

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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**HOUSE BILL 950
Committee Substitute Favorable 5/29/12
Third Edition Engrossed 5/30/12**

Short Title: Modify 2011 Appropriations Act.

(Public)

Sponsors:

Referred to:

May 17, 2012

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2011 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 as provided in G.S. 143C-1-2(b).

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2012."

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2013, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2012-2013 fiscal year.

Current Operations – General Fund

2012-2013

EDUCATION

Community Colleges System Office

\$ 10,000,000

Department of Public Instruction

248,112,460



1		
2	University of North Carolina – Board of Governors	
3	Appalachian State University	(45,799)
4	Elizabeth City State University	(179,657)
5	Fayetteville State University	(20,364)
6	NC A&T State University	(179,398)
7	NC Central University	(29,232)
8	NC State University	
9	Academic Affairs	(893,237)
10	UNC-Asheville	(46,868)
11	UNC-Chapel Hill	
12	Academic Affairs	(3,946,960)
13	UNC-Charlotte	(52,060)
14	UNC-Greensboro	(292,968)
15	UNC-School of the Arts	(237,985)
16	UNC-Wilmington	(130,472)
17	General Administration	9,058,141
18	University Institution Programs	20,773,483
19	UNC Financial Aid Private Colleges	4,781,517
20	UNC Hospitals	(18,000,000)
21	Total University of North Carolina – Board of Governors	\$ 10,558,141
22		
23	HEALTH AND HUMAN SERVICES	
24		
25	Department of Health and Human Services	
26	Division of Central Management and Support	\$ 1,507,641
27	Division of Aging and Adult Services	1,500,000
28	Division of Services for Blind/Deaf/Hard of Hearing	(168,336)
29	Division of Child Development	14,500,000
30	Division of Health Service Regulation	1,792,559
31	Division of Medical Assistance	130,271,016
32	Division of Mental Health, Dev. Disabilities and Sub. Abuse	3,583,584
33	NC Health Choice	(2,007,430)
34	Division of Public Health	20,770,395
35	Division of Social Services	(9,079,116)
36	Total Health and Human Services	\$ 162,670,313
37		
38	NATURAL AND ECONOMIC RESOURCES	
39		
40	Department of Agriculture and Consumer Services	\$ 49,576,024
41		
42	Department of Commerce	
43	Commerce	16,210,202
44	Commerce State-Aid	1,633,038
45		
46	Department of Environment and Natural Resources	(44,868,945)
47		
48	Wildlife Resources Commission	478,821
49		
50	JUSTICE AND PUBLIC SAFETY	
51		

1	Department of Public Safety	\$ (16,522,833)
2		
3	Judicial Department	1,172,655
4		
5	Department of Justice	(5,138,758)
6		
7	GENERAL GOVERNMENT	
8		
9	Department of Administration	\$ (1,002,667)
10		
11	Department of State Auditor	(160,141)
12		
13	Office of State Controller	1,580,412
14		
15	Department of Cultural Resources	
16	Cultural Resources	502,603
17	Roanoke Island Commission	(330,000)
18		
19	State Board of Elections	587,037
20		
21	General Assembly	2,126,136
22		
23	Office of the Governor	
24	Office of the Governor	(84,466)
25	Office of State Budget and Management	(288,912)
26	OSBM – Reserve for Special Appropriations	1,609,388
27	Housing Finance Agency	(4,497,877)
28		
29	Department of Insurance	
30	Insurance	459,055
31	Insurance – Volunteer Safety Workers' Compensation	1,876,346
32		
33	Office of Lieutenant Governor	(4,166)
34		
35	Office of Administrative Hearings	60,700
36		
37	Department of Revenue	(757,866)
38		
39	Department of Secretary of State	816,936
40		
41	RESERVES, ADJUSTMENTS, AND DEBT SERVICE	
42		
43	Information Technology Fund	\$ (750,000)
44	Job Development Investment Grants (JDIG) Reserve	(6,500,000)
45	State Retirement System Contributions	(62,300,000)
46	Continuation/Justification Review Reserve	(35,576,758)
47	Compensation and Performance Pay Reserve	(121,105,840)
48	Compensation Bonus Reserve	79,086,788
49	Disability Income Plan of North Carolina	(8,688,000)
50	Severance Expenditure Reserve	4,000,000
51	State Health Plan	1,000,000

1	Transitions to Community Living Fund	50,000,000
2	Eugenics Reserve Fund	11,050,000
3	VIPER Reserve	20,000,000
4		
5	Debt Service	
6	General Debt Service	(52,904,635)
7		
8	TOTAL CURRENT OPERATIONS – GENERAL FUND	\$ 313,685,191

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) Section 2.2(a) of S.L. 2011-145 is repealed. The General Fund availability used in adjusting the 2012-2013 budget is shown below:

	FY 2012-2013	
15	Unappropriated Balance Remaining	\$ 41,232,325
16	Anticipated Overcollections from FY 2011-2012	232,500,000
17	Anticipated Reversions for FY 2011-2012	205,500,000
18	Net Supplemental Medicaid Appropriation (S.L. 2012-2)	(154,000,000)
19	Less Earmarkings of Year-End Fund Balance	
20	Savings Reserve Account	0
21	Repairs and Renovations Reserve Account	(62,048,960)
22	Beginning Unreserved Fund Balance	\$ 263,183,365
23		
24	Revenue Based on Existing Tax Structure	\$ 18,931,200,000
25		
26	Nontax Revenue	
27	Investment Income	\$ 21,600,000
28	Judicial Fees	258,700,000
29	Disproportionate Share	115,000,000
30	Insurance	73,700,000
31	Other Nontax Revenues	304,400,000
32	Highway Trust Fund Transfer	27,600,000
33	Highway Fund Transfer	212,280,000
34	Total – Nontax Revenues	\$ 1,013,280,000
35		
36	Subtotal General Fund Availability	\$ 20,207,663,365
37		
38	Adjustments to Availability: 2012 Session	
39	Education Lottery Revenue to K-12	\$ 41,974,141
40	E-Commerce Reserve Cash Balance	1,347,397
41	Charitable Licensing Receipts	979,752
42	One NC Fund Cash Balance	30,000,000
43	Insurance Regulatory Fund	166,613
44	Work Opportunity Tax Credit Extension	(800,000)
45	Sales Tax Refund Application Extension for Passenger Air Carriers	(6,300,000)
46	Judicial Fees	(290,000)
47	Sale of State Assets Receipt	(20,000,000)
48	Highway Fund Transfer	7,879,151
49	Teaching Fellows Trust Fund Cash Balance	543,526
50	Information Technology Internal Service Fund Cash Balance	4,000,000
51	Reserve for HB 1104 (Equal Opportunity Tax Credit)	(617,379)

1	National Mortgage Settlement	9,610,000
2	Subtotal Adjustments to Availability:	\$ 68,493,201
3		
4	Revised Total General Fund Availability	\$ 20,276,156,566
5	Less General Fund Appropriations	\$ 20,276,156,566
6		
7	Balance Remaining	\$ 0

8
9 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the State
10 Controller shall transfer only sixty-two million forty-eight thousand nine hundred sixty dollars
11 (\$62,048,960) from the unreserved fund balance to the Repairs and Renovations Reserve
12 Account on June 30, 2012.

13 **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and
14 Renovations Reserve Account are appropriated for the 2012-2013 fiscal year to be used in
15 accordance with G.S. 143C-4-3.

16 **SECTION 2.2.(d)** Notwithstanding G.S. 143C-4-2 and pursuant to subsection (a)
17 of this section, the State Controller shall transfer any remaining unreserved fund balance to the
18 Savings Reserve Account on June 30, 2012. This is not an "appropriation made by law," as that
19 phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

20 **SECTION 2.2.(e)** Notwithstanding any other provision of law to the contrary, the
21 sum of four million dollars (\$4,000,000) shall be transferred from the Information Technology
22 Internal Service Fund ending balance for State fiscal year 2011-2012, Budget Code 74660, to
23 the State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget
24 code as determined by the State Controller for the 2012-2013 fiscal year.

25 **SECTION 2.2.(f)** Notwithstanding any other provision of law to the contrary, the
26 sum of five hundred forty-three thousand five hundred twenty-six dollars (\$543,526) from the
27 Department of Public Instruction Trust Special-Teaching Fellows shall be transferred to the
28 State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code
29 as determined by the State Controller for the 2012-2013 fiscal year.

30 **SECTION 2.2.(g)** Notwithstanding any other provision of law to the contrary, the
31 sum of thirty million dollars (\$30,000,000) from the Department of Commerce, One North
32 Carolina Fund, shall be transferred to the State Controller to be deposited in Nontax Budget
33 Code 19978 or the appropriate budget code as determined by the State Controller for the
34 2012-2013 fiscal year.

35 **SECTION 2.2.(h)** Notwithstanding any other provision of law to the contrary, the
36 sum of one million three hundred forty-seven thousand three hundred ninety-seven dollars
37 (\$1,347,397) from the E-Commerce Reserve, Budget Code 24100, shall be transferred to the
38 State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code
39 as determined by the State Controller for the 2012-2013 fiscal year.

40 **SECTION 2.2.(i)** Notwithstanding any other provision of law to the contrary, the
41 sum of five million dollars (\$5,000,000) shall be transferred from the Highway Fund to the
42 General Fund for the 2012-2013 fiscal year for the State Highway Patrol, four million dollars
43 (\$4,000,000) of which shall be used for retirement system contributions and one million dollars
44 (\$1,000,000) of which shall be used for State Health Plan contributions.

45 **SECTION 2.2.(j)** Notwithstanding any other provision of law to the contrary, the
46 sum of two million two hundred ninety-four thousand one hundred fifty-one dollars
47 (\$2,294,151), recurring, shall be transferred from the Highway Fund to the General Fund for
48 the 2012-2013 fiscal year, and each year thereafter, and the sum of five hundred eighty-five
49 thousand dollars (\$585,000), nonrecurring, shall be transferred from the Highway Fund to the
50 General Fund for the 2012-2013 fiscal year. The funds transferred under this subsection are to
51 be used to support operations and maintenance costs of the Voice Interoperability Plan for

1 Emergency Responders (VIPER) system operated by the Department of Public Safety, State
2 Highway Patrol.

3 **SECTION 2.2.(k)** This section becomes effective June 30, 2012.
4

5 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

6
7 **CURRENT OPERATIONS/HIGHWAY FUND**

8 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
9 and operation of the Department of Transportation and for other purposes as enumerated are
10 adjusted for the fiscal year ending June 30, 2013, according to the following schedule.
11 Amounts set out in brackets are reductions from Highway Fund Appropriations for the
12 2012-2013 fiscal year.

13		
14	Current Operations – Highway Fund	2012-2013
15		
16	Department of Transportation	
17	Administration	\$ 1,595,705
18		
19	Division of Highways	
20	Administration	(164,266)
21	Construction	(39,431,107)
22	Maintenance	(67,063,119)
23	Planning and Research	0
24	OSHA Program	0
25		
26	Ferry Operations	(500,000)
27		
28	State Aid	
29	Municipalities	(912,604)
30	Public Transportation	(2,588,327)
31	Airports	(3,909,618)
32	Railroads	(500,000)
33		
34	Governor's Highway Safety Program	0
35	Division of Motor Vehicles	50,204,157
36	Other State Agencies, Reserves, and Transfers	(66,860,821)
37	Capital Improvements	0
38		
39	Total	\$ (130,130,000)

40
41 **HIGHWAY FUND AVAILABILITY STATEMENT**

42 **SECTION 3.2.** Section 3.2 of S.L. 2011-145 is repealed. The Highway Fund
43 availability used in adjusting the 2012-2013 fiscal year budget is shown below:
44

45	Highway Fund Availability Statement	2012-2013
46		
47	Unreserved Fund Balance	\$ 10,000,000
48	Revenue Based On Existing Law	2,062,680,000
49	Adjustment to Revenue Availability (Civil Penalties)	(22,000,000)
50	Reserve for HB 142 (Economic Development and Finance Changes)	(46,650,000)
51		

1	Revised Total Highway Fund Availability	2,004,030,000
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2	3 Unappropriated Balance	\$ 0
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5 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

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7 **CURRENT OPERATIONS/HIGHWAY TRUST FUND**

8 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the
9 maintenance and operation of the Department of Transportation and for other purposes as
10 enumerated are adjusted for the fiscal year ending June 30, 2013, according to the following
11 schedule. Amounts set out in brackets are reductions from Highway Trust Fund Appropriations
12 for the 2012-2013 fiscal year.

13	Current Operations – Highway Trust Fund	2012-2013
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14	16 Intrastate System	\$ (9,338,145)
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15	17 Aid to Municipalities	(979,789)
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16	18 Secondary Roads	(979,789)
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17	19 Urban Loops	(3,775,957)
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18	20 Program Administration	(1,516,320)
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19	21 Turnpike Authority	0
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20	22 Transfer to General Fund	0
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21	23 Transfer to Highway Fund	0
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22	24 Debt Service	0
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23	25 Mobility Fund	45,000,000
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24	26 Reserves	(45,000,000)
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25	GRAND TOTAL CURRENT OPERATIONS	\$ (16,590,000)
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28
29 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

30 **SECTION 4.2.** Section 4.2 of S.L. 2011-145 is repealed. The Highway Trust Fund
31 availability used in developing the 2012-2013 fiscal year budget is shown below:
32

33	Highway Trust Fund Availability	2012-2013
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34	36 Unreserved Fund Balance	\$ 15,000,000
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35	37 Revenue Based on Existing Law	1,070,870,000
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36	38 Reserve for HB 142 (Economic Development and Finance Changes)	(15,550,000)
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37	Revised Total Highway Trust Fund Availability	\$1,070,320,000
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39
40
41 **PART V. OTHER APPROPRIATIONS**

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43
44 **ELIMINATE REPORTING REQUIREMENT/APPROPRIATION OF OTHER**
45 **FUNDS/USE OF DEPARTMENTAL RECEIPTS**

46 **SECTION 5.1.** Section 5.1 of S.L. 2011-145 reads as rewritten:

47 **"SECTION 5.1.(a)** State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated as
48 provided in G.S. 143C-1-2 for the 2011-2013 fiscal biennium, with the adjustments made to the
49 continuation budget as reflected in the Governor's Recommended Budget and Budget Support
50 Document, as follows:

1 (1) For all budget codes listed in "The State of North Carolina Governor's
2 Recommended Budget, 2011-2013" and in the Budget Support Document,
3 cash balances and receipts are appropriated up to the amounts specified, as
4 adjusted by the General Assembly, for the 2011-2012 fiscal year and the
5 2012-2013 fiscal year. Funds may be expended only for the programs,
6 purposes, objects, and line items or as otherwise authorized by the General
7 Assembly. Expansion budget funds listed in those documents are
8 appropriated only as otherwise provided in this act.

9 (2) Notwithstanding the provisions of subdivision (1) of this subsection:

10 a. Any receipts that are required to be used to pay debt service
11 requirements for various outstanding bond issues and certificates of
12 participation are appropriated up to the actual amounts received for
13 the 2011-2012 fiscal year and the 2012-2013 fiscal year and shall be
14 used only to pay debt service requirements.

15 b. Other funds, cash balances, and receipts of funds that meet the
16 definition issued by the Governmental Accounting Standards Board
17 of a trust or agency fund are appropriated for and in the amounts
18 required to meet the legal requirements of the trust agreement for the
19 2011-2012 fiscal year and the 2012-2013 fiscal year.

20 **"SECTION 5.1.(b)** Receipts collected in a fiscal year in excess of the amounts authorized
21 by this section shall remain unexpended and unencumbered until appropriated by the General
22 Assembly in a subsequent fiscal year, unless the expenditure of overrealized receipts in the
23 fiscal year in which the receipts were collected is authorized by the State Budget Act.
24 Overrealized receipts are appropriated up to the amounts necessary to implement this
25 subsection.

26 ~~**"SECTION 5.1.(c)** In addition to the consultation and reporting requirements set out in
27 G.S. 143C-6-4, the Office of State Budget and Management shall report to the Joint Legislative
28 Commission on Governmental Operations and to the Fiscal Research Division within 30 days
29 after the end of each quarter on any overrealized receipts approved for expenditure under this
30 subsection by the Director of the Budget. The report shall include the source of the receipt, the
31 amount overrealized, the amount authorized for expenditure, and the rationale for expenditure.~~

32 **"SECTION 5.1.(d)** Notwithstanding subsections (a) and (b) of this section, there is
33 appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax
34 Revenues for each fiscal year an amount equal to the amount of the distributions required by
35 law to be made from that reserve for that fiscal year.

36 **"SECTION 5.1.(e)** Notwithstanding any State law to the contrary and consistent with any
37 applicable federal law and the State's Cash Management Policy, departmental receipts, as
38 defined in G.S. 143C-1-1(d)(10), shall be used first and to the maximum amount available to
39 support agency operations, budgetary requirements, and any other legally authorized activities
40 prior to the use of funds from General Fund tax and nontax receipt sources specified in Section
41 2.2(a) of this act for those same or related purposes."

42
43 **OTHER RECEIPTS FROM PENDING GRANT AWARDS**
44 **REVISIONS/SUBCOMMITTEE ESTABLISHED**

45 **SECTION 5.2.** Section 5.2 of S.L. 2011-145 is amended by adding a new
46 subsection to read:

47 "(e) The Joint Legislative Commission on Governmental Operations shall establish a
48 subcommittee to review any budget-related issues, including pending grant awards received
49 pursuant to this section on a monthly basis. The subcommittee shall consist of, at a minimum,
50 the Chair of the Appropriations Committee of the House of Representatives, the Chair of the
51 Senate Appropriations/Base Budget Committee, at least one member from each of the

1 Appropriations Subcommittees in the House of Representatives, and one member from each of
 2 the Appropriations/Base Budget Committees of the Senate."
 3

4 **EDUCATION LOTTERY**

5 **SECTION 5.3.(a)** Notwithstanding G.S. 18C-164, the revenue used to support
 6 appropriations made in this act is transferred from the State Lottery Fund in the amount of four
 7 hundred sixty-six million nine hundred forty-seven thousand seven hundred seventy-one dollars
 8 (\$466,947,771) for the 2012-2013 fiscal year.

9 **SECTION 5.3.(b)** Notwithstanding G.S. 18C-164, the North Carolina State Lottery
 10 Commission shall not transfer funds to the Education Lottery Reserve Fund for the 2011-2012
 11 fiscal year or the 2012-2013 fiscal year.

12 **SECTION 5.3.(c)** Section 5.4(f) of S. L. 2011-145 is repealed.

13 **SECTION 5.3.(d)** Notwithstanding G.S. 18C-164(f), if actual net lottery revenues
 14 for the 2011-2012 fiscal year exceed the amounts appropriated in Section 5.4(b) of S.L.
 15 2011-145, the excess net lottery revenues shall be transferred as required under subsection (a)
 16 of this section.

17 **SECTION 5.3.(e)** Of the amount specified in subsection (a) of this section,
 18 forty-one million nine hundred seventy-four thousand one hundred forty-one dollars
 19 (\$41,974,141) shall be transferred to the State Controller to be deposited in Nontax Budget
 20 Code 19978 or the appropriate budget code as determined by the State Controller. These funds
 21 shall be used solely to support the General Fund appropriations to the State's public schools.

22 **SECTION 5.3.(f)** Of the amount specified in subsection (a) of this section, the
 23 amount of four hundred twenty-four million nine hundred seventy-three thousand six hundred
 24 thirty dollars (\$424,973,630) shall be transferred to the Education Lottery Fund for the
 25 2012-2013 fiscal year.

26 **SECTION 5.3.(g)** Notwithstanding G.S. 18C-164, the appropriations made from
 27 the Education Lottery Fund for the 2012-2013 fiscal year are as follows:

28		
29	Teachers in Early Grades	\$ 220,643,188
30	Prekindergarten Program	\$ 63,135,709
31	Public School Building Capital Fund	\$ 100,000,000
32	Scholarships for Needy Students	\$ 30,450,000
33	UNC Need-Based Financial Aid	\$ 10,744,733
34	Total Appropriation	\$ 424,973,630

35 **SECTION 5.3.(h)** Notwithstanding G.S. 18C-164(c), G.S. 115C-546.2(d), or any
 36 other provision of law, funds appropriated in this section to the Public School Building Capital
 37 Fund for the 2012-2013 fiscal year shall be allocated to counties on the basis of average daily
 38 membership (ADM).

39 **SECTION 5.3.(i)** Notwithstanding G.S. 18C-164(c), Article 35A of Chapter 115C
 40 of the General Statutes, or any other provision of law, the funds appropriated in this section for
 41 UNC Need-Based Financial Aid shall be administered in accordance with the policy adopted
 42 by the Board of Governors of The University of North Carolina.
 43

44 **PART VI. GENERAL PROVISIONS**

45 **REMOVE CONSULTATION BY GOVERNOR REQUIREMENT/INTERIM** 46 **APPROPRIATIONS COMMITTEES**

47 **SECTION 6.1.** Section 6.5 of S.L. 2011-145 is repealed.
 48
 49

50 **EXTEND REPORTING DATE/UTILIZATION REVIEW/PUBLIC SCHOOL AND** 51 **PUBLIC HEALTH NURSES**

1 **SECTION 6.2.** Section 6.9(b) of S.L. 2011-145 reads as rewritten:
2 **"SECTION 6.9.(b)** By ~~May~~December 1, 2012, the Fiscal Research Division shall report
3 to the House and Senate Appropriations Committees."
4

5 **VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER)**
6 **SYSTEM**

7 **SECTION 6.3.(a)** It is the intent of the General Assembly to continue to support
8 full development and implementation of the State's Voice Interoperability Plan for Emergency
9 Response (VIPER) system in the 2012-2013 fiscal year and in subsequent fiscal years.
10 However, no State agency, office, commission, or non-State entity shall enter into a new
11 contract or amend any existing contract that would commit or otherwise spend any State funds,
12 as defined in G.S. 143C-1-1(d)(25), during the 2011-2012 fiscal year unless those funds were
13 expressly appropriated by the General Assembly for the State's VIPER system.

14 **SECTION 6.3.(b)** Notwithstanding any other provision of law to the contrary, any
15 unspent State funds remaining on June 30, 2012, from the Department of Public Safety
16 (Department) or any funds remaining in the budgets of the previous agencies that now
17 constitute the Department shall revert to the State's General Fund.

18 **SECTION 6.3.(c)** Effective July 1, 2012, the Department is hereby authorized to
19 commit or spend up to twenty million dollars (\$20,000,000) in the 2012-2013 fiscal year to
20 continue development and implementation of the State's VIPER system.

21 **SECTION 6.3.(d)** The Department of Public Safety shall report to the Joint
22 Legislative Committee on Information Technology and the Joint Legislative Oversight
23 Committee on Justice and Public Safety on a quarterly basis on the progress of the State's
24 VIPER system.
25

26 **EXTEND MATURITY DATE/GLOBAL TRANSPARK**

27 **SECTION 6.4.** G.S. 147-69.2(b)(11), as amended by Section 7 of S.L. 2005-144,
28 Section 2 of S.L. 2005-201, Section 28.17 of S.L. 2005-276, Section 27.7 of S.L. 2007-323,
29 Section 25.2 of S.L. 2009-451, Section 6.10(a) of S.L. 2011-145, and Section 4(b) of S.L.
30 2011-340, reads as rewritten:

31 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated
32 in subsection (a) of this section in excess of the amount required to meet the current needs and
33 demands on such funds. The State Treasurer may invest the funds as provided in this
34 subsection. If an investment was authorized by this subsection at the time the investment was
35 made or contractually committed to be made, then none of the percentage or other limitation on
36 investments set forth in this subsection shall be construed to require the State Treasurer to
37 subsequently dispose of the investment or fail to honor any contractual commitments as a result
38 of changes in market values, ratings, or other investment qualifications.
39

- 40 ...
41 (11) With respect to assets of the Escheat Fund, obligations of the North Carolina
42 Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed
43 twenty-five million dollars (\$25,000,000), that have a final maturity not later
44 than October 1, ~~2012~~2015. The obligations shall bear interest at the rate set
45 by the State Treasurer. No commitment to purchase obligations may be
46 made pursuant to this subdivision after September 1, 1993, and no
47 obligations may be purchased after September 1, 1994. In the event of a loss
48 to the Escheat Fund by reason of an investment made pursuant to this
49 subdivision, it is the intention of the General Assembly to hold the Escheat
50 Fund harmless from the loss by appropriating to the Escheat Fund funds
equivalent to the loss.

1 If any part of the property owned by the North Carolina Global
2 TransPark Authority now or in the future is divested, proceeds of the
3 divestment shall be used to fulfill any unmet obligations on an investment
4 made pursuant to this subdivision."
5

6 **NATIONAL MORTGAGE SETTLEMENT APPROPRIATIONS**

7 **SECTION 6.5.(a)** The Consent Judgment in *U.S. v. Bank of America*, Civil Action
8 No. 12-CV-0361, dated April 4, 2012, provides for monetary payments to the State and,
9 therefore, the General Assembly authorizes the expenditure of these State revenues as set forth
10 in subsection (b) of this section.

11 **SECTION 6.5.(b)** Settlement funds received by the State pursuant to the Consent
12 Judgment in *U.S. v. Bank of America*, Civil Action No. 12-CV-0361, dated April 4, 2012, shall
13 be deposited and credited in accordance with the North Carolina Constitution and Chapter
14 143C of the General Statutes and are appropriated for the 2012-2013 fiscal year as follows:

- 15 (1) The sum of four million seven hundred eighty thousand dollars (\$4,780,000)
16 to the Department of Justice, Consumer Protection Division, for financial
17 fraud detection and prevention efforts.
- 18 (2) The sum of six million six hundred ninety thousand dollars (\$6,690,000) to
19 the Administrative Office of the Courts to be administered by the North
20 Carolina Conference of District Attorneys. Funds shall be used for grants
21 and training for prosecutorial offices to expand prosecution of lending and
22 financial crimes.
- 23 (3) The sum of thirty million five hundred twenty thousand dollars
24 (\$30,520,000) to the Housing Finance Agency for housing counselors and
25 other assistance to help distressed homeowners.
- 26 (4) The sum of five million seven hundred forty thousand dollars (\$5,740,000)
27 in civil penalties shall be deposited in the Civil Penalty and Forfeiture Fund.
- 28 (5) The sum of two million eight hundred seventy thousand dollars (\$2,870,000)
29 to the Department of Justice, State Bureau of Investigation, to expand its
30 accounting and financial investigative ability and its expertise to investigate
31 financial and lending crimes.

32 **SECTION 6.5.(c)** No State agency receiving money from the National Mortgage
33 Settlement may make expenditures for purposes not authorized by the General Assembly, nor
34 may a State agency spend an amount totaling more than that appropriated by the General
35 Assembly; however, a State agency may use the funds to offset 2012-2013 fiscal year
36 nonrecurring reductions. Any positions established by State agencies with funds appropriated
37 pursuant to this section shall be temporary or time-limited positions.

38 **SECTION 6.5.(d)** Nothing in this section is intended to be in conflict with the
39 mandatory provisions of the Consent Judgment.
40

41 **STRATEGIC INVESTMENTS IN NORTH CAROLINA INITIATIVE**

42 **SECTION 6.6.(a)** Findings. –

- 43 (1) The State's most valuable resources are its citizens and its extensive network
44 of small businesses across the State.
- 45 (2) The 2008 Great Recession had a devastating impact on the State's economy.
- 46 (3) The recession forced thousands of North Carolinians into long-term
47 unemployment, and the State's unemployment rate stands at nine and
48 four-tenths percent (9.4%) as of April 2012.
- 49 (4) The State's community colleges are best equipped to respond rapidly to the
50 specific job skills needed by North Carolina's businesses and best suited to
51 train the unemployed for reentry into the workforce.

- 1 (5) The State's current economic climate has made it difficult for small
2 businesses to access operating or expansion capital.
- 3 (6) The Rural Economic Development Center has a presence in all 100 counties
4 and is already working with 65 banks across the State to make capital
5 available through small business loans on a 10:1 basis.
- 6 (7) Therefore, the General Assembly is undertaking measures, collectively
7 known as the 2012 Strategic Investments in North Carolina Initiative, to
8 identify and assist small companies in order to create new jobs and to invest
9 in North Carolina's workforce to prepare them for those jobs.

10 **SECTION 6.6.(b)** Invest in the State's Workforce. – Of the funds appropriated in
11 this act to the Community Colleges System Office, the sum of ten million dollars (\$10,000,000)
12 shall be used for the North Carolina Back-to-Work Program, a retraining program to prepare
13 North Carolinians facing long-term unemployment for new careers. The program shall provide
14 students with job training and retraining; employability skills, including a Career Readiness
15 Certificate; and third-party, industry-recognized credentials. The Community Colleges System
16 Office and the Department of Commerce shall jointly recommend to the State Board of
17 Community Colleges up to 20 colleges to which to allocate available funds based on (i) the
18 number of long-term unemployed individuals in the college's service area, (ii) the percentage of
19 long-term unemployed individuals in the college's service area, (iii) the availability of jobs for
20 which the North Carolina Back-to-Work Program could prepare students, and (iv) the college's
21 demonstrated willingness and ability to successfully implement the program. The money may
22 only be used for the following activities: student instruction, student support and coaching, and
23 targeted financial assistance for students, including assistance with tuition, registration fees,
24 books, and certification costs.

25 **SECTION 6.6.(c)** Support and Grow Small Businesses. – Of the funds
26 appropriated in this act to the Rural Economic Development Center, the sum of four million
27 five hundred thousand dollars (\$4,500,000) shall be used to expand its efforts with banks to
28 make small business loans available through the Loan Participation Program, a program that
29 helps lenders make term loans of between one hundred thousand dollars (\$100,000) and two
30 million dollars (\$2,000,000) to small businesses of 100 or fewer employees.

31 **SECTION 6.6.(d)** JDIG Enhancement. – In order to provide increased flexibility to
32 the Department of Commerce to award grants to as many companies as are interested and
33 eligible to receive funds from the Job Development Investment Grant Program, the 25-project
34 cap is eliminated in Section 13.6 of this act.

35 **SECTION 6.6.(e)** One NC Fund Enhancement. – Of the funds appropriated in this
36 act to the One North Carolina Fund, the sum of nine million dollars (\$9,000,000) in recurring
37 funds shall be used to facilitate strategic planning and budgeting of the State's resources while
38 (i) freeing up one-time money for other job creation efforts and critical needs yet (ii)
39 maintaining the General Assembly's commitment to supporting economic development and job
40 creation across the State, as directed in Section 13.6 of this act.

41 **SECTION 6.6.(f)** Golden LEAF Investments. – The General Assembly strongly
42 encourages The Golden LEAF Foundation to consider taking steps to ensure that the
43 investment of its public funds generates new economic activity and job opportunities.

44 **SECTION 6.6.(g)** Continuing Economic Development Commitment. – The
45 General Assembly in Section 2.2 of this act has reserved the sum of eight hundred thousand
46 dollars (\$800,000) to extend the Work Opportunity Tax Credit, a credit based on wages paid to
47 North Carolinians who were hired despite facing barriers to employment, including TANF and
48 SNAP recipients, high-risk youth, and unemployed and disabled veterans. The General
49 Assembly is reaffirming, by extending the sunset on, other, long-established, productive tax
50 benefits that have increased employment in the State by luring jobs with high pay and good
51 benefits, including the following:

- 1 (1) Tax credits for renewable fuel facilities, biodiesel producers, and renewable
2 energy property facilities.
- 3 (2) Tax credits for growing businesses.
- 4 (3) Sales tax benefits ensuring North Carolina airports continue to be utilized as
5 hubs for major air companies.
- 6 (4) Sales tax benefits to promote private enterprise investment in low-wealth
7 counties.
- 8 (5) Sales tax benefits to encourage investment in industrial facilities and
9 analytical services within the State.

10 **SECTION 6.6.(h)** Travel and Tourism. – The General Assembly recognizes the
11 critical importance of the State's second largest industry, tourism. To that end, the General
12 Assembly is making further strategic investment in the marketing of the State as a tourist
13 destination.

14 **SECTION 6.6.(i)** Business Formation. – The General Assembly understands the
15 economic hurdles faced by individuals who are currently unemployed but who wish to engage
16 in entrepreneurial efforts and will seek to waive the filing fee for filing articles of organization
17 for limited liability companies with the Secretary of State for those individuals.

18 **EXECUTIVE ORDER NO. 115/HURRICANE IRENE DISASTER LOANS**

19 **SECTION 6.7.(a)** Notwithstanding Executive Order No. 115, Proclamation of a
20 State of Disaster for Pamlico and Tyrrell Counties, issued on February 21, 2012, or any other
21 law to the contrary, the Counties of Pamlico and Tyrrell, upon proof of flood insurance
22 coverage to the Department of Public Safety, Emergency Management Section, shall not be
23 held liable for that portion of funds borrowed under Executive Order No. 115 to cover damage
24 sustained to their county school buildings and county school structures as a result of Hurricane
25 Irene.

26 **SECTION 6.7.(b)** If Pamlico or Tyrrell County allows the flood insurance
27 coverage required in subsection (a) of this section to lapse at any time, that county shall be
28 liable for the full repayment of funds borrowed under Executive Order No. 115.

29 **TRANSITIONS TO COMMUNITY LIVING INITIATIVE**

30 **SECTION 6.8.(a)** The General Assembly finds that the State's long-term care
31 industry plays a vital role in ensuring that citizens are afforded opportunities for safe housing
32 and adequate client-centered supports in order to live as independently as possible in their
33 homes and communities across the State. This role is consistent with citizens of the State
34 having the opportunity to live in the most appropriate, integrated settings of their choice.

35 **SECTION 6.8.(b)** Blue Ribbon Commission on Transitions to Community Living.
36 – There is established the Blue Ribbon Commission on Transitions to Community Living
37 (Commission). The Commission shall (i) examine the State's system of community housing
38 and community supports for people with severe mental illness, severe and persistent mental
39 illness, and intellectual and developmental disabilities and (ii) develop a plan that continues to
40 advance the State's current system into a statewide system of person-centered, affordable
41 services and supports that emphasize an individual's dignity, choice, and independence. In the
42 execution of its duties, the Commission shall consider the following:

- 43 (1) Policies that alter the State's overreliance on institutionally based services to
44 community-based services delivered as close to an individual's home and
45 family as possible.
- 46 (2) Best practices in both the public and private sectors in managing and
47 administering long-term care to the disabled.
- 48 (3) An array of services and supports for people with severe mental illness and
49 severe and persistent mental illness, such as respite, community-based
50
51

1 supported housing and community-based mental health services, to include
2 evidence-based, person-centered recovery supports and crisis services and
3 supported employment.

4 (4) For adults with intellectual and other developmental disabilities, expansion
5 of community-based services and supports, housing options and supported
6 work. Maximize the use of habilitation services that may be available via the
7 Medicaid "I" option for those who do not meet the ICF-MR level of need.

8 (5) Methods to responsibly manage the growth in long-term care spending,
9 including use of Medicaid waivers.

10 (6) Options for repurposing existing resources while considering the diverse
11 economic challenges in communities across the State.

12 (7) Opportunities for systemic change and maximization of housing, and service
13 and supports funding streams including State/County Special Assistance and
14 the State's Medicaid Program.

15 (8) The appropriate role of adult care homes and other residential settings in the
16 State.

17 (9) Other resources that might be leveraged to enhance reform efforts.

18 **SECTION 6.8.(c)** The Commission shall be composed of 32 members as follows:

19 (1) Six members of the House of Representatives appointed by the Speaker of
20 the House of Representatives.

21 (2) Six members of the Senate appointed by the President Pro Tempore of the
22 Senate.

23 (3) Secretary of the Department of Health and Human Services or the
24 Secretary's designee.

25 (4) Director of the Housing Finance Agency or the Director's designee.

26 (5) Director of the Division of Mental Health, Developmental Disabilities and
27 Substance Abuse Services or the Director's designee.

28 (6) Two mental health consumers or their family's representatives.

29 (7) Two developmental disabilities consumers or their family representatives.

30 (8) Two persons in the field of banking or representing a financial institution
31 with housing finance expertise.

32 (9) Two representatives of local management entities or managed care
33 organization representatives.

34 (10) A county government representative.

35 (11) NC Long-Term Care Facilities Association representative.

36 (12) NC Assisted Living Association representative.

37 (13) Family care home representative.

38 (14) Developmentally disabled adult group home representative.

39 (15) Mental health group home representative.

40 (16) Two representatives of service providers with proven experience in
41 innovated housing and support services in the State.

42 (17) Director of the Division of Medical Assistance or an agency designee.

43 The Secretary of the Department of Health and Human Services shall ensure
44 adequate staff representation and support from the following: Division of Mental Health,
45 Developmental Disabilities and Substance Abuse Services, Division of Aging and Adult
46 Services, Division of Health Services Regulations, Division of Social Services and other areas
47 as needed.

48 The Commission shall appoint a Subcommittee on Housing composed of 15
49 members and a Subcommittee on Adult Care Homes.

50 The chairs shall jointly appoint members described in subdivisions (6) through (16)
51 of this subsection and shall fill vacancies in those positions. The Commission shall meet at the

1 call of the chairs. Members of the Commission shall receive per diem, subsistence, and travel
 2 expenses as provided in G.S. 120-3.1, 138-5, or 138-6, as appropriate. The Commission may
 3 contract for consultant services as provided in G.S. 120-32.02. Upon approval of the
 4 Legislative Services Commission, the Legislative Services Officer shall assign professional
 5 staff to assist the Commission in its work. Clerical staff shall be furnished to the Commission
 6 through the offices of the House of Representatives and Senate Directors of Legislative
 7 Assistants. The Commission may meet in the Legislative Building or the Legislative Office
 8 Building. The Commission may exercise all of the powers provided under G.S. 120-19 through
 9 G.S. 120-19.4 while in the discharge of its official duties. The funds needed to support the cost
 10 of the Commission's work shall be transferred from the Department of Health and Human
 11 Services upon request of the Legislative Services Director.

12 **SECTION 6.8.(d)** Transitions to Community Living Fund. – There is established
 13 the Transitions to Community Living Fund (Fund) to facilitate implementation of the plan
 14 required in subsection (b) of this section. Accordingly, the State Controller shall reserve the
 15 sum of fifty million dollars (\$50,000,000) for transfer and appropriation into the Fund as
 16 directed by this section. This is not an "appropriation made by law," as that phrase is used in
 17 Section 7(1) of Article V of the North Carolina Constitution.

18 **SECTION 6.8.(e)** Of the total reserved in subsection (d) of this section for the
 19 Fund, the sum of ten million three hundred thousand dollars (\$10,300,000) is appropriated to
 20 support the Department of Health and Human Services (Department) in its plan for
 21 transitioning individuals with severe mental illness and severe and persistent mental illness
 22 into community living arrangements, including establishing a rental assistance program. If the
 23 State executes an agreement with the U.S. Department of Justice (USDOJ) in response to
 24 USDOJ findings dated July 28, 2011, these funds may be used to implement the requirements
 25 of the agreement. The Department may issue temporary rules to implement the plan or
 26 agreement referenced in this section.

27 **SECTION 6.8.(f)** Of the total reserved in subsection (d) of this section for the
 28 Fund, the sum of thirty-nine million seven hundred thousand dollars (\$39,700,000) is
 29 earmarked for implementation of the State's plan to provide short-term assistance to adult care
 30 homes as they transition into a key component of the State's Transitions to Community Living
 31 Initiative.

32 Notwithstanding any law to the contrary, upon consultation with the Joint
 33 Legislative Oversight Commission on Health and Human Services on the planned uses of the
 34 Fund, moneys may be transferred into the Department's budget and are hereby appropriated.

35 **SECTION 6.8.(g)** The Department shall report its progress in complying with
 36 subsection (e) of this section to the House Appropriations Subcommittee on Health and Human
 37 Services and the Senate Committee on Health and Human Services, and the Fiscal Research
 38 Division no later than January 2, 2013, and a final report no later than April 1, 2013.

39 **SECTION 6.8.(h)** The Commission shall issue an interim report by October 1,
 40 2012, and a final plan to the 2013 General Assembly no later than February 1, 2013, upon
 41 which time the Commission shall expire.

42 **PART VI-A. INFORMATION TECHNOLOGY**

43 **INFORMATION TECHNOLOGY FUND/AVAILABILITY**

44 **SECTION 6A.1.** Section 6A.1(a) of S.L. 2011-145 reads as rewritten:

45 **"SECTION 6A.1.(a)** The availability used to support appropriations made in this act from
 46 the Information Technology Fund established in G.S. 147-33.72H is as follows:

47 **FY 2011-2012 FY 2012-2013**

48 **Appropriation from General Fund \$4,458,142 \$ 6,158,142**

1	Interest	\$ 25,000	\$ 25,000
2	IT Fund Balance June 30	\$ 792,000	\$ 794,928
3	<u>Transfer to General Fund</u>		\$ (750,000)
4			
5	Total Funds Available	\$5,275,142	\$ 6,183,142
6			\$ 6,228,070

8 Appropriations are made from the Information Technology Fund for the 2011-2013 fiscal
9 biennium as follows:

		FY 2011-2012	FY 2012-2013
10			
11	Information Technology Operations		
12	Center for Geographic Information and Analysis	\$ 599,347	\$ 599,347
13	Enterprise Security Risk Management	\$ 864,148	\$ 864,148
14	Enterprise Project Management Office	\$1,473,285	\$ 1,473,285
15	Architecture and Engineering	\$ 581,986	\$ 581,986
16			<u>851,986</u>
17	Criminal Justice Information Network	\$ 166,422	\$ 166,422
18	Statewide IT Procurement	\$ 0	\$ 0
19	State Web site	\$ 100,000	\$ 0
20	ITS Overhead Reduction	\$ (91,486)	\$ (91,486)
21	Subtotal Information Technology Operations	\$3,693,702	\$ 3,593,702
22			<u>3,863,702</u>
23	Information Technology Projects		
24	State Portal	\$ 0	\$ 0
25	IT Consolidation	\$ 776,440	\$ 784,440
26			<u>534,440</u>
27	Transfer to OSC for E-Forms	\$ 500,000	\$ 500,000
28	Subtotal Information Technology Projects	\$1,276,440	\$ 1,284,440
29			<u>1,034,440</u>
30	Data Integration License Funding Transfer to State		
31	Agencies	\$ 200,000	\$ 1,200,000
32	Position Transfer to Office of State		
33	Budget and Management	\$ 105,000	\$ 105,000
34	<u>Unreserved Fund Balance</u>		\$ <u>24,928</u>
35	Total	\$5,275,142	\$ 6,183,142
36			\$ 6,228,070".

38 **OFFICE OF INFORMATION TECHNOLOGY SERVICES/CENTER FOR**
39 **GEOGRAPHIC INFORMATION AND ANALYSIS/GIS FUNCTIONS AND COST**
40 **RECOVERY**

41 **SECTION 6A.2.** G.S. 147-33.82(a) is amended by adding a new subdivision to
42 read:

43 "(a) In addition to any other functions required by this Article, the Office of Information
44 Technology Services shall:

- 45 . . .
- 46 (10) Provide geographic information systems services through the Center for
47 Geographic Information and Analysis on a cost recovery basis. The Office of
48 Information Technology Services and the Center for Geographic Information
49 and Analysis may contract for funding from federal or other sources to
50 conduct or provide geographic information systems services for public
51 purposes."

1
2 **TAX INFORMATION MANAGEMENT SYSTEM/ADDITIONAL PUBLIC-PRIVATE**
3 **PARTNERSHIP AUTHORIZED**

4 **SECTION 6A.3.1.(a)** Additional Public-Private Partnership. – The Secretary of
5 Revenue may enter into an additional public-private arrangement in order to expand the
6 implementation of the Tax Information Management System (TIMS). All such arrangements
7 will terminate June 30, 2018. The public-private arrangement may include terms necessary to
8 implement additional revenue-increasing or cost-savings components if all of the following
9 conditions are met:

- 10 (1) The funding of the project under the arrangement comes from revenue
11 generated by or cost savings resulting from the project.
12 (2) The funding of the project is dependent on increased-revenue or cost-savings
13 streams that are different from the existing benefits stream for the
14 implementation of TIMS.
15 (3) The project involves additional identified initiatives that will be integrated
16 into the TIMS solution.

17 **SECTION 6A.3.1.(b)** Contracts. – Work under an additional public-private
18 arrangement that is authorized by this section may be contracted by requests for proposals,
19 modifications to the existing contracts, purchases using existing contracts, or other related
20 contract vehicles.

21 **SECTION 6A.3.1.(c)** Management/Performance Measurement. – The Secretary of
22 Revenue shall follow the existing model for public-private arrangement oversight and shall
23 establish a measurement process to determine the increased revenue or cost savings attributed
24 to the additional public-private arrangement authorized by this section. To accomplish this, the
25 Secretary shall consult subject matter experts in the Department of Revenue, in other
26 governmental units, and in the private sector, as necessary. At a minimum, the measurement
27 process shall include all of the following:

- 28 (1) Calculation of a revenue baseline against which the increased revenue
29 attributable to the project is measured and a cost-basis baseline against
30 which the cost savings resulting from the project are measured.
31 (2) Periodic evaluation to determine whether the baselines need to be modified
32 based on significant measurable changes in the economic environment.
33 (3) Monthly calculation of increased revenue and cost savings attributable to
34 contracts executed under this section.

35 **SECTION 6A.3.1.(d)** Funding. – Of funds generated from increased revenues or
36 cost savings as compared to the baselines established by subdivision (c)(1) of this section, in
37 the General Fund, the Highway Fund, and that State portion of the Unauthorized Substance
38 Tax collections of the Special Revenue Fund, the sum of up to a total of sixteen million dollars
39 (\$16,000,000) may be used by the Office of State Budget and Management to make purchases
40 related to the implementation of the additional public-private arrangement authorized by this
41 section, including payment for services from non-State entities.

42 **SECTION 6A.3.1.(e)** Internal Costs. – For the 2012-2013 fiscal year, in addition to
43 the funding authorized in subsection (d) of this section and Section 6A.5(a) of S.L. 2011-145,
44 the Department of Revenue may retain an additional sum of ten million two hundred
45 twenty-eight thousand dollars (\$10,228,000) from benefits generated for the General Fund
46 since the beginning of the public-private partnership described under Section 6A.5(a) of S.L.
47 2011-145. These funds shall be used as payment of internal costs for the fiscal biennium, and
48 such funds are hereby appropriated for this purpose.

49 **SECTION 6A.3.1.(f)** Expert Counsel Required. – Notwithstanding G.S. 114-2.3,
50 the Department of Revenue shall engage the services of private counsel with the pertinent

1 information technology and computer law expertise to negotiate and review contracts
2 associated with an additional public-private arrangement authorized under this section.

3 **SECTION 6A.3.1.(g)** Oversight Committee. – The Oversight Committee
4 established under Section 6A.5(c) of S.L. 2011-145 shall have the same responsibilities and
5 duties with respect to an additional public-private arrangement authorized by this section as it
6 does with respect to public-private arrangements to implement TIMS and the additional PDP
7 components.

8 **SECTION 6A.3.1.(h)** Reporting. – Beginning August 1, 2012, and quarterly
9 thereafter, the Department of Revenue shall submit detailed written reports to the Chairs of the
10 House of Representatives and Senate Committees on Appropriations, to the Joint Legislative
11 Oversight Committee on Information Technology, and to the Fiscal Research Division of the
12 General Assembly. The report shall include an explanation of all of the following:

- 13 (1) Details of each public-private contract.
- 14 (2) The benefits from each contract.
- 15 (3) A comprehensive forecast of the benefits of using public-private agreements
16 to implement TIMS, the additional PDP components, and additional
17 components authorized by this section, including cost savings and the
18 acceleration of the project time line.
- 19 (4) Any issues associated with the operation of the public-private partnership.

20 **SECTION 6A.3.1.(i)** Information Technology Project Oversight. – In addition to
21 the oversight provided by the Oversight Committee established in Section 6A.5(c) of S.L.
22 2011-145, the additional public-private arrangement authorized by this section shall be subject
23 to existing State information technology project oversight laws and statutes, and the project
24 management shall comply with all statutory requirements and other criteria established by the
25 State Chief Information Officer and the Office of State Budget and Management for
26 information technology projects. The State Chief Information Officer and the Office of State
27 Budget and Management shall immediately report any failure to do so to the Joint Legislative
28 Oversight Committee on Information Technology, the Chairs of the House of Representatives
29 and Senate Committees on Appropriations, and the Fiscal Research Division.

30 **SECTION 6A.3.2.** Extension. – Section 6A.5(c) of S.L. 2011-145 reads as
31 rewritten:

32 **"SECTION 6A.5.(c)** There is established within the Department of Revenue the Oversight
33 Committee for reviewing and approving the benefits measurement methodology and
34 calculation process. The Oversight Committee shall review and approve in writing all contracts,
35 including change orders, amendments to contracts, and addendums to contracts, before they are
36 executed under this section. This shall include (i) details of each public-private contract, (ii) the
37 benefits from each contract, and (iii) a comprehensive forecast of the benefits of using
38 public-private agreements to implement TIMS and the additional PDP components, including
39 the measurement process established for the Secretary of Revenue. The Oversight Committee
40 shall approve all of the fund transfers for this project. Within five days of entering into a
41 contract, the Department shall provide copies of each contract and all associated information to
42 the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House
43 of Representatives and Senate Committees on Appropriations, and the Fiscal Research
44 Division.

45 The members of the Committee shall include the following:

- 46 (1) The State Budget Director;
- 47 (2) The Secretary of the Department of Revenue;
- 48 (3) The State Chief Information Officer;
- 49 (4) Two persons appointed by the Governor;

- 1 (5) One member of the general public having expertise in information
2 technology appointed by the General Assembly upon the recommendation of
3 the Speaker of the House of Representatives; and
4 (6) One member of the general public having expertise in economic and revenue
5 forecasting appointed by the General Assembly upon recommendation of the
6 President Pro Tempore of the Senate.

7 The State Budget Director shall serve as chair of the Committee. The Committee shall set
8 its meeting schedule and adopt its rules of operation by majority vote. A majority of the
9 members constitutes a quorum. Vacancies shall be filled by the appointing authority.
10 Administrative support staff shall be provided by the Department of Revenue. Members of the
11 Committee shall receive reimbursements for subsistence and travel expenses as provided by
12 Chapter 138 of the General Statutes. The Committee shall terminate on ~~June 30, 2015~~ June 30,
13 2018.

14 The Department shall provide copies of the minutes of each meeting and all associated
15 information to the Joint Legislative Oversight Committee on Information Technology, the
16 Chairs of the House of Representatives and Senate Committees on Appropriations, and the
17 Fiscal Research Division."

18 **SECTION 6A.3.3. One-Time Payment.** – To accelerate the implementation of the
19 Tax Information Management System, including any additional components authorized by
20 Section 6A-3.1.(a) of this act, the Office of State Budget and Management may authorize the
21 Secretary of Revenue to make a one-time payment of two million dollars (\$2,000,000) to the
22 vendor of TIMS for implementation of TIMS if all of the conditions of this section are
23 satisfied. The one-time payment shall be paid within 90 days of satisfaction of all conditions of
24 this section or when sufficient funds are available, whichever is later. The source of funds for
25 this payment is the same increased-revenue and cost-savings streams identified under Section 1
26 of this act. The payment authorized by this section is in addition to the payments authorized by
27 Section 1 of this act. The mandatory conditions of this subsection are as follows:

- 28 (1) Release 5 of the Enterprise Technology Management (ETM) project is
29 initially implemented on or before July 31, 2013.
30 (2) The post-implementation defect rate for Release 5 of the ETM project is
31 within standards agreed to by the Secretary and the vendor. For purposes of
32 this section, the post-implementation period is the period from the date of
33 initial implementation until 90 days after initial implementation.
34 (3) All defects identified as part of Release 5 of the ETM project before the end
35 of the post-implementation period are resolved within time frames agreed to
36 by the Secretary and the vendor.
37

38 INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACTS/ 39 REPORTING CHANGE

40 **SECTION 6A.4.** Section 6A.6(c) of S.L. 2011-145 reads as rewritten:

41 "**SECTION 6A.6.(c)** Beginning ~~August 1, 2011~~, August 1, 2012, and ~~monthly~~ quarterly
42 thereafter, each State agency, department, and institution employing information technology
43 personal services contractors, or contract personnel performing information technology
44 functions, shall provide a detailed report on those contracts to the Office of State Budget and
45 Management, the Office of State Personnel, the Office of Information Technology Services, the
46 Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research
47 Division of the General Assembly. Each State agency's report shall include at least the
48 following:

- 49 (1) For each contracted information technology position:
50 a. The title of the position, a brief synopsis of the essential functions of
51 the position, and how long the position has existed.

- 1 b. The name of the individual filling the position and the vendor
2 company, if any, that regularly employs that individual.
3 c. The type of contract, start date, and termination date.
4 d. The length of time that the individual filling the contracted position
5 has been employed by the State as a contractor in any position.
6 e. The contracted position salary or hourly rate, the number of hours per
7 year, and the total annualized cost of the contracted position.
8 f. The salary and benefits cost for a State employee performing the
9 same function.
10 g. The purchase order number for the position.
11 h. Whether the position can be converted to a State employee position.
12 This determination will be certified by the State Information
13 Technology Purchasing Office.
14 i. When the agency anticipates converting the position to a State
15 employee.
16 (2) The total annual cost for information technology contractors and the total
17 annual salary and benefits cost for filling the contract positions with State
18 employees.
19 (3) A determination of whether the information technology functions performed
20 by the contractor can be performed by State employees.
21 (4) All information required by this subsection related to information
22 technology contractors regardless of the contracting source."
23

24 **OFFICE OF INFORMATION TECHNOLOGY SERVICES/INTERNAL SERVICE**
25 **FUND RATE ESTABLISHED/CASH MANAGEMENT**

26 **SECTION 6A.5.(a)** Section 6A.8(a) of S.L. 2011-145 reads as rewritten:

27 **"ITS/INTERNAL SERVICE FUND RATE ESTABLISHMENT/CASH MANAGEMENT**

28 "SECTION 6A.8.(a) For each year of the 2011-2013 fiscal biennium, the 2011-2012 fiscal
29 year, receipts for the Information Technology Internal Service Fund shall not exceed one
30 hundred ninety million dollars (\$190,000,000), excluding a 60-day balance for contingencies.
31 Notwithstanding G.S. 147-33.88, for the 2012-2013 fiscal year, all receipts, regardless of the
32 source, including agency allocations and fund-to-fund transfers, for the Information
33 Technology Internal Service shall not exceed one hundred seventy million dollars
34 (\$170,000,000). Rates established by the Office of State Budget and Management (OSBM) to
35 support the IT Internal Service Fund shall be based on this-the required fund limit. Established
36 rates shall be adjusted within 30 days in the event the fund exceeds the prescribed limit. In the
37 event that an increase in receipts for the IT Internal Service Fund is required, the Office of
38 Information Technology Services-State Chief Information Officer may implement the increase
39 only after consultation with the Joint Legislative Commission on Governmental Operations.
40 Overhead applied to IT Internal Service Fund rates shall not exceed ten percent (10%) of the
41 rate."

42 **SECTION 6A.5.(b)** Section 6A.8 of S.L. 2011-145 is amended by adding a new
43 subsection to read:

44 "(a1) The 60-day balance for contingencies shall be based on the maximum receipts
45 permitted for each fiscal year, and any balance in excess of the limit must be refunded within
46 30 days of the first day when the fund balance exceeded the limitation amount. The Office of
47 Information Technology Services shall limit collections each quarter to an amount not to
48 exceed twenty-five percent (25%) of the year's limit."

49 **SECTION 6A.5.(c)** The State Chief Information Officer shall consult with the
50 Joint Legislative Commission on Governmental Operations prior to:

- 1 (1) Eliminating any services currently provided by the Office of Information
2 Technology Services or the State Chief Information Officer.
- 3 (2) Transferring positions currently funded by the Information Technology Fund
4 to the IT Internal Service Fund.

5 Notwithstanding G.S. 120-76.1(b), the consultation requirement is not satisfied if the
6 Commission does not hold a meeting to hear the consultation within 90 days of receiving the
7 report from the State Chief Information Officer.

8 **SECTION 6A.5.(d)** Agency IT Expenses Cannot Exceed Appropriations. – During
9 the 2012-2013 fiscal year, no State agency shall be charged more for information technology
10 services provided by the Office of the State Chief Information Officer or the Office of
11 Information Technology Services than the amount specifically appropriated for that purpose to
12 that agency, unless the increase is agreed to in writing by the agency and the Office of the State
13 Chief Information Officer.

14 **SECTION 6A.5.(e)** Limitation on Charges for Alternate Services. – In the event
15 that the State Chief Information Officer discontinues or privatizes a service during the
16 2012-2013 fiscal year, the amount that State agencies are charged for alternate services,
17 inclusive of any service charge the State Chief Information Officer adds to the vendor charge,
18 shall not exceed IT Internal Service Fund charges for the same service.

19 **SECTION 6A.5.(f)** The State Chief Information Officer shall report on a monthly
20 basis to the Chairs of the House of Representatives and Senate Committees on Appropriations,
21 to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal
22 Research Division of the General Assembly. The reports required by this section shall include:

- 23 (1) How close the receipts of the Information Technology Internal Service are to
24 the limits set forth in Section 6A.8(a) of S.L. 2011-145.
- 25 (2) The rates established by the Office of State Budget and Management
26 (OSBM) to support the IT Internal Service Fund.
- 27 (3) The amount charged to date to each State agency for services provided by
28 the Office of the State Chief Information Officer or the Office of
29 Information Technology Services during the 2012-2013 fiscal year.
- 30 (4) The amount that State agencies are charged for alternate services in the event
31 that a service is discontinued or privatized during the 2012-2013 fiscal year,
32 inclusive of any service charge the State Chief Information Officer adds to
33 the vendor charge.

34 **INFORMATION TECHNOLOGY PRIVATIZATION**

35 **SECTION 6A.6.** Section 6A.9 of S.L. 2011-145 reads as rewritten:

36 **"SECTION 6A.9.(a)** Any privatization of any grouping of information technology
37 services, or "towers," identified in the Infrastructure Study and Assessment (INSA) or any
38 privatization to provide a new service or privatize an existing service shall require prior
39 approval from the General Assembly. Funding to support any outsourcing of any of these
40 towers or any privatization involving a new or existing service shall be specifically
41 appropriated by the General Assembly for that purpose, to include any use of Information
42 Technology Internal Service Fund receipts.

43 **"SECTION 6A.9.(b)** Before privatizing any ~~major information technology function~~ new or
44 existing information technology service during the 2011-2013 fiscal biennium, the State Chief
45 Information Officer shall do all of the following:

- 46 (1) Develop a detailed plan for implementing any privatization initiative to
47 include the following:
 - 48 a. A governance and accountability structure for the privatization effort.
 - 49 b. Detailed time line with milestones.

- c. Any costs necessary to accomplish outsourcing with funding sources identified.
- d. Estimated monthly cost for each participating agency for the first five years of privatization.
- e. Risks associated with privatization, measures being taken to mitigate those risks, and any costs associated with the mitigation measures.
- f. Any security issues associated with outsourcing each application impacted by the outsourcing, with a detailed plan to mitigate those issues.
- g. A list of State employees to be terminated with information on their job description and how long they have been employed by the State, a schedule of when the terminations are to occur, the cost of terminating each employee, and plans to assist each terminated employee.

The State Chief Information Officer shall consult the Joint Legislative Commission on Governmental Operations and report to the Joint Legislative Oversight Committee on Information Technology on the completed plan prior to any implementation of privatization.

- (2) Have a detailed plan in place, to include associated costs and sources of funding, to return the function to State control in the event privatization fails to provide anticipated cost-savings or required service levels.
- (3) Privatize only those individual functions where verifiable market data collected after January 1, 2012, by a disinterested third-party consultant shows that privatization will result in cost-savings to the State and there is no data identifying alternatives that generate greater savings, ensuring that agencies receive at a minimum the same level of service and functionality as the level prior to privatization.
- (4) Document and certify any anticipated savings resulting from privatization by individual function.
- (5) Ensure full disclosure of any privatization decisions that combine multiple services or towers into a single contract, including the costs associated with each specific service or tower included in the contract.
- (6) Ensure that any changes are made across the entire executive branch.
- (7) Consult the Joint Legislative Commission on Governmental Operations and report to the Joint Legislative Oversight Committee on Information Technology regarding the plan for funding any requirements formerly covered by the receipts from the privatized function.

"SECTION 6A.9.(b1) Agency Participation in Privatization Initiatives Is Voluntary. – Notwithstanding any other provision of law, if a State-administered information technology service is privatized, or a new service is provided through a private vendor, continued receipt of or participation in the service by State agencies shall be voluntary.

"SECTION 6A.9.(b2) Agency Options in the Event of Privatization. – If a State-administered information technology service is privatized, or a new privatized service is offered, State agencies may do any of the following:

- (1) Elect to discontinue receiving or participating in the service and to provide the service within the agency. If an agency elects to provide the service internally, any positions previously transferred to the Office of Information Technology Services to support the service shall be transferred back to that agency. The Office of the State Chief Information Officer and the Office of Information Technology Services shall provide necessary support to facilitate the transfers of positions.

- 1 (2) Submit their own requests for proposal and contract with a vendor to provide
2 the privatized service.
- 3 (3) Enter into agreements with other agencies to independently obtain
4 information technology services that have been privatized, either by
5 participating in the other agency's current service or by executing contracts
6 for services.
- 7 (4) Elect to receive or participate in a new or newly privatized service.

8 **"SECTION 6A.9.(b3) Council of State Approval Required. – Notwithstanding any other**
9 **provision of law, both requests for proposal and contracts privatizing State-administered**
10 **information technology services must be approved by the Council of State.**

11 **"SECTION 6A.9.(c) After privatizing any major information technology function, the**
12 **State Chief Information Officer shall do all of the following:**

- 13 (1) Report quarterly on the results of the privatization, including a detailed
14 comparison of projected savings to actual cost, data on whether or not the
15 vendor is meeting service level agreements, and an explanation of the
16 reasons for any deficiency or difference.
- 17 (2) Immediately notify the Joint Legislative Commission on Governmental
18 Operations of any outsourcing effort that does not meet projected savings or
19 required service levels for two quarters in a row or during any two quarters
20 of a fiscal year, and develop a corrective action plan.
- 21 (3) Terminate any contract where privatization fails to achieve projected savings
22 or meet service levels over a period of 12 months.

23 **"SECTION 6A.9.(d) Reporting. – The State Chief Information Officer shall consult with**
24 **the Joint Legislative Commission on Governmental Operations prior to issuing a request for**
25 **proposal to privatize any State-administered information technology service.**

26 **"SECTION 6A.9.(e) Access by Private Vendors. – If the State Chief Information Officer**
27 **provides to a potential vendor any information or access to State facilities in connection with or**
28 **anticipation of the privatization of a State-administered information technology service, the**
29 **State Chief Information Officer shall provide the same information or access to all potential**
30 **vendors that request it. The State Chief Information Officer shall certify the Officer's**
31 **compliance with this subsection to the General Assembly."**

32 33 **MOBILE ELECTRONIC DEVICE REPORTING CHANGE**

34 **SECTION 6A.7.** Section 6A.14(a) of S.L. 2011-145, as amended by Section
35 6A.14(a) of S.L. 2011-391, reads as rewritten:

36 **"SECTION 6A.14.(a)** Every executive branch agency within State government shall
37 develop a policy to limit the issuance and use of mobile electronic devices to the minimum
38 required to carry out the agency's mission. As used herein, mobile communication device
39 includes goods provided by commercial mobile radio service providers and services for mobile
40 telecommunications governed by Title 47 of the Code of Federal Regulations. By September 1,
41 2011, each agency shall provide a copy of its policy to the Chairs of the Appropriations
42 Committee and the Appropriations Subcommittee on General Government of the House of
43 Representatives, the Chairs of the Appropriations/Base Budget Committee and the
44 Appropriations Committee on General Government and Information Technology of the Senate,
45 the Chairs of the Joint Legislative Oversight Committee on Information Technology, the Fiscal
46 Research Division, and the Office of State Budget and Management.

47 State-issued mobile electronic devices shall be used only for State business. Agencies shall
48 limit the issuance of cell phones, smart phones, and any other mobile electronic devices to
49 employees for whom access to a mobile electronic device is a critical requirement for job
50 performance. The device issued and the plan selected shall be the minimum required to support
51 the employees' work requirements. This shall include considering the use of pagers in lieu of a

1 more sophisticated device. The requirement for each mobile electronic device issued shall be
2 documented in a written justification that shall be maintained by the agency and reviewed
3 annually. All State agency heads, in consultation with the Office of Information Technology
4 Services and the Office of State Budget and Management, shall document and review all
5 authorized cell phone, smart phone, and other mobile electronic communications device
6 procurement, and related phone, data, Internet, and other usage plans for and by their
7 employees. Agencies shall conduct periodic audits of mobile device usage to ensure that State
8 employees and contractors are complying with agency policies and State requirements for their
9 use.

10 Beginning ~~October 1, 2011, October 1, 2012,~~ each agency shall report ~~quarterly~~ annually to
11 the Chairs of the House of Representatives Committee on Appropriations and the House of
12 Representatives Subcommittee on General Government, the Chairs of the Senate Committee on
13 Appropriations and the Senate Appropriations Committee on General Government and
14 Information Technology, the Joint Legislative Oversight Committee on Information
15 Technology, the Fiscal Research Division, and the Office of State Budget and Management on
16 the following:

- 17 (1) Any changes to agency policies on the use of mobile devices.
- 18 (2) The number and types of new devices issued since the last report.
- 19 (3) The total number of mobile devices issued by the agency.
- 20 (4) The total cost of mobile devices issued by the agency.
- 21 (5) The number of each type of mobile device issued, with the total cost for each
22 type."

23 24 **PLAN TO ENHANCE ENTERPRISE LEVEL BUSINESS INTELLIGENCE TO** 25 **INCREASE EFFICIENCY IN STATE GOVERNMENT**

26 **SECTION 6A.8.(a) Creation of Plan. –**

- 27 (1) Creation of plan. – The State Controller shall create a plan (the plan) to
28 establish an initiative (the initiative) to support the effective and efficient
29 development of State agency business intelligence capability in a
30 coordinated manner and reduce unnecessary information silos and
31 technological barriers. The initiative shall not be intended to replace
32 transactional systems, but shall instead be intended to leverage the data from
33 those systems for enterprise-level State business intelligence.

34 The plan shall provide for a comprehensive evaluation of existing data
35 analytics projects and plans in order to identify data integration and business
36 intelligence opportunities that will generate greater efficiencies in, and
37 improved service delivery by, State agencies.

- 38 (2) Application to State governments. – The plan shall provide for the initiative
39 to include all State agencies, departments, and institutions, including The
40 University of North Carolina.
- 41 (3) Governance. – The plan shall provide for the State Controller to lead the
42 initiative and for the Chief Justice of the North Carolina Supreme Court and
43 the Legislative Services Commission to each designate an officer or agency
44 to advise and assist the State Controller with respect to implementation of
45 the initiative in their respective branches of government. The plan shall
46 require the judicial and legislative branches to fully cooperate in the
47 initiative mandated by this section in the same manner as is required of State
48 agencies.

49 **SECTION 6A.8.(b) Powers and Duties of State Controller. –** The plan shall
50 provide that the State Controller shall do all of the following:

- 1 (1) Continue and coordinate ongoing enterprise data integration efforts,
2 including:
 - 3 a. The deployment, support, and technology improvements for
4 CJLEADS.
 - 5 b. The pilot and subsequent phase initiative for NC FACTS.
 - 6 c. Other capabilities developed as part of the initiative.
- 7 (2) Identify technologies currently used in North Carolina that have the
8 capability to support the initiative.
- 9 (3) Identify other technologies, especially those with unique capabilities, that
10 could support the State's business intelligence effort.
- 11 (4) Compare capabilities and costs across State agencies.
- 12 (5) Ensure implementation is properly supported across State agencies.
- 13 (6) Ensure that data integration and sharing is performed in a manner that
14 preserves data privacy and security in transferring, storing, and accessing
15 data, as appropriate.
- 16 (7) Identify any waivers and written agreements that may be required by State or
17 federal law to effectuate data sharing and to carry out the purposes of this
18 section.
- 19 (8) Plan coordination of data requirements and usage for State business
20 intelligence applications in a manner that (i) limits impacts on participating
21 State agencies as those agencies provide data and business knowledge
22 expertise and (ii) assists in defining business rules so the data can be
23 properly used.
- 24 (9) Recommend the most cost-effective and reliable long-term hosting solution
25 for enterprise-level State business intelligence as well as data integration,
26 notwithstanding Section 6A.2(f) of S.L. 2011-145.

27 **SECTION 6A.8.(c) Plan for Implementation of the Enterprise-Level Business**
28 **Intelligence Initiative. –**

- 29 (1) Phases of the initiative. – The plan shall provide for the initiative to be
30 phased in accordance with this subsection and for the initiative to cycle
31 through these phases on an ongoing basis:
 - 32 a. Phase I requirements. – In the first phase, the State Controller shall
33 do the following:
 - 34 1. Inventory existing State agency business intelligence projects,
35 both completed and under development.
 - 36 2. Develop a plan of action that does all of the following:
 - 37 I. Defines the program requirements, objectives, and end
38 state of the initiative.
 - 39 II. Prioritizes projects and stages of implementation in a
40 detailed plan and benchmarked time line.
 - 41 III. Includes the effective coordination of all of the State's
42 current data integration initiatives.
 - 43 IV. Utilizes a common approach that establishes standards
44 for business intelligence initiatives for all State
45 agencies and prevents the development of projects
46 that do not meet the established standards.
 - 47 V. Determines costs associated with the development
48 effort and identifies potential sources of funding.
 - 49 VI. Includes a privacy framework for business
50 intelligence consisting of adequate access controls and
51 end user security requirements.

- 1 VII. Estimates expected savings.
- 2 3. Inventory existing external data sources that are purchased by
- 3 State agencies to determine if consolidation of licenses is
- 4 appropriate for the enterprise.
- 5 4. Determine if current, ongoing projects support the enterprise
- 6 level objectives.
- 7 5. Determine if current applications are scalable, or are
- 8 applicable for multiple State agencies, or both.
- 9 b. Phase II requirements. – In the second phase, the State Controller
- 10 shall do the following:
- 11 1. Identify redundancies and determine which projects should be
- 12 discontinued.
- 13 2. Determine where gaps exist in current or potential
- 14 capabilities.
- 15 (2) Commencement of projects. – The plan shall set forth a date by which the
- 16 State Controller shall begin projects to carry out the purposes of this section,
- 17 subject to the availability of funds, and subsequent to the submission of the
- 18 written report referred to in subsection (e) of this section. The plan shall also
- 19 identify mechanisms for the State Controller to expand existing data
- 20 integration or business intelligence contracts with current data integration
- 21 efforts, as appropriate, in order to implement the plan required by this
- 22 section in accordance with the schedule established and the priorities
- 23 developed during Phase I of the initiative, and to use public-private
- 24 partnerships as appropriate to implement the plan.
- 25 (3) State Controller's powers and duties with respect to projects. – With respect
- 26 to any project that may be created, incorporated, consolidated, or eliminated
- 27 as part of the initiative, the plan shall provide that the State Controller shall
- 28 stand in the stead of the State Chief Information Officer and shall have all
- 29 the powers and duties with respect to those projects that the State Chief
- 30 Information Officer would otherwise enjoy, notwithstanding any other
- 31 provision of law. The plan shall also provide that G.S. 147-33.72E shall not
- 32 apply to any project created, incorporated, consolidated, or eliminated as
- 33 part of the initiative.

34 **SECTION 6A.8.(d) Use of Savings.** – The plan shall provide that savings resulting

35 from the cancellation of projects, software, and licensing, as well as any other savings from the

36 initiative, be returned to the General Fund and remain unexpended and unencumbered until

37 appropriated by the General Assembly in a subsequent fiscal year. The plan shall state that it is

38 the intent of the General Assembly that expansion of the initiative in subsequent fiscal years be

39 funded with these savings and that the General Assembly appropriate funds for projects in

40 accordance with the priorities identified by Office of the State Controller in Phase I of the

41 initiative.

42 **SECTION 6A.8.(e) Reporting.** – By no later than January 1, 2013, the Office of

43 the State Controller shall submit and present a written report on the plan developed pursuant to

44 this section to the Chairs of the House of Representatives Appropriations and Senate Base

45 Budget/Appropriations Committees, to the Joint Legislative Oversight Committee on

46 Information Technology, and to the Fiscal Research Division of the General Assembly. The

47 report required by this subsection shall include any necessary changes to the General Statutes.

48 **SECTION 6A.8.(f) Duties of State Agencies.** – The plan shall require that the

49 head of each State agency do all of the following:

- 50 (1) Grant the Office of the State Controller access to all information required to
- 51 develop and support State business intelligence applications pursuant to this

1 section. The State Controller shall take all necessary action and precautions,
2 including training, certifications, background checks, and governance policy
3 and procedure to ensure the security, integrity, and privacy of the data in
4 accordance with State and federal law and as may be required by contract.

- 5 (2) Provide complete information on the State agency's information technology,
6 operational, and security requirements.
- 7 (3) Provide information on all of the State agency's information technology
8 activities relevant to State business intelligence effort.
- 9 (4) Forecast the State agency's projected future business intelligence information
10 technology needs and capabilities.
- 11 (5) Ensure that the State agency's future information technology initiatives
12 coordinate efforts with the State Controller to include planning and
13 development of data interfaces to incorporate data into the initiative and to
14 ensure the ability to leverage analytics capabilities.
- 15 (6) Provide technical and business resources to participate in the initiative by
16 providing, upon request and in a timely and responsive manner, complete
17 and accurate data, business rules and policies, and support.
- 18 (7) Identify potential resources for deploying business intelligence in their
19 respective State agencies and as part of the enterprise-level effort.
- 20 (8) Identify any waivers and written agreements that may be required by State or
21 federal law in order to effectuate data sharing and otherwise implement the
22 plan.

23 **SECTION 6A.8.(g) Miscellaneous Provisions. –**

- 24 (1) Status with respect to certain information. – The plan shall provide that the
25 State Controller shall be deemed to be all of the following for the purposes
26 of this section:
- 27 a. With respect to criminal information, and to the extent allowed by
28 federal law, a criminal justice agency (CJA), as defined under
29 Criminal Justice Information Services (CJIS) Security Policy. The
30 State CJIS Systems Agency (CSA) shall ensure that CJLEADS
31 receives access to federal criminal information deemed to be
32 essential in managing CJLEADS to support criminal justice
33 professionals.
- 34 b. With respect to health information covered under the Health
35 Insurance Portability and Accountability Act of 1996 (HIPAA), as
36 amended, and to the extent allowed by federal law:
- 37 1. A business associate with access to protected health
38 information acting on behalf of the State's covered entities in
39 support of data integration, analysis, and business
40 intelligence.
- 41 2. Authorized to access and view individually identifiable health
42 information, provided that the access is essential to the
43 enterprise fraud, waste, and improper payment detection
44 program or required for future initiatives having specific
45 definable need for the data.
- 46 c. Authorized to access all State and federal data, including revenue and
47 labor information, deemed to be essential to the enterprise fraud,
48 waste, and improper payment detection program or future initiatives
49 having specific definable need for the data.
- 50 d. Authorized to develop agreements with the federal government to
51 access data deemed to be essential to the enterprise fraud, waste, and

- 1 improper payment detection program or future initiatives having
2 specific definable need for such data.
- 3 (2) Release of information. – The plans shall include a provision that the
4 following limitations apply to (i) the release of information compiled as part
5 of the initiative, (ii) data from State agencies that is incorporated into the
6 initiative, and (iii) data released as part of the implementation of the
7 initiative:
- 8 a. Information compiled as part of the initiative. – Notwithstanding the
9 provisions of Chapter 132 of the General Statutes, information
10 compiled by the State Controller related to initiative may be released
11 as a public record only if the State Controller, in that officer's sole
12 discretion, finds that the release of information is in the best interest
13 of the general public and is not in violation of law or contract.
- 14 b. Data from State agencies. – Any data that is not classified as a public
15 record under G.S. 132-1 shall not be deemed a public record when
16 incorporated into the data resources comprising the initiative. To
17 maintain confidentiality requirements attached to the information
18 provided to the State Controller, each source agency providing data
19 shall be the sole custodian of the data for the purpose of any request
20 for inspection or copies of the data under Chapter 132 of the General
21 Statutes.
- 22 c. Data released as part of implementation. – Information released to
23 persons engaged in implementing the State's business intelligence
24 strategy under this section that is used for purposes other than official
25 State business is not a public record pursuant to Chapter 132 of the
26 General Statutes.

27 28 STATE PRIVATE CLOUD

29 **SECTION 6A.9.(a)** Findings. – The General Assembly finds that:

- 30 (1) The wide distribution of information technology facilities across multiple
31 locations causes infrastructure and operational inefficiencies.
- 32 (2) Infrastructure as a service, also known as cloud computing, has the potential
33 to increase efficiency and enhance operations by reducing information
34 technology costs and accelerating the provision of services.
- 35 (3) The creation of a secure and flexible State private cloud is in the best interest
36 of the people of this State.

37 **SECTION 6A.9.(b)** Plan Required. – The State Chief Information Officer shall
38 create a plan for the development and implementation of a State-owned, State-hosted
39 infrastructure as a service, or private cloud, project to be operated and managed by the State.

40 **SECTION 6A.9.(c)** Components of the Plan. – The State private cloud plan created
41 pursuant to this section shall include:

- 42 (1) Requirements for:
- 43 a. The State to have complete control and ownership of all components
44 of the private cloud, including hardware, software, network
45 infrastructure, security, and data.
- 46 b. All components of the private cloud to be maintained at State-owned,
47 State-operated facilities.
- 48 c. The private cloud to fully comply with all legislative, regulatory,
49 policy, and security requirements that apply to State agencies and
50 entities conducting business with the State.

- 1 d. The State's existing information technology infrastructure to be used
2 to support the private cloud.
- 3 e. Documentation of any redundancy built into the infrastructure to
4 support requirements for increased availability and disaster recovery.
- 5 f. A service-centric approach to computing resources. Users of
6 computing resources shall be able to efficiently access powerful,
7 predefined computing environments based on their requirements.
- 8 g. A self-service ability to provision and de-provision, as requested by
9 users, while maintaining high levels of security.
- 10 h. A fully functional, efficient, fair system to bill State agencies for
11 private cloud usage. This requirement includes mechanisms to
12 capture usage data and enable chargeback integration within the
13 billing system.
- 14 i. A plan to manage infrastructure resources that can be scaled in
15 response to State agency requirements.
- 16 (2) A detailed time line, documentation of agency requirements, identification
17 and resolution of security issues, and an assessment of the impact on any
18 ongoing projects or current applications.
- 19 (3) Identification of costs associated with developing the private cloud.
- 20 (4) Identification and documentation of private cloud management and
21 monitoring tools to facilitate the maintenance of complete control of private
22 cloud resources; automate provisioning, de-provisioning, scheduling; and
23 maintain system capacity.
- 24 (5) Identification of ways to improve the private cloud's supporting
25 infrastructure.
- 26 (6) Identification of potential sources of savings to support development,
27 implementation, and maintenance of the State private cloud.

28 **SECTION 6A.9.(d)** Funding and Implementation. – No funds from any source
29 shall be used for the development and implementation of a private cloud without specific
30 authorization by the General Assembly appropriating funds for this purpose.

31 **SECTION 6A.9.(e)** Report. – The State Chief Information Officer shall report the
32 plan created pursuant to this section to the Joint Legislative Oversight Committee on
33 Information Technology no later than January 1, 2013.

34 **SECTION 6A.9.(f)** Access by Private Vendors. – If the State Chief Information
35 Officer provides to a potential vendor any information or access to State facilities in connection
36 with or anticipation of the private cloud project described in this section, the State Chief
37 Information Officer shall provide the same information or access to all potential vendors that
38 request it. The State Chief Information Officer shall certify the Officer's compliance with this
39 subsection to the General Assembly.

40 STATE INFORMATION TECHNOLOGY CONSOLIDATION

41 **SECTION 6A.10.** Section 6A.7(b) of S.L. 2011-145 reads as rewritten:

42 **"SECTION 6A.7.(b)** Beginning July 1, 2011, the State CIO shall plan and implement an
43 enterprise level grants management system. Similar systems currently under development may
44 be suspended by the State CIO with funding reprogrammed to support development of the
45 enterprise level grants management system. The State Controller shall be the business owner of
46 the enterprise grants management system and shall coordinate service and technical support
47 with participating agencies.

48 In coordination with the State CIO, the Department of Health and Human Services
49 shall develop a plan to implement a single case management system throughout that
50 Department, beginning in the 2012-2013 fiscal year, and shall report to the Joint Legislative
51

1 Oversight Committee on Information Technology by February 1, 2012, on its initiatives to
2 implement the system. The report shall include a detailed time line for completion and an
3 explanation of the costs associated with case management consolidation."
4

5 APPOINTMENT OF THE STATE CHIEF INFORMATION OFFICER

6 **SECTION 6A.11.(a)** G.S. 147-33.76(a) reads as rewritten:

7 "(a) The Office of Information Technology Services shall be managed and administered
8 by the State Chief Information Officer ("State CIO"). The State Chief Information Officer shall
9 be qualified by education and experience for the office and shall be appointed by ~~and serve at~~
10 ~~the pleasure of the Governor.~~ the Governor subject to confirmation by joint resolution of the
11 General Assembly. The term of office of the State CIO shall be for five years; the first full term
12 shall begin July 1, 2013.

13 The Governor shall submit the name of the person to be appointed, for confirmation by the
14 General Assembly, to the President Pro Tempore of the Senate and the Speaker of the House of
15 Representatives by May 1 of the year in which the State CIO is to be appointed. If the
16 Governor does not submit the name by that date, the General Assembly shall appoint the State
17 CIO by passage of an act making the appointment.

18 In case of death, incapacity, resignation, removal by the Governor for cause, or vacancy for
19 any other reason in the office of the State CIO prior to the expiration of the term of office while
20 the General Assembly is in session, the Governor shall submit the name of a successor to the
21 President Pro Tempore of the Senate and the Speaker of the House of Representatives within
22 four weeks after the vacancy occurs. If the Governor does not do so, the General Assembly
23 shall appoint the successor by passage of an act making the appointment.

24 In case of death, incapacity, resignation, removal by the Governor for cause, or vacancy for
25 any other reason in the office of the State CIO prior to the expiration of the term of office while
26 the General Assembly is not in session, the Governor shall appoint a State CIO to serve on an
27 interim basis pending confirmation by the General Assembly."

28 **SECTION 6A.11.(b)** This section becomes effective February 1, 2013.
29

30 PART VII. PUBLIC SCHOOLS

31 FUNDS FOR CHILDREN WITH DISABILITIES

32 **SECTION 7.1.** The State Board of Education shall allocate additional funds for
33 children with disabilities on the basis of three thousand seven hundred nine dollars (\$3,709) per
34 child. Each local school administrative unit shall receive funds for the lesser of (i) all children
35 who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of
36 its 2012-2013 allocated average daily membership in the local school administrative unit. The
37 dollar amounts allocated under this section for children with disabilities shall also adjust in
38 accordance with legislative salary increments, retirement rate adjustments, and health benefit
39 adjustments for personnel who serve children with disabilities.
40

41 FUNDS FOR ACADEMICALLY GIFTED CHILDREN

42 **SECTION 7.2.** The State Board of Education shall allocate additional funds for
43 academically or intellectually gifted children on the basis of one thousand two hundred
44 twenty-three dollars and ninety-nine cents (\$1,223.99) per child for fiscal year 2012-2013. A
45 local school administrative unit shall receive funds for a maximum of four percent (4%) of its
46 2012-2013 allocated average daily membership, regardless of the number of children identified
47 as academically or intellectually gifted in the unit. The dollar amounts allocated under this
48 section for academically or intellectually gifted children shall also adjust in accordance with
49 legislative salary increments, retirement rate adjustments, and health benefit adjustments for
50 personnel who serve academically or intellectually gifted children.
51

SCHOOL IMPROVEMENT PLANS AT RESIDENTIAL SCHOOLS

SECTION 7.3.(a) In order to improve student performance, the Eastern North Carolina School for the Deaf, the Governor Morehead School for the Blind, and the North Carolina School for the Deaf each shall develop a school improvement plan that takes into consideration the annual performance goal for that school that is set by the State Board of Education. The principal of each school, instructional personnel and residential life personnel assigned to that school, and a minimum of five parents of children enrolled in the school shall constitute a school improvement team to develop a school improvement plan to improve student performance.

Representatives of the instructional and residential life personnel shall be elected by their respective groups by secret ballot.

Parents shall be elected by parents of children enrolled in the school in an election conducted by the parent and teacher organization of the school or, if none exists, by the largest organization of parents formed for this purpose. To the extent possible, parents serving on school improvement teams shall reflect the composition of the students enrolled in that school. No more than two parents on the team may be employees of the school. Parental involvement is a critical component of school success and positive student achievement; therefore, it is the intent of the General Assembly that parents, along with instructional and residential life personnel, have a substantial role in developing school improvement plans. To this end, school improvement team meetings shall be held at a convenient time to assure substantial parent participation. Parents who are elected to serve on school improvement teams and who are not employees of the school shall receive travel and subsistence expenses in accordance with G.S. 138-5 and, if appropriate, may receive a stipend.

All school improvement plans shall be, to the greatest extent possible, data driven. School improvement teams shall use the Education Value Added Assessment System (EVAAS), or a compatible and comparable system approved by the State Board of Education, to analyze student data to identify root causes for problems and to determine actions to address them. School improvement plans shall contain clear, unambiguous targets, explicit indicators and actual measures, and expeditious time frames for meeting the measurement standards.

SECTION 7.3.(b) The strategies for improving student performance shall include the following:

- (1) A plan for the use of staff development funds that may be made available to the school to implement the school improvement plan. The plan may provide that a portion of these funds is used for mentor training and for release time and substitute teachers while teachers are meeting with mentors.
- (2) A plan for preparing students to read at grade level by the time they enter second grade. The plan shall require kindergarten and first grade teachers to notify parents or guardians when a child is not reading at grade level and is at risk of not reading at grade level by the time the child enters second grade. The plan may include the use of assessments to monitor students' progress in learning to read and strategies for teachers and parents to implement that will help students improve and expand their reading ability, as well as provide for the recognition of teachers and strategies that appear to be effective at preparing students to read at grade level.
- (3) A comprehensive plan to encourage parent involvement.
- (4) A plan designed to provide that the school is safe, secure, and orderly; that there is a climate of respect in the school; and that appropriate personal conduct is a priority for all students and all residential school personnel.

- 1 (5) A plan that specifies the effective instructional practices and methods to be
2 used to improve the academic performance of students identified as at risk of
3 academic failure or at risk of dropping out of school.

4 **SECTION 7.3.(c)** Support among affected staff members is essential to successful
5 implementation of a school improvement plan to address improved student performance at that
6 school. The principal of the school shall present the proposed school improvement plan to all of
7 the instructional personnel assigned to the school for their review and vote. The vote shall be
8 by secret ballot. The principal shall submit the school improvement plan to the State Board of
9 Education only if the proposed school improvement plan has the approval of a majority of the
10 instructional personnel who voted on the plan.

11 **SECTION 7.3.(d)** The State Board of Education shall accept or reject the school
12 improvement plan within 60 days after the submission plan. If the State Board rejects a school
13 improvement plan, the State Board shall state with specificity the reasons for rejecting the plan
14 to the principal and shall direct that the principal work with the school improvement team to
15 resolve the disagreements. The school improvement team may then prepare another plan,
16 present it to the instructional personnel assigned to the school for a vote, and submit it to the
17 State Board to accept or reject. If there is no resolution within 30 days, then the State Board
18 may develop a school improvement plan for the school; however, the General Assembly urges
19 the State Board to utilize the school's proposed school improvement plan to the maximum
20 extent possible when developing this plan.

21 **SECTION 7.3.(e)** A school improvement plan shall remain in effect for no more
22 than three years; however, the school improvement team may amend the plan as often as is
23 necessary or appropriate. If, at any time, any part of a school improvement plan becomes
24 unlawful or the State Board finds that a school improvement plan is impeding student
25 performance at a school, the State Board may vacate the relevant portion of the plan and may
26 direct the school to revise that portion. The procedures set out in this section shall apply to
27 amendments and revisions to school improvement plans.

28 **SECTION 7.3.(f)** Any funds the State Board makes available to a school to meet
29 the goals for that school under the ABCs Program and to implement the school improvement
30 plan at that school shall be used in accordance with those goals and the school improvement
31 plan.

32 **SECTION 7.3.(g)** The State Board shall develop a list of recommended strategies
33 that it determines to be effective, which building-level committees may use to establish parent
34 involvement programs designed to meet the specific needs of their schools.

35 **SECTION 7.3.(h)** Once the plan is developed, the principal shall ensure the plan is
36 available and accessible to parents and the school community.

37 38 **SCHOOL CALENDAR PILOT PROGRAM**

39 **SECTION 7.4.** The State Board of Education shall establish a school calendar pilot
40 program in the Wilkes County Schools, the Montgomery County Schools, and the Stanly
41 County Schools. The purpose of the pilot program is to determine whether and to what extent a
42 local school administrative unit can save money during this extreme fiscal crisis by
43 consolidating the school calendar.

44 Notwithstanding G.S. 115C-84.2(a)(1), the school calendar for the 2012-2013
45 calendar year for the pilot school systems shall include a minimum of 180 days or 1,000 hours
46 of instruction covering at least nine calendar months.

47 If the local board of education in a pilot school system adds instructional hours to
48 previously scheduled days under this section, the local school administrative unit is deemed to
49 have a minimum of 180 days of instruction, and teachers employed for a 10-month term are
50 deemed to have been employed for the days being made up and shall be compensated as if they
51 had worked the days being made up.

1 The State Board of Education shall report to the Joint Legislative Education
2 Oversight Committee by March 15, 2013, on the administration of the pilot program, cost
3 savings realized by it, and its impact on student achievement.

4 5 **RESTORE TEACHING FELLOWS PROGRAM**

6 **SECTION 7.5.** Section 1.38 of S.L. 2011-266 is repealed.

7 8 **REPEAL PROHIBITION ON TEACHER PREPAYMENT**

9 **SECTION 7.6.** Section 5 of S.L. 2011-379 is repealed.

10 11 **REPEAL INCREASE IN THE NUMBER OF INSTRUCTIONAL DAYS**

12 **SECTION 7.7.(a)** G.S. 115C-84.2 reads as rewritten:

13 **"§ 115C-84.2. School calendar.**

14 (a) School Calendar. – Each local board of education shall adopt a school calendar
15 consisting of 215 days all of which shall fall within the fiscal year. A school calendar shall
16 include the following:

17 (1) A minimum of ~~185~~180 days and ~~1,025~~1,000 hours of instruction covering at
18 least nine calendar months. The local board shall designate when the ~~185~~180
19 instructional days shall occur. The number of instructional hours in an
20 instructional day may vary according to local board policy and does not have
21 to be uniform among the schools in the administrative unit. Local boards
22 may approve school improvement plans that include days with varying
23 amounts of instructional time. If school is closed early due to inclement
24 weather, the day and the scheduled amount of instructional hours may count
25 towards the required minimum to the extent allowed by State Board policy.
26 The school calendar shall include a plan for making up days and
27 instructional hours missed when schools are not opened due to inclement
28 weather.

29 (1a) Repealed by Session Laws 2004-180, s. 1, effective August 9, 2004.

30 (2) A minimum of 10 annual vacation leave days.

31 (3) The same or an equivalent number of legal holidays occurring within the
32 school calendar as those designated by the State Personnel Commission for
33 State employees.

34 (4) Repealed by Session Laws 2011-145, s. 7.29(a), effective July 1, 2011.

35 (4a) Five days, as designated by the local board, for use as teacher workdays.
36 These days shall be protected to allow teachers to complete instructional and
37 classroom administrative duties. The local school administrative unit shall
38 not impose any additional tasks on these days. The local board shall
39 schedule one of these days at the beginning of the school year and one at the
40 end of each academic quarter.

41 (5) The remaining days scheduled by the local board in consultation with each
42 school's principal for use as teacher workdays, additional instructional days,
43 or other lawful purposes. Before consulting with the local board, each
44 principal shall work with the school improvement team to determine the
45 days to be scheduled and the purposes for which they should be scheduled.
46 Days may be scheduled and planned for different purposes for different
47 personnel and there is no requirement to schedule the same dates for all
48 personnel. In order to make up days for school closing because of inclement
49 weather, the local board may designate any of the days in this subdivision as
50 additional make-up days to be scheduled after the last day of student
51 attendance.

1 If the State Board of Education finds that it will enhance student performance to do so, the
2 State Board may grant a local board of education a waiver to use up to five of the instructional
3 days required by subdivision (1) of this subsection as teacher workdays. For each instructional
4 day waived, the State Board shall waive an equivalent number of instructional hours.

5 Local boards and individual schools are encouraged to use the calendar flexibility in order
6 to meet the annual performance standards set by the State Board. Local boards of education
7 shall consult with parents and the employed public school personnel in the development of the
8 school calendar.

9 Local boards shall designate at least ~~two~~ seven days scheduled under ~~subdivision~~
10 ~~(5)~~ subdivisions (4a) and (5) of this subsection as days on which teachers may take accumulated
11 vacation leave. Local boards may designate the remaining days scheduled in ~~subdivision~~
12 ~~(5)~~ subdivisions (4a) and (5) of this subsection as days on which teachers may take accumulated
13 vacation leave, but local boards shall give teachers at least 14 calendar days' notice before
14 requiring a teacher to work instead of taking vacation leave on any of these days. A teacher
15 may elect to waive this notice requirement for one or more of these days.

16 (b) Limitations. – The following limitations apply when developing the school
17 calendar:

- 18 (1) The total number of teacher workdays for teachers employed for a 10 month
19 term shall not exceed 195 days.
- 20 (2) The calendar shall include at least 42 consecutive days when teacher
21 attendance is not required unless: (i) the school is a year-round school; or (ii)
22 the teacher is employed for a term in excess of 10 months. At the request of
23 the local board of education or of the principal of a school, a teacher may
24 elect to work on one of the 42 days when teacher attendance is not required
25 in lieu of another scheduled workday.
- 26 (3) School shall not be held on Sundays.
- 27 (4) Veterans Day shall be a holiday for all public school personnel and for all
28 students enrolled in the public schools.

29 (c) Emergency Conditions. – During any period of emergency in any section of the
30 State where emergency conditions make it necessary, the State Board of Education may order
31 general, and if necessary, extended recesses or adjournment of the public schools.

32 (d) Opening and Closing Dates. – Local boards of education shall determine the dates
33 of opening and closing the public schools under subdivision (a)(1) of this section. Except for
34 year-round schools, the opening date for students shall not be before August 25, and the closing
35 date for students shall not be after June 10. On a showing of good cause, the State Board of
36 Education may waive this requirement to the extent that school calendars are able to provide
37 sufficient days to accommodate anticipated makeup days due to school closings. A local board
38 may revise the scheduled closing date if necessary in order to comply with the minimum
39 requirements for instructional days or instructional time. For purposes of this subsection, the
40 term "good cause" means either that:

- 41 (1) Schools in any local school administrative unit in a county have been closed
42 eight days per year during any four of the last 10 years because of severe
43 weather conditions, energy shortages, power failures, or other emergency
44 situations; or
- 45 (2) Schools in any local school administrative unit in a county have been closed
46 for all or part of eight days per year during any four of the last 10 years
47 because of severe weather conditions. For purposes of this subdivision, a
48 school shall be deemed to be closed for part of a day if it is closed for two or
49 more hours.

50 The State Board also may waive this requirement for an educational purpose. The term
51 "educational purpose" means a local school administrative unit establishes a need to adopt a

1 different calendar for (i) a specific school to accommodate a special program offered generally
2 to the student body of that school, (ii) a school that primarily serves a special population of
3 students, or (iii) a defined program within a school. The State Board may grant the waiver for
4 an educational purpose for that specific school or defined program to the extent that the State
5 Board finds that the educational purpose is reasonable, the accommodation is necessary to
6 accomplish the educational purpose, and the request is not an attempt to circumvent the
7 opening and closing dates set forth in this subsection. The waiver requests for educational
8 purposes shall not be used to accommodate system-wide class scheduling preferences.

9 The required opening and closing dates under this subsection shall not apply to any school
10 that a local board designated as having a modified calendar for the 2003-2004 school year or to
11 any school that was part of a planned program in the 2003-2004 school year for a system of
12 modified calendar schools, so long as the school operates under a modified calendar.

13 (e) Nothing in this section prohibits a local board of education from offering
14 supplemental or additional educational programs or activities outside the calendar adopted
15 under this section."

16 **SECTION 7.7.(b)** G.S. 115C-238.29F(d)(1) reads as rewritten:

17 "(1) The school shall provide instruction each year for at least ~~185~~180 days. ~~If the~~
18 ~~State Board of Education finds that it will enhance student performance to~~
19 ~~do so, the State Board may grant a charter school a waiver to use up to five~~
20 ~~of these instructional days as teacher workdays."~~

21 **SECTION 7.7.(c)** G.S. 115C-238.66(1)d. reads as rewritten:

22 "d. The board of directors shall adopt a school calendar consisting of a
23 minimum of ~~185~~180 days of instruction covering at least nine
24 calendar months."
25

26 RESIDENTIAL SCHOOLS

27 **SECTION 7.8.(a)** Section 7.25(a) of S.L. 2011-145 is repealed.

28 **SECTION 7.8.(b)** The Department of Public Instruction shall not transfer any
29 school-based personnel from the residential schools to central office administrative positions.

30 **SECTION 7.8.(c)** Notwithstanding G.S. 146-30, the Department of Public
31 Instruction shall retain all proceeds generated from the rental of building space on the
32 residential school campuses. The Department of Public Instruction shall use all receipts
33 generated from these leases to staff and operate the North Carolina School for the Deaf, the
34 Eastern North Carolina School for the Deaf, and the Governor Morehead School. These
35 receipts shall not be used to support administrative functions within the Department.
36

37 LIABILITY INSURANCE FOR PUBLIC SCHOOL PERSONNEL

38 **SECTION 7.9.(a)** Within 60 days of the effective date of this section, the local
39 school administrative units shall provide written notification to all public school employees
40 regarding the coverage provided by the State-funded liability insurance policy for North
41 Carolina public school employees. Notification shall include information regarding policy
42 coverage details, instructions on reporting claims, contact information for additional questions,
43 and instructions on obtaining a copy of the policy.

44 **SECTION 7.9.(b)** From the funds available for liability insurance for public school
45 personnel, the Department of Public Instruction shall distribute additional funds to local school
46 administrative units on the basis of average daily membership in order to implement the
47 requirements of subsection (a) of this section.
48

49 PILOT COOPERATIVE INNOVATIVE HIGH SCHOOL

50 **SECTION 7.10.** Notwithstanding G.S. 115C-238.51, the State Board of Education
51 shall approve the establishment of a cooperative innovative high school pilot by the local

boards of education of the Davidson County Schools, Thomasville City Schools, and Lexington City Schools and the local board of trustees of Davidson County Community College under Part 9 of Article 16 of Chapter 115C of the General Statutes. The pilot shall be known as the Yadkin Valley Regional Career Academy.

CLARIFYING COOPERATIVE INNOVATIVE HIGH SCHOOL STATUTES

SECTION 7.11.(a) G.S. 115C-238.50A reads as rewritten:

"§ 115C-238.50A. Definitions.

The following definitions apply in this Part:

(1) Constituent institution. – A constituent institution as defined in G.S. 116-2(4).

(1a) Cooperative innovative high school. – A high school that meets the following criteria:

a. It has no more than 100 students per grade level.

b. It partners with an institution of higher education to enable students to concurrently obtain a high school diploma and begin or complete an associate degree program, master a certificate or vocational program, or earn up to two years of college credit within five years.

c. It is located on the campus of the partner institution of higher education, unless the governing ~~board~~ Board or the local board of trustees for a private North Carolina college specifically waives the requirement through adoption of a formal resolution.

(1b) Cooperative innovative high school allotment. – Funds appropriated by the General Assembly to the Department of Public Instruction to provide additional resources to approved cooperative innovative high schools.

(2) Education partner. – An education partner as provided in G.S. 115C-238.52.

(3) ~~Governing board.~~ Board. – ~~The State Board of Education, the State Board of Community Colleges, Colleges or the Board of Governors of The University of North Carolina, or the Board of the North Carolina Independent Colleges and Universities.~~ Carolina.

(3a) Local board of education. – A local board as defined in G.S. 115C-5(5) or a regional school board of directors as defined in G.S. 115C-238.61(5).

(4) Local board of trustees. – The board of trustees of a community college, constituent institution of The University of North Carolina, or private college located in North Carolina.

(5) Partner institution of higher education. – A community college, constituent institution of The University of North Carolina, or private college located in North Carolina."

SECTION 7.11.(b) G.S. 115C-238.51 reads as rewritten:

"§ 115C-238.51. Application process.

(a) A local board of education and at least one local board of trustees shall jointly apply to establish a cooperative innovative high school program under this Part.

(b) The application shall contain at least the following information:

(1) A description of a program that implements the purposes in G.S. 115C-238.50.

(2) A statement of how the program relates to the Economic Vision Plan adopted for the economic development region in which the ~~program~~ cooperative innovative high school is to be located.

(3) The facilities to be used by the ~~program~~ cooperative innovative high school and the manner in which administrative services of the ~~program~~ school are to be provided.

- 1 (4) A description of student academic and vocational achievement goals and the
2 method of demonstrating that students have attained the skills and
3 knowledge specified for those goals.
- 4 (5) A description of how the ~~program~~cooperative innovative high school will be
5 operated, including budgeting, curriculum, transportation, and operating
6 procedures.
- 7 (6) The process to be followed by the ~~program~~cooperative innovative high
8 school to ensure parental involvement.
- 9 (7) The process by which students will be selected for and admitted to the
10 ~~program~~cooperative innovative high school.
- 11 (8) A description of the funds that will be used and a proposed budget for the
12 first five years of the implementation of the ~~program~~cooperative innovative
13 high school. This description shall identify how the average daily
14 membership (ADM) and full-time equivalent (FTE) students are counted. If
15 additional funds are requested, a description of how those additional funds
16 will be used shall be submitted. Additional funds may include an allotment
17 for a principal position, the cooperative innovative high school allotment,
18 and tuition payments. For cooperative innovative high schools that have a
19 community college as their partner institution of higher education, the
20 proposed budget shall include the cost of including their students in
21 calculations of budget full-time equivalent students for the North Carolina
22 Community College System.
- 23 (9) The qualifications required for individuals employed in the
24 ~~program~~cooperative innovative high school.
- 25 (10) The number of students to be served.
- 26 (11) A description of how the ~~program's~~cooperative innovative high school's
27 effectiveness in meeting the purposes in G.S. 115C-238.50 will be measured.

28 (c) The application shall be submitted to the State Board of Education and the
29 applicable governing ~~Boards~~Board. If the partner institution of higher education is a private
30 North Carolina college, the application shall be submitted solely to the State Board of
31 Education. The Boards shall appoint a joint advisory committee to review the applications and
32 to recommend to the Boards those programs that meet the requirements of this Part and that
33 achieve the purposes set out in G.S. 115C-238.50.

34 (d) ~~The Boards may approve programs recommended by the joint advisory committee~~
35 ~~or may approve other programs that were not recommended. The Boards shall approve all~~
36 ~~applications by June 30 of each year. No application shall be approved unless the State Board~~
37 ~~of Education and the applicable governing Board find that the application meets the~~
38 ~~requirements set out in this Part and that granting the application would achieve the purposes~~
39 ~~set out in G.S. 115C-238.50. Priority shall be given to applications that are most likely to~~
40 ~~further State education policies, to address the economic development needs of the economic~~
41 ~~development regions in which they are located, and to strengthen the educational programs~~
42 ~~offered in the local school administrative units in which they are located.~~

43 (e) ~~No additional State funds shall be provided to approved programs unless~~
44 ~~appropriated by the General Assembly."~~

45 SECTION 7.11.(c) Part 9 of Article 16 of Chapter 115C of the General Statutes is
46 amended by adding a new section to read:

47 "**§ 115C-238.51A. Approval process.**

48 (a) Joint Advisory Committee. – The State Board of Education and the applicable
49 governing Board of the local board of trustees shall appoint a joint advisory committee to
50 review the applications and to recommend approval for those applications that meet the

1 requirements of this Part and achieve purposes set out in G.S. 115C-238.50. The
2 recommendation shall indicate whether additional funds were requested in the application.

3 (b) No Additional Funds. – For applications which have not requested additional funds,
4 the State Board of Education and the applicable governing Board may approve cooperative
5 innovative high schools. Approvals shall be made by June 30 of each year. No additional State
6 funds, position allotments, earning of budget full-time equivalent students, or payments of
7 tuition shall be provided to cooperative innovative high schools approved under this subsection.

8 (c) Additional Funds. – For applications which have requested additional funds, the
9 State Board of Education and the applicable governing Board may approve cooperative
10 innovative high schools contingent upon appropriation of the additional funds by the General
11 Assembly. Contingent approval shall be made by April 1 of each year. The contingent approval
12 shall expire if no appropriation is made by the General Assembly for the additional funds
13 within one calendar year. No cooperative innovative high school shall open prior to the
14 appropriation by the General Assembly of the full amount of the additional funds as requested
15 in the application for that school under G.S. 115C-238.51 for the upcoming fiscal year or fiscal
16 biennium, as appropriate."

17 **SECTION 7.11.(d)** G.S. 115C-238.52 reads as rewritten:

18 **"§ 115C-238.52. Participation by other education partners.**

19 (a) Any or all of the following education partners may participate in the development of
20 a cooperative innovative ~~program~~ high school under this Part that is targeted to high school
21 students who would benefit from accelerated academic instruction:

22 (1), (2) Repealed by Session Laws 2005-276, s. 7.33(a), effective July 1, 2005.

23 (3) A private business or organization.

24 (4) The county board of commissioners in the county in which the ~~program~~
25 cooperative innovative high school is located.

26 (b) Any or all of the education partners listed in subsection (a) of this section that
27 participate shall:

28 (1) Jointly apply with the local board of education and the local board of
29 trustees to establish a cooperative innovative ~~program~~ high school under this
30 Part.

31 (2) Be identified in the application.

32 (3) Sign the written agreement under G.S. 115C-238.53(b)."

33 **SECTION 7.11.(e)** G.S. 115C-238.53 reads as rewritten:

34 **"§ 115C-238.53. ~~Program operation.~~ Operation of cooperative innovative high schools.**

35 (a) A ~~program~~ cooperative innovative high school approved by the State is accountable
36 to the local board of education.

37 (b) A ~~program~~ cooperative innovative high school approved under this Part shall operate
38 under the terms of a written agreement signed by the local board of education, local board of
39 trustees, State Board of Education, and applicable governing Board. The agreement shall
40 incorporate the information provided in the application, as modified during the approval
41 process, and any terms and conditions imposed on the ~~program~~ school by the State Board of
42 Education and the applicable governing Board. The agreement may be for a term of no longer
43 than five school years.

44 (c) A ~~program~~ cooperative innovative high school may be operated in a facility owned
45 or leased by the local board of education, the local board of trustees, or the education partner, if
46 any.

47 (d) A ~~program~~ cooperative innovative high school approved under this Part shall provide
48 instruction each school year for at least ~~180~~ 185 days during nine calendar months, shall
49 comply with laws and policies relating to the education of students with disabilities, and shall
50 comply with Article 27 of this Chapter.

1 (e) A ~~program~~ cooperative innovative high school approved under this Part may use
2 State, federal, and local funds allocated to the local school administrative unit, to the applicable
3 governing Board, and to the ~~college or university~~ partner institution of higher education to
4 implement ~~theits~~ program. If there is an education partner and if it is a public body, the
5 ~~program~~ cooperative innovative high school may use State, federal, and local funds allocated to
6 that body.

7 (f) Except as provided in this Part and under the terms of the ~~agreement~~ agreement,
8 cooperative innovative high schools:

9 (1) ~~A program shall~~ Shall have the same exemptions from statutes and rules as
10 charter schools operating under Part 6A of this Article, other than those
11 pertaining to personnel.

12 (2) ~~A program may~~ May be exempted by the State Board of Education or by the
13 applicable governing Board from laws and rules applicable to a local board
14 of education, a local school administrative unit, a community college, a
15 constituent institution, or a local board of trustees."

16 SECTION 7.11.(f) G.S. 115C-238.54 reads as rewritten:

17 "**§ 115C-238.54. Funds for ~~programs~~ cooperative innovative high schools.**

18 (a) The Department of Public Instruction shall assign a school code for each
19 ~~program~~ cooperative innovative high school that is approved under this Part. Notwithstanding
20 G.S. 115C-105.25, once the ~~program~~ cooperative innovative high school has been assigned a
21 school code, the local board of education may use these funds for the ~~programs~~ school and may
22 transfer these funds between funding allotment categories.

23 (a1) Repealed by Session Laws 2011-145, s. 7.1A(j), effective January 1, 2012.

24 (b) The local board of trustees may allocate State and federal funds for a ~~program~~
25 cooperative innovative high school that is approved under this Part.

26 (c) An education partner under G.S. 115C-238.52 that is a public body may allocate
27 State, federal, and local funds for a ~~program~~ cooperative innovative high school that is approved
28 under this Part.

29 (d) If not an education partner under G.S. 115C-238.52, a county board of
30 commissioners in a county where a ~~program~~ cooperative innovative high school is located may
31 nevertheless appropriate funds to a ~~program~~ the school approved under this Part.

32 (e) The local board of education and the local board of trustees are strongly encouraged
33 to seek funds from sources other than State, federal, and local appropriations. They are strongly
34 encouraged to seek funds the Education Cabinet identifies or obtains under G.S. 116C-4.

35 (f) Students in cooperative innovative high schools shall not be charged tuition for
36 courses taken through the partner institution of higher education.

37 (g) Students in cooperative innovative high schools that have a community college as
38 their partner institution of higher education and were approved under G.S. 115C-238.51A(c)
39 shall be included in calculations of budget full-time equivalent students for the North Carolina
40 Community College System. Students in cooperative innovative high schools that have a
41 community college as their partner institution of higher education and were approved under
42 G.S. 115C-238.51A(b) shall not be included in calculations of budget full-time equivalent
43 students for the North Carolina Community College System.

44 (h) The State Board of Education shall reimburse The University of North Carolina for
45 tuition for courses taken by students at cooperative innovative high schools that have a
46 constituent institution of The University of North Carolina as their partner institution of higher
47 education and were approved under G.S. 115C-238.51A(c). Tuition payments shall not exceed
48 the annual Board of Governors-approved undergraduate resident tuition rate calculated on a per
49 credit hour basis and shall not include fees. In addition, the cooperative innovative high school
50 students' credit hours shall be nonfundable under The University of North Carolina Semester
51 Credit Hour Enrollment Change Funding Model. The State Board of Education shall not

1 reimburse The University of North Carolina for tuition for courses taken by students at
2 cooperative innovative high schools that have a constituent institution of The University of
3 North Carolina as their partner institution of higher education approved under
4 G.S. 115C-238.51A(b).

5 (i) The State Board of Education shall reimburse private North Carolina colleges for
6 tuition for courses taken by students at cooperative innovative high schools that have a private
7 North Carolina college as their partner institution of higher education and were approved under
8 G.S. 115C-238.51A(c). Tuition payments shall not exceed the highest undergraduate resident
9 rate approved by the Board of Governors for the University of North Carolina constituent
10 institutions and shall not include fees. The State Board of Education shall not reimburse private
11 North Carolina colleges for tuition for courses taken by students at cooperative innovative high
12 schools that have a private North Carolina college as their partner institution of higher
13 education and were approved under G.S. 115C-238.51A(b)."

14 **SECTION 7.11.(g)** G.S. 115C-238.55 reads as rewritten:

15 **"§ 115C-238.55. Evaluation of ~~programs~~ cooperative innovative high schools.**

16 The State Board of Education and the governing Boards shall evaluate the success of
17 students in ~~programs~~ cooperative innovative high schools approved under this Part. Success
18 shall be measured by high school retention rates, high school completion rates, high school
19 dropout rates, certification and associate degree completion, admission to four-year institutions,
20 postgraduation employment in career or study-related fields, and employer satisfaction of
21 employees who participated in and graduated from the ~~programs~~ schools. The Boards shall
22 jointly report by January 15 of each year to the Joint Legislative Education Oversight
23 Committee on the evaluation of these ~~programs~~ schools."

24 **SECTION 7.11.(h)** Section 7.21(e) of S.L. 2010-31 is repealed.

25 **SECTION 7.11.(i)** This section is effective when it becomes law.

26 27 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS**

28 **SECTION 7.12.** Section 7.22(k) of S.L. 2011-145 reads as rewritten:

29 ~~"SECTION 7.22.(k) The State Board shall use only funds provided through the North~~
30 ~~Carolina Virtual Public Schools Allotment Formula and the NCVPS enrollment reserve as set~~
31 ~~forth in this section to fund instructional costs of NCVPS. The only funds that may be used for~~
32 ~~the instructional costs of NCVPS are the following:~~

- 33 (1) Funds provided through the North Carolina Virtual Public Schools
34 Allotment Formula.
- 35 (2) Funds provided through the NCVPS enrollment reserve as set forth in this
36 section.
- 37 (3) Local funds.
- 38 (4) Federal funds.
- 39 (5) Special State Reserve Funds for Children and Youth with Disabilities.
- 40 (6) ADM Contingency Reserve.

41 42 **REPEAL OBSOLETE REPORTS**

43 **SECTION 7.13.(a)** Section 7.19(d) of S.L. 2007-323 is repealed.

44 **SECTION 7.13.(b)** Section 7.21 of S.L. 2007-323 is repealed.

45 **SECTION 7.13.(c)** G.S. 115C-276(t) is repealed.

46 **SECTION 7.13.(d)** Subsections (c) and (g) of Section 7.5 of S.L. 2010-31 are
47 repealed.

48 **SECTION 7.13.(e)** Section 7.19(c) of S.L. 2010-31 is repealed.

49 **SECTION 7.13.(f)** G.S. 115C-12(26) is repealed.

50 51 **TEACHER/TEACHER ASSISTANT LEAVE ON INSTRUCTIONAL DAYS.**

1 **SECTION 7.14.(a)** G.S. 115C-302.1(c) reads as rewritten:

2 "(c) Vacation. – Included within the 10-month term shall be annual vacation leave at the
3 same rate provided for State employees, computed at one-twelfth of the annual rate for State
4 employees for each month of employment. Local boards shall provide at least 10 days of
5 annual vacation leave at a time when students are not scheduled to be in regular attendance.
6 However, instructional personnel who do not require a substitute may use annual vacation leave
7 on days that students are in attendance. Vocational and technical education teachers who are
8 employed for 11 or 12 months may, with prior approval of the principal, work on annual
9 vacation leave days designated in the school calendar and may use those annual vacation leave
10 days during the eleventh or twelfth month of employment. Local boards of education may
11 adopt policies permitting instructional personnel employed for 11 or 12 months in year-round
12 schools to, with the approval of the principal, take vacation leave at a time when students are in
13 attendance; local funds shall be used to cover the cost of substitute teachers.

14 On a day that pupils are not required to attend school due to inclement weather, but
15 employees are required to report for a workday, a teacher may elect not to report due to
16 hazardous travel conditions and to take an annual vacation day or to make up the day at a time
17 agreed upon by the teacher and the teacher's immediate supervisor or principal. On a day that
18 school is closed to employees and pupils due to inclement weather, a teacher shall work on the
19 scheduled makeup day.

20 All vacation leave taken by the teacher will be upon the authorization of the teacher's
21 immediate supervisor and under policies established by the local board of education. Annual
22 vacation leave shall not be used to extend the term of employment.

23 Notwithstanding any provisions of this subsection to the contrary, no person shall be
24 entitled to pay for any vacation day not earned by that person."

25 **SECTION 7.14.(b)** G.S. 115C-316(a)(3) reads as rewritten:

26 "(3) Notwithstanding any provisions of this section to the contrary no person
27 shall be entitled to pay for any vacation day not earned by that person. The
28 first 10 days of annual leave earned by a 10- or 11-month employee during
29 any fiscal year period shall be scheduled to be used in the school calendar
30 adopted by the respective local boards of education. Vacation days shall not
31 be used for extending the term of employment of individuals. Ten- or
32 11-month employees may accumulate annual vacation leave days as follows:
33 annual leave may be accumulated without any applicable maximum until
34 June 30 of each year. On June 30 of each year, any of these employees with
35 more than 30 days of accumulated leave shall have the excess accumulation
36 converted to sick leave so that only 30 days are carried forward to July 1 of
37 the same year. All vacation leave taken by these employees shall be upon the
38 authorization of their immediate supervisor and under policies established by
39 the local board of education. The policies may permit teacher assistants who
40 require a substitute and are employed for 11 or 12 months in year-round
41 schools to take vacation leave at a time when students are in attendance;
42 local funds shall be used to cover the cost of substitutes. Vacation leave for
43 instructional personnel who do not require a substitute shall not be restricted
44 to days that students are not in attendance. An employee shall be paid in a
45 lump sum for accumulated annual leave not to exceed a maximum of 240
46 hours or 30 days when separated from service due to resignation, dismissal,
47 reduction in force, death or service retirement. Upon separation from service
48 due to service retirement, any annual vacation leave over 30 days will
49 convert to sick leave and may be used for creditable service at retirement in
50 accordance with G.S. 135-4(e). If the last day of terminal leave falls on the
51 last workday in the month, payment shall be made for the remaining

1 nonworkdays in that month. Employees retiring on disability retirement may
2 exhaust annual leave rather than be paid in a lump sum. The provisions of
3 this subdivision shall be accomplished without additional State and local
4 funds being appropriated for this purpose. The State Board of Education
5 shall adopt rules and regulations for the administration of this subdivision."

6 **SECTION 7.14.(c)** This section applies beginning with the 2012-2013 school year.
7

8 **PART VIII. COMMUNITY COLLEGES**

9

10 **ACQUISITION OF REAL PROPERTY BY LEASE PURCHASE**

11 **SECTION 8.1.(a)** The catch line of G.S. 115D-58.15 reads as rewritten:

12 "**§ 115D-58.15. Lease purchase and installment purchase contracts for equipment, real**
13 **and personal property.**"

14 **SECTION 8.1.(b)** G.S. 115D-58.15(a) reads as rewritten:

15 "(a) Authority. – ~~The~~Notwithstanding any provisions of law to the contrary, the board of
16 trustees of a community college may use lease purchase or installment purchase contracts to
17 purchase or finance the purchase of equipment, real and personal property as provided in this
18 section. A college shall not have more than five State-funded contracts in effect at any one
19 time."

20 **SECTION 8.1.(c)** G.S. 115D-20(11) reads as rewritten:

21 "(11) To enter into lease purchase and installment purchase contracts for
22 equipment, real and personal property under G.S. 115D-58.15."
23

24 **CARRYFORWARD FOR EQUIPMENT**

25 **SECTION 8.2.** In accordance with G.S. 115D-31, funds appropriated to the
26 Community Colleges System Office for equipment for the 2011-2012 fiscal year shall not
27 revert at the end of the fiscal year but shall be made available to the Community Colleges
28 System Office for equipment for the 2012-2013 fiscal year.
29

30 **REPEAL OBSOLETE REPORTS**

31 **SECTION 8.3.(a)** G.S. 115D-5(o) reads as rewritten:

32 "(o) ~~The General Assembly finds that additional data are needed to determine the~~
33 ~~adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and~~
34 ~~colleges with off-campus centers shall report annually, beginning September 1, 2005, to the~~
35 ~~Community Colleges System Office on all expenditures by line item of funds used to support~~
36 ~~their multicampuses and off-campus centers. The Community Colleges System Office shall~~
37 ~~report on these expenditures to the Education Appropriation Subcommittees of the House of~~
38 ~~Representatives and the Senate, the Office of State Budget and Management, and the Fiscal~~
39 ~~Research Division by December 1 of each year.~~

40 All multicampus centers approved by the State Board of Community Colleges shall receive
41 funding under the same formula. The State Board of Community Colleges shall not approve
42 any additional multicampus centers without identified recurring sources of funding."

43 **SECTION 8.3.(b)** G.S. 116D-3(c) is repealed.

44 **SECTION 8.3.(c)** Section 9.11(e) of S.L. 1999-237 is repealed.

45 **SECTION 8.3.(d)** Section 4 of S.L. 2005-198, as amended by Section 35 of S.L.
46 2007-484, is repealed.
47

48 **REPEAL DUPLICATIVE AUDIT REQUIREMENT**

49 **SECTION 8.4.** G.S. 147-64.6A is repealed.
50

51 **UPDATE COLLEGE PERFORMANCE MEASURES**

1 **SECTION 8.5.** G.S. 115D-31.3 reads as rewritten:

2 "**§ 115D-31.3. Institutional performance accountability.**

3 (a) Creation of Accountability Measures and Performance Standards. – The State Board
4 of Community Colleges shall create new accountability measures and performance standards
5 for the Community College System. ~~Survey results shall be used as a performance standard~~
6 ~~only if the survey is statistically valid.~~ The State Board of Community Colleges shall review
7 annually the accountability measures and performance standards to ensure that they are
8 appropriate for use in recognition of successful institutional performance.

9 (b) through (d) Repealed by Session Laws 2000-67, s. 9.7, effective July 1, 2000.

10 (e) Mandatory Performance ~~Standards~~Measures. – The State Board of Community
11 Colleges shall evaluate each college on the following eight performance ~~standards~~measures:

12 (1) Progress of basic skills ~~students~~students.

13 (2) Passing rate for ~~licensure and certification examinations~~General Educational
14 Development (GED) diploma examinations.

15 (3) Performance of students who transfer to a four-year ~~institution~~institution.

16 (4) ~~Passing~~Success rates ~~in~~of developmental ~~courses~~students in subsequent
17 college-level English courses.

18 (5) Success rates of developmental students in subsequent college-level
19 ~~courses~~math courses.

20 (5a) Progress of first-year curriculum students.

21 (6) ~~The level of satisfaction of students who complete programs and those who~~
22 ~~do not complete programs~~;

23 (7) Curriculum student retention and ~~graduation~~and graduation.

24 (8) ~~Client satisfaction with customized training~~.

25 (9) Passing rate for licensure and certification examinations.

26 The State Board may also evaluate each college on additional performance ~~standards~~measures.

27 (f) Publication of Performance Ratings. – Each college shall publish its performance on
28 the eight ~~standards~~measures set out in subsection (e) of this section (i) annually in its electronic
29 catalog or on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

30 The Community Colleges System Office shall publish the performance of all colleges on all
31 eight ~~standards~~measures.

32 (g) Recognition for Successful Institutional Performance. – For the purpose of
33 recognition for successful institutional performance, the State Board of Community Colleges
34 shall evaluate each college on the eight performance ~~standards~~measures. For each of these
35 eight performance ~~standards~~measures on which a college performs successfully, the college
36 may retain and carry forward into the next fiscal year one-fourth of one percent ($\frac{1}{4}$ of 1%) of its
37 final fiscal year General Fund appropriations. ~~If a college demonstrates significant~~
38 ~~improvement on a standard that has been in use for three years or less, the college may also~~
39 ~~carry forward one-fourth of one percent ($\frac{1}{4}$ of 1%) of its final fiscal year General Fund~~
40 ~~appropriations for that standard~~.

41 (h) Recognition for Exceptional Institutional Performance. – Funds not allocated to
42 colleges in accordance with subsection (g) of this section shall be used to reward exceptional
43 institutional performance. A college is deemed to have achieved exceptional institutional
44 performance if it succeeds on all eight performance measures. After all State aid budget
45 obligations have been met, the State Board of Community Colleges shall distribute the
46 remainder of these funds equally to colleges that perform successfully on eight performance
47 standards and meet the following criteria: achieve exceptional institutional performance status
48 based on the pro rata share of total full time equivalent (FTE) students served at each college.

49 (1) ~~The passing rate on all reported licensure and certification examinations for~~
50 ~~which the community colleges have authority over who sits for the~~

1 ~~examination must meet or exceed seventy percent (70%) for first time test~~
2 ~~takers; and~~

- 3 (2) ~~The percentage of college transfer students with a grade point average of at~~
4 ~~least 2.0 after two semesters at a four year institution must equal or exceed~~
5 ~~the performance of students who began college at that four year institution.~~

6 The State Board may withhold the portion of funds for which a college may qualify as an
7 exceptional institution while the college is under investigation by a State or federal agency or if
8 its performance does not meet the standards established by the Southern Association of
9 Colleges and Schools, the State Auditor's Office, or the State Board of Community Colleges.
10 The State Board may release the funds at such time as the investigations are complete and the
11 issues are resolved.

12 (i) Permissible Uses of Funds. – Funds retained by colleges or distributed to colleges
13 pursuant to this section shall be used for the purchase of equipment, initial program start-up
14 costs including faculty salaries for the first year of a program, and one-time faculty and staff
15 bonuses. These funds shall not be used for continuing salary increases or for other obligations
16 beyond the fiscal year into which they were carried forward. These funds shall be encumbered
17 within 12 months of the fiscal year into which they were carried forward.

18 (j) Use of funds in low-wealth counties. – Funds retained by colleges or distributed to
19 colleges pursuant to this section may be used to supplement local funding for maintenance of
20 plant if the college does not receive maintenance of plant funds pursuant to G.S. 115D-31.2,
21 and if the county in which the main campus of the community college is located meets all of
22 the following:

- 23 (1) Is designated as a Tier 1 county in accordance with G.S. 143B-437.08.
24 (2) Had an unemployment rate of at least two percent (2%) above the State
25 average or greater than seven percent (7%), whichever is higher, in the prior
26 calendar year.
27 (3) Is a county whose wealth, as calculated under the formula for distributing
28 supplemental funding for schools in low-wealth counties, is eighty percent
29 (80%) or less of the State average.

30 Funds may be used for this purpose only after all local funds appropriated for maintenance of
31 plant have been expended."
32

33 **MODIFY INSTITUTIONAL PERFORMANCE ACCOUNTABILITY FOR ONE YEAR**

34 **SECTION 8.6.** Effective for the 2011-2012 reporting year, and notwithstanding
35 G.S. 115D-31.3, the State Board of Community Colleges shall not require a college to report its
36 performance on the progress of basic skills students as one of the mandatory performance
37 standards prescribed by G.S. 115D-31.3(e). A college shall not be evaluated on the progress of
38 basic skills students for the purpose of recognizing successful institutional performance or
39 exceptional institutional performance. For each of the remaining seven performance standards
40 on which a college performs successfully, the college may retain and carry forward into the
41 2013-2014 fiscal year two-sevenths of one percent (2/7 of 1%) of its final fiscal year General
42 Fund appropriations.
43

44 **GATEWAY TO COLLEGE PILOT AT DURHAM TECHNICAL COMMUNITY** 45 **COLLEGE**

46 **SECTION 8.7.(a)** Notwithstanding Section 7.1A of S.L. 2011-145, as amended by
47 Section 13 of S.L. 2011-391, and any other provision of law, the State Board of Education and
48 the State Board of Community Colleges shall approve the Gateway to College program at
49 Durham Technical Community College as a Career and College pathway pilot program. This
50 program concurrently provides high school and college education to high school students who
51 have previously dropped out.

1 **SECTION 8.7.(b)** The State Board of Community Colleges shall include
2 curriculum coursework, including developmental course work, associated with this program
3 when computing the budget FTE for Durham Technical Community College in the 2012-2013
4 fiscal year.

5 **SECTION 8.7.(c)** Durham Technical Community College shall report to the
6 Education Appropriation Subcommittees of the House of Representatives and the Senate by
7 March 1, 2013, on student outcomes under the program and on the actual cost of the program,
8 including administrative expenses incurred by Durham Public Schools and Durham Technical
9 Community College.

10 11 **COMMUNITY COLLEGE TUITION WAIVER**

12 **SECTION 8.8.** G.S. 115D-5(b) reads as rewritten:

13 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
14 curricular courses and of noncurricular extension courses at convenient locations away from
15 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
16 portion of the established regular tuition rate charged a full-time student shall be charged a
17 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
18 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
19 registration fees, to be charged students enrolling in extension courses for which instruction is
20 financed primarily from State funds. The State Board of Community Colleges may provide by
21 general and uniform regulations for waiver of tuition and registration fees for the following:

- 22 (1) Persons not enrolled in elementary or secondary schools taking courses
23 leading to a high school diploma or equivalent certificate.
- 24 (2) Courses requested by the following entities that support the organizations'
25 training needs and are on a specialized course list approved by the State
26 Board of Community Colleges:
- 27 a. Volunteer fire departments.
 - 28 b. Municipal, county, or State fire departments.
 - 29 c. Volunteer EMS or rescue and lifesaving departments.
 - 30 d. Municipal, county, or State EMS or rescue and lifesaving
31 departments.
 - 32 d1. Law enforcement, fire, EMS or rescue and lifesaving entities serving
33 a lake authority that was created by a county board of commissioners
34 prior to July 1, 2012.
 - 35 e. Radio Emergency Associated Communications Teams (REACT)
36 under contract to a county as an emergency response agency.
 - 37 ~~(v) (vi) municipal county, or State law enforcement officers~~
 - 38 f. Municipal, county, or State law enforcement agencies.
 - 39 g. The Division of Adult Correction of the Department of Public Safety
40 for the training of full-time custodial employees and employees of
41 the Division's Section of Community Corrections of the Division of
42 Adult Correction required to be certified under Chapter 17C of the
43 General Statutes and the rules of the Criminal Justice and Training
44 Standards Commission.
 - 45 h. The Division of Juvenile Justice of the Department of Public Safety
46 for the training of employees required to be certified under Chapter
47 17C of the General Statutes and the rules of the Criminal Justice and
48 Training Standards Commission.
 - 49 i. The Eastern Band of Cherokee Indians law enforcement, fire, EMS
50 or rescue and lifesaving tribal government departments or programs.
- 51 (3) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.

- 1 (4) Trainees enrolled in courses conducted under the Customized Training
2 Program.
3 (5) through (9) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1,
4 2011.
5 (10) Elementary and secondary school employees enrolled in courses in first aid
6 or cardiopulmonary resuscitation (CPR).
7 (11) Up to six hours of credit instruction and one course of noncredit instruction
8 per academic semester for senior citizens age 65 or older who are qualified
9 as legal residents of North Carolina.
10 (12) All curriculum courses taken by high school students at community colleges,
11 in accordance with G.S. 115D-20(4) and this section.
12 (13) Human resources development courses for any individual who (i) is
13 unemployed; (ii) has received notification of a pending layoff; (iii) is
14 working and is eligible for the Federal Earned Income Tax Credit (FEITC);
15 or (iv) is working and earning wages at or below two hundred percent
16 (200%) of the federal poverty guidelines.
17 (14) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.

18 The State Board of Community Colleges shall not waive tuition and registration fees for
19 other individuals."
20

21 INCREASE MAXIMUM PARKING FINE

22 SECTION 8.9. G.S. 115D-21 reads as rewritten:

23 "§ 115D-21. Traffic regulations; fines and penalties.

24 (a) All of the provisions of Chapter 20 of the General Statutes relating to the use of
25 highways of the State of North Carolina and the operation of motor vehicles thereon shall apply
26 to the streets, roads, alleys and driveways on the campuses of all institutions in the North
27 Carolina Community College System. Any person violating any of the provisions of Chapter 20
28 of the General Statutes in or on the streets, roads, alleys and driveways on the campuses of
29 institutions in the North Carolina Community College System shall, upon conviction thereof,
30 be punished as prescribed in this section and as provided by Chapter 20 of the General Statutes
31 relating to motor vehicles. Nothing contained in this section shall be construed as in any way
32 interfering with the ownership and control of the streets, roads, alleys and driveways on the
33 campuses of institutions in the system as is now vested by law in the trustees of each individual
34 institution in the North Carolina Community College System.

35 (b) The trustees are authorized and empowered to make additional rules and regulations
36 and to adopt additional ordinances with respect to the use of the streets, roads, alleys and
37 driveways and to establish parking areas on or off the campuses not inconsistent with the
38 provisions of Chapter 20 of the General Statutes of North Carolina. Upon investigation, the
39 trustees may determine and fix speed limits on streets, roads, alleys, and driveways subject to
40 such rules, regulations, and ordinances, lower than those provided in G.S. 20-141. The trustees
41 may make reasonable provisions for the towing or removal of unattended vehicles found to be
42 in violation of rules, regulations and ordinances. All rules, regulations and ordinances adopted
43 pursuant to the authority of this section shall be recorded in the proceedings of the trustees;
44 shall be printed; and copies of such rules, regulations and ordinances shall be filed in the office
45 of the Secretary of State of North Carolina. Violation of any such rules, regulations, or
46 ordinances, is an infraction punishable by a penalty of not more than one hundred dollars
47 (\$100.00).

48 Regardless of whether an institution does its own removal and disposal of motor vehicles or
49 contracts with another person to do so, the institution shall provide a hearing procedure for the
50 owner. For purposes of this subsection, the definitions in G.S. 20-219.9 apply.

- 1 (1) If the institution operates in such a way that the person who tows the vehicle
2 is responsible for collecting towing fees, all provisions of Article 7A,
3 Chapter 20, apply.
- 4 (2) If the institution operates in such a way that it is responsible for collecting
5 towing fees, it shall:
- 6 a. Provide by contract or ordinance for a schedule of reasonable towing
7 fees,
 - 8 b. Provide a procedure for a prompt fair hearing to contest the towing,
 - 9 c. Provide for an appeal to district court from that hearing,
 - 10 d. Authorize release of the vehicle at any time after towing by the
11 posting of a bond or paying of the fees due, and
 - 12 e. If the institution chooses to enforce its authority by sale of the
13 vehicle, provide a sale procedure similar to that provided in
14 G.S. 44A-4, 44A-5, and 44A-6, except that no hearing in addition to
15 the probable cause hearing is required. If no one purchases the
16 vehicle at the sale and if the value of the vehicle is less than the
17 amount of the lien, the institution may destroy it.

18 (c) The trustees may by rules, regulations, or ordinances provide for a system of
19 registration of all motor vehicles where the owner or operator does park on the campus or keeps
20 said vehicle on the campus. The trustees shall cause to be posted at appropriate places on
21 campus notice to the public of applicable parking and traffic rules, regulations, and ordinances
22 governing the campus over which it has jurisdiction. The trustees may by rules, regulations, or
23 ordinances establish or cause to have established a system of citations that may be issued to
24 owners or operators of motor vehicles who violate established rules, regulations, or ordinances.
25 The trustees shall provide for the administration of said system of citations; establish or cause
26 to be established a system of fines to be levied for the violation of established rules, regulations
27 and ordinances; and enforce or cause to be enforced the collection of said fines. The fine for
28 each offense shall not exceed ~~five dollars (\$5.00), which funds shall be retained in the~~
29 ~~institution and expended in the discretion of the trustees.~~ twenty-five dollars (\$25.00). The
30 trustees shall be empowered to exercise the right to prohibit repeated violators of such rules,
31 regulations, or ordinances from parking on the campus.

32 (d) The clear proceeds of all civil penalties collected pursuant to this section shall be
33 remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."
34

35 GASTON MULTICAMPUS

36 **SECTION 8.10.** Notwithstanding G.S. 115D-5(o), the State Board of Community
37 Colleges shall approve the Kimbrell Campus multicampus site of Gaston College.
38

39 FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

40 **SECTION 8.11.(a)** Subsection (a) of Section 9.8 of S.L. 2011-145, as amended by
41 Section 2(b) of S.L. 2011-340, reads as rewritten:

42 "**SECTION 9.8.(a)** There is appropriated from the Escheat Fund income to the Board of
43 Governors of The University of North Carolina the sum of forty-nine million six hundred
44 twenty-two thousand two hundred forty-two dollars (\$49,622,242) for the 2011-2012 fiscal
45 year and the sum of ~~thirty two million one hundred twenty two thousand two hundred~~
46 ~~forty two dollars (\$32,122,242)~~ thirty two million two hundred eighty-seven thousand two
47 hundred forty-two dollars (\$32,287,242) for the 2012-2013 fiscal year to be used for The
48 University of North Carolina Need-Based Financial Aid Program."

49 **SECTION 8.11.(b)** Subsection (c) of Section 9.8 of S.L. 2011-145 reads as
50 rewritten:

1 "SECTION 9.8.(c) There is appropriated from the Escheat Fund income to the State Board
2 of Community Colleges the sum of sixteen million five hundred thousand dollars (\$16,500,000)
3 for the 2011-2012 fiscal year and the sum of ~~sixteen million five hundred thousand dollars~~
4 ~~(\$16,500,000)~~ sixteen million three hundred thirty-five thousand dollars (\$16,335,000) for the
5 2012-2013 fiscal year to be used for community college grants."

6 SECTION 8.11.(c) Of the funds appropriated by this act for the 2012-2013 fiscal
7 year to the Board of Governors of The University of North Carolina, the sum of one hundred
8 sixty-five thousand dollars (\$165,000) shall be transferred to the State Board of Community
9 Colleges to be used for Community College grants. The General Assembly intends for this to
10 be a permanent transfer, and in future fiscal years it shall be reflected in the budget of the State
11 Board of Community Colleges.

12 SECTION 8.11.(d) G.S. 115D-40.1(c) reads as rewritten:

13 "(c) Administration of Program. – The State Board shall adopt rules and policies for the
14 disbursement of the financial assistance provided in subsections (a) and (b) of this section.
15 Degree, diploma, and certificate students must complete a Free Application for Federal Student
16 Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the
17 State Education Assistance Authority for administration of these financial assistance funds.
18 These funds shall not revert at the end of each fiscal year but shall remain available until
19 expended for need-based financial assistance. The interest earned on the funds provided in
20 subsections (a) and (b) of this section may be used to support the costs of administering the
21 Community College Grant Program. If the interest earnings are not adequate to support the
22 administrative costs, up to one percent (1%) of funds provided in subsection (a) of this section
23 may be used to support the costs of administering the Community College Grant Program."
24

25 PART IX. UNIVERSITIES

26 STUDY TUITION COST FOR VETERANS

27 SECTION 9.1. The Joint Legislative Education Oversight Committee shall study
28 the tuition costs for veterans who enroll in the State's community colleges or in any constituent
29 institution of The University of North Carolina. As part of the study, the Committee shall
30 consider the current criteria for determining whether a veteran qualifies for the resident tuition
31 rate and how those criteria affect veterans who qualify for post-9/11 GI Bill benefits, as well as
32 other veterans. The Committee shall also consider the potential educational costs to the State of
33 veterans who attend any of the State's public institutions of higher education at the resident
34 tuition rate and ways to limit those costs. The Committee may consider any other issues
35 relevant to the study.
36

37 FORGIVABLE EDUCATION LOANS FOR SERVICE PROGRAM AND 38 FUND/TECHNICAL CORRECTIONS

39 SECTION 9.2.(a) G.S. 116-209.45(b)(1) reads as rewritten:

40 "(b) Definitions. – The following definitions apply in this section:

- 41 (1) Eligible Institution. – Notwithstanding G.S. 116-201(b)(5) and
42 G.S. 116-201(b)(6) and for purposes of this section only, an institution of
43 higher education that is any of the following:
44 a. A postsecondary constituent institution of The University of North
45 Carolina as defined in G.S. 116-2(4).
46 b. A community college as defined in G.S. 115D-2(2).
47 c. ~~A nonprofit postsecondary institution as defined in G.S. 116-22(1) or~~
48 ~~G.S. 116-43.5.~~
49 d. ~~A postsecondary institution owned or operated by a hospital~~
50 ~~authority as defined in G.S. 131E-16(14).~~
51

- 1 e. ~~A school of nursing affiliated with a nonprofit postsecondary~~
2 ~~institution as defined in G.S. 116-22(1).~~
3 f. Another public or nonprofit postsecondary institution offering a
4 program of study not otherwise available in North Carolina that is
5 deemed to be eligible under rules promulgated by the Authority.
6 g. An eligible private postsecondary institution as defined in
7 G.S. 116-280(3)."

8 **SECTION 9.2.(b)** Section 9.18(d) of S.L. 2011-145 reads as rewritten:

9 **"SECTION 9.18.(d)** The State Education Assistance Authority shall report no later than
10 ~~June 1, 2013,~~September 1, 2013, to the Joint Legislative Education Oversight Committee
11 regarding the implementation of this section. The report shall contain, for the 2012-2013
12 academic year, the amount of scholarship and grant money disbursed, the number of students
13 eligible for the funds, the number of eligible students receiving the funds, and a breakdown of
14 the eligible private postsecondary institutions that received the funds."

15 **SECTION 9.2.(c)** Section 9.18(i) of S.L. 2011-145 reads as rewritten:

16 **"SECTION 9.18.(i)** Subsections (a), (d), and (i) of this section become effective July 1,
17 2011. Article 34 of Chapter 116 of the General Statutes, as enacted by subsection (a) of this
18 section, applies to the 2012-2013 academic year and each subsequent academic year, except
19 that the rule-making authority for the State Education Assistance Authority under
20 G.S. 116-283(a) becomes effective immediately on July 1, 2011. Subsections (b), (c), (e), (f),
21 (g), and (h) of this section become effective July 1, ~~2012-2012,~~ except that the State Education
22 Assistance Authority may continue to make payments pursuant to G.S. 116-43.5 until August
23 1, 2012, to students who attended certain private institutions of higher education in the
24 2011-2012 academic year."

25
26 **ELIMINATE IN-STATE TUITION STATUS FOR OUT-OF-STATE FULL**
27 **SCHOLARSHIP STUDENTS**

28 **SECTION 9.3.(a)** G.S. 116-143.6 is repealed.

29 **SECTION 9.3.(b)** This section applies to the 2012-2013 fall academic semester
30 and each subsequent academic semester.

31
32 **UNC/REPEAL OBSOLETE OR REDUNDANT REPORTING REQUIREMENTS**

33 **SECTION 9.4.(a)** G.S. 116-11(10a) reads as rewritten:

34 "(10a) The Board of Governors, the State Board of Community Colleges, and the
35 State Board of Education, in consultation with nonprofit postsecondary
36 educational institutions shall plan a system to provide an exchange of
37 information among the public schools and institutions of higher education to
38 be implemented no later than June 30, 1995. As used in this section,
39 "institutions of higher education" shall mean (i) public higher education
40 institutions defined in G.S. 116-143.1(a)(3), and (ii) those nonprofit
41 postsecondary educational institutions as described in G.S. 116-280 that
42 choose to participate in the information exchange. The information shall
43 include:

- 44 a. The number of high school graduates who apply to, are admitted to,
45 and enroll in institutions of higher education;
46 b. College performance of high school graduates for the year
47 immediately following high school graduation including each
48 student's: need for remedial coursework at the institution of higher
49 education that the student attends; performance in standard freshmen
50 courses; and continued enrollment in a subsequent year in the same
51 or another institution of higher education in the State;

- 1 c. The progress of students from one institution of higher education to
2 another; and
3 d. Consistent and uniform public school course information including
4 course code, name, and description.

5 The Department of Public Instruction shall generate and the local school
6 administrative units shall use standardized transcripts in an automated
7 format for applicants to higher education institutions. The standardized
8 transcript shall include grade point average, class rank, end-of-course test
9 scores, and uniform course information including course code, name, units
10 earned toward graduation, and credits earned for admission from an
11 institution of higher education. The grade point average and class rank shall
12 be calculated by a standard method to be devised by the institutions of
13 higher education.

14 ~~The Board of Governors shall coordinate a joint progress report on the~~
15 ~~implementation of the system to provide an exchange of information among~~
16 ~~the public and independent colleges and universities, the community~~
17 ~~colleges, and the public schools. The report shall be made to the Joint~~
18 ~~Legislative Education Oversight Committee no later than February 15, 1993,~~
19 ~~and annually thereafter."~~

20
21 **SECTION 9.4.(b)** G.S. 116-11(12a) reads as rewritten:

22 "(12a) The Board of Governors of The University of North Carolina shall
23 implement, administer, and revise programs for meaningful professional
24 development for professional public school employees based upon the
25 evaluations and recommendations made by the State Board of Education
26 under G.S. 115C-12(26). The programs shall be aligned with State education
27 goals and directed toward improving student academic achievement. ~~The~~
28 ~~Board of Governors shall submit to the State Board of Education an annual~~
29 ~~report evaluating the professional development programs administered by~~
30 ~~the Board of Governors."~~

31 **SECTION 9.4.(c)** G.S. 116D-3(a)(1) is repealed.

32 **SECTION 9.4.(d)** Section 7 of S.L. 1989-936, as amended by S.L. 1991-346, reads
33 as rewritten:

34 "Sec. 7. The Board of Governors of The University of North Carolina shall adopt standards
35 to create and enhance an organized program of public service and technical assistance to the
36 public schools. This program shall:

- 37 (1) Provide systematic access for public schools to consultation and advice
38 available from members of the faculties of the constituent institutions;
39 (2) Facilitate and encourage research in the public schools and the application of
40 the results of this research;
41 (3) Link the education faculties of the constituent institutions with public school
42 teachers and administrators through public service requirements for the
43 education faculties; and
44 (4) Create partnerships among all constituent institutions, their schools or
45 departments of education, and the maximum number of public schools that
46 could benefit from these partnerships.

47 ~~The Board of Governors shall report on an annual basis to the Joint Legislative~~
48 ~~Commission on Governmental Operations on its progress in implementing the provisions of~~
49 ~~this section."~~

50 **SECTION 9.4.(e)** Section 1.1 of S.L. 2000-3 reads as rewritten:

1 "Section 1.1. The General Assembly finds that although The University of North Carolina
2 is one of the State's most valuable assets, the current facilities of the University have been
3 allowed to deteriorate due to decades of neglect and have unfortunately fallen into a state of
4 disrepair because of inadequate attention to maintenance. It is the intent of the General
5 Assembly to reverse this trend and to provide a mechanism to assure that the University's
6 capital assets are adequately maintained. The General Assembly commits to responsible
7 stewardship of these assets to protect their value over the years, as follows:

8 (1) The Board of Governors of The University of North Carolina shall require
9 each constituent and affiliated institution to monitor the condition of its
10 facilities and their needs or repair and renovation, and to assure that all
11 necessary maintenance is carried out within funds available.

12 ~~(2) The Board of Governors shall report annually to the Joint Legislative~~
13 ~~Commission on Governmental Operations and the Joint Legislative~~
14 ~~Education Oversight Committee on the condition of the University's capital~~
15 ~~facilities, the repair, renovation, and maintenance projects being undertaken,~~
16 ~~and all needs for additional funding to maintain the facilities.~~

17 (3) It is the intent of the General Assembly to assure that adequate oversight,
18 funding, and accountability are continually provided so that the capital
19 facilities of the University are properly maintained to preserve the level of
20 excellence the citizens of this State deserve. To this end, the Joint
21 Legislative Education Oversight Committee shall report to the General
22 Assembly annually its recommendations for legislative changes to
23 implement this policy."

24 **SECTION 9.4.(f)** Section 6 of S.L. 2000-3 reads as rewritten:

25 "Section 6. Repair and Renovation Reports. – ~~The Board of Governors of The University of~~
26 ~~North Carolina shall report annually to the Joint Legislative Commission on Governmental~~
27 ~~Operations and the Joint Legislative Education Oversight Committee on the condition of all of~~
28 ~~the University's capital facilities, including a status report on all repair, renovation, and~~
29 ~~maintenance projects being undertaken and an assessment of needs for additional funding to~~
30 ~~repair, renovate, and maintain the facilities.~~

31 The Board of Governors of The University of North Carolina shall also study the repairs
32 and renovations formula currently utilized with respect to funding for the Repairs and
33 Renovations Reserve Account to determine whether it adequately takes into account all of the
34 appropriate maintenance needs of each constituent and affiliated institution, and shall
35 recommend to the Joint Legislative Commission on Governmental Operations and the Joint
36 Legislative Education Oversight Committee any changes necessary to improve the formula.
37 The Board shall make recommendations on the scope and adequacy of the methodology used to
38 calculate the funding for the repairs and renovations reserve as specified in G.S. 143-15.2."

39 **SECTION 9.4.(g)** Section 13 of S.L. 2001-496 is repealed.

40 **NC GRADUATES IN PRIMARY CARE CENTERS/CHANGE REPORT DATE**

41 **SECTION 9.5.** G.S. 143-613(d) reads as rewritten:

42 "(d) The progress of the private and State-operated medical schools and State-operated
43 health professional schools towards increasing the number and proportion of graduates entering
44 primary care shall be monitored annually by the Board of Governors of The University of
45 North Carolina. Monitoring data shall include (i) the entry of State-supported graduates into
46 primary care residencies and clinical training programs, and (ii) the specialty practices by a
47 physician and each midlevel provider who were State-supported graduates as of a date five
48 years after graduation. The Board of Governors shall certify data on graduates, their residencies
49 and clinical training programs, and subsequent careers by ~~October 1~~ November 15 of each
50 calendar year, beginning in ~~October of 1995~~, November of 2011, to the Fiscal Research
51

1 Division of the Legislative Services Office and to the Joint Legislative Education Oversight
2 Committee."

4 **UNC REPORT ON ENDOWMENT FUNDS**

5 **SECTION 9.6.** Article 1 of Chapter 116 of the General Statutes is amended by
6 adding a new section to read:

7 **"§ 116-36.7. Report on endowment funds of The University of North Carolina.**

8 The Board of Governors shall report to the Joint Legislative Committee on Governmental
9 Operations and to the Fiscal Research Division beginning November 1, 2011, and annually
10 thereafter, regarding the endowment funds held by each special responsibility constituent
11 institution, the University of North Carolina Health Care System, and any other entity of The
12 University, including those endowments held for the benefit of The University as a whole. The
13 report shall provide an accounting of the amounts, uses, and public purposes of each
14 endowment fund and shall also include all of the following information (disaggregated by types
15 of institution) for each endowment fund:

- 16 (1) The average and range of (i) the outstanding balance of each endowment and
17 (ii) the growth of each endowment over the last 20 years.
- 18 (2) The amount and percentage of endowment assets distributed on an annual
19 basis.
- 20 (3) The amount and percentage of endowment assets distributed on an annual
21 basis for financial aid or for the purpose of reducing the costs of tuition, fees,
22 textbooks, and room and board.
- 23 (4) The extent to which the funds in each endowment are restricted and the
24 restrictions placed upon such funds."

26 **PERMANENT TRANSFER OF FUNDING FOR MILITARY ONE-STOP & BRAC** 27 **OUTREACH**

28 **SECTION 9.7.** The Military One-Stop & BRAC Outreach program previously
29 vested in Fayetteville State University is transferred to The University of North Carolina
30 General Administration with all of the elements of a Type I transfer as defined in G.S. 143A-6.
31 The program transfer shall include the sum of two hundred fifty-one thousand five hundred
32 dollars (\$251,500).

34 **STUDY UNC TUITION SURCHARGE**

35 **SECTION 9.8.** The Fiscal Research Division, in cooperation with The University
36 of North Carolina, shall study the tuition surcharge mandated by G.S. 116-143.7. As part of
37 the study, the Fiscal Research Division shall examine the surcharge's effect, if any, on the
38 number of credit hours taken by students at constituent institutions of The University of North
39 Carolina and the resulting effect on the timely achievement of graduation; the number of
40 students subject to the surcharge in each of the last five academic years; and the revenue
41 generated by the surcharge. In its study, the Fiscal Research Division shall also examine the
42 methods that The University of North Carolina employs to provide notice to a student that the
43 student is approaching the credit hour limit and will be charged the tuition surcharge if the
44 student exceeds that limit.

45 The Fiscal Research Division shall report its findings and recommendations,
46 including any legislative recommendations, by January 1, 2013, to the Joint Legislative
47 Education Oversight Committee and to the Education Appropriation Subcommittees of the
48 House of Representatives and the Senate.

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

NC PRE-K

SECTION 10.1.(a) The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiple-year contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 10.1.(b) The Division of Child Development and Early Education (Division) shall create a pilot program that provides funding for NC Pre-K classrooms on a per classroom basis. The pilot program shall include three different NC Pre-K contractual regions that are geographically diverse. The local NC Pre-K administrator shall contract with the provider for operation of a classroom established pursuant to the pilot program. The Division shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations/Base Budget Committee on Health and Human Services, and the Fiscal Research Division on the pilot program no later than January 31, 2013. The report shall include the following:

- (1) The number of students served.
- (2) The amount of funds paid for each classroom.
- (3) The amount of funds paid per student.
- (4) The attendance information on students in the pilot program as compared to those students in a classroom having a traditional funding structure.
- (5) Information on the number of students and students' families using the Subsidized Early Education for Kids (SEEK) system.
- (6) A cost comparison of the classroom pilots to the average cost per student through the per student funding methodology.

SECTION 10.1.(c) The Division of Child Development and Early Education (DCDEE) shall continue the implementation of the NC Pre-K program. The NC Pre-K shall serve children who reach the age of four on or before August 31 of that school year and who meet eligibility criteria.

SECTION 10.1.(d) Other than developmental disabilities or other chronic health issues, the Division of Child Development and Early Education shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

SECTION 10.1.(e) All entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 10.1.(f) The Division of Child Development and Early Education shall establish a standard decision-making process to be used by local NC Pre-K committees in awarding NC Pre-K classroom slots and student selection.

SECTION 10.1.(g) The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

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

REVISE CHILD CARE SUBSIDY RATES PROVISION

SECTION 10.2. Section 10.1 of S.L. 2011-145 is amended by adding the following new subsection to read:

"SECTION 10.1.(g1) The Department of Health and Human Services, Division of Child Development and Early Education, shall require all county departments of social services to include on any forms used to determine eligibility for child care subsidy whether the family waiting for subsidy is receiving assistance through the NC Pre-K program or Head Start."

CHILD CARE ALLOCATION FORMULA/DIRECTION

SECTION 10.2A. Section 10.2(a) of S.L. 2011-145 is amended by adding the following new subdivisions to read:

"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.
- (3) For fiscal year 2012-2013, the Division of Child Development and Early Education shall base the formula identified in subdivision (1) of this subsection on the same data source used for the 2011-2012 fiscal year.
- (4) The Department of Health and Human Services shall allocate to counties all State funds appropriated for child care subsidy and shall not withhold funds during the 2012-2013 fiscal year."

**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES
ENHANCEMENTS/SALARY SCHEDULE/MATCH REQUIREMENT
ADJUSTMENTS**

SECTION 10.3.(a) Section 10.5(c) of S.L. 2011-145 is repealed.

SECTION 10.3.(b) Section 10.5 of S.L. 2011-145 is amended by adding the following new subsection to read:

"SECTION 10.5.(c1) The North Carolina Partnership for Children, Inc., shall develop and implement a salary schedule for the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of local partnerships. The salary schedule shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. In establishing a salary schedule, the North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

- (1) The population of the area serviced by a local partnership.
- (2) The amount of State funds administered.
- (3) The amount of total funds administered.
- (4) The professional experience of the individual to be compensated.
- (5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

The salary schedule shall be used only to determine the maximum amount of State funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit a local

1 partnership from using non-State funds to supplement an individual's salary in excess of the
2 amount set by the salary schedule established under this subsection."

3 **SECTION 10.3.(c)** Section 10.5(e) of S.L. 2011-145, as amended by Section 21A
4 of S.L. 2011-391, reads as rewritten:

5 **"SECTION 10.5.(e)** The North Carolina Partnership for Children, Inc., and all local
6 partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the
7 total amount budgeted for the program in each fiscal year of the biennium. Of the funds the
8 North Carolina Partnership for Children, Inc., and the local partnerships are required to match,
9 contributions of cash shall equal to at least ~~seven percent (7%)~~ten percent (10%) and in-kind
10 donated resources equal to no more than three percent (3%) for a total match requirement of ~~ten~~
11 ~~percent (10%)~~thirteen percent (13%) for each fiscal year. The North Carolina Partnership for
12 Children, Inc., may carry forward any amount in excess of the required match for a fiscal year
13 in order to meet the match requirement of the succeeding fiscal year. Only in-kind
14 contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer
15 services may be treated as an in-kind contribution for the purpose of the match requirement of
16 this subsection. Volunteer services that qualify as professional services shall be valued at the
17 fair market value of those services. All other volunteer service hours shall be valued at the
18 statewide average wage rate as calculated from data compiled by the Employment Security
19 Commission in the Employment and Wages in North Carolina Annual Report for the most
20 recent period for which data are available. Expenses, including both those paid by cash and
21 in-kind contributions, incurred by other participating non-State entities contracting with the
22 North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered
23 resources available to meet the required private match. In order to qualify to meet the required
24 private match, the expenses shall:

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

39 Failure to obtain a ~~ten percent (10%)~~thirteen percent (13%) match by June 30 of each fiscal
40 year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a
41 subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible
42 for compiling information on the private cash and in-kind contributions into a report that is
43 submitted to the Joint Legislative Commission on Governmental Operations in a format that
44 allows verification by the Department of Revenue. The same match requirements shall apply to
45 any expansion funds appropriated by the General Assembly."
46

47 **"READ NC" EARLY LITERACY INITIATIVE/DEVELOPMENT**
48 **OFFICERS/ASSISTANCE TO RURAL PARTNERSHIPS**

49 **SECTION 10.4.(a)** Of the funds appropriated to the Department of Health and
50 Human Services, Division of Child Development and Early Education, for the North Carolina
51 Partnership for Children, Inc., the sum of three million five hundred thousand dollars

1 (\$3,500,000) for the 2012-2013 fiscal year shall be used by the North Carolina Partnership for
2 Children, Inc., to develop and administer an early literacy initiative pilot program, to be known
3 as "Read NC," hire four North Carolina Partnership for Children, Inc., development officers,
4 and provide additional funds for rural partnerships. "Read NC" will focus on increasing the
5 early literacy skills of children who are most at risk for reading below grade level. The pilot
6 program shall be distributed geographically to ensure adequate representation of the diverse
7 areas of the State.

8 **SECTION 10.4.(b)** The focus of the pilot program will be to actively engage
9 parents, child care teachers, and communities to help young children build a firm foundation
10 for language acquisition and literacy skills. To that end, the pilot program shall do the
11 following:

- 12 (1) Educate parents in essential early literacy practices.
- 13 (2) Increase the quality of early literacy programming in child care.
- 14 (3) Increase early literacy opportunities for young children and families in
15 community settings by incorporating the following programs:
 - 16 a. "Reach Out and Read," a program that supports doctors in their
17 efforts to "prescribe" reading to young children and families during
18 well-child visits through early literacy guidance and book sharing,
19 free books for children to keep, and literacy-rich waiting rooms.
 - 20 b. "Raising a Reader" (RAR), a program that rotates bright red bags
21 filled with award-winning books into children's homes on a weekly
22 basis, exposing children on average to over 100 books per rotation
23 cycle, and pairs this book rotation with parent training and
24 information on how to effectively share books to promote family
25 literacy habits, language and literacy skills, and a love of learning.
 - 26 c. "Motherread/Fatheread," a program that combines the teaching of
27 literacy skills with child development and family empowerment
28 issues.
 - 29 d. "Dolly Parton Imagination Library," a program that provides a free,
30 age-appropriate book each month to children ages birth to five years.

31 **SECTION 10.4.(c)** The Division of Child Development and Early Education and
32 the North Carolina Partnership for Children, Inc., shall report by April 1, 2013, to the Joint
33 Legislative Commission on Governmental Operations, the Joint Legislative Committee on
34 Health and Human Services, the Senate Appropriations/Base Budget Committee on Health and
35 Human Services, and the House of Representatives Appropriations Subcommittee on Health
36 and Human Services on the progress in complying with this section.

37 **SECTION 10.4.(d)** The North Carolina Partnership for Children, Inc., shall include
38 in its assistance to local partnerships, training and assistance with fund-raising activities. Of the
39 funds designated under subsection (a) of this section, the North Carolina Partnership for
40 Children, Inc., shall hire a staff of four individuals who are qualified in the areas of grant
41 writing and fund-raising to assist local partnerships in raising the amount of non-State funds
42 required by law. The staff hired pursuant to this subsection shall be located regionally and be
43 accessible to participate in the various local partnerships' activities.

44 **SECTION 10.4.(e)** Of the funds designated under subsection (a) of this section, the
45 North Carolina Partnership for Children, Inc., shall provide assistance to local partnerships
46 located in rural areas of the State. The North Carolina Partnership for Children, Inc., shall
47 establish eligibility criteria for the use of funds pursuant to this subsection based on child
48 poverty, child population, and counties that are identified as being the most economically
49 distressed.

50
51 **MEDICAID THERAPIES LIMIT REVISED**

1 **SECTION 10.5.** Section 10.37(a)(2) of S.L. 2011-145 is repealed.

2
3 **MEDICAID ELIGIBILITY/COLA DISREGARD**

4 **SECTION 10.6.(a)** Article 2 of Chapter 108A of the General Statutes is amended
5 by adding a new section to read:

6 "§ 108A-54.4 Income disregard for federal cost-of-living adjustments.

7 An increase in a Medical Assistance Program recipient's income due solely to a
8 cost-of-living adjustment to federal Social Security and Railroad Retirement payments shall be
9 disregarded when determining income eligibility for the Medical Assistance Program. This
10 section shall not be deemed to render a recipient eligible for the Medical Assistance Program if
11 all other eligibility requirements are not met."

12 **SECTION 10.6.(b)** The Department of Health and Human Services shall apply to
13 the Center for Medicare and Medicaid Services for any necessary approvals to implement the
14 income disregard required in subsection (a) of this section.

15 **SECTION 10.6.(c)** Subsection (a) of this section is effective January 1, 2013. The
16 remainder of this section is effective when it becomes law.

17
18 **MEDICAID NONEMERGENCY MEDICAL TRANSPORTATION SERVICES**

19 **SECTION 10.7.(a)** The Department of Health and Human Services, Division of
20 Medical Assistance, in consultation with the Department of Transportation, Public
21 Transportation Division, shall develop and issue a Request for Proposal (RFP) for the
22 management of nonemergency medical transportation (NEMT) services for Medicaid
23 recipients.

24 **SECTION 10.7.(b)** The following information shall be considered when
25 developing the RFP required by subsection (a) of this section:

- 26 (1) An analysis of nonemergency transportation brokerage services
27 implemented in other states that examines:
28 a. State-level governance and program performance evaluation.
29 b. Assignment of geographic regions for operating and monitoring
30 purposes.
31 c. Quality of transportation service delivery and recipient access.
32 d. Accuracy of eligibility determinations.
33 e. Pricing models.
34 f. Contract structure, including terms and conditions.
35 g. Cost of service.
36 (2) Assessment of the current coordination of human services transportation
37 within North Carolina and the potential impact of brokerage services on
38 transit system funding and operations.
39 (3) A cost-benefit analysis of implementing a statewide NEMT brokerage model
40 for Medicaid recipients.

41 **SECTION 10.7.(c)** The Division of Medical Assistance shall submit a written
42 report to the Joint Legislative Oversight Committee on Health and Human Services and the
43 Joint Legislative Oversight Committee on Transportation on the status of the RFP by
44 September 15, 2012.

45 **SECTION 10.7.(d)** The Division of Medical Assistance shall consider the
46 selection of a vendor or vendors generating a savings to the overall Medicaid transportation
47 budget.

48 **SECTION 10.7.(e)** The Department of Health and Human Services shall apply to
49 the Centers for Medicare and Medicaid Services for any approvals necessary to implement the
50 requirements of this section.

MODIFY AND IMPROVE PHARMACY SERVICES

SECTION 10.8. Section 10.48 of S.L. 2011-145 reads as rewritten:

"SECTION 10.48.(a) The Department of Health and Human Services shall revise its pharmacy dispensing fees under the Medicaid Program in order to encourage a greater proportion of prescriptions dispensed to be generic prescriptions and thereby achieve savings of fifteen million dollars (\$15,000,000) in the 2011-2012 fiscal year and twenty-four million dollars (\$24,000,000) in the 2012-2013 fiscal year.

"SECTION 10.48.(a1) For the 2012-2013 fiscal year, the Department shall modify and improve pharmacy services under the Medicaid Program in a manner that achieves savings of thirty million six hundred seventy-one thousand five hundred seven dollars (\$30,671,507) through the implementation of a special pharmacy for hemophilia drugs and the expansion of prior authorization requirements; provided, however, that an expansion of prior authorization requirements shall be consistent with the limitations set forth in Section 10.31(d)(2)r.5A. of S.L. 2011-145. In addition, the Department shall lower pharmacy dispensing fees to achieve additional savings within the Medicaid Program.

"SECTION 10.48.(b) The Department shall report its progress in achieving the savings required by subsection (a) of this section on November 1, 2011, January 1, 2012, and quarterly thereafter to the House and Senate Appropriations Subcommittees on Health and Human Services and to the Fiscal Research Division. If any report required by this subsection reveals that those savings are not being achieved, the Department shall reduce prescription drug rates by an amount sufficient to achieve the savings.

"SECTION 10.48.(b1) The Department shall report its progress in achieving the savings required by subsection (a1) of this section on November 1, 2012, and quarterly thereafter, to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division."

SMART CARD PILOT PROGRAM

SECTION 10.9.(a) S.L. 2011-117 is repealed.

SECTION 10.9.(b) The Department of Health and Human Services shall implement a smart card pilot program that involves enrollment, distribution, and use of smart cards by designated vendors and recipients as replacements for currently used Medicaid assistance cards. The Provider and Recipient Services Unit of the Division of Medical Assistance (DMA) shall administer the pilot program. The Department may contract with a third-party vendor or vendors to develop and execute the pilot program. If the Department elects to use a third-party vendor or vendors to develop and execute the pilot program, the Department shall select the vendor or vendors through a Request for Proposal process conducted prior to implementation of the pilot program. In developing and implementing the pilot program, the Department shall comply with all applicable information technology procurement requirements. The smart card pilot program shall not expand beyond the areas described in subsection (c) of this section unless the expansion is approved by an act of the General Assembly.

SECTION 10.9.(c) The purpose of the pilot program is to evaluate the feasibility of the smart card program in different geographical regions of the State. DMA shall select a region of the State to participate in the pilot program that is served by Community Care of North Carolina and meets all other requirements set forth in this section. The pilot program shall be conducted in two urban areas and two rural areas with a representative group of Medicaid recipients from each area.

SECTION 10.9.(d) The pilot program shall include and evaluate the use of at least two different types of available technology that are designed to do all of the following:

- (1) Authenticate recipients at the onset and completion of each point of transaction in order to prevent card sharing and other forms of fraud.

- (2) Deny ineligible persons at the point of transaction.
- (3) Authenticate providers at the point of transaction to prevent phantom billing and other forms of provider fraud.
- (4) Secure and protect the personal identity and information of recipients.
- (5) Reduce the total amount of medical assistance expenditures by reducing the average cost per recipient.

SECTION 10.9.(e) The pilot program may include all of the following:

- (1) A secure Web-based information system for recording and reporting authenticated transactions.
- (2) A secure Web-based information system that interfaces with the appropriate State databases to determine eligibility of recipients.
- (3) A system that gathers analytical information to be provided to business intelligence companies in order to assist in business intelligence processes.
- (4) A smart card with the ability to store multiple recipients' information on one card.
- (5) An image of the recipient stored on both the smart card and database.

SECTION 10.9.(f) The pilot program shall not include a requirement for preenrollment of recipients.

SECTION 10.9.(g) In conducting the pilot program, the Department may do the following:

- (1) Incorporate additional or alternative methods of authentication of recipients.
- (2) Enter and store billing codes, deductible amounts, and bill confirmations.
- (3) Allow electronic prescribing services and prescription database integration and tracking in order to prevent medical error through information sharing and to reduce pharmaceutical abuse and lower health care costs.
- (4) Implement quick-pay incentives for providers who use electronic prescribing services, electronic health records, electronic patient records, or computerized patient records that automatically synchronize with recipients' smart cards and electronically submit a claim.
- (5) Adapt smart cards, fingerprint scanners, and card readers, for use by other State programs administered by the Department in order to reduce costs associated with the necessity of multiple cards per recipient.

SECTION 10.9.(h) During the pilot program, the Department shall evaluate the feasibility of expanding the pilot program, including the need to develop rules and policies related to the following:

- (1) Lost, forgotten, or stolen cards.
- (2) Enrollment of all recipients, regardless of age, for participation in the program.
- (3) Distribution and activation of smart cards for designated recipients.

SECTION 10.9.(i) The Department shall work with the Division of Motor Vehicles to ensure that State data, such as drivers license photos and other identification data, is leveraged to reduce program cost.

SECTION 10.9.(j) By no later than March 1, 2013, the Department shall submit a detailed written report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, the Senate Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The report shall include (i) detailed results of the pilot in the four different geographic regions of the State, including cost-savings achieved in each region; (ii) costs associated with implementation of the pilot program, including payments to vendors; and (iii) an evaluation of the feasibility of, and issues associated with, implementing the smart card program statewide.

1 **SECTION 10.9.(k)** Of the funds appropriated from the General Fund to the
2 Department of Health and Human Services for the 2012-2013 fiscal year, the sum of up to one
3 million dollars (\$1,000,000) may be used to implement the smart card pilot program authorized
4 by this section.
5

6 **FUNDS FOR INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

7 **SECTION 10.10.** Section 10.8(b) of S.L. 2011-145 reads as rewritten:

8 **"SECTION 10.8.(b)** Of the funds appropriated in this act to the Department of Health and
9 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
10 Services, the sum of twenty-nine million one hundred twenty-one thousand six hundred
11 forty-four dollars (\$29,121,644) for the 2011-2012 fiscal year and the sum of ~~twenty-nine~~
12 ~~million one hundred twenty-one thousand six hundred forty-four dollars~~
13 (\$29,121,644)forty-seven million two hundred seventy-one thousand six hundred forty-four
14 dollars (\$47,271,644) for the 2012-2013 fiscal year shall be allocated for the purchase of local
15 inpatient psychiatric beds or bed days. In addition, at the discretion of the Secretary of Health
16 and Human Services, existing funds allocated to LMEs for community-based mental health,
17 developmental disabilities, and substance abuse services may be used to purchase additional
18 local inpatient psychiatric beds or bed days. These beds or bed days shall be distributed across
19 the State in LME catchment ~~areas~~areas, including any catchment areas served by managed care
20 organizations, and according to need as determined by the Department. The Department shall
21 enter into contracts with the LMEs and community hospitals for the management of these beds
22 or bed days. The Department shall work to ensure that these contracts are awarded equitably
23 around all regions of the State. Local inpatient psychiatric beds or bed days shall be managed
24 and controlled by the LME, including the determination of which local or State hospital the
25 individual should be admitted to pursuant to an involuntary commitment order. Funds shall not
26 be allocated to LMEs but shall be held in a statewide reserve at the Division of Mental Health,
27 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by
28 the LMEs and billed by the hospitals through the LMEs. LMEs shall remit claims for payment
29 to the Division within 15 working days of receipt of a clean claim from the hospital and shall
30 pay the hospital within 30 working days of receipt of payment from the Division. If the
31 Department determines (i) that an LME is not effectively managing the beds or bed days for
32 which it has responsibility, as evidenced by beds or bed days in the local hospital not being
33 utilized while demand for services at the State psychiatric hospitals has not reduced, or (ii) the
34 LME has failed to comply with the prompt payment provisions of this subsection, the
35 Department may contract with another LME to manage the beds or bed days, or,
36 notwithstanding any other provision of law to the contrary, may pay the hospital directly. The
37 Department shall develop reporting requirements for LMEs regarding the utilization of the beds
38 or bed days. Funds appropriated in this section for the purchase of local inpatient psychiatric
39 beds or bed days shall be used to purchase additional beds or bed days not currently funded by
40 or through LMEs and shall not be used to supplant other funds available or otherwise
41 appropriated for the purchase of psychiatric inpatient services under contract with community
42 hospitals, including beds or bed days being purchased through Hospital Utilization Pilot funds
43 appropriated in S.L. 2007-323. Not later than March 1, 2012, the Department shall report to the
44 House of Representatives Appropriations Subcommittee on Health and Human Services, the
45 Senate Appropriations Committee on Health and Human Services, the Joint Legislative
46 Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse
47 Services, and the Fiscal Research Division on a uniform system for beds or bed days purchased
48 (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization
49 Pilot, and (iv) purchased using funds appropriated under this subsection."
50

51 **EXAMINATION OF THE STATE'S DELIVERY OF MENTAL HEALTH SERVICES**

1 **SECTION 10.11.(a)** The Joint Legislative Oversight Committee on Health and
2 Human Services shall appoint a subcommittee to examine the State's delivery of mental health
3 services. As part of its examination, the subcommittee shall review all of the following:

- 4 (1) The State's progress in reforming the mental health system to deliver mental
5 health services to individuals in the most integrated setting appropriate,
6 without unnecessary institutionalization.
- 7 (2) The State's capacity to meet its growing mental health needs with
8 community-based supports.
- 9 (3) The process for determining the catchment areas served by the State's
10 psychiatric hospitals, with consideration of both of the following:
 - 11 a. Factors used in assigning the geographic groupings of local
12 management areas and managed care organizations into catchment
13 areas.
 - 14 b. Alternatives to the current process for determining the catchment
15 areas served by the State's psychiatric hospitals, including a
16 determination of whether there is a more efficient and equitable
17 manner of assigning hospital catchment areas.

18 **SECTION 10.11.(b)** The subcommittee shall report its findings and
19 recommendations to the Joint Legislative Oversight Committee on Health and Human Services
20 on or before January 15, 2013, at which time it shall terminate.

21 22 **FUNDS FOR FAMILY PLANNING SERVICES BY LOCAL HEALTH** 23 **DEPARTMENTS**

24 **SECTION 10.12.** Of the funds appropriated in this act to the Department of Health
25 and Human Services for the 2012-2013 fiscal year, none shall be allocated to renewing,
26 extending, or entering into new contracts for the provision of family planning services and
27 pregnancy prevention activities with providers other than local health departments. Upon the
28 expiration of any contracts in effect during the 2011-2012 fiscal year between the Division of
29 Public Health and private providers of family planning services and pregnancy prevention
30 activities, the Department shall reallocate three hundred forty-three thousand dollars (\$343,000)
31 of these contract funds to local health departments. Local health departments receiving funds
32 under this section shall not contract with outside vendors for the provision of family planning
33 services or pregnancy prevention activities. These services shall be provided directly by local
34 health department recipients. This section does not apply to contracts administered by the
35 Department pursuant to G.S. 130A-131.15A.

36 37 **COMMUNITY HEALTH GRANT FUNDING**

38 **SECTION 10.13.(a)** By no later than January 1, 2013, the Department of Health
39 and Human Services shall enter into contracts obligating the entire amount of funds
40 appropriated in this act for community health centers for the 2012-2013 fiscal year. These
41 funds shall be used only for community health grants to nonprofit or public health care safety
42 nets that provide primary and preventive medical services to uninsured or medically indigent
43 patients, including free clinics, community health care centers, rural health centers,
44 school-based health centers, and local health departments. The Department shall not use these
45 funds to supplant any reduction in funding prescribed by the General Assembly for the
46 2012-2013 fiscal year.

47 **SECTION 10.13.(b)** By no later than March 1, 2013, the Department of Health and
48 Human Services shall submit a written report on community health grants awarded during the
49 2012-2013 fiscal year to the Joint Legislative Oversight Committee on Health and Human
50 Services, the Senate Appropriations Committee on Health and Human Services, the House

1 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
2 Division. The report shall include at least all of the following:

- 3 (1) The identity and a brief description of the community health activities
4 performed by each grantee.
- 5 (2) The amount of funding awarded to each grantee.
- 6 (3) The number of persons served by each grantee.

7 8 **FUNDS FOR COMMUNITY-BASED HEALTH AND WELLNESS INITIATIVES**

9 **SECTION 10.14.(a)** Funds appropriated in this act to the Department of Health
10 and Human Services for the 2012-2013 fiscal year for community-based health and wellness
11 programs and initiatives shall be used only for the following:

- 12 (1) Programs to prevent and reduce tobacco use by students in grades
13 kindergarten through 12. The Department shall not spend any funds
14 allocated to these programs for statewide marketing and media campaigns
15 for tobacco cessation and prevention. This subdivision shall not be construed
16 to prohibit the use of these funds for (i) local or community-based tobacco
17 cessation and prevention campaigns, (ii) tobacco cessation and prevention
18 campaigns conducted on the premises of North Carolina elementary schools,
19 middle schools, and high schools, or (iii) the North Carolina Tobacco Use
20 Quitline known as QuitlineNC.
- 21 (2) CheckMeds.
- 22 (3) Medication Assistance Program.
- 23 (4) Roanoke Chowan Telehealth Network.
- 24 (5) County health department initiatives. County health departments shall use
25 these funds only for county community health and wellness initiatives to
26 promote healthy behaviors, including, but not limited to, tobacco cessation,
27 improved nutrition, increased physical activity, disease prevention, and
28 school nurse positions. Funds received by county health departments
29 pursuant to this section shall not supplant existing funds for health and
30 wellness programs or initiatives.

31 **SECTION 10.14.(b)** By December 1, 2013, the Department shall submit a written
32 report to the Joint Legislative Oversight Committee on Health and Human Services, the House
33 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate
34 Appropriations Committee on Health and Human Services, and the Fiscal Research Division on
35 the use of these funds. The report shall include the identity and a brief description of each
36 grantee and each program or initiative offered by the grantee; the amount of funding awarded
37 to each grantee; and the number of persons served by each grantee, broken down by program or
38 initiative.

39 40 **DELAY LOCAL RECEIPT OF LARGER PORTION OF FOOD & LODGING FEES**

41 **SECTION 10.15.** Section 31.11A(c) of S.L. 2011-145, as amended by Section 61A
42 of S.L. 2011-391, reads as rewritten:

43 "**SECTION 31.11A.(c)** Subsection (a) of this section becomes effective ~~July 1, 2012~~July
44 1, 2013."

45 46 **AIDS DRUG ASSISTANCE PROGRAM PILOT**

47 **SECTION 10.16.(a)** The Department of Health and Human Services, Division of
48 Public Health, shall develop and implement a pilot program to begin on January 1, 2013, and
49 terminate on December 31, 2013, to enroll individuals receiving services under the Aids Drug
50 Assistance Program (ADAP) in Inclusive Health North Carolina. The purposes of the pilot are
51 (i) to determine cost savings to ADAP through enrollment of ADAP recipients in a preexisting

1 conditions insurance program (PCIP) and (ii) to inform the Department of best practices in
2 transitioning ADAP recipients to Medicaid as they become eligible. The Department shall
3 select up to three HIV/AIDS care provider agencies with the highest number of ADAP
4 recipients to participate in the pilot. The Department shall ensure that the total number of
5 ADAP recipients participating in the pilot meets all of the following requirements:

- 6 (1) Participation does not exceed ten percent (10%) of the total number of
7 ADAP recipients receiving services at the selected HIV/AIDS care provider
8 agencies.
- 9 (2) ADAP recipients shall be enrolled only in Inclusive Health North Carolina
10 up to the point that enrollment remains cost-neutral or achieves cost savings
11 to ADAP, as determined by an actuary. The Department shall obtain
12 actuarial services to ensure the cost neutrality or cost savings of enrolling
13 ADAP recipients in Inclusive Health North Carolina prior to implementing
14 the pilot program. The Department shall not implement the pilot program if
15 the actuary determines implementation will not be cost-neutral or achieve
16 savings.

17 **SECTION 10.16.(b)** The Department may contract with an outside vendor to
18 evaluate the results of the pilot program. By no later than April 1, 2014, the Department shall
19 report to the Joint Legislative Oversight Committee on Health and Human Services, the Senate
20 Appropriations Committee on Health and Human Services, and the House Appropriations
21 Subcommittee on Health and Human Services on the results of the pilot program. The report
22 shall include all of the following:

- 23 (1) The number of pilot program participants.
- 24 (2) A cost analysis for the pilot program, including a cost comparison between
25 ADAP recipients who received services through Inclusive Health North
26 Carolina and ADAP recipients who received services only through ADAP.
- 27 (3) Feedback from pilot program participants.
- 28 (4) Best practices identified by the Department for transitioning ADAP
29 recipients to Medicaid as they become eligible.
- 30 (5) Improved health outcomes.

31 **SECTION 10.16.(c)** The Department shall use funds appropriated to it to develop
32 and implement the pilot program authorized by this section. The Division of Public Health shall
33 manage the number of ADAP recipients enrolled in Inclusive Health North Carolina as part of
34 the pilot program and the number of ADAP recipients receiving services only through ADAP
35 in order to ensure that pilot program expenditures do not exceed available funds.

36 37 **POSITION ELIMINATIONS FOR FISCAL YEAR 2012-2013**

38 **SECTION 10.17.** For fiscal year 2012-2013, the Department of Health and Human
39 Services shall eliminate an additional 50 full-time equivalent positions that have been
40 continuously vacant since July 1, 2010. To the extent possible, the Secretary shall not eliminate
41 positions assigned to the Division of State Operated Healthcare Facilities. This section shall
42 not be construed to give the Department flexibility in achieving the savings attributed to these
43 50 position eliminations by any other means. By October 1, 2012, the Secretary shall submit a
44 report to the Joint Legislative Oversight Committee on Health and Human Services, the House
45 Appropriations Subcommittee on Health and Human Services, the Senate Appropriations
46 Committee on Health and Human Services, and the Fiscal Research Division on the position
47 eliminations required by this section. The report shall include at least all of the following
48 information about each eliminated position:

- 49 (1) Division assignment.
- 50 (2) Title.
- 51 (3) Salary.

- 1 (4) Fringe benefits.
- 2 (5) The percentage and identity of any non-State funding sources.
- 3

4 **REDUCE FUNDING FOR NONPROFIT ORGANIZATIONS**

5 **SECTION 10.18.(a)** Section 10.18 of S.L. 2011-145 is repealed.

6 **SECTION 10.18.(b)** For fiscal year 2012-2013, the Department of Health and
7 Human Services shall reduce the amount of funds allocated to nonprofit organizations by five
8 million dollars (\$5,000,000) on a recurring basis. The Department shall not, under any
9 circumstances, use any funds, including State funds, federal funds, special revenue funds, or
10 departmental receipts, to supplement the reduced amount of funding to be allocated to nonprofit
11 organizations pursuant to this subsection. In achieving the reductions required by this
12 subsection, the Department (i) shall minimize reductions to funds allocated to nonprofit
13 organizations for the provision of direct services and (ii) shall not reduce funds allocated to
14 nonprofit organizations to pay for direct services to individuals with developmental disabilities.

15 **REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT STATE** 16 **APPROPRIATIONS**

17 **SECTION 10.19.(a)** The Department of Health and Human Services shall require
18 the following non-State entities to match ten percent (10%) of the total amount of State
19 appropriations received each fiscal year. In addition, the Department shall direct these entities
20 to submit a written report annually, beginning December 1, 2012, of all activities funded by
21 State appropriations to the Joint Legislative Oversight Committee on Health and Human
22 Services, the Senate Appropriations Committee on Health and Human Services, the House of
23 Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal
24 Research Division:
25

- 26 (1) North Carolina Senior Games, Inc.
- 27 (2) ARC of North Carolina.
- 28 (3) ARC of North Carolina – Wilmington.
- 29 (4) Autism Society of North Carolina.
- 30 (5) The Mariposa School for Children with Autism.
- 31 (6) Easter Seals UCP of North Carolina.
- 32 (7) Easter Seals UCP of North Carolina and Virginia.
- 33 (8) ABC of North Carolina Child Development Center.
- 34 (9) Residential Services, Inc.
- 35 (10) Oxford House, Inc.
- 36 (11) Brain Injury Association of North Carolina.
- 37 (12) Food Bank of Central and Eastern North Carolina, Inc.
- 38 (13) Food Bank of the Albemarle.
- 39 (14) Manna Food Bank.
- 40 (15) Second Harvest Food Bank of Metrolina, Inc.
- 41 (16) Second Harvest Food Bank of Northwest North Carolina, Inc.
- 42 (17) Second Harvest Food Bank of Southeast North Carolina
- 43 (18) Prevent Blindness NC.

44 **SECTION 10.19.(b)** The report required by subsection (a) of this section shall
45 include the following information about the fiscal year preceding the year in which the report is
46 due:

- 47 (1) The entity's mission, purpose, and governance structure.
- 48 (2) A description of the types of programs, services, and activities funded by
49 State appropriations.

- 1 (3) Statistical and demographical information on the number of persons served
- 2 by these programs, services, and activities, including the counties in which
- 3 services are provided.
- 4 (4) Outcome measures that demonstrate the impact and effectiveness of the
- 5 programs, services, and activities.
- 6 (5) A detailed program budget and list of expenditures, including all positions
- 7 funded and funding sources.
- 8 (6) The source and amount of any matching funds received by the entity.
- 9

10 REPORT ON LAPSED SALARY FUNDS

11 **SECTION 10.20.** Beginning no later than November 1, 2012, the Department of
12 Health and Human Services shall submit quarterly reports to the Joint Legislative Oversight
13 Committee on Health and Human Services, the House Appropriations Subcommittee on Health
14 and Human Services, the Senate Appropriations Committee on Health and Human Services,
15 and the Fiscal Research Division on the use of lapsed salary funds by each Division within the
16 Department. For each Division, the report shall include the following information about the
17 preceding calendar quarter:

- 18 (1) The total amount of lapsed salary funds.
- 19 (2) The number of full-time equivalent positions comprising the lapsed salary
- 20 funds.
- 21 (3) The Fund Code for each full-time equivalent position included in the number
- 22 reported pursuant to subdivision (2) of this section.
- 23 (4) The purposes for which the Department expended lapsed salary funds.
- 24

25 PREVENTIVE HEALTH INVENTORY AND CONSOLIDATION PLAN

26 **SECTION 10.21.(a)** The Department of Health and Human Services shall complete
27 an inventory of its preventive health services and activities, including those provided under the
28 North Carolina Partnership for Children, Inc. The inventory shall identify (i) services and
29 activities provided directly by the Department and (ii) services and activities provided by
30 grantees and outside vendors.

31 **SECTION 10.21.(b)** The Department shall conduct a comprehensive assessment of
32 all services and activities included in the inventory prepared pursuant to subsection (a) of this
33 section. The comprehensive assessment shall include at least all of the following for each
34 identified service or activity:

- 35 (1) A program name and a description of the services or activities.
- 36 (2) The number of persons served, if applicable.
- 37 (3) A breakdown of all funding sources.
- 38

39 **SECTION 10.21.(c)** By October 1, 2012, the Department shall report on the
40 information required by this section to the Joint Legislative Oversight Committee on Health
41 and Human Services, the Senate Appropriations Committee on Health and Human Services, the
42 House of Representatives Appropriations Subcommittee on Health and Human Services, and
43 the Fiscal Research Division.

44 **SECTION 10.21.(d)** The Department shall develop a plan to consolidate all
45 preventive health services and activities. By no later than March 1, 2013, the Department shall
46 submit this plan to the Joint Legislative Oversight Committee on Health and Human Services,
47 the Senate Appropriations Committee on Health and Human Services, the House of
48 Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal
49 Research Division. The Department shall not implement this plan without approval by the
50 General Assembly.

51 REVISE DATES/TANF BENEFIT IMPLEMENTATION

1 **SECTION 10.22.** Section 10.55 of S.L. 2011-145 reads as rewritten:

2 **"SECTION 10.55.(a)** The General Assembly approves the plan titled "North Carolina
3 Temporary Assistance for Needy Families State Plan FY ~~2010-2012~~, "2012-2014," prepared by
4 the Department of Health and Human Services and presented to the General Assembly. The
5 North Carolina Temporary Assistance for Needy Families State Plan covers the period October
6 1, ~~2010,2012~~, through September 30, ~~2012-2014~~. The Department shall submit the State Plan,
7 as revised in accordance with subsection (b) of this section, to the United States Department of
8 Health and Human Services, as amended by this act or any other act of the 2011 General
9 Assembly.

10 **"SECTION 10.55.(b)** The counties approved as Electing Counties in the North Carolina
11 Temporary Assistance for Needy Families State Plan FY ~~2010-2012,2012-2014~~, as approved
12 by this section are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

13 **"SECTION 10.55.(c)** Counties that submitted the letter of intent to remain as an Electing
14 County or to be redesignated as an Electing County and the accompanying county plan for
15 fiscal year ~~2011-2012~~ through ~~2012,2014~~, pursuant to G.S. 108A-27(e), shall operate under the
16 Electing County budget requirements effective July 1, ~~2009,2012~~. For programmatic purposes,
17 all counties referred to in this subsection shall remain under their current county designation
18 through September 30, ~~2012-2014~~.

19 **"SECTION 10.55.(d)** For the ~~2011-2012~~2012-2014 fiscal year, Electing Counties shall be
20 held harmless to their Work First Family Assistance allocations for the ~~2010-2011~~2012-2014
21 fiscal year, provided that remaining funds allocated for Work First Family Assistance and
22 Work First Diversion Assistance are sufficient for payments made by the Department on behalf
23 of Standard Counties pursuant to G.S. 108A-27.11(b).

24 **"SECTION 10.55.(e)** In the event that departmental projections of Work First Family
25 Assistance and Work First Diversion Assistance for the ~~2011-2012~~2012-2014 fiscal year
26 indicate that remaining funds are insufficient for Work First Family Assistance and Work First
27 Diversion Assistance payments to be made on behalf of Standard Counties, the Department is
28 authorized to deallocate funds, of those allocated to Electing Counties for Work First Family
29 Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for
30 payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by
31 the Office of State Budget and Management. If the Department adjusts the allocation set forth
32 in subsection (d) of this section, then a report shall be made to the Joint Legislative
33 Commission on Governmental Operations, the House of Representatives Appropriations
34 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
35 and Human Services, and the Fiscal Research Division."
36

37 **REMOVE CAP ON SPECIAL ASSISTANCE IN-HOME PAYMENT RECIPIENTS**

38 **SECTION 10.23.** G.S. 108A-47.1 reads as rewritten:

39 **"§ 108A-47.1. Special Assistance in-home payments.**

40 The Department of Health and Human Services may use funds from the existing
41 State-County Special Assistance budget to provide Special Assistance payments to eligible
42 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~
43 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~
44 The standard monthly payment to individuals enrolled in the Special Assistance in-home
45 program shall be seventy-five percent (75%) of the monthly payment the individual would
46 receive if the individual resided in an adult care home and qualified for Special Assistance,
47 except if a lesser payment amount is appropriate for the individual as determined by the local
48 case manager. The Department shall implement Special Assistance in-home eligibility policies
49 and procedures to assure that in-home program participants are those individuals who need and,
50 but for the in-home program, would seek placement in an adult care home facility. The
51 Department's policies and procedures shall include the use of a functional assessment. The

1 Department shall make this in-home option available to all counties on a voluntary basis. To
 2 the maximum extent possible, the Department shall consider geographic balance in the
 3 dispersion of payments to individuals across the State."
 4

5 TELECOMMUNICATIONS RELAY SERVICE

6 **SECTION 10.24.(a)** G.S. 62-157(d1) reads as rewritten:

7 "(d1) The Department of Health and Human Services shall utilize revenues from the
 8 wireless surcharge collected under subsection (i) of this section to ~~fund the Regional Resource~~
 9 ~~Centers within support~~ the Division of Services for the Deaf and the Hard of Hearing, in
 10 accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the General
 11 Statutes."

12 **SECTION 10.24.(b)** G.S. 62-157(e) reads as rewritten:

13 "(e) Administration of Service. – The Department of Health and Human Services shall
 14 administer the statewide telecommunications relay service program, including its
 15 establishment, operation, and promotion. The Department may contract out the provision of
 16 this service for four-year periods to one or more service providers, using the provisions of
 17 G.S. 143-129. The Department shall administer all programs and services, including the
 18 Regional Resource Centers within the Division of Services for the Deaf and the Hard of
 19 Hearing in accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the
 20 General Statutes."

21 DHHS BLOCK GRANTS

22 **SECTION 10.25.(a)** Appropriations from federal block grant funds are made for
 23 the fiscal year ending June 30, 2013, according to the following schedule:
 24
 25

26 TEMPORARY ASSISTANCE TO NEEDY FAMILIES 27 (TANF) FUNDS

28 Local Program Expenditures

29 Division of Social Services

30		
31	Division of Social Services	
32		
33	01. Work First Family Assistance	\$ 61,671,297
34		
35	02. Work First County Block Grants	83,386,330
36		
37	03. Work First Electing Counties	2,378,213
38		
39	04. Adoption Services – Special Children's Adoption Fund	2,026,877
40		
41	05. Family Violence Prevention	2,200,000
42		
43	06. Child Protective Services – Child Welfare	
44	Workers for Local DSS	15,893,996
45		
46	07. Child Welfare Collaborative	754,115
47		

48 Division of Child Development

49		
50	08. Subsidized Child Care Program	59,645,662
51		

1	09. Swap Child Care Subsidy	6,352,644
2		
3	Division of Public Health	
4		
5	10. Teen Pregnancy Initiatives	2,500,000
6		
7	DHHS Administration	
8		
9	11. Division of Social Services	2,482,260
10		
11	12. Office of the Secretary	34,042
12		
13	Transfers to Other Block Grants	
14		
15	Division of Child Development	
16		
17	13. Transfer to the Child Care and Development Fund	75,773,001
18		
19	14. Transfer to Social Services Block Grant for Child	
20	Protective Services – Child Welfare Training in	
21	Counties	1,300,000
22		
23	15. Transfer to Social Services Block Grant for Child	
24	Protective Services	5,040,000
25		
26	16. Transfer to Social Services Block Grant for County	
27	Departments of Social Services for Children's Services	4,148,001
28		
29	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
30	(TANF) FUNDS	\$ 325,586,438
31		
32	TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	
33	EMERGENCY CONTINGENCY FUNDS	
34		
35	Local Program Expenditures	
36		
37	Division of Social Services	
38		
39	01. Work First County Block Grants	\$ 11,066,985
40		
41	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	
42	EMERGENCY CONTINGENCY FUNDS	\$ 11,066,985
43		
44	SOCIAL SERVICES BLOCK GRANT	
45		
46	Local Program Expenditures	
47		
48	Divisions of Social Services and Aging and Adult Services	
49		
50	01. County Departments of Social Services	\$ 35,077,206
51	(Transfer from TANF \$4,148,001)	

1			
2	02.	Child Protective Services (Transfer from TANF)	5,040,000
3			
4	03.	State In-Home Services Fund	2,101,113
5			
6	04.	State Adult Day Care Fund	2,155,301
7			
8	05.	Child Protective Services/CPS Investigative Services-	
9		Child Medical Evaluation Program (Carousel Center for	
10		Abused Children \$134,592)	744,047
11			
12	06.	Foster Care Services	1,497,138
13			
14	07.	Special Children Adoption Incentive Fund	500,000
15			
16	08.	Child Protective Services-Child Welfare Training	
17		for Counties (Transfer from TANF)	1,300,000
18			
19	09.	Home and Community Care Block Grant (HCCBG)	1,834,077
20			
21	10.	Maternity Homes	925,085
22			
23	11.	Child Advocacy Centers	375,000
24			
25	12.	Work First – Boys and Girls Clubs	2,452,500
26			
27	13.	Food Banks	1,000,000
28			
29	14.	Child Care Subsidy	2,452,500
30			
31	15.	Developmental Disabilities Services Program	4,356,604
32			
33		Division of Public Health	
34			
35	16.	HIV/STD Prevention and Community Planning	145,819
36			
37	17.	Prevent Blindness	150,000
38			
39		Division of Vocational Rehabilitation	
40			
41	18.	Vocational Rehabilitation Services – Easter Seal Society/UCP	
42		Community Health Program	188,263
43			
44		DHHS Program Expenditures	
45			
46		Division of Services for the Blind	
47			
48	19.	Independent Living Program	3,633,077
49			
50	20.	Accessible Electronic Information for Blind and Disabled Persons	75,000
51			

1	Division of Health Service Regulation	
2		
3	21. Adult Care Licensure Program	411,897
4		
5	22. Mental Health Licensure and Certification Program	205,668
6		
7	DHHS Administration	
8		
9	23. Division of Aging and Adult Services	624,454
10		
11	24. Division of Social Services	701,140
12		
13	25. Office of the Secretary/Controller's Office	138,058
14		
15	26. Division of Child Development	15,000
16		
17	27. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	29,665
18		
19		
20	28. Division of Health Service Regulation	128,562
21		
22	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 68,257,174
23		
24	LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT	
25		
26	Local Program Expenditures	
27		
28	Division of Social Services	
29		
30	01. Low-Income Energy Assistance Program (LIEAP)	\$ 15,000,000
31		
32	02. Crisis Intervention Program (CIP)	33,255,130
33		
34	Local Administration	
35		
36	Division of Social Services	
37		
38	03. County DSS Administration	4,444,717
39		
40	DHHS Administration	
41		
42	04. Office of the Secretary/DIRM	219,490
43		
44	05. Office of the Secretary/Controller's Office	9,779
45		
46	Transfers to Other State Agencies	
47		
48	Department of Commerce	
49		
50	06. Weatherization Program	8,464,517
51		

1	07.	Heating Air Repair and Replacement	
2		Program (HARRP)	3,762,265
3			
4	08.	Local Residential Energy Efficiency Service	
5		Providers – Weatherization	19,825
6			
7	09.	Local Residential Energy Efficiency Service	
8		Providers – HARRP	180,041
9			
10	10.	Department of Commerce Administration –	
11		Weatherization	19,825
12			
13	11.	Department of Commerce Administration –	
14		HARRP	180,041
15			
16		Department of Administration	
17			
18	12.	N.C. Commission on Indian Affairs	87,736
19			
20	TOTAL LOW-INCOME HOME ENERGY ASSISTANCE		
21	BLOCK GRANT		\$ 65,643,366
22			
23	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
24			
25	Local Program Expenditures		
26			
27	Division of Child Development		
28			
29	01.	Subsidized Child Care Services (CCDF)	\$ 158,004,959
30			
31	02.	Electronic Tracking System	3,336,345
32			
33	03.	Subsidized Child Care Services	
34		(Transfer from TANF; Smart Start \$4,000,000)	75,773,001
35			
36	04.	Quality and Availability Initiatives	
37		(TEACH Program \$3,800,000)	25,948,434
38			
39	Division of Social Services		
40			
41	05.	Local Subsidized Child Care Services Support	16,471,587
42		(4% Administrative Allowance)	
43			
44	DHHS Administration		
45			
46	Division of Child Development		
47			
48	06.	DCD Administrative Expenses	6,539,277
49			
50	Division of Central Administration		
51			

1	07.	DHHS Central Administration – DIRM	
2		Technical Services	774,317
3			
4		TOTAL CHILD CARE AND DEVELOPMENT FUND	
5		BLOCK GRANT	\$ 286,847,920
6			
7		MENTAL HEALTH SERVICES BLOCK GRANT	
8			
9		Local Program Expenditures	
10			
11	01.	Mental Health Services – Adult	\$ 8,870,595
12			
13	02.	Mental Health Services – Child	5,121,991
14			
15	03.	Administration	100,000
16			
17		TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 14,092,586
18			
19		SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	
20			
21		Local Program Expenditures	
22			
23		Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
24			
25	01.	Substance Abuse Services – Adult	\$ 15,328,802
26			
27	02.	Substance Abuse Treatment Alternative for Women	6,050,300
28			
29	03.	Substance Abuse – HIV and IV Drug	3,919,723
30			
31	04.	Substance Abuse Prevention – Child	7,186,857
32			
33	05.	Substance Abuse Services – Child	4,940,500
34			
35	06.	Administration	454,000
36			
37		Division of Public Health	
38			
39	07.	Risk Reduction Projects	575,654
40			
41	08.	Aid-to-Counties	190,295
42			
43		TOTAL SUBSTANCE ABUSE PREVENTION	
44		AND TREATMENT BLOCK GRANT	\$ 38,646,131
45			
46		MATERNAL AND CHILD HEALTH BLOCK GRANT	
47			
48		Local Program Expenditures	
49			
50		Division of Public Health	
51			

1	01.	Children's Health Services	
2		(Nurse-Family Partnership \$375,000)	\$ 8,528,156
3			
4	02.	Women's Health	
5		(March of Dimes \$350,000; Teen Pregnancy	
6		Prevention Initiatives \$650,000; Perinatal	
7		Quality Collaborative \$250,000; 17P Project \$47,000)	8,510,783
8			
9	03.	Oral Health	42,268
10			
11		DHHS Program Expenditures	
12			
13		Division of Public Health	
14			
15	04.	Children's Health Services	1,417,087
16			
17	05.	Women's Health	136,628
18			
19	06.	State Center for Health Statistics	164,318
20			
21	07.	Quality Improvement in Public Health	1,636
22			
23	08.	Health Promotion	89,374
24			
25		DHHS Administration	
26			
27		Division of Public Health	
28			
29	09.	Division of Public Health Administration	558,831
30			
31		TOTAL MATERNAL AND CHILD	
32		HEALTH BLOCK GRANT	\$ 19,449,081
33			
34		COMMUNITY SERVICES BLOCK GRANT	
35			
36		Local Program Expenditures	
37			
38		Office of Economic Opportunity	
39			
40	01.	Community Action Agencies	\$ 18,075,488
41			
42	02.	Limited Purpose Agencies	1,004,194
43			
44		DHHS Administration	
45			
46	03.	Office of Economic Opportunity	1,004,194
47			
48		TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 20,083,876
49			
50		GENERAL PROVISIONS	

1 **SECTION 10.25.(b)** Information to Be Included in Block Grant Plans. – The
2 Department of Health and Human Services shall submit a separate plan for each Block Grant
3 received and administered by the Department, and each plan shall include the following:

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

15 **SECTION 10.25.(c)** Changes in Federal Fund Availability. – If the Congress of the
16 United States increases the federal fund availability for any of the Block Grants or contingency
17 funds and other grants related to existing Block Grants administered by the Department of
18 Health and Human Services from the amounts appropriated in this section, the Department
19 shall allocate the increase proportionally across the program and activity appropriations
20 identified for that Block Grant in this section. In allocating an increase in federal fund
21 availability, the Office of State Budget and Management shall not approve funding for new
22 programs or activities not appropriated in this section.

23 If the Congress of the United States decreases the federal fund availability for any of
24 the Block Grants or contingency funds and other grants related to existing Block Grants
25 administered by the Department of Health and Human Services from the amounts appropriated
26 in this section, the Department shall develop a plan to adjust the block grants based on reduced
27 federal funding.

28 Notwithstanding the provisions of this subsection, for the 2012-2013 fiscal year,
29 increases in the federal fund availability for the Temporary Assistance to Needy Families
30 (TANF) Block Grant shall be used for the North Carolina Child Care Subsidy program to pay
31 for child care in four- or five-star rated facilities for four-year-old children.

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

38 **SECTION 10.25.(d)** Appropriations from federal Block Grant funds are made for
39 the fiscal year ending June 30, 2013, according to the schedule enacted for State fiscal year
40 2012-2013 or until a new schedule is enacted by the General Assembly.

41 **SECTION 10.25.(e)** All changes to the budgeted allocations to the Block Grants or
42 contingency funds and other grants related to existing Block Grants administered by the
43 Department of Health and Human Services that are not specifically addressed in this section
44 shall be approved by the Office of State Budget and Management, and the Office of State
45 Budget and Management shall consult with the Joint Legislative Commission on Governmental
46 Operations for review prior to implementing the changes. The report shall include an itemized
47 listing of affected programs, including associated changes in budgeted allocations. All changes
48 to the budgeted allocations to the Block Grants shall be reported immediately to the House of
49 Representatives Appropriations Subcommittee on Health and Human Services, the Senate
50 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

1 This subsection does not apply to Block Grant changes caused by legislative salary increases
2 and benefit adjustments.

3 **SECTION 10.25.(f)** If the Preventive Health Services Block Grant is funded at the
4 federal level and the State receives a block grant for Preventive Health Services, the 2011-2012
5 allocation plan shall remain in effect for the 2012-2013 fiscal year.

6
7 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

8 **SECTION 10.25.(g)** The sum of eighty-three million three hundred eighty-six
9 thousand three hundred thirty dollars (\$83,386,330) appropriated in this section in TANF funds
10 to the Department of Health and Human Services, Division of Social Services, for the
11 2012-2013 fiscal year shall be used for Work First County Block Grants. The Division shall
12 certify these funds in the appropriate State-level services based on prior year actual
13 expenditures. The Division has the authority to realign the authorized budget for these funds
14 among the State-level services based on current year actual expenditures.

15 **SECTION 10.25.(h)** The sum of two million four hundred eighty-two thousand
16 two hundred sixty dollars (\$2,482,260) appropriated in this section in TANF funds to the
17 Department of Health and Human Services, Division of Social Services, for the 2012-2013
18 fiscal year shall be used to support administration of TANF-funded programs.

19 **SECTION 10.25.(i)** The sum of two million two hundred thousand dollars
20 (\$2,200,000) appropriated under this section in TANF funds to the Department of Health and
21 Human Services, Division of Social Services, for the 2012-2013 fiscal year shall be used to
22 provide domestic violence services to Work First recipients. These funds shall be used to
23 provide domestic violence counseling, support, and other direct services to clients. These funds
24 shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts.
25 The Division of Social Services may use up to seventy-five thousand dollars (\$75,000) in
26 TANF funds to support one administrative position within the Division of Social Services to
27 implement this subsection.

28 Each county department of social services and the local domestic violence shelter
29 program serving the county shall develop jointly a plan for utilizing these funds. The plan shall
30 include the services to be provided and the manner in which the services shall be delivered. The
31 county plan shall be signed by the county social services director or the director's designee and
32 the domestic violence program director or the director's designee and submitted to the Division
33 of Social Services by December 1, 2012. The Division of Social Services, in consultation with
34 the Council for Women, shall review the county plans and shall provide consultation and
35 technical assistance to the departments of social services and local domestic violence shelter
36 programs, if needed.

37 The Division of Social Services shall allocate these funds to county departments of
38 social services according to the following formula: (i) each county shall receive a base
39 allocation of five thousand dollars (\$5,000) and (ii) each county shall receive an allocation of
40 the remaining funds based on the county's proportion of the statewide total of the Work First
41 caseload as of July 1, 2012, and the county's proportion of the statewide total of the individuals
42 receiving domestic violence services from programs funded by the Council for Women as of
43 July 1, 2012. The Division of Social Services may reallocate unspent funds to counties that
44 submit a written request for additional funds.

45 **SECTION 10.25.(j)** The sum of fifteen million eight hundred ninety-three
46 thousand nine hundred ninety-six dollars (\$15,893,996) appropriated in this section to the
47 Department of Health and Human Services, Division of Social Services, in TANF funds for the
48 2012-2013 fiscal year for child welfare improvements shall be allocated to the county
49 departments of social services for hiring or contracting staff to investigate and provide services
50 in Child Protective Services cases; to provide foster care and support services; to recruit, train,

1 license, and support prospective foster and adoptive families; and to provide interstate and
2 post-adoption services for eligible families.

3 Counties shall maintain their level of expenditures in local funds for Child
4 Protective Services' workers. Of the block grant funds appropriated for Child Protective
5 Services' workers, the total expenditures from State and local funds for the 2012-2013 fiscal
6 year shall not be less than the total expended from State and local funds for the 2011-2012
7 fiscal year.

8 **SECTION 10.25.(k)** The sum of two million twenty-six thousand eight hundred
9 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the
10 Department of Health and Human Services, Special Children Adoption Fund, for the
11 2012-2013 fiscal year shall be used in accordance with G.S. 108A-50.2, as enacted in Section
12 10.48 of S.L. 2009-451. The Division of Social Services, in consultation with the North
13 Carolina Association of County Directors of Social Services and representatives of licensed
14 private adoption agencies, shall develop guidelines for the awarding of funds to licensed public
15 and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in
16 foster care. Payments received from the Special Children Adoption Fund by participating
17 agencies shall be used exclusively to enhance the adoption services program. No local match
18 shall be required as a condition for receipt of these funds.

19 **SECTION 10.25.(l)** The sum of seven hundred fifty-four thousand one hundred
20 fifteen dollars (\$754,115) appropriated in this section to the Department of Health and Human
21 Services in TANF funds for the 2012-2013 fiscal year shall be used to continue support for the
22 Child Welfare Collaborative.

23 24 **SOCIAL SERVICES BLOCK GRANT**

25 **SECTION 10.25.(m)** The sum of thirty-five million two hundred eleven thousand
26 seven hundred ninety-eight dollars (\$35,211,798) appropriated in this section in the Social
27 Services Block Grant to the Department of Health and Human Services, Division of Social
28 Services, for the 2012-2013 fiscal year shall be used for County Block Grants. The Division
29 shall certify these funds in the appropriate State level services based on prior year actual
30 expenditures. The Division has the authority to realign the authorized budget for these funds
31 among the State-level services based on current year actual expenditures.

32 **SECTION 10.25.(n)** The sum of one million three hundred thousand dollars
33 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department
34 of Health and Human Services, Division of Social Services, for the 2012-2013 fiscal year shall
35 be used to support various child welfare training projects as follows:

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

39 **SECTION 10.25.(o)** The sum of one million four hundred ninety-seven thousand
40 one hundred thirty-eight dollars (\$1,497,138) appropriated in this section in the Social Services
41 Block Grant for child caring agencies for the 2012-2013 fiscal year shall be allocated in support
42 of State foster home children.

43 **SECTION 10.25.(p)** The Department of Health and Human Services is authorized,
44 subject to the approval of the Office of State Budget and Management, to transfer Social
45 Services Block Grant funding allocated for departmental administration between divisions that
46 have received administrative allocations from the Social Services Block Grant.

47 **SECTION 10.25.(q)** Social Services Block Grant funds appropriated for the
48 Special Children's Adoption Incentive Fund will require a fifty percent (50%) local match.

49 **SECTION 10.25.(r)** The sum of five million forty thousand dollars (\$5,040,000)
50 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year
51 shall be allocated to the Department of Health and Human Services, Division of Social

1 Services. The Division shall allocate these funds to local departments of social services to
2 replace the loss of Child Protective Services State funds that are currently used by county
3 government to pay for Child Protective Services staff at the local level. These funds shall be
4 used to maintain the number of Child Protective Services workers throughout the State. These
5 Social Services Block Grant funds shall be used to pay for salaries and related expenses only
6 and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent
7 (25%).

8 **SECTION 10.25.(s)** The sum of two million four hundred fifty-two thousand five
9 hundred dollars (\$2,452,500) appropriated in this section to the Department of Social Services,
10 Division of Social Services, in the Social Services Block Grant for Boys and Girls Clubs for the
11 2012-2013 fiscal year shall be used to make grants for approved programs. The Department of
12 Health and Human Services, in accordance with federal regulations for the use of Social
13 Services Block Grant funds, shall administer a grant program to award funds to the Boys and
14 Girls Clubs across the State in order to implement programs that improve the motivation,
15 performance, and self-esteem of youths and to implement other initiatives that would be
16 expected to reduce gang participation, school dropout, and teen pregnancy rates. The
17 Department shall facilitate collaboration between the Boys and Girls Clubs and Support Our
18 Students, Communities in Schools, and similar programs and encourage them to submit joint
19 applications for the funds if appropriate. These funds are exempt from the provisions of 10A
20 NCAC 71R .0201(3).

21 **SECTION 10.25.(t)** The sum of nine hundred twenty-five thousand eighty-five
22 dollars (\$925,085) appropriated in this section in the Social Services Block Grant for the
23 2012-2013 fiscal year to the Department of Health and Human Services, Division of Social
24 Services, shall be used for maternity homes. These funds are exempt from the provisions of
25 10A NCAC 71R .0201(3).

26 **SECTION 10.25.(u)** The sum of one hundred fifty thousand dollars (\$150,000)
27 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year to
28 the Department of Health and Human Services, Division of Public Health, shall be allocated to
29 Prevent Blindness North Carolina to be used for direct service programs. These funds are
30 exempt from the provisions of 10A NCAC 71R .0201(3).

31 **SECTION 10.25.(v)** The sum of seventy-five thousand dollars (\$75,000)
32 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year to
33 the Department of Health and Human Services, Division of Services for the Blind, shall be
34 used to provide accessible electronic information for blind and disabled persons. These funds
35 are exempt from the provisions of 10A NCAC 71R .0201(3).

36 **SECTION 10.25.(w)** The sum of three hundred seventy-five thousand dollars
37 (\$375,000) appropriated in this section in the Social Services Block Grant for the 2012-2013
38 fiscal year to the Department of Health and Human Services, Division of Social Services, shall
39 be used to continue support for the Child Advocacy Centers and are exempt from the
40 provisions of 10A NCAC 71R .0201(3).

41 **SECTION 10.25.(x)** Social Services Block Grant funds allocated for the
42 2012-2013 fiscal year for child medical evaluations and the Carousel Center for Abused
43 Children are exempt from the provisions of 10A NCAC 71R .0201(3).

44 **SECTION 10.25.(y)** The sum of one million dollars (\$1,000,000) appropriated in
45 this section in the Social Services Block Grant for the 2012-2013 fiscal year to the Department
46 of Health and Human Services, Division of Social Services, shall be allocated to North
47 Carolina Food Bank agencies to be used to purchase and distribute food staples for emergency
48 food assistance. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

49 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

1 **SECTION 10.25.(z)** Additional emergency contingency funds received may be
2 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
3 consultation with the Joint Legislative Commission on Governmental Operations. Additional
4 funds received shall be reported to the Joint Legislative Commission on Governmental
5 Operations and the Fiscal Research Division upon notification of the award. The Department of
6 Health and Human Services shall not allocate funds for any activities, including increasing
7 administration, other than assistance payments, without prior consultation with the Joint
8 Legislative Commission on Governmental Operations.

9 **SECTION 10.25.(aa)** The sum of fifteen million dollars (\$15,000,000)
10 appropriated in this section in the Low-Income Home Energy Assistance Block Grant for the
11 2012-2013 fiscal year to the Department of Health and Human Services, Division of Social
12 Services, shall be used for energy assistance payments for the households of (i) elderly persons
13 age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty
14 level and (ii) disabled persons eligible for services funded through the Division of Aging and
15 Adult Services. County departments of social services shall submit to the Division of Social
16 Services an outreach plan for targeting households with 60-year-old household members no
17 later than August 1 of each year.

18 19 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

20 **SECTION 10.25.(bb)** Payment for subsidized child care services provided with
21 federal TANF funds shall comply with all regulations and policies issued by the Division of
22 Child Development for the subsidized child care program.

23 **SECTION 10.25.(cc)** If funds appropriated through the Child Care and
24 Development Fund Block Grant for any program cannot be obligated or spent in that program
25 within the obligation or liquidation periods allowed by the federal grants, the Department may
26 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the
27 grant, in order to use the federal funds fully.

28 29 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

30 **SECTION 10.25.(dd)** If federal funds are received under the Maternal and Child
31 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193
32 (42 U.S.C. § 710), for the 2012-2013 fiscal year, then those funds shall be transferred to the
33 State Board of Education to be administered by the Department of Public Instruction. The
34 Department of Public Instruction shall use the funds to establish an abstinence until marriage
35 education program and shall delegate to one or more persons the responsibility of
36 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public
37 Instruction shall carefully and strictly follow federal guidelines in implementing and
38 administering the abstinence education grant funds.

39 **SECTION 10.25.(ee)** The Department of Health and Human Services shall ensure
40 that there will be follow-up testing in the Newborn Screening Program.

41 42 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

43 44 **B.R.I.D.G.E. YOUTHFUL OFFENDERS/PRIORITY AND REPORTING**

45 **SECTION 11.1.(a)** The Division of Adult Correction of the Department of Public
46 Safety shall give priority to the B.R.I.D.G.E. Youthful Offenders Program operated in
47 cooperation with the North Carolina Forest Service when assigning youthful offenders from the
48 Western Youth Institution to work programs.

49 **SECTION 11.1.(b)** The North Carolina Forest Service shall submit an annual
50 report on the B.R.I.D.G.E. Youthful Offenders Program no later than October 1 of each year
51 beginning October 1, 2012, to the Fiscal Research Division, the Chairs of the House

1 Appropriations Subcommittee on Natural and Economic Resources and the Senate
2 Appropriations Committee on Natural and Economic Resources, the Chairs of the House
3 Appropriations Subcommittee on Justice and Public Safety and the Senate Appropriations
4 Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental
5 Operations, and the Joint Legislative Oversight Committee on Justice and Public Safety. The
6 report shall include the following information for the prior fiscal year:

- 7 (1) The number of youthful offenders within the custody of the Division of
8 Adult Correction eligible for B.R.I.D.G.E.
- 9 (2) The number of youthful offenders participating in B.R.I.D.G.E.
- 10 (3) The average daily participation in B.R.I.D.G.E.
- 11 (4) The average duration of participation in B.R.I.D.G.E.
- 12 (5) Summary of activities of B.R.I.D.G.E. participants.

13 14 **FOREST FIRES/ANNUAL REPORT**

15 **SECTION 11.2.** Article 75 of Chapter 106 of the General Statutes is amended by
16 adding a new section to read:

17 **"§ 106-911. Annual report on wildfires.**

18 No later than October 1 of each year, beginning October 1, 2012, the Commissioner shall
19 submit a written report on wildfires in the State to the chairs of the House Appropriations
20 Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee
21 on Natural and Economic Resources, the Joint Legislative Commission on Governmental
22 Operations, and the Fiscal Research Division of the General Assembly. The report shall include
23 the following information for all major or project wildfires during the prior fiscal year:

- 24 (1) The date, location, and impacts (property damage and any casualties) from
25 the wildfire.
- 26 (2) The following data for firefighters and related support personnel involved in
27 fighting the wildfire:
 - 28 a. Total overtime hours worked.
 - 29 b. Total compensation paid for overtime.
 - 30 c. The portion of compensation paid that was reimbursed to the State.
- 31 (3) The fiscal impact of the wildfire, including total costs, reimbursable costs,
32 and costs incurred by the State."

33 34 **SOUTHEASTERN NORTH CAROLINA AGRICULTURAL CENTER AND FARMERS** 35 **MARKET/STUDY OPTIONS**

36 **SECTION 11.3.(a)** The Department of Agriculture and Consumer Services shall
37 study the operating model of the Southeastern North Carolina Agricultural Center and Farmers
38 Market and recommend alternative operating models. The alternative operating models should
39 be evaluated based on a goal of limiting subsidies from State funds in support of facility
40 operations to no more than fifty percent (50%) of the facility's operating budget. At a
41 minimum, the Department should consider the following alternatives:

- 42 (1) Changing the services provided, with particular emphasis on options for the
43 retail farmers market.
- 44 (2) Pooling staff, resources, and profits between the Center and other similar
45 facilities operated by the Department.
- 46 (3) Contracting with a private entity to operate the Center or some portion of the
47 Center's operations.
- 48 (4) If there is no operating model under which continued operation of the Center
49 is viable with State subsidies limited to fifty percent (50%) or less of the
50 Center's operating budget, options for closure of the Center and alternative

1 uses of the property, including transfer of ownership of some or all of the
2 facilities of the Center to a unit of local government.

3 **SECTION 11.3.(b)** The Department shall report its findings and recommendations
4 to the House Appropriations Subcommittee on Natural and Economic Resources, the Senate
5 Appropriations Committee on Natural and Economic Resources, and the Fiscal Research
6 Division on or before February 1, 2013.

7
8 **SOUTHEASTERN NORTH CAROLINA AGRICULTURAL CENTER**
9 **MULTIPURPOSE PAVILION FUNDS**

10 **SECTION 11.3A.** Notwithstanding any other provision of this act, funding for
11 operation of the multipurpose pavilion at the Southeastern North Carolina Agricultural Center
12 in Lumberton is increased by one hundred thousand dollars (\$100,000) in nonrecurring funds.

13
14 **RESEARCH STATIONS NONREVERTING FUND**

15 **SECTION 11.4.** Article 1 of Chapter 106 of the General Statutes is amended by
16 adding a new section to read:

17 **"§ 106-6.3. Create special revenue fund for research stations.**

18 The Research Stations Fund is established as a special revenue fund within the Department
19 of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist
20 of receipts from the sale of commodities produced on the Department's research stations and
21 any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall
22 be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall
23 not revert. The Department may use this Fund only to develop, improve, repair, maintain,
24 operate, or otherwise invest in research stations operated by the Department's Research Station
25 Division."

26
27 **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

28
29 **DENR POSITIONS TO STAFF FOSSIL FUEL OVERSIGHT BODY**

30 **SECTION 12.1.** Should the recommended legislation contained in the report of the
31 Legislative Research Commission's Committee on Energy Policy Issues become law and
32 require the Department of Environment and Natural Resources to provide staff to an Oil and
33 Gas Board (or substantially similar fossil fuel oversight body), then the Department may fund
34 the staff positions using savings from reclassifying and consolidating salaries, benefits, and
35 associated operating costs from vacant positions and shall fill these reclassified and
36 consolidated positions in a timely manner in order to provide support for implementation of the
37 recommendations.

38
39 **DENR TO CENTRALIZE OVERSIGHT OF ITS REGIONAL OFFICES**

40 **SECTION 12.2.(a)** The Department of Environment and Natural Resources shall
41 centralize and expand its oversight of the Department's regional offices by taking the following
42 actions:

- 43 (1) The Department shall create a mission statement for the regional offices.
- 44 (2) In order to gather comparative data across the regional offices measuring
45 their performance in carrying out their mission, the Department shall expand
46 its existing performance measures pertinent to customer service delivery and
47 process consistency. The expanded performance measures shall include time
48 lines and milestones.
- 49 (3) The Department shall implement a new customer survey during the
50 2012-2013 fiscal year and use the findings of the survey to craft future goals

1 for addressing customer service concerns. In order to consistently track
2 customer service data, the survey shall be repeated every other year.

- 3 (4) The Department shall conduct a review of its regional offices and divisions
4 to identify best practices for ensuring consistency across the Department and
5 create a plan for implementing those best practices across regional offices
6 and divisions.

7 **SECTION 12.2.(b)** The Department shall report no later than February 1, 2013, to
8 the House Appropriations Subcommittee on Natural and Economic Resources, the Senate
9 Appropriations Committee on Natural and Economic Resources, and the Fiscal Research
10 Division regarding (i) its progress, findings, and recommendations regarding the requirements
11 of this section and (ii) its progress in establishing and implementing findings and
12 recommendations regarding its operations from the public listening sessions conducted by the
13 Department in 2011.
14

15 **DRINKING WATER STATE REVOLVING FUND**

16 **SECTION 12.3.** Notwithstanding G.S. 159G-22, the Department of Environment
17 and Natural Resources may transfer State funds from the Drinking Water Reserve to the
18 Drinking Water State Revolving Fund for the 2012-2013 fiscal year. The funds shall be used to
19 match maximum available federal grant moneys authorized by section 1453 of the federal Safe
20 Drinking Water Act of 1996, 42 U.S.C. § 300j-12, as amended.
21

22 **TRANSFER GEODETIC SURVEY SECTION FROM DENR TO THE DIVISION OF** 23 **EMERGENCY MANAGEMENT OF THE DEPARTMENT OF PUBLIC SAFETY**

24 **SECTION 12.4.(a)** All functions, powers, duties, and obligations previously vested
25 in the Geodetic Survey Section of the Division of Land Resources of the Department of
26 Environment and Natural Resources are transferred to and vested in the Division of Emergency
27 Management of the Department of Public Safety by a Type I transfer, as defined in
28 G.S. 143A-6.

29 **SECTION 12.4.(b)** G.S. 102-1.1 reads as rewritten:

30 **"§ 102-1.1. Name and description in relation to 1983 North American Datum.**

31 From and after the date and time the North Carolina Geodetic Survey Section in the
32 ~~Division of Land Resources of the Department of Environment and Natural Resources~~ Division
33 of Emergency Management of the Department of Public Safety receives from the National
34 Geodetic Survey, official notice of a complete, published definition of the North American
35 Datum of 1983 including the State plane coordinate constants applicable to North Carolina, the
36 official survey base for North Carolina shall be a system of plane coordinates to be known as
37 the "North Carolina Coordinate System of 1983," said system being defined as a Lambert
38 conformal projection of the "Geodetic Reference System (GRS 80 Ellipsoid)" having a central
39 meridian of 79° – 00' west from Greenwich and standard parallels of latitude of 34° – 20' and
40 36° – 10' north of the equator, along which parallels the scale shall be exact. All coordinates of
41 the system are expressed in metres, the x coordinate being measured easterly along the grid and
42 the y coordinate being measured northerly along the grid. The U.S. Survey Foot, 1 meter =
43 39.37 inches or 3.2808333333 feet, shall be used as a conversion factor. The origin of the
44 coordinates is hereby established on the meridian 79° – 00' west from Greenwich at the
45 intersection of the parallels 33° – 45' north latitude, such origin being given the coordinates x =
46 609,601.22 metres, y = 0 metres. The precise position of said system shall be as marked on the
47 ground by triangulation or traverse stations or monuments established in conformity with the
48 standards adopted by the National Geodetic Survey for first- and second-order work, whose
49 geodetic positions have been rigidly adjusted on the North American Datum of 1983, and
50 whose plane coordinates have been computed on the system defined. Whenever plane
51 coordinates are used in the description or identification of surface area or location within this

1 State, the coordinates shall be identified as "NAD 83", indicating North American Datum of
2 1983, or as "NAD 27", indicating North American Datum of 1927."

3 **SECTION 12.4.(c)** G.S. 102-8 reads as rewritten:

4 **"§ 102-8. Administrative agency.**

5 The administrative agency of the North Carolina Coordinate System shall be the
6 ~~Department of Environment and Natural Resources~~ Department of Public Safety through its
7 appropriate division hereinafter called the "agency."

8 **SECTION 12.4.(d)** G.S. 102-10 reads as rewritten:

9 **"§ 102-10. Prior work.**

10 The system of stations, monuments, traverses, computations, and other work which has
11 been done or is under way in North Carolina by the so-called North Carolina Geodetic Survey,
12 under the supervision of the United States Coast and Geodetic Survey, is, where consistent with
13 the provisions of this Chapter, hereby made a part of the North Carolina Coordinate System.
14 The surveys, notes, computations, monuments, stations, and all other work relating to the
15 coordinate system, which has been done by said North Carolina Geodetic Survey, under the
16 supervision of and in cooperation with the United States Coast and Geodetic Survey and federal
17 relief agencies, hereby are placed under the direction of, and shall become the property of, the
18 administrative agency. All persons or agencies having in their possession any surveys, notes,
19 computations, or other data pertaining to the aforementioned coordinate system, shall turn over
20 to the Department of ~~Environment and Natural Resources~~ Public Safety such data upon
21 request."

22 **SECTION 12.4.(e)** G.S. 102-12 reads as rewritten:

23 **"§ 102-12. Control system map.**

24 The agency shall prepare for publication and cause to be ~~published before July 1,~~
25 ~~1962,~~ published a map or maps setting forth the location of monuments for both horizontal and
26 vertical control, together with such other pertinent data as the agency may direct for
27 implementation of the North Carolina Coordinate System. The agency shall furnish such map
28 or maps to any person or may make such charge as will defray the expense of printing and
29 distribution. It shall be the responsibility of the agency to maintain this map, make revisions as
30 often as necessary to provide up-to-date information and furnish up-to-date copies to the
31 register of deeds of each county in the State."

32 **SECTION 12.4.(f)** G.S. 47-30(f) reads as rewritten:

33 **"§ 47-30. Plats and subdivisions; mapping requirements.**

34 ...

35 (f) Plat to Contain Specific Information. – Every plat shall contain the following
36 specific information:

37 ...

- 38 (9) Where the plat is the result of a survey, one or more corners shall, by a
39 system of azimuths or courses and distances, be accurately tied to and
40 coordinated with a horizontal control monument of some United States or
41 State Agency survey system, such as the North Carolina Geodetic Survey
42 where the monument is within 2,000 feet of the subject property. Where the
43 North Carolina Grid System coordinates of the monument are on file in the
44 North Carolina Geodetic Survey Section in the ~~Division of Land Resources~~
45 ~~of the Department of Environment and Natural Resources,~~ Division of
46 Emergency Management of the Department of Public Safety, the coordinates
47 of both the referenced corner and the monuments used shall be shown in X
48 (easting) and Y (northing) coordinates on the plat. The coordinates shall be
49 identified as based on "NAD 83," indicating North American Datum of
50 1983, or as "NAD 27," indicating North American Datum of 1927. The tie
51 lines to the monuments shall also be sufficient to establish true north or grid

1 north bearings for the plat if the monuments exist in pairs. Within a
2 previously recorded subdivision that has been tied to grid control, control
3 monuments within the subdivision may be used in lieu of additional ties to
4 grid control. Within a previously recorded subdivision that has not been tied
5 to grid control, if horizontal control monuments are available within 2,000
6 feet, the above requirements shall be met; but in the interest of bearing
7 consistency with previously recorded plats, existing bearing control should
8 be used where practical. In the absence of grid control, other appropriate
9 natural monuments or landmarks shall be used. In all cases, the tie lines shall
10 be sufficient to accurately reproduce the subject lands from the control or
11 reference points used.

12"

13 **SECTION 12.4.(g)** Notwithstanding G.S. 147-33.83, the North Carolina Geodetic
14 Survey Section shall continue to provide free of charge to the Department of Environment and
15 Natural Resources the services provided by the Section to the Department on or prior to the
16 effective date of this act, including the following:

- 17 (1) Surveying assistance and expertise, including all of the following:
18 a. Review of survey plats related to development proposals,
19 remediation activities, and redevelopment of contaminated sites.
20 b. Establishment of oyster lease boundaries.
21 c. Surveys of submerged lands.
22 d. Survey activities required to establish the location of mean high
23 water.
24 (2) Providing surveying assistance and expertise to the Department of Justice
25 related to DENR cases, including expert testimony in administrative
26 contested cases or judicial proceedings.
27 (3) Providing technical training and assistance to DENR agencies in surveying
28 and in the use of GPS and GPS software.
29 (4) Reviewing proposed purchases of GPS equipment by DENR agencies.
30 (5) Surveying lands managed by or lands proposed for acquisition by DENR
31 agencies.

32 **SECTION 12.4.(h)** The Revisor of Statutes shall make the conforming statutory
33 changes necessary to reflect the transfer under this section. The Revisor of Statutes may, where
34 necessitated by this section, correct any reference in the General Statutes and make any other
35 conforming changes.

36 **SECTION 12.4.(i)** Any references in this act to the North Carolina Geodetic
37 Survey Section of the Division of Land Resources of the Department of Environment and
38 Natural Resources shall be construed to refer to the North Carolina Geodetic Survey Section of
39 the Division of Emergency Management of the Department of Public Safety.

40 **PROHIBIT THE CONSTRUCTION OF NEW PIERS/SATELLITE AREAS**

41 **SECTION 12.5.(a)** G.S. 143B-289.44(b) reads as rewritten:

42 "(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special and
43 nonreverting fund. The North Carolina Aquariums Fund shall be used for repair, renovation,
44 expansion, maintenance, educational exhibit construction, and operational expenses at existing
45 aquariums, to pay the debt service and lease payments related to the financing of expansions of
46 ~~aquariums, including other relevant satellite areas, aquariums,~~ and to match private funds that
47 are raised for these purposes."
48

49 **SECTION 12.5.(b)** Notwithstanding G.S. 143B-289.44(b), as rewritten by
50 subsection (a) of this section, the North Carolina Aquariums Fund may continue to be used for
51 the North Carolina Aquarium Pier at Nags Head.

1 **SECTION 12.5.(c)** Part 5C of Article 7 of Chapter 143B of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 143B-289.45. Satellite areas prohibited absent General Assembly authorization.**

4 Notwithstanding any other provision of law, State funds shall not be used for any of the
5 following purposes unless specifically authorized by the General Assembly:

6 (1) Construction of any satellite area.

7 (2) Commencement of any capital project in connection with the construction or
8 acquisition of any satellite area.

9 (3) Operation of any satellite area.

10 For purposes of this section, the term "satellite area" means any property or facility that is
11 to be operated by the Division of North Carolina Aquariums that is located somewhere other
12 than on the site of the aquariums at Pine Knoll Shores, Roanoke Island, and Fort Fisher."

13 **SECTION 12.5.(d)** Notwithstanding G.S. 143B-289.45, as enacted by subsection
14 (c) of this section, the Division of North Carolina Aquariums may continue to operate the North
15 Carolina Aquarium Pier at Nags Head.

16 **SECTION 12.5.(e)** This section is effective when it becomes law.

17
18 **WILDLIFE RESOURCES COMMISSION BUDGET**

19 **SECTION 12.6.** The Office of State Budget and Management, the State Controller,
20 the Fiscal Research Division, and the Wildlife Resources Commission shall study the impacts
21 of using Budget Code 14350 for budgeting the expenditures and receipts of any Wildlife
22 Resources Commission programs that utilize General Fund appropriations. The Department
23 shall report on the study no later than October 1, 2012, to the House Appropriations
24 Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on
25 Natural and Economic Resources, and the Fiscal Research Division.

26
27 **CLEAN WATER MANAGEMENT TRUST FUND**

28 **SECTION 12.7.(a)** Notwithstanding the provisions of G.S. 113A-253(d), the sum
29 of three million dollars (\$3,000,000) shall be used for the 2012-2013 fiscal year for the costs of
30 administering the Clean Water Management Trust Fund, including costs to support the Board
31 of Trustees of the Clean Water Management Trust Fund and its staff, the operating costs of the
32 Board of Trustees of the Clean Water Management Trust Fund and its staff, and the costs of
33 making debt payments to retire debt as provided under G.S. 113A-253(c).

34 **SECTION 12.7.(b)** The Board of Trustees of the Fund shall give priority
35 consideration to any Clean Water Management Trust Fund application requesting State
36 matching funds for infrastructure programs and for the Readiness and Environmental
37 Protection Initiative or any other United States Department of Defense program that provides
38 for military buffers and protects the overall military training mission.

39
40 **AQUARIUM BUDGETING CLARIFICATION**

41 **SECTION 12.8.** The Department of Environment and Natural Resources shall
42 budget all line items related to daily operations of the State aquariums in Budget Code 14300.
43 The Department may continue to use Budget Code 24300 for special events, activities, debt
44 service, and other items not related to daily operations of the State aquariums.

45
46 **NC FOREST SERVICE OTHER PRINCIPAL PAYMENTS**

47 **SECTION 12.9.** Notwithstanding any other provision of this act, funds
48 appropriated to the NC Forest Service for the 2012-2013 fiscal year shall be reduced by the
49 sum of one hundred thousand dollars (\$100,000) in nonrecurring funds, and the Department of
50 Agriculture and Consumer Services is directed to reduce the budgeted amount for other
51 principal payments from the North Carolina Forest Service.

PART XIII. DEPARTMENT OF COMMERCE

NER BLOCK GRANTS

SECTION 13.1. Section 14.1 of S.L. 2011-145 reads as rewritten:

"SECTION 14.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending ~~June 30, 2012, June 30, 2013,~~ according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$ 1,000,000
02. State Technical Assistance	450,000
03. Scattered Site Housing	8,000,000 <u>7,200,000</u>
04. Economic Development	7,210,000 <u>7,000,000</u>
05. Small Business/Entrepreneurship	3,000,000 <u>2,500,000</u>
06. NC Catalyst	5,000,000 <u>4,500,000</u>
07. Infrastructure	19,740,000 <u>20,300,000</u>
08. Capacity Building	600,000

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – ~~2012~~2013 Program Year \$ ~~45,000,000~~ \$42,500,000

"SECTION 14.1.(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 14.1.(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 14.1.(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; ~~up to four hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance;~~ up to seven million two hundred thousand dollars (\$7,200,000) may be used for Scattered Site Housing; up to ~~seven million two hundred ten thousand dollars (\$7,210,000)~~seven million dollars (\$7,000,000) may be used for Economic Development; up to ~~three million dollars (\$3,000,000)~~two million five hundred thousand dollars (\$2,500,000) may be used for Small Business/Entrepreneurship; up to ~~five million dollars (\$5,000,000)~~four million five hundred thousand dollars (\$4,500,000) shall be used for NC Catalyst; up to ~~nineteen million seven hundred forty thousand dollars (\$19,740,000)~~twenty million three hundred thousand dollars (\$20,300,000) may be used for Infrastructure; ~~up to six hundred thousand dollars (\$600,000) may be used for Capacity Building.~~Infrastructure. If federal block

1 grant funds are reduced or increased by the Congress of the United States after the effective
2 date of this act, then these reductions or increases shall be allocated in accordance with
3 subsection (b) or (c) of this section, as applicable.

4 **"SECTION 14.1.(e)** The Department of Commerce shall consult with the Joint Legislative
5 Commission on Governmental Operations prior to reallocating Community Development
6 Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director
7 of the Budget finds that:

8 (1) A reallocation is required because of an emergency that poses an imminent
9 threat to public health or public safety, the Director of the Budget may
10 authorize the reallocation without consulting the Commission. The
11 Department of Commerce shall report to the Commission on the reallocation
12 no later than 30 days after it was authorized and shall identify in the report
13 the emergency, the type of action taken, and how it was related to the
14 emergency.

15 (2) The State will lose federal block grant funds or receive less federal block
16 grant funds in the next fiscal year unless a reallocation is made, the
17 Department of Commerce shall provide a written report to the Commission
18 on the proposed reallocation and shall identify the reason that failure to take
19 action will result in the loss of federal funds. If the Commission does not
20 hear the issue within 30 days of receipt of the report, the Department may
21 take the action without consulting the Commission.

22 **"SECTION 14.1.(f)** By ~~September 1, 2011~~, September 1, 2012, the Division of
23 Community Assistance, Department of Commerce, shall report to the Joint Legislative
24 Commission on Governmental Operations and the Fiscal Research Division on the use of
25 Community Development Block Grant Funds appropriated in the prior fiscal year. The report
26 shall include the following:

27 (1) A discussion of each of the categories of funding and how the categories
28 were selected, including information on how a determination was made that
29 there was a statewide need in each of the categories.

30 (2) Information on the number of applications that were received in each
31 category and the total dollar amount requested in each category.

32 (3) A list of grantees, including the grantee's name, county, category under
33 which the grant was funded, the amount awarded, and a narrative description
34 of the project.

35 **"SECTION 14.1.(g)** For purposes of this section, eligible activities under the category of
36 Infrastructure in subsection (a) of this section are limited to the installation of public water or
37 sewer lines and improvements to water or sewer treatment plants that have specific problems
38 such as being under moratoriums or special orders of consent. Notwithstanding the provisions
39 of subsection (e) of this section, funds allocated to the Infrastructure category in subsection (a)
40 of this section shall not be reallocated to any other category."
41

42 **DEPARTMENT OF COMMERCE/TRAVEL EXPENSES**

43 **SECTION 13.2.** The Department of Commerce shall not provide per diem,
44 subsistence, or travel allowances for any State employee who is not an employee of the
45 Department. Nothing in this section shall prohibit a member of a State board or commission,
46 State officer or employee, or member of the General Assembly who travels on official business
47 with an employee of the Department of Commerce from receiving per diem, subsistence, and
48 travel allowances from their respective board or commission, department, or agency at the rate
49 set forth in G.S. 138-5, 138-6, and 120-3.1.
50

1 NC SMALL BUSINESS CONTRACTOR AUTHORITY/REPORTING
2 REQUIREMENT

3 SECTION 13.3. G.S. 143B-472.102 reads as rewritten:

4 "§ 143B-472.102. Authority creation; powers.

5 ...

6 (j) Powers and Duties. – The Authority has the following powers and duties:

7 ...

8 (9) To report quarterly to the Joint Legislative Commission on Governmental
9 Operations on the activities of the Authority, including the amount of rates,
10 sureties, and bonds. The Authority shall comply with the provisions of this
11 subdivision only in the fiscal years in which funds are appropriated by the
12 State to the Authority to perform the powers and duties authorized in this
13 Part.

14"

15
16 DEPARTMENT OF COMMERCE/CHANGES TO STATUTORY REPORTING
17 REQUIREMENTS

18 SECTION 13.4.(a) G.S. 143B-434.01 reads as rewritten:

19 "§ 143B-434.01. Comprehensive Strategic Economic Development Plan.

20 ...

21 (e) Environmental Scan. – The first step in developing the Plan shall be to develop an
22 environmental scan based on the input from economic development parties and the public and
23 on information about the economic environment in North Carolina. To prepare the scan, the
24 Board shall gather the following ~~information. Thereafter, the information shall be updated~~
25 periodically. information and ensure that the information is updated periodically. The updated
26 information may be provided in whatever format and through whatever means is most efficient.

27 ...

28 (f) Needs Assessment. ~~The Board, using data from the public input sessions and the~~
29 ~~environmental scan, shall prepare an assessment of economic development strengths,~~
30 ~~weaknesses, threats, and opportunities within the State by Region and by county. An~~
31 ~~assessment shall also be conducted of each county to determine distressed areas existing within~~
32 ~~the county. The assessment will include the identification of key development issues within~~
33 ~~each geographic area and options available to address each issue.~~

34 ...

35 (k) ~~Annual Report. Evaluation. – The Plan shall contain a section devoted to measuring~~
36 ~~results, to be called "An Annual Report on Economic Development for the State of North~~
37 ~~Carolina". The Annual Report shall contain a comparison of actual results with~~ The Board shall
38 annually evaluate the State's economic performance based upon the statistics listed in this
39 subsection and upon the Board's stated goals and objectives in its Plan. and significant and
40 meaningful statistics to allow policymakers to adjust strategy and tactics as necessary to
41 achieve the formulated goals. The statistics upon which the evaluation is made should be
42 available to policymakers. The information may be provided in whatever format and through
43 whatever means is most efficient.

44 ~~The Annual Report shall break down data by Regions and counties including:~~

45 ...

46 (9) ~~An evaluation of the State's economic performance as indicated by the above~~
47 ~~statistics with the goals and objectives outlined in the Plan.~~

48 (l) Accountability. – The Board shall make all data, plans, and reports available to the
49 ~~General Assembly and Assembly,~~ the Joint Legislative Commission on Governmental
50 Operations-Operations, the Joint Legislative Economic Development and Global Engagement
51 Oversight Committee, the Senate Appropriations Committee on Natural and Economic

1 Resources, and the House of Representatives Appropriations Subcommittee on Natural and
2 Economic Resources at appropriate times and upon request. The Board shall prepare and make
3 available on an annual basis public reports on each of the major sections of the Plan and the
4 Annual Report indicating the degree of success in attaining each development objective."

5 **SECTION 13.4.(b)** G.S. 143B-435.1 reads as rewritten:

6 **"§ 143B-435.1. Clawbacks.**

7 ...
8 (d) ~~Report. – The~~By April 1 and October 1 of each year, the Department of Commerce
9 shall report to the Revenue Laws Study Committee by April 1 and October 1 of each year
10 Committee, the Joint Legislative Commission on Governmental Operations, the Senate
11 Appropriations Committee on Natural and Economic Resources, the House of Representatives
12 Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research
13 Division of the General Assembly on all clawbacks that have been triggered under programs it
14 administers and its progress on obtaining repayments. The report must include the name of
15 each business, the event that triggered the clawback, and the amount forfeited or to be repaid."

16 **SECTION 13.4.(c)** G.S. 143B-437.01(c) is repealed.

17 **SECTION 13.4.(d)** G.S. 143B-437.07 reads as rewritten:

18 **"§ 143B-437.07. Economic development grant reporting.**

19 (a) ~~Report. – The Department of Commerce must publish on or before March-October 1~~
20 ~~of each year the information required by this subsection, itemized by business entity, for each~~
21 ~~business or joint private venture to which the State has, in whole or in part, granted one or more~~
22 ~~economic development incentives during the previous five calendar years. The Department~~
23 ~~must provide the General Assembly with updated supplemental information consistent with this~~
24 ~~subsection on a quarterly basis in the form and manner requested by the General~~
25 ~~Assembly fiscal year.~~ The information in the report must include all of the following:

26 ...
27 (b) ~~Online Posting-Posting/Written Submission.~~ – The Department of Commerce must
28 post on its Internet Web site a summary of the report compiled in subsection (a) of this section.
29 The summary report must include the information required by subdivisions (2), (9), (11), and
30 (12) of subsection (a) of this section. By October 1 of each year, the Department of Commerce
31 must submit the written report required by subsection (a) of this section to the Joint Legislative
32 Commission on Governmental Operations, the Revenue Laws Study Committee, the Senate
33 Appropriations Committee on Natural and Economic Resources, the House of Representatives
34 Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research
35 Division of the General Assembly.

36 (c) ~~Economic Development Incentive. – An economic development incentive includes~~
37 ~~any grant program administered by the Department of Commerce that disburses or awards~~
38 ~~monies to businesses. Examples of these grant programs include the~~from the following
39 programs: Job Development Investment Grant Program, Program, the Job Maintenance and
40 Capital Development Fund, Fund; One North Carolina Fund, Fund; and the Industrial
41 Development Fund, including the Utility Account. The State also incents economic
42 development through the use of tax expenditures in the form of tax credits and refunds. The
43 Department of Revenue must report annually on these statutory economic development
44 incentives, as required under G.S. 105-256."

45 **SECTION 13.4.(e)** G.S. 143B-437.08 is amended by adding a new subsection to
46 read:

47 **"§ 143B-437.08. Development tier designation.**

48 ...
49 (k) Report. – By November 30 of each year, the Secretary of Commerce shall submit a
50 written report to the Joint Legislative Commission on Governmental Operations, the Senate
51 Appropriations Committee on Natural and Economic Resources, the House of Representatives

1 Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research
2 Division of the General Assembly on the tier rankings required by subsection (c) of this
3 section, including a map of the State whereupon the tier ranking of each county is designated."

4 **SECTION 13.4.(f)** G.S. 143B-437.55(d) is repealed.

6 **ONE NORTH CAROLINA FUND**

7 **SECTION 13.5.** Section 14.2(a) of S.L. 2011-145 reads as rewritten:

8 "SECTION 14.2.(a) Of the funds appropriated in this act to the One North Carolina Fund
9 for the ~~2011-2012~~2012-2013 fiscal year, the Department of Commerce may use up to two
10 hundred fifty thousand dollars (\$250,000) to cover its expenses in administering the One North
11 Carolina Fund and other economic development incentive grant programs during the
12 ~~2011-2012~~2012-2013 fiscal year. The Department of Commerce shall not use more than two
13 hundred fifty thousand dollars (\$250,000) for administrative costs in any one fiscal year."

15 **ALIGN ONE NORTH CAROLINA FUND WITH JDIG PROGRAM**

16 **SECTION 13.6.(a)** The General Assembly acknowledges the importance of
17 ongoing economic growth and development in this State. To that end, it is the intent of the
18 General Assembly to fully fund all of the commitments of the One North Carolina Fund, as
19 evidenced by the General Assembly's past and recurring appropriations to the Fund and as set
20 forth in this section, and to establish a funding structure that aligns with the funding structure
21 that is and has been used with the Job Development Investment Grant Program. The General
22 Assembly has continued this level of commitment while remaining fiscally responsible in
23 addressing the other critical, high-priority needs of the State.

24 **SECTION 13.6.(b)** G.S. 143B-437.71 is amended by adding a new subsection to
25 read:

26 "(b1) Awards. – The maximum amount of total annual liability for grants awarded in any
27 single calendar year under this Part is fourteen million dollars (\$14,000,000). No agreement
28 may be entered into that, when considered together with other existing agreements governing
29 grants awarded during a single calendar year, could cause the State's potential total annual
30 liability for grants awarded in a single calendar year to exceed this amount."

31 **SECTION 13.6.(c)** G.S. 143B-437.72(b) is amended by adding a new subdivision
32 to read:

33 "(b) Company Performance Agreements. – An agreement between a local government
34 and a grantee business must contain the following provisions:

- 35 (1) A commitment to create or retain a specified number of jobs within a
36 specified salary range at a specific location and commitments regarding the
37 time period in which the jobs will be created or retained and the minimum
38 time period for which the jobs must be maintained.
- 39 (2) A commitment to provide proof satisfactory to the local government and the
40 State of new jobs created or existing jobs retained and the salary level of
41 those jobs.
- 42 (3) A provision that funds received under the agreement may be used only for a
43 purpose specified in G.S. 143B-437.71(b).
- 44 (4) A provision allowing the State or the local government to inspect all records
45 of the business that may be used to confirm compliance with the agreement
46 or with the requirements of this Part.
- 47 (5) A provision establishing the method for determining compliance with the
48 agreement.
- 49 (6) A provision establishing a schedule for disbursement of funds under the
50 agreement that allows disbursement of funds only in proportion to the
51 amount of performance completed under the agreement.

1 (6a) A provision establishing that a business that has completed performance and
2 become entitled to a disbursement of funds under the agreement must timely
3 request, in writing to the local government, a disbursement of funds within
4 one year from the date of completed performance or forfeit the
5 disbursement.

6 (7) A provision requiring recapture of grant funds if a business subsequently
7 fails to comply with the terms of the agreement.

8 (8) Any other provision the State or the local government finds necessary to
9 ensure the proper use of State or local funds."

10 **SECTION 13.6.(d)** G.S. 143B-437.72(d) reads as rewritten:

11 "(d) Disbursement of Funds. – Funds may be disbursed from the One North Carolina
12 Fund to the local government only after (i) a business has completed performance and is
13 entitled to a disbursement of funds under the agreement and has requested, in writing to the
14 local government no later than February 1 following the year of completed performance, a
15 disbursement of funds and (ii) the local government has reported to the Secretary of Commerce
16 no later than March 1 following the year of completed performance the total amount of
17 disbursements that have been claimed by businesses in writing during the previous year and has
18 demonstrated that the business has complied with the terms of the company performance
19 agreement. The State shall disburse funds allocated under the One North Carolina Fund to a
20 local government in accordance with the disbursement schedule established in the local
21 government grant agreement no later than August 1 following the year of completed
22 performance in an amount equal to that which the local government reported as having been
23 claimed by businesses in writing during the previous year and demonstrated were due to be
24 disbursed as a result of compliance by the businesses with the terms of the company
25 performance agreements. Disbursements by the State to a local government from the One North
26 Carolina Fund shall be made in one annual payment."

27 **SECTION 13.6.(e)** G.S. 143B-437.74 reads as rewritten:

28 "**§ 143B-437.74. Reports.Reports; study.**

29 (a) Reports. – The Department of Commerce shall publish a report on the use of funds
30 in the One North Carolina Fund at the end of each fiscal quarter. The report shall contain
31 information on the commitment, disbursement, and use of funds allocated under the One North
32 Carolina Fund. The report is due no later than one month after the end of the fiscal quarter and
33 must be submitted to the following:

34 (1) The Joint Legislative Commission on Governmental Operations.

35 (2) The chairs of the House of Representatives and Senate Finance Committees.

36 (3) The chairs of the House of Representatives and Senate Appropriations
37 Committees.

38 (4) The Fiscal Research Division of the General Assembly.

39 (b) Study. – The Department of Commerce shall conduct a study to determine the
40 minimum funding level required to implement the One North Carolina Fund successfully. The
41 Department shall report the results of this study to the House of Representatives Finance
42 Committee, the Senate Finance Committee, the House of Representatives Appropriations
43 Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on
44 Natural and Economic Resources, and the Fiscal Research Division no later than April 1 of
45 each year."

46 **SECTION 13.6.(f)** Part 2H of Article 10 of Chapter 143B of the General Statutes
47 is amended by adding a new section to read:

48 "**§ 143B-437.75. Cash flow requirements.**

49 Notwithstanding any other provision of law, moneys allocated from the One North Carolina
50 Fund shall be budgeted and funded on a cash flow basis. The Office of State Budget and
51 Management shall periodically transfer funds from the One North Carolina Fund established

1 pursuant to G.S. 143B-437.71 to the Department of Commerce in an amount sufficient to
2 satisfy Fund allocations to be transferred pursuant to G.S. 143B-437.72 to be paid during the
3 fiscal year."

4 **SECTION 13.6.(g)** Article 9 of Chapter 143C of the General Statutes is amended
5 by adding a new section to read:

6 "**§ 143C-9-7. One North Carolina Fund Reserve.**

7 (a) The State Controller shall establish a reserve in the General Fund to be known as the
8 One North Carolina Fund Reserve. Funds from the One North Carolina Fund Reserve shall not
9 be expended or transferred except in accordance with G.S. 143B-437.75.

10 (b) It is the intent of the General Assembly to appropriate funds annually to the One
11 North Carolina Fund Reserve established in this section in amounts sufficient to meet the
12 anticipated cash requirements for each fiscal year of the One North Carolina Fund Program
13 established pursuant to G.S. 143B-437.71."

14 **SECTION 13.6.(h)** G.S. 143B-437.52 reads as rewritten:

15 "**§ 143B-437.52. Job Development Investment Grant Program.**

16 ...
17 (b) ~~Cap and Priority. —The maximum number of grants the Committee may award in~~
18 ~~each calendar year is 25. In selecting between applicants, a project that is located in an~~
19 ~~Eco-Industrial Park certified under G.S. 143B-437.08 has priority over a comparable project~~
20 ~~that is not located in a certified Eco-Industrial Park.~~

21 (c) ~~Ceiling—Awards. —~~ The maximum amount of total annual liability for grants
22 awarded in any single calendar year under this Part, including amounts transferred to the
23 Utility Account pursuant to G.S. 143B-437.61, ~~may not exceed~~ fifteen million dollars
24 (\$15,000,000). No agreement may be entered into that, when considered together with other
25 existing agreements governing grants awarded during a single calendar year, could cause the
26 State's potential total annual liability for grants awarded in a single calendar year to exceed this
27 amount.

28"

29 **SECTION 13.6.(i)** This section becomes effective July 1, 2012.

30
31 **INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT**

32 **SECTION 13.7.** Section 14.8 of S.L. 2011-145 reads as rewritten:

33 "**SECTION 14.8.** ~~The~~ For the 2012-2013 fiscal year, the North Carolina Industrial
34 Commission ~~may shall~~ retain the additional revenue generated as a result of an increase in the
35 fee charged to parties for the filing of compromised settlements. These funds shall be used for
36 the purpose of replacing existing computer hardware and software used for the operations of
37 the Commission. These funds may also be used to prepare any assessment of hardware and
38 software needs prior to purchase and to develop and administer the needed databases and new
39 Electronic Case Management System, including the establishment of two time-limited positions
40 for application development and support and mainframe migration. The Commission may not
41 retain any fees under this section unless they are in excess of the former two-hundred-dollar
42 (\$200.00) fee charged by the Commission for filing a compromised settlement."

43
44 **EMPLOYMENT SECURITY RESERVE FUND**

45 **SECTION 13.8.** Funds from the Employment Security Reserve Fund shall be used
46 by the Department of Commerce, Division of Employment Security, only for the following
47 purposes: (i) to pay the interest on the two billion eight hundred million dollars
48 (\$2,800,000,000) in debt liability for unemployment insurance benefits currently owed to the
49 federal government; and (ii) to pay down the principal amount of two billion eight hundred
50 million dollars (\$2,800,000,000) in debt liability for unemployment insurance benefits
51 currently owed to the federal government. The Department of Commerce, Division of

1 Employment Security, shall not use funds from the Employment Security Reserve Fund for any
 2 purpose not explicitly authorized in this section.

3
 4 **WORKER TRAINING TRUST FUND**

5 **SECTION 13.9.** Of the funds appropriated in this act to the Department of
 6 Commerce for the Worker Training Trust Fund, the sum of seventy-five thousand dollars
 7 (\$75,000) in nonrecurring funds for the 2012-2013 fiscal year is allocated to the North Carolina
 8 Rural Entrepreneurship through Action Learning (NC REAL) to support curriculum
 9 development, materials, and training for Small Business Centers.

10
 11 **COUNCIL OF GOVERNMENT FUNDS**

12 **SECTION 13.10.** Section 14.12A(a) of S.L. 2011-145 reads as rewritten:

13 **"SECTION 14.12A.(a)** Of the funds appropriated in this act to the Department of
 14 Commerce, the sum of three hundred forty-three thousand one hundred eighty-seven dollars
 15 (\$343,187) for the 2011-2012 fiscal year and the sum of ~~three hundred forty three thousand one~~
 16 ~~hundred eighty seven dollars (\$343,187)~~ three hundred thirty-eight thousand thirty-nine dollars
 17 (\$338,039) for the 2012-2013 fiscal year shall be used only as provided by this section. Each
 18 regional council of government or lead regional organization is allocated up to twenty-five
 19 thousand dollars (\$25,000) for the 2011-2012 and the 2012-2013 fiscal years."
 20

21 **GRASSROOTS SCIENCE PROGRAM**

22 **SECTION 13.11.** Section 14.11(b) of S.L. 2011-145 reads as rewritten:

23 **"SECTION 14.11.(b)** Of the funds appropriated in this act to the Department of
 24 Commerce for State Aid, the sum of two million eight hundred ninety-nine thousand eight
 25 hundred eighty-five dollars (\$2,899,885) for the 2011-2012 fiscal year and the sum of ~~two~~
 26 ~~million eight hundred ninety nine thousand eight hundred eighty five dollars (\$2,899,885)~~ two
 27 million eight hundred fifty-six thousand three hundred eighty-seven dollars (\$2,856,387) for
 28 the 2012-2013 fiscal year is allocated as grants-in-aid for each fiscal year as follows:

	2011-2012	2012-2013
31 Aurora Fossil Museum	\$49,000	\$49,000
32 Cape Fear Museum	\$132,125	\$132,125 <u>\$129,877</u>
33 Carolina Raptor Center	\$92,050	\$92,050 <u>\$90,484</u>
34 Catawba Science Center	\$120,100	\$120,100 <u>\$118,057</u>
35 Colburn Earth Science Museum, Inc.	\$61,170	\$61,170 <u>\$60,129</u>
36 Core Sound Waterfowl Museum	\$49,000	\$49,000
37 Discovery Place	\$543,945	\$543,945 <u>\$534,691</u>
38 Eastern NC Regional Science Center	\$49,000	\$49,000
39 Fascinate-U	\$66,530	\$66,530 <u>\$65,398</u>
40 Granville County Museum Commission,		
41 Inc.–Harris Gallery	\$49,000	\$49,000
42 Greensboro Children's Museum	\$110,845	\$110,845 <u>\$108,959</u>
43 The Health Adventure Museum of Pack		
44 Place Education, Arts and		
45 Science Center, Inc.	\$127,695	\$127,695 <u>\$125,523</u>
46 Highlands Nature Center	\$65,050	\$65,050 <u>\$63,943</u>
47 Imagination Station	\$70,600	\$70,600 <u>\$69,399</u>
48 The Iredell Museums, Inc.	\$50,310	\$50,310 <u>\$49,454</u>
49 Kidsenses	\$66,700	\$66,700 <u>\$65,565</u>
50 Museum of Coastal Carolina	\$64,025	\$64,025 <u>\$62,936</u>
51 The Natural Science Center		

1	of Greensboro, Inc.	\$152,920	\$152,920	<u>\$150,319</u>
2	North Carolina Museum of Life			
3	and Science	\$311,685	\$311,685	<u>\$306,383</u>
4	Pisgah Astronomical Research Institute	\$49,000		\$49,000
5	Port Discover: Northeastern			
6	North Carolina's Center for			
7	Hands-On Science, Inc.	\$49,000		\$49,000
8	Rocky Mount Children's Museum	\$59,290	\$59,290	<u>\$58,281</u>
9	Schiele Museum of Natural History			
10	and Planetarium, Inc.	\$188,370	\$188,370	<u>\$185,166</u>
11	Sci Works Science Center and			
12	Environmental Park of Forsyth County	\$120,215	\$120,215	<u>\$118,170</u>
13	Sylvan Heights Waterfowl Park			
14	and Eco-Center	\$49,000		\$49,000
15	Western North Carolina Nature Center	\$92,630	\$92,630	<u>\$91,054</u>
16	Wilmington Children's Museum	\$60,630	\$60,630	<u>\$59,599</u>
17				
18	Total	\$2,899,885	\$2,899,885	<u>\$2,856,387.</u> "

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS

SECTION 13.12. Section 14.13 of S.L. 2011-145, as amended by Section 37 of S.L. 2011-391, reads as rewritten:

"REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS 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 ~~one hundred seventy-four thousand eight hundred ninety dollars (\$174,890)~~ one hundred sixty-one thousand eight hundred sixty-one dollars (\$161,861) in the ~~2011-2012~~ 2012-2013 fiscal year, which sum represents (i) the total interest earnings in the prior fiscal year on the estimated balance of 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 (ii) the total interest earnings in the prior fiscal year on loans made from the seven million five hundred thousand dollars

- 1 (\$7,500,000) appropriated to the Global TransPark Development Zone in
2 Section 6 of Chapter 561 of the 1993 Session Laws; and
3 (3) Next, the Department shall redistribute the sum of ~~one hundred seventy-four~~
4 ~~thousand eight hundred ninety dollars (\$174,890)~~ one hundred sixty-one
5 thousand eight hundred sixty-one dollars (\$161,861) in the ~~2011-2012~~
6 2012-2013 fiscal year to the seven regional economic development
7 commissions named in subsection (a) of this section. Each commission's
8 share of this redistribution shall be determined according to the development
9 factor formula set out in subdivision (1) of this subsection. This
10 redistribution shall be in addition to each commission's allocation
11 determined under subdivision (1) of this subsection.

12 **"SECTION 14.13.(c)** No more than one hundred twenty thousand dollars (\$120,000) in
13 State funds shall be used for the annual salary of any one employee of a regional economic
14 development commission.

15 **"SECTION 14.13.(d)** The General Assembly finds that successful economic development
16 requires the collaboration of the State, regions of the State, counties, and municipalities.
17 Therefore, the regional economic development commissions are encouraged to seek
18 supplemental funding from their county and municipal partners to continue and enhance their
19 efforts to attract and retain business in the State."
20

21 **RURAL CENTER/RURAL JOBS FUND**

22 **SECTION 13.13.** Section 14.20(d) of S.L. 2011-145 reads as rewritten:

23 **"SECTION 14.20.(d)** Rural Jobs Infrastructure Grants. – A Rural Jobs Infrastructure
24 Grant is available to supplement other funds to be applied to the construction or installation
25 costs of an eligible project. Other funds contributed to the project may include federal funds,
26 State funds, and local funds, including contributions from private sector enterprises that may
27 benefit from the proposed improvements. A Rural Jobs Infrastructure Grant is subject to the
28 following provisions:

- 29 (1) Eligibility. – A local government unit is eligible for a Rural Jobs
30 Infrastructure Grant if it is a rural county or is located in a rural county.
31 (2) Maximum grant amount. – Grant funds shall be available based upon the
32 number of private sector jobs to be created as a result of the investment from
33 the Rural Jobs Infrastructure Grant Fund. An applicant for a grant may
34 request up to five thousand dollars (\$5,000) per job to be created. An
35 applicant for a Rural Jobs Infrastructure Grant shall not receive more than
36 five hundred thousand dollars (\$500,000) for a proposed infrastructure
37 project. Notwithstanding the provisions of this subdivision, the Rural Center
38 may, if it deems it reasonable and appropriate based upon the number of
39 private sector jobs created and/or the anticipated benefits to the community,
40 award grant funds to a local government that exceed five thousand dollars
41 (\$5,000) per job to be created, provided that the average amount of the total
42 grant funds from the funds appropriated in subsection (a) of this section does
43 not exceed five thousand dollars (\$5,000) per job to be created.
44 (3) Matching funds. – A local government unit shall match a Rural Jobs
45 Infrastructure Grant on a dollar-for-dollar basis. As part of the matching
46 funds, recipients of grant funds under the provisions of this section shall
47 contribute a cash match for the grant that is equivalent to at least five percent
48 (5%) of the grant amount. The required applicant cash-matching contribution
49 shall come from local resources and may not be derived from other State or
50 federal grant funds or from funds provided by the Rural Center."
51

RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM

SECTION 13.14. Section 14.17(c) of S.L. 2011-145 reads as rewritten:

"SECTION 14.17.(c) ~~During each year of the 2011-2013 biennium,~~ For the 2012-2013 fiscal year, the Rural Center may use up to ~~three hundred twenty nine thousand one hundred seventy eight dollars (\$329,178)~~ four percent (4%) of the funds appropriated in this ~~act~~ section to cover its expenses in administering the North Carolina Economic Infrastructure Program."

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS/STUDY

SECTION 13.15. The Legislative Research Commission is authorized to study the funding and alignment of the membership of each of the regional economic development commissions listed in Section 14.13 of S.L. 2011-145, as amended by Section 37 of S.L. 2011-391, in order to determine (i) whether the needs of each member organization are being adequately served by the commission of which it is a member and (ii) whether there are areas in which improvement in service can be made in the most cost-effective manner.

PART XIV. DEPARTMENT OF PUBLIC SAFETY**DIVISION OF ADULT CORRECTION/RELEASE DATES**

SECTION 14.1. Notwithstanding any other provision of law, the Division of Adult Correction may establish more than two release dates per month for inmates leaving prison.

INMATE MEDICAL COSTS

SECTION 14.2.(a) Section 19.20 of S.L. 2009-451 is repealed.

SECTION 14.2.(b) Section 18.10(a) of S.L. 2011-145 reads as rewritten:

"SECTION 18.10.(a) ~~The~~ During the 2011-2013 fiscal biennium, the Department of ~~Correction~~ Public Safety shall reimburse those providers and facilities providing approved inmate medical services outside the correctional facility the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or two times the then-current Medicaid rate for any given service. The Department shall have the right to audit any given provider to determine the actual prevailing charge to ensure compliance with this provision.

This section does apply to vendors providing services that are not billed on a fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the Department from contracting with a provider for services at rates that provide greater documentable cost avoidance for the State than do the rates contained in this section or at rates that are less favorable to the State but that will ensure the continued access to care."

SECTION 14.2.(c) Section 18.10(d) of S.L. 2011-145 reads as rewritten:

"SECTION 18.10.(d) ~~The Department of~~ Division of Adult Correction shall report to the ~~Joint Legislative Commission on Governmental Operations~~ Oversight Committee on Justice and Public Safety and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety no later than ~~November 1, 2011~~ November 1, 2012, and quarterly thereafter on:

- (1) The volume of services provided by community medical providers that can be scheduled in advance and, of that volume, the percentage of those services that are provided by contracted ~~providers;~~ and providers.
- (2) The volume of services provided by community medical providers that cannot be scheduled in advance and, of that volume, the percentage of those services that are provided by contracted providers.
- (3) The volume of services provided by community medical providers that are emergent cases requiring hospital admissions and the emergent cases not requiring hospital admissions.

- 1 (4) The volume of inpatient medical services provided to Medicaid-eligible
2 inmates, the cost of treatment, and the estimated savings of paying the
3 nonfederal portion of Medicaid for the services.
4 (5) The status of the Division's efforts to contract with hospitals to provide
5 secure wards in each of the State's five prison regions."
6

7 **TECHNICAL REVOCATION CENTER STUDY**

8 **SECTION 14.3.** The Division of Adult Correction of the Department of Public
9 Safety shall study the feasibility of creating a technical violation center to house probationers
10 ordered to serve a period of 90 days in confinement due to a technical violation of the condition
11 of their probation. The study would determine the feasibility and cost-effectiveness of using
12 such a center operated by the Community Corrections Section for confinements resulting from
13 technical corrections rather than placing the probationers in State prison facilities. The
14 Department shall report its findings and recommendations to the Office of State Budget and
15 Management and the House and Senate Appropriations Subcommittees on Justice and Public
16 Safety no later than January 1, 2013.
17

18 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

19 **SECTION 14.4.** Funds appropriated in this act to the Department of Public Safety
20 for the Division of Juvenile Justice for the 2012-2013 fiscal year may be used as matching
21 funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives
22 Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office
23 of State Budget and Management and the Governor's Crime Commission shall consult with the
24 Division of Juvenile Justice regarding the criteria for awarding federal funds. The Office of
25 State Budget and Management, the Governor's Crime Commission, and the Division of
26 Juvenile Justice shall report to the Chairs of the House of Representatives and Senate
27 Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative
28 Commission on Governmental Operations prior to allocation of the federal funds. The report
29 shall identify the amount of funds to be received for the 2012-2013 fiscal year and the
30 allocation of funds by program and purpose. Any Juvenile Accountability Incentive Block
31 Grant awarded to North Carolina is subject to the provisions of G.S. 143C-7-1 and shall not
32 obligate the State financially in future fiscal years.
33

34 **REPEAL REQUIREMENT REGARDING THE STAFFING TREATMENT MODEL** 35 **AT YOUTH DEVELOPMENT CENTERS**

36 **SECTION 14.5.** Section 17.7 of S.L. 2011-145 is repealed.
37

38 **MULTIPURPOSE GROUP HOME FUNDS**

39 **SECTION 14.6.** Of the funds appropriated in this act to the Department of Public
40 Safety for the Division of Juvenile Justice, the sum of five hundred fifty thousand dollars
41 (\$550,000) shall be used to continue operating a multipurpose group home in Craven County.
42

43 **JUVENILE CRIME PREVENTION COUNCIL FUNDS**

44 **SECTION 14.7.** Section 17.4(b) of S.L. 2011-145 reads as rewritten:

45 **"SECTION 17.4.(b)** Of the funds appropriated by this act for the ~~2011-2012~~2012-2013
46 fiscal year to the ~~Department of Juvenile Justice and Delinquency Prevention~~ Department of
47 Public Safety for Juvenile Crime Prevention Council grants, the sum of one hundred
48 twenty-one thousand six hundred dollars (\$121,600) shall be transferred to Project Challenge
49 North Carolina, Inc., to be used for the continued support of Project Challenge programs
50 throughout the State."
51

STRATEGIC PLAN FOR FACILITY CLOSURE, CONSTRUCTION, AND REPAIR

SECTION 14.8. The Department of Public Safety shall study the population dynamics of detention and secure confinement at the Youth Development Centers operated by the Department and shall submit a strategic plan for facility closure, construction, and repair and renovation to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by February 1, 2013. The strategic plan required by this section shall include cost estimates for any proposed projects.

PART XV. DEPARTMENT OF JUSTICE**ITEMIZED BILLING FOR LEGAL SERVICES PROVIDED TO STATE AGENCIES**

SECTION 15.1. Article 1 of Chapter 114 of the General Statutes is amended by adding a new section to read:

"§ 114-8.5. Itemized billing for legal services provided to State agencies.

Whenever the Department of Justice charges a State agency, board, or commission for legal services rendered by the Department, the Department shall do so by providing the agency, board, or commission with an invoice that includes at least all of the following information for all charges:

- (1) The case for which the agency, board, or commission is being charged.
- (2) The name of each attorney who worked on each case and the number of hours worked by each attorney.
- (3) The hourly rate being charged by each attorney."

BIANNUAL REPORTING ON ATTORNEY ACTIVITY

SECTION 15.2. Beginning on February 1, 2013, and every six months thereafter, the Attorney General shall report on the work of Department of Justice attorneys during the previous two quarters. The reports required by this section shall be filed with the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety and with the Fiscal Research Division of the General Assembly as follows:

- (1) Agency-specific work. – A report on the work of Department of Justice attorneys for State agencies. This report shall include at least all of the following information:
 - a. The amount of time spent working for each State department and agency.
 - b. The amount of time spent on each case for each State department and agency.
 - c. The amount billed to each State agency for the legal services provided.
- (2) Other work. – A report on the work of Department of Justice attorneys that is not on behalf of a particular State agency. The report required by this subdivision shall include all of the information required by subdivision (1) of this section. The report shall include at least all of the following information:
 - a. The amount of time spent by each unit of the Department of Justice.
 - b. The amount of time spent on each particular matter for each unit of the Department of Justice.

CONSOLIDATE OFFICE OF MANAGED CARE PATIENT ASSISTANCE PROGRAM BY TRANSFERRING THE DEPARTMENT OF JUSTICE, HEALTH INSURANCE CONSUMER PROTECTION UNIT, TO THE DEPARTMENT OF INSURANCE

1 **SECTION 15.3.(a)** The Department of Justice, Health Insurance Consumer
2 Protection Unit, and any portion of the Managed Care Patient Assistance Program managed by
3 the Department of Justice is transferred to the Department of Insurance. This transfer shall have
4 all of the elements of a Type I transfer, as described in G.S. 143A-6.

5 **SECTION 15.3.(b)** G.S. 143-730(a) reads as rewritten:

6 "(a) The Office of Managed Care Patient Assistance Program is established in an
7 ~~existing State agency or department designated by the Governor. The Director of the Office of~~
8 ~~Managed Care Patient Assistance Program shall be appointed by the Governor. the Department~~
9 of Insurance."

10 11 **PART XVI. JUDICIAL DEPARTMENT**

12 13 **STUDY MANAGEMENT OF MAGISTRATE SCHEDULES**

14 **SECTION 16.1.** The Administrative Office of the Courts shall study the
15 management of magistrate schedules throughout the General Court of Justice and make
16 recommendations to (i) provide for more efficient use of the magistrates established for each
17 county; and (ii) ensure that each county has sufficient coverage to adequately respond to law
18 enforcement and the public. The Administrative Office of the Courts shall report its finding and
19 recommendations to the Chairs of the House and Senate Appropriations Subcommittees on
20 Justice and Public Safety by March 1, 2013.

21 22 **FAMILY COURT PROGRAMS**

23 **SECTION 16.2.** The Administrative Office of the Courts shall provide direction
24 and oversight to the existing family court programs in order to ensure that each district with a
25 family court program is utilizing best practices and is working effectively and efficiently in the
26 disposition of domestic and juvenile cases. The Administrative Office of the Courts shall
27 report on its efforts in this regard and the results of those efforts to the Chairs of the House and
28 Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2013.

29 30 **FOREIGN LANGUAGE INTERPRETERS FOR THE COURTS**

31 **SECTION 16.3.(a)** G.S. 7A-314(f) is repealed.

32 **SECTION 16.3.(b)** G.S. 7A-343 reads as rewritten:

33 **"§ 7A-343. Duties of Director.**

34 The Director is the Administrative Officer of the Courts, and the Director's duties include
35 all of the following:

36 ...

37 (9c) Prescribe policies and procedures for the appointment and payment of
38 foreign language ~~interpreters in those cases specified in G.S. 7A-314(f).~~
39 interpreters. These policies and procedures shall be applied uniformly
40 throughout the General Court of Justice. After consultation with the Joint
41 Legislative Commission on Governmental Operations, the Director may also
42 convert contractual foreign language interpreter positions to permanent State
43 positions when the Director determines that it is more cost-effective to do so.

44 "

45 **SECTION 16.3.(c)** The Judicial Department may use funds appropriated and funds
46 available to the Department to provide assistance to persons with limited proficiency in English
47 to assist the court in the fair, efficient, and accurate transaction of business and provide more
48 meaningful access to the courts.

1 **EXTEND SUNSET ON PILOT PROJECT FOR ELECTRONIC FILING IN**
2 **DOMESTIC VIOLENCE AND CIVIL NO-CONTACT CASES IN ALAMANCE**
3 **COUNTY**

4 **SECTION 16.4.(a)** Section 15.13(b) of S.L. 2010-31 reads as rewritten:

5 **"SECTION 15.13.(b)** This section expires ~~June 30, 2012.~~ June 30, 2014."

6 **SECTION 16.4.(b)** This section becomes effective June 30, 2012.

7
8 **EXPAND USES FOR COURT INFORMATION TECHNOLOGY FUND**

9 **SECTION 16.5.(a)** G.S. 7A-343.2 reads as rewritten:

10 **"§ 7A-343.2. Court Information Technology and Facilities Fund.**

11 (a) Fund. – The Court Information Technology and Facilities Fund is established within
12 the Judicial Department as a special revenue fund. Interest and other investment income earned
13 by the Fund accrues to it. The Fund consists of the following revenues:

14 (1) All monies collected by the Director pursuant to G.S. 7A-109(d) and
15 G.S. 7A-49.5.

16 (2) State judicial facilities fees credited to the Fund under G.S. 7A-304 through
17 G.S. 7A-307.

18 (b) Use. – Money in the Fund derived from State judicial facilities fees must be used to
19 upgrade, maintain, and operate State judicial facilities and the judicial and county courthouse
20 phone systems. All other monies in the Fund must be used to supplement funds otherwise
21 available to the Judicial Department for court information technology and office automation
22 needs.

23 (c) Report. – The Director must report by August 1 and February 1 of each year to the
24 Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House
25 Appropriations Committees, and the Chairs of the Senate and House Appropriations
26 Subcommittees on Justice and Public Safety. The report must include the following:

27 (1) Amounts credited in the preceding six months to the Fund.

28 (2) Amounts expended in the preceding six months from the Fund and the
29 purposes of the expenditures.

30 (3) Proposed expenditures of the monies in the Fund."

31 **SECTION 16.5.(b)** G.S. 7A-304 reads as rewritten:

32 **"§ 7A-304. Costs in criminal actions.**

33 (a) In every criminal case in the superior or district court, wherein the defendant is
34 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the
35 prosecuting witness, the following costs shall be assessed and collected. No costs may be
36 assessed when a case is dismissed. Costs under this section may not be waived unless the judge
37 makes a written finding of just cause to grant such a waiver.

38 ...

39 (2a) For the upgrade, maintenance, and operation of State judicial facilities and
40 the judicial and county courthouse phone systems, the sum of four dollars
41 (\$4.00), to be credited to the Court Information Technology and Facilities
42 Fund.

43"

44 **SECTION 16.5.(c)** G.S. 7A-305 reads as rewritten:

45 **"§ 7A-305. Costs in civil actions.**

46 (a) In every civil action in the superior or district court, except for actions brought
47 under Chapter 50B of the General Statutes, shall be assessed:

48 ...

49 (1a) For the upgrade, maintenance, and operation of State judicial facilities and
50 the judicial and county courthouse phone systems, the sum of four dollars

1 (\$4.00), to be credited to the Court Information Technology and Facilities
2 Fund.

3

4 (a5) In every civil action in the superior or district court wherein a party files a pleading
5 containing one or more counterclaims or cross-claims, except for counterclaim and cross-claim
6 actions brought under Chapter 50B of the General Statutes for which costs are assessed
7 pursuant to subsection (a1) of this section, the following shall be assessed:

8

9 (2) For the upgrade, maintenance, and operation of State judicial facilities and
10 the judicial and county courthouse phone systems, the sum of four dollars
11 (\$4.00), to be credited to the Court Information Technology and Facilities
12 Fund.

13

14 "...."
SECTION 16.5.(d) G.S. 7A-306 reads as rewritten:

15 **"§ 7A-306. Costs in special proceedings.**

16 (a) In every special proceeding in the superior court, the following costs shall be
17 assessed:

18

19 (1a) For the upgrade, maintenance, and operation of State judicial facilities and
20 the judicial and county courthouse phone systems, the sum of four dollars
21 (\$4.00), to be credited to the Court Information Technology and Facilities
22 Fund.

23

24 "...."
SECTION 16.5.(e) G.S. 7A-307 reads as rewritten:

25 **"§ 7A-307. Costs in administration of estates.**

26 (a) In the administration of the estates of decedents, minors, incompetents, of missing
27 persons, and of trusts under wills and under powers of attorney, in trust proceedings under
28 G.S. 36C-2-203, in estate proceedings under G.S. 28A-2-4, and in collections of personal
29 property by affidavit, the following costs shall be assessed:

30

31 (1a) For the upgrade, maintenance, and operation of State judicial facilities and
32 the judicial and county courthouse phone systems, the sum of four dollars
33 (\$4.00), to be credited to the Court Information Technology and Facilities
34 Fund.

35

36 "...."
SECTION 16.5.(f) G.S. 7A-49.5(d) reads as rewritten:

37 "(d) Any funds received by the Administrative Office of the Courts from the vendor
38 selected pursuant to subsection (c) of this section, other than applicable statutory court costs, as
39 a result of electronic filing, shall be deposited in the Court Information Technology and
40 Facilities Fund in accordance with G.S. 7A-343.2."

41 **SECTION 16.5.(g)** G.S. 7A-109(d) reads as rewritten:

42 "(d) In order to facilitate public access to court records, except where public access is
43 prohibited by law, the Director may enter into one or more nonexclusive contracts under
44 reasonable cost recovery terms with third parties to provide remote electronic access to the
45 records by the public. Costs recovered pursuant to this subsection shall be remitted to the State
46 Treasurer to be held in the Court Information Technology and Facilities Fund established in
47 G.S. 7A-343.2."

48

49 **SECTION 16.5.(h)** G.S. 7A-455.1(f) reads as rewritten:

50 "(f) Of each appointment fee collected under this section, the sum of fifty-five dollars
(\$55.00) shall be credited to the Indigent Persons' Attorney Fee Fund and the sum of five

1 dollars (\$5.00) shall be credited to the Court Information Technology and Facilities Fund under
2 G.S. 7A-343.2. These fees shall not revert."

3 **SECTION 16.5.(i)** This section is effective when it becomes law.
4

5 **WAIVER OF MEDIATION FEES TO REQUIRE FINDING OF JUST CAUSE**

6 **SECTION 16.6.(a)** G.S. 7A-38.7 reads as rewritten:

7 "**§ 7A-38.7. Dispute resolution fee for cases resolved in mediation.**

8 (a) In each criminal case filed in the General Court of Justice that is resolved through
9 referral to a community mediation center, a dispute resolution fee shall be assessed in the sum
10 of sixty dollars (\$60.00) per mediation to support the services provided by the community
11 mediation centers and the Mediation Network of North Carolina. Fees assessed under this
12 section shall be paid to the clerk of superior court in the county where the case was filed and
13 remitted by the clerk to the Mediation Network of North Carolina. The Mediation Network
14 may retain up to three dollars (\$3.00) of this amount as an allowance for its administrative
15 expenses. The Mediation Network must remit the remainder of this amount to the community
16 mediation center that mediated the case. The court may waive or reduce a fee assessed under
17 this section only upon entry of a written order, supported by findings of fact and conclusions of
18 law, determining there is just cause to grant the waiver or reduction.

19 (b) Before providing the district attorney with a dismissal form, the community
20 mediation center shall require proof that the defendant has paid the dispute resolution fee as
21 required by subsection (a) of this section and shall attach the receipt to the dismissal form."

22 **SECTION 16.6.(b)** G.S. 7A-304(a) reads as rewritten:

23 "(a) In every criminal case in the superior or district court, wherein the defendant is
24 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the
25 prosecuting witness, the following costs shall be assessed and collected. No costs may be
26 assessed when a case is dismissed. ~~Costs under this section may not be waived unless the judge~~
27 ~~makes a written finding of just cause to grant such a waiver.~~ Only upon entry of a written order,
28 supported by findings of fact and conclusions of law, determining that there is just cause, the
29 court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed
30 under subdivisions (7) or (8) of this section.

31 ...

32 (7) For the services of the North Carolina State Crime Laboratory facilities, the
33 district or superior court judge shall, upon conviction, order payment of the
34 sum of six hundred dollars (\$600.00) to be remitted to the Department of
35 Justice for support of the State Bureau of Investigation. This cost shall be
36 assessed only in cases in which, as part of the investigation leading to the
37 defendant's conviction, the laboratories have performed DNA analysis of the
38 crime, tests of bodily fluids of the defendant for the presence of alcohol or
39 controlled substances, or analysis of any controlled substance possessed by
40 the defendant or the defendant's agent. ~~The court may waive or reduce the~~
41 ~~amount of the payment required by this subdivision upon a finding of just~~
42 ~~cause to grant such a waiver or reduction.~~

43 (8) For the services of any crime laboratory facility operated by a local
44 government or group of local governments, the district or superior court
45 judge shall, upon conviction, order payment of the sum of six hundred
46 dollars (\$600.00) to be remitted to the general fund of the local
47 governmental unit that operates the laboratory to be used for law
48 enforcement purposes. The cost shall be assessed only in cases in which, as
49 part of the investigation leading to the defendant's conviction, the laboratory
50 has performed DNA analysis of the crime, test of bodily fluids of the
51 defendant for the presence of alcohol or controlled substances, or analysis of

1 any controlled substance possessed by the defendant or the defendant's
2 agent. The costs shall be assessed only if the court finds that the work
3 performed at the local government's laboratory is the equivalent of the same
4 kind of work performed by the State Bureau of Investigation under
5 subdivision (7) of this subsection. ~~The court may waive or reduce the~~
6 ~~amount of the payment required by this subdivision upon a finding of just~~
7 ~~cause to grant such a waiver or reduction.~~

- 8 (9) For the support and services of the State Bureau of Investigation DNA
9 Database and DNA Databank, the sum of two dollars (\$2.00). This amount
10 is annually appropriated to the Department of Justice for this purpose.
11 Notwithstanding the provisions of subsection (e) of this section, this cost
12 does not apply to infractions.

13"

14 **SECTION 16.6.(c)** This section becomes effective July 1, 2012, and applies to fees
15 waived on or after that date.

16 17 **COLLECTION OF WORTHLESS CHECK FUNDS**

18 **SECTION 16.7.** Section 15.4 of S.L. 2011-145 reads as rewritten:

19 "SECTION 15.4. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
20 Department may use any balance remaining in the Collection of Worthless Checks Fund on
21 ~~June 30, 2011, June 30, 2012,~~ for the purchase or repair of office or information technology
22 equipment during the ~~2011-2012 fiscal year.~~ 2012-2013 fiscal year. Prior to using any funds
23 under this section, the Judicial Department shall report to the Joint Legislative Commission on
24 Governmental ~~Operations and Operations,~~ the Chairs of the House of Representatives and
25 Senate Appropriations Subcommittees on Justice and Public ~~Safety-Safety,~~ and the Office of
26 State Budget and Management on the equipment to be purchased or repaired and the reasons
27 for the purchases."

28 29 **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS**

30 **SECTION 16.8.** Section 15.16(a) of S.L. 2011-145 reads as rewritten:

31 "SECTION 15.16.(a) The Judicial Department, Office of Indigent Defense Services, may
32 use up to the sum of two million one hundred fifty thousand dollars (\$2,150,000) in
33 appropriated funds during the 2011-2012 fiscal year for the expansion of existing offices
34 currently providing legal services to the indigent population under the oversight of the Office of
35 Indigent Defense Services, for the creation of new public defender offices within existing
36 public defender programs, or for the establishment of regional public defender programs.
37 Notwithstanding the defender districts established by G.S. 7A-498.7, the Office of Indigent
38 Defense Services may use a portion of these funds to create positions within existing public
39 defender programs to handle cases in adjacent counties or districts. These funds may be used to
40 create up to 50 new attorney positions and 25 new support staff positions during the ~~2011-2012~~
41 ~~fiscal year~~ 2011-2013 biennium and for the salaries, benefits, equipment, and related expenses
42 for these positions in both years of the biennium. Positions creation will be staggered across the
43 two years of the biennium. Prior to using funds for this purpose, the Office of Indigent Defense
44 Services shall report to the Chairs of the House of Representatives and the Senate
45 Appropriations Subcommittees on Justice and Public Safety on the proposed expansion."

46 47 **OFFICE OF INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS**

48 **SECTION 16.9.** Notwithstanding G.S. 143C-6-9, the Office of Indigent Defense
49 Services may use the sum of up to fifty thousand dollars (\$50,000) from funds available to
50 provide the State matching funds needed to receive grant funds. Prior to using funds for this
51 purpose, the Office shall report to the Chairs of the House of Representatives and Senate

1 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
2 Commission on Governmental Operations on the grants to be matched using these funds.

4 PART XVII. OFFICE OF THE STATE AUDITOR

6 EXEMPT OCCUPATIONAL LICENSING BOARDS FROM PAYING FOR AUDITS 7 UNDER CERTAIN CIRCUMSTANCES

8 SECTION 17.1. G.S. 93B-4 reads as rewritten:

9 "§ 93B-4. Audit of Occupational Licensing Boards; payment of costs.

10 (a) The State Auditor shall audit occupational licensing boards from time to time to
11 ensure their proper operation. The books, records, and operations of each occupational
12 licensing board shall be subject to the oversight of the State Auditor pursuant to Article 5A of
13 Chapter 147 of the General Statutes. In accordance with G.S. 147-64.7(b), the State Auditor
14 may contract with independent professionals to meet the requirements of this section.

15 ~~The cost of all audits shall be paid from funds of the occupational licensing board audited.~~

16 (b) Each occupational licensing board with a budget of at least fifty thousand dollars
17 (\$50,000) shall conduct an annual financial audit of its operations and provide a copy to the
18 State Auditor."

20 SPECIAL RESPONSIBILITY CONSTITUENT INSTITUTIONS – AUDIT

21 SECTION 17.2. G.S. 116-30.8 reads as rewritten:

22 "§ 116-30.8. Special responsibility constituent institutions: annual audit by State Auditor 23 or certified public accountant.

24 Each special responsibility constituent institution shall be audited annually. The Chancellor
25 of the special responsibility constituent institution may use State funds to contract with the
26 State Auditor or with a certified public accountant to perform the audit. The contract for audit
27 services may be for up to three years in duration. The audit shall be provided to the Chancellor
28 and Board of Trustees of the special responsibility institution, the Board of Governors of The
29 University of North Carolina, and the State Auditor. The audit shall also be included in the
30 State's Comprehensive Annual Financial Report (CAFR).

31 The Board of Governors of The University of North Carolina shall ensure that all special
32 responsibility constituent institutions are audited in accordance with this section."

34 AUDITOR PUBLISH COST OF AUDITS

35 SECTION 17.3. Article 5A of Chapter 147 of the General Statutes is amended by
36 adding a new section to read:

37 "§ 147-64.6C. Cost of audit report published.

38 Each audit report shall itemize the number of staff hours used in conducting the audit and in
39 preparation of the audit report and the total cost of conducting the audit and preparing the audit
40 report."

42 PART XVIII. DEPARTMENT OF CULTURAL RESOURCES

44 ROANOKE ISLAND COMMISSION REPORTING REQUIREMENT

45 SECTION 18.1. G.S. 143B-131.4 reads as rewritten:

46 "§ 143B-131.4. Commission reports.

47 Before July 1, 1995, the Commission shall submit to the General Assembly a
48 comprehensive report incorporating specific recommendations of the Commission for
49 development and promotion of the Elizabeth II State Historic Site and Visitor Center. After the
50 initial report, the Commission shall submit a quarterly report to the ~~General Assembly within~~
51 ~~30 days of the convening of each Regular Session of the General Assembly.~~ Chairs of the

1 House Appropriations Subcommittee on General Government and the Chairs of the Senate
2 Appropriations Committee on General Government and Information Technology and to the
3 Fiscal Research Division of the General Assembly. The report shall include:

- 4 (1) A summary of actions taken by the Commission consistent with the powers
5 and duties of the Commission set forth in G.S. 143B-131.2.
- 6 (2) Recommendations for legislation and administrative action to promote and
7 develop the Elizabeth II State Historic Site and Visitor Center.
- 8 (3) An accounting of funds received and expended."
9

10 **MODIFY STATE HISTORIC SITES SPECIAL FUND TO INCLUDE STATE**
11 **HISTORY MUSEUMS**

12 **SECTION 18.2.** G.S. 121-7.7 reads as rewritten:

13 **"§ 121-7.7. State Historic Sites and Museums special fund.**

14 (a) Fund. – The State Historic Sites and Museums Fund is created as a special,
15 interest-bearing revenue fund in the Division of State Historic ~~Sites~~Sites and the Division of
16 State History Museums. The Fund consists of all receipts derived from the lease or rental of
17 property or facilities, disposition of structures or products of the land, private donations, and
18 admissions and fees collected at the State Historic ~~Sites~~Sites, State History Museums, and
19 Maritime Museums. The revenues in the Fund may be used only for the operation,
20 interpretation, maintenance, preservation, development, and expansion of the individual State
21 Historic Site~~Site~~, State History Museum, and Maritime Museum where the receipts are
22 generated. The respective Division and the staff from each State Historic ~~Site~~Site, State History
23 Museum, and Maritime Museum will determine how the funds will be used at that Historic
24 ~~Site~~Site, State History Museum, and Maritime Museum.

25 (b) Application. – This section applies to the individual State Historic Sites and State
26 History and Maritime Museums owned by or under the control of the Division of State Historic
27 ~~Sites~~Sites and the Division of State History Museums, with the exception of the Bentonville
28 Battlefield State Historic Site~~Site~~ and the North Carolina Transportation Museum. The
29 Bentonville Battlefield State Historic Site is subject to G.S. 121-7.5. The North Carolina
30 Transportation Museum is subject to G.S. 121-7.6.

31 (c) Reports. – The Department of Cultural Resources must submit to the Joint
32 Legislative Commission on Governmental Operations, the House of Representatives and
33 Senate Appropriations Subcommittees on General Government, and the Fiscal Research
34 Division by September 30 of each year a report on the Fund that includes the source and
35 amounts of all funds credited to the Fund and the purpose and amount of all expenditures from
36 the Fund during the prior fiscal year."
37

38 **PART XIX. GENERAL ASSEMBLY**

39
40 **PROGRAM EVALUATION DIVISION TO STUDY THE DUTIES AND SERVICES OF**
41 **THE NORTH CAROLINA HUMAN RELATIONS COMMISSION AND THE**
42 **CIVIL RIGHTS DIVISION OF THE OFFICE OF ADMINISTRATIVE HEARINGS**

43 **SECTION 19.1.** Section 20.2 of S.L. 2011-145, as amended by Section 45(b) of
44 S.L. 2011-391, reads as rewritten:

45 **"SECTION 20.2.(a)** ~~The Legislative Research Commission is authorized to~~Program
46 Evaluation Division shall study the duties and services of the North Carolina Human Relations
47 Commission and the Civil Rights Division of the Office of Administrative Hearings to
48 determine whether there is unnecessary overlap and duplication of services and recommend the
49 placement of the Commission and Division in the appropriate agency or agencies.

50 **"SECTION 20.2.(b)** ~~The Legislative Research Commission may make an interim report~~
51 ~~by May 1, 2012, to the Chairs of the House Appropriations Subcommittee on General~~

1 ~~Government and the Chairs of the Senate Appropriations Committee on General Government~~
2 ~~and Information Technology Program Evaluation Division shall report its findings upon the~~
3 ~~convening of the 2013 General Assembly.~~

4 "SECTION 20.2.(c) This section is effective when it becomes law."
5

6 PART XX. DEPARTMENT OF INSURANCE

7 DOI TO STUDY FIRE PROTECTION GRANT FUND

8 SECTION 20.1.(a) The Department of Insurance shall study how the fund
9 distribution method for the State Fire Protection Grant Fund could more fully meet the
10 requirement of G.S. 58-85A-1(b) that the distribution method be equitable and uniform. The
11 study shall consider the following factors, as well as any other factors the Department finds
12 relevant:
13

- 14 (1) Whether the basis for determining the amount of compensation due a local
15 fire district or political subdivision for providing local fire protection to
16 State-owned buildings and their contents actually reflects the cost to the
17 local fire district or political subdivision of providing the fire protection
18 services.
- 19 (2) How the division in funds among properties supported by the General Fund,
20 properties supported by the Highway Fund, and properties supported by The
21 University of North Carolina receipts required by G.S. 58-85A-1(c) should
22 be revised to support fire protection services provided to State-owned
23 properties not receiving support from those Funds or receipts.

24 SECTION 20.1.(b) The Department shall report its findings and any
25 recommendations for revision of the fund distribution method to the House and Senate
26 Appropriations Subcommittees on General Government and to the Fiscal Research Division on
27 or before October 1, 2012.
28

29 INCREASE CONSUMER PROTECTION FUND RETAINED AMOUNT

30 SECTION 20.2. G.S. 58-2-215 reads as rewritten:

31 "§ 58-2-215. Consumer Protection Fund.

32 ...
33 (c) Moneys appropriated by the General Assembly shall be deposited in the Fund and
34 shall become a part of the continuation budget of the Department of Insurance. Such
35 continuation budget amount shall equal the actual expenditures drawn from the Fund during the
36 prior fiscal year plus the official inflation rate designated by the Director of the Budget in the
37 preparation of the State Budget for each ensuing fiscal year; provided that if interest income on
38 the Fund exceeds the amount yielded by the application of the official inflation rate, such
39 continuation budget amount shall be the actual expenditures drawn from the Fund, ~~except that~~
40 ~~the appropriation for the 1995-96 fiscal year shall not exceed the sum of seven hundred fifty~~
41 ~~thousand dollars (\$750,000) and for the 1996-97 fiscal year shall not exceed the sum of two~~
42 ~~hundred fifty thousand dollars (\$250,000). Fund.~~ In the event the amount in the Fund exceeds
43 ~~two hundred fifty thousand dollars (\$250,000) five hundred thousand dollars (\$500,000)~~ at the
44 end of any fiscal year, ~~beginning with the 1995-96 fiscal year,~~ such excess shall revert to the
45 General Fund.

46"
47

48 FUNDING OF BUILDING CODE REVIEWS FOR STATE BUILDINGS

49 SECTION 20.3. Section 7 of Session Law 2009-474 reads as rewritten:

50 "SECTION 7. The Department of Insurance shall transfer to the Department of
51 Administration four building code review positions selected by the Department of

1 Administration for the purpose of assisting the Department of Administration in administering
2 G.S. 143-341(3) and G.S. 143-139(e). These positions shall be supported by the Insurance
3 Regulatory Fund at one hundred percent (100%) of the full budgeted amount for each ~~position~~
4 ~~from fiscal year 2009-2010 through fiscal year 2011-2012. Beginning fiscal year 2012-2013,~~
5 ~~the State Treasurer, as custodian of the State Property Fire Insurance Fund, shall support those~~
6 ~~positions out of the State Property Fire Insurance Fund position."~~
7

8 **DOI TO ASSESS VOLUNTEER SAFETY WORKERS COMPENSATION FUND**

9 **SECTION 20.4.** The Department of Insurance, from funds available to it, shall
10 contract with an independent actuary to assess the Volunteer Safety Workers Compensation
11 Fund. The assessment shall include the following components:

- 12 (1) Recommendations as to the level of funding required to ensure that the Fund
13 can meet its financial obligations.
- 14 (2) The level and duration of funding required for the Fund to become
15 self-sufficient in the future.
- 16 (3) The nature of the claims paid by the Fund and any claims-related trends that
17 impact the health of the Fund.
- 18 (4) Recommendations as to the appropriate level of premiums to be paid by
19 members or their departments.
- 20 (5) A projection of revenues to the Fund from sources other than State funding.
- 21 (6) A comparison of the projected timing and risk of the cash flow from
22 investments with the cash flow needed to pay claims.

23 No later than October 1, 2012, the Department shall report the independent actuary's
24 assessment and findings and also provide a comparison of the premiums paid into the Fund and
25 premiums paid by municipal fire departments for their employees' workers compensation
26 insurance to the Chairs of the House of Representatives and Senate Appropriations
27 Committees, the Chairs of the House of Representatives and Senate Appropriations
28 Subcommittees on General Government, and the Fiscal Research Division.
29

30 **PART XXI. DEPARTMENT OF THE SECRETARY OF STATE**

31 32 **TREAT FEES COLLECTED BY CHARITABLE LICENSING DIVISION LIKE** 33 **OTHER FEES COLLECTED BY THE SECRETARY OF STATE**

34 **SECTION 21.1.** Fees collected under Chapter 131F of the General Statutes shall
35 be deposited into the General Fund.
36

37 **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

38 39 **NC SYMPHONY FUNDING**

40 **SECTION 22.1.** Section 25.2 of S.L. 2011-145 reads as rewritten:

41 "**SECTION 25.2.(a)** Of the funds appropriated in this act to the Office of State Budget and
42 Management-Special Appropriations, the sum of ~~one million five hundred thousand dollars~~
43 ~~(\$1,500,000)~~ two million dollars (\$2,000,000) in nonrecurring funds for the
44 ~~2011-2012~~ 2012-2013 fiscal year shall be allocated to the North Carolina Symphony in
45 accordance with this section.

46 "**SECTION 25.2.(b)** It is the intent of the General Assembly that the NC Symphony
47 achieve its goal of raising the sum of ~~eight-nine million dollars (\$8,000,000)~~ (\$9,000,000) in
48 non-State funding to support the operations of the Symphony. To that end, upon demonstrating
49 to the Office of State Budget and Management that the NC Symphony has reached fund-raising
50 targets in the amounts set forth in this subsection, the NC Symphony shall receive allocations
51 from the Office of State Budget and Management as follows:

- 1 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State
2 funding, the NC Symphony shall receive the sum of five hundred thousand
3 dollars (\$500,000).
- 4 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
5 non-State funding for a total amount of six million dollars (\$6,000,000) in
6 non-State funds, the NC Symphony shall receive the sum of five hundred
7 thousand dollars (\$500,000).
- 8 (3) Upon raising an additional sum of two million dollars (\$2,000,000) in
9 non-State funding for a total sum of eight million dollars (\$8,000,000) in
10 non-State funds, the NC Symphony shall receive the ~~final~~ sum of five
11 hundred thousand dollars ~~(\$500,000) for the 2011-2012 fiscal~~
12 ~~year.(\$500,000).~~
- 13 (4) Upon raising an additional sum of one million dollars (\$1,000,000) in
14 non-State funding, for a total sum of nine million dollars (\$9,000,000) in
15 non-State funds, the NC Symphony shall receive the final sum of five
16 hundred thousand dollars (\$500,000) for the 2012-2013 fiscal year.

17 "SECTION 25.2.(c) Funds allocated pursuant to this section are in addition to any other
18 funds allocated to the NC Symphony in this act."
19

20 PART XXIII. STATE BOARD OF ELECTIONS

21 HAVA FUNDS/DISABILITY ACCESS

22 SECTION 23.1.(a) The State Board of Elections shall not expend any Help
23 America Vote Funds (HAVA) Title II Funds for the 2011-2012 fiscal year and, unless
24 prohibited by federal law, shall retain those funds until Maintenance of Effort funds are
25 appropriated, except that voting accessibility funds granted by the Secretary of Health and
26 Human Services under Section 261 of HAVA may be applied for and expended by the State
27 Board of Elections to improve voting accessibility for the disabled.

28 SECTION 23.1.(b) This section is effective when it becomes law.
29
30

31 HAVA FUNDS/STATE SUPPORT OF COUNTY BDS OF ELECTIONS

32 SECTION 23.2.(a) Effective July 1, 2013, G.S. 163-82.28 reads as rewritten:

33 "§ 163-82.28. The HAVA Election Fund.

34 There is established a special fund to be known as the Election Fund. All funds received for
35 implementation of the Help America Vote Act of 2002, Public Law 107-252, shall be deposited
36 in that fund. The State Board of Elections shall use funds in the Election Fund only to
37 implement HAVA. No HAVA funds may be granted to or used by counties for the operation of
38 elections or for expenses which by this Chapter are borne by the counties, except that HAVA
39 funds may be used for local infrastructure of SEIMS (State Elections Information Management
40 System), which is necessary for the State to administer the elections. The State Board of
41 Elections shall annually report to the House and Senate Committees on Appropriations, to the
42 Fiscal Research Division, and to the Joint Legislative Commission on Governmental
43 Operations on implementation of this section."

44 SECTION 23.2.(b) Effective July 1, 2013, Article 4 of Chapter 163 of the General
45 Statutes is amended by adding a new section to read:

46 "§ 163-37.1. No State funds for county election expenses.

47 No State funds shall be appropriated to counties, or allocated to them by the State Board of
48 Elections, for expenses of the county boards of elections, except that State funds may be used
49 for local infrastructure of SEIMS (State Elections Information Management System), which is
50 necessary for the State to administer the elections. The State Board of Elections shall annually
51 report to the House and Senate Committees on Appropriations, to the Fiscal Research Division,

1 and to the Joint Legislative Commission on Governmental Operations on implementation of
2 this section."

3 4 **PART XXIV. DEPARTMENT OF TRANSPORTATION**

5 6 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

7 **SECTION 24.1.(a)** Section 28.1 of S.L. 2011-145 is repealed.

8 **SECTION 24.1.(b)** For planning and programming purposes, the Department of
9 Transportation shall assume a maximum gas tax rate of thirty-five cents (35¢) a gallon for
10 fiscal years 2013-2014 through 2016-2017.

11 **SECTION 24.1.(c)** The General Assembly authorizes and certifies anticipated
12 revenues for the Highway Fund as follows:

13	For Fiscal Year 2013-2014	\$ 1,945.0 million
14	For Fiscal Year 2014-2015	\$ 1,974.1 million
15	For Fiscal Year 2015-2016	\$ 2,005.5 million
16	For Fiscal Year 2016-2017	\$ 2,027.5 million

17 **SECTION 24.1.(d)** The General Assembly authorizes and certifies anticipated
18 revenues for the Highway Trust Fund as follows:

19	For Fiscal Year 2013-2014	\$ 1,047.6 million
20	For Fiscal Year 2014-2015	\$ 1,092.9 million
21	For Fiscal Year 2015-2016	\$ 1,150.1 million
22	For Fiscal Year 2016-2017	\$ 1,171.5 million

23 24 **FURTHER PRIVATIZATION OF PRE-CONSTRUCTION ACTIVITIES**

25 **SECTION 24.2.** For fiscal year 2013-2014, the Department of Transportation shall
26 increase the outsourcing of preliminary engineering projects from fifty percent (50%) of the
27 total funds in the annual work plan, as required by Section 28.9.(3) of S.L. 2011-145, to sixty
28 percent (60%) of the total funds in the annual work plan.

29 30 **FUNDS FROM INSPECTION PROGRAM ACCOUNT FOR OTHER HIGHWAY** 31 **FUND USES**

32 **SECTION 24.3.** Notwithstanding G.S. 20-183.7(d), the sum of ten million dollars
33 (\$10,000,000) from the Inspection Program Account within the Highway Fund, as established
34 under G.S. 20-183.7(d), is appropriated and allocated as shown in this act.

35 36 **REPEAL AUTOMATIC AVIATION DIVISION BUDGET ADJUSTMENT**

37 **SECTION 24.4.** G.S. 136-16.4 is repealed.

38 39 **REENACT STATUTORY ALLOCATION TO THE L.U.S.T. FUND FROM THE** 40 **EXCESS PROCEEDS OF THE MOTOR FUEL INSPECTION TAX AND** 41 **TRANSFER FUNDS TO THE NONCOMMERCIAL L.U.S.T. FUND**

42 **SECTION 24.5.(a)** G.S. 119-18(b) reads as rewritten:

43 "(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied
44 first to the costs of administering this Article and Subchapter V of Chapter 105 of the General
45 Statutes. The remainder of the proceeds shall be credited on a monthly basis as follows:

- 46 (1) From the remainder of the proceeds, a credit shall be made to the Highway
47 Fund to be used for system preservation under the Department of
48 Transportation in the highway maintenance program. The amount of the
49 monthly credit under this subdivision shall be calculated so as to provide a
50 total of up to one million eight hundred six thousand four hundred forty-six
51 dollars (\$1,806,446) per year to the Highway Fund.

1 (2) After crediting funds under subdivision (1) of this subsection, any proceeds
2 remaining shall be credited to the Commercial Leaking Petroleum
3 Underground Storage Tank Cleanup Fund and the Noncommercial Leaking
4 Petroleum Underground Storage Tank Cleanup Fund, to be distributed as
5 follows:

6 a. If the amount of revenue in the Noncommercial Fund at the end of a
7 month is at least five million dollars (\$5,000,000), one-half of the
8 remainder of the proceeds shall be credited to the Noncommercial
9 Fund, and one-half of the remainder of the proceeds shall be credited
10 to the Commercial Fund.

11 b. If the amount of revenue in the Noncommercial Fund at the end of a
12 month is less than the threshold amount in subdivision (1) of this
13 subsection, all of the remainder of the proceeds shall be credited to
14 the Noncommercial Fund."

15 **SECTION 24.5.(b)** Notwithstanding any other provision of law to the contrary, the
16 sum of two million one hundred seventy-one thousand eight hundred ninety-eight dollars
17 (\$2,171,898) from the Highway Fund shall be transferred to the Noncommercial L.U.S.T. Fund
18 (Fund Code 64305, Budget Code 6371).

20 **CLARIFY USE OF CREDIT RESERVE BALANCE IN HIGHWAY FUND**

21 **SECTION 24.6.** G.S. 136-44.2 reads as rewritten:

22 **"§ 136-44.2. Budget and appropriations.**

23 (a) The Director of the Budget shall include in the "Current Operations Appropriations
24 Act" an enumeration of the purposes or objects of the proposed expenditures for each of the
25 construction and maintenance programs for that budget period for the State primary, secondary,
26 State parks road systems, and other transportation systems. The State primary system shall
27 include all portions of the State highway system located both inside and outside municipal
28 corporate limits that are designated by N.C., U.S. or Interstate numbers. The State secondary
29 system shall include all of the State highway system located both inside and outside municipal
30 corporate limits that is not a part of the State primary system. The State parks system shall
31 include all State parks roads and parking lots that are not also part of the State highway system.
32 The transportation systems shall include State-maintained, nonhighway modes of transportation
33 as well.

34 (b) All construction and maintenance programs for which appropriations are requested
35 shall be enumerated separately in the budget. Programs that are entirely State funded shall be
36 listed separately from those programs involving the use of federal-aid funds. Proposed
37 appropriations of State matching funds for each of the federal-aid construction programs shall
38 be enumerated separately as well as the federal-aid funds anticipated for each program in order
39 that the total construction requirements for each program may be provided for in the budget.
40 Also, proposed State matching funds for the highway planning and research program shall be
41 included separately along with the anticipated federal-aid funds for that purpose.

42 (c) Other program categories for which appropriations are requested, such as, but not
43 limited to, maintenance, channelization and traffic control, bridge maintenance, public service
44 and access road construction, transportation projects and systems, and ferry operations shall be
45 enumerated in the budget.

46 (d) The Department of Transportation shall have all powers necessary to comply fully
47 with provisions of present and future federal-aid acts. For purposes of this section, "federally
48 eligible construction project" means any construction project except secondary road projects
49 developed pursuant to G.S. 136-44.7 and 136-44.8 eligible for federal funds under any
50 federal-aid act, whether or not federal funds are actually available.

1 (e) The "Current Operations Appropriations Act" shall also contain the proposed
2 appropriations of State funds for use in each county for maintenance and construction of
3 secondary roads, to be allocated in accordance with G.S. 136-44.5 and 136-44.6. State funds
4 appropriated for secondary roads shall not be transferred nor used except for the construction
5 and maintenance of secondary roads in the county for which they are allocated pursuant to
6 G.S. 136-44.5 and 136-44.6.

7 (f) If the unreserved credit balance in the Highway Fund on the last day of a fiscal year
8 is greater than the amount estimated for that date in the Current Operations Appropriations Act
9 for the following fiscal year, the excess shall be used in accordance with this ~~paragraph-~~
10 subsection. The Director of the Budget ~~may~~shall ~~allocate part or all of the excess among~~
11 reserves to a reserve (i) for access and public roads, for unforeseen events requiring prompt
12 action, roads or (ii) for other urgent needs. The amount not allocated to any of these reserves by
13 the Director of the Budget shall be credited to a reserve for maintenance. The Board of
14 Transportation shall report monthly to the Joint Legislative Transportation Oversight
15 Committee and the Fiscal Research Division on the use of funds in the maintenance reserve.
16 The use of this reserve shall be subject to the following:

- 17 (1) Restrictions on use. – No more than two million dollars (\$2,000,000) from
18 this reserve may be spent on a single project. Funds from this reserve being
19 used for an "other urgent need" project cannot be used for administrative
20 costs, information technology costs, or economic development.
- 21 (2) Approval. – The Department of Transportation shall submit for approval to
22 the Director of the Budget all expenditures from the reserve established
23 under this subsection.
- 24 (3) Reporting. – At least five days, not including State holidays or weekend
25 days, prior to submitting an expenditure request to the Director of the
26 Budget under subdivision (2) of this subsection, the Department of
27 Transportation shall submit a report on the expenditure request to the Fiscal
28 Research Division and to the members of the House Appropriations
29 Subcommittee on Transportation and the Senate Appropriations Committee
30 on Department of Transportation. Such report shall be certified by the chief
31 financial officer of the Department of Transportation and shall contain (i) a
32 project description, (ii) whether the project is for access and public roads or
33 for other urgent needs, (iii) justification of the project, (iv) the total project
34 cost, (v) the amount of funding for the project coming from the reserve, and
35 (vi) other funding sources for the project.
- 36 (4) Carryforward. – If on the last day of the fiscal year the balance in the reserve
37 established by this subsection is greater than five million dollars
38 (\$5,000,000), then the Director of the Budget shall transfer the amount in
39 excess of that sum to the Reserve for General Maintenance in the Highway
40 Fund.

41 (g) The Department of Transportation may provide for costs incurred or accrued for
42 traffic control measures to be taken by the Department at major events which involve a high
43 degree of traffic concentration on State highways, and which cannot be funded from regular
44 budgeted items. This authorization applies only to events which are expected to generate
45 30,000 vehicles or more per day. The Department of Transportation shall provide for this
46 funding by allocating and reserving up to one hundred thousand dollars (\$100,000) before any
47 other allocations from the appropriations for State maintenance for primary, secondary, and
48 urban road systems are made, based upon the same proportion as is appropriated to each
49 system."
50

1 **TRANSFER UNEXPENDED MID-CURRITUCK GAP FUNDS BACK TO HIGHWAY**
2 **TRUST FUND**

3 **SECTION 24.7.** Any funds appropriated to the North Carolina Turnpike Authority
4 under G.S. 136-176(b2) to cover debt service or related financing costs for the Mid-Currituck
5 Bridge project and that remain unencumbered at the end of fiscal year 2011-2012 are hereby
6 transferred back to the Highway Trust Fund to be appropriated and allocated as shown in this
7 act.
8

9 **CODIFY MOBILITY FUND FORMULA DEVELOPED BY DEPARTMENT OF**
10 **TRANSPORTATION**

11 **SECTION 24.8.(a)** G.S. 136-188 reads as rewritten:

12 **"§ 136-188. Use of North Carolina Mobility Fund.**

13 (a) The Department of Transportation shall use the Mobility Fund to fund
14 transportation projects, selected by the Department, of statewide and regional significance that
15 relieve congestion and enhance mobility across all modes of transportation. ~~The Department of~~
16 ~~Transportation shall establish project selection criteria based on the provisions of this Article.~~

17 (b) ~~The~~ Notwithstanding subsections (c) and (d) of this section, the initial project
18 funded from the Mobility Fund shall be the widening and improvement of Interstate 85 north of
19 the Yadkin River Bridge.

20 (c) To be eligible for funding from the Mobility Fund, a project must meet the
21 following requirements:

22 (1) The project must be on statewide or Regional tier facilities.

23 (2) The project must be ready to have funds obligated for construction within
24 five years.

25 (3) The project must be (i) consistent with MPO/RPO transportation planning
26 efforts, (ii) included in an adopted transportation plan, and (iii) found to be
27 consistent with local land-use plans, where available. As used in this
28 subdivision, "MPO" means metropolitan planning organization and "RPO"
29 means rural planning organization.

30 (4) The project must be in a conforming transportation plan if the project is in a
31 non-attainment or maintenance area.

32 (5) Only the project's capital costs, including right-of-way acquisition and
33 construction, may be funded. Maintenance, operation, and planning costs
34 may not be funded from the Mobility Fund.

35 (6) There is no minimum project capital cost as a threshold for funding a
36 project.

37 (d) Eligible projects shall be scored and ranked, with the highest scored projects
38 receiving funding priority. Ranking scores shall be determined according to the following
39 formula:

40 (1) Mobility benefit-cost. – Eighty percent (80%) of the ranking score shall be
41 the estimated travel time savings in vehicle hours that the project will
42 provide over 30 years divided by the cost of the project to the Mobility
43 Fund.

44 (2) Multimodal/intermodal. – Twenty percent (20%) of the ranking score shall
45 be based on whether the project provides an improvement to more than one
46 mode of transportation and what types of other modes of transportation are
47 involved in the project. Using a scale from zero to 100, the Department of
48 Transportation shall provide for the assignment of points under this
49 subdivision. The Department's determination of a point system under this
50 subdivision shall not be subject to rulemaking under Chapter 150B of the
51 General Statutes."

1 **SECTION 24.8.(b)** Section 28.33(c) of S.L. 2011-145 is repealed.

2
3 **CIVIL PENALTIES TO BE TREATED AS RECEIPTS FOR TRANSFER TO CIVIL**
4 **PENALTY AND FORFEITURE FUND**

5 **SECTION 24.9.** The clear proceeds of all civil penalties, civil forfeitures, and civil
6 fines collected by the Department of Transportation for transfer to the Civil Penalty and
7 Forfeiture Fund and which are currently recorded as revenue in the Highway Fund (Budget
8 Code 84210) shall be eliminated from the Estimated Revenue for the Highway Fund. The
9 corresponding Highway Fund appropriation in Fund 150889 shall also be eliminated.

10 Rather than recording the proceeds as revenue, the clear proceeds of all civil
11 penalties, civil forfeitures, and civil fines collected by the Department of Transportation for
12 transfer to the Civil Penalty and Forfeiture Fund shall be recorded as receipts and budgeted in a
13 totally receipt-supported fund center (150889) in the Highway Fund (Budget Code 84210) for
14 transfer to the Civil Penalty and Forfeiture Fund.

15
16 **POSITIONS IN SUPPORT OF THE COMBINED MOTOR VEHICLE**
17 **REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM**

18 **SECTION 24.10.(a)** Upon request from the Department of Transportation and
19 notwithstanding any other provision of law to the contrary, the Office of State Budget and
20 Management may authorize the creation of time-limited, full-time equivalent positions within
21 the Department of Transportation and its Division of Motor Vehicles in excess of the positions
22 authorized by this act for the sole purposes of implementing and administering the combined
23 motor vehicle registration and property tax collection system, in accordance with the funding
24 authorizations in G.S. 105-330.5 and G.S. 105-330.10. Positions created under this
25 authorization shall terminate no later than June 30, 2014. Following the approval of a request,
26 the Office of State Budget and Management shall direct the transfer of funds from the
27 Combined Motor Vehicle and Registration Account, also known as the Division of Motor
28 Vehicles Taxation Interest Fund for Integrated Computer System, to support personnel and
29 related operating costs for the positions approved under this section.

30 **SECTION 24.10.(b)** Beginning October 1, 2012, the Office of State Budget and
31 Management shall report quarterly on all transfers of funds from the Combined Motor Vehicle
32 and Registration Account (Combined Account) and positions supported by the Combined
33 Account during the 2012-2013 fiscal year to the House Appropriations Subcommittee on
34 Transportation, the Senate Appropriations Committee on Department of Transportation, the
35 Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division. The
36 report shall include, at a minimum, the following:

- 37 (1) A summary of activities funded by the Combined Account to date.
38 (2) Amounts transferred from the Combined Account and expended per activity.
39 (3) A detailed listing of positions funded by receipts to the Combined Account,
40 identifying the position number, title, effective date and duration, cost,
41 functions performed, and organizational unit to which the position is
42 assigned.

43 **SECTION 24.10.(c)** No later than May 1, 2013, the Department of Revenue and
44 the Department of Transportation shall jointly report on the status of the Memorandum of
45 Understanding required by G.S. 105-330.11 to the Joint Legislative Transportation Oversight
46 Committee and Joint Legislative Oversight Committee on Information Technology. The report
47 shall identify the estimated recurring costs of system administration and proposed
48 administrative fees to support the costs of combined notice generation and collection of
49 registration fees and vehicle property taxes.

50
51 **PART XXV. SALARIES AND BENEFITS**

1
2 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

3 **SECTION 25.1.(a)** Section 29.3 of S.L. 2011-145 reads as rewritten:

4 **"SECTION 29.3.** Effective for the ~~2011-2013 fiscal biennium,~~ 2012-2013 fiscal year, the
5 annual salaries, payable monthly, for the following executive branch officials shall remain
6 unchanged as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$109,553
State Controller	153,319
Commissioner of Motor Vehicles	109,553
Commissioner of Banks	123,198
Chairman, Employment Security Commission	120,363
<u>Chair, Board of Review, Division of Employment Security</u>	<u>120,805</u>
<u>Members, Board of Review, Division of Employment Security</u>	<u>119,305</u>
State Personnel Director	120,363
Chairman, Parole Commission	100,035
<u>Full-time members of the Parole Commission</u>	<u>92,356</u>
Members <u>Part-time members</u> of the Parole Commission	46,178
Chairman, Utilities Commission	137,203
Members of the Utilities Commission	123,198
Executive Director, Agency for	
Public Telecommunications	92,356
Director, Museum of Art	112,256
Executive Director, North Carolina Agricultural Finance Authority	106,635
State Chief Information Officer	153,227."

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22 **SECTION 25.1.(b)** Effective July 1, 2012, G.S. 143B-721 reads as rewritten:

23 **"§ 143B-721. Post-Release Supervision and Parole Commission – members; selection;**
24 **removal; chairman; compensation; quorum; services.**

25 Effective August 1, 2005, the Post-Release Supervision and Parole Commission shall
26 consist of one full-time member and two half-time members. The three members shall be
27 appointed by the Governor from persons whose recognized ability, training, experience, and
28 character qualify them for service on the Commission. The terms of office of any members
29 serving on the Commission on June 30, 2005, shall expire on that date.

30 Effective July 1, 2012, (i) an additional full-time member shall be appointed by the
31 Governor, (ii) the half-time member who was first appointed to the Commission in 2005 and
32 reappointed February 13, 2011, shall begin serving as a full-time member of the Commission,
33 and the Post-Release Supervision and Parole Commission shall consist of three full-time
34 members and one half-time member. The additional full-time member appointed July 1, 2012,
35 shall serve a term expiring February 28, 2013, and a successor shall be appointed as provided in
36 this section. The half-time member who begins serving as a full-time member effective July 1,
37 2012, shall serve a term expiring June 30, 2013, and a successor shall be appointed as provided
38 in this section.

39 Effective February 28, 2013, the term of the half-time member who was appointed to the
40 Commission on November 2, 2009, shall expire; a full-time member of the Commission shall
41 be appointed by the Governor to begin serving March 1, 2013; and the Post-Release
42 Supervision and Parole Commission shall consist of four full-time members. The full-time
43 member appointed March 1, 2013, shall serve a term expiring February 28, 2017, and a
44 successor shall be appointed as provided in this section.

45 The term of the member serving as chair of the Commission on July 1, 2012, shall expire
46 on June 30, 2013, and a successor shall be appointed as provided in this section.
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1 All members of the Commission shall be appointed by the Governor from persons whose
2 recognized ability, training, experience, and character qualify them for service on the
3 Commission.

4 The Except as otherwise provided in this section, the terms of office of persons appointed
5 by the Governor as members of the Commission shall be for four years or until their successors
6 are appointed and qualify. Any appointment to fill a vacancy on the Commission created by the
7 resignation, removal, death or disability of a member shall be for the balance of the unexpired
8 term only.

9 The Governor shall have the authority to remove any member of the Commission from
10 office for misfeasance, malfeasance or nonfeasance, pursuant to the provisions of
11 G.S. 143B-13. The Governor shall designate a member of the Commission to serve as chair of
12 the Commission at the pleasure of the Governor.

13 The granting, denying, revoking, or rescinding of parole, the authorization of work-release
14 privileges to a prisoner, or any other matters of business coming before the Commission for
15 consideration and action shall be decided by majority vote of the full Commission.

16 The members of the Commission shall receive the salary fixed by the General Assembly in
17 the Current Operations Appropriations Act and shall receive necessary travel and subsistence
18 expenses in accordance with the provisions of G.S. 138-6. Notwithstanding any other provision
19 of law, the half-time members of the Commission shall not be subject to the provisions of
20 G.S. 135-3(8)(c).

21 All clerical and other services required by the Commission shall be supplied by the
22 Secretary of Public Safety."
23

24 **SALARY ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES ONLY/NO** 25 **AUTOMATIC INCREASES**

26 **SECTION 25.2.(a)** Section 29.8 of S.L. 2011-145, as amended by Section 59A of
27 S.L. 2011-391, reads as rewritten:

28 "**SECTION 29.8.(a)** The annual pay of all State employees for the 2011-2013 fiscal
29 biennium shall remain unchanged from that authorized on June 30, 2011, or the last date in pay
30 status during the 2010-2011 fiscal year, if earlier, except that an increase may be allowed
31 during fiscal year 2011-2012 under the following special circumstances:

- 32 (1) For all State employees regardless of funding source, and for employees of
33 the North Carolina Community College System and local school boards who
34 are paid from State funds, salaries may be increased for reallocations or
35 promotions, in-range adjustments for job change, career progression
36 adjustments for demonstrated competencies, or any other adjustment related
37 to an increase in job duties or responsibilities, none of which are subject to
38 the salary freeze otherwise provided by this Part. All other salary increases
39 are prohibited.
- 40 (1a) For employees of the North Carolina Community College System,
41 notwithstanding subdivision (1) of this subsection, salaries may be increased
42 if the increase is funded from local funding sources.
- 43 (2) For The University of North Carolina, (i) faculty using funds from the
44 Faculty Recruiting and Retention Fund, the Distinguished Professors
45 Endowment Fund, or the University Cancer Research Fund in the case of
46 faculty involved in cancer research supported by that fund and (ii) faculty,
47 nonfaculty, and other employee adjustments, including retention
48 adjustments, funded from non-State funding sources.
- 49 (3) For employees of the judicial branch, for local supplementation as
50 authorized by G.S. 7A-300.1.

1 The cumulative salary adjustment allowed under this subsection for the 2011-2012 fiscal year
2 may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance
3 by the Office of State Budget and Management, The University of North Carolina Board of
4 Governors, the Board of the North Carolina Community College System, the Legislative
5 Services Commission, the local board of education, or other authorized body as appropriate.

6 "SECTION 29.8.(a1) The annual pay of all State employees for the 2012-2013 fiscal year
7 shall remain unchanged from that authorized on June 30, 2012, or the last date in pay status
8 during the 2011-2012 fiscal year, if earlier, except that an increase may be allowed during
9 fiscal year 2012-2013 under the following special circumstances:

10 (1) For all State employees, regardless of funding source, and for employees of
11 the North Carolina Community College System and local school boards who
12 are paid from State funds, salaries may be increased as specifically
13 authorized by personnel policy established on or before April 30, 2012, for
14 (i) reallocations; (ii) promotions; (iii) in-range adjustments for job change,
15 equity, or labor market; (iv) career progression adjustments, or (v) any other
16 adjustment authorized under that personnel policy.

17 (2) For The University of North Carolina, (i) EPA faculty using funds from the
18 Faculty Recruiting and Retention Fund, the Distinguished Professors
19 Endowment Fund, or the University Cancer Research Fund in the case of
20 faculty involved in cancer research supported by that fund, (ii) EPA faculty
21 any adjustment specifically authorized under Board of Governors policy
22 established on or before April 30, 2012, (iii) EPA nonfaculty any adjustment
23 funded from non-State funding sources and specifically authorized under
24 Board of Governors policy established on or before April 30, 2012, and (iv)
25 SPA employees only as provided under subdivision (1) of this subsection.

26 (3) For employees of the judicial branch, for local supplementation as
27 authorized by G.S. 7A-300.1 or as otherwise authorized under personnel
28 policy established on or before April 30, 2012, excepting automatic step
29 increases for assistant and deputy clerks of court and magistrates that are
30 suspended under subsection (b) of this section.

31 The cumulative salary adjustment allowed under this subsection for the 2012-2013 fiscal year
32 may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance
33 by the Office of State Budget and Management, The University of North Carolina Board of
34 Governors, the Board of the North Carolina Community College System, the Legislative
35 Services Commission, the local board of education, or other authorized body as appropriate.

36 "SECTION 29.8.(b) The automatic salary step increases for assistant and deputy clerks of
37 superior court and magistrates are suspended for the 2011-2013 fiscal biennium.

38 "SECTION 29.8.(c) The salary increase provisions of G.S. 20-187.3 are suspended for the
39 2011-2013 fiscal biennium.

40 "SECTION 29.8.(d) Notwithstanding G.S. 53-96.1, and except as provided by subdivision
41 (1) of subsection (a)-(a1) of this section, employees of the Office of the Commissioner of
42 Banks shall not be awarded compensation increases or bonuses during the 2011-2013 fiscal
43 biennium.

44 "SECTION 29.8.(e) Employees of the Lottery Commission shall not receive compensation
45 bonuses during the 2011-2013 fiscal biennium.

46 "SECTION 29.8.(f) No employee of any other State agency or constituent institution of
47 The University of North Carolina, excluding employees of the University of North Carolina
48 Health Care System and employees participating in a constituent institution's medical faculty
49 practice plan, shall receive compensation bonuses."

1 **SECTION 25.2.(b)** The provisions of Section 25.4 of this act apply to persons for
2 whom bonuses or compensation bonuses are prohibited by Sections 29.8.(d) through (f) of S.L.
3 2011-145.

4 **UNIVERSITY FACULTY RECRUITING AND RETENTION FUND**

5 **SECTION 25.3.** The Faculty Recruiting and Retention Fund under the Office of
6 the President of The University of North Carolina is reestablished for the 2012-2013 fiscal
7 year. Allocations from the fund shall be made for salary increases at the discretion of the
8 President of The University of North Carolina only for the purpose of recruiting and retaining
9 faculty members as necessary at constituent institutions. This section is subject to the
10 provisions of Section 29.8.(a1) of S.L. 2011-145 as added by this act.

11 **COMPENSATION BONUS FOR FISCAL YEAR 2012-2013**

12 **SECTION 25.4.(a)** Except as provided by subsection (b) of this section, any
13 person (i) whose salary is set pursuant to the State Personnel Act, State law, or under this Part,
14 (ii) who was employed in a State-funded position on April 30, 2012, and (iii) who is employed
15 in a State-funded position on October 1, 2012, shall be awarded a one-time, lump-sum
16 compensation bonus for the 2012-2013 fiscal year in the amount of two hundred fifty dollars
17 (\$250.00). The compensation bonus shall be adjusted pro rata for permanent part-time
18 employees.

19 **SECTION 25.4.(b)** The following persons shall not be eligible for the
20 compensation bonus authorized by this section:

- 21 (1) Any person whose salary is set under Section 29.1, Section 29.2, Section
22 29.3, or Section 29.4(a) of S.L. 2011-145.
- 23 (2) Any member of the General Assembly whose salary is set under Section
24 29.5(1) of S.L. 2011-145.
- 25 (3) Any person whose salary is set under Section 29.4(b)(2) of S.L. 2011-145.

26 **SECTION 25.4.(c)** The compensation bonus shall be awarded in accordance with
27 subsection (b) of this section to eligible employees without regard to an employee's placement
28 within the salary range, including employees at the top of the salary range. The compensation
29 bonus shall not be administered under G.S. 126-7.

30 **SECTION 25.4.(d)** The compensation bonus provided by this section is
31 compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State
32 Employees' Retirement System.

33 **SECTION 25.4.(e)** The compensation bonuses provided by this section shall be
34 paid in the employee's first payroll of October 2012, and are not awarded to any person who
35 separated from State service due to termination, resignation, dismissal, reduction in force,
36 death, or retirement prior to that date.

37 The Director of the Budget shall transfer all funds necessary for the compensation
38 bonus provided by this section, including funds for the employer's retirement and social
39 security contributions. Salaries and related benefits for positions that are funded partially from
40 the General Fund or Highway Fund and partially from sources other than the General Fund or
41 Highway Fund shall be increased from the General Fund or Highway Fund appropriation only
42 to the extent of the proportionate part of the compensation bonus paid from the General Fund or
43 Highway Fund.

44 The Director of the Budget may allocate out of special operating funds or from other
45 sources of the employing agency, except tax revenues, sufficient funds to allow the
46 compensation bonus in accordance with subsection (b) of this section, including funds for the
47 employer's retirement and social security contributions, for the permanent full-time and
48 part-time employees of the agency, provided the employing agency elects to make available the
49 necessary funds.

SPECIAL ANNUAL LEAVE BONUS

SECTION 25.5. Any person (i) who was on April 30, 2012, a full-time permanent employee of the State, a community college institution, or a local board of education, (ii) was either still employed in such status on July 1, 2012, or is under contract for the 2012-2013 school year, and (iii) who is eligible to earn annual leave, shall have a one-time additional five days of annual leave credited on July 1, 2012. The additional leave shall be accounted for either separately or together with the leave provided by Section 28.3A of S.L. 2002-126, by Section 30.12B(a) of S.L. 2003-284, and by Section 29.14A of S.L. 2005-276, and shall remain available until used, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the five days.

TEACHER SALARY SCHEDULES

SECTION 25.6.(a) The following monthly salary schedules shall apply for the 2012-2013 fiscal year to certified personnel of the public schools who are classified as teachers. The schedules contain 36 steps, with each step corresponding to one year of teaching experience. Public school employees paid according to this salary schedule and receiving NBPTS certification or obtaining a master's degree shall not be prohibited from receiving the appropriate increase in salary. Provided, however, teachers employed during the 2011-2012 school year who did not work the required number of months to acquire an additional year of experience shall not receive a decrease in salary as otherwise would be required by the salary schedule below.

2012-2013 Monthly Salary Schedule

"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	\$3,043	N/A
1	\$3,043	N/A
2	\$3,043	N/A
3	\$3,043	\$3,408
4	\$3,043	\$3,408
5	\$3,085	\$3,455
6	\$3,129	\$3,504
7	\$3,264	\$3,656
8	\$3,404	\$3,812
9	\$3,538	\$3,963
10	\$3,667	\$4,107
11	\$3,771	\$4,224
12	\$3,819	\$4,277
13	\$3,868	\$4,332
14	\$3,918	\$4,388
15	\$3,967	\$4,443
16	\$4,018	\$4,500
17	\$4,069	\$4,557
18	\$4,122	\$4,617
19	\$4,176	\$4,677
20	\$4,231	\$4,739
21	\$4,286	\$4,800
22	\$4,345	\$4,866
23	\$4,403	\$4,931

1	24	\$4,461	\$4,996
2	25	\$4,523	\$5,066
3	26	\$4,584	\$5,134
4	27	\$4,650	\$5,208
5	28	\$4,714	\$5,280
6	29	\$4,779	\$5,352
7	30	\$4,845	\$5,426
8	31	\$4,913	\$5,503
9	32	\$4,984	\$5,582
10	33	\$5,055	\$5,662
11	34	\$5,153	\$5,771
12	35+	\$5,255	\$5,886

2012-2013 Monthly Salary Schedule

"M" Teachers

16	Years of Experience	"M" Teachers	NBPTS Certification
17	0	\$3,347	N/A
18	1	\$3,347	N/A
19	2	\$3,347	N/A
20	3	\$3,347	\$3,749
21	4	\$3,347	\$3,749
22	5	\$3,394	\$3,801
23	6	\$3,442	\$3,855
24	7	\$3,590	\$4,021
25	8	\$3,744	\$4,193
26	9	\$3,892	\$4,359
27	10	\$4,034	\$4,518
28	11	\$4,148	\$4,646
29	12	\$4,201	\$4,705
30	13	\$4,255	\$4,766
31	14	\$4,310	\$4,827
32	15	\$4,364	\$4,888
33	16	\$4,420	\$4,950
34	17	\$4,476	\$5,013
35	18	\$4,534	\$5,078
36	19	\$4,594	\$5,145
37	20	\$4,654	\$5,212
38	21	\$4,715	\$5,281
39	22	\$4,780	\$5,354
40	23	\$4,843	\$5,424
41	24	\$4,907	\$5,496
42	25	\$4,975	\$5,572
43	26	\$5,042	\$5,647
44	27	\$5,115	\$5,729
45	28	\$5,185	\$5,807
46	29	\$5,257	\$5,888
47	30	\$5,330	\$5,970
48	31	\$5,404	\$6,052
49	32	\$5,482	\$6,140
50	33	\$5,561	\$6,228
51	34	\$5,668	\$6,348

1 35+ \$5,781 \$6,475
 2 **SECTION 25.6.(b)** Section 29.12(d) of S.L. 2011-145 reads as rewritten:
 3 **"SECTION 29.12.(d)** The first step of the salary schedule for school psychologists shall
 4 be equivalent to ~~Step 5, Step 9~~, corresponding to ~~five-nine~~ years of experience, on the salary
 5 schedule established in this section for certified personnel of the public schools who are
 6 classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an
 7 appropriate step based on their years of experience. Certified psychologists shall receive
 8 longevity payments based on years of State service in the same manner as teachers.

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

16 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

17 **SECTION 25.7.(a)** The following base salary schedule for school-based
 18 administrators shall apply only to principals and assistant principals. This base salary schedule
 19 shall apply for the 2012-2013 fiscal year, commencing July 1, 2012. Provided, however,
 20 school-based administrators (i) employed during the 2011-2012 school year who did not work
 21 the required number of months to acquire an additional year of experience and (ii) employed
 22 during the 2012-2013 school year in the same classification shall not receive a decrease in
 23 salary as otherwise would be required by the salary schedule below.
 24

25 2012-2013 Principal and Assistant Principal Salary Schedules
 26 Classification

27 Years of Exp	Assistant	Prin I	Prin II	Prin III	Prin IV
28	Principal	(0-10)	(11-21)	(22-32)	(33-43)
29 0-8	\$3,781	-	-	-	-
30 9	\$3,931	-	-	-	-
31 10	\$4,074	-	-	-	-
32 11	\$4,189	-	-	-	-
33 12	\$4,243	\$4,243	-	-	-
34 13	\$4,298	\$4,298	-	-	-
35 14	\$4,353	\$4,353	\$4,408	-	-
36 15	\$4,408	\$4,408	\$4,464	-	-
37 16	\$4,464	\$4,464	\$4,521	\$4,579	-
38 17	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701
39 18	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762
40 19	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
41 20	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
42 21	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
43 22	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
44 23	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
45 24	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
46 25	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237
47 26	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
48 27	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
49 28	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458
50 29	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
51 30	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617

1	31	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
2	32	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
3	33	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
4	34	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
5	35	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
6	36	-	\$5,956	\$6,075	\$6,197	\$6,321
7	37	-	-	\$6,197	\$6,321	\$6,447
8	38	-	-	\$6,321	\$6,447	\$6,576
9	39	-	-	-	\$6,576	\$6,708
10	40	-	-	-	\$6,708	\$6,842
11	41	-	-	-	-	\$6,979

2012-2013 Principal and Assistant Principal Salary Schedules
Classification

Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-18	\$4,828	-	-	-
19	\$4,891	-	-	-
20	\$4,956	\$5,025	-	-
21	\$5,025	\$5,092	\$5,237	-
22	\$5,092	\$5,166	\$5,310	\$5,383
23	\$5,166	\$5,237	\$5,383	\$5,458
24	\$5,237	\$5,310	\$5,458	\$5,537
25	\$5,310	\$5,383	\$5,537	\$5,617
26	\$5,383	\$5,458	\$5,617	\$5,725
27	\$5,458	\$5,537	\$5,725	\$5,839
28	\$5,537	\$5,617	\$5,839	\$5,956
29	\$5,617	\$5,725	\$5,956	\$6,075
30	\$5,725	\$5,839	\$6,075	\$6,197
31	\$5,839	\$5,956	\$6,197	\$6,321
32	\$5,956	\$6,075	\$6,321	\$6,447
33	\$6,075	\$6,197	\$6,447	\$6,576
34	\$6,197	\$6,321	\$6,576	\$6,708
35	\$6,321	\$6,447	\$6,708	\$6,842
36	\$6,447	\$6,576	\$6,842	\$6,979
37	\$6,576	\$6,708	\$6,979	\$7,119
38	\$6,708	\$6,842	\$7,119	\$7,261
39	\$6,842	\$6,979	\$7,261	\$7,406
40	\$6,979	\$7,119	\$7,406	\$7,554
41	\$7,119	\$7,261	\$7,554	\$7,705
42	\$7,261	\$7,406	\$7,705	\$7,859
43	-	\$7,554	\$7,859	\$8,016
44	-	\$7,705	\$8,016	\$8,176
45	-	-	\$8,176	\$8,340

SECTION 25.7.(b) G.S. 29.13(h) of S.L. 2011-145 reads as rewritten:

"SECTION 29.13.(h) During the 2011-2012 fiscal year, year and the 2012-2013 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."

SALARY STUDY OF SBI LAW ENFORCEMENT PERSONNEL

SECTION 25.8.(a) The Office of State Personnel shall conduct a study of the salary structure and promotion policies for law enforcement officer positions in the State Bureau of Investigation division of the Department of Justice.

SECTION 25.8.(b) In conducting the study required by this section, the Office of State Personnel shall examine the salary structures and promotion policies for law enforcement officers in: (i) other State and local law enforcement agencies in this State; and (ii) law enforcement agencies in other states.

SECTION 25.8.(c) No later than January 1, 2013, the Office of State Personnel shall report its findings to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety and to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety.

OFFICE OF STATE PERSONNEL TO PERFORM CLASSIFICATION STUDIES OF CERTAIN POSITIONS

SECTION 25.9. The Office of State Personnel shall conduct classification studies, including labor market analyses, of Nursing Branch positions statewide and of the Health Care Technician and Correctional Health Assistant occupational groups. If appropriate, the Office of State Personnel shall recommend to the State Personnel Commission a Salary Range Revision or establishment of a Special Minimum Rate, as those terms are defined in the State Personnel Manual to ensure that current employees are compensated appropriately relative to market rates for similar positions and to enhance the State's ability to recruit and retain qualified employees in these occupational classes. The Office of State Personnel shall report its findings, any actions of the State Personnel Commission, and any related salary increases or adjustments granted or recommended based upon these studies to the Appropriations Committees of the House and Senate no later than two weeks after the convening of the 2013 legislative session.

SALARY-RELATED CONTRIBUTIONS

SECTION 25.10. Section 29.22(d) of S.L. 2011-145 reads as rewritten:

"SECTION 29.22.(d) Effective July 1, 2012, the State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2012-2013 fiscal year are: (i) ~~fourteen and thirty-one hundredths percent (14.31%)~~ thirteen and fifty-nine hundredths percent (13.59%) – Teachers and State Employees; (ii) ~~nineteen and thirty-one hundredths percent (19.31%)~~ eighteen and fifty-nine hundredths percent (18.59%) – State Law Enforcement Officers; (iii) ~~twelve and sixty-six hundredths percent (12.66%)~~ twelve and fifty-eight hundredths percent (12.58%) – University Employees' Optional Retirement System; (iv) ~~twelve and sixty-six hundredths percent (12.66%)~~ twelve and fifty-eight hundredths percent (12.58%) – Community College Optional Retirement Program; (v) thirty-one and seventy hundredths percent (31.70%) – Consolidated Judicial Retirement System; and (vi) five and thirty hundredths percent (5.30%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and thirty hundredths percent (5.30%) 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%)~~ forty-four hundredths percent (0.44%) 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."

OPTIONAL RETIREMENT SYSTEM/FORFEITURE FUNDS

1 **SECTION 25.11.(a)** On or before August 1, 2012, The University of North
 2 Carolina General Administration shall forward from its General Fund appropriations, or other
 3 available funds, to the Teachers' and State Employees' Retirement System a lump sum amount
 4 equal to any unpaid funds owed pursuant to G.S. 135-5.1(b)(5) for the 2011 calendar year,
 5 notwithstanding any legal interpretation to the contrary as to whether such forfeited funds could
 6 be disbursed directly from a Section 401(a) plan.

7 **SECTION 25.11.(b)** G.S. 135-5.1(b)(5) reads as rewritten:

8 "(5) If any participant in the Optional Retirement Program having less than five
 9 years of total membership service under any combination of the Teachers'
 10 and State Employees' Retirement System, the Local Governmental
 11 Employees' Retirement System, the Consolidated Judicial Retirement
 12 System, or the Optional Retirement Program leaves the employ of The
 13 University of North Carolina and either retires or commences employment
 14 with an employer not having a retirement program with the same ~~company~~
 15 ~~underwriting the participant's annuity contract, company,~~ regardless of
 16 ~~whether the annuity contract is held by the participant, a trust, or the~~
 17 ~~Retirement System, the~~ how the participant's account is held, that
 18 participant's entire interest in the Optional Retirement Program attributable
 19 to contributions of The University of North Carolina shall be forfeited and
 20 shall either (i) be refunded to The University of North Carolina and
 21 forthwith paid by it held by The University of North Carolina, with an
 22 equivalent lump sum amount then forwarded to the Retirement System no
 23 later than three months after the end of the calendar year in which the
 24 forfeiture occurs and credited to the pension accumulation fund or (ii) be
 25 paid directly to the Retirement System and credited to the pension
 26 accumulation fund-fund, at the election of The University of North
 27 Carolina."

28
 29 **PART XXVI. CAPITAL APPROPRIATIONS**

30
 31 **CAPITAL APPROPRIATIONS/GENERAL FUND**

32 **SECTION 26.1.** There is appropriated from the General Fund for the 2012-2013
 33 fiscal year the following amounts for capital improvements:

Capital Improvements – General Fund	2012-2013
Department of Environment and Natural Resources	
Water Resources Development Projects	\$ 8,722,000
Department of Justice	
Western Regional Crime Lab	3,000,000
Department of Public Safety	
Highway Patrol Training Academy – Site Work, Armory, & Cadet Dormitory	13,300,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$ 25,022,000

46
 47
 48
 49 **WATER RESOURCES DEVELOPMENT PROJECTS**

50 **SECTION 26.2.(a)** The Department of Environment and Natural Resources shall
 51 use the following funds for water resources development projects, in accordance with the

1 schedule that follows: (i) the funds appropriated in this act for water resources development
 2 projects and (ii) funds carried forward from previous fiscal years and designated to be used for
 3 water resources development projects. These funds will provide a State match for an estimated
 4 eighty-seven million eight hundred ninety-eight thousand dollars (\$87,898,000) in federal
 5 funds.

7 Name of Project	2012-2013
9 (1) B. Everett Jordan Lake Water Supply Storage	\$200,000
10 (2) Wilmington Harbor Maintenance	1,200,000
11 (3) Morehead City Harbor Maintenance	—
12 (4) Wilmington Harbor Deepening	6,000,000
13 (5) 2012 Corps Long Term MOA for Dredging	1,675,000
14 (6) Water Resources Planning in support of Session Law 2010-143	100,000
15 (7) Carolina Beach Renourishment Project	1,184,000
16 (8) Wilmington Harbor Improvements Feasibility	500,000
17 (9) John H. Kerr Dam and Reservoir Sec. 216	200,000
18 (10) Planning Assistance to Communities	50,000
19 (11) Aquatic Plant Control, Statewide and Lake Gaston	200,000
20 (12) Bogue Banks Coastal Storm Damage Reduction Study	112,000
21 (13) West Onslow Beach Storm Damage Reduction (Topsail Beach) – PED	33,000
22 (14) Surf City/NTB Coastal Storm Damage Reduction Study – PED	37,000
23 (15) Neuse River Basin – PED	150,000
24 (16) Currituck Sound Environmental Restoration Study	358,000
25 (17) Concord Streams, NC, Sect 206	500,000
26 (18) State-Local Projects	1,500,000
27 (19) Emerald Isle/Pine Knolls Shore Renourishment Project	2,000,000
28 (20) North Topsail Beach Renourishment Project	1,250,000
30 TOTALS	\$ 17,249,000

31
 32 **SECTION 26.2.(b)** It is the intent of the General Assembly that funds carried
 33 forward from previous fiscal years be used to supplement the eight million seven hundred
 34 twenty-two thousand dollars (\$8,722,000) appropriated for water resources development
 35 projects in Section 26.1 of this act. Therefore, the following funds carried forward from
 36 previous fiscal years shall be used for the following projects:

38 Name of Project	Amount Carried Forward
40 (1) B. Everett Jordan Lake Water Supply Storage	\$200,000
41 (2) Wilmington Harbor Maintenance	1,200,000
42 (3) 2012 Corps MOA for Shallow Draft Inlet Dredging	1,675,000
43 (4) Wilmington Harbor Deepening	3,000,000
44 (5) Water Resources Planning in support of S.L. 2010-143	100,000
45 (6) Wilmington Harbor Improvements Feasibility	250,000
46 (7) Planning Assistance to Communities	40,000
47 (8) Aquatic Plant Control, Statewide and Lake Gaston	100,000
48 (9) Bogue Banks Coastal Storm Damage Reduction Study	50,000
49 (10) West Onslow Beach Storm Damage Reduction (Topsail Beach) – PED	25,000
50 (11) Surf City/NTB Coastal Storm Damage Reduction Study – PED	37,000
51 (12) Neuse River Basin – PED	50,000

1	(13)	Currituck Sound Environmental Restoration Study	300,000
2	(14)	Concord Streams, NC, Sect 206	500,000
3	(15)	State-Local Projects	1,000,000
4			
5	TOTALS		\$ 8,527,000

7 **SECTION 26.2.(c)** Where the actual costs are different from the estimated costs
8 under subsection (a) of this section, the Department may adjust the allocations among projects
9 as needed. If any projects funded under subsection (a) of this section are delayed and the
10 budgeted State funds cannot be used during the 2012-2013 fiscal year, or if the projects funded
11 under subsection (a) of this section are accomplished at a lower cost, the Department may use
12 the resulting fund availability to fund any of the following:

- 13 (1) U.S. Army Corps of Engineers project feasibility studies.
- 14 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
15 require State-matching funds in fiscal year 2012-2013.
- 16 (3) State-local water resources development projects.

17 However, fund availability shall not be used to fund the North Carolina International Terminal
18 or any studies related thereto. Funds subject to this subsection that are not expended or
19 encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall
20 revert to the General Fund at the end of the 2013-2014 fiscal year.

21 **SECTION 26.2.(d)** The Department shall make semiannual reports on the use of
22 these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal
23 Research Division of the General Assembly, and the Office of State Budget and Management.
24 Each report shall include all of the following:

- 25 (1) All projects listed in this section.
- 26 (2) The estimated cost of each project.
- 27 (3) The date that work on each project began or is expected to begin.
- 28 (4) The date that work on each project was completed or is expected to be
29 completed.
- 30 (5) The actual cost of each project.

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

34 **SECTION 26.2.(e)** Notwithstanding any provision of law to the contrary, funds
35 appropriated for a water resources development project shall be used to provide no more than
36 fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to
37 funds appropriated in this act and to funds appropriated prior to the 2011-2013 fiscal biennium
38 that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds
39 for water resources development projects. The limitation on fund usage contained in this
40 subsection applies only to projects in which a local government or local governments
41 participate.

42 **SECTION 26.2.(f)** The 2012 Long Term Dredging Memorandum of Agreement
43 with the U.S. Army Corps of Engineers authorized by this section shall provide for all of the
44 following:

- 45 (1) Prioritization of projects through joint consultation with the State, applicable
46 units of local government, and the U.S. Army Corps of Engineers.
- 47 (2) Adherence to the requirements of subsection (e) of this section.
- 48 (3) Annual reporting by the Department on the use of funds provided to the U.S.
49 Army Corps of Engineers under the 2012 Long Term Dredging
50 Memorandum of Agreement. These reports shall be made to the Joint
51 Legislative Commission on Governmental Operations, the Fiscal Research

1 Division of the General Assembly, and the Office of State Budget and
2 Management and shall include all of the following:

- 3 a. A list of all projects commenced.
- 4 b. The estimated cost of each project.
- 5 c. The date that work on each project commenced or is expected to
6 commence.
- 7 d. The date that work on each project was completed or is expected to
8 be completed.
- 9 e. The actual cost of each project.

10
11 **PROHIBIT EXPENDITURES OF STATE FUNDS FOR THE NORTH CAROLINA**
12 **INTERNATIONAL TERMINAL**

13 **SECTION 26.3.** Notwithstanding G.S. 136-253 and any other provision of law,
14 State funds, as that term is defined in G.S. 143C-1-1, shall not be used to fund the North
15 Carolina International Terminal of the North Carolina State Ports Authority.

16
17 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

18 **SECTION 26.4.(a)** Of the funds in the Reserve for Repairs and Renovations for
19 the 2012-2013 fiscal year, the following allocations shall be made to the following agencies for
20 repairs and renovations pursuant to G.S. 143C-4-3:

- 21 (1) Forty-six percent (46%) shall be allocated to the Board of Governors of The
22 University of North Carolina.
- 23 (2) Fifty-four percent (54%) shall be allocated to the Office of State Budget and
24 Management.

25 The Office of State Budget and Management shall consult with the Joint Legislative
26 Commission on Governmental Operations prior to the allocation or reallocation of these funds.
27 The Board of Governors shall report to the Joint Legislative Commission on Governmental
28 Operations in accordance with G.S. 143C-4-3(d).

29 **SECTION 26.4.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to
30 the Board of Governors of The University of North Carolina in subsection (a) of this section, a
31 portion shall be used by the Board of Governors for the installation of fire sprinklers in
32 university residence halls. This portion shall be in addition to funds otherwise appropriated in
33 this act for the same purpose. Such funds shall be allocated among the university's constituent
34 institutions by the President of The University of North Carolina, who shall consider the
35 following factors when allocating those funds:

- 36 (1) The safety and well-being of the residents of campus housing programs.
- 37 (2) The current level of housing rents charged to students and how that
38 compares to an institution's public peers and other UNC institutions.
- 39 (3) The level of previous authorizations to constituent institutions for the
40 construction or renovation of residence halls funded from the General Fund,
41 or from bonds or certificates of participation supported by the General Fund,
42 since 1996.
- 43 (4) The financial status of each constituent institution's housing system,
44 including debt capacity, debt coverage ratios, credit rankings, required
45 reserves, the planned use of cash balances for other housing system
46 improvements, and the constituent institution's ability to pay for the
47 installation of fire sprinklers in all residence halls.
- 48 (5) The total cost of each proposed project, including the cost of installing fire
49 sprinklers and the cost of other construction, such as asbestos removal and
50 additional water supply needs.

1 The Board of Governors shall submit progress reports to the Joint Legislative
2 Commission on Governmental Operations. Reports shall include the status of completed,
3 current, and planned projects. Reports also shall include information on the financial status of
4 each constituent institution's housing system, the constituent institution's ability to pay for fire
5 protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be
6 submitted on January 1 and July 1 until all residence halls have fire sprinklers.

7 **SECTION 26.4.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to
8 the Board of Governors of The University of North Carolina in subsection (a) of this section, a
9 portion shall be used by the Board of Governors for campus public safety improvements
10 allowable under G.S. 143C-4-3(b).

11 12 **REPORTING ON CAPITAL PROJECTS**

13 **SECTION 26.5.(a)** Definitions. – The following definitions apply in this section:

- 14 (1) Capital project. – Any capital improvement, as that term is defined in
15 G.S. 143C-1-1, that is not complete by the effective date of this section and
16 that is funded in whole or in part with either State funds or statutorily or
17 constitutionally authorized indebtedness of any kind.
- 18 (2) Construction phase. – The status of a particular capital project as described
19 using the terms customarily employed in the design and construction
20 industries.
- 21 (3) New capital project. – A capital project that is authorized in this act or
22 subsequent to the effective date of this act.

23 **SECTION 26.5.(b)** Reporting. – The following reports are required:

- 24 (1) By October 1, 2012, and every six months thereafter, each State agency shall
25 report on the status of agency capital projects to the Joint Legislative
26 Commission on Governmental Operations and to the Joint Legislative
27 Oversight Committee on Capital Improvements.
- 28 (2) By October 1, 2012, and quarterly thereafter, each State agency shall report
29 on the status of agency capital projects to the Fiscal Research Division of the
30 General Assembly and to the Office of State Budget and Management.

31 **SECTION 26.5.(c)** The reports required by this section shall include at least the
32 following information about every agency capital project:

- 33 (1) The current construction phase of the project.
- 34 (2) The anticipated time line from the current construction phase to project
35 completion.
- 36 (3) Information about expenditures that have been made in connection with the
37 project, regardless of source of the funds expended.
- 38 (4) Information about the adequacy of funding to complete the project,
39 including estimates of how final expenditures will relate to initial estimates
40 of expenditures, and whether or not scope reductions will be necessary in
41 order to complete the project within its budget.
- 42 (5) For new capital projects only, an estimate of the operating costs for the
43 project for the first five fiscal years of its operation.

44 45 **UNCW SOCIAL AND BEHAVIORAL SCIENCES BUILDING**

46 **SECTION 26.6.** Section 29.13(a) of S.L. 2007-323, as amended by Section 27.8(d)
47 of S.L. 2008-107 and Section 2(b) of S.L. 2009-209, reads as rewritten:

48 **"SECTION 29.13.(a)** The State, with the prior approval of the State Treasurer and the
49 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized
50 to issue or incur special indebtedness in order to provide funds to the State to be used, together
51 with other available funds, to pay the capital facility costs of the projects described in this

1 subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or
2 incurrence of special indebtedness:

3 ...

4 (9) In the maximum aggregate principal amount of thirty-two million eight
5 hundred ninety-nine thousand six hundred ninety-nine dollars (\$32,899,699)
6 to finance the capital facility costs of completing a new teaching laboratory
7 at the University of North Carolina at Wilmington and of renovating the
8 Social and Behavioral Science Building at the University of North Carolina
9 at Wilmington. No more than a maximum aggregate amount of two million
10 five hundred thousand dollars (\$2,500,000) of special indebtedness may be
11 issued or incurred under this subdivision prior to July 1, 2008. No more than
12 a maximum aggregate amount of eight million six hundred thirty-one
13 thousand two hundred fifty dollars (\$8,631,250) of special indebtedness may
14 be issued or incurred under this subdivision prior to July 1, 2009.

15"

17 TRANSFER FOR PLANT CONSERVATION PROGRAM

18 SECTION 26.9. From funds deposited with the State Treasurer in a capital
19 improvement account to the credit of the Department of Agriculture and Consumer Services
20 pursuant to G.S. 146-30, the sum of thirty thousand dollars (\$30,000) for the 2012-2013 fiscal
21 year shall be transferred to the Department of Agriculture and Consumer Services to be used,
22 notwithstanding G.S. 146-30, by the Department for its plant conservation program under
23 Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of
24 land, such as land appraisals, land surveys, title searches, and environmental studies, and for
25 the management of the plant conservation program preserves owned by the Department.

27 PART XXVII. MISCELLANEOUS PROVISIONS

29 STATE BUDGET ACT APPLIES

30 SECTION 27.1. The provisions of the State Budget Act, Chapter 143C of the
31 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
32 this act by reference.

34 COMMITTEE REPORT

35 SECTION 27.2.(a) The N.C. House of Representatives Appropriations Committee
36 Report on the Continuation, Expansion and Capital Budgets dated May 29, 2012, which was
37 distributed in the House of Representatives and used to explain this act, shall indicate action by
38 the General Assembly on this act and shall, therefore, be used to construe this act, as provided
39 in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these
40 purposes shall be considered a part of this act and, as such, shall be printed as a part of the
41 Session Laws.

42 SECTION 27.2.(b) The budget enacted by the General Assembly is for the
43 maintenance of the various departments, institutions, and other spending agencies of the State
44 for the 2012-2013 budget as provided in G.S. 143C-3-5. This budget includes the
45 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

46 The Director of the Budget submitted recommended adjustments to the budget to
47 the General Assembly in May 2012 in the document "Investing in Our Future/Recommended
48 Adjustments 2012-2013 North Carolina State Budget" for the 2012-2013 fiscal year for the
49 various departments, institutions, and other spending agencies of the State. The adjustments to
50 these documents made by the General Assembly are set out in the Committee Report.

1 **SECTION 27.2.(c)** The budget enacted by the General Assembly shall also be
2 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
3 appropriate legislation.

4 In the event that there is a conflict between the line-item budget certified by the
5 Director of the Budget and the budget enacted by the General Assembly, the budget enacted by
6 the General Assembly shall prevail.

7
8 **REPORT BY FISCAL RESEARCH DIVISION ON CHANGES TO 2012-2013**
9 **BUDGET/PUBLICATION**

10 **SECTION 27.3.(a)** The Fiscal Research Division of the Legislative Services
11 Commission shall issue a report on budget actions taken by the 2011 Regular Session of the
12 General Assembly in 2012. The report shall be in the form of a revision of the Committee
13 Report adopted for House Bill 950 pursuant to G.S. 143C-5-5, and shall include all
14 modifications made to the 2012-2013 budget prior to sine die adjournment of the 2011 Regular
15 Session.

16 **SECTION 27.3.(b)** The report issued pursuant to this section, and the Committee
17 Report issued pursuant to G.S. 143C-5-5, shall be construed together with this act in
18 determining the intent of the General Assembly.

19 **SECTION 27.3.(c)** The Director of the Fiscal Research Division of the Legislative
20 Services Commission shall send a copy of the report issued pursuant to this section to the
21 Director of the Budget. The report shall be published on the General Assembly's Internet Web
22 site for public access.

23
24 **MOST TEXT APPLIES ONLY TO THE 2012-2013 FISCAL YEAR**

25 **SECTION 27.4.** Except for statutory changes or other provisions that clearly
26 indicate an intention to have effects beyond the 2012-2013 fiscal year, the textual provisions of
27 this act apply only to funds appropriated for, and activities occurring during, the 2012-2013
28 fiscal year.

29
30 **EFFECT OF HEADINGS**

31 **SECTION 27.5.** The headings to the parts and sections of this act are a
32 convenience to the reader and are for reference only. The headings do not expand, limit, or
33 define the text of this act, except for effective dates referring to a part.

34
35 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

36 **SECTION 27.6.(a)** Except where expressly repealed or amended by this act, the
37 provisions of S.L. 2011-145, S.L. 2011-315, S.L. 2011-373, S.L. 2011-391, S.L. 2011-419, and
38 S.L. 2012-2 remain in effect.

39 **SECTION 27.6.(b)** Notwithstanding any modifications by this act in the amounts
40 appropriated, except where expressly repealed or amended, the limitations and directions for
41 the 2012-2013 fiscal year in S.L. 2011-145, S.L. 2011-315, S.L. 2011-373, S.L. 2011-391,
42 S.L. 2011-419, and S.L. 2012-2 that applied to appropriations to particular agencies or for
43 particular purposes apply to the newly enacted appropriations and budget reductions of this act
44 for those same particular purposes.

45
46 **SEVERABILITY**

47 **SECTION 27.7.** If any section or provision of this act is declared unconstitutional
48 or invalid by the courts, it does not affect the validity of this act as a whole or any part other
49 than the part so declared to be unconstitutional or invalid.

50
51 **EFFECTIVE DATE**

1 **SECTION 27.8.** Except as otherwise provided, this act becomes effective
2 July 1, 2012.