inmate road squads, as authorized by G.S. 148-26.5, and minimum custody inmate litter crews. This transfer shall be made quarterly in the amount of two million two hundred sixty thousand dollars ($2,260,000). The Department of Transportation may use funds appropriated in this act to pay an additional amount exceeding the nine million forty thousand dollars ($9,040,000), but those payments shall be subject to negotiations among the Department of Transportation, the Department of Correction, and the Office of State Budget and Management prior to payment by the Department of Transportation.

The Office of State Budget and Management shall conduct a study, in consultation with the Department of Correction and the Department of Transportation, to determine the actual cost and cost/benefit of operating medium custody road squads and minimum custody litter crews. The Office of State Budget and Management shall report the results of this study to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and to the Joint Legislative Transportation Oversight Committee by March 1, 2010. The study shall include a recommendation on whether or not the amount transferred from the Department of Transportation to the Department of Correction for this work is adequate.

**FEDERAL GRANT REPORTING**

**SECTION 19.2.** The Department of Correction, the Department of Justice, the Department of Crime Control and Public Safety, the Judicial Department, and the Department of Juvenile Justice and Delinquency Prevention shall report by May 1 of each year to the Joint Legislative Commission on Governmental Operations, 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 on federal grant funds received or preapproved for receipt by those departments. The report shall include information on the amount of grant funds received or preapproved for receipt by each department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the department intends to continue the program beyond the end of the grant period, the department shall report on the proposed method for continuing the funding of the program at the end of the grant period. Each department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant.

**USE OF CLOSED PRISON FACILITIES**

**SECTION 19.4.(a)** In conjunction with the closing of prison facilities, including small expensive prison units recommended for consolidation by the Government Performance
Audit Committee, the Department of Correction shall consult with the county or municipality in which the unit is located, with the elected State and local officials, and with State and federal agencies about the possibility of converting that unit to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the unit to other use. In developing a proposal for future use of each unit, the Department shall give priority to converting the unit to other criminal justice use. Consistent with existing law and the future needs of the Department of Correction, the State may provide for the transfer or the lease of any of these units to counties, municipalities, State agencies, or private firms wishing to convert them to other use. The Department of Correction may also consider converting some of the units recommended for closing from one security custody level to another, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

Prior to any transfer or lease of these units, the Department of Correction shall report on the terms of the proposed transfer or lease to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee. The Department of Correction also shall provide annual summary reports to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the conversion of these units to other use and on all leases or transfers entered into pursuant to this section.

SECTION 19.4.(b) The Department of Correction shall study the feasibility of establishing probation revocation centers at closed prison facilities. The Department shall consult with counties to explore cost-sharing of these facilities. The Department shall report its findings to the Chairs of the Appropriations Subcommittees on Justice and Public Safety by February 1, 2010.

LIMIT USE OF OPERATIONAL FUNDS

SECTION 19.5. Funds appropriated in this act to the Department of Correction for operational costs for additional facilities shall be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this act. These funds shall not be expended for any other purpose, except as provided for in this act, and shall not be expended for additional prison personnel positions until the new facilities are within 120 days of projected completion, except that the Department may establish critical positions prior to 120 days of completion representing no more than twenty percent (20%) of the total estimated number of positions.

CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

SECTION 19.6. The Department of Correction may continue to contract with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2009-2011 biennium. The Center for Community Transitions, Inc., shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Correction.

PAROLE ELIGIBILITY REPORT/MUTUAL AGREEMENT PAROLE PROGRAM/MEDICAL RELEASE PROGRAM
SECTION 19.8.(a) The Post-Release Supervision and Parole Commission shall, with the assistance of the North Carolina Sentencing and Policy Advisory Commission and the Department of Correction, analyze the amount of time each inmate who is eligible for parole on or before July 1, 2010, has served compared to the time served by offenders under Structured Sentencing for comparable crimes. The Commission shall determine if the person has served more time in custody than the person would have served if sentenced to the maximum sentence under the provisions of Article 81B of Chapter 15A of the General Statutes. The "maximum sentence," for the purposes of this section, shall be calculated as set forth in subsection (b) of this section.

SECTION 19.8.(b) For the purposes of this section, the following rules apply for the calculation of the maximum sentence:

(1) The offense upon which the person was convicted shall be classified as the same felony class as the offense would have been classified if committed after the effective date of Article 81B of Chapter 15A of the General Statutes.

(2) The minimum sentence shall be the maximum number of months in the presumptive range of minimum durations in Prior Record Level VI of G.S. 15A-1340.17(c) for the felony class determined under subdivision (1) of this subsection. The maximum sentence shall be calculated using G.S. 15A-1340.17(d), (e), or (e1).

(3) If a person is serving sentences for two or more offenses that are concurrent in any respect, then the offense with the greater classification shall be used to determine a single maximum sentence for the concurrent offenses. The fact that the person has been convicted of multiple offenses may be considered by the Commission in making its determinations under subsection (a) of this section.

SECTION 19.8.(c) The Post-Release Supervision and Parole Commission shall report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and to the Chairs of the House of Representatives and Senate Appropriations Committees, and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by April 1, 2010. The report shall include the following: the class of the offense for which each parole-eligible inmate was convicted and whether an inmate had multiple criminal convictions. The Commission shall reinitiate the parole review process for each offender who has served more time than that person would have under Structured Sentencing as provided by subsections (a) and (b) of this section.

The Commission shall also report on the number of parole-eligible inmates reconsidered in compliance with this section and the number who were actually paroled.

SECTION 19.8.(d) The Department of Correction and the Post-Release Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the number of inmates enrolled in the mutual agreement parole program, the number completing the program and being paroled, and the number who enrolled but were terminated from the program. The information should be based on the previous calendar year.

SECTION 19.8.(e) The Department of Correction and the Post-Release Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the number of inmates proposed for release, considered for release, and granted release under Chapter 84B of Chapter 15A of the General Statutes, providing for the medical release of inmates who are either permanently and totally disabled, terminally ill, or geriatric.
REPORTS ON NONPROFIT PROGRAMS

SECTION 19.10.(a) Funds appropriated in this act to the Department of Correction to support the programs of Harriet's House may be used for program operating costs, the purchase of equipment, and the rental of real property to serve women released from prison with children in their custody. Harriet's House shall report by February 1 of each year to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who successfully complete the Harriet's House program, and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

SECTION 19.10.(b) Summit House shall report by February 1 of each year to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, the number of clients who successfully complete the program while housed at Summit House, and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

SECTION 19.10.(c) Women at Risk shall report by February 1 of each year to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, the number of clients who have successfully completed the program, and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

CRIMINAL JUSTICE PARTNERSHIP

SECTION 19.11.(a) Notwithstanding any other provision of law, a county may use funds appropriated pursuant to the Criminal Justice Partnership Act, Article 6A of Chapter 143B of the General Statutes, to provide more than one community-based corrections program.

SECTION 19.11.(b) Effective July 1, 2009, the Department of Correction shall recalculate the county allocation funding formula mandated under G.S. 143B-273.15 using updated data.

SECTION 19.11.(c) Notwithstanding the provisions of G.S. 143B-273.15 specifying that grants to participating counties are for the full fiscal year and that unobligated funds are returned to the State-County Criminal Justice Partnership Account at the end of the grant period, the Department of Correction may reallocate unspent or unclaimed funds distributed to counties participating in the State-County Criminal Justice Partnership Program in an effort to maintain the level of services realized in previous fiscal years.

SECTION 19.11.(d) The Department of Correction may not deny funds to a county to support both a residential program and a day reporting center if the Department of
Correction determines that the county has a demonstrated need and a fully developed plan for each type of sanction.

**SECTION 19.11.(e)** The Department of Correction shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Committees, the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the status of the State-County Criminal Justice Partnership Program. The report shall include the following information:

1. The amount of funds carried over from the prior fiscal year;
2. The dollar amount and purpose of grants awarded to counties as discretionary grants for the current fiscal year;
3. Any counties the Department anticipates will submit requests for new implementation grants;
4. An update on efforts to ensure that all counties make use of the electronic reporting system, including the number of counties submitting offender participation data via the system;
5. An analysis of offender participation data received, including data on each program’s utilization and capacity;
6. An analysis of comparable programs prepared by the Division of Research and Planning, Department of Correction, including a comparison of programs in each program type on selected outcome measures developed by the Division of Community Corrections in consultation with the Fiscal Research Division and the Division of Research and Planning, and a summary of the reports prepared by county Criminal Justice Partnerships Advisory Boards;
7. A review of whether each sentenced offender program is meeting established program goals developed by the Division of Community Corrections in consultation with the Division of Research and Planning and the State Criminal Justice Partnership Advisory Board;
8. The number of community offenders and intermediate offenders served by each county program;
9. The amount of Criminal Justice Partnership funds spent on community offenders and intermediate offenders; and
10. A short description of the services and programs provided by each partnership, including who the service providers are and the amount of funds each service provider receives.

**REPORT ON PROBATION AND PAROLE CASELOADS**

**SECTION 19.12.(a)** The Department of Correction shall report by March 1 of each year to the chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on caseload averages for probation and parole officers. The report shall include:

1. Data on current caseload averages and district averages for probation/parole officer positions;
2. Data on current span of control for chief probation officers;
3. An analysis of the optimal caseloads for these officer classifications;
4. An assessment of the role of surveillance officers;
5. The number and role of paraprofessionals in supervising low-risk caseloads;
(6) An update on the Department's implementation of the recommendations contained in the National Institute of Correction study conducted on the Division of Community Corrections in 2004 and 2008;

(7) The process of assigning offenders to an appropriate supervision level based on a risk assessment and an examination of other existing resources for assessment and case planning, including the Sentencing Services Program in the Office of Indigent Defense Services and the range of screening and assessment services provided by the Division of Mental Health, Developmental Disability, and Substance Abuse Services in the Department of Health and Human Services; and

(8) Data on cases supervised solely for the collection of court-ordered payments.

SECTION 19.12.(b) The Department of Correction shall conduct a study of probation/parole officer workload. The study shall include analysis of the type of offenders supervised, the distribution of the probation/parole officers' time by type of activity, the caseload carried by the officers, and comparisons to practices in other states. The study shall be used to determine whether the caseload goals established by the Structured Sentencing Act are still appropriate, based on the nature of the offenders supervised and the time required to supervise those offenders.

SECTION 19.12.(c) The Department of Correction shall report the results of the study and recommendations for any adjustments to caseload goals to the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by January 1, 2011.

SECTION 19.12.(d) The Department of Correction shall report by March 1 of each year to the Chairs of the House and Senate Appropriations Committees, the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the following:

(1) The number of sex offenders enrolled on active and passive GPS monitoring.

(2) The caseloads of probation officers assigned to GPS-monitored sex offenders.

(3) The number of violations.

(4) The number of absconders.

(5) The projected number of offenders to be enrolled by the end of the 2009-2010 fiscal year and the end of the 2010-2011 fiscal year.

(6) The total cost of the program, including a per-offender cost.

REPORT ON INMATE WELFARE AND CORRECTION ENTERPRISES

SECTION 19.13. The Department of Correction, in consultation with the Office of State Budget and Management, shall study the feasibility of budgeting positions currently funded from the Inmate Welfare Fund and the Correction Enterprise Fund from the General Fund instead. The Department shall report its findings by April 1, 2010, to the chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

PRE-SENTENCE INVESTIGATIONS FEASIBILITY STUDY

SECTION 19.14. The Department of Correction and the Administrative Office of the Courts shall conduct a feasibility study of conducting pre-sentence investigations on all offenders convicted of felonies for which the sentencing judge has the option of intermediate or active punishments. This feasibility study shall be conducted as a pilot implementation,
incorporating a variety of districts across the State reflecting both rural and urban settings, as well as diversity of programming available within the district.

The Department of Correction and the Administrative Office of the Courts shall report the results of the study by May 1, 2010, to the Chairs of the House of Representatives and Senate Appropriations Committees, the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

STUDY INCARCERATED MOTHERS PROGRAM

SECTION 19.15.(a) Our Children's Place, Inc., a nonprofit corporation, shall submit to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by October 1, 2009, a comprehensive plan for the implementation of a contractual program to house incarcerated women with their children. This plan shall include criteria for placement, minimum standards for custody and security, and projections of costs for implementation, including presumptive funding sources and memoranda of intent from affected agencies.

SECTION 19.15.(b) The Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee shall make recommendations to the 2010 Session of the 2009 General Assembly concerning the establishment of a program to house incarcerated women with their children. These recommendations shall address legal issues related to the custody of the children while in the program.

AUTHORIZE STATE RETIREES AND LOCAL GOVERNMENTAL EMPLOYEES TO PURCHASE FROM CORRECTION ENTERPRISES

SECTION 19.16. G.S. 148-132 reads as rewritten:

"§ 148-132. Distribution of products and services. The Division of Correction Enterprises is empowered and authorized to market and sell products and services produced by Correction Enterprises to any of the following entities:

(1) Any public agency or institution owned, managed, or controlled by the State.
(2) Any county, city, or town in this State.
(3) Any federal, state, or local public agency or institution in any other state of the union.
(4) An entity or organization that has tax-exempt status pursuant to section 501(c)(3) of the Internal Revenue Code and also receives local, state, or federal grant funding.
(5) Any current employee or retiree of the State of North Carolina, or of a unit of local government of this State, verified through State-issued identification, or through proof of retirement status, but a State employee's purchases by a State or local governmental employee or retiree may not exceed two thousand five hundred dollars ($2,500) during any calendar year. Products purchased by State and local governmental employees and retirees under this section may not be resold."

PROVISION OF HEALTH CARE SERVICES TO INMATES

SECTION 19.17. The Department of Correction shall seek, whenever possible, to make use of its own hospitals and health care facilities to provide health care services to inmates. To the extent that the Department of Correction must utilize other facilities and services to provide health care services to inmates, the Department shall seek to contract with underutilized community hospitals or other health care facilities in a region to accomplish that goal. In the event that the Department does not have appropriate contracts for services in a
region, it shall ensure that the prisoners requiring such health care services are equitably distributed among all hospitals or other appropriate health care facilities in a region.

SET REIMBURSEMENT TO COUNTIES FOR STATE INMATES HOUSED IN LOCAL CONFINEMENT FACILITIES

SECTION 19.18A. The Department of Correction shall set the per diem reimbursement under G.S. 148-32.1 at nine dollars ($9.00) per day for inmates committed to the custody of local confinement facilities for sentences of 30 days or more.

ACCOMMODATIONS FOR PROBATION OFFICES

SECTION 19.19. G.S. 15-209 reads as rewritten:

"§ 15-209. Accommodations for probation officers. offices.
(a) The county commissioners in each county in which a probation officer serves office exists shall provide, in or near the courthouse, suitable office space for such officer. office.
(b) If a county is unable to provide the space required under subsection (a) of this section for any reason, it may elect to request that the Department of Correction lease space for the probation office and receive reimbursement from the county for the leased space. If a county fails to reimburse the Department for such leased space, the Secretary of Correction may request that the Administrative Office of the Courts transfer the unpaid amount to the Department from the county's court and jail facility fee remittances."

RATES FOR INMATE MEDICAL SERVICES

SECTION 19.20.(a) Unless the Department of Correction has a contract with a provider of medical services specifying otherwise, the Department shall pay to a provider of medical service for any and all inmates committed to the custody of the Department of Correction and confined in a correctional facility an amount no greater than one hundred fifty percent (150%) of the Medicaid reimbursement rate. This limitation applies to all medical services provided outside the facility, including hospitalizations, professional services, prescription drugs, and medications provided to any and all inmates confined in a correctional facility. For required services that are not included in the Medicaid reimbursement schedule, the Department of Correction shall pay the reasonable value of that service.

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

SECTION 19.20.(c) The Department may consult with the North Carolina Hospital Association to identify cost containment measures through more efficient use of contracting with underutilized hospitals and health care providers.

ESTABLISH THE SPECIAL COMMITTEE ON SENTENCING AND PRISON OVERCROWDING

SECTION 19.22.(a) There is established the Special Committee on Sentencing and Prison Overcrowding.

SECTION 19.22.(b) The Committee shall be composed of 20 members. The President Pro Tempore of the Senate shall appoint 10 members and the Speaker of the House of Representatives shall appoint 10 members.

The President Pro Tempore of the Senate shall designate a cochair for the Committee and the Speaker of the House of Representatives shall designate a cochair for the Committee. Any vacancy which occurs on the Committee shall be filled in the same manner as

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the original appointment. A majority of the members shall constitute a quorum. The Committee may meet at any time upon the call of the cochairs.

SECTION 19.22.(c) The Committee shall study the State's current sentencing laws and policies, consider the current availability, use, and effectiveness of alternative punishments, and evaluate how all of those contribute to the increasing number of nonviolent offenders housed in State and local government correctional facilities. In conducting the study the Committee shall do all of the following:

(1) Review the State's sentencing grid currently used under structured sentencing, the criteria used to assign classifications to felonies and misdemeanors, and the active sentence lengths imposed for each offense.

(2) Review and evaluate the criteria set out in G.S. 164-42.2, which outlines the basis for the current comprehensive community corrections strategy and organizational structure for the State.

(3) Develop criteria to determine what criminal offenses are clearly nonviolent offenses and, based on that criteria, identify specific offenses that may be considered nonviolent offenses.

(4) Consider the various alternative punishments that are available to incarceration and the effectiveness of those alternatives, especially with regard to decreasing the recidivism rate among nonviolent offenders.

(5) Consider the continuum of community services and community-based corrections programs available in the State.

(6) Consider what an appropriate and effective sentence may be for a nonviolent offense, including whether a sentence should include a period of incarceration and whether there is an alternative punishment that may be appropriate.

(7) Assess the cost-effectiveness of the use of State and local funds in the criminal justice and corrections systems.

(8) Assess any risk posed to public safety with the use of alternative punishments and community treatment programs.

(9) Study the role that misdemeanants, both nonviolent and violent, have with regard to State and local correctional facilities.

(10) Assess and analyze the funding mechanisms for the continuum of community services and community-based corrections.

(11) Assess the different needs and assets of communities and the nonviolent offenders residing in those communities, determine how those needs vary, and evaluate how to address the needs while utilizing to the fullest extent the assets of the communities.

(12) Consider any recommendations of the Sentencing Commission regarding modification of the sentencing grid and use of alternative punishments.

(13) Any other issue that the Committee deems relevant to the study.

SECTION 19.22.(d) The Committee, while in the discharge of its official duties, may exercise all the powers provided under the provisions of Articles 5 and 5A of Chapter 120 of the General Statutes. The Committee may meet in the Legislative Building or the Legislative Office Building. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

SECTION 19.22.(e) The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The Senate's and the House of Representatives' Director of Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.
SECTION 19.22.(f) The Committee may make an interim report to the 2010 Regular Session of the 2009 General Assembly and shall make its final report, including any legislative proposals, by the convening of the 2011 General Assembly. The Committee shall terminate upon filing its final report or upon the convening of the 2012 Regular Session of the 2011 General Assembly, whichever is earlier.

INCREASE FEE FOR COMMUNITY SERVICE WORK PROGRAM

SECTION 19.23.(a) G.S. 15A-1371(i) reads as rewritten:

"(i) A fee of two-three hundred dollars ($200.00) ($300.00) shall be paid by all persons who participate in the Community Service Parole Program. That fee must be paid to the clerk of court in the county in which the parolee is released. The fee must be paid in full within two weeks unless the Post-Release Supervision and Parole Commission, upon a showing of hardship by the person, allows the person additional time to pay the fee. The parolee may not be required to pay the fee before the person begins the community service unless the Post-Release Supervision and Parole Commission specifically orders that the person do so. Fees collected under this subsection shall be deposited in the General Fund. The fee imposed under this subsection may be paid as prescribed by the supervising parole officer."

SECTION 19.23.(b) G.S. 20-179.4(c) reads as rewritten:

"(c) A fee of two-three hundred dollars ($200.00) ($300.00) shall be paid by all persons serving a community service sentence. That fee shall be paid to the clerk of court in the county in which the person is convicted. The fee shall be paid in full within two weeks unless the court, upon a showing of hardship by the person, allows additional time to pay the fee. The person may not be required to pay the fee before beginning the community service unless the court specifically orders the person to do so."

SECTION 19.23.(c) G.S. 143B-262.4(b) reads as rewritten:

"(b) Unless a fee is assessed pursuant to G.S. 20-179.4 or G.S. 15A-1371(i), a fee of two-three hundred dollars ($200.00) ($300.00) shall be paid by all persons who participate in the program or receive services from the program staff. Fees collected pursuant to this subsection shall be deposited in the General Fund. If the person is convicted in a court in this State, the fee shall be paid to the clerk of court in the county in which the person is convicted. If the person is participating in the program as a result of a deferred prosecution or similar program, the fee shall be paid to the clerk of court in the county in which the agreement is filed. Persons participating in the program for any other reason shall pay the fee to the clerk of court in the county in which the services are provided by the program staff. The fee shall be paid in full within two weeks from the date the person is ordered to perform the community service, and before the person may participate in the community service program, except that:

1. A person convicted in a court in this State may be given an extension of time or allowed to begin the community service before the person pays the fee by the court in which the person is convicted; or
2. A person performing community service pursuant to a deferred prosecution or similar agreement may be given an extension of time or allowed to begin community service before the fee is paid by the official or agency representing the State in the agreement."

COMMUNITY WORK CREW FEE

SECTION 19.24. Article 3 of Chapter 148 of the General Statutes is amended by adding a new section to read:

"§ 148-32.2. Community work crew fee.
The Department of Correction may charge a fee to any unit of local government to which it provides, upon request, a community work crew. The amount of the fee shall be no more than the cost to the Department to provide the crew to the unit of local government."
PART XX. GENERAL GOVERNMENT – RESERVED

PART XXA. DEPARTMENT OF ADMINISTRATION

NC GREEN BUSINESS FUND/FUNDS

SECTION 20A.1. Of the funds received by the State under the American Recovery and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office, Department of Administration, for the 2009-2010 fiscal year, the sum of five million dollars ($5,000,000) in nonrecurring funds shall be allocated to the North Carolina Green Business Fund in the Department of Commerce.

BIOFUELS CENTER OF NORTH CAROLINA

SECTION 20A.2. Of the funds received by the State under the American Recovery and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office, Department of Administration, for the 2009-2010 fiscal year, the sum of five million dollars ($5,000,000) in nonrecurring funds shall be allocated to the Biofuels Center of North Carolina. These funds shall be used for costs related to implementing the North Carolina Strategic Plan for Biofuels Leadership developed under S.L. 2006-206.

COASTAL SOUNDS WIND STUDY

SECTION 20A.3. Of the funds received by the State under the American Recovery and Reinvestment Act of 2009 and appropriated in this act to the State Energy Office, Department of Administration, for the 2009-2010 fiscal year, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds shall be allocated to The University of North Carolina. These funds shall be used for costs related to implementing the pilot project described in Section 9.14 of this act.

INCREASE MARRIAGE LICENSE FEE

SECTION 20A.4.(a) G.S. 161-10(a)(2) reads as rewritten:
"(2) Marriage Licenses. – For issuing a license fifty dollars ($50.00); sixty dollars ($60.00); for issuing a delayed certificate with one certified copy twenty dollars ($20.00); and for a proceeding for correction of an application, license or certificate, with one certified copy ten dollars ($10.00)."

SECTION 20A.4.(b) G.S. 161-11.2 reads as rewritten:
"Twenty dollars ($20.00) Thirty dollars ($30.00) of each fee collected by a register of deeds for issuance of a marriage license pursuant to G.S. 161-10(a)(2) shall be forwarded by the register of deeds to the county finance officer, who shall forward the funds to the Department of Administration to be credited to the Domestic Violence Center Fund established under G.S. 50B-9. The register of deeds shall forward the fees to the county finance officer as soon as practical. The county finance officer shall forward the fees to the Department of Administration within 60 days after receiving the fees. The Register of Deeds shall inform the applicants that twenty dollars ($20.00) thirty dollars ($30.00) of the fee for a marriage license shall be used for Domestic Violence programs."

SECTION 20A.4.(c) This section becomes effective July 1, 2009, and applies to licenses issued on or after that date.

PART XXB. DEPARTMENT OF CULTURAL RESOURCES

TRANSFER ADMINISTRATION OF THE GRAVEYARD OF THE ATLANTIC MUSEUM TO THE ROANOKE ISLAND COMMISSION
SECTION 20B.1.(a) G.S. 121-7.4 reads as rewritten:

"§ 121-7.4. Graveyard of the Atlantic Museum.

The Department of Cultural Resources shall assume from the Graveyard of the Atlantic Museum, the administration of the Graveyard of the Atlantic Museum on Hatteras Island and shall designate it designate the Graveyard of the Atlantic Museum on Hatteras Island as a member of the State History Museums Division, in accordance with the feasibility study conducted by the Department."

SECTION 20B.1.(b) G.S. 143B-131.2 reads as rewritten:

"§ 143B-131.2. Roanoke Island Commission – Purpose, powers, and duties.

(a) The Commission is created to combine various existing entities in the spirit of cooperation for a cohesive body to protect, preserve, develop, and interpret the historical and cultural assets of Roanoke Island. The Commission is further created to operate and administer the Elizabeth II State Historic Site and Visitor Center, the Elizabeth II, Ice Plant Island, and all other properties under the administration of the Department of Cultural Resources located on Roanoke Island having historical significance to the State of North Carolina, Dare County, or the Town of Manteo, Manteo, and the Graveyard of the Atlantic Museum on Hatteras Island, except as otherwise determined by the Commission.

(b) The Commission shall have the following powers and duties:

(1) To advise the Secretary of Transportation and adopt rules on matters pertaining to, affecting, and encouraging restoration, preservation, and enhancement of the appearance, maintenance, and aesthetic quality of U.S. Highway 64/264 and the U.S. 64/264 Bypass travel corridor on Roanoke Island and the grounds on Roanoke Island Festival Park.

(2) To operate the Elizabeth II State Historic Site and Visitor Center and the Elizabeth II as permanent memorials commemorating the Roanoke Voyages, 1584-1587.

(2a) To operate and fund the Graveyard of the Atlantic Museum on Hatteras Island.

...."

ELIMINATE TRANSFER OF FUNDS APPROPRIATED TO ROANOKE ISLAND COMMISSION TO NONPROFIT CORPORATION

SECTION 20B.2.(a) G.S. 143B-131.2(b)(10) reads as rewritten:

"(b) The Commission shall have the following powers and duties:

..."

(10) To establish and maintain a separate fund composed of moneys which may come into its hands from gifts, donations, grants, or bequests, which funds will be used by the Commission for purposes of carrying out its duties and purposes herein set forth. The Commission may also establish a reserve fund to be maintained and used for contingencies and emergencies. Funds appropriated to the Commission may be transferred to the Friends of Elizabeth II, Inc., a private, nonprofit corporation. The Friends of Elizabeth II, Inc., shall use the funds transferred to it to carry out the purposes of this Part."

SECTION 20B.2.(b) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Cultural Resources, shall close the Roanoke Island Commission (Special Fund code 24802-2584) and transfer the unencumbered cash balance on June 30, 2009, to the Department of Cultural Resources (General Fund Budget code 14800-1584).

ARCHIVES AND RECORDS MANAGEMENT PROGRAM FEE
SECTION 20B.3.(a) Article 1 of Chapter 161 of the General Statutes is amended by adding a new section to read:

"§ 161-11.6. Fees for archival of records.
A fee of five dollars ($5.00) shall be collected by the register of deeds from the grantor on each instrument by which any interest in real property is conveyed to another person, who shall remit the funds to the county finance officer, who shall remit the funds, less the county's allowance for administrative expenses, on a monthly basis to the Department of Cultural Resources to be used to offset the cost of the Archives and Records Management Program pursuant to Chapter 121 and Chapter 132 of the General Statutes. Two percent (2%) of the fee shall be retained by the county to be used by the register of deeds and the county to cover administrative costs in collecting and remitting the fee. This fee shall be charged in addition to the fees for registering, filing, or recording instruments as provided by G.S. 161-10."

SECTION 20B.3.(b) G.S. 121-5 is amended by adding a new subsection to read:

"(e) Program Funding. – Fees credited to the Department under G.S. 161-11.6 shall be used to offset the Department's costs in providing essential records management and archival services for public records pursuant to Chapter 121 and Chapter 132 of the General Statutes."

SECTION 20B.3.(c) This section becomes effective October 1, 2009, and applies to all real estate transactions registered, filed, or recorded on or after that date.

PART XXC. OFFICE OF THE STATE AUDITOR

NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., TO CONDUCT AUDITS OF LOCAL PARTNERSHIPS

SECTION 20C.1.(a) G.S. 143B-168.12(c) reads as rewritten:

"(c) The North Carolina Partnership shall require each local partnership to place in each of its contracts a statement that the contract is subject to monitoring by the local partnership and North Carolina Partnership, that contractors and subcontractors shall be fidelity bonded, unless the contractors or subcontractors receive less than one hundred thousand dollars ($100,000) or unless the contract is for child care subsidy services, that contractors and subcontractors are subject to audit oversight by the State Auditor, and that contractors and subcontractors shall be subject to the requirements of G.S. 143C-6.14, G.S. 143C-6-22. Organizations subject to G.S. 159-34 shall be exempt from this requirement."

SECTION 20C.1.(b) G.S. 143B-168.14(b) reads as rewritten:

"(b) Each local partnership shall be subject to audit and review by the State Auditor under Article 5A of Chapter 147 of the General Statutes. The State Auditor, North Carolina Partnership. The North Carolina Partnership shall conduct contract for annual financial and compliance audits of local partnerships that are rated "needs improvement" in performance assessments authorized in G.S. 143B-168.12(a)(7). Local partnerships that are rated "superior" or "satisfactory" in performance assessments authorized in G.S. 143B-168.12(a)(7) shall undergo biennial financial and compliance audits as contracted for by the State Auditor, North Carolina Partnership."
SECTION 21.2. G.S. 58-35-5 reads as rewritten:

"§ 58-35-5. License required; fees.
(a) No person except an authorized insurer shall engage in the business of an insurance premium finance company without obtaining a license from the Commissioner, as provided in this Article.

... 
(e) There shall be two types of licenses issued to an insurance premium finance company:
(1) An "A" type license shall be issued to insurance premium finance companies whose business of insurance premium financing is limited to the financing of insurance premiums of one insurance agent or agency and whose primary function is to finance only the insurance premium of such agent or agency. The license fee for an "A" type license shall be three hundred dollars ($300.00) six hundred dollars ($600.00) for each license year or part thereof.
(2) A "B" type license shall be issued to an insurance premium finance company whose business of insurance premium financing is not limited to the financing of insurance premiums of one insurance agent or agency and whose primary function is to finance the insurance premiums of more than one insurance agent or agency. The license fee for a "B" type license shall be one thousand two hundred dollars ($1,200) two thousand four hundred dollars ($2,400) for each license year or part thereof.

A branch office license may be issued for either an "A" type or "B" type license. The fee for the branch office license shall be fifty dollars ($50.00) one hundred dollars ($100.00) for each license year or part thereof. The examination fee when required by this section shall be two hundred fifty dollars ($250.00) per application."

SECTION 21.3. G.S. 143-151.16 reads as rewritten:

"§ 143-151.16. Certification fees; renewal of certificates; examination fees.
(a) The Board shall establish a schedule of fees to be paid by each applicant for certification as a qualified Code-enforcement official. Such fee shall not exceed twenty dollars ($20.00) for each applicant.
(b) A certificate, other than a probationary certificate, as a qualified Code-enforcement official issued pursuant to the provisions of this Article must be renewed annually on or before the first day of July. Each application for renewal must be accompanied by a renewal fee to be determined by the Board, but not to exceed ten dollars ($10.00). The Board is authorized to charge an extra two dollar ($2.00) four dollar ($4.00) late renewal fee for renewals made after the first day of July each year.
..."

SECTION 21.4. G.S. 143-143.11 reads as rewritten:

"§ 143-143.11. License required; application for license.
(a) It shall be unlawful for any manufactured home manufacturer, dealer, salesperson, or set-up contractor to engage in business as such in this State without first obtaining a license from the Board for each place of business operated by the licensee, as provided in this Part. The fact that a person is licensed by the Board as a set-up contractor or a dealer does not preempt any other licensing boards' applicable requirements for that person.
(b) Application for the license shall be made to the Board at such time, in such form, and contain information the Board requires, and shall be accompanied by the fee established by the Board. The fee shall not exceed three hundred dollars ($300.00) three hundred fifty dollars ($350.00) per application."
($350.00) for each license issued. In addition to the license fee, the Board may also charge an applicant a fee to cover the cost of the criminal history record check required by G.S. 143-143.10A.

(c) In the application, the Board shall require information relating to the matters set forth in G.S. 143-143.13 as grounds for refusal of a license, and information relating to other pertinent matters consistent with safeguarding the public interest. All of this information shall be considered by the Board in determining the fitness of the applicant. Once the Board has determined that an applicant is fit, the Board must provide the applicant a license for each place of business operated by the applicant.

(d) All licenses shall expire, unless revoked or suspended, on June 30 of each year following the date of issue.

(e) Every licensee shall, on or before the first day of July of each year, obtain a renewal of a license for the next year by applying to the Board, completing the necessary hours of continuing education required under G.S. 143-143.11B, and paying the required renewal fee for each place of business operated by the licensee. The renewal fee shall not exceed three hundred dollars ($300.00) for each license issued. Upon failure to renew by the first day of July, a license automatically expires. The license may be renewed at any time within one year after its lapse upon payment of the renewal fee and a late filing fee. The late filing fee shall not exceed three hundred dollars ($300.00).


(g) Notwithstanding the provisions of subsection (a), the Board may provide by rule that a manufactured home salesperson will be allowed to engage in business during the time period after making application for a license but before such license is granted.

(h) As a prerequisite to obtaining a license under this Part, a person may be required to pass an examination prescribed by the Board that is based on the Code, this Part, and any other subject matter considered relevant by the Board.

**COLLECTION AGENCY LICENSE FEE INCREASE**

SECTION 21.5. G.S. 58-70-35 reads as rewritten:

"§ 58-70-35. Application fee; issuance of permit; contents and duration."

(a) Upon the filing of the application and information required by this Article, the applicant shall pay a nonrefundable fee of five hundred dollars ($500.00), one thousand dollars ($1,000), and no permit may be issued until this fee is paid. Fees collected under this subsection shall be used in paying the expenses incurred in connection with the consideration of such applications and the issuance of such permits.

..."

**MOTOR CLUB LICENSE FEE INCREASE**

SECTION 21.6. G.S. 58-69-10 reads as rewritten:

"§ 58-69-10. Applications for licenses; fees; bonds or deposits."

Licenses hereunder shall be obtained by filing written application therefor with the Commissioner in such form and manner as the Commissioner shall require. As a prerequisite to issuance of a license:

(1) The applicant shall furnish to the Commissioner such data and information as the Commissioner may deem reasonably necessary to enable him to determine, in accordance with the provisions of G.S. 58-69-15, whether or not a license should be issued to the applicant.

(1a) If the applicant has never been issued a motor club license it shall be required to submit an audited financial statement. If the applicant has previously been licensed the Commissioner may require that the financial
(2) If the applicant is a motor club it shall be required to pay to the Commissioner a nonrefundable annual license fee of three hundred dollars ($300.00), six hundred dollars ($600.00) and to deposit or file with the Commissioner a bond, in favor of the State of North Carolina and executed by a surety company duly authorized to transact business in this State, in the amount of fifty thousand dollars ($50,000), or securities of the type hereinafter specified in the amount of fifty thousand dollars ($50,000), pledged to or made payable to the State of North Carolina and conditioned upon the full compliance by the applicant with the provisions of this Article and the regulations and orders issued by the Commissioner pursuant thereto, and upon the good faith performance by the applicant of its contracts for motor club services.

(3) If the applicant is a branch or district office of a motor club licensed under this Article it shall pay to the Commissioner a nonrefundable license fee of fifty dollars ($50.00).

(4) If the applicant is a franchise motor club it shall pay to the Commissioner a nonrefundable annual license fee of one hundred dollars ($100.00), two hundred dollars ($200.00) and shall deposit or file with the Commissioner a bond, in favor of the State of North Carolina and executed by a surety company duly authorized to transact business in this State, in the amount of fifty thousand dollars ($50,000), or securities of the type hereinafter specified in the amount of fifty thousand dollars ($50,000), pledged to or made payable to the State of North Carolina and conditioned upon the full compliance by the applicant with the provisions of this Article and the regulations and orders issued by the Commissioner pursuant thereto and upon the good faith performance by the applicant of its contracts for motor club services.

(5) Any applicant depositing securities under this section shall do so in the form and manner as prescribed in Article 5 of this Chapter, and the provisions of Article 5 of this Chapter, shall be applicable to securities pledged under this Article."

BAIL BONDSMEN AND RUNNERS FEE INCREASES

SECTION 21.7. G.S. 58-71-55 reads as rewritten:

"§ 58-71-55. License fees.
A nonrefundable license fee of one hundred dollars ($100.00), two hundred dollars ($200.00) shall be paid to the Commissioner with each application for license as a bail bondsman and a license fee of sixty dollars ($60.00), one hundred twenty dollars ($120.00) shall be paid to the Commissioner with each application for license as a runner."

HOME INSPECTOR LICENSE FEE INCREASES

SECTION 21.8. G.S. 143-151.57 reads as rewritten:

"§ 143-151.57. Fees.
(a) Maximum Fees. – The Board may adopt fees that do not exceed the amounts set in the following table for administering this Article:

<table>
<thead>
<tr>
<th>Item</th>
<th>Maximum Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application for home inspector license</td>
<td>$25.00  35.00</td>
</tr>
<tr>
<td>Application for associate home inspector</td>
<td>15.00  20.00</td>
</tr>
<tr>
<td>Home inspector examination</td>
<td>75.00  80.00</td>
</tr>
</tbody>
</table>

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Issuance or renewal of home inspector license $150.00 $160.00
Issuance or renewal of associate home inspector license $100.00 $110.00
Late renewal of home inspector license $25.00 $30.00
Late renewal of associate home inspector license $15.00 $20.00
Application for course approval $150.00
Renewal of course approval $75.00
Course fee, per credit hour per license $5.00
Credit for unapproved continuing education course $50.00
Copies of Board rules or licensure standards Cost of printing

(b) Subsequent Application. – An individual who applied for a license as a home inspector and who failed the home inspector examination is not required to pay an additional application fee if the individual submits another application for a license as a home inspector. The individual must pay the examination fee, however, to be eligible to take the examination again.

CCRC APPLICATION AND ANNUAL DISCLOSURE FILING FEE INCREASES

SECTION 21.9.(a) G.S. 58-64-5 reads as rewritten:

"§ 58-64-5. License.
(a) No provider shall engage in the business of offering or providing continuing care in this State without a license to do so obtained from the Commissioner as provided in this Article. It is a Class 1 misdemeanor for any person, other than a provider licensed under this Article, to advertise or market to the general public any product similar to continuing care through the use of such terms as "life care", "continuing care", or "guaranteed care for life", or similar terms, words, or phrases. The licensing process may involve a series of steps pursuant to rules adopted by the Commissioner under this Article.
(b) The application for a license shall be filed with the Department by the provider on forms prescribed by the Department and within a period of time prescribed by the Department; and shall include all information required by the Department pursuant to rules adopted by it under this Article including, but not limited to, the disclosure statement meeting the requirements of this Article and other financial and facility development information required by the Department. The application for a license must be accompanied by an application fee of two hundred dollars ($200.00)."

SECTION 21.9.(b) G.S. 58-64-30 reads as rewritten:

(a) Within 150 days following the end of each fiscal year, the provider shall file with the Commissioner a revised disclosure statement setting forth current information required pursuant to G.S. 58-64-20. The provider shall also make this revised disclosure statement available to all the residents of the facility. This revised disclosure statement shall include a narrative describing any material differences between (i) the forecasted statements of revenues and expenses and cash flows or other forecasted financial data filed pursuant to G.S. 58-64-20 as a part of the disclosure statement recorded most immediately subsequent to the start of the provider's most recently completed fiscal year and (ii) the actual results of operations during that fiscal year, together with the revised forecasted statements of revenues and expenses and cash flows or other forecasted financial data being filed as a part of the revised disclosure statement. A provider may also revise its disclosure statement and have the revised disclosure statement recorded at any other time if, in the opinion of the provider, revision is necessary to prevent an otherwise current disclosure statement from containing a material misstatement of fact or omitting a material fact required to be stated therein. Only the most recently recorded disclosure statement, with respect to a facility, and in any event, only a disclosure statement
dated within one year plus 150 days prior to the date of delivery, shall be considered current for purposes of this Article or delivered pursuant to G.S. 58-64-20.

(b) The annual disclosure statement required to be filed with the Commissioner under this section shall be accompanied by an annual filing fee of one hundred dollars ($100.00), one thousand dollars ($1,000)."

HEALTH MAINTENANCE ORGANIZATION FEE INCREASES

SECTION 21.10. G.S. 58-67-160 reads as rewritten:

Every health maintenance organization subject to this Article shall pay to the Commissioner a fee of two hundred fifty dollars ($250.00), five hundred dollars ($500.00) for filing an application for a license and an annual license continuation fee of one thousand five hundred dollars ($1,500), two thousand dollars ($2,000) for each license. The license shall continue in full force and effect, subject to timely payment of the annual license continuation fee in accordance with G.S. 58-6-7 and subject to any other applicable provisions of the insurance laws of this State."

INSURANCE COMPANY APPLICATION AND LICENSING FEE INCREASES

SECTION 21.11.(a) G.S. 58-6-5(1) reads as rewritten:

"(1) For filing and examining an insurance company application for admission, a nonrefundable fee of two hundred fifty dollars ($250.00), one thousand dollars ($1,000), to be submitted with the filing; for each certification or confirmation of an insurance company deposit held by the Commissioner pursuant to this Chapter, twenty-five dollars ($25.00)."

SECTION 21.11.(b) G.S. 58-6-7(a) reads as rewritten:

"(a) In order to do business in this State, an insurance company shall apply for and obtain a license from the Commissioner. The license shall be perpetual and shall continue in full force and effect, subject to timely payment of the annual license continuation fee in accordance with this Chapter and subject to any other applicable provision of the insurance laws of this State. The insurance company shall pay a fee for each year the license is in effect, as follows:

For each domestic farmer's mutual assessment fire insurance company ............$  25.00
For each fraternal order ........................................................................500.00
For each of all other insurance companies, except mutual burial associations taxed under G.S. 105-121.1 ....................1,500.00

The fees levied in this subsection are in addition to those specified in G.S. 58-6-5."

LIABILITY RISK RETENTION AND PURCHASING GROUP FEE INCREASES

SECTION 21.12. G.S. 58-22-70 reads as rewritten:

"§ 58-22-70. Registration and renewal fees.
Every risk retention group and purchasing group that registers with the Commissioner under this Article shall pay the following fees:

Risk retention group registration  $250.00  $500.00
Purchasing group registration  50.00  500.00
Risk retention group renewal  1,000.00  1,500.00
Purchasing group renewal  50.00  100.00

Registration fees shall not be prorated and must be submitted with the application for registration. Renewal fees shall not be prorated and shall be paid on or before January 1 of each year."

MEDICAL SERVICE CORPORATION FEE INCREASES
SECTION 21.13.(a) G.S. 58-65-1 reads as rewritten:

"§ 58-65-1. Regulation and definitions; application of other laws; profit and foreign corporations prohibited.

(a) Any corporation organized under the general corporation laws of the State of North Carolina for the purpose of maintaining and operating a nonprofit hospital or medical or dental service plan whereby hospital care or medical or dental service may be provided in whole or in part by the corporation or by hospitals, physicians, or dentists participating in the plan, or plans, shall be governed by this Article and Article 66 of this Chapter and shall be exempt from all other provisions of the insurance laws of this State, unless otherwise provided.

The term "hospital service plan" as used in this Article includes the contracting for certain fees for, or furnishing of, hospital care, laboratory facilities, X-ray facilities, drugs, appliances, anesthesia, nursing care, operating and obstetrical equipment, accommodations or any other services authorized or permitted to be furnished by a hospital under the laws of the State of North Carolina and approved by the North Carolina Hospital Association or the American Medical Association.

The term "medical service plan" as used in this Article includes the contracting for the payment of fees toward, or furnishing of, medical, obstetrical, surgical or any other professional services authorized or permitted to be furnished by a duly licensed physician or other provider listed in G.S. 58-50-30. The term "medical services plan" also includes the contracting for the payment of fees toward, or furnishing of, professional medical services authorized or permitted to be furnished by a duly licensed provider of health services licensed under Chapter 90 of the General Statutes.

The term "dental service plan" as used in this Article includes contracting for the payment of fees toward, or furnishing of dental or any other professional services authorized or permitted to be furnished by a duly licensed dentist.

The term "hospital service corporation" as used in this Article is intended to mean any nonprofit corporation operating a hospital or medical or dental service plan, as defined in this section. Any corporation organized and subject to the provisions of this Article, the certificate of incorporation of which authorizes the operation of either a hospital or medical or dental service plan, or any or all of them, may, with the approval of the Commissioner, issue subscribers' contracts or certificates approved by the Commissioner of Insurance, for the payment of either hospital or medical or dental fees, or the furnishing of such services, or any or all of them, and may enter into contracts with hospitals for physicians or dentists, or any or all of them, for the furnishing of fees or services respectively under a hospital or medical or dental service plan, or any or all of them.

The term "preferred provider" as used in this Article with respect to contracts, organizations, policies or otherwise means a health care service provider who has agreed to accept, from a corporation organized for the purposes authorized by this Article or other applicable law, special reimbursement terms in exchange for providing services to beneficiaries of a plan administered pursuant to this Article. Except to the extent prohibited either by G.S. 58-65-140 or by rules adopted by the Commissioner not inconsistent with this Article, the contractual terms and conditions for special reimbursement shall be those which the corporation and preferred provider find to be mutually agreeable.

The term "full service corporation" as used in this Article means any corporation organized under the provisions of this Article that offers a medical service plan or a hospital service plan.

The term "single service corporation" as used in this Article means any corporation organized under the provisions of this Article that offers only a dental service plan.

...."

SECTION 21.13.(b) G.S. 58-65-55 reads as rewritten:

"§ 58-65-55. Issuance and continuation of license."
(a) Every corporation subject to this Article shall pay to the Commissioner a fee of two
hundred fifty dollars ($250.00) for filing an application for a license. Fee payment shall be
contemporaneous with the filing. Before issuing or continuing any such license or certificate
the Commissioner may make such an examination or investigation as the Commissioner deems
expedient. The Commissioner shall issue a license upon the payment of a fee of one thousand
five hundred dollars ($1,500) for a single service corporation or two thousand five hundred
dollars ($2,500) for a full service corporation and upon being satisfied on the following points:

(1) The applicant is established as a bona fide nonprofit hospital service
corporation as defined by this Article and Article 66 of this Chapter.
(2) The rates charged and benefits to be provided are fair and reasonable.
(3) The amounts provided as working capital of the corporation are repayable
only out of earned income in excess of amounts paid and payable for
operating expenses and hospital and medical and/or dental expenses and
such reserve as the Department deems adequate, as provided hereinafter.
(4) That the amount of money actually available for working capital be
sufficient to carry all acquisition costs and operating expenses for a
reasonable period of time from the date of the issuance of the certificate.

(b) The license shall continue in full force and effect, subject to payment of an annual
license continuation fee of one thousand five hundred dollars ($1,500) one thousand five
hundred dollars ($1,500) for a single service corporation or two thousand five hundred
dollars ($2,500), subject to all other provisions of subsection (a) of this section and subject to any other
applicable provisions of the insurance laws of this State."

SURPLUS INSURANCE LINES APPLICATION AND LICENSE FEE INCREASES

SECTION 21.14. G.S. 58-21-20(c) reads as rewritten:
"(c) Every surplus lines insurer that applies for eligibility under this section shall pay a
nonrefundable fee of two hundred fifty dollars ($250.00). In order to renew eligibility, such insurer shall pay a nonrefundable renewal fee of five hundred
dollars ($500.00) on or before January 1 of each year thereafter. Such fees shall not be prorated."

ACCREDITED REINSURANCE LICENSE FEE INCREASE

SECTION 21.15. G.S. 58-7-21(b) reads as rewritten:
"(b) Credit for reinsurance shall be allowed to a licensed insurer as either an asset
or a reduction from liability on account of reinsurance ceded only when the reinsurer meets the
requirements of subdivisions (1), (2), (3), (4), or (5) of this subsection. Credit shall be allowed
under subdivision (1), (2), or (3) of this subsection only with regard to cessions of those kinds
or classes of business in which the assuming insurer is licensed or otherwise permitted to write
or assume in its state of domicile or, in the case of a United States branch of an alien assuming
insurer, in the state through which it is entered and licensed to transact insurance or
reinsurance. Credit shall be allowed under subdivision (3) or (4) of this subsection only if the
applicable requirements of subdivision (6) of this section have been satisfied.

(1) Credit shall be allowed when the reinsurance is ceded to an assuming insurer
that is licensed to transact insurance or reinsurance in this State.
(2) Credit shall be allowed when the reinsurance is ceded to an assuming insurer
that is accredited as a reinsurer in this State. An accredited reinsurer is one
that:
  a. Files with the Commissioner evidence of its submission to this
     State's jurisdiction;
  b. Submits to this State's authority to examine its books and records;
c. Is licensed to transact insurance or reinsurance in at least one state, or in the case of a United States branch of an alien assuming insurer is entered through and licensed to transact insurance or reinsurance in at least one state;

d. Files annually with the Commissioner a copy of its annual statement filed with the insurance regulator of its state of domicile, a copy of its most recent audited financial statement, and a fee of five hundred dollars ($500.00), seven hundred fifty dollars ($750.00) and either

1. Maintains a policyholders' surplus in an amount that is not less than twenty million dollars ($20,000,000) and whose accreditation has not been denied by the Commissioner within 90 days after its submission; or

2. Maintains a policyholders' surplus in an amount less than twenty million dollars ($20,000,000) and whose accreditation has been approved by the Commissioner.

Credit shall not be allowed a domestic ceding insurer if the assuming insurer's accreditation has been revoked by the Commissioner after notice and opportunity for a hearing.

THIRD-PARTY INSURANCE ADMINISTRATOR LICENSE FEE INCREASE

SECTION 21.16. G.S. 58-56-51 reads as rewritten:

"§ 58-56-51. License required.

(a) No person shall act as, offer to act as, or hold himself or herself out as a TPA in this State without a valid TPA license issued by the Commissioner. Licenses shall be renewed annually. Failure to submit a complete renewal application shall result in the expiration of the license of the TPA as a matter of law; provided, however, the Commissioner may grant the TPA an extension of time for good cause.

(b) Each application for the issuance or renewal of a license shall be made upon a form prescribed by the Commissioner and shall be accompanied by a nonrefundable filing fee of one hundred dollars ($100.00); three hundred dollars ($300.00) and evidence of maintenance of a fidelity bond, errors and omissions liability insurance, or other security, of a type and in an amount to be determined by rules of the Commissioner. Applications for issuance of licenses shall include or be accompanied by the following information and documents:

1. All organizational documents of the TPA, including any articles of incorporation, articles of association, partnership agreement, trade name certificate, or trust agreement, any other applicable documents, and all amendments to these documents.

The information required by subdivisions (1) through (7) of this subsection, including any trade secrets, shall be kept confidential; provided that the Commissioner may use that information in any judicial or administrative proceeding instituted against the TPA. Applications for renewals of licenses shall include or be accompanied by any changes in the information required by subdivisions (1) through (7) of this subsection.

VIAITAL SETTLEMENT PROVIDER AND BROKER LICENSE FEE INCREASES

SECTION 21.17. G.S. 58-58-210 reads as rewritten:


..."
(b) Application for a provider or broker license shall be made to the Commissioner by the applicant on a form prescribed by the Commissioner, and these applications shall be accompanied by a fee of one hundred dollars ($100.00); five hundred dollars ($500.00).

(c) Licenses may be renewed from year to year on the anniversary date upon payment of the annual renewal fee of one hundred dollars ($100.00); five hundred dollars ($500.00). Failure to pay the fees by the renewal date results in expiration of the license.

PART XXIA. OFFICE OF ADMINISTRATIVE HEARINGS

FEES FOR FILING CONTESTED CASE HEARINGS BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS

SECTION 21A.1.(a) G.S. 150B-23(a) reads as rewritten:

"(a) A contested case shall be commenced by paying a fee in an amount established in G.S. 150B-23.2 and by filing a petition with the Office of Administrative Hearings and, except as provided in Article 3A of this Chapter, shall be conducted by that Office. The party who files the petition shall serve a copy of the petition on all other parties and, if the dispute concerns a license, the person who holds the license. A party who files a petition shall file a certificate of service together with the petition. A petition shall be signed by a party or a representative of the party and, if filed by a party other than an agency, shall state facts tending to establish that the agency named as the respondent has deprived the petitioner of property, has ordered the petitioner to pay a fine or civil penalty, or has otherwise substantially prejudiced the petitioner's rights and that the agency:

(1) Exceeded its authority or jurisdiction;
(2) Acted erroneously;
(3) Failed to use proper procedure;
(4) Acted arbitrarily or capriciously; or
(5) Failed to act as required by law or rule.

The parties in a contested case shall be given an opportunity for a hearing without undue delay. Any person aggrieved may commence a contested case hereunder.

A local government employee, applicant for employment, or former employee to whom Chapter 126 of the General Statutes applies may commence a contested case under this Article in the same manner as any other petitioner. The case shall be conducted in the same manner as other contested cases under this Article, except that the State Personnel Commission shall enter final decisions only in cases in which it is found that the employee, applicant, or former employee has been subjected to discrimination prohibited by Article 6 of Chapter 126 of the General Statutes or in any case where a binding decision is required by applicable federal standards. In these cases, the State Personnel Commission's decision shall be binding on the local appointing authority. In all other cases, the final decision shall be made by the applicable appointing authority."

SECTION 21A.1.(b) Chapter 150B of the General Statutes is amended by adding a new section to read:

"§ 150B-23.2. Fee for filing a contested case hearing.

(a) Filing Fee. – In every contested case commenced in the Office of Administrative Hearings by a person aggrieved, the petitioner shall pay a filing fee, and the administrative law judge shall have the authority to assess that filing fee against the losing party in the amount of two hundred dollars ($200.00), unless the Office of Administrative Hearings establishes a lesser filing fee by rule.

(b) Time of Collection. – All fees that are required to be assessed, collected, and remitted under subsection (a) of this section shall be collected by the Office of Administrative..."
Hearings at the time of commencement of the contested case (except in suits in forma pauperis).

(c) Forms of Payment. – The Office of Administrative Hearings may by rule provide for the acceptable forms for payment and transmission of the filing fee.

(d) Wavier or Refund. – The Office of Administrative Hearings shall by rule provide for the fee to be waived in a contested case in which the petition is filed in forma pauperis and supported by such proofs as are required in G.S. 1-110 and in a contested case involving a mandated federal cause of action. The Office of Administrative Hearings shall by rule provide for the fee to be refunded in a contested case in which the losing party is the State."

SECTION 21A.1.(c) This section becomes effective July 1, 2009, and applies to contested cases filed on or after that date.

REDUCE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS

SECTION 21A.2. G.S 143B-30.1(d) reads as rewritten:

"(d) Members of the Commission who are not officers or employees of the State shall receive compensation of two hundred dollars ($200.00) one hundred fifty dollars ($150.00) for each day or part of a day of service plus reimbursement for travel and subsistence expenses at the rates specified in G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6."

PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT – RESERVED

PART XXIII. OFFICE OF THE STATE CONTROLLER

OVERPAYMENTS AUDIT

SECTION 23.1.(a) During the 2009-2011 biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

SECTION 23.1.(b) For each year of the 2009-2011 biennium, five hundred thousand dollars ($500,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 23.1.(c) All funds available in the Special Reserve Account 24172 on July 1 of each year of the 2009-2011 biennium are transferred to the General Fund on that date.

SECTION 23.1.(d) Any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly.

SECTION 23.1.(e) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account 24172 and the disbursement of that revenue.

BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING PROGRAM

SECTION 23.2.(a) For the 2009-2011 fiscal biennium, the Office of the State Controller shall use three hundred sixty-four thousand four hundred thirty-eight dollars ($364,438) of existing BEACON funds to continue the following six full-time, time-limited training positions that are effective July 1, 2009, and that support the statewide enterprise training program established by Section 20.1 of S.L. 2008-107:
(1) Two Staff Development Specialists II ($112,525).
(2) One BEACON University Trainer ($70,928).
(3) One Technical Support Technician ($64,708).
(4) One Administrative Support Specialist ($45,347).
(5) One Business and Technology Application Technician ($70,928).

SECTION 23.2.(b) Each agency that utilizes BEACON for payroll or personnel purposes shall participate in the BEACON training program offered by the Office of State Controller.

PART XXIV. DEPARTMENT OF THE SECRETARY OF STATE

INCREASE REGISTRATION FEE RENEWAL FOR SECURITIES SALESMEN

SECTION 24.1. G.S. 78A-37(b) reads as rewritten:

"(b) Every applicant for initial or renewal registration shall pay a filing fee of three hundred dollars ($300.00) in the case of a dealer and seventy-five dollars ($75.00) in the case of a salesman. The Administrator may by rule reduce the registration fee proportionately when the registration will be in effect for less than a full year."

PART XXIV.A. DEPARTMENT OF REVENUE

PROPERTY TAX DIVISION RECEIPT SUPPORTED

SECTION 24A.1.(a) G.S. 105-501(b) reads as rewritten:

"(b) Deductions. – In determining the net proceeds of the tax to be distributed, the Secretary must deduct from the collections to be allocated an amount equal to one-twelfth of the costs during the preceding fiscal year of the following:

1. The costs during the preceding month of the Department of Revenue in performing the duties imposed by G.S. 105-275.2 and by Article 15 of this Chapter.

2a. Seventy percent (70%) of the expenses of the Department of Revenue in performing the duties imposed by Article 2D of this Chapter.

2b. The Property Tax Commission.

2c. The School of Government at the University of North Carolina at Chapel Hill in operating a training program in property tax appraisal and assessment.

2d. The personnel and operations provided by the Department of State Treasurer for the Local Government Commission."

SECTION 24A.1.(b) For fiscal year 2009-2010, the deductions under G.S. 105-501(b) from the collections of the additional one-half percent (1/2%) sales and use tax collected under Article 42 of Chapter 105 of the General Statutes must include one-twelfth of the costs during the preceding fiscal year of the Department of Revenue in performing the duties imposed by Article 15 of Chapter 105 of the General Statutes.

PART XXV. DEPARTMENT OF TRANSPORTATION

CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 25.1.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:
SECTION 25.1.(b) The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

1. For Fiscal Year 2011-2012 $ 972.1 million
2. For Fiscal Year 2012-2013 $ 1,036.0 million
3. For Fiscal Year 2013-2014 $ 1,104.0 million
4. For Fiscal Year 2014-2015 $ 1,158.8 million

SECTION 25.2.(a) G.S. 147-69.2(b)(11), as amended by Section 7 of S.L. 2005-144, Section 2 of S.L. 2005-201, Section 28.17 of S.L. 2005-276, and Section 27.7 of S.L. 2007-323 reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds, selecting from among the following:

..." (11) With respect to assets of the Escheat Fund, obligations of the North Carolina Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed twenty-five million dollars ($25,000,000), that have a final maturity not later than October 1, 2009-2011. The obligations shall bear interest at the rate set by the State Treasurer. No commitment to purchase obligations may be made pursuant to this subdivision after September 1, 1993, and no obligations may be purchased after September 1, 1994. In the event of a loss to the Escheat Fund by reason of an investment made pursuant to this subdivision, it is the intention of the General Assembly to hold the Escheat Fund harmless from the loss by appropriating to the Escheat Fund funds equivalent to the loss.

If any part of the property owned by the North Carolina Global TransPark Authority now or in the future is divested, proceeds of the divestment shall be used to fulfill any unmet obligations on an investment made pursuant to this subdivision."

SECTION 25.2.(b) The Global TransPark Authority shall report on or before May 15, 2010, to the House and Senate Appropriations Subcommittees on Transportation on its strategic, business, and financial plans. The report shall include the Authority's proposed schedule to achieve financial self-sufficiency and proposed schedule to repay to the Escheat Fund the investment authorized under G.S. 147-69.2(b)(11) and any accumulated interest, both of which totaled thirty-five million six hundred twenty-six thousand one hundred thirty-eight dollars and seventy cents ($35,626,138.70) as of April 30, 2009.

SMALL CONSTRUCTION AND CONTINGENCY FUNDS

SECTION 25.3. Of the funds appropriated in this act to the Department of Transportation:

(1) Seven million dollars ($7,000,000) shall be allocated in each fiscal year for small construction projects recommended by the member of the Board of Transportation representing the Division in which the project is to be constructed in consultation with the Division Engineer and approved by the Secretary of the Department of Transportation. These funds shall be
allocated equally in each fiscal year of the biennium among the 14 Highway
Divisions for small construction projects.

(2) Twelve million dollars ($12,000,000) in fiscal year 2009-2010 and twelve
million dollars ($12,000,000) in fiscal year 2010-2011 shall be used
statewide for rural or small urban highway improvements and related
transportation enhancements to public roads and public facilities, industrial
access roads, and spot safety projects, including pedestrian walkways that
enhance highway safety. Projects funded pursuant to this subdivision shall
be approved by the Secretary of Transportation.

None of these funds used for rural secondary road construction are subject to the
county allocation formulas in G.S. 136-44.5(b) and (c).

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General
Assembly on projects funded pursuant to this section in each member's district prior to
construction. The Department shall make a quarterly comprehensive report on the use of these
funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research
Division.

USE SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY
MAINTENANCE IN FISCAL YEAR 2009-2010 AND USE FIFTY PERCENT OF
THE SECONDARY ROAD IMPROVEMENT FUNDS FOR HIGHWAY
MAINTENANCE IN FISCAL YEAR 2010-2011

SECTION 25.4.(a) Notwithstanding the provisions of G.S. 136-44.2A regarding
the annual allocation of funds from the Highway Fund to the Department of Transportation for
secondary road improvement programs, the funds required to be allocated for the secondary
road improvement programs, established pursuant to G.S. 136-44.7 and G.S. 136-44.8, for
fiscal year 2009-2010, shall remain in the Highway Fund for highway maintenance.

SECTION 25.4.(b) Notwithstanding the provisions of G.S. 136-44.2A regarding
the annual allocation of funds from the Highway Fund to the Department of Transportation for
secondary road improvement programs, fifty percent (50%) of the funds required to be
allocated for the secondary road improvement programs, established pursuant to G.S. 136-44.7
and G.S. 136-44.8, for fiscal year 2010-2011, shall remain in the Highway Fund for highway
maintenance.

FLEXIBLE USE OF FUNDS FOR RURAL PUBLIC TRANSPORTATION FOR
FISCAL YEARS 2009-2010 AND 2010-2011

SECTION 25.7. In order to ensure maximum receipts of funding and to facilitate
the use of funds available to the Department under the American Recovery and Reinvestment
Act of 2009, P.L. 111-5, the Department of Transportation, Public Transportation Division,
shall have the flexibility to transfer funding from the consolidated capital program of its rural
funding programs for vehicles, technology, and facilities to the operating programs, based on
the Department's ability to leverage all additional federal funds to meet the capital needs of
rural transportation systems. This section applies only to fiscal years 2009-2010 and
2010-2011.

DEPARTMENT OF TRANSPORTATION MAY TAKE REQUIRED
ADMINISTRATIVE REDUCTION FROM ADDITIONAL ADMINISTRATIVE
BUDGETS

SECTION 25.8. The Department of Transportation may take the twelve million
dollar ($12,000,000) reduction to the central administration budget, as required by S.L.
STUDY THE FEASIBILITY OF ASSESSING A FEE FOR PROVIDING TRAFFIC
CONTROL BY THE STATE HIGHWAY PATROL OR THE DEPARTMENT OF
TRANSPORTATION AT SPECIAL EVENTS

SECTION 25.9.(a) The Joint Legislative Transportation Oversight Committee
shall study the feasibility of assessing a fee for services provided by the State Highway Patrol
or the Department of Transportation for certain special events. In conducting this study, the
Committee shall determine the costs associated with providing traffic control devices and
personnel to provide traffic control and direction at special functions and events. The
Committee shall also develop criteria to determine events, if any, for which a fee will be
assessed and criteria to determine the amount of the fee, if any, that should be assessed.

SECTION 25.9.(b) The Joint Legislative Transportation Oversight Committee
shall make a report to the 2010 Regular Session of the 2009 General Assembly not later than
April 1, 2010 detailing the information required by this Section and shall provide any
recommended changes in current legislation or proposed new legislation if required.

PART XXVI. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES

SECTION 26.1.(a) For the 2009-2010 and 2010-2011 fiscal years, the salary of the
Governor shall remain the amount set by G.S. 147-11(a).

SECTION 26.1.(b) The annual salaries for the members of the Council of State,
payable monthly, for the 2009-2010 and 2010-2011 fiscal years are:

<table>
<thead>
<tr>
<th>Council of State</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lieutenant Governor</td>
<td>$123,198</td>
</tr>
<tr>
<td>Attorney General</td>
<td>123,198</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>123,198</td>
</tr>
<tr>
<td>State Treasurer</td>
<td>123,198</td>
</tr>
<tr>
<td>State Auditor</td>
<td>123,198</td>
</tr>
<tr>
<td>Superintendent of Public Instruction</td>
<td>123,198</td>
</tr>
<tr>
<td>Agriculture Commissioner</td>
<td>123,198</td>
</tr>
<tr>
<td>Insurance Commissioner</td>
<td>123,198</td>
</tr>
<tr>
<td>Labor Commissioner</td>
<td>123,198</td>
</tr>
</tbody>
</table>

NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES

SECTION 26.2. In accordance with G.S. 143B-9, the maximum annual salaries,
payable monthly, for the nonelected heads of the principal State departments for the 2009-2010
and 2010-2011 fiscal years are:

<table>
<thead>
<tr>
<th>Nonelected Department Heads</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary of Administration</td>
<td>$120,363</td>
</tr>
<tr>
<td>Secretary of Correction</td>
<td>120,363</td>
</tr>
<tr>
<td>Secretary of Crime Control and Public Safety</td>
<td>120,363</td>
</tr>
<tr>
<td>Secretary of Cultural Resources</td>
<td>120,363</td>
</tr>
<tr>
<td>Secretary of Commerce</td>
<td>120,363</td>
</tr>
<tr>
<td>Secretary of Environment and Natural Resources</td>
<td>120,363</td>
</tr>
<tr>
<td>Secretary of Health and Human Services</td>
<td>120,363</td>
</tr>
<tr>
<td>Secretary of Juvenile Justice and</td>
<td></td>
</tr>
</tbody>
</table>
CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES

CHAIRMAN TO RECEIVE SAME COMPENSATION AS ASSOCIATE MEMBERS

SECTION 26.3.(a) The annual salaries, payable monthly, for the 2009-2010 and 2010-2011 fiscal years for the following executive branch officials are:

<table>
<thead>
<tr>
<th>Executive Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Controller</td>
<td>153,319</td>
</tr>
<tr>
<td>Commissioner of Motor Vehicles</td>
<td>109,553</td>
</tr>
<tr>
<td>Commissioner of Banks</td>
<td>123,198</td>
</tr>
<tr>
<td>State Personnel Director</td>
<td>120,363</td>
</tr>
<tr>
<td>Chairman, Parole Commission</td>
<td>100,035</td>
</tr>
<tr>
<td>Members of the Parole Commission</td>
<td>46,178</td>
</tr>
<tr>
<td>Chairman, Utilities Commission</td>
<td>137,203</td>
</tr>
<tr>
<td>Members of the Utilities Commission</td>
<td>123,198</td>
</tr>
<tr>
<td>Executive Director, Agency for Public Telecommunications</td>
<td>92,356</td>
</tr>
<tr>
<td>Director, Museum of Art</td>
<td>112,256</td>
</tr>
<tr>
<td>Executive Director, North Carolina Agricultural Finance Authority</td>
<td>106,635</td>
</tr>
<tr>
<td>State Chief Information Officer</td>
<td>153,227</td>
</tr>
</tbody>
</table>

SECTION 26.3.(b) G.S. 18B-200(a) reads as rewritten:

"(a) Creation of Commission; compensation. – The North Carolina Alcoholic Beverage Control Commission is created to consist of a chairman and two associate members. The chairman shall devote his full time to his official duties and receive a salary fixed by the General Assembly in the Current Operations Appropriations Act. The associate members shall be compensated for per diem, subsistence and travel as provided in Chapter 138 of the General Statutes."

JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES

SECTION 26.4.(a) The annual salaries, payable monthly, for specified judicial branch officials for the 2009-2010 and 2010-2011 fiscal years are:

<table>
<thead>
<tr>
<th>Judicial Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Justice, Supreme Court</td>
<td>$140,932</td>
</tr>
<tr>
<td>Associate Justice, Supreme Court</td>
<td>137,249</td>
</tr>
<tr>
<td>Chief Judge, Court of Appeals</td>
<td>135,061</td>
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<tr>
<td>Judge, Court of Appeals</td>
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</tr>
<tr>
<td>Judge, Senior Regular Resident Superior Court</td>
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</tr>
<tr>
<td>Judge, Superior Court</td>
<td>124,382</td>
</tr>
<tr>
<td>Chief Judge, District Court</td>
<td>112,946</td>
</tr>
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<td>District Attorney</td>
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<tr>
<td>Administrative Officer of the Courts</td>
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<tr>
<td>Assistant Administrative Officer of the Courts</td>
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<tr>
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<td>119,305</td>
</tr>
<tr>
<td>Director of Indigent Defense Services</td>
<td>123,022</td>
</tr>
</tbody>
</table>
SECTION 26.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed seventy thousand nine hundred forty-six dollars ($70,946), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-seven thousand one hundred eighty-two dollars ($37,182). The annual salaries in effect on June 30, 2009, shall remain at the same amount for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.4.(c) The annual salaries in effect on June 30, 2009, for permanent, full-time employees of the Judicial Department whose salaries are not itemized in this act shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.4.(d) The annual salaries in effect on June 30, 2009, for permanent, part-time employees of the Judicial Department whose salaries are not itemized in this act, shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

CLERK OF SUPERIOR COURT/NO SALARY INCREASES

SECTION 26.5. The annual salaries of the clerks of superior court provided by G.S. 7A-101(a) shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

ASSISTANT AND DEPUTY CLERKS OF COURT/NO SALARY INCREASES

SECTION 26.6. The annual salaries of the assistant and deputy clerks of superior court provided by G.S. 7A-102(c1) shall remain in effect for the 2009-2010 and 2010-2011 fiscal years, and there shall not be a step increase.

MAGISTRATES/ NO SALARY INCREASES

SECTION 26.7. The annual salaries of magistrates provided by G.S. 7A-171.1(a) shall remain in effect for the 2009-2010 and 2010-2011 fiscal years, and there shall not be a step increase.

GENERAL ASSEMBLY MEMBERS/NO SALARY INCREASES

SECTION 26.7A. For the 2009-2010 and 2010-2011 fiscal years, the salaries of the members and officers of the General Assembly shall remain the amount set by G.S. 120-3.

GENERAL ASSEMBLY PRINCIPAL CLERKS/NO SALARY INCREASES

SECTION 26.8. The annual salaries of the General Assembly principal clerks provided by G.S. 120-37(c) shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

SERGEANT-AT-ARMS AND READING CLERKS/NO SALARY INCREASES

SECTION 26.9. The annual salaries of the General Assembly sergeants-at-arms and reading clerks provided by G.S. 120-37(b) shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

LEGISLATIVE EMPLOYEES/NO SALARY INCREASES

SECTION 26.10. The Legislative Services Officer shall not increase the salaries of nonelected employees of the General Assembly in effect on June 30, 2009. Except as specifically provided in this section, nothing in this act limits any of the provisions of G.S. 120-32.

COMMUNITY COLLEGES PERSONNEL/NO SALARY INCREASES
SECTION 26.11.(a) The annual salaries in effect on June 30, 2009, for faculty, except as otherwise provided by Section 8.1 of this act, and for all permanent, full-time community college institutional personnel supported by State funds, shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.11.(b) The minimum salaries for community college faculty shall be based on the following education levels:

1. Vocational Diploma/Certificate or Less. – This education level includes faculty members who are high school graduates, have vocational diplomas, or have completed one year of college.
2. Associate Degree or Equivalent. – This education level includes faculty members who have an associate degree or have completed two or more years of college but have no degree.
3. Bachelor's Degree.
4. Master's Degree or Education Specialist.
5. Doctoral Degree.

SECTION 26.11.(c) For the 2009-2010 and 2010-2011 school years, the minimum salaries for nine-month, full-time curriculum community college faculty shall not be increased and shall remain as follows:

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Minimum Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational Diploma/Certificate or Less</td>
<td>$34,314</td>
</tr>
<tr>
<td>Associate Degree or Equivalent</td>
<td>$34,819</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>$37,009</td>
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<tr>
<td>Master's Degree or Education Specialist</td>
<td>$38,952</td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>$41,753</td>
</tr>
</tbody>
</table>

No full-time faculty member shall earn less than the minimum salary for his or her education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA NO SALARY INCREASES

SECTION 26.12. The annual salaries in effect on June 30, 2009, for all employees of The University of North Carolina supported by State funds, and for employees of the North Carolina School of Science and Mathematics shall remain in effect for the 2009-2010 and 2010-2011 fiscal years except for faculty as otherwise provided by the Distinguished Professors Endowment Fund.

MOST STATE EMPLOYEES/NO SALARY INCREASES

SECTION 26.13.(a) The salaries in effect June 30, 2009, of all permanent, full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund, shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.13.(b) Except as otherwise provided in this act, the salaries in effect on June 30, 2009, for permanent, full-time State officials and persons in exempt positions that are recommended by the Governor and set by the General Assembly shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.13.(c) The salaries in effect on June 30, 2009, for all permanent, part-time State employees shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.13.(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to maintain salaries in accordance with subsection (a), (b), or (c) of this section, including funds for the employer's retirement and social security contributions, for the permanent,
full-time and part-time employees of the agency, provided the employing agency elects to make
available the necessary funds.

SECTION 26.13.(e) Salary adjustments due to in-range adjustments for job
change, career progression adjustments for demonstrated competencies, reallocations, or
promotions shall not be affected by the freeze on salaries authorized in this act. Salary
adjustments related to the following shall not be granted: range revisions, in-range adjustments
for equity, in-range adjustments for labor market, retention adjustments, grade to band
transfers, and career progression adjustments for labor market.

ALL STATE-SUPPORTED PERSONNEL/NO SALARY INCREASES

SECTION 26.14.(a) Salaries and related benefits for positions that are funded
partially from the General Fund or Highway Fund and partially from sources other than the
General Fund or Highway Fund, in effect June 30, 2009, shall remain in effect for the
2009-2010 and 2010-2011 fiscal years.

SECTION 26.14.(b) The salary increase provisions of G.S. 20-187.3 are
suspended for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.14.(c) The Director of the Budget shall transfer from the Reserve for
Compensation Increases in this act for fiscal years 2009-2010 and 2010-2011 all funds
necessary for the salaries authorized by this act, including funds for the employer's retirement
and social security contributions.

SECTION 26.14.(d) Nothing in this act authorizes the transfer of funds between
the General Fund and the Highway Fund for salary increases.

LIMIT CERTAIN STATE EMPLOYEE BONUSES AND TRANSITION SALARY
PACKAGES

SECTION 26.14A.(a) G.S. 53-96.1 reads as rewritten:
"§ 53-96.1. Salaries, promotions, and leave of employees of the Office of the
Commissioner of Banks.
(a) Repealed by Session Laws 2007-484, s. 9(a), effective August 30, 2007.
(b) The exemptions to Chapter 126 of the General Statutes authorized by
G.S. 126-5(c11) for the Office of the Commissioner of Banks and its employees shall be used
to develop organizational classification and compensation innovations that will result in the
enhanced efficiency of operations, except that the Commissioner of Banks may not
award compensation bonuses to employees.
(c) The Office of State Personnel shall assist the Commissioner of Banks in the
development and implementation of an organizational structure and human resources programs
that make the most appropriate use of the exemptions, including (i) a system of job categories
or descriptions tailored to the agency's needs; (ii) policies regarding paid time off for agency
personnel and the voluntary sharing of such time off; and (iii) a system of uniform performance
assessments for agency personnel tailored to the agency's needs. The Commissioner of Banks
may, under the supervision of the Office of State Personnel, develop and implement
organizational classification and compensation innovations having the potential to benefit all
State agencies."

SECTION 26.14A.(b) Effective for the 2009-2011 fiscal biennium, the amount of
any transition salary package payable to certain State employees employed by State agencies,
departments, institutions and The University of North Carolina shall be limited by the
provisions of this section.

(1) Notwithstanding any other provision of law, no State employee who leaves
the position that the employee most recently held shall continue to be paid
the salary for that position when the employee is no longer carrying out the
responsibilities for that position. This includes periods of transition.
(2) Notwithstanding subdivision (1) of this subsection, a State employee who leaves the position that the employee most recently held may continue to be paid the salary for a position that he or she no longer holds in the following circumstances only:
   a. The payment is included as a term of the contract that was entered into at the time the person was hired for, or promoted to, the position most recently held; and
   b. The contract is signed by the appropriate finance officer or a properly designated deputy finance officer for the agency hiring the person, approved by the agency head, and approved by the Office of State Budget and Management. If the State agency is The University of North Carolina or a constituent institution of The University of North Carolina, then the contract must be signed by the appropriate finance officer or a properly designated deputy finance officer for The University of North Carolina or the constituent institution, approved by the appropriate chancellor, and approved by the UNC Board of Governors or by the Board of Trustees of the constituent institution as appropriate.

(3) This subsection does not affect or impair a State employee's rights to severance wages or a discontinued service retirement allowance as provided by G.S. 126-8.5, or terminal leave payments for vacation leave, bonus leave, and longevity, if applicable.

(4) The following definitions apply in this section:
   a. State employee who leaves the position that the employee most recently held. – Includes those circumstances in which a person retires, resigns, or voluntarily or involuntarily terminates employment. The phrase also includes those circumstances in which a person continues to work for the State but accepts a lesser position with the State.
   b. Transition. – When a State employee moves from the position that the employee most recently held to a lesser position of employment. The term includes a 'golden parachute' or a sabbatical.

SECTION 26.14A.(c) Subsection (a) of this section expires June 30, 2011. Subdivision (1) of subsection (b) of this section applies retroactively unless there is a legally enforceable contract to pay, and also applies to payments that have not yet been made unless there is a legally enforceable contract to pay.

REDUCTIONS IN FORCE NECESSITATED BY THE EXTREME FISCAL CRISIS

SECTION 26.14B. Findings. – The General Assembly finds that:
   (1) The extreme fiscal crisis affecting North Carolina's economy, the national economy, and global economic markets has substantially reduced the State's revenue projections for the 2009-2011 fiscal biennium.
   (2) Economies in State expenditures and maximized efficiencies in State operations must be effected immediately and systematically in order to meet the compelling State interest of enacting a balanced budget in accordance with the State Constitution and to protect the interests of the people of North Carolina.
   (3) Given the broad scope and depth of the budget reduction and efficiency measures required by this act, the elimination through reductions in force of positions, both filled and vacant, including contract positions, is necessary to preserve the public health, safety, and welfare and to continue the effective
administration of important governmental functions in the interest of the people of North Carolina.

**REDUCTIONS IN FORCE/EXTEND STATE EMPLOYEE PRIORITY RIGHTS**

**SECTION 26.14C.** G.S. 126-7.1(c) reads as rewritten:

"(c1) If a State employee who has been separated due to reduction in force or who has been given notice of imminent separation due to reduction in force:

(1) Applies for another position of State employment equal to or lower in salary grade than the position held by the employee at the time of notification or separation; and

(2) Is determined qualified for that position

then within all State agencies, the State employee shall receive priority consideration over all other applicants but shall receive equal consideration with other applicants who are current State employees not affected by the reduction in force. This priority shall remain in effect for a period of 24 months from the date the employee receives notification of separation by reduction in force. State employees separated due to reduction in force shall receive higher priority than other applicants with employment or reemployment priorities, except that the reemployment priority created by G.S. 126-5(e) shall be considered as equal. The reduction-in-force priority created by this subsection shall be administered in accordance with rules promulgated by the State Personnel Commission."

**TEACHER SALARY SCHEDULES**

**SECTION 26.15.(a)** The following monthly salary schedules shall apply for the 2009-2010 fiscal year to certified personnel of the public schools who are classified as teachers. The schedule contains 33 steps with each step corresponding to one year of teaching experience.

### 2009-2010 Monthly Salary Schedule

<table>
<thead>
<tr>
<th>&quot;A&quot; Teachers</th>
<th>NBPTS Certification</th>
</tr>
</thead>
<tbody>
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<td>$3,043</td>
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</table>
### 2009-2010 Monthly Salary Schedule

<table>
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<tr>
<th>Years of Experience</th>
<th>&quot;M&quot; Teachers</th>
<th>NBPTS Certification</th>
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</thead>
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<td>31</td>
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<td>$6,348</td>
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<tr>
<td>32+</td>
<td>$5,781</td>
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</tr>
</tbody>
</table>
SECTION 26.15.(b) Annual longevity payments for teachers shall be at the rate of one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The longevity payment shall be paid in a lump sum once a year.

SECTION 26.15.(c) Certified public schoolteachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public schoolteachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

SECTION 26.15.(d) The first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

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

SECTION 26.15.(e) Speech pathologists who are certified as speech pathologists at the master's degree level and audiologists who are certified as audiologists at the master's degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

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

SECTION 26.15.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 26.15.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 26.16.(a) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2009-2010 fiscal year, commencing July 1, 2009, is as follows:

| Years of Exp | Assistant Principal | Prin I (0-10) | Prin II (11-21) | Prin III (22-32) | Prin IV (33-43) |
### 2009-2010 Principal and Assistant Principal Salary Schedules

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<tr>
<th>Years of Exp</th>
<th>Classification</th>
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<th>Prin VI (55-65)</th>
<th>Prin VII (66-100)</th>
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<td>31</td>
<td></td>
<td></td>
<td>$6,321</td>
<td>$6,447</td>
<td>$6,576</td>
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<td>$6,576</td>
<td>$6,708</td>
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<td>$6,708</td>
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<td>51</td>
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<tr>
<td>Number of Teachers</td>
<td>Classification</td>
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<tr>
<td></td>
<td>Assistant Principal</td>
<td></td>
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<tr>
<td></td>
<td>Principal I</td>
<td>Fewer than 11 Teachers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Principal II</td>
<td>11-21 Teachers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Principal III</td>
<td>22-32 Teachers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Principal IV</td>
<td>33-43 Teachers</td>
<td></td>
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<tr>
<td></td>
<td>Principal V</td>
<td>44-54 Teachers</td>
<td></td>
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<tr>
<td></td>
<td>Principal VI</td>
<td>55-65 Teachers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Principal VII</td>
<td>66-100 Teachers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Principal VIII</td>
<td>More than 100 Teachers</td>
<td></td>
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</tr>
</tbody>
</table>

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

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

**SECTION 26.16.(c)** A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

**SECTION 26.16.(d)** Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.
**SECTION 26.16.(e)** Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

**SECTION 26.16.(f)** If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

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

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

**SECTION 26.16.(g)** Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. For the 2006-2007 fiscal year and subsequent fiscal years, the stipend shall not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

**SECTION 26.16.(h)** During the 2009-2010 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

### CENTRAL OFFICE SALARIES

**SECTION 26.17.(a)** The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2009-2010 fiscal year, beginning July 1, 2009.

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Administrator I</td>
<td>$3,309</td>
<td>$6,207</td>
</tr>
<tr>
<td>School Administrator II</td>
<td>$3,508</td>
<td>$6,583</td>
</tr>
<tr>
<td>School Administrator III</td>
<td>$3,724</td>
<td>$6,984</td>
</tr>
<tr>
<td>School Administrator IV</td>
<td>$3,874</td>
<td>$7,262</td>
</tr>
<tr>
<td>School Administrator V</td>
<td>$4,030</td>
<td>$7,556</td>
</tr>
<tr>
<td>School Administrator VI</td>
<td>$4,275</td>
<td>$8,013</td>
</tr>
<tr>
<td>School Administrator VII</td>
<td>$4,447</td>
<td>$8,336</td>
</tr>
</tbody>
</table>

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

**SECTION 26.17.(b)** The monthly salary ranges that follow apply to public school superintendents for the 2009-2010 fiscal year, beginning July 1, 2009.

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent I</td>
<td>$4,720</td>
<td>$8,843</td>
</tr>
<tr>
<td>Superintendent II</td>
<td>$5,011</td>
<td>$9,377</td>
</tr>
<tr>
<td>Superintendent III</td>
<td>$5,316</td>
<td>$9,948</td>
</tr>
<tr>
<td>Superintendent IV</td>
<td>$5,642</td>
<td>$10,552</td>
</tr>
</tbody>
</table>
The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

SECTION 26.17.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinates, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

SECTION 26.17.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinates, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinates, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for under this section.

SECTION 26.17.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 26.17.(f) The salaries in effect June 30, 2009, for all permanent full-time personnel paid from the Central Office Allotment, shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

NONCERTIFIED SCHOOL PERSONNEL SALARIES

SECTION 26.18.(a) The salaries in effect June 30, 2009, of permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.18.(b) The salaries in effect on June 30, 2009, for all permanent part-time noncertified public school employees whose salaries are supported from the State's General Fund shall remain in effect for the 2009-2010 and 2010-2011 fiscal years.

SECTION 26.18.(c) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to maintain salaries in accordance with subsection (a) or (b) of this section including funds for the employer's retirement and social security contributions for the permanent full-time and part-time employees of the agency, provided the employing agency elects to make available the necessary funds.

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

SECTION 26.20.(a) Section 6(b) of S.L. 2009-16 reads as rewritten:

"SECTION 6.(b) Effective July 1, 2009, the State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2009-2010 fiscal year are: (i) eight and fifty-four hundredths percent (8.54%) – Teachers and State Employees; (ii) thirteen and fifty-four hundredths percent (13.54%) – Community College Optional Retirement Program; (iii) twelve and eighty-six hundredths percent (12.86%) – University Employees' Optional Retirement System; (iv) nine and forty-three hundredths percent (9.43%) – Retirement System; and (vi) four and fifty hundredths percent (4.50%) – Legislative Retirement System. Each of the foregoing contribution rates includes four and fifty hundredths
percent (4.50%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income.

SECTION 26.20.(b) Section 6(c) of S.L. 2009-16 reads as rewritten:

"SECTION 6.(c) Effective July 1, 2010, the State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2010-2011 fiscal year are: (i) eight and ninety-four hundredths percent (8.94%) twelve and twelve hundredths percent (12.12%) – Teachers and State Employees; (ii) thirteen and ninety-four hundredths percent (13.94%) seventeen and twelve hundredths percent (17.12%) – State Law Enforcement Officers; (iii) twelve and twenty-six hundredths percent (12.26%) – University Employees' Optional Retirement System; (iv) twelve and twenty-six hundredths percent (12.26%) – Community College Optional Retirement Program; (v) eighteen and eleven hundredths percent (18.11%) twenty and one hundredths percent (20.01%) – Consolidated Judicial Retirement System; and (vi) four and ninety hundredths percent (4.90%) – Legislative Retirement System. Each of the foregoing contribution rates includes four and ninety hundredths percent (4.90%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

NATIONAL GUARD PENSION FUND

SECTION 26.21. G.S. 127A-40(f) reads as rewritten:

"(f) The Secretary of Crime Control and Public Safety shall determine the eligibility of guard members for the benefits herein provided and shall certify those eligible to the State Treasurer. In addition, the Department of Crime Control and Public Safety shall, on and after July 1, 1983, provide the Department of State Treasurer with an annual census population, by age and the number of years of creditable service, for all former members of the National Guard in receipt of a pension as well as for all active members of the National Guard who are not in receipt of a pension and who have seven and more years of creditable service. The Department of Crime Control and Public Safety shall also provide the State Treasurer a census population of all former members of the National Guard who are not in receipt of a pension and who have 15 and more years of creditable service. The Department of State Treasurer shall make pension payments to those persons certified from the North Carolina National Guard Pension Fund, which shall include general fund appropriations made to and transferred from the Department of Crime Control and Public Safety, the Department of State Treasurer. The Department of State Treasurer shall have performed an annual actuarial valuation of the fund and shall have the financial responsibility for maintaining the fund on a generally accepted actuarial basis. The Department of Crime Control and Public Safety shall provide the Department of State Treasurer with whatever assistance is required by the State Treasurer in carrying out his financial responsibilities."

EXTEND PHASED RETIREMENT PROGRAM EXEMPTION

SECTION 26.22. Section 29.28(f) of S.L. 2005-276, as amended by Section 22.21 of S.L. 2006-66, reads as rewritten:
"SECTION 29.28.(f) Subsections (a) and (b) of this section become effective August 1, 2005. Subsection (e) of this section becomes effective November 1, 2005, but does not apply to participants in The University of North Carolina Phased Retirement Program until the earlier of June 30, 2010, August 31, 2013, or 12 months after the issuance of final phased retirement regulations by the Internal Revenue Service. The remainder of this section becomes effective June 30, 2005."

PART XXVII. CAPITAL APPROPRIATIONS.

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 27.1. The appropriations made by the 2009 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and land for State government purposes.

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 27.2. There is appropriated from the General Fund for the 2009-2010 fiscal year the following amounts for capital improvements:

Capital Improvements – General Fund 2009-2010

Department of Environment and Natural Resources

   Water Resources Development Projects  $7,150,000

TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND  $7,150,000

WATER RESOURCES DEVELOPMENT PROJECTS/REQUIRED TO DRAW DOWN $57,700,000 FEDERAL FUNDS

SECTION 27.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects in accordance with the schedule that follows. These funds will provide a State match for an estimated fifty-seven million seven hundred thousand dollars ($57,700,000) in federal funds.

Name of Project 2009-2010

   (1) Wilmington Harbor Deepening  $1,300,000
   (2) Carolina Beach Renourishment 738,000
   (3) Carolina Beach South (Kure Beach) Renourishment 842,000
   (4) Wrightsville Beach Renourishment 2,059,000
   (5) Ocean Isle Beach Renourishment 1,211,000
   (6) Beaufort Harbor Maintenance 50,000
   (7) Princeville Flood Control 100,000
   (8) Currituck Sound Environmental Restoration 100,000
   (9) West Onslow Beach (Topsail Beach, Pender County) 75,000
   (10) Planning Assistance to Communities 75,000
   (11) Concord Stream Restoration (Cabarrus County) (Sec. 206) 350,000
   (12) Wilson Bay Restoration (Sec. 206), Onslow County 250,000

TOTALS  $7,150,000
SECTION 27.3.(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 2009-2010 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 2009-2010.
(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 2010-2011 fiscal year.

SECTION 27.3.(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) All projects listed in this section.
(2) The estimated cost of each project.
(3) The date that work on each project began or is expected to begin.
(4) The date that work on each project was completed or is expected to be
completed.
(5) The actual cost of each project.
The semiannual reports also shall show those projects advanced in schedule, those
projects delayed in schedule, and an estimate of the amount of funds expected to revert to the
General Fund.

SECTION 27.3.(d) Of the American Recovery and Reinvestment Act of 2009
funds appropriated to the Department of Environment and Natural Resources, an amount
necessary to complete any operations and maintenance water resources development projects
approved by the U.S. Army Corps of Engineers may be allocated by the Department for that
purpose and such projects are hereby authorized.

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS
SECTION 27.4.(a) The General Assembly authorizes the following capital
projects to be funded with receipts or from other non-General Fund sources available to the
appropriate department:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Amount of Non-General Fund Funding Authorized for 2009-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Crime Control and Public Safety</td>
<td>$ 9,303,442</td>
</tr>
<tr>
<td>Additions and Renovations to Armories</td>
<td></td>
</tr>
<tr>
<td>Camp Butner Cantonment – Phase 1 Design</td>
<td>$ 1,367,000</td>
</tr>
<tr>
<td>Family Assistance Centers</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>Department of Cultural Resources</td>
<td></td>
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<tr>
<td>Aycock Birthplace Picnic Shelter</td>
<td>$ 86,100</td>
</tr>
<tr>
<td>Maritime Museum – Floating Dock</td>
<td>$ 130,000</td>
</tr>
<tr>
<td>Museum of History Chronology Exhibit – Phase 2B (1900-1960)</td>
<td>$ 1,200,000</td>
</tr>
<tr>
<td>Department of Environment and Natural Resources</td>
<td></td>
</tr>
<tr>
<td>Zoo – Elephant Exhibit New Restrooms</td>
<td>$ 300,000</td>
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<tr>
<td>Wildlife Resources Commission</td>
<td></td>
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<tr>
<td>Armstrong Hatchery Lower Raceway Replacement</td>
<td>$1,725,000</td>
</tr>
<tr>
<td>Centennial Campus Education Center Exhibit Completion</td>
<td>$180,000</td>
</tr>
<tr>
<td>Chinquapin Equipment Storage Pole Shed</td>
<td>$60,000</td>
</tr>
<tr>
<td>Chowan Bridge Fishing Pier and Edenton Boating Access</td>
<td>$450,000</td>
</tr>
<tr>
<td>Emerald Isle New Boating Access Area</td>
<td>$600,000</td>
</tr>
<tr>
<td>Falls Lake Office Building</td>
<td>$550,000</td>
</tr>
<tr>
<td>Hampstead Land Acquisition</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Land Acquisitions – State Gamelands</td>
<td>$59,135,000</td>
</tr>
<tr>
<td>Lewelyn Branch New Boating Access Area</td>
<td>$150,000</td>
</tr>
<tr>
<td>Manns Harbor Bridge Marina Acquisition</td>
<td>$5,750,000</td>
</tr>
<tr>
<td>Marion Depot Drainage Repairs</td>
<td>$200,000</td>
</tr>
<tr>
<td>McKinney Lake Hatchery Kettles Replacement</td>
<td>$1,700,000</td>
</tr>
<tr>
<td>Minor Boating Access Area Renovations – Various Locations</td>
<td>$150,000</td>
</tr>
<tr>
<td>New Coldwater Fish Hatchery Construction</td>
<td>$7,900,000</td>
</tr>
<tr>
<td>Ocean Isle Boating Access Area Renovations</td>
<td>$150,000</td>
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<tr>
<td>Outer Banks Education Center Teaching Facility Repairs</td>
<td>$245,000</td>
</tr>
<tr>
<td>Pechmann Fishing Education Center Pond Restoration</td>
<td>$160,000</td>
</tr>
<tr>
<td>Pechmann Fishing Education Center Storage Building</td>
<td>$220,000</td>
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<tr>
<td>Pisgah Education Center Gift Shop Renovation and Expansion</td>
<td>$200,000</td>
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<tr>
<td>Pisgah Education Center Outdoor Exhibit Renovation</td>
<td>$450,000</td>
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<tr>
<td>Pisgah Education Center Repairs</td>
<td>$155,000</td>
</tr>
<tr>
<td>Pisgah Hatchery Water System Renovation</td>
<td>$100,000</td>
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<tr>
<td>Rhodes Pond Dam Repairs</td>
<td>$500,000</td>
</tr>
<tr>
<td>Sneads Ferry Land Acquisition</td>
<td>$6,500,000</td>
</tr>
<tr>
<td>Sunset Harbor Land Acquisition</td>
<td>$925,000</td>
</tr>
<tr>
<td>Swan Quarter Land Acquisition</td>
<td>$1,700,000</td>
</tr>
<tr>
<td>Sykes Depot Pond, Office, Storage Construction</td>
<td>$350,000</td>
</tr>
<tr>
<td>Table Rock Hatchery Office and Workshop Replacement</td>
<td>$345,000</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS AUTHORIZED**

$114,936,542

**SECTION 27.4.(b)** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of thirty thousand dollars ($30,000) for the 2009-2010 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, environmental studies, and for the management of the plant conservation program preserves owned by the Department.

**ARRA FUNDS FOR REPAIRS AND RENOVATIONS RESERVE**

**SECTION 27.5.(a)** The following American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-5 funds are transferred to the Reserve for Repairs and Renovations:

1. Twelve million dollars ($12,000,000) of the State Energy Program funds appropriated in this act.
2. Eight million seven hundred seventy thousand one hundred twenty dollars ($8,770,120) of the Energy Efficiency and Conservation Block Grant funds appropriated in this act.
SECTION 27.5.(b) Of the funds transferred in subsection (a) of this section, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management.

Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

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

SECTION 27.5.(c) Notwithstanding G.S. 143C-4-3(b), funds allocated in subsection (b) of this section shall be used for repairs and renovations to State and university facilities that will make those facilities more energy efficient. Eligible projects under this subsection include:

1. Replacement of incandescent light bulbs with compact fluorescent light bulbs, installation of exit signs that employ light-emitting diode (LED) technology, the installation of occupancy sensors or optical sensors, and other lighting efficiency improvements.
2. For windows that need replacement, installation of more energy-efficient windows.
3. Insulation improvements when practicable.
4. Renovation, replacement, and upgrading of heating, ventilation, and air-conditioning (HVAC) systems.
5. Energy infrastructure renovation projects.
6. Any other retrofit or replacement projects that make State or university facilities more energy efficient for which the incremental cost of the project will be equal to or less than the energy or water savings that result over a period of three years after completion.

SECTION 27.5.(d) Funds allocated in this section shall only be used consistently with any applicable limitations contained in the American Recovery and Reinvestment Act of 2009, P.L. 111-5, and regulations adopted pursuant to that act.

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 27.6. The appropriations made by the 2009 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.
General Assembly Of North Carolina  
Session 2009

Capital improvement projects authorized by the 2009 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2009 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

CENTER FOR DESIGN AND FILM SCHOOL AMENDMENTS

SECTION 27.7.(a) Section 1.1 of S.L. 2004-179, as amended by Section 30.3A of S.L. 2005-276, Section 2.1 of S.L. 2006-146, and Section 27.8 of S.L. 2008-107, is amended by deleting the language:

"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."

and substituting the language:

"11,500,000 10,000,000 Land acquisition, site preparation, engineering, architectural, and other consulting services, acquisition of an existing building, construction, or renovation of a Center for Design Innovation to be operated jointly by Winston-Salem State University and the North Carolina School of the Arts."

SECTION 27.7.(b) Section 27.8(a)(8) of S.L. 2008-107 reads as rewritten:

"(8) In the maximum aggregate principal amount of twelve million nine hundred thousand dollars ($12,900,000) to finance the capital facility costs of completing—constructing or purchasing and/or renovating an existing building for a film school production facility at the University of North Carolina School of the Arts. No special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009. 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, 2010. No more than a maximum aggregate amount of seven million nine hundred thousand dollars ($7,900,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2011."

DEBT SERVICE FOR GREEN SQUARE COMPLEX PARKING CONSTRUCTION

SECTION 27.8. Notwithstanding Item 61, Page M-11, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets for S.L. 2008-107, the General Fund shall service the debt for the Green Square Complex parking deck during the 2009-2011 fiscal biennium.

TRANSFER OF UNENCUMBERED CASH BALANCES IN VARIOUS CAPITAL FUNDS

SECTION 27.11. Notwithstanding any other provision of law to the contrary, effective July 1, 2009, unencumbered cash balances remaining in Capital Funds shall be transferred to the State Controller to be deposited in the General Fund according to the
schedule that follows. These funds shall be used to support General Fund appropriations for the 2009-2010 fiscal year.

<table>
<thead>
<tr>
<th>Project/Fund</th>
<th>Amount Transferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Administration</td>
<td></td>
</tr>
<tr>
<td>Renovation of Deerfield Cottage (Budget Code 40701)</td>
<td>$3,283,500</td>
</tr>
<tr>
<td>Museum of History Security Improvements &amp; Door Repairs (Budget Code 40701-4J20)</td>
<td>545,800</td>
</tr>
<tr>
<td>Ocracoke Shoreline Revetment &amp; Restoration (Budget Code 40401-4410)</td>
<td>317,500</td>
</tr>
<tr>
<td>Spring Lake Vet Cemetery Site &amp; Building Improvements (Budget Code 40601-4G14)</td>
<td>283,200</td>
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<tr>
<td>Garner Road Building #2 – Mechanical Room Renovations</td>
<td>1,112,900</td>
</tr>
<tr>
<td>UNC-TV Server Room – HVAC Upgrades</td>
<td>79,000</td>
</tr>
<tr>
<td>Energy Savings Reserve (Budget Code 40701-4J32)</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Five New Youth Development Centers Planning (Budget Code 40701-4J28)</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Department of Agriculture and Consumer Services</td>
<td></td>
</tr>
<tr>
<td>Constable Lab Humidity Repairs</td>
<td>798,266</td>
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<tr>
<td>Constable Lab Equipment Upgrades</td>
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<tr>
<td>Oxford Complex Planning &amp; Design (Budget Code 40617-4F02)</td>
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<tr>
<td>Eastern Ag Center Horse Barn (Budget Code 40717-4G02)</td>
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<tr>
<td>Barn Renovation (Budget Code 40717)</td>
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<td>Barn Renovation (Budget Code 40717)</td>
<td>161,554</td>
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<tr>
<td>Department of Commerce</td>
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<tr>
<td>Portswide Improvements (Budget Code 40710-1)</td>
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<tr>
<td>Department of Cultural Resources</td>
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<tr>
<td>Horne Creek Farm Visitors Center (Budget Code 40714-4L02)</td>
<td>2,847</td>
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<tr>
<td>Department of Crime Control &amp; Public Safety</td>
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<tr>
<td>Phase 3 Kitchen Hoods (Budget Code 40372)</td>
<td>381,123</td>
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<tr>
<td>Camp Butner Land Buffers (Budget Codes 40707-4F02, 40807-4G01)</td>
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<td>Statewide Master Planning (Budget Code 40807-4G03)</td>
<td>300,300</td>
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<tr>
<td>Department of Corrections</td>
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<tr>
<td>Piedmont CI – Humidity Control for Chronic Care Units</td>
<td>268,100</td>
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<tr>
<td>Swannanoa Conversion R&amp;R (Budget Code 40613-K/40713-L)</td>
<td>1,550,000</td>
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<td>Burke – Perimeter Security Fence Modifications (Budget Code 40513)</td>
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<td>Northhampton – Perimeter Fence System Upgrade (Budget Code 40513)</td>
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<td>McCain Correctional Hospital Elevator Modernization (Budget Code 40413-4F04)</td>
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<tr>
<td>Prison Additions Planning Reserve</td>
<td>2,972,656</td>
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<tr>
<td>Department of Environment and Natural Resources</td>
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<tr>
<td>Maintenance Facility for Bladen Lakes (Budget Code 40716)</td>
<td>855,000</td>
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<tr>
<td>Metal Storage Building (Budget Code 40516)</td>
<td>81,000</td>
</tr>
<tr>
<td>Modular Office (Budget Code 40516)</td>
<td>250</td>
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<td>Description</td>
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<tr>
<td>1</td>
<td>Claridge Nursery Facility Renovations (Budget Code 40616)</td>
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<tr>
<td>2</td>
<td>Linville Nursery Facility Renovations (Budget Code 40616)</td>
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<td>3</td>
<td>Bladen Lakes SF – Residence Renovation (Budget Code 40616)</td>
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<td>4</td>
<td>Turnbull Creek ESF Renovation (Budget Code 40616)</td>
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<td>5</td>
<td>Clemmons ESF Renovation (Budget Code 40616)</td>
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<td>6</td>
<td>Holmes ESF Renovation (Budget Code 40616)</td>
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<td>7</td>
<td>Wake Co Headquarters Storage Building (Budget Code 40716)</td>
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<td>8</td>
<td>Jordan Lake Training Center (Budget Code 40716)</td>
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<td>9</td>
<td>Mt. Training Facility &amp; Linville Nursery Restroom Upgrades</td>
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<td>Claridge Nursery Facility Renovations (Budget Code 40616) (Budget Code 40616)</td>
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<td>11</td>
<td>Drainage Improvements (Budget Code 40716)</td>
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<td>12</td>
<td>Children's Nature Discovery Center (Budget Code 40616)</td>
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<td>13</td>
<td>Storage Building (Budget Code 40616)</td>
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<td>14</td>
<td>African Amphitheater Renovation (Budget Code 40616)</td>
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<td>15</td>
<td>Picnic Area Bus Parking Renovation (Budget Code 40616)</td>
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<td>16</td>
<td>Horticulture Storage Facility (Budget Code 40716)</td>
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<td>17</td>
<td>HVAC Repairs (Budget Code 40716)</td>
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<td>18</td>
<td>Aviary HVAC Renovation (Budget Code 40716)</td>
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<tr>
<td>19</td>
<td>Fishers and Cooke Renovations (Budget Code 40716)</td>
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<tr>
<td>20</td>
<td>Edgerton Building Upgrades</td>
</tr>
<tr>
<td>21</td>
<td>Harvey Building Upgrades</td>
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<tr>
<td>22</td>
<td>McBryde Building – Elevator Upgrades</td>
</tr>
<tr>
<td>23</td>
<td>DDC Interface between Dix Campus and GMS</td>
</tr>
<tr>
<td>24</td>
<td>Willow Cottage Renovations (Budget Code 40644-4H01)</td>
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<tr>
<td>25</td>
<td>Stair Tower (Budget Code 40553-4E01)</td>
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<tr>
<td>26</td>
<td>Standby Generator Upgrades (Budget Codes 40453-4D01/44353-4C03)</td>
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<tr>
<td>27</td>
<td>Renovation of ELC-4 (Budget Code 40745-4F01)</td>
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<td>28</td>
<td>Public Health Lab and Medical Examiners Office (Budget Code 40668-4601)</td>
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<td>29</td>
<td>Medical Care Unit HVAC Upgrades (Budget Code 44344-4E02)</td>
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<td>30</td>
<td>HVAC Upgrades for Vocational Enterprises Bldg (Budget Code 40759-4F01)</td>
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<td>31</td>
<td>New Heating Plant (Budget Code 40645-4E01)</td>
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<td>32</td>
<td>Moore Building – Chiller Replacement</td>
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<td>33</td>
<td>HVAC Upgrades for Vocational Enterprises Bldg (Budget Code 40759-4F01)</td>
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<td>34</td>
<td>Fisher and Cooke Renovations (Budget Code 40664-4D01)</td>
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<tr>
<td>35</td>
<td>Edgerton Building Upgrades</td>
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<td>36</td>
<td>Harvey Building Upgrades</td>
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<tr>
<td>37</td>
<td>McBryde Building – Elevator Upgrades</td>
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<tr>
<td>38</td>
<td>DDC Interface between Dix Campus and GMS</td>
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<tr>
<td>39</td>
<td>Willow Cottage Renovations (Budget Code 40644-4H01)</td>
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<td>40</td>
<td>Stair Tower (Budget Code 40553-4E01)</td>
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<td>41</td>
<td>Standby Generator Upgrades (Budget Codes 40453-4D01/44353-4C03)</td>
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<td>42</td>
<td>Renovation of ELC-4 (Budget Code 40745-4F01)</td>
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<td>43</td>
<td>Public Health Lab and Medical Examiners Office (Budget Code 40668-4601)</td>
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<td>44</td>
<td>Department of Youth Justice and Delinquency Prevention</td>
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<td>45</td>
<td>Dillon Security Grilles (Budget Code 40647-4K01)</td>
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<td>46</td>
<td>Det &amp; New Hanover Septic System (Budget Code 40647-4K04)</td>
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<td>47</td>
<td>Dillon Asbestos &amp; New Roof (Budget Code 40647-4K07)</td>
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<td>48</td>
<td>Stonewall Jackson Rd Rep (Budget Code 40647-4K08)</td>
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<td>49</td>
<td>Butner New Roof &amp; Asbestos (Budget Code 40647-4K12)</td>
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<td>50</td>
<td>Samarkand Bldg Demolition (Budget Code 40647-4K13)</td>
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<td>51</td>
<td>Dobbs Road Repairs (Budget Code 40647-4K14)</td>
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<td>52</td>
<td>CA Dillon Maintenance Building (Budget Code 40747-4L01)</td>
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<td>53</td>
<td>Buncombe Det Cnt Boiler &amp; Repairs (Budget Code 40647-4K10)</td>
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<td>54</td>
<td>Cumberland Det. Renovat (Budget Code 40447-4L01)</td>
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<td>55</td>
<td>SV/DOC Campus Transfer (Budget Code 40647-4K02)</td>
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<td>1</td>
<td>Security Camera Fixtures (Budget Code 40547-4J03)</td>
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<td>Multipurpose Homes Renovations (Budget Code 40647-4K06)</td>
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<td>Security Cameras YDC (Budget Code 40547-4J02)</td>
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<td>Security Cameras Detentn (Budget Code 40547-4J01)</td>
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<td>5</td>
<td>Samarkand HVAC Nordan (Budget Code 40647-4K03)</td>
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<td>Office of State Budget and Management</td>
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<td>7</td>
<td>OSBM R&amp;R Reserve (Budget Codes 49702, 49802, 49902, 40002, 40102, 40202, 40302, 40402, 40502, 40602, 40702)</td>
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<td>8</td>
<td>University of North Carolina</td>
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<td>9</td>
<td>New Conference Center (Budget Code 40724 302)</td>
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<tr>
<td>10</td>
<td>4-H Camps (Budget Code 40724-4F02)</td>
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<td>11</td>
<td>Hospital – Campus Master Plan (Budget Codes: 40639: 406392-729010, 406392-684410)</td>
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<tr>
<td>12</td>
<td>Piedmont Triad Research Park Land Acquisition</td>
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<td>13</td>
<td>Electric Plumbing HVAC Design (Budget Code 40719-4F24)</td>
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<td>14</td>
<td>Repairs to Electrical, Plumbing and Heating, Ventilating and Air Conditioning Systems (Budget Codes 40538, 40638)</td>
</tr>
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<td>15</td>
<td>4M22 2007 Reserve for Coker Lab Renov (Budget Code 40729)</td>
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<td>16</td>
<td>Utility Metering (Budget Code 40629)</td>
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<td>17</td>
<td>CI 08-24 Kenan Auditorium Replace Air Handler (Budget Code 40628)</td>
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<td>18</td>
<td>CI 09-08 Trask Coliseum Replace Heat Exchange (Budget Code 40628)</td>
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<td>19</td>
<td>Replace Windows – Messick Building (Budget Code 40736)</td>
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<tr>
<td>20</td>
<td>Repair HVAC System (Construction) – Greenville Center (Budget Code 40736)</td>
</tr>
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<td>21</td>
<td>Repair HVAC System – Brewster Building (Budget Code 40736)</td>
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<tr>
<td>22</td>
<td>Replace HVAC System (Design) – Spilman Building (Budget Code 40736)</td>
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<tr>
<td>23</td>
<td>Expand Central Chilled Water Loop (Design) – Main Campus (Budget Code 40736)</td>
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<tr>
<td>24</td>
<td>HSC-Upgrade Steam Systems (Construction) (Budget Code 40736)</td>
</tr>
<tr>
<td>25</td>
<td>MEP: Boiler #1 Repairs (Budget Code 40736)</td>
</tr>
<tr>
<td>26</td>
<td>Replace Condensate Line (Design) – to MH-MC3 (Budget Code 40736)</td>
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<tr>
<td>27</td>
<td>Install New Steam Distribution (Design) – Steam Plant to MH-CH-9 (Budget Code 40736)</td>
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<tr>
<td>28</td>
<td>Repair Heating, Ventilating, and Air Conditioning (Design) – Joyner Library (Budget Code 40736)</td>
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<td>29</td>
<td>Brody P3 &amp; AC7 HVAC Study (Budget Code 40636)</td>
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<td>Replace Electrical Distribution Panels – Life Sciences Building (Budget Code 40636)</td>
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<td>31</td>
<td>Upgrade Building Automation System – Brody Building (Budget Code 40636)</td>
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<td>32</td>
<td>Repair/Replace Boiler Controls (Design) – Steam Plant (Budget Code 40636)</td>
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<td>33</td>
<td>Replace Chilled Water Coils Air Handling Units 4,5, &amp; 6 – Brody Building (Budget Code 40636)</td>
</tr>
<tr>
<td>34</td>
<td>MEP: Replace Main Switchboard West Academic Bldg (Budget Code 40636)</td>
</tr>
<tr>
<td>35</td>
<td>Electrical Distribution System Repair – Education Building (Budget Code 40636)</td>
</tr>
</tbody>
</table>
AMEND COPS AUTHORIZATION LANGUAGE/ALLOW POLICE OPERATIONS CENTER AT SCHOOL OF THE ARTS

SECTION 27.12. Subdivision (7) of 27.8(a) of S.L. 2008-107 reads as rewritten:

"(7) In the maximum aggregate principal amount of eleven million one hundred thousand dollars ($11,100,000) to finance the capital facility costs of completing, separately or together, a central storage facility and a police operations center at the University of North Carolina School of the Arts."

AMEND COPS AUTHORIZATION LANGUAGE/APPALACHIAN STATE UNIVERSITY PROPERTY ACQUISITION

SECTION 27.12A. Subdivision (1) of Section 29.13(a) of S.L. 2007-323 reads as rewritten:

"(1) In the maximum aggregate principal amount of thirty-four million dollars ($34,000,000) to finance the capital facility costs of completing a new educational building at Appalachian State University and acquiring adjacent real property related to the project. No more than a maximum aggregate amount of three million dollars ($3,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2008."

REPORT ON STATUS OF CERTAIN UNC REPAIRS & RENOVATIONS PROJECTS

SECTION 27.13.(a) The University of North Carolina Board of Governors shall prepare a report containing information on the status of each project subject to G.S. 116-31.11 which was or is to be paid for in whole or in part with funds allocated to the Board from the Reserve for Repairs and Renovations and shall submit the report to the Chairs of the Senate Committee/Base Budget, the Chairs of the House of Representatives Committee on Appropriations, and the Fiscal Research Division no later than March 1, 2010. Specifically, the report shall include information about each project for which funds from the Reserve for Repairs and Renovations were allocated at anytime after July 1, 2006, regardless of whether or not such funds were actually used for the project.

SECTION 27.13.(b) The report required by this section shall contain the following information about each project:

   (1) A brief description of the project.
   (2) The estimated cost of the project.
   (3) The sources of funds, and the amounts from each source, budgeted for the project.
   (4) Expenditures and encumbrances for the project.
   (5) The month and year in which funds were allocated to the project.
   (6) The project schedule. If the project is complete, the date of completion.
   (7) If the project is cancelled, an explanation of the reason for cancellation and of how funds were reallocated.

PART XXVIII. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES
SECTION 28.1. 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 28.2.(a) The N.C. House of Representatives Appropriations Committee
House of Representatives Appropriations Supplemental Committee Report on the Continuation,
Expansion and Capital Budgets dated June 9, 2009, which were distributed in the House of
Representatives and used to explain this act, shall indicate action by the General Assembly on
this act and shall therefore be used to construe this act, as provided in the State Budget Act,
Chapter 143C of the General Statutes, and for these purposes shall be considered a part of this
act and as such shall be printed as a part of the Session Laws.

SECTION 28.2.(b) The budget enacted by the General Assembly is for the
maintenance of the various departments, institutions, and other spending agencies of the State
for the 2009-2011 biennial budget as provided in G.S. 143C-3-5. This budget includes the
appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted recommended adjustments to the budget to
the General Assembly in March 2009 in the documents "The North Carolina State Budget,
Recommended Operating Budget with Performance Management Information 2009-2011,
Volumes 1 through 6," for the 2009-2011 fiscal biennium for the various departments,
institutions, and other spending agencies of the State. The adjustments to these documents
made by the General Assembly are set out in the Committee Report and the Supplemental
Committee Report.

SECTION 28.2.(c) The budget enacted by the General Assembly shall also be
interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
appropriate legislation.

In the event that there is a conflict between the line-item budget certified by the
Director of the Budget and the budget enacted by the General Assembly, the budget enacted by
the General Assembly shall prevail.

MOST TEXT APPLIES ONLY TO THE 2009-2011 FISCAL BIENNium

SECTION 28.3. Except for statutory changes or other provisions that clearly
indicate an intention to have effects beyond the 2009-2011 fiscal biennium, the textual
provisions of this act apply only to funds appropriated for, and activities occurring during, the
2009-2011 fiscal biennium.

EFFECT OF HEADINGS

SECTION 28.4. The headings to the parts and sections of this act are a
convenience to the reader and are for reference only. The headings do not expand, limit, or
define the text of this act, except for effective dates referring to a part.

SEVERABILITY CLAUSE

SECTION 28.5. If any section or provision of this act is declared unconstitutional
or invalid by the courts, it does not affect the validity of this act as a whole or any part other
than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 28.5A. This act becomes effective only if the General Assembly enacts
modifications to State law that increase revenues by an amount sufficient to ensure that the
State's budget is balanced.
SECTION 28.6. Except as otherwise provided, this act becomes effective July 1, 2009.